VCU | Virginia Commonwealth University™

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

June 30, 2022

VIRGINIA COMMONWEALTH UNIVERSITY

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MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022
(unaudited)

Virginia Commonwealth University's Management Discussion and Analysis (MD&A) provides a discussion and overview of the financial performance during the fiscal year ended June 30, 2022, with comparative information presented for the fiscal year ended June 30, 2021. While maintaining its financial health is crucial to the long-term viability of the University, the primary mission of a public institution of higher education is to provide education, research and public service.

This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes and this discussion are the responsibility of management.

Understanding the Financial Statements

The MD&A focuses on VCU and is intended to foster a greater understanding of VCU's financial activities. Since this presentation includes summarized formats, it should be read in conjunction with the financial statements, which have the following four components:

Statement of Net Position presents a snapshot of VCU's assets and liabilities under the accrual basis of accounting at the end of each fiscal year presented. The Statement of Net Position helps the reader understand the type and amounts of assets available to support operations, how much VCU owes to vendors and bondholders and net position delineated based upon their availability for future expenditures.

Statement of Revenues, Expenses and Changes in Net Position presents VCU's revenues and expenses categorized between operating, non-operating and other related activities. The Statement of Revenues, Expenses and Changes in Net Position reports VCU's operating results for each fiscal year presented.

Statement of Cash Flows (SCF) provides information about VCU's sources (receipts) and uses (payments) of cash during the fiscal year. The SCF classifies sources and uses of cash into four categories, assists in determining whether VCU has the ability to generate future net cash flows to meet its obligations as they come due and in determining the need for external financing.

Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

The MD&A provides objective analysis of VCU's financial activities based on currently known facts, decisions and conditions. The MD&A discusses the current year results in comparison to the prior year. To see discussions relating to the prior year, refer to last year's annual financial report on VCU's website.

Statement of Net Position

The term "Net Position" refers to the difference between total assets and deferred outflows to total liabilities and deferred inflows, as an indicator of VCU's financial condition. Changes in net position that occur over time indicate improvement or deterioration in VCU's financial condition.

Assets and liabilities are generally measured using current values with capital assets as the one notable exception because they are stated at historical cost less an allowance for depreciation.

Condensed Statement of Net Position

as of June 30,	2022	2021, as restated	$ Change	% Change
Current and other assets	989,298,212	$878,910,006	$110,388,206	13%
Deferred outflows	103,027,078	141,582,871	(38,555,793)	(27%)
Capital assets – net	1,368,907,680	1,344,449,815	24,457,865	2%
Total assets and deferred outflows	2,461,232,970	2,364,942,692	96,290,278	4%
Current liabilities	276,793,295	223,790,018	53,003,277	24%
Noncurrent liabilities	850,227,241	1,121,213,489	(270,986,248)	(24%)
Deferred inflows	238,235,584	69,070,825	169,164,759	245%
Total liabilities and deferred inflows	1,365,256,120	1,414,074,332	(48,818,212)	(3%)
Net Position:				
Net investment in capital assets	912,504,596	881,434,248	31,070,348	4%
Restricted	215,350,320	129,662,205	85,688,115	66%
Unrestricted	(31,878,066)	(60,228,093)	28,350,027	47%
Total net position	$1,095,976,850	$950,868,360	$145,108,490	15%

Fiscal year 2021 has been restated to conform to the provisions of GASB 87, Leases.

Total university assets and deferred outflows increased by $96.3 million or 4% during fiscal year 2022, bringing the total to $2,461.2 million at year-end. The increase is mostly due to a large gift received to fund a liver institute. Deferred outflows decreased $38.6M, which is attributed to pension and other post employment benefit changes in assumptions, proportions, and investment experience.

Total university liabilities and deferred inflows decreased by $48.8 million or 3% during fiscal year 2022. Deferred inflows increased $169.2M, which was driven by changes in assumptions, proportions and investment experience relating to pensions as well as increased inflows relating to leases. Additionally, pension obligations decreased by $208.6M.

Total Net Position

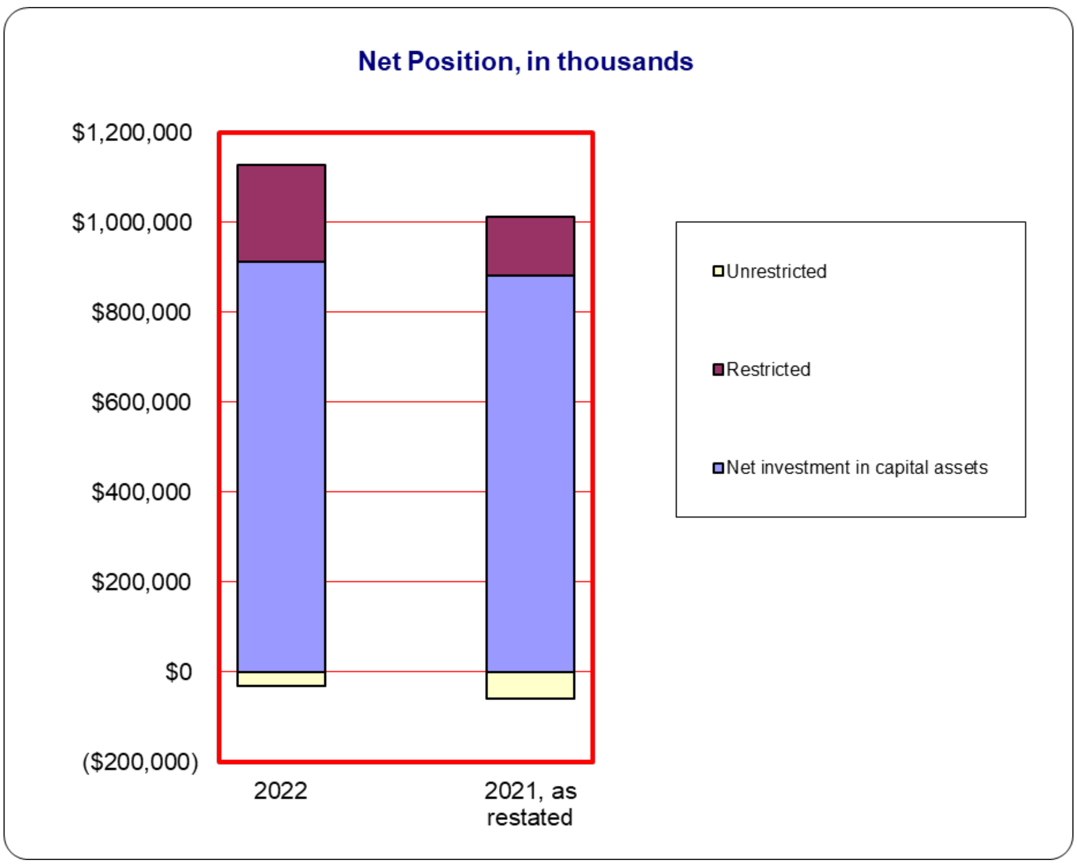
Net position is divided into three major categories:

Net investments in capital assets provide the University's equity in property, plant and equipment owned by the University.

Restricted net assets are divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted assets are only available for investment purposes. Expendable restricted assets are available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

Unrestricted net position is available resources to the University for any lawful purpose.

The following graph and table illustrates the changes in the make-up of net position, between 2022 and 2021:



Total Net Position

as of June 30,	2022	2021, as restated	$ Change	% Change
Net investment in capital assets	$912,504,596	$881,434,248	$31,070,348	4%
Restricted	215,350,320	129,662,205	85,688,115	66%
Unrestricted	(31,878,066)	(60,228,093)	28,350,027	47%
Total net position	$1,095,976,850	$950,868,360	$145,108,490	15%

- Restricted net assets increased due to additional research funding while unrestricted net assets increased due to the decrease in the pension liability.

Statement of Revenues, Expenses and Changes in Net Position

Due to the classification of certain revenues as non-operating revenue, VCU shows a loss from operations. State appropriations, while budgeted for operations, are considered non-operating revenues according to Governmental Accounting Standards Board (GASB) 35 standards and are reflected accordingly in the non-operating section of the Statement of Revenues, Expenses and Changes in Net Position, even though these funds are used solely for operating purposes.

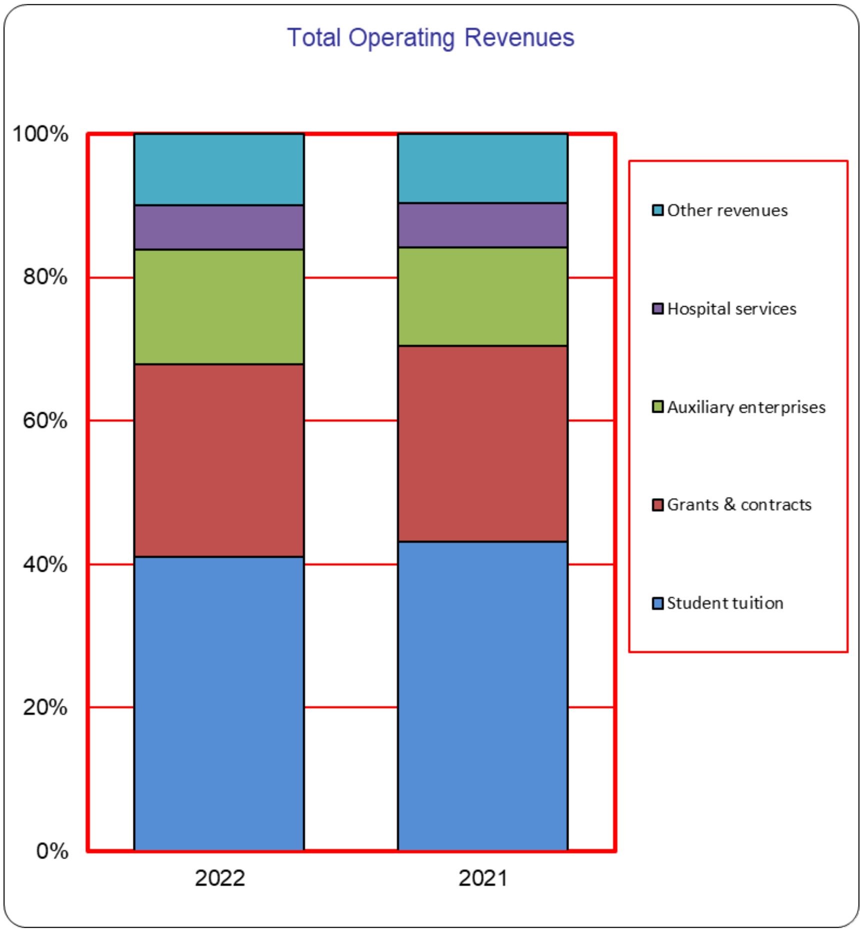
The following is a summarized schedule of the revenues and expenses for the University:

Condensed Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30,	2022	2021, as restated	$ Change	% Change
Operating revenue	$815,401,063	$775,587,433	$39,813,630	5%
Operating expense	1,202,655,396	1,186,162,766	16,492,630	1%
Operating loss	(387,254,333)	(410,575,333)	23,321,000	6%
Non-operating revenues, net of expenses	460,128,544	508,689,587	(48,561,043)	(10%)
Other revenues (expenses)	72,234,279	61,004,248	11,230,031	18%
Increase in net position	145,108,490	159,118,502	(14,010,012)	(9%)
Net position - beginning of year	950,868,360	791,749,858	159,118,502	20%
Net position - end of year	$1,095,976,850	$950,868,360	$145,108,490	15%

Revenues

Operating revenues increased $39.8 million, or 5%, in 2022 compared to the prior year.



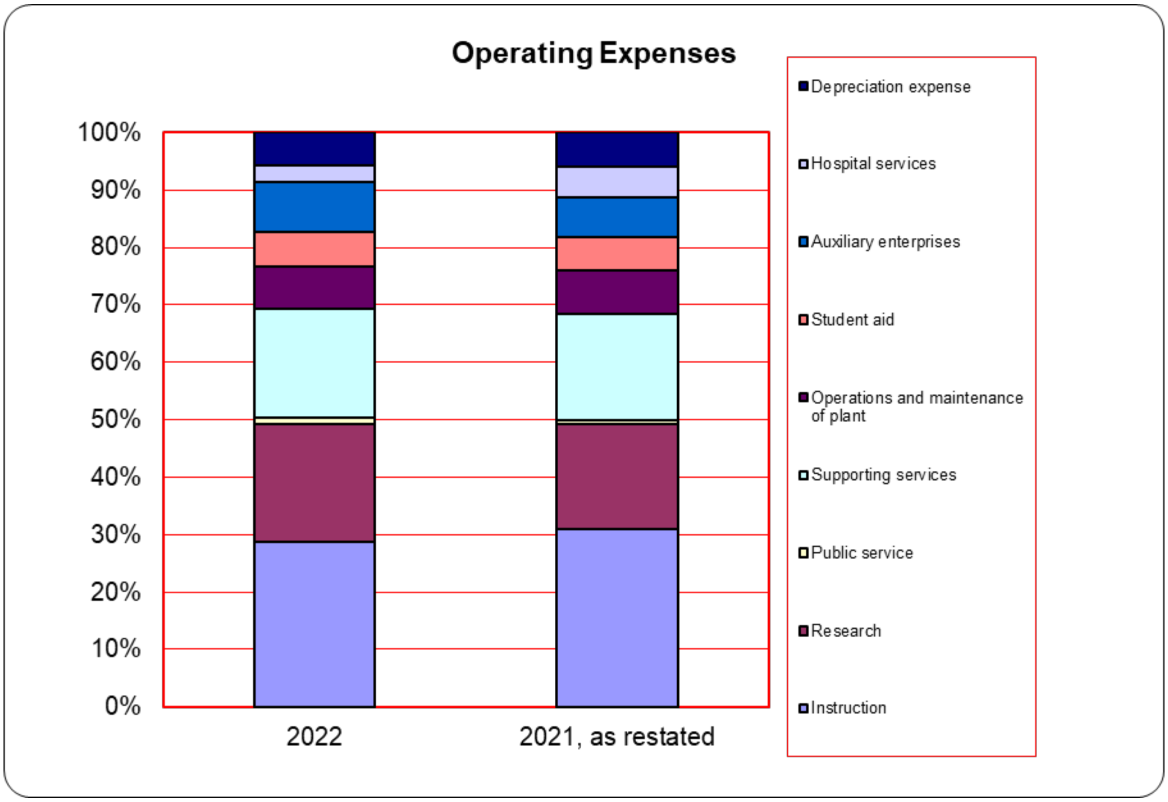
Total Operating Revenues

For the Year Ended June 30,	2022	2021	$ Change	% Change
Student tuition	$334,818,635	$334,826,132	($7,497)	(0%)
Grants & contracts	219,040,701	211,133,156	7,907,545	4%
Auxiliary enterprises	130,111,804	106,184,041	23,927,763	23%
Hospital services	49,789,069	48,849,039	940,030	2%
Other revenues	81,640,854	74,595,065	7,045,789	9%
Total operating revenues	$815,401,063	$775,587,433	$39,813,630	5%

- Operating revenues increased due grants and increases of auxiliary services resulting from the return of students to campus following the prior year's transition to on-line learning.

Expenses

Operating expenses increased $16.5 million, or 1%, over 2021 to $1.2 billion. The following chart summarizes operating expenses by functional classification:



Operating Expenses by Function

For the Year Ended June 30,	2022	2021, as restated	$ Change	% Change
Instruction	$346,112,570	$367,324,976	($21,212,406)	(6%)
Research	246,560,900	217,814,847	28,746,053	13%
Public service	11,927,187	7,544,493	4,382,694	58%
Supporting services	228,198,520	219,443,110	8,755,410	4%
Operations and maintenance of plant	88,872,775	88,839,926	32,849	0%
Student aid	73,239,971	68,378,816	4,861,155	7%
Auxiliary enterprises	104,430,372	82,619,345	21,811,027	26%
Hospital services	33,901,270	64,214,020	(30,312,750)	(47%)
Depreciation/amortization expense	69,411,831	69,983,233	(571,402)	(1%)
Total operating expenses	$1,202,655,396	$1,186,162,766	$16,492,630	1%

- The decrease in instruction expense is attributable to pension assumptions where the prior year contributions were greater than the calculated expense.
- Decreased expenses in hospital services is mostly due to the 2021 transfer of federal stimulus funding to the VCUHS. Both research and auxiliary expenses increased in correlation to the increased revenues to provide such services.

Capital Assets and Related Financing Activities

Capital Assets

At June 30, 2022, VCU had $2.371 billion in capital assets, less accumulated depreciation of $1.002 billion, for net capital assets of $1.369 billion. VCU is committed to a comprehensive program of capital initiatives in support of the University's strategic plan.

Capital Assets, Net

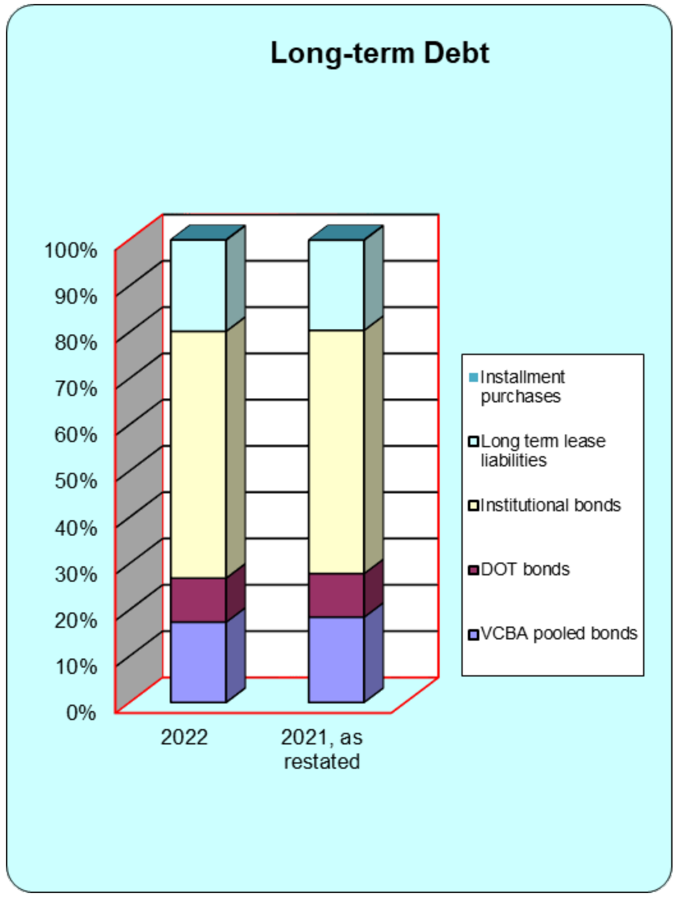
as of June 30,	2022	2021, as restated	$ Change	% Change
Land	$84,927,811	$77,267,260	$7,660,551	10%
Land improvements and infrastructure	3,279,704	2,823,526	456,178	16%
Buildings	1,000,958,530	928,796,365	72,162,165	8%
Equipment	69,598,166	70,595,359	(997,193)	(1%)
Intangible (computer software)	1,068,322	1,819,197	(750,875)	(41%)
Library books	4,967,583	5,573,914	(606,331)	(11%)
Construction in progress	101,956,593	149,770,456	(47,813,863)	(32%)
Right to use leased assets	102,150,971	107,803,738	(5,652,767)	(5%)
Total	$1,368,907,680	$1,344,449,815	$24,457,865	2%

- Increase in land is due to the acquisition of property for use by athletics and other needs.
- Changes between construction in progress and land include the completion of several projects.

Debt

At June 30, 2022, the University had $521.2 million in long-term debt outstanding.

Implementation of GASB 87, added leased assets to the long-term debt portfolio.



Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement assists users in assessing the University's ability to generate net cash flows, meet its obligations as they come due and its need for external financing.

The statement is divided into four sections:

1. Cash used by operating activities shows operating cash flows of the University.
2. Cash provided by noncapital financing activities reflects cash received and disbursed for purposes other than operating, investing and capital financing. GASB requires general appropriations from the Commonwealth and noncapital gifts be shown as cash flows from noncapital financing activities.

3. Cash used by capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Plant fund and related long-term debt activities (except depreciation and amortization), as well as gifts to endowments, are included in cash flows from capital financing activities.
4. Net cash used by investing activities reflects cash generated from investments, which included purchases, proceeds and interest.

The following is a summary Statement of Cash Flows for the University for the years ended June 30, 2022 and 2021. For more detailed information, see the accompanying Statement of Cash Flows.

University	2022	2021	$ Change	% Change
Cash provided (used) by:				
Operating activities	($340,606,213)	($314,746,427)	($25,859,786)	8%
Noncapital financing activities	436,183,418	452,203,877	(16,020,459)	(4%)
Capital and related financing activities	(48,335,281)	(54,651,324)	6,316,043	(12%)
Investing activities	(92,073,722)	(82,417,855)	(9,655,867)	12%
Net increase (decrease) in cash	(44,831,798)	388,271	(45,220,069)	(11647%)
Cash and cash equivalents, beginning of year	131,255,998	130,867,727	388,271	0%
Cash and cash equivalents, end of year	$86,424,200	$131,255,998	($44,831,798)	(34%)

Economic Outlook

The following are known facts and circumstances that will affect future financial results:

- The Board approved one-time tuition waivers for in-state undergraduate students. Waiver is for the 3% growth in undergraduate in-state tuition costs only (excludes growth in fees) at a cost of approximately $6.7M.
- Fall 2023 enrollment is down approximately 500 students from the prior year.
- State appropriations increased by $17.5M in permanent operating funding.
- Faculty and staff received a 5% salary increase starting with the August 1, 2022 paycheck.

