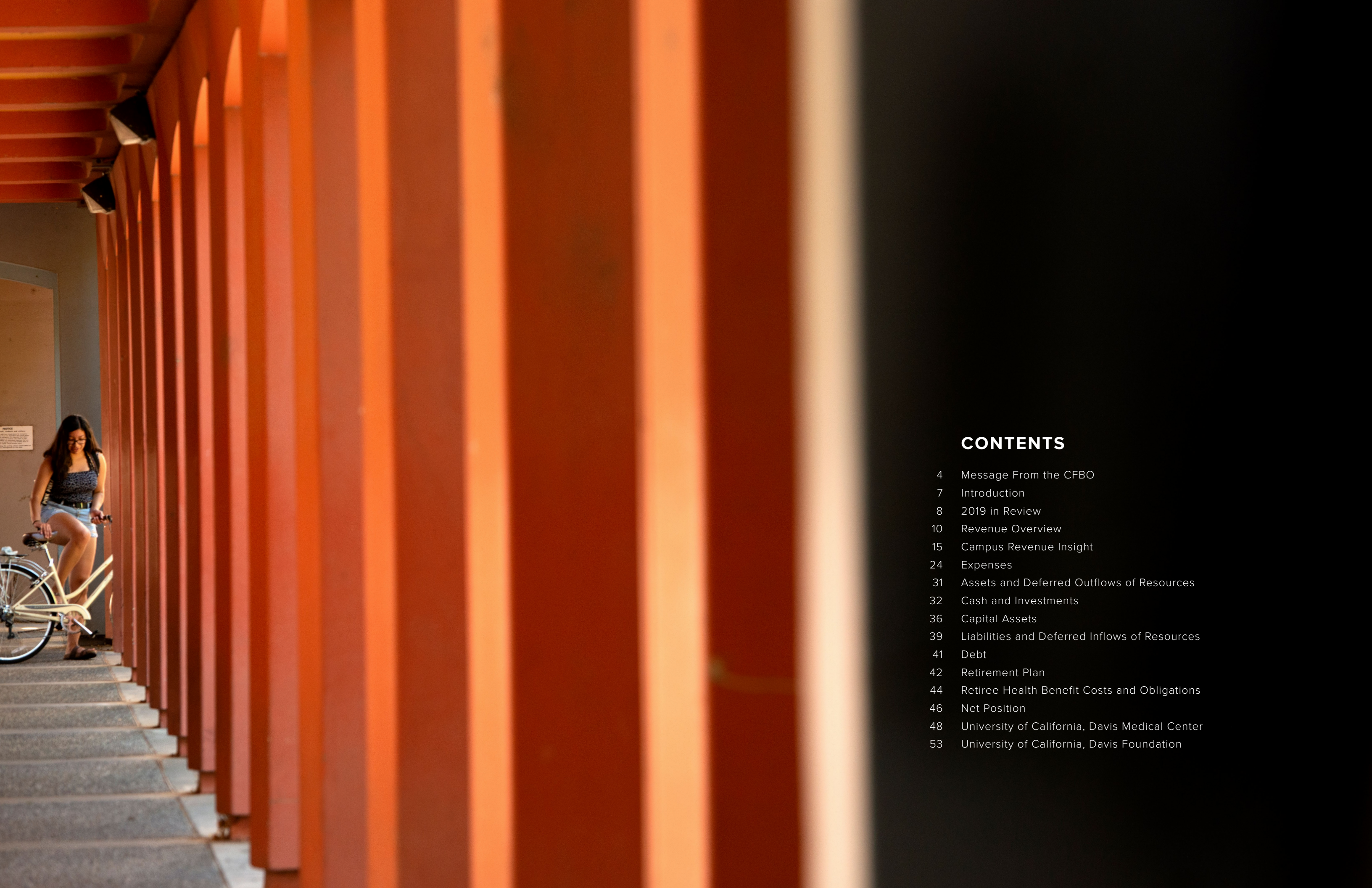




2019
ANNUAL FINANCIAL REPORT
UCDAVIS



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Last year marked the end of a decade of tremendous growth for the university, increasing fall enrollment by over 7,000 students since 2010. While UC Davis has outgrown expectations in global research, education and student success, it has also faced financial challenges.

Diversification of Revenue Streams

The State of California has been a generous partner in providing resources to UC Davis since its establishment; however, educational appropriations have not been in line with inflation since the last recession. State appropriations have increased 6.4% since the beginning of the decade while inflation has increased over 21.1%. To reduce dependencies on state funding, UC Davis has put significant effort into diversifying revenue resources by seeking better investment returns, expanding health care services, and generating additional research and other operating revenue. Revenues have increased to over \$5.1 billion in 2019.

Pensions and Retiree Health Benefits

In 2019, the University of California revised the actuarial assumptions underlying the estimated costs for future retirees by reducing the forecasted investment returns on pension funds and extending the life expectancies of retirees. This change increased the non-cash pension and retiree health benefit expense for the 2019 fiscal year.

Economic fluctuations and dynamic actuary adjustments cause retirement benefit expenses to be volatile and difficult to predict from year to year. As a result, UC Davis continues to focus on cash

and investment management. While operating expenses were \$5.4 billion in 2019, UC Davis has increased its cash and investment balances, including endowments, to \$2.8 billion.

Blue and Gold Investment

The University of California's Chief Investment Officer created a new fund in 2019 called the Blue and Gold Investment Pool (BGP). In order to earn higher returns on investment, funds have been transferred out of the Short Term Investment Pool (STIP) to this new fund, which earned 3.5% in 2019 comparison to 2.2% in STIP. The additional investment income will be used to support core activities, critical capital investments and initiatives in support of the UC Davis strategic plan. This investment strategy is focused on mitigating inflationary costs while at the same time keeping an eye on the future.

Investing for the Future

UC Davis's mission is dedicated to academic excellence and scholarship in service to the public good. To fulfill this quest, we must continually make important investments to push the university forward. This will mean strategically managing all our resources so that we can maximize return on investments and making decisions that will add value to the institution.

Lisa Frace

UC Davis Chief Finance and Budget Officer



MESSAGE FROM THE CFBO



The University of California, Davis 2019 Annual Financial Report provides a condensed overview of the institution's financial health for the fiscal year ending June 30, 2019.

The financial information presented in this report encompasses the operating activities of UC Davis Campus and UC Davis Medical Center ¹. UC Davis Foundation's summarized financial statements can be found separately on pages 51-53.

Unless otherwise stated, comparative financial information and data presented in this report are for fiscal years ending June 30, 2018 and 2017. Throughout the report, the University of California will be referred to as "the University" and the UC Board of Regents as "the Regents."

¹ The reported financial information in this report, while not separately audited, is prepared from the official University of California records and accounts which are maintained in accordance with the Governmental Accounting Standards Board (GASB). For more information, please refer to the University of California's Annual Report: www.ucop.edu/financial-accounting/financial-reports/annual-financial-reports.html.

2019 IN REVIEW

UC Davis was met with financial challenges despite an increase in revenue and state appropriations. Costs pertaining to retirement benefits resulted in a decrease in net position of \$252 million in 2019. Excluding actuary adjustments for pension and retiree health benefits, UC Davis's change in net position was an increase of \$272 million.

UC Davis continues to achieve top national rankings and exceed expectations. These successes would not have been realized without 34,500 loyal employees (including over 5,300 world-class faculty), the support of the State of California and its residents, and most importantly the talented students who chose to pursue their education at UC Davis and the thousands of patients who selected UC Davis Health as their health care provider.

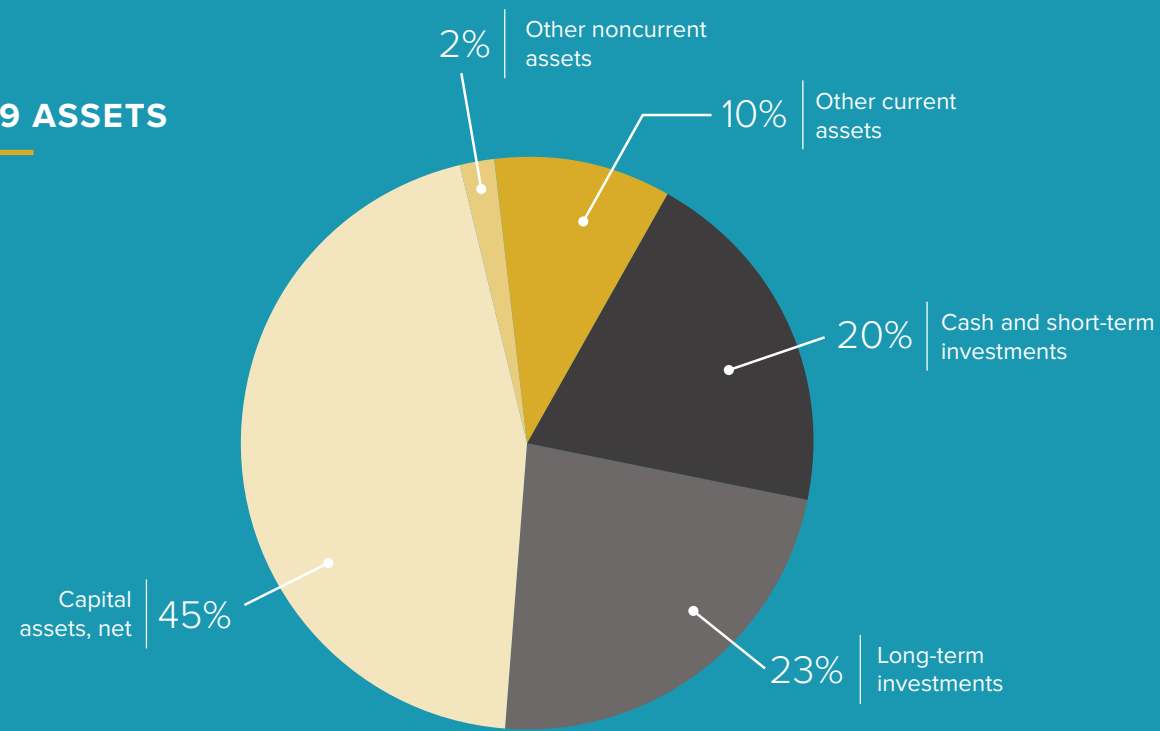
In fall of the 2018-19 academic year, UC Davis welcomed over 39,100 students. Over 30,700

undergraduates registered to study 101 different majors while 8,400 graduate students pursued 102 research and advanced studies programs offered by the university. 2018-19 saw one of the most diverse student populations in the past few years, emphasizing UC Davis's commitment to "embrace diversity, practice inclusive excellence and strive for equity." Of the total undergraduate student population, 18% were non-California residents (3% domestic and 15% international).

