Attachment 3

UNIVERSITY OF CALIFORNIA

Medical Centers Report

20/21

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

UNIVERSITY
OF
CALIFORNIA
HEALTH

UNIVERSITY OF CALIFORNIA

Medical Centers
20/21 Annual Financial Report

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Letter from the Executive Vice President

The strength and resiliency of professionals across University of California Health (UCH) continues to carry us through the evolving challenges of the COVID-19 pandemic. I'm immensely proud of the UCH people who are delivering care and bringing this pandemic one step closer to an end through commitment and innovation.

COVID-19 is not a single obstacle but a series of challenges that require continual adaptation and collaboration on an unprecedented scale. The deadliest pandemic in a century has brought out the best in UCH. More than ever, our exceptional academic health centers and health professional schools rose to meet the challenge as one. Our efforts spanned the system, our state and beyond from the hardest hit neighborhoods in California to the Navajo Nation.

UCH teams also pivoted during the year to the critical work of vaccinating Californians against the SARS-CoV-2 virus. UCH centers participated in trials of every COVID-19 vaccine authorized in the United States and by April had administered one million vaccine doses to protect our California health work force, UC campuses and communities.

The continuing pressures from the pandemic had an undeniable financial impact on the academic health centers. Yet, we finished the fiscal year on solid footing. Our centers maintain sufficient financial reserves to preserve stability, which is critically important as uncertainty from the pandemic continues. UCH health centers were able to return back to near pre-pandemic inpatient and ambulatory surgical case volumes partially through the fiscal year, though the already high acuity of cases at our health centers increased further, continuing to pressure operating margins.

Uncertainty caused by variants means our work is far from "back to normal." Our clinicians now routinely deliver virtual care for patients as well as expertise to emergency rooms and ICUs across the state that need specialists to address surges in COVID-19 cases. UCH continued to be integral to the state's health care safety net and has increased care for patients covered by Medi-Cal during this challenging time. Despite representing less than six percent of acute care beds in the state, UCH hospitals are one of California's largest providers of inpatient care for Medi-Cal enrollees.

UCH also led the way through research addressing the state's needs during the pandemic. Our locations furthered a system strategic priority around data analytics by collaborating to gather and publish daily COVID-19 testing and case dashboards to keep public health agencies and the public informed. This spirit of innovation also included work with the state to test and launch a digital COVID-19 exposure notification system for all Californians.

Beyond COVID-19, our academic health centers reached out to support those with the fewest resources. Anchored by UCLA Health, UC Irvine Health, UC San Diego Health and partner children's hospitals, UCLA Mattel Children's Hospital, Children's Hospital Orange County, and Rady Children's Hospital, UCH provided clinical care to 5,000 unaccompanied migrant children who crossed the U.S.-Mexico border. Responding to an urgent request from U.S. Department of Health and Human Services, these centers and UCH volunteers from across the system stepped up to create a compassionate and safe environment in emergency-intake sites in Long Beach and San Diego.

Also during the year, we expanded our support for the youngest and most fragile among us by launching University of California Health Milk Bank, operated by UC San Diego Health. This innovative human milk bank helps improve the lives of newborns, infants and their families and is only the second in California to be accredited by the Human Milk Banking Association of North America.

And for all Californians, our health centers were recognized as among the best in the state and nation by U.S. News & World Report. Each center ranked as a leader in the state and its region, and once again, UCLA Health and UCSF Health rated in the nation's top ten.

UCH exemplifies UC's "Boldly Californian" spirit. We will continue to care for our communities, fight the virus with all of our skill, and innovate to improve the health of all people in California, the nation and the world. All of us at UCH together will continue to lead the way to the light ahead.

Fiat lux!

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

UNIVERSITY OF CALIFORNIA HEALTH

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

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2019. Data for the 12-month period ended December 31, 2019, is the most current data available from the state of California Office of Statewide Health Planning and Development.

MARKET AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	Sacramento, Placer, Yolo	137	2,194,643	61.6%	10.6%
Secondary	Colusa, El Dorado, San Joaquin, Solano, Sutter, Yuba	116	1,613,229	16.3%	3.5%

The University of California, Davis Medical Center

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

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

UC Davis Health serves as a major tertiary and quaternary care referral hospital for a 33-county, 65,000-square-mile service area with a population of more than six million. It is the only provider of several tertiary/quaternary services between San Francisco and Portland, including level I adult and pediatric trauma care. It is also home to the region's only nationally ranked comprehensive children's hospital and a National Cancer Institute–designated comprehensive cancer center.

UC Davis Health leads multiple cooperative programs with regional providers to increase care access and quality in urban and rural settings. The UC Davis Cancer Care Network is comprised of community-based cancer centers in the Central Valley and Sierras, for example, while nationally recognized clinical telemedicine and rural affiliation programs work with partners such as community hospitals and Federally Qualified Health Centers (FQHCs).

Some significant events of the past year include:

Continued regional and national responses to the novel coronavirus pandemic

UC Davis Health has continued to play important roles in clinical, research and public health responses to the pandemic, in particular around vaccines. UC Davis was among the nation's inaugural health systems to receive an initial allotment of the first approved coronavirus vaccine, and had played an important part in making it a reality as one of 150 clinical trial sites worldwide for the Pfizer-BioNTech candidate. UC Davis Health also became a key player in vaccine distribution, with the state targeting it for a major role.

As rollouts continued through spring, UC Davis clinician-scientists continued pandemic work on multiple fronts: joining clinical trials for the Novavax vaccine candidate and anti-variant boosters; testing new treatments for acute and long COVID; assisting with variant sequencing and community testing; and more.

Regional outreach, strategic initiatives and major capital projects

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

We continue to evaluate affiliations with remote regional providers to ensure greater access to tertiary and quaternary services at the hospital, as well as to provide care through

telemedicine at hospitals closer to patients' homes and we are dramatically increasing smartphone video visits within homes. We are also increasing partnerships with FQHCs as convenient destinations for transportation-challenged populations who utilize wrap-around social services. We continue to provide more access by providing more care at non-UC Davis hospitals through affiliations and contractual agreements that increase local quality and expertise in Northern California's rural markets.

Planning and construction for several major capital projects is also underway on the medical center's Sacramento campus:

- Work is in progress for a 2022 opening of the Ernest E. Tschannen Eye Institute, to be housed in an expansion of the Lawrence J. Ellison Ambulatory Care Center.
- In partnership with Kindred Healthcare, ground has been broken for a second licensed hospital on the Sacramento campus, the UC Davis Rehabilitation Hospital. The new 58,000-square-foot facility is expected to open in 2023 with ability to provide up to 52 patient beds, and will ultimately enable rehabilitation care for twice as many patients as currently can be treated for conditions resulting from stroke, brain trauma and spinal cord injuries at UC Davis Medical Center.
- Construction is expected to start in late 2021 on a new California Tower in the UC Davis Medical Center, slated for opening in 2030. Work across 2022-24 will involve utilities and relocation of Emergency Department entrances and parking structures; the hospital's 1929 north-south wing and 1950 addition will also be demolished in this decade, due to state seismic standards.

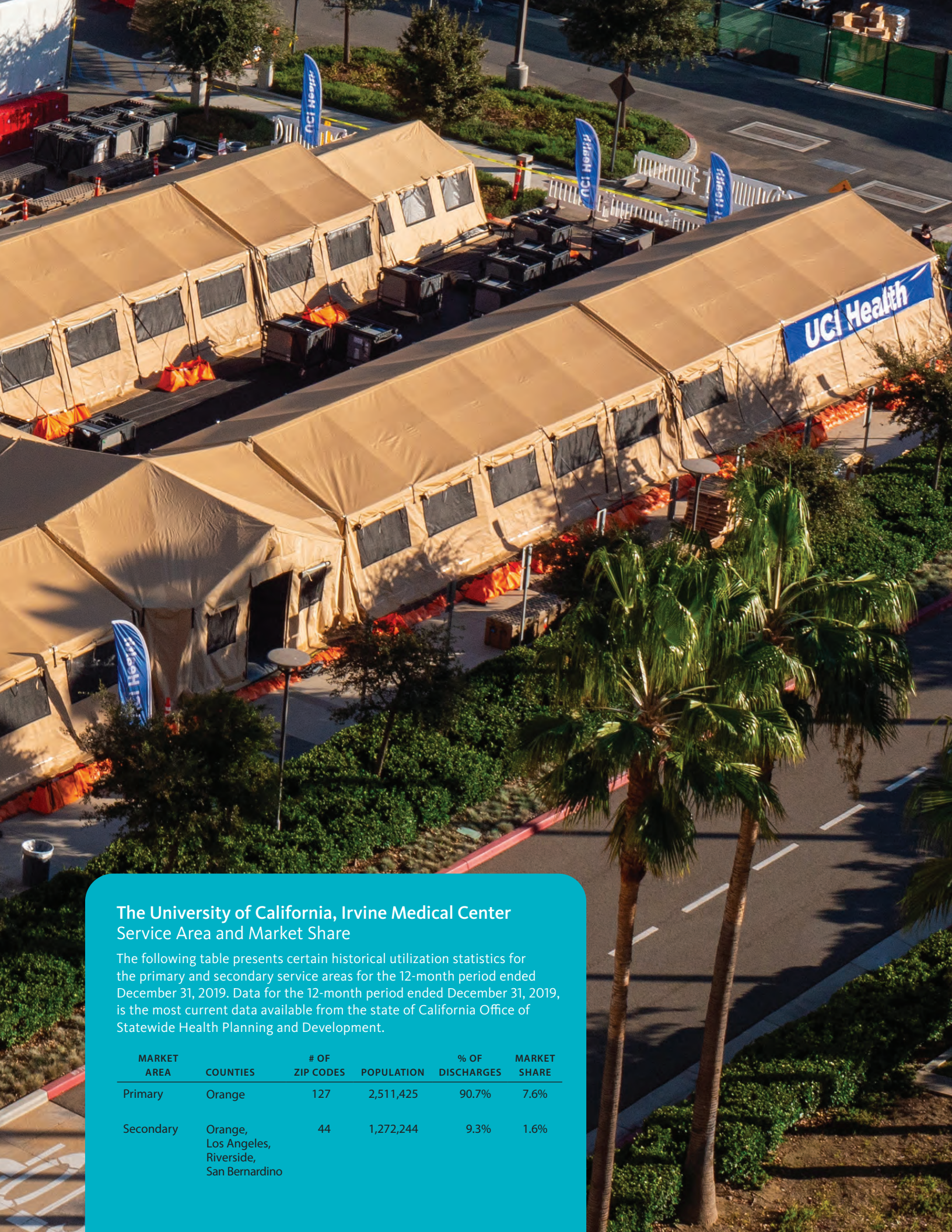
Our network of primary care clinics has expanded and improved with three new facilities this past year, with plans to open large, multidisciplinary suburban satellite facilities by mid-decade.

- A new primary care clinic on the Davis campus opened in December 2020 as an extension of the health system's longtime local clinic in that city.
- The Roseville primary care clinic relocated to a larger, LEED Gold-certified location in February 2021, allowing for expansion of primary and specialty care.
- A new LEED Gold primary care facility opened in March 2021 in Sacramento's Point West area, featuring several services previously offered at other UC Davis locations.
- The health system purchased more than 40 acres in Rocklin last year for a future medical campus project, and is negotiating the purchase of more than 30 acres near Highway 50 in a growing area of Folsom, also envisioned to accommodate a large future clinical complex.

Some other developments on the ambulatory side include new programs or clinic offerings in aging, integrative medicine, Traumatic Brain Injury (TBI), transgender services, and wound care, as well as expansions in neurosciences, imaging, therapies, optometry, audiology, gastroenterology and social work.

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

- The UC Davis Medical Center is the top-ranking hospital in the Sacramento metropolitan area and among the top ten in California, according to U.S. News & World Report "Best Hospitals" 2021–22 survey.
- U.S. News also ranked UC Davis Medical Center one of the nation's best for 2021–22 in multiple adult specialties, including cancer care; cardiology & heart surgery; diabetes & endocrinology; ear, nose & throat; geriatrics; gynecology; neurology & neurosurgery; orthopedics; and pulmonology & lung surgery.
- In U.S. News ratings for common adult care or procedures for 2021–22, UC Davis Medical Center rated as high-performing in abdominal aortic aneurysm repair; chronic obstructive pulmonary disease (COPD); colon cancer surgery; diabetes; heart attack; heart failure; hip replacement; kidney failure; lung cancer surgery; pneumonia; stroke; and transcatheter aortic valve replacement (TAVR), and was high-performing in the gastroenterology & gastrointestinal surgery specialty and urology specialty.
- U.S. News ranked the UC Davis Children's Hospital among the nation's best in four specialties for 2021–22, including neonatology, nephrology, and — together with longstanding partner Shriners Hospitals for Children–Northern California — orthopedics and urology.
- In fall 2018 the American Nurses Credentialing Center (ANCC) renewed UC Davis Medical Center's Magnet® designation for another four-year term. The designation is considered the nation's highest recognition for nursing excellence.
- The UC Davis School of Medicine ranked No. 4 in America for diversity, No. 9 for family medicine and No. 11 for primary care, according to U.S. News' 2022 graduate school rankings. The Betty Irene Moore School of Nursing at UC Davis ranked No. 24 among best graduate schools for master's degree nursing programs.



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

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2019. Data for the 12-month period ended December 31, 2019, is the most current data available from the state of California Office of Statewide Health Planning and Development.

MARKET AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	Orange	127	2,511,425	90.7%	7.6%
Secondary	Orange, Los Angeles, Riverside, San Bernardino	44	1,272,244	9.3%	1.6%

The University of California, Irvine Medical Center

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

As Orange County's only academic medical center, UCI Medical Center is licensed to operate 418 beds and offers extensive specialty inpatient care, outpatient specialty/primary care services, clinical trials and research. It is the main teaching facility for the UCI School of Medicine.

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

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

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

Significant events during the year are highlighted below:

Notable recognitions

For the 21st consecutive year, UCI Medical Center is listed among "America's Best Hospitals," according to the 2021–22 U.S. News & World Report survey. It is the only Orange County hospital consistently rated among the nation's best. The annual rankings recognize hospitals that excel in treating the most challenging patients. For 2021–22, UCI programs in gynecology and geriatrics are ranked among the country's top 50. Since 2001, the publication has recognized several UCI Health programs among the top 50 nationwide.

In 2021, UCI Health earned its 14th consecutive "A" grade in The Leapfrog Group's biannual Hospital Safety Grade, which rates how well hospitals protect patients from errors, injuries and infections. More than 100 UCI Health physicians have been

named Best Doctors in America® by Best Doctors Inc., more than any hospital in Orange County. In addition, the Orange County Medical Association has recognized more than 170 UCI Health doctors as 2021 Physicians of Excellence, also more than any other health system in the county.

UCI Medical Center received the American Heart Association's 2021 certification as a Comprehensive Hypertension Center as well as the association's 2020 Get With The Guidelines–Gold Plus Quality Achievement Awards for stroke and heart failure care, as well as special recognition for type 2 diabetes care. It also has received four consecutive designations as a Magnet® hospital for nursing excellence by the American Nurses Credentialing Center. Only eight percent of U.S. hospitals achieve this status. The medical center received the highest designation for excellence in caring for older hospitalized patients from the Institute for Healthcare Improvement (IHI).

UCI Health Clinical Network

Primary Care

The UCI Health commitment to community-based primary care presence continues, with access to family medicine, internal medicine, pediatrics and senior health in Yorba Linda, Orange, Tustin, Costa Mesa, Irvine and Laguna Hills.

The UCI Health Family Health Center-Anaheim has a new, larger location to better serve its community. Together with the Family Health Center-Santa Ana, the UCI Health FQHCs provided more than 90,000 patient visits and delivered care to approximately 37,000 patients last year.

Specialty Care

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

Major initiatives to meet the needs of our community

UCI Health COVID-19 response

UCI Health established its unique healthcare leadership in Orange County when COVID-19 emerged in early 2020 with comprehensive plans to protect healthcare workers and patients. UCI Medical Center was the first hospital in Orange County to offer COVID-19 diagnostic testing for patients and quickly expanded its capacity to manage testing for county health officials, local first responders and neighboring community hospitals. Multiple drive-up testing sites were opened to meet a rapidly growing regional demand. UCI Health was the only Orange County health system to open the NIH-sponsored remdesivir clinical trial and remains the region's leader in COVID-19 treatment, vaccine trials and research.

UCI Medical Center — Irvine

Construction of UCI Medical Center–Irvine, approved by the University of California Regents in 2020, will bring unparalleled expertise, leading-edge treatments and the finest evidence-based care that only an academic medical system can offer to coastal and Southern Orange County. The 800,000-square-foot medical campus on the northern edge of the UCI campus will be anchored by a state-of-the-art hospital offering 24-hour emergency care and personalized cancer treatments, including hundreds of clinical trials.

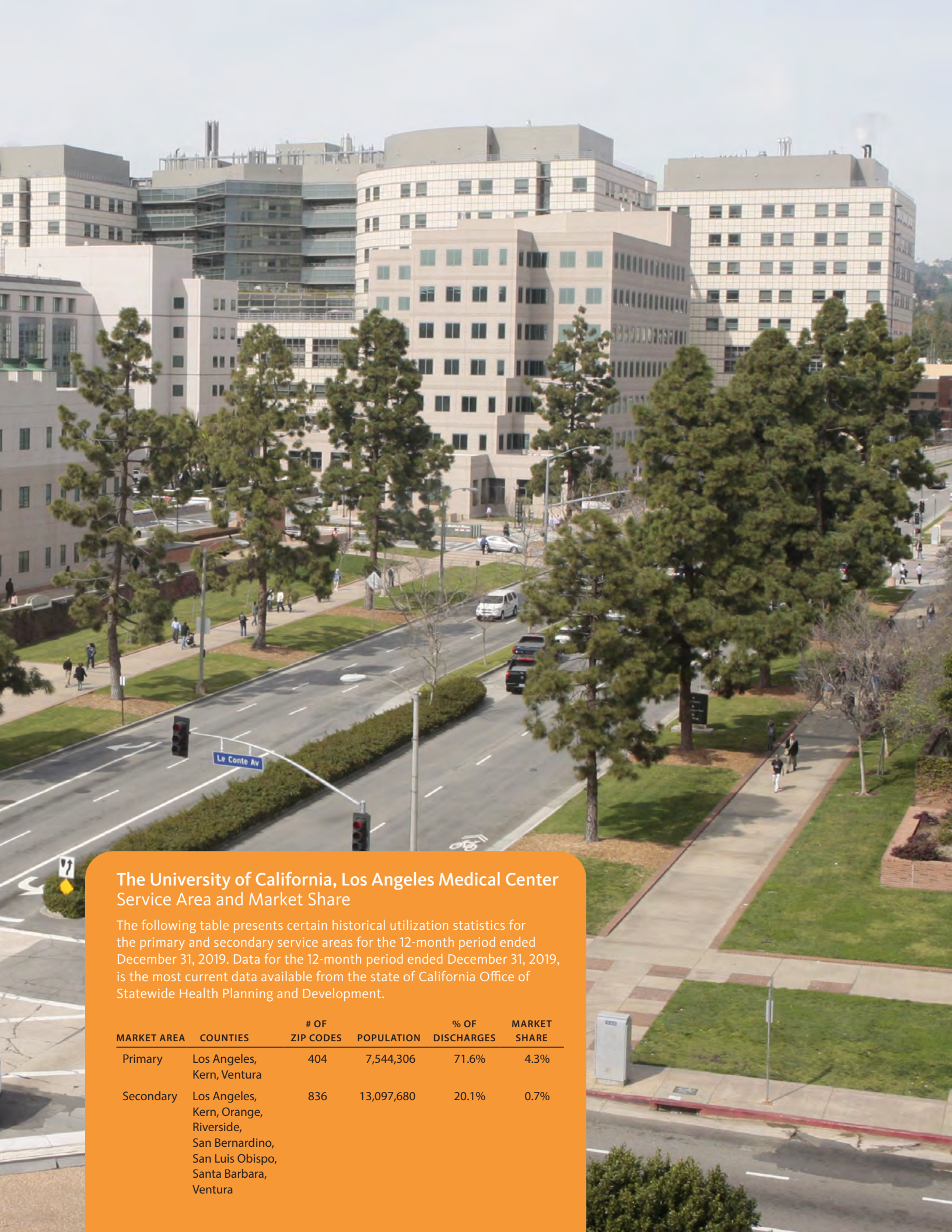
The medical campus also will include the UCI Health Center for Advanced Care, home to the Center for Children's Health, adult specialty care, urgent care and other medical services. These facilities will give our community greater accessibility to UCI Health physicians, multidisciplinary care and university-backed clinical research. This expansion is critical to meeting the healthcare needs of the rapidly growing Orange County region.

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

On the leading edge of healthcare

During the past year, UCI Medical Center:

- Opened the UCI Health Hematopoietic Stem Cell Transplant and Cellular Therapy Program, Orange County's only adult bone marrow transplantation service, to meet the needs of residents with blood-based cancer malignancies.
- Opened a state-of-the-art inpatient critical care unit for cardiovascular surgical patients, part of our commitment to provide world-class cardiovascular medical and surgical care, including Orange County's first vascular assist device implant service.
- Expanded the emergency department, adding emergency beds, improving triage capabilities and opening space for mental health assessments.
- Completed the Central Utility Plant, which consolidates utilities for many medical center buildings and includes a new chiller plant and emergency power capabilities to support most of the medical center's buildings. It earned the UCI Health Planning Administration, Design & Construction team a Merit Award from the Design-Build Institute of America.



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

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2019. Data for the 12-month period ended December 31, 2019, is the most current data available from the state of California Office of Statewide Health Planning and Development.

MARKET AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	Los Angeles, Kern, Ventura	404	7,544,306	71.6%	4.3%
Secondary	Los Angeles, Kern, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, Ventura	836	13,097,680	20.1%	0.7%

The University of California, Los Angeles Medical Center

UCLA Medical Center (UCLA) is the hospital system of UCLA Health — an integrated and comprehensive health care system including four hospitals, over 200 community clinics, and the UCLA Faculty Practice Group.

UCLA Health operates licensed-bed facilities at the 446-bed Ronald Reagan UCLA Medical Center (RRUCLA) in Westwood, which includes the UCLA Mattel Children's Hospital (UMCH); the 281-bed UCLA Medical Center, Santa Monica (SMUCLA) in Santa Monica; and the 74-bed Resnick Neuropsychiatric Hospital at UCLA (RNPH) in Westwood. The financial statements also include the activities of the UCLA Tiverton House, a 100-room hotel facility for patients and their families.

UCLA Health also operates over 200 primary and specialty care clinics on the hospital campus sites and in convenient locations throughout Southern California.

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

UCLA Health offers comprehensive care, from routine to highly specialized medical and surgical treatment. The Westwood campus is known for its wide range of tertiary and quaternary care offerings including Level I trauma care, regional neonatal and pediatric intensive care units, neurosurgery/neurology and comprehensive stroke center, comprehensive cancer care, blood and marrow transplantation and solid organ transplantation. UCLA Health was the largest solid organ transplant center in the nation in FY21. SMUCLA also serves the teaching and research missions while meeting the health care needs of the community. RNPH is one of the leading centers for comprehensive inpatient psychiatric patient care, research and education in mental and developmental disabilities and offers a full range of treatment options.

UCLA provides a full spectrum of services and attracts the volume and diversity of patients necessary to meet its educational, clinical, research and community services missions.

Significant events during the year are highlighted below:

Maintains outstanding national reputation

- UCLA Health hospitals earned No. 1 in both Los Angeles and California and rose to No. 3 in the nation on the Honor Roll in the 2021–22 U.S. News & World Report (USNWR) Best Hospitals rankings.
- UMCH was recognized in the 2021–22 USNWR Best Children's Hospital rankings with six specialties ranking on the list of top programs.
- RRUCLA and SMUCLA were named to Newsweek's World's Best Hospitals 2021 and recognized for infection prevention measures.
- RRUCLA and SMUCLA achieved Magnet® redesignations for the fourth and second times, respectively, recognition for nursing excellence by the American Nurses Credentialing Center Commission on Magnet.

- In January 2021, the UCLA Heart Transplant Program reached its 2,500th heart transplant surgery. UMCH has treated nearly 500 pediatric heart transplant patients since its first pediatric heart transplant in 1984.
- UCLA Health was one of 14 (out of 100 academic medical centers) in the 2020 Vizient Quality and Accountability Scorecard to achieve Best Performer Status and a five-star quality ranking.

Continues strengthening strategic activities and community initiatives

- UCLA Health increased access to primary and secondary care by leveraging technology, with telehealth visits accounting for 21 percent of all visits, and over 90 percent of telehealth visits via video.
- UCLA Health executed a contract with Los Angeles County Department of Health Services (DHS) for the provision of specialty services due to a backlog of clinical services for DHS patients, with an initial focus on indigent patients (uninsured and Medi-Cal).
- UCLA Health continued to advise R&F Properties and Medpoint Health Partners on the development of a state-of-the-art, western-style hospital in Guangzhou, Guangdong, China — UCLA Health's first overseas affiliate hospital. The 277-bed hospital plans to open in early 2022. Major milestones include hiring the hospital's C-suite, developing a clinical and operational quality audit plan, and delivering an Executive Orientation training program.
- UCLA Health continued expansion of its web-based platform "Engage by UCLA Health," providing easy access to telemedicine services, in-person patient referrals, and curated educational content from anywhere in the world.

Addresses ongoing concerns throughout COVID-19 pandemic

- UCLA Health experts provided guidance to other industries, including motion picture and television, the Pac-12 collegiate athletic conference, and the Los Angeles Unified School District.
- UCLA Health scientists pioneered faster, more affordable COVID-19 testing with a new method of detection using sequencing technology, called SwabSeq.
- UCLA Health offered vaccinations in a fair and equitable manner, following state and local guidance as well as the Centers for Disease Control and Prevention Social Vulnerability Index.
- The Office of Community worked with community partners in underserved areas to address unmet needs, including food insecurity and COVID education, among others. Partners included Los Angeles Dodgers Foundation, West Los Angeles YMCA, and Los Angeles Boys & Girls Club.

Provides comprehensive medical care for unaccompanied migrant children

When the U.S. Department of Health and Human Services (HHS) announced it would open an emergency-intake site in Long Beach for unaccompanied migrant children, UCLA Health officials sprang into action. Within 24 hours, they built a pediatric clinic, urgent-care facility and COVID-19 isolation unit inside the Long Beach Convention Center. They set up and staffed the site with at least 30 UCLA Health medical professionals working around-the-clock to provide care. From April to July 2021, over 1,700 children were served. UCLA Health was honored to support this important humanitarian effort and is committed to providing the best in age-appropriate medical care and support services.

Takes action today to build an equitable tomorrow

UCLA Health strengthened its commitment to anti-racism and anti-bias principles to advance equity and justice for staff and patients, becoming one of the first health care systems in the country to fund an Office of Health Equity, Diversity and Inclusion and an executive position. The interim chief was appointed in September 2020, and following a national search, made permanent in April 2021.

A formal Health Equity, Diversity and Inclusion framework, including five key objectives, was announced in September 2020.

1. Advance access, equity and opportunity among staff
2. Support organizational learning to achieve cultural humility, anti-racism and bias elimination
3. Build a supportive workplace and clinical environment
4. Ensure equitable patient access, care and service
5. Enhance community service and engagement

Purchases property for future growth

UCLA Health made a major investment in the community with the purchase of the former Olympia Hospital property in the mid-Wilshire area of Los Angeles. In 2021, UCLA Health launched an initial planning process for a state-of-the-art major facility renovation and is committed to providing access to care for patients who need services. With the addition of this campus, UCLA Health will relocate RNPH to this property and expand inpatient and outpatient access to behavioral health care at mid-Wilshire. This will also allow critically needed expansion of adult and pediatric critical care at RRUCLA from the vacated space. Additionally, these efforts will add hundreds of health care jobs for Los Angeles County.

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


Healing humankind,
one patient at a time.
UCLA Health

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

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2019. Data for the 12-month period ended December 31, 2019, is the most current data available from the state of California Office of Statewide Health Planning and Development.

MARKET AREA	COUNTY	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	San Diego	77	1,503,278	44.3%	14.6%
Secondary	San Diego	95	1,837,024	32.5%	7.2%

The University of California, San Diego Medical Center

UC San Diego Health Sciences maintains a two-campus strategy, fulfilling its three-part mission of clinical service, teaching and research excellence at locations in the urban area of Hillcrest and the more suburban La Jolla. Each medical complex supports acute inpatient care, emergency services and a spectrum of advanced specialty outpatient programs. The two locations operate under one license with a combined capacity of 799 beds.

UC San Diego Medical Center in Hillcrest (381 beds), established in 1966 at the site of the former County Hospital, serves as a clinical teaching site for the UC San Diego School of Medicine and is a focal point for community service missions. It is home to the area's only Regional Burn Center, one of only two adult Level I Trauma Centers in San Diego County, the state's only chronic kidney disease program certified by The Joint Commission and an accredited geriatric emergency department. Its Stroke Center is widely recognized for its excellence in patient care and was one of the first five certified Comprehensive Stroke Centers in the nation. The campus also includes the Owen Clinic, founded in 1982 and among the nation's top HIV care programs for adults and children. Psychiatric services are also offered in Hillcrest, including adult inpatient psychiatric care, intensive outpatient psychiatric care for seniors and a first-episode psychosis program for teens and young adults.