FINANCIAL STATEMENTS

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2022

	University	VCU Health System Authority
Current assets:		
Cash and cash equivalents (Note 2)	$ 69,566,328	$ 290,669,988
Short-term investments (Note 2)	362,808,472	-
Accounts receivable:		
Student and other, Net of allowance of $4,875,556 (Note 4)	16,060,144	-
Sponsors	42,769,919	-
Patient, Net of allowance	-	441,480,669
Third-party and non-patient	-	92,545,343
Contributions and gifts, Net of allowance of $753,913 (Note 5)	15,000,000	-
Due from University/component units	20,210,481	-
Due from Commonwealth of Virginia	7,212,181	-
Due from VCBA	12,823,815	-
Loans receivable, current portion	1,728,596	-
Current portion of assets whose use is limited (Note 2)	-	7,400,000
Other assets	6,027,941	87,408,281
Total current assets	554,207,877	919,504,281
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	16,857,872	-
Endowment investments (Note 2)	44,412,685	-
Other investments (Note 2)	155,283,433	51,419,903
Contributions and gifts, Net of discounts and allowance of $6,560,326 (Note 5)	64,769,875	-
Loans and Other receivable, Net of allowance of $895,174 (Note 4)	23,863,759	-
Due from University/component units	111,235,275	-
Assets whose use is limited, less current portion (Note 2)	-	1,435,505,496
Other long-term assets	-	83,828,858
Post Employment Benefits (Note 15)	18,667,436	-
Non-depreciable capital assets (Note 6)	186,884,404	507,553,071
Depreciable capital assets (Note 6)	1,182,023,276	1,255,601,237
Total non-current assets	1,803,998,015	3,333,908,565
Total assets	2,358,205,892	4,253,412,846
Deferred outflows (Note 1U)	103,027,078	26,574,612
Total assets and deferred outflows	2,461,232,970	4,279,987,458
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	95,136,432	400,450,340
Unearned revenue (Note 9)	76,284,659	-
Due to University/component units	96,226	-
Long-term liabilities - current portion (Note 12)	82,741,978	68,921,657
Short-term liabilities (Note 10)	22,534,000	-
Total current liabilities	276,793,295	469,371,997
Noncurrent liabilities:		
Funds held for others (Note 11)	21,849,687	-
Due to University/component units	-	-
Other	-	26,063,054
Long-term liabilities (Note 12)	509,638,485	813,289,137
Pension obligations (Note 14)	203,178,324	15,054,454
Post Employment Benefits (Note 15)	115,560,745	5,832,720
Total noncurrent liabilities	850,227,241	860,239,365
Total liabilities	1,127,020,536	1,329,611,362
Deferred Inflows (Note 1U)	238,235,584	53,304,861
Total liabilities and deferred inflows	1,365,256,120	1,382,916,223
Net investment in capital assets	912,504,596	1,286,470,645
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	5,320,052	-
Departmental uses	60,178,267	21,934,758
Expendable:		
Scholarships and fellowships	4,822,706	-
Research	123,099,953	-
Departmental uses	18,877,689	5,768,022
Loans	3,051,653	-
Unrestricted	(31,878,066)	1,582,897,810
Total net position	$ 1,095,976,850	$ 2,897,071,235

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2022

	MCV Foundation	VCU Foundation	VCU Real Estate Foundation
Current assets:			
Cash and cash equivalents (Note 2)	$ -	$ 1,123,612	$ 1,991,021
Short-term investments (Note 2)	101,066,000	-	-
Accounts receivable:			
Student and other, Net of allowance of $4,875,556 (Note 4)	-	8,726	308,556
Sponsors	-	-	-
Patient, Net of allowance	-	-	-
Third-party and non-patient	-	-	-
Contributions and gifts, Net of allowance of $753,913 (Note 5)	5,935,000	2,739,110	-
Due from University/component units	139,000	206,989	96,226
Due from Commonwealth of Virginia	-	-	-
Due from VCBA	-	-	-
Loans receivable, current portion	-	-	-
Current portion of assets whose use is limited (Note 2)	-	-	-
Other assets	76,000	21,088	91,354
Total current assets	107,216,000	4,099,525	2,487,157
Noncurrent assets:			
Restricted cash and cash equivalents (Note 2)	35,308,000	28,862,524	-
Endowment investments (Note 2)	281,450,000	45,752,145	-
Other investments (Note 2)	391,748,000	55,729,209	3,707,930
Contributions and gifts, Net of discounts and allowance of $6,560,326 (Note 5)	5,703,000	3,249,233	-
Loans and Other receivable, Net of allowance of $895,174 (Note 4)	2,805,000	-	-
Due from University/component units	-	-	9,886,133
Assets whose use is limited, less current portion (Note 2)	-	-	-
Other long-term assets	2,077,000	-	-
Post Employment Benefits (Note 15)	-	-	-
Non-depreciable capital assets (Note 6)	217,000	-	25,474,145
Depreciable capital assets (Note 6)	1,435,000	-	58,038,437
Total non-current assets	720,743,000	133,593,111	97,106,645
Total assets	827,959,000	137,692,636	99,593,802
Deferred outflows (Note 1U)	-	-	-
Total assets and deferred outflows	827,959,000	137,692,636	99,593,802
Current liabilities:			
Accounts payable and accrued liabilities (Note 8)	1,477,000	64,695	257,529
Unearned revenue (Note 9)	-	-	3,179,959
Due to University/component units	-	1,344,392	7,029,523
Long-term liabilities - current portion (Note 12)	985,000	-	-
Short-term liabilities (Note 10)	-	-	11,145,289
Total current liabilities	2,462,000	1,409,087	21,612,300
Noncurrent liabilities:			
Funds held for others (Note 11)	244,000	-	-
Due to University/component units	1,833,000	40,000,300	28,857,975
Other	1,371,000	222,774	1,153,617
Long-term liabilities (Note 12)	1,935,000	-	-
Pension obligations (Note 14)	-	-	-
Post Employment Benefits (Note 15)	-	-	-
Total noncurrent liabilities	5,383,000	40,223,074	30,011,592
Total liabilities	7,845,000	41,632,161	51,623,892
Deferred Inflows (Note 1U)	-	-	-
Total liabilities and deferred inflows	7,845,000	41,632,161	51,623,892
Net investment in capital assets	1,652,000	-	35,329,098
Restricted for:			
Nonexpendable:			
Scholarships and fellowships	-	-	-
Departmental uses	289,665,000	46,870,176	-
Expendable:			
Scholarships and fellowships	-	-	-
Research	-	-	-
Departmental uses	445,308,000	45,192,965	-
Loans	-	-	-
Unrestricted	83,489,000	3,997,334	12,640,812
Total net position	$ 820,114,000	$ 96,060,475	$ 47,969,910

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2022

	VCU School of Business Foundation	VCU College of Engineering Foundation	Dentistry@ VCU
Current assets:			
Cash and cash equivalents (Note 2)	$ 4,914,925	$ 1,795,733	$ 5,641,460
Short-term investments (Note 2)	-	-	-
Accounts receivable:			
Student and other, Net of allowance of $4,875,556 (Note 4)	77,712	-	79,671
Sponsors	-	-	-
Patient, Net of allowance	-	-	4,849,574
Third-party and non-patient	-	-	-
Contributions and gifts, Net of allowance of $753,913 (Note 5)	1,393,038	1,212,797	-
Due from University/component units	6,413	4,442	-
Due from Commonwealth of Virginia	-	-	-
Due from VCBA	-	-	-
Loans receivable, current portion	-	-	-
Current portion of assets whose use is limited (Note 2)	-	-	-
Other assets	140,892	6,382	567,757
Total current assets	6,532,980	3,019,354	11,138,462
Noncurrent assets:			
Restricted cash and cash equivalents (Note 2)	2,363,664	57,523	-
Endowment investments (Note 2)	29,466,106	16,389,626	-
Other investments (Note 2)	23,563,214	59,535,929	12,837,965
Contributions and gifts, Net of discounts and allowance of $6,560,326 (Note 5)	1,082,329	1,371,814	-
Loans and Other receivable, Net of allowance of $895,174 (Note 4)	-	-	-
Due from University/component units	-	-	-
Assets whose use is limited, less current portion (Note 2)	-	-	-
Other long-term assets	-	-	-
Post Employment Benefits (Note 15)	-	-	-
Non-depreciable capital assets (Note 6)	-	4,307,317	-
Depreciable capital assets (Note 6)	20,824,868	27,917,603	-
Total non-current assets	77,300,181	109,579,812	12,837,965
Total assets	83,833,161	112,599,166	23,976,427
Deferred outflows (Note 1U)	-	-	-
Total assets and deferred outflows	83,833,161	112,599,166	23,976,427
Current liabilities:			
Accounts payable and accrued liabilities (Note 8)	59,919	587,156	997,033
Unearned revenue (Note 9)	222,810	-	1,929,659
Due to University/component units	1,830,640	1,270,694	9,092,076
Long-term liabilities - current portion (Note 12)	-	450,115	-
Short-term liabilities (Note 10)	-	-	-
Total current liabilities	2,113,369	2,307,965	12,018,768
Noncurrent liabilities:			
Funds held for others (Note 11)	-	-	-
Due to University/component units	29,829,964	63,002,752	-
Other	-	-	-
Long-term liabilities (Note 12)	-	4,649,901	-
Pension obligations (Note 14)	-	-	-
Post Employment Benefits (Note 15)	-	-	-
Total noncurrent liabilities	29,829,964	67,652,653	-
Total liabilities	31,943,333	69,960,618	12,018,768
Deferred Inflows (Note 1U)	-	-	-
Total liabilities and deferred inflows	31,943,333	69,960,618	12,018,768
Net investment in capital assets	4,612,652	3,926,888	-
Restricted for:			
Nonexpendable:			
Scholarships and fellowships	-	-	-
Departmental uses	23,112,032	16,399,736	-
Expendable:			
Scholarships and fellowships	-	-	-
Research	-	-	-
Departmental uses	15,380,089	18,668,102	-
Loans	-	-	-
Unrestricted	8,785,055	3,643,822	11,957,659
Total net position	$ 51,889,828	$ 42,638,548	$11,957,659

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2022

	Eliminations	Total
Current assets:		
Cash and cash equivalents (Note 2)	$ -	$ 375,703,067
Short-term investments (Note 2)	-	463,874,472
Accounts receivable:		
Student and other, Net of allowance of $4,875,556 (Note 4)	(9,185,217)	7,349,592
Sponsors	-	42,769,919
Patient, Net of allowance	-	446,330,243
Third-party and non-patient	-	92,545,343
Contributions and gifts, Net of allowance of $753,913 (Note 5)	-	26,279,945
Due from University/component units	(20,663,551)	-
Due from Commonwealth of Virginia	-	7,212,181
Due from VCBA	-	12,823,815
Loans receivable, current portion	-	1,728,596
Current portion of assets whose use is limited (Note 2)	-	7,400,000
Other assets	(2,825,588)	91,514,107
Total current assets	(32,674,356)	1,575,531,280
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	-	83,449,583
Endowment investments (Note 2)	-	417,470,562
Other investments (Note 2)	(908)	753,824,675
Contributions and gifts, Net of discounts and allowance of $6,560,326 (Note 5)	-	76,176,251
Loans and Other receivable, Net of allowance of $895,174 (Note 4)	(850,572)	25,818,187
Due from University/component units	(121,121,408)	-
Assets whose use is limited, less current portion (Note 2)	-	1,435,505,496
Other long-term assets	-	85,905,858
Post Employment Benefits (Note 15)	-	18,667,436
Non-depreciable capital assets (Note 6)	-	724,435,937
Depreciable capital assets (Note 6)	(70,555,042)	2,475,285,379
Total non-current assets	(192,527,930)	6,096,539,364
Total assets	(225,202,286)	7,672,070,644
Deferred outflows (Note 1U)	-	129,601,690
Total assets and deferred outflows	(225,202,286)	7,801,672,334
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	-	499,030,104
Unearned revenue (Note 9)	(4,505,359)	77,111,728
Due to University/component units	(20,663,551)	-
Long-term liabilities - current portion (Note 12)	(4,908,368)	148,190,382
Short-term liabilities (Note 10)	-	33,679,289
Total current liabilities	(30,077,278)	758,011,503
Noncurrent liabilities:		
Funds held for others (Note 11)	-	22,093,687
Due to University/component units	(163,523,991)	-
Other	-	28,810,445
Long-term liabilities (Note 12)	(62,942,063)	1,266,570,460
Pension obligations (Note 14)	-	218,232,778
Post Employment Benefits (Note 15)	-	121,393,465
Total noncurrent liabilities	(226,466,054)	1,657,100,835
Total liabilities	(256,543,332)	2,415,112,338
Deferred Inflows (Note 1U)	(8,896,154)	282,644,291
Total liabilities and deferred inflows	(265,439,486)	2,697,756,629
Net investment in capital assets	(5,624,611)	2,238,871,268
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	5,320,052
Departmental uses	-	458,159,969
Expendable:		
Scholarships and fellowships	-	4,822,706
Research	-	123,099,953
Departmental uses	-	549,194,867
Loans	-	3,051,653
Unrestricted	45,861,811	1,721,395,237
Total net position	$ 40,237,200	$ 5,103,915,705

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2022

	University	VCU Health System Authority
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of $129,319,765	$ 334,818,635	$ -
Federal grants and contracts	178,671,465	-
State grants and contracts	8,407,579	-
Local grants and contracts	1,037,110	-
Nongovernmental grants and contracts	30,924,547	-
Sales and services of educational departments	53,735,558	-
Auxiliary enterprises:		
Sales and services	79,377,359	-
Student fees, Net of scholarship allowances of $7,849,766	50,734,445	-
Hospital services	49,789,069	2,744,820,065
Other revenues	27,905,296	-
Total operating revenues	815,401,063	2,744,820,065
Operating expenses:		
Instruction	346,112,570	-
Research	246,560,900	-
Public service	11,927,187	-
Supporting services:		
Academic support	117,529,111	-
Student services	17,975,152	-
Institutional support	92,694,257	-
Operations and maintenance of plant	88,872,775	-
Student aid	73,239,971	-
Auxiliary enterprises	104,430,372	-
Hospital services	33,901,270	2,668,793,813
Depreciation/amortization expense	69,411,831	123,482,086
Other expenses	-	-
Total operating expenses	1,202,655,396	2,792,275,899
Operating gain/(loss)	(387,254,333)	(47,455,834)
Non-operating revenues (expenses):		
State appropriations (Note 24)	295,483,870	-
Federal Funding: CARES Act/COVID19 (Note 25)	39,656,905	22,333,840
Gifts	149,216,532	16,049,132
Investment income, Net of investment expense	(41,676,004)	(196,635,101)
Interest on capital asset-related debt	(17,072,551)	(28,199,283)
Pell revenue	31,988,055	-
Other	2,531,737	(12,361,996)
Net non-operating revenues	460,128,544	(198,813,408)
Income (loss) before other revenues and expenses	72,874,211	(246,269,242)
Other Revenues (expenses)		
Additions to permanent endowments	17,439	-
Capital appropriations	72,216,840	-
Increase (decrease) in beneficial interest in trusts	-	(4,386,374)
Other	-	-
Increase (decrease) in net position	145,108,490	(250,655,616)
Net position - Beginning of year, as restated	950,868,360	3,147,726,851
Net position - End of year	$ 1,095,976,850	$ 2,897,071,235

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2022

	MCV Foundation	VCU Foundation	VCU Real Estate Foundation
Operating revenues:			
Student tuition and fees	$ -	$ -	$ -
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Nongovernmental grants and contracts	-	-	-
Sales and services of educational departments	-	-	-
Auxiliary enterprises:			
Sales and services	-	-	-
Student fees	-	-	-
Hospital services	-	-	-
Other revenues	1,794,000	374,778	9,189,761
Total operating revenues	1,794,000	374,778	9,189,761
Operating expenses:			
Instruction	-	-	-
Research	-	-	-
Public service	-	-	-
Supporting services:			
Academic support	25,026,000	-	-
Student services	-	-	-
Institutional support	4,611,000	-	-
Operations and maintenance of plant	-	-	2,248,030
Student aid	5,494,000	-	-
Auxiliary enterprises	-	-	-
Hospital services	-	-	-
Depreciation/amortization expense	275,000	-	2,939,040
Other expenses	28,000	10,299,250	66,822
Total operating expenses	35,434,000	10,299,250	5,253,892
Operating gain/(loss)	(33,640,000)	(9,924,472)	3,935,869
Non-operating revenues (expenses):			
State appropriations (Note 24)	-	-	-
Federal Funding: CARES Act/COVID19 (Note 25)	-	-	-
Gifts	17,018,000	15,266,299	-
Investment income, Net of investment expense	(53,181,000)	(7,251,155)	(1,167,562)
Interest on capital asset-related debt	-	-	(1,077,993)
Pell revenue	-	-	-
Other	(1,114,000)	156,136	204,122
Net non-operating revenues	(37,277,000)	8,171,280	(2,041,433)
Income (loss) before other revenues and expenses	(70,917,000)	(1,753,192)	1,894,436
Other Revenues (expenses)			
Additions to permanent endowments	19,020,000	1,339,889	-
Capital appropriations	-	-	-
Increase (decrease) in beneficial interest in trusts	-	(650,189)	-
Other	-	1,649	-
Increase (decrease) in net position	(51,897,000)	(1,061,843)	1,894,436
Net position - Beginning of year, as restated	872,011,000	97,122,318	46,075,474
Net position - End of year	$ 820,114,000	$ 96,060,475	$ 47,969,910

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2022

	VCU School of Business Foundation	VCU School of Engineering Foundation	Dentistry@ VCU
Operating revenues:			
Student tuition and fees	$ -	$ -	$ -
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Nongovernmental grants and contracts	-	-	-
Sales and services of educational departments	-	-	-
Auxiliary enterprises:			
Sales and services	-	-	-
Student fees	-	-	-
Hospital services	-	-	-
Other revenues	2,784,657	4,031,663	17,348,114
Total operating revenues	2,784,657	4,031,663	17,348,114
Operating expenses:			
Instruction	683,427	-	-
Research	-	-	-
Public service	-	-	-
Supporting services:			
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operations and maintenance of plant	-	-	-
Student aid	-	-	-
Auxiliary enterprises	-	-	-
Hospital services	-	-	-
Depreciation/amortization expense	1,341,017	2,325,585	-
Other expenses	2,357,086	9,221,314	18,882,731
Total operating expenses	4,381,530	11,546,899	18,882,731
Operating gain/(loss)	(1,596,873)	(7,515,236)	(1,534,617)
Non-operating revenues (expenses):			
State appropriations (Note 24)	-	-	-
Federal Funding: CARES Act/COVID19 (Note 25)	-	-	-
Gifts	1,054,988	5,700,034	-
Investment income, Net of investment expense	(8,753,046)	(10,586,476)	(512,989)
Interest on capital asset-related debt	(556,328)	(1,209,304)	-
Pell revenue	-	-	-
Other	-	-	-
Net non-operating revenues	(8,254,386)	(6,095,746)	(512,989)
Income (loss) before other revenues and expenses	(9,851,259)	(13,610,982)	(2,047,606)
Other Revenues (expenses)			
Additions to permanent endowments	840,013	64,054	-
Capital appropriations	-	-	-
Increase (decrease) in beneficial interest in trusts	-	-	-
Other	-	-	-
Increase (decrease) in net position	(9,011,246)	(13,546,928)	(2,047,606)
Net position - Beginning of year, as restated	60,901,074	56,185,476	14,005,265
Net position - End of year	$ 51,889,828	$ 42,638,548	$11,957,659

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2022

	Eliminations	Total
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of $129,319,765	$ (706,822)	$ 334,111,813
Federal grants and contracts	-	178,671,465
State grants and contracts	-	8,407,579
Local grants and contracts	-	1,037,110
Nongovernmental grants and contracts	-	30,924,547
Sales and services of educational departments	(796,288)	52,939,270
Auxiliary enterprises:		
Sales and services	(601,523)	78,775,836
Student fees, Net of scholarship allowances of $7,849,766	-	50,734,445
Hospital services	(53,235,157)	2,741,373,977
Other revenues	(26,903,562)	36,524,707
Total operating revenues	(82,243,352)	3,513,500,749
Operating expenses:		
Instruction	(337,081)	346,458,916
Research	(540,834)	246,020,066
Public service	(1,302)	11,925,885
Supporting services:		
Academic support	(26,543,242)	116,011,869
Student services	(12,382)	17,962,770
Institutional support	(27,336)	97,277,921
Operations and maintenance of plant	(821,985)	90,298,820
Student aid	-	78,733,971
Auxiliary enterprises	(54,088)	104,376,284
Hospital services	(67,949,924)	2,634,745,159
Depreciation/amortization expense	(8,801,592)	190,972,967
Other expenses	(20,914,650)	19,940,553
Total operating expenses	(126,004,416)	3,954,725,181
Operating gain/(loss)	43,761,064	(441,224,432)
Non-operating revenues (expenses):		
State appropriations (Note 24)	-	295,483,870
Federal Funding: CARES Act/COVID19 (Note 25)	-	61,990,745
Gifts	(48,397,933)	155,907,052
Investment income, Net of investment expense	(19,000)	(319,782,333)
Interest on capital asset-related debt	3,973,806	(44,141,653)
Pell revenue	-	31,988,055
Other	-	(10,584,001)
Net non-operating revenues	(44,443,127)	170,861,735
Income (loss) before other revenues and expenses	(682,063)	(270,362,697)
Other Revenues (expenses)		
Additions to permanent endowments	-	21,281,395
Capital appropriations	-	72,216,840
Increase (decrease) in beneficial interest in trusts	-	(5,036,563)
Other	-	1,649
Increase (decrease) in net position	(682,063)	(181,899,376)
Net position - Beginning of year, as restated	40,919,263	5,285,815,081
Net position - End of year	$ 40,237,200	$ 5,103,915,705

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

	University
Cash flows from operating activities:	
Tuition and fees	$ 334,776,632
Grants and contracts	233,055,034
Auxiliary enterprise charges	129,767,289
Sales and services of education departments	53,735,558
Hospital services charges	47,889,516
Payments to suppliers	(381,123,843)
Payments to employees	(786,832,542)
Loans issued to students	(1,283,569)
Collection of loans to students	1,098,348
Other receipts (payments)	28,311,364
Net cash used by operating activities	(340,606,213)
Cash flows from noncapital financing activities:	
State appropriations	296,208,127
Federal Funding CARES Act/COVID19	39,656,905
Direct lending receipts	202,068,308
Direct lending disbursements	(202,068,308)
Custodial receipts	62,251,379
Custodial disbursements	(58,336,261)
Insurance recoveries	109,422
Pell revenue	31,988,055
Gifts	64,305,791
Net cash provided by noncapital financing activities	436,183,418
Cash flows from capital and related financing activities:	
Bond proceeds disbursed to VCUREF	88,381
State appropriations for capital assets	62,968,952
Purchase of capital assets	(71,598,366)
Principal paid on capital-related debt	(22,526,611)
Interest paid on capital-related debt	(17,267,637)
Net cash used by capital financing activities	(48,335,281)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	1,282,917,472
Investment income	6,871,886
Purchases of investments	(1,381,863,080)
Net cash used by investing activities	(92,073,722)
Net increase in cash	(44,831,798)
Cash and cash equivalents - Beginning of year	131,255,998
Cash and cash equivalents - End of year	$ 86,424,200

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

RECONCILIATION OF NET OPERATING EXPENSES TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating gain/(loss)	$ (387,254,333)
Adjustments to reconcile net gain/(loss) to net cash used by	
Operating activities:	
Depreciation/amortization expense	69,411,831
Provision for uncollectible accounts	(625,734)
Changes in assets, liabilities, deferred inflows and deferred outflows:	
Receivables	(1,664,924)
Other assets	(6,132,276)
Deferred outflows of resources - pension and other post employment benefits	37,427,659
Accounts payable and other liabilities	6,713,254
Unearned revenue	16,622,148
Compensated absences and deferred compensation	(860,347)
Deposits	(2,407,672)
Deferred inflows of resources - pension and other post employment benefits	161,089,521
Pension obligations and other post employment benefits	(232,925,340)
Net cash used by operating activities	$ (340,606,213)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Loss on disposal of capital assets	$ (1,203,232)
Amortization of bond premium and discount	$ (2,420,825)
Unrealized gain/(loss) on investments	$ (29,572,110)
Amortization of deferral on debt defeasance	$ (1,047,111)
Retainage Payable	$ (3,427,516)
Lease liabilities assumed related to right to use leased assets	$ (3,460,843)

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Virginia Commonwealth University (VCU) is supported by the Commonwealth of Virginia to serve the Richmond area, the state and the nation through teaching, research, service and patient care. The VCU Health System supports the University's health care education, research and patient care mission.

