



THE OHIO STATE
UNIVERSITY

2022 Annual Financial Report

Table of Contents

Report of Independent Auditors	4	
Management’s Discussion and Analysis (Unaudited)	7	
Basic Financial Statements		
Statements of Net Position	24	
Statements of Revenues, Expenses and Changes in Net Position	26	
Statements of Cash Flows	27	
Notes to the Financial Statements	29	
Required Supplementary Information		
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)	104	
Required Supplementary Information on GASB 75 OPEB Liabilities (Unaudited).....	105	
Notes to Required Supplementary Information (Unaudited).....	106	
Supplementary Information		
Supplementary Information on the Long-Term Investment Pool.....	107	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards		108
Schedule of Financial Statement Findings	109	
Acknowledgements	110	
Board of Trustees	110	



Message from the CFO

After two unprecedented years of managing the impacts of the COVID-19 pandemic, the fiscal year 2022 annual financial report details the financial stability of the university and the continued positive momentum of the health system. The university's financial position remains strong, driven by the diversity of our operations, strong investment performance and consistent progress toward achieving operational efficiencies, enabling us to reinvest funds into our core academic mission and strategic initiatives.

Financial performance highlights for fiscal year 2022 include:

- Increase in total net position of \$688 million to \$9.32 billion as of June 30, 2022.
- Total operating revenues increased \$604 million to \$6.59 billion, reflecting strong growth in health system patient volumes and the return of athletic events, in-person classes for students and in-person events on campus.
- Operating expenses increased \$1.00 billion to \$6.63 billion, primarily due to an increase in non-cash pension and other post-employment benefit expenses, the return to in-person instruction, increased occupancy in student housing and dining, and at the health system, increases in outpatient volumes, patient acuity and labor costs.
- The fair value of the university's long-term investment pool (LTIP) decreased to \$6.96 billion, primarily due to a decrease in the fair value of LTIP assets and \$259 million of distributions. These distributions provided \$85 million in support of academic strategic priorities, \$59 million in educational support and facilities, \$50 million in student financial aid and \$39 million in faculty support.
- A record year in fundraising achieved \$743 million in gifts and pledges and \$510 million in overall cash receipts.
- Achieving the university's first-ever 'Green Bond' designation, related to our \$600 million debt raise in September 2021, reflecting green building features of the inpatient hospital project and robust energy efficiency standards.
- Financial controls implemented in fiscal year 2022 helped realize over \$265 million in savings—exceeding the \$90 million goal.
- Finally, in fiscal year 2022, the university credit ratings of AA/AA/Aa1 were affirmed, further evidence of our continued financial strength.

Looking ahead, our fiscal stability, strength and resiliency position The Ohio State University as a vital partner in creating economic opportunity throughout the state and enhancing the prosperity and well-being of our students, faculty, staff and their communities.

Michael Papadakis

Michael Papadakis
Senior Vice President and CFO



Michael Papadakis,
Senior Vice President
and CFO

REVENUE SOURCES FISCAL 2022/2021

TOTAL UNIVERSITY REVENUES (in thousands)

	FY22
Tuition	\$ 1,003,060
Grants and contracts	\$ 998,502
Cares Act assistance	\$ 180,653
Sales and services	\$ 540,457
Patient care	\$ 4,880,636
State appropriations	\$ 546,134
Gifts	\$ 354,699
Net investment loss	\$ -300,714
Other	\$ 67,512
Total	\$ 8,270,939
	FY21
Tuition	\$ 869,740
Grants and contracts	\$ 930,611
Cares Act assistance	\$ 150,037
Sales and services	\$ 354,721
Patient care	\$ 4,600,206
State appropriations	\$ 550,103
Gifts	\$ 271,822
Net investment income	\$ 1,860,926
Other	\$ 65,306
Total	\$ 9,653,472

Report of Independent Auditors



KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

Independent Auditors' Report

The Board of Trustees
The Ohio State University:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in note 1 to the financial statements, in 2022, the University adopted Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87). Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of the University as of and for the year June 30, 2021 were audited by other auditors, who expressed an unmodified opinion on those statements on November 19, 2021.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2021 financial statements for the adoption of GASB 87 in 2022. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the University other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Report of Independent Auditors



Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Report of Independent Auditors



Required Supplementary Information

U.S. generally accepted accounting principles require that the accompanying management's discussion and analysis, schedule of the University's proportionate shares of STRS-Ohio and OPERS net pension liabilities, schedule of the University pension contributions to STRS-Ohio and OPERS, and schedule of the University's proportionate shares of STRS-Ohio and OPERS net OPEB liabilities be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements for the year ended June 30, 2022. The supplementary information on the long-term investment pool for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Columbus, Ohio
November 17, 2022

Management's Discussion and Analysis

(Unaudited)

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2022, with comparative information for the years ended June 30, 2021 and June 30, 2020. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 67,000 students, 7,800 faculty members and 27,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university — which was originally known as the Ohio Agricultural and Mechanical College — has grown over the years into a comprehensive public institution of higher learning, with over 200 undergraduate majors, 162 master's degree programs, 104 doctoral programs and nine professional degree programs.

The university is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 15 colleges, four regional campuses, the Wexner Medical Center and various academic support units operate largely on a decentralized basis. The Board approves annual

budgets for university operations, but these budgets are managed at the college and department level.

The Ohio State University Wexner Medical Center ("the Medical Center") is one of the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. As a part of the Wexner Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees and is comprised of seven hospitals and a network of ambulatory care locations. The Health System provides a full spectrum of services from primary to quaternary specialized care. Key clinical care locations and facilities of the Health System include:

- **University Hospital:** the Wexner Medical Center's flagship hospital is a leader in multiple specialties including organ and tissue transplantation, women and infants, digestive diseases, bariatric surgery and minimally invasive surgery. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio's only adult burn center and the only adult solid organ transplant program in central Ohio.
- **Arthur G. James Cancer Hospital and Solove Research Institute ("The James"):** the only free-standing cancer hospital in

central Ohio and the first in the Midwest, the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is an international leader in cancer prevention, detection and treatment. The James is one of only 51 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents sponsored by the NCI.

- **Richard M. Ross Heart Hospital ("The Ross"):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross Heart Hospital offers comprehensive heart and vascular care spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The Ross is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.
- **Harding Hospital:** offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio. Programs are available for adolescents, adults and older adults with complex psychiatric disorders. Ohio State Harding Hospital's team includes psychiatrists, psychologists,

Management's Discussion and Analysis

(Unaudited)

social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.

- **East Hospital:** blends academic medicine with a community-based setting. East Hospital offers renowned services in orthopedic care, emergency services, cancer care, addiction services, ear, nose and throat care, heart care, radiology and imaging services, rehabilitation and wound healing. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, digestive disease treatment, a full range of diagnostic services, a sleep disorders center and outpatient oncology services.
- **Dodd Hall:** home to Ohio State's nationally recognized and accredited rehabilitation inpatient program, specializing in stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment.
- **Brain and Spine Hospital:** a leader in brain and spine treatment and research with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery and sleep medicine. Ohio State is one of the first medical centers in the country to combine

five neuroscience-related specialties into a single, integrated program and is designed to rapidly unlock the mysteries of the brain and to pioneer therapies and technology on every neurological front.

- **Ambulatory Services:** offering primary care and many specialized health services in numerous convenient locations throughout Ohio. Primary care, sports medicine, orthopedics, mammography, imaging, wound care and other specialties are provided with the compassionate and nationally ranked expert care that is synonymous with The Ohio State University Wexner Medical Center.

The Health System provided services to approximately 58,000 inpatients and 2,255,000 outpatients during fiscal year 2022 and 62,900 inpatients and 2,116,000 outpatients during fiscal year 2021.

The following financial statements reflect all assets, liabilities, deferred inflows/outflows and net position (equity) of the university, The Ohio State University Wexner Medical Center, the Ohio Agricultural Research and Development Center (OARDC) and the Ohio Technology Consortium (OH-TECH), which is an umbrella organization that includes the Ohio Academic Resources Network (OARnet), the Ohio Supercomputer Center and the Ohio Library and Information Network (OhioLINK). These entities constitute the "primary

government" for financial reporting purposes. In addition, the financial statements include consolidated financial results for a number of "component units," which are legally separate entities that meet the financial accountability criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus, and Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.

