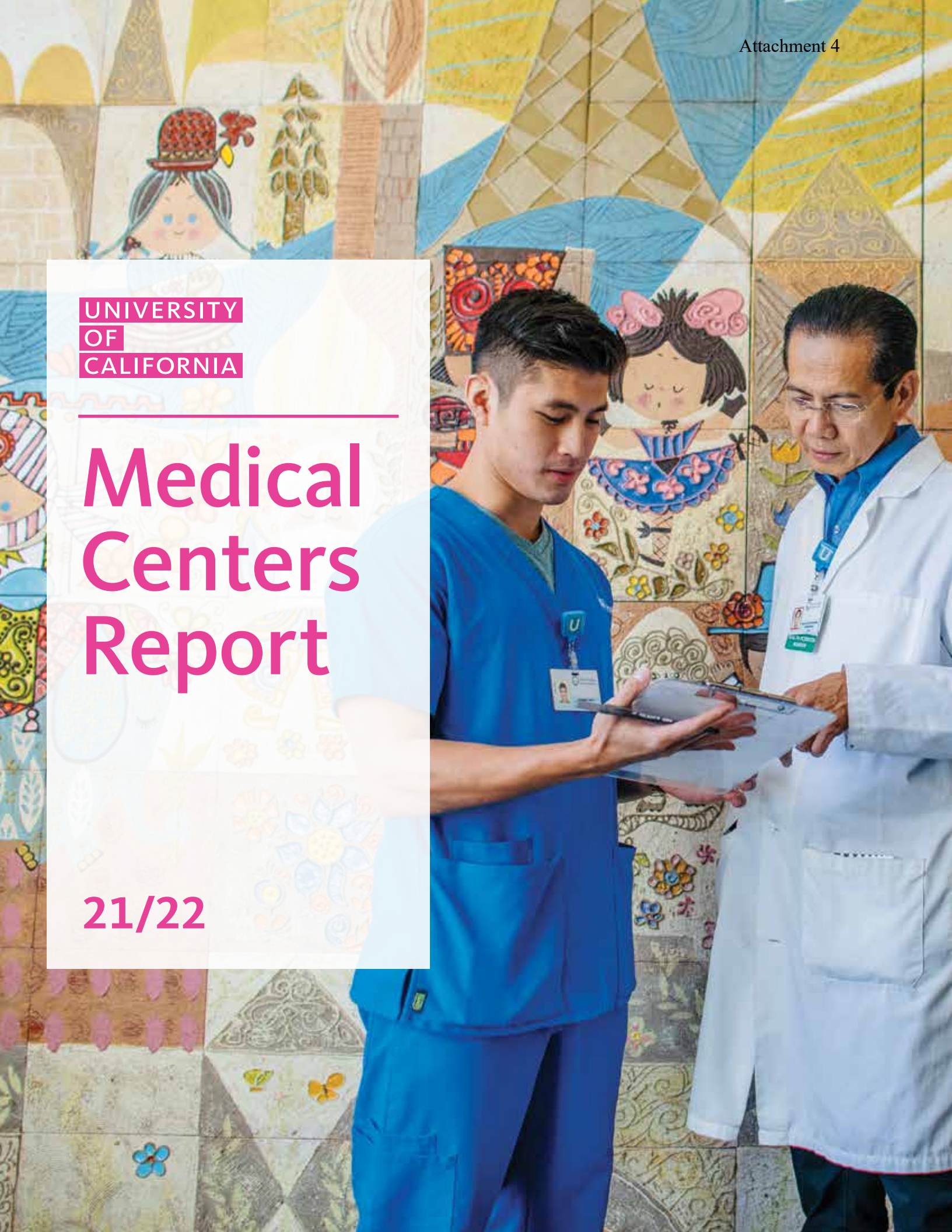
Attachment 4



UNIVERSITY OF CALIFORNIA

Medical Centers Report

21/22

University of California Health (UCH) is committed to nothing less than the well-being of all Californians. As one of the nation's largest academic health systems, we deliver exceptional care, train the health professionals of tomorrow and accelerate the pace of scientific discovery — always keeping health access and equity in mind.

UNIVERSITY
OF
CALIFORNIA
HEALTH

UNIVERSITY OF CALIFORNIA

Medical Centers 21/22 Annual Financial Report

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Letter from the Executive Vice President

Learnings from the COVID-19 pandemic are proving instrumental in shaping the path forward for UC academic health centers (AHCs). Our experiences have highlighted the tangible impacts of health disparities, the increasing effects of climate change and the ongoing threats to health security. All of these set the context for our priorities and work to improve the health of all Californians.

During the year, UC AHCs moved forward in adapting to these growing challenges, even as teams at every location continued to respond to elevated levels of COVID-19 cases.

An important focus continues to be our efforts to improve health equity, especially through data-driven approaches. The Center for Data-driven Insights and Innovation is setting the foundation by integrating data from across UC's clinical system and enhancing it with information that enables monitoring of quality improvement outcomes by factors including social indices, race and ethnicity. In one example of the real-world use of this data, the systemwide Quality & Population Health program led an effort that identified drivers of a disparity in blood pressure for Non-Hispanic Black patients. The findings will be used to help design improvement work at each AHC.

With increasing health threats from climate change, including the emergence of new infectious diseases, our AHC teams are redoubling efforts to respond. UC AHCs continue programs to reduce their environmental impact as part of the University's comprehensive sustainability program that includes specific goals by location. Also, initiatives to improve the resiliency of facilities and operations are part of the commitment made this year to the White House's Health Sector Climate Pledge. This work will help ensure UC AHCs are ready and able to serve our communities when they need us most, such as during wildfires, drought and periods of extreme heat. In an additional step this year toward sustainability and resilience, the health system became a member of the National Academy of Medicine's Action Collaborative on Decarbonizing the U.S. Health Sector.

The fight against cancer continued to be a strategic priority across UC's health locations. Clinicians and researchers from the system's five National Cancer Institute-designated comprehensive cancer centers came together through the UC Cancer Consortium to develop a cancer genomics database that includes data from over 15,000 tumors and to share precision oncology expertise through a Molecular Tumor Board. The Consortium's work in cancer genomics is helping advance the promise of precision medicine, which tailors cancer treatment to the unique characteristics of each patient and individual case.

COVID-19 is still a significant factor in our communities. While continuing to work to prevent and treat new cases, UC clinicians are also leading the way in caring for the increasing number of people suffering from long COVID. UC AHCs have established clinics and formed a multi-specialty task force to help patients who continue to experience symptoms of COVID-19 even after recovering from the acute illness.

UC's health system stands ready to meet the challenges from these growing threats to our health security, which come at a time when life expectancy in California has decreased by nearly two years overall and by more for certain populations. Our system has developed a prudent 10-year capital plan and debt strategy to ensure our facilities are ready for these needs and to position us well for anticipated growth and strategic development. UC AHCs continue to lead in quality, ranking as top performers among peers in the national Vizient analysis for quality and accountability. And, once again UC hospitals were recognized among the best in the state and the nation by U.S. News & World Report, distinguishing themselves by being nationally ranked for the care in two or more specialties.

We will continue pursuing our mission to improve the health of all Californians, especially those who are most vulnerable in our communities. The challenges ahead are well-matched by the strengths of our "Boldly Californian" spirit.

Fiat lux,

CARRIE L. BYINGTON, MD
EXECUTIVE VICE PRESIDENT
UC HEALTH, UNIVERSITY OF CALIFORNIA

UNIVERSITY OF CALIFORNIA HEALTH

The University of California, Davis Medical Center
Service Area and Market Share

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2020. Data for the 12-month period ended December 31, 2020, is the most current data available from the state of California Department of Health Care Access and Information.

SERVICE AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	Sacramento, Placer, Yolo	137	2,213,995	60.8%	10.4%
Secondary	Colusa, El Dorado, San Joaquin, Solano, Sutter, Yuba	116	1,622,199	16.8%	3.6%

The University of California, Davis Medical Center

UC Davis Medical Center is the principal clinical teaching site for the UC Davis School of Medicine and the Betty Irene Moore School of Nursing at UC Davis and is the clinical core of the UC Davis Health system.

The acute care hospital has more than 640 beds and provides a full range of inpatient acute and intensive care, along with a full complement of ancillary, support and ambulatory services. Many services are located on an approximately 144-acre campus in the city of Sacramento. Ambulatory care is provided at hospital-based and satellite clinics in Sacramento and the surrounding communities of Auburn, Carmichael, Davis, Elk Grove, Folsom, Natomas, Rancho Cordova, Rocklin and Roseville.

UC Davis Health serves as a major tertiary and quaternary care referral hospital for a 33-county area more than 350 miles wide and 400 miles long, with a population of more than 6 million people. It is the only provider of most tertiary/quaternary services between San Francisco and Portland, including level I adult and pediatric trauma care. It is also home to the region's only nationally-ranked comprehensive children's hospital and a National Cancer Institute-designated comprehensive cancer center.

UC Davis Health leads multiple cooperative programs with regional providers to increase care access and quality in both urban and rural settings. The UC Davis Cancer Care Network is comprised of community-based cancer centers around Northern California, and nationally-recognized clinical telemedicine and rural affiliation programs support locally delivered care with partners such as regional community hospitals and Federally Qualified Health Centers (FQHCs).

Some significant events of the past year include:

UC Davis Health continues to maintain an outstanding local and national reputation for care delivery

- The UC Davis Medical Center is the top-ranking hospital in the Sacramento metropolitan area and among the top 10 in California, according to the U.S. News & World Report "Best Hospitals" 2022-2023 survey.
- U.S. News also ranked UC Davis Medical Center one of the nation's best for 2022-2023 in multiple adult specialties, including cancer care; cardiology & heart surgery; diabetes & endocrinology; ENT; geriatrics; neurology & neurosurgery; obstetrics & gynecology; orthopedics; and pulmonology & lung surgery.
- In 2022-2023 U.S. News ratings for adult procedures and conditions, UC Davis Medical Center rated as high-performing in back surgery (spinal fusion), COPD, colon cancer surgery, diabetes, heart attack, heart failure, kidney failure, lung cancer surgery, ovarian cancer surgery, pneumonia, prostate cancer surgery, stroke, and transcatheter aortic valve replacement (TAVR). We were also high-performing in the gastroenterology & GI surgery specialty and urology specialty.
- U.S. News ranked the UC Davis Children's Hospital among the nation's best in five pediatric specialties for 2022-2023, including diabetes & endocrinology, neonatology, nephrology, pulmonology & lung surgery, and — together with Shriners Children's Northern California — orthopedics.

- The UC Davis School of Medicine ranked No. 3 in America for diversity, No. 7 for family medicine and No. 8 for primary care in U.S. News 2023 graduate school rankings. The Betty Irene Moore School of Nursing at UC Davis ranked No. 23 among best graduate schools for master's degree nursing programs, and the Master of Science — Family Nurse Practitioner program ranked No. 7.

Continued regional and national responses to the novel coronavirus pandemic

UC Davis Health continued to play important roles in clinical, research and public-health responses to the pandemic, in particular around vaccine distribution and care provision during the recent surges.

In December 2021, UC Davis Medical Center's emergency department treated an all-time high of more than 300 patients in one day due to COVID-related illnesses and other diagnoses. Three weeks later, the medical center reported a record 126 patients hospitalized with active COVID-19 infections, most involving severe symptoms. During this same time, the Medical Center was partnering with local faith communities, nonprofits and governments in outreach efforts to increase vaccine uptake among underserved and uninsured populations.

Regional outreach, strategic initiatives and major capital projects

UC Davis Health continues to enhance its ability to provide the right care, at the right time, in the right place to support both our academic and social missions through our operational and financial performance.

We continue to partner with remote regional providers to ensure greater access to our tertiary and quaternary services, as well as to provide care through telemedicine at local hospitals closer to patients' homes. We are also increasing partnerships with FQHCs as convenient destinations for transportation-challenged populations who utilize wrap-around social services. We are also increasing access by providing more care at non-UC Davis hospitals through affiliations and contractual agreements that increase local care quality and increase expertise in Northern California's rural areas.

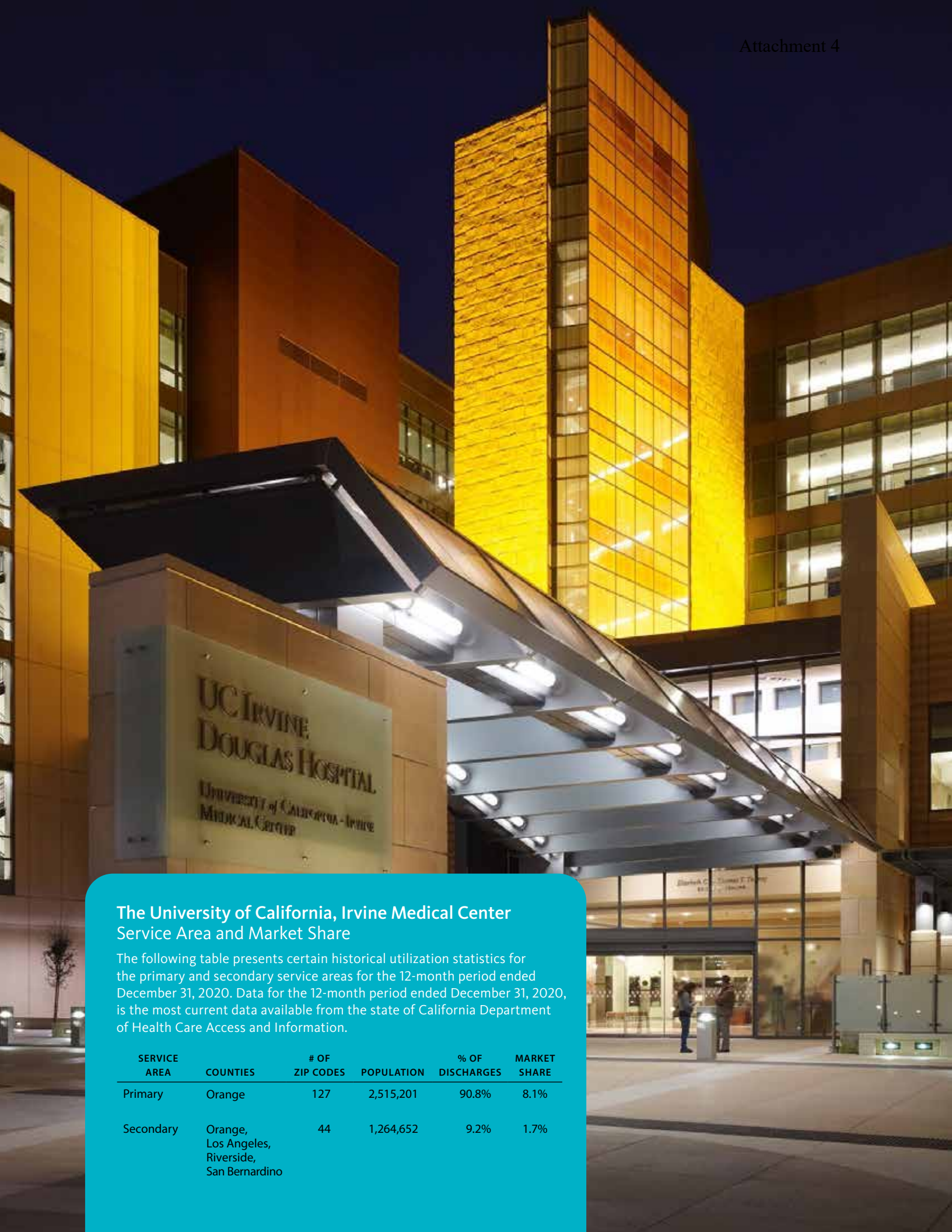
Planning and construction for several major capital projects is underway on the medical center's Sacramento campus and at satellite locations.

- Construction activities are underway for the new California Tower, a replacement for areas of UC Davis Medical Center slated to close due to seismic laws. The new 14-story tower and five-story pavilion will add approximately one million square feet of additional space, with operating rooms and about 400 single-patient rooms to replace others being taken out of service. The medical center will have a total of 675-700 inpatient beds upon project completion in 2030, including more than 250 rooms with adaptability for critical-care surges.
- In partnership with Kindred Health, construction on the UC Davis Rehabilitation Hospital began in June 2021 with anticipated completion in 2023. The 52-bed facility will help support recovery for conditions resulting from stroke, brain trauma and spinal cord injuries.
- Work is nearing completion for a late 2022 opening of the Ernest E. Tschannen Eye Institute, housed in an expansion of the Lawrence J. Ellison Ambulatory Care Center.

Patient-centered focus on digital transformation

UC Davis Health also launched new initiatives and partnerships this year aiming to improve care access via technology.

- We became the world's first academic medical center to launch a Cloud Innovation Center (CIC) with Amazon Web Services. Staff from both organizations will work with clinicians, students, organizations and the community to define real-world challenges around digital health equity.
- A new collaboration with BioIntelliSense aims to advance remote patient monitoring of vital signs across care settings, supporting the goal of delivering high-acuity care at home that is grounded in equity. The effort involves FDA-cleared BioIntelliSense wearable technology with analytics.
- A new National Center for Interventional Biophotonic Technologies has been launched to advance two optical imaging technologies developed at UC Davis — interventional fluorescence lifetime imaging, or iFLIM, and interferometric diffuse optical spectroscopy, or iDOS. The center will combine them with an AI deep-learning platform to provide real-time guidance of decision making during medical and surgical procedures.
- New federal funding will support creation of a regional digital public health platform to improve access and continuity of care for vulnerable populations in Sacramento and Northern California.



The University of California, Irvine Medical Center
Service Area and Market Share

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2020. Data for the 12-month period ended December 31, 2020, is the most current data available from the state of California Department of Health Care Access and Information.

SERVICE AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	Orange	127	2,515,201	90.8%	8.1%
Secondary	Orange, Los Angeles, Riverside, San Bernardino	44	1,264,652	9.2%	1.7%

The University of California, Irvine Medical Center

UCI Medical Center in Orange is a major clinical component of UCI Health, the primary teaching facility for the UCI School of Medicine and the flagship facility of the UCI Health system. Established in 1976, the medical center soon expanded with the addition of the University Hospital Tower, the UCI Health Neuropsychiatric Center, the Chao Family Comprehensive Cancer Center and the H. H. Chao Comprehensive Digestive Disease Center. In 2009, UCI Health Douglas Hospital became the main inpatient facility, designed to anticipate the needs of a world-class 21st century teaching hospital and deliver an exceptional patient experience.

As Orange County's only academic medical center, UCI Medical Center is licensed to operate 459 beds and offers extensive specialty inpatient care, outpatient specialty/primary care services, clinical trials and research. It is the main teaching facility for the UCI School of Medicine.

It serves as the primary, tertiary and quaternary care referral center for nearly four million people residing in Orange County, western Riverside County and southeastern Los Angeles County. It is also Orange County's only combined Level I Trauma Center and Level II Pediatric Trauma Center verified by the American College of Surgeons, combined high-risk obstetrics and regional neonatal programs and the American Burn Association-verified Regional Burn Center. UCI Medical Center is home to Orange County's only National Cancer Institute-designated comprehensive cancer center, providing access to leading-edge clinical care and trials not available elsewhere in the area.

UCI Health provides inpatient and outpatient services through a clinical practice group of more than 400 faculty physicians and surgeons. Primary care and specialty outpatient services are offered at many locations throughout the county. UCI Health also operates two federally qualified health centers (FQHCs) in Santa Ana and Anaheim to meet the needs of Orange County's underserved populations.

These sites, the first established in Orange County, enable UCI Health to provide the full spectrum of high-quality patient services to the community and attract the broad and diverse patient population required to fulfill the education and research mission of the UCI School of Medicine.

Significant events during the year are highlighted below:

Notable recognitions

For the 22nd consecutive year, UCI Medical Center is listed among "America's Best Hospitals," according to the 2022-23 U.S. News & World Report survey. It is the only Orange County hospital consistently rated among the nation's best. The annual rankings recognize hospitals that excel in treating the most challenging patients. For 2022–23, UCI programs in gynecology, geriatrics and cancer are ranked among the country's top 50. Since 2001, the publication has recognized numerous UCI Health programs among the top 50 nationwide.

In 2022, UCI Health earned its 16th consecutive "A" grade in The Leapfrog Group's biannual Hospital Safety Grade, which

rates how well hospitals protect patients from errors, injuries and infections. The Orange County Medical Association has recognized nearly 190 UCI Health doctors as 2022 Physicians of Excellence, more than any other health system in the county.

UCI Medical Center was recognized as a five-star hospital and top performer in the 2021 Bernard A. Birnbaum, MD, Quality Leadership Annual Ranking by Vizient, Inc. UCI Medical Center was ranked No. 9 out of 101 Vizient members in the cohort of "Comprehensive Academic Medical Centers" for demonstrating excellence in delivering high-quality patient care based on the organization's Quality and Accountability Ranking.

UCI Health Clinical Network

Primary Care

The UCI Health commitment to community-based primary care presence continues, with access to family medicine, internal medicine, pediatrics and senior health in Yorba Linda, Orange, Tustin, Costa Mesa, Irvine and Laguna Hills. The UCI Health Family Health Centers in Anaheim and Santa Ana provided more than 100,400 patient encounters and delivered care to approximately 25,000 patients last year, while continuing to be a leading resource for COVID-19 education, vaccinations and booster availability.

Specialty Care

UCI Health continues to expand access to specialty care services. In north Orange County, UCI Health — Yorba Linda now offers cancer infusion services to complement existing services. Along the coast, UCI Health — Newport Beach provides a unique combination of evidence-based integrative healthcare from leading specialists. And in south Orange County, UCI Health — Laguna Hills offers the full range of specialty services, including cancer care and infusion services, complementing the care available at the existing UCI Health Gottschalk Medical Plaza.

Initiatives to meet the needs of our community

UCI Medical Center:

UCI Health opened the UCI Health Center for Innovative Health Therapies, home to the UCI Health Center for Clinical Research and the University's Institute for Clinical and Translational Science. The Center for Clinical Research is a 4,900-square-foot clinical facility with infusion rooms, large treatment and consultation rooms and a laboratory to serve patients and researchers involved in clinical trials. Further expansion of the space is scheduled in 2023.

UCI Health — Irvine:

The University and UCI Health broke ground on the 800,000-square-foot UCI Health — Irvine medical complex on the northern edge of the UCI campus. The complex will bring unparalleled expertise, leading-edge treatments and the finest evidence-based care that only an academic health system can offer to coastal and Southern Orange County. It will be anchored by a state-of-the-art 144-bed acute-care hospital offering 24-hour emergency care and will specialize in cancer, orthopedic, digestive health and neurosciences services.

The 225,000 sq. ft. UCI Health Chao Family Comprehensive Cancer Center and Ambulatory Care building will offer personalized cancer treatments, including access to hundreds of clinical trials, tripling the available outpatient cancer space available at the flagship UCI Medical Center in Orange.

The Joe C. Wen & Family UCI Health Center for Advanced Care will be a 168,000 sq. ft. multi-care center, including adult and pediatric specialties. It will be home to the Center for Children's Health, the Southern California Center for Autism & Neurodevelopmental Disorders, adult specialty care, urgent care and other medical services. These facilities will give our community greater accessibility to UCI Health physicians, multidisciplinary care and university-supported clinical research. This expansion is critical to meeting the healthcare needs of the rapidly growing Orange County region.

The complex, to be opened in phases between 2023 and 2025, is expected to create more than 2,500 healthcare and construction jobs, attract top-notch healthcare professionals to UCI Health and provide beneficial vendor and partnership opportunities for Orange County-based businesses.

On the leading edge of healthcare

During the past year, UCI Health:

- Became the highest-rated cancer center in Orange County, according to U.S. News & World Report, achieved renewal of the National Cancer Institute's comprehensive cancer center designation and joined the prestigious NCI Experimental Therapeutics Clinical Trials Network, which will provide residents of Orange County with access to more leading early-phase clinical trials.
- Achieved FACT accreditation for the UCI Health Hematopoietic Stem Cell Transplant and Cellular Therapy Program, Orange County's only adult bone marrow transplantation service, to meet the needs of residents with blood-based cancer malignancies.
- Announced plans to construct and operate a 52-bed, 68,000 sq. ft. inpatient rehabilitation hospital in Irvine as a joint venture with Kindred Rehabilitation Services. The facility is expected to open in late 2025.
- Expanded its inpatient capacity at UCI Medical Center to 459 licensed from 418 beds with the opening of a state-of-the-art surgical care unit.


Health

The University of California, Los Angeles Medical Center
Service Area and Market Share

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2020. Data for the 12-month period ended December 31, 2020, is the most current data available from the state of California Department of Health Care Access and Information.

SERVICE AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	Los Angeles, Kern, Ventura	404	7,382,061	64.1%	4.3%
Secondary	Los Angeles, Kern, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, Ventura	836	13,056,816	24.1%	0.9%

The University of California, Los Angeles Medical Center

UCLA Medical Center (UCLA) is the hospital system of UCLA Health — an integrated and comprehensive health care system including four hospitals, over 250 community clinics and the UCLA Faculty Practice Group.

UCLA Health operates licensed-bed facilities at the 446-bed Ronald Reagan UCLA Medical Center (RRUCLA) in Westwood, including the UCLA Mattel Children's Hospital (UMCH); the 281-bed UCLA Medical Center, Santa Monica (SMUCLA); and the 74-bed Resnick Neuropsychiatric Hospital (RNPH) in Westwood. Also included is UCLA Tiverton House, a 100-room hotel facility for patients and their families.

UCLA Health also operates over 250 primary and specialty care clinics on the hospital campuses and convenient locations throughout Southern California. Last year, our clinics and services saw over 2.6 million patient visits.

UCLA is the principal teaching site for the David Geffen School of Medicine at UCLA (DGSOM). The mission is to provide leading-edge care to support the educational and scientific programs of the UCLA Center for the Health Sciences schools, including the Schools of Medicine, Dentistry, Nursing and Public Health. UCLA meets the requirements of the state of California's SB1953 Hospital Facilities Seismic Safety Act.

UCLA Health offers comprehensive care, from routine to highly specialized medical and surgical treatment. The Westwood campus is known for its wide range of tertiary and quaternary care, including Level I trauma care; regional neonatal and pediatric intensive care units; a neurosurgery/neurology and comprehensive stroke center; comprehensive cancer care; and blood, marrow and organ transplantation. UCLA Health is among the largest solid organ transplant centers in the U.S. SMUCLA also serves its teaching and research missions for meeting community health care needs. RNPH is a leading center for comprehensive inpatient psychiatric patient care and mental and developmental disabilities research and education, offering a full range of treatments.

UCLA's full spectrum of services attracts the volume and diversity of patients needed to meet its educational, clinical, research and community services missions.

Significant events during the year are highlighted below:

Maintains outstanding national reputation

- UCLA Health hospitals ranked in the top 5, and for 33 consecutive years earned coveted placement on the 2022-23 U.S. News & World Report Best Hospitals national honor roll, a distinction reserved for only the 20 hospitals with the highest-quality care. 11 specialties ranked among the top 10 in the nation.
- UMCH was ranked among 2022-23 USNWR Best Children's Hospitals, with 7 specialties on the list of top programs.
- SMUCLA and RRUCLA were named in Newsweek's World's Best Hospitals 2022, with RRUCLA named No. 9.
- UCLA Health holds Magnet® designation, the U.S.'s highest recognition for nursing excellence.
- UCLA Health was recognized on Forbes lists of best employers, including Best Employers for Diversity, Best Employers for New Grads and Best Employer for Women.

Continues strengthening strategic activities and community initiatives

- UCLA Health uses technology as a key component of ambulatory access strategy, with telehealth visits accounting for 21 percent of all visits and over 90 percent of telehealth visits by video.
- We partnered with the LA County Department of Health Services (DHS) to provide specialty services due to a backlog of clinical services for DHS patients, with continued focus on primary, secondary and tertiary services for indigent patients (uninsured and Medi-Cal).
- UCLA Health continued to advise on the development of two state-of-the-art international affiliated hospitals in Jordan and China.
- UCLA Health continues to develop treatments and procedures such as Theranostics and novel CAR T Immune modulators and ensure these state-of-the-art therapies are available to patients in LA County and beyond.

Addresses ongoing concerns throughout COVID-19 pandemic

- UCLA Health experts remain committed to COVID-19 research, including an NIH-funded study to assess how regular COVID-19 testing may reduce the harm to students' academic progress from pandemic-related school closures.
- UCLA Health worked with community partners in underserved areas to address unmet needs, including clinical, dental and vision services; food insecurity; access to personal protective equipment and bilingual COVID education.
- To support and address the needs of the LGBTQ community, we partnered with community organizations to participate in LA Pride Parade, Pride in the Park, UCLA Health Pride Night at Dodger Stadium and The Wall Las Memorias Project events.
- UCLA Health partnered with the Los Angeles Dodgers to support Viva Las Dodgers and La Grande Fiesta, offering free clinical services to the Latino community at Dodger Stadium.
- UCLA Health and the Los Angeles Dodgers helped organize the largest blood collection event in the history of the UCLA Blood & Platelet Center.

Takes action today to build an equitable tomorrow

At UCLA Health, we believe that health equity, diversity and inclusion principles must be incorporated into each part of our organization. We are taking steps to promote anti-racism, promote inclusive excellence and equity for our people, improve clinical outcomes and experiences for our patients, and invest in educating, servicing and advocating for our community.

- We developed required training for all 32,000 staff, faculty and learners to understand and combat racism, microaggressions and implicit biases in the work and clinical space.
- We implemented new policies, reporting structures and review teams to address allegations of discriminatory and biased behavior.
- We redefined our search committees for organizational leaders to ensure diverse membership and representation.
- UCLA Health launched the Homeless Healthcare Collaborative, which deployed two medically equipped vans to care for people experiencing homelessness in West LA, South LA, Downtown LA and North Hollywood.
- We redesigned our electronic health record system to allow for patient self-reporting of demographic data, including race, ethnicity, gender identity, sexual orientation, language and religion, with dashboards across the enterprise allowing leaders to identify areas of inequities, outcomes and experiences for interventions.
- UCLA Health joined the Healthcare Anchor Network to partner with our communities to improve racial and economic equity and well-being.
- We created the TechQuity Accelerator to support innovators creating new technology and biomedical solutions to promote greater health equity.

Planning for future growth

UCLA Health continues its commitment to providing access to care for patients who need services. As a major investment in the community, design and planning is underway for UCLA Health's mid-Wilshire campus after the acquisition of the former Olympia Hospital. UCLA Health will relocate RNPH to this property and expand inpatient and outpatient access to behavioral health care at mid-Wilshire. This will also allow critically needed expansion of adult and pediatric critical care at RRUCLA. These efforts will also add hundreds of health care jobs for LA County. UCLA Health will continue expansion of ambulatory care further into the Santa Clarita, Pasadena, Santa Barbara and Central Coast regions.

Mental health is the most urgent unmet need in LA County — and across our country — with few providers of inpatient care. Additionally, RRUCLA operates beyond capacity for adult critical care. With this additional campus, UCLA Health is committed to help meet the shortage of these essential services in LA County.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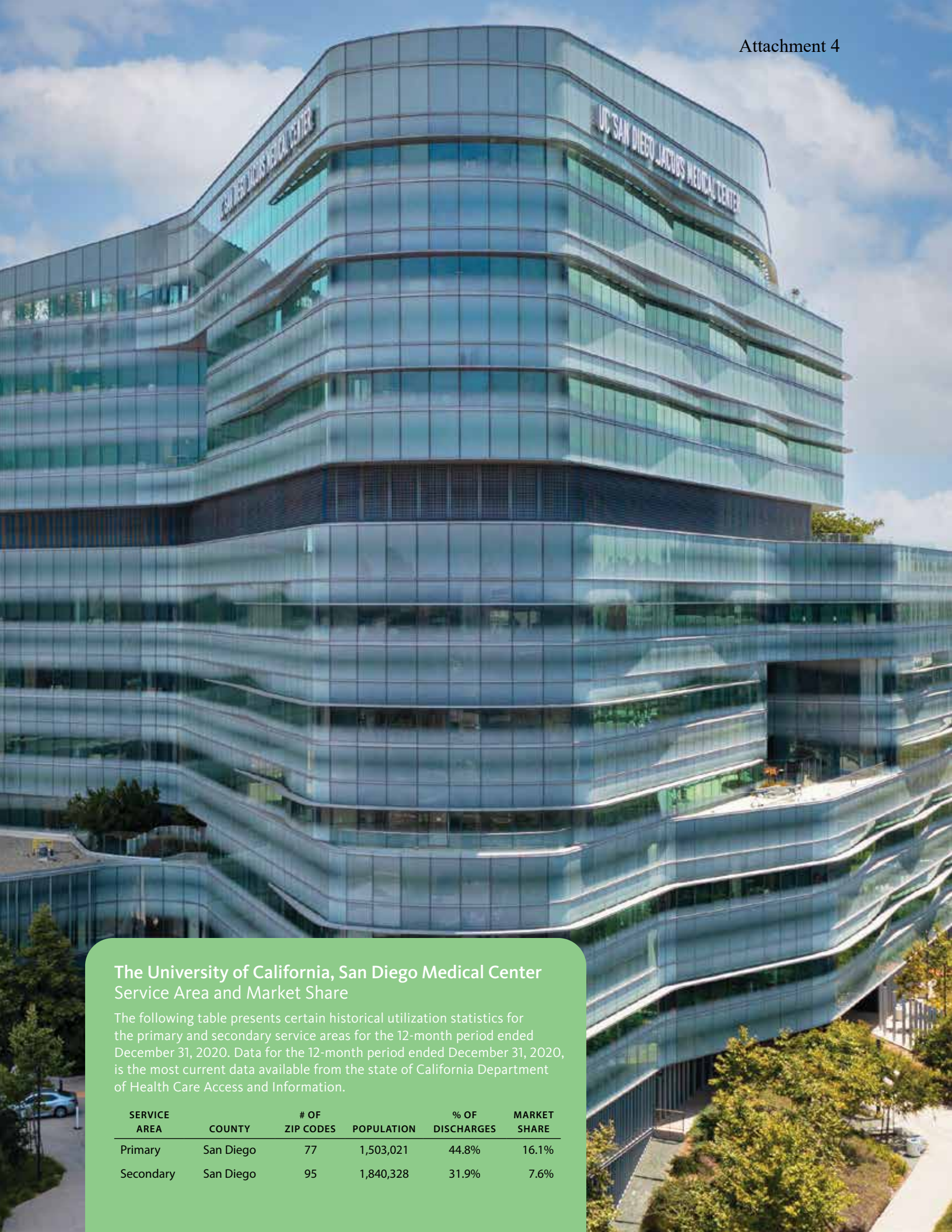
medical systems



The University of California, San Diego Medical Center
Service Area and Market Share

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2020. Data for the 12-month period ended December 31, 2020, is the most current data available from the state of California Department of Health Care Access and Information.

SERVICE AREA	COUNTY	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	San Diego	77	1,503,021	44.8%	16.1%
Secondary	San Diego	95	1,840,328	31.9%	7.6%

The University of California, San Diego Medical Center

UC San Diego Health Sciences maintains a two-campus strategy, fulfilling its three-part mission of clinical service, teaching and research excellence at locations in the urban area of Hillcrest and the more suburban La Jolla. Each medical complex supports acute inpatient care, emergency services and a spectrum of advanced specialty outpatient programs. The two locations operate under one license with a combined capacity of 808 beds.

UC San Diego Medical Center in Hillcrest (390 beds), established in 1966 at the site of the former County Hospital, serves as a clinical teaching site for the UC San Diego School of Medicine and is a focal point for community service missions. It is home to the area's only Regional Burn Center, one of only two adult Level I Trauma Centers in San Diego County, the state's only chronic kidney disease program certified by The Joint Commission and an accredited geriatric emergency department. Its Stroke Center is widely recognized for its excellence in patient care and was one of the first five certified Comprehensive Stroke Centers in the nation. The campus also includes the Owen Clinic, founded in 1982 and among the nation's top HIV care programs for adults and children. Psychiatric services are also offered in Hillcrest, including adult inpatient psychiatric care, intensive outpatient psychiatric care for seniors and a first-episode psychosis program for teens and young adults.

The La Jolla campus (418 beds), located on the eastern portion of the main university campus, has been the center of substantial growth in the last decade. Its major facilities include:

- Jacobs Medical Center (364 beds), a state-of-the art hospital with advanced surgery, oncology, comprehensive stroke care and high-risk obstetrics and gynecology. It is also home to the region's highest-volume Blood and Marrow Transplantation (BMT) unit, a level III Neonatal Intensive Care Unit and an intraoperative imaging suite for complex brain surgeries. Its ER is California's first accredited geriatric emergency department and holds the highest Level 1 gold accreditation.
- Moores Cancer Center, the region's only National Cancer Institute-designated Comprehensive Cancer Center, the highest rating possible for a U.S. cancer center.
- Shiley Eye Institute, a multi-specialty vision center that includes an outpatient surgical center, a glaucoma center, a retina research center, and the region's only facility dedicated to children.
- Sulpizio Cardiovascular Center (54 beds), the inpatient facility for our renowned Cardiovascular Institute.
- Koman Family Outpatient Pavilion, a four-story building that features eight operating rooms for surgeries that once required hospital stays, as well as specialty services in orthopedics and sports medicine, breast oncology and imaging and urology, among others.

- Altman Clinical and Translational Research Institute, which supports most clinical trials at UC San Diego Health, including many important COVID-19 studies.

Excellence in Quality and Patient Safety

Hospitals and doctors are not all alike. Across the nation and within California, there are significant variations in the training and expertise of health care providers. UC San Diego Health is proud to deliver expert care to every patient.