VCU is a public research university located in Richmond, the state capital of Virginia. Founded in 1838 as the medical department of Hampden-Sydney College, VCU became the Medical College of Virginia in 1854. In 1968, the General Assembly merged MCV with the Richmond Professional Institute, founded in 1917, to create Virginia Commonwealth University.

Today, more than 29,000 students pursue over 200 degree and certificate programs through VCU's 11 schools and 3 colleges. VCU is designated as a research university with very high research activity by the Carnegie Foundation. A broad array of university-approved centers and institutes of excellence, involving faculty from multiple disciplines in public policy, biotechnology and health care discoveries, supports the University's research mission. Twenty-eight graduate and first-professional programs are ranked by U.S. News & World Report as among the best in the country.

VCU and VCU Health System Authority's accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements. The accounting policies of the Medical College of Virginia Foundation, Virginia Commonwealth University Foundation, Virginia Commonwealth University Real Estate Foundation, Virginia Commonwealth University School of Business Foundation, Virginia Commonwealth University College of Engineering Foundation and Dentistry@VCU conform with the generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB), which are comparable to the GASB accounting principles except for certain disclosures.

The accompanying financial statements are prepared in accordance with generally accepted accounting principles as prescribed by GASB Statement 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and GASB Statement 35 *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities.* Because the University is a component unit of the Commonwealth of Virginia, it is included in the Annual Comprehensive Financial Report of the Commonwealth.

A. Reporting Entity

The accompanying financial statements include the accounts of all organizational units of Virginia Commonwealth University and the Virginia Commonwealth University Intellectual Property Foundation, a component unit that is blended (consolidated) with University operations. These statements are presented as stand-alone statements of the University.

The Virginia Commonwealth University Intellectual Property Foundation functions as a nonprofit charitable foundation solely to assist inventors, mainly from VCU, in licensing and patenting technologies. The sole purpose of this foundation is to promote, encourage and aid scientific investigation and research and to manage intellectual property developed at VCU for the benefit of the University.

In accordance with GASB Statement 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Entity Omnibus*, amendments to GASB Statement 14, the financial statements include the Medical College of Virginia Foundation, Virginia Commonwealth University Foundation, Virginia Commonwealth University Real Estate Foundation, Virginia Commonwealth University College of Engineering Foundation, Virginia Commonwealth University School of Business Foundation, Dentistry@VCU and Virginia Commonwealth University Health System Authority which are presented discretely in the accompanying financial statements. Statement 39 provides additional guidance to determine whether certain organizations, for which the University is not financially accountable, should be reported as component units. Generally, it requires that an organization that raises and holds economic resources for the direct benefit of the University be reported as a component unit. As a result, where in the past the University presented summary financial information of certain of its foundations in the notes to the financial statements, the University is required under Statement 39 to include selected foundations in the body of its financial statements.

Virginia Commonwealth University Health System Authority (the Authority) is a public corporate body and political subdivision of the Commonwealth of Virginia created and established by an Act of the General Assembly of the Commonwealth of Virginia during 1996. The Authority is tax-exempt as an integral part of the Commonwealth of Virginia.

The Authority's principal activity is the operation of the Medical College of Virginia Hospitals (VCUMC), Medical College of Virginia Associated Physicians (MCVAP), Community Memorial Hospital (CMH), Tappahannock Hospital (TAPP), Children's Hospital (Children's), Virginia Children's Care Network (VCCN), Ambulatory Surgical Center (ASC), University Health Services, Inc. (UHS) and Aries Insurance Services, Ltd. (ARIES). Each of these component units are blended into the Authority for purposes of financial statement reporting.

VCUMC is an approximately 800-bed teaching hospital, which provides inpatient, outpatient and emergency care services primarily to patients in the Commonwealth of Virginia.

MCVAP, formed in 1991 as a non-stock, not-for-profit charitable educational organization with the Authority as sole corporate member, functions as the group practice plan for those physicians and health care professionals who have faculty appointments in the VCU School of Medicine (SOM).

CMH located in South Hill, Virginia, is a not for profit healthcare facility. CMH provides inpatient, outpatient, emergency care and long-term care of residents of Southside Virginia. CMH Physician Services, LLC (CMHP) is a component unit of CMH and operates outpatient clinics in South Hill, Clarksville, and Chase City, Virginia. CMHP is organized as a single member limited liability company, of which CMH is the sole member. CMHP is disregarded for tax purposes. Community Memorial Foundation (CMH Foundation), a component unit of CMH, was established to solicit, administer, and distribute funds to support the charitable purpose of CMH.

TAPP, located in the eastern neck of Virginia, is a not-for-profit healthcare facility. TAPP is a 67-bed hospital that provides services ranging from traditional hospital care to intensive care. In January 2021, the Authority purchased TAPP from Riverside Hospital.

Children's was created in 1920 as a Virginia not-for-profit corporation. The 47-bed hospital provides pediatric specialty care to both inpatients and outpatients. On January 1, 2021, the outpatient therapy service and operating room from Children's now operate under the license of VCUMC. The dental clinic is still operated on site and is part of the overall business of Children's.

VCCN was created in April 2020 as a single member limited liability company in the Commonwealth of Virginia. It is the first clinically integrated network for VCUHSA. The network was established to improve the health of Virginia's children by improving access to medical services, coordinating care, enhancing communication and professional satisfaction, and expanding opportunities for quality, safety, research and education. VCCN has recruited over 150 independent pediatric providers in surrounding communities as of the end of the fiscal year.

ASC was created in May 2021 as a single member limited liability company in the Commonwealth of Virginia. The ASC was created to provide ambulatory surgical services to preserve and restore the health of patients in the Richmond community, Virginia and beyond.

UHS is a not-for-profit, non-stock, tax-exempt corporation, which was incorporated on January 26, 1995 to support the educational, scientific, and charitable purpose and activities of the University and, in particular, the activities of the SOM and VCUMC. These activities include, but are not limited to, activities undertaken pursuant to Section 23-50.16B of the Code of Virginia. UHS is the sole member of UHS Professional Education Programs, Inc. (UHS PEP), which was also created in 1995 for providing educational programs for VCUMC physicians and other physicians within and outside of Virginia.

ARIES is a wholly owned captive insurance company domiciled in the Cayman Islands, which was incorporated in May 2018 to manage certain insurance risks and reduce insurance costs to the companies that comprise the Authority. Polices may cover, but not limited to, health care professional liability, general liability, medical professional liability, commercial automobile liability, affiliated miscellaneous liability, worker compensation, excess umbrella coverage and related risks of the Authority and certain affiliates.

The Medical College of Virginia Foundation (MCV Foundation) is a not-for-profit corporation organized to aid, strengthen and extend the work, services and objectives of the MCV Campus of the University. This mission is achieved by receiving contributions, investing and managing funds, disbursing current funds and a portion of the total return on endowment and providing information about the activities of the MCV Campus and the MCV Foundation. The MCV Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The Virginia Commonwealth University Foundation (VCU Foundation) is a Virginia corporation, which functions as a nonprofit charitable foundation solely to assist, support, and foster VCU in all proper ways that may be approved by the trustees of the VCU Foundation with the guidance of VCU. The VCU Foundation manages and distributes current and endowment gifts for schools, departments and programs throughout VCU with major emphasis on programs for the Monroe Park Campus. The VCU Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The Virginia Commonwealth University Real Estate Foundation is a Virginia corporation, which functions as a nonprofit charitable foundation solely to assist and support VCU by holding and managing real estate for its benefit. The Virginia Commonwealth University Real Estate Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). This foundation includes additional subsidiaries: 535 West Broad Street LLC, 501 West Broad Street LLC, 916-918 Grace LLC, Sunshine RVA LLC, 1609 Sherwood LLC and Venture Development LLC.

The Virginia Commonwealth University College of Engineering Foundation is a Virginia corporation, which functions as a nonprofit charitable foundation solely to provide financial and other support to the College of Engineering for the benefit of VCU. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The Virginia Commonwealth University School of Business Foundation is a Virginia corporation, which functions as a nonprofit charitable foundation solely to provide financial and other support to the School of Business for the benefit of VCU. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

Dentistry@VCU was incorporated on June 26, 1991 and commenced operations on January 1, 1992 as a non-stock, non-profit organization to support the education, research, service and patient care mission of the School of Dentistry of Virginia Commonwealth University. The financial statements include Dentistry@VCU and Dentistry – VCU

Continuing Education, LLC, a wholly owned subsidiary of Dentistry@VCU. The entity is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The University also benefits from a number of organizations that exist mainly to support the various purposes and activities of the University and the Authority. The assets of these affiliated organizations, which are separately incorporated and managed by their own Boards, are not included in these statements. The affiliated organizations are listed below and are described in Note 12:

- Virginia Biotechnology Research Park Partnership Authority
- VCU Investment Management Company

Complete financial statements for the foundations can be obtained by writing the VCU Controller's Office, P.O. Box 843035, Richmond, VA 23284-3035.

B. Basis of Accounting

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis, including depreciation expense relating to capitalized fixed assets. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has incurred. All significant intra-agency transactions have been eliminated.

Revenues, as reflected on the Statement of Revenues, Expenses and Changes in Net Position, include all exchange and non-exchange transactions earned in which all eligibility requirements have been satisfied, if measurable and probable for collections. Unearned revenue represents revenue collected, but not earned, as of June 30, 2022. This is primarily composed of revenue for grants and contracts and tuition and fees. Revenues for the summer term are prorated based on student class days occurring before and after June 30.

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

C. Allowance for Uncollectible Receivables

The allowance for uncollectible receivables is based on management's evaluation of the collectability of individual receivables. Receivables are charged against the allowance when deemed to be uncollectible. Added to the allowance is subsequent recoveries.

D. Lease Receivable

The University determines if an arrangement contains a capital lease at the inception of a contract and the lease classification is determined at the commencement date. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as inflows of resources in the period to which the payments relate. Long-term leases are capitalized and the lease term includes renewal options that are reasonably certain of being exercised. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under some lease agreements, the University may receive variable payments based on future performance by the lessee. These variable payments are not included in the measurement of the lease receivable and are recognized as inflows of resources in the period to which those payments relate. Any component of the variable payments that is fixed in substance is included in the measurement of the lease receivable.

A deferred inflow of resources is recorded at the commencement of a lease in an amount equal to the initial recording of the lease receivable. This is amortized on a straight-line basis over the term of the lease.

E. Pledges Receivable

Unconditional gifts are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional gifts expected to be collected within one year are recorded at their net realizable value. Unconditional gifts expected to be collected in future years are recorded at the net present value of the estimated future cash flows.

Donations or contributions of land, buildings, equipment and gifts-in-kind except contributed services are recorded at fair market value when received or pledged, if earlier.

F. Investments

Investments in open-end mutual funds, debt securities and equity securities that have readily determinable fair values are carried at fair value. The fair values of marketable equity securities, bonds and other investments are based on quoted market prices. Investments held in the liquidity fund of the University are reported as current assets with the remaining investments reported as noncurrent assets. The University has investments in liquidity funds that can easily be converted to cash that have maturity dates of up to 3 years.

G. Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market.

H. Investment Income

Investment income, including net realized and unrealized gains or losses on investment transactions and investment expense, is recorded as non-operating revenue.

It is the practice of the VCU Foundation, MCV Foundation, Virginia Commonwealth University College of Engineering Foundation and Virginia Commonwealth School of Business Foundation to distribute annually a set percentage of each endowment corpus to be utilized for the purpose of the fund as stipulated by the donor and/or established by the Foundation. Any excess net investment income over the distribution percentage is added to the individual endowment fund corpus.

I. Accrued Compensated Absences

University full-time classified, part-time classified and faculty employed on or after January 1, 1999, who are also active members of the Virginia Retirement System (VRS), are covered under the "Virginia Sickness and Disability Program" (VSDP). The plan provides for sick leave, family and personal leave, short-term disability benefits and long-term disability benefits. Full-time classified, part-time classified and faculty employed prior to January 1, 1999, who are active members of VRS, participate in VSDP under one of two options or remain under the traditional sick leave program in which classified employees and twelve month faculty earn 5 hours of leave each pay period regardless of the length of state service and nine month faculty accrue 48 hours per semester. One VSDP option permitted eligible employees to convert accumulated sick leave balances to short-term disability credits. The other allowed for the conversion of sick leave balances to VRS service credit. The University was not required to currently fund the cost of conversion to VRS service credit. Enrollment in the VSDP is irrevocable and no additional enrollments are planned. Under VSDP, unused VSDP sick leave and family and personal leave balances do not carry forward from one year to the next and employees are not paid for unused balances upon termination. The converted short-term disability credits of classified employees are payable upon termination in accordance with the Commonwealth of Virginia's sick leave payout policy discussed below. Faculty who converted sick leave balances to short-term disability credits are not compensated for these balances at termination.

Full-time and part-time, twelve-month faculty and classified employees earn annual leave based upon the number of years of continuous state service. Faculty and classified employees carry forward annual leave balances from one year to the next based on the years of service. Upon termination, the payout of unused annual leave balances is subject to the maximum payout policy for each category of employee.

University and academic professionals earn paid leave, university leave, based on their length of employment with the University. The equivalent of one year's leave accrual can be carried over. Upon termination, all leave earned, but not used, is paid to the employee.

Employees who are not subject to the overtime provisions of the Fair Labor Standards Act may be eligible to earn compensatory leave. Leave is earned on an hour-for-hour basis for having worked additional hours in a workweek, holidays or scheduled days off. Compensatory leave may be used for paid time off and is payable upon termination. Accrued compensatory leave lapses, within 12 months from the date it is earned, and once lapsed may not be used or paid upon termination.

The University records a liability for all unused university leave, annual, non-VSDP sick and compensatory leave, unused short-term disability credits, as well as related fringe benefits. Compensatory and university leave balances are paid in full upon termination. Annual leave balances are paid in full up to a maximum number of hours, depending upon length of service. Non-VSDP sick leave and short-term disability credits are payable upon employment termination and are limited to 25 percent of the value accumulated or $5,000, whichever is less, under the Commonwealth of Virginia's sick leave pay-out policy for employees with 5 or more years of service.

The Authority records a liability for all paid time off and related payroll taxes expected to be paid.

J. Capital Assets

Capital assets are stated at cost or, if donated, at acquisition value; however, transfers between related reporting entities are recorded at the carrying value at time of transfer.

Equipment costing $5,000 or more with a useful life of two or more years is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The threshold to capitalize right to use, lease assets is a value of $50,000 or greater with a term of 12 months or greater.

The University and the Authority record depreciation on property, plant and equipment, including capital finance purchases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is 10 to 40 years for buildings and fixtures and 5 to 20 years for equipment. The estimated useful life of library books is 5 years. The general range of estimated useful lives is 10 to 25 years for land improvements and infrastructure. Expenditures for construction in progress are capitalized as incurred and reflected in net investment in plant.

Right to use, lease assets are initially measured at the sum of lease payments made prior to the commencement of the lease term, less any lease incentives, indirect costs that are ancillary charges necessary to place the leased asset into service and the net present value of future lease payments. These assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

The VCU College of Engineering Foundation, VCU School of Business Foundation and VCU Foundation record the acquisition of real estate at cost, or if donated, at fair market value at the time of donation; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Depreciation is provided for properties that are actively rented, using the straight-line method, at rates adequate to amortize the cost of the property over its estimated useful life. The estimated lives of these properties are between 10 and 40 years.

The VCU Real Estate Foundation records the acquisition of equipment at cost, or if donated, at fair market value at the time of donation; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Depreciation is computed using the straight-line method over the estimated lives of the equipment. The estimated useful lives for equipment are between 5 and 20 years.

The MCV Foundation records property and equipment at cost for purchased items and at fair value for donated items; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Acquisitions of fixed assets, with a cost less than $5,000, are expensed as acquired. Depreciation is computed on a straight-line basis over the estimated useful life of the asset. The estimated useful lives range between 3 and 39 years.

K. Hospital Services

In addition to the services provided by the Authority to patients, the University provides facilities, graduate medical education, clinical support and administrative support to hospitals. The revenues and expenditures necessary to provide the services are classified as hospital services.

L. Charity Care

The Authority provides care to patients who meet certain criteria under its indigent care policy without charge or at amounts less than its established rates. Since the Authority does not pursue collection of charges determined to qualify as uncompensated care from the patients, they are not reported as revenue. The costs of providing these services are included in the Authority's operating expenses. Medicaid reimburses the Authority for a substantial portion of its costs of providing services to Medicaid and indigent patients. The Authority's estimated costs for the services provided for this care, net of reimbursement from the Commonwealth of Virginia, approximated $39,662,000 in 2022.

M. Net Patient Service Revenue

Net patient service revenue is reported in hospital services at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under payment agreements with third-party payers and include estimated retroactive adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments and settlements become known or as years are no longer subject to such audits, reviews, appeals and investigations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The effect of these settlement adjustments was to increase the Authority's net patient service revenue by approximately $79,889,000 in 2022. Estimated settlements due to and from third-party payers include amounts that are currently under appeal with various federal and state agencies. Net patient service revenue includes an estimate of uncollectable charges, which is a deduction from gross revenue. The Authority's estimated cost associated with these charges is approximately $90,169,000 for the year ended June 30, 2022.

A summary of the payment arrangements with major third-party payers follows:

- <u>Anthem</u> – Inpatient acute care services rendered to Anthem subscribers are paid at prospectively determined rates per discharge or discounted rates. Outpatient services rendered to Anthem subscribers are paid at discounted rates or applicable fee schedule. The rates can be subject to retroactive adjustments based on quality standards or calculations above a predetermined charge increase percentage.

- <u>Medicare</u> – Inpatient acute care services and defined capital costs rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates may vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services and education related to Medicare beneficiaries are paid based on prospectively determined rates and a discounted cost payment methodology. The Authority is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare fiscal intermediary. The Authority's Medicare cost reports have been final audited by the Medicare fiscal intermediary through June 30, 2013.

- <u>Medicaid</u> – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a per diem rate and APDRG (rates per discharge) prospective payment system on an interim basis but eventually settle to a percentage of cost. Outpatient services rendered to Medicaid program beneficiaries are paid on prospectively determined rates and a cost reimbursement methodology. In addition to inpatient and outpatient services provided to Medicaid program beneficiaries, Medicaid reimburses the Authority most of its costs related to services provided to indigent patients and its education mission which resulted in total Medicaid and indigent reimbursement to the Authority of approximately $679,811,000 in 2022. The

Authority's Medicaid cost reports have been audited by the Medicaid program representative through June 30, 2015.

N. Uncollectible Patient Accounts

A provision for uncollectible accounts is recorded during the period in which collection is considered doubtful.

O. Net Position

GASB standards require the classification of net position into three components: net investment in capital assets, amounts that are restricted and amounts that are unrestricted. These classifications are defined as follows:

- Net investment in capital assets represents the net value of capital assets (property, plant and equipment) less the debt incurred to acquire or construct the asset. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component.
- Nonexpendable restricted consists of gifts that have been received for endowment purposes, the corpus of which cannot be expended.
- Expendable restricted represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted through external constraints imposed by grantors, contributors or creditors through bond covenants.
- Unrestricted is the net amount of assets, deferred outflows of resources, related liabilities and deferred inflows of resources that do not have external restrictions on the use of the funds.

Unexpended appropriations for capital projects are included in expendable restricted net position, as they are not available for general operating purposes.

When an expense is incurred and both restricted and unrestricted resources are available that are properly chargeable to the restricted resources, the University's policy is to apply the expense towards restricted resources before unrestricted resources.

The Authority's investment balances include resources restricted for debt service under bond indenture agreements, by donors, including amounts held by CMH Foundation, and unrestricted resources appropriated or designated by the Board of Directors for quasi-endowment, capital acquisition, medical malpractice program, workers' compensation programs and other designated purposes are reported as assets whose use is limited and are carried at fair value.

The Authority's restricted net position consists principally of beneficial interests in perpetual trust funds established by split interest agreements. Split interest agreements are trust agreements established by donors under which the Authority receives benefits that are shared with other beneficiaries. The trust agreements established by donors provide for a third party to hold the trust assets. These trusts do not permit donors to revoke their charitable contributions. Trust assets of approximately $19,162,000 are restricted by donors for VCUMC in perpetuity and are included in assets whose use is limited at June 30, 2022 at fair value.

P. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total University basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered third party aid.