The following component units are considered to "exclusively benefit" the university and are shown in a blended presentation with the primary government:

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Health Plan (a non-profit organization that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)
- Pelotonia (a fundraising organization operating exclusively for the benefit of the university)

The GASB has indicated that, under the amended blending standards, the "exclusive benefit" criterion for

Management's Discussion and Analysis

(Unaudited)

blending is not met when a component unit provides services to parties external to the primary government. As a result, the university presents the following component units in a discrete presentation:

- OSU Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center, Inc. (an automotive research and testing facility in East Liberty, Ohio)
- Dental Faculty Practice Association (the practice group for faculty members of the College of Dentistry)
- Science and Technology Campus Corporation (a non-profit organization established to further development of the university's Science and Technology Campus)

Condensed financial information for both blended and discretely presented component units is provided in the Notes to the Financial Statements. The university is considered a component unit of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report.

About the Financial Statements

The university presents its financial statements in a "business type activity" format, in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements. Separate columns are presented for the primary institution (which includes the primary government and the blended component units), discretely presented component units and the total university. Unless otherwise specified, the amounts presented in this MD&A are for the primary institution.

The **Statement of Net Position** is the university's balance sheet. It reflects the total assets, deferred outflows, liabilities, deferred inflows and net position (equity) of the university as of June 30, 2022, with comparative information as of June 30, 2021. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value or at Net Asset Value (NAV), as applicable.

Capital assets, which include the university's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted—nonexpendable
- Restricted—expendable
- Unrestricted

In addition to assets, liabilities and net position, the university's balance sheet includes deferred outflows of resources and deferred inflows of resources. Deferred outflows are similar to assets and will be recognized as expense in future periods. Deferred inflows are similar to liabilities and will be recognized as revenue (or reductions of expense) in future periods.

The **Statement of Revenues, Expenses and Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2022, with comparative information for the year ended June 30, 2021. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

Management's Discussion and Analysis

(Unaudited)

It should be noted that the required subtotal for net operating income or loss generally will reflect a “loss” for state-supported colleges and universities. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all university expenses, except for interest on long-term debt and certain investment management expenses. Operating revenues, however, exclude certain significant revenue streams that the university and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts and investment income.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2022, with comparative information for the year ended June 30, 2021. It breaks out the sources and uses of university cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the university's expendable net position appear in the operating and noncapital financing categories. Capital financing

activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a section that provides required supplementary information related to pensions and other post-employment benefits and other information on the university's Long-Term Investment Pool.

Financial Highlights and Key Trends

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019 and subsequently spread across six continents impacting many countries, including the United States. The COVID-19 outbreak has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio. In fiscal years 2020 and 2021, COVID-19 disrupted key university operations and resulted in significant declines in tuition, housing and dining and athletics revenues. In response to the COVID-19 outbreak, the university instituted a series of cost controls, including a hiring pause and business-only essential spending.

After two unprecedented years managing the COVID-19 pandemic, the university's financial position remains strong, driven by the post-pandemic rebound. Fall, spring, and summer semesters were characterized by a return to near-normal university operations and a full college experience for university students. Total net position increased \$688 million, to \$9.32 billion at June 30, 2022. Total operating revenues increased \$604 million, to \$6.59 billion, reflecting strong growth in Health System patient volumes and the return of athletic events and in-person classes for students. Operating expenses increased \$1.00 billion, to \$6.63 billion, primarily due to an increase in non-cash pension and other post-employment benefit (OPEB) expenses, the return to in-person instruction, increased occupancy in student housing and dining, and at the Health System, increases in outpatient volumes, patient acuity and labor costs.

Demand for an Ohio State education and outcomes for students also remain strong. Total enrollment for Autumn 2021 was 67,772, down 185 students compared to Autumn 2020. 94% of the freshmen enrolled in Autumn 2020 returned to OSU in Autumn 2021. 71% of students graduated within four years, and 88% graduated within six years.