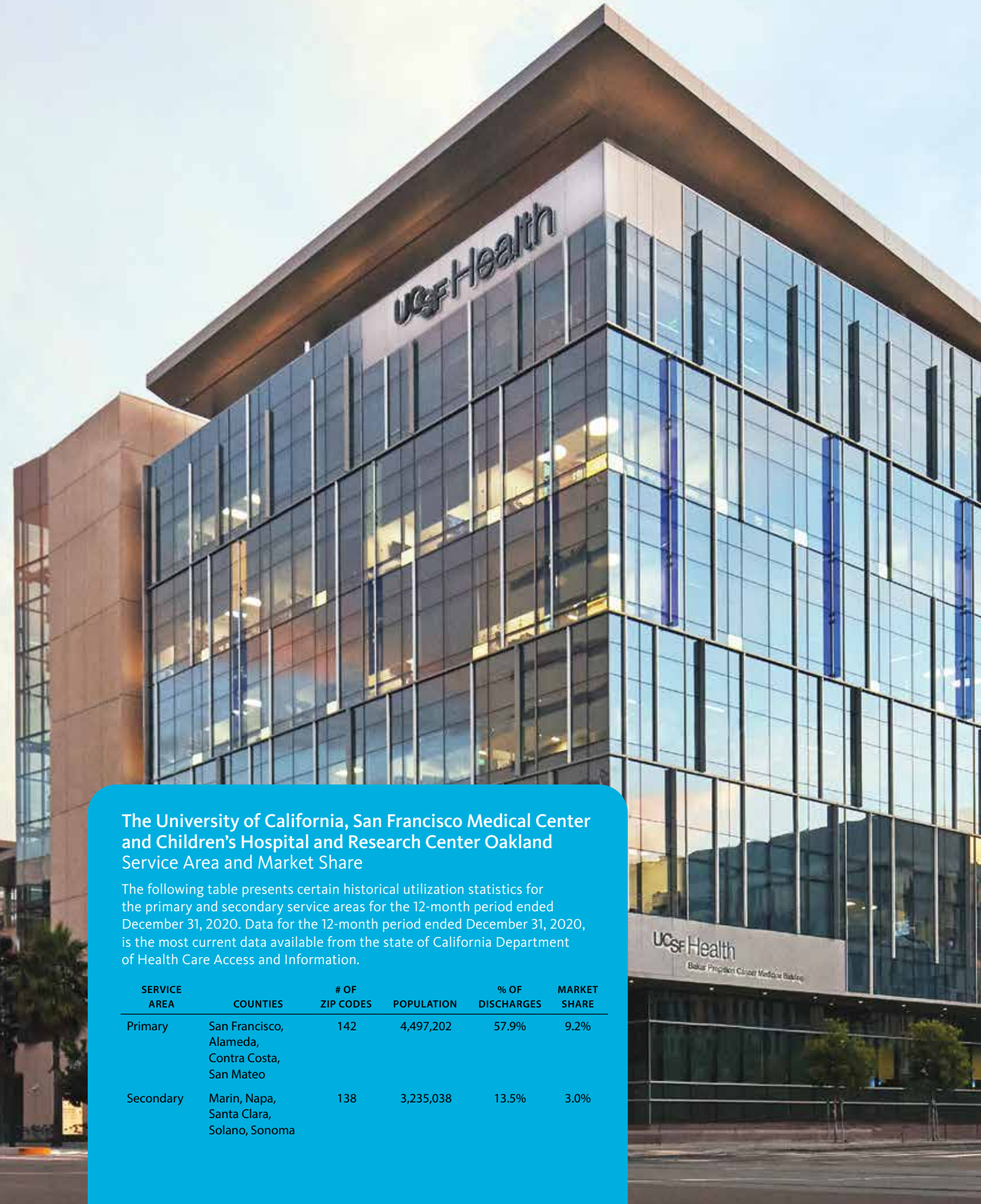
- Among the Nation's Top 3 Academic Medical Centers for Patient Care — For superior performance in the quality of its patient care, UC San Diego Health earned a 2021 Bernard A. Birnbaum, MD, Quality Leadership Award from Vizient, Inc.
- Best Hospital in San Diego — UC San Diego Health once again was ranked the #1 hospital system in San Diego, and #5 in California, in 2022-23 by U.S. News & World Report.
- More Top Ranked Specialties — It ranked among the nation's best in 10 adult medical and surgical specialties in 2022-23 by U.S. News & World Report — more than any hospital system in San Diego: Cancer (#20); Cardiology & Heart Surgery (#21); Ear, Nose & Throat (#21); Gastroenterology and GI Surgery (#11); Geriatrics (#11); Neurology & Neurosurgery (#21); Obstetrics & Gynecology (#26); Orthopedics (#39); Pulmonology & Lung Surgery (#10); Urology (#16).
- "A's" for Hospital Safety — UC San Diego Health's hospitals in La Jolla and Hillcrest once again earned top marks from The Leapfrog Group in the spring of 2022 for keeping patients safe from preventable harm and medical errors. Both hospitals were also listed on the 2022 California Patient Safety Honor Roll, awarded by Cal Hospital Compare, in partnership with the California Health & Human Services Agency.
- 5-Star CMS Rating — In 2022, UC San Diego Health received a five-star rating from the Centers for Medicare & Medicaid Services for the quality of our hospital care to Medicare Advantage patients. Only approximately 16 percent of hospitals earned this highest rating.
- Nursing Excellence — It maintains Magnet status from the American Nurses Credentialing Center, considered among the highest recognitions for nursing excellence and innovation in nursing practice.

Redevelopment of Hillcrest Hospital Campus Begins

In December of 2021, UC San Diego broke ground on the $2.5-$3 billion revitalization of the Hillcrest medical campus. The first phase of the five-phase project includes the construction of an outpatient pavilion (approximately 250,000 square feet) to expand and modernize a range of diagnostic and treatment services in several specialty areas, including oncology, neurosurgery, gastroenterology, radiology and orthopedics. Over the next 15 years, most of the existing buildings on the 62-acre site will be replaced.

UC San Diego Chancellor Pradeep K. Khosla said of the project: "The transformation of UC San Diego Medical Center in Hillcrest is part of an overarching goal to bring the most advanced science and research to our communities to help people lead better, healthier lives. The reimagined medical center will provide expanded opportunities for faculty, staff and students to use their knowledge and expertise for the benefit of our region through a broad scale of services and innovative treatment options."


EMERGENCY
RN



The University of California, San Francisco Medical Center and Children's Hospital and Research Center Oakland
Service Area and Market Share

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2020. Data for the 12-month period ended December 31, 2020, is the most current data available from the state of California Department of Health Care Access and Information.

SERVICE AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	San Francisco, Alameda, Contra Costa, San Mateo	142	4,497,202	57.9%	9.2%
Secondary	Marin, Napa, Santa Clara, Solano, Sonoma	138	3,235,038	13.5%	3.0%

The University of California, San Francisco Medical Center and Children's Hospital & Research Center Oakland

UCSF Health is internationally renowned for providing highly specialized and innovative care. Our family of care includes UCSF Helen Diller Medical Center at Parnassus Heights, UCSF Medical Center at Mount Zion and UCSF Medical Center at Mission Bay; UCSF Benioff Children's Hospitals in Oakland and San Francisco; Langley Porter Psychiatric Hospital and Clinics; UCSF Benioff Children's Physicians; and the UCSF Faculty Clinical Practices. UCSF Health serves as the principal clinical teaching site for the University of California, San Francisco, School of Medicine, affiliated with the University of California since 1873.

UCSF Health's financial statements include the activities of the UCSF Faculty Clinical Practices. Revenues include professional fees earned by the faculty physicians practicing as the UCSF Faculty Clinical Practices and operating expenses include corresponding physician professional services along with the direct expenses of non-physician staff and non-labor expenses.

In 2014, UCSF affiliated with Children's Hospital & Research Center Oakland and the University of California became its sole corporate and voting member. UCSF Benioff Children's Hospital Oakland retained its status as a private, not-for-profit 501(c)(3) medical center. UCSF Benioff Children's Hospital San Francisco and Children's Hospital Oakland have together created Northern California's largest network of pediatric providers and are the only hospitals in San Francisco and the East Bay dedicated solely to children. UCSF Benioff Children's Hospital Oakland is one of only six American College of Surgeons (ACS) Pediatric Level I trauma centers in the state.

UCSF Health continues to maintain an outstanding local and national reputation

- U.S. News & World Report 2022-23 survey ranked UCSF Medical Center (UCSFMC) as the top-ranked hospital in the San Francisco Metro Area. UCSFMC ranked among the nation's top 10 hospitals in eight areas: diabetes & endocrinology; ear, nose & throat; geriatrics; neurology & neurosurgery; ophthalmology; psychiatry; pulmonology; and rheumatology.
- UCSF Benioff Children's Hospitals are ranked fifth nationwide, best in California in neonatology, best in Northern California in pediatric cancer and nationally recognized by U.S. News & World Report in all 10 specialties for 2022-23.
- The UCSF School of Medicine was ranked first in the nation for OB GYN specialty training and second for primary care training by U.S. News & World Report in its survey for 2022-23 best medical schools.
- UCSFMC hospitals at Mission Bay and Parnassus Heights have received an "A" Leapfrog Hospital Safety Grade for Fall 2021 — a national distinction that signifies excellence in protecting patients from harm and error in the hospitals.
- UCSFMC was named a LGBTQ+ Healthcare Equality Leader in 2022 by the Human Rights Campaign's Health Equity Index (HEI) for the fifteenth consecutive year.

UCSF Health continues to focus on strategic initiatives and network expansion to meet its mission and community needs

- UCSF Health is self-supporting and uses its margins to meet important needs in the community, including training physicians and other health professionals, supporting medical research, providing care to the medically and financially underserved and building and operating facilities to serve the diverse needs of its patients.
- UCSF Health is continuing implementation of its current strategic plan, Vision 2025, which calls for UCSF to expand its commitment to providing the most advanced complex care services throughout the nine-county Bay Area.
- Canopy Health, a Bay Area-wide health care network developed by UCSF Health, John Muir and physician groups, has grown to include nearly 50,000 members, 6,000 physicians, several care centers and numerous renowned local hospitals spanning the nine-county Bay Area.
- In March 2018, UCSF Health and Sonoma Valley Hospital (SVH) signed an agreement to create an integrated health care network that will serve the needs of Sonoma Valley residents through partnering to provide high-quality care to the community. In January 2020, the affiliation was expanded to include a management services agreement whereby SVH's executive leaders are now employed by UCSF Health.
- In June 2018, UCSF Health and John Muir Health opened the Berkeley Outpatient Center (BOPC), which provides primary and specialty care services to the Berkeley, Oakland and Emeryville communities. BOPC is home to the UCSF-John Muir Health Cancer Center which, in 2022, will expand medical and sub-specialty oncology services, triple its infusion capacity and provide advanced diagnostic imaging. Construction is underway.
- In September 2018, UCSF Health and John Muir Health signed a letter of intent to develop a joint East Bay Cancer Network designed to improve prevention, diagnosis and treatment for patients throughout the East Bay. The joint Network includes development of distinguished disease-specific treatment capabilities, expanded clinical trial enrollment, and precision medicine offerings. In 2021, UCSF Health and John Muir Health announced plans to develop a new cancer center in Walnut Creek. Services include medical oncology, infusion, advanced diagnostic, radiation oncology and more.
- In September 2018, UCSF Health signed an alliance agreement with MarinHealth to expand clinical collaborations in Marin County with the goal of improving patient care and strengthening clinical practices for the community. UCSF Health has added 35 active clinics and 199 providers in its clinical network providing nearly 257,000 visits.
- In June 2019, UCSF Health opened the Bakar Precision Cancer Medicine Building (PCMB), an integrated 170,000 square foot outpatient center dedicated to bringing together researchers, clinicians and supportive care in one building. In January 2020, UCSF Health expanded its operations to San Mateo by opening a new primary care and specialty care clinic and operating a cancer center, providing a convenient option for patients who live or work on the Peninsula.
- In March 2020, UCSF Health and Washington Hospital Healthcare System (WHHS) jointly purchased a parcel and building in the Warm Springs Innovation District, south of WHHS' main campus in Fremont. UCSF and WHHS have redeveloped the building to provide a range of outpatient primary, specialty, surgical and diagnostic services to the community. In 2021, UCSF Health and WHHS signed a joint venture agreement to provide radiation oncology services and plan to continue to work together on integrative cancer programs.
- UCSF Health continues to expand its clinically integrated and partner networks adding several high-quality physician groups including Allergy and Asthma Associates of Northern California, California Pacific Orthopaedics, Southeast Bay Pediatrics, and Peninsula GI Medical Group.

Plans for New Hospital at Parnassus Heights

- In May 2022, UCSF Health received approval to build a state-of-the-art hospital at UCSF Helen Diller Medical Center at Parnassus Heights. The new hospital is scheduled to open in 2030 and will incorporate the latest innovations in technology, including advanced diagnostics and robotics, to drive new therapies and treatments that are backed by UCSF's scientific research. The new hospital has been designed with the patient at the center, with rooms designed for privacy and safety and communal spaces connected to nature.

Response to COVID-19

UCSF Health took a leadership role in distributing COVID-19 vaccines across the Bay Area, including establishing vaccination sites at UCSF and at City College of San Francisco with the City of San Francisco. A COVID Equity workgroup, dedicated to providing equitable access to the vaccines for employees, patients, and residents, continues to hold pop-up clinics with community partners, and target outreach through multiple channels offering vaccinations door-to-door and to homebound patients, and with culturally appropriate materials and resources to address vaccine disparities.


UCSF Health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Management's Discussion and Analysis *(Unaudited)*

INTRODUCTION

The objective of Management's Discussion and Analysis is to help readers better understand the University of California Medical Centers' (the Medical Centers) financial position and operating activities for the year ended June 30, 2022, with selected comparative information for the years ended June 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes to financial statements. Unless otherwise indicated, years (2020, 2021, 2022, etc.) in this discussion refer to the fiscal years ended June 30.

OVERVIEW

The Medical Centers are operating units of the University of California (the University), a California public corporation under Article IX, Section 9 of the California Constitution. The University is administered by The Regents of the University of California (The Regents) of which, under the formation documents of the University, administrative authority with respect to the Medical Centers is vested in the President of the University. The Medical Centers consist of the University of California, Davis Medical Center (UC Davis Medical Center or Davis), the University of California, Irvine Medical Center (UC Irvine Medical Center or Irvine), the University of California, Los Angeles Medical Center (UCLA Medical Center or Los Angeles), the University of California, San Diego Medical Center (UC San Diego Medical Center or San Diego) and the University of California, San Francisco Medical Center (UCSF Medical Center or San Francisco), each of which provides educational and clinical opportunities for students in the University's Schools of Medicine (Schools of Medicine) and offers a comprehensive array of medical services including tertiary and quaternary care services. The San Francisco Medical Center's financial statements include Children's Hospital & Research Center Oakland (CHRCO), combined with its foundation, a blended component unit of the University of California. The Regents are the sole corporate and voting member of CHRCO, a private, not-for-profit 501(c)(3) corporation. San Francisco provides certain management services for CHRCO. The San Francisco Medical Center's financial statements also include the activities of the UCSF Faculty Clinical Practices.

The Medical Centers' activities are monitored by The Regents' Committee on Health Services. The President of the University has delegated certain administrative authority to the Chancellor of the applicable campus. At each campus, direct management authority has been further delegated by the Chancellor as follows: for the UC Davis Medical Center, to the Vice Chancellor, Human Health Sciences; for the UC Irvine Medical Center and the UCSF Medical Center, to the respective Medical Center Directors; and for the UCLA Medical Center and the UC San Diego Medical Center, to the respective Vice Chancellors, Health Sciences.

OPERATING STATISTICS

The following table presents utilization statistics for the Medical Centers:

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
Licensed beds						
2022	646	459	801	799	1,250	3,955
2021	646	418	801	799	1,290	3,954
2020	625	418	800	799	1,276	3,918
Admissions						
2022	31,953	22,147	37,742	35,701	42,776	170,319
2021	29,953	21,885	35,691	34,311	40,895	162,735
2020	29,841	20,984	36,402	32,646	42,445	162,318
Average daily census						
2022	591	380	745	647	827	3,190
2021	560	364	698	594	774	2,990
2020	527	338	686	569	754	2,874
Discharges						
2022	31,888	22,136	37,689	35,704	42,852	170,269
2021	29,916	21,885	35,617	34,103	40,761	162,282
2020	29,778	20,935	36,429	32,499	42,378	162,019
Average length of stay (days)						
2022	6.8	6.3	7.2	6.6	7.0	6.8
2021	7.0	6.1	7.2	6.4	6.9	6.7
2020	6.5	5.9	6.9	6.4	6.5	6.5
Patient days						
2022	215,542	138,608	271,855	236,020	301,788	1,163,813
2021	204,367	132,746	254,777	216,667	282,401	1,090,958
2020	192,959	123,884	250,939	208,187	276,128	1,052,097
Case mix index[1]						
2022	2.18	2.07	2.29	2.13	2.38	N/A
2021	2.22	2.14	2.36	2.12	2.35	N/A
2020	2.10	2.02	2.21	2.10	2.15	N/A
Outpatient visits						
2022	1,017,147	1,087,806	872,507	472,945	2,519,605	5,970,010
2021	930,513	1,075,474	821,898	430,364	2,517,592	5,775,841
2020	892,233	804,638	727,374	396,879	2,356,811	5,177,935

[1]*Case mix index is calculated at the patient level and is not determinable systemwide.*

Licensed Beds

Licensed beds changed as follows:

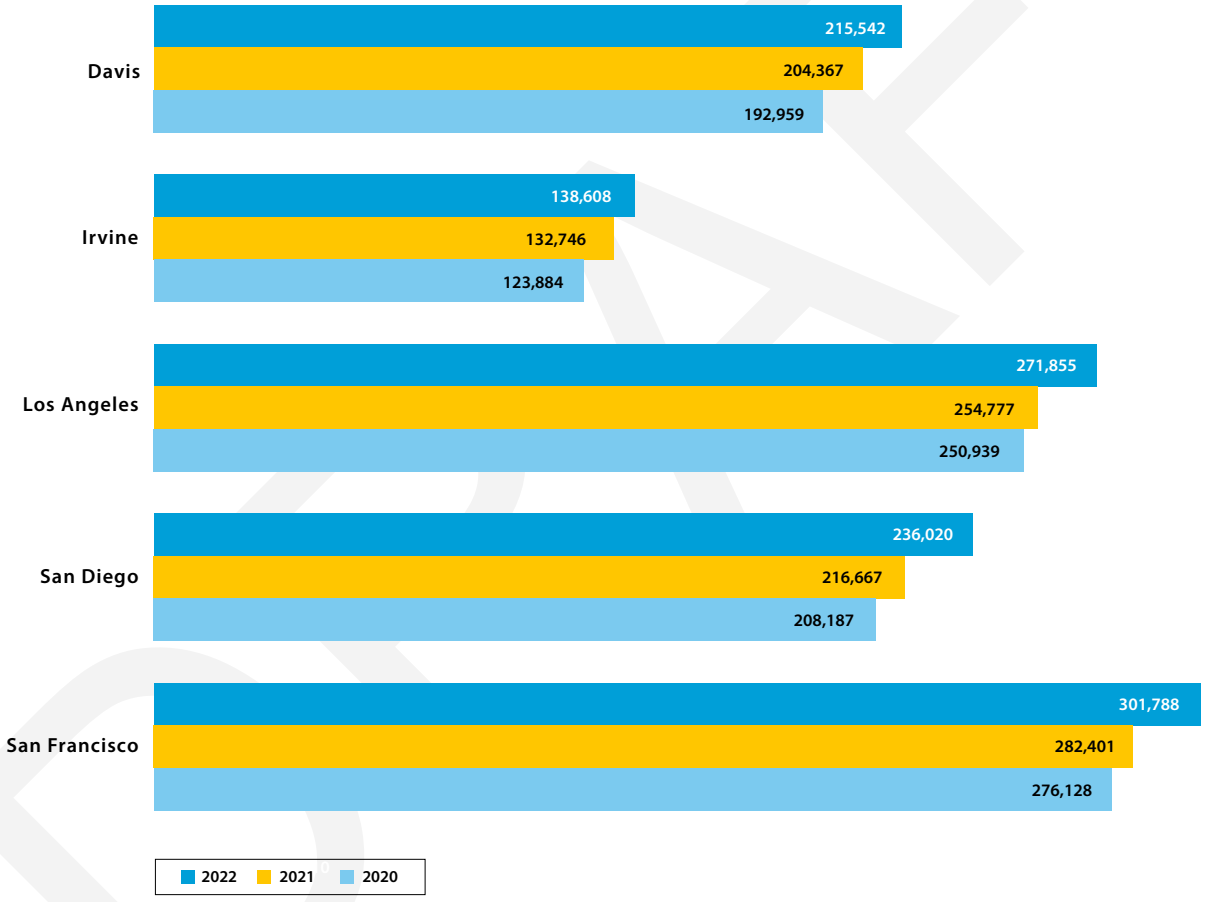
Increased (decreased)

	2022	2021	
Davis		21	Increase in 2021 due to the opening of a patient unit in the hospital.
Irvine	41		Increase in 2022 due to additional beds opened for med surgery telemetry unit.
Los Angeles		1	Increase in 2021 due to one additional coronary care bed added.
San Francisco	(40)	14	Decrease due to removal of beds in suspense offset by opening new beds. Although the total number of licensed beds declined, the number of active beds increased.

Admissions and Patient Days

Admissions fluctuate based upon the Medical Centers' market share and overall volumes in the marketplace. Patient days fluctuate based on admissions and the overall length of stay, generally as a result of the complexity of care provided.

Patient days for each Medical Center are as follows:



Admissions and patient days changed in 2022 as follows:

Increased

	ADMISSIONS		PATIENT DAYS		
Davis	2,000	6.7%	11,175	5.5%	Average daily census and admissions were higher due to lower length of stay.
Irvine	262	1.2	5,862	4.4	Increase in admissions was driven by additional bed capacity and longer length of stay increased patient days.
Los Angeles	2,051	5.7	17,078	6.7	Patient admissions and patient days increased due to higher patient acuity.
San Diego	1,390	4.1	19,353	8.9	Increase driven by service lines of cancer, trauma and OB deliveries.
San Francisco	1,881	4.6	19,387	6.9	Increase in admissions was primarily driven by a recovery in emergency department visits and admissions. The increase in patient days was driven by an increase in acuity.

Admissions and patient days changed in 2021 as follows:

Increased (decreased)

	ADMISSIONS		PATIENT DAYS		
Davis	112	0.4%	11,408	5.9%	Patient acuity was higher resulting in an increase in patient days.
Irvine	901	4.3	8,862	7.2	Increases due to higher volumes during the COVID-19 variant surge and higher patient acuity.
Los Angeles	(711)	(2.0)	3,838	1.5	Patient admissions decreased slightly; however, patient days and average length of stay increased due to higher patient acuity.
San Diego	1,665	5.1	8,480	4.1	Increase due to surgeries delayed during the pandemic and also higher volumes during the COVID-19 variant surge.
San Francisco	(1,550)	(3.7)	6,273	2.3	Decline in admissions is largely due to declines in emergency and pediatric admissions. A longer average length of stay resulted in an increase in patient days.

Outpatient Visits

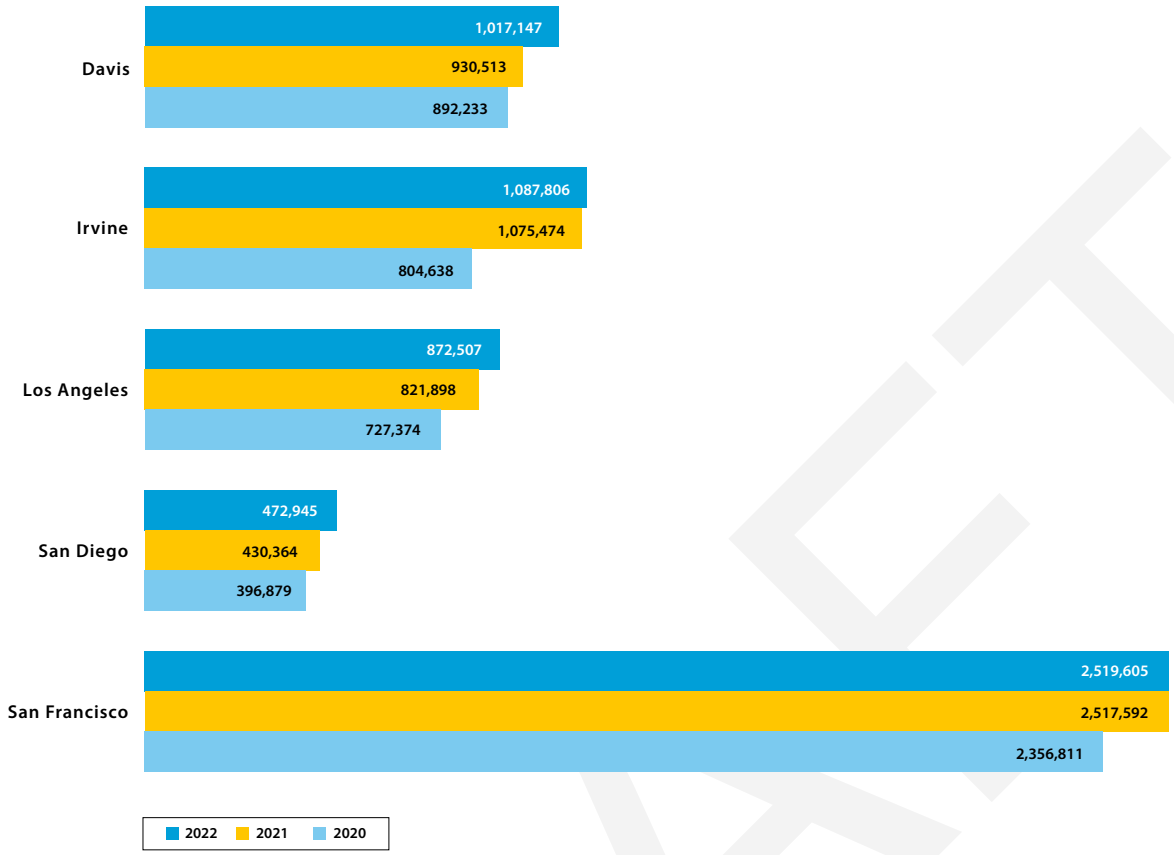
Outpatient services provided by the Medical Centers include clinic visits, home health and hospice and emergency visits. The following presents outpatient services volume for the Medical Centers:

(shown in fiscal year)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Hospital clinics	489,328	1,030,108	798,793	387,650	2,428,937	5,134,816
Community clinics	440,459					440,459
Home health and hospice	24,451					24,451
Emergency visits	62,909	57,698	73,714	85,295	90,668	370,284
Total Medical Center outpatient visits	**1,017,147**	**1,087,806**	**872,507**	**472,945**	**2,519,605**	**5,970,010**
School of Medicine and other non-hospital clinic visits[1]	8,878	132,114	2,604,422	805,357		3,550,771
2021						
Hospital clinics	463,398	1,025,131	760,969	352,402	2,450,086	5,051,986
Community clinics	392,195					392,195
Home health and hospice	24,151					24,151
Emergency visits	50,769	50,343	60,929	77,962	67,506	307,509
Total Medical Center outpatient visits	**930,513**	**1,075,474**	**821,898**	**430,364**	**2,517,592**	**5,775,841**
School of Medicine and other non-hospital clinic visits[1]	34,731	149,617	2,345,231	682,202		3,211,781
2020						
Hospital clinics	405,793	754,625	653,916	317,928	2,265,310	4,397,572
Community clinics	406,714					406,714
Home health and hospice	24,575					24,575
Emergency visits	55,151	50,013	73,458	78,951	91,501	349,074
Total Medical Center outpatient visits	**892,233**	**804,638**	**727,374**	**396,879**	**2,356,811**	**5,177,935**
School of Medicine and other non-hospital clinic visits[1]	97,178	157,644	2,110,425	605,020		2,970,267

[1]*Related revenues not reported by the Medical Centers. All San Francisco clinic visits are reported as revenues by the Medical Center.*

The outpatient visits volume for each Medical Center is as follows:



Outpatient visits changed in 2022 as follows:

Increased			
Davis	86,634	9.3%	Growth is due to increased demand and the ability to see more patients.
Irvine	12,332	1.1	Outpatient visits increased slightly due to continued growth in primary and specialty care services.
Los Angeles	50,609	6.2	Outpatient visits increased due to continued growth in primary and specialty care outpatient programs.
San Diego	42,581	9.9	Increase in hospital-based clinic visits from growth in primary and specialty care.
San Francisco	2,013	0.1	Increases were driven by a recovery in emergency department visits and growth in primary care and specialty care outpatient programs. These increases were offset by declines in COVID-related visits.

Outpatient visits changed in 2021 as follows:

Increased			
Davis	38,280	4.3%	Outpatient visits increased due to continued growth in primary and specialty care.
Irvine	270,836	33.7	Increase due to continued expansion of primary and specialty care outpatient programs. COVID-related visits are also a significant contributor to the increase from prior year.
Los Angeles	94,524	13.0	Outpatient visits increased due to continued growth in primary and specialty care outpatient programs.
San Diego	33,485	8.4	Increase in hospital-based clinic visits from growth in primary and specialty care.
San Francisco	160,781	6.8	Outpatient visits increased due to continued growth in primary care and specialty care outpatient programs. COVID-related visits were also a significant contributor to the increase from prior year.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Medical Centers implemented the new lease accounting standard in 2022. Financial information for 2021 and 2020 have been restated to retroactively apply the new accounting standard. The following table summarizes the results for the Medical Centers for fiscal years:

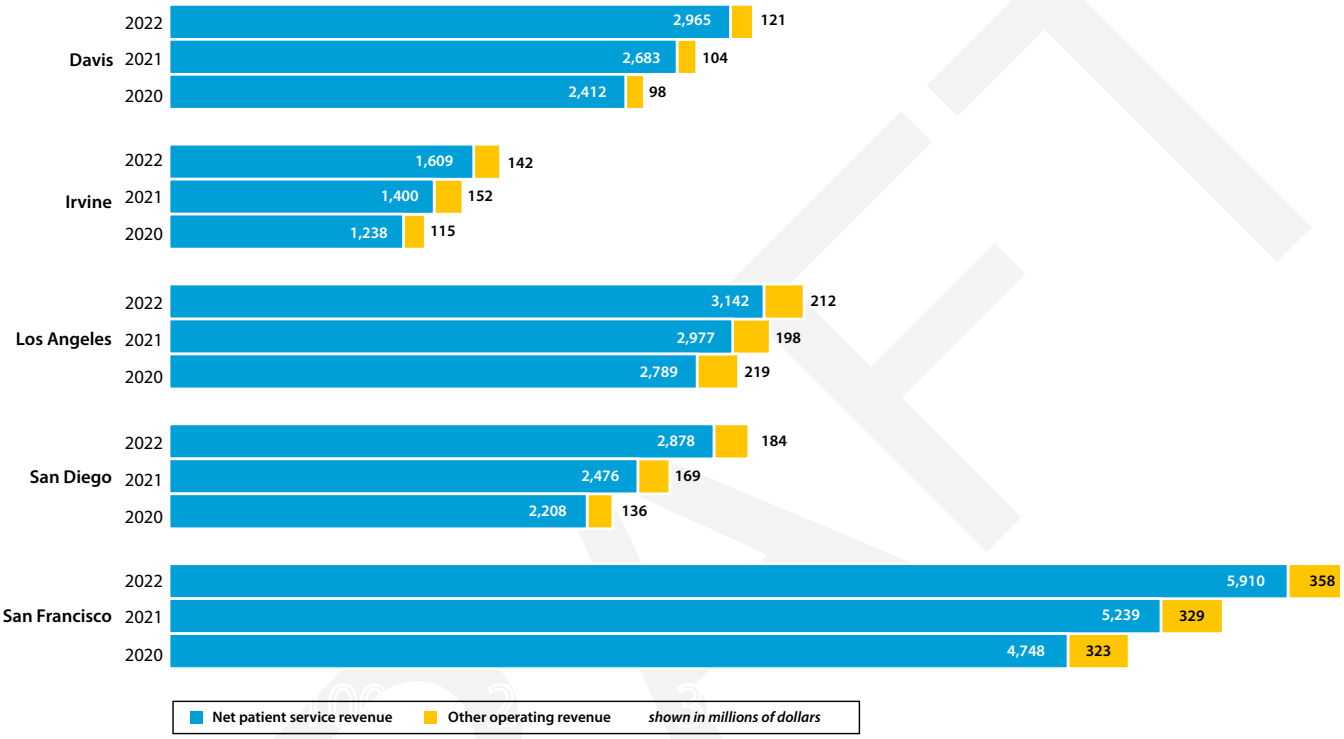
(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Net patient service revenue	$2,965,455	$1,608,981	$3,141,828	$2,877,781	$5,909,588	$16,503,633
Other operating revenue	120,751	141,883	212,091	183,944	357,673	1,016,342
Total operating revenue	3,086,206	1,750,864	3,353,919	3,061,725	6,267,261	17,519,975
Total operating expenses	3,142,949	1,706,537	3,252,230	2,903,568	6,182,762	17,188,046
Income (loss) from operations	(56,743)	44,327	101,689	158,157	84,499	331,929
Net nonoperating expenses	(35,870)	(15,583)	(82,893)	(9,530)	(54,375)	(198,251)
Income (loss) before other changes in net position	(92,613)	28,744	18,796	148,627	30,124	133,678
Other changes in net position	(182,890)	(76,797)	(263,777)	(284,438)	(171,237)	(979,139)
Change in net position	(275,503)	(48,053)	(244,981)	(135,811)	(141,113)	(845,461)
Net position - beginning of year	(693,577)	(331,130)	(299,252)	(886,848)	(262,984)	(2,473,791)
Net position - end of year	**($969,080)**	**($379,183)**	**($544,233)**	**($1,022,659)**	**($404,097)**	**($3,319,252)**
2021						
Net patient service revenue	$2,683,029	$1,400,408	$2,977,106	$2,476,193	$5,239,018	$14,775,754
Other operating revenue	103,917	151,510	198,023	169,126	328,730	951,306
Total operating revenue	2,786,946	1,551,918	3,175,129	2,645,319	5,567,748	15,727,060
Total operating expenses	2,756,471	1,486,624	2,822,004	2,506,957	5,450,906	15,022,962
Income from operations	30,475	65,294	353,125	138,362	116,842	704,098
Net nonoperating revenues (expenses)	85,289	87,171	57,737	(39,361)	397,454	588,290
Income before other changes in net position	115,764	152,465	410,862	99,001	514,296	1,292,388
Other changes in net position	(56,313)	(105,367)	(240,738)	(251,692)	(114,019)	(768,129)
Increase (decrease) change in net position	59,451	47,098	170,124	(152,691)	400,277	524,259
Net position - beginning of year	(753,028)	(378,228)	(469,376)	(734,157)	(663,261)	(2,998,050)
Net position - end of year	**($693,577)**	**($331,130)**	**($299,252)**	**($886,848)**	**($262,984)**	**($2,473,791)**
2020						
Net patient service revenue	$2,412,137	$1,237,590	$2,788,841	$2,208,234	$4,747,624	$13,394,426
Other operating revenue	98,439	115,325	219,401	135,633	322,548	891,346
Total operating revenue	2,510,576	1,352,915	3,008,242	2,343,867	5,070,172	14,285,772
Total operating expenses	2,677,104	1,438,006	2,969,541	2,467,418	5,557,400	15,109,469
Income (loss) from operations	(166,528)	(85,091)	38,701	(123,551)	(487,228)	(823,697)
Net nonoperating revenues	57,312	25,399	87,476	56,981	189,302	416,470
Income (loss) before other changes in net position	(109,216)	(59,692)	126,177	(66,570)	(297,926)	(407,227)
Other changes in net position	(18,639)	(83,290)	(258,975)	(326,982)	(65,998)	(753,884)
Change in net position	(127,855)	(142,982)	(132,798)	(393,552)	(363,924)	(1,161,111)
Net position - beginning of year:						
Beginning of year, as previously reported	(623,177)	(235,246)	(352,685)	(340,605)	(302,874)	(1,854,587)
Cumulative effect of accounting change	(1,996)		16,107		3,537	17,648
Beginning of year, as restated	(625,173)	(235,246)	(336,578)	(340,605)	(299,337)	(1,836,939)
Net position - end of year	**($753,028)**	**($378,228)**	**($469,376)**	**($734,157)**	**($663,261)**	**($2,998,050)**

Revenues

Patient service revenue depends on inpatient occupancy levels, the volume of outpatient visits, the complexity of care provided and the payment rates for services provided. Patient service revenues are net of bad debts and estimated allowances from contractual arrangements with Medicare, Medi-Cal and other third-party commercial payors and have been estimated based on the terms of reimbursement for contracts currently in effect. Other operating revenue consisted primarily of clinical teaching support funds, contracts and grants and other non-patient services such as contributions, pharmacy rebate programs and cafeteria revenues.

The following chart illustrates trends in net patient service revenue and other operating revenue:



Revenues changed in 2022 as follows:

Increased in millions of dollars

	TOTAL OPERATING REVENUE		NET PATIENT SERVICE REVENUE		
Davis	$299.3	10.7%	$282.4	10.5%	Increase is attributable to higher volume, third party settlements and growth in pharmaceutical revenue.
Irvine	198.9	12.8	208.6	14.9	Increase is attributed to higher patient volume, third-party supplemental payments and growth in specialty retail pharmacy.
Los Angeles	178.8	5.6	164.7	5.5	Increase due to growth in patient volume, higher patient and census days, third-party supplemental payments, and growth in pharmacy revenue.
San Diego	416.4	15.7	401.6	16.2	Increase is due to growth in average daily census and surgeries, as well as third-party supplemental revenues.
San Francisco	699.5	12.6	670.6	12.8	Increase due to growth in volumes, contract rate increases, high case mix index, third-party supplemental revenues, and growth in specialty pharmacy revenue.