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

- Jacobs Medical Center (364 beds), a state-of-the art hospital with advanced surgery, oncology, comprehensive stroke care and high-risk obstetrics and gynecology. It is also home to the region's highest-volume BMT unit, a level III Neonatal Intensive Care Unit and an intraoperative imaging suite for complex brain surgeries. Its ER is California's first accredited geriatric emergency department and holds the highest Level 1 gold accreditation.
- Moores Cancer Center, the region's only National Cancer Institute-designated Comprehensive Cancer Center, the highest rating possible for a U.S. cancer center.
- Shiley Eye Institute, a multi-specialty vision center that includes an outpatient surgical center, a glaucoma center, a retina research center, and the region's only facility dedicated to children.
- Sulpizio Cardiovascular Center (54 beds), the inpatient facility for our renowned Cardiovascular Institute.
- Koman Family Outpatient Pavilion, a four-story building that features eight operating rooms for surgeries that once required hospital stays, as well as specialty services in orthopedics and sports medicine, breast oncology and imaging, and urology, among others.
- Altman Clinical and Translational Research Institute, which supports most clinical trials at UC San Diego Health, including many important COVID-19 studies.

Excellence in clinical care and community health

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

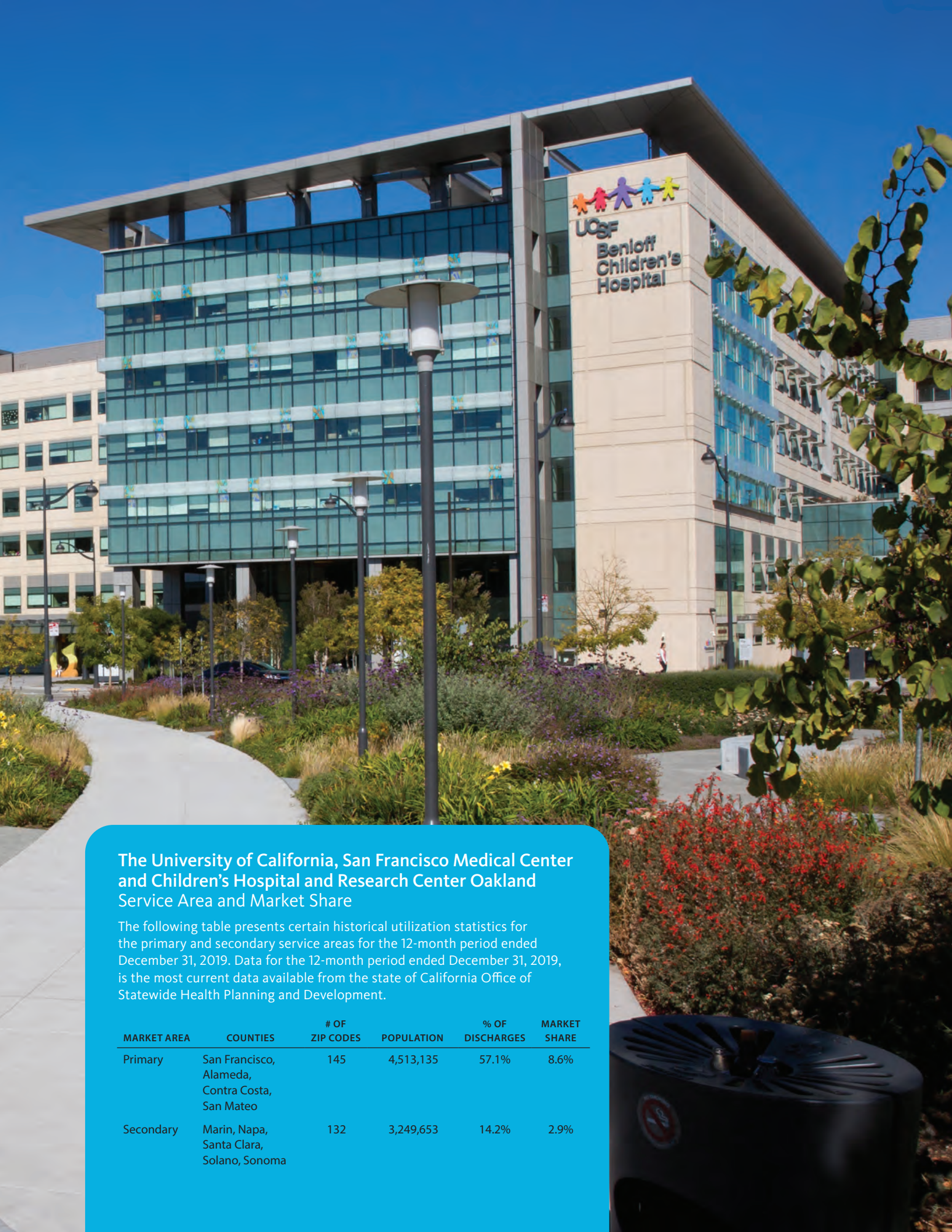
- **Best Hospital in San Diego** — UC San Diego Health once again was ranked the No. 1 hospital system in San Diego, and No. 5 in California, 2021–22 by U.S. News & World Report.
- **More Top Ranked Specialties** — It was ranked among the nation's best in 10 adult medical and surgical specialties for 2021–22 by U.S. News & World Report — more than any hospital system in San Diego: Cancer (No. 17); Cardiology & Heart Surgery (No. 23); Ear, Nose & Throat (No. 26); Gastroenterology & GI Surgery (No. 18); Geriatrics (No. 13); Gynecology (No. 29); Neurology & Neurosurgery (No. 26); Orthopedics (No. 45); Pulmonology & Lung Surgery (No. 9); Urology (No. 39).
- **"A's" for Hospital Safety** — UC San Diego Health's hospitals in La Jolla and Hillcrest once again earned top marks from The Leapfrog Group in the spring of 2021 for keeping patients safe from preventable harm and medical errors.
- **5-Star CMS Rating** — In 2021, UC San Diego Health received a five-star rating from the Centers for Medicare & Medicaid Services for the quality of our hospital care to Medicare Advantage patients. Only approximately 13 percent of hospitals earned this highest rating.
- **Nursing Excellence** — It maintains Magnet status from the American Nurses Credentialing Center, considered among the highest recognitions for nursing excellence and innovation in nursing practice. In 2021, it was in the process of reapplying for the prestigious Magnet Hospital Designation.
- **Excellence in Maternity Care** — In 2021, UC San Diego Health was one of only two health care systems in the county to meet all the maternity care standards identified by The Leapfrog Group as indicative of quality maternity and neonatal care.
- **LGBTQ Leader** — Scored a perfect 100 on the Human Rights Campaign Foundation's LGBTQ Healthcare Equality rating in 2020. It has earned this distinction every year since 2012.

500,000 vaccine milestone and outreach to underserved

In January of 2021, UC San Diego Health helped to launch the first COVID-19 vaccination superstation in the region and in the first half of the year administered over 500,000 vaccines to the community. It also launched a mobile vaccine clinic to address vaccine hesitancy and make vaccines more readily available to underserved communities in San Diego County.

Redevelopment of Hillcrest Hospital Campus

Plans are underway to redevelop and modernize the 62-acre Hillcrest campus into a vibrant, walkable and environmentally sustainable health care district. The first phase of this redevelopment, anticipated to begin as early as the fall of 2021, includes construction of a 230,000-square-foot outpatient pavilion with specialty clinical programs, such as oncology, cardiology, neurosurgery and orthopedics, as well as ambulatory surgery operating rooms, gastroenterology procedure rooms, advanced imaging, infusion and radiation oncology.



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

The following table presents certain historical utilization statistics for the primary and secondary service areas for the 12-month period ended December 31, 2019. Data for the 12-month period ended December 31, 2019, is the most current data available from the state of California Office of Statewide Health Planning and Development.

MARKET AREA	COUNTIES	# OF ZIP CODES	POPULATION	% OF DISCHARGES	MARKET SHARE
Primary	San Francisco, Alameda, Contra Costa, San Mateo	145	4,513,135	57.1%	8.6%
Secondary	Marin, Napa, Santa Clara, Solano, Sonoma	132	3,249,653	14.2%	2.9%

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

UCSF Health is internationally renowned for providing highly specialized and innovative care. Our family of care includes UCSF Helen Diller Medical Center at Parnassus Heights, UCSF Medical Center at Mount Zion and UCSF Medical Center at Mission Bay; UCSF Benioff Children's Hospitals in Oakland and San Francisco; Langley Porter Psychiatric Hospital and Clinics; UCSF Benioff Children's Physicians; and the UCSF Faculty Clinical Practices. UCSF Health serves as the principal clinical teaching site for the University of California, San Francisco, School of Medicine, affiliated with the University of California since 1873. The UCSF Medical Center locations in San Francisco are licensed to operate 1,019 beds.

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

In 2014, UCSF affiliated with Children's Hospital & Research Center Oakland and the University of California became its sole corporate and voting member. UCSF Benioff Children's Hospital Oakland retained its status as a private, not-for-profit 501(c)(3) medical center. UCSF Benioff Children's Hospital San Francisco and Children's Hospital Oakland have together created Northern California's largest network of pediatric providers and are the only hospitals in San Francisco and the East Bay dedicated solely to children. UCSF Benioff Children's Hospital Oakland has 215 licensed beds and is one of only six American College of Surgeons (ACS) Pediatric Level I trauma centers in the state.

UCSF Health continues to maintain an outstanding local and national reputation

- U.S. News & World Report 2021–22 survey ranked UCSF Medical Center (UCSFMC) the ninth best hospital in the nation and the nation's best hospital for neurology and neurosurgery. UCSFMC ranked among the best in all 14 adult specialties for which it was assessed, including top 10 status nationwide in diabetes and endocrinology; ear, nose, and throat; geriatrics; neurology and neurosurgery; ophthalmology; psychiatry; and rheumatology.
- UCSF Benioff Children's Hospitals are recognized as the best hospitals in Northern California in two pediatric specialties and nationally ranked by U.S. News & World Report in all 10 specialties for 2021–22.
- The UCSF School of Medicine was ranked first in the nation for its Internal medicine and obstetrician and gynecologist specialty training and second for its primary care training by U.S. News & World Report in its survey for 2021–22 best medical schools.
- UCSFMC and UCSF Benioff Children's Hospital are designated as Magnet hospitals by the American Nurses Credentialing Center which recognizes organizations for quality patient care, nursing excellence and innovations in nursing.
- UCSFMC received a perfect score on the national LGBTQ Healthcare Equality Index (HEI) for 2020 and has been recognized for 13 consecutive years. The HEI evaluates health care facilities nationwide regarding how they provide equitable, inclusive care for LGBTQ patients and their families.

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

- UCSF Health is self-supporting and uses its margins to meet important needs in the community, including training physicians and other health professionals, supporting medical research, providing care to the medically and financially underserved, and building and operating facilities to serve the diverse needs of its patients.
- UCSF Health is implementing its new strategic plan, Vision 2025, which calls for UCSF to expand its commitment to providing the most advanced complex care services throughout the nine-county Bay Area.
- Canopy Health, a Bay Area-wide health care network developed by UCSF Health, John Muir, and physician groups, has grown to include nearly 50,000 members, 5,000 physicians, several care centers and numerous renowned local hospitals spanning the nine-county Bay Area.
- In March 2018, UCSF Health and Sonoma Valley Hospital signed an agreement to create an integrated health care network that will serve the needs of Sonoma Valley residents through partnering to provide high-quality care to the community. As a part of the alliance, a new Chief Executive Officer, Chief Financial Officer, and Chief Medical Officer have been jointly appointed.
- In June 2018, UCSF Health and John Muir Health opened the Berkeley Outpatient Center (BOPC), which provides primary and specialty care services to the Berkeley, Oakland, and Emeryville communities. The BOPC has expanded to provide advanced diagnostic imaging and to be the home of the UCSF-John Muir Health Cancer Center.
- In September 2018, UCSF Health signed an alliance agreement with MarinHealth to expand clinical collaborations in Marin County with the goal of improving patient care and strengthening clinical practices for the community. UCSF Health has since integrated 34 clinics and 190 providers into its clinical network, and collaborated with MarinHealth to provide high-quality care to the community, including vascular surgery, gastroenterology and urgent care services.
- In September 2018, UCSF Health and John Muir Health signed a letter of intent to develop a joint East Bay Cancer Network designed to improve prevention, diagnosis and treatment for patients throughout the East Bay. The joint Network includes development of distinguished disease-specific treatment capabilities, expanded clinical trial enrollment, and precision medicine offerings.
- In June 2019, UCSF Health opened the Bakar Precision Cancer Medicine Building (PCMB), an integrated 170,000-square-foot outpatient center dedicated to bringing together researchers, clinicians, and supportive care in one building. PCMB sets a new standard for cancer care in the Bay Area.
- In January 2020, UCSF Health expanded its operations to San Mateo by opening a new primary care and specialty care clinic and operating a cancer center, providing a convenient option for patients who live or work on the Peninsula.
- In February 2020, UCSF Health and John Muir Health opened the first site of their combined cancer network at their jointly owned BOPC. In February 2021, cancer services were expanded to include an infusion clinic.
- In March 2020, UCSF Health and Washington Hospital Healthcare System (WHHS) jointly purchased a parcel and building in the Warm Springs Innovation District, south of WHHS's main campus in Fremont. UCSF and WHHS will redevelop the building to provide a range of outpatient primary, specialty, surgical and diagnostic services to the community.
- UCSF Health continues to expand its clinically integrated and partner networks adding several high-quality physician groups including Allergy and Asthma Associates of Northern California, California Pacific Orthopaedics, Circle Medical, Primary Pediatric Medical Group, and Peninsula GI Medical Group.

Response to COVID-19

- UCSF Health continues to focus on caring for patients with COVID-19 while strengthening measures to protect the health of patients and staff.
- UCSF Health took a leadership role in distributing COVID-19 vaccines across the Bay Area, including establishing vaccination sites at UCSF and at City College of San Francisco with the city of San Francisco. A COVID Equity outreach committee, dedicated to providing equitable access to the vaccines for employees, patients, and residents, continues to hold pop-up clinics with community partners, and target outreach through multiple channels offering vaccinations door-to-door and to homebound patients, and with culturally appropriate materials and resources to address vaccine disparities.
- UCSF's expertise in COVID-19 was recognized on the national stage when then President-elect Joseph Biden and Vice President-elect Kamala Harris appointed three UCSF faculty to their transition coronavirus advisory board.


UCSF Health

Management's Discussion and Analysis *(Unaudited)*

INTRODUCTION

The objective of Management's Discussion and Analysis is to help readers better understand the UC Medical Centers' financial position and operating activities for the year ended June 30, 2021, with selected comparative information for the years ended June 30, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes to financial statements. Unless otherwise indicated, years (2019, 2020, 2021, etc.) in this discussion refer to the fiscal years ended June 30.

OVERVIEW

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

The Medical Centers' activities are monitored by The Regents' Committee on Health Services. Under the formation documents of the University of California, administrative authority with respect to the Medical Centers is vested in the President of the University, who, in turn, has delegated certain authority to the Chancellor of the applicable campus. At each applicable campus, direct management authority has been further delegated by the applicable Chancellor as follows: for the UC Davis Medical Center, to the Vice Chancellor, Human Health Sciences; for the UC Irvine Medical Center and the UCSF Medical Center, to the applicable Medical Center Director; and for the UCLA Medical Center and the UC San Diego Medical Center, to the Vice Chancellor, Health Sciences.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally, in the United States and in the state, including cities and counties throughout the state resulting in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellations of events. Expenses increased at the Medical Centers as a result of operational changes to diagnose, isolate and treat COVID-19 patients. The financial results of the Medical Centers were impacted in 2021 and 2020 as a result of COVID-19.

OPERATING STATISTICS

The following table presents utilization statistics for the Medical Centers:

(shown in fiscal year)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
Licensed beds						
2021	646	418	801	799	1,290	3,954
2020	625	418	800	799	1,276	3,918
2019	625	402	800	808	1,276	3,911
Admissions						
2021	29,953	21,885	35,691	34,311	40,895	162,735
2020	29,841	20,984	36,402	32,646	42,445	162,318
2019	31,782	22,142	40,265	33,605	45,197	172,991
Average daily census						
2021	560	364	698	594	774	2,990
2020	527	338	686	569	754	2,874
2019	540	348	730	587	789	2,994
Discharges						
2021	29,916	21,885	35,617	34,103	40,761	162,282
2020	29,778	20,935	36,429	32,499	42,378	162,019
2019	31,752	22,139	40,233	33,464	45,230	172,818
Average length of stay						
2021	7.0	6.1	7.2	6.4	6.9	6.7
2020	6.5	5.9	6.9	6.4	6.5	6.5
2019	6.2	5.7	6.6	6.4	6.4	6.3
Patient days						
2021	204,367	132,746	254,777	216,667	282,401	1,090,958
2020	192,959	123,884	250,939	208,187	276,128	1,052,097
2019	197,019	126,864	266,559	214,198	287,882	1,092,522
Case mix index[1]						
2021	2.22	2.14	2.36	2.12	2.35	
2020	2.10	2.02	2.21	2.10	2.15	
2019	2.00	1.83	2.09	1.98	2.06	
Outpatient visits						
2021	1,148,637	1,075,474	821,898	430,364	2,517,592	5,993,965
2020	892,233	804,638	727,374	396,879	2,356,811	5,177,935
2019	946,930	747,187	796,929	399,840	1,985,553	4,876,439

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

Licensed Beds

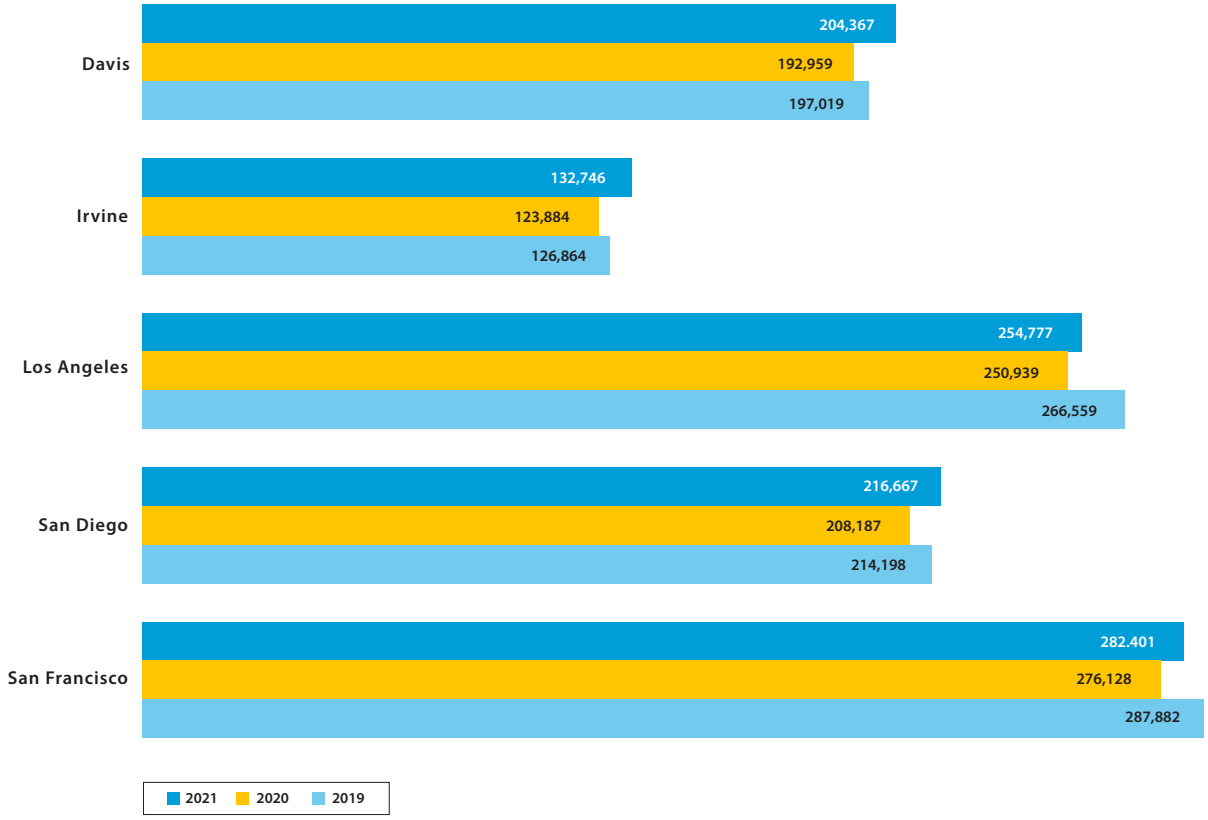
Licensed beds changed as follows:

Increased (decreased)

	2021	2020	
Davis	21		Increase in number of beds is due to the opening of a patient unit in the hospital.
Irvine		16	Increase in 2020 due to opening of a new cardiovascular surgery telemetry unit.
Los Angeles	1		Increase due to one additional coronary care bed added during the year.
San Diego		(9)	Decrease in 2020 due to nine fewer intensive care newborn nursery beds.
San Francisco	14		Increase due to Children's Hospital & Research Center Oakland.

Admissions and Patient Days

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



Admissions and patient days changed in 2021 as follows:

Increased (decreased)

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

In 2020, admissions and patient days declined since the Medical Centers complied with state orders to increase their supply of inpatient beds for an expected surge in COVID-19 patients by postponing elective surgeries and discontinuing non-urgent care. Admissions and patient days changed in 2020 as follows:

Decreased

	ADMISSIONS		PATIENT DAYS		
Davis	(1,941)	(6.1%)	(4,060)	(2.1%)	Decreases due to lower volumes in March, April, May and June due to COVID-19.
Irvine	(1,158)	(5.2)	(2,980)	(2.3)	Decreases due to lower volumes in March, April, May and June due to COVID-19.
Los Angeles	(3,863)	(9.6)	(15,620)	(5.9)	Decreases due to lower volumes in March, April, May and June due to COVID-19.
San Diego	(959)	(2.9)	(6,011)	(2.8)	Decreases due to lower volumes in March, April, May and June due to COVID-19.
San Francisco	(2,752)	(6.1)	(11,754)	(4.1)	Decreases due to lower volumes in March, April, May and June due to COVID-19.

Outpatient Visits

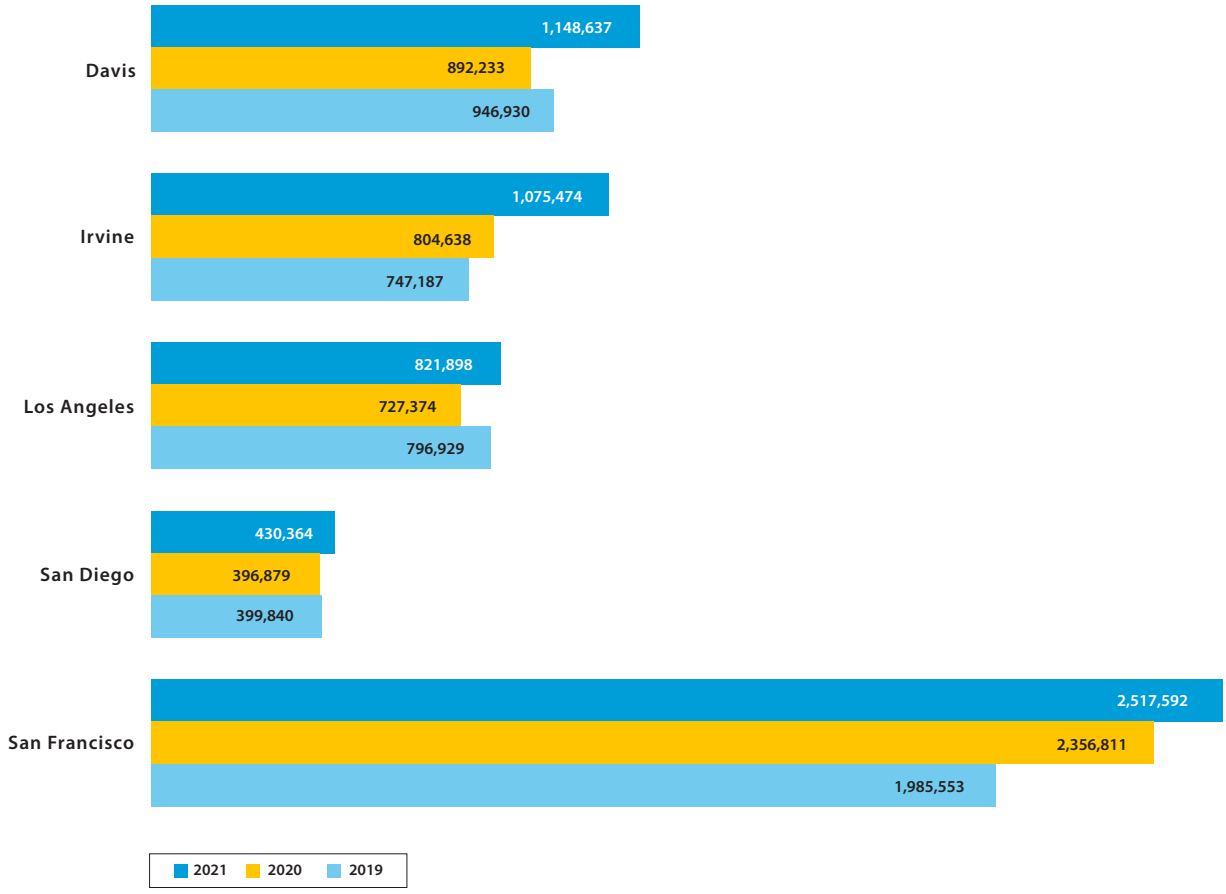
Outpatient services provided by the Medical Centers include clinic visits, home health and hospice, and emergency visits. The following presents outpatient services volume for the Medical Centers:

(shown in fiscal year)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Hospital clinics	519,559	1,025,131	760,969	352,402	2,450,086	5,108,147
Community clinics	556,159					556,159
Home health and hospice	22,184					22,184
Emergency visits	50,735	50,343	60,929	77,962	67,506	307,475
Total Medical Center outpatient visits	**1,148,637**	**1,075,474**	**821,898**	**430,364**	**2,517,592**	**5,993,965**
School of Medicine and other non-hospital clinic visits[1]	135,430	149,617	2,345,231	682,202		3,312,480
2020						
Hospital clinics	405,793	754,625	653,916	317,928	2,265,310	4,397,572
Community clinics	406,714					406,714
Home health and hospice	24,575					24,575
Emergency visits	55,151	50,013	73,458	78,951	91,501	349,074
Total Medical Center outpatient visits	**892,233**	**804,638**	**727,374**	**396,879**	**2,356,811**	**5,177,935**
School of Medicine and other non-hospital clinic visits[1]	97,178	157,644	2,110,425	605,020		2,970,267
2019						
Hospital clinics	448,623	694,951	715,105	317,959	1,883,586	4,060,224
Community clinics	417,989					417,989
Home health and hospice	22,258					22,258
Emergency visits	58,060	52,236	81,824	81,881	101,967	375,968
Total Medical Center outpatient visits	**946,930**	**747,187**	**796,929**	**399,840**	**1,985,553**	**4,876,439**
School of Medicine and other non-hospital clinic visits[1]	25,939	149,148	2,020,567	592,166		2,787,820

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

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



Outpatient visits changed in 2021 as follows:

Increased			
Davis	256,404	28.7%	Outpatient visits increased due to continued growth in primary and specialty care.
Irvine	270,836	33.7	Increase due to continued expansion of primary and specialty care outpatient programs. COVID-related visits are also a significant contributor to the increase from prior year.
Los Angeles	94,524	13.0	Outpatient visits increased due to continued growth in primary and specialty care outpatient programs.
San Diego	33,485	8.4	Increase in hospital based clinic visits from growth in primary and specialty care.
San Francisco	160,781	6.8	Outpatient visits increased due to continued growth in primary care and specialty care outpatient programs. COVID-related visits are also a significant contributor to the increase from prior year.