In 2022, the university implemented GASB Statement No. 87, *Leases*. This standard establishes accounting and

Management's Discussion and Analysis

(Unaudited)

reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees record an intangible right-of-use asset and corresponding lease liability, based on the present value of the payments expected to be made during the lease term. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less.

The cumulative effect of adopting GASB Statement No. 87 was a \$4 million increase in the university's net position as of July 1, 2020. The accompanying financial statements and MD&A information for the year ended June 30, 2021 have been restated to reflect the new accounting standard. MD&A information for the year ended June 30, 2020 has not been restated.

The following sections provide additional details on the university's 2022 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

Statement of Net Position

Summary Statement of Net Position (in thousands)

	2022	2021	2020
Cash and temporary investments	\$ 2,850,835	\$ 3,371,175	\$ 3,633,027
Receivables, inventories, prepaids and other current assets	1,157,143	1,035,040	808,875
Total current assets	4,007,978	4,406,215	4,441,902
Unexpended bond proceeds	679,040	276,243	401,664
Noncurrent notes and pledges receivable, net	134,643	134,207	110,673
Net other post-employment benefit asset	441,127	275,182	77,901
Long-term investment pool	6,960,782	7,041,973	5,287,131
Other long-term investments	301,855	348,227	301,676
Other noncurrent assets	197,526	169,251	-
Capital assets, net of accumulated depreciation	7,194,565	6,408,423	5,700,078
Total noncurrent assets	15,909,538	14,653,506	11,879,123
Total assets	19,917,516	19,059,721	16,321,025
Deferred outflows	618,414	467,600	717,357
Total assets and deferred outflows	\$ 20,535,930	\$ 19,527,321	\$ 17,038,382
Accounts payable and accrued expenses	\$ 757,606	\$ 774,841	\$ 638,750
Medicare advance payment program	79,601	254,854	274,915
Deposits and advance payments for goods and services	447,404	371,040	288,481
Current portion of bonds, notes and lease obligations	384,458	359,963	374,717
Other current liabilities	184,394	90,028	88,673
Total current liabilities	1,853,463	1,850,726	1,645,536
Noncurrent portion of bonds, notes and lease obligations	3,357,938	2,736,441	2,732,098
Net pension liability	1,497,793	2,679,333	3,025,029
Net other post-employment benefit liability	15,661	22,683	1,459,572
Advance from concessionaire	963,663	980,953	1,002,769
Other noncurrent liabilities	831,855	760,142	527,489
Total noncurrent liabilities	6,666,910	7,179,551	8,746,957
Total liabilities	8,520,373	9,030,277	10,392,493
Deferred inflows	2,695,441	1,865,366	1,221,395
Net investment in capital assets	3,706,371	3,473,109	3,010,095
Restricted:			
Nonexpendable	1,870,686	1,789,304	1,622,782
Expendable	1,560,810	2,030,928	1,125,359
Unrestricted	2,182,249	1,338,337	(333,742)
Total net position	9,320,116	8,631,678	5,424,494
Total liabilities, deferred inflows and net position	\$ 20,535,930	\$ 19,527,321	\$ 17,038,382

Management's Discussion and Analysis

(Unaudited)

During the year ended June 30, 2022, **cash and temporary investment** balances decreased \$520 million, to \$2.85 billion, reflecting capital expenditures and net cash flows for operating activities. **Unexpended bond proceeds** increased \$403 million, to \$679 million at June 30, 2022, primarily reflecting proceeds from the Series 2021A bonds, which were issued in September 2021. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

Accounts receivable, inventories, prepaids and other current assets increased \$122 million, to \$1.16 billion at June 30, 2022. Accounts receivable increased \$35 million, to \$772 million at June 30, 2022. Health System receivables were up \$28 million, reflecting an overall increase in hospital patient acuity and increased outpatient volumes. Current assets held as part of the university's securities lending program increased \$84 million, to \$202 million at June 30, 2022, reflecting an expansion of securities lending activity in 2022.