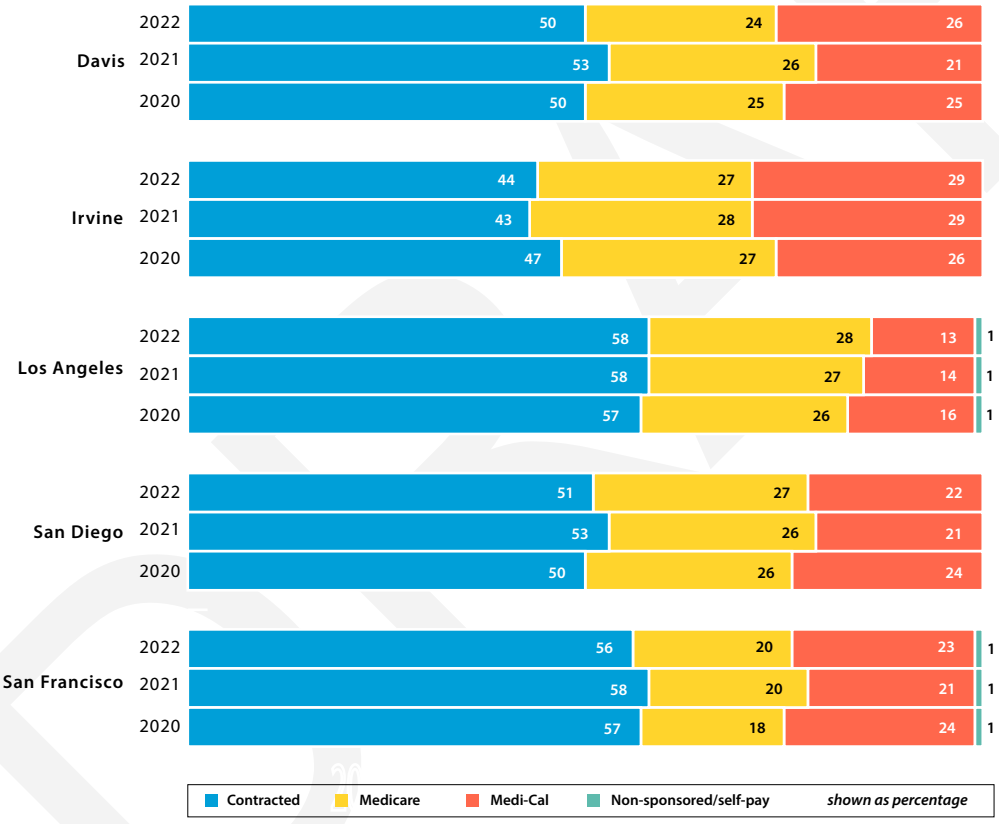
Revenues changed in 2021 as follows:

Increased in millions of dollars

	TOTAL OPERATING REVENUE		NET PATIENT SERVICE REVENUE		
Davis	$276.4	11.0%	$270.9	11.2%	Increase attributed to higher case mix index, census and patient days, as well as third-party settlements.
Irvine	199.0	14.7	162.8	13.2	Increase due to growth in patient volume, third-party supplemental payments and growth in pharmacy revenue.
Los Angeles	166.9	5.5	188.3	6.8	Increase due to growth in patient volume, third-party supplemental payments and growth in pharmacy revenue.
San Diego	301.5	12.9	268.0	12.1	Increase due to growth in surgery cases and increase in hospital-based clinic visits from primary and specialty care. Also from contract price increases, increased admissions and higher patient acuity.
San Francisco	497.6	9.8	491.4	10.4	Increase due to contract rate increases, high case mix index, growth in the contract and specialty pharmacy revenue and increased outpatient visits.

The most common payment arrangement for inpatient services is a prospectively determined per-diem rate or case rate. The most common payment arrangement for outpatient care is a prospective payment system that uses ambulatory payment classifications.

The following chart illustrates the percentage of net patient service revenue by payor:



Payor mix changed in 2022 as follows:

Davis	Utilization for contracts increased slightly, however was outpaced by Medi-Cal inpatient and outpatient utilization. Medicare's utilization remained constant yet was impacted by a decrease in case mix index.
Irvine	Payor mix changed with an increase in contracts offsetting a decrease in Medicare.
Los Angeles	Payor mix changed with a slight increase in Medicare revenue offset by a decrease in Medi-Cal revenue.
San Diego	No significant change in payor mix as compared to prior year.
San Francisco	Payor mix changed due a shift from contracted payors to government payors. Medi-Cal net patient revenue increased partly due to a large increase in supplemental revenues compared to the prior year.

Payor mix changed in 2021 as follows:

Davis	Payor mix increased in contracts and Medicare and was lower in Medi-Cal.
Irvine	Payor mix changed with the increase in Medicare and Medi-Cal offset by decrease in contracts.
Los Angeles	Payor mix changed with a slight increase in contract and Medicare revenue offset by a decrease in Medi-Cal revenue.
San Diego	Payor mix changed with an increase in contracts offset by a decrease in Medi-Cal.
San Francisco	Payor mix changed due to an increase in Medicare and contract activity and lower Medi-Cal activity. There was also a decrease in Medi-Cal supplemental revenues compared to the prior year.

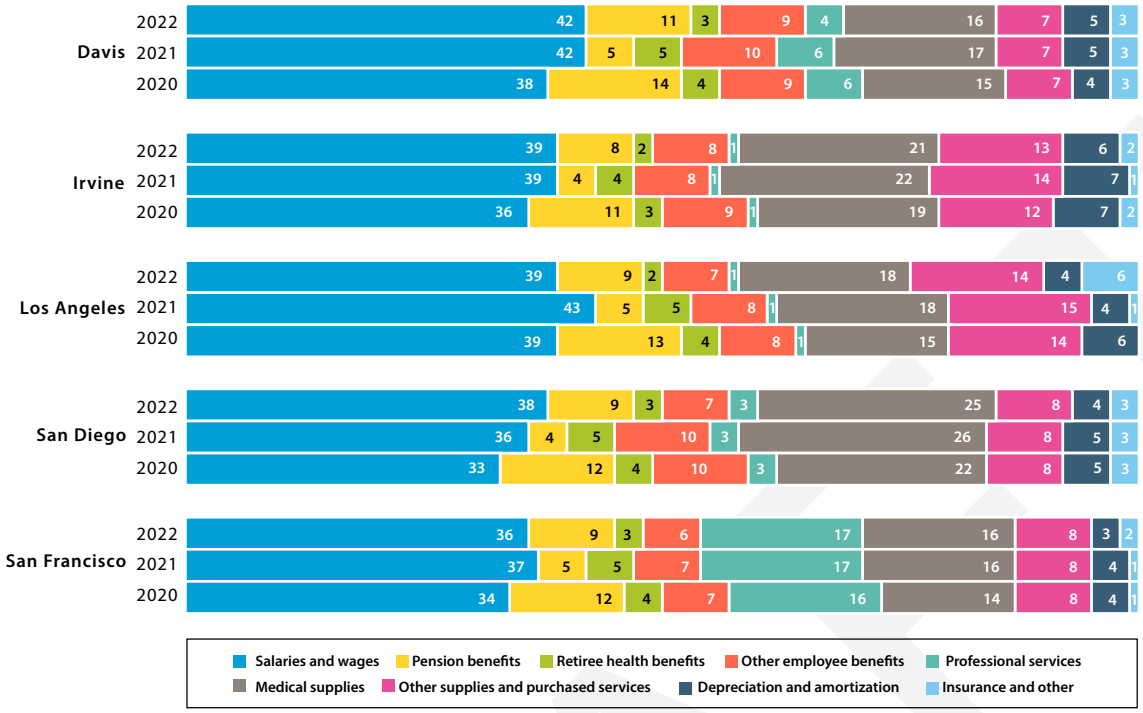
Operating Expenses

Operating expenses fluctuate based on patient statistics, including inpatient occupancy levels, the volume of outpatient visits and the mix of services provided. Expenses are also impacted by inflation and ongoing cost containment efforts by the Medical Centers. Pension expenses have caused significant fluctuations in total operating expenses due to the performance of the financial markets. The following table summarizes the operating expenses for the Medical Centers:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Salaries and wages	$1,312,882	$660,781	$1,272,830	$1,092,459	$2,214,701	$6,553,653
Pension benefits	346,531	143,503	306,290	255,515	549,714	1,601,553
Retiree health benefits	109,615	39,446	71,057	92,589	177,417	490,124
Other employee benefits	283,077	130,009	235,819	216,064	410,599	1,275,568
Professional services	125,497	16,759	36,621	74,492	1,032,575	1,285,944
Medical supplies	518,349	366,471	576,988	737,599	971,049	3,170,456
Other supplies and purchased services	217,097	215,305	439,232	218,927	505,742	1,596,303
Depreciation and amortization	141,785	100,953	139,062	122,649	217,195	721,644
Insurance and other	88,116	33,310	174,331	93,274	103,770	492,801
Total	**$3,142,949**	**$1,706,537**	**$3,252,230**	**$2,903,568**	**$6,182,762**	**$17,188,046**
2021						
Salaries and wages	$1,157,396	$583,338	$1,200,325	$899,131	$2,009,655	$5,849,845
Pension benefits	134,006	55,030	130,944	111,765	243,783	675,528
Retiree health benefits	145,268	61,057	128,710	126,709	239,668	701,412
Other employee benefits	263,644	119,869	232,255	247,504	383,763	1,247,035
Professional services	167,648	11,884	35,142	64,885	946,884	1,226,443
Medical supplies	481,357	332,083	517,546	648,705	881,676	2,861,367
Other supplies and purchased services	201,131	209,491	425,847	189,876	451,763	1,478,108
Depreciation and amortization	131,754	99,226	119,837	130,470	222,729	704,016
Insurance and other	74,267	14,646	31,398	87,912	70,985	279,208
Total	**$2,756,471**	**$1,486,624**	**$2,822,004**	**$2,506,957**	**$5,450,906**	**$15,022,962**
2020						
Salaries and wages	$1,021,065	$513,528	$1,149,617	$823,038	$1,899,828	$5,407,076
Pension benefits	364,359	161,283	393,679	297,301	634,756	1,851,378
Retiree health benefits	114,897	50,163	111,592	111,080	235,885	623,617
Other employee benefits	236,109	122,655	223,992	238,642	360,464	1,181,862
Professional services	163,467	18,600	37,764	65,834	900,736	1,186,401
Medical supplies	398,515	271,411	444,018	548,123	785,910	2,447,977
Other supplies and purchased services	193,211	170,383	410,364	191,148	430,603	1,395,709
Depreciation and amortization	118,668	95,481	166,853	126,705	238,382	746,089
Insurance and other	66,813	34,502	31,662	65,547	70,836	269,360
Total	**$2,677,104**	**$1,438,006**	**$2,969,541**	**$2,467,418**	**$5,557,400**	**$15,109,469**

The following graph illustrates the percentage of operating expenses by type:



Total operating expenses changed in 2022 as follows:

Increased in millions of dollars			
Davis	$386.5	14.0%	Increase primarily due to higher pension expense due to unfavorable market returns on pension assets, as well as higher salary cost due to slight growth in number of employees and rate increases. Higher volumes also contributed to increased supply costs.
Irvine	219.9	14.8	Increase in salaries, professional fees, medical supplies, other supplies and purchased services due to growth in patient service revenue and annual cost inflation. Increase in pension costs was driven by unfavorable market returns on pension assets.
Los Angeles	430.2	15.2	Increase primarily driven by higher pension expense due to unfavorable market returns on pension assets and higher salary costs due to growth in FTEs and rate increases. In addition, there were increases in medical supplies due to increased volume and costs, other supplies, purchased services, insurance expense, and depreciation due to adoption of GASB 87.
San Diego	396.6	15.8	Increase in salaries/wages due to increased volumes as well as an increase in actual pension expense due to decreased market returns.
San Francisco	731.9	13.4	Overall increase due to higher volumes and inflationary pressure on both labor and non-labor costs. Pension expense increased significantly due to unfavorable market performance on pension assets.

Total operating expenses changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$79.4	3.0%	Salaries and benefits, medical supplies and pharmaceuticals increased due to the effects of the pandemic. Reductions were realized in pension costs due to favorable market returns on pension assets.
Irvine	48.6	3.4	Increase in salaries, medical supplies and purchased services due to the effects of the pandemic, offset by the significant decrease in pension benefits due to favorable market returns on pension assets.
Los Angeles	(147.5)	(5.0)	Decrease primarily driven by lower pension expense due to favorable market returns on pension assets. This decrease more than offsets the increase in salaries, retiree health benefits, medical supplies, other supplies and purchased services.
San Diego	39.5	1.6	Increase in both salaries/wages and also medical supplies driven by increased patient volumes and increased surgery cases. These expenses were partially offset by lower pension expense from increased market returns.
San Francisco	(106.5)	(1.9)	Overall decline is due to a significant decrease in pension expense partially offset by increases in salaries and non-labor expenses.

Salaries and Benefits

Salary and employee benefits expenses include wages paid to employees, vacation, holiday and sick pay, payroll taxes, workers' compensation insurance premiums, health insurance, pension and retiree health benefits expenses and other employee benefits. In 2022, salaries and benefits as a percentage of total operating revenues increased primarily due to higher pension expenses offset by lower retiree health benefit expenses. In 2021, salaries and benefits as a percentage of total operating revenues decreased primarily due to lower pension expenses as a result of favorable market returns.

(shown as percentage)

	2022	2021	2020	
Davis	66.5%	61.0%	69.2%	Unfavorable market returns on pension assets increased salary and benefits costs, along with higher contract labor costs.
Irvine	55.6	52.8	62.7	Increase was driven by the need for contract labor and additional pension expense due to unfavorable market returns.
Los Angeles	56.2	53.3	62.5	Pension expense was higher due to unfavorable market returns on pension assets.
San Diego	54.1	52.4	62.7	Increase in pension expense due to unfavorable market returns and also increased need for contract labor.
San Francisco	53.5	51.7	61.8	Pension expense was higher due to unfavorable market performance on pension assets. This was partially offset by declines in retiree health benefits and improvements in FTE efficiency.

Approximately one-half of the Medical Centers' workforces, including nurses and employees providing ancillary services, expand and contract with patient volumes. Salaries and wages, full-time equivalents and salary and wage rates changed as follows:

Increased (decreased) in millions of dollars

	2022						2021					
	SALARIES AND WAGES		FULL-TIME EQUIVALENTS		RATE CHANGES		SALARIES AND WAGES		FULL-TIME EQUIVALENTS		RATE CHANGES	
Davis	$155.5	13.4%	891	9.0%	$51.0	4.0%	$136.3	13.4%	1,127	12.9%	$4.7	0.4%
Irvine	77.4	13.3	330	6.2	39.1	6.7	69.8	13.6	445	9.1	21.4	4.2
Los Angeles	72.5	6.0	195	2.0	48.0	4.0	50.7	4.4	129	1.3	35.1	3.1
San Diego	193.3	21.5	(88)	(1.0)	205.9	22.9	76.1	9.2	405	4.7	8.7	4.0
San Francisco	205.0	10.2	795	5.7	90.2	4.5	109.8	5.8	116	0.8	94.6	5.0

Employee benefits changed as follows:

Increased (decreased) in millions of dollars

	2022						2021					
	PENSION		RETIREE HEALTH BENEFITS		OTHER EMPLOYEE BENEFITS		PENSION		RETIREE HEALTH BENEFITS		OTHER EMPLOYEE BENEFITS	
Davis	$212.5	158.6%	($35.7)	(24.5%)	$19.4	7.4%	($230.4)	(63.2%)	$30.4	26.4%	$27.5	11.7%
Irvine	88.5	160.8	(21.6)	(35.4)	10.1	8.5	(106.3)	(65.9)	10.9	21.7	(2.8)	(2.3)
Los Angeles	175.3	133.9	(57.7)	(44.8)	3.6	1.5	(262.7)	(66.7)	17.1	15.3	8.3	3.7
San Diego	143.8	128.6	(34.1)	(26.9)	(31.4)	(12.7)	(185.5)	(62.4)	15.6	14.1	8.9	3.7
San Francisco	305.9	125.5	(62.3)	(26.0)	26.8	7.0	(391.0)	(61.6)	3.8	1.6	23.3	6.5

Substantially all full-time employees of the Medical Centers participate in the University of California Retirement Plan (UCRP). Pension expense and contributions for the Medical Centers related to UCRP are as follows:

(In thousands of dollars)

	2022		2021		2020	
	PENSION EXPENSE	PENSION CONTRIBUTIONS	PENSION EXPENSE	PENSION CONTRIBUTIONS	PENSION EXPENSE	PENSION CONTRIBUTIONS
Davis	$346,531	$160,044	$134,006	$137,465	$364,359	$121,271
Irvine	144,035	70,274	54,791	62,658	160,133	56,062
Los Angeles	306,290	149,801	130,944	139,305	393,679	128,640
San Diego	255,515	116,082	111,765	102,795	297,301	92,929
San Francisco	500,630	227,868	214,977	200,260	591,415	179,229
Total	**$1,553,001**	**$724,069**	**$646,483**	**$642,483**	**$1,806,887**	**$578,131**

The University has financial responsibility for pension benefits associated with its defined benefit plans. The Medical Centers are required to contribute at a rate set by The Regents. The University contribution rate for active members was 15.0 percent, 14.5 percent and 14.0 percent of covered payroll for the years ended June 30, 2022, 2021 and 2020, respectively. Effective July 1, 2022, the University contribution rate will be 14.0 percent for the fiscal years ending June 30, 2023 and 2024. The University contribution rates will increase to 15.0 percent starting on July 1, 2024 with 0.5 percent increases per year until reaching 17.0 percent on July 1, 2028.

Pension expense is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year. Pension expense fluctuates primarily based on expected as compared to actual investment returns and the trend in the Medical Centers' proportionate share of the net pension liability. Pension expenses were higher in 2022 due to significantly lower than expected investment returns. Pension expenses were lower in 2021 due to higher-than-expected investment returns. The discount rate used to estimate the net pension liability was 6.75 percent in 2022, 2021 and 2020.

Retiree health benefits expense and contributions for the Medical Centers are as follows:

(In thousands of dollars)

	2022		2021		2020	
	RETIREE HEALTH EXPENSE	RETIREE HEALTH CONTRIBUTIONS	RETIREE HEALTH EXPENSE	RETIREE HEALTH CONTRIBUTIONS	RETIREE HEALTH EXPENSE	RETIREE HEALTH CONTRIBUTIONS
Davis	$109,615	$25,938	$145,268	$24,708	$114,897	$22,592
Irvine	39,446	11,315	61,057	11,234	50,163	10,506
Los Angeles	71,057	24,287	128,710	24,967	111,592	23,906
San Diego	92,589	18,670	126,709	18,422	111,080	17,565
San Francisco	177,417	37,037	239,668	36,137	235,885	36,267
Total	**$490,124**	**$117,247**	**$701,412**	**$115,468**	**$623,617**	**$110,836**

The University administers single-employer health and welfare plans to provide primarily medical, dental and vision benefits to eligible retirees (and their eligible family members) of the University of California and its affiliates through the University of California Retiree Health Benefit Trust (UCRHBT). The University has a financial responsibility for retiree health benefits associated with UCRHBT. The Medical Centers are required to contribute at a rate assessed each year by the University based upon projected pay-as-you-go financing requirements.

Retiree health benefits expense is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year. Retiree health benefits expenses decreased in 2022 and increased in 2021 due to the changes in the discount rate. The discount rates as of June 30, 2022, 2021 and 2020 were 3.54 percent, 2.16 percent and 2.21 percent, respectively.

Professional Services

Professional services include payments to the Schools of Medicine for physician services in the hospitals and clinics, payments to other health care providers for capitated patients, outside laboratory fees, organ acquisition fees, transcription fees and legal fees. Professional services changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	($42.2)	(25.1%)	The decrease is due to a change in the clinical integration model implemented during the current year.
Irvine	4.9	41.0	Increase due to consulting fees for new Medi-Cal Programs and legal fees.
Los Angeles	1.5	4.2	Increase due to medical and legal fees.
San Diego	9.6	14.8	Increase in administrative service component expenses.
San Francisco	85.7	9.0	Professional services include the UCSF Faculty Clinical Practices, while other UC Health entities only reflect hospital performance. Increase in professional fees is primarily driven by higher physician fees due to a significant increase in physician work relative value units.

Professional services changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$4.2	2.6%	Increase due to professional network cost for physician services.
Irvine	(6.7)	(36.1)	Decrease due to lower consulting fees.
Los Angeles	(2.6)	(6.9)	Decrease due to lower medical, consulting and professional fees.
San Diego	(0.9)	(1.4)	In 2021 certain fees were charged to purchased services rather than professional fees.
San Francisco	46.1	5.1	Professional services include the UCSF Faculty Clinical Practices, while other UC Health entities only reflect hospital performance. Increase in expenses relates to the growth of clinical practices.

Medical Supplies

Medical supplies expenses fluctuate with patient volumes. Medical supplies are also subject to significant inflationary pressures due to escalating pharmaceutical costs and continued innovation in implants, prosthetics and other medical supplies. The Medical Centers have ongoing initiatives to control utilization and to negotiate competitive pricing. Medical supplies expenses, including pharmaceuticals, changed in 2022 as follows:

Increased in millions of dollars			
Davis	$37.0	7.7%	Higher patient volumes, inflation costs for supplies and growth in pharmacy services contributed to the increase.
Irvine	34.4	10.4	Increase correlates to patient volume growth, supply chain pricing inflation and continuing growth in pharmacy business.
Los Angeles	59.4	11.5	Increase in pharmacy expense due to growth in specialty pharmacy and retail prescription volume as well as patient acuity and drug shortages, which in turn caused the Medical Center to purchase medications from secondary distributors at higher prices.
San Diego	88.9	13.7	Increase driven by pharmaceutical expenses related to increased infusion revenue and general pharmaceutical price increases.
San Francisco	89.4	10.1	Increase due to growth of the specialty pharmacy business and price increases for pharmaceuticals and supplies.

Medical supplies expenses, including pharmaceuticals, changed in 2021 as follows:

Increased in millions of dollars			
Davis	$82.8	20.8%	Increase due to volume of supplies needed to combat the pandemic, higher volume and pricing increases for the supplies.
Irvine	60.7	22.4	Increase due to growth in pharmacy business and COVID-19 related supply expenses.
Los Angeles	73.5	16.6	Increase due to growth of pharmacy revenue, higher priced pharmaceuticals and COVID-19 related supply expense.
San Diego	100.6	18.4	Majority of increase driven by higher pharmaceutical expenses from increase in contract pharmacy activity and general vendor price increases. Increases in surgery cases and patient census also contributed to the increase.
San Francisco	95.8	12.2	Increase due to higher pharmaceutical costs and growth in the contract and specialty pharmacy business.

Other Supplies and Purchased Services

Other supplies and purchased services expenses include non-medical supplies, medical purchased services and repairs and maintenance. Other supplies and purchased services changed in 2022 as follows:

Increased in millions of dollars			
Davis	$16.0	7.9%	Increase is due to higher software and maintenance contracts, as well as supply costs related to higher volume.
Irvine	5.8	2.8	Increase is the result of growth in patient volumes and impacts of inflation.
Los Angeles	13.4	3.1	Supplies increased as a result of outpatient growth, higher surgical volumes, laboratory supply costs, higher operating cost per case, inflation and COVID-19 related purchases.
San Diego	29.1	15.3	Increase driven by higher overall patient volumes.
San Francisco	54.0	11.9	Increase due to higher volumes and increases in supply costs.

Other supplies and purchased services changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$7.9	4.1%	Supply costs increased for laboratory supplies and services, as well as pandemic-related purchases.
Irvine	39.1	23.0	Supply costs increase mainly due to the impact of the COVID-19 pandemic.
Los Angeles	15.5	3.8	Supplies increased as a result of higher surgical volumes, laboratory supply costs and other COVID-19 related purchases. Additionally, purchased services increased as a result of higher repairs and maintenance costs.
San Diego	(1.3)	(0.7)	Lower food and beverage expense due to COVID-19 and lower minor equipment expense incurred in FY21.
San Francisco	21.2	4.9	Increase primarily due to higher clinic visits and COVID-19 related expenses.

Depreciation and Amortization

Depreciation and amortization expenses changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	$10.0	7.6%	Increase is driven by major asset acquisition and completion of construction projects during the year.
Irvine	1.7	1.7	Increase due to new equipment depreciation and additional right-of-use equipment requiring amortization during the year.
Los Angeles	19.2	16.0	Increase due to new finance lease asset depreciation as a result of the adoption of GASB 87.
San Diego	(7.8)	(6.0)	Decrease due to several assets becoming fully depreciated during FY22.
San Francisco	(5.5)	(2.5)	Decrease due to more fully depreciated assets and major construction projects that are still in progress.

Depreciation and amortization expense changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$13.1	11.0%	Increase driven by major asset acquisition and completion of construction projects during the year.
Irvine	3.7	3.9	Increase due to the completed capital projects and new equipment that were placed in service during the year.
Los Angeles	(47.0)	(28.2)	Decrease due to more fully depreciated assets during the year resulting in lower depreciation expense and an adjustment of depreciation accruals for work-in-progress assets.
San Diego	3.8	3.0	Increase due to completed projects and new equipment that were placed in service during the year.
San Francisco	(15.7)	(6.6)	Decrease due to more fully depreciated assets and major new construction projects are still in progress.

Income (Loss) Before Other Changes in Net Position

Income (loss) before other changes in net position generally fluctuates consistent with operating results; however, grants from the CARES Act and State as designated public hospitals, which are intended to mitigate operating losses, are reported as nonoperating revenues. Income (loss) before other changes in net position for the Medical Centers is as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022	($92,613)	$28,744	$18,796	$148,627	$30,124	$133,678
2021	115,764	152,465	410,862	99,001	514,296	1,292,388
2020	(109,216)	(59,692)	126,177	(66,570)	(297,926)	(407,227)

Income (loss) before other changes in net position changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	($208.4)	(180.0%)	Decrease primarily due to higher salaries and wages, increased cost of supplies and unfavorable market performance resulting in large pension expense and unrealized losses on investments.
Irvine	(123.7)	(81.1)	Decrease due to a decline in COVID-19 CARES Act Provider Relief Fund payments and unfavorable market performance resulting in unrealized losses on investments and a large increase in pension expense.
Los Angeles	(392.1)	(95.4)	Decrease due to significant increases in salaries and pension expense due to unfavorable market performance. In addition, increases in the following expense categories: medical supplies, other supplies, purchased services, depreciation, and other. Along with the significant expense increases, there was a significant decrease in the net appreciation of the fair value of long-term investments.
San Diego	49.6	50.1	Increase driven by a state grant received in FY22 as well as additional resident recovery fees and higher contract pharmacy revenue.
San Francisco	(484.2)	(94.1)	Decrease due to a decline in COVID-19 CARES Act Provider Relief Fund payments and unfavorable market performance resulting in unrealized losses on investments and a large increase in pension expense.

Income (loss) before other changes in net position changed in 2021 as follows:

Increased in millions of dollars			
Davis	$225.0	206.0%	Increase due to growth in patient volumes, funding from the CARES Act Provider Relief Fund and lower pension expense.
Irvine	212.2	355.4	Increase due to growth in net patient service revenue and funding from CARES Act Provider Relief Fund, and lower pension expense due to strong market returns on pension assets.
Los Angeles	284.7	225.6	The increase was primarily driven by an increase in patient volumes, third-party settlements, net appreciation of investments and lower pension expense due to strong market returns on pension assets.
San Diego	165.6	248.7	Decreased pension expense in FY21 offset partially by no provider relief funds in FY21.
San Francisco	812.2	272.6	Operating results experienced a recovery from prior year due to higher volumes and higher acuity along with strong expense management and a significant decline in pension expense. Non-operating revenues increased due to higher COVID-19 CARES Act Provider Relief Funding and higher unrealized investment gains.

Other Changes in Net Position

The most significant line item in other changes in net position is health system support. Health system support includes amounts paid to the Schools of Medicine by the Medical Centers to fund the operating activities, clinical research and faculty practice plans, as well as other payments for various programs. Transfers from the respective campuses to fund capital projects are reported as contributions for building programs. The following table presents total other changes in net position as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022	($182,890)	($76,797)	($263,777)	($284,438)	($171,237)	($979,139)
2021	(56,313)	(105,367)	(240,738)	(251,692)	(114,019)	(768,129)
2020	(18,639)	(83,290)	(258,975)	(326,982)	(65,998)	(753,884)

Other changes in net position changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	($126.6)	(224.8%)	Change mainly due to change in pension allocation and higher payments for health system support.
Irvine	28.6	27.1	Improvement was mainly due to reduction in the health system support through clinical integration efficiencies and recognition of professional Medi-Cal supplemental income by the School of Medicine.
Los Angeles	(23.0)	(9.6)	Change mainly due to change in pension allocation and payments for health system support.
San Diego	(32.7)	(13.0)	Change due to lower market returns on pension assets resulting in an increase to the pension payable to the University.
San Francisco	(57.2)	(50.2)	Decrease due to unfavorable changes in the pension payable to the University driven by unfavorable market performance on pension assets.

Other changes in net position changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	($37.7)	(202.1%)	Higher payments for health system support.
Irvine	(22.1)	(26.5)	Decrease due to increase in health system support with the implementation of the clinical integration program.
Los Angeles	18.2	7.0	Payments for health system support, representing transfers in support of the overall strategic plan.
San Diego	75.3	23.0	Decreased health system support in FY21.
San Francisco	(48.0)	(72.8)	Change primarily due to a decrease in donated assets.

CONDENSED STATEMENTS OF NET POSITION

The statements of net position for 2021 and 2020 have been restated for an accounting change related to leases that was implemented in 2022. This accounting change requires the Medical Centers to recognize a lease liability and an intangible right-to-use lease asset as lessees, and a lease receivable and a deferred inflow of resources as lessors.

The following tables are condensed statements of net position at June 30:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Current assets:						
Cash and cash equivalents	$668,276	$769,638	$1,631,612	$518,982	$2,346,629	$5,935,137
Net patient accounts receivable	434,784	157,553	484,003	421,080	943,743	2,441,163
Short-term investments and other current assets	343,967	102,301	449,641	159,363	243,957	1,299,229
Current assets	**1,447,027**	**1,029,492**	**2,565,256**	**1,099,425**	**3,534,329**	**9,675,529**
Restricted assets	1,152,866	677,534	543,441	252,881	1,389,458	4,016,180
Capital assets, net	1,919,052	1,101,184	1,832,436	1,567,485	3,099,391	9,519,548
Investments and other noncurrent assets	184,815	4,182	446,526	33,490	311,627	980,640
Noncurrent assets	**3,256,733**	**1,782,900**	**2,822,403**	**1,853,856**	**4,800,476**	**14,516,368**
Total assets	**4,703,760**	**2,812,392**	**5,387,659**	**2,953,281**	**8,334,805**	**24,191,897**
Deferred outflows of resources	**1,040,247**	**406,131**	**828,461**	**805,062**	**1,608,623**	**4,688,524**
Liabilities:						
Current liabilities	630,867	442,438	743,155	500,236	1,536,573	3,853,269
Long-term debt, net of current portion	1,789,627	1,302,462	1,946,980	1,131,865	2,623,038	8,793,972
Net pension liability	1,527,815	679,417	1,430,028	1,108,138	2,294,993	7,040,391
Net retiree health benefits liability	1,429,502	623,548	1,338,495	1,028,874	2,041,112	6,461,531
Other liabilities	540,170	203,037	474,239	493,122	715,478	2,426,046
Total liabilities	**5,917,981**	**3,250,902**	**5,932,897**	**4,262,235**	**9,211,194**	**28,575,209**
Deferred inflows of resources	**795,106**	**346,804**	**827,456**	**518,767**	**1,136,331**	**3,624,464**
Net position:						
Net investment in capital assets	1,166,606	464,035	384,019	652,265	1,684,128	4,351,053
Restricted	5,380	33	24,810	345	135,808	166,376
Unrestricted	(2,141,066)	(843,251)	(953,062)	(1,675,269)	(2,224,033)	(7,836,681)
Total net position	**($969,080)**	**($379,183)**	**($544,233)**	**($1,022,659)**	**($404,097)**	**($3,319,252)**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Current assets:						
Cash and cash equivalents	$1,137,044	$697,472	$1,706,524	$566,299	$2,146,459	$6,253,798
Net patient accounts receivable	391,200	164,214	431,409	368,815	798,862	2,154,500
Short-term investments and other current assets	335,664	135,976	538,061	147,286	240,598	1,397,585
Total current assets	**1,863,908**	**997,662**	**2,675,994**	**1,082,400**	**3,185,919**	**9,805,883**
Restricted assets	388,001	215,191	337,525	307,016	587,663	1,835,396
Capital assets, net	1,709,233	895,540	1,850,446	1,587,655	2,877,749	8,920,623
Investments and other noncurrent assets	175,884	5,212	166,524	33,889	320,434	701,943
Noncurrent assets	**2,273,118**	**1,115,943**	**2,354,495**	**1,928,560**	**3,785,846**	**11,457,962**
Total assets	**4,137,026**	**2,113,605**	**5,030,489**	**3,010,960**	**6,971,765**	**21,263,845**
Deferred outflows of resources	**814,971**	**360,856**	**797,814**	**727,306**	**1,375,878**	**4,076,825**
Liabilities:						
Current liabilities	875,878	468,223	950,768	644,309	1,550,888	4,490,066
Long-term debt, net of current portion	1,018,961	634,304	1,337,223	1,147,727	1,569,766	5,707,981
Net pension liability	472,294	227,947	478,616	353,179	710,409	2,242,445
Net retiree health benefits liability	1,705,269	775,408	1,723,183	1,271,447	2,493,992	7,969,299
Other noncurrent liabilities	414,283	170,269	439,425	402,503	575,575	2,002,055
Total liabilities	**4,486,685**	**2,276,151**	**4,929,215**	**3,819,165**	**6,900,630**	**22,411,846**
Deferred inflows of resources	**1,158,889**	**529,440**	**1,198,340**	**805,949**	**1,709,997**	**5,402,615**
Net position:						
Net investment in capital assets	978,448	458,975	712,356	710,433	1,708,884	4,569,096
Restricted	7,604	2,043	25,745	345	136,694	172,431
Unrestricted	(1,679,629)	(792,148)	(1,037,353)	(1,597,626)	(2,108,562)	(7,215,318)
Total net position	**($693,577)**	**($331,130)**	**($299,252)**	**($886,848)**	**($262,984)**	**($2,473,791)**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2020						
Current assets:						
Cash and cash equivalents	$1,346,277	$663,359	$1,596,270	$500,047	$1,358,221	$5,464,174
Net patient accounts receivable	281,620	156,655	354,765	329,319	661,536	1,783,895
Short-term investments and other current assets	183,612	104,971	429,881	129,795	340,644	1,188,903
Total current assets	**1,811,509**	**924,985**	**2,380,916**	**959,161**	**2,360,401**	**8,436,972**
Restricted assets	380,734	238,561	465,462	330,936	523,592	1,939,285
Capital assets, net	1,472,128	819,445	1,803,372	1,626,844	2,811,931	8,533,720
Investments and other noncurrent assets	167,415		133,719	27,279	245,644	574,057
Noncurrent assets	**2,020,277**	**1,058,006**	**2,402,553**	**1,985,059**	**3,581,167**	**11,047,062**
Total assets	**3,831,786**	**1,982,991**	**4,783,469**	**2,944,220**	**5,941,568**	**19,484,034**
Deferred outflows of resources	**959,487**	**449,931**	**1,102,277**	**941,717**	**1,897,311**	**5,350,723**
Liabilities:						
Current liabilities	797,762	425,281	808,477	543,637	1,083,706	3,658,863
Long-term debt, net of current portion	969,557	626,691	1,455,745	1,134,937	1,603,029	5,789,959
Net pension liability	1,368,556	647,772	1,451,711	1,048,715	2,115,053	6,631,807
Net retiree health benefits liability	1,534,830	713,600	1,623,943	1,193,191	2,463,690	7,529,254
Other noncurrent liabilities	376,068	160,584	439,001	372,152	529,460	1,877,265
Total liabilities	**5,046,773**	**2,573,928**	**5,778,877**	**4,292,632**	**7,794,938**	**25,487,148**
Deferred inflows of resources	**497,528**	**237,222**	**576,245**	**327,462**	**707,202**	**2,345,659**
Net position:						
Net investment in capital assets	816,023	411,898	752,705	778,050	1,562,427	4,321,103
Restricted	8,112	5,247	24,384	346	121,533	159,622
Unrestricted	(1,577,163)	(795,373)	(1,246,465)	(1,512,553)	(2,347,221)	(7,478,775)
Total net position	**($753,028)**	**($378,228)**	**($469,376)**	**($734,157)**	**($663,261)**	**($2,998,050)**

Cash and Cash Equivalents

Cash and cash equivalents changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	($468.8)	(41.2%)	Decrease due to repayment of Medicare advances, increased investment in capital assets, lower cash from operations and increases in health system support.
Irvine	72.2	10.3	Increase due to cash provided from operations and strong revenue cycle reducing AR days.
Los Angeles	(74.9)	(4.4)	Decrease due to repayment of short-term Medicare advances and a reduction in cash provided from operations.
San Diego	(47.3)	(8.4)	Decrease driven by repayment of Medicare advances in FY22 partially offset by cash from increase in patient volumes in FY22.
San Francisco	200.2	9.3	Increase due to patient cash collections and receipt of supplemental payments partially offset by the repayment of short-term Medicare advances and capital additions.

Cash and cash equivalents changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	($209.2)	(15.5%)	Decrease due to investments in capital assets, repayment of short-term Medicare Advances and purchase of investments.
Irvine	34.1	5.1	Increase due to cash provided from operations and COVID-19 CARES Act Provider Relief Fund.
Los Angeles	110.3	6.9	Increase in cash due to strong investment returns, cash provided by operations and cash from third-party settlements.
San Diego	66.3	13.2	Increase due to growth in patient visits in FY21.
San Francisco	788.2	58.0	Increase due to government direct grants related to COVID-19, short-term advances from Medicare, Medi-Cal supplemental funding, and increases in patient cash collections corresponding with higher patient revenues.

Patient Accounts Receivable

Patient accounts receivable, net of estimated uncollectible accounts, changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	$43.6	11.1%	Increase due to higher patient volume and timing of payments from payors.
Irvine	(6.7)	(4.1)	Decrease is the result of strong revenue cycle and the improvement in AR days.
Los Angeles	52.6	12.2	Increase due to higher patient volume and timing of payments from payors.
San Diego	52.3	14.2	Increase due to net patient revenue growth in FY22.
San Francisco	144.9	18.1	Increase due to higher patient volumes and net patient service revenues along with an increase in AR days.

Patient accounts receivable, net of estimated uncollectible accounts, changed in 2021 as follows:

Increased in millions of dollars			
Davis	$109.6	38.9%	Increase due to higher volume and revenue growth, along with growth in AR days.
Irvine	7.6	4.8	Increase due to net patient revenue growth and timing of payments from payors.
Los Angeles	76.6	21.6	Increase due to higher patient volume and timing of payments from payors.
San Diego	39.5	12.0	Increase due to net patient revenue growth in FY21.
San Francisco	137.3	20.8	Increase due to higher patient volumes and net patient revenues in the last quarter of the fiscal year as compared to the prior year.