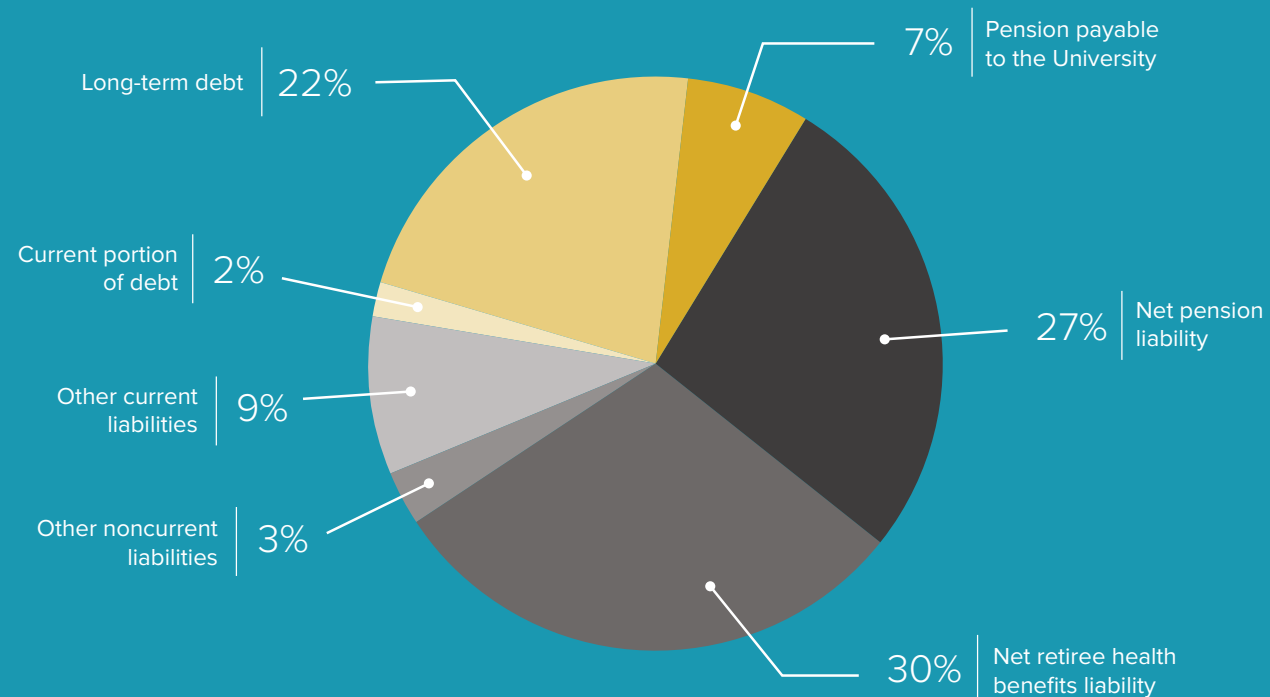
UC Davis Medical Center's operating revenue grew 4.8% to \$2.3 billion due to increases in patient days and changes in Contract and Medicare payor mix. Outpatient visits decreased 2.1% to 946,900 from 2018 to 2019, but patient days increased 0.8% to 197,000. The diversity and complexity in patients' diagnoses also increased, causing the Case Mix Index (CMI) to change from 1.91 in 2018 to 2.00 in 2019.



2019 ASSETS



2019 LIABILITIES



CONDENSED FINANCIAL STATEMENTS

Below are the abbreviated financial statements for UC Davis as of and for the years ended June 30, 2019 and 2018:

CONDENSED STATEMENTS OF NET POSITION

<i>(in millions of dollars)</i>	2019	2018
ASSETS		
Cash and investments	\$3,356	\$2,658
Accounts receivable, net	630	544
Capital assets, net	3,521	3,354
Other assets	322	322
Total assets	\$7,829	\$6,878
DEFERRED OUTFLOWS OF RESOURCES		
	1,677	727
LIABILITIES		
Debt, including commercial paper	2,346	1,825
Net pension liability	2,652	1,473
Net retiree health benefits liability	2,960	2,811
Other liabilities	1,899	1,609
Total liabilities	9,857	7,718
DEFERRED INFLOWS OF RESOURCES		
	1,049	1,035
NET POSITION	\$(1,400)	\$(1,148)

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

<i>(in millions of dollars)</i>	2019	2018
REVENUES		
Student tuition and fees, net	\$695	\$663
State appropriations	429	397
Grants and contracts, net*	816	764
Medical center, net	2,329	2,222
Private gifts	79	77
Other revenue	780	778
Total revenues	\$5,128	\$4,901
EXPENSES		
Compensation expense	3,805	3,249
All other operating expense	1,587	1,509
Total expenses	\$5,392	\$4,758
Income before other changes in net position	\$(264)	\$143
Other income (expense)	(7)	(46)
Other changes in net position	19	59
INCREASE IN NET POSITION	\$(252)	\$156
NET POSITION, END OF YEAR	\$(1,400)	\$(1,148)

* Includes Pell Grant



CASH FLOW

<i>(in millions of dollars)</i>	2019	2018
Cash provided by (used in):		
Operating activities	\$(600)	\$(259)
Noncapital financing activities	547	579
Capital and related financing activities	69	(286)
Investing activities	(210)	57
Cumulative effect - change in acctg. principle	3	-
Net increase (decrease) in cash and cash equivalents	(191)	91
Cash and cash equivalents, end of year	\$633	\$824



REVENUES

Revenues were \$5.1 billion in 2019. Revenues increased \$226.5 million and \$211.7 million in 2019 and 2018 respectively. The diverse sources of revenue for UC Davis include income from operations such as Tuition and Fees, Grants and Contracts, Medical Center, Auxiliary Enterprises, Educational Activities and Other Operating Revenue. Revenue classified as non-operating by GASB that are key to the university's operations include private gifts, investment income, Pell Grants, and state appropriations.