Outpatient visits changed in 2020 as follows:

Increased (decreased)			
Davis	(54,697)	(5.8%)	Due to guidance from federal officials, we prepared to accommodate afflicted patients with COVID-19 and, therefore, reduced services elsewhere.
Irvine	57,451	7.7	Increase due to the implementation of a clinical integration program and the expansion of primary and specialty care services.
Los Angeles	(69,555)	(8.7)	Outpatient visits decreased due to the negative impact of the COVID-19 pandemic on patient volume.
San Diego	(2,961)	(0.7)	Decrease primarily due to the impacts from COVID-19.
San Francisco	371,258	18.7	Outpatient visits increased due to continued growth in primary and specialty care outpatient programs.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following table summarizes the operating results for the Medical Centers for fiscal years:

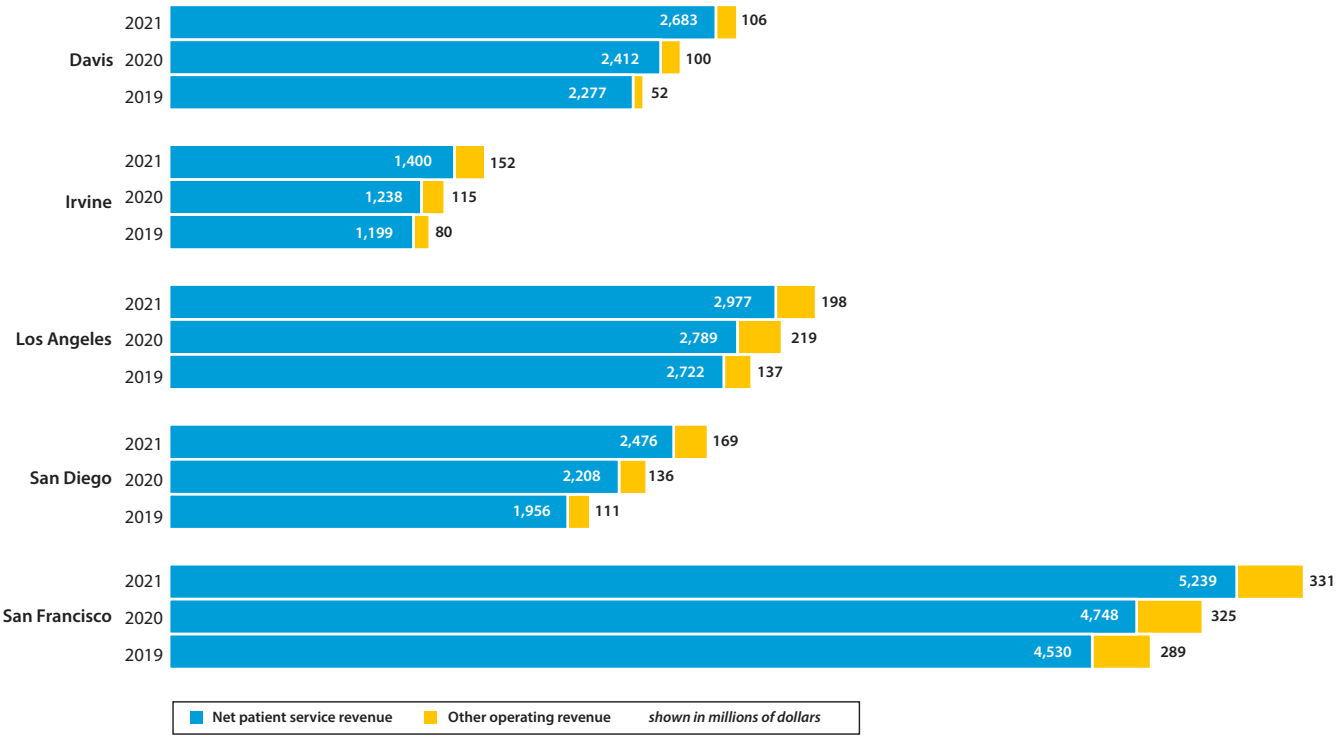
(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Net patient service revenue	$2,683,029	$1,400,408	$2,977,106	$2,476,193	$5,239,018	$14,775,754
Other operating revenue	106,006	152,218	198,023	169,126	330,988	956,361
Total operating revenue	2,789,035	1,552,626	3,175,129	2,645,319	5,570,006	15,732,115
Total operating expenses	2,760,954	1,487,201	2,822,361	2,506,813	5,455,430	15,032,759
Income from operations	28,081	65,425	352,768	138,506	114,576	699,356
Net nonoperating revenues (expenses)	97,374	89,599	60,972	(36,974)	407,301	618,272
Income before other changes in net position	125,455	155,024	413,740	101,532	521,877	1,317,628
Other changes in net position	(56,313)	(105,367)	(240,738)	(251,692)	(114,019)	(768,129)
Increase (decrease) in net position	69,142	49,657	173,002	(150,160)	407,858	549,499
Net position - beginning of year	(746,096)	(375,078)	(486,079)	(732,549)	(655,769)	(2,995,571)
Net position - end of year	**($676,954)**	**($325,421)**	**($313,077)**	**($882,709)**	**($247,911)**	**($2,446,072)**
2020						
Net patient service revenue	$2,412,137	$1,237,590	$2,788,841	$2,208,234	$4,747,624	$13,394,426
Other operating revenue	100,228	115,325	219,401	135,633	324,718	895,305
Total operating revenue	2,512,365	1,352,915	3,008,242	2,343,867	5,072,342	14,289,731
Total operating expenses	2,681,643	1,437,833	2,973,214	2,467,421	5,560,184	15,120,295
Income (loss) from operations	(169,278)	(84,918)	35,028	(123,554)	(487,842)	(830,564)
Net nonoperating revenues	64,998	28,376	90,553	58,592	200,945	443,464
Income (loss) before other changes in net position	(104,280)	(56,542)	125,581	(64,962)	(286,897)	(387,100)
Other changes in net position	(18,639)	(83,290)	(258,975)	(326,982)	(65,998)	(753,884)
Decrease in net position	(122,919)	(139,832)	(133,394)	(391,944)	(352,895)	(1,140,984)
Net position - beginning of year	(623,177)	(235,246)	(352,685)	(340,605)	(302,874)	(1,854,587)
Net position - end of year	**($746,096)**	**($375,078)**	**($486,079)**	**($732,549)**	**($655,769)**	**($2,995,571)**
2019						
Net patient service revenue	$2,276,798	$1,198,881	$2,721,912	$1,955,993	$4,530,333	$12,683,917
Other operating revenue	52,492	80,053	137,019	111,455	288,881	669,900
Total operating revenue	2,329,290	1,278,934	2,858,931	2,067,448	4,819,214	13,353,817
Total operating expenses	2,352,198	1,204,352	2,690,901	2,156,970	4,958,400	13,362,821
Income (loss) from operations	(22,908)	74,582	168,030	(89,522)	(139,186)	(9,004)
Net nonoperating revenues (expenses)	16,360	(9,519)	17,603	(27,678)	44,172	40,938
Income (loss) before other changes in net position	(6,548)	65,063	185,633	(117,200)	(95,014)	31,934
Other changes in net position	(53,131)	(39,259)	(200,094)	(132,633)	(33,093)	(458,210)
Increase (decrease) in net position	(59,679)	25,804	(14,461)	(249,833)	(128,107)	(426,276)
Net position - beginning of year	(563,498)	(261,050)	(338,224)	(90,772)	(174,767)	(1,428,311)
Net position - end of year	**($623,177)**	**($235,246)**	**($352,685)**	**($340,605)**	**($302,874)**	**($1,854,587)**

Revenues

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

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



Revenues for 2021 as compared to 2020 are as follows:

Increased in millions of dollars

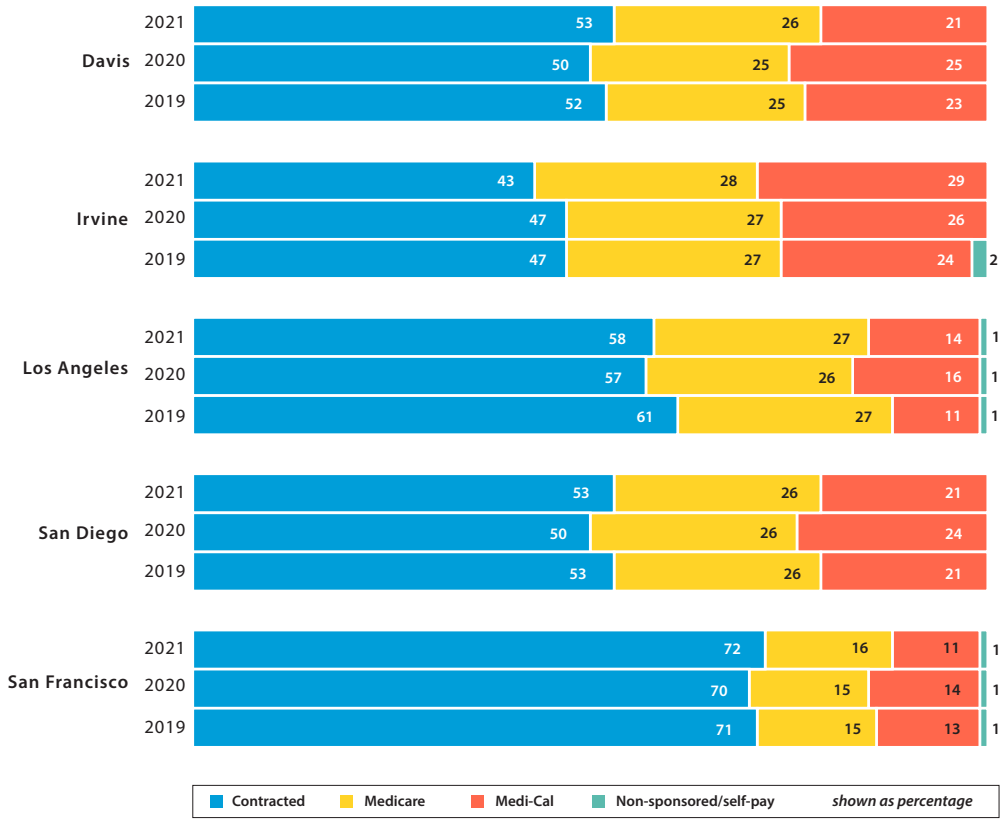
	TOTAL OPERATING REVENUE		NET PATIENT SERVICE REVENUE		
Davis	$276.7	11.0%	$270.9	11.2%	Increase attributed to higher case mix index, census and patient days, as well as third party settlements.
Irvine	199.7	14.8	162.8	13.2	Increase due to growth in patient volume, third-party supplemental payments, and growth in pharmacy revenue.
Los Angeles	166.9	5.5	188.3	6.8	Increase due to growth in patient volume, third-party supplemental payments, and growth in pharmacy revenue.
San Diego	301.5	12.9	268.0	12.1	Increase due to growth in surgery cases and increase in hospital based clinic visits from primary and specialty care. Also from contract price increases, increased admissions and higher patient acuity.
San Francisco	497.7	9.8	491.4	10.4	Increase due to contract rate increases, high case mix index, growth in the contract and specialty pharmacy revenue, and increased outpatient visits.

Revenues for 2020 as compared to 2019 are as follows:

Increased in millions of dollars

	TOTAL OPERATING REVENUE		NET PATIENT SERVICE REVENUE		
Davis	$183.1	7.9%	$135.3	5.9%	Higher case mix index and growth in the pharmacy volume contributed to the increase in net patient service revenue.
Irvine	74.0	5.8	38.7	3.2	Increase due to growth in outpatient volume, 340B federal drug discount program and specialty pharmacy.
Los Angeles	149.3	5.2	66.9	2.5	Increase due to prior period supplemental funding and growth in pharmacy revenue.
San Diego	276.4	13.4	252.2	12.9	Increase due to growth in outpatient volume, contract price increases, third party adjustments and higher case mix index.
San Francisco	253.1	5.3	217.3	4.8	Increase due to improvement in reimbursement rates, Medi-Cal supplemental payments and pharmacy revenue.

The most common payment arrangement for inpatient services is a prospectively determined per-diem rate or case rate. The most common payment arrangement for outpatient care is a prospective payment system that uses ambulatory payment classifications. The following chart illustrates the percentage of net patient service revenue by payor:



Payor mix changed in 2021 as follows:

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

Payor mix changed in 2020 as follows:

Davis	Payor mix changed primarily due to lower contracted activity and shift to Medi-Cal.
Irvine	Payor mix changed due to increase in contract revenue offset by decrease in non-sponsored/self-pay.
Los Angeles	Payor mix changed primarily with an increase in Medi-Cal due to significant settlements during the year and a decrease in contract revenue due to a reduction in routine and elective procedures.
San Diego	Payor mix changed primarily due to lower mix of Medicare patients during COVID-19.
San Francisco	Payor mix stayed consistent year over year.

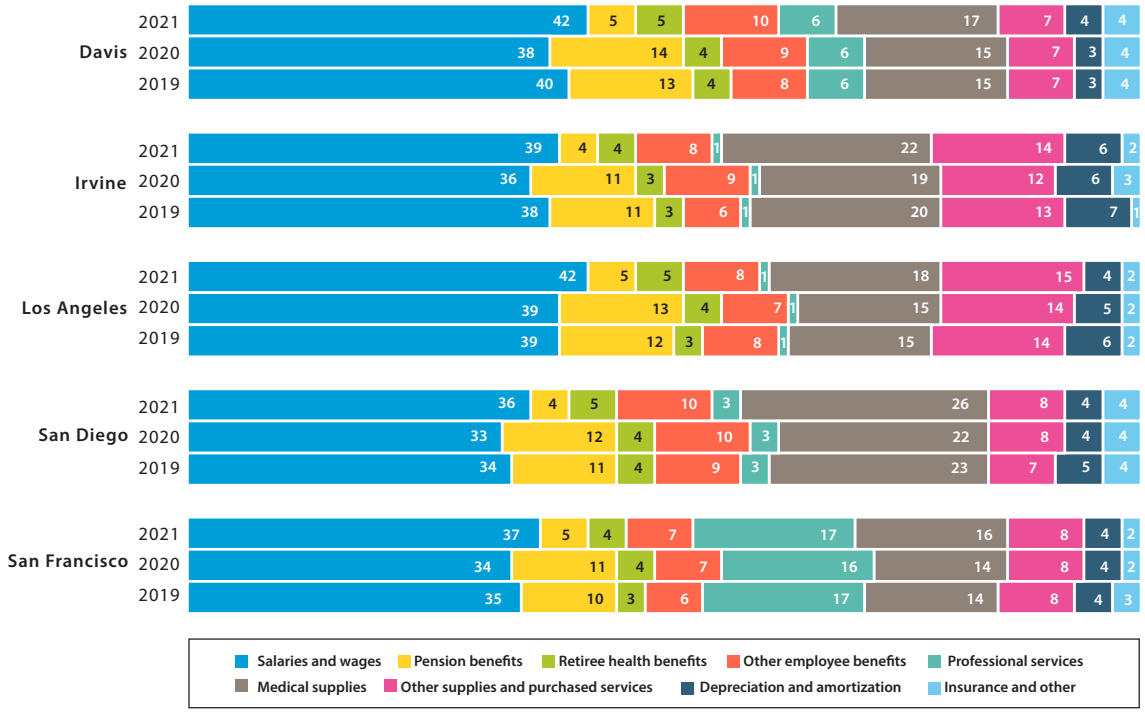
Operating Expenses

Operating expenses fluctuate based on patient statistics, including inpatient occupancy levels, the volume of outpatient visits and the mix of services provided. Expenses are also impacted by inflation and ongoing cost containment efforts by the Medical Centers. In 2021 and 2020, expenses increased due to the need to make operational changes and purchase additional supplies as a result of COVID-19. Pension expenses have caused significant fluctuations in total operating expenses due to the performance of the financial markets. The following table summarizes the operating expenses for the Medical Centers:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Salaries and wages	$1,157,396	$583,338	$1,200,325	$899,131	$2,009,655	$5,849,845
Pension benefits	134,006	55,030	130,944	111,765	243,783	675,528
Retiree health benefits	145,268	61,057	128,710	126,709	239,668	701,412
Other employee benefits	263,644	119,869	232,255	247,504	383,763	1,247,035
Professional services	167,648	11,884	35,142	64,885	946,884	1,226,443
Medical supplies	482,835	332,484	519,799	648,705	881,732	2,865,555
Other supplies and purchased services	201,131	209,491	421,951	190,181	451,763	1,474,517
Depreciation and amortization	102,871	88,897	100,786	104,953	187,544	585,051
Insurance and other	106,155	25,151	52,449	112,980	110,638	407,373
Total	**$2,760,954**	**$1,487,201**	**$2,822,361**	**$2,506,813**	**$5,455,430**	**$15,032,759**
2020						
Salaries and wages	$1,021,065	$513,528	$1,149,617	$823,038	$1,899,828	$5,407,076
Pension benefits	364,359	161,283	393,679	297,301	634,756	1,851,378
Retiree health benefits	114,897	50,163	111,592	111,080	235,885	623,617
Other employee benefits	236,109	122,655	223,992	238,642	360,464	1,181,862
Professional services	163,467	18,600	37,764	65,834	900,736	1,186,401
Medical supplies	399,436	271,762	447,564	548,123	785,910	2,452,795
Other supplies and purchased services	193,211	170,383	410,364	191,428	430,603	1,395,989
Depreciation and amortization	94,562	86,344	148,411	103,264	203,299	635,880
Insurance and other	94,537	43,115	50,231	88,711	108,703	385,297
Total	**$2,681,643**	**$1,437,833**	**$2,973,214**	**$2,467,421**	**$5,560,184**	**$15,120,295**
2019						
Salaries and wages	$937,657	$452,767	$1,052,871	$741,263	$1,718,914	$4,903,472
Pension benefits	300,946	130,154	315,589	238,764	490,465	1,475,918
Retiree health benefits	85,796	33,989	84,132	80,030	171,511	455,458
Other employee benefits	192,312	71,179	214,621	186,947	311,284	976,343
Professional services	139,095	17,919	31,298	71,961	826,532	1,086,805
Medical supplies	353,221	236,457	412,930	490,104	690,118	2,182,830
Other supplies and purchased services	167,610	151,855	377,532	160,971	409,569	1,267,537
Depreciation and amortization	84,354	84,675	152,840	102,640	212,222	636,731
Insurance and other	91,207	25,357	49,088	84,290	127,785	377,727
Total	**$2,352,198**	**$1,204,352**	**$2,690,901**	**$2,156,970**	**$4,958,400**	**$13,362,821**

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



Total operating expenses changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$79.3	3.0%	Salaries and benefits, medical supplies and pharmaceuticals increased due to the effects of the pandemic. Reductions were realized in pension costs due to favorable market returns on pension assets.
Irvine	49.4	3.4	Increase in salaries, medical supplies and purchased services due to the effects of the pandemic, offset by the significant decrease in pension benefits due to favorable market returns on pension assets.
Los Angeles	(150.9)	(5.1)	Decrease primarily driven by lower pension expense due to favorable market returns on pension assets. This decrease more than offsets the increase in salaries, retiree health benefits, medical supplies, other supplies and purchased services.
San Diego	39.4	1.6	Increase in both salaries/wages and also medical supplies driven by increased patient volumes and increased surgery cases. These expenses were partially offset by lower pension expense from increased market returns.
San Francisco	(104.8)	(1.9)	Overall decline is due to a significant decrease in pension expense partially offset by increases in salaries and non-labor expenses.

Total operating expenses changed in 2020 as follows:

Increased in millions of dollars			
Davis	$329.4	14.0%	Salaries and wages, as well as pension and retiree health costs, increased due to market conditions. Supplies costs, including temporary labor, increased primarily due to added requirements under COVID-19.
Irvine	233.5	19.4	Increase in salaries, pension benefits, retiree health benefits, other employee benefits, medical supplies, non-medical purchased services and COVID-19 related purchases.
Los Angeles	282.3	10.5	Increase in salaries, pension benefits, retiree health benefits, other employee benefits, medical supplies, and other supplies and purchased services due to wage rate increases and COVID-19 related purchases.
San Diego	310.5	14.4	Overall increases in salaries and wages, pension expense, retiree health expenses and increases in pharmaceutical prices.
San Francisco	601.8	12.1	Increase in salaries, pension and retiree health benefits. Annual cost inflation and effects of COVID-19 also resulted in higher operating expenses.

Salaries and Benefits

Salary and employee benefits expenses include wages paid to employees, vacation, holiday and sick pay, payroll taxes, workers' compensation insurance premiums, health insurance, pension and retiree health benefits expenses and other employee benefits. In 2021, salaries and benefits as a percentage of total operating revenues decreased primarily due to lower pension expenses as a result of favorable market returns. In 2020, salaries and benefits as a percentage of total operating revenues increased primarily due to staffing impacts of COVID-19 and higher pension and retiree health benefit expenses.

(shown as percentage)

	2021	2020	2019	
Davis	61.0%	69.1%	65.1%	Pension expense was lower due to favorable market returns on pension assets.
Irvine	52.8	62.7	53.8	Pension benefits expense was significantly lower due to favorable market returns on pension assets.
Los Angeles	53.3	62.5	58.3	Pension expense was lower due to favorable market returns on pension assets.
San Diego	52.4	62.7	60.3	Decrease driven by lower pension expense in FY21.
San Francisco	51.6	61.7	55.9	Decline is largely due to a significant decrease in pension expense and improved FTE efficiency.

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

Increased in millions of dollars

	2021						2020					
	SALARIES AND WAGES		FULL-TIME EQUIVALENTS		RATE CHANGES		SALARIES AND WAGES		FULL-TIME EQUIVALENTS		RATE CHANGES	
Davis	$136.3	13.4%	1,127	12.9%	$4.7	0.4%	$83.4	8.9%	236	2.8%	$55.8	5.8%
Irvine	69.8	13.6	445	9.1	21.4	4.2	60.8	13.4	276	6.0	27.2	6.6
Los Angeles	50.7	4.4	129	1.3	35.1	3.1	96.7	9.2	277	2.9	64.2	6.1
San Diego	76.1	9.2	405	4.7	8.7	4.0	81.8	11.0	471	5.7	4.5	4.7
San Francisco	109.8	5.8	116	0.8	94.6	5.0	180.9	10.5	684	5.2	91.3	5.3

Employee benefits changed as follows:

Increased (decreased) in millions of dollars

	2021						2020					
	PENSION		RETIREE HEALTH		OTHER EMPLOYEE BENEFITS		PENSION		RETIREE HEALTH		OTHER EMPLOYEE BENEFITS	
Davis	($230.4)	(63.2%)	$30.4	26.4%	$27.5	11.7%	$63.4	21.1%	$29.1	33.9%	$43.8	22.8%
Irvine	(106.3)	(65.9)	10.9	21.7	(2.8)	(2.3)	31.1	23.9	16.2	47.6	51.5	72.3
Los Angeles	(262.7)	(66.7)	17.1	15.3	8.3	3.7	78.1	24.7	27.5	32.6	9.4	4.4
San Diego	(185.5)	(62.4)	15.6	14.1	8.9	3.7	58.5	24.5	31.1	38.8	51.7	27.7
San Francisco	(391.0)	(61.6)	3.8	1.6	23.3	6.5	144.3	29.4	64.4	37.5	49.2	15.8

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

(In thousands of dollars)

	2021		2020		2019	
	PENSION EXPENSE	PENSION CONTRIBUTIONS	PENSION EXPENSE	PENSION CONTRIBUTIONS	PENSION EXPENSE	PENSION CONTRIBUTIONS
Davis	$134,006	$137,465	$364,359	$121,271	$300,946	$112,545
Irvine	54,791	62,658	160,133	56,062	130,671	50,761
Los Angeles	130,944	139,305	393,679	128,640	315,589	121,724
San Diego	111,765	102,795	297,301	92,929	238,764	82,496
San Francisco	214,977	200,260	591,415	179,229	463,320	160,627
Total	**$646,483**	**$642,483**	**$1,806,887**	**$578,131**	**$1,449,290**	**$528,153**

The University has a financial responsibility for pension benefits associated with its defined benefit plans. The Medical Centers are required to contribute at a rate set by The Regents. The University contribution rate was 14.5 percent, 14.0 percent and 14.0 percent of covered payroll for the years ended June 30, 2021, 2020 and 2019, respectively.

Pension expense is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year. Pension expense fluctuates primarily based on expected as compared to actual investment returns and the trend in the Medical Centers' proportionate share of the net pension liability. Pension expenses were lower in 2021 due to higher than expected investment returns. Pension expenses were higher in 2020 due to significantly lower than expected investment returns. The discount rate used to estimate the net pension liability was 6.75 percent in 2021, 2020 and 2019.

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

(In thousands of dollars)

	2021		2020		2019	
	RETIREE HEALTH EXPENSE	RETIREE HEALTH CONTRIBUTIONS	RETIREE HEALTH EXPENSE	RETIREE HEALTH CONTRIBUTIONS	RETIREE HEALTH EXPENSE	RETIREE HEALTH CONTRIBUTIONS
Davis	$145,268	$24,708	$114,897	$22,592	$85,796	$22,032
Irvine	61,057	11,234	50,163	10,506	33,989	9,948
Los Angeles	128,710	24,967	111,592	23,906	84,132	23,606
San Diego	126,709	18,422	111,080	17,565	80,030	16,196
San Francisco	239,668	36,137	235,885	36,267	171,511	33,792
Total	**$701,412**	**$115,468**	**$623,617**	**$110,836**	**$455,458**	**$105,574**

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

Retiree health benefits expense is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year. Retiree health benefits expenses increased in 2021 and 2020 due to a decrease in the discount rate. The discount rates as of June 30, 2021, 2020 and 2019 were 2.16 percent, 2.21 percent and 3.50 percent, respectively.

Professional Services

Professional services include payments to the Schools of Medicine for physician services in the hospitals and clinics, payments to other health care providers for capitated patients, outside laboratory fees, organ acquisition fees, transcription fees and legal fees. Professional services changed in 2021 as follows:

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

Professional services changed in 2020 as follows:

Increased (decreased) in millions of dollars			
Davis	$24.4	17.5%	Increases primarily due to professional network costs for physician services.
Irvine	0.7	3.8	Slight increase in medical director fees.
Los Angeles	6.5	20.7	Increase due to higher legal fees and other contracted services.
San Diego	(6.1)	(8.5)	Decrease primarily due to realignment of fees paid for physician services.
San Francisco	74.2	9.0	Professional services include the UCSF Faculty Clinical Practices, while other UC Health entities only reflect hospital performance. Increase in expenses relates to the growth of clinical practices.

Medical Supplies

Medical supplies costs fluctuate with patient volumes. Medical supplies are also subject to significant inflationary pressures due to escalating pharmaceutical costs and continued innovation in implants, prosthetics and other medical supplies. The Medical Centers have ongoing initiatives to control supply utilization and to negotiate competitive pricing. In 2021 and 2020, supplies and equipment expenses increased due to the need for additional personal protective equipment and laboratory supplies to treat COVID-19 patients. Medical supplies expenses, including pharmaceuticals, changed in 2021 as follows:

Increased in millions of dollars			
Davis	$83.4	20.9%	Increase due to volume of supplies needed to combat the pandemic, higher volume and pricing increases for the supplies.
Irvine	60.7	22.3	Increase due to growth in pharmacy business and COVID-19 related supply expenses.
Los Angeles	72.2	16.1	Increase due to growth of pharmacy revenue, higher priced pharmaceuticals and COVID-19 related supply expense.
San Diego	100.6	18.4	Majority of increase driven by higher pharmaceutical expenses from increase in contract pharmacy activity and general vendor price increases. Increases in surgery cases and patient census also contributed to the increase.
San Francisco	95.8	12.2	Increase due to higher pharmaceutical costs and growth in the contract and specialty pharmacy business.

Medical supplies expenses, including pharmaceuticals, changed in 2020 as follows:

Increased in millions of dollars			
Davis	$46.2	13.1%	Increase due to continued growth in the 340B federal drug discount program and specialty pharmacy business and purchases related to COVID-19.
Irvine	35.3	14.9	Increase in pharmacy drug costs given the continuing growth in the 340B federal drug discount program and specialty pharmacy business.
Los Angeles	34.6	8.4	Increase due to growth of pharmacy revenue, higher priced pharmaceuticals and COVID-19 related supply expense.
San Diego	58.0	11.8	Increase due to higher pharmaceutical expense supporting new therapies and continued high price increases from pharmaceutical suppliers.
San Francisco	95.8	13.9	Increase primarily due to higher pharmaceutical costs and growth in specialty pharmacy.

Other Supplies and Purchased Services

Other supplies and purchased services include non-medical supplies, medical purchased services and repairs and maintenance. Other supplies and purchased services changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$7.9	4.1%	Supply costs increased for laboratory supplies and services, as well as pandemic related purchases.
Irvine	39.1	23.0	Supply costs increase mainly due to the impact of the COVID-19 pandemic.
Los Angeles	11.6	2.8	Supplies increased as a result of higher surgical volumes, laboratory supply costs, and other COVID-19 related purchases. Additionally, purchased services increased as a result of higher repairs and maintenance costs.
San Diego	(1.2)	(0.7)	Lower food and beverage expense due to COVID-19 and lower minor equipment expense incurred in FY21.
San Francisco	21.2	4.9	Increase primarily due to higher clinic visits and COVID-19 related expenses.

Other supplies and purchased services changed in 2020 as follows:

Increased in millions of dollars			
Davis	$25.6	15.3%	Increase due to higher purchased medical services and technology costs as a result of COVID-19.
Irvine	18.5	12.2	Increase mainly due to higher purchased medical services and technology costs as a result of continuing growth in ambulatory clinics and COVID-19 related purchases.
Los Angeles	32.8	8.7	Increase due to higher repairs and maintenance costs and other COVID-19 related purchases.
San Diego	30.5	18.9	Increase primarily due to higher clinic visits, increased support services, new costs for COVID-19 programs and increased repairs and maintenance costs.
San Francisco	21.0	5.1	Increase due to higher costs related to COVID-19.