Restricted Assets

Medical Center Pooled Revenue Bonds totaling $3.0 billion and $1.9 billion were issued in May 2022 and March 2020, primarily to finance future capital projects. Unspent proceeds and investment income earned on the proceeds from these issuances are invested in University investment pools, as of June 30, 2022 and 2021 as follows:

(in thousands of dollars)

	2022	2021	2020
Davis	$1,152,866	$388,001	$372,613
Irvine	677,534	215,191	233,314
Los Angeles	532,551	325,633	454,903
San Diego	252,881	307,016	330,590
San Francisco	1,256,908	448,636	400,480
Total	**$3,872,740**	**$1,684,477**	**$1,791,900**

Capital Assets

Net capital assets changed in 2022 as follows:

Increased (decreased) in millions of dollars			
Davis	$209.8	12.3%	Increase due to significant ongoing construction projects and land acquisition.
Irvine	205.6	23.0	Increase due to the construction costs of the Irvine Campus Medical Center complex.
Los Angeles	(18.0)	(1.0)	Annual depreciation expense exceeded capital expenditures for the year.
San Diego	(20.2)	(1.3)	Annual depreciation expense exceeded capital expenditures for the year and partially offset by reclassifications from the implementation of the pronouncement on lease accounting.
San Francisco	221.6	7.7	Increase due to major ongoing construction projects, including the new hospital at Parnassus Heights and the new clinical facility at Block 34 Mission Bay, and the commencement of new long-term leases.

Net capital assets changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$237.1	16.1%	Increase due to significant ongoing constructions projects and land acquisition and adoption of new leasing standard.
Irvine	76.1	9.3	Increase due to medical office building purchase and the construction costs of the Irvine Medical Center.
Los Angeles	47.1	2.6	Increase due to a capital investment in the community with the purchase of a hospital property in the mid-Wilshire area of Los Angeles.
San Diego	(39.2)	(2.4)	Annual depreciation exceeded capital expenditures for the year.
San Francisco	65.8	2.3	Increase due to major ongoing construction projects including the new hospital at Parnassus Heights and the new clinical facility at Block 34 Mission Bay.

Current Liabilities

To minimize the impact of disruptions in claims processing as a result of COVID-19, the Centers for Medicare & Medicaid Services (CMS) modified an advance payment program for health care providers as part of the CARES Act in 2020. Outstanding liabilities at June 30 as a result of the Medical Centers receiving the following advance payments from this program were as follows:

(in thousands of dollars)

	2022	2021	2020
Davis		$163,212	$204,304
Irvine			110,411
Los Angeles	$45,997	246,874	276,489
San Diego		153,694	183,000
San Francisco	42,372	242,661	146,050
Total	**$88,369**	**$806,441**	**$920,254**

Debt

In May 2022, Medical Center Pooled Revenue Bonds totaling $3.0 billion, including $1.1 billion in taxable bonds, were issued for working capital purposes and to finance the acquisition, construction, improvement and renovation of certain facilities at the Medical Centers. The bonds mature at various dates through 2054 and have a stated weighted average interest rate of 4.5 percent. Long-term debt, including the current portion, changed in 2022 as follows:

Increased (decreased) in millions of dollars		
Davis	$772.2	72.7%
Irvine	671.4	103.4
Los Angeles	518.5	35.5
San Diego	(15.9)	(1.3)
San Francisco	1,055.7	65.3

Long-term debt, including the current portion, changed in 2021 as follows:

Increased (decreased) in millions of dollars		
Davis	$51.7	5.1%
Irvine	9.1	1.4
Los Angeles	(42.3)	(2.8)
San Diego	4.2	0.4
San Francisco	(32.4)	(2.0)

Net Pension Liability

The University has financial responsibility for the payment of pension benefits associated with its defined benefit plans. The net pension liability related to UCRP is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year.

(in thousands of dollars)

	2022		2021		2020	
	PROPORTIONATE SHARE	NET PENSION LIABILITY	PROPORTIONATE SHARE	NET PENSION LIABILITY	PROPORTIONATE SHARE	NET PENSION LIABILITY
Davis	7.6%	$1,527,815	7.1%	$472,294	6.7%	$1,368,556
Irvine	3.3	670,850	3.2	215,278	3.1	632,665
Los Angeles	7.1	1,430,028	7.2	478,616	7.1	1,451,711
San Diego	5.5	1,108,138	5.3	353,179	5.1	1,048,715
San Francisco	10.8	2,175,275	10.3	688,043	9.9	2,022,619
Total	**34.3%**	**$6,912,106**	**33.1%**	**$2,207,410**	**31.9%**	**$6,524,266**

The changes in net pension liability are primarily driven by the investment performance of the UCRP investment portfolio. UCRP's total investment rate of return was (10.8) percent, 30.5 percent and 1.7 percent in 2022, 2021 and 2020, respectively. The discount rate used to estimate the net pension liability was 6.75 percent in 2022, 2021 and 2020.

The Irvine Medical Center's proportionate share of the net pension liability for the Orange County Employees Retirement System was $8.6 million, $12.7 million and $15.1 million as of June 30, 2022, 2021 and 2020, respectively.

CHRCO is the sponsor of a single employer defined benefit plan. The net pension liability for CHRCO was $119.7 million, $22.4 million, and $92.4 million as of June 30, 2022, 2021 and 2020, respectively, and the liability is reported by San Francisco.

Net Retiree Health Benefits Liability

The University has a financial responsibility for providing retiree health benefits. The net retiree health benefits liability is allocated to Medical Centers based on their proportionate share of covered compensation for the fiscal year.

(in thousands of dollars)

	2022		2021		2020	
	PROPORTIONATE SHARE	NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE	NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE	NET RETIREE HEALTH BENEFITS LIABILITY
Davis	7.3%	$1,429,502	7.0%	$1,705,269	6.6%	$1,534,830
Irvine	3.2	623,548	3.2	775,408	3.1	713,600
Los Angeles	6.8	1,338,495	7.1	1,723,183	7.0	1,623,943
San Diego	5.3	1,028,874	5.3	1,271,447	5.2	1,193,191
San Francisco	10.4	2,041,112	10.3	2,493,992	10.6	2,463,690
Total	**33.0%**	**$6,461,531**	**32.9%**	**$7,969,299**	**32.5%**	**$7,529,254**

The changes in net retiree health benefits liability are primarily driven by the changes in discount rates used to estimate the net retiree health benefits liability. The discount rate used to estimate the net retiree health benefits liability as of June 30, 2022, 2021 and 2020 was 3.54 percent, 2.16 percent and 2.21 percent, respectively. The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCRHBT plan assets are not sufficient to make projected benefit payments.

Net Position

Net position represents the residual interest in the Medical Centers' assets and deferred outflows after all liabilities and deferred inflows are deducted. Net position is reported in the following categories: net investment in capital assets; restricted, nonexpendable; restricted, expendable; and unrestricted.

Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing its use must be classified as unrestricted for reporting purposes. Unrestricted net position is negative primarily due to obligations for pension and retiree health benefits exceeding the Medical Centers' reserves.

LIQUIDITY AND CAPITAL RESOURCES

Days Cash on Hand

Days cash on hand measures the average number of days' expenses the Medical Centers maintain in cash and unrestricted investments. The goal, set by the University's Office of the President, is a minimum of 60 days cash on hand. The days cash on hand includes Medicare short-term advances. Days cash on hand is as follows:

	2022	2021	2020
Davis	98	180	193
Irvine	175	183	181
Los Angeles	221	270	240
San Diego	68	87	78
San Francisco	159	169	107

Debt Service Coverage

The debt service coverage ratio measures the funds available to cover the principal and interest on long-term debt. Debt service coverage decreases as new debt is issued and fluctuates based on operating results. Debt service coverage ratios are as follows:

	2022	2021	2020
Davis	1.2	3.6	1.0
Irvine	3.5	7.1	2.4
Los Angeles	2.4	6.1	4.8
San Diego	3.6	2.9	1.6
San Francisco	2.7	6.5	0.2

LOOKING FORWARD

Payments from Federal and State Health Care Programs

Entities doing business with governmental payors, including Medicare and Medicaid (Medi-Cal in California), are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors and intermediaries retained by the federal, state or local governments. Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees were received.

Hospital Facilities Seismic Safety Act

State of California Senate Bill 1953 (SB 1953), the Hospital Facilities Seismic Safety Act, requires hospitals to meet certain standards designed to yield predictable seismic performance, whether at the essential life safety level or post-earthquake continued operations level. Buildings used for acute care patient services must either be retrofitted by 2030 or the acute care services must be relocated, and the building must be closed, repurposed or demolished. Three of the Medical Centers, Davis, San Diego and San Francisco, have beds in service in facilities that do not meet the requirements of SB 1953, and these facilities will either need to be retrofitted or replaced by 2030. The Medical Centers are continuing to address these seismic building requirements; however, the cost to construct replacement facilities or retrofit existing facilities to comply with the statutory requirements by 2030 cannot be estimated at this time.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the Medical Centers, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the Medical Centers expect or anticipate will or may occur in the future, contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The Medical Centers do not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

Report of Independent Auditors

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Opinions

We have audited the accompanying individual financial statements of the University of California, Davis Medical Center, the University of California, Irvine Medical Center, the University of California, Los Angeles Medical Center, the University of California, San Diego Medical Center, and the University of California, San Francisco Medical Center (collectively referred to as the "University of California Medical Centers"), each of which is a department of the University of California (the "University"), which comprise the individual statements of net position as of June 30, 2022 and 2021, and the related individual statements of revenues, expenses and changes in net position and of cash flows for the years then ended which comprise the basic financial statements of each of the University of California Medical Centers.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the individual financial positions of the University of California, Davis Medical Center, the University of California, Irvine Medical Center, the University of California, Los Angeles Medical Center, the University of California, San Diego Medical Center, and the University of California, San Francisco Medical Center as of June 30, 2022 and 2021, and the respective changes in their individual financial positions and their individual cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are required to be independent of the University of California Medical Centers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the individual financial statements of the University of California Medical Centers are intended to present the financial position, and the changes in financial position and the cash flows of only that portion of the University of California that is attributable to the transactions of the University of California Medical Centers. They do not purport to, and do not, present fairly the financial position of the University of California as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the University of California Medical Centers changed the manner in which they account for leases in 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US GAAS 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 individual financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the individual 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 individual financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of each individual University of California 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 individual financial statements.

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 26 through 50 and the required supplementary information on pages 122 through 128 be presented to supplement the basic financial statements of the corresponding University of California Medical Center. Such information is the responsibility of management, 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 of the corresponding University of California Medical Center in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises pages 3 through 22, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

PricewaterhouseCoopers LLP
San Francisco, California

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF NET POSITION

At June 30, 2022 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
ASSETS						
Cash and cash equivalents	$668,276	$769,638	$1,631,612	$518,982	$2,346,629	$5,935,137
Short-term investments	141,528		253,891			395,419
Net patient accounts receivable	434,784	157,553	484,003	421,080	943,743	2,441,163
Other receivables	28,238	12,163	47,342	36,122	44,481	168,346
Third-party payor settlements, net	37,630	27,875	29,671	40,599	3,198	138,973
Inventory	52,707	28,352	63,686	51,919	81,274	277,938
Prepaid expenses and other assets	83,864	33,911	55,051	30,723	115,004	318,553
Current assets	**1,447,027**	**1,029,492**	**2,565,256**	**1,099,425**	**3,534,329**	**9,675,529**
Restricted assets:						
Deposits held for hospital construction	1,152,866	677,534	532,551	252,881	1,256,908	3,872,740
Donor funds			10,890		132,550	143,440
Capital assets, net	1,919,052	1,101,184	1,832,436	1,567,485	3,099,391	9,519,548
Investments in joint ventures	24,052	400	11,359	32,160	38,851	106,822
Investments			88,979		251,150	340,129
Other assets	160,763	3,782	346,188	1,330	21,626	533,689
Noncurrent assets	**3,256,733**	**1,782,900**	**2,822,403**	**1,853,856**	**4,800,476**	**14,516,368**
Total assets	**4,703,760**	**2,812,392**	**5,387,659**	**2,953,281**	**8,334,805**	**24,191,897**
DEFERRED OUTFLOWS OF RESOURCES	**1,040,247**	**406,131**	**828,461**	**805,062**	**1,608,623**	**4,688,524**
LIABILITIES						
Accounts payable and accrued expenses	144,865	73,567	260,194	198,868	371,992	1,049,486
Accrued salaries and benefits	234,822	113,645	289,895	154,550	380,990	1,173,902
Third-party payor settlements, net	63,540	166,721	96,658	41,363	551,477	919,759
Current portion of long-term debt	44,078	18,297	33,987	35,891	49,133	181,386
Short-term advances			45,997		42,372	88,369
Other current liabilities	143,562	70,208	16,424	69,564	140,609	440,367
Current liabilities	**630,867**	**442,438**	**743,155**	**500,236**	**1,536,573**	**3,853,269**
Long-term debt, net of current portion	1,789,627	1,302,462	1,946,980	1,131,865	2,623,038	8,793,972
Net pension liability	1,527,815	679,417	1,430,028	1,108,138	2,294,993	7,040,391
Net retiree health benefits liability	1,429,502	623,548	1,338,495	1,028,874	2,041,112	6,461,531
Notes payable to campus				92,482		92,482
Pension payable to University	466,317	202,480	435,638	337,466	662,661	2,104,562
Interest rate swap agreements	450	102	35,601	34,160	3,405	73,718
Self-insurance					17,553	17,553
Other noncurrent liabilities	73,403	455	3,000	29,014	31,859	137,731
Noncurrent liabilities	**5,287,114**	**2,808,464**	**5,189,742**	**3,761,999**	**7,674,621**	**24,721,940**
Total liabilities	**5,917,981**	**3,250,902**	**5,932,897**	**4,262,235**	**9,211,194**	**28,575,209**
DEFERRED INFLOWS OF RESOURCES	**795,106**	**346,804**	**827,456**	**518,767**	**1,136,331**	**3,624,464**
NET POSITION						
Net investment in capital assets	1,166,606	464,035	384,019	652,265	1,684,128	4,351,053
Restricted: Nonexpendable endowments and gifts			571		33,006	33,577
Restricted: Nonexpendable for minority interest			13,920			13,920
Restricted: Expendable	5,380	33	10,319	345	102,802	118,879
Unrestricted	(2,141,066)	(843,251)	(953,062)	(1,675,269)	(2,224,033)	(7,836,681)
Total net position	**($969,080)**	**($379,183)**	**($544,233)**	**($1,022,659)**	**($404,097)**	**($3,319,252)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF NET POSITION

At June 30, 2021 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
ASSETS						
Cash and cash equivalents	$1,137,044	$697,472	$1,706,524	$566,299	$2,146,459	$6,253,798
Short-term investments	159,483		293,139			452,622
Net patient accounts receivable	391,200	164,214	431,409	368,815	798,862	2,154,500
Other receivables	32,169	8,476	99,320	28,675	48,099	216,739
Third-party payor settlements, net	20,859	68,522	35,166	52,391	10,376	187,314
Inventory	45,399	29,629	60,877	42,089	73,195	251,189
Prepaid expenses and other assets	77,754	29,349	49,559	24,131	108,928	289,721
Current assets	**1,863,908**	**997,662**	**2,675,994**	**1,082,400**	**3,185,919**	**9,805,883**
Restricted assets:						
Deposits held for hospital construction	388,001	215,191	325,633	307,016	448,636	1,684,477
Donor funds			11,892		139,027	150,919
Capital assets, net	1,709,233	895,540	1,850,446	1,587,655	2,877,749	8,920,623
Investments in joint ventures	23,443	400	9,857	32,559	26,125	92,384
Investments			96,252		271,055	367,307
Other assets	152,441	4,812	60,415	1,330	23,254	242,252
Noncurrent assets	**2,273,118**	**1,115,943**	**2,354,495**	**1,928,560**	**3,785,846**	**11,457,962**
Total assets	**4,137,026**	**2,113,605**	**5,030,489**	**3,010,960**	**6,971,765**	**21,263,845**
DEFERRED OUTFLOWS OF RESOURCES	**814,971**	**360,856**	**797,814**	**727,306**	**1,375,878**	**4,076,825**
LIABILITIES						
Accounts payable and accrued expenses	128,722	63,342	212,782	152,436	280,671	837,953
Accrued salaries and benefits	204,281	120,433	280,596	161,461	393,501	1,160,272
Third-party payor settlements, net	224,358	173,386	72,568	19,187	435,065	924,564
Current portion of long-term debt	42,577	15,030	125,283	35,959	46,731	265,580
Short-term advances	163,212		246,874	153,694	242,661	806,441
Other current liabilities	112,728	96,032	12,665	121,572	152,259	495,256
Current liabilities	**875,878**	**468,223**	**950,768**	**644,309**	**1,550,888**	**4,490,066**
Long-term debt, net of current portion	1,018,961	634,304	1,337,223	1,147,727	1,569,766	5,707,981
Net pension liability	472,294	227,947	478,616	353,179	710,409	2,242,445
Net retiree health benefits liability	1,705,269	775,408	1,723,183	1,271,447	2,493,992	7,969,299
Notes payable to campus		5,158		94,219		99,377
Pension payable to University	364,305	164,194	369,436	271,946	528,499	1,698,380
Interest rate swap agreements	100	30	69,989	8,079	7,630	85,828
Self-insurance					17,883	17,883
Other noncurrent liabilities	49,878	887		28,259	21,563	100,587
Noncurrent liabilities	**3,610,807**	**1,807,928**	**3,978,447**	**3,174,856**	**5,349,742**	**17,921,780**
Total liabilities	**4,486,685**	**2,276,151**	**4,929,215**	**3,819,165**	**6,900,630**	**22,411,846**
DEFERRED INFLOWS OF RESOURCES	**1,158,889**	**529,440**	**1,198,340**	**805,949**	**1,709,997**	**5,402,615**
NET POSITION						
Net investment in capital assets	978,448	458,975	712,356	710,433	1,708,884	4,569,096
Restricted: Nonexpendable endowments and gifts			630		31,676	32,306
Restricted: Nonexpendable for minority interest			13,853			13,853
Restricted: Expendable	7,604	2,043	11,262	345	105,018	126,272
Unrestricted	(1,679,629)	(792,148)	(1,037,353)	(1,597,626)	(2,108,562)	(7,215,318)
Total net position	**($693,577)**	**($331,130)**	**($299,252)**	**($886,848)**	**($262,984)**	**($2,473,791)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2022 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Net patient service revenue	$2,965,455	$1,608,981	$3,141,828	$2,877,781	$5,909,588	$16,503,633
Other operating revenue:						
Clinical teaching support		7,882	13,467			21,349
Grants and contracts					12,566	12,566
Other	120,751	134,001	198,624	183,944	345,107	982,427
Total other operating revenue	**120,751**	**141,883**	**212,091**	**183,944**	**357,673**	**1,016,342**
Total operating revenue	**3,086,206**	**1,750,864**	**3,353,919**	**3,061,725**	**6,267,261**	**17,519,975**
Operating expenses:						
Salaries and wages	1,312,882	660,781	1,272,830	1,092,459	2,214,701	6,553,653
Pension benefits	346,531	143,503	306,290	255,515	549,714	1,601,553
Retiree health benefits	109,615	39,446	71,057	92,589	177,417	490,124
Other employee benefits	283,077	130,009	235,819	216,064	410,599	1,275,568
Professional services	125,497	16,759	36,621	74,492	1,032,575	1,285,944
Medical supplies	518,349	366,471	576,988	737,599	971,049	3,170,456
Other supplies and purchased services	217,097	215,305	439,232	218,927	505,742	1,596,303
Depreciation and amortization	141,785	100,953	139,062	122,649	217,195	721,644
Insurance and other	88,116	33,310	174,331	93,274	103,770	492,801
Total operating expenses	**3,142,949**	**1,706,537**	**3,252,230**	**2,903,568**	**6,182,762**	**17,188,046**
Income (loss) from operations	**(56,743)**	**44,327**	**101,689**	**158,157**	**84,499**	**331,929**
Nonoperating revenues (expenses):						
Direct government grants	59,883	20,146	32,358	36,541	51,706	200,634
Hospital Fee Program grants	9,380	4,590	7,787	6,153	11,070	38,980
Investment income	17,567	5,627	16,386	1,318	23,414	64,312
Build America Bonds federal interest subsidies		3,371	3,030	2,375	14,955	23,731
Private gifts, net					24,373	24,373
Net depreciation in fair value of investments	(66,912)	(17,772)	(91,163)		(80,337)	(256,184)
Interest expense	(42,584)	(32,649)	(53,386)	(53,554)	(88,020)	(270,193)
Loss on disposal of capital assets	(38)	(244)	(460)	(596)	(7,026)	(8,364)
Other	(13,166)	1,348	2,555	(1,767)	(4,510)	(15,540)
Net nonoperating expenses	**(35,870)**	**(15,583)**	**(82,893)**	**(9,530)**	**(54,375)**	**(198,251)**
Income (loss) before other changes in net position	**(92,613)**	**28,744**	**18,796**	**148,627**	**30,124**	**133,678**
Other changes in net position:						
Donated assets		11,273	1,174	125	11,733	24,305
Contributions (distributions) for building programs	800	92	428	(529)	(760)	31
Transfers from (to) University, net	(29,674)	23,940	2,402	(8,284)		(11,616)
Changes in allocation for pension payable to University	(49,106)	(15,055)	(16,682)	(27,147)	(58,835)	(166,825)
Health system support	(104,910)	(97,047)	(251,099)	(248,603)	(123,375)	(825,034)
Other changes in net position	**(182,890)**	**(76,797)**	**(263,777)**	**(284,438)**	**(171,237)**	**(979,139)**
Change in net position	**(275,503)**	**(48,053)**	**(244,981)**	**(135,811)**	**(141,113)**	**(845,461)**
Net position:						
Beginning of year	(693,577)	(331,130)	(299,252)	(886,848)	(262,984)	(2,473,791)
End of year	**($969,080)**	**($379,183)**	**($544,233)**	**($1,022,659)**	**($404,097)**	**($3,319,252)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2021 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Net patient service revenue	$2,683,029	$1,400,408	$2,977,106	$2,476,193	$5,239,018	$14,775,754
Other operating revenue:						
Clinical teaching support		7,882	13,467			21,349
Grants and contracts					17,121	17,121
Other	103,917	143,628	184,556	169,126	311,609	912,836
Total other operating revenue	**103,917**	**151,510**	**198,023**	**169,126**	**328,730**	**951,306**
Total operating revenue	**2,786,946**	**1,551,918**	**3,175,129**	**2,645,319**	**5,567,748**	**15,727,060**
Operating expenses:						
Salaries and wages	1,157,396	583,338	1,200,325	899,131	2,009,655	5,849,845
Pension benefits	134,006	55,030	130,944	111,765	243,783	675,528
Retiree health benefits	145,268	61,057	128,710	126,709	239,668	701,412
Other employee benefits	263,644	119,869	232,255	247,504	383,763	1,247,035
Professional services	167,648	11,884	35,142	64,885	946,884	1,226,443
Medical supplies	481,357	332,083	517,546	648,705	881,676	2,861,367
Other supplies and purchased services	201,131	209,491	425,847	189,876	451,763	1,478,108
Depreciation and amortization	131,754	99,226	119,837	130,470	222,729	704,016
Insurance and other	74,267	14,646	31,398	87,912	70,985	279,208
Total operating expenses	**2,756,471**	**1,486,624**	**2,822,004**	**2,506,957**	**5,450,906**	**15,022,962**
Income from operations	**30,475**	**65,294**	**353,125**	**138,362**	**116,842**	**704,098**
Nonoperating revenues (expenses):						
Direct government grants	67,915	73,193			282,968	424,076
Hospital Fee Program grants	10,453	6,773	7,396	6,644	6,530	37,796
Investment income	18,532	7,301	20,153	3,744	36,801	86,531
Build America Bonds federal interest subsidies		3,551	3,105	2,397	15,244	24,297
Private gifts, net					24,566	24,566
Net appreciation in fair value of investments	28,806	23,115	75,114		130,388	257,423
Interest expense	(35,736)	(27,454)	(50,403)	(52,993)	(78,067)	(244,653)
Loss on disposal of capital assets	(92)	(89)	(284)	(551)	(1,545)	(2,561)
Other	(4,589)	781	2,656	1,398	(19,431)	(19,185)
Net nonoperating revenues (expenses)	**85,289**	**87,171**	**57,737**	**(39,361)**	**397,454**	**588,290**
Income before other changes in net position	**115,764**	**152,465**	**410,862**	**99,001**	**514,296**	**1,292,388**
Other changes in net position:						
Donated assets	37		415	6,708	(6,204)	956
Contributions (distributions) for building programs	679	2,201	1,122	(10,552)		(6,550)
Transfers from (to) University, net	7,257	42,095		(4,934)		44,418
Changes in allocation for pension payable to University	3,024	5,472	17,852	7,092	13,385	46,825
Health system support	(67,310)	(155,135)	(260,127)	(250,006)	(121,200)	(853,778)
Other changes in net position	**(56,313)**	**(105,367)**	**(240,738)**	**(251,692)**	**(114,019)**	**(768,129)**
Increase (decrease) change in net position	**59,451**	**47,098**	**170,124**	**(152,691)**	**400,277**	**524,259**
Net position:						
Beginning of year, as previously reported	(746,096)	(375,078)	(486,079)	(732,549)	(655,769)	(2,995,571)
Cumulative effect of accounting change	(6,932)	(3,150)	16,703	(1,608)	(7,492)	(2,479)
Beginning of year, as restated	(753,028)	(378,228)	(469,376)	(734,157)	(663,261)	(2,998,050)
End of year	**($693,577)**	**($331,130)**	**($299,252)**	**($886,848)**	**($262,984)**	**($2,473,791)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2022 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Cash flows from operating activities:						
Receipts from patients and third-party payors	$2,601,883	$1,649,624	$2,917,876	$2,705,789	$5,668,582	$15,543,754
Payments to employees	(1,294,824)	(667,569)	(1,268,194)	(1,099,605)	(2,237,664)	(6,567,856)
Payments to suppliers	(968,531)	(587,708)	(1,309,430)	(1,130,129)	(2,439,545)	(6,435,343)
Payments for benefits	(418,204)	(216,867)	(428,129)	(356,430)	(713,816)	(2,133,446)
Other receipts	101,778	78,572	34,094	161,378	276,388	652,210
Net cash provided (used) by operating activities	**22,102**	**256,052**	**(53,783)**	**281,003**	**553,945**	**1,059,319**
Cash flows from noncapital financing activities:						
Health system support	(104,910)	(97,047)	(251,099)	(248,603)	(123,375)	(825,034)
Direct government grants	31,249	20,146	32,358	36,541	51,706	172,000
Hospital Fee Program Grants	9,273	4,590	7,787	6,153	11,070	38,873
Transfers from (to) University, net	(29,674)	23,940	2,402	(8,284)		(11,616)
Gifts received for other than capital purposes					21,662	21,662
Repayment of notes payable to campus		(5,158)				(5,158)
Proceeds from debt issuance			400,000			400,000
Net cash provided (used) by noncapital financing activities	**(94,062)**	**(53,529)**	**191,448**	**(214,193)**	**(38,937)**	**(209,273)**
Cash flows from capital and related financing activities:						
Contributions (distributions) for building programs	800	92		(529)		363
Proceeds from financing obligations and other borrowings	810,064	674,388	243,021		972,025	2,699,498
Build America Bonds federal interest subsidies		3,371	3,030	2,375	7,494	16,270
Purchases of capital assets	(333,937)	(298,019)	(198,099)	(83,090)	(310,333)	(1,223,478)
Principal paid on long-term debt	(36,482)	(15,067)	(31,219)	(34,208)	(46,869)	(163,845)
Interest paid on long-term debt	(40,574)	(31,332)	(57,994)	(54,963)	(79,630)	(264,493)
Gifts and donated funds		11,273	1,174	125	10,973	23,545
Other nonoperating receipts (payments)	(2,044)	1,206	57,698	219	(1,018)	56,061
Net cash provided (used) by capital and related financing activities	**397,827**	**345,912**	**17,611**	**(170,071)**	**552,642**	**1,143,921**
Cash flows from investing activities:						
Investment income received	17,329	5,685	16,386	1,410	23,341	64,151
Distributions from (contributions to) investments in joint ventures, net			4,623	399	(29,189)	(24,167)
Purchase of investments	(2,113)		(8,775)		(2,306)	(13,194)
Proceeds from sales and maturities of investments					3,298	3,298
Change in restricted assets	(811,709)	(481,954)	(246,351)	54,135	(862,624)	(2,348,503)
Other nonoperating receipts	1,858		3,929			5,787
Net cash provided (used) by investing activities	**(794,635)**	**(476,269)**	**(230,188)**	**55,944**	**(867,480)**	**(2,312,628)**
Net change in cash and cash equivalents	**(468,768)**	**72,166**	**(74,912)**	**(47,317)**	**200,170**	**(318,661)**
Cash and cash equivalents - beginning of year	1,137,044	697,472	1,706,524	566,299	2,146,459	6,253,798
Cash and cash equivalents - end of year	**$668,276**	**$769,638**	**$1,631,612**	**$518,982**	**$2,346,629**	**$5,935,137**

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF CASH FLOWS *continued*

For the year ended June 30, 2022 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:						
Income (loss) from operations	($56,743)	$44,327	$101,689	$158,157	$84,499	$331,929
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:						
Depreciation and amortization expense	141,785	100,953	139,062	122,649	217,195	721,644
Allowance for uncollectible accounts	94,835	55,903	40,169	27,537	54,437	272,881
Changes in operating assets and liabilities:						
Patient accounts receivable	(138,419)	(49,242)	(92,763)	(79,802)	(199,318)	(559,544)
Other receivables	3,877	(3,745)	(6,666)	(7,447)	13,267	(714)
Inventory	(7,308)	1,277	(2,809)	(9,830)	(8,079)	(26,749)
Prepaid expenses and other assets	(6,110)	(4,562)	(294,176)	(6,592)	(6,076)	(317,516)
Other assets	(7,481)				16,124	8,643
Accounts payable and accrued expenses	1,951	14,112	35,357	46,486	88,677	186,583
Accrued salaries and benefits	30,541	(6,788)	9,299	(6,911)	(12,511)	13,630
Third-party payor settlements, net	(177,589)	33,982	29,585	33,967	123,590	43,535
Short-term advances	(163,212)		(200,877)	(153,694)	(200,289)	(718,072)
Other liabilities	46,544	(26,256)	7,973	(51,253)	(31,363)	(54,355)
Pension benefits	184,016	71,561	141,338	139,763	285,207	821,885
Retiree health benefits	75,415	24,530	39,036	67,973	128,585	335,539
Net cash provided (used) by operating activities	**$22,102**	**$256,052**	**($53,783)**	**$281,003**	**$553,945**	**$1,059,319**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION						
Payables for property and equipment	$65,829	$951	$23,900	$84	$23,342	$114,106
Capital assets acquired through leases	5,639	27,948	835	22,029	133,307	189,758
Amortization of bond premium	2,874	1,281	5,732	3,440	903	14,230
Capital asset transfers from the University	5,639	92				5,731
Change in fair value of interest rate swaps	(350)	(72)	34,388	(26,081)	4,225	12,110
Amortization of borrowing for off-the-market interest rate swap			(1,046)			(1,046)
Beneficial interests in irrevocable split-interest agreements					15,970	15,970

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2021 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Cash flows from operating activities:						
Receipts from patients and third-party payors	$2,604,572	$1,395,006	$2,953,491	$2,451,748	$5,503,639	$14,908,456
Payments to employees	(1,133,764)	(555,439)	(1,190,108)	(854,887)	(1,945,929)	(5,680,127)
Payments to suppliers	(938,208)	(543,102)	(1,059,868)	(1,031,066)	(2,275,097)	(5,847,341)
Payments for benefits	(442,753)	(198,989)	(375,264)	(374,624)	(646,225)	(2,037,855)
Other receipts	115,633	105,084	145,576	239,754	293,332	899,379
Net cash provided by operating activities	**205,480**	**202,560**	**473,827**	**430,925**	**929,720**	**2,242,512**
Cash flows from noncapital financing activities:						
Health system support	(67,310)	(155,135)	(260,127)	(250,006)	(121,200)	(853,778)
Direct government grants	71,163	73,193			282,968	427,324
Hospital Fee Program Grants	10,259	6,773	7,396	6,644	6,530	37,602
Transfers from (to) University, net	7,257	42,095		(4,934)		44,418
Gifts received for other than capital purposes					42,055	42,055
Repayment of notes payable to campus		(5,158)				(5,158)
Net cash provided (used) by noncapital financing activities	**21,369**	**(38,232)**	**(252,731)**	**(248,296)**	**210,353**	**(307,537)**
Cash flows from capital and related financing activities:						
Contributions (distributions) for building programs	679	2,201		(10,552)		(7,672)
Build America Bonds federal interest subsidies		3,551	3,105	2,397	15,213	24,266
Proceeds from sale of capital assets	11			55	36	102
Purchases of capital assets	(246,207)	(149,121)	(170,429)	(43,349)	(268,597)	(877,703)
Principal paid on long-term debt	(40,199)	(12,898)	(43,469)	(40,478)	(45,978)	(183,022)
Interest paid on long-term debt	(38,154)	(26,148)	(52,525)	(55,625)	(78,838)	(251,290)
Gifts and donated funds	37		415	6,708	(6,204)	956
Other nonoperating receipts (payments)	2,089	689	(124)	3,412	9,932	15,998
Net cash used by capital and related financing activities	**(321,744)**	**(181,726)**	**(263,027)**	**(137,432)**	**(374,436)**	**(1,278,365)**
Cash flows from investing activities:						
Investment income received	19,686	7,301	20,153	3,744	36,796	87,680
Distributions from (contributions to) investments in joint ventures, net		(400)	4,338	(6,609)	(13,363)	(16,034)
Purchase of investments	(150,000)		(4,145)		(11,034)	(165,179)
Proceeds from sales and maturities of investments					10,899	10,899
Change in restricted assets	12,056	44,610	127,937	23,920	(697)	207,826
Other nonoperating receipts	3,920		3,902			7,822
Net cash provided (used) by investing activities	**(114,338)**	**51,511**	**152,185**	**21,055**	**22,601**	**133,014**
Net increase (decrease) in cash and cash equivalents	**(209,233)**	**34,113**	**110,254**	**66,252**	**788,238**	**789,624**
Cash and cash equivalents - beginning of year	1,346,277	663,359	1,596,270	500,047	1,358,221	5,464,174
Cash and cash equivalents - end of year	**$1,137,044**	**$697,472**	**$1,706,524**	**$566,299**	**$2,146,459**	**$6,253,798**

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF CASH FLOWS *continued*

For the year ended June 30, 2021 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Reconciliation of income from operations to net cash provided by operating activities:						
Income from operations	$30,475	$65,294	$353,125	$138,362	$116,842	$704,098
Adjustments to reconcile income from operations to net cash provided by operating activities:						
Depreciation and amortization expense	131,754	99,226	119,837	130,470	222,729	704,016
Provision for uncollectible accounts	68,891	77,745	54,816	24,387	44,898	270,737
Changes in operating assets and liabilities:						
Patient accounts receivable	(178,471)	(85,304)	(131,460)	(63,883)	(182,224)	(641,342)
Other receivables	(4,518)	3,314	(58,670)	(8,380)	38,170	(30,084)
Inventory	(3,905)	(2,996)	(12,185)	(5,622)	(527)	(25,235)
Prepaid expenses and other assets	(20,602)	(4,396)	(8,333)	(3,352)	(788)	(37,471)
Other assets	(779)				14,289	13,510
Accounts payable and accrued expenses	12,785	7,243	(24,451)	20,840	8,396	24,813
Accrued salaries and benefits	20,446	27,899	55,835	44,245	80,897	229,322
Third-party payor settlements, net	61,464	2,157	82,664	15,050	241,505	402,840
Short-term advances	(41,092)	(110,411)	(29,615)	(29,306)	96,611	(113,813)
Other liabilities	22,657	85,792	1,237	56,761	45,103	211,550
Pension benefits	(6,270)	(9,224)	(24,717)	8,970	11,864	(19,377)
Retiree health benefits	112,645	46,221	95,744	102,383	191,955	548,948
Net cash provided by operating activities	**$205,480**	**$202,560**	**$473,827**	**$430,925**	**$929,720**	**$2,242,512**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION						
Payables for property and equipment	$51,637	$4,838	$11,845	$884	$20,697	$89,901
Equipment acquired with financing					1,089	1,089
Capital assets acquired through leases	92,629	34,902	4,808	59,973	15,413	207,725
Amortization of bond premium	2,918	1,169	5,738	3,483	705	14,013
Capital asset transfers from (to) the University	(52)	2,201				2,149
Change in fair value of interest rate swaps	(100)	(30)	24,850	(8,079)	3,078	19,719
Amortization of borrowing for off-the-market interest rate swap			(1,046)			(1,046)
Beneficial interests in irrevocable split-interest agreements					17,992	17,992

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTER POOLED GROUP

Notes to Financial Statements

Years ended June 30, 2022 and 2021

1. ORGANIZATION

The University of California Medical Centers (the Medical Centers) are operating units of the University of California (the University), a California public corporation under Article IX, Section 9 of the California Constitution. Since a majority of the regents are appointed by the governor and approved by the state senate, the University is a component unit of the state of California. The University is administered by The Regents of the University of California (The Regents) of which, under the formation documents of the University, administrative authority with respect to the Medical Centers is vested in the President of the University. The Medical Centers consist of the University of California, Davis Medical Center (UC Davis Medical Center or Davis), the University of California, Irvine Medical Center (UC Irvine Medical Center or Irvine), the University of California, Los Angeles Medical Center (UCLA Medical Center or Los Angeles), the University of California, San Diego Medical Center (UC San Diego Medical Center or San Diego) and the University of California, San Francisco Medical Center (UCSF Medical Center or San Francisco). The Medical Centers provide educational and clinical opportunities for students in the University's Schools of Medicine (Schools of Medicine) and offer a comprehensive array of medical services including tertiary and quaternary care services.