The fair value of the university's **long-term investment pool** (LTIP) decreased \$81 million, to \$6.96 billion at June 30, 2022. The decrease is primarily due to a \$254 million decrease in the fair value of LTIP assets and \$259 million of distributions, which were partially offset by \$96 million of additions to gifted endowments and \$268 million of additions to quasi-endowment

(operating and designated) funds. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and unrestricted funds that have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equity and fixed-income securities, partnerships and hedge funds that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

Other long-term investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments decreased \$46 million, to \$302 million, at June 30, 2022, primarily due to unrealized losses in private equity funds.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, net of depreciation, grew \$786 million, to \$7.19 billion at June 30, 2022. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

Additions to university capital assets totaled \$1.28 billion in 2022. The Health System accounted for \$778 million of the total and includes expenditures for facilities, infrastructure improvement, land, and equipment purchases. The remaining \$500 million of university capital additions include \$50 million of equipment and library books, \$151 million related to Comprehensive Energy Management Plan (CEMP) facility improvements and \$299 million related to improvements and renovations of various academic buildings, athletic facilities, student life facilities and other infrastructure.

New outpatient care facilities in Dublin and New Albany were completed during the fiscal year. The Frank Stanton Veterinary Spectrum of Care Clinic opened its doors as the new home for the Veterinary Medical Center's community practice team. An advanced imaging center on the first floor of Morehouse Medical Plaza Concourse was created with the installation of a 3T MRI scanner. The renewal of emergency generators was completed for the Comprehensive Cancer Center, Sisson Hall, Wiseman Hall and 1224 Kinnear Road.

The OSU Health System has major construction projects currently underway including:

- New Inpatient Hospital—Construction continues on a 1.9 million-square-foot, 24-story inpatient hospital east of Cannon Drive. Scheduled to open in early

Management's Discussion and Analysis

(Unaudited)

2026, the \$1.79 billion hospital is the largest single facilities project ever undertaken at The Ohio State University.

- Health System Outpatient Care West Campus—Construction continues on the \$350 million West Campus outpatient facility. This 385,000-square-foot cancer-focused facility will include outpatient operating rooms, interventional radiology rooms, an extended recovery unit, a pre-anesthesia center, a diagnostic imaging center, pharmacy, hematology clinic, genitourinary (GU) clinic, infusion and medical office and support spaces. The outpatient facility will also include the region's first proton therapy facility and is slated to open in March 2023.

Major academic facility projects currently underway include:

- Interdisciplinary Research Facility—Construction is advancing on a 305,000-square-foot, five-story laboratory building on West Campus that will serve multiple research disciplines, including biomedical, life sciences, engineering and environmental sciences. Two floors will be dedicated to The Ohio State University Comprehensive Cancer Center. Scheduled for completion in May 2023, the \$228 million facility will be an anchor for the university's future Innovation District.

- The Interdisciplinary Health Sciences Center—Currently in progress, this project will renovate existing facilities and construct a new building for interprofessional education through the health sciences including the college of Medicine and Optometry. Occupancy is slated for January 2024.

- The Energy Advancement and Innovation Center—Construction is advancing on a new facility that will be a hub for Ohio State faculty members, students, alumni, researchers, local entrepreneurs and industry experts to work together on the next generation of smart energy systems, renewable energy and green mobility solutions. The \$48 million project is slated for opening in November 2023.

- Arts District—Work continues on the \$165 million Arts District project on the west side of High Street between 15th and 18th avenues. Included are new facilities for the School of Music (Timashev Family Music Building) and Department of Theatre, Film, and Media Arts.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately \$1.35 billion at June 30, 2022.

The Health System received \$275 million in 2020 under the **Medicare**

Accelerated and Advance Payment Program. These amounts are considered short-term loans, and repayments began in 2021. Current liabilities for advance payments provided to the Health System totaled \$80 million and \$255 million at June 30, 2022 and 2021, respectively.

On April 10, 2017, the university entered into a 50-year agreement to lease the university's utility system to Ohio State Energy Partners (OSEP) and grant it the exclusive right to operate the utility system and provide utility services to the Columbus campus. On July 6, 2017, the university received an upfront payment of \$1.09 billion. The upfront payment is reported as an **advance from concessionaire** and is being amortized as a reduction to operating expense (Operation and Maintenance of Plant) on a straight-line basis over the term of the agreement.