Depreciation and Amortization

Depreciation and amortization expense changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$8.3	8.8%	Increase driven by major asset acquisition and completion of construction projects during the year.
Irvine	2.6	3.0	Increase due to the completed capital projects and new equipment that were placed in service during the year.
Los Angeles	(47.6)	(32.1)	Decrease due to more fully depreciated assets during the year resulting in lower depreciation expense and an adjustment of depreciation accruals for work-in-progress assets.
San Diego	1.7	1.6	Increase due to completed projects and new equipment that were placed in service during the year.
San Francisco	(15.8)	(7.7)	Decrease due to more fully depreciated assets and major new construction projects are still in progress.

Depreciation and amortization expense changed in 2020 as follows:

Increased (decreased) in millions of dollars			
Davis	$10.2	12.1%	Increase due to completion of seismic projects.
Irvine	1.7	2.0	Increase due to the completed chiller and electrical plants and new equipment that were placed in service during the year.
Los Angeles	(4.4)	(2.9)	Decrease due to more fully depreciated assets and deferred new capital projects during the year resulting in lower depreciation expense.
San Diego	0.6	0.6	Increase due to completed projects and new equipment that were placed in service during the year.
San Francisco	(8.9)	(4.2)	Decrease due to large assets becoming fully depreciated during the year.

Insurance

The Medical Centers are insured through the University and its captive insurance company's malpractice, general liability, workers' compensation and health and welfare self-insurance programs. All claims and related expenses are paid from the University's self-insurance funds or its captive insurance company. Rates for each Medical Center are established based upon claims experience and insurance costs increase or decrease with favorable or unfavorable claims experience. CHRCO has a claims-made policy for malpractice and is self-insured for workers' compensation and health and welfare benefits.

Income (Loss) from Operations

The Medical Centers reported income (loss) from operations and operating margins of:

(in millions of dollars)

	2021		2020		2019	
	INCOME FROM OPERATIONS	OPERATING MARGIN	INCOME (LOSS) FROM OPERATIONS	OPERATING MARGIN	INCOME (LOSS) FROM OPERATIONS	OPERATING MARGIN
Davis	$28.1	1.0%	($169.3)	(6.7%)	($22.9)	(1.0%)
Irvine	65.4	4.2	(84.9)	(6.3)	74.6	5.8
Los Angeles	352.8	11.1	35.0	1.2	168.0	5.9
San Diego	138.5	5.2	(123.6)	(5.3)	(89.5)	(4.3)
San Francisco	114.6	2.1	(487.8)	(9.6)	(139.2)	(2.9)
Total	**$699.4**		**($830.6)**		**($9.0)**	

In 2021, operating margins improved primarily due to the decline in pension expense as a result of favorable performance in the financial markets. In 2020, operating margins declined due to the impacts of COVID-19 and increases in pension and retiree health benefits expenses. A portion of the declines in operating margin were mitigated by grants received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act; however, accounting standards require that these funds be reported as nonoperating revenues in the financial statements.

Nonoperating Revenues (Expenses)

Nonoperating revenues and expenses include direct government grants from the CARES Act, Hospital Fee Program revenue, federal subsidies for bond interest, private gifts, investment income, interest expense and changes in fair value expense and losses on disposals of capital assets. Nonoperating revenues and expenses for the years that ended June 30 are as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
Net nonoperating revenues (expenses):						
2021	$97,374	$89,599	$60,972	($36,974)	$407,301	$618,272
2020	64,998	28,376	90,553	58,592	200,945	443,464
2019	16,360	(9,519)	17,603	(27,678)	44,172	40,938

In 2021 and 2020, the Medical Centers received grants under the CARES Act Provider Relief Fund to minimize the impacts of lost revenues and increased expenses related to treating COVID-19 patients. Grants to the Medical Centers from the CARES Act were as follows:

(in thousands of dollars)

	2021	2020
Davis	$67,915	$71,496
Irvine	73,193	34,627
Los Angeles		98,703
San Diego		89,206
San Francisco	282,968	144,542
Total	**$424,076**	**$438,574**

Net nonoperating revenues (expenses) improved (declined) in 2021 as follows:

(in millions of dollars)

Davis	$32.4	49.8%	Non-operating revenue increased primarily due to recognition of revenue under the CARES Act Provider Relief Fund and appreciation on investments.
Irvine	61.2	215.8	Increase due to additional funding from the COVID-19 CARES Act Provider Relief Fund.
Los Angeles	(29.6)	(32.7)	Fundings were received in the prior year from the COVID-19 CARES Act Provider Relief Fund, but were not received in the current fiscal year. This decrease was partially offset by an increase in the net appreciation of the fair value of long-term investments.
San Diego	(95.6)	(163.1)	Decrease in non-operating revenues due to provider relief funds received in FY20, but none received in FY21.
San Francisco	206.4	102.7	Increase primarily due to higher COVID-19 CARES Act Provider Relief Fund amounts and higher unrealized investment gains.

Net nonoperating revenues increased, primarily due to the CARES Act grants, in 2020 as follows:

(in millions of dollars)

Davis	$48.6	297.3%	Increase due to fundings from the COVID-19 CARES Act Provider Relief Fund.
Irvine	37.9	398.1	Increase due to fundings from the COVID-19 CARES Act Provider Relief Fund.
Los Angeles	73.0	414.4	Increase due to fundings from the COVID-19 CARES Act Provider Relief Fund.
San Diego	86.3	311.7	Increase due to fundings from the COVID-19 CARES Act Provider Relief Fund.
San Francisco	156.8	354.9	Increase due to government direct grants related to COVID-19 and private gifts partially offset by higher interest expense.

Income (Loss) Before Other Changes in Net Position

Income (loss) before other changes in net position generally fluctuate consistent with operating results; however, grants from the CARES Act in 2020, which are intended to mitigate operating losses, are reported as nonoperating revenues. Income (loss) before other changes in net position for the Medical Centers is as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021	$125,455	$155,024	$413,740	$101,532	$521,877	$1,317,628
2020	(104,280)	(56,542)	125,581	(64,962)	(286,897)	(387,100)
2019	(6,548)	65,063	185,633	(117,200)	(95,014)	31,934

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

Increased in millions of dollars			
Davis	$229.7	220.3%	Increase due to growth in patient volumes, funding from the CARES Act Provider Relief Fund and lower pension expense.
Irvine	211.6	374.2	Increase due to growth in net patient service revenue and funding from CARES Act Provider Relief Fund, and lower pension expense due to strong market returns on pension assets.
Los Angeles	288.2	229.5	The increase was primarily driven by an increase in patient volumes, third-party settlements, net appreciation of investments and lower pension expense due to strong market returns on pension assets.
San Diego	166.5	256.3	Decreased pension expense in FY21 offset partially by no provider relief funds in FY21.
San Francisco	808.8	281.9	Operating results experienced a recovery from prior year due to higher volumes and higher acuity along with strong expense management and a significant decrease in pension expense. Non-operating revenues increased due to higher COVID-19 CARES Act Provider Relief Funding and higher unrealized investment gains.

Income (loss) before other changes in net position changed in 2020 as follows:

Increased (decreased) in millions of dollars			
Davis	($97.7)	(1,492.5%)	Expenses related to COVID-19, along with increases in salaries, benefits and operating expenses outpaced revenue growth.
Irvine	(121.6)	(186.9)	Decrease due to COVID-19 resulting in lower volumes without corresponding decrease in expenses. Significant increases in salaries, pension, retiree health benefits, medical supplies and purchased services. The COVID-19 impact was partially offset by fundings from the CARES Act Provider Relief Fund.
Los Angeles	(60.1)	(32.3)	Decrease due to COVID-19 disrupting normal operations resulting in a significant reduction in revenue and additional incremental expenses. The negative financial impact of COVID-19 was partially offset by fundings from the CARES Act Provider Relief Fund.
San Diego	52.2	44.6	Increase driven by positive third-party adjustments and increased contract pharmacy revenue.
San Francisco	(191.9)	(202.0)	Decrease primarily due to COVID-19 and resulting lower volumes without corresponding decrease in expenses. Significant increases in pension and retiree health benefits.

Other Changes in Net Position

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021	($56,313)	($105,367)	($240,738)	($251,692)	($114,019)	($768,129)
2020	(18,639)	(83,290)	(258,975)	(326,982)	(65,998)	(753,884)
2019	(53,131)	(39,259)	(200,094)	(132,633)	(33,093)	(458,210)

Other changes in net position changed in 2021 as follows:

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

Other changes in net position changed in 2020 as follows:

Increased (decreased) in millions of dollars			
Davis	$34.5	64.9%	Change mainly due to change in pension allocation and health system support.
Irvine	(44.0)	(112.2)	Change due to an increase in health system support with the implementation of the clinical integration program.
Los Angeles	(58.9)	(29.4)	Payments for health system support, representing transfers in support of the overall strategic plan.
San Diego	(194.3)	(146.5)	Decrease primarily due to increase in health system support.
San Francisco	(32.9)	(99.4)	Change primarily due to a decrease in donated assets.

STATEMENTS OF NET POSITION

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Current assets:						
Cash and cash equivalents	$1,137,044	$697,472	$1,706,524	$566,299	$2,146,459	$6,253,798
Net patient accounts receivable	391,200	164,214	431,409	368,815	798,862	2,154,500
Short-term investments and other current assets	335,440	134,988	538,061	147,286	238,912	1,394,687
Current assets	**1,863,684**	**996,674**	**2,675,994**	**1,082,400**	**3,184,233**	**9,802,985**
Restricted assets	388,001	215,191	337,525	307,016	587,663	1,835,396
Capital assets, net	1,348,196	808,683	1,684,930	1,496,440	2,579,032	7,917,281
Investments and other noncurrent assets	105,208	400	166,524	33,889	315,378	621,399
Noncurrent assets	**1,841,405**	**1,024,274**	**2,188,979**	**1,837,345**	**3,482,073**	**10,374,076**
Total assets	**3,705,089**	**2,020,948**	**4,864,973**	**2,919,745**	**6,666,306**	**20,177,061**
Deferred outflows of resources	**814,971**	**360,856**	**797,814**	**727,306**	**1,375,878**	**4,076,825**
Liabilities:						
Current liabilities	855,642	457,949	845,452	624,281	1,526,997	4,310,321
Long-term debt	657,595	551,919	1,290,848	1,072,401	1,279,577	4,852,340
Net pension liability	472,294	227,947	478,616	353,179	710,409	2,242,445
Net retiree health benefits liability	1,705,269	775,408	1,723,183	1,271,447	2,493,992	7,969,299
Other liabilities	414,283	170,269	439,425	402,503	575,575	2,002,055
Total liabilities	**4,105,083**	**2,183,492**	**4,777,524**	**3,723,811**	**6,586,550**	**21,376,460**
Deferred inflows of resources	**1,091,931**	**523,733**	**1,198,340**	**805,949**	**1,703,545**	**5,323,498**
Net position:						
Net investment in capital assets	999,013	464,777	698,531	714,572	1,727,573	4,604,466
Restricted	7,604	2,043	25,745	345	136,694	172,431
Unrestricted	(1,683,571)	(792,241)	(1,037,353)	(1,597,626)	(2,112,178)	(7,222,969)
Total net position	**($676,954)**	**($325,421)**	**($313,077)**	**($882,709)**	**($247,911)**	**($2,446,072)**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2020						
Current assets:						
Cash and cash equivalents	$1,346,277	$663,359	$1,596,270	$500,047	$1,358,221	$5,464,174
Net patient accounts receivable	281,620	156,655	354,765	329,319	661,536	1,783,895
Short-term investments and other current assets	183,419	104,971	429,881	129,795	338,989	1,187,055
Total current assets	**1,811,316**	**924,985**	**2,380,916**	**959,161**	**2,358,746**	**8,435,124**
Restricted assets	380,734	238,561	465,462	330,936	523,592	1,939,285
Capital assets, net	1,174,837	745,376	1,623,613	1,558,228	2,491,244	7,593,298
Investments and other noncurrent assets	106,563		133,719	27,279	238,922	506,483
Noncurrent assets	**1,662,134**	**983,937**	**2,222,794**	**1,916,443**	**3,253,758**	**10,039,066**
Total assets	**3,473,450**	**1,908,922**	**4,603,710**	**2,875,604**	**5,612,504**	**18,474,190**
Deferred outflows of resources	**959,487**	**449,931**	**1,102,277**	**941,717**	**1,897,311**	**5,350,723**
Liabilities:						
Current liabilities	779,784	416,901	789,137	520,446	1,059,403	3,565,671
Long-term debt	681,331	557,852	1,312,029	1,087,904	1,299,005	4,938,121
Net pension liability	1,368,556	647,772	1,451,711	1,048,715	2,115,053	6,631,807
Net retiree health benefits liability	1,534,830	713,600	1,623,943	1,193,191	2,463,690	7,529,254
Other noncurrent liabilities	376,068	160,584	439,001	372,152	529,460	1,877,265
Total liabilities	**4,740,569**	**2,496,709**	**5,615,821**	**4,222,408**	**7,466,611**	**24,542,118**
Deferred inflows of resources	**438,464**	**237,222**	**576,245**	**327,462**	**698,973**	**2,278,366**
Net position:						
Net investment in capital assets	824,936	415,048	736,002	779,658	1,572,954	4,328,598
Restricted	8,112	5,247	24,384	346	121,533	159,622
Unrestricted	(1,579,144)	(795,373)	(1,246,465)	(1,512,553)	(2,350,256)	(7,483,791)
Total net position	**($746,096)**	**($375,078)**	**($486,079)**	**($732,549)**	**($655,769)**	**($2,995,571)**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2019						
Current assets:						
Cash and cash equivalents	$819,285	$455,229	$1,114,849	$341,255	$946,580	$3,677,198
Net patient accounts receivable	269,446	158,234	398,976	367,003	682,558	1,876,217
Short-term investments and other current assets	267,682	117,663	387,337	86,720	267,474	1,126,876
Total current assets	**1,356,413**	**731,126**	**1,901,162**	**794,978**	**1,896,612**	**6,680,291**
Restricted assets	13,718	9,348	10,973	2,843	100,160	137,042
Capital assets, net	1,115,955	766,783	1,671,098	1,609,016	2,427,895	7,590,747
Investments and other noncurrent assets	105,747		129,448	24,348	233,893	493,436
Noncurrent assets	**1,235,420**	**776,131**	**1,811,519**	**1,636,207**	**2,761,948**	**8,221,225**
Total assets	**2,591,833**	**1,507,257**	**3,712,681**	**2,431,185**	**4,658,560**	**14,901,516**
Deferred outflows of resources	**746,421**	**312,113**	**858,937**	**701,535**	**1,352,434**	**3,971,440**
Liabilities:						
Current liabilities	457,064	237,264	503,481	295,493	708,871	2,202,173
Long-term debt	320,819	329,673	876,922	771,188	917,096	3,215,698
Net pension liability	1,151,862	536,927	1,245,807	844,319	1,655,695	5,434,610
Net retiree health benefits liability	1,268,189	572,706	1,358,829	932,379	1,945,198	6,077,301
Other noncurrent liabilities	354,680	151,613	391,900	345,605	469,612	1,713,410
Total liabilities	**3,552,614**	**1,828,183**	**4,376,939**	**3,188,984**	**5,696,472**	**18,643,192**
Deferred inflows of resources	**408,817**	**226,433**	**547,364**	**284,341**	**617,396**	**2,084,351**
Net position:						
Net investment in capital assets	766,483	431,447	762,330	813,976	1,505,229	4,279,465
Restricted	13,283	9,348	24,776		97,383	144,790
Unrestricted	(1,402,943)	(676,041)	(1,139,791)	(1,154,581)	(1,905,486)	(6,278,842)
Total net position	**($623,177)**	**($235,246)**	**($352,685)**	**($340,605)**	**($302,874)**	**($1,854,587)**

Cash and Cash Equivalents

Cash and cash equivalents changed in 2021 as follows:

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

Cash and cash equivalents changed in 2020 as follows:

Increased in millions of dollars			
Davis	$527.0	64.3%	Increase is due to operational performance of the hospital and short-term advances from Medicare.
Irvine	208.1	45.7	Increase due to cash provided by operations and short-term advances from Medicare.
Los Angeles	481.4	43.2	Increase primarily due to direct government grants from the CARES Act, including Medicare advance payments, provider relief funding and cash from third-party settlements.
San Diego	158.8	46.5	Increase primarily due to direct government grants from the CARES Act, including Medicare advance payments and provider relief funding.
San Francisco	411.6	43.5	Increase due to short-term advances from Medicare, government direct grants related to COVID-19 and additional Medi-Cal supplemental funding.

Patient Accounts Receivable

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

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

Patient accounts receivable, net of estimated uncollectible accounts, changed in 2020 as follows:

Increased (decreased) in millions of dollars			
Davis	$12.2	4.5%	Increase due to higher case mix index and longer length of stay.
Irvine	(1.6)	(1.0)	Decrease due to cash collections slightly outpacing revenue growth.
Los Angeles	(44.2)	(11.1)	Decrease due to lower patient volume in the last quarter of the year, accelerated cash collections and timing of payments from payors.
San Diego	(37.7)	(10.3)	Decrease primarily due to impacts from COVID-19.
San Francisco	(21.0)	(3.1)	Decrease primarily due to lower patient volumes in the last quarter of the fiscal year.

Restricted Assets

In March 2020, to take advantage of low interest rates, the Medical Centers issued long-dated taxable bonds to finance future capital projects. Unspent proceeds and investment income earned on the proceeds from this issuance are invested in STIP, TRIP and GEP as of June 30, 2021 and 2020 as follows:

(in thousands of dollars)

	2021	2020
Davis	$388,001	$372,613
Irvine	215,191	233,314
Los Angeles	325,633	454,903
San Diego	307,016	330,590
San Francisco	448,636	400,480
Total	**$1,684,477**	**$1,791,900**

Capital Assets

Net capital assets changed in 2021 as follows:

Increased (decreased) in millions of dollars			
Davis	$173.4	14.8%	Increase due to significant ongoing constructions projects and land acquisition.
Irvine	63.3	8.5	Increase due to medical office building purchase and the construction costs of the Irvine Medical Center.
Los Angeles	61.3	3.8	Increase due to a capital investment in the community with the purchase of a hospital property in the mid-Wilshire area of Los Angeles.
San Diego	(61.8)	(4.0)	Annual depreciation exceeded capital expenditures for the year.
San Francisco	87.8	3.5	Increase due to major ongoing construction projects including the new hospital at Parnassus Heights and the new clinical facility at Block 34 Mission Bay.

Net capital assets changed in 2020 as follows:

Increased (decreased) in millions of dollars			
Davis	$58.9	5.3%	Ongoing construction resulted in higher capital expenditures.
Irvine	(21.4)	(2.8)	Annual depreciation exceeded capital expenditures.
Los Angeles	(47.5)	(2.8)	Annual depreciation exceeded capital projects for the year.
San Diego	(50.8)	(3.2)	Annual depreciation exceeded capital expenditures for the year.
San Francisco	63.3	2.6	Increase due to Bakar Precision Cancer Medical Building and Moffitt-Long Radiology Renovation Project.

Current Liabilities

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

(in thousands of dollars)

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

Long-term Debt

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

Decreased in millions of dollars			
Davis	($23.5)	(3.3%)	Debt service payments were made reducing long-term debt.
Irvine	(5.8)	(1.0)	Debt service payments were made reducing long-term debt.
Los Angeles	(30.5)	(2.3)	Debt service payments were made reducing long-term debt.
San Diego	(21.0)	(1.9)	Debt service payments were made reducing long-term debt.
San Francisco	(18.7)	(1.4)	Debt service payments were made reducing long-term debt.

In March 2020, to take advantage of low interest rates, the Medical Centers issued $1.8 billion of long-dated taxable bonds to finance the acquisition, construction, improvement and renovation of certain facilities, including retrofitting or replacing certain facilities to be compliant with state seismic requirements. The long-dated taxable bonds include $650 million maturing in 2050, $850 million maturing in 2060 and $300 million maturing in 2021. Long-term debt, including the current portion, changed in 2020 as follows:

Increased in millions of dollars			
Davis	$362.8	106.1%	Increase due to issuance of new bonds in March 2020.
Irvine	228.3	68.1	Increase due to issuance of new bonds in March 2020.
Los Angeles	433.8	47.7	Increase due to issuance of new bonds in March 2020.
San Diego	311.6	39.1	Increase due to issuance of new bonds in March 2020.
San Francisco	396.1	42.9	Increase due to issuance of new bonds in March 2020.

Net Pension Liability

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

(in thousands of dollars)

	2021		2020		2019	
	PROPORTIONATE SHARE	NET PENSION LIABILITY	PROPORTIONATE SHARE	NET PENSION LIABILITY	PROPORTIONATE SHARE	NET PENSION LIABILITY
Davis	7.1%	$472,294	6.7%	$1,368,556	6.7%	$1,151,862
Irvine	3.2	215,278	3.1	632,665	3.0	519,523
Los Angeles	7.2	478,616	7.1	1,451,711	7.2	1,245,807
San Diego	5.3	353,179	5.1	1,048,715	4.9	844,319
San Francisco	10.3	688,043	9.9	2,022,619	9.6	1,643,970
Total	**33.1%**	**$2,207,410**	**31.9%**	**$6,524,266**	**31.4%**	**$5,405,481**

The changes in net pension liability have been primarily driven by the investment performance of the UCRP investment portfolio. UCRP's total investment rate of return was 30.5 percent in 2021, 1.7 percent in 2020 and 6.0 percent in 2019. The discount rate used to estimate the net pension liability was 6.75 percent in 2021, 2020 and 2019.

The Irvine Medical Center's proportionate share of the net pension liability for the Orange County Employees Retirement System was $12.7 million, $15.1 million and $17.4 million as of June 30, 2021, 2020 and 2019, respectively.

CHRCO is the sponsor of a single employer defined benefit plan. The net pension liability for CHRCO was $22.4 million, $92.4 million and $11.7 million as of June 30, 2021, 2020 and 2019, respectively, and the liability is reported by San Francisco.

Net Retiree Health Benefits Liability

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

(in thousands of dollars)

	2021		2020		2019	
	PROPORTIONATE SHARE	NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE	NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE	NET RETIREE HEALTH BENEFITS LIABILITY
Davis	7.0%	$1,705,269	6.6%	$1,534,830	6.6%	$1,268,189
Irvine	3.2	775,408	3.1	713,600	3.0	572,706
Los Angeles	7.1	1,723,183	7.0	1,623,943	7.1	1,358,829
San Diego	5.3	1,271,447	5.2	1,193,191	4.8	932,379
San Francisco	10.3	2,493,992	10.6	2,463,690	10.1	1,945,198
Total	**32.9%**	**$7,969,299**	**32.5%**	**$7,529,254**	**31.6%**	**$6,077,301**

The changes in net retiree health benefits liability have been primarily driven by the changes in discount rates used to estimate the net retiree health benefits liability. The discount rate used to estimate the net retiree health benefits liability as of June 30, 2021, 2020 and 2019 was 2.16 percent, 2.21 percent and 3.50 percent, respectively. The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCRHBT plan assets are not sufficient to make benefit payments.

Net Position

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

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

LIQUIDITY AND CAPITAL RESOURCES

Days Cash on Hand

Days cash on hand measures the average number of days' expenses the Medical Centers maintain in cash and unrestricted investments. The goal, set by the University of California Office of the President, is a minimum of 60 days cash on hand. For 2021 and 2020, the days cash on hand includes Medicare short-term advances. Days cash on hand is as follows:

	2021	2020	2019
Davis	178	190	149
Irvine	182	180	148
Los Angeles	268	238	195
San Diego	86	77	61
San Francisco	168	106	88

Days of Revenue in Accounts Receivable

The days of revenue in accounts receivable measures the average number of days it takes to collect patient accounts receivable. Generally, days of revenue in accounts receivable increases when Medical Centers have implemented new billing systems and decreases as the Medical Centers have streamlined the billing and collection processes. Days of revenue in accounts receivable is as follows:

	2021	2020	2019
Davis	53	43	43
Irvine	43	46	48
Los Angeles	53	47	54
San Diego	54	55	68
San Francisco	56	51	55

Debt Service Coverage

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

	2021	2020	2019
Davis	5.6	0.2	2.8
Irvine	9.5	2.0	9.1
Los Angeles	7.3	4.5	6.1
San Diego	3.6	1.3	0.4
San Francisco	9.1	(0.4)	2.6

LOOKING FORWARD

Payments from Federal and State Health Care Programs

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

Moreover, Government Agents frequently interpret government regulations and other requirements differently. For example, Government Agents might disagree on a patient's principal medical diagnosis, the appropriate code for a clinical procedure or many other matters. Such disagreements might have a significant effect on the ultimate payout due from the government to fully recoup sums already paid. Governmental agencies may make changes in program interpretations, requirements or "conditions of participation," some of which may have implications for amounts previously estimated. In addition to varying interpretation and evolving codification of the regulations, standards of supporting documentation and required data are subject to wide variation.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medicaid revenues, each Medical Center estimates the amount of revenue that will ultimately be received under the Medicare and Medi-Cal programs. Amounts ultimately received or paid may vary significantly from these estimates.

Hospital Facilities Seismic Safety Act

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

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally, in the United States and in the state, including cities and counties throughout the state. There have been and may continue to be material financial impacts to the Medical Centers due to COVID-19 that will affect financial results for 2022 and potentially beyond.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the Medical Centers, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the Medical Centers expect or anticipate will or may occur in the future, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The Medical Centers do not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.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Report of Independent Auditors

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

We have audited the accompanying individual financial statements of the University of California, Davis Medical Center, the University of California, Irvine Medical Center, the University of California, Los Angeles Medical Center, the University of California, San Diego Medical Center, and the University of California, San Francisco Medical Center (collectively referred to as the "University of California Medical Centers"), each of which is a department of the University of California (the "University"), which comprise the individual statements of net position as of June 30, 2021 and 2020, and the related individual statements of revenues, expenses and changes in net position and of cash flows for the years then ended which comprise the basic financial statements of each of the University of California Medical Centers.