Q. Revenue and Expense Classifications

Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship allowances; and (3) federal, state, and nongovernmental grants and contracts.

Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts, and other revenue sources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34, such as state appropriations and investment and interest income.

Non-operating expenses include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

R. Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, reserve funds, or purchase or construct capital and other noncurrent assets are classified as noncurrent assets in the Statement of Net Position.

S. Cash and Cash Equivalents

Cash represents cash with the Treasurer of Virginia, on deposit, in receivable and undeposited receipts. This classification includes all highly liquid investments with an original maturity of 90 days or less.

T. Discounts, Premiums and Bond Issuance Costs

Notes and bonds payable on the Statement of Net Position are reported net of related discounts and premiums, which are amortized over the life of the note or bond. Bond issue costs are expensed as incurred.

U. Deferred Outflows and Deferred Inflows

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities.

The composition of deferred outflows and inflows of resources at June 30, 2022 for the University is summarized as follows:

	Other Post Employment Benefits	Pension Related	Gain / Loss on Debt Refunding	Leases	Total
At June 30, 2022					
Deferred outflows of resources	$27,692,834	$67,171,577	$8,162,667	$0	$103,027,078
Deferred inflows of resources	$69,447,661	$155,056,728	$1,208,591	$12,522,604	$238,235,584

The composition of deferred outflows and inflows of resources at June 30, 2022 for the Authority is summarized as follows:

	Pension and Other Post Employment Benefits Related	Gain / Loss on Debt Refunding	Interest Rate Swap Agreements	Leases	Total
At June 30, 2022					
Deferred outflows of resources	$4,541,844	$22,032,768	-		$26,574,612
Deferred inflows of resources	$24,465,341	-	9,876,158	18,963,362	$53,304,861

V. Pensions

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

W. VRS Disability Insurance Program

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

X. Line of Duty Act Program

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

Y. State Employee Health Insurance Credit Program

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

Z. Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees or participating employers. For purposes of measuring the net Group Life Insurance Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

AA. State Health Plans Program for Pre-Medicare Retirees

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, the University no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

AB. Recently Adopted Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases, which under the prior method were not reported in the financial statements and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This standard was applied retrospectively and as a result of the adoption, fiscal year ending June 30, 2021 has been restated. The restatement includes reporting an increase in lease liabilities and related right to use assets for leases that were previously reported as operating or capital leases under the previous accounting standards. Additionally, lease receivables and deferred inflows of resources were reported. The University experienced an increase of $1,386,278 while the Authority experienced a decrease of $599,393 to its net position for fiscal year ending June 30, 2021.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost before the End of a Construction Period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The University's deposits and investments may be subject to the following risks:

- Custodial Credit Risk – This is the risk that in the event of the failure of a depository financial institution or financial counterparty, the agency will not be able to recover the value of its deposits or investments or recover collateral securities that are in the possession of an outside third party. The University had a minimal indirect exposure to custodial risk through its investments in the Short Term Tier with U.S. Bank and the Long-Term Tier with VCU Investment Management Company, ("VCIMCO") as of June 30, 2022.

- Interest Rate Risk – Interest rate risk is the risk that interest rate changes will adversely affect the fair value of an investment. The University holds investments where fair value may be adversely affected by changes in interest rates. The University invests in accordance with its Investment Policy, which establishes appropriate levels of interest rate exposure for each fixed-income fund through the use of a duration methodology. In accordance with the Investment Policy, the short-term tier consists of the University's operating funds and operating revenues, and is invested in accordance with the Virginia Investment of Public Funds Act, Chapter 45 (§ 2.2-4500 et seq.) of Title 2.2 of the Code of Virginia, as amended. Within the short-term tier, there are target durations for two funds, as outlined in the chart below.

	Target Duration
Primary liquidity pool	< 9 months
Extended duration fund	
Short duration portfolio	Per applicable benchmark
Intermediate duration portfolio	Per applicable benchmark
Long duration portfolio	Per applicable benchmark

The Primary Liquidity Fund and Extended Duration Fund investment managers' maximum duration is limited to +10% of the target duration or the applicable benchmark duration. Applicable benchmarks for the Extended Duration Fund include such benchmarks as the BofA ML 1-3 year US Treasury Index, BofA ML 1-3 year Govt/Corp Index, Barclays 1-3 Year Government Bond Index, Barclays US Treasury Intermediate Index, Barclays US Intermediate Government Index, Barclays US Intermediate Gov/Credit Bond Index, Barclays US Aggregate Treasury Index, Barclays U.S. Aggregate Government Index, Barclays US Aggregate Bond Index, or other benchmark(s) that more appropriately reflects the investment manager(s) style within this portfolio.

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. At June 30, 2022, the Authority had $117.630k in fixed income investments, whose value could fluctuate over time due to interest rate fluctuations.

- Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University holds investments, which carry varying levels of credit risk. The University invests in accordance with its Investment Policy, which establishes appropriate levels of credit risk though the use of minimum credit rating restrictions for individual securities in each fixed income fund in accordance with the Virginia Investment of Public Funds Act. The Authority's investment portfolio is monitored and evaluated on a quarterly basis by the Authority's investment advisor and Finance Committee of the Board of Directors to ensure credit risk is kept at an appropriate level.

- Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of investments in a single issuer of fixed income securities. As of June 30, 2022, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. Government and mutual fund or pool investments) representing 5 percent or more of its total investments. Each individual portfolio within the Primary Liquidity Fund and the Extended Duration Fund will be diversified with no more than 3 percent of the value of the respective portfolios invested in the securities or individual trusts of any single issuer under normal market circumstances. This limitation shall not apply to the U.S. Government, an agency thereof, or U.S. Government sponsored enterprises, securities fully insured and/or fully guaranteed by the U.S. Government, or money market funds.
- Foreign Currency Risk – This is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University may, at times, be exposed to limited amounts of currency risk through its investments in VCU Investment Management Company, ("VCIMCO").

Cash and Cash Equivalents

All cash of the University, except as described below, is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by federal depository insurance. As of June 30, 2022, the carrying value of deposits totaled $84,769,509 and the account balances reported by the depositories or custodial financial institutions totaled $99,013,476. Of this total $750,000 is covered by federal depository insurance, $70,074,346 is collateralized in accordance with the Virginia Security for Public Deposits Act, $15,170,181 is held with investment managers and $13,018,949 is held in Qatar.

Investments

Professional investment managers manage the University's investments. The University's investments are governed by an Investment Policy, adopted by its Board of Visitors. The primary investment objective is to provide a framework for prudent investment management, while allowing sufficient flexibility to capture investment opportunities as they may incur. The investment policy is established by the Board of Visitors and is monitored by its Finance, Budget and Investment Committee. Short-Term Tier investment managers may invest in the following types of investments: direct obligations of the United States, obligations unconditionally guaranteed by the United States, non-negotiable CD's and time deposits, negotiable CD's and bank deposit notes, repurchase agreements, banker's acceptances, commercial paper, money market funds, corporate debt, municipal securities, asset-backed securities with AAA ratings by at least two nationally recognized rating agencies (one of which must be either Standard & Poor's or Moody's Investors Service), and international bank for reconstruction and development, Asian development bank, and African development bank obligations. In accordance with the Investment Policy, the Long-Term Tier consists of gifts, local funds, and non-general fund reserves and balances that are endowments or have been designated by the Board to be treated as endowment (“quasi-endowments”) and is invested in accordance with the Virginia Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), Chapter 11 (§ 64.2-1100 et seq.) of Title 64.2 of the Code of Virginia, as amended; and § 23-50.10:01 of the Code of Virginia, as amended, concerning the University’s investment of endowment funds, endowment income, and gifts. The University engaged VCIMCO as its investment advisor for the Long-Term Tier in the year ending June 30, 2016. Long-Term Tier assets are invested in the Ram Fund, LP and the Ram Private Assets Fund, LP and are managed by VCIMCO. Given the uncertain and continuously evolving nature of investment markets, no static list of security types, asset classes, or definitions of investment management strategies can continuously express prudent practice. Therefore, in the process by which investment decisions are developed, analyzed, adopted and executed VCIMCO must satisfy relevant standards of care. However, based upon the University’s risk tolerance together with capital market risk and return estimates, the Board sets a strategic asset allocation designed to achieve the objectives stated in the Investment Policy Statement. The strategic asset allocation is prudently diversified across asset classes. VCIMCO invests the Long-Term tier in keeping with the parameters of the Strategic Asset Allocation below.

Net Exposure %	Range	Target
Equity	40-70	65
Real Assets	0-20	5
Credit	5-45	10
Governmental Bonds	0-25	5
Cash/Residual	0-25	15

The Authority’s investments are governed by an Investment Policy Statement, adopted by its Board of Directors. In accordance with this policy, VCUMC’s investment portfolio assets may be invested in numerous asset classes, with risk parameters established on the underlying exposure to equity, real assets, credit, government bonds and cash.

For management purposes, endowment funds and funds internally designated to function as an endowment, except the Glasgow Trust, are held in the investment pools of the VCU Foundation, VCU School of Business Foundation, VCU College of Engineering Foundation and MCV Foundation. These funds remain the property of the University. The investment pools consist of cash equivalents, bonds, preferred and common stocks, fixed asset instruments, hedge funds and real estate. The University’s equity in the investment pools is based on units or shares in the investment pools. The University’s share of the investments is shown as a Due from Component Unit on the Statement of Net Position.

The University received $31.230 million from the Margaret Branch Glasgow Trust on January 4, 2012 and $4.057 million from the Arthur Glasgow Trust on February 6, 2012. Additional contributions of $1.339 million and $8.036 million were received during fiscal years 2015 and

2013, respectively. This endowment is managed by VCIMCO. Net appreciation of the Margaret Glasgow Trust is recorded in the restricted-expendable net position to reflect the fact that the net appreciation must be spent in accordance with the stipulations set forth in the underlying endowment agreement. The Arthur Glasgow Trust placed no restrictions on spending so the net appreciation is recorded as unrestricted net position. As of June 30, 2022, net appreciation for the Glasgow Trust was -$7,190,848.

The Glasgow Trust is governed by the University's Investment Policy and as part of the Long-Term Tier is governed by a spending policy, which is meant to maintain the purchasing power of the Long-Term Tier, with the goal of providing a predictable and sustainable level of income. Under this policy, spending for a given year equals the trailing three-year average market value of the Long-Term Tier multiplied by the long-term spending rate of 4.5% in addition to a 1% administrative fee.

If investment funds fall "underwater," the payout and distribution shall be in compliance with Virginia Uniform Prudent Management of Institutional Funds Act, determining what portion of investment funds is appropriate for expenditure or accumulation as the University and VCIMCO determine is prudent for the uses, benefits, purposes, and duration for which the investment funds were established.

As of June 30, 2022, the University held the following investments:

	Rating Agency	Credit Rating	6/30/2022	Investment Maturities (in years) <1	1 to 5	6 to 10	>10
Investments measured at fair value							
U.S. Treasury and agency securities			$68,605,079	$58,040,621	$10,564,458	-	-
Commercial Paper	Moody's	P-1	32,942,907	32,942,907	-	-	-
	S&P	A-1+	2,687,459	2,687,459	-	-	-
	Moody's	P-2	1,245,087	1,245,087	-	-	-
Corporate notes	Moody's	Aaa	2,997,810	2,997,810	-	-	-
	Moody's	Aa2	1,429,967	1,429,967	-	-	-
	Moody's	Aa3	498,810	-	498,810	-	-
	Moody's	A1	14,739,102	649,063	14,090,039	-	-
	Moody's	A2	11,104,204	1,999,020	9,105,184	-	-
	Moody's	A3	5,228,656	-	5,228,656	-	-
Corporate bonds							
	Moody's	Aaa	3,361,976	999,180	2,362,796	-	-
	Moody's	Aa2	3,252,939	15,031	3,237,908	-	-
	Moody's	Aa3	4,210,479	1,639,120	2,571,359	-	-
	Moody's	A1	17,563,177	1,468,375	16,094,802	-	-
	Moody's	A2	36,844,808	4,989,772	31,855,036	-	-
	Moody's	A3	25,016,769	8,358,530	16,658,239	-	-
	S&P	A-	675,682	675,682			
Asset backed securities							
	Moody's	Aaa	58,945,670	-	46,306,246	1,126,426	11,512,998
	S&P	AAA	35,774,016	-	30,729,274	-	5,044,742
Municipal securities							
	Moody's	Aa2	249,702	249,702	-	-	-
Agency mortgage backed securities							
	Moody's	Aaa	23,039,781	127,529	8,350,029	7,993,807	6,568,416
Mutual and money market funds							
	Moody's	Aaa	3,141,449	3,141,449	-	-	-
	Moody's	P-1	9,252,944	8,260,194	992,750	-	-
Other investments measured at net asset value (NAV):							
Private investments/Real Estate Funds		N/A	288,095	-	-	-	-
Ram Private Assets Fund, LP		N/A	168,132,487	-	-	-	-
Ram Fund, LP		N/A	31,275,535	-	-	-	-
Total			$562,504,590	$131,916,498	$198,645,586	$9,120,233	$23,126,156

N/A-Investment maturity not applicable to type of investments noted.

As of June 30, 2022, the Authority held the following investments, which includes assets whose use is limited:

Investment Type:	Fair Value	Investments Maturities (in years) <1	1-5	6-10	>10
Cash and cash equivalents	$11,691,404	$11,691,404	-	-	-
U.S. Treasury notes	14,348,730	3,281,606	6,824,367	907,699	3,335,058
Asset backed securities	53,346,264	171,813	20,666,754	3,072,310	29,435,387
Agency backed mortgages	10,297,410	1,228,293	81,362	143,481	8,844,274
Money market funds	21,951,469	21,951,469	-	-	-
Corporate bonds, notes and municipal securities	39,770,501	12,520,308	17,747,488	4,852,074	4,650,631
Beneficial interest in perpetual trust	19,162,466	N/A	N/A	N/A	N/A
Equity interest in foundation	5,843,971	N/A	N/A	N/A	N/A
Index funds	40,302,341	N/A	N/A	N/A	N/A
Marketable equity securities	34,695,816	N/A	N/A	N/A	N/A
Real estate	1,061,762	N/A	N/A	N/A	N/A
Investment companies	1,241,853,265	N/A	N/A	N/A	N/A
Total	$1,494,325,399	$50,844,893	$45,319,971	$8,975,564	$46,265,350

N/A-Investment maturity not applicable to type of investments noted.

As of June 30, 2022 the credit quality ratings for the Authority's fixed income investments were 44% AAA (asset back securities, money market funds, corporate bonds and mortgage backed securities), 5% AA (asset-back securities and corporate bonds), 31% A (asset back securities, corporate and municipal bonds) and 20% below A (asset backs securities and corporate bonds).

As of June 30, 2022, the foundations held the following investments:

Investment Type:	VCU Foundation	VCU Real Estate Foundation	VCU School of Business Foundation	VCU College of Engineering Foundation	Medical College of Virginia Foundation	Dentistry@ VCU
US Treasury and agency securities	-	-	-	-	$85,223,000	
Municipal obligations					132,000	$283,738
Common & preferred stocks	-	-	281,147	-	43,097,000	7,205,737
Corporate bonds	-	3,707,930	-	-	16,457,000	5,348,490
Mortgage and Asset backed securities	-	-	-	-	21,303,000	-
Alternative investments						
Real estate funds	710,206	-	337,901	-	-	-
Private equity	-	-	-	-	243,444,000	-
Hedge funds						
Opportunistic/macro	-	-	8,610	-	-	-
Hedged equities	-	-	-	-	109,296,000	-
Long only equities	-	-	-	-	158,775,000	-
Long/short equities	-	-	41,639	2,488,116	-	-
Event driven/merger arbitrage	-	-	50,840	-	-	-
Relative value	-	-	48,964	-	-	-
Absolute strategies	-	-	-	-	92,482,000	-
Diversified strategies	-	-	-	-	-	-
Other assets						
Ram Fund Private Assets Fund, LP	21,703,476	-	3,261,266	12,432,986	-	-
Ram Fund, LP	78,150,092	-	48,998,953	61,004,453	-	-
Life income investment	917,580	-	-	-	2,304,000	-
Short term investment and money mark	-	-	-	-	1,751,000	-
Total	$101,481,354	$3,707,930	$53,029,320	$75,925,555	$774,264,000	$12,837,965

Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles.

Level 1: Inputs are quoted prices in active markets for identical assets.

Level 2: Inputs are significant other observable inputs. These can include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full contractual term of the assets or liabilities.

Level 3: Inputs are significant unobservable inputs. These can require management's judgement or estimation of assumptions that market participants would use in pricing the assets or liabilities. Therefore, the values are determined using factors that involve considerable judgement and interpretations, including but not limited to private and public comparable, discounted cash flow models and fund manager estimates.

The University establishes the fair value of its investments in funds that do not have a readily determinable fair value by using net asset value (NAV) per share, or its equivalent, as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with FASB's measurement principles for investment companies. The classifications of fair value measurements within the valuation hierarchy as of June 30, 2022 are as follows:

University

Investment Type:	Total	Level 1	Level 2	Level 3	Investments measured at the NAV
U.S. Treasury and agency securities	$68,605,079	$68,605,079	-	-	-
Commercial Paper	36,875,453	-	36,875,453		
Corporate notes	35,998,549	-	35,998,549	-	-
Corporate bonds	90,925,830	-	90,925,830	-	-
Asset backed securities	94,719,686	-	94,719,686	-	-
Municipal securities	249,702	-	249,702	-	-
Agency backed mortgages	23,039,781	-	23,039,781	-	-
Mutual and money market funds	12,394,393	3,141,449	9,252,944	-	-
Other assets					
Private investments/Real Estate Fund:	288,095	-	-	-	288,095
Ram Private Assets Fund, LP	168,132,487	-	-	-	168,132,487
Ram Fund, LP	31,275,535	-	-	-	31,275,535
Total	$562,504,590	$71,746,528	$291,061,945	-	$199,696,117

Authority

Investment Type:	Total	Level 1	Level 2	Level 3	Investments Measured at the NAV
Investments by fair value level					
Cash and cash equivalents	$11,691,404	$11,691,404	-	-	-
Beneficial trust	19,162,466	-	-	19,162,466	-
Beneficial interest in foundation	5,843,971	-	-	5,843,971	-
Debt securities					
US treasury notes	14,348,730	14,348,730	-	-	-
Asset backed securities	53,346,264	-	53,346,264	-	-
Agency backed mortgages	10,297,410	-	10,297,410	-	-
Corporate bonds and notes	39,637,884	-	39,637,884	-	-
Municipal securities	132,617	-	132,617	-	-
Equity securities					
Consumer cyclical	-	-	-	-	-
Consumer discretionary	2,747,670	2,747,670	-	-	-
Consumer staples	979,991	979,991	-	-	-
Financials	8,041,731	8,041,731	-	-	-
Health care	2,082,364	2,082,364	-	-	-
Industrials	5,634,036	5,634,036	-	-	-
Information technology	7,900,607	7,900,607	-	-	-
Energy	759,002	759,002	-	-	-
Material	1,116,770	1,116,770	-	-	-
Telecommunication	5,433,645	5,433,645	-	-	-
Real estate investment trust	1,061,762	1,061,762	-	-	-
Equity mutual funds & EFT's	38,550,107	38,550,107	-	-	-
Fixed income bond fund	1,752,234	1,752,234	-	-	-
Money market funds	21,951,469	21,951,469	-	-	-
Investments measured at NAV					
Equity long only hedge funds	164,433,750	-	-	-	164,433,750
Equity long/short hedge funds	62,107,571	-	-	-	62,107,571
Event-driven hedge funds	13,546,424	-	-	-	13,546,424
Relative value/credit	2,284,723	-	-	-	2,284,723
Opportunistic/macro	21,594	-	-	-	21,594
Absolute strategies funds	115,206,492	-	-	-	115,206,492
Private investments	190,078,371	-	-	-	190,078,371
Multi-strategy investment fund	682,561,000	-	-	-	682,561,000
Bond funds	11,613,340	-	-	-	11,613,340
Total	$1,494,325,399	$124,051,522	$103,414,175	$25,006,437	$1,241,853,265

VCU School of Business Foundation

Investment Type:	June 30,2022	Level 1	Level 2	Level 3	Measured at NAV
Common & preferred stocks	281,147	$281,147	-	-	-
Alternative investments					
Real estate funds	337,901	-	-	337,901	-
Hedge funds					
Opportunistic/macro	8,610	-	-	-	8,610
Long/short equities	41,639	-	-	-	41,639
Event driven/merger arbitrage	50,840	-	-	-	50,840
Relative value	48,964	-	-	-	48,964
Diversified strategies	-	-	-	-	-
Ram Fund Private Assets Fund, LP	3,261,266	-	-	-	3,261,266
Ram Fund, LP	48,998,953	-	-	-	48,998,953
Total	$53,029,320	$281,147	-	$337,901	$52,410,272

VCU Foundation

Investment Type:	June 30,2022	Level 1	Level 2	Level 3	Measured at NAV
Alternative investments					
Real estate funds	710,206	-	-	710,206	-
Hedge funds					
Relative value	-	-	-	-	-
Diversified strategies	-	-	-	-	-
Other assets					
Ram Fund Private Assets Fund, LP	21,703,476	-	-	-	21,703,476
Ram Fund, LP	78,150,092	-	-	-	78,150,092
Life income investment	917,580	-	-	917,580	-
Total	$101,481,354	-	-	$1,627,786	$99,853,568

VCU Resl Estate Foundation

Investment Type:	June 30,2022	Level 1	Level 2	Level 3	Measured at NAV
Corporate bonds	$3,707,930		$3,707,930		
Total	$3,707,930	-	$3,707,930	-	-

VCU College of Engineering Foundation

Investment Type:	June 30,2022	Level 1	Level 2	Level 3	Measured at NAV
Hedge funds					
Long/short equities	2,488,116	-	-	-	$2,488,116
Other assets					
Ram Fund Private Assets Fund, LP	12,432,986	-	-	-	12,432,986
Ram Fund, LP	61,004,453	-	-	-	61,004,453
Total	$75,925,555	-	-	-	$75,925,555