The financial statements of the Medical Centers present the financial position, and the changes in financial position and cash flows, of only that portion of the University that is attributable to the transactions of the Medical Centers.

The Regents are the sole corporate and voting member of Children's Hospital & Research Center Oakland (CHRCO), a private, not-for-profit 501(c)(3) corporation. Children's Hospital & Research Center Foundation, a nonprofit public benefit corporation, is organized and operated for the purpose of supporting CHRCO. Since San Francisco provides certain management services for CHRCO, CHRCO combined with its foundation is included with UCSF Medical Center in the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Medical Centers have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable Statements of the Governmental Accounting Standards Board (GASB). The proprietary fund method of accounting is followed and uses the economic resources measurement focus and the accrual basis of accounting. The Medical Centers are not legally separate entities from the University and therefore, under GASB requirements, a going concern evaluation at the level of the respective Medical Centers is not required and has not been performed by management.

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87), effective for the Medical Centers' fiscal year beginning July 1, 2021. This Statement establishes a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as those leases lasting a maximum of 12 months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. The effects of adopting GASB 87 in the Medical Centers' financial statements for the year ended June 30, 2021, were as follows:

DAVIS	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF NET POSITION			
ASSETS			
Other receivables	$31,945	$224	$32,169
Current assets	**1,863,684**	**224**	**1,863,908**
Capital assets, net	1,348,196	361,037	1,709,233
Other assets	81,765	70,676	152,441
Noncurrent assets	**1,841,405**	**431,713**	**2,273,118**
Total assets	**3,705,089**	**431,937**	**4,137,026**
LIABILITIES			
Current portion of long-term debt	23,736	18,841	42,577
Other current liabilities	111,333	1,395	112,728
Current liabilities	**855,642**	**20,236**	**875,878**
Long-term debt, net of current portion	657,595	361,366	1,018,961
Noncurrent liabilities	**3,249,441**	**361,366**	**3,610,807**
Total liabilities	**4,105,083**	**381,602**	**4,486,685**
DEFERRED INFLOWS OF RESOURCES	**1,091,931**	**66,958**	**1,158,889**
NET POSITION			
Net investment in capital assets	999,013	(20,565)	978,448
Unrestricted	(1,683,571)	3,942	(1,679,629)
Total net position	**($676,954)**	**($16,623)**	**($693,577)**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Other operating revenue	$106,006	($2,089)	$103,917
Total other operating revenue	**106,006**	**(2,089)**	**103,917**
Total operating revenue	**2,789,035**	**(2,089)**	**2,786,946**
Medical supplies	482,835	(1,478)	481,357
Depreciation and amortization	102,871	28,883	131,754
Insurance and other	106,155	(31,888)	74,267
Total operating expenses	**2,760,954**	**(4,483)**	**2,756,471**
Income from operations	**28,081**	**2,394**	**30,475**
Interest expense	(21,809)	(13,927)	(35,736)
Other	(6,431)	1,842	(4,589)
Net nonoperating revenues (expenses)	**97,374**	**(12,085)**	**85,289**
Income before other changes in net position	**$125,455**	**($9,691)**	**$115,764**
STATEMENT OF CASH FLOWS			
Payment to suppliers	($971,573)	$33,365	($938,208)
Other receipts	117,722	(2,089)	115,633
Net cash provided by operating activities	**174,204**	**31,276**	**205,480**
Principal paid on long-term debt	(20,532)	(19,667)	(40,199)
Interest paid on long-term debt	(24,456)	(13,698)	(38,154)
Other nonoperating receipts (payments)		2,089	2,089
Net cash used by capital and related financing activities	**(290,468)**	**(31,276)**	**(321,744)**
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	28,081	2,394	30,475
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation and amortization expense	102,871	28,883	131,754
Changes in operating assets and liabilities:			
Other liabilities	22,658	(1)	22,657
Net cash provided by operating activities	**$174,204**	**$31,276**	**$205,480**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION			
Capital assets acquired through leases		$92,629	$92,629

IRVINE	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF NET POSITION			
ASSETS			
Other receivables	$7,488	$988	$8,476
Current assets	**996,674**	**988**	**997,662**
Capital assets, net	808,683	86,857	895,540
Other assets		4,812	4,812
Noncurrent assets	**1,024,274**	**91,669**	**1,115,943**
Total assets	**2,020,948**	**92,657**	**2,113,605**
LIABILITIES			
Current portion of long-term debt	5,934	9,096	15,030
Other current liabilities	94,854	1,178	96,032
Current liabilities	**457,949**	**10,274**	**468,223**
Long-term debt, net of current portion	551,919	82,385	634,304
Noncurrent liabilities	**1,725,543**	**82,385**	**1,807,928**
Total liabilities	**2,183,492**	**92,659**	**2,276,151**
DEFERRED INFLOWS OF RESOURCES	**523,733**	**5,707**	**529,440**
NET POSITION			
Net investment in capital assets	464,777	(5,802)	458,975
Unrestricted	(792,241)	93	(792,148)
Total net position	**($325,421)**	**($5,709)**	**($331,130)**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Other operating revenue	$144,336	($708)	$143,628
Total other operating revenue	**152,218**	**(708)**	**151,510**
Total operating revenue	**1,552,626**	**(708)**	**1,551,918**
Medical supplies	332,484	(401)	332,083
Depreciation and amortization	88,897	10,329	99,226
Insurance and other	25,151	(10,505)	14,646
Total operating expenses	**1,487,201**	**(577)**	**1,486,624**
Income from operations	**65,425**	**(131)**	**65,294**
Interest expense	(24,226)	(3,228)	(27,454)
Other	(19)	800	781
Net nonoperating revenues (expenses)	**89,599**	**(2,428)**	**87,171**
Income before other changes in net position	**$155,024**	**($2,559)**	**$152,465**
STATEMENT OF CASH FLOWS			
Payment to suppliers	($554,008)	$10,906	($543,102)
Other receipts	105,792	(708)	105,084
Net cash provided by operating activities	**192,362**	**10,198**	**202,560**
Principal paid on long-term debt	(4,620)	(8,278)	(12,898)
Interest paid on long-term debt	(23,520)	(2,628)	(26,148)
Other nonoperating receipts (payments)	(19)	708	689
Net cash used by capital and related financing activities	**(171,528)**	**(10,198)**	**(181,726)**
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	65,425	(131)	65,294
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation and amortization expense	88,897	10,329	99,226
Net cash provided by operating activities	**$192,362**	**$10,198**	**$202,560**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION			
Capital assets acquired through leases		$34,902	$34,902

LOS ANGELES	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF NET POSITION			
ASSETS			
Capital assets, net	$1,684,930	$165,516	$1,850,446
Noncurrent assets	**2,188,979**	**165,516**	**2,354,495**
Total assets	**4,864,973**	**165,516**	**5,030,489**
LIABILITIES			
Current portion of long-term debt	21,181	104,102	125,283
Other current liabilities	11,451	1,214	12,665
Current liabilities	**845,452**	**105,316**	**950,768**
Long-term debt, net of current portion	1,290,848	46,375	1,337,223
Noncurrent liabilities	**3,932,072**	**46,375**	**3,978,447**
Total liabilities	**4,777,524**	**151,691**	**4,929,215**
NET POSITION			
Net investment in capital assets	698,531	13,825	712,356
Total net position	**($313,077)**	**$13,825**	**($299,252)**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Medical supplies	$519,799	($2,253)	$517,546
Other supplies and purchased services	421,951	3,896	425,847
Depreciation and amortization	100,786	19,051	119,837
Insurance and other	52,449	(21,051)	31,398
Total operating revenue	**2,822,361**	**(357)**	**2,822,004**
Income from operations	**352,768**	**357**	**353,125**
Interest expense	(47,168)	(3,235)	(50,403)
Net nonoperating revenues (expenses)	**60,972**	**(3,235)**	**57,737**
Income before other changes in net position	**$413,740**	**($2,878)**	**$410,862**
STATEMENT OF CASH FLOWS			
Payment to suppliers	($1,079,275)	$19,407	($1,059,868)
Net cash provided by operating activities	**454,420**	**19,407**	**473,827**
Principal paid on long-term debt	(24,805)	(18,664)	(43,469)
Interest paid on long-term debt	(51,782)	(743)	(52,525)
Other nonoperating receipts (payments)	3,778	(3,902)	(124)
Net cash used by capital and related financing activities	**(239,718)**	**(23,309)**	**(263,027)**
Other nonoperating receipts		3,902	3,902
Net cash provided (used) by investing activities	**148,283**	**3,902**	**152,185**
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	352,768	357	353,125
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation and amortization expense	100,786	19,051	119,837
Changes in operating assets and liabilities:			
Other liabilities	1,238	(1)	1,237
Net cash provided by operating activities	**$454,420**	**$19,407**	**$473,827**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION			
Capital assets acquired through leases		$4,808	$4,808

SAN DIEGO	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF NET POSITION			
ASSETS			
Capital assets, net	$1,496,440	$91,215	$1,587,655
Noncurrent assets	**1,837,345**	**91,215**	**1,928,560**
Total assets	**2,919,745**	**91,215**	**3,010,960**
LIABILITIES			
Current portion of long-term debt	16,138	19,821	35,959
Other current liabilities	121,365	207	121,572
Current liabilities	**624,281**	**20,028**	**644,309**
Long-term debt, net of current portion	1,072,401	75,326	1,147,727
Noncurrent liabilities	**3,099,530**	**75,326**	**3,174,856**
Total liabilities	**3,723,811**	**95,354**	**3,819,165**
NET POSITION			
Net investment in capital assets	714,572	(4,139)	710,433
Total net position	**($882,709)**	**($4,139)**	**($886,848)**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Other supplies and purchased services	$190,181	($305)	$189,876
Depreciation and amortization	104,953	25,517	130,470
Insurance and other	112,980	(25,068)	87,912
Total operating revenue	**2,506,813**	**144**	**2,506,957**
Income from operations	**138,506**	**(144)**	**138,362**
Interest expense	(50,606)	(2,387)	(52,993)
Net nonoperating revenues (expenses)	**(36,974)**	**(2,387)**	**(39,361)**
Income before other changes in net position	**$101,532**	**($2,531)**	**$99,001**
STATEMENT OF CASH FLOWS			
Payment to suppliers	($1,056,415)	$25,349	($1,031,066)
Net cash provided by operating activities	**405,576**	**25,349**	**430,925**
Principal paid on long-term debt	(17,481)	(22,997)	(40,478)
Interest paid on long-term debt	(53,273)	(2,352)	(55,625)
Net cash used by capital and related financing activities	**(112,083)**	**(25,349)**	**(137,432)**
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	138,506	(144)	138,362
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation and amortization expense	104,953	25,517	130,470
Changes in operating assets and liabilities:			
Other liabilities	56,785	(24)	56,761
Net cash provided by operating activities	**$405,576**	**$25,349**	**$430,925**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION			
Capital assets acquired through leases		$59,973	$59,973

SAN FRANCISCO	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF NET POSITION			
ASSETS			
Other receivables	$46,413	$1,686	$48,099
Current assets	**3,184,233**	**1,686**	**3,185,919**
Capital assets, net	2,579,032	298,717	2,877,749
Other assets	18,198	5,056	23,254
Noncurrent assets	**3,482,073**	**303,773**	**3,785,846**
Total assets	**6,666,306**	**305,459**	**6,971,765**
LIABILITIES			
Accounts payable and accrued expenses	280,765	(94)	280,671
Current portion of long-term debt	20,517	26,214	46,731
Other current liabilities	154,488	(2,229)	152,259
Current liabilities	**1,526,997**	**23,891**	**1,550,888**
Long-term debt, net of current portion	1,279,577	290,189	1,569,766
Noncurrent liabilities	**5,059,553**	**290,189**	**5,349,742**
Total liabilities	**6,586,550**	**314,080**	**6,900,630**
DEFERRED INFLOWS OF RESOURCES	**1,703,545**	**6,452**	**1,709,997**
NET POSITION			
Net investment in capital assets	1,727,573	(18,689)	1,708,884
Unrestricted	(2,112,178)	3,616	(2,108,562)
Total net position	**($247,911)**	**($15,073)**	**($262,984)**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Other operating revenue	$313,867	($2,258)	$311,609
Total other operating revenue	**330,988**	**(2,258)**	**328,730**
Total operating revenue	**5,570,006**	**(2,258)**	**5,567,748**
Medical supplies	881,732	(56)	881,676
Depreciation and amortization	187,544	35,185	222,729
Insurance and other	110,638	(39,653)	70,985
Total operating expenses	**5,455,430**	**(4,524)**	**5,450,906**
Income from operations	**114,576**	**2,266**	**116,842**
Interest expense	(65,763)	(12,304)	(78,067)
Loss on disposal of capital assets	(1,602)	57	(1,545)
Other	(21,831)	2,400	(19,431)
Net nonoperating revenues (expenses)	**407,301**	**(9,847)**	**397,454**
Income before other changes in net position	**$521,877**	**($7,581)**	**$514,296**
STATEMENT OF CASH FLOWS			
Other receipts	$256,321	$37,011	$293,332
Net cash provided by operating activities	**892,709**	**37,011**	**929,720**
Principal paid on long-term debt	(19,050)	(26,928)	(45,978)
Interest paid on long-term debt	(66,497)	(12,341)	(78,838)
Other nonoperating receipts (payments)	7,674	2,258	9,932
Net cash used by capital and related financing activities	**(337,425)**	**(37,011)**	**(374,436)**
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	114,576	2,266	116,842
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation and amortization expense	187,544	35,185	222,729
Changes in operating assets and liabilities:			
Accounts payable and accrued expenses	8,473	(77)	8,396
Other liabilities	45,466	(363)	45,103
Net cash provided by operating activities	**$892,709**	**$37,011**	**$929,720**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION			
Capital assets acquired through leases		$15,413	$15,413

TOTAL *(memorandum only)*	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF NET POSITION			
ASSETS			
Other receivables	$213,841	$2,898	$216,739
Current assets	**9,802,985**	**2,898**	**9,805,883**
Capital assets, net	7,917,281	1,003,342	8,920,623
Other assets	161,708	80,544	242,252
Noncurrent assets	**10,374,076**	**1,083,886**	**11,457,962**
Total assets	**20,177,061**	**1,086,784**	**21,263,845**
LIABILITIES			
Accounts payable and accrued expenses	838,047	(94)	837,953
Current portion of long-term debt	87,506	178,074	265,580
Other current liabilities	493,491	1,765	495,256
Current liabilities	**4,310,321**	**179,745**	**4,490,066**
Long-term debt, net of current portion	4,852,340	855,641	5,707,981
Noncurrent liabilities	**17,066,139**	**855,641**	**17,921,780**
Total liabilities	**21,376,460**	**1,035,386**	**22,411,846**
DEFERRED INFLOWS OF RESOURCES	**5,323,498**	**79,117**	**5,402,615**
NET POSITION			
Net investment in capital assets	4,604,466	(35,370)	4,569,096
Unrestricted	(7,222,969)	7,651	(7,215,318)
Total net position	**($2,446,072)**	**($27,719)**	**($2,473,791)**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Other operating revenue	$917,891	($5,055)	$912,836
Total other operating revenue	**956,361**	**(5,055)**	**951,306**
Total operating revenue	**15,732,115**	**(5,055)**	**15,727,060**
Medical supplies	2,865,555	(4,188)	2,861,367
Other supplies and purchased services	1,474,517	3,591	1,478,108
Depreciation and amortization	585,051	118,965	704,016
Insurance and other	407,373	(128,165)	279,208
Total operating expenses	**15,032,759**	**(9,797)**	**15,022,962**
Income from operations	**699,356**	**4,742**	**704,098**
Interest expense	(209,572)	(35,081)	(244,653)
Loss on disposal of capital assets	(2,618)	57	(2,561)
Other	(24,227)	5,042	(19,185)
Net nonoperating revenues (expenses)	**618,272**	**(29,982)**	**588,290**
Income before other changes in net position	**$1,317,628**	**($25,240)**	**$1,292,388**

TOTAL *(memorandum only) continued*	AS OF AND FOR THE YEAR ENDED JUNE 30, 2021		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF GASB 87	AS RESTATED
STATEMENT OF CASH FLOWS			
Payment to suppliers	($5,936,368)	$89,027	($5,847,341)
Other receipts	865,165	34,214	899,379
Net cash provided by operating activities	**2,119,271**	**123,241**	**2,242,512**
Principal paid on long-term debt	(86,488)	(96,534)	(183,022)
Interest paid on long-term debt	(219,528)	(31,762)	(251,290)
Other nonoperating receipts (payments)	14,845	1,153	15,998
Net cash used by capital and related financing activities	**(1,151,222)**	**(127,143)**	**(1,278,365)**
Other nonoperating receipts	3,920	3,902	7,822
Net cash provided (used) by investing activities	**129,112**	**3,902**	**133,014**
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	699,356	4,742	704,098
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation and amortization expense	585,051	118,965	704,016
Changes in operating assets and liabilities:			
Accounts payable and accrued expenses	24,890	(77)	24,813
Other liabilities	211,939	(389)	211,550
Net cash provided by operating activities	**$2,119,271**	**$123,241**	**$2,242,512**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION			
Capital assets acquired through leases		$207,725	$207,725

Significant accounting policies of the Medical Centers are as follows (total columns are memorandum only):

Cash and cash equivalents. All University operating entities maximize the returns on their cash balances by investing in a Short Term Investment Pool (STIP) managed by the Treasurer of The Regents. The Regents are responsible for managing the University's STIP and establishing the investment policy, which is carried out by the Treasurer of The Regents.

Substantially all of the Medical Centers' cash is deposited into STIP. The Medical Centers consider demand deposits and STIP balances, other than amounts held for construction, to be cash and cash equivalents.

The net asset value for STIP is held at a constant value of $1, not adjusted for unrealized gains and losses associated with the fluctuation in the fair value of the investments included in STIP (which are predominately held to maturity) and not recorded by each operating entity but absorbed by the University as the manager of the pool. None of these amounts are insured by the Federal Deposit Insurance Corporation. To date, the Medical Centers have not experienced any losses on these accounts.

Interest income is reported as nonoperating revenue in the statements of revenues, expenses and changes in net position.

Additional information on cash and investments can be obtained from the University's 2021-2022 annual financial report.

UCSF Medical Center includes certain investments in highly liquid debt instruments with original maturities of three months or less as cash and cash equivalents.

Investments. Investments are reported at fair value. The Medical Centers' investments consist of investments in The Regents, Total Return Investment Pool (TRIP) and General Endowment Pool (GEP). UCSF Medical Center's investments consist of investments in the UCSF Foundation's (UCSFFs) Endowed Investment Pool (EIP), the University's STIP and other investment securities. The basis of determining the fair value of pooled funds or mutual funds is the number of units held in the pool multiplied by the price per unit share, computed on the last day of the month. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Certain securities may be valued on a basis of a price provided by a single source.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded at estimated fair value at the date of donation.

Inventory. The Medical Centers' inventory consists primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

Prepaid expenses and other assets. The Medical Centers' prepaid expenses are primarily prepayments for pharmaceuticals and medical supplies, rent, equipment and maintenance contracts. Other assets include receivables from the University and beneficial interests in irrevocable split-interest agreements administered by third parties.

Restricted assets, deposits held for hospital construction. The University directly finances the construction, renovation and acquisition of facilities and equipment as authorized by The Regents through the issuance of debt obligations. Bond proceeds are primarily invested in STIP, GEP and TRIP and are released to the Medical Centers when spent on qualifying expenditures for construction.

Restricted assets, donor funds. The Medical Centers have been designated as the trustees for several charitable remainder trusts. The trusts are established by donors to provide income to designated beneficiaries, generally for life. Upon maturity, the principal in the trusts will be distributed to the Medical Centers. Trust assets are recorded at fair value.

The Medical Centers have been named the irrevocable beneficiaries for several charitable remainder trusts for which the Medical Centers are not the trustees. Upon maturity of each trust, the remainder of the trust corpus will be transferred to the Medical Centers. These funds cannot be sold, disbursed or consumed until a specified number of years have passed or a specific event has occurred. The Medical Centers recognize contribution revenue when all eligibility requirements have been met.

Beneficial interests in irrevocable split-interest agreements. The beneficial interests in irrevocable split-interest agreements represent the Medical Centers' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as an asset and deferred inflows of resources. These are measured at fair value and are reported as other noncurrent assets in the statements of net position. Changes in the fair value of the beneficial interest asset are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Capital assets, net. The Medical Centers' capital assets are reported at cost at the date of acquisition. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. The range of the estimated useful lives for the Medical Centers' buildings and land improvements is 5 to 40 years and 2 to 20 years for equipment. University guidelines mandate that land purchased with the Medical Centers' funds is recorded as an asset of the Medical Centers, and land utilized by the Medical Centers but purchased with other sources of funds is recorded as an asset of the University. Intangible assets include right-to-use lease assets and similar arrangements. Leases are recorded at the estimated present value of future lease payments expected to be made during the lease term, net of amounts paid in advance and direct costs. Assets under leases are amortized over the shorter of the lease term or the estimated useful life of the asset. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized by the Medical Centers if the cost exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost in excess of $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets.

Investments in joint ventures. Certain Medical Centers have entered into joint-venture arrangements with various third-party entities that include home health services, cancer center operations and a health maintenance organization. Investments in these joint ventures are recorded using the equity method.

Interest rate swap agreements. The Medical Centers have entered into interest rate swap agreements to limit the exposure of their variable-rate debt to changes in market interest rates. These derivative financial instruments are agreements that involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The difference to be paid or received is recognized over the life of the agreements as an adjustment to interest expense.

Interest rate swaps are recorded at fair value as either assets or liabilities in the statements of net position. The Medical Centers have determined that the market interest rate swaps are hedging derivatives that hedge future cash flows. Under hedge accounting, changes in the fair value are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

At the time of pricing certain interest rate swaps, the fixed rate of the swaps was off-market such that the Medical Centers received an upfront payment. As such, the swaps consist of an at-the-market interest rate swap derivative instrument and a borrowing, represented by the upfront payment. The unamortized amount of the borrowing is included in the current and noncurrent portion of debt and amortized as interest expense over the term of the bonds.

Bond premium. The premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs. The University is self-insured or insured through a wholly owned captive insurance company for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by independent insurers.

Liabilities are recorded when it is probable a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. While the Medical Centers participate in the self-insurance programs, they are administered by the University's Office of the President. Accordingly, the self-insurance assets and liabilities are not included in the accompanying financial statements.

CHRCO has a claims-made policy for medical malpractice claims. Under this policy, insurance premiums cover only those claims actually reported during the policy term. Should the claims-made policy not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination may be uninsured. CHRCO has a high-deductible, per-occurrence policy for workers' compensation with no limit and is effectively self-insured due to the high deductible. CHRCO has a self-insured preferred provider organization plan for health claims.

Asset retirement obligations. Upon an obligating event, the Medical Centers record the costs of any expected tangible capital asset retirement obligations using the best estimate of the current value of outlays expected to be incurred. The liabilities are reviewed annually and may change as a result of additional information that refines the estimates. Actual asset retirement obligation costs may vary from these estimates as a result of changes in assumptions such as asset retirement dates, regulatory requirements, technology and costs of labor, materials and equipment.

Leases where Medical Centers are lessors. The Medical Centers are lessors of buildings and equipment under agreements that extend through 2070. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to ten years. Leases may also include options to terminate the leases. Certain of the Medical Centers' lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentive received, residual value guarantees, material restrictive covenants or material termination penalties. The Medical Centers measure the deferred inflow of resources at the present value of payments expected to be received including any advance lease payments or lease incentives during the lease term.

Deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that applies to a future period, respectively. The Medical Centers classify gains on refunding of debt, increases in the fair value of the hedging derivatives, certain lease payments to be received and the net interest in irrevocable split-interest agreements as deferred inflows of resources. The Medical Centers classify losses on refunding of debt, decreases in the fair value of hedging derivatives, certain asset retirement obligations and results from certain acquisitions as deferred outflows of resources. Gains or losses on refunding of debt are amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. Asset retirement obligations are recognized over the remaining useful life of the related asset. Revenues from split-interest agreements are recognized when the resources become available to spend. Lease revenues are recognized over the lease term.

Changes in net pension and retiree health liabilities not included in expense, including proportionate shares of collective pension and retiree health expenses from the University of California Retirement Plan (UCRP), are reported as deferred outflows of resources or deferred inflows of resources.

Net position. Net position is required to be classified for accounting and reporting purposes in the following categories:

Net Investment in Capital Assets — Capital assets, net of accumulated depreciation, reduced by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted — The Medical Centers classify net position resulting from transactions with purpose restrictions as restricted net assets until the resources are used for the specific purpose or for as long as the donor requires the resources to remain intact.

Nonexpendable — Net position subject to externally imposed restrictions that must be retained in perpetuity. Also included in nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.

Expendable — Net position whose use is subject to externally imposed restrictions that can be fulfilled by actions pursuant to those restrictions or that expire by the passage of time.

Unrestricted — Net position that is neither restricted nor invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by management or The Regents. Substantially all unrestricted net position is allocated for operating initiatives or programs, or for capital programs.

Expenses are charged to either restricted or unrestricted net position based upon a variety of factors, including consideration of prior and future revenue sources, the type of expense incurred, budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding the Medical Centers' reserves.

Contributions received by CHRCO may be designated by the donor for restricted purposes or may be without restriction as to their use. Contributions restricted by donors as to use or time period are reported as restricted until used in a manner designated or upon expiration of the time period. Under California law, income and gains on permanently restricted net position are maintained in restricted expendable net position until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act. Income and gains on permanently restricted net position that are available for expenditure are $17.2 million and $19.6 million as of June 30, 2022 and 2021, respectively.

Revenues and expenses. Revenues received through conducting the programs and services of the Medical Centers are presented in the financial statements as operating revenue. Revenues include professional fees earned by the faculty physicians practicing as the UCSF Faculty Clinical Practices.

Operating revenues include net patient service revenue reported at the estimated net realizable amounts from patients, third-party payors including Medicare and Medi-Cal and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. 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. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Medical Centers believe that they are in compliance with all applicable laws and regulations related to the Medicare and Medi-Cal programs.

The Medical Centers estimate and recognize an allowance for uncollectible accounts based on historical experience.

CHRCO receives grants from federal agencies and other third parties. Government grants are reimbursed based on actual expenses incurred or units of service provided. Revenue from these grants is recognized as operating revenue either when expenses are incurred or when services are provided, depending on the grant award agreements.

Substantially all of the Medical Centers' operating expenses are directly or indirectly related to patient care activities.

Nonoperating revenues and expenses include direct government grants from the American Rescue Plan Act (ARPA), Coronavirus Aid, Relief, and Economic Security (CARES) Act, Hospital Fee Program grants, designated public hospital grants, interest income and expense, federal interest subsidies, gains on bond retirements, the gain or loss on the disposal of capital assets and other nonoperating revenues and expenses.

The Medical Centers received grants under the ARPA and CARES Act Provider Relief Fund (PRF) to minimize the impacts of lost revenues and increased expenses related to COVID-19. The Medical Centers recognized these direct grants as nonoperating revenues based on estimates of lost revenues and increased expenses following the information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services governing the funding, that was publicly available at June 30. The Medical Centers received grants from the State as designated public hospitals in support of health care expenditures.

Health system support, donated assets, contributions for building programs, transfers to the University and changes in allocation for pension payable to the University are classified as other changes in net position.

Net pension liability. UCRP provides retirement benefits to retired employees of the Medical Centers. The Medical Centers are required to contribute to UCRP at a rate set by The Regents. Net pension liability includes the Medical Centers' share of the University's net pension liability for UCRP. The Medical Centers' share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon their proportionate share of covered compensation for the fiscal year. The fiduciary net position and changes in the fiduciary net position of UCRP have been measured consistently with the accounting policies used by the Plan. For purposes of measuring UCRP's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Net pension liability also includes the net pension liability for the Retirement Plan for Children's Hospital & Research Center Oakland (CHRCO Plan). The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position have been measured consistent with the accounting policies used by the CHRCO Plan. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Net retiree health benefits liability. The University provides retiree health benefits to retired employees of the Medical Centers. The University established the University of California Retiree Health Benefit Trust (UCRHBT) to allow certain University locations and affiliates, including the Medical Centers, to share the risks, rewards and costs of providing for retiree health benefits and to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Contributions from the Medical Centers to the UCRHBT are effectively made to a single-employer health plan administered by the University as a cost-sharing plan. The Medical Centers are required to contribute at a rate assessed each year by the University.

Net retiree health benefits liability includes the Medical Centers' share of the University's net retiree health benefits liability for UCRHBT. The Medical Centers' share of net retiree health benefits liability, deferred inflows of resources, deferred outflows of resources and retiree health benefits expense has been determined based upon their proportionate share of covered compensation for the fiscal year. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. For purposes of measuring UCRHBT's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Pension payable to University. Additional deposits in UCRP have been made using University resources to make up the gap between the approved contribution rates and the required contributions based on The Regents' funding policy. These deposits, carried as internal loans by the University, are being repaid by the Medical Centers, plus accrued interest, through 2042 with a supplemental pension assessment. The Medical Centers' share of the internal loans has been determined based upon their proportionate share of covered compensation for the fiscal year. Supplemental pension assessments are reported as pension expense by the Medical Centers. Additional deposits in UCRP by the University, and changes in the Medical Centers' share of the internal loans, are reported as other changes in net position.

Charity care. The Medical Centers provide care without charge or at amounts less than their established rates to patients who meet certain criteria under their charity care policies. Amounts determined to qualify as charity care are not reported as net patient service revenue. The Medical Centers also provide services to other patients under publicly sponsored programs, which may reimburse at amounts less than the cost of the services provided to the recipients. The difference between the cost of services provided to these persons and the expected reimbursement is included in the estimated cost of charity care.

Transactions with the University and University affiliates. The Medical Centers have various transactions with the University and University affiliates. The University, as the primary reporting entity, has at its discretion the ability to transfer cash from the Medical Centers at will (subject to certain restrictive covenants or bond indentures) and to use that cash at its discretion. The Medical Centers record expense transactions where direct and incremental economic benefits are received by the Medical Centers. Payments, which constitute subsidies or payments for which the Medical Centers do not receive direct and incremental economic benefit, are recorded as health system support in the statements of revenues, expenses and changes in net position.

Certain revenues and expenses are allocated from the University to the Medical Centers. Allocated expenses reported as operating expenses in the statements of revenues, expenses and changes in net position are management's best estimates of the Medical Centers' arms-length payment of such amounts for their market-specific circumstances. To the extent that payments to the University exceed an arms-length estimated amount relative to the benefit received by the Medical Centers, they are recorded as health system support.

Compensated absences. The Medical Centers accrue annual leave, including employer related costs, for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Tax exemption. The University of California is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income tax under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. CHRCO is qualified for exemption under IRC Section 501(c)(3).

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes these estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made, and actual amounts could differ from those estimates.

Reclassifications. Certain reclassifications have been made to the 2021 financial information to conform to the 2022 financial statement presentation. In Notes 3 and 4, certain reclassifications have been made to the 2021 amounts to categorize Medicare managed care and Medi-Cal managed care net patients accounts receivable and net patient service revenues with the Medicare and Medi-Cal payor categories, respectively, as such amounts were previously included in the contracted payor category.

New accounting pronouncements. In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the Medical Centers' fiscal year beginning July 1, 2022. The Statement defines a conduit debt obligation and clarifies the accounting and financial reporting for conduit debt obligations with additional or voluntary commitments by issuers. The Medical Centers are evaluating the effect that Statement No. 91 will have on their financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the Medical Centers' fiscal year beginning July 1, 2022. The Statement provides guidance for financial reporting for public-private and public-public partnership arrangements and availability payment arrangements. The Medical Centers are evaluating the effect that Statement No. 94 will have on their financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the Medical Centers' fiscal year beginning July 1, 2022. Under this Statement, these arrangements result in a right-to-use intangible asset and a corresponding subscription liability. The Medical Centers are evaluating the effect that Statement No. 96 will have on their financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* — an amendment of GASB Statement No. 62, effective for the Medical Centers' fiscal year beginning July 1, 2023. The Statement requires disclosures of descriptive information about accounting changes and error corrections and addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The Medical Centers are evaluating the effect that Statement No. 100 will have on their financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for the Medical Centers' fiscal year beginning July 1, 2024. The Statement replaces Statement No. 16, *Accounting for Compensated Absences*, to align recognition and measurement guidance for all types of compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used. Under Statement No. 101, the Medical Centers' compensated absences liabilities are expected to increase. The Medical Centers are evaluating the full effect these requirements will have on their financial statements.

2. INVESTMENTS

The composition of investments, by investment type and fair value level at June 30, is as follows:

(in thousands of dollars)

	FAIR VALUE LEVEL	DAVIS		LOS ANGELES		SAN FRANCISCO	
		2022	2021	2022	2021	2022	2021
Balanced funds	NAV	$141,528	$159,483	$342,870	$389,391	$316,381	$337,111
Other						1,154	1,488
Commingled funds		**141,528**	**159,483**	**342,870**	**389,391**	**317,535**	**338,599**
Other investments						578	679
Total investments		**141,528**	**159,483**	**342,870**	**389,391**	**318,113**	**339,278**
Less: Current portion		($141,528)	($159,483)	(253,891)	(293,139)		
Less: Reported as restricted assets in donor funds						(66,963)	(68,223)
Noncurrent portion				**$88,979**	**$96,252**	**$251,150**	**$271,055**

The University-managed commingled funds (UC pooled funds) serve as the core investment vehicle for the Medical Centers. Additional information on the University's investments can be obtained from the 2021-2022 annual reports of the University of California at https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html. A description of the funds used is as follows:

TRIP. TRIP allows participants the opportunity to maximize the return on their long-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP supplements STIP by investing in an intermediate-term, higher-risk portfolio allocated across equities, fixed-income and liquid alternative strategies, and allows participants to maximize the return on their long-term capital. The objective of TRIP is to generate a rate of return above the policy benchmark, after all costs and fees, consistent with liquidity, cash flow requirements and the risk. UC Davis Medical Center's and UCLA Medical Center's investments in TRIP are classified as commingled balanced funds. TRIP is considered to be an external investment pool from the Medical Center's perspective. The fair value of the UC Davis Medical Center's investment in TRIP was $141.5 million and $159.5 million at June 30, 2022 and 2021, respectively. The fair value of the UCLA Medical Center's investment in TRIP was $253.9 million and $293.1 million at June 30, 2022 and 2021, respectively.

Investments in TRIP require at least one calendar quarter notice to the campus for any redemptions or withdrawals. Withdrawals will occur on the last business day of the month. Investments into TRIP are subject to certain withdrawal guidelines such as limiting the withdrawals to 10 percent of the current value of TRIP in any one quarter.

GEP. GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio of equities, fixed-income securities and alternative investments. The primary goal is to maximize long-term total return, growth of principal and a growing payout stream to ensure that future funding for endowment-supported activities can be maintained. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements. UCLA Medical Center's investment in GEP is classified as commingled funds. GEP is considered to be an external investment pool from the Medical Center's perspective. The fair value of the UCLA Medical Center's investment in GEP was $89.0 million and $96.3 million at June 30, 2022 and 2021, respectively.

EIP. UCSF Medical Center invests primarily in the UCSF Foundation's EIP, the UCSF Foundation's primary investment vehicle for endowed gifts. The Foundation's primary investment objective is growth of principal sufficient to preserve purchasing power and provide income to support current and future activities. Investments in EIP include high-quality, readily marketable equity and fixed-income securities; other types of investments, including derivative instruments such as financial futures, may be made at the direction of the UCSF Foundation's Investment Committee. EIP represents investments in a unitized pool. UCSF Medical Center's investment in EIP is classified as commingled funds. Transactions within each individual endowment in the pool are based on the unit market value at the beginning or end of the month during which the transaction takes place for additions and withdrawals, respectively.

Investments in EIP by the UCSF Foundation require at least 12 months' prior written notice of intention to terminate as of a date specified in the notice. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines such as providing a forecasted schedule of cash withdrawals 90 days prior to the start of each fiscal year.

Fair Value. Fair value is defined in the accounting standards as 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. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 — Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities, commingled funds (exchange traded funds and mutual funds) and other publicly traded securities.

Level 2 — Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds (institutional funds not listed in active markets) and other assets that are valued using market information.

Level 3 — Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

Net Asset Value (NAV) — Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include commingled balanced funds.

Not Leveled — Cash and cash equivalents are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. UC Davis Medical Center, UCLA Medical Center and UCSF Medical Center have established investment policies to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Credit Risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the security price to decline. These circumstances may arise due to a variety of factors, such as financial weakness or bankruptcy.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies; for example, Moody's Investor Service (Moody's) or Standard & Poor's (S&P). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk.

UC Davis Medical Center's, UCLA Medical Center's and UCSF Medical Center's commingled funds (including GEP, BGP, EIP and TRIP) are not rated.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. Substantially all of UCSF Medical Center's investments are registered in the name of the UCSF Foundation. UC Davis Medical Center's and UCLA Medical Center's investments are registered in the name of the University.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools and other pooled investments are not subject to concentration of credit risk. Investments in the various investment pools managed by the Office of the Chief Investment Officer of The Regents and the UCSF Foundation are external investment pools and are not subject to concentration of credit risk. There is no concentration of any single individual issuer of investments that comprises more than five percent of total investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100-basis-point (1-percentage-point) change in the level of interest rates.

UCSF Medical Center considers the effective duration for money market funds to be zero, and effective duration information for EIP is unavailable.

Investments include other asset-backed securities, which generate a return based upon either the payment of interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Foreign Currency Risk

The University's strategic asset allocation policy for TRIP, BGP and GEP as well as the UCSF Foundation's asset allocation strategy includes allocations to non-U.S. equities and non-dollar-denominated bonds. Exposure from foreign currency risk results from investments in foreign currency-denominated equity, fixed-income and private equity securities. At June 30, 2022 and 2021, UCSF Medical Center is subject to foreign currency risk as a result of holding various currency denominations.

3. NET PATIENT SERVICE REVENUE

The Medical Centers have agreements with third-party payors that provide for payments at amounts different from the Medical Centers' established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare. Medicare patient revenues include traditional reimbursement under Title XVIII of the Social Security Act or Medicare capitated contract revenue.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services and medical education costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology. Medicare reimburses hospitals for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications. The Medical Centers do not believe that there are significant credit risks associated with the Medicare program.