Management's Responsibility for the Individual Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the individual financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University of California Medical Centers' preparation and fair presentation of the individual financial statements 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 of California Medical Centers' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the individual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the individual financial positions of the University of California, Davis Medical Center, the University of California, Irvine Medical Center, the University of California, Los Angeles Medical Center, the University of California, San Diego Medical Center, and the University of California, San Francisco Medical Center as of June 30, 2021 and 2020, and the respective changes in their individual financial position and their individual cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the individual financial statements of the University of California Medical Centers are intended to present the financial position, and the changes in financial position and the cash flows of only that portion of the University of California that is attributable to the transactions of the University of California Medical Centers. They do not purport to, and do not, present fairly the financial position of the University of California as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

The accompanying management's discussion and analysis on pages 26 through 50 and required supplementary information on pages 113 through 119 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements of the corresponding University of California Medical Centers. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements of the corresponding University of California Medical Centers 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP
San Francisco, California
October 15, 2021

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF NET POSITION

At June 30, 2021 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
ASSETS						
Cash and cash equivalents	$1,137,044	$697,472	$1,706,524	$566,299	$2,146,459	$6,253,798
Short-term investments	159,483		293,139			452,622
Net patient accounts receivable	391,200	164,214	431,409	368,815	798,862	2,154,500
Other receivables	31,945	7,488	99,320	28,675	46,413	213,841
Third-party payor settlements, net	20,859	68,522	35,166	52,391	10,376	187,314
Inventory	45,399	29,629	60,877	42,089	73,195	251,189
Prepaid expenses and other assets	77,754	29,349	49,559	24,131	108,928	289,721
Current assets	**1,863,684**	**996,674**	**2,675,994**	**1,082,400**	**3,184,233**	**9,802,985**
Restricted assets:						
Deposits held for hospital construction	388,001	215,191	325,633	307,016	448,636	1,684,477
Donor funds			11,892		139,027	150,919
Capital assets, net	1,348,196	808,683	1,684,930	1,496,440	2,579,032	7,917,281
Investments in joint ventures	23,443	400	9,857	32,559	26,125	92,384
Investments			96,252		271,055	367,307
Other assets	81,765		60,415	1,330	18,198	161,708
Noncurrent assets	**1,841,405**	**1,024,274**	**2,188,979**	**1,837,345**	**3,482,073**	**10,374,076**
Total assets	**3,705,089**	**2,020,948**	**4,864,973**	**2,919,745**	**6,666,306**	**20,177,061**
DEFERRED OUTFLOWS OF RESOURCES	**814,971**	**360,856**	**797,814**	**727,306**	**1,375,878**	**4,076,825**
LIABILITIES						
Accounts payable and accrued expenses	128,722	63,342	212,782	152,436	280,765	838,047
Accrued salaries and benefits	204,281	120,433	280,596	161,461	393,501	1,160,272
Third-party payor settlements, net	224,358	173,386	72,568	19,187	435,065	924,564
Current portion of long-term debt and financing obligations	23,736	5,934	21,181	16,138	20,517	87,506
Short-term advances	163,212		246,874	153,694	242,661	806,441
Other current liabilities	111,333	94,854	11,451	121,365	154,488	493,491
Current liabilities	**855,642**	**457,949**	**845,452**	**624,281**	**1,526,997**	**4,310,321**
Long-term debt and financing obligations, net of current portion	657,595	551,919	1,290,848	1,072,401	1,279,577	4,852,340
Net pension liability	472,294	227,947	478,616	353,179	710,409	2,242,445
Net retiree health benefits liability	1,705,269	775,408	1,723,183	1,271,447	2,493,992	7,969,299
Notes payable to campus		5,158		94,219		99,377
Pension payable to University	364,305	164,194	369,436	271,946	528,499	1,698,380
Interest rate swap agreements	100	30	69,989	8,079	7,630	85,828
Self-insurance					17,883	17,883
Other noncurrent liabilities	49,878	887		28,259	21,563	100,587
Noncurrent liabilities	**3,249,441**	**1,725,543**	**3,932,072**	**3,099,530**	**5,059,553**	**17,066,139**
Total liabilities	**4,105,083**	**2,183,492**	**4,777,524**	**3,723,811**	**6,586,550**	**21,376,460**
DEFERRED INFLOWS OF RESOURCES	**1,091,931**	**523,733**	**1,198,340**	**805,949**	**1,703,545**	**5,323,498**
NET POSITION						
Net investment in capital assets	999,013	464,777	698,531	714,572	1,727,573	4,604,466
Restricted: Nonexpendable endowments and gifts			630		31,676	32,306
Restricted: Nonexpendable for minority interest			13,853			13,853
Restricted: Expendable capital projects and other	7,604	2,043	11,262	345	105,018	126,272
Unrestricted	(1,683,571)	(792,241)	(1,037,353)	(1,597,626)	(2,112,178)	(7,222,969)
Total net position	**($676,954)**	**($325,421)**	**($313,077)**	**($882,709)**	**($247,911)**	**($2,446,072)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF NET POSITION

At June 30, 2020 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
ASSETS						
Cash and cash equivalents	$1,346,277	$663,359	$1,596,270	$500,047	$1,358,221	$5,464,174
Short-term investments			241,947			241,947
Net patient accounts receivable	281,620	156,655	354,765	329,319	661,536	1,783,895
Other receivables	27,391	10,802	40,650	20,295	110,714	209,852
Third-party payor settlements, net	57,382	42,583	47,115	52,254	23,098	222,432
Inventory	41,494	26,633	48,692	36,467	97,037	250,323
Prepaid expenses and other assets	57,152	24,953	51,477	20,779	108,140	262,501
Current assets	**1,811,316**	**924,985**	**2,380,916**	**959,161**	**2,358,746**	**8,435,124**
Restricted assets:						
Deposits held for hospital construction	380,734	238,561	454,963	330,936	400,480	1,805,674
Donor funds			10,499		123,112	133,611
Capital assets, net	1,174,837	745,376	1,623,613	1,558,228	2,491,244	7,593,298
Investments in joint ventures	24,581		6,571	25,949	26,651	83,752
Investments			72,003		195,226	267,229
Other assets	81,982		55,145	1,330	17,045	155,502
Noncurrent assets	**1,662,134**	**983,937**	**2,222,794**	**1,916,443**	**3,253,758**	**10,039,066**
Total assets	**3,473,450**	**1,908,922**	**4,603,710**	**2,875,604**	**5,612,504**	**18,474,190**
DEFERRED OUTFLOWS OF RESOURCES	**959,487**	**449,931**	**1,102,277**	**941,717**	**1,897,311**	**5,350,723**
LIABILITIES						
Accounts payable and accrued expenses	87,709	52,927	245,276	130,856	265,007	781,775
Accrued salaries and benefits	183,835	92,534	224,761	117,216	312,606	930,952
Third-party payor settlements, net	199,417	145,290	1,853	4,000	206,281	556,841
Current portion of long-term debt and financing obligations	23,450	5,790	30,543	21,599	19,755	101,137
Short-term advances	204,304	110,411	276,489	183,000	146,050	920,254
Other current liabilities	81,069	9,949	10,215	63,775	109,704	274,712
Current liabilities	**779,784**	**416,901**	**789,137**	**520,446**	**1,059,403**	**3,565,671**
Long-term debt and financing obligations, net of current portion	681,331	557,852	1,312,029	1,087,904	1,299,005	4,938,121
Net pension liability	1,368,556	647,772	1,451,711	1,048,715	2,115,053	6,631,807
Net retiree health benefits liability	1,534,830	713,600	1,623,943	1,193,191	2,463,690	7,529,254
Notes payable to campus		10,316		95,873		106,189
Pension payable to University	324,773	150,268	344,162	247,215	479,888	1,546,306
Interest rate swap agreements			94,839		10,708	105,547
Self-insurance					17,350	17,350
Other noncurrent liabilities	51,295			29,064	21,514	101,873
Noncurrent liabilities	**3,960,785**	**2,079,808**	**4,826,684**	**3,701,962**	**6,407,208**	**20,976,447**
Total liabilities	**4,740,569**	**2,496,709**	**5,615,821**	**4,222,408**	**7,466,611**	**24,542,118**
DEFERRED INFLOWS OF RESOURCES	**438,464**	**237,222**	**576,245**	**327,462**	**698,973**	**2,278,366**
NET POSITION						
Net investment in capital assets	824,936	415,048	736,002	779,658	1,572,954	4,328,598
Restricted: Nonexpendable endowments and gifts			567		30,576	31,143
Restricted: Nonexpendable for minority interest			13,885			13,885
Restricted: Expendable capital projects and other	8,112	5,247	9,932	346	90,957	114,594
Unrestricted	(1,579,144)	(795,373)	(1,246,465)	(1,512,553)	(2,350,256)	(7,483,791)
Total net position	**($746,096)**	**($375,078)**	**($486,079)**	**($732,549)**	**($655,769)**	**($2,995,571)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Net patient service revenue	$2,683,029	$1,400,408	$2,977,106	$2,476,193	$5,239,018	$14,775,754
Other operating revenue:						
Clinical teaching support		7,882	13,467			21,349
Grants and contracts					17,121	17,121
Other	106,006	144,336	184,556	169,126	313,867	917,891
Total other operating revenue	**106,006**	**152,218**	**198,023**	**169,126**	**330,988**	**956,361**
Total operating revenue	**2,789,035**	**1,552,626**	**3,175,129**	**2,645,319**	**5,570,006**	**15,732,115**
Operating expenses:						
Salaries and wages	1,157,396	583,338	1,200,325	899,131	2,009,655	5,849,845
Pension benefits	134,006	55,030	130,944	111,765	243,783	675,528
Retiree health benefits	145,268	61,057	128,710	126,709	239,668	701,412
Other employee benefits	263,644	119,869	232,255	247,504	383,763	1,247,035
Professional services	167,648	11,884	35,142	64,885	946,884	1,226,443
Medical supplies	482,835	332,484	519,799	648,705	881,732	2,865,555
Other supplies and purchased services	201,131	209,491	421,951	190,181	451,763	1,474,517
Depreciation and amortization	102,871	88,897	100,786	104,953	187,544	585,051
Insurance and other	106,155	25,151	52,449	112,980	110,638	407,373
Total operating expenses	**2,760,954**	**1,487,201**	**2,822,361**	**2,506,813**	**5,455,430**	**15,032,759**
Income from operations	**28,081**	**65,425**	**352,768**	**138,506**	**114,576**	**699,356**
Nonoperating revenues (expenses):						
Direct government grants	67,915	73,193			282,968	424,076
Hospital Fee Program grants	10,453	6,773	7,396	6,644	6,530	37,796
Investment income	18,532	7,301	20,153	3,744	36,801	86,531
Build America Bonds federal interest subsidies		3,551	3,105	2,397	15,244	24,297
Private gifts, net					24,566	24,566
Net appreciation in fair value of investments	28,806	23,115	75,114		130,388	257,423
Interest expense	(21,809)	(24,226)	(47,168)	(50,606)	(65,763)	(209,572)
Loss on disposal of capital assets	(92)	(89)	(284)	(551)	(1,602)	(2,618)
Other	(6,431)	(19)	2,656	1,398	(21,831)	(24,227)
Net nonoperating revenues (expenses)	**97,374**	**89,599**	**60,972**	**(36,974)**	**407,301**	**618,272**
Income before other changes in net position	**125,455**	**155,024**	**413,740**	**101,532**	**521,877**	**1,317,628**
Other changes in net position:						
Donated assets	37		415	6,708	(6,204)	956
Contributions (distributions) for building programs	679	2,201	1,122	(10,552)		(6,550)
Transfers from (to) University, net	7,257	42,095		(4,934)		44,418
Changes in allocation for pension payable to University	3,024	5,472	17,852	7,092	13,385	46,825
Health system support	(67,310)	(155,135)	(260,127)	(250,006)	(121,200)	(853,778)
Other changes in net position	**(56,313)**	**(105,367)**	**(240,738)**	**(251,692)**	**(114,019)**	**(768,129)**
Increase (decrease) in net position	**69,142**	**49,657**	**173,002**	**(150,160)**	**407,858**	**549,499**
Net position:						
Beginning of year	(746,096)	(375,078)	(486,079)	(732,549)	(655,769)	(2,995,571)
End of year	**($676,954)**	**($325,421)**	**($313,077)**	**($882,709)**	**($247,911)**	**($2,446,072)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2020 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Net patient service revenue	$2,412,137	$1,237,590	$2,788,841	$2,208,234	$4,747,624	$13,394,426
Other operating revenue:						
Clinical teaching support		7,882	13,467			21,349
Grants and contracts					35,805	35,805
Other	100,228	107,443	205,934	135,633	288,913	838,151
Total other operating revenue	**100,228**	**115,325**	**219,401**	**135,633**	**324,718**	**895,305**
Total operating revenue	**2,512,365**	**1,352,915**	**3,008,242**	**2,343,867**	**5,072,342**	**14,289,731**
Operating expenses:						
Salaries and wages	1,021,065	513,528	1,149,617	823,038	1,899,828	5,407,076
Pension benefits	364,359	161,283	393,679	297,301	634,756	1,851,378
Retiree health benefits	114,897	50,163	111,592	111,080	235,885	623,617
Other employee benefits	236,109	122,655	223,992	238,642	360,464	1,181,862
Professional services	163,467	18,600	37,764	65,834	900,736	1,186,401
Medical supplies	399,436	271,762	447,564	548,123	785,910	2,452,795
Other supplies and purchased services	193,211	170,383	410,364	191,428	430,603	1,395,989
Depreciation and amortization	94,562	86,344	148,411	103,264	203,299	635,880
Insurance and other	94,537	43,115	50,231	88,711	108,703	385,297
Total operating expenses	**2,681,643**	**1,437,833**	**2,973,214**	**2,467,421**	**5,560,184**	**15,120,295**
Income (loss) from operations	**(169,278)**	**(84,918)**	**35,028**	**(123,554)**	**(487,842)**	**(830,564)**
Nonoperating revenues (expenses):						
Direct government grants	71,496	34,627	98,703	89,206	144,542	438,574
Hospital Fee Program grants	5,404		4,271	6,633	6,530	22,838
Investment income	22,382	9,484	29,118	7,665	25,202	93,851
Build America Bonds federal interest subsidies		3,365	3,102	2,394	15,225	24,086
Private gifts, net					64,602	64,602
Net appreciation (depreciation) in fair value of investments	(6,552)		(1,575)		10,718	2,591
Interest expense	(15,784)	(18,786)	(39,113)	(45,293)	(59,001)	(177,977)
Loss on disposal of capital assets	(56)	(202)	(167)	(276)	(4,676)	(5,377)
Decrease upon hedge termination			(6,467)			(6,467)
Other	(11,892)	(112)	2,681	(1,737)	(2,197)	(13,257)
Net nonoperating revenues	**64,998**	**28,376**	**90,553**	**58,592**	**200,945**	**443,464**
Income (loss) before other changes in net position	**(104,280)**	**(56,542)**	**125,581**	**(64,962)**	**(286,897)**	**(387,100)**
Other changes in net position:						
Donated assets	40		696	1,273	54,364	56,373
Contributions for building programs	794	941	4,545	11,232		17,512
Transfers from (to) University, net	22,410	40,876		(10,126)		53,160
Changes in allocation for pension payable to University	12,839	1,699	18,180	869	830	34,417
Health system support	(54,722)	(126,806)	(282,396)	(330,230)	(121,192)	(915,346)
Other changes in net position	**(18,639)**	**(83,290)**	**(258,975)**	**(326,982)**	**(65,998)**	**(753,884)**
Decrease in net position	**(122,919)**	**(139,832)**	**(133,394)**	**(391,944)**	**(352,895)**	**(1,140,984)**
Net position:						
Beginning of year	(623,177)	(235,246)	(352,685)	(340,605)	(302,874)	(1,854,587)
End of year	**($746,096)**	**($375,078)**	**($486,079)**	**($732,549)**	**($655,769)**	**($2,995,571)**

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF CASH FLOWS

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

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Cash flows from operating activities:						
Receipts from patients and third-party payors	$2,604,572	$1,395,006	$2,953,491	$2,451,748	$5,503,639	$14,908,456
Payments to employees	(1,133,764)	(555,439)	(1,190,108)	(854,887)	(1,945,929)	(5,680,127)
Payments to suppliers	(971,573)	(554,008)	(1,079,275)	(1,056,415)	(2,275,097)	(5,936,368)
Payments for benefits	(442,753)	(198,989)	(375,264)	(374,624)	(646,225)	(2,037,855)
Other receipts	117,722	105,792	145,576	239,754	256,321	865,165
Net cash provided by operating activities	**174,204**	**192,362**	**454,420**	**405,576**	**892,709**	**2,119,271**
Cash flows from noncapital financing activities:						
Health system support	(67,310)	(155,135)	(260,127)	(250,006)	(121,200)	(853,778)
Direct government grants	71,163	73,193			282,968	427,324
Hospital Fee Program grants	10,259	6,773	7,396	6,644	6,530	37,602
Transfers from (to) University, net	7,257	42,095		(4,934)		44,418
Gifts received for other than capital purposes					42,055	42,055
Repayment of notes payable to campus		(5,158)				(5,158)
Net cash provided (used) by noncapital financing activities	**21,369**	**(38,232)**	**(252,731)**	**(248,296)**	**210,353**	**(307,537)**
Cash flows from capital and related financing activities:						
Contributions (distributions) for building programs	679	2,201		(10,552)		(7,672)
Build America Bonds federal interest subsidies		3,551	3,105	2,397	15,213	24,266
Proceeds from sale of capital assets	11			55	36	102
Purchases of capital assets	(246,207)	(149,121)	(170,429)	(43,349)	(268,597)	(877,703)
Scheduled principal paid on long-term debt and financing obligations	(20,532)	(4,620)	(24,805)	(17,481)	(19,050)	(86,488)
Interest paid on long-term debt and financing obligations	(24,456)	(23,520)	(51,782)	(53,273)	(66,497)	(219,528)
Gifts and donated funds	37		415	6,708	(6,204)	956
Other nonoperating receipts (payments)		(19)	3,778	3,412	7,674	14,845
Net used by capital and related financing activities	**(290,468)**	**(171,528)**	**(239,718)**	**(112,083)**	**(337,425)**	**(1,151,222)**
Cash flows from investing activities:						
Investment income received	19,686	7,301	20,153	3,744	36,796	87,680
Contributions (distributions) to investments in joint ventures, net		(400)	4,338	(6,609)	(13,363)	(16,034)
Purchase of investments	(150,000)		(4,145)		(11,034)	(165,179)
Proceeds from sales and maturities of investments					10,899	10,899
Change in restricted assets	12,056	44,610	127,937	23,920	(697)	207,826
Other nonoperating receipts	3,920					3,920
Net cash provided (used) by investing activities	**(114,338)**	**51,511**	**148,283**	**21,055**	**22,601**	**129,112**
Net increase (decrease) in cash and cash equivalents	**(209,233)**	**34,113**	**110,254**	**66,252**	**788,238**	**789,624**
Cash and cash equivalents - beginning of year	1,346,277	663,359	1,596,270	500,047	1,358,221	5,464,174
Cash and cash equivalents - end of year	**$1,137,044**	**$697,472**	**$1,706,524**	**$566,299**	**$2,146,459**	**$6,253,798**

STATEMENTS OF CASH FLOWS *continued*

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

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Reconciliation of income from operations to net cash provided by operating activities:						
Income from operations	$28,081	$65,425	$352,768	$138,506	$114,576	$699,356
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:						
Depreciation and amortization expense	102,871	88,897	100,786	104,953	187,544	585,051
Provision for uncollectible accounts	68,891	77,745	54,816	24,387	44,898	270,737
Changes in operating assets and liabilities:						
Patient accounts receivable	(178,471)	(85,304)	(131,460)	(63,883)	(182,224)	(641,342)
Other receivables	(4,518)	3,314	(58,670)	(8,380)	38,170	(30,084)
Inventory	(3,905)	(2,996)	(12,185)	(5,622)	(527)	(25,235)
Prepaid expenses and other assets	(20,602)	(4,396)	(8,333)	(3,352)	(788)	(37,471)
Other assets	(779)				14,289	13,510
Accounts payable and accrued expenses	12,785	7,243	(24,451)	20,840	8,473	24,890
Accrued salaries and benefits	20,446	27,899	55,835	44,245	80,897	229,322
Third-party payor settlements, net	61,464	2,157	82,664	15,050	241,505	402,840
Short-term advances	(41,092)	(110,411)	(29,615)	(29,306)	96,611	(113,813)
Other liabilities	22,658	85,792	1,238	56,785	45,466	211,939
Pension benefits	(6,270)	(9,224)	(24,717)	8,970	11,864	(19,377)
Retiree health benefits	112,645	46,221	95,744	102,383	191,955	548,948
Net cash provided by operating activities	**$174,204**	**$192,362**	**$454,420**	**$405,576**	**$892,709**	**$2,119,271**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION						
Payables for property and equipment	$51,637	$4,838	$11,845	$884	$20,697	$89,901
Equipment acquired with financing					1,089	1,089
Amortization of bond premium	2,918	1,169	5,738	3,483	705	14,013
Capital asset transfers from (to) the University	(52)	2,201				2,149
Change in fair value of interest rate swaps	(100)	(30)	24,850	(8,079)	3,078	19,719
Amortization of borrowing for off-the-market interest rate swap			(1,046)			(1,046)
Beneficial interests in irrevocable split-interest agreements					17,992	17,992

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2020 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Cash flows from operating activities:						
Receipts from patients and third-party payors	$2,640,744	$1,423,567	$3,008,101	$2,178,746	$4,938,596	$14,189,754
Payments to employees	(981,732)	(488,806)	(1,137,373)	(795,584)	(1,806,747)	(5,210,242)
Payments to suppliers	(859,332)	(466,410)	(891,123)	(934,274)	(2,157,744)	(5,308,883)
Payments for benefits	(407,319)	(193,563)	(372,000)	(357,333)	(586,373)	(1,916,588)
Other receipts	102,111	61,173	169,169	402,331	212,818	947,602
Net cash provided by operating activities	**494,472**	**335,961**	**776,774**	**493,886**	**600,550**	**2,701,643**
Cash flows from noncapital financing activities:						
Health system support	(54,722)	(126,806)	(282,396)	(330,230)	(121,192)	(915,346)
Direct government grants	96,883	34,627	98,703	89,206	144,542	463,961
Hospital Fee Program grants	6,725		4,271	6,633	6,530	24,159
Transfers from (to) University, net	22,410	40,876		(10,126)		53,160
Gifts received for other than capital purposes					66,932	66,932
Repayment of notes payable to campus		(5,158)				(5,158)
Net cash provided (used) by noncapital financing activities	**71,296**	**(56,461)**	**(179,422)**	**(244,517)**	**96,812**	**(312,292)**
Cash flows from capital and related financing activities:						
Contributions for building programs	794	941		11,232		12,967
Proceeds from financing obligations and other borrowings	373,701	233,970	607,108	338,317	401,664	1,954,760
Build America Bonds federal interest subsidies		3,365	3,102	2,394	15,225	24,086
Proceeds from sale of capital assets	271	293		17		581
Purchases of capital assets	(131,285)	(65,648)	(86,691)	(54,504)	(275,203)	(613,331)
Refinancing or prepayment of outstanding debt			(149,025)			(149,025)
Scheduled principal paid on long-term debt and financing obligations	(20,408)	(4,465)	(25,176)	(22,775)	(4,865)	(77,689)
Interest paid on long-term debt and financing obligations	(17,048)	(19,985)	(44,195)	(43,464)	(57,817)	(182,509)
Gifts and donated funds	40		696	1,273	54,364	56,373
Other nonoperating receipts (payments)		(112)	7,809	291	(8,657)	(669)
Net cash provided by capital and related financing activities	**206,065**	**148,359**	**313,628**	**232,781**	**124,711**	**1,025,544**
Cash flows from investing activities:						
Investment income received	23,597	9,484	29,118	7,665	25,276	95,140
Contributions (distributions) to investments in joint ventures, net			1,222	(2,930)	(14,281)	(15,989)
Purchase of investments	(1,385)		(5,230)			(6,615)
Proceeds from sales and maturities of investments	98,369				2,456	100,825
Change in restricted assets	(367,016)	(229,213)	(454,669)	(328,093)	(423,883)	(1,802,874)
Other nonoperating receipts	1,594					1,594
Net cash used by investing activities	**(244,841)**	**(219,729)**	**(429,559)**	**(323,358)**	**(410,432)**	**(1,627,919)**
Net increase in cash and cash equivalents	**526,992**	**208,130**	**481,421**	**158,792**	**411,641**	**1,786,976**
Cash and cash equivalents - beginning of year	819,285	455,229	1,114,849	341,255	946,580	3,677,198
Cash and cash equivalents - end of year	**$1,346,277**	**$663,359**	**$1,596,270**	**$500,047**	**$1,358,221**	**$5,464,174**

STATEMENTS OF CASH FLOWS *continued*

For the year ended June 30, 2020 (in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL *(memorandum only)*
Reconciliation of income (loss) from operations to net cash provided by operating activities:						
Income (loss) from operations	($169,278)	($84,918)	$35,028	($123,554)	($487,842)	($830,564)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:						
Depreciation and amortization expense	94,562	86,344	148,411	103,264	203,299	635,880
Provision for uncollectible accounts	56,017	72,221	45,329	25,545	47,739	246,851
Changes in operating assets and liabilities:						
Patient accounts receivable	(68,191)	(70,642)	(1,118)	12,139	(26,718)	(154,530)
Other receivables	(7,094)	(7,522)	(10,350)	(1,599)	(13,290)	(39,855)
Inventory	(3,686)	(6,675)	(7,178)	(2,906)	(40,105)	(60,550)
Prepaid expenses and other assets	(5,581)	(656)	608	(571)	3,589	(2,611)
Other assets	1,932				10,543	12,475
Accounts payable and accrued expenses	1,936	1,666	19,781	(3,654)	11,815	31,544
Accrued salaries and benefits	41,678	24,722	47,617	27,454	156,683	298,154
Third-party payor settlements, net	24,466	73,987	(101,451)	(67,171)	16,036	(54,133)
Short-term advances	204,304	110,411	276,489	183,000	146,050	920,254
Other liabilities	4,868	(3,515)	1,719	52,249	(8,379)	46,942
Pension benefits	233,102	104,072	241,471	199,454	392,463	1,170,562
Retiree health benefits	85,437	36,466	80,418	90,236	188,667	481,224
Net cash provided by operating activities	**$494,472**	**$335,961**	**$776,774**	**$493,886**	**$600,550**	**$2,701,643**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION						
Payables for property and equipment	$23,408	$1,666	$19,888	$462	$13,413	$58,837
Amortization of bond premium	3,086	1,199	6,198	3,922	705	15,110
Capital asset transfers from the University	1,307	942				2,249
Change in fair value of interest rate swaps			(29,673)		(2,389)	(32,062)
Amortization of borrowing for off-the-market interest rate swap			(1,046)			(1,046)
Beneficial interests in irrevocable split-interest agreements					16,501	16,501
Other borrowings from conversion of interest rate swap to hedging derivative			68,905			68,905

See accompanying notes to financial statements.

UNIVERSITY OF CALIFORNIA MEDICAL CENTER POOLED GROUP

Notes to Financial Statements

Years ended June 30, 2021 and 2020

1. ORGANIZATION

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Medical Centers have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable Statements of the Governmental Accounting Standards Board (GASB). The proprietary fund method of accounting is followed and uses the economic resources measurement focus and the accrual basis of accounting.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, effective for the Medical Centers' fiscal year beginning July 1, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust

funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The adoption of Statement No. 84 did not result in any adjustments to the previously issued financial statements of the Medical Centers.

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

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

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

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

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

Additional information on cash and investments can be obtained from the University's 2020-2021 annual report.

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

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

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

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

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

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

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

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

Beneficial interests in irrevocable split-interest agreements. The beneficial interests in irrevocable split-interest agreements represent the Medical Centers' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as an asset and deferred inflows of resources. These are measured at fair value and are reported as other

noncurrent assets in the statements of net position. Changes in the fair value of the beneficial interest asset are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Capital assets, net. The Medical Centers' capital assets are reported at cost at the date of acquisition. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. The range of the estimated useful lives for the Medical Centers' buildings and land improvements is 5 to 40 years and 2 to 20 years for equipment. University guidelines mandate that land purchased with the Medical Centers' funds is recorded as an asset of the Medical Centers. Land utilized by the Medical Centers but purchased with other sources of funds is recorded as an asset of the University. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized by the Medical Centers if the cost exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost in excess of $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contributions received by CHRCO may be designated by the donor for restricted purposes or may be without restriction as to their use. Contributions restricted by donors as to use or time period are reported as restricted until used in a manner designated or upon expiration of the time period. Under California law, income and gains on permanently restricted net position are maintained in restricted expendable net position until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act. Income and gains on permanently restricted net position that are available for expenditure are $19.6 million and $9.3 million as of June 30, 2021 and 2020, respectively.

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

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

The Medical Centers estimate and recognize a provision for uncollectible accounts based on historical experience.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reclassifications. Certain reclassifications have been made to the 2020 financial information to conform to the 2021 financial statement presentation.

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

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

In January 2020, the GASB issued Statement No. 92, Omnibus 2020, effective for the Medical Centers' fiscal year beginning July 1, 2021. The Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Medical Centers are evaluating the effect that Statement No. 92 will have on its financial statements.

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

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for the Medical Centers' fiscal year beginning July 1, 2023. The Statement requires for these arrangements to be recorded as a right-to-use intangible asset and a corresponding subscription liability. The Medical Centers are evaluating the effect that Statement No. 96 will have on its financial statements.

2. INVESTMENTS

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

(in thousands of dollars)

	FAIR VALUE LEVEL	DAVIS	LOS ANGELES		SAN FRANCISCO	
		2021	2021	2020	2021	2020
Fixed- or variable-income securities:						
U.S. government-guaranteed:						
U.S. Treasury bills, notes and bonds	2				$386	$405
U.S. government-guaranteed					**386**	**405**
Commingled funds:						
U.S. equity funds	1				621	890
Non-U.S. equity funds	1				373	351
U.S. bond funds	1				328	289
Non-U.S. bond funds	1				128	131
Money market funds	1				38	51
Balanced funds	NAV	$159,483	$389,391	$313,950	337,111	245,192
Commingled funds		**159,483**	**389,391**	**313,950**	**338,599**	**246,904**
Publicly traded real estate investment trusts	1				293	252
Total investments		**159,483**	**389,391**	**313,950**	**339,278**	**247,561**
Less: Current portion		(159,483)	(293,139)	(241,947)		
Less: Reported as restricted assets in donor funds					(68,223)	(52,335)
Noncurrent portion			**$96,252**	**$72,003**	**$271,055**	**$195,226**

The University-managed commingled funds (UC pooled funds) serve as the core investment vehicle for the Medical Centers. A description of the funds used is as follows:

TRIP. The Total Return Investment Pool (TRIP) allows participants the opportunity to maximize the return on their long-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP supplements STIP by investing in an intermediate-term, higher-risk portfolio allocated across equities, fixed-income and liquid alternative strategies, and allows participants to maximize the return on their long-term capital. The objective of TRIP is to generate a rate of return above the policy benchmark, after all costs and fees, consistent with liquidity, cash flow requirements and the risk. UC Davis Medical Center's and UCLA Medical Center's investment in TRIP is classified as commingled balanced funds. TRIP is considered to be an external investment pool from the Medical Center's perspective. The fair value of the UC Davis Medical Center's investment in TRIP was $159.5 million at June 30, 2021. The fair value of the UCLA Medical Center's investment in TRIP was $293.1 million and $241.9 million at June 30, 2021 and 2020, respectively.

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

GEP. The General Endowment Pool (GEP) is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio of equities, fixed-income securities and alternative investments. The primary goal is to maximize long-term total return, growth of principal and a growing payout stream to ensure that future funding for endowment-supported activities can be maintained. Where donor agreements place constraints on allowable

investments, assets associated with endowments are invested in accordance with the terms of the agreements. UCLA Medical Center's investment in GEP is classified as commingled funds. GEP is considered to be an external investment pool from the Medical Center's perspective. The fair value of the UCLA Medical Center's investment in GEP was $96.3 million and $72.0 million at June 30, 2021 and 2020, respectively.