MCV Foundation

Investment Type:	June 30,2022	Level 1	Level 2	Level 3	Measured at NAV
US Treasury and agency securities	$85,223,000	-	$85,223,000	-	-
Municipal obligations	$132,000	-	$132,000	-	-
Common & preferred stocks	43,097,000	24,203,000	11,854,000	-	7,040,000
Corporate bonds	16,457,000	-	16,457,000	-	-
Asset backed securities	21,303,000	-	21,303,000	-	-
Alternative investments					
Real estate funds	3,457,000	-	-	1,246,000	2,211,000
Private equity	239,987,000	-	-	239,987,000	-
Hedge funds					
Long only equities	158,775,000	-	53,548,000	6,471,000	98,756,000
Hedged equities	109,296,000	-	-	33,148,000	76,148,000
Absolute strategies	92,482,000	-	-	14,513,000	77,969,000
Life income investment	2,304,000	-	-	-	2,304,000
Short term investment and money market	1,751,000	1,751,000	-	-	-
Total	$774,264,000	$25,954,000	$188,517,000	$295,365,000	$264,428,000

Dentistry@VCU

Investment Type:	June 30,2022	Level 1	Level 2	Level 3	Measured at NAV
Common & preferred stocks	$7,205,737	$7,205,737	-	-	-
Corporate bonds	5,348,490	-	5,348,490	-	-
Mutual and money market funds	$283,738	$283,738	-	-	-
Alternative investments					
Real estate funds	-	-	-	-	-
Total	$12,837,965	$7,489,475	$5,348,490	-	-

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following tables provide information about the liquidity of these investments as of June 30, 2022:

University

Investment Type:	June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private investments/Real Estate Funds	288,095	-	N/A	N/A
Ram Private Assets Fund, LP	168,132,487	18,653,552	N/A	N/A
Ram Fund, LP	31,275,535	-	Quarterly	120 days
Total	$199,696,117	$18,653,552		

Authority

Investment Type:	June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long only hedge funds	164,433,750	-	Annually/quarterly/monthly/daily	14-90 days
Equity long/short hedge funds	62,107,571	-	Annually/semi annually/quarterly	45-90 days
Event-driven hedge funds	13,546,424	-	Annually	60-90 days
Relative value/credit	2,284,723	-	N/A	N/A
Opportunistic/macro	21,594	-	N/A	N/A
Absolute strategies funds	115,206,492	-	Annually/semi annually/quarterly	60-180 days
Private investments	190,078,371	105,058,561	N/A	N/A
Multi-strategy investment fund	682,561,000	-	Quarterly	120 days
Bond funds	11,613,340	-	Quarterly/ Monthly	10-60 days
Total	$1,241,853,265	$105,058,561		

VCU School of Business Foundation

Investment Type:	June 30,2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Opportunistic/macro	8,610	-	N/A	N/A
Long/short equities	41,639	-	Quarterly/ N/A	N/A, 60 days
Event driven/merger arbitrage	50,840	-	Quarterly/ N/A	N/A, 45 days
Relative value	48,964	-	N/A	N/A
Ram Fund Private Assets Fund, LP	3,261,266	-	N/A	N/A
Ram Fund, LP	48,998,953	-	Quarterly	120 days
Total	$52,410,272	-		

VCU Foundation

Investment Type:	June 30,2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Ram Fund Private Assets Fund, LP	21,703,476	-	N/A	N/A
Ram Fund, LP	78,150,092	-	Quarterly	120 days
Total	$99,853,568	-		

VCU College of Engineering Foundation

Investment Type:	June 30,2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Long/Short Equities	$2,488,116	-	N/A	N/A
Ram Fund Private Assets Fund, LP	12,432,986	-	N/A	N/A
Ram Fund, LP	61,004,453	-	Quarterly	120 days
Total	$75,925,555	-		

MCV Foundation

Investment Type:	June 30,2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedged equities	76,148,000	-	Semi annually/ Quarterly/Illiquid	60-90 days/ N/A
Real estate funds	2,211,000	-	Illiquid	N/A
Absolute strategies	77,969,000	45,000	Annually/Semi annually/ Quarterly/other	15-120 days
Domestic equity	23,015,000	-	Every 3 yrs/Quaterly/Daily	1-60 days
Global equity	13,987,000		Quarterly	60-90 days
International equity	68,794,000		Every 4 yrs/Annually/Quarterly/Daily	14-120 days
Life income investment	2,304,000	-	Annually/quarterly/other	N/A
	264,428,000	45,000		

3. JOINT VENTURES AND EQUITY INVESTMENTS

Investment in 7th and Marshall Corporation

Included in other long-term assets on the accompanying Statement of Net Position is a capital contribution to 7th and Marshall Corporation of $500,000. UHS and The Doorways (formerly known as Hospital Hospitality House, Inc.) are the sole members of the 7th and Marshall Corporation, a not-for-profit corporation formed to support the charitable, educational and scientific activities of UHS and The Doorways. The investment is carried at $220,875.

Rehab Institute JV, LLC

Sheltering Arms Rehab Institute is a joint venture between Sheltering Arms Hospital and VCU Health System for the purpose of combining inpatient rehabilitation programs of Sheltering Arms and VCU Heath System, to provide comprehensive and innovative physical rehabilitative inpatient care for people who have sustained a stroke, brain injury, spinal cord injury or similar illnesses and injuries. As of June 30 2022, investment is carried at $259,888.

Joint Venture with Sentara Health

Virginia Premier Health Plan became a joint venture between Sentara Health and VCUHSA as of April 7, 2020 when VCUHSA sold an 80% share of VPHP to Sentara. Sentara Healthcare is now the majority owner and VCUHSA retains a 20% ownership stake. The investment is carried at $55,944,193.

Joint Venture with BAYADA Home Health Care

VCU Health at Home by Bayada, collaboration with BAYADA Home Health Care. VCUHSA is a minority partner (49%) with an initial capital contribution of $1,813,000. The investment is carried at $1,807,982.

HealthEco CPP SPV I, LLC

UHS is a minority partner (45%) in HealthEco CCP SPV I, LLC with an initial capital contribution of $1,000,000. HealthEco is the holder of Kallaco equity securities. The investment is carried at $1,000,000.

4. LEASE RECEIVABLE

The University is the lessor in various contracts leasing out land, office space, retail space, and ATM space. Initial terms are range from 1-50 years and may contain rent escalation clauses, annual open market rent reviews and outperformance payments. As of June 30 2022, the University's accounts receivables include lease receivables of $12,854,920. Within the fiscal year, the University received $1,235,472 in rent revenues and $433,996 in interest revenue related to space leases. Of these amounts $10,035,789 of the receivables and $1,139,635 of the revenues were eliminated on the consolidated financial statements due to the leases being with component units. The University did not receive rent related revenues in the fiscal year ending June 30, 2022 that were not previously included in the measurement of the lease receivable.

5. CONTRIBUTION RECEIVABLE

University:

Receivable in less than one year	$15,000,000
Receivable in one year or more	70,000,000
	85,000,000
Less:	
Discounts	(5,230,125)
Net contribution receivable	79,769,875

Discount rate of 1.70% was used in determining the present value of the contributions receivable.

MCV Foundation:

Receivable in less than one year	$6,509,000
Receivable in one to five years	5,991,000
Receivable in more than five years	652,000
	13,152,000
Less:	
Discounts	(354,000)
Allowances	(1,160,000)
Net contribution receivable	$11,638,000

Discount rate of 3.14% was used in determining the present value of the contributions receivable.

VCU Foundation:

Receivable in less than one year	$2,886,373
Receivable in one year or more	3,545,743
	6,432,116
Less:	
Discounts	(115,633)
Allowances	(328,140)
Net contribution receivable	$5,988,343

Discount rate between 0.054% and 2.45% were used in determining the present value of the contributions receivable.

VCU School of Business Foundation:

Receivable in less than one year	$1,413,635
Receivable in one to five years	1,118,609
	2,532,244
Less:	
Discounts	(19,977)
Allowances	(36,900)
Net contribution receivable	$2,475,367

Discount rate between .29% and 3.01% were used in determining the present value of the contributions receivable.

VCU College of Engineering Foundation:

Receivable in less than one year	$1,224,850
Receivable in one to seven years	1,429,225
	2,654,075
Less:	
Discounts	(43,357)
Allowances	(26,107)
Net contribution receivable	$2,584,611

Discount rate between .29% and 1.76% were used in determining the present value of the contributions receivable.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows. Beginning balances have been restated due to the implementation of GASB 87.

University:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$77,267,260	$7,660,551	-	$84,927,811
Construction in progress	149,770,456	51,440,208	99,254,071	101,956,593
Total nondepreciable capital assets	227,037,716	59,100,759	99,254,071	186,884,404
Depreciable capital assets:				
Land improvements and infrastructure	22,906,687	964,181	-	23,870,868
Buildings	1,555,707,358	115,302,878	6,355,470	1,664,654,766
Equipment	256,128,288	15,934,411	11,781,591	260,281,108
Intangible assets	15,580,350	64,800	501,692	15,143,458
Library books	98,926,307	1,152,661	13,521	100,065,447
Total depreciable capital assets	1,949,248,990	133,418,931	18,652,274	2,064,015,647
Right to use assets:				
Leased buildings & parking lots	116,325,896	3,460,843	-	119,786,739
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	20,083,161	508,003	-	20,591,164
Buildings	626,910,993	41,132,476	4,347,233	663,696,236
Equipment	185,532,929	16,083,075	10,933,062	190,682,942
Intangible assets	13,761,153	815,675	501,692	14,075,136
Library books	93,352,393	1,758,992	13,521	95,097,864
Leased buildings & parking lots	8,522,158	9,113,610	-	17,635,768
Total accumulated depreciation/amortization	948,162,787	69,411,831	15,795,508	1,001,779,110
Total depreciable capital assets, net	1,117,412,099	67,467,943	2,856,766	1,182,023,276
Total capital assets - net	$1,344,449,815	$126,568,702	$102,110,837	$1,368,907,680
Less Leased buildings & parking lots on component units	66,528,106	1,524,327	5,051,398	63,001,035
Total capital assets - net, after eliminations	$1,277,921,709	$125,044,375	$97,059,439	$1,305,906,645

Authority:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$25,467,366	$0	424	$25,466,942
Construction in progress	670,902,849	378,244,618	567,061,338	482,086,129
Total nondepreciable capital assets	696,370,215	378,244,618	567,061,762	507,553,071
Depreciable capital assets:				
Land improvements	7,198,531	424	214,474	6,984,481
Buildings	1,256,175,197	396,438,112	712,816	1,651,900,493
Equipment	639,523,533	27,727,546	4,503,634	662,747,445
Intangible assets	112,560,386	142,885,606	-	255,445,992
Total depreciable capital assets	2,015,457,647	567,051,688	5,430,924	2,577,078,411
Right to use assets:				
Leased buildings and parking lots	52,326,633	16,252,482	-	68,579,115
Leased equipment	1,863,196	-	-	1,863,196
Total right to use capital assets	54,189,829	16,252,482	-	70,442,311
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	4,419,533	1,088,984	216,543	5,291,974
Buildings	642,878,849	57,208,773	710,593	699,377,029
Equipment	513,053,315	32,820,323	4,503,634	541,370,004
Intangible assets	104,738,202	21,151,915	-	125,890,117
Leased buildings & parking lots	8,032,992	10,466,813	-	18,499,805
Leased equipment	745,278	745,278	-	1,490,556
Total accumulated depreciation/amortization	1,273,868,169	123,482,086	5,430,770	1,391,919,485
Total depreciable capital assets, net	795,779,307	459,822,084	154	1,255,601,237
Total capital assets - net	$1,492,149,522	$838,066,702	$567,061,916	$1,763,154,308

MCV Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Land	$217,000	-	-	$217,000
Construction in progress	-	-	-	-
Total nondepreciable capital assets	217,000	-	-	217,000
Depreciable capital assets:				
Property and equipment	3,094,000	98,000	-	3,192,000
Less accumulated depreciation	1,482,000	275,000	-	1,757,000
Total depreciable capital assets, net	1,612,000	(177,000)	-	1,435,000
Total capital assets - net	$1,829,000	-$177,000	$0	$1,652,000

VCU Real Estate Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$25,921,045	$3,129,924	4,882,241	$24,168,728
Construction in progress	6,424,139	4,743,240	9,861,962	1,305,417
Total nondepreciable capital assets	32,345,184	7,873,164	14,744,203	25,474,145
Depreciable capital assets:				
Buildings	74,374,470	13,861,561	-	88,236,031
Equipment	3,211,450	-	-	3,211,450
Total depreciable capital assets	77,585,920	13,861,561	-	91,447,481
Less accumulated depreciation	30,493,731	2,915,313	-	33,409,044
Total depreciable capital assets, net	47,092,189	10,946,248	-	58,038,437
Total before eliminations	79,437,373	18,819,412	14,744,203	83,512,582
Less included on University	1,257,290	-	-	1,257,290
Total capital assets - net	$78,180,083	$18,819,412	$14,744,203	$82,255,292

VCU School of Business Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Total nondepreciable capital assets	-	-	-	-
Total depreciable capital assets, net	22,164,805	-	1,339,937	20,824,868
Total capital assets - net	$22,164,805	$0	$1,339,937	$20,824,868

VCU Collage of Engineering Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Total nondepreciable capital assets	$4,307,317	-	-	$4,307,317
Total depreciable capital assets, net	30,243,188	-	2,325,585	27,917,603
Total before eliminations	34,550,505	-	2,325,585	32,224,920
Less included on University	7,157,969	-	861,252	6,296,717
Total capital assets - net	$27,392,536	$0	$1,464,333	$25,928,203

GASB 42, *Accounting and Reporting for the Impairment of Capital Assets and for Insurance Recoveries,* effective for periods beginning after December 15, 2004, requires disclosure of insurance recoveries for circumstances other than impairment of capital assets. Fiscal year 2022 insurance recoveries of $109,422 are reported as other non-operating income.

7. FUNDS HELD IN TRUST BY OTHER

Under the provisions of the wills of certain benefactors, the University's portion of principal sums with market values of $15,497,434 at June 30, 2022, was held in trust by others. These assets are not included in the University's balance sheet.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30, 2022:

	Vendor payable	Retainage payable	Accrued wages	Interest payable	Settlements due to third parties	Total
University	$20,741,423	$3,427,516	$69,106,108	$1,861,385	-	$95,136,432
Authority	179,530,034	10,801,206	87,823,705	10,200,194	112,095,201	400,450,340
MCV Foundation	1,477,000	-	-	-	-	1,477,000
VCU Foundation	64,695	-	-	-	-	64,695
VCU Real Estate Foundation	-	91,985	-	165,544	-	257,529
VCU School of Business	59,919	-	-	-	-	59,919
VCU College of Engineering	388,878	-	-	198,278	-	587,156
Dentistry@VCU	262,481	-	734,552	-	-	997,033
					Total	$499,030,104

9. UNEARNED REVENUE

Unearned revenue consisted of the following as of June 30, 2022:

Prepaid tuition and fees	$17,807,799
Grants and contracts	45,335,408
Other cash advances	13,141,452
	$76,284,659

10. SHORT TERM DEBT

Commercial Paper Program

On May 10 2019, the Board of Visitors approved the short-term financing of capital projects with commercial paper. This commercial paper financing program gives the University access to finance or refinance up to $75M for capital projects that have either been authorized by the Board or by appropriate legislation enacted by the General Assembly and for which the incurrence of indebtedness has been authorized.

The University has a $75M line of credit to support the risk of a failed commercial paper rollover. JPMorgan Chase provides the line at 0.20% annual cost.

As of June 30, 2022, the total amount outstanding was $22,534,000. The days to maturity is 63 days with an effective interest rate of 1.25% for the tax-exempt portion while the days to maturity is 55 with an effective interest rate of 1.35% for the taxable portion.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax-exempt	$4,440,000	$5,179,000	$206,000	$9,413,000
Taxable	$0	$14,628,000	$1,507,000	$13,121,000
Total	$4,440,000	$19,807,000	$1,713,000	$22,534,000

11. FUNDS HELD IN TRUST

At June 30, 2022, the University held deposits for others, which are composed of the following:

	Funds Held for Others
Federal loan programs	$14,523,637
Student organizations and others	7,326,050
Total	$21,849,687

12. LONG TERM LIABILITIES

Long term liabilities consist of bonds, notes payable, installment purchases, leased assets, delayed compensation, compensated absences and estimated losses on malpractice claims.

Bonds Payable

The Commonwealth of Virginia issues bonds for agencies and institutions of the Commonwealth. The University has received a portion of the proceeds to fund capital construction. The University recognizes a liability associated with its share of the bonds and remits principal and interest payments related to this liability to the Treasurer of Virginia. The General Revenue Pledge Bonds, Section 9(d) Bonds, issued either by the Commonwealth or the University carry interest rates of 0.48% to 5.5% and are due through fiscal year 2051. Included in the total General Revenue Pledge Bonds are outstanding bonds payable in the amount of $31,418,960, which will be repaid by the VCU Real Estate Foundation.

Callable Bonds

Series 2015B bonds are callable by the bondholder, TD Bank, with a put date of November 1, 2030. The amount outstanding at the put date will be $2,470,907. The University can request an extension no, sooner than 180 days but no later than 60 days prior to the put date, and the bank, at its discretion, can choose to extend or not, with new proposed terms. If the bank exercises the put provision, the University will be required to make a principal payment in the amount referenced above. However, on or prior to the put date, it is the University's intention to either negotiate with the bank to extend the put date on the existing bonds, or to refinance the bonds in their entirety. Letters of credit and liquidly facilities supporting this issuance are not needed because there is a single put date in the future and it is not continuously callable by the bank/bondholder. There are no take out agreements, but per the terms noted above, the University intends to either request an extension or refinance these bonds on or prior to the put date. Thus, there are no fees paid for these types of facilities. Since the put date is greater than 1 year from the fiscal year end, these bonds are included in long-term liabilities.

General Obligation Bonds

Section 9(c) bonds are general obligation bonds issued by the Commonwealth on behalf of the University, which are secured by the net revenues of the completed project and the full faith, credit and taxing power of the Commonwealth. The institution also issues general obligation bonds that are backed and secured by institutional funds. The General Obligation Bonds carry interest rates of 0.55% to 5% and are due through 2037.

Three University obligations are issued through private placement with the lenders:

- $15,375,000 General revenue pledge bond series 2015A
- $7,477,482 General revenue pledge bond series 2015B.
- $9,946,478 General revenue pledge refunding bond series 2021A

The Series 2015A and 2015B bonds are issued with TD Bank, N.A. as the bondholder. The interest rate is subject to revision if the University's ratings change to less than A+ (Standard and Poor's) or A1 (Moody's Investors Service). Conditions of default include: failure to pay principal or interest; inability to fulfill the obligations of the agreements; receivership not remedied or stayed on appeal within 60 days; upon an order or decree with the consent of the University to adjust claims of creditors; ratings drop below BBB+ (Standard and Poor's) or Baa1 (Moody's Investor Service); or the occurrence or continuance of any default of any obligation over $10 million. The Trustee may enforce terms of the agreements, sue or take other actions for the general representation of the bondholder. Both Series may be redeemed at a premium based on US Treasury rates at any time. The Series 2015B has an automatic put of the bonds on November 1, 2030; with notification of no more than 180 days nor less than 60 days, the University can request an extension of the obligation with a new interest rate. Extension of the obligation beyond that put date is at the Lender's discretion.

The Series 2021A bonds are issued with Capital One Public Funding, LLC as the bondholder. The interest rate is subject to change if the bonds are deemed taxable in which case the bonds can be optionally redeemed by the University at 100% without premium. Conditions of default include failure to pay principal or interest; inability to fulfill the obligations of the agreements; receivership not remedied or stayed on appeal within 60 days; or upon an order or decree with the consent of the University to adjust claims of creditors. The Trustee may enforce terms of the agreements, sue or take other actions for the general representation of the bondholder. The bonds may be redeemed at the option of the University on or after May 1, 2030 at 100% of par without any premium.

Virginia College Building Authority

The Virginia College Building Authority (VCBA) issues Educational Facilities Revenue Bonds (Public Higher Education Financing Program). As a participating institution in this program, the University issued a note payable to the VCBA. This note, along with the notes of other institutions, is held by the VCBA as security for the Educational Facilities Revenue Bonds. For accounting purposes, the financing arrangement is considered to represent a note payable. The notes have interest rates of .48% to 5.50%.

Defeasance of Debt

Due to the refunding of institutional debt with Series 2020A and 2020B and the 2021B refunding of VCBA pooled debt, as of June 30, 2022, the University has $20.8M in defeased bonds outstanding held in escrow.

Leases

The University is party to several real estate leases, which includes buildings, space within buildings, parking lots and green space. Terms range from 3-20 years with various options to extend. The liabilities are measured at the present value of payments expected to be made during the lease term. Measurement of the lease liability includes the following, if required by a lease: fixed payments, variable payments that are fixed in substance, amounts that are reasonably certain of being required to be paid under residual value guarantees, the exercise price of a purchase option if it is reasonably certain that the University will exercise that option, payments for penalties for terminating the lease, lease incentives, and other payments that are reasonably certain of being required based on an assessment of all relevant factors

The present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the University will use its internal borrowing rate. Variable payments are not included in the measurement of the lease liability and are recognized as outflows of resources in the period to which those payments relate. These variable payments include rate changes based upon market rate at time of renewal or future rate changes set by the Board of Visitors. In the year ending June 30, 2022, no additional outflows of resources were recognized for variable payments not previously reported in the measurement of the lease liability.

The changes in long-term liabilities are as shown below. Beginning balances have been restated due to the implementation of GASB 87.

University:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General revenue pledge bonds	250,400,299	-	(5,222,507)	245,177,792	4,400,001
General revenue pledge bonds - Direct Placement	36,247,586	-	(3,448,627)	32,798,959	3,519,602
Commonwealth of Virginia revenue bonds	51,318,474	-	(1,809,489)	49,508,985	2,180,265
Total bonds payable	$337,966,359	-	(10,480,623)	$327,485,736	10,099,868
Notes Payable:					
Virginia College Building Authority	100,417,844	-	(10,036,644)	90,381,200	9,270,000
Lease liabilities					
Real estate	106,417,760	3,460,843	(7,059,274)	102,819,329	7,392,705
Installment purchases	723,938	-	(192,216)	531,722	196,089
Total long-term debt	545,525,901	3,460,843	(27,768,757)	521,217,987	26,958,662
Compensated absences	48,638,924	71,936,056	(64,900,103)	55,674,877	43,808,623
Deferred compensation	20,765,613	2,257,384	(9,852,831)	13,170,166	9,657,260
Net pension liability	411,788,331	-	(208,610,007)	203,178,324	-
Other post employment benefits	145,100,676	-	(27,222,498)	117,878,178	2,317,433
Total	$1,171,819,445	$77,654,283	($338,354,196)	$911,119,532	$82,741,978

Included in deferred compensation is $8.2M in deferred FICA payable in fiscal year 2023.