The Medical Centers are reimbursed for cost reimbursable items at a tentative rate with final settlement of such items determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Medical Centers' classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Medical Centers have received final notices from the Medicare fiscal intermediary through June 30, 2016 for UC Davis Medical Center; through June 30, 2011 for UC Irvine Medical Center; through June 30, 2017 for Ronald Reagan UCLA Medical Center; through June 30, 2018 for UCLA Santa Monica Medical Center; through June 30, 2018 for Resnick Neuropsychiatric Hospital; through June 30, 2017, for UC San Diego Medical Center; through June 30, 2011 for UCSF Medical Center; and through June 30, 2019 for CHRCO. The fiscal intermediary is in the process of conducting its audits of the subsequent cost reports. The results of these audits have yet to be finalized and any amounts due to or from Medicare have not been determined. Estimated receivables and payables related to all open cost reporting periods are included in the statements of net position as third-party payor settlements.

Medi-Cal. The Medicaid program is referred to as Medi-Cal in California. Medi-Cal fee-for-service (FFS) inpatient hospital payments are made in accordance with the federal Medicaid hospital financing waiver and legislation enacted by the state of California (Waiver Program). The Waiver Program has been enacted in three five-year phases, the first covering 2006 through 2010, the second covering 2011 through 2015 and the third covering 2016 through 2020. The total payments under the Waiver Program made to the Medical Centers include a combination of Medi-Cal inpatient FFS payments, Medi-Cal Disproportionate Share Hospital (DSH) payments and the Safety Net Care Pool. Effective November 2011 through 2015, the Medical Centers are also eligible to receive incentive payments designed to encourage delivery system innovation in connection with federal health care reform. Effective July 2017, the Medical Centers may be eligible to receive enhanced payments and additional reimbursement for Medi-Cal managed care patients under the Quality Incentive Pool Program and Designated Public Hospital Enhanced Payment Program. Final approval of these payments was received in 2022 for the years ended June 30, 2019 and 2018 from the Centers for Medicare & Medicaid Services (CMS) and the Medical Centers have recognized revenues for the year ended June 30, 2022 for such payments. However, since final approval for the payments in subsequent years is still pending with CMS, the Medical Centers have not recognized the related revenues for periods after June 30, 2019.

The Medical Centers are reimbursed at interim rates with final settlement of such items determined after submission of annual filings and audits thereof by the state. Payments under The Waiver Program are based on the allocation of pooled funds amongst all participating designated public hospitals in the state and are subject to change based on the audit results of the other participating designated public hospitals. The Medical Centers have received final settlements for the Waiver Program through 2010 and all Medical Centers, except for San Francisco for 2012. The state is in the process of conducting audits of subsequent years of the Waiver Program. The results of these audits have yet to be finalized and any amounts due to or from Medi-Cal have not been determined. Estimated receivables and payables related to all Waiver Program reporting periods are included in the statements of net position as third-party payor settlements.

CHRCO has a contractual agreement with the Medi-Cal program, which includes patients that qualify for California Children's Services. CHRCO is an essential Medi-Cal and California Children's Services provider. Inpatient services are reimbursed by the All Patient Refined Diagnosis Related Group, at a per-case rate based upon acuity. Outpatient services are paid via fee schedules. In addition, CHRCO is the recipient of Medi-Cal funds under various state of California programs, in particular the Private Hospital Supplemental Fund and DSH. The state of California funds eligible hospitals based upon the total pool of funding available and a formula for distribution. The legislative funding is subject to retroactive reductions and potential future elimination.

Hospital Fee Program. State of California Assembly Bill 1383 of 2009, as amended by AB 1653 on September 8, 2010, and extended through 2013, established a series of Medicaid supplemental payments funded through a Quality Assurance Fee and a Hospital Fee Program, which are imposed on certain California hospitals. The effective date of the Hospital Fee Program was April 1, 2009 through December 31, 2013, and was predicated, in part, on the enhanced Federal Medicaid Assistance Percentage contained in the American Reinvestment and Recovery Act. The Hospital Fee Program was extended for three years starting on January 1, 2014 with SB 239. The Hospital Fee Program was made permanent through the passage of the Medi-Cal Funding and Accountability Act (Proposition 52), in the November 2016 General Election. By removing the sunset date of Jan. 1, 2018, in the existing statute (SB 239, 2013), the Act becomes the framework for all future hospital fee programs. Proposition 52 also makes permanent the limit on the amount the state can take out of the program for the General Fund; the construct of the fee program (both the fee side and the payment mechanisms); and the source of data and information used to develop the program, subject to CMS approval. CMS has approved the methodology and rates for the program for the period of July 1, 2019 through December 31, 2021. CMS approval of the methodology and rates for hospital services furnished January 1, 2022 through June 30, 2022 is still pending. The Hospital Fee Program makes supplemental payments to hospitals for various health care services and supports the state's effort to maintain health care coverage for children. The Hospital Fee Program is funded by a Quality Assurance Fee paid by participating hospitals and matching federal funds. All of the Medical Centers, except CHRCO, are designated as public hospitals and are exempt from paying the Quality Assurance Fee. CHRCO recognized $102.8 million and $57.3 million of patient service revenue under the Hospital Fee Program for the years ended June 30, 2022 and 2021, respectively. CHRCO paid $19.6 million and $14.6 million in Quality Assurance Fees for the years ended June 30, 2022 and 2021, respectively. The Medical Centers, including CHRCO, receive supplemental payments under the Hospital Fee Program.

Assembly Bill 915. State of California Assembly Bill 915, Public Hospital Outpatient Services Supplemental Reimbursement Program, provides for supplemental reimbursement equal to the federal share of unreimbursed facility costs incurred by public hospital outpatient departments. This supplemental payment covers only Medi-Cal fee-for-service outpatient services. The supplemental payment is based on each eligible hospital's certified public expenditures, which are matched with federal Medicaid funds.

Senate Bill 1732. State of California Senate Bill 1732 provides for supplemental Medi-Cal reimbursement to DSH for costs (i.e., principal and interest) of qualified patient care capital construction. For the years ended June 30, 2022 and 2021, the Medical Centers applied for and received additional revenue related to the reimbursement of costs for certain debt-financed construction projects based on the Medical Centers' Medi-Cal utilization rate.

Other. The Medical Centers have entered into agreements with numerous other third-party payors to provide patient care to beneficiaries under a variety of payment arrangements. These include arrangements with:

- Commercial insurance companies that reimburse the Medical Centers for reasonable and customary charges. Workers' compensation plans pay negotiated rates and are reported as contract (discounted or per-diem) revenue.
- Managed care contracts such as those with HMOs and PPOs that reimburse the Medical Centers at contracted or per-diem rates, which are usually less than full charges. CHRCO contracts with various Medi-Cal managed care plans in the state. These plans operate as state-licensed HMOs that provide health care services on a prepaid basis to enrolled Medi-Cal members residing in the county. Eligible members select the plan in which they wish to participate.
- Capitated contracts with health plans that reimburse the Medical Centers on a per-member-per-month basis, regardless of whether services are actually rendered. The Medical Centers assume a certain financial risk, as the contract requires patient treatment for all covered services. Expected losses on capitated agreements are accrued when probable and can be reasonably estimated.
- Certain health plans that have established a shared-risk pool where the Medical Centers share in any surplus associated with health care utilization as defined in the related contracts. Additionally, the Medical Centers may assume the risk of certain health care utilization costs, as determined in the related agreements. Differences between the final contract settlement and the amount estimated as receivable or payable relating to the shared-risk arrangements are recorded in the year of final settlement.
- Counties in the state of California that reimburse the Medical Centers for certain indigent patients covered under county contracts.

The most common payment arrangement for inpatient services is a prospectively determined per-diem rate or case rate. The most common payment arrangement for outpatient care is a prospective payment system that uses ambulatory payment classifications.

Amounts due from Medicare and Medi-Cal as a percentage of net patient accounts receivable at June 30 are as follows:

(shown as percentage)

	MEDICARE		MEDI-CAL	
	2022	**2021**	**2022**	**2021**
Davis	16.6%	18.4%	15.8%	16.7%
Irvine	24.4	21.7	18.9	20.5
Los Angeles	19.6	23.8	12.1	12.9
San Diego	28.1	27.7	16.2	14.6
San Francisco	14.3	15.6	19.1	21.1

CHRCO receives Medi-Cal supplemental payments, which are comprised of both federal and non-federal components. CHRCO received $107.6 million and $113.3 million under these programs for the years ended June 30, 2022 and 2021, respectively. Included in the $107.6 million is $42.9 million approved in 2022 for prior periods. Included in the $113.3 million is $48.1 million approved in 2021 for prior periods.

For the years ended June 30, net patient service revenue included amounts due to favorable (or unfavorable) cost report settlements and changes in estimates in settlements related to Medicare, Medi-Cal and County Medical Services Program as follows:

(in thousands of dollars)

	2022	**2021**
Davis	$113,642	$53,831
Irvine	52,974	61,544
Los Angeles	17,018	67,546
San Diego	37,928	36,289
San Francisco	77,805	65,665
Total	**$299,367**	**$284,875**

Net patient accounts receivable and net patient service revenues at June 30 are presented net of uncollectible accounts as follows:

(in thousands of dollars)

	PATIENT ACCOUNTS RECEIVABLE ALLOWANCE AT JUNE 30		PATIENT SERVICE REVENUE ALLOWANCE FOR THE YEAR ENDING JUNE 30	
	2022	**2021**	**2022**	**2021**
Davis	$97,896	$71,467	$94,835	$68,891
Irvine	103,794	78,939	55,903	77,745
Los Angeles	89,611	72,030	40,169	54,816
San Diego	151,142	115,332	27,537	24,387
San Francisco	119,933	84,563	54,437	44,898
Total	**$562,376**	**$422,331**	**$272,881**	**$270,737**

Net patient service revenue by major payor for the years ended June 30 is as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Medicare	$703,368	$435,226	$875,156	$783,259	$1,172,058	$3,969,067
Medi-Cal	766,885	454,910	414,890	609,106	1,384,996	3,630,787
Contract (discounted or per diem)	1,491,116	713,612	1,781,421	1,474,595	3,229,295	8,690,039
Contract (capitated)	1,556		45,981		79,201	126,738
Non-sponsored/self-pay	2,530	5,233	24,380	10,821	44,038	87,002
Total	**$2,965,455**	**$1,608,981**	**$3,141,828**	**$2,877,781**	**$5,909,588**	**$16,503,633**
2021						
Medicare	$710,466	$387,465	$814,577	$652,158	$1,046,987	$3,611,653
Medi-Cal	541,116	400,177	403,200	515,715	1,105,233	2,965,441
Contract (discounted or per diem)	1,426,386	607,097	1,682,106	1,300,394	2,959,583	7,975,566
Contract (capitated)	940		42,328		72,788	116,056
Non-sponsored/self-pay	4,121	5,669	34,895	7,926	54,427	107,038
Total	**$2,683,029**	**$1,400,408**	**$2,977,106**	**$2,476,193**	**$5,239,018**	**$14,775,754**

4. CHARITY CARE

Information related to the Medical Centers' charity care, for the years ended June 30 is as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Charity care at established rates	$8,805	$98,310	$20,291	$106,214	$113,590	$347,210
Estimated cost of charity care	2,421	31,603	7,748	28,411	31,477	101,660
Estimated cost in excess of reimbursement for patients under publicly sponsored programs	591,011	250,996	521,760	468,042	1,047,766	2,879,575
2021						
Charity care at established rates	$17,704	$58,672	$17,692	$81,624	$101,027	$276,719
Estimated cost of charity care	5,561	17,309	6,480	18,815	26,519	74,684
Estimated cost in excess of reimbursement for patients under publicly sponsored programs	585,518	228,739	338,978	445,997	971,121	2,570,353

5. CAPITAL ASSETS

The Medical Centers' capital asset activity for the years ended June 30 is as follows:

(in thousands of dollars)

DAVIS	2020	ADDITIONS/ TRANSFERS	DISPOSALS	2021	ADDITIONS/ TRANSFERS	DISPOSALS	2022
ORIGINAL COST							
Land	$54,527	$1,402		$55,929	$38,021		$93,950
Buildings and improvements	1,500,074	84,117	($602)	1,583,589	185,053	($252)	1,768,390
Equipment and software	545,382	66,744	(32,428)	579,698	80,281	(59,599)	600,380
Right-of-use assets	333,654	92,629		426,283	5,639	(5,434)	426,488
Construction in progress	125,351	124,782		250,133	38,679		288,812
Capital assets, at original cost	**$2,558,988**	**$369,674**	**($33,030)**	**$2,895,632**	**$347,673**	**($65,285)**	**$3,178,020**

	2020	DEPRECIATION/ AMORTIZATION	DISPOSALS	2021	DEPRECIATION/ AMORTIZATION	DISPOSALS	2022
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Buildings and improvements	$712,148	$45,695	($602)	$757,241	$53,385	($253)	$810,373
Equipment and software	348,514	54,793	(31,613)	371,694	56,397	(63,529)	364,562
Right-of-use assets	26,198	31,266		57,464	32,003	(5,434)	84,033
Accumulated depreciation and amortization	1,086,860	$131,754	($32,215)	1,186,399	$141,785	($69,216)	1,258,968
Capital assets, net	**$1,472,128**			**$1,709,233**			**$1,919,052**

(in thousands of dollars)

IRVINE	2020	ADDITIONS/ TRANSFERS	DISPOSALS	2021	ADDITIONS/ TRANSFERS	DISPOSALS	2022
ORIGINAL COST							
Land	$12,859	$23,850		$36,709			$36,709
Buildings and improvements	981,934	58,084	($2,544)	1,037,474	$47,077		1,084,551
Equipment and software	524,115	27,328	(4,634)	546,809	30,988	($4,892)	572,905
Right-of-use assets	83,206	34,902	(11,785)	106,323	27,948	(15,636)	118,635
Construction in progress	40,987	43,031		84,018	216,067		300,085
Capital assets, at original cost	**$1,643,101**	**$187,195**	**($18,963)**	**$1,811,333**	**$322,080**	**($20,528)**	**$2,112,885**

	2020	DEPRECIATION/ AMORTIZATION	DISPOSALS	2021	DEPRECIATION/ AMORTIZATION	DISPOSALS	2022
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Buildings and improvements	$453,956	$43,550	($2,511)	$494,995	$43,982		$538,977
Equipment and software	360,563	45,347	(4,578)	401,332	44,527	($4,648)	441,211
Right-of-use assets	9,137	10,329		19,466	12,444	(397)	31,513
Accumulated depreciation and amortization	823,656	$99,226	($7,089)	915,793	$100,953	($5,045)	1,011,701
Capital assets, net	**$819,445**			**$895,540**			**$1,101,184**

(in thousands of dollars)

LOS ANGELES	2020	ADDITIONS/ TRANSFERS	DISPOSALS	2021	ADDITIONS/ TRANSFERS	DISPOSALS	2022
ORIGINAL COST							
Land	$49,499	$15,757		$65,256	$26,760		$92,016
Buildings and improvements	2,018,657	31,557		2,050,214	133,750		2,183,964
Equipment and software	652,676	51,394	($64,469)	639,601	63,963	($45,388)	658,176
Right-of-use assets	244,596	4,808	(5,564)	243,840	835	(97,904)	146,771
Construction in progress	77,473	63,678		141,151	(15,741)		125,410
Capital assets, at original cost	**$3,042,901**	**$167,194**	**($70,033)**	**$3,140,062**	**$209,567**	**($143,292)**	**$3,206,337**

	2020	DEPRECIATION/ AMORTIZATION	DISPOSALS	2021	DEPRECIATION/ AMORTIZATION	DISPOSALS	2022
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Buildings and improvements	$709,153	$54,903	($621)	$763,435	$90,032	($731)	$852,736
Equipment and software	509,887	43,836	(63,565)	490,158	31,523	(44,197)	477,484
Right-of-use assets	20,489	21,098	(5,564)	36,023	17,507	(9,849)	43,681
Accumulated depreciation and amortization	1,239,529	$119,837	($69,750)	1,289,616	$139,062	($54,777)	1,373,901
Capital assets, net	**$1,803,372**			**$1,850,446**			**$1,832,436**

(in thousands of dollars)

SAN DIEGO	2020	ADDITIONS/ TRANSFERS	DISPOSALS	2021	ADDITIONS/ TRANSFERS	DISPOSALS	2022
ORIGINAL COST							
Land	$8,641			$8,641			$8,641
Buildings and improvements	1,886,203	$34,808		1,921,011	$10,847		1,931,858
Equipment and software	467,409	20,775	($37,905)	450,279	22,893	($29,133)	444,039
Right-of-use assets	91,512	59,973	(13,512)	137,973	22,029	(14,614)	145,388
Construction in progress	55,526	(9,822)		45,704	47,358		93,062
Capital assets, at original cost	**$2,509,291**	**$105,734**	**($51,417)**	**$2,563,608**	**$103,127**	**($43,747)**	**$2,622,988**

	2020	DEPRECIATION/ AMORTIZATION	DISPOSALS	2021	DEPRECIATION/ AMORTIZATION	DISPOSALS	2022
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Buildings and improvements	$556,737	$62,986		$619,723	$63,098		$682,821
Equipment and software	302,814	41,967	($35,309)	309,472	35,748	($28,538)	316,682
Right-of-use assets	22,896	25,517	(1,655)	46,758	23,803	(14,561)	56,000
Accumulated depreciation and amortization	882,447	$130,470	($36,964)	975,953	$122,649	($43,099)	1,055,503
Capital assets, net	**$1,626,844**			**$1,587,655**			**$1,567,485**

(in thousands of dollars)

SAN FRANCISCO	2020	ADDITIONS/ TRANSFERS	DISPOSALS	2021	ADDITIONS/ TRANSFERS	DISPOSALS	2022
ORIGINAL COST							
Land	$146,313	$25	($11)	$146,327			$146,327
Buildings and improvements	3,125,419	100,764	(92)	3,226,091	$156,772	($2,874)	3,379,989
Equipment and software	1,276,445	56,896	(48,509)	1,284,832	50,390	(137,586)	1,197,636
Right-of-use assets	355,770	15,413	(8,091)	363,092	133,307	(12,590)	483,809
Construction in progress	240,442	119,009		359,451	105,815	(4,627)	460,639
Capital assets, at original cost	**$5,144,389**	**$292,107**	**($56,703)**	**$5,379,793**	**$446,284**	**($157,677)**	**$5,668,400**

	2020	DEPRECIATION/ AMORTIZATION	DISPOSALS	2021	DEPRECIATION/ AMORTIZATION	DISPOSALS	2022
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Buildings and improvements	$1,304,919	$102,600		$1,407,519	$107,081	($2,188)	$1,512,412
Equipment and software	992,456	84,944	($47,250)	1,030,150	73,979	(137,324)	966,805
Right-of-use assets	35,083	35,185	(5,893)	64,375	36,135	(10,718)	89,792
Accumulated depreciation and amortization	2,332,458	$222,729	($53,143)	2,502,044	$217,195	($150,230)	2,569,009
Capital assets, net	**$2,811,931**			**$2,877,749**			**$3,099,391**

(in thousands of dollars)

TOTAL	2020	ADDITIONS/ TRANSFERS	DISPOSALS	2021	ADDITIONS/ TRANSFERS	DISPOSALS	2022
ORIGINAL COST							
Land	$271,839	$41,034	($11)	$312,862	$64,781		$377,643
Buildings and improvements	9,512,287	309,330	(3,238)	9,818,379	533,499	($3,126)	10,348,752
Equipment and software	3,466,027	223,137	(187,945)	3,501,219	248,515	(276,598)	3,473,136
Right-of-use assets	1,108,738	207,725	(38,952)	1,277,511	189,758	(146,178)	1,321,091
Construction in progress	539,779	340,678		880,457	392,178	(4,627)	1,268,008
Capital assets, at original cost	**$14,898,670**	**$1,121,904**	**($230,146)**	**$15,790,428**	**$1,428,731**	**($430,529)**	**$16,788,630**

	2020	DEPRECIATION/ AMORTIZATION	DISPOSALS	2021	DEPRECIATION/ AMORTIZATION	DISPOSALS	2022
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Buildings and improvements	$3,736,913	$309,734	($3,734)	$4,042,913	$357,578	($3,172)	$4,397,319
Equipment and software	2,514,234	270,887	(182,315)	2,602,806	242,174	(278,236)	2,566,744
Right-of-use assets	113,803	123,395	(13,112)	224,086	121,892	(40,959)	305,019
Accumulated depreciation and amortization	6,364,950	$704,016	($199,161)	6,869,805	$721,644	($322,367)	7,269,082
Capital assets, net	**$8,533,720**			**$8,920,623**			**$9,519,548**

During the years ended June 30, the Medical Centers recorded interest expense related to leases as follows:

(in thousands of dollars)

	2022	2021
Davis	$14,924	$13,927
Irvine	3,532	3,228
Los Angeles	5,720	7,228
San Diego	2,779	2,387
San Francisco	14,585	12,304
Total	**$41,540**	**$39,074**

The Medical Centers made seismic improvements in order to be in compliance with Senate Bill 1953 (SB 1953), the Hospital Facilities Seismic Safety Act. Certain facilities and equipment were constructed or acquired to make seismic improvements using financing obligations of the University. These facilities and equipment were contributed at cost by the University to the Medical Centers to support the operations of the Medical Centers. Principal and interest payments required for these obligations are not reflected in the financial statements of the Medical Centers.

Davis, San Diego and San Francisco have beds in service in facilities that do not meet the requirements of SB 1953, and these facilities will either need to be retrofitted or replaced by 2030. Asset retirement obligations and related deferred outflows are recognized based on the existence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates the Medical Centers to perform asset retirement activities. Davis, San Diego and San Francisco plan to demolish certain existing facilities to comply with SB 1953. Davis recognized asset retirement obligations of $86.8 million and $57.0 million, and expenses of $15.6 million and $9.2 million at June 30, 2022 and 2021, respectively. San Diego recognized asset retirement obligations of $26.6 million and $26.6 million, and expenses of $2.0 million and $2.0 million at June 30, 2022 and 2021, respectively. San Francisco recognized asset retirement obligations of $32.9 million and $12.5 million, and expenses of $5.7 million and $3.3 million at June 30, 2022 and 2021, respectively. The estimated remaining useful lives of these assets range from 1 to 9 years.

6. SHORT-TERM ADVANCES

To minimize the impact of disruptions in claims processing as a result of COVID-19, CMS modified an advance payment program for health care providers as part of the CARES Act. The Medical Centers applied for and received advance payments from this program. The Medical Centers have the option to repay the funds at any time or the advance payments can be recovered from processing Medicare claims during the 29-month repayment period which began during fiscal year 2021. To the extent the advances are not recovered during the repayment period as defined by CMS, the advances are due on demand. The advances are interest free during the repayment period; however, if the Medical Centers have unpaid balances at the end of the repayment period, interest will be charged at four percent. The majority of advances have been paid back as of June 30, 2022.

7. NOTES PAYABLE TO CAMPUS

The UC Irvine Medical Center has an outstanding internal note payable of $5.2 million and $10.3 million to the Irvine campus as of June 30, 2022 and 2021, respectively. The note bears no interest and is being repaid in annual installments with the final payment due in May 2023.

The UC San Diego Medical Center has an internal loan from the San Diego campus funded from the campus' allocation of proceeds from a series of General Revenue Bonds of The Regents. The loan is to fund a portion of the costs for an outpatient pavilion. The loan is due in May 2048 and bears interest at a rate of 5.0 percent. As of June 30, 2022 and 2021, balances of $92.5 million and $94.2 million, respectively, were outstanding and are reported as a note payable to the campus on the statements of net position. Interest payments of $5.2 million and $4.7 million were made on the loan during the years ended June 30, 2022 and 2021, respectively.

8. INTEREST RATE SWAP AGREEMENTS

As a means to lower the Medical Centers' borrowing costs when compared against fixed-rate bonds at the time of issuance, the Medical Centers entered into interest rate swap agreements in connection with their variable-rate Medical Center Pooled Revenue Bonds. Under the swap agreements, the Medical Centers pay the swap counterparty a fixed interest rate payment and receive a variable-rate interest payment to effectively change the variable-rate bonds to synthetic fixed-rate bonds. For one of the hedging derivatives, the notional amount of the swap matches the principal amount of the variable-rate Medical Center Pooled Revenue Bonds, and the swap agreement contains scheduled reductions to outstanding notional amounts that match scheduled reductions in the variable-rate bonds. Two of the UCLA Medical Center interest rate swaps are partial hedges. The first has a swap notional amount of $25.8 million, which is less than the amount of bonds outstanding of $31.3 million. The other partial hedge has a swap notional amount of $149.0 million, while the amount of the bonds outstanding is $149.2 million.

In December 2020, the Medical Centers entered into two forward starting interest rate swaps. Under these forward starting interest rate swap agreements, the Medical Centers pay the swap counterparty a fixed interest rate payment and receive a variable-rate interest payment commencing in 2023. These interest rate swaps are anticipated to be cash flow hedges for variable-rate bonds that will be issued to refund the Medical Center Pooled Revenue Bonds 2013 Series J in 2023. In the event that the Medical Center Pooled Revenue Bonds 2013 Series J are not refunded with variable-rate bonds, the swaps can be canceled at fair value.

The UCLA Medical Center commenced hedge accounting for certain interest rate swap agreements either upon refinancing the variable-rate debt or amending the interest rate swap agreements. At the time of the transactions, the fixed rate on each of the interest rate swaps was off-market such that the UCLA Medical Center received an upfront payment. The swaps consist of an at-the-market interest rate swap derivative instrument and a borrowing, represented by the market value of the swap at the time of the transaction. To commence hedge accounting, an additional borrowing for the off-the-market interest rate swap was recognized. The unamortized amount of the borrowing was $69.2 million and $72.2 million at June 30, 2022 and 2021, respectively.

The notional amounts, fair value of the interest rate swaps outstanding and the changes in fair value at June 30 are as follows:

(in thousands of dollars)

	NOTIONAL AMOUNT		FAIR VALUE			CHANGES IN FAIR VALUE		
	2022	2021	CLASSIFICATION	2022	2021	CLASSIFICATION	2022	2021
Davis	$3,975	$3,975	Other noncurrent liabilities	($450)	($100)	Deferred outflows	($350)	($100)
Irvine	755	755	Other noncurrent liabilities	(102)	(30)	Deferred outflows	(72)	(30)
Los Angeles	218,120	218,120	Other noncurrent liabilities	(35,601)	(69,989)	Deferred outflows	34,388	24,850
San Diego	295,780	295,780	Other noncurrent liabilities	(34,160)	(8,079)	Deferred outflows	(26,081)	(8,079)
San Francisco	49,430	53,425	Other noncurrent liabilities	(3,405)	(7,630)	Deferred outflows	4,225	3,078

Because interest rates have changed since the execution of the swaps, the estimated fair value of the swaps has been determined using quoted market prices when available or a forecast of expected discounted future net cash flows. The swaps are classified as level 2 on the fair value hierarchy. The fair value of the interest rate swap is the estimated amount the Medical Centers would have either (paid) or received if the swap agreement was terminated on June 30, 2022 or 2021.

Additional terms with respect to the outstanding interest rate swaps that are classified as hedging derivatives, along with the credit rating of the counterparty, are as follows:

(in thousands of dollars)

TERMS	COUNTERPARTY CREDIT RATING	MEDICAL CENTER	NOTIONAL AMOUNT		EFFECTIVE DATE	MATURITY DATE	CASH PAID OR RECEIVED
			2022	2021			
Pay fixed 0.926 percent and 1.238 percent; receive 70 percent of Federal Funds Rate - H.15	A2/A A1/AA-	Davis	$3,975	$3,975	2023	2047	None
		Irvine	755	755	2023	2047	None
		Los Angeles	43,345	43,345	2023	2048	None
		San Diego	295,780	295,780	2023	2048	None
		San Francisco	525	525	2023	2047	None
Pay fixed 4.550 percent to 4.741 percent; receive 67 percent of Federal Funds Rate + 0.760 percent to 0.902 percent	Aa2/A+	Los Angeles	174,775	174,775	2020	2030 to 2047	None
Pay fixed 3.590 percent; receive 58 percent of Federal Funds Rate + 0.564 percent	Aa2/A+	San Francisco	48,905	52,900	2020	2032	None

Interest Rate Swap Risk Factors

Credit Risk

The Medical Centers could be exposed to credit risk if the counterparties to the swap contracts are unable to meet the terms of the contracts. Contracts with positive fair values are exposed to credit risk. The Medical Centers face a maximum possible loss equivalent to the amount of the swap contract's fair value, less any collateral held by the Medical Centers provided by the counterparties. Swap contracts with negative fair values are not exposed to credit risk. Although the Medical Centers have entered into the interest rate swap contracts with creditworthy financial institutions, there is credit risk for losses in the event of non-performance by counterparties or unfavorable interest rate movements.

Certain UCLA Medical Center swaps and the forward starting swaps held by the Medical Centers have collateral requirements. Depending on the fair value and the counterparty credit rating for certain of the UCLA Medical Center swaps, the University may be entitled to receive collateral to the extent the positive fair value exceeds $20.0 million as of June 30, 2022. At June 30, 2022 and 2021, there was no collateral required. Depending on the fair value and the counterparty credit rating for the forward starting swaps, the Medical Centers may be entitled to receive collateral based on a positive value threshold. At June 30, 2022 and 2021, there was no collateral required.

Interest Rate Risk

There is a risk that the value of the interest rate swaps will decline because of changing interest rates. The values of interest rate swaps with longer maturity dates tend to be more sensitive to changing interest rates and, therefore, more volatile than those with shorter maturities.

Basis Risk

There is a risk that the basis for the variable payment received on interest rate swaps will not match the variable payment on the bonds. This exposes the Medical Centers to basis risk whenever the interest rates on the bonds are reset. Interest rates on the bonds are tax-exempt, while the basis of the variable receipt on the interest rate swap is taxable. Tax-exempt interest rates can change without a corresponding change in the Federal Funds rate due to factors affecting the tax-exempt market, which do not have a similar effect on the taxable market.

Termination Risk

There is termination risk for interest rate swaps associated with variable-rate bonds in the event of nonperformance by counterparties in an adverse market resulting in cancellation of the synthetic interest rate and returning the interest rate payments to the variable interest rates on the bonds. For the interest rate swap held by the UCSF Medical Center expiring in 2032, the termination threshold is reached when the credit quality rating for either the underlying Medical Center Pooled Revenue Bonds or swap counterparty falls below Baa2 or BBB. For certain swaps held by the UCLA Medical Center, the termination threshold is reached when the credit quality rating for the underlying Medical Center Pooled Revenue Bonds falls below Baa3/BBB-, or the interest rate swap counterparty's rating falls below Baa2 or BBB. For the forward starting swaps, the termination threshold is reached when either the credit quality rating for the underlying Medical Center Pooled Revenue Bonds or the swap counterparty's rating falls below Baa2 or BBB. Upon termination, the Medical Centers may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

9. DEBT

The Medical Centers' outstanding debt at June 30 is as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
University of California Medical Center Pooled Revenue Bonds:						
2007 Series B*					$48,905	$48,905
2009 Series F Build America Bonds		$154,920	$137,900	$110,355	18,875	422,050
2010 Series H Build America Bonds					671,490	671,490
2010 Series I			2,430			2,430
2013 Series J	$5,240	1,080	46,740	296,870	525	350,455
2013 Series K*			31,300			31,300
2016 Series L	194,585	111,440	237,865	76,330	104,925	725,145
2016 Series M	42,275	32,240	32,985		17,915	125,415
2020 Series N	373,701	233,970	457,898	332,768	401,665	1,800,002
2020 Series O*			149,210			149,210
2022 Series P	$570,010	475,010	171,005		683,975	1,900,000
2022 Series Q	210,000	175,010	463,000		251,990	1,100,000
University of California General Revenue Bonds:						
2017 Series AY	4,525	1,765	20,365	192,785		219,440
Leases	371,948	93,912	113,670	95,538	420,648	1,095,716
Financing obligations				28,089	1,089	29,178
Other borrowings			69,188			69,188
Total outstanding debt	**1,772,284**	**1,279,347**	**1,933,556**	**1,132,735**	**2,622,002**	**8,739,924**
Unamortized bond premium	61,421	41,412	47,411	35,021	50,169	235,434
Total debt	**1,833,705**	**1,320,759**	**1,980,967**	**1,167,756**	**2,672,171**	**8,975,358**
Less: Current portion	(44,078)	(18,297)	(33,987)	(35,891)	(49,133)	(181,386)
Noncurrent portion of debt	**$1,789,627**	**$1,302,462**	**$1,946,980**	**$1,131,865**	**$2,623,038**	**$8,793,972**

** Variable-rate bonds*

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
University of California Medical Center Pooled Revenue Bonds:						
2007 Series B*					$52,900	$52,900
2009 Series F Build America Bonds		$155,375	$140,665	$110,355	19,255	425,650
2010 Series H Build America Bonds					685,975	685,975
2010 Series I			3,155			3,155
2013 Series J	$6,460	1,385	49,995	297,920	525	356,285
2013 Series K*			31,300			31,300
2016 Series L	208,290	114,260	243,445	80,625	105,545	752,165
2016 Series M	46,060	33,450	36,100		18,130	133,740
2020 Series N	373,701	233,970	457,898	332,767	401,664	1,800,000
2020 Series O*			149,210			149,210
University of California General Revenue Bonds:						
2017 Series AY	4,525	1,765	20,365	192,785		219,440
Leases	388,261	91,481	217,058	95,147	316,403	1,108,350
Financing obligations				35,624	1,089	36,713
Other borrowings			72,197			72,197
Total outstanding debt	**1,027,297**	**631,686**	**1,421,388**	**1,145,223**	**1,601,486**	**5,827,080**
Unamortized bond premium	34,241	17,648	41,118	38,463	15,011	146,481
Total debt	**1,061,538**	**649,334**	**1,462,506**	**1,183,686**	**1,616,497**	**5,973,561**
Less: Current portion	(42,577)	(15,030)	(125,283)	(35,959)	(46,731)	(265,580)
Noncurrent portion of debt	**$1,018,961**	**$634,304**	**$1,337,223**	**$1,147,727**	**$1,569,766**	**$5,707,981**

** Variable-rate bonds*

Significant terms of the Medical Centers' outstanding debt are as follows:

	INTEREST RATE	INTEREST PAYMENT FREQUENCY	PRINCIPAL PAYMENT TERMS
University of California Medical Center Pooled Revenue Bonds:			
2007 Series B*	0.5 percent	Monthly	Through 2032
2009 Series F Build America Bonds	4.3 percent to 4.4 percent, after net 33.0 percent federal subsidy	Semi-annually	Through 2049
2010 Series H Build America Bonds	3.6 percent to 4.4 percent, after net 33.0 percent federal subsidy	Semi-annually	Through 2048
2010 Series I	5.8 percent	Semi-annually	Through 2025
2013 Series J	4.6 percent to 5.3 percent	Semi-annually	Through 2048
2013 Series K*	0.5 percent	Monthly	Beginning 2045 through 2047
2016 Series L	2.5 percent to 5.0 percent	Semi-annually	Through 2047
2016 Series M	2.0 percent to 3.5 percent	Semi-annually	Through 2047
2020 Series N	3.0 percent to 3.7 percent	Semi-annually	Beginning 2050 through 2120
2020 Series O*	0.5 percent	Monthly	Beginning 2023 through 2045
2022 Series P	3.5 percent to 5.0 percent	Semi-annually	Beginning 2033 through 2054
2022 Series Q	4.1 percent to 4.6 percent	Semi-annually	Beginning 2032 through 2053
University of California General Revenue Bonds:			
2017 Series AY	3.0 percent to 5.0 percent	Semi-annually	Beginning 2022 through 2041
Financing obligations and leases (primarily for computer and medical equipment, collateralized by underlying equipment)	Fixed interest rates of 1.1 percent to 6.0 percent	Monthly, quarterly	Through 2048

**Variable-rate bonds*

The activity with respect to current and noncurrent debt is as follows:

(in thousands of dollars)

DAVIS	REVENUE BONDS	FINANCING OBLIGATIONS AND LEASES	TOTAL
Year ended June 30, 2022			
Long-term debt at June 30,2021	$673,277	$388,261	$1,061,538
New obligations	780,010	$1,459	781,469
Bond premium, net	30,054		30,054
Principal payments and debt retirements	(18,710)	(17,772)	(36,482)
Amortization of bond premium	(2,874)		(2,874)
Long-term debt at June 30, 2022	**1,461,757**	**371,948**	**1,833,705**
Less: Current portion	(21,498)	(22,580)	(44,078)
Noncurrent portion of long-term debt at June 30, 2022	**$1,440,259**	**$349,368**	**$1,789,627**
Year ended June 30, 2021			
Long-term debt at June 30,2020	$694,520	$315,299	$1,009,819
New obligations		92,629	92,629
Principal payments and debt retirements	(18,325)	(19,667)	(37,992)
Amortization of bond premium	(2,918)		(2,918)
Long-term debt at June 30, 2021	**673,277**	**388,261**	**1,061,538**
Less: Current portion	(21,457)	(21,120)	(42,577)
Noncurrent portion of long-term debt at June 30, 2021	**$651,820**	**$367,141**	**$1,018,961**

(in thousands of dollars)

IRVINE	REVENUE BONDS	FINANCING OBLIGATIONS AND LEASES	TOTAL
Year ended June 30, 2022			
Long-term debt at June 30,2021	$557,853	$91,481	$649,334
New obligations	650,020	25,014	675,034
Bond premium, net	25,045		25,045
Refinancing or prepayment of outstanding debt		(12,306)	(12,306)
Principal payments and debt retirements	(4,790)	(10,277)	(15,067)
Amortization of bond premium	(1,281)		(1,281)
Long-term debt at June 30, 2022	**1,226,847**	**93,912**	**1,320,759**
Less: Current portion	(7,213)	(11,084)	(18,297)
Noncurrent portion of long-term debt at June 30, 2022	**$1,219,634**	**$82,828**	**$1,302,462**
Year ended June 30, 2021			
Long-term debt at June 30, 2020	$563,642	$76,641	$640,283
New obligations		32,703	32,703
Refinancing or prepayment of outstanding debt		(9,585)	(9,585)
Principal payments and debt retirements	(4,620)	(8,278)	(12,898)
Amortization of bond premium	(1,169)		(1,169)
Long-term debt at June 30, 2021	**557,853**	**91,481**	**649,334**
Less: Current portion	(5,934)	(9,096)	(15,030)
Noncurrent portion of long-term debt at June 30, 2021	**$551,919**	**$82,385**	**$634,304**