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

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

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

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

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

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

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

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

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

Investment Risk Factors

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

Credit Risk

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

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

Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. The credit risk profile for investments at June 30, 2021 and 2020 is as follows:

(in thousands of dollars)

	SAN FRANCISCO	
	2021	**2020**
Fixed- or variable-income securities:		
U.S. government-guaranteed	$386	$405
Commingled funds:		
U.S. bond funds: Not rated	328	289
Non-U.S. bond funds: Not rated	128	131
Money market funds: Not rated	38	51

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100-basis-point (1-percentage-point) change in the level of interest rates. It is not a measure of time.

The effective durations for fixed- or variable-income securities at June 30, 2021 and 2020 are as follows:

	SAN FRANCISCO	
	2021	**2020**
U.S. government-guaranteed:		
U.S. Treasury bills, notes and bonds	5.5	6.4

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

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

Foreign Currency Risk

The University's strategic asset allocation policy for TRIP, BGP and GEP as well as the UCSF Foundation's asset allocation strategy includes allocations to non-U.S. equities and non-dollar-denominated bonds. Exposure from foreign currency risk results from investments in foreign currency-denominated equity, fixed-income and private equity securities. At June 30, 2021 and 2020, UCSF Medical Center is subject to foreign currency risk as a result of holding various currency denominations in the following investments:

(in thousands of dollars)

	SAN FRANCISCO	
	2021	**2020**
Commingled funds:		
Non-U.S. equity funds	$373	$351
Non-U.S. bond funds	128	131
Real estate investment trusts	96	84
Total exposure to foreign currency risk	**$597**	**$566**

3. NET PATIENT SERVICE REVENUE

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

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

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

The Medical Centers are reimbursed for cost reimbursable items at a tentative rate with final settlement of such items determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Medical Centers' classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Medical Centers have received final notices from the Medicare fiscal intermediary through June 30, 2015 for UC Davis Medical Center; through June 30, 2011 for UC Irvine Medical Center; through June 30, 2015 for Ronald Reagan UCLA Medical Center; through June 30, 2017 for the UCLA Santa Monica Medical Center; through June 30, 2018 for the Resnick Neuropsychiatric Hospital; through June 30, 2011, for UC San Diego Medical Center; through June 30, 2011 for UCSF Medical Center; and through June 30, 2019 for CHRCO. The fiscal intermediary is in the process of conducting their audits of the subsequent cost reports. The results of these audits have yet to be finalized and any amounts due to or from Medicare have not been determined. Estimated receivables and payables related to all open cost reporting periods are included in the statements of net position as third-party payor settlements.

Medi-Cal. The Medicaid program is referred to as Medi-Cal in California. Medi-Cal fee-for-service (FFS) inpatient hospital payments are made in accordance with the federal Medicaid hospital financing waiver and legislation enacted by the state of California (Waiver Program). The Waiver Program has been enacted in three five-year phases, the first covering 2006 through 2010, the second covering 2011 through 2015 and the third covering 2016 through 2020. The total payments under the Waiver Program made to the Medical Centers include a combination of Medi-Cal inpatient FFS payments, Medi-Cal Disproportionate Share Hospital (DSH) payments and the Safety Net Care Pool. Effective November 2011 through 2015, the Medical Centers are also eligible to receive incentive payments designed to encourage delivery system innovation in connection with federal health care reform. Effective July 2017, the Medical Centers may be eligible to receive enhanced payments and additional reimbursement for Medi-Cal managed care patients. However, since final approval of these payments is still pending with the Centers for Medicare & Medicaid Services, the Medical Centers have not recognized revenues as of June 30, 2021 and 2020 for such payments.

The Medical Centers are reimbursed at interim rates with final settlement of such items determined after submission of annual filings and audits thereof by the state. Payments under The Waiver Program are based on the allocation of pooled funds amongst all participating designated public hospitals in the state and are subject to change based on the audit results of the other participating designated public hospitals. The Medical Centers have received final settlements for the Waiver Program through 2007. The state is in the process of conducting audits of subsequent years of the Waiver Program. The results of these audits have yet to be finalized and any amounts due to or from Medi-Cal have not been determined. Estimated receivables and payables related to all Waiver Program reporting periods are included in the statements of net position as third-party payor settlements.

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

Hospital Fee Program. State of California Assembly Bill 1383 of 2009, as amended by AB 1653 on September 8, 2010, and extended through 2013, established a series of Medicaid supplemental payments funded through a Quality Assurance Fee and a Hospital Fee Program, which are imposed on certain California hospitals. The effective date of the Hospital Fee Program was April 1, 2009 through December 31, 2013, and was predicated, in part, on the enhanced Federal Medicaid Assistance Percentage contained in the American Reinvestment and Recovery Act. The Hospital Fee Program was extended for three years starting on January 1, 2014 with SB 239. The hospital fee program was made permanent through the passage of the Medi-Cal Funding and Accountability Act (Proposition 52), in the November 2016 General Election. By removing the sunset date of Jan. 1, 2018, in the existing statute (SB 239, 2013), the Act becomes the framework for all future hospital fee programs. Proposition 52 also makes permanent the limit on the amount the state can take out of the program for the General Fund; the construct of the fee program (both the fee side and the payment mechanisms); and the source of data and information used to develop the program. The current program in effect covers the period from July 1, 2019 through December 31, 2021. The Hospital Fee Program makes supplemental payments to hospitals for various health care services and supports the state's effort to maintain health care coverage for children. The Hospital Fee Program is funded by a Quality Assurance Fee paid by participating hospitals and matching federal funds. All of the Medical Centers, except CHRCO, are designated as public hospitals, and are exempt from paying the Quality Assurance Fee. CHRCO recognized $57.3 million and $71.7 million of patient service revenue under the Hospital Fee Program for the years ended June 30, 2021 and 2020, respectively. CHRCO paid $14.6 million and $18.7 million in Quality Assurance Fees for the years ended June 30, 2021 and 2020, respectively. The Medical Centers, including CHRCO, receive supplemental payments under the Hospital Fee Program.

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

Senate Bill 1732. State of California Senate Bill 1732 provides for supplemental Medi-Cal reimbursement to DSH for costs (i.e., principal and interest) of qualified patient care capital construction. For the years ended June 30, 2021 and 2020, the Medical Centers applied for and received additional revenue related to the reimbursement of costs for certain debt-financed construction projects based on the Medical Centers' Medi-Cal utilization rate.

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

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

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

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

(shown as percentage)

	MEDICARE		MEDI-CAL	
	2021	**2020**	**2021**	**2020**
Davis	18.4%	18.7%	16.7%	17.1%
Irvine	21.7	17.9	20.5	26.3
Los Angeles	11.3	13.1	5.5	6.9
San Diego	27.7	26.2	14.6	15.7
San Francisco	8.6	9.2	7.7	7.9

CHRCO receives Medi-Cal supplemental payments, which are comprised of both federal and non-federal components. CHRCO received $113.3 million and $118.8 million under these programs for the years ended June 30, 2021 and 2020, respectively. Included in the $113.3 million is $48.1 million approved in 2021 for prior periods.

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

(in thousands of dollars)

	2021	**2020**
Davis	$53,831	$65,624
Irvine	61,544	14,760
Los Angeles	67,546	138,489
San Diego	36,289	87,960
San Francisco	65,665	124,222
Total	**$284,875**	**$431,055**

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

(in thousands of dollars)

	PATIENT ACCOUNTS RECEIVABLE ALLOWANCE AT JUNE 30		PATIENT SERVICE REVENUE ALLOWANCE FOR THE YEAR ENDING JUNE 30	
	2021	**2020**	**2021**	**2020**
Davis	$71,467	$71,511	$68,891	$56,017
Irvine	78,939	84,448	77,745	72,221
Los Angeles	72,030	47,238	54,816	45,329
San Diego	115,332	100,971	24,387	25,545
San Francisco	84,563	68,624	44,898	47,739
Total	**$422,331**	**$372,792**	**$270,737**	**$246,851**

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Medicare	$710,466	$387,465	$814,577	$652,158	$815,686	$3,380,352
Medi-Cal	541,116	400,177	403,200	515,715	577,374	2,437,582
Contract (discounted or per diem)	1,426,386	607,097	1,682,106	1,300,394	3,718,743	8,734,726
Contract (capitated)	940		42,328		72,788	116,056
Non-sponsored/self-pay	4,121	5,669	34,895	7,926	54,427	107,038
Total	**$2,683,029**	**$1,400,408**	**$2,977,106**	**$2,476,193**	**$5,239,018**	**$14,775,754**
2020						
Medicare	$614,685	$332,035	$721,322	$576,339	$698,452	$2,942,833
Medi-Cal	585,488	317,668	459,203	522,121	653,390	2,537,870
Contract (discounted or per diem)	1,182,628	582,713	1,544,410	1,104,827	3,272,404	7,686,982
Contract (capitated)	26,097		38,102		60,381	124,580
Non-sponsored/self-pay	3,239	5,174	25,804	4,947	62,997	102,161
Total	**$2,412,137**	**$1,237,590**	**$2,788,841**	**$2,208,234**	**$4,747,624**	**$13,394,426**

4. CHARITY CARE

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Charity care at established rates	$17,704	$58,672	$17,692	$81,624	$101,027	$276,719
Estimated cost of charity care	5,561	17,309	6,480	18,815	26,519	74,684
Estimated cost in excess of reimbursement for patients under publicly sponsored programs	585,518	228,739	264,613	445,997	971,121	2,495,988
2020						
Charity care at established rates	$28,879	$75,771	$16,380	$83,397	$51,850	$256,277
Estimated cost of charity care	7,330	24,148	7,214	29,338	15,781	83,811
Estimated cost in excess of reimbursement for patients under publicly sponsored programs	463,585	325,279	351,533	514,496	1,290,538	2,945,431

5. RESTRICTED ASSETS, DEPOSITS HELD FOR HOSPITAL CONSTRUCTION

The Medical Center deposit bond proceeds in STIP, TRIP and GEP investment pools are managed by the University. The primary investment objective is to fund construction costs and pay debt service when due.

STIP is considered a money market fund since deposits are available on demand. TRIP and GEP are balanced funds which are invested in large pools of investments across a broad range of asset classes. All of the deposits are registered in the name of the University. Deposits in STIP, TRIP and GEP are not subject to credit risk and the pools are not rated. The fair value of deposits in STIP, TRIP and GEP are measured at NAV.

Holdings in the pools as of June 30 are as follows:

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
Money market funds	$15,640	$73,896	$4,175	$307,016	$1,199	$401,926
Balanced funds	372,361	141,295	321,458		447,437	1,282,551
Total	$388,001	$215,191	$325,633	$307,016	$448,636	$1,684,477

6. RESTRICTED ASSETS, DONOR FUNDS

Restricted assets due to donor restrictions are invested and remitted to the Medical Centers in accordance with the donors' wishes. Securities are held by the trustee in the name of the University. The trust agreements permit trustees to invest in equity and fixed-income securities, in addition to real property.

The composition of restricted assets due to donor restrictions at June 30 is as follows:

(in thousands of dollars)

	LOS ANGELES	SAN FRANCISCO	TOTAL
2021			
Cash and STIP	$4,017	$70,804	$74,821
General Endowment Pool and Endowed Investment Pool	7,232	66,056	73,288
Mutual funds	30		30
Charitable remainder trusts	613	2,167	2,780
Total	**$11,892**	**$139,027**	**$150,919**
2020			
Cash and STIP	$4,155	$70,777	$74,932
General Endowment Pool and Endowed Investment Pool	5,829	49,995	55,824
Mutual funds	30		30
Charitable remainder trusts	485	2,340	2,825
Total	**$10,499**	**$123,112**	**$133,611**

Donor restricted funds at June 30 are available for the following purposes:

(in thousands of dollars)

	LOS ANGELES	SAN FRANCISCO	TOTAL
2021			
Capital projects	$888	$8,041	$8,929
Endowments	630	68,223	68,853
Operations	10,374	62,763	73,137
Total	**$11,892**	**$139,027**	**$150,919**
2020			
Capital projects	$1,022	$2,545	$3,567
Endowments	567	52,335	52,902
Operations	8,910	68,232	77,142
Total	**$10,499**	**$123,112**	**$133,611**

Gifts and pledges are included in the financial statements of the University and transferred to the Medical Centers when used. Additional gift funds and pledges received by the related campus or foundation but not used by the Medical Centers are not included in the financial statements of the Medical Centers.

7. CAPITAL ASSETS

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

(in thousands of dollars)

DAVIS	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$36,675	$18,102	($250)	$54,527	$1,402		$55,929
Buildings and improvements	1,477,374	22,700		1,500,074	84,117	($602)	1,583,589
Equipment	508,581	73,388	(24,043)	557,926	66,744	(32,428)	592,242
Construction in progress	84,883	40,468		125,351	124,782		250,133
Capital assets, at cost	**$2,107,513**	**$154,658**	**($24,293)**	**$2,237,878**	**$277,045**	**($33,030)**	**$2,481,893**

	2019	DEPRECIATION	DISPOSALS	2020	DEPRECIATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION							
Buildings and improvements	$669,591	$42,557		$712,148	$45,695	($602)	$757,241
Equipment	321,967	52,005	($23,079)	350,893	57,176	(31,613)	376,456
Accumulated depreciation	991,558	**$94,562**	**($23,079)**	1,063,041	**$102,871**	**($32,215)**	1,133,697
Capital assets, net	**$1,115,955**			**$1,174,837**			**$1,348,196**

(in thousands of dollars)

IRVINE	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$12,859			$12,859	$23,850		$36,709
Buildings and improvements	932,811	$49,123		981,934	58,084	($2,544)	1,037,474
Equipment	508,012	26,522	($10,419)	524,115	27,328	(4,634)	546,809
Construction in progress	51,200	(10,213)		40,987	43,031		84,018
Capital assets, at cost	**$1,504,882**	**$65,432**	**($10,419)**	**$1,559,895**	**$152,293**	**($7,178)**	**$1,705,010**

	2019	DEPRECIATION	DISPOSALS	2020	DEPRECIATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION							
Buildings and improvements	$413,289	$40,667		$453,956	$43,550	($2,511)	$494,995
Equipment	324,810	45,677	($9,924)	360,563	45,347	(4,578)	401,332
Accumulated depreciation	738,099	**$86,344**	**($9,924)**	814,519	**$88,897**	**($7,089)**	896,327
Capital assets, net	**$766,783**			**$745,376**			**$808,683**

(in thousands of dollars)

LOS ANGELES	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$49,499			$49,499	$15,757		$65,256
Buildings and improvements	2,064,626	$15,469		2,080,095	31,557		2,111,652
Equipment	798,664	55,806	($201,794)	652,676	51,394	($64,469)	639,601
Construction in progress	47,656	29,817		77,473	63,678		141,151
Capital assets, at cost	**$2,960,445**	**$101,092**	**($201,794)**	**$2,859,743**	**$162,386**	**($64,469)**	**$2,957,660**

	2019	DEPRECIATION	DISPOSALS	2020	DEPRECIATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION							
Buildings and improvements	$670,878	$56,115	($750)	$726,243	$56,950	($621)	$782,572
Equipment	618,469	92,296	(200,878)	509,887	43,836	(63,565)	490,158
Accumulated depreciation	1,289,347	**$148,411**	**($201,628)**	1,236,130	**$100,786**	**($64,186)**	1,272,730
Capital assets, net	**$1,671,098**			**$1,623,613**			**$1,684,930**

(in thousands of dollars)

SAN DIEGO	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$8,641			$8,641			$8,641
Buildings and improvements	1,863,823	$22,380		1,886,203	$34,808		1,921,011
Equipment	466,293	13,755	($12,639)	467,409	20,775	($37,905)	450,279
Construction in progress	38,794	16,732		55,526	(9,822)		45,704
Capital assets, at cost	**$2,377,551**	**$52,867**	**($12,639)**	**$2,417,779**	**$45,761**	**($37,905)**	**$2,425,635**

	2019	DEPRECIATION	DISPOSALS	2020	DEPRECIATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION							
Buildings and improvements	$498,288	$58,449		$556,737	$62,986		$619,723
Equipment	270,247	44,815	($12,248)	302,814	41,967	($35,309)	309,472
Accumulated depreciation	768,535	**$103,264**	**($12,248)**	859,551	**$104,953**	**($35,309)**	929,195
Capital assets, net	**$1,609,016**			**$1,558,228**			**$1,496,440**

(in thousands of dollars)

SAN FRANCISCO	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$141,419	$4,894		$146,313	$25	($11)	$146,327
Buildings and improvements	2,906,813	219,996	($1,390)	3,125,419	100,764	(92)	3,226,091
Equipment	1,149,383	143,388	(16,326)	1,276,445	56,896	(48,509)	1,284,832
Construction in progress	340,362	(97,489)	(2,431)	240,442	119,009		359,451
Capital assets, at cost	**$4,537,977**	**$270,789**	**($20,147)**	**$4,788,619**	**$276,694**	**($48,612)**	**$5,016,701**

	2019	DEPRECIATION	DISPOSALS	2020	DEPRECIATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION							
Buildings and improvements	$1,204,038	$101,492	($611)	$1,304,919	$102,600		$1,407,519
Equipment	906,044	101,807	(15,395)	992,456	84,944	($47,250)	1,030,150
Accumulated depreciation	2,110,082	**$203,299**	**($16,006)**	2,297,375	**$187,544**	**($47,250)**	2,437,669
Capital assets, net	**$2,427,895**			**$2,491,244**			**$2,579,032**

(in thousands of dollars)

TOTAL	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$249,093	$22,996	($250)	$271,839	$41,034	($11)	$312,862
Buildings and improvements	9,245,447	329,668	(1,390)	9,573,725	309,330	(3,238)	9,879,817
Equipment	3,430,933	312,859	(265,221)	3,478,571	223,137	(187,945)	3,513,763
Construction in progress	562,895	(20,685)	(2,431)	539,779	340,678		880,457
Capital assets, at cost	**$13,488,368**	**$644,838**	**($269,292)**	**$13,863,914**	**$914,179**	**($191,194)**	**$14,586,899**

	2019	DEPRECIATION	DISPOSALS	2020	DEPRECIATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION							
Buildings and improvements	$3,456,084	$299,280	($1,361)	$3,754,003	$311,781	($3,734)	$4,062,050
Equipment	2,441,537	336,600	(261,524)	2,516,613	273,270	(182,315)	2,607,568
Accumulated depreciation	5,897,621	**$635,880**	**($262,885)**	6,270,616	**$585,051**	**($186,049)**	6,669,618
Capital assets, net	**$7,590,747**			**$7,593,298**			**$7,917,281**

Equipment under financing obligations and related accumulated amortization at June 30 are as follows:

(in thousands of dollars)

	DAVIS	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021					
Equipment under financing obligations	$12,544	$61,438	$94,647	$1,089	$169,718
Accumulated amortization	(4,761)	(19,136)	(45,093)	(13)	(69,003)
Total	**$7,783**	**$42,302**	**$49,554**	**$1,076**	**$100,715**
2020					
Equipment under financing obligations	$12,544	$98,644	$101,747		$212,935
Accumulated amortization	(2,378)	(49,831)	(40,315)		(92,524)
Total	**$10,166**	**$48,813**	**$61,432**		**$120,411**

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

Davis, San Diego and San Francisco have beds in service in facilities that do not meet the requirements of SB 1953, and these facilities will either need to be retrofitted or replaced by 2030. Asset retirement obligations and related deferred outflows are recognized based on the existence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates the Medical Centers to perform asset retirement activities. Davis, San Diego and San Francisco plan to demolish certain existing facilities to comply with SB 1953. At June 30, 2021, Davis recognized asset retirement obligations of $57.0 million and an expense of $9.2 million. At June 30, 2020, Davis recognized asset retirement obligations of $55.8 million and an expense of $17.3 million. At June 30, 2021, San Diego recognized asset retirement obligations of $26.6 million and an expense of $2.0 million. At June 30, 2020, San Diego recognized asset retirement obligations of $26.6 million and an expense of $2.0 million. At June 30, 2021, San Francisco recognized asset retirement obligations of $12.5 million and an expense of $3.3 million. At June 30, 2020, San Francisco recognized asset retirement obligations of $12.5 million and an expense of $2.5 million. The estimated remaining useful lives of these assets range from 1 to 11 years.

8. SHORT-TERM ADVANCES

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

9. NOTES PAYABLE TO CAMPUS

The UC Irvine Medical Center has an outstanding internal payable of $10.3 million and $15.5 million to the Irvine campus as of June 30, 2021 and 2020, respectively. The payable bears no interest and is being repaid in annual installments with the final payment due in May 2023.

The UC San Diego Medical Center has an internal loan from the San Diego campus funded from the campus' allocation of proceeds from a series of General Revenue Bonds of The Regents. The loan is to fund a portion of the costs for an outpatient pavilion. The loan is due in May 2048 and bears interest at a rate of 5.0 percent. As of June 30, 2021 and 2020, balances of $94.2 million and $95.9 million, respectively, were outstanding and are reported as a note payable to the campus on the statements of net position. Interest payments of $4.7 million and $4.6 million were made on the loan for each of the years ended June 30, 2021 and 2020, respectively.

10. INTEREST RATE SWAP AGREEMENTS

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

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

The UCLA Medical Center commenced hedge accounting for the certain interest rate swap agreements either upon refinancing the variable-rate debt or amending the interest rate swap agreements. At the time of the transactions, the fixed rate on each of the interest rate swaps was off-market such that the UCLA Medical Center received an upfront payment. The swaps consist of an at-the-market interest rate swap derivative instrument and a borrowing, represented by the market value of the swap at the time of the transaction. To commence hedge accounting, an additional borrowing for the off-the-market interest rate swap was recognized. The unamortized amount of the borrowing was $72.2 million and $75.2 million at June 30, 2021 and 2020, respectively.

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

(in thousands of dollars)

	NOTIONAL AMOUNT		FAIR VALUE – POSITIVE (NEGATIVE)			CHANGES IN FAIR VALUE		
	2021	2020	CLASSIFICATION	2021	2020	CLASSIFICATION	2021	2020
Davis	$3,975		Other noncurrent liabilities	($100)		Deferred outflows	($100)	
Irvine	755		Other noncurrent liabilities	(30)		Deferred outflows	(30)	
Los Angeles	218,120	$174,775	Other noncurrent liabilities	(69,989)	($94,839)	Deferred outflows	24,850	($29,673)
San Diego	295,780		Other noncurrent liabilities	(8,079)		Deferred outflows	(8,079)	
San Francisco	53,425	56,760	Other noncurrent liabilities	(7,630)	(10,708)	Deferred outflows	3,078	(2,389)

Because interest rates have changed since the execution of the swaps, the estimated fair value of the swaps has been determined using quoted market prices when available or a forecast of expected discounted future net cash flows. The swaps are classified as level 2 on the fair value hierarchy. The fair value of the interest rate swap is the estimated amount the Medical Centers would have either (paid) or received if the swap agreement was terminated on June 30, 2021 or 2020.

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

(in thousands of dollars)

TERMS	NOTIONAL AMOUNT		EFFECTIVE DATE	MATURITY DATE	CASH PAID OR RECEIVED	COUNTERPARTY CREDIT RATING
	2021	2020				
Davis						
Pay fixed 0.926 percent; receive 70 percent of Federal Funds Rate - H.15	$1,990		2023	2047	None	A2/A
Pay fixed 1.238 percent; receive 70 percent of Federal Funds Rate - H.15	1,985		2023	2047	None	A1/AA-
Irvine						
Pay fixed 0.926 percent; receive 70 percent of Federal Funds Rate - H.15	375		2023	2047	None	A2/A
Pay fixed 1.238 percent; receive 70 percent of Federal Funds Rate - H.15	380		2023	2047	None	A1/AA-
Los Angeles						
Pay fixed 4.550 percent; receive 67 percent of Federal Funds Rate + 0.760 percent	31,610	$31,610	2020	2030	None	Aa2/A+
Pay fixed 4.625 percent; receive 67 percent of Federal Funds Rate + 0.797 percent	38,670	38,670	2020	2037	None	Aa2/A+
Pay fixed 4.694 percent; receive 67 percent of Federal Funds Rate + 0.861 percent	54,495	54,495	2020	2043	None	Aa2/A+
Pay fixed 4.741 percent; receive 67 percent of Federal Funds Rate + 0.902 percent	24,250	24,250	2020	2045	None	Aa2/A+
Pay fixed 4.741 percent; receive 67 percent of Federal Funds Rate + 0.902 percent	25,750	25,750	2020	2047	None	Aa2/A+
Pay fixed 0.926 percent; receive 70 percent of Federal Funds Rate - H.15	21,675		2023	2048	None	A2/A
Pay fixed 1.238 percent; receive 70 percent of Federal Funds Rate - H.15	21,670		2023	2048	None	A1/AA-
San Diego						
Pay fixed 0.926 percent; receive 70 percent of Federal Funds Rate - H.15	147,890		2023	2048	None	A2/A
Pay fixed 1.238 percent; receive 70 percent of Federal Funds Rate - H.15	147,890		2023	2048	None	A1/AA-
San Francisco						
Pay fixed 3.590 percent; receive 58 percent of Federal Funds Rate + 0.564 percent	52,900	56,760	2020	2032	None	Aa2/A+
Pay fixed 0.926 percent; receive 70 percent of Federal Funds Rate - H.15	260		2023	2047	None	A2/A
Pay fixed 1.238 percent; receive 70 percent of Federal Funds Rate - H.15	265		2023	2047	None	A1/AA-

Interest Rate Swap Risk Factors

Credit Risk

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

Certain UCLA Medical Center swaps and the forward starting swaps held by the Medical Centers have collateral requirements. Depending on the fair value and the counterparty credit rating for certain of the UCLA Medical Center swaps, the University may be entitled to receive collateral to the extent the positive fair value exceeds $20.0 million as of June 30, 2021. At June 30, 2021 and 2020, there was no collateral required. Depending on the fair value and the counterparty credit rating for the forward starting swaps, the Medical Centers may be entitled to receive collateral based on a positive value threshold. At June 30, 2021, there was no collateral required.