Authority:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General revenue pledge bonds	$594,174,917	-	($7,230,563)	$586,944,354	$9,541,552
Notes payable	67,220,619	100,000,000	(2,896,861)	164,323,758	2,989,992
Installment purchases	1,043,949	-	(900,198)	143,751	143,751
Lease liabilities	50,800,201	15,101,125	(9,760,758)	56,140,568	10,524,075
Total long-term debt	$713,239,686	115,101,125	($20,788,380)	$807,552,431	$23,199,370
Claims Payable - Estimated losses on malpractice claims and workers compensation	41,303,189	5,537,848	(10,504,961)	36,336,076	7,400,000
Compensated absences	39,347,615	80,837,774	(81,963,008)	38,222,381	38,222,381
Net pension liability	36,297,461	15,054,454	(36,297,461)	15,054,454	-
Other post employment benefits	7,642,649	5,932,626	(7,642,649)	5,932,626	99,906
Total	$837,830,600	$222,463,827	($157,196,459)	$903,097,968	$68,921,657

MCV Foundation:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$3,825,000	$0	($905,000)	$2,920,000	$985,000

Collage of Engineering Foundation:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$0	$5,100,016	$0	$5,100,016	$450,115

Long-term debt matures as follows:

University:	Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Installment Purchases	Leases	Total
	2023	$6,580,264	$3,519,603	$9,270,000	$196,089	$7,392,705	$26,958,661
	2024	7,851,911	3,591,346	12,510,000	200,039	7,561,615	31,714,911
	2025	8,118,840	3,663,873	12,765,000	135,594	7,431,963	32,115,270
	2026	10,330,159	3,190,365	12,165,000	-	6,926,892	32,612,416
	2027	14,632,778	3,257,072	11,920,000	-	6,453,792	36,263,642
	2028-2032	95,787,764	13,065,797	21,755,000	-	33,544,036	164,152,597
	2033-2037	54,185,001	2,510,903	3,340,000	-	16,981,673	77,017,577
	2038-2042	14,400,000		685,000	-	8,624,906	23,709,906
	2043-2047	2,330,000		-	-	5,792,321	8,122,321
	2048-2052	68,625,000		-	-	822,251	69,447,251
	2053-2057	-		-	-	522,357	522,357
	2058-2062	-		-	-	629,440	629,440
	2063-2067	-		-	-	135,378	135,378
	Add Premium	11,845,060		5,971,200	-	-	17,816,260
	Total	$294,686,777	32,798,959	$90,381,200	$531,722	$102,819,329	$521,217,987

Authority:	Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Installment Purchases	Leases	Total
	2023	$4,860,000	$4,681,552	2,989,992	$143,751	$10,524,075	$23,199,370
	2024	40,110,000	4,824,251	101,265,405	-	8,497,890	154,697,546
	2025	5,365,000	9,037,296	938,975	-	6,855,311	22,196,582
	2026	5,640,000	9,390,692	972,372	-	6,860,483	22,863,547
	2027	5,910,000	9,719,447	1,006,956	-	6,265,038	22,901,441
	2028-2032	34,365,000	54,757,762	5,598,160	-	16,306,424	111,027,346
	2033-2037	42,910,000	70,155,000	6,667,089	-	139,913	119,872,002
	2038-2042	52,400,000	15,700,000	7,940,121	-	170,834	76,210,955
	2043-2047	189,855,000	-	9,456,231	-	208,587	199,519,818
	2048-2052	11,635,000	-	11,261,830	-	254,685	23,151,515
	2053-2057	-	-	13,412,195	-	57,328	13,469,523
	2058-2059	-	-	2,814,432	-	-	2,814,432
	Premium	15,628,354	-	-	-	-	15,628,354
	Total	$408,678,354	$178,266,000	$164,323,758	$143,751	$56,140,568	$807,552,431

- The direct placement debt includes event of default provisions that could change the timing of the repayment of outstanding amounts to become immediately due. Generally, these provisions would take effect of the Authority were to become insolvent, or become unable to adhere to its covenant requirements.

MCV Foundation:	Fiscal Year	Notes Payable
	2023	$985,000
	2024	970,000
	2025	965,000
	Total	$2,920,000

College of Engineering Foundation:	Fiscal Year	Notes Payable
	2023	$450,115
	2024	461,263
	2025	472,297
	2026	3,715,341
	Total	$5,099,016

A summary of future interest requirements is as follows:

University:	Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Leases	Total
	2023	$10,342,505	$677,595	$2,821,693	$2,903,144	$16,744,937
	2024	10,055,942	604,515	2,387,913	2,697,904	15,141,759
	2025	9,765,990	529,940	1,984,449	2,490,534	14,240,973
	2026	9,394,071	453,855	1,570,743	2,288,606	13,253,420
	2027	8,854,629	388,577	1,161,708	2,105,754	12,122,091
	2028-2032	36,001,722	958,109	1,812,882	7,761,394	45,575,998
	2033-2037	22,461,251	88,534	348,560	3,687,668	26,497,479
	2038-2042	16,805,456		10,275	2,159,343	18,975,074
	2043-2047	14,771,063		-	867,357	15,638,420
	2048-2052	3,855,283		-	300,363	4,155,646
	2053-2057	-		-	206,344	206,344
	2058-2062	-		-	99,261	99,261
	2063-2067	-		-	10,362	10,362
	Total	$142,307,912	$3,701,125	$12,098,223	$27,578,034	$182,345,797

Authority:	Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Leases	Total
	2023	$17,791,625	$2,823,185	5,606,623	$972,866	$27,194,299
	2024	16,860,975	2,746,022	2,963,030	808,341	23,378,368
	2025	15,917,575	2,609,786	2,087,425	671,897	21,286,683
	2026	15,635,575	2,468,153	2,054,028	546,858	20,704,614
	2027	15,340,075	2,321,621	2,019,444	426,544	20,107,684
	2028-2032	71,715,625	9,191,683	9,533,840	787,159	91,228,307
	2033-2037	63,003,225	3,839,509	8,464,911	152,977	75,460,622
	2038-2042	53,213,850	-	7,191,878	122,056	60,527,784
	2043-2047	16,917,850	-	5,675,769	84,303	22,677,922
	2048-2052	207,763	-	3,870,170	38,205	4,116,138
	2053-2057	-	-	1,719,804	1,250	1,721,054
	2058-2062	-	-	51,077	-	51,077
	Total	$286,604,138	$25,999,959	$51,237,999	$4,612,456	$368,454,552

MCV Foundation:	Fiscal Year	Notes Payable
	2023	$32,907
	2024	7,057
	2025	2,316
	Total	$42,280

13. FACULTY EARLY RETIREMENT INCENTIVE PLAN

The University established the Virginia Commonwealth University Faculty Early Retirement Incentive Plan for Faculty (Plan) to provide a financial early retirement incentive for certain tenured faculty that will facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with the University Strategic Plan goals, changes in enrollment and other University needs. Tenure is a permanent appointment granted to associate professors and professors, which continues until the faculty member leaves the University, is dismissed for cause or is terminated due to a financial crisis.

The Plan provides an annuity for five years from the date of retirement equal to 20% of the average University salary of the faculty members eligible to participate in the Plan, not to exceed 30% of the participant's base annual salary from University resources at the time the agreement was signed. In addition, the University provides a health care benefit supplement until the participant becomes Medicare eligible (currently age 65) if the participant retires, or up to 18 months of COBRA benefits if the participant does not retire.

As of June 30, 2022, 61 faculty members were enrolled in the plan. Payments during fiscal year 2022 were $1,598,474. The present value of the future plan payments are as follows:

Fiscal Year	Plan Obligations
2023	$1,402,903
2024	1,272,315
2025	1,045,147
2026	762,986
2027	371,473
2028	60,986
Total	$4,915,809

14. PENSIONS AND RETIREMENT PLANS

University

Pension Plan Description

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

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

Retirement Plan Provisions by Plan Structure		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.	**Eligible Members** Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes full-time permanent, salaried state employees and members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Hybrid Opt-In Election** Same as Plan 1.	***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include members of the Virginia Law Officers' Retirement System (VaLORS). Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or	**Service Credit** Same as Plan 1.	**Service Credit** **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered

additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.		position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting This is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always

		100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under Plan 1. **<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **<u>VRS:</u>** The retirement multiplier is a factor used in	**Service Retirement Multiplier** **<u>VRS:</u>** Same as Plan 1 for service earned, purchased or	**Service Retirement Multiplier** **<u>Defined Benefit Component:</u>** **<u>VRS:</u>** The retirement multiplier for the defined

the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	granted prior to January 1, 2013. For nonhazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. VaLORS: The retirement multiplier for VaLORS employees is 2.00%.	benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. VaLORS: Not applicable. Defined Contribution Component: Not applicable.
Normal Retirement Age VRS: Age 65. VaLORS: Age 60.	**Normal Retirement Age** VRS: Normal Social Security retirement age. VaLORS: Same as Plan 1.	**Normal Retirement Age** Defined Benefit Component: VRS: Same as Plan 2. VaLORS: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. VaLORS: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. VaLORS: Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** Defined Benefit Component: VRS: Same as Plan 2. VaLORS: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. VaLORS: 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** VRS: Age 60 with at least five years (60 months) of service credit. VaLORS: Same as Plan 1.	**Earliest Reduced Retirement Eligibility** Defined Benefit Component: VRS: Same as Plan 2. VaLORS: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:**	**Cost-of-Living Adjustment (COLA) in Retirement** Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable. **Eligibility:** Same as Plan 1 and Plan 2. **Exceptions to COLA**

to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. The member retires on disability. The member retires directly from short-term or long-term disability. The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Effective Dates:** Same as Plan 1 and Plan 2.

Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exception: Hybrid Retirement Plan members are ineligible for prior service. **Defined Contribution Component**: Not applicable.

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The University has contractually required employer contribution rate for the fiscal year ended June 30, 2022 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.90% of covered employee compensation. These rates were based on actuarially determined rate(s) from an actuarial valuation as of June 30, 2019. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $36,144,346 and $34,504,990 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $1,232,008 and $955,841 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the University reported a liability of $196,716,635 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $6,461,689 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the University's proportion of the VRS State Employee Retirement Plan was 5.42333% as compared to 5.53403% at June 30, 2020. At June 30, 2021, the University's proportion of the VaLORS Retirement Plan was 1.23862% as compared to 1.38841% at June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of $10,976,758 for the VRS State Employee Retirement Plan and $759,387 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021 a portion of the pension expense was related to deferred amounts from changes in proportion and differences between University contributions and the proportionate share of University contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,839,188	($11,473,271)
Net difference between projected and actual earnings on pension plan investments	-	(137,905,583)
Change in assumptions	23,078,317	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,877,718	(5,677,874)
Employer contributions subsequent to the measurement date	37,376,354	-
Total	$67,171,577	($155,056,728)

The $37,376,354 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
FY 2023	($20,558,339)
FY 2024	(30,489,489)
FY 2025	(32,107,603)
FY 2026	(42,106,074)
	($125,261,505)

Actuarial Assumptions

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

	State Employee Retirement Plan	**VaLORS Retirement Plan**
Inflation	2.50%	2.50%
Salary increases, including Inflation	3.5% – 5.35%	3.5% – 4.75%
Investment rate of return	6.75% percent, net of pension plan investment expenses, including inflation	6.75% percent, net of pension plan investment expenses, including inflation
Mortality rates		
Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

	State Employee Retirement Plan	**VaLORS Retirement Plan**
Mortality Rates (pre-retirement, post retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all	Increased rates at some younger ages, decreased at age 62, and changed final retirement from 65 to 70
Withdraw Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change	No change
Salary Scale	No change	No change
Line of Duty Disability	No change	No change
Discount Rate	No change	No change

Net Pension Liability

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

	State Employee Retirement Plan	VaLORS Retirement Plan
Total pension liability	$26,739,647	$2,390,609
Plan fiduciary net position	23,112,417	1,868,924
Employers' net pension liability (asset)	$3,627,230	$521,685
Plan fiduciary net position as a percentage of the total pension liability	86.44%	78.18%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.46%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$368,475,603	$196,716,635	$52,791,297
University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	$10,404,211	$6,461,689	$3,231,584

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2022 of $2,454,228 due to VRS.

Optional Retirement Plans

Full-time faculty and certain administrative staff are eligible to participate in other retirement plans. These are fixed-contribution programs where the retirement benefits received are based upon the employer (5.4%) and employee (5%) contributions (all of which are paid by the University for faculty hired before July 1, 2010) plus interest and dividends. For faculty hired on or after July 1, 2010, the 5% employee contribution is paid by the employee and the employer contribution, paid by the University, is 8.5%. The two providers are TIAA-CREF and Fidelity. The total pension expense for fiscal year 2022 related to these optional retirement plans was $23,414,124. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2022 of $1,394,148 related to these plans.

Additionally, certain employees of Virginia Commonwealth University are participating in The Select Plan. The Select Plan is a 401(a) defined contribution plan and participation is limited to executives (Dean and above) by invitation. It is primarily designed to continue defined contributions at the regular other retirement plan percentages of salary (as applicable depending upon the faculty member's plan) for executives whose base salaries exceed the compensation maximum for the other retirement plans (currently $305,000). Total pension expense related to The Select Plan for fiscal year 2022 was $367,635. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2022 of $92,322 related to this plan.

Individual contracts issued under these optional plans provide for full and immediate vesting of both the University's and the employee's contributions. Contributions to other retirement plans were calculated using the base salary $256,130,800 in fiscal year 2022. Total pension costs under these plans were $23,781,760 in fiscal year 2022. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2022 of $1,486,470 related to these plans.

Deferred Compensation Plan (DCP)

The Deferred Compensation Plan (DCP) gives full and part-time faculty and staff who contribute at least $10 each pay period through the Tax Deferred Annuity Program (TDA) a matching contribution of 50%, up to a maximum of $20 each pay period, of the amount faculty and staff contribute through the TDA Program. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Total employer contributions under the Deferred Compensation Plan including both VRS and other retirement plan participants, were approximately $1,707,429 for the fiscal year ending 2022.

Authority

VCUMC Virginia Retirement System Plan (VRS Plan)

Prior to July 1, 1997, employees of VCUMC were employees of the Commonwealth of Virginia (the Commonwealth). These employees were eligible to participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). After July 1, 1997, employees could choose to remain in the VRS Plan or enroll in the VCUMC Authority Defined Contribution Plan (the Plan). A description of the VRS pension plan, contributions, actuarial assumptions, net pension liability, long-term expected rate of return and discount rate can be found under the University's section described previously. Contributions from VCUMC to the VRS Plan were $2,058,185 and $2,490,373 for the years ended June 30, 2022 and 2021, respectively.

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

VCUMC reported a liability of $15,054,454 for its proportionate share of the Net Pension Liability for the year ended June 30, 2022. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. VCUMC's proportion of the Net Pension Liability was based on VCUMC's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contribution for all participating employers. At June 30, 2021, VCUMC's proportion of the VRS Plan was 0.41504% as compared to 0.50101% at June 30, 2020.

VCUMC recognized pension income of ($4,729,815) for the Plan for the year ended June 30, 2022. At June 30, 2022, VCUMC reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$135,608	($864,422)
Net difference between projected and actual earnings on pension plan investments	-	(10,364,022)
Change in assumptions	1,730,675	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(7,286,899)
Employer contributions subsequent to the measurement date	2,058,185	-
Total	$3,924,468	($18,515,343)

Deferred outflows of resources related to employer contributions subsequent to the measurement date totaling $2,058,185 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.   Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2022	($5,602,241)
2023	(4,669,468)
2024	(3,212,887)
2025	(3,164,464)
	($16,649,060)

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
The VCUMC's proportionate share of the VRS state employee retirement plan net pension liability	$28,198,932	$15,054,454	$4,040,045

VCUHS Retirement Plan (VCUHS 401(A) Plan)

The VCUMC Authority Defined Contribution Plan (the Plan) was amended and restated effective January 1, 2002 and is now referred to as the VCUHS Retirement Plan (VCUHS 401(a) Plan). All employees, excluding house staff, working at least 20 hours a week in a benefit-eligible position are eligible to participate in the VCUHS 401(a) Plan. Per the VCUHS 401(a) Plan document as approved by the Authority's Board of Directors, VCUMC contributes up to 10% of the participant's salary to the VCUHS 401(a) Plan not to exceed the lesser of (a) the amount in accordance with Code 415(d), or (b) one hundred percent (100%) of the Participant's Compensation for such limitation year. Contributions are a function of the employee's age plus years of service per the table below. Total contributions to the VCUHS 401(a) Plan for the year ended June 30, 2022 was approximately $37,351,000. VCUMC shall have the right at any time, and without the consent of any party, to terminate the VCUHS 401(a) Plan in its entirety. Any changes to the provisions of the VCUHS 401(a) Plan, including the contribution requirements, must be approved in writing by the Authority's Board of Directors.

Age Plus Years of Service	Employer Contribution 401(a) Plan
65+	10%
55-65	8
45-55	6
35-45	4
<35	2

VCUMC also sponsors the VCUHS Savings Plan (VCUHS 457(b) Plan), a savings plan that represents employee contributions and employees may also receive a 2% matching contribution in their VCUHS 401(a) Plan based on their 457(b) contribution.

VCUMC has also established the HCP Plan. All persons hired as a health care provider on or after July 1, 1993 and prior to July 1, 1997 and working at least 35 hours of service per week are eligible to participate in the HCP Plan. All significant provisions of the HCP Plan, including the contribution requirements, are similar to the VCUHS 401(a) Plan. Total contributions to the HCP Plan for the year ended June 30, 2022 was approximately $21k.

MCVAP

MCVAP sponsors the MCVAP 401(a) Retirement Plan (the 401(a) Plan), a noncontributory, defined contribution plan, which covers substantially all full-time clinical provider employees of MCVAP and the MCVAP 403(b) Salary Deferral Plan (the 403(b) Plan), a salary deferral plan that represents physician contributions. Contributions to the 401(a) Plan by MCVAP, as determined annually at the discretion of the Board of Directors, were approximately $24,686,000 for the year ended June 30, 2022.

MCVAP also participates in the VCUHS 401(a) Plan, which covers all benefited nonclinical provider employees of MCVAP; the VCUHS Savings Plan (VCUHS 457(b) Plan), a savings plan that represents employee contribution and the MCVAP 403(b) Supplemental Plan (the 403(b) Highly Compensated Plan), a noncontributory defined contribution plan for highly compensated employees. The VCUHS 401(a) Plan contributions (as a percentage of the employee's salary) are a function of the employee's age plus years of service per the table below. MCVAP employees may contribute to the VCUHS 457(b) Savings Plan. Employees may also receive a 2% matching contribution in their VCUHS 401(a) Plan based on their 457(b) contribution. Contributions to the VCUHS 401(a) Plan for the year ended June 30, 2022 was approximately $8,717,000.

Age Plus Years of Service	Employer Contribution VCUHS 401(a) Plan
65+	10%
55-65	8
45-55	6
35-45	4
<35	2

CMH and CMHP

CMH participants in the VCUHS 401(a) Plan and retirement plan expense was approximately $4,466,000 for the year ending June 30, 2022.

Children's

Children's has a noncontributory defined benefit pension plan (Pension Plan) covering substantially all Children's employees prior to the plan being frozen in June 2010. The Pension Plan provides benefits that are based on the five consecutive years for which an employee's compensation is highest. Children's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as Children's may determine to be appropriate from time to time. Effective June 30, 2010, Children's froze all future benefit accruals for those who were active plan participants and closed the plan to new participants.

The Pension Plan's fair value of plan assets of $12.1M as of June 30, 2022, is recorded in other assets on the accompanying consolidated statements of net position. The Pension Plan's liability of $12.4M as of June 30, 2022 in included in net pension liability on the accompanying consolidated statement of net position. Children's participants in the VCUHS 401(a) Plan and retirement plan expense was approximately $509,000 for the year ended June 30, 2022.

15. OTHER POST-EMPLOYMENT BENEFITS

The University participates in post-employment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS) or the Department of Human Resources Management. These programs include the Group Life Insurance Program, Retiree Health Insurance Credit Program, Line of Duty Act Program, Virginia Sickness and Disability Program and the Pre-Medicare Retiree Healthcare Program. Prior to July 1, 1997, employees of VCUMC were employees of the Commonwealth of Virginia and automatically covered by the Retiree Health Insurance Credit and the Pre-Medicare Retiree Healthcare Programs. After July 1, 1997, new employees are not eligible for the programs. For these employees, hired before July 1, 1997 VCUMC participates in the Retiree Health Insurance Credit Program and for those who remain in the VRS Plan and continued enrollment in the state health benefits program remain eligible for the Pre-Medicare Retiree Healthcare Program. The specific information about each program is described below:

Plan Descriptions

GROUP LIFE INSURANCE (GLI) PROGRAM: All full-time, salaried permanent employees of state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. The University deducts these premiums from members' paychecks and pays the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

HEALTH INSURANCE CREDIT (HIC) PROGRAM: All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. VCUMC employees hired prior to July 1, 1997 are also automatically covered by the plan. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which the University pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

LINE OF DUTY ACT (LODA) PROGRAM: All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The University's contributions are determined by VRS's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

VIRGINIA SICKNESS AND DISABILITY (VSDP) PROGRAM: All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

PRE-MEDICARE RETIREE HEALTHCARE (PMRH) PROGRAM: The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. VCUMC employees who elected to remain in the VRS Plan and continued enrollment in the State Health Benefits Program remain eligible for the program. This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,100 retirees and 88,000 active employees in the program as of June 30, 2021. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Plan Provisions

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit**: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit:** The accidental death benefit is double the natural death benefit.