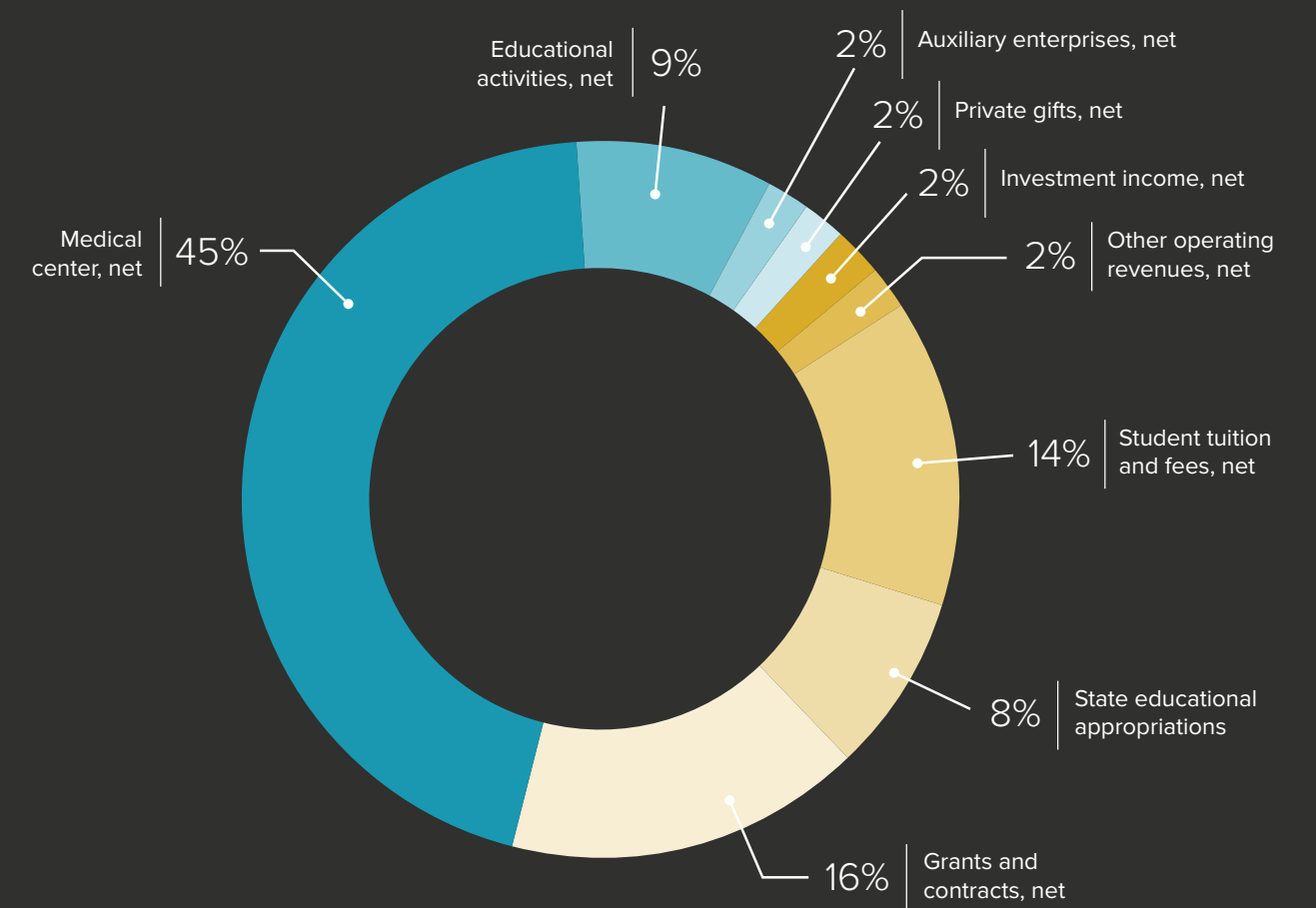
REVENUE

<i>(in millions of dollars)</i>	2019	2018	2017
OPERATING REVENUE			
Medical center, net	\$2,329	\$2,222	\$2,147
Grants and contracts, net	758	710	689
Student tuition and fees, net	695	663	595
Educational activities, net	472	457	448
Auxiliary enterprises, net	122	115	96
Other operating revenues, net	82	87	78
Total operating revenue	\$4,458	\$4,254	\$4,053
NON-OPERATING REVENUE			
State educational appropriations	\$429	\$397	\$432
Private gifts, net	80	77	85
Federal Pell grants	58	54	52
Investment income, net	102	99	46
Other non-operating revenue	1	20	21
Total non-operating revenue	\$670	\$647	\$636
TOTAL REVENUES	\$5,128	\$4,901	\$ 4,689

SCHOLARSHIP ALLOWANCE

<i>(in millions of dollars)</i>	2019	2018	2017
Student tuition and fees	\$160	\$154	\$159
Auxiliary enterprises	29	29	27
Other operating revenues	2	2	1
TOTAL ALLOWANCES	\$191	\$185	\$187

2019 REVENUE



TUITION AND FEES

Net student tuition and fee revenue grew \$32.2 million in 2019 from last year. The 4.9% growth was primarily due to higher student enrollment and increases in non-resident tuition rate and campus-based student fees. 2018 net student tuition and fee revenues were \$67.5 million higher than 2017. The 11.3% growth from 2017 and 2018 was due to a combination of higher enrollment and rate increases for both non-resident and resident tuition.

Mandatory tuition rates were held at the same rate by the University for six years until 2018. In 2018, the rate was raised 2.5% for inflation and then reduced (0.5%) for 2019. There will not be any changes to the mandatory tuition rates for 2020. Non-resident tuition rates increased 3.5% and 5.0% in 2019 and 2018 respectively. Student fees excluding health insurance increased 1.5% and 3.2% in 2019 and 2018 respectively. As is customary, approximately one-third of the additional revenue generated from the student service fee rate increase is used to provide financial aid for students with financial need.

Undergraduate tuition revenue includes mandatory resident and non-resident tuition. Graduate and professional tuition revenue are comprised of resident, supplemental tuition, and non-resident tuition for graduate academic and professional degrees.

Student fees and other revenue include summer tuition revenue, student services fees, student

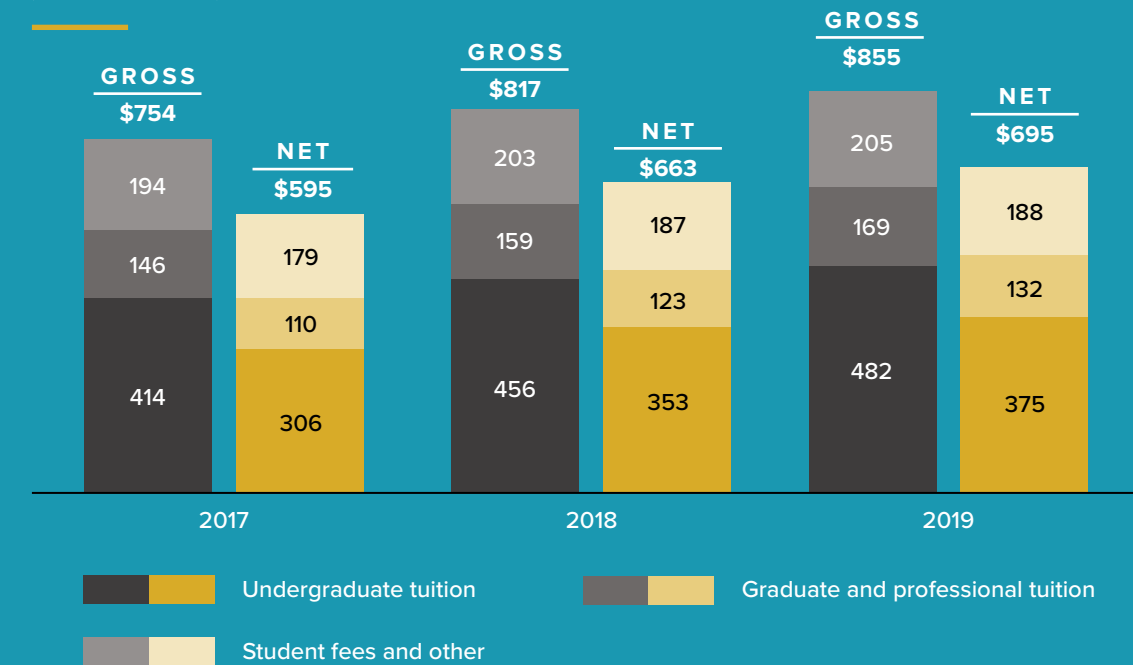
health services fees, course material fees, application fees, and other minor fees.

Net tuition and fees are gross tuition and fees less the scholarship allowance. Scholarship allowance is the financial aid applied to tuition and fee revenue.

Further information on student fees is available on the UC Davis Finance and Business website.

TUITION AND FEES REVENUE

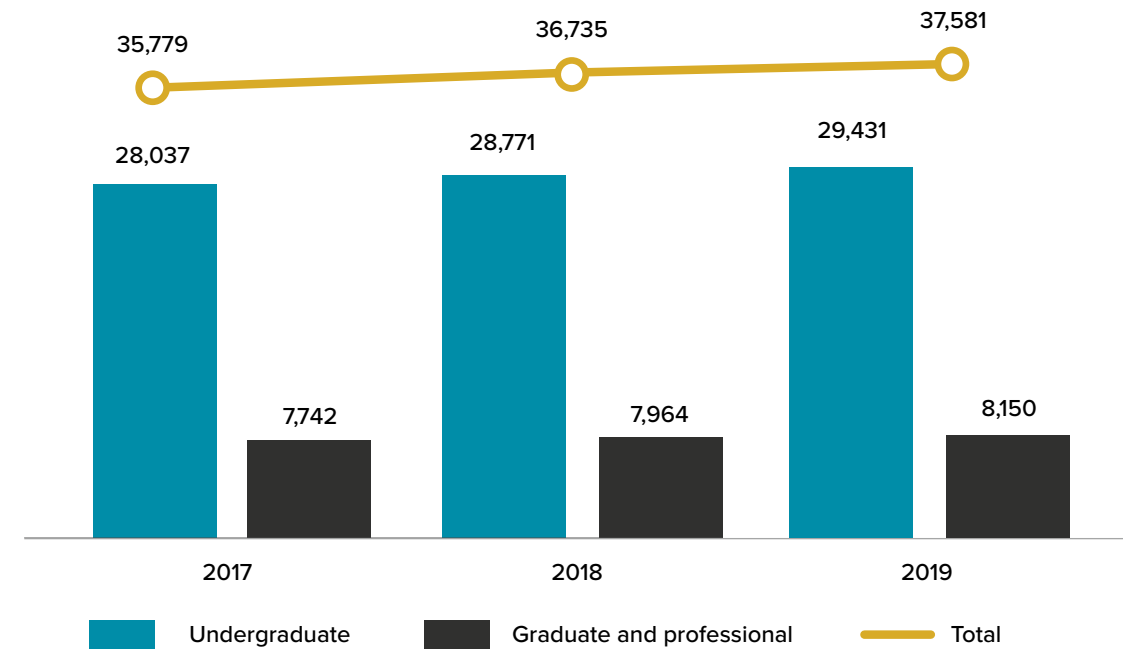
(in millions of dollars)





STUDENT ENROLLMENT BY 3 QUARTER AVERAGE

Three-quarter average student enrollment grew 2.3% in 2019 and 2.7% in 2018. Of the total student population, undergraduate students accounted for 78.3% both years.





STATE OF CALIFORNIA EDUCATIONAL APPROPRIATIONS

Educational appropriations from the State of California were \$429.3 million in 2019 and \$397.3 million in 2018. Financial support from the state increased \$32.0 million in 2019 and decreased \$35.0 million in 2018.

The additional funding for 2019 included of \$13.1 million for general funds and \$18.9 million for special state appropriations. Special state appropriations supported \$12.0 million in research funding for Jordan's Syndrome, \$4.0 million for legal services for undocumented immigrants, and \$1.9 million for Aggie Square.

The decline in state appropriations in 2018 was due to a change in accounting treatment of the University of California Office of the President's campus assessment fee. Prior to 2018, the assessment fee was issued through an expense transfer to each campus. Starting in 2018, the campus assessment fee was directly deducted from the educational appropriation allocation.