Under the agreement, OSEP operates, maintains and makes capital investments in the utility system and charges the university a Utility Fee, which includes fixed, variable and operating and maintenance (O&M) components. OSEP capital investments in the utility system are recognized as capital assets and a related **long-term payable to the concessionaire**. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the

Management's Discussion and Analysis

(Unaudited)

concessionaire and interest expense. The university paid \$62 million and \$59 million in total fixed and O&M utility fees for the years ended June 30, 2022 and 2021, respectively. The total amounts payable to the concessionaire increased \$139 million, to \$375 million at June 30, 2022. The \$19 million current portion of this liability is included in other current liabilities on the Statement of Net Position.

University debt, in the form of **bonds, notes and lease obligations**, increased \$646 million, to \$3.74 billion at June 30, 2022. On September 30, 2021, the University closed on \$600,000 in tax-exempt fixed rate General Receipts Bonds -Series 2021A. The \$715 million of net proceeds from the bond issue are being used to fund construction of the Wexner Medical Center's new Inpatient Hospital, scheduled to open in 2026.

In 2020, the university entered into forward-starting interest-rate swap agreements to advance refund its Series 2013A bonds. The swap agreements are effective June 2023, have a total notional amount of \$329 million and are considered effective hedges. The fair value of the swap agreements — which are reported as a noncurrent asset and offsetting deferred inflow of resources — was \$50 million and \$12 million at June 30, 2022 and 2021, respectively.

The university's plant debt includes variable rate demand bonds that mature at various dates through 2044. GASB Interpretation 1, *Demand Bonds*

Issued by State and Local Governmental Entities, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$275 million and \$290 million at June 30, 2022 and 2021, respectively.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. A related accounting standard, GASB Statement No. 75, requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose

actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement health care. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. A related accounting standard, GASB Statement No. 75, requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement health care. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

In 2022, the university's share of OPERS and STRS-Ohio net pension liabilities decreased \$1.18 billion, to \$1.50 billion at June 30, 2022. OPERS and STRS-Ohio net pension liabilities decreased \$644 million and \$537 million, respectively, reflecting strong investment returns for both retirement systems. OPERS

Management's Discussion and Analysis

(Unaudited)

realized a 15.34% return on defined benefit plan investments for calendar year 2021. STRS-Ohio realized a 29.16% return for the fiscal year ended June 30, 2021.

Deferred outflows related to pensions increased \$244 million, to \$584 million at June 30, 2022, and deferred inflows related to pensions increased \$999 million, to \$1.68 billion at June 30, 2022. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs. actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2022, the university's share of OPERS and STRS-Ohio net OPEB assets increased \$166 million, to \$441 million at June 30, 2022, reflecting strong investment returns. OPERS realized a 14.34% return on its health care investments for calendar year 2021. STRS-Ohio realized a 29.16% return for the fiscal year ended June 30, 2021.

Deferred outflows related to OPEB decreased \$93 million, to \$12 million at June 30, 2022, and deferred inflows related to OPEB decreased \$219 million, to \$457 million at June 30, 2022. The changes in pension deferrals relate primarily to amortization of prior-year OPERS deferrals for changes in assumptions and expected vs. actual experience. These deferrals will be recognized as OPEB expense in future periods.

Total pension and OPEB expense includes employer contributions and (non-cash) expense accruals

associated with the recognition of net pension and OPEB liabilities and deferrals. Total employer contributions were up \$14 million, to \$409 million in 2022. Pension and OPEB expense accruals went from a net credit of \$1.17 billion in 2021 to a net credit of \$720 million in 2022.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on the university for pension and OPEB funding. Although the liabilities recognized under GASB 68 and GASB 75 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on the university's resources, and there are no cash flows associated with the recognition of net pension and OPEB liabilities, deferrals and related expense.