• **Other Benefit Provisions:** In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Seatbelt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,722 as of June 30, 2022.
STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement**: For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **Disability Retirement:** For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.
Health Insurance Credit Program Notes:

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

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

- **Death:** The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
  - $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
  - $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
  - An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
- **Health Insurance:** The LODA program provides health insurance benefits.
  - The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS

Eligible Employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- **Leave:** Sick, family and personal leave. Eligible leave benefits are paid by the employer.

- **Short-Term Disability:** The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.
- **Long-Term Disability (LTD):** The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- **Income Replacement Adjustment:** The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- **VSDP Long-Term Care Plan:** The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
  - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
  - Plan 1 employees non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
  - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%

- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
  - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

Pre-Medicare Retiree Healthcare (PMRH) Plan Provisions

Eligible Employees

For a retiree to be eligible for the PMRH Plan, the participant must be a retiring state employee who is eligible for either a monthly benefit from the Virginia Retirement System (VRS) or one of the Commonwealth's qualified Optional Retirement Plans (ORP).

Following are eligibility requirements for VRS retirees:

- Be a retiring state employees who is eligible for a monthly retirement benefit from the VRS
- Start receiving (does not defer) his or her retirement benefit immediately upon retirement*
- His or her employer before retirement must be the Commonwealth of Virginia
- He/she was eligible for (even if not enrolled in) coverage as an active employee in the State Health Benefits Program until retirement date (not including Extended Coverage/COBRA),
- He/she must enroll no later than 31 days from retirement date.

*For VRS retirees, this means that the employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

Following are following are eligibility requirements for qualified ORP retirees, effective January 1, 2017**:

- Be a terminating state employee who participates in one of the qualified Optional Retirement Plans
- His or her last employer before retirement must be the Commonwealth of Virginia
- He/she was eligible for (even if not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of your termination
- He/she meets the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that he/she would have been eligible for on the date of hire had they not elected the ORP
- He/she must enroll in the State Retiree Health Benefits Program no later than 31 days from the date he/she loses coverage (or loses eligibility for coverage) in the State Health Benefits Program for active employees due to termination of employment.

**This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

Contributions

GLI PROGRAM: The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $2,758,341 and $2,617,410 for the years ended June 30, 2022 and June 30, 2021, respectively.

HIC PROGRAM: The contribution requirement for active employees is governed by § 51.1-1400(D) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each state agencies' contractually required employer contribution rate for the year ended June 30, 2022 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $5,738,093 and $5,460,793 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from VCUMC to the HIC Plan were $398,000 and $534,000 for the years ended June 30, 2022 and June 30, 2021, respectively.

LODA PROGRAM: The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2022 was $755.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the University were $52,364 and $66,710 for the years ended June 30, 2022 and June 30, 2021, respectively.

VSDP PROGRAM: The contribution requirements for the Disability Insurance Program (VSDP) are governed by § 51.1-1140 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2022 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $1,511,349 and $1,429,849 for the years ended June 30, 2022 and June 30, 2021, respectively.

PMRH PROGRAM: The University does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the University effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Programs

At June 30, 2022, the University and VCUMC reported the following net liabilities (assets) of for its proportionate share of the total OPEB liability for each of the OPEB programs.

University	**Liabilities (Assets)**	**VCUMC**	**Liabilities (Assets)**
GLI	$27,529,429	HIC	$4,566,178
HIC	$56,942,057	PMRH	$1,366,448
LODA	$2,136,781		
VSDP	($18,667,436)		
PMRH	$31,269,911		

These liabilities were measured as of June 30, 2021. The total OPEB Liability used to calculate each OPEB liability for GLI, HIC, LODA, and VSDP was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The PMRH OPEB Liability was determined by an actuarial valuation as of June 30, 2021. The University's proportionate share of the GLI, HIC, LODA and VSDP liabilities was based on the University's actuarially determined employer contributions to each program for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. VCUMC's proportion of the Net HIC Plan OPEB Liability was based on VCUMC's actuarially determined employer contributions to the HIC Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. The University's and VCUMC's proportion of the PMRH OPEB liability was based on their calculated healthcare premium contributions, to include the December premium holiday amounts, as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

At June 30, 2021, the University's proportionate shares were:

GLI State Employees	2.34338% as compared to 2.39401% at June 30, 2020
GLI VaLORS	0.02114% as compared to 0.02538% at June 30, 2020
HIC State Employees	6.68244% as compared to 6.80814% at June 30, 2020
HIC VaLORS	0.05993% as compared to 0.07130% at June 30, 2020
LODA	0.48454% as compared to 0.47778% at June 30, 2020
VSDP State Employees	5.31980% as compared to 5.41228% at June 30, 2020
VSDP VaLORS	0.09544% as compared to 0.10948% at June 30, 2020
PMRH	6.96602% as compared to 6.95652% at June 30, 2020

At June 30, 2021, VCUMC's proportionate shares were:

HIC	0.54067% as compared to 0.61596% at June 30, 2020
PMRH	0.30440% as compared to 0.34951% at June 30, 2020

For the year ended June 30, 2022, the University and VCUMC recognized the following expenses for these programs:

University	Expenses	VCUMC	Expenses
GLI	$1,283,191	HIC	($239,765)
HIC	$5,170,366	PMRH	($1,071,355)
LODA	$194,721		
VSDP	($293,638)		
PMRH	($10,952,833)		

Since there was a change in proportionate share between measurement dates, a portion of these expenses was related to deferred amounts from changes in proportion.

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

		Deferred Outflows of Resources	Deferred Inflows of Resources
GLI	Differences between expected and actual experience	$3,139,829	($209,758)
	Net difference between projected and actual earnings on program investments	-	(6,570,684)
	Change in assumptions	1,517,690	(3,766,612)
	Changes in proportionate share	1,024,898	(682,452)
	University contributions subsequent to the measurement date	2,758,341	-
	Total	$8,440,758	($11,229,506)

HIC	Differences between expected and actual experience	17,615	(1,854,212)
	Net difference between projected and actual earnings on State plan investments	-	(1,080,761)
	Change in assumptions	1,474,713	(160,647)
	Changes in proportionate share	1,701,074	(1,082,816)
	University contributions subsequent to the measurement date	5,738,093	-
	Total	8,931,495	(4,178,436)
LODA	Differences between expected and actual experience	178,150	(323,527)
	Net difference between projected and actual earnings on plan investments	-	(12,373)
	Change in assumptions	591,318	(102,212)
	Changes in proportionate share	227,821	(186,521)
	University contributions subsequent to the measurement date	52,364	-
	Total	1,049,653	(624,633)
VSDP	Differences between expected and actual experience	887,152	(3,026,848)
	Net difference between projected and actual earnings on plan investments	-	(3,495,117)
	Change in assumptions	125,758	(439,900)
	Changes in proportionate share	194,918	(479,304)
	University contributions subsequent to the measurement date	1,511,349	-
	Total	2,719,177	(7,441,169)
PMRH	Difference between actual and expected experience	-	(15,898,845)
	Changes in assumptions	-	(30,075,072)
	Changes in proportion	4,265,496	-
	Sub Total	4,265,496	(45,973,917)
	Amounts associated with transactions subsequent to the measurement date	2,286,255	-
	Total	6,551,751	($45,973,917)

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

		Deferred Outflows of Resources	Deferred Inflows of Resources
HIC	Differences between expected and actual experience	$1,412	($148,689)
	Net difference between projected and actual earnings on State plan investments	-	(86,666)
	Change in assumptions	118,257	(12,882)
	Changes in proportionate share	-	(2,004,648)
	VCUMC contributions subsequent to the measurement date	397,801	-
	Total	$517,470	($2,252,885)
PMRH	Difference between actual and expected experience	-	($694,756)
	Changes in assumptions	-	(1,314,235)
	Changes in proportion	-	(1,688,122)
	Sub Total	-	(3,697,113)
	Amounts associated with transactions subsequent to the measurement date	99,906	-
	Total	99,906	(3,697,113)

The preceding amounts reported as deferred outflows of resources related to each program, resulting from the University's and VCUMC's contributions and amounts associated with transactions subsequent to the measurement date, will be recognized as a reduction of each programs net liability (asset) in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB programs will be recognized in each program's expense in future reporting periods as follows:

University **Year Ended June 30**	GLI	HIC	LODA	VSDP	PMRH
FY 2023	($1,200,847)	($117,960)	$47,043	($1,405,741)	(14,942,993)
FY 2024	(893,106)	4,408	47,611	(1,389,378)	(12,683,588)
FY 2025	(951,804)	(63,403)	47,779	(1,375,881)	(7,678,779)
FY 2026	(2,014,082)	(502,729)	47,957	(1,515,091)	(3,871,829)
FY 2027	(487,250)	(296,458)	64,339	(463,374)	(1,971,372)
Thereafter	-	(8,892)	117,927	(83,876)	(559,858)
	($5,547,089)	($985,034)	$372,656	($6,233,341)	($41,708,419)

VCUMC **Year Ended June 30**	HIC	PMRH
FY 2023	($663,836)	($1,245,718)
FY 2024	(585,498)	(1,072,782)
FY 2025	(469,452)	(692,051)
FY 2026	(289,347)	(407,870)
FY 2027	(121,441)	(219,217)
Thereafter	(3,642)	(59,475)
	($2,133,216)	($3,697,113)

Actuarial Assumptions (GLI, HIC, VSDP, LODA)

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

Inflation	2.50%
Salary increases, including Inflation:	
General state employees	3.5% – 5.35% (N/A LODA)
Teachers	3.5% – 5.95% (N/A LODA)
SPORS employees	3.5% – 4.75% (N/A LODA)
VaLORS employees	3.5% – 4.75% (N/A LODA)
JRS employees	4.50% (N/A LODA)
Locality - General employees	3.5% – 5.35% (N/A LODA)
Locality - Hazardous duty employees	3.5% – 4.75% (N/A LODA)
Investment rate of return*	GLI, HIC, and VSDP: 6.75%, net of OPEB plan investment expenses, including inflation LODA: 2.16%, including inflation
Medical cost trend rates assumption (LODA ONLY)	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%
Year of ultimate trend rate (LODA Only)	
Under age 65	Fiscal year ended 2029
Ages 65 and	Fiscal year ended 2024

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

Mortality Rates (GLI, HIC, VSDP, LODA)

Pre-Retirement	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Teachers (GLI)	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% rate for males
RS Employees (GLI, HIC)	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
JRS Employees (GLI, HIC)	Pub-2020 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA),	Pub-2010 Amount weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% rates for females set forward 3 years.

Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally, 110% of rates for males and females.
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Pub-2010 Amount Weighted General Disabled Rates projected generationally, 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
JRS Employees (GLI, HIC)	Pub-2010 Amount Weighted General Disabled Rates projected generationally.
Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI),	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	
JRS Employees (GLI, HIC), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality improvement Scale MP-2020.
JRS Employees (GLI, HIC)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public

	sector mortality tables. For future mortality improvements, replace load with a modified Mortality improvement Scale MP-2020.

Retirement Rates	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
SPORS Employees (GLI, HIC, VSDP, LODA)	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70.
VaLORS Employees (GLI, HIC, VSDP, LODA)	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70.
JRS Employees (GLI, HIC)	Decreased rates at for ages 60-66 and 70-72
Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.

Withdrawal Rates	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI),	Adjusted rates to better fit experience at each year age and service through 9 years of service
SPORS Employees (GLI, HIC, VSDP, LODA)	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
JRS Employees (GLI, HIC)	No change

Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA)	Decreased rates.
Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.

Disability Rates	
All employee classifications	No change

Salary Scale	
JRS Employees (GLI, HIC)	Reduce increases across all ages by 0.50%
All other employee classifications	No change

Line of Duty Disability	
All employee classifications	No change

Discount Rate	
GLI, HIC, VSDP	No change
LODA	Decrease rate from 2.21% to 2.16%

Actuarial Assumptions (PMRH)

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2021. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.75 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end the fiscal year in which contributions are reported
Measurement Date	June 30, 2021 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal

Amortization Method	Level dollar, Closed
Effective Amortization Period	6.37 years
Discount Rate	2.16%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

Retiree Participation	Reduced from 45% to 40% based on a blend of recent experience and the prior year assumption.
Mortality Assumption	The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales.
Excise Tax	No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

Trend Rates	Updated based on economic conditions as of June 30, 2021.
Discount Rate	Decreased from 2.21% to 2.16 % based on the Bond Buyers Go 20 Municipal Bond Index.

There were no plan changes in the valuation since the prior year.

Net OPEB Liability (Asset)

The net OPEB Liability/Asset (NOL/NOA) for the GLI, HIC, LODA and VSDP programs represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2021, NOL/NOA amounts for each program are as follows (amounts expressed in thousands):

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

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

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

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

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

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on the LODA Program's investments was set at 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

Discount Rate (GLI, HIC, VSDP, LODA)

The discount rate used to measure the total OPEB Liability was 6.75% for GLI, HIC and VSDP; 2.16% for LODA. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the University for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB Liability.

Discount Rate (PMRH)

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date, which is June 30, 2021.

Sensitivity of the Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the University's and VCUMC's proportionate share of the net GLI, HIC and VSDP OPEB Liabilities (Assets) using the discount rate of 6.75%, as well as what the University's and VCUMC's proportionate share of the OPEB liabilities (assets) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
University's proportionate share of: GLI Net OPEB Liability	$40,221,493	$27,529,429	$17,280,010
University's proportionate share of: HIC Net OPEB Liability	$63,877,562	$56,942,057	$51,000,037
University's proportionate share of: VSDP Net OPEB Liability (Asset)	($17,636,503)	($18,667,436)	($19,574,020)
VCUMC's proportionate share of: HIC State Employees Net OPEB Liability	$5,122,336	$4,566,178	$4,089,688

The following presents the University's proportionate share of the net LODA OPEB liability using the discount rate of 2.16%, as well as what the University's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1.00% Decrease 1.16%	Current Discount Rate 2.16%	1.00% Increase 3.16%
University's proportionate share of: LODA Net OPEB Liability	$2,458,081	$2,136,781	$1,881,481

The following presents the University's and VCUMC's proportionate share of the PMRH OPEB liability using the discount rate of 2.16%, as well as what the University's proportionate share of the Pre- Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1.00% Decrease 1.16%	Current Discount Rate 2.16%	1.00% Increase 3.16%
University's proportionate share of: PMRH OPEB Liability	$32,873,948	$31,269,910	$29,646,202
VCUMC's proportionate share of: PMRH OPEB Liability	$1,436,542	$1,366,448	$1,295,494

Sensitivity of the Proportionate Share of the OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA and PMRH programs contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's and VCUMC's proportionate share of the liabilities using current health care trend rates as well as one percentage point lower or one percentage point higher than the current rate:

	1.00% Decrease (6.00% decreasing to 3.75%)	Rates (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
University's proportionate share of: LODA Net OPEB Liability	$1,753,282	$2,136,781	$2,628,504

	1.00% Decrease (5.75% decreasing to 3.50%)	Trend Rate (6.75% decreasing to 4.50%)	1.00% Increase (7.75% decreasing to 5.50%)
University's proportionate share of: PMRH OPEB Liability	$28,208,185	$31,269,910	$34,824,784

	1.00% Decrease (5.75% decreasing to 3.50%)	Trend Rate (6.75% decreasing to 4.50%)	1.00% Increase (7.75% decreasing to 5.50%)
VCUMC's proportionate share of: PMRH OPEB Liability	$1,232,655	$1,366,448	$1,521,791

Fiduciary Net Position

Detailed information about the GLI, HIC, LODA and VSDP programs is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS OPEB Programs

Included in the University's accounts payable and other liabilities are the following outstanding liabilities as of June 30, 2022 due to VRS:

GLI	$432,188
HIC	$360,072
VSDP	$95,686

16. COMMITMENTS

The University, VCU Real Estate Foundation and the Authority are party to various construction commitments. As of June 30, 2022, the remaining commitments were $32,754,947 for the University and approximately $156M for the Authority. The Authority's commitments primarily relate to construction, purchases of medical equipment and information systems. The VCU Real Estate Foundation held remaining commitments in the amount of $336,424 as June 30, 2022 in connection with the renovation of student housing.

On June 21, 2022, the VCU Real Estate Foundation entered into a purchase agreement for the acquisition of real property totaling $500,000 with a $25,000 deposit delivered on June 29, 2022. The unpaid commitment for the purchase of this real property is $475,000 as of June 30, 2022.

The VCU Real Estate Foundation has entered into 8 leases for residential properties located in Doha, Qatar for the purpose of providing housing for faculty and staff of VCU Qatar. The payments are approximately $388,991 (US Dollars) annually based upon the exchange rates as of June 30, 2022. The Qatar Foundation advances the funds to the University and the University makes all rent payments directly to the landlords.

As of June 30, 2022 the University and the Authority are committed to various leases which were excluded from capitalization due to having a calculated asset value of less than the capitalization threshold or a lease period of 12 months or less, including all renewal options regardless of the likelihood of the options being exercised. These outflows of resources are recognized in the periods in which they relate.

17. LITIGATION

The University, Authority and/or individuals acting within their scope of employment on behalf of the University or Authority have been named as a defendant in a number of lawsuits. The final outcome of any of these lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the University and Authority may be exposed will not have a material effect upon the entity's financial position.

18. CONTINGENCIES

VCUMC is self-insured for professional liability claims, exclusive of insured excess retentions. There have been malpractice claims asserted against VCUMC by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred that may result in the assertion of additional claims. In addition, there may be other claims from unreported incidents arising from services provided to patients. Management of VCUMC accrues estimated losses on malpractice claims to the extent they fall within the limits of the VCUMC's self-insurance program or exceed the limits of the excess insurance coverage in place through ARIES at the date of the claim. The undiscounted liability is actuarially determined using industry data and VCUMC's historical experience.

Investments have been set aside based on actuarially determined reserves and are included in assets whose use is limited in the accompanying consolidated statements of net position. At June 30, 2022, the internally restricted funds for VCUMC include $3,379k for claims and related legal expenses for reported and unreported incidents occurring since July 1, 1998.

The Authority believes that its consolidated financial position would not be materially affected by the difference between the amounts recorded and the ultimate cost related to asserted or un-asserted VCUMC claims, if any, as of June 30, 2022.

VCUMC obtains automobile liability insurance and specific coverage of general liability and healthcare professional liability through ARIES. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2022, 2021 and 2020 is significant.

Beginning in July 2018, MCVAP obtained insurance coverage for malpractice claims through ARIES. Additionally, ARIES assumed the previously self-insured estimated liabilities from policy years July 2005 through July 2018. There have been malpractice claims asserted against MCVAP by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred that may result in the assertion of additional claims. In addition, there may be other claims from unreported incidents arising from services provided to patients. Management of ARIES accrues estimated losses on malpractice claims. The discounted liability is actuarially determined using industry data and MCVAP's historical experience.

CMH is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; malpractice; and employee health, dental and accidental benefits. Insurance coverage is provided through ARIES or purchased for claims arising from such matters. CMH can be involved in litigation during the ordinary course of business related to professional liability claims.

Management and legal counsel believe all claims should be settled within the limits of insurance coverage. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2022 is significant.

Children's obtains insurance coverage for professional liability, UHS and VCCN obtain general liability insurance and ASC obtains general and health professional liability insurance through ARIES. Management and legal counsel believe all claims should be settled within the limits of insurance coverage. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2022 is significant.

19. INDEMNIFICATIONS

The MCV Foundation has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Foundation's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Foundation has a director and officer insurance policy that further limits its exposure and enables the Foundation to recover a portion of any future amounts paid.

20. RELATED PARTIES

The financial statements do not include the assets, liabilities or fund balances of affiliated organizations. All of these organizations are separately incorporated entities managed by their own Boards and audited by other independent certified public accounting firms. Each organization is described below.

Virginia Biotechnology Research Park Partnership Authority

The primary purpose of the Virginia Biotechnology Research Park Partnership Authority is to expand knowledge pertaining to scientific and technological research, and development among public and private entities, promote the economic and industrial development of the City of Richmond and the Commonwealth of Virginia. The Authority does not have taxing powers. Operations are funded from lease and ancillary service revenues. The Authority's operations, acquisition, and construction of capital assets have been funded by bond issuances, long-term notes payable, line of credit debt, appropriations from the Commonwealth, voluntary assessments from property owners located in the Research Park and contract support payments from VCU.

In November 2011, the Authority entered into a lease agreement with Virginia Commonwealth University for the use of the real property, building and improvements located at 800 East Leigh Street, otherwise known as Biotech Center. Biotech Center is the property from which the Authority conducts the majority of its operations. The rent under the lease agreement was $30 and was paid in a lump sum at the beginning of the lease; therefore, there is no related rent expense represented within these financial statements. The lease term ends November 2041.

VCU Investment Management Company

The VCU Investment Management Company, a non-profit, non-stock corporation, organized under Virginia law for exclusively charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code was formed to advise the University and its affiliated foundations on the management of its investments. Approved by the VCU Board of Visitors and VCU Health Board of Directors in June 2015, the VCU Investment Management Company (VCIMCO) will provide investment and investment management services to VCU, the Authority and affiliated foundations.

21. TRANSACTIONS BETWEEN COMPONENT UNITS

The University and its component units provide services and support to each other to avoid duplication of efforts as much as possible.

The VCU Foundation, the VCU School of Business Foundation and the VCU School of Engineering Foundation hold the University's investments that function as endowments, both true and quasi. As of June 30, 2022, the VCU Foundation and the VCU School of Engineering Foundation held University investments of $28,695,460 and $7,054,055, respectively. The VCU School of Business Foundation held investments of $1,241,739. The University has a due from component units for these investments, which is eliminated in the total column.

The VCU Foundation also holds investments for the VCU Intellectual Properties Foundation in the amount of $1,418,707 and for the VCU Real Estate Foundation in the amount of $9,886,133. The MCV Foundations hold investments for the VCU Intellectual Properties Foundation in the amount of $1,833,000. The University has a due from component units for these investments, which is eliminated in the total column.

The VCU School of Engineering Foundation has constructed two buildings with the proceeds of debt issued by the University. The School of Engineering Foundation transfers sufficient funds to the University annually to fund the debt service. The annual transfer is recorded at the University as a gift received. The University includes one of the buildings and the liability on the Statement of Net Position. The VCU School of Engineering Foundation has the phase I building, deferred bond issuance costs, prepaid bond interest, a liability and an accrued contribution to the University on their financial statements, which are eliminated in the Statement of Net Position.