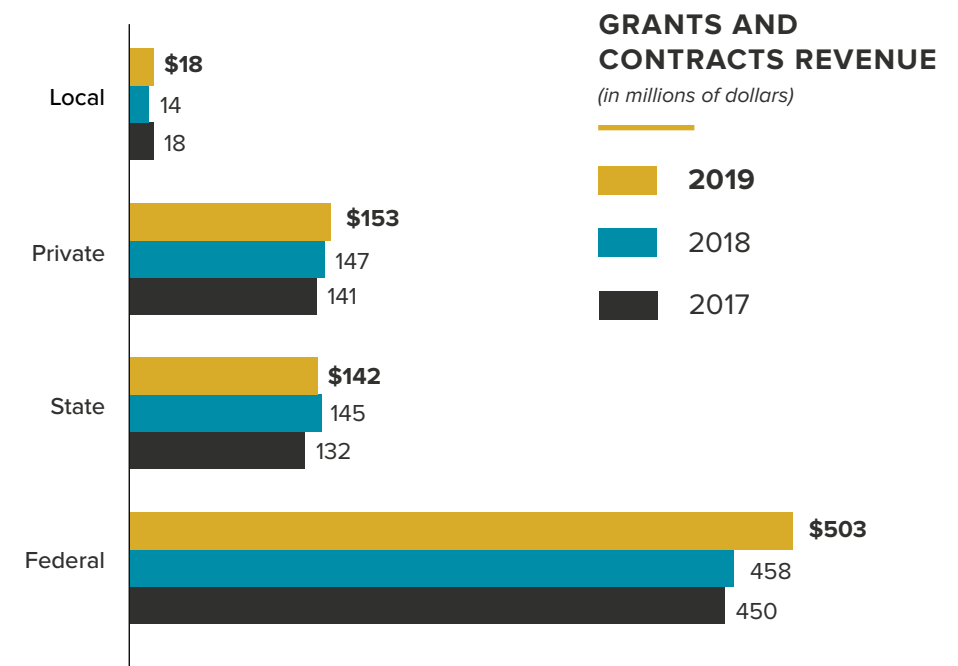
GRANTS AND CONTRACTS

Revenue from federal, state, private, and local grants and contracts (including facilities and administration cost recoveries and Pell Grants) totaled \$815.6 million in 2019 and \$764.1 million in 2018. Grants and contracts revenue increased \$51.5 million and \$23.4 million in 2019 and 2018 respectively. The 2019 increase in grants and contract revenue was driven by funding received from the U.S. federal government and private agencies.

The increase in federal funding was related to research sponsored by the Department of Health & Human Services' National Institute of Health, Department of the Interior, and

Department of Defense. These funds are crucial to helping UC Davis advance research in many areas including human aging, adolescent sleep needs, brain injury and Alzheimer's disease. Conservation projects include protecting the Delta Smelt, a species of fish only found in San Francisco Estuary.

Private grants and contracts include a new grant from Walt Disney Company's Snap the Gap project to teach STEM to girls as young as 10 years old. Increases to current private grant and contract projects include MARS, Inc. for research to improve cocoa strains and the Almond Board of California.



EXPENSES

Operating expenses increased \$634.3 million to \$5.4 billion in 2019 from \$4.8 billion in 2018. The 2018 operating expenses were \$81.0 million higher than 2017.

Compensation expense, which includes both salaries and benefits, accounted for most of the expense growth from 2018 to 2019. Compensation was \$556.3 million higher than 2018. \$524.3 million of this variance was driven by actuarial adjustments for employee pension and retiree health benefits. The remaining \$32.0 million increase was due to 1.5% higher

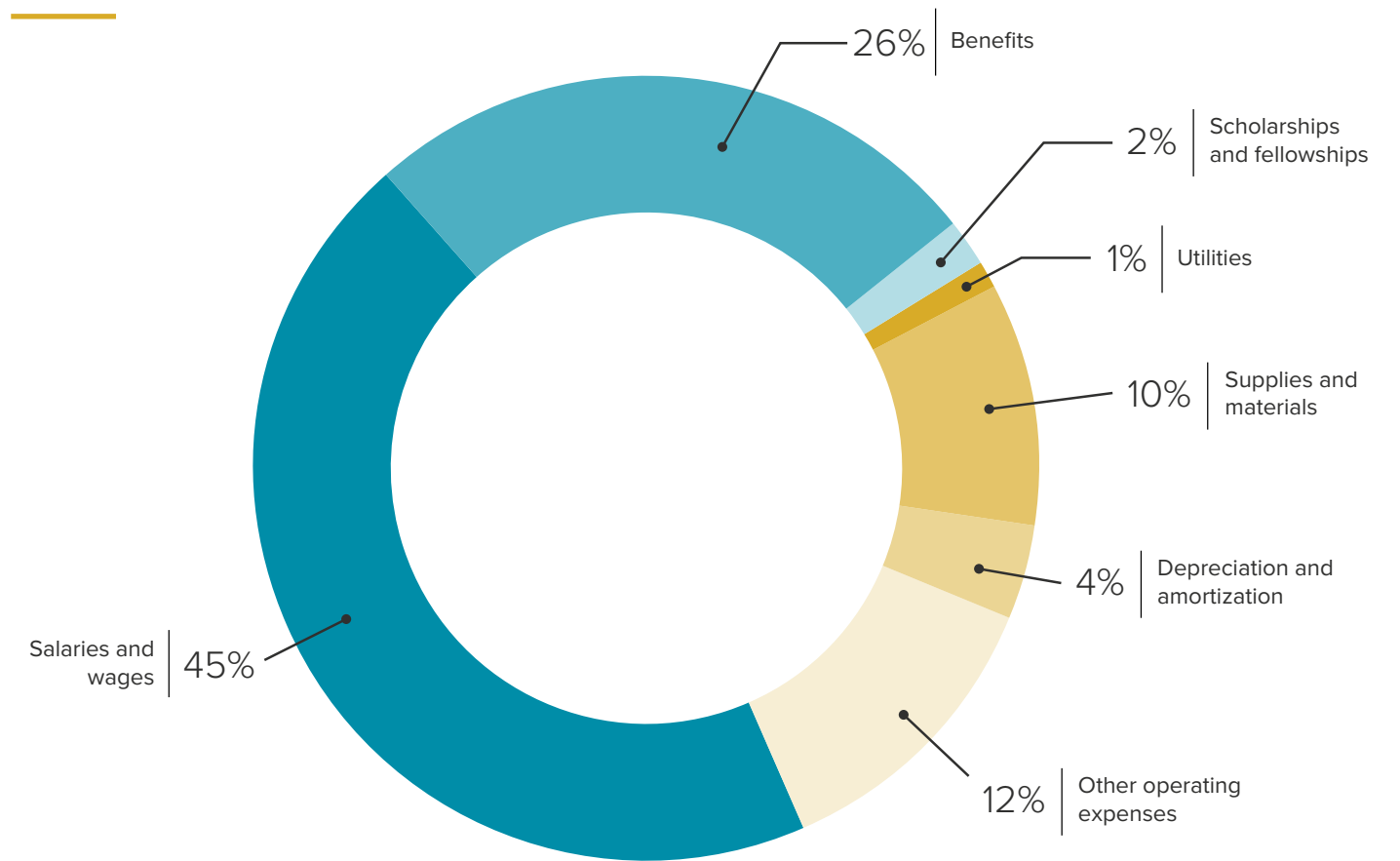
full-time equivalent employees (FTEs) and merit increases.

Non-compensation expenses were \$78.1 million higher in 2019 compared to 2018. Medical center's medical supplies increased due to increased cost of pharmaceuticals. Building renovations and repairs caused non-compensation expense to increase for the Medical Center in 2019. Campus expenses grew due to research funding, maintenance projects, and increase in food and beverage supplies.