Deferred inflows primarily consist of changes to OPEB assets and pension liabilities as explained in the previous paragraphs, the unamortized proceeds of the parking service concession arrangement and deferred inflows related to leases. The parking deferred inflows, which totaled \$388 million and \$397 million at June 30, 2022 and June 30, 2021, respectively, are being amortized to operating revenue on a straight-line basis over the 50-year life of the agreement. Deferred inflows for leases totaled \$92 million and \$69 million at June 30, 2022 and 2021,

respectively, and are being amortized to lease revenue on a straight-line basis over the terms of the leases. The remaining balance of deferred inflows relates to deferred gains on debt-related transactions and deferrals for irrevocable split-interest agreements.

Prior-Year Highlights: *In 2021*, the university's share of OPERS and STRS-Ohio net OPEB liabilities swung from a \$1.36 billion net liability to a \$275 million net asset at June 30, 2021, primarily due to changes in OPERS benefit terms. The fair value of the LTIP increased \$1.75 billion, to \$7.04 billion at June 30, 2021, primarily due to a \$1.69 billion increase in the fair value of LTIP assets, \$137 million of interest and dividend income and \$251 million of net principal additions. *In 2020*, cash and temporary investment balances increased \$325 million, to \$3.63 billion, primarily due to the Health System's receipt of \$275 million of Medicare Advance payments and \$143 million of Provider Relief Funds. The university's share of OPERS and STRS-Ohio net pension liabilities decreased \$690 million, to \$3.03 billion at June 30, 2020, primarily reflecting a 17.23% return in calendar 2019 on OPERS defined benefit plan investments.

Management's Discussion and Analysis

(Unaudited)

Statement of Revenues, Expenses and Changes in Net Position

Summary of Revenues, Expenses and Changes in Net Position (in thousands)

	2022	2021	2020
Operating Revenues:			
Tuition and fees, net	\$ 1,003,060	\$ 869,740	\$ 953,569
Grants and contracts	814,074	784,021	743,431
Auxiliary enterprises sales and services, net	364,308	175,961	298,064
OSU Health System sales and services, net	4,178,956	3,952,605	3,449,681
Departmental sales and other operating revenues	234,078	207,858	187,089
Total operating revenues	6,594,476	5,990,185	5,631,834
Operating Expenses:			
Educational and general	2,552,021	2,238,671	2,809,135
Auxiliary enterprises	351,554	205,928	320,392
OSU Health System	3,236,935	2,728,378	3,345,167
Depreciation	494,360	460,478	425,012
Total operating expenses	6,634,870	5,633,456	6,899,706
Net operating income (loss)	(40,394)	356,728	(1,267,872)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	493,248	486,115	461,838
Gifts - current use	233,381	129,723	157,511
Net investment income	(292,335)	1,859,173	231,190
Federal COVID-19 assistance programs	168,967	150,037	158,058
Grants, interest expense and other non-operating	(48,633)	8,270	19,169
Net non-operating revenue	554,628	2,633,318	1,027,766
Income (loss) before other changes in net position	514,234	2,990,046	(240,106)
State capital appropriations	52,886	63,988	69,905
Private capital gifts	44,112	78,942	77,425
Additions to permanent endowments	77,206	63,157	63,695
Capital contributions and other changes in net position	-	6,923	19,499
Total changes in net position	174,204	213,010	230,524
Increase (decrease) in net position	688,438	3,203,056	(9,582)
Net position - beginning of year	8,631,678	5,424,494	5,434,076
Cumulative effect of accounting change	-	4,128	-
Net position - end of year	\$ 9,320,116	\$ 8,631,678	\$ 5,424,494

Net **tuition and fees** increased \$133 million or 15%, to \$1.00 billion in 2022. Gross tuition increased \$78 million for spring, \$73 million for autumn semester, and \$16 million for summer semester, offset by an increase in scholarship allowance of \$34 million. Tuition for the academic year increased primarily due to a return to in-person instruction and full assessment of non-resident fees. Similarly, scholarships increased to cover increases in fees for non-residents and Higher Education Emergency Relief Fund (HEERF) financial aid to students.