(in thousands of dollars)

LOS ANGELES	REVENUE BONDS	FINANCING OBLIGATIONS AND LEASES	OTHER BORROWINGS	TOTAL
Year ended June 30, 2022				
Long-term debt at June 30,2021	$1,173,251	$217,058	$72,197	$1,462,506
New obligations	634,005	1,865		635,870
Bond premium, net	9,016			9,016
Refinancing or prepayment of outstanding debt		(89,474)		(89,474)
Principal payments and debt retirements	(15,440)	(15,779)		(31,219)
Amortization of bond premium	(2,723)		(3,009)	(5,732)
Long-term debt at June 30, 2022	**1,798,109**	**113,670**	**69,188**	**1,980,967**
Less: Current portion	(19,219)	(11,759)	(3,009)	(33,987)
Noncurrent portion of long-term debt at June 30, 2022	**$1,778,890**	**$101,911**	**$66,179**	**$1,946,980**
Year ended June 30, 2021				
Long-term debt at June 30, 2020	$1,191,061	$238,588	$75,205	$1,504,854
New obligations		6,860		6,860
Refinancing or prepayment of outstanding debt		(98)		(98)
Principal payments and debt retirements	(15,080)	(28,292)		(43,372)
Amortization of bond premium	(2,730)		(3,008)	(5,738)
Long-term debt at June 30, 2021	**1,173,251**	**217,058**	**72,197**	**1,462,506**
Less: Current portion	(18,115)	(104,159)	(3,009)	(125,283)
Noncurrent portion of long-term debt at June 30, 2021	**$1,155,136**	**$112,899**	**$69,188**	**$1,337,223**

(in thousands of dollars)

SAN DIEGO	REVENUE BONDS	FINANCING OBLIGATIONS AND LEASES	TOTAL
Year ended June 30, 2022			
Long-term debt at June 30, 2021	$1,052,915	$130,771	$1,183,686
New obligations		21,773	21,773
Refinancing or prepayment of outstanding debt		(55)	(55)
Principal payments and debt retirements	(5,346)	(28,862)	(34,208)
Amortization of bond premium	(3,440)		(3,440)
Long-term debt at June 30, 2022	**1,044,129**	**123,627**	**1,167,756**
Less: Current portion	(9,038)	(26,853)	(35,891)
Noncurrent portion of long-term debt at June 30, 2022	**$1,035,091**	**$96,774**	**$1,131,865**
Year ended June 30, 2021			
Long-term debt at June 30, 2020	$1,061,498	$118,031	$1,179,529
New obligations		52,605	52,605
Refinancing or prepayment of outstanding debt		(4,487)	(4,487)
Principal payments and debt retirements	(5,100)	(35,378)	(40,478)
Amortization of bond premium	(3,483)		(3,483)
Long-term debt at June 30, 2021	**1,052,915**	**130,771**	**1,183,686**
Less: Current portion	(8,783)	(27,176)	(35,959)
Noncurrent portion of long-term debt at June 30, 2021	**$1,044,132**	**$103,595**	**$1,147,727**

(in thousands of dollars)

SAN FRANCISCO	REVENUE BONDS	FINANCING OBLIGATIONS AND LEASES	TOTAL
Year ended June 30, 2022			
Long-term debt at June 30, 2021	$1,299,005	$317,492	$1,616,497
New obligations	935,965	133,307	1,069,272
Bond premium, net	36,061		36,061
Refinancing or prepayment of outstanding debt		(1,887)	(1,887)
Principal payments and debt retirements	(19,694)	(27,175)	(46,869)
Amortization of bond premium	(903)		(903)
Long-term debt at June 30, 2022	**2,250,434**	**421,737**	**2,672,171**
Less: Current portion	(22,680)	(26,453)	(49,133)
Noncurrent portion of long-term debt at June 30, 2022	**$2,227,754**	**$395,284**	**$2,623,038**
Year ended June 30, 2021			
Long-term debt at June 30, 2020	$1,318,760	$330,168	$1,648,928
New obligations		16,501	16,501
Refinancing or prepayment of outstanding debt		(2,249)	(2,249)
Principal payments and debt retirements	(19,050)	(26,928)	(45,978)
Amortization of bond premium	(705)		(705)
Long-term debt at June 30, 2021	**1,299,005**	**317,492**	**1,616,497**
Less: Current portion	(20,400)	(26,331)	(46,731)
Noncurrent portion of long-term debt at June 30, 2021	**$1,278,605**	**$291,161**	**$1,569,766**

(in thousands of dollars)

TOTAL	REVENUE BONDS	FINANCING OBLIGATIONS AND LEASES	OTHER BORROWINGS	TOTAL
Year ended June 30, 2022				
Long-term debt at June 30, 2021	$4,756,301	$1,145,063	$72,197	$5,973,561
New obligations	3,000,000	183,418	0	3,183,418
Bond premium, net	100,176			100,176
Refinancing or prepayment of outstanding debt		(103,722)		(103,722)
Principal payments and debt retirements	(63,980)	(99,865)		(163,845)
Amortization of bond premium	(11,221)		(3,009)	(14,230)
Long-term debt at June 30, 2022	**7,781,276**	**1,124,894**	**69,188**	**8,975,358**
Less: Current portion	(79,648)	(98,729)	(3,009)	(181,386)
Noncurrent portion of long-term debt at June 30, 2022	**$7,701,628**	**$1,026,165**	**$66,179**	**$8,793,972**
Year ended June 30, 2021				
Long-term debt at June 30,2020	$4,829,481	$1,078,727	$75,205	$5,983,413
New obligations		201,298		201,298
Refinancing or prepayment of outstanding debt		(16,419)		(16,419)
Principal payments and debt retirements	(62,175)	(118,543)		(180,718)
Amortization of bond premium	(11,005)		(3,008)	(14,013)
Long-term debt at June 30,2021	**4,756,301**	**1,145,063**	**72,197**	**5,973,561**
Less: Current portion	(74,689)	(187,882)	(3,009)	(265,580)
Noncurrent portion of long-term debt at June 30,2021	**$4,681,612**	**$957,181**	**$69,188**	**$5,707,981**

In May 2022, Medical Center Pooled Revenue Bonds totaling $3.0 billion, including $1.1 billion in taxable bonds were issued for working capital purposes and to finance the acquisition, construction, improvement and renovation of certain facilities at the University's medical centers. The bonds mature at various dates through 2054 and have a stated weighted average interest rate of 4.5 percent. The Medical Center Pooled Revenue Bonds were distributed across the Medical Centers as follows:

(in thousands of dollars)

	TAX-EXEMPT	TAXABLE	TOTAL
Davis	$570,010	$210,000	$780,010
Irvine	475,010	175,010	650,020
Los Angeles	171,005	463,000	634,005
San Francisco	683,975	251,990	935,965
Total	**$1,900,000**	**$1,100,000**	**$3,000,000**

The Medical Centers' Pooled Revenue Bonds are issued to finance capital projects and other needs at the University's Medical Centers and are collateralized by joint and several pledges of certain operating and nonoperating revenues, as defined in the indentures, of all five of the University's Medical Centers. The Medical Center Pooled Revenue Bond Indenture requires the Medical Centers to set rates, charges and fees each year sufficient for the Medical Centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and sets forth certain other covenants. Pledged revenues for the Medical Centers for the years ended June 30, 2022 and 2021 were $17.6 billion and $15.8 billion, respectively.

The Medical Center Pooled Revenue Bonds 2007 Series B, 2013 Series K and 2020 Series O totaling $48.9 million, $31.3 million, and $149.2 million at June 30, 2022, respectively, are variable-rate demand obligations subject to daily remarketing. The UCLA and UCSF Medical Centers have access to the hospital working capital program from the University described below for any amounts that would be obligated for repayment to the bondholders.

The Medical Centers' revenues are not pledged for any other purpose than under the indentures for the Medical Center Pooled Revenue Bonds. The pledge of the Medical Centers' revenues under the Medical Center Pooled Revenue Bonds is on parity with interest rate swap agreements.

The University has an internal working capital program that allows each Medical Center to receive internal advances. Advances may not exceed 60 percent of a Medical Center's accounts receivable for any working capital needs. Interest on any such advance is based upon the earnings rate on STIP. Repayment of advances made to the Medical Centers under the working capital program is not collateralized by a pledge of revenues. Currently, there are no advances to the Medical Centers. The University may cancel or change the terms of the working capital program at its sole discretion. However, the University has historically provided working capital advances under formal or informal programs for the Medical Centers.

As of June 30, 2022, CHRCO had no amount outstanding under its revolving credit facility for $25.0 million. The interest rate on the credit facility is 1.2 percent as of June 30, 2022 and the facility expires on August 31, 2025.

Leases

The Medical Centers have leases for land, buildings and equipment under agreements that extend through 2063. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to nine years. Leases may also include options to terminate the leases.

Certain of the Medical Center's lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentive received, residual value guarantees, material restrictive covenants or material termination penalties. The Medical Centers also sublease certain real estate to third parties.

The Medical Centers measure the lease liability at the present value of payments expected to be made during the lease term. Leases with an initial term of 12 months or less, real estate leases with undiscounted payments of less than $300,000 (including option periods) or equipment leases with undiscounted payments of less than $100,000 (including option periods) are recognized as operating expense on a straight-line basis over the lease term. If the interest rate cannot be readily determined, the Medical Centers use an incremental borrowing rate to discount the lease payments, which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Future minimum payments on leases with an initial or remaining non-cancelable term in excess of one year are as follows:

(in thousands of dollars)

DAVIS	PRINCIPAL	INTEREST	TOTAL
Year ending June 30			
2023	$22,580	$14,549	$37,129
2024	23,269	13,350	36,619
2025	23,400	12,483	35,883
2026	21,466	11,612	33,078
2027	18,505	10,849	29,354
2028 - 2032	104,574	42,238	146,812
2033 - 2037	96,916	21,184	118,100
2038 - 2042	57,051	5,182	62,233
2043 - 2047	4,187	274	4,461
Total	**$371,948**	**$131,721**	**$503,669**

(in thousands of dollars)

IRVINE	PRINCIPAL	INTEREST	TOTAL
Year ending June 30			
2023	$10,876	$3,248	$14,124
2024	9,490	2,717	12,207
2025	7,417	2,650	10,067
2026	6,166	2,972	9,138
2027	4,858	2,823	7,681
2028 - 2032	24,316	9,114	33,430
2033 - 2037	20,117	3,838	23,955
2038 - 2042	10,672	738	11,410
Total	**$93,912**	**$28,100**	**$122,012**

(in thousands of dollars)

LOS ANGELES	PRINCIPAL	INTEREST	TOTAL
Year ending June 30			
2023	$11,759	$4,504	$16,263
2024	11,327	4,100	15,427
2025	10,749	3,502	14,251
2026	10,618	2,978	13,596
2027	9,800	2,584	12,384
2028 - 2032	32,634	8,185	40,819
2033 - 2037	15,078	3,614	18,692
2038 - 2042	9,298	1,409	10,707
2043 - 2047	2,407	136	2,543
Total	**$113,670**	**$31,012**	**$144,682**

(in thousands of dollars)

SAN DIEGO	PRINCIPAL	INTEREST	TOTAL
Year ending June 30			
2023	$20,741	$2,687	$23,428
2024	17,591	2,067	19,658
2025	14,222	1,550	15,772
2026	11,251	1,155	12,406
2027	7,827	863	8,690
2028 - 2032	23,905	1,427	25,332
Total	**$95,537**	**$9,749**	**$105,286**

(in thousands of dollars)

SAN FRANCISCO	PRINCIPAL	INTEREST	TOTAL
Year ending June 30			
2023	$26,296	$14,487	$40,783
2024	23,899	14,276	38,175
2025	23,362	13,506	36,868
2026	19,962	12,778	32,740
2027	19,326	11,162	30,488
2028 - 2032	72,333	47,090	119,423
2033 - 2037	81,159	32,518	113,677
2038 - 2042	62,515	17,761	80,276
2043 - 2047	23,274	10,929	34,203
2048 - 2052	20,216	7,807	28,023
2053 - 2057	22,124	5,029	27,153
2058 - 2062	25,280	1,875	27,155
2063	902	3	905
Total	**$420,648**	**$189,221**	**$609,869**

(in thousands of dollars)

TOTAL	PRINCIPAL	INTEREST	TOTAL
Year ending June 30			
2023	$92,252	$39,475	$131,727
2024	85,576	36,510	122,086
2025	79,150	33,691	112,841
2026	69,463	31,495	100,958
2027	60,316	28,281	88,597
2028 - 2032	257,762	108,054	365,816
2033 - 2037	213,270	61,154	274,424
2038 - 2042	139,536	25,090	164,626
2043 - 2047	29,868	11,339	41,207
2048 - 2052	20,216	7,807	28,023
2053 - 2057	22,124	5,029	27,153
2058 - 2062	25,280	1,875	27,155
2063	902	3	905
Total	**$1,095,715**	**$389,803**	**$1,485,518**

Future Debt Service and Interest Rate Swaps

Future debt service payments for the Medical Centers' fixed- and variable-rate debt for each of the five fiscal years subsequent to June 30, 2022, and thereafter, are shown below. Although not a prediction by the Medical Centers of the future interest rate cost of the variable-rate bonds or the impact of the interest rate swaps, these amounts assume that current interest rates on variable-rate bonds and the current reference rates of the interest rate swaps will remain the same. As these rates vary, variable-rate bond interest payments and net interest rate swap payments will change.

(in thousands of dollars)

DAVIS	REVENUE BONDS	PRINCIPAL	INTEREST
Year ending June 30			
2023	$77,671	$19,055	$58,616
2024	75,718	18,340	57,378
2025	75,259	18,695	56,564
2026	74,765	18,890	55,875
2027	74,264	19,090	55,174
2028 - 2032	298,895	29,240	269,655
2033 - 2037	373,685	118,065	255,620
2038 - 2042	380,722	158,140	222,582
2043 - 2047	409,040	229,620	179,420
2048 - 2052	524,754	406,548	118,206
2053 - 2122	574,056	364,653	209,403
Total future debt service	**2,938,829**	**$1,400,336**	**$1,538,493**
Less: Interest component of future payments	(1,538,493)		
Principal portion of future payments	1,400,336		
Adjusted by:			
Unamortized bond premium	61,421		
Total debt	**$1,461,757**		

(in thousands of dollars)

IRVINE	REVENUE BONDS	PRINCIPAL	INTEREST
Year ending June 30			
2023	$59,006	$5,000	$54,006
2024	58,649	5,205	53,444
2025	58,635	5,440	53,195
2026	58,609	5,645	52,964
2027	60,704	7,980	52,724
2028 - 2032	302,141	43,900	258,241
2033 - 2037	362,788	123,280	239,508
2038 - 2042	365,664	162,835	202,829
2043 - 2047	393,071	238,405	154,666
2048 - 2052	423,221	333,344	89,877
2053 - 2122	386,848	254,401	132,447
Total future debt service	**2,529,336**	**$1,185,435**	**$1,343,901**
Less: Interest component of future payments	(1,343,901)		
Principal portion of future payments	1,185,435		
Adjusted by:			
Unamortized bond premium	41,412		
Total debt	**$1,226,847**		

(in thousands of dollars)

LOS ANGELES	REVENUE BONDS	PRINCIPAL	INTEREST
Year ending June 30			
2023	$83,789	$16,220	$67,569
2024	82,678	16,045	66,633
2025	82,732	16,735	65,997
2026	81,901	16,525	65,376
2027	81,967	17,190	64,777
2028 - 2032	811,364	498,515	312,849
2033 - 2037	353,947	147,380	206,567
2038 - 2042	362,223	188,980	173,243
2043 - 2047	370,792	236,370	134,422
2048 - 2052	352,184	266,422	85,762
2053 - 2122	580,905	330,316	250,589
Total future debt service	**3,244,482**	**$1,750,698**	**$1,493,784**
Less: Interest component of future payments	(1,493,784)		
Principal portion of future payments	1,750,698		
Adjusted by:			
Unamortized bond premium	47,411		
Other borrowings	69,188		
Total debt	**$1,867,297**		

(in thousands of dollars)

SAN DIEGO	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2023	$51,168	$6,996	$58,164	$11,711	$46,453
2024	60,148	4,869	65,017	18,988	46,029
2025	60,445	3,860	64,305	19,121	45,184
2026	60,491	2,737	63,228	18,981	44,247
2027	60,409	2,281	62,690	19,403	43,287
2028 - 2032	300,515	11,554	312,069	111,836	200,233
2033 - 2037	297,519		297,519	126,325	171,194
2038 - 2042	298,743		298,743	163,785	134,958
2043 - 2047	270,164		270,164	180,870	89,294
2048 - 2052	201,943		201,943	153,576	48,367
2053 - 2122	393,299		393,299	212,601	180,698
Total future debt service	**2,054,844**	**32,297**	**2,087,141**	**$1,037,197**	**$1,049,944**
Less: Interest component of future payments	(1,045,736)	(4,208)	(1,049,944)		
Principal portion of future payments	1,009,108	28,089	1,037,197		
Adjusted by:					
Unamortized bond premium	35,021		35,021		
Total debt	**$1,044,129**	**$28,089**	**$1,072,218**		

(in thousands of dollars)

SAN FRANCISCO	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2023	$126,865	$117	$126,982	$20,477	$106,505
2024	126,215	156	126,371	21,239	105,132
2025	125,901	180	126,081	21,916	104,165
2026	125,708	180	125,888	22,736	103,152
2027	125,469	180	125,649	23,651	101,998
2028 - 2032	623,260	437	623,697	132,871	490,826
2033 - 2037	697,846		697,846	255,765	442,081
2038 - 2042	690,552		690,552	329,270	361,282
2043 - 2047	709,474		709,474	451,300	258,174
2048 - 2052	652,638		652,638	514,436	138,202
2053 - 2122	633,576		633,576	407,693	225,883
Total future debt service	**4,637,504**	**1,250**	**4,638,754**	**$2,201,354**	**$2,437,400**
Less: Interest component of future payments	(2,437,239)	(161)	(2,437,400)		
Principal portion of future payments	2,200,265	1,089	2,201,354		
Adjusted by:					
Unamortized bond premium	50,169		50,169		
Total debt	**$2,250,434**	**$1,089**	**$2,251,523**		

(in thousands of dollars)

TOTAL	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2023	$398,499	$7,113	$405,612	$72,463	$333,149
2024	403,408	5,025	408,433	79,817	328,616
2025	402,972	4,040	407,012	81,907	325,105
2026	401,474	2,917	404,391	82,777	321,614
2027	402,813	2,461	405,274	87,314	317,960
2028 - 2032	2,336,175	11,991	2,348,166	816,362	1,531,804
2033 - 2037	2,085,785		2,085,785	770,815	1,314,970
2038 - 2042	2,097,904		2,097,904	1,003,010	1,094,894
2043 - 2047	2,152,541		2,152,541	1,336,565	815,976
2048 - 2052	2,154,740		2,154,740	1,674,326	480,414
2053 - 2122	2,568,684		2,568,684	1,569,664	999,020
Total future debt service	**15,404,995**	**33,547**	**15,438,542**	**$7,575,020**	**$7,863,522**
Less: Interest component of future payments	(7,859,153)	(4,369)	(7,863,522)		
Principal portion of future payments	7,545,842	29,178	7,575,020		
Adjusted by:					
Unamortized bond premium	235,434		235,434		
Other borrowings	69,188		69,188		
Total debt	**$7,850,464**	**$29,178**	**$7,879,642**		

Additional information on the revenue bonds can be obtained from the 2021-2022 annual financial report of the University of California.

For the Medical Centers' cash flow hedges, future debt service payments for the Medical Centers' variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2022, and thereafter are as presented below. Although not a prediction by the Medical Centers of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates as of June 30, 2022, combined debt service requirements of the variable-rate debt and net swap payments are as follows:

(in thousands of dollars)

LOS ANGELES	VARIABLE-RATE BOND		INTEREST RATE SWAP, NET	TOTAL
	PRINCIPAL	INTEREST		
Year ending June 30				
2023	$3,365	$911	$4,868	$9,144
2024	3,525	902	4,734	9,161
2025	3,675	879	4,656	9,210
2026	3,840	862	4,552	9,254
2027	4,025	843	4,448	9,316
2028 - 2032	23,065	3,889	20,524	47,478
2033 - 2037	28,890	3,240	17,092	49,222
2038 - 2042	48,805	2,367	12,342	63,514
2043 - 2047	61,320	909	4,743	66,972
Total future debt service	**$180,510**	**$14,802**	**$77,959**	**$273,271**

(in thousands of dollars)

SAN FRANCISCO	VARIABLE-RATE BOND		INTEREST RATE SWAP, NET	TOTAL
	PRINCIPAL	INTEREST		
Year ending June 30				
2023	$4,145	$247	$1,027	$5,419
2024	4,290	229	934	5,453
2025	4,450	204	839	5,493
2026	4,615	182	746	5,543
2027	4,780	159	652	5,591
2028 - 2032	26,625	411	1,683	28,719
Total future debt service	**$48,905**	**$1,432**	**$5,881**	**$56,218**

(in thousands of dollars)

TOTAL	VARIABLE-RATE BOND		INTEREST RATE SWAP, NET	TOTAL
	PRINCIPAL	INTEREST		
Year ending June 30				
2023	$7,510	$1,158	$5,895	$14,563
2024	7,815	1,131	5,668	14,614
2025	8,125	1,083	5,495	14,703
2026	8,455	1,044	5,298	14,797
2027	8,805	1,002	5,100	14,907
2028 - 2032	49,690	4,300	22,207	76,197
2033 - 2037	28,890	3,240	17,092	49,222
2038 - 2042	48,805	2,367	12,342	63,514
2043 - 2047	61,320	909	4,743	66,972
Total future debt service	**$229,415**	**$16,234**	**$83,840**	**$329,489**

10. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows and inflows of resources at June 30 is summarized as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
DEFERRED OUTFLOWS OF RESOURCES						
Net pension liability	$522,717	$219,168	$421,211	$365,919	$850,464	$2,379,479
Net retiree health benefits liability	486,291	186,861	371,649	367,254	729,457	2,141,512
Debt refunding	7,339			19,649	340	27,328
Interest rate swap agreements	450	102	35,601	34,160	3,405	73,718
Asset retirement obligations	23,450			18,080	22,234	63,764
Acquisitions					2,723	2,723
Total	**$1,040,247**	**$406,131**	**$828,461**	**$805,062**	**$1,608,623**	**$4,688,524**
DEFERRED INFLOWS OF RESOURCES						
Net pension liability	$10,396	$10,585	$28,453	$6,162	$38,600	$94,196
Net retiree health benefits liability	719,354	331,601	797,808	512,605	1,075,800	3,437,168
Debt refunding			1,195			1,195
Irrevocable split-interest agreements					17,195	17,195
Leases	65,356	4,618			4,736	74,710
Total	**$795,106**	**$346,804**	**$827,456**	**$518,767**	**$1,136,331**	**$3,624,464**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
DEFERRED OUTFLOWS OF RESOURCES						
Net pension liability	$286,501	$131,874	$252,736	$225,461	$491,418	$1,387,990
Net retiree health benefits liability	511,459	228,952	475,089	451,872	865,246	2,532,618
Debt refunding	7,698			20,094	406	28,198
Interest rate swap agreements	100	30	69,989	8,079	7,630	85,828
Asset retirement obligations	9,213			21,800	6,640	37,653
Acquisitions					4,538	4,538
Total	**$814,971**	**$360,856**	**$797,814**	**$727,306**	**$1,375,878**	**$4,076,825**
DEFERRED INFLOWS OF RESOURCES						
Net pension liability	$698,591	$326,431	$719,572	$519,272	$1,054,259	$3,318,125
Net retiree health benefits liability	393,340	197,302	477,524	286,677	630,124	1,984,967
Debt refunding			1,244			1,244
Irrevocable split-interest agreements					19,162	19,162
Leases	66,958	5,707			6,452	79,117
Total	**$1,158,889**	**$529,440**	**$1,198,340**	**$805,949**	**$1,709,997**	**$5,402,615**

11. RETIREMENT PLANS

University of California Retirement Plan

Substantially all full-time employees of the Medical Centers participate in the UCRS that is administered by the University. UCRS consists of The University of California Retirement Plan (UCRP), a single-employer defined benefit pension plan, and the University of California Retirement Savings Program (UCRSP) that includes four defined contribution retirement plans with several investment portfolios generally funded with employee non-elective and elective contributions. The Regents has the authority to establish and amend the UCRS plans. Additional information on the retirement plans can be obtained from the 2021-2022 annual report of the University of California Retirement System.

UCRP provides lifetime retirement income, disability protection, death benefits and postretirement and preretirement survivor benefits to eligible employees of the University, and its affiliates. Additional information on UCRP can be obtained from the 2021-2022 annual report of the University of California Retirement System, https://reportingtransparency.universityofcalifornia.edu.

Contributions

Contributions to the UCRP may be made by the Medical Centers and the employees. The rates for contributions as a percentage of payroll are determined annually pursuant to The Regents' funding policy and based upon recommendations of a consulting actuary. The Regents determine the portion of the total contribution to be made by the Medical Centers and by the employees. Employee contributions by represented employees are subject to collective bargaining agreements. Employee contributions range from 7.0 percent to 9.0 percent. The University pays a uniform contribution rate on behalf of all UCRP active members. The contribution rate was 15.0 percent for the year ended June 30, 2022 and 14.5 percent for the year ended June 30, 2021. The University contribution rate will remain at 14.0 percent for the fiscal years ending June 30, 2023 and 2024, increase to 15.0 percent for the fiscal years ending June 30, 2025 and then will be increased by 0.5 percent per year, on July 1st, until reaching 17.0 percent. Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or, if they are a member of certain tiers, a lump sum equal to the present value of their accrued benefits.

Contributions to the UCRP during the years ended June 30 are as follows:

(in thousands of dollars)

	2022			2021		
	MEDICAL CENTER	**EMPLOYEES**	**TOTAL**	**MEDICAL CENTER**	**EMPLOYEES**	**TOTAL**
Davis	$160,044	$89,713	$249,757	$137,465	$79,609	$217,074
Irvine	70,274	39,851	110,125	62,658	36,774	99,432
Los Angeles	149,801	86,282	236,083	139,305	82,931	222,236
San Diego	116,082	66,012	182,094	102,795	60,588	163,383
San Francisco	227,868	125,532	353,400	200,260	115,546	315,806
Total	**$724,069**	**$407,390**	**$1,131,459**	**$642,483**	**$375,448**	**$1,017,931**

Additional deposits were made by the University to UCRP of $700.0 million and $600.0 million for fiscal years ended June 30, 2022 and 2021, respectively. The Medical Centers' reported pension expense and increase in the pension payable to the University for its portion of these additional deposits based upon their proportionate share of covered compensation for the year ended June 30, is as follows:

(in thousands of dollars)

	2022	2021
Davis	$52,906	$42,556
Irvine	23,231	19,398
Los Angeles	49,520	43,126
San Diego	38,373	31,823
San Francisco	75,327	61,996
Total	**$239,357**	**$198,899**

Net Pension Liability

The Medical Centers' proportionate share of the net pension liability for UCRP as of June 30 is as follows:

(in thousands of dollars)

	2022		2021	
	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Davis	7.6%	$1,527,815	7.1%	$472,294
Irvine	3.3	670,850	3.2	215,278
Los Angeles	7.1	1,430,028	7.2	478,616
San Diego	5.5	1,108,138	5.3	353,179
San Francisco	10.8	2,175,275	10.3	688,043
Total	**34.3%**	**$6,912,106**	**33.1%**	**$2,207,410**

The Medical Centers' net pension liability was measured as of June 30 and calculated using the plan net position valued as of the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations as of July 1, 2021 and 2020, respectively. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of certain events occurring far into the future. Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2022 and 2021 were based upon the results of an experience study conducted for the period July 1, 2014 through June 30, 2018. The Medical Centers' net pension liability was calculated using the following methods and assumptions:

(shown as percentage)

Discount rate	6.75%
Inflation	2.50
Investment rate of return	6.75
Projected salary increases	3.65 - 5.95
Cost-of-living adjustments	2.0

Discount Rate

To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRP has sufficient cash in future periods for projected benefit payments for current members. For this purpose, Medical Center contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected Medical Center and member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2022 and 2021.

Investment Rate of Return

The long-term expected investment rate of return assumption for UCRP was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used to derive the long-term expected investment rate of return assumption can be obtained from Note 7 to the Financial Statements from the 2021-2022 annual report of the UCRS.

Mortality Rates

Mortality rates used to calculate the Medical Centers' net pension liability were:

MORTALITY RATES	
Preretirement	Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table
Postretirement Healthy Members	Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 110 percent for other female members
Postretirement Disabled Members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table
Beneficiaries of Retired Members	Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females

All mortality tables above were projected generationally with the two-dimensional mortality improvement scale MP-2018.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the June 30, 2022 net pension liability of the Medical Centers calculated using the June 30, 2022 discount rate assumption of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate different from the current assumption:

(in thousands of dollars)

	1% DECREASE (5.75%)	CURRENT DISCOUNT (6.75%)	1% INCREASE (7.75%)
Davis	$2,502,784	$1,527,815	$732,260
Irvine	1,098,950	670,850	321,529
Los Angeles	2,342,594	1,430,028	685,392
San Diego	1,815,291	1,108,138	531,115
San Francisco	3,563,417	2,175,275	1,042,579
Total	**$11,323,036**	**$6,912,106**	**$3,312,875**

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for pensions are related to the following sources as of the years ending June 30:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$94,267	$30,009	$20,182	$55,159	$115,289	$314,906
Changes of assumptions or other inputs	92,803	40,749	86,863	67,311	132,131	419,857
Net difference between projected and actual earnings on pension plan investments	296,267	130,089	277,306	214,886	421,822	1,340,370
Difference between expected and actual experience	39,380	17,292	36,860	28,563	56,069	178,164
Total	**$522,717**	**$218,139**	**$421,211**	**$365,919**	**$725,311**	**$2,253,297**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$1,900	$1,860	$20,500			$24,260
Difference between expected and actual experience	8,496	3,731	7,953	$6,162	$12,097	38,439
Total	**$10,396**	**$5,591**	**$28,453**	**$6,162**	**$12,097**	**$62,699**
2021						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$56,340	$25,443	$19,491	$53,345	$100,434	$255,053
Changes of assumptions or other inputs	192,014	87,523	194,585	143,588	279,729	897,439
Difference between expected and actual experience	38,147	17,389	38,660	28,528	55,576	178,300
Total	**$286,501**	**$130,355**	**$252,736**	**$225,461**	**$435,739**	**$1,330,792**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$4,187	$6,330	$15,873			$26,390
Net difference between projected and actual earnings on pension plan investments	682,256	310,981	691,389	$510,188	$993,918	3,188,732
Difference between expected and actual experience	12,148	5,537	12,310	9,084	17,697	56,776
Total	**$698,591**	**$322,848**	**$719,572**	**$519,272**	**$1,011,615**	**$3,271,898**

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ended June 30 as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2023	$181,351	$76,458	$142,074	$132,914	$261,580	$794,377
2024	73,148	29,507	43,224	50,386	100,643	296,908
2025	29,705	8,954	5,639	14,352	31,722	90,372
2026	228,117	97,629	201,821	162,105	319,269	1,008,941
Total	**$512,321**	**$212,548**	**$392,758**	**$359,757**	**$713,214**	**$2,190,598**

The UCRSP's (Defined Contribution (DC) Plan, Supplemental DC Plan, 403(b) Plan and 457(b) Plan) provide savings incentives and additional retirement security for all eligible employees.

Additional information on the UCRSP plans can be obtained from the 2021-2022 annual report of the UCRS.

Orange County Employees Retirement System

Orange County Employees Retirement System (OCERS) administers a cost-sharing multiemployer governmental defined benefit pension plan for the county of Orange, city of San Juan Capistrano and 13 special districts. Certain employees of the University of California, Irvine Medical Center were eligible to continue to participate in OCERS at the time the hospital was acquired.

OCERS provides retirement, disability and death benefits. Retirement benefits are tiered based upon date of OCERS membership. Participation in OCERS for UC Irvine Medical Center employees is closed. UC Irvine Medical Center's share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon its specific actuarial accrued liability and a share of assets allocated in accordance with a formula set forth in OCERS' policy. The fiduciary net position and changes in net position have been measured consistent with the accounting policies used by OCERS. Pursuant to an agreement between the University and the county of Orange (OC), the University and OC will equally split the contributions and net pension liability. The amounts reported in the financial statements reflect the University's share of the net pension liability, deferred inflows and outflows and pension expense.

Additional information on OCERS can be obtained from the 2021-2022 annual reports of the Orange County Employees Retirement System at https://www.ocers.org.

Membership in the OCERS Plan consisted of the following at December 31, 2021: 19,826 retired members and beneficiaries, 7,238 inactive members and 22,011 active members.

Contributions

Contribution rates for OCERS are set by the Board of Retirement.

Net Pension Liability

The Irvine Medical Center's proportionate share of the net pension liability was $8.6 million and $12.7 million as of June 30, 2022 and 2021, respectively. Irvine Medical Center's net pension liability for OCERS was measured as of June 30, 2022 and 2021, and the total pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020 rolled forward to June 30, 2022 and 2021, respectively. The actuarial assumptions used in 2022 and 2021 were based on the results of an experience study for the period from January 1, 2017 through December 31, 2019. The net pension liability for the Plan was calculated based upon the following assumptions as of June 30, 2022 and 2021:

	2022	2021
Discount rate	7.0%	7.0%
Inflation	2.5	2.5
Investment rate of return	7.0	7.0
Projected salary increases	General: 4.0% to 11.0% and Safety: 4.6% to 15.0%	General: 4.0% to 11.0% and Safety: 4.6% to 15.0%
Cost-of-living adjustments	2.75	2.75

Discount Rate

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rate. For this purpose, only employer contributions will be made at rates equal to the actuarially determined contribution rates.

Investment Rate of Return

The target allocation and projected arithmetic real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the OCERS Plan are as follows:

(shown as percentage)

	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class:		
Large Cap Equity	23.1%	5.4%
Small Cap Equity	1.9	6.2
International Developed Equity	13.0	6.7
Emerging Markets Equity	9.0	8.6
Core Bonds	9.0	1.1
High Yield Bonds	1.5	2.9
TIPS	2.0	0.7
Emerging Market Debt	2.0	3.3
Corporate Credit	1.0	0.5
Long Duration Fixed Income	2.5	1.4
Real Estate	3.0	4.4
Private Equity	13.0	9.4
Value Added Real Estate	3.0	7.4
Opportunistic Real Estate	1.0	10.2
Energy	2.0	9.7
Infrastructure (Core Private)	1.5	5.1
Infrastructure (Non-Core Private)	1.5	8.9
CTA - Trend Following	2.5	2.4
Global Macro	2.5	2.1
Private Credit	2.5	5.5
Alternative Risk Premia	2.5	2.5
Total	**100.0%**	

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability calculated using the June 30, 2022 discount rate assumption of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate different from the current assumption:

(in thousands of dollars)

	1% DECREASE (6.0%)	CURRENT DISCOUNT (7.0%)	1% INCREASE (8.0%)
Net pension liability	$15,518	$8,567	$2,902

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, deferred outflows of resources and deferred inflows of resources are as follows:

(in thousands of dollars)

	2022	2021
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience	$790	$1,043
Changes of assumptions or other inputs	239	476
Total	**$1,029**	**$1,519**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience	$400	$795
Changes of assumptions or other inputs	361	456
Net difference between projected and actual earnings on pension plan investments	4,233	2,331
Total	**$4,994**	**$3,582**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense for OCERS during the next five years is as follows:

(in thousands of dollars)

Year ending June 30	
2023	($869)
2024	(1,459)
2025	(968)
2026	(671)
2027	2
Total	**($3,965)**

Children's Hospital and Research Center Oakland Pension Plan

CHRCO administers the CHRCO Pension Plan as the sponsor and plan assets are held by State Street Bank and Trust Company (the Trustee), which is the successor trustee to U.S. Bank effective December 1, 2021. The CHRCO Pension Plan is a noncontributory defined benefit plan subject to the single employer defined benefit under ERISA rules that covers active and retired employees. The CHRCO Pension Plan was amended effective January 1, 2012 to exclude unrepresented employees hired or rehired on or after January 1, 2012. The CHRCO Pension Plan provides retirement, disability and death benefits to plan participants. Benefits are based on a participant's length of service, age at retirement and average compensation as defined by the CHRCO Pension Plan.

The net pension liability for the CHRCO Pension Plan was calculated based upon the following assumptions as of June 30, 2022: 3.0 percent inflation, 6.75 percent investment rate of return, projected salary increases-represented employees: 3.75 percent for the fiscal year ended June 30, 2022; 4.0 percent for fiscal years ending June 30, 2023 and 2024 and 3.75 percent for fiscal years ending June 30, 2025 and thereafter; unrepresented employees: 3.0 percent for fiscal year ended June 30, 2022, 4.0 percent for fiscal years ending June 30, 2023 and 2024 and 3.0 percent for fiscal years ending June 30, 2025 and thereafter and no cost-of-living adjustments. The net pension liability for the CHRCO Pension Plan was calculated based upon the following assumptions as of June 30, 2021: 2.75 percent inflation, 6.50 percent investment rate of return, projected salary increases-represented employees: 3.75 percent for fiscal year ended June 30, 2021 and thereafter; unrepresented employees: 3.0 percent for fiscal years ending June 30, 2022 and 2023 and 3.75 percent thereafter and no cost-of-living adjustments.

CHRCO recognized pension expense of $49.1 million and $28.8 million for the years ended June 30, 2022 and 2021, respectively.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an experience study conducted during 2019. In 2022, the mortality rates were based on the Pri-2012 Mortality Table with fully generational projected mortality improvements using Scale MP-2021. In 2021, the mortality rates were based on the Pri-2012 Mortality Table with fully generational projected mortality improvements using Scale MP-2020.