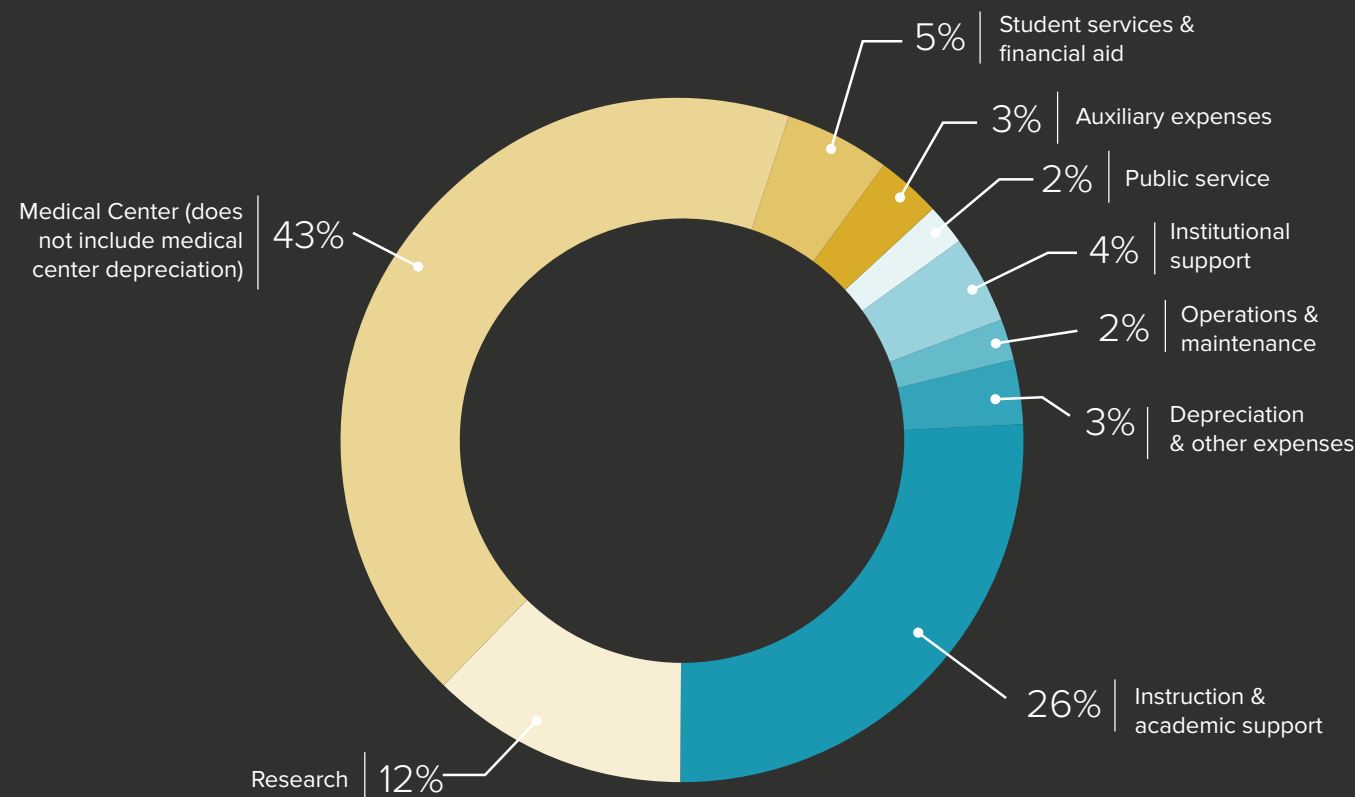


OPERATING EXPENSES



Operating expenses of UC Davis as of and for the years ending June 30 are as follows:

<i>(in millions of dollars)</i>	2019	2018	2017
Salaries and wages	\$ 2,413	\$ 2,329	\$ 2,194
Pension benefits	683	227	302
Retiree health benefits	191	194	240
Other employee benefits	518	498	472
Scholarships and fellowships	106	100	88
Utilities	40	37	38
Supplies and materials	548	525	474
Depreciation and amortization	238	243	230
Other operating expenses	655	605	639
TOTAL OPERATING EXPENSES	\$ 5,392	\$4,758	\$4,677



<i>(in millions of dollars)</i>	2019	Restated 2018	Restated 2017
Instruction	1,077	\$941	\$917
Academic support	309	273	290
Research	669	588	570
Medical Center	2,332	2,042	1,918
Student services and financial aid	275	260	247
Auxiliary enterprises	133	123	111
Public service	103	93	98
Institutional support	216	172	181
Operations & maintenance of plant	118	104	106
Depreciation, impairment & other expenses	160	162	239
TOTAL	\$5,392	\$4,758	\$4,677

EXPENSES BY HIGHER EDUCATION FUNCTION CODE

In addition to reporting expenses by type, universities present financial results based on Higher Education Function Code, which seeks to detail why expenditure occurred as opposed to what the funds were sent on. Understanding both sets of data are critical in evaluating financial results.

Actuarial adjustments for retirement benefits were the primary driver of the increases in expenses in 2019 from 2018 across all functional areas. The composition of operating expense by higher education function code have mostly remained consistent over the past three years.

The UC Davis Medical Center, including depreciation and impairments, accounted for 43.2% of total operating expenses in 2019 and 42.9% in 2018. The medical center was 41.0% of total operating costs in 2017. Medical supplies

increased \$8.9 million and \$33.3 million in 2019 and 2018 respectively due to higher census and volume. Other supplies and purchased services were \$27.7 million higher in 2019 compared to 2018 due to renovation and maintenance and repairs costs.

Institutional support accounted for 4.0% in operating expenses in 2019. This was an increase from 3.6% in 2018 and 3.9% in 2017. The growth from 2018 to 2019 was due to \$6.3 million increase compensation expenses for a new Administrative Information Technology (Admin IT) unit for Risk and Safety whose funding is provided by the University of California's Office of the President. In 2018, UC Davis also received a \$3.9 million settlement from a lawsuit for the Dairy Road project, which reduced our expenses that year.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

UC Davis' assets and deferred outflows of resources as of June 30 are as follows:

<i>(in millions of dollars)</i>	2019	Restated 2018	Restated 2017
ASSETS			
Current assets			
Cash and cash equivalents	\$633	\$824	\$734
Short term investments	558	851	1,022
Investments held by trustees	348	2	2
Accounts receivable, net	630	544	517
Pledges receivable, net	1	2	1
Current portion of notes & mortgages receivable, net	20	24	10
Inventories	46	44	41
Other current assets	79	78	64
Total current assets	2,315	2,369	2,391
Noncurrent assets			
Investments	1,646	976	740
Investments held by trustees	171	5	3
Pledges receivable, net	1	2	2
Notes and mortgages receivable, net	153	156	73
Capital assets, net	3,521	3,354	3,298
Other noncurrent assets	22	16	18
Total noncurrent assets	5,514	4,509	4,134
TOTAL ASSETS	\$7,829	\$6,878	\$6,525
DEFERRED OUTFLOWS OF RESOURCES			
Net pension liability	\$984	\$137	\$172
Net retiree health benefits liability	615	549	625
Debt refunding	37	41	44
Asset retirement obligations	41	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$1,677	\$727	\$841

CASH AND INVESTMENTS

UC Davis' cash and investments are centrally managed by the University's Office of the Chief Investment Officer.

STIP is the short-term investment pool and allows for UC Davis to maximize its returns on its short-term cash balances. Cash to provide for payroll, construction expenditures and other operating expenses is invested in STIP.

TRIP is the total return investment pool and allows UC Davis the opportunity to maximize the return on its long-term working capital. TRIP is a diversified portfolio of equity, fixed income and alternative investments.

BGP is the Blue and Gold Pool and is a new fund established by the Regents in March 2019. The objective of BGP is to provide a low cost, liquid, and diversified investment vehicle to invest long-term excess reserves to earn higher than returns than STIP and TRIP.

GEP is the general endowment pool, a balanced investment portfolio and the primary investment vehicle for endowed gift funds.

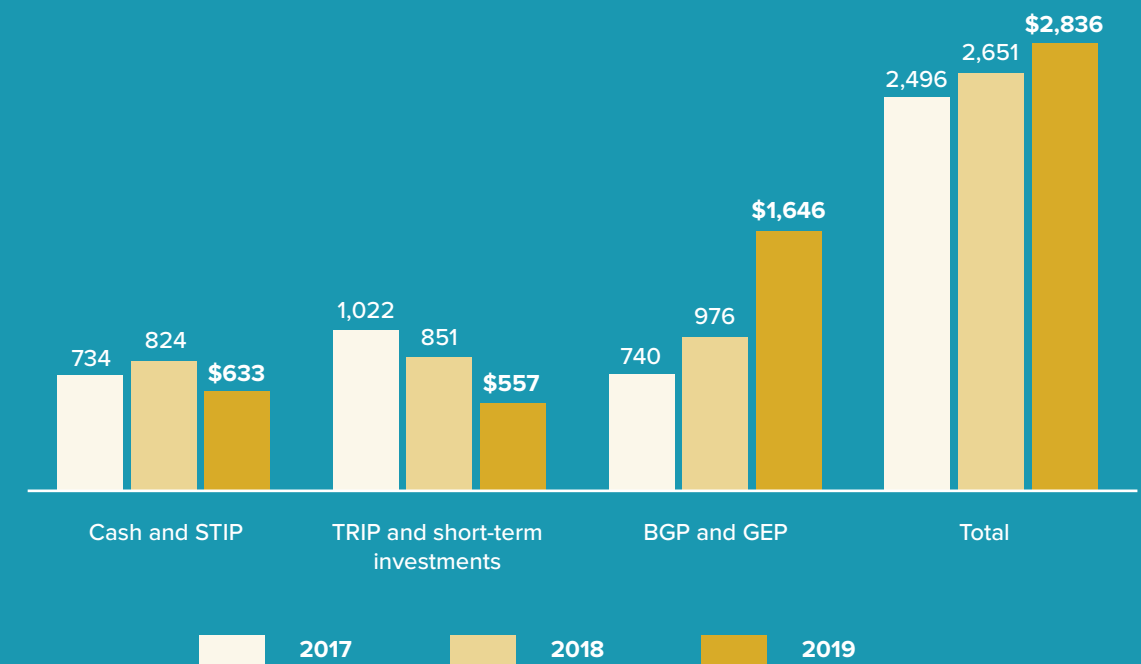




CASH AND INVESTMENT BALANCES

at end of year (in millions of dollars)