Interest Rate Risk

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

Basis Risk

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

Termination Risk

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

11. LONG-TERM DEBT AND FINANCING OBLIGATIONS

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
University of California Medical Center Pooled Revenue Bonds:						
2007 Series B*					$52,900	$52,900
2009 Series F Build America Bonds		$155,375	$140,665	$110,355	19,255	425,650
2010 Series H Build America Bonds					685,975	685,975
2010 Series I			3,155			3,155
2013 Series J	$6,460	1,385	49,995	297,920	525	356,285
2013 Series K*			31,300			31,300
2016 Series L	208,290	114,260	243,445	80,625	105,545	752,165
2016 Series M	46,060	33,450	36,100		18,130	133,740
2020 Series N	373,701	233,970	457,898	332,767	401,664	1,800,000
2020 Series O*			149,210			149,210
University of California General Revenue Bonds:						
2017 Series AY	4,525	1,765	20,365	192,785		219,440
Financing obligations	8,054		66,581	35,624		110,259
Other borrowings			72,197		1,089	73,286
Total outstanding debt and financing obligations	**647,090**	**540,205**	**1,270,911**	**1,050,076**	**1,285,083**	**4,793,365**
Unamortized bond premium	34,241	17,648	41,118	38,463	15,011	146,481
Total debt and financing obligations	**681,331**	**557,853**	**1,312,029**	**1,088,539**	**1,300,094**	**4,939,846**
Less: Current portion	(23,736)	(5,934)	(21,181)	(16,138)	(20,517)	(87,506)
Noncurrent portion of debt and financing obligations	**$657,595**	**$551,919**	**$1,290,848**	**$1,072,401**	**$1,279,577**	**$4,852,340**

** Variable-rate bonds*

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2020						
University of California Medical Center Pooled Revenue Bonds:						
2007 Series B*					$56,760	$56,760
2009 Series F Build America Bonds		$155,855	$143,320	$110,355	19,620	429,150
2010 Series H Build America Bonds					700,000	700,000
2010 Series I			3,840			3,840
2013 Series J	$7,615	1,680	53,100	298,920	525	361,840
2013 Series K*			31,300			31,300
2016 Series L	221,660	116,945	249,190	84,725	106,135	778,655
2016 Series M	49,860	34,610	38,990		18,340	141,800
2020 Series N	373,701	233,970	457,898	332,767	401,664	1,800,000
2020 Series O*			149,210			149,210
University of California General Revenue Bonds:						
2017 Series AY	4,525	1,765	20,365	192,785		219,440
Financing obligations	10,261		76,306	48,005		134,572
Other borrowings			75,205			75,205
Total outstanding debt and financing obligations	**667,622**	**544,825**	**1,298,724**	**1,067,557**	**1,303,044**	**4,881,772**
Unamortized bond premium	37,159	18,817	43,848	41,946	15,716	157,486
Total debt and financing obligations	**704,781**	**563,642**	**1,342,572**	**1,109,503**	**1,318,760**	**5,039,258**
Less: Current portion	(23,450)	(5,790)	(30,543)	(21,599)	(19,755)	(101,137)
Noncurrent portion of debt and financing obligations	**$681,331**	**$557,852**	**$1,312,029**	**$1,087,904**	**$1,299,005**	**$4,938,121**

** Variable-rate bonds*

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

	INTEREST RATE	INTEREST PAYMENT FREQUENCY	PRINCIPAL PAYMENT TERMS
University of California Medical Center Pooled Revenue Bonds:			
2007 Series B*	0.1 percent	Monthly	Through 2032
2009 Series F Build America Bonds	4.2 percent to 4.3 percent, after 35.0 percent federal subsidy	Semi-annually	Through 2049
2010 Series H Build America Bonds	3.3 percent to 4.3 percent, after 35.0 percent federal subsidy	Semi-annually	Through 2048
2010 Series I	5.8 percent	Semi-annually	Through 2025
2013 Series J	4.6 percent to 5.3 percent	Semi-annually	Through 2048
2013 Series K*	0.1 percent	Monthly	Beginning 2045 through 2047
2016 Series L	2.5 percent to 5.0 percent	Semi-annually	Through 2047
2016 Series M	1.9 percent to 3.5 percent	Semi-annually	Through 2047
2020 Series N	3.0 percent to 3.7 percent	Semi-annually	Beginning 2050 through 2120
2020 Series O*	0.1 percent	Monthly	Beginning 2023 through 2045
University of California General Revenue Bonds:			
2017 Series AY	3.0 percent to 5.0 percent	Semi-annually	Beginning 2022 through 2041
Financing obligations (primarily for computer and medical equipment, collateralized by underlying equipment)	Fixed interest rates of 1.1 percent to 6.0 percent	Monthly, quarterly	Through 2042

**Variable-rate bonds*

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

(in thousands of dollars)

DAVIS	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL
Year ended June 30, 2021			
Long-term debt and financing obligations at June 30, 2020	$694,520	$10,261	$704,781
Principal payments and debt retirements	(18,325)	(2,207)	(20,532)
Amortization of bond premium	(2,918)		(2,918)
Long-term debt and financing obligations at June 30, 2021	**673,277**	**8,054**	**681,331**
Less: Current portion	(21,457)	(2,279)	(23,736)
Noncurrent portion of long-term debt and financing obligations at June 30, 2021	**$651,820**	**$5,775**	**$657,595**
Year ended June 30, 2020			
Long-term debt and financing obligations at June 30, 2019	$342,030		$342,030
New obligations	373,701	$12,544	386,245
Principal payments and debt retirements	(18,125)	(2,283)	(20,408)
Amortization of bond premium	(3,086)		(3,086)
Long-term debt and financing obligations at June 30, 2020	**694,520**	**10,261**	**704,781**
Less: Current portion	(21,243)	(2,207)	(23,450)
Noncurrent portion of long-term debt and financing obligations at June 30, 2020	**$673,277**	**$8,054**	**$681,331**

(in thousands of dollars)

IRVINE	REVENUE BONDS
Year ended June 30, 2021	
Long-term debt and financing obligations at June 30, 2020	$563,642
Principal payments and debt retirements	(4,620)
Amortization of bond premium	(1,169)
Long-term debt and financing obligations at June 30, 2021	**557,853**
Less: Current portion	(5,934)
Noncurrent portion of long-term debt and financing obligations at June 30, 2021	**$551,919**
Year ended June 30, 2020	
Long-term debt and financing obligations at June 30, 2019	$335,336
New obligations	233,970
Principal payments and debt retirements	(4,465)
Amortization of bond premium	(1,199)
Long-term debt and financing obligations at June 30, 2020	**563,642**
Less: Current portion	(5,790)
Noncurrent portion of long-term debt and financing obligations at June 30, 2020	**$557,852**

(in thousands of dollars)

LOS ANGELES	REVENUE BONDS	FINANCING OBLIGATIONS	OTHER BORROWINGS	TOTAL
Year ended June 30, 2021				
Long-term debt and financing obligations at June 30, 2020	$1,191,061	$76,306	$75,205	$1,342,572
Principal payments and debt retirements	(15,080)	(9,725)		(24,805)
Amortization of bond premium	(2,730)		(3,008)	(5,738)
Long-term debt and financing obligations at June 30, 2021	**1,173,251**	**66,581**	**72,197**	**1,312,029**
Less: Current portion	(18,115)	(57)	(3,009)	(21,181)
Noncurrent portion of long-term debt and financing obligations at June 30, 2021	**$1,155,136**	**$66,524**	**$69,188**	**$1,290,848**
Year ended June 30, 2020				
Long-term debt and financing obligations at June 30, 2019	$751,748	$85,622	$71,441	$908,811
New obligations	607,108		75,957	683,065
Refinancing or prepayment of outstanding debt	(149,025)		(68,905)	(217,930)
Principal payments and debt retirements	(15,860)	(9,316)		(25,176)
Amortization of bond premium	(2,910)		(3,288)	(6,198)
Long-term debt and financing obligations at June 30, 2020	**1,191,061**	**76,306**	**75,205**	**1,342,572**
Less: Current portion	(17,810)	(9,725)	(3,008)	(30,543)
Noncurrent portion of long-term debt and financing obligations at June 30, 2020	**$1,173,251**	**$66,581**	**$72,197**	**$1,312,029**

(in thousands of dollars)

SAN DIEGO	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL
Year ended June 30, 2021			
Long-term debt and financing obligations at June 30, 2020	$1,061,498	$48,005	$1,109,503
Principal payments and debt retirements	(5,100)	(12,381)	(17,481)
Amortization of bond premium	(3,483)		(3,483)
Long-term debt and financing obligations at June 30, 2021	**1,052,915**	**35,624**	**1,088,539**
Less: Current portion	(8,783)	(7,355)	(16,138)
Noncurrent portion of long-term debt and financing obligations at June 30, 2021	**$1,044,132**	**$28,269**	**$1,072,401**
Year ended June 30, 2020			
Long-term debt and financing obligations at June 30, 2019	$739,903	$57,980	$797,883
New obligations	332,767	5,550	338,317
Principal payments and debt retirements	(7,250)	(15,525)	(22,775)
Amortization of bond premium	(3,922)		(3,922)
Long-term debt and financing obligations at June 30, 2020	**1,061,498**	**48,005**	**1,109,503**
Less: Current portion	(8,586)	(13,013)	(21,599)
Noncurrent portion of long-term debt and financing obligations at June 30, 2020	**$1,052,912**	**$34,992**	**$1,087,904**

(in thousands of dollars)

SAN FRANCISCO	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL
Year ended June 30, 2021			
Long-term debt and financing obligations at June 30, 2020	$1,318,760		$1,318,760
New obligations		$1,089	1,089
Principal payments and debt retirements	(19,050)		(19,050)
Amortization of bond premium	(705)		(705)
Long-term debt and financing obligations at June 30, 2021	**1,299,005**	**1,089**	**1,300,094**
Less: Current portion	(20,400)	(117)	(20,517)
Noncurrent portion of long-term debt and financing obligations at June 30, 2021	**$1,278,605**	**$972**	**$1,279,577**
Year ended June 30, 2020			
Long-term debt and financing obligations at June 30, 2019	$922,666		
New obligations	401,664		
Principal payments and debt retirements	(4,865)		
Amortization of bond premium	(705)		
Long-term debt and financing obligations at June 30, 2020	**1,318,760**		
Less: Current portion	(19,755)		
Noncurrent portion of long-term debt and financing obligations at June 30, 2020	**$1,299,005**		

(in thousands of dollars)

TOTAL	REVENUE BONDS	FINANCING OBLIGATIONS	OTHER BORROWINGS	TOTAL
Year ended June 30, 2021				
Long-term debt and financing obligations at June 30, 2020	$4,829,481	$134,572	$75,205	$5,039,258
New obligations		1,089		1,089
Principal payments and debt retirements	(62,175)	(24,313)		(86,488)
Amortization of bond premium	(11,005)		(3,008)	(14,013)
Long-term debt and financing obligations at June 30, 2021	**4,756,301**	**111,348**	**72,197**	**4,939,846**
Less: Current portion	(74,689)	(9,808)	(3,009)	(87,506)
Noncurrent portion of long-term debt and financing obligations at June 30, 2021	**$4,681,612**	**$101,540**	**$69,188**	**$4,852,340**
Year ended June 30, 2020				
Long-term debt and financing obligations at June 30, 2019	$3,091,683	$143,602	$71,441	$3,306,726
New obligations	1,949,210	18,094	75,957	2,043,261
Refinancing or prepayment of outstanding debt	(149,025)		(68,905)	(217,930)
Principal payments and debt retirements	(50,565)	(27,124)		(77,689)
Amortization of bond premium	(11,822)		(3,288)	(15,110)
Long-term debt and financing obligations at June 30, 2020	**4,829,481**	**134,572**	**75,205**	**5,039,258**
Less: Current portion	(73,184)	(24,945)	(3,008)	(101,137)
Noncurrent portion of long-term debt and financing obligations at June 30, 2020	**$4,756,297**	**$109,627**	**$72,197**	**$4,938,121**

In March 2020, Medical Center Pooled Revenue Bonds totaling $1.9 billion, including $1.8 billion in taxable bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities at the University's medical centers. The taxable bonds mature at various dates through 2120 and have a stated weighted average interest rate of 3.4 percent. In addition, $149.2 million in variable bonds were issued to refund $149.0 million of Medical Center Pooled Revenue Bonds indexed to LIBOR. The Medical Center Pooled Revenue Bonds were distributed across the Medical Centers as follows:

(in thousands of dollars)

	TAXABLE	VARIABLE	TOTAL
Davis	$373,701		$373,701
Irvine	233,970		233,970
Los Angeles	457,898	$149,210	607,108
San Diego	332,767		332,767
San Francisco	401,664		401,664
Total	**$1,800,000**	**$149,210**	**$1,949,210**

The Medical Centers' Pooled Revenue Bonds are issued to finance capital projects and other needs at the University's Medical Centers and are collateralized by joint and several pledges of certain operating and nonoperating revenues, as defined in the indentures, of all five of the University's Medical Centers. The Medical Center Pooled Revenue Bond Indenture requires the Medical Centers to set rates, charges and fees each year sufficient for the Medical Centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and sets forth certain other covenants. Pledged revenues for the Medical Centers for the years ended June 30, 2021 and 2020 were $15.8 billion and $14.4 billion, respectively.

The Medical Center Pooled Revenue Bonds 2007 Series B, 2013 Series K and 2020 Series O totaling $52.9 million, $31.3 million, and $149.2 million at June 30, 2021, respectively, are variable-rate demand obligations subject to daily remarketing. The UCLA and UCSF Medical Centers have access to the hospital working capital program from the University described below for any amounts that would be obligated for repayment to the University.

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

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

As of June 30, 2021, CHRCO had no amount outstanding under its revolving credit facility for $25.0 million. The interest rate on the credit facility is 1.2 percent as of June 30, 2021 and the facility expires on August 31, 2022.

Future Debt Service and Interest Rate Swaps

Future debt service payments for the Medical Centers' fixed- and variable-rate debt for each of the five fiscal years subsequent to June 30, 2021, and thereafter, are shown below. Although not a prediction by the Medical Centers of the future interest rate cost of the variable-rate bonds or the impact of the interest rate swaps, these amounts assume that current interest rates on variable-rate bonds and the current reference rates of the interest rate swaps will remain the same. As these rates vary, variable-rate bond interest payments and net interest rate swap payments will change.

(in thousands of dollars)

DAVIS	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2022	$42,077	$2,505	$44,582	$20,989	$23,593
2023	41,614	2,513	44,127	21,416	22,711
2024	40,058	1,550	41,608	19,802	21,806
2025	39,598	1,126	40,724	19,773	20,951
2026	39,105	858	39,963	19,737	20,226
2027 - 2031	135,081	27	135,108	42,132	92,976
2032 - 2036	120,562		120,562	33,870	86,692
2037 - 2041	120,652		120,652	42,325	78,327
2042 - 2046	118,780		118,780	50,500	68,280
2047 - 2051	194,432		194,432	137,793	56,639
2052 - 2120	449,733		449,733	238,753	210,980
Total future debt service	**1,341,692**	**8,579**	**1,350,271**	**$647,090**	**$703,181**
Less: Interest component of future payments	(702,656)	(525)	(703,181)		
Principal portion of future payments	639,036	8,054	647,090		
Adjusted by:					
Unamortized bond premium	34,241		34,241		
Total debt	**$673,277**	**$8,054**	**$681,331**		

(in thousands of dollars)

IRVINE	REVENUE BONDS	PRINCIPAL	INTEREST
Year ending June 30			
2022	$28,956	$4,790	$24,166
2023	28,958	5,000	23,958
2024	28,931	5,205	23,726
2025	28,917	5,440	23,477
2026	28,893	5,645	23,248
2027 - 2031	153,813	42,300	111,513
2032 - 2036	152,458	52,135	100,323
2037 - 2041	149,621	64,965	84,656
2042 - 2046	144,971	80,235	64,736
2047 - 2051	165,161	125,009	40,152
2052 - 2120	281,574	149,481	132,093
Total future debt service	**1,192,253**	**$540,205**	**$652,048**
Less: Interest component of future payments	(652,048)		
Principal portion of future payments	540,205		
Adjusted by:			
Unamortized bond premium	17,648		
Total debt	**$557,853**		

(in thousands of dollars)

LOS ANGELES	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2022	$61,892	$4,052	$65,944	$15,498	$50,446
2023	61,969	4,214	66,183	16,448	49,735
2024	61,043	4,383	65,426	16,460	48,966
2025	60,995	4,558	65,553	17,355	48,198
2026	60,043	4,740	64,783	17,371	47,412
2027 - 2031	299,589	26,702	326,291	102,741	223,550
2032 - 2036	298,419	32,487	330,906	135,289	195,617
2037 - 2041	298,319	39,525	337,844	179,993	157,851
2042 - 2046	290,369	5,544	295,913	182,186	113,727
2047 - 2051	296,876		296,876	222,827	74,049
2052 - 2120	551,061		551,061	292,546	258,515
Total future debt service	**2,340,575**	**126,205**	**2,466,780**	**$1,198,714**	**$1,268,066**
Less: Interest component of future payments	(1,208,442)	(59,624)	(1,268,066)		
Principal portion of future payments	1,132,133	66,581	1,198,714		
Adjusted by:					
Unamortized bond premium	41,118		41,118		
Other borrowings	72,197		72,197		
Total debt	**$1,245,448**	**$66,581**	**$1,312,029**		

(in thousands of dollars)

SAN DIEGO	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2022	$51,170	$8,288	$59,458	$12,579	$46,879
2023	51,168	6,745	57,913	11,460	46,453
2024	60,148	5,019	65,167	19,138	46,029
2025	60,445	4,000	64,445	19,261	45,184
2026	60,491	2,857	63,348	19,101	44,247
2027 - 2031	301,037	12,164	313,201	107,434	205,767
2032 - 2036	298,173	1,813	299,986	122,786	177,200
2037 - 2041	298,559		298,559	155,355	143,204
2042 - 2046	278,996		278,996	180,470	98,526
2047 - 2051	245,356		245,356	189,891	55,465
2052 - 2120	400,471		400,471	212,601	187,870
Total future debt service	**2,106,014**	**40,886**	**2,146,900**	**$1,050,076**	**$1,096,824**
Less: Interest component of future payments	(1,091,562)	(5,262)	(1,096,824)		
Principal portion of future payments	1,014,452	35,624	1,050,076		
Adjusted by:					
Unamortized bond premium	38,463		38,463		
Total debt	**$1,052,915**	**$35,624**	**$1,088,539**		

(in thousands of dollars)

SAN FRANCISCO	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2022	$85,047	$117	$85,164	$19,776	$65,388
2023	84,810	156	84,966	20,518	64,448
2024	84,535	180	84,715	21,266	63,449
2025	84,108	180	84,288	21,921	62,367
2026	83,804	180	83,984	22,741	61,243
2027 - 2031	413,352	437	413,789	127,736	286,053
2032 - 2036	397,866		397,866	151,260	246,606
2037 - 2041	381,875		381,875	184,720	197,155
2042 - 2046	363,455		363,455	227,445	136,010
2047 - 2051	300,327		300,327	231,081	69,246
2052 - 2120	483,387		483,387	256,619	226,768
Total future debt service	**2,762,566**	**1,250**	**2,763,816**	**$1,285,083**	**$1,478,733**
Less: Interest component of future payments	(1,478,572)	(161)	(1,478,733)		
Principal portion of future payments	1,283,994	1,089	1,285,083		
Adjusted by:					
Unamortized bond premium	15,011		15,011		
Total debt	**$1,299,005**	**$1,089**	**$1,300,094**		

(in thousands of dollars)

TOTAL	REVENUE BONDS	FINANCING OBLIGATIONS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year ending June 30					
2022	$269,142	$14,962	$284,104	$73,632	$210,472
2023	268,519	13,628	282,147	74,842	207,305
2024	274,715	11,132	285,847	81,871	203,976
2025	274,063	9,864	283,927	83,750	200,177
2026	272,336	8,635	280,971	84,595	196,376
2027 - 2031	1,302,872	39,330	1,342,202	422,343	919,859
2032 - 2036	1,267,478	34,300	1,301,778	495,340	806,438
2037 - 2041	1,249,026	39,525	1,288,551	627,358	661,193
2042 - 2046	1,196,571	5,544	1,202,115	720,836	481,279
2047 - 2051	1,202,152		1,202,152	906,601	295,551
2052 - 2120	2,166,226		2,166,226	1,150,000	1,016,226
Total future debt service	**9,743,100**	**176,920**	**9,920,020**	**$4,721,168**	**$5,198,852**
Less: Interest component of future payments	(5,133,280)	(65,572)	(5,198,852)		
Principal portion of future payments	4,609,820	111,348	4,721,168		
Adjusted by:					
Unamortized bond premium	146,481		146,481		
Other borrowings	72,197		72,197		
Total debt	**$4,828,498**	**$111,348**	**$4,939,846**		

Additional information on the revenue bonds can be obtained from the 2020-2021 annual report of the University of California.

For the Medical Centers' cash flow hedges, future debt service payments for the Medical Centers' variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2021, and thereafter are as presented below. Although not a prediction by the Medical Centers of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates as of June 30, 2021, combined debt service requirements of the variable-rate debt and net swap payments are as follows:

(in thousands of dollars)

LOS ANGELES	VARIABLE-RATE BOND		INTEREST RATE SWAP, NET	TOTAL
	PRINCIPAL	INTEREST		
Year ending June 30				
2022		$32	$6,593	$6,625
2023	$3,365	33	6,587	9,985
2024	3,525	32	6,461	10,018
2025	3,675	32	6,337	10,044
2026	3,840	31	6,200	10,071
2027 - 2031	22,050	142	28,746	50,938
2032 - 2036	27,615	118	24,255	51,988
2037 - 2041	42,815	86	18,397	61,298
2042 - 2046	58,915	33	8,200	67,148
2047 - 2048	14,710	1	544	15,255
Total future debt service	**$180,510**	**$540**	**$112,320**	**$293,370**

(in thousands of dollars)

SAN FRANCISCO	VARIABLE-RATE BOND		INTEREST RATE SWAP, NET	TOTAL
	PRINCIPAL	INTEREST		
Year ending June 30				
2022	$3,995	$10	$1,567	$5,572
2023	4,145	10	1,447	5,602
2024	4,290	9	1,330	5,629
2025	4,450	8	1,193	5,651
2026	4,615	7	1,061	5,683
2027 - 2031	25,695	21	3,160	28,876
2032	5,710	1	163	5,874
Total future debt service	**$52,900**	**$66**	**$9,921**	**$62,887**

(in thousands of dollars)

TOTAL	VARIABLE-RATE BOND		INTEREST RATE SWAP, NET	TOTAL
	PRINCIPAL	INTEREST		
Year ending June 30				
2022	$3,995	$42	$8,160	$12,197
2023	7,510	43	8,034	15,587
2024	7,815	41	7,791	15,647
2025	8,125	40	7,530	15,695
2026	8,455	38	7,261	15,754
2027 - 2031	47,745	163	31,906	79,814
2032 - 2036	33,325	119	24,418	57,862
2037 - 2041	42,815	86	18,397	61,298
2042 - 2046	58,915	33	8,200	67,148
2047 - 2048	14,710	1	544	15,255
Total future debt service	**$233,410**	**$606**	**$122,241**	**$356,257**

12. OPERATING LEASES

The Medical Centers lease certain buildings and equipment under agreements recorded as operating leases. The terms of the operating leases extend through the year 2042. Operating lease expense for the years ended June 30 are as follows:

(in thousands of dollars)

	2021	2020
Davis	$29,475	$23,685
Irvine	10,942	10,013
Los Angeles	16,942	15,059
San Diego	40,039	36,100
San Francisco	67,115	65,812
Total	**$164,513**	**$150,669**

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
Year ending June 30						
2022	$37,138	$12,177	$16,534	$35,964	$42,472	$144,285
2023	34,096	12,557	13,388	24,779	36,399	121,219
2024	28,902	9,779	10,192	17,660	31,566	98,099
2025	27,277	6,546	7,815	13,827	29,662	85,127
2026	25,710	4,858	3,085	7,854	24,064	65,571
2027 – 2042	112,745	14,325	17,841	12,823	99,257	256,991
Total	**$265,868**	**$60,242**	**$68,855**	**$112,907**	**$263,420**	**$771,292**

13. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
DEFERRED OUTFLOWS OF RESOURCES						
Net pension liability	$286,501	$131,874	$252,736	$225,461	$491,418	$1,387,990
Net retiree health benefits liability	511,459	228,952	475,089	451,872	865,246	2,532,618
Debt refunding	7,698			20,094	406	28,198
Interest rate swap agreements	100	30	69,989	8,079	7,630	85,828
Asset retirement obligations	9,213			21,800	6,640	37,653
Acquisitions					4,538	4,538
Total	**$814,971**	**$360,856**	**$797,814**	**$727,306**	**$1,375,878**	**$4,076,825**
DEFERRED INFLOWS OF RESOURCES						
Net pension liability	$698,591	$326,431	$719,572	$519,272	$1,054,259	$3,318,125
Net retiree health benefits liability	393,340	197,302	477,524	286,677	630,124	1,984,967
Debt refunding			1,244			1,244
Irrevocable split-interest agreements					19,162	19,162
Total	**$1,091,931**	**$523,733**	**$1,198,340**	**$805,949**	**$1,703,545**	**$5,323,498**

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2020						
DEFERRED OUTFLOWS OF RESOURCES						
Net pension liability	$457,268	$217,522	$477,978	$390,711	$821,340	$2,364,819
Net retiree health benefits liability	476,867	232,409	529,460	504,946	1,048,471	2,792,153
Debt refunding	8,056			23,953	478	32,487
Interest rate swap agreements			94,839		10,708	105,547
Asset retirement obligations	17,296			22,107	9,960	49,363
Acquisitions					6,354	6,354
Total	**$959,487**	**$449,931**	**$1,102,277**	**$941,717**	**$1,897,311**	**$5,350,723**
DEFERRED INFLOWS OF RESOURCES						
Net pension liability	$21,922	$20,876	$39,562	$11,839	$29,669	$123,868
Net retiree health benefits liability	416,542	216,346	535,391	315,623	651,696	2,135,598
Debt refunding			1,292			1,292
Irrevocable split-interest agreements					17,608	17,608
Total	**$438,464**	**$237,222**	**$576,245**	**$327,462**	**$698,973**	**$2,278,366**

14. RETIREMENT PLANS

University of California Retirement Plan

Substantially all full-time employees of the Medical Centers participate in the University of California Retirement System (UCRS) that is administered by the University. UCRS consists of The University of California Retirement Plan (UCRP), a single-employer defined benefit pension plan, and the University of California Retirement Savings Program (UCRSP) that includes four defined contribution pension plans with several investment portfolios generally funded with employee non-elective and elective contributions. The Regents has the authority to establish and amend the UCRS plans. Additional information on the retirement plans can be obtained from the 2020-2021 annual reports of the University of California Retirement System by writing to the University of California, Office of the President, Human Resources and Benefits, Post Office Box 24570, Oakland, California 94623.

UCRP provides lifetime retirement income, disability protection, death benefits, and post-retirement and pre-retirement survivor benefits to eligible employees of the University and its affiliates. Effective July 1, 2016, new employees appointed to work at least 50 percent time for one year or more or for an indefinite period or for a definite period of a year or more, or those who complete 1,000 hours within a 12-month period have a choice to participate in UCRP or the University of California Defined Contribution Plan. Prior to that date, membership in UCRP was required for all eligible employees. Generally, five years of service are required for entitlement to plan benefits. The amount of pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's highest average plan compensation over a 36-month period, subject to certain limits imposed under the Internal Revenue Code or plan provisions. Annual cost-of-living adjustments (COLA's) are made to monthly benefits according to a specified formula based on the Consumer Price Index. Ad hoc COLA's may be granted subject to funding availability.

Contributions

Contributions to the UCRP may be made by the Medical Centers and the employees. The rates for contributions as a percentage of payroll are determined annually pursuant to The Regents' funding policy and based upon recommendations of the consulting actuary. The Regents determine the portion of the total contribution to be made by the Medical Centers and by the employees. Employee contributions by represented employees are subject to collective bargaining agreements. Employee contributions range from 7.0 percent to 9.0 percent. The University pays a uniform contribution rate on behalf of all UCRP active members. The contribution rate was 14.0 percent for the year ended June 30, 2020 and 14.5 percent for the year ended June 30, 2021. The University contribution rate will continue to increase by 0.5 percent per year, on July 1st, until reaching 17.0 percent.

Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or, if they are a member of certain tiers, a lump sum equal to the present value of their accrued benefits.

Contributions during the years ended June 30 are as follows:

(in thousands of dollars)

	2021			2020		
	MEDICAL CENTER	EMPLOYEE	TOTAL	MEDICAL CENTER	EMPLOYEE	TOTAL
Davis	$137,465	$79,609	$217,074	$121,271	$68,249	$189,520
Irvine	62,658	36,774	99,432	56,062	31,062	87,124
Los Angeles	139,305	82,931	222,236	128,640	70,675	199,315
San Diego	102,795	60,588	163,383	92,929	51,838	144,767
San Francisco	200,260	115,546	315,806	179,229	101,150	280,379
Total	**$642,483**	**$375,448**	**$1,017,931**	**$578,131**	**$322,974**	**$901,105**

Additional deposits were made by the University to UCRP of $600.0 million and $500.0 million for fiscal years ended June 30, 2021 and 2020, respectively. The Medical Centers reported pension expense and an increase in the pension payable to the University for its portion of these additional deposits based upon their proportionate share of covered compensation for the year ended June 30 is as follows:

(in thousands of dollars)

	2021	2020
Davis	$42,556	$33,568
Irvine	19,398	15,518
Los Angeles	43,126	35,608
San Diego	31,823	25,723
San Francisco	61,996	49,611
Total	**$198,899**	**$160,028**

Net Pension Liability

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

(in thousands of dollars)

	2021		2020	
	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Davis	7.1%	$472,294	6.7%	$1,368,556
Irvine	3.2	215,278	3.1	632,665
Los Angeles	7.2	478,616	7.1	1,451,711
San Diego	5.3	353,179	5.1	1,048,715
San Francisco	10.3	688,043	9.9	2,022,619
Total	**33.1%**	**$2,207,410**	**31.9%**	**$6,524,266**

The Medical Centers' net pension liability was measured as of June 30 and calculated using the plan net position valued as of the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations as of July 1, 2020 and 2019, respectively. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of certain events occurring far into the future. Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2021 and 2020 were based upon the results of an experience study conducted for the period July 1, 2014 through June 30, 2018. The Medical Centers' net pension liability was calculated using the following methods and assumptions:

(shown as percentage)

Inflation	2.5%
Investment rate of return	6.75
Projected salary increases	3.65 - 5.95
Cost-of-living adjustments	2.0

For preretirement mortality rates, the Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table was used. For postretirement, healthy mortality rates were based on the Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 110 percent for other female members. For beneficiaries of retired members, rates were based on the Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females. For disabled members, rates were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table. All mortality tables above were projected generationally with the two-dimensional mortality improvement scale MP-2018.