The VCU School of Business Foundation has constructed a building with the proceeds of debt issued by the University, which is recorded as an asset on the Foundation's Statement of Net Position. The School of Business Foundation transfers sufficient funds to the University annually to fund the debt service. The University has the liability for the outstanding debt on the Statement of Net Position. The VCU School of Business Foundation has deferred issuance costs, a liability and an accrued contribution to the University on their financial statements, which are eliminated in the Statement of Net Position.

The MCV Foundation, VCU Foundation, VCU School of Engineering Foundation and VCU School of Business Foundation solicit funds to benefit the University and transfer a portion of those funds to the University to support programs. These transactions have been eliminated from the Statement of Revenues, Expenses and Changes in Net Position from gift revenue and supporting services.

MCV Associated Physicians, a component of the VCU Health System, transfer a portion of their patient revenues to the University to support the academic and research missions. Those transfers are eliminated from hospital services expenses and other operating revenue.

The VCU Real Estate Foundation acquires facilities and rents them to the University and the VCU Health System. Those rental expenses are eliminated from operations and maintenance expenses and other revenues. Additionally, the leased assets and lease liabilities are eliminated in the consolidated statement of net position.

Dentistry@VCU bills and collects patient care revenue that is generated by VCU students, residents and employees to facilitate efficiency in billing and collection processes. The funds are either held in escrow with related earnings or transferred to VCU, less expenses. The University has a due from component units for these investments, which is eliminated in the total column.

The University and the VCU Health System support each other through the sharing of capabilities and resources. Reimbursements of costs are made between the entities to ensure that each entity bears the proper portion of costs. Those transactions are eliminated between the revenue recorded and the expense category so that the expense is included in the expense category that reflects the service delivered to the student or public.

VCU Health System leases property from the University. Due to the nature of the related parties, these leases are recognized in the substance of the transaction rather than merely its legal form. The related receivables and deferred inflows of resources are eliminated in the consolidated statement of net position.

22. NET PATIENT SERVICE REVENUE

The Authority's patient service revenue is as follows for the year ended June 30, 2022:

(in thousands)	
Gross Patient Revenue:	
Inpatient	$3,968,554
Outpatient	3,606,232
Provision for uncompensated care and contractual adjustments	(45,510)
Total VCUMC gross patient service revenue	7,529,276
Less contractual allowances and uncollectable amounts	(5,405,903)
Net patient service revenue VCUMC	2,123,373
Net patient service revenue MCVAP	379,842
Net patient service revenue TAPP	50,970
Net patient service revenue CMH	116,255
Net patient service revenue ASC	2,255
Net patient service revenue Children's	14,377
Consolidated net patient service revenue	2,687,072

This balance is included in the hospital services line item of the consolidated statement of revenues, expenses, and changes in net position.

23. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available in the Commonwealth of Virginia's *Annual Comprehensive Financial Report*. The University also purchases certain contingency insurance coverage related to the VCU School of the Arts in Qatar.

24. STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriations Act specifies that such unexpended appropriations shall revert at the end of the biennium, as specifically provided by the General Assembly, unless the University meets management standards.

The following is a summary of the state appropriations for the year ended June 30, 2022:

Original Legislative Appropriation:	
Educational and general programs	$210,551,825
Higher education student financial assistance	39,834,286
Higher education research initiative for cancer research item 208	17,500,000
Governor's research initiative for biomedical engineering and regenerative medicine item 208	1,162,500
Parkinson's and movement disorder center item 208	350,000
Supplemental Adjustments:	
Gear Up funding	296,875
Virtual Library of Virginia- VIVA	99,270
Teacher Residency Program	2,315,921
Tech Talent Investment Program	1,345,125
Maintain Affordable Access	14,860,500
Virginia Military Survivors and Dependent Education Program	469,191
Two Year College Transfer Grant Program	805,500
Rise Funding	-
Advance Computer Special Education	124,922
Clinical Faculty Grant	11,713
Online Special Education	43,922
PBIS of the VTSS	345,993
Higher education equipment trust fund	8,127,240
Higher education equipment trust fund NGF	(401,647)
Capital fee for out of state students	(2,359,266)
Total	$295,483,870

25. CORONAVIRUS RELIEF FUNDING

During the fiscal year, the University was awarded $39,656,905 from the Higher Education Emergency Relief Fund (HEERF). Of these funds, $21,189,652 was disbursed to students and $18,467,253 was used to reimburse the university for lost tuition and auxiliary revenue.

26. DERIVATIVE INSTRUMENT

In June 2007, VCUMC entered into two interest rate swap agreements in anticipation of the issuance of the Series 2008 tax-exempt bonds. The swaps have a combined initial notional amount of $125,000,000 which declines over time to $15,700,000 at the termination date of July 1, 2037. The nominal amount as of June 30, 2022 was $112,180,000. VCUMC pays a fixed rate of 3.84% and the counterparty pays 67% of 30-day LIBOR (1.20% as of June 30, 2022). The payments are settled monthly. Payments or receipts under the terms of the swap are recorded as interest expense. As of June 30, 2022, the fair market value of the swap was a liability of $20,499,970 is included in other liabilities in the accompanying consolidated statements of net position. For the year ended June 30, 20212, the change in fair value of the swaps was -$16,849,332.

In June 2013, VCUMC refunded the Series 2008 Bonds using proceeds of the Series 2013A Bonds. At that time, the hedging relationship between the interest rate swap agreements and the Series 2008 bonds was terminated, and the accumulated change in fair value of the interest rate swaps was included in the calculation of the deferred loss on refunding. In June 2013, VCUMC reestablished hedge accounting by designating the Series 2013A Bonds as the hedged debt.

In December 2005, VCUMC entered into an interest rate swap agreement in conjunction with the issuance of its Series 2005 bonds. In June 2013, VCUMC refunded the Series 2005 bonds using proceeds of the Series 2013B bonds. At that time, the hedging relationship between the interest rate swap agreement and the Series 2005 bonds was terminated, and the accumulated change in fair value of the interest rate swap was included in the calculation of the deferred loss on refunding. In June 2013, VCUMC reestablished hedge accounting by designating the Series 2013B bonds as hedged debt. The swap has an initial notional amount of $75,000,000 which declines over time to $8,000,000 at the maturity date in July 2030. In June 2021, the fair value swap was terminated and the cost to unwind the swap was financed through the 2021B bonds. Upon termination of the interest rate swap agreement in June 2021 the unamortized deferred loss on refunding was expensed.

VCUHSA uses interest rate swap agreements to limit this exposure to rising interest rates on its variable-rate debt. Interest rate differentials to be paid or received as a result of the swap agreements are accrued and recognized as an adjustment of interest expense related to the associated debts. Derivatives are recognized on the statements of net position at their fair value. Fair value is calculated using the zero-coupon method, which considers known and projected contractual cash flows. VCUMC assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items. Changes in fair value of a derivative that are effective and are designated and qualify as cash flow hedges are recorded as deferred inflows or outflows on the accompanying consolidated statements of net position.

Below are debt service requirements of VCUMC's debt and net receipts/payments on associated derivative instruments. These amounts assume that current variable and reference rates on the hedging instruments will remain the same for their terms. As these rates vary, net receipt/payments on the hedging instruments will vary.

Maturity	Principal	Interest	Hedging Derivative Instruments, Net	Total
2023	$1,310,000	$1,899,198	$3,266,940	$6,476,138
2024	1,360,000	1,875,902	3,226,865	6,462,767
2025	1,355,000	1,852,690	3,186,938	6,394,628
2026	1,465,000	1,827,595	3,143,770	6,436,365
2027	1,525,000	1,801,472	3,098,834	6,425,306
2028-2032	19,310,000	8,390,767	14,433,527	42,134,294
2033-2037	70,155,000	3,839,509	6,604,599	80,599,108
2038-2042	15,700,000	-	-	15,700,000
Total	$112,180,000	$21,487,133	$36,961,473	$170,628,606

27. SUBSEQUENT EVENTS

In September, the University entered into a finance purchasing agreement through the Virginia state Master Equipment Leasing Program for the purchase of a mass spectrometer. This is a 5-year lease for $425,000 with an interest rate of 3.3855%.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY

For the Years Ending up to June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

University - State Employee

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	5.42%	5.53%	5.42%	5.26%	5.10%	5.12%	5.10%	4.97%
Employer's proportionate share of net pension liability	$196,716,635	$400,932,598	$342,609,132	$284,679,000	$297,415,000	$337,179,000	$312,358,000	$277,982,000
Employer's covered payroll	$239,100,966	$245,973,353	$227,265,042	$217,121,483	$204,261,684	$201,682,517	$196,421,847	$191,084,233
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	82.27%	163.00%	150.75%	131.12%	145.60%	167.18%	159.02%	145.48%
Plan fiduciary net position as a percentage of the total pension liability	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

University - VaLORS

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	1.29%	1.39%	1.28%	1.22%	1.20%	1.15%	1.15%	1.06%
Employer's proportionate share of net pension liability	$6,461,689	$10,855,733	$8,910,081	$7,602,000	$7,843,000	$8,914,000	$8,182,000	$7,120,000
Employer's covered payroll	$4,318,450	$5,137,042	$4,493,320	$4,243,397	$4,082,915	$4,006,294	$3,900,759	$3,694,440
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	149.63%	211.32%	198.30%	179.15%	192.09%	222.50%	209.75%	192.72%
Plan fiduciary net position as a percentage of the total pension liability	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Authority

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.42%	0.50%	0.60%	0.67%	0.74%	0.79%	0.87%	0.94%
Employer's proportionate share of net pension liability	$15,054,454	$36,297,461	$37,635,271	$36,496,000	$43,367,000	$52,121,000	$53,472,000	$52,598,000
Employer's covered payroll	$17,171,189	$21,048,090	$21,067,304	$24,977,594	$32,650,805	$34,987,924	$38,331,215	$41,277,334
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	87.67%	172.45%	178.64%	146.11%	132.82%	148.97%	139.50%	127.43%
Plan fiduciary net position as a percentage of the total pension liability	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS NET PENSION LIABILITY

University: State Employee

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$36,144,346	$36,144,346	$0	$250,678,168	14.4%
2021	$34,504,990	$34,504,990	$0	$239,100,966	14.4%
2020	$33,135,452	$33,135,452	$0	$245,973,353	13.5%
2019	$30,896,378	$30,896,378	$0	$227,265,042	13.6%
2018	$29,337,693	$29,337,693	$0	$217,121,483	13.5%
2017	$27,649,005	$27,649,005	$0	$204,261,684	13.5%
2016	$28,015,041	$28,015,041	$0	$201,682,517	13.9%
2015	$23,961,950	$23,961,950	$0	$196,421,847	12.2%

University: VaLORS Employee

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$1,232,008	$1,232,008	$0	$5,715,245	21.6%
2021	$955,841	$955,841	$0	$4,318,450	22.1%
2020	$1,108,315	$1,108,315	$0	$5,137,042	21.6%
2019	$1,011,096	$1,011,096	$0	$4,493,320	22.5%
2018	$893,608	$893,608	$0	$4,243,397	21.1%
2017	$856,350	$856,350	$0	$4,082,915	21.0%
2016	$751,154	$751,154	$0	$4,006,294	18.7%
2015	$684,450	$684,450	$0	$3,900,759	17.5%

Authority

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$2,058,185	$2,058,185	$0	$14,187,470	14.5%
2021	$2,490,373	$2,490,373	$0	$17,171,189	14.5%
2020	$2,859,065	$2,859,065	$0	$21,048,090	13.6%
2019	$3,114,190	$3,114,190	$0	$21,067,304	14.8%
2018	$3,602,983	$3,602,983	$0	$24,977,594	14.4%
2017	$3,926,430	$3,926,430	$0	$32,650,805	12.0%
2016	$4,761,770	$4,761,770	$0	$34,987,924	13.6%
2015	$4,145,864	$4,145,864	$0	$38,331,215	10.8%

Schedule is intended to show information for 10 years. 2015 was the first year for this presentation. Additional years will be included as they become available.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
GROUP LIFE INSURANCE PROGRAM
For the Years Ending up to June 30, 2022, 2021, 2020, 2019 and 2018

University	2022	2021	2020	2019	2018
Employer's portion of the net GLI OPEB liability (asset)	2.36%	2.42%	2.37%	2.34%	2.30%
Employer's proportionate share of net GLI OPEB liability (asset)	$27,529,429	$40,375,659	$38,559,536	$35,577,000	$34,569,000
Employer's covered payroll	$488,185,466	$497,918,770	$464,513,764	$444,778,200	$422,276,388
Employer's proportionate share of the net GLI OPEB liability (asset) as a percentage of its covered payroll	5.64%	8.11%	8.30%	8.00%	8.19%
Plan fiduciary net position as a percentage of the total GLI OPEB liability (asset)	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. 2022 was the fifth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$2,758,341	$2,758,341	$0	$516,041,169	0.5%
2021	$2,617,410	$2,617,410	$0	$488,185,466	0.5%
2020	$2,603,903	$2,603,903	$0	$497,918,770	0.5%
2019	$2,441,940	$2,441,940	$0	$464,513,764	0.5%
2018	$2,319,624	$2,319,624	$0	$444,778,200	0.5%
2017	$2,193,253	$2,193,253	$0	$422,276,388	0.5%
2016	$2,433,216	$2,433,216	$0	$411,845,386	0.6%
2015	$2,340,317	$2,340,317	$0	$396,819,296	0.6%
2014	$1,808,327	$1,808,327	$0	$382,916,340	0.5%
2013	$1,323,357	$1,323,357	$0	$354,104,353	0.4%
2012	$389,172	$389,172	$0	$345,496,078	0.1%

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
HEATH INSURANCE CREDIT PROGRAM
For the Years Ending up to June 30, 2022, 2021, 2020, 2019 and 2018

University	2022	2021	2020	2019	2018
Employer's portion of the net HIC OPEB liability (asset)	6.74%	6.88%	6.79%	6.59%	6.53%
Employer's proportionate share of net HIC OPEB liability (asset)	$56,942,057	$63,153,677	$62,650,138	$60,142,000	$59,419,000
Employer's covered payroll	$485,870,358	$495,637,268	$462,500,563	$443,037,262	$421,549,820
Employer's proportionate share of the net HIC OPEB liability (asset) as a percentage of its covered payroll	11.72%	12.74%	13.55%	13.57%	14.10%
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	19.75%	12.02%	10.56%	9.51%	8.03%

Authority	2022	2021	2020	2019	2018
Employer's portion of the net HIC OPEB liability (asset)	0.54%	0.62%	0.69%	0.82%	0.90%
Employer's proportionate share of net HIC OPEB liability (asset)	$4,566,178	$5,654,550	$6,373,900	$7,495,000	$8,180,000
Employer's covered payroll	$38,961,735	$44,377,314	$49,072,000	$42,434,663	$47,623,512
Employer's proportionate share of the net HIC OPEB liability (asset) as a percentage of its covered payroll	11.72%	12.74%	12.99%	17.66%	17.18%
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. 2022 was the fifth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEATH INSURANCE CREDIT PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$5,738,093	$5,738,093	$0	$512,467,132	1.1%
2021	$5,460,793	$5,460,793	$0	$485,870,358	1.1%
2020	$5,782,268	$5,782,268	$0	$495,637,268	1.2%
2019	$5,436,235	$5,436,235	$0	$462,500,563	1.2%
2018	$5,228,683	$5,228,683	$0	$443,037,261	1.2%
2017	$4,951,561	$4,951,561	$0	$421,549,820	1.2%
2016	$4,313,368	$4,313,368	$0	$410,776,125	1.1%
2015	$4,146,910	$4,146,910	$0	$395,699,109	1.0%
2014	$3,818,857	$3,818,857	$0	$381,881,465	1.0%
2013	$3,405,310	$3,405,310	$0	$353,525,732	1.0%
2012	$344,424	$344,424	$0	$344,413,443	0.1%

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LINE OF DUTY ACT PLAN
For the Years Ending up to June 30, 2022, 2021, 2020, 2019 and 2018

University	2022	2021	2020	2019	2018
Employer's portion of the net LODA OPEB liability (asset)	0.48%	0.48%	0.43%	0.47%	0.42%
Employer's proportionate share of net LODA OPEB liability	$2,136,781	$2,001,016	$1,547,122	$1,486,000	$1,093,000
Employer's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*
Employer's proportionate share of the net LODA OPEB liability (asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total LODA OPEB liability (asset)	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. 2022 was the fifth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.
* The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution verses a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB Plan.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LINE OF DUTY ACT PLAN

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a % of Covered Employee Payroll
2022	$52,364	$52,364	$0	N/A*	N/A*
2021	$66,710	$66,710	$0	N/A*	N/A*
2020	$64,931	$64,931	$0	N/A*	N/A*
2019	$57,873	$57,873	$0	N/A*	N/A*
2018	$50,496	$50,496	$0	N/A*	N/A*
2017	$44,822	$44,822	$0	N/A*	N/A*
2016	$48,252	$48,252	$0	N/A*	N/A*
2015	$48,252	$48,252	$0	N/A*	N/A*
2014	$48,021	$48,021	$0	N/A*	N/A*
2013	$35,561	$35,561	$0	N/A*	N/A*
2012	$0	$0	$0	N/A*	N/A*

* The Line of Duty Program (LODA) includes full-time employees, part-time employees and volunteers. Contributions for the program are based on the number of participants in the program using a per capita-based contributions versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
VIRGINIA SICKNESS AND DISABILITY PROGRAM
For the Years Ending up to June 30, 2022, 2021, 2020, 2019 and 2018

University

	2022	2021	2020	2019	2018
Employer's portion of the net VSDP OPEB liability (asset)	5.42%	5.52%	5.39%	5.18%	5.07%
Employer's proportionate share of net VSDP OPEB liability (asset)	($18,667,436)	($12,185,877)	($10,567,921)	($11,677,000)	($10,418,000)
Employer's covered payroll	$234,051,874	$239,275,953	$218,024,883	$203,545,787	$185,049,708
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	-7.98%	-5.09%	-4.85%	-5.74%	-5.63%
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	(7.98%)	(5.09%)	(4.85%)	(5.74%)	(5.63%)
Plan fiduciary net position as a percentage of the total VSDP OPEB liability	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. 2022 was the fifth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
VIRGINIA SICKNESS AND DISABILITY PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$1,511,349	$1,511,349	$0	$248,388,290	0.6%
2021	$1,429,849	$1,429,849	$0	$234,051,874	0.6%
2020	$1,476,448	$1,476,448	$0	$239,275,953	0.6%
2019	$1,361,365	$1,361,365	$0	$218,024,883	0.6%
2018	$1,343,402	$1,343,402	$0	$203,545,787	0.7%
2017	$1,221,414	$1,221,414	$0	$185,049,708	0.7%
2016	$1,192,441	$1,192,441	$0	$180,667,862	0.7%
2015	$1,141,021	$1,141,021	$0	$174,915,547	0.7%
2014	$796,824	$796,824	$0	$169,539,538	0.5%
2013	$786,113	$786,113	$0	$174,853,924	0.4%
2012	$0	$0	$0	$181,503,118	0.0%

SCHEDULE OF EMPLOYER'S SHARE OF OPEB LIABILITY
PRE-MEDICARE RETIREES HEALTH PROGRAM
For the Years Ending up to June 30, 2022, 2021, 2020, 2019 and 2018

University	2022	2021	2020	2019	2018
Employer's portion of the OPEB liability (asset)	6.97%	6.96%	6.81%	6.65%	6.48%
Employer's proportionate share of OPEB liability (asset)	$31,269,910	$39,570,323	$46,230,342	$66,903,906	$84,150,119
Employer's covered-employee payroll	$570,879,223	$506,250,943	$475,713,356	$452,007,927	$437,766,050
Employer's proportionate share of the Retiree Healthcare OPEB liability as a percentage of its covered employee payroll	5.5%	7.8%	9.7%	14.8%	19.2%

Authority	2022	2021	2020	2019	2018
Employer's portion of the OPEB liability (asset)	0.30%	0.35%	0.39%	0.43%	0.47%
Employer's proportionate share of OPEB liability (asset)	$1,366,448	$1,988,099	$2,655,024	$4,347,621	$6,163,705
Employer's covered-employee payroll	$20,981,000	$22,472,000	$18,308,669	$18,552,352	$20,659,339
Employer's proportionate share of the Retiree Healthcare OPEB liability as a percentage of its covered employee payroll	6.5%	8.8%	14.5%	23.4%	29.8%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only five years of data are available. Additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

VRS State Employee Pension Plan, Group Life Insurance Program, Health Insurance Credit Program, Line of Duty Act Program and Disability Insurance Program

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

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

General State Employees (VRS, GLI, HIC, LODA, VSDP):

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

Teachers (GLI):

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

SPORS Employees (GLI, HIC, LODA, VSDP):

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

VaLORS Employees (VRS, GLI, HIC, LODA, VSDP):

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

JRS Employees (GLI, HIC):

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

Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate:	No change

Largest Ten Locality Employers – General Employees (GLI):

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

Non-Largest Ten Locality Employers – General Employees (GLI):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate:	No change

Largest Ten Locality Employers – Hazardous Duty Employees (GLI) and Largest Ten Locality Employers – Public Safety Employees (LODA):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load

	with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (GLI):	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI) and Non-Largest Ten Locality Employers – Public Safety Employees (LODA):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (GLI):	No change

Pre-Medicare Retirees Health Program

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Retiree Participation – reduced the rate from 45% to 40%

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21% to 2.16% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 7, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Commonwealth University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Virginia Commonwealth University, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1, 6, and 12 of the accompanying financial statements, the University implemented the Governmental Accounting Standards Board's Statement No. 87, Leases. Net capital assets and lease liabilities have been restated in Notes 6 and 12 of the accompanying financial statements, respectively, to reflect the provisions of this standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 3 through 11; the Schedule of Employer's Share of Net Pension Liability and the Schedule of Employer Contributions on pages 112 through 113; the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for the Group Life Insurance Program, Health Insurance Credit Program, Line of Duty Act Plan, and Virginia Sickness and Disability Program on pages

113 through 117; the Schedule of Employer's of OPEB Liability for the Pre-Medicare Retiree Health Program on pages 117; and the Notes to the Required Supplementary Information on pages 119 through

123. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

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