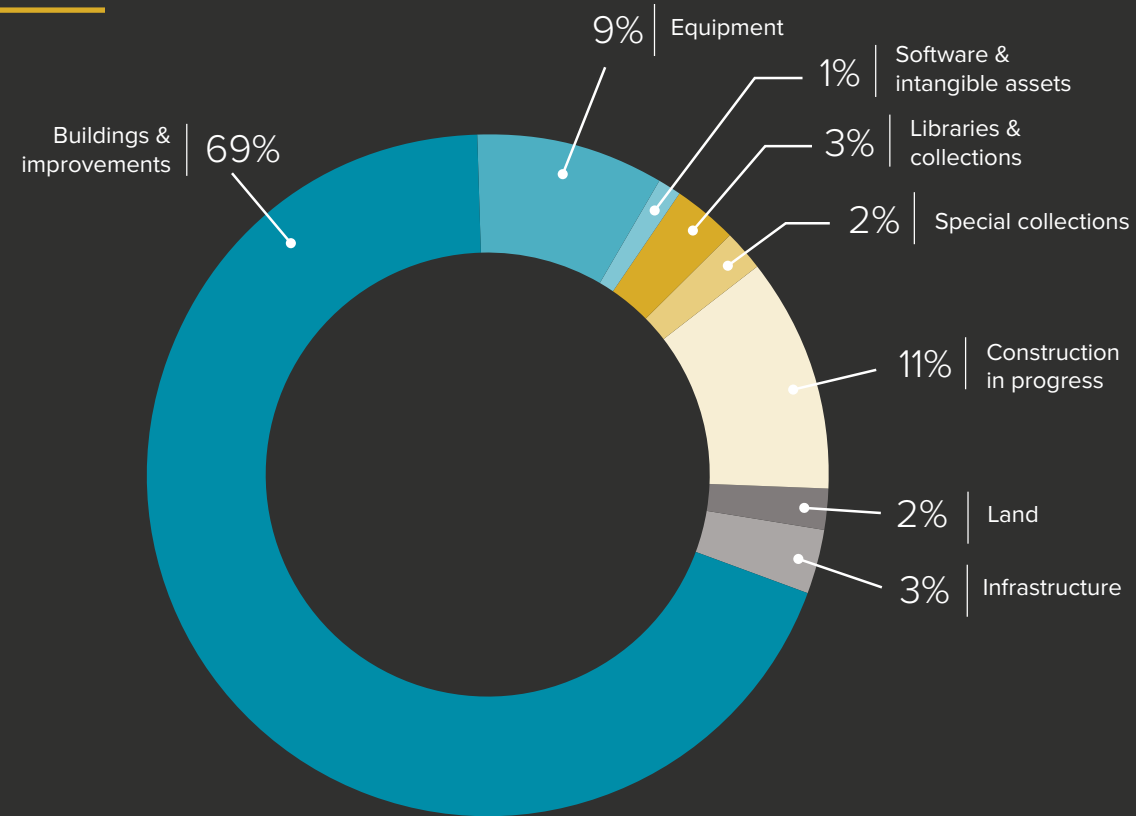
Below is a summary of cash investment balances by investment type as of June 30:



CAPITAL ASSETS

UC Davis' capital asset activity and balances for the fiscal years ended June 30, 2019 and 2018 is as follows:

FY2019 CAPITAL ASSETS, NET



<i>(in millions of dollars)</i>	2018	Additions	Depreciation & Amortization	Disposals	TOTAL
Land	\$61	\$ -	\$ -	\$(1)	\$60
Infrastructure	109	9	(8)	-	110
Buildings & improvements	2,372	193	(138)	-	2,427
Equipment	281	95	(63)	(3)	310
Software & intangible assets	52	5	(14)	-	43
Libraries & collections	120	29	(15)	(9)	125
Special collections	59	1	-	(1)	59
Construction in progress	300	87	-	-	387
TOTAL CAPITAL ASSETS, NET	\$3,354	\$419	\$(238)	\$(14)	\$3,521



LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

The following table provides a breakdown of UC Davis' liabilities and deferred inflows of resources:

<i>(in millions of dollars)</i>	2019	2018	2017
LIABILITIES			
Current Liabilities			
Accounts payable	\$204	\$168	\$168
Accrued salaries and benefits	251	145	118
Unearned revenue	184	187	152
Commercial paper	40	15	73
Current portion of long-term debt	158	160	156
Other current liabilities	300	293	248
Total current liabilities	1,137	968	915
Noncurrent liabilities			
Federal refundable loans	64	62	60
Long-term debt	2,147	1,650	1,538
Net pension liability	2,652	1,473	1,581
Pension payable to the University	698	611	566
Net retiree health benefits liability	2,960	2,811	2,888
Other noncurrent liabilities	199	143	143
Total noncurrent liabilities	8,720	6,750	6,776
TOTAL LIABILITIES	\$9,857	\$7,718	\$7,691
DEFERRED INFLOWS OF RESOURCES			
Service concession arrangements	\$48	\$49	\$50
Net pension liability	53	79	150
Net retiree health benefits liability	948	907	779
TOTAL DEFERRED INFLOWS OF RESOURCES	\$1,049	\$1,035	\$979

UC Davis' portion of the University of California's outstanding debt at June 30 is as follows:

<i>(in millions of dollars)</i>	Interest Rate Range	Maturity Years	2019
General revenue bonds			
Fixed rate	1.4%- 7.6%	Through 2115	\$901
Variable rate	1.5%-2.4%	Through 2048	89
Medical Center pool revenue bonds	1.4%-6.6%	Through 2049	302
Limited project revenue bonds	1.5%-6.3%	Through 2052	311
Unamortized bond premium			137
REVENUE BONDS			1,740
Mortgages and other borrowings	Various	Through 2051	564
Capital lease obligations	1.3%- 2.9%	Through 2026	1
TOTAL DEBT OBLIGATIONS			2,305
Less: amounts due within one year			(158)
NONCURRENT PORTION OF DEBT			\$2,147

DEBT

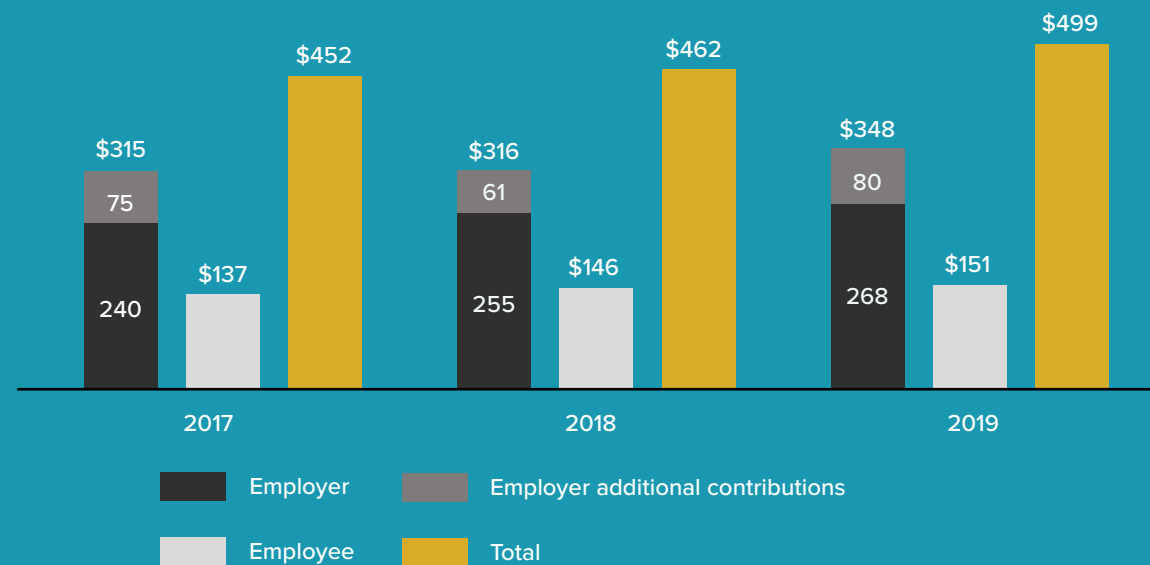
The University directly finances the construction, renovation, and acquisition of facilities and equipment, or for other purposes through the issuance of debt obligations, or indirectly, through structures that involve legally separate entities reported as blended component units. Commercial paper and bank loans provide interim financing. Long-term financing includes revenue bonds, capital lease obligations and other borrowings.

RETIREMENT PLAN

All full-time employees of UC Davis participate in the University of California Retirement System (UCRS) that is centrally administered by the University of California. The UCRS consists of UCRP, a single-employer defined benefit pension plan, and the University of California Retirement Savings Program (UCRSP) that includes four defined contribution plans with several investment portfolios generally funded with employee non-elective and elective contributions. The Regents have the authority to establish and amend the benefit plans. Additional information on the retirement plans can be obtained from the 2017-2018 annual reports of the University of California Retirement System.

CONTRIBUTIONS TO UCRP

(in millions of dollars)



ACTUARIAL ASSUMPTIONS

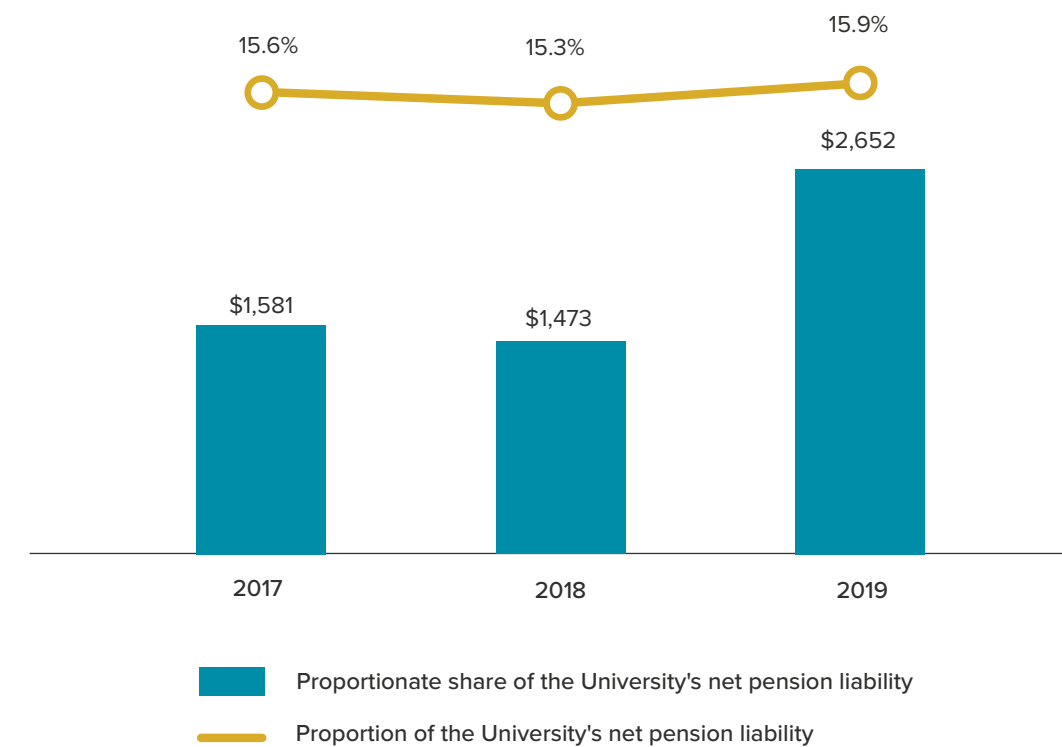
(in percentages)	2019
Inflation	2.5
Investment rate of return	6.75
Discount rate	6.75
Projected salary increase	3.65 - 5.95
Cost-of-living adjustments	2.0