The long-term expected investment rate of return assumption for UCRP was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

(shown as percentage)

	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class:		
U.S. equity	27.6%	5.6%
Developed international equity	16.8	6.5
Emerging market equity	5.6	8.6
Core bonds	13.0	1.5
High-yield bonds	2.5	3.7
Treasury Inflation-Protected Securities	2.0	1.2
Emerging market debt	2.5	3.9
Private equity	10.0	9.2
Real estate	7.0	6.6
Absolute return	10.0	3.3
Real assets	3.0	5.6
Total	**100.0%**	

Discount Rate

The discount rate used to estimate the net pension liability as of June 30, 2021 and 2020 was 6.75 percent. To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRP has sufficient cash in future periods for projected benefit payments for current members. For this purpose, Medical Center contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected Medical Center and member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2021 and 2020.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the June 30, 2021 net pension liability of the Medical Center calculated using the June 30, 2021 discount rate assumption of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)

	1% DECREASE (5.75%)	CURRENT DISCOUNT (6.75%)	1% INCREASE (7.75%)
Davis	$1,338,340	$472,294	($238,557)
Irvine	610,034	215,278	(108,738)
Los Angeles	1,356,255	478,616	(241,751)
San Diego	1,000,804	353,179	(178,392)
San Francisco	1,949,708	688,043	(347,533)
Total	**$6,255,141**	**$2,207,410**	**($1,114,971)**

Deferred Outflows of Resources and Deferred Inflows of Resources

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$56,340	$25,443	$19,491	$53,345	$100,434	$255,053
Changes of assumptions or other inputs	192,014	87,523	194,585	143,588	279,729	897,439
Difference between expected and actual experience	38,147	17,389	38,660	28,528	55,576	178,300
Total	**$286,501**	**$130,355**	**$252,736**	**$225,461**	**$435,739**	**$1,330,792**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$4,187	$6,330	$15,873			$26,390
Net difference between projected and actual earnings on pension plan investments	682,256	310,981	691,389	$510,188	$993,918	3,188,732
Difference between expected and actual experience	12,148	5,537	12,310	9,084	17,697	56,776
Total	**$698,591**	**$322,848**	**$719,572**	**$519,272**	**$1,011,615**	**$3,271,898**
2020						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$15,237	$11,568	$9,089	$51,986	$80,970	$168,850
Changes of assumptions or other inputs	281,070	129,935	298,148	215,382	415,399	1,339,934
Net difference between projected and actual earnings on pension plan investments	140,178	64,802	148,693	107,416	207,169	668,258
Difference between expected and actual experience	20,783	9,609	22,048	15,927	30,718	99,085
Total	**$457,268**	**$215,914**	**$477,978**	**$390,711**	**$734,256**	**$2,276,127**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$6,474	$11,143	$23,173			$40,790
Difference between expected and actual experience	15,448	7,142	16,389	$11,839	$22,834	73,652
Total	**$21,922**	**$18,285**	**$39,562**	**$11,839**	**$22,834**	**$114,442**

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022	($28,697)	($16,744)	($44,207)	($10,367)	($26,129)	($126,144)
2023	(46,504)	(21,413)	(61,152)	(29,489)	(57,886)	(216,444)
2024	(148,034)	(67,134)	(161,627)	(109,463)	(212,678)	(698,936)
2025	(188,855)	(87,202)	(199,850)	(144,492)	(279,183)	(899,582)
Total	**($412,090)**	**($192,493)**	**($466,836)**	**($293,811)**	**($575,876)**	**($1,941,106)**

The University of California Retirement Savings Program (UCRSP) plans (Defined Contribution (DC) Plan, Supplemental DC Plan, 403(b) Plan and 457(b) Plan) provide savings incentives and additional retirement security for all eligible employees. The DC Plan accepts both pretax and after-tax employee contributions. The Supplemental DC Plan accepts employer contributions on behalf of certain qualifying employees. The 403(b) and 457(b) Plans accept pretax employee contributions and the Medical Centers may also make contributions on behalf of certain members of management. Benefits from the UCRSP plans are based on participants' mandatory and voluntary contributions, plus earnings, and are immediately vested.

Orange County Employees Retirement System

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

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

Additional information on OCERS can be obtained from the 2020-2021 annual reports of the Orange County Employees Retirement System at https://www.ocers.org.

Membership in the OCERS Plan consisted of the following at December 31, 2020: 19,419 retired members and beneficiaries, 6,818 inactive members and 21,559 active members.

Contributions

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

Net Pension Liability

The Irvine Medical Center's proportionate share of the net pension liability was $12.7 million and $15.1 million as of June 30, 2021 and 2020, respectively. Irvine Medical Center's net pension liability for OCERS was measured as of June 30, 2021 and 2020, and the total pension liability was determined by an actuarial valuation as of December 31, 2020 and 2019 rolled forward to June 30, 2021 and 2020, respectively. The actuarial assumptions used in 2021 and 2020 were based on the results of an experience study for the period from January 1, 2014 through December 31, 2016. The net pension liability for the Plan was calculated based upon the following assumptions as of June 30, 2021: 2.5 percent inflation, 7.0 percent investment rate of return, 4.0 to 11.0 percent projected salary increases for general members and 2.8 percent cost-of-living adjustments. The net pension liability for the Plan was calculated based upon the following assumptions as of June 30, 2020: 2.8 percent inflation, 7.0 percent investment rate of return, 4.25-12.25 percent projected salary increases for general members and 3.0 percent cost-of-living adjustments.

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

(shown as percentage)

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

Discount Rate

The discount rate used to estimate the net pension liability was 7.0 percent for June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rate. For this purpose, only employer contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability calculated using the June 30, 2021 discount rate assumption of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)

	1% DECREASE (6.0%)	CURRENT DISCOUNT (7.0%)	1% INCREASE (8.0%)
Net pension liability	$19,932	$12,669	$6,748

Deferred Outflows of Resources and Deferred Inflows of Resources

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

(in thousands of dollars)

	2021	2020
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience	$1,043	$895
Changes of assumptions or other inputs	476	713
Total	**$1,519**	**$1,608**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience	$795	$1,216
Changes of assumptions or other inputs	456	40
Net difference between projected and actual earnings on pension plan investments	2,331	1,335
Total	**$3,582**	**$2,591**

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

(in thousands of dollars)	
Year ending June 30	
2022	($763)
2023	(203)
2024	(792)
2025	(302)
2026	(3)
Total	**($2,063)**

Children's Hospital and Research Center Oakland Pension Plan

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

The net pension liability for the CHRCO Pension Plan was calculated based upon the following assumptions as of June 30, 2021 and 2020: 2.8 percent inflation, 6.5 percent investment rate of return, Represented employees: 3.75% for 2021 and after; Unrepresented employees: 3.0% for 2022 and 2023 and 3.75% thereafter projected salary increases and no cost-of-living adjustments. CHRCO recognized pension expense of $28.8 million and $43.3 million for the years ended June 30, 2021 and 2020, respectively.

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

Additional information on the CHRCO Pension Plan can be found in the annual reports, which can be obtained by writing to Children's Hospital Oakland, Finance Department, 747 52nd Street, Oakland, California 94609.

Condensed financial information for the CHRCO Pension Plan as of and for the years ended June 30, 2021 and 2020 is as follows:

(in thousands of dollars)

	CHILDREN'S HOSPITAL & RESEARCH CENTER OAKLAND PENSION PLAN	
	2021	**2020**
CONDENSED STATEMENT OF PLAN FIDUCIARY NET POSITION		
Investments at fair value	$621,785	$501,482
Total assets	**621,785**	**501,482**
Net position held in trust	**$621,785**	**$501,482**
CONDENSED STATEMENT OF CHANGES IN PLAN FIDUCIARY NET POSITION		
Contributions	$31,752	$31,200
Investment and other income, net	111,835	(7,468)
Total additions	**143,587**	**23,732**
Benefit payment and participant withdrawals	19,684	17,262
Plan expense	3,600	3,598
Total deductions	**23,284**	**20,860**
Increase in net position held in trust	**120,303**	**2,872**
Net position held in trust		
Beginning of year	501,482	498,610
End of year	**$621,785**	**$501,482**
CHANGES IN TOTAL PENSION LIABILITY		
Service cost	$14,873	$12,648
Interest	38,932	36,005
Difference between expected and actual experience	18,527	23,581
Changes of assumptions and other inputs	(2,413)	28,609
Benefits paid, including refunds of employee contributions	(19,684)	(17,262)
Net change in total pension liability	**50,235**	**83,581**
Total pension liability		
Beginning of year	593,916	510,335
End of year	**644,151**	**593,916**
Net pension liability, end of year	**$22,366**	**$92,434**

Membership in the CHRCO Pension Plan consisted of the following at June 30, 2021:

Retirees and beneficiaries receiving benefits	1,201
Inactive members entitled to, but not yet receiving benefits	1,168
Active members	1,989
Total membership	**4,358**

Contributions

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

Net Pension Liability

The net pension liability for CHRCO was measured as of June 30 and the total pension liability was determined by an actuarial valuation as of January 1, rolled forward to June 30. The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the CHRCO Pension Plan are as follows:

(shown as percentage)

	TOTAL ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class:		
U.S. equity large cap	40.0%	3.3%
U.S. equity small cap	20.0	4.1
Developed international equity	20.0	3.5
Emerging market equity	10.0	4.2
Core fixed income	10.0	(1.4)
Total	**100.0%**	

Discount Rate

The discount rate used to estimate the net pension liability was 6.5 percent for June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the plan under IRC Section 430's minimum requirements for a period of 13 years, and that all future assumptions are met. Based on these assumptions, the CHRCO Pension Plan fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability calculated using the June 30, 2021 discount rate assumption of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)

	1% DECREASE (5.5%)	CURRENT DISCOUNT (6.5%)	1% INCREASE (7.5%)
Net pension liability	$112,744	$22,366	($52,239)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

(in thousands of dollars)

	2021	2020
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience	$35,852	$25,865
Changes of benefit terms	31	58
Changes of assumptions	19,796	27,536
Net difference between projected and actual earnings on pension plan investments		33,625
Total	**$55,679**	**$87,084**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience		$389
Changes of assumptions	$7,165	6,446
Net difference between projected and actual earnings on pension plan investments	35,479	
Total	**$42,644**	**$6,835**

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

(in thousands of dollars)	
Year ending June 30	
2022	$4,378
2023	4,652
2024	2,780
2025	(5,353)
2026	5,266
Thereafter	1,312
Total	**$13,035**

15. RETIREE HEALTH PLANS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through UCRHBT. The Regents has the authority to establish and amend the plan. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits. Additional information on the retiree health plans can be obtained from the 2020-21 annual reports of the University of California.

The contribution requirements of the eligible retirees and the participating University locations, such as the Medical Centers, are established and may be amended by the University. Membership in a defined benefit plan to which the University contributes or participation in the DC Plan as a result of a Savings Choice election is required to become eligible for retiree health benefits. Contributions toward benefits are shared with the retiree. The University determines the employer's contribution. Retirees are required to pay the difference between the employer's contribution and the full cost of the health insurance. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on age and years of service. Retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 and prior to July 2013 become eligible for a percentage of the University's contribution starting at 50 percent of the maximum University contribution with 10 years of service, increasing to 100 percent after 20 years of service.

Contributions

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

Participating University locations, such as the Medical Centers, are required to contribute at a rate assessed each year by the University. The contribution requirements are based upon projected pay-as-you-go financing requirements. The assessment rates were $2.58 and $2.60 per $100 of UCRP covered payroll effective July 1, 2020 and 2019, respectively.

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

(in thousands of dollars)

	2021	2020
Davis	$24,708	$22,592
Irvine	11,234	10,506
Los Angeles	24,967	23,906
San Diego	18,422	17,565
San Francisco	36,137	36,267
Total	**$115,468**	**$110,836**

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

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

(in thousands of dollars)

	2021	2020
Davis	$7,915	$6,868
Irvine	3,602	3,191
Los Angeles	7,999	7,268
San Diego	5,903	5,341
San Francisco	11,576	11,023
Total	**$36,995**	**$33,691**

Net Retiree Health Benefits Liability

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

(in thousands of dollars)

	2021		2020	
	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY
Davis	7.0%	$1,705,269	6.6%	$1,534,830
Irvine	3.2	775,408	3.1	713,600
Los Angeles	7.1	1,723,183	7.0	1,623,943
San Diego	5.3	1,271,447	5.2	1,193,191
San Francisco	10.3	2,493,992	10.6	2,463,690
Total	**32.9%**	**$7,969,299**	**32.5%**	**$7,529,254**

The Medical Centers' net retiree health benefits liability was measured as of June 30, 2021 and 2020 and calculated using the plan net position valued as of the measurement date and total retiree health benefits liability based upon rolling forward the results of the actuarial valuations as of March 1, 2020 and 2019, respectively. Actuarial valuations represent a long-term perspective and include estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the Medical Centers' net retiree health benefits liability are:

(shown as percentage)

	2021	2020
Discount rate	2.16%	2.21%
Inflation	2.5	2.5
Investment rate of return	2.5	2.5
Health care cost trend rates	Initially ranges from 2.7 to 7.5 decreasing to an ultimate rate of 4.0 for 2075 and later years	Initially ranges from 2.7 to 9.0 decreasing to an ultimate rate of 4.0 for 2076 and later years

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2021 and 2020 were based upon the results of the most recent experience study covering the period of July 1, 2014 through June 30, 2018. For preretirement mortality rates, the Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table were used. For postretirement, healthy mortality rates were based on the Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table and multiplied by 90 percent for faculty members or 115 percent and 110 percent for other male and female members, respectively. For beneficiaries of retired members, rates were based on the Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table. For disabled members, rates were based on the Pub-2010 Non-Safety Disabled Retiree-Headcount Weighted Mortality Table. All mortality rates are projected generationally with the two-dimensional mortality improvement scale MP-2018.

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

The following presents the June 30, 2021 net retiree health benefits liability of the Medical Center calculated using the June 30, 2021 health care cost trend rate assumption with initial trend ranging from 2.7 percent to 7.5 percent grading down to an ultimate trend of 4.0 percent over 54 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate different than the current assumption:

(in thousands of dollars)

	1% DECREASE (1.7% to 6.5%) DECREASING TO (3.0%)	CURRENT TREND (2.7% to 7.5%) DECREASING TO (4.0%)	1% INCREASE (3.7% to 8.5%) DECREASING TO (5.0%)
Davis	$1,385,994	$1,705,269	$2,134,767
Irvine	630,230	775,408	970,707
Los Angeles	1,400,554	1,723,183	2,157,193
San Diego	1,033,396	1,271,447	1,591,680
San Francisco	2,027,045	2,493,992	3,122,142
Total	**$6,477,219**	**$7,969,299**	**$9,976,489**

Discount Rate

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

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

The following presents the June 30, 2021 net retiree health benefits liability of the Medical Center calculated using the June 30, 2021 discount rate assumption of 2.16 percent, as well as what the net retiree health benefits liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)

	1% DECREASE (1.16%)	CURRENT DISCOUNT (2.16%)	1% INCREASE (3.16%)
Davis	$2,060,655	$1,705,269	$1,427,746
Irvine	937,007	775,408	649,215
Los Angeles	2,082,303	1,723,183	1,442,745
San Diego	1,536,422	1,271,447	1,064,526
San Francisco	3,013,752	2,493,992	2,088,109
Total	**$9,630,139**	**$7,969,299**	**$6,672,341**

Deferred Outflows of Resources and Deferred Inflows of Resources

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

(in thousands of dollars)

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2020						
DEFERRED OUTFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$23,480	$21,613	$49,750	$152,480	$320,702	$568,025
Changes of assumptions or other inputs	449,578	209,025	475,680	349,506	721,656	2,205,445
Net difference between projected and actual earnings on plan investments	209	97	221	162	335	1,024
Difference between expected and actual experience	3,600	1,674	3,809	2,798	5,778	17,659
Total	**$476,867**	**$232,409**	**$529,460**	**$504,946**	**$1,048,471**	**$2,792,153**
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and differences between location's contributions and proportionate share of contributions	$10,549	$27,584	$105,825			$143,958
Changes of assumptions or other inputs	154,986	72,059	163,985	$120,488	$248,782	760,300
Difference between expected and actual experience	251,007	116,703	265,581	195,135	402,914	1,231,340
Total	**$416,542**	**$216,346**	**$535,391**	**$315,623**	**$651,696**	**$2,135,598**

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2022	$17,839	$3,113	($55)	$31,699	$53,304	$105,900
2023	17,812	3,101	(83)	31,679	53,264	105,773
2024	9,474	(690)	(8,508)	25,462	41,070	66,808
2025	(3,570)	(6,544)	(21,391)	14,471	16,441	(593)
2026	19,455	7,983	(2,690)	22,459	31,886	79,093
Thereafter	57,109	24,687	30,292	39,425	39,157	190,670
Total	**$118,119**	**$31,650**	**($2,435)**	**$165,195**	**$235,122**	**$547,651**

16. SELF-INSURANCE

The Medical Centers are insured through the University's and its captive's malpractice, general liability, workers' compensation, and health and welfare programs. All operating departments of the University are charged premiums to finance the workers' compensation and health and welfare programs. The University's Medical Centers are charged premiums to finance the malpractice insurance. All claims and related expenses are paid from the University's self-insurance funds or the University's wholly owned captive insurance company. Such risks are subject to various per claim and aggregate limits, with excess liability coverage provided by independent insurers.

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

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

(in thousands of dollars)

	MEDICAL MALPRACTICE	WORKERS' COMPENSATION	EMPLOYEE HEALTH CARE	TOTAL
2021				
Liabilities at June 30, 2020	$5,549	$11,801	$1,823	$19,173
Claims incurred and changes in estimates	(284)	1,939	12,568	14,223
Claim payments	261	(3,217)	(12,557)	(15,513)
Liabilities at June 30, 2021	**$5,526**	**$10,523**	**$1,834**	**$17,883**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	
2020				
Liabilities at June 30, 2019	$5,309	$12,101	$1,644	$19,054
Claims incurred and changes in estimates	(354)	2,536	10,641	12,823
Claim payments	594	(2,836)	(10,462)	(12,704)
Liabilities at June 30, 2020	**$5,549**	**$11,801**	**$1,823**	**$19,173**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	
2019				
Liabilities at June 30, 2018	$5,050	$11,678	$1,685	$18,413
Claims incurred and changes in estimates	(204)	3,245	9,998	13,039
Claim payments	463	(2,822)	(10,039)	(12,398)
Liabilities at June 30, 2019	**$5,309**	**$12,101**	**$1,644**	**$19,054**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	

CHRCO has three irrevocable letters of credit with a bank totaling $12.5 million as of June 30, 2021, which is mostly security for the workers' compensation large dollar insurance deductible. No amounts were drawn on the letter of credit as of June 30, 2021.

17. TRANSACTIONS WITH OTHER UNIVERSITY ENTITIES

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Other employee benefits	$11,310	$6,843	$28,357	$12,302	($538)	$58,274
Professional services	101,035	5,579	40	62,057	863,049	1,031,760
Other supplies and purchased services	(13,655)	73,721	79,581	5,627	82,304	227,578
Insurance and other	17,096	9,527	21,960	14,689	12,974	76,246
Interest expenses (income), net	(15,232)	(7,301)	(20,153)	(3,732)	(46,974)	(93,392)
Total	**$100,554**	**$88,369**	**$109,785**	**$90,943**	**$910,815**	**$1,300,466**
2020						
Other employee benefits	$10,410	$7,043	$28,482	$10,240	$4,427	$60,602
Professional services	110,303	6,017	1,664	60,667	777,024	955,675
Other supplies and purchased services	(8,349)	73,376	54,930	9,171	75,907	205,035
Insurance and other	16,219	9,133	20,188	13,443	13,124	72,107
Interest expenses (income), net	(18,858)	(9,484)	(29,118)	(6,365)	(15,918)	(79,743)
Total	**$109,725**	**$86,085**	**$76,146**	**$87,156**	**$854,564**	**$1,213,676**

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

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

(in thousands of dollars)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
2021						
Reported as operating expenses	$100,554	$88,369	$109,785	$90,943	$910,815	$1,300,466
Reported as health system support	67,310	155,135	260,127	250,006	121,200	853,778
Total payments to the University	**$167,864**	**$243,504**	**$369,912**	**$340,949**	**$1,032,015**	**$2,154,244**
2020						
Reported as operating expenses	$109,725	$86,085	$76,146	$87,156	$854,564	$1,213,676
Reported as health system support	54,722	126,806	282,396	330,230	121,192	915,346
Total payments to the University	**$164,447**	**$212,891**	**$358,542**	**$417,386**	**$975,756**	**$2,129,022**

18. COMPONENT UNIT INFORMATION

Condensed financial statement information related to CHRCO for the years ended June 30 is as follows:

(in thousands of dollars)

	2021	2020
CONDENSED STATEMENT OF NET POSITION		
Current assets	$317,699	$317,765
Capital assets, net	412,941	364,001
Other assets	399,207	301,211
Total assets	**1,129,847**	**982,977**
Total deferred outflows of resources	**55,679**	**87,084**
Current liabilities	248,821	213,682
Long-term debt	100,906	101,443
Other noncurrent liabilities	52,682	122,169
Total liabilities	**402,409**	**437,294**
Total deferred inflows of resources	**61,806**	**24,443**
Net investment in capital assets	311,497	262,021
Restricted	107,629	87,359
Unrestricted	302,185	258,944
Total net position	**$721,311**	**$608,324**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Net patient service revenue	$559,524	$570,526
Grants and contracts	17,121	35,805
Other operating revenue	23,081	20,048
Operating expenses	(589,132)	(633,605)
Depreciation expense	(34,986)	(41,049)
Operating loss	**(24,392)**	**(48,275)**
Nonoperating revenues, net	126,948	38,202
Income (loss) before other changes in net position	**102,556**	**(10,073)**
Other, including donated assets	10,431	8,321
Increase (decrease) in net position	**112,987**	**(1,752)**
Net position - beginning of year	608,324	610,076
Net position - end of year	**$721,311**	**$608,324**
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	$72,919	$22,448
Noncapital financing activities	41,452	34,548
Capital and related financing activities	(66,676)	(70,438)
Investing activities	(3,449)	1,411
Net change in cash and cash equivalents	**44,246**	**(12,031)**
Cash and cash equivalents – beginning of year	148,516	160,547
Cash and cash equivalents – end of year	**$192,762**	**$148,516**

19. COMMITMENTS AND CONTINGENCIES

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

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

The Medical Centers have entered into various construction contracts. The remaining costs of the Medical Center projects, excluding interest, as of June 30, 2021 are estimated to be approximately:

(in thousands of dollars)	
Davis	$138,025
Irvine	274,078
Los Angeles	15,072
San Diego	16,221
San Francisco	149,134
Total	**$592,530**

Under an agreement with a private, nonprofit hospital, UCSF Medical Center committed to provide $90.0 million in aggregate capital investments through a series of newly formed joint ventures with the hospital over the course of the initial 10 years of the agreement. As of June 30, 2021, UCSF Medical Center deposited $30.0 million to a designated bank account for this purpose with the amount reported as prepaid expenses and other assets. An additional service agreement was signed for UCSF Medical Center to operate certain outpatient clinics whose sole corporate member is the same nonprofit hospital.

20. RISKS AND UNCERTAINTIES

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally resulting in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellations of events. While there has been and will continue to be material financial impacts to the Medical Centers due to COVID-19 that affect financial results for 2022 and potentially beyond, we believe we have sufficient liquidity to meet our operating and financial needs. However, given the difficulty in predicting the duration and severity of the coronavirus on the Medical Centers, the economy and the financial markets, the ultimate impact may be material.

21. SUBSEQUENT EVENT

On December 4, 2020, the UCLA Medical Center entered into an agreement to acquire a medical office building and parking garage for approximately $53.0 million. The purchase closed in August 2021.

Required Supplementary Information *(Unaudited)*

UCRP

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

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
DAVIS					
2021	7.1%	$472,294	$914,099	51.7%	93.9%
2020	6.7	1,368,556	854,960	160.1	76.6
2019	6.7	1,151,862	793,442	145.2	79.5
2018	6.8	643,552	791,832	81.3	87.2
2017	6.7	675,141	732,307	92.2	85.3
2016	6.6	895,967	682,784	131.2	78.2
2015	6.5	627,561	635,120	98.8	83.8
2014	6.6	468,810	603,824	77.6	87.2
2013	6.5	690,989	563,695	122.6	78.6
2012	6.3	880,516	522,988	168.4	71.9
IRVINE					
2021	3.2%	$215,278	$416,658	51.7%	93.9%
2020	3.1	632,665	395,237	160.1	76.6
2019	3.0	519,523	357,866	145.2	79.5
2018	3.0	279,015	343,303	81.3	87.2
2017	3.2	321,946	349,207	92.2	85.3
2016	3.2	438,524	334,184	131.2	78.2
2015	3.2	308,211	311,924	98.8	83.8
2014	3.3	235,813	303,726	77.6	87.2
2013	3.3	345,341	281,722	122.6	78.6
2012	3.3	466,849	277,288	168.4	71.9
LOS ANGELES					
2021	7.2%	$478,616	$926,335	51.7%	93.9%
2020	7.1	1,451,711	906,908	160.1	76.6
2019	7.2	1,245,807	858,155	145.2	79.5
2018	7.5	706,286	869,020	81.3	87.2
2017	7.3	741,290	804,058	92.2	85.3
2016	7.3	990,520	754,840	131.2	78.2
2015	7.2	697,260	705,659	98.8	83.8
2014	7.3	513,936	661,946	77.6	87.2
2013	7.0	739,451	603,229	122.6	78.6
2012	6.6	928,298	551,368	168.4	71.9

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
SAN DIEGO					
2021	5.3%	$353,179	$683,559	51.7%	93.9%
2020	5.1	1,048,715	655,150	160.1	76.6
2019	4.9	844,319	581,596	145.2	79.5
2018	4.9	460,577	566,698	81.3	87.2
2017	4.5	459,781	498,712	92.2	85.3
2016	4.1	564,996	430,563	131.2	78.2
2015	4.0	385,387	390,029	98.8	83.8
2014	3.9	271,458	349,636	77.6	87.2
2013	3.8	405,012	330,401	122.6	78.6
2012	4.2	587,011	348,659	168.4	71.9
SAN FRANCISCO					
2021	10.3%	$688,043	$1,331,669	51.7%	93.9%
2020	9.9	2,022,619	1,263,564	160.1	76.6
2019	9.6	1,643,970	1,132,424	145.2	79.5
2018	9.4	886,409	1,090,645	81.3	87.2
2017	9.1	919,943	997,838	92.2	85.3
2016	8.6	1,171,002	892,379	131.2	78.2
2015	8.1	777,948	787,319	98.8	83.8
2014	7.4	523,452	674,202	77.6	87.2
2013	7.8	822,056	670,617	122.6	78.6
2012	7.5	1,044,811	620,572	168.4	71.9
TOTAL					
2021	33.1%	$2,207,410	$4,272,320	51.7%	93.9%
2020	31.9	6,524,266	4,075,819	160.1	76.6
2019	31.4	5,405,481	3,723,483	145.2	79.5
2018	31.6	2,975,839	3,661,498	81.3	87.2
2017	30.8	3,118,101	3,382,122	92.2	85.3
2016	29.8	4,061,009	3,094,750	131.2	78.2
2015	29.0	2,796,367	2,830,051	98.8	83.8
2014	28.5	2,013,469	2,593,334	77.6	87.2
2013	28.4	3,002,849	2,449,664	122.6	78.6
2012	27.9	3,907,485	2,320,875	168.4	71.9

CHRCO PENSION PLAN

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

(in thousands of dollars)

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

(in thousands of dollars)

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

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

(in thousands of dollars)

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

(in thousands of dollars)

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

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

(in thousands of dollars)

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

(in thousands of dollars)

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

Notes to schedule

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially calculated contributions are calculated as of January 1 of the fiscal year (for the Rep Plan) and as of July 1 of the beginning of the fiscal year (for the Unrep Plan) in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. For the period January 1, 2014 to June 30, 2014, the amount shown does not reflect changes in the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2014 to June 30, 2015, and after includes HATFA. The contribution for July 1, 2020 and after reflects the American Rescue Plan Act of 2021 (ARPA).
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the Plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method.
Amortization method	Level dollar, closed amortization over a 7-year period from the valuation date as specified under PPA.
Remaining amortization period	15 years for changes in unfunded liabilities that occur each valuation date.
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The 2-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	2.75%.
Investment rate of return	6.5%
Projected salary increases	Represented employees: 3.75% starting in Plan Year 2021 and after; Unrepresented employees: 2.0% for Plan Year 2021, 3.0% for Plan Years 2022 and 2023 and 3.75% for Plan Year 2024 and after.
Cost-of-living adjustments	N/A.
Mortality	IRS generational mortality table prescribed for the valuation year.

OCERS

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

(in thousands of dollars)

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

RETIREE HEALTH BENEFITS

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

(in thousands of dollars)

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

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET RETIREE HEALTH BENEFITS LIABILITY	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET RETIREE HEALTH BENEFITS LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL RETIREE HEALTH BENEFITS LIABILITY
SAN DIEGO					
2021	5.3%	$1,271,447	$714,031	178.1%	0.7%
2020	5.2	1,193,191	675,577	176.6	0.7
2019	4.8	932,379	599,852	155.4	0.8
2018	4.8	867,819	574,571	151.0	0.7
2017	4.5	835,720	500,922	166.8	0.6
2016	4.1	873,597	430,563	202.9	0.3
2015	4.0	721,260	390,029	184.9	0.3
SAN FRANCISCO					
2021	10.3%	$2,493,992	$1,400,659	178.1%	0.7%
2020	10.6	2,463,690	1,394,885	176.6	0.7
2019	10.1	1,945,198	1,251,556	155.4	0.8
2018	9.8	1,789,855	1,185,071	151.0	0.7
2017	9.5	1,777,540	1,065,427	166.8	0.6
2016	8.6	1,810,693	892,379	202.9	0.3
2015	8.1	1,455,873	787,319	184.9	0.3
TOTAL					
2021	32.9%	$7,969,299	$4,475,503	178.1%	0.7%
2020	32.5	7,529,254	4,262,924	176.6	0.7
2019	31.6	6,077,301	3,910,148	155.4	0.8
2018	31.9	5,826,474	3,857,748	151.0	0.7
2017	31.3	5,837,526	3,498,976	166.8	0.6
2016	29.8	6,279,305	3,094,750	202.9	0.3
2015	29.0	5,233,058	2,830,051	184.9	0.3

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