Additional information on the CHRCO Pension Plan can be obtained from Children's Hospital Oakland, Finance Department, 747 52nd Street, Oakland, California 94609.

Condensed financial information for the CHRCO Pension Plan as of and for the years ended June 30, 2022 and 2021 is as follows:

(in thousands of dollars)

	CHILDREN'S HOSPITAL AND RESEARCH CENTER OAKLAND PENSION PLAN	
	2022	**2021**
CONDENSED STATEMENT OF PLAN FIDUCIARY NET POSITION		
Investments at fair value	$534,917	$621,785
Other assets	3,300	
Total assets	**538,217**	**621,785**
Net position held in trust	**$538,217**	**$621,785**
CONDENSED STATEMENT OF CHANGES IN PLAN FIDUCIARY NET POSITION		
Contributions	$37,452	$31,752
Investment and other income, net	(94,275)	111,835
Total additions (change)	**(56,823)**	**143,587**
Benefit payment and participant withdrawals	22,683	19,684
Plan expense	4,062	3,600
Total deductions	**26,745**	**23,284**
Increase (decrease) in net position held in trust	**(83,568)**	**120,303**
Net position held in trust		
Beginning of year	621,785	501,482
End of year	**$538,217**	**$621,785**
CHANGES IN TOTAL PENSION LIABILITY		
Service cost	$15,775	$14,873
Interest	42,159	38,932
Difference between expected and actual experience	1,058	18,527
Changes of assumptions and other inputs	(22,525)	(2,413)
Benefits paid, including refunds of employee contributions	(22,683)	(19,684)
Net change in total pension liability	**13,784**	**50,235**
Total pension liability		
Beginning of year	644,151	593,916
End of year	**657,935**	**644,151**
Net pension liability, end of year	**$119,718**	**$22,366**

Membership in the CHRCO Pension Plan consisted of the following at June 30, 2022:

Retirees and beneficiaries receiving benefits	1,301
Inactive members entitled to, but not yet receiving benefits	1,182
Active members	1,885
Total membership	**4,368**

Contributions

Employer contributions for the CHRCO Pension Plan are determined under IRC Section 430. Employees are not required or permitted to contribute to the CHRCO Pension Plan.

Net Pension Liability

The net pension liability for the CHRCO Pension Plan was measured as of June 30 and the total pension liability was determined by an actuarial valuation as of January 1, rolled forward to June 30.

Discount Rate

The discount rate used to estimate the net pension liability was 6.75 percent and 6.5 percent for June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the plan under IRC Section 430's minimum requirements for a period of 7 and 10 years for its unrepresented and represented employees, respectively, and that all future assumptions are met. Based on these assumptions, the CHRCO Pension Plan fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Investment Rate of Return

The target allocation and projected arithmetic real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the CHRCO Pension Plan are as follows:

(shown as percentage)

	TOTAL ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class:		
U.S. equity large cap	40.0%	3.3%
U.S. equity small cap	20.0	5.8
Developed international equity	20.0	4.2
Emerging market equity	10.0	5.4
Core fixed income	10.0	(1.2)
Total	**100.0%**	

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability calculated using the June 30, 2022 discount rate assumption of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate different from the current assumption:

(in thousands of dollars)

	1% DECREASE (5.75%)	CURRENT DISCOUNT (6.75%)	1% INCREASE (7.75%)
Net pension liability	$208,948	$119,718	$45,825

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, deferred outflows of resources and deferred inflows of resources are as follows:

(in thousands of dollars)

	2022	2021
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience	$30,774	$35,852
Changes of benefit terms	11	31
Changes of assumptions	15,236	19,796
Net difference between projected and actual earnings on pension plan investments	79,132	
Total	**$125,153**	**$55,679**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience	$2,579	
Changes of assumptions	23,925	$7,165
Net difference between projected and actual earnings on pension plan investments		35,479
Total	**$26,504**	**$42,644**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the CHRCO Pension Plan during the years ended June 30 as follows:

(in thousands of dollars)	
Year ending June 30	
2023	$28,176
2024	26,305
2025	18,171
2026	28,793
2027	(1,872)
Thereafter	(924)
Total	**$98,649**

12. RETIREE HEALTH PLANS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through the University of California Retiree Health Benefit Program. The Regents has the authority to establish and amend the program. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits.

Additional information on the retiree health plans can be obtained from the 2021-2022 annual reports of the University.

Contributions

Campus and Medical Center contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments or are received from the retiree through direct pay. The University also remits these retiree contributions to UCRHBT. Contributions toward benefits are shared with the retiree. Retirees are required to pay the difference between the employer's contribution and the full cost of the health insurance. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at a campus or Medical Center. UCRHBT reimburses the University for these amounts.

The contribution requirements are based upon projected pay-as-you-go financing requirements. The assessment rates were $2.36 and for the Medical Centers $2.58 per $100 of UCRP covered payroll effective July 1, 2021 and 2020, respectively.

The Medical Centers' cash contributions for the years ended June 30 are as follows:

(in thousands of dollars)		
	2022	**2021**
Davis	$25,938	$24,708
Irvine	11,315	11,234
Los Angeles	24,287	24,967
San Diego	18,670	18,422
San Francisco	37,037	36,137
Total	**$117,247**	**$115,468**

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. The effect is the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

The Medical Centers' implicit subsidy contributions for the years ended June 30 are as follows:

(in thousands of dollars)

	2022	2021
Davis	$8,262	$7,915
Irvine	3,601	3,602
Los Angeles	7,734	7,999
San Diego	5,946	5,903
San Francisco	11,795	11,576
Total	**$37,338**	**$36,995**

Net Retiree Health Benefits Liability

The Medical Centers' proportionate share of the net retiree health benefits liability as of June 30 is as follows:

(in thousands of dollars)

	2022		2021	
	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY
Davis	7.3%	$1,429,502	7.0%	$1,705,269
Irvine	3.2	623,548	3.2	775,408
Los Angeles	6.8	1,338,495	7.1	1,723,183
San Diego	5.3	1,028,874	5.3	1,271,447
San Francisco	10.4	2,041,112	10.3	2,493,992
Total	**33.0%**	**$6,461,531**	**32.9%**	**$7,969,299**

The Medical Centers' net retiree health benefits liability was measured as of June 30, 2022 and 2021 and calculated using the plan net position valued as of the measurement date and total retiree health benefits liability based upon rolling forward the results of the actuarial valuations as of March 1, 2021 and 2020, respectively. Actuarial valuations represent a long-term perspective and include estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the Medical Centers' net retiree health benefits liability are:

(shown as percentage)

	2022	2021
Discount rate[1]	3.54%	2.16%
Inflation	2.5	2.5
Investment rate of return	2.5	2.5
Health care cost trend rates	Initially ranges from 1.4 to 14.6 decreasing to an ultimate rate of 3.9 for 2075 and later years	Initially ranges from 2.7 to 7.5 decreasing to an ultimate rate of 4.0 for 2075 and later years

[1]*The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCHRBT plan assets are not sufficient to make benefit payments.*

Mortality Rates

Mortality rates used to calculate the Medical Centers' net retiree health benefits liability were:

MORTALITY RATES	
Preretirement	Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table
Postretirement Healthy Members	Pub-2010 Healthy Teacher Headcount-Weighted Above-Median Mortality Table multiplied by 90 percent for faculty members, 95 percent for female faculty members, 100 percent for other male members and 110 percent for other female members
Postretirement Disabled Members	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table
Beneficiaries of Retired Members	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table

All mortality tables above were projected generationally with the two-dimensional mortality improvement scale MP-2018.

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2022 and 2021 were based upon the results of the most recent experience study covering the period of July 1, 2014 through June 30, 2018.

Sensitivity of Net Retiree Health Benefits Liability to the Health Care Cost Trend Rate

The following presents the June 30, 2022 net retiree health benefits liability of the Medical Centers calculated using the June 30, 2022 health care cost trend rate assumption with initial trend ranging from 1.4 percent to 14.6 percent grading down to an ultimate trend of 3.9 percent over 53 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate different from the current assumption:

(in thousands of dollars)

	1% DECREASE (0.4% to 13.6%) DECREASING TO (2.9%)	CURRENT TREND (1.4% to 14.6%) DECREASING TO (3.9%)	1% INCREASE (2.4% to 15.6%) DECREASING TO (4.9%)
Davis	$1,189,206	$1,429,502	$1,745,348
Irvine	518,731	623,548	761,320
Los Angeles	1,113,497	1,338,495	1,634,233
San Diego	855,922	1,028,874	1,256,201
San Francisco	1,698,005	2,041,112	2,492,091
Total	**$5,375,361**	**$6,461,531**	**$7,889,193**

Sensitivity of Net Retiree Health Benefits Liability to the Discount Rate Assumption

The following presents the June 30, 2022 net retiree health benefits liability of the Medical Centers calculated using the June 30, 2022 discount rate assumption of 3.54 percent, as well as what the net retiree health benefits liability would be if it were calculated using a discount rate different from the current assumption:

(in thousands of dollars)

	1% DECREASE (2.54%)	CURRENT DISCOUNT (3.54%)	1% INCREASE (4.54%)
Davis	$1,694,171	$1,429,502	$1,219,029
Irvine	738,996	623,548	531,740
Los Angeles	1,586,314	1,338,495	1,141,421
San Diego	1,219,367	1,028,874	877,387
San Francisco	2,419,019	2,041,112	1,740,588
Total	**$7,657,867**	**$6,461,531**	**$5,510,165**

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for retiree health benefits are related to the following sources as of the years ended June 30:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$140,868	$36,188	$48,217	$118,639	$236,246	$580,158
Changes of assumptions or other inputs	333,545	145,492	312,310	240,066	476,251	1,507,664
Net difference between projected and actual earnings on plan investments	470	205	440	338	671	2,124
Difference between expected and actual experience	11,408	4,976	10,682	8,211	16,289	51,566
Total	**$486,291**	**$186,861**	**$371,649**	**$367,254**	**$729,457**	**$2,141,512**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$7,147	$20,936	$130,943		$58,876	$217,902
Changes of assumptions or other inputs	504,261	219,959	472,158	$362,938	720,009	2,279,325
Difference between expected and actual experience	207,946	90,706	194,707	149,667	296,915	939,941
Total	**$719,354**	**$331,601**	**$797,808**	**$512,605**	**$1,075,800**	**$3,437,168**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$101,105	$42,359	$60,423	$145,912	$265,095	$614,894
Changes of assumptions or other inputs	406,906	185,025	411,181	303,389	595,108	1,901,609
Net difference between projected and actual earnings on plan investments	346	157	350	258	506	1,617
Difference between expected and actual experience	3,102	1,411	3,135	2,313	4,537	14,498
Total	**$511,459**	**$228,952**	**$475,089**	**$451,872**	**$865,246**	**$2,532,618**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$8,848	$22,469	$88,992		$67,796	$188,105
Changes of assumptions or other inputs	133,518	60,712	134,921	$99,551	$195,273	623,975
Difference between expected and actual experience	250,974	114,121	253,611	187,126	367,055	1,172,887
Total	**$393,340**	**$197,302**	**$477,524**	**$286,677**	**$630,124**	**$1,984,967**

The net amount of deferred outflows of resources and deferred inflows of resources related to retiree health benefits that will be recognized in retiree health benefit expense during the years ended June 30 is as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2023	($25,958)	($19,690)	($55,884)	($4,989)	($16,160)	($122,681)
2024	(34,604)	(23,461)	(63,979)	(11,212)	(28,505)	(161,761)
2025	(48,102)	(29,286)	(76,375)	(22,213)	(53,355)	(229,331)
2026	(24,152)	(14,819)	(58,667)	(14,207)	(37,459)	(149,304)
2027	(11,517)	(7,979)	(37,593)	(10,874)	(33,622)	(101,585)
Thereafter	(88,730)	(49,505)	(133,661)	(81,856)	(177,242)	(530,994)
Total	**($233,063)**	**($144,740)**	**($426,159)**	**($145,351)**	**($346,343)**	**($1,295,656)**

13. SELF-INSURANCE

The Medical Centers are insured through the University's and its captive's malpractice, general liability, workers' compensation, and health and welfare programs. All operating departments of the University, including the Medical Centers, are charged premiums to finance the workers' compensation and health and welfare programs. The Medical Centers are also charged premiums to finance the malpractice insurance. All claims and related expenses are paid from the University's self-insurance funds or the University's wholly owned captive insurance company.

Such risks are subject to various per-claim and aggregate limits, with excess liability coverage provided by independent insurers.

Malpractice and general liability premiums are recorded as insurance and other expense in the statements of revenues, expenses and changes in net position. Workers' compensation premiums, net of refunds, are included as other employee benefits in the statements of revenues, expenses and changes in net position.

CHRCO's liabilities for medical malpractice, workers' compensation and health care claims changed as follows:

(in thousands of dollars)

	MEDICAL MALPRACTICE	WORKERS' COMPENSATION	EMPLOYEE HEALTH CARE	TOTAL
2022				
Liabilities at June 30, 2021	$5,526	$10,523	$1,834	$17,883
Claims incurred and changes in estimates	(204)	2,548	11,489	13,833
Claim payments	361	(3,171)	(11,353)	(14,163)
Liabilities at June 30, 2022	**$5,683**	**$9,900**	**$1,970**	**$17,553**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	
2021				
Liabilities at June 30, 2020	$5,549	$11,801	$1,823	$19,173
Claims incurred and changes in estimates	(284)	1,939	12,568	14,223
Claim payments	261	(3,217)	(12,557)	(15,513)
Liabilities at June 30, 2021	**$5,526**	**$10,523**	**$1,834**	**$17,883**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	
2020				
Liabilities at June 30, 2019	$5,309	$12,101	$1,644	$19,054
Claims incurred and changes in estimates	(354)	2,536	10,641	12,823
Claim payments	594	(2,836)	(10,462)	(12,704)
Liabilities at June 30, 2020	**$5,549**	**$11,801**	**$1,823**	**$19,173**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	

CHRCO has three irrevocable letters of credit with a bank totaling $11.0 million as of June 30, 2022, which is mostly security for the workers' compensation large dollar insurance deductible. No amounts were drawn on the letter of credit as of June 30, 2022.

14. TRANSACTIONS WITH OTHER UNIVERSITY ENTITIES

Services purchased from the University include office and medical supplies, building maintenance, repairs and maintenance, administrative, treasury, medical services and insurance. Services provided to the University include physician office rentals, pharmaceuticals, billing services, medical supplies and cafeteria services. Such amounts are netted and reported as operating expenses in the statements of revenues, expenses and changes in net position for the years ended June 30 as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Other employee benefits	$10,585	$5,838	$25,417	$11,224	$2,232	$55,296
Professional services	22,276	5,449	440	72,405	936,939	1,037,509
Other supplies and purchased services	(11,632)	81,736	162,017	41,639	96,519	370,279
Insurance and other	18,098	10,024	28,771	16,341	14,289	87,523
Interest income, net	(14,516)	(5,627)	(16,386)	(1,054)	(34,425)	(72,008)
Total	**$24,811**	**$97,420**	**$200,259**	**$140,555**	**$1,015,554**	**$1,478,599**
2021						
Other employee benefits	$11,310	$6,843	$28,357	$12,302	($538)	$58,274
Professional services	101,035	5,579	40	62,057	863,049	1,031,760
Other supplies and purchased services	(13,655)	73,721	79,581	5,627	82,304	227,578
Insurance and other	17,096	9,527	21,960	14,689	12,974	76,246
Interest income, net	(15,232)	(7,301)	(20,153)	(3,732)	(46,974)	(93,392)
Total	**$100,554**	**$88,369**	**$109,785**	**$90,943**	**$910,815**	**$1,300,466**

Additionally, the Medical Centers make payments to the Schools of Medicine. Services purchased from the Schools of Medicine include physician services that benefit the Medical Centers, such as emergency room coverage, physicians providing medical direction to the Medical Centers and the Medical Centers' allocation of malpractice insurance. Such expenses are reported as operating expenses in the statements of revenue, expenses and changes in net position. Health system support includes amounts paid to the Schools of Medicine by the Medical Centers to fund the operating activities, clinical research and faculty practice plans, as well as other payments made to support various programs.

The payments made by the Medical Centers for the years ended June 30 are as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022						
Reported as operating expenses	$24,811	$97,420	$200,259	$140,555	$1,015,554	$1,478,599
Reported as health system support	104,910	97,047	251,099	248,603	123,375	825,034
Total payments to the University	**$129,721**	**$194,467**	**$451,358**	**$389,158**	**$1,138,929**	**$2,303,633**
2021						
Reported as operating expenses	$100,554	$88,369	$109,785	$90,943	$910,815	$1,300,466
Reported as health system support	67,310	155,135	260,127	250,006	121,200	853,778
Total payments to the University	**$167,864**	**$243,504**	**$369,912**	**$340,949**	**$1,032,015**	**$2,154,244**

15. COMPONENT UNIT INFORMATION

Condensed combining financial statement information related to San Francisco for the year ended June 30, 2022 is as follows:

(in thousands of dollars)

	UCSF (Primary Government)	CHRCO	Eliminations	SAN FRANCISCO TOTAL
CONDENSED STATEMENT OF NET POSITION				
Current assets	$3,202,145	$332,448	($264)	$3,534,329
Capital assets, net	2,660,716	439,373	(698)	3,099,391
Other assets	1,325,618	375,995	(528)	1,701,085
Total assets	**7,188,479**	**1,147,816**	**(1,490)**	**8,334,805**
Total deferred outflows of resources	**1,483,471**	**125,152**		**1,608,623**
Current liabilities	1,323,655	213,183	(265)	1,536,573
Long-term debt, net of current portion	2,508,772	114,794	(528)	2,623,038
Other noncurrent liabilities	4,903,840	147,743		5,051,583
Total liabilities	**8,736,267**	**475,720**	**(793)**	**9,211,194**
Total deferred inflows of resources	**1,088,984**	**48,044**	**(697)**	**1,136,331**
Net investment in capital assets	1,364,339	319,697	92	1,684,128
Restricted: Nonexpendable endowments and gifts		33,006		33,006
Restricted: Expendable capital projects and other	29,164	73,638		102,802
Unrestricted	(2,546,804)	322,863	(92)	(2,224,033)
Total net position	**($1,153,301)**	**$749,204**		**($404,097)**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Net patient service revenue	$5,300,600	$641,439	($32,451)	$5,909,588
Grants and contracts		12,566		12,566
Other operating revenue	319,956	25,151		345,107
Operating expenses before depreciation	(5,330,648)	(634,919)		(5,965,567)
Depreciation expense	(179,019)	(38,422)	246	(217,195)
Operating income (loss)	**110,889**	**5,815**	**(32,205)**	**84,499**
Nonoperating revenues, net	(53,396)	(733)	(246)	(54,375)
Income (loss) before other changes in net position	**57,493**	**5,082**	**(32,451)**	**30,124**
Other, including donated assets	(227,026)	23,338	32,451	(171,237)
Increase (decrease) in net position	**(169,533)**	**28,420**		**(141,113)**
Net position - beginning of year	(983,768)	720,784		(262,984)
Net position - end of year	**($1,153,301)**	**$749,204**		**($404,097)**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	$572,270	$14,372	($32,697)	$553,945
Noncapital financing activities	(95,938)	24,551	32,450	(38,937)
Capital and related financing activities	583,927	(31,532)	247	552,642
Investing activities	(870,848)	3,368		(867,480)
Net change in cash and cash equivalents	**189,411**	**10,759**		**200,170**
Cash and cash equivalents – beginning of year	1,953,697	192,762		2,146,459
Cash and cash equivalents – end of year	**$2,143,108**	**$203,521**		**$2,346,629**

Condensed combining financial statement information related to San Francisco for the year ended June 30, 2021 is as follows:

(in thousands of dollars)

	UCSF (Primary Government)	CHRCO	Eliminations	SAN FRANCISCO TOTAL
CONDENSED STATEMENT OF NET POSITION				
Current assets	$2,867,229	$318,939	($249)	$3,185,919
Capital assets, net	2,443,565	435,127	(943)	2,877,749
Other assets	505,047	403,839	(789)	908,097
Total assets	**5,815,841**	**1,157,905**	**(1,981)**	**6,971,765**
Total deferred outflows of resources	**1,320,199**	**55,679**		**1,375,878**
Current liabilities	1,297,911	253,225	(248)	1,550,888
Long-term debt, net of current portion	1,451,099	119,457	(790)	1,569,766
Other noncurrent liabilities	3,727,294	52,682		3,779,976
Total liabilities	**6,476,304**	**425,364**	**(1,038)**	**6,900,630**
Total deferred inflows of resources	**1,643,504**	**67,436**	**(943)**	**1,709,997**
Net investment in capital assets	1,398,578	310,214	92	1,708,884
Restricted: Nonexpendable endowments and gifts		31,676		31,676
Restricted: Expendable capital projects and other	29,064	75,954		105,018
Unrestricted	(2,411,410)	302,940	(92)	(2,108,562)
Total net position	**($983,768)**	**$720,784**		**($262,984)**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Net patient service revenue	$4,714,896	$559,524	($35,402)	$5,239,018
Grants and contracts		17,121		17,121
Other operating revenue	290,265	21,344		311,609
Operating expenses before depreciation	(4,644,643)	(583,803)	269	(5,228,177)
Depreciation expense	(183,190)	(39,785)	246	(222,729)
Operating income (loss)	**177,328**	**(25,599)**	**(34,887)**	**116,842**
Nonoperating revenues, net	269,519	127,895	40	397,454
Income (loss) before other changes in net position	**446,847**	**102,296**	**(34,847)**	**514,296**
Other, including donated assets	(159,852)	10,431	35,402	(114,019)
Increase in net position	**286,995**	**112,727**	**555**	**400,277**
Net position:				
Beginning of year, as previously reported	(1,264,093)	608,324		(655,769)
Cumulative effect of accounting change	**($6,670)**	**($267)**	**(555)**	(7,492)
Beginning of year, as restated	(1,270,763)	608,057	(555)	(663,261)
Net position - end of year	**($983,768)**	**$720,784**		**($262,984)**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	$888,724	$76,436	($35,440)	$929,720
Noncapital financing activities	133,499	41,452	35,402	210,353
Capital and related financing activities	(304,281)	(70,193)	38	(374,436)
Investing activities	26,050	(3,449)		22,601
Net change in cash and cash equivalents	743,992	**44,246**		**788,238**
Cash and cash equivalents – beginning of year	1,209,705	148,516		1,358,221
Cash and cash equivalents – end of year	**$1,953,697**	**$192,762**		**$2,146,459**

16. COMMITMENTS AND CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to periodic governmental review, interpretation and audits, as well as regulatory actions unknown and unasserted at this time.

The Medical Centers are contingently liable in connection with certain claims and contracts, including those currently in litigation, arising out of the normal course of their activities. Management and General Counsel are of the opinion that the outcome of such matters will not have a material effect on the Medical Centers' financial position.

The Medical Centers have entered into various construction contracts. The remaining costs of the Medical Center projects, excluding interest, as of June 30, 2022 are estimated to be approximately:

(in thousands of dollars)	
Davis	$371,649
Irvine	238,221
Los Angeles	31,644
San Diego	229,297
San Francisco	338,895
Total	**$1,209,706**

Under an agreement with a private, nonprofit hospital, UCSF Medical Center committed to provide $90.0 million in aggregate capital investments through a series of newly formed joint ventures with the hospital over the course of the initial 10 years of the agreement. As of June 30, 2022, UCSF Medical Center deposited $30.0 million to a designated bank account for this purpose with the amount reported as prepaid expenses and other assets. An additional service agreement was signed for UCSF Medical Center to operate certain outpatient clinics whose sole corporate member is the same nonprofit hospital.

Required Supplementary Information *(Unaudited)*

UCRP

The schedule of the Medical Centers' proportionate share of UCRP's net pension liability is presented below:

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
DAVIS					
2022	7.6%	$1,527,815	$1,026,636	148.8%	79.3%
2021	7.1	472,294	914,099	51.7	93.9
2020	6.7	1,368,556	854,960	160.1	76.6
2019	6.7	1,151,862	793,442	145.2	79.5
2018	6.8	643,552	791,832	81.3	87.2
2017	6.7	675,141	732,307	92.2	85.2
2016	6.6	895,967	682,784	131.2	78.3
2015	6.5	627,561	635,120	98.8	83.8
2014	6.6	468,810	603,824	77.6	87.2
2013	6.5	690,989	563,695	122.6	78.6
IRVINE					
2022	3.3%	$670,850	$450,787	148.8%	79.3%
2021	3.2	215,278	416,658	51.7	93.9
2020	3.1	632,665	395,237	160.1	76.6
2019	3.0	519,523	357,866	145.2	79.5
2018	3.0	279,015	343,303	81.3	87.2
2017	3.2	321,946	349,207	92.2	85.2
2016	3.2	438,524	334,184	131.2	78.3
2015	3.2	308,211	311,924	98.8	83.8
2014	3.3	235,813	303,726	77.6	87.2
2013	3.3	345,341	281,722	122.6	78.6
LOS ANGELES					
2022	7.1%	$1,430,028	$960,926	148.8%	79.3%
2021	7.2	478,616	926,335	51.7	93.9
2020	7.1	1,451,711	906,908	160.1	76.6
2019	7.2	1,245,807	858,155	145.2	79.5
2018	7.5	706,286	869,020	81.3	87.2
2017	7.3	741,290	804,058	92.2	85.2
2016	7.3	990,520	754,840	131.2	78.3
2015	7.2	697,260	705,659	98.8	83.8
2014	7.3	513,936	661,946	77.6	87.2
2013	7.0	739,451	603,229	122.6	78.6

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
SAN DIEGO					
2022	5.5%	$1,108,138	$744,628	148.8%	79.3%
2021	5.3	353,179	683,559	51.7	93.9
2020	5.1	1,048,715	655,150	160.1	76.6
2019	4.9	844,319	581,596	145.2	79.5
2018	4.9	460,577	566,698	81.3	87.2
2017	4.5	459,781	498,712	92.2	85.2
2016	4.1	564,996	430,563	131.2	78.3
2015	4.0	385,387	390,029	98.8	83.8
2014	3.9	271,458	349,636	77.6	87.2
2013	3.8	405,012	330,401	122.6	78.6
SAN FRANCISCO					
2022	10.8%	$2,175,275	$1,461,705	148.8%	79.3%
2021	10.3	688,043	1,331,669	51.7	93.9
2020	9.9	2,022,619	1,263,564	160.1	76.6
2019	9.6	1,643,970	1,132,424	145.2	79.5
2018	9.4	886,409	1,090,645	81.3	87.2
2017	9.1	919,943	997,838	92.2	85.2
2016	8.6	1,171,002	892,379	131.2	78.3
2015	8.1	777,948	787,319	98.8	83.8
2014	7.4	523,452	674,202	77.6	87.2
2013	7.8	822,056	670,617	122.6	78.6
TOTAL					
2022	34.3%	$6,912,106	$4,644,682	148.8%	79.3%
2021	33.1	2,207,410	4,272,320	51.7	93.9
2020	31.9	6,524,266	4,075,819	160.1	76.6
2019	31.4	5,405,481	3,723,483	145.2	79.5
2018	31.6	2,975,839	3,661,498	81.3	87.2
2017	30.8	3,118,101	3,382,122	92.2	85.2
2016	29.8	4,061,009	3,094,750	131.2	78.3
2015	29.0	2,796,367	2,830,051	98.8	83.8
2014	28.5	2,013,469	2,593,334	77.6	87.2
2013	28.4	3,002,849	2,449,664	122.6	78.6

CHRCO PENSION PLAN

The schedule of changes in the net pension liability for the CHRCO Pension Plan for the years ended June 30 is as follows:

(in thousands of dollars)

	2022	2021	2020	2019	2018
TOTAL PENSION LIABILITY					
As of June 30					
Service cost	$15,775	$14,873	$12,648	$11,430	$11,304
Interest on the total pension liability	42,159	38,932	36,005	34,165	31,854
Changes of benefit terms					92
Difference between expected and actual experience	1,058	18,527	23,581	5,214	3,609
Changes of assumptions or other inputs	(22,525)	(2,413)	28,609	(9,540)	
Benefits paid, including refunds of employee contributions	(22,683)	(19,684)	(17,262)	(15,143)	(12,802)
Net change in total pension liability	**13,784**	**50,235**	**83,581**	**26,126**	**34,057**
Total pension liability - beginning of year	644,151	593,916	510,335	484,209	450,152
Total pension liability - end of year	**657,935**	**644,151**	**593,916**	**510,335**	**484,209**
PLAN NET POSITION					
Contributions - employer	37,452	31,752	31,200	31,200	33,600
Net investment income	(94,275)	111,835	(7,468)	25,203	33,269
Benefits paid, including refunds of employee contributions	(22,683)	(19,684)	(17,262)	(15,143)	(12,802)
Administrative expense	(4,062)	(3,600)	(3,598)	(2,711)	(3,014)
Net change in plan net position	**(83,568)**	**120,303**	**2,872**	**38,549**	**51,053**
Total plan net position - beginning of year	621,785	501,482	498,610	460,061	409,008
Total plan net position - end of year	**538,217**	**621,785**	**501,482**	**498,610**	**460,061**
Net pension liability - end of year	**$119,718**	**$22,366**	**$92,434**	**$11,725**	**$24,148**

(in thousands of dollars)

	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
As of June 30				
Service cost	$9,910	$10,410	$9,448	$9,274
Interest on the total pension liability	29,672	27,782	24,683	22,453
Changes of benefit terms	33	24	40	142
Difference between expected and actual experience	2,442	(3,690)	762	2,487
Changes of assumptions or other inputs		3,613	33,105	
Benefits paid, including refunds of employee contributions	(11,767)	(9,509)	(8,082)	(6,994)
Net change in total pension liability	**30,290**	**28,630**	**59,956**	**27,362**
Total pension liability - beginning of year	419,862	391,232	331,276	303,914
Total pension liability - end of year	**450,152**	**419,862**	**391,232**	**331,276**
PLAN NET POSITION				
Contributions - employer	28,800	24,000	18,000	14,500
Net investment income	41,256	214	11,797	48,704
Benefits paid, including refunds of employee contributions	(11,767)	(9,509)	(8,082)	(6,994)
Administrative expense	(2,727)	(1,816)	(1,222)	(718)
Net change in plan net position	**55,562**	**12,889**	**20,493**	**55,492**
Total plan net position - beginning of year	353,446	340,557	320,064	264,572
Total plan net position - end of year	**409,008**	**353,446**	**340,557**	**320,064**
Net pension liability - end of year	**$41,144**	**$66,416**	**$50,675**	**$11,212**

The schedule of net pension liability for the CHRCO Pension Plan as of June 30 is:

(in thousands of dollars)

	2022	2021	2020	2019	2018
Total pension liability	$657,935	$644,151	$593,916	$510,335	$484,209
Plan net position	538,217	621,785	501,482	498,610	460,061
Net pension liability	**$119,718**	**$22,366**	**$92,434**	**$11,725**	**$24,148**
Ratio of plan net position to total pension liability	81.8%	96.5%	84.4%	97.7%	95.0%
Covered payroll	$214,184	$220,208	$209,596	$190,599	$187,639
Net pension liability as a percentage of covered payroll	55.9%	10.2%	44.1%	6.2%	12.9%

(in thousands of dollars)

	2017	2016	2015	2014
Total pension liability	$450,152	$419,862	$391,232	$331,276
Plan net position	409,008	353,446	340,557	320,064
Net pension liability	**$41,144**	**$66,416**	**$50,675**	**$11,212**
Ratio of plan net position to total pension liability	90.9%	84.2%	87.0%	96.6%
Covered payroll	$184,083	$165,672	$177,986	$175,189
Net pension liability as a percentage of covered payroll	22.4%	40.1%	28.5%	6.4%

The schedule of employer contributions for the CHRCO Pension Plan for the years ended June 30 is:

(in thousands of dollars)

	2022	2021	2020	2019	2018
Actuarially calculated employer contributions	$11,050	$15,270	$22,070	$17,870	$7,710
Contributions in relation to the actuarially calculated employer contribution	37,452	31,752	31,200	31,200	33,600
Annual contribution (excess) deficiency	**($26,402)**	**($16,482)**	**($9,130)**	**($13,330)**	**($25,890)**
Covered payroll	$214,184	$220,208	$209,596	$190,599	$187,639
Actual contributions as a percentage of covered payroll	17.5%	14.4%	14.9%	16.4%	17.9%

(in thousands of dollars)

	2017	2016	2015	2014
Actuarially calculated employer contributions	$5,642	$7,823	$12,239	$21,282
Contributions in relation to the actuarially calculated employer contribution	28,800	24,000	18,000	14,500
Annual contribution (excess) deficiency	**($23,158)**	**($16,177)**	**($5,761)**	**$6,782**
Covered payroll	$184,083	$165,672	$177,986	$175,189
Actual contributions as a percentage of covered payroll	15.6%	14.5%	10.1%	8.3%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially calculated contributions are calculated as of January 1 of the fiscal year (for the Rep Plan) and as of July 1 of the beginning of the fiscal year (for the Unrep Plan) in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. For the period January 1, 2014 to June 30, 2014, the amount shown does not reflect changes in the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2014 to June 30, 2015, and after includes HATFA. The contribution for July 1, 2020 and after reflects the American Rescue Plan Act of 2021 (ARPA) and Infrastructure Investment and Jobs Act ("IIJA") of 2021. For the Rep plan, the actuarially determined contribution represents half of the prior plan year and half of the current plan year required minimum contribution amounts.
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the Plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method.
Amortization method	Level dollar, closed amortization over a seven-year period from the valuation date as specified under PPA.
Remaining amortization period	15 years for changes in unfunded liabilities that occur each valuation date.
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The two-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	3.0% and 2.75% for the Rep Plan and Unrep Plan, respectively.
Investment rate of return	6.75% and 6.5% for the Rep Plan and Unrep Plan, respectively (limited to the 3rd segment rate applicable for each year)
Projected salary increases	Represented employees: 3.75% for FYE22, 4.0% for FYE23 and FYE24 and 3.75% for FYE25 and annually thereafter; Unrepresented employees: 3.0% for FYE22 and 2023, 3.75% for FYE24 and thereafter.
Cost-of-living adjustments	N/A.
Mortality	IRS generational mortality table prescribed for the valuation year. RP-2014 total dataset mortality table for males or females (base year 2006), as appropriate, with MP-2019 generational for mortality improvements.

OCERS

The schedule of Irvine's proportionate share of OCERS' net pension liability is presented below:

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
2022	0.4%	$8,567			82.7%
2021	0.3	12,669			75.3
2020	0.3	15,107			71.6
2019	0.3	17,404			67.9
2018	0.3	13,822	$15	92,146.7%	75.1
2017	0.3	18,057	44	41,038.6	69.0
2016	0.3	18,092	285	6,347.5	69.5

RETIREE HEALTH BENEFITS

The schedule of the Medical Centers' proportionate share of UCRHBT's net retiree health benefits liability is presented below:

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL RETIREE HEALTH BENEFITS LIABILITY
DAVIS					
2022	7.3%	$1,429,502	$1,099,068	130.1%	0.9%
2021	7.0	1,705,269	957,674	178.1	0.7
2020	6.6	1,534,830	868,923	176.6	0.7
2019	6.6	1,268,189	816,000	155.4	0.8
2018	6.7	1,215,567	804,821	151.0	0.7
2017	6.6	1,227,803	735,904	166.8	0.6
2016	6.6	1,385,392	682,784	202.9	0.3
2015	6.5	1,174,370	635,120	184.9	0.3
IRVINE					
2022	3.2%	$623,548	$479,449	130.1%	0.9%
2021	3.2	775,408	435,426	178.1	0.7
2020	3.1	713,600	404,077	176.6	0.7
2019	3.0	572,706	368,444	155.4	0.8
2018	3.0	548,548	363,214	151.0	0.7
2017	3.1	574,394	344,334	166.8	0.6
2016	3.2	678,034	334,184	202.9	0.3
2015	3.2	576,719	311,924	184.9	0.3
LOS ANGELES					
2022	6.8%	$1,338,495	$1,029,110	130.1%	0.9%
2021	7.1	1,723,183	967,713	178.1	0.7
2020	7.0	1,623,943	919,462	176.6	0.7
2019	7.1	1,358,829	874,296	155.4	0.8
2018	7.7	1,404,685	930,071	151.0	0.7
2017	7.6	1,422,069	852,389	166.8	0.6
2016	7.3	1,531,589	754,840	202.9	0.3
2015	7.2	1,304,836	705,659	184.9	0.3

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL RETIREE HEALTH BENEFITS LIABILITY
SAN DIEGO					
2022	5.3%	$1,028,874	$791,102	130.1%	0.9%
2021	5.3	1,271,447	714,031	178.1	0.7
2020	5.2	1,193,191	675,577	176.6	0.7
2019	4.8	932,379	599,852	155.4	0.8
2018	4.8	867,819	574,571	151.0	0.7
2017	4.5	835,720	500,922	166.8	0.6
2016	4.1	873,597	430,563	202.9	0.3
2015	4.0	721,260	390,029	184.9	0.3
SAN FRANCISCO					
2022	10.4%	$2,041,112	$1,569,364	130.1%	0.9%
2021	10.3	2,493,992	1,400,659	178.1	0.7
2020	10.6	2,463,690	1,394,885	176.6	0.7
2019	10.1	1,945,198	1,251,556	155.4	0.8
2018	9.8	1,789,855	1,185,071	151.0	0.7
2017	9.5	1,777,540	1,065,427	166.8	0.6
2016	8.6	1,810,693	892,379	202.9	0.3
2015	8.1	1,455,873	787,319	184.9	0.3
TOTAL					
2022	33.0%	$6,461,531	$4,968,093	130.1%	0.9%
2021	32.9	7,969,299	4,475,503	178.1	0.7
2020	32.5	7,529,254	4,262,924	176.6	0.7
2019	31.6	6,077,301	3,910,148	155.4	0.8
2018	32.0	5,826,474	3,857,748	151.0	0.7
2017	31.3	5,837,526	3,498,976	166.8	0.6
2016	29.8	6,279,305	3,094,750	202.9	0.3
2015	29.0	5,233,058	2,830,051	184.9	0.3

UNIVERSITY OF CALIFORNIA

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As of October 2022

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