SENSITIVITY OF NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

(in millions of dollars)	2019
1% decrease (5.75%)	\$4,483
Current discount (6.75%)	2,742
1% increase (7.75%)	1,310

NET PENSION LIABILITY

(in millions of dollars)

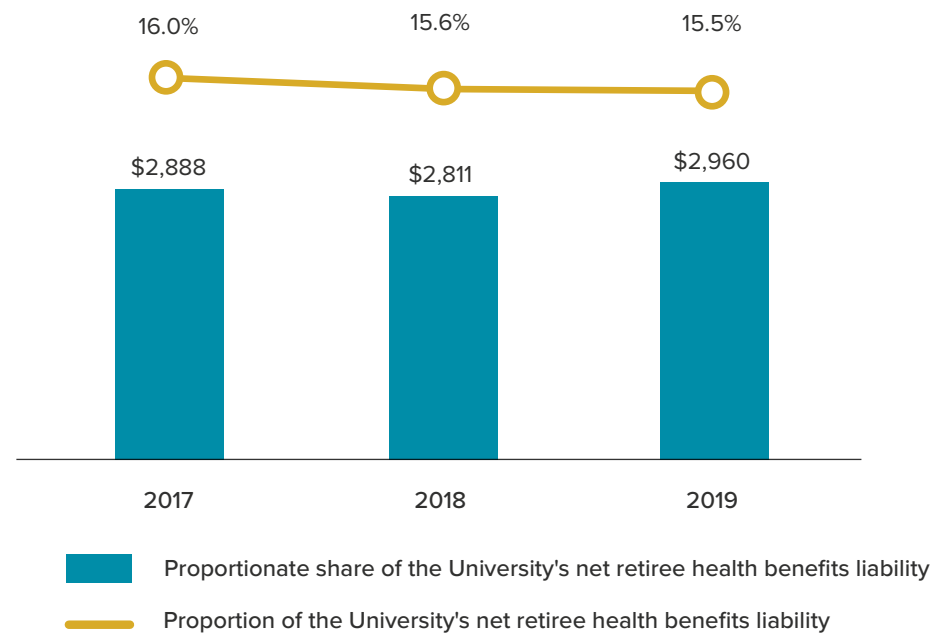


RETIREE HEALTH BENEFIT COSTS AND OBLIGATIONS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental, and vision benefits, to eligible retirees and their eligible family members (“retirees”) of the University of California and its affiliates. The Regents have the authority to establish and amend benefit plans.

NET RETIREE HEALTH BENEFITS LIABILITY

(in millions of dollars)



ACTUARIAL ASSUMPTIONS

(in percentages)	2019
Discount rate	3.5
Inflation	2.5
Investment rate of return	2.5
Health care cost trend rates	Initially ranges from 4.4 to 9.4 decreasing to an ultimate rate of 4.0 for 2077 and later years

SENSITIVITY OF NET RETIREE HEALTH LIABILITY TO HEALTH CARE COST TREND RATE

(in millions of dollars)	2019
1% decrease (3.4%-8.40% decreasing to 3.04%)	\$2,532
Current discount (4.4% to 9.4% decreasing to 4.04%)	3,073
1% increase (5.4% to 10.4% decreasing to 5.04%)	3,791

SENSITIVITY OF NET RETIREE HEALTH LIABILITY TO THE DISCOUNT RATE ASSUMPTION

(in millions of dollars)	2019
1% decrease (2.5%)	\$3,680
Current discount rate (3.5%)	3,073
1% increase (4.5%)	2,596



NET POSITION

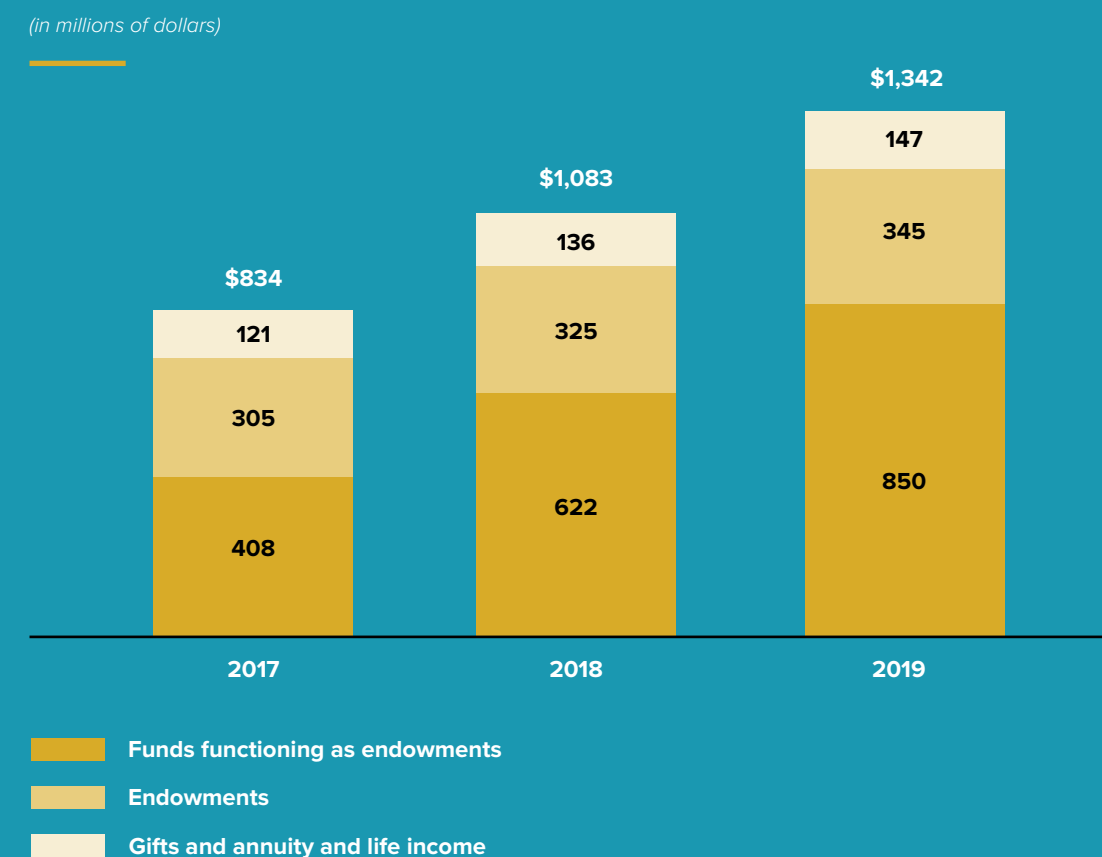
The following table provides the values of the components that comprise UC Davis' net position as of June 30, 2019, 2018, and 2017:

<i>(in millions of dollars)</i>	2019	2018	2017
NET INVESTMENT IN CAPITAL ASSETS	\$1,739	\$1,616	\$1,663
RESTRICTED:			
Nonexpendable endowment funds:			
Endowments	126	122	119
Annuity and life income	3	3	2
Total nonexpendable	129	125	121
Expendable endowment funds:			
Endowments	219	203	186
Funds functioning as endowments	273	260	247
Annuity and life income	1	1	1
Gifts	140	129	116
Total expendable endowment funds	633	593	550
Other expendable including loans, capital projects, endowment income, debt service and appropriations	153	234	180
UNRESTRICTED:			
Endowment funds:			
Funds functioning as endowments	577	362	161
Gifts	3	3	2
Total endowment funds	580	365	163
Other unrestricted	(4,634)	(4,081)	(3,981)
Total unrestricted	(4,054)	(3,716)	(3,818)
TOTAL NET POSITION	\$(1,400)	\$(1,148)	\$(1,304)

ENDOWMENT FUNDS

Endowment funds are held and administered by the University. The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of annual income distribution provided

by investment income may vary from year-to-year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made. The proportion of investment returns earned on endowments held by the University and distributed each year to support current operations of UC Davis is based upon a rate of 4.75 percent (stated in dollars per share).



UC DAVIS MEDICAL CENTER

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

Licensed as a 625-bed general acute care hospital with more than 30 operating rooms, the Davis Medical Center provides a full range of inpatient general acute and intensive care, and a full complement of ancillary, support and ambulatory services.

These services are housed in about 4.9 million gross square feet of facilities, most of which are located on an approximately 144-acre campus in the city of Sacramento. Ambulatory care is provided at the hospital-based clinics and at satellite clinics in Sacramento and in the surrounding communities of Auburn, Carmichael, Davis, Elk Grove, Folsom, Natomas, Rancho Cordova, Rocklin and Roseville.



CONDENSED STATEMENTS OF NET POSITION

(in millions of dollars)	2019	2018
Assets		
Cash and investments	\$923	\$741
Patient and other accounts receivable	291	270
Capital assets	1,116	1,080
Other assets	262	280
Total assets	\$2,592	\$2,371
Deferred outflow of resources	\$746	\$331
Liabilities		
Debt, capital leases, and financing obligations	\$342	\$363
Net retiree health benefits liability	1,268	1,215
Pension obligations	1,152	644
Pension payable to the University	304	267
Other liabilities	486	388
Total liabilities	\$3,552	\$2,877
Deferred inflow of resources	409	388
NET POSITION	\$(623)	\$(563)

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

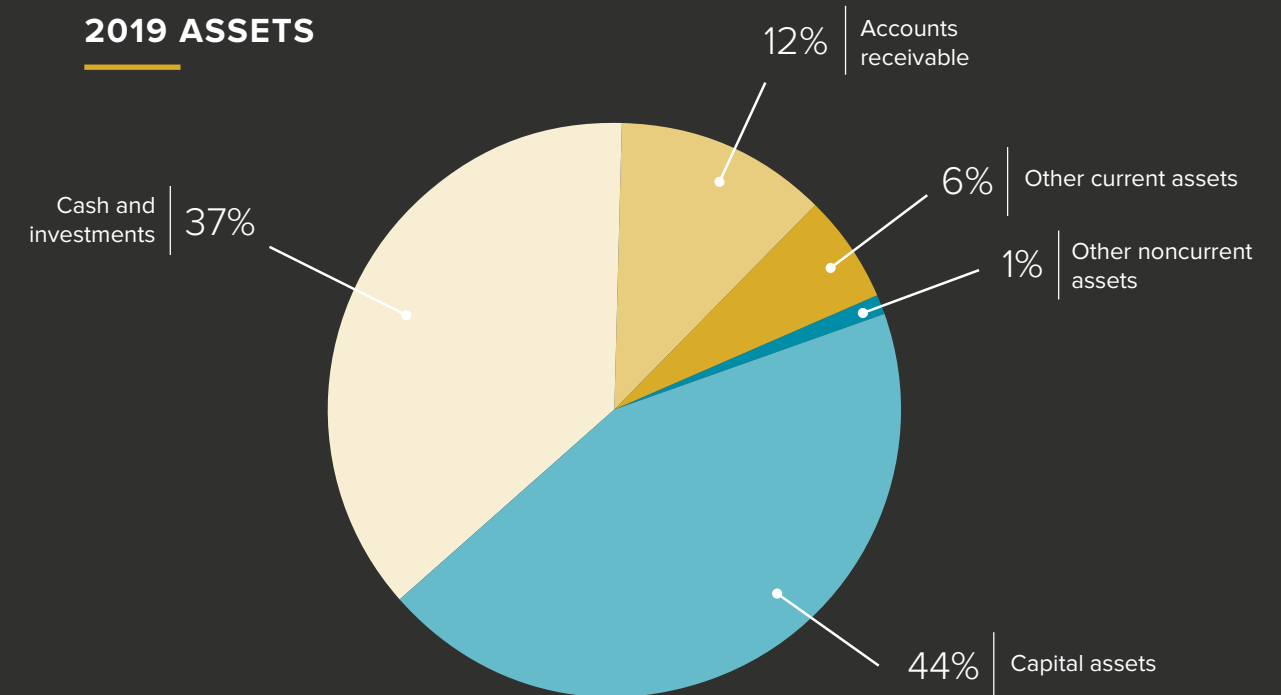
(in millions of dollars)	2019	2018
Operating revenues	\$2,329	\$2,222
Operating expenses		
Compensation expense	1,517	1,270
All other operating expense	835	775
Total operating expense	2,352	2,045
Operating income	(23)	177
Health system support	(29)	(30)
Interest expense	(8)	(7)
Other nonoperating income (expenses)	24	23
Other changes in net position	(24)	(16)
Increase in net position	(60)	147

UC DAVIS MEDICAL CENTER METRICS

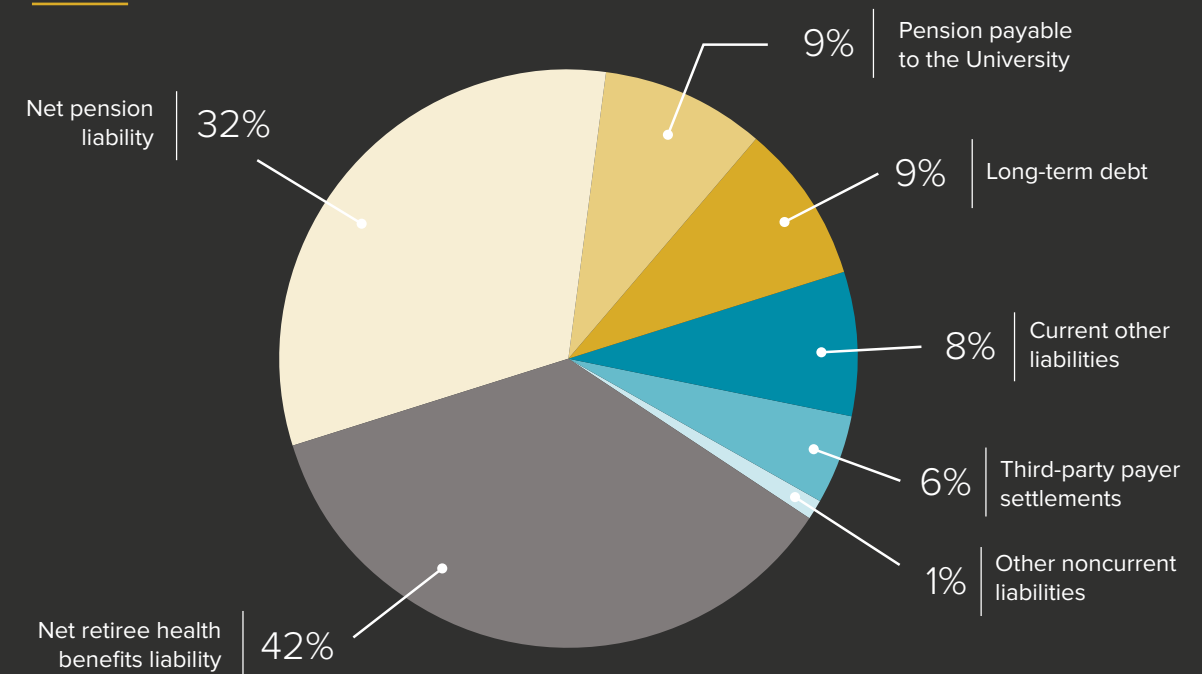
	2019	2018
Licensed beds	625	625
Admissions	31,782	34,763
Average daily census	540	535
Discharges	31,752	34,811
Average length of stay	6.1	5.6
Patient days	197,019	195,370
Case mix index	2.0	1.91
Outpatient visits	946,930	967,695

The summary financials presented in this report are formatted per the requirements of the California's Office of Statewide Health Planning and Development (OSHPD). For further information regarding the medical center, please refer to the University of California's Medical Center Annual Reports website: <https://www.ucop.edu/financial-accounting/financial-reports/medical-center-financial-reports.html>

2019 ASSETS



2019 LIABILITIES





UC DAVIS FOUNDATION

Established in 1959, the UC Davis Foundation supports advancing the campus's mission through philanthropy, fundraising, and public outreach. The generous gifts dedicated to the Foundation help provide valuable scholarships, research funding, and resources for the university and its units. The donations received by the Foundation are governed by an independent Board of Trustees who help oversee and distribute the contributions to campus according to the wishes expressed by its donors.

During the fiscal years ending 2019 and 2018, the Foundation transferred \$37.3 million and \$35.6 million respectively to the campus. Private gift revenue to the Foundation increased \$7.2 million to \$46.0 million in 2019 from 2018. The Foundation's UC Davis Foundation Endowment Fund (UCDFEF)'s 2019 rate of return was 6.0%, which was above the benchmark of 5.8%.

Condensed financial statement information related to UC Davis Foundation for the year ended June 30, 2019 and 2018.

CONDENSED STATEMENT OF NET POSITION

<i>(in millions of dollars)</i>	2019	2018
Assets		
Cash and cash equivalents	\$33	\$22
Investments	489	457
Pledges receivable, net	15	24
Total assets	\$537	\$503
Liabilities		
Funds held for others	\$1	\$1
Obligations under life income agreements	-	1
Other noncurrent liabilities	6	6
Total liabilities	\$7	\$7
Deffered Inflow of Resources	7	9
Net position		
RESTRICTED:		
Nonexpendable endowments and gifts	\$284	\$261
Expendable endowments and gifts	237	224
Total restricted	521	485
Unrestricted	2	2
TOTAL NET POSITION	\$523	\$487

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

<i>(in millions of dollars)</i>	2019	2018
Operating revenues	\$24	\$19
Operating expense	38	36
Operating income (loss)	(14)	(17)
Nonoperating revenues (expenses)		
Investment income, net	4	3
Net appreciation (depreciation) in fair value of investments	24	33
Net nonoperating revenues (expenses)	28	36
Income (loss) before other changes in net position	14	19
Other changes in net position		
Permanent endowments	22	20
INCREASE IN NET POSITION	\$36	\$39