Operating **grant and contract revenues** increased \$30 million, to \$814 million, primarily reflecting a \$19 million increase in federal grants. Grants managed by the Office of Sponsored Programs increased \$55 million.

Total **auxiliary revenues** increased \$188 million, to \$364 million. Athletics revenue increased \$82 million, reflecting the resumption of fall and spring sports. Student Life housing and dining revenues increased \$63 million, and Business Advancement (Schottenstein Center, Blackwell and Fawcett Center) revenues increased \$39 million, as the return to in-person instruction drove increased demand for on-campus housing and dining services and on-campus activities and events. **Auxiliary expenses** increased \$146 million, to \$352 million. Excluding pension and OPEB, expenses increased \$119 million. The increase is primarily due to the resumption of fall and spring sports, increased occupancy for student housing, and the return of Schottenstein Center events.

Management's Discussion and Analysis

(Unaudited)

Educational and General Expenses (in thousands)

Instruction and departmental research
Separately budgeted research
Public service
Academic support
Student services
Institutional support
Operation and maintenance of plant
Scholarships and fellowships

Total educational and general expense,
excluding pension and OPEB accruals

Non-cash accruals for pensions
and OPEB

Total educational and general expense

2022	2021	2020
\$ 1,152,173	\$ 1,050,944	\$ 1,051,376
545,459	497,923	505,290
166,082	170,844	176,889
273,709	252,353	223,552
102,034	80,175	89,162
325,935	346,836	355,179
138,708	118,406	117,727
165,312	147,269	139,622
2,869,412	2,664,750	2,658,797
(317,391)	(426,078)	150,338
\$ 2,552,021	\$ 2,238,672	\$ 2,809,135

Educational and general expenses increased \$313 million to \$2.55 billion in 2022, partially due to a \$109 million increase in allocated pension and OPEB expense. Excluding pension and OPEB accruals, E&G expenses increased \$205 million. Increases in instruction and other E&G categories primarily reflect the return to in-person instruction. Separately budgeted research increased \$48 million, reflecting increases in sponsored research program expenditures.

Health System operating revenues increased \$226 million, to \$4.18 billion in 2022, reflecting increases in hospital patient acuity and growth in outpatient volumes. Operating expenses (excluding depreciation, interest and transfers) increased \$509 million to \$3.24 billion, primarily due to a \$311 million increase in expenses associated with pension and OPEB accruals. Excluding pension and OPEB, Health System operating expenses increased \$198 million. An in-depth look at the Health System,

as presented in their stand-alone financial statements, is provided below.

In total, the Health System operates nearly 1,500 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by *US News and World Report* for 30 consecutive years as one of “America’s Best Hospitals” and in July 2022 was ranked first in central Ohio. US News and World Report further recognized the Health System as a national leader in nine specialties including: Cancer, Cardiology & Heart Surgery, Diabetes & Endocrinology, Ear, Nose & Throat, Gastroenterology and GI Surgery, Gynecology, Neurology and Neurosurgery, Pulmonary and Lung Surgery, and Rehabilitation.

The Medical Center is rated as high performing in 14 out of 20 common procedures and conditions. The Health System is also proud to

be the first in central Ohio to have a hospital achieve Magnet Recognition, one of the highest honors awarded for nursing excellence. The Ross Heart Hospital, University Hospital, The James, and the Solove Research Institute are all designated Magnet hospitals. The Medical Center has more “Top Doctors” than any other central Ohio hospital according to the August 2022 *Columbus Monthly Health* magazine in conjunction with Castle Connolly. Wexner Medical Center physicians were selected by Castle Connolly because they are among the very best in their specialties.

In 2022, the Health System experienced a slight growth in surgical and procedural volumes. Total surgical volume increased 1.3% compared to 2021. Hospital admissions declined 7.3% in 2022 compared to 2021. Labor shortages have created staffing challenges that have resulted in a decrease in patient days and a higher length of stay for the year. The demand for outpatient services was higher in 2022. Chemotherapy, radiation oncology treatments, and non-chemotherapy infusion all experienced increases in outpatient volume in 2022.

Approximately 87% of total operating revenues are from patient care activities. Total operating revenues grew \$246 million or 6.2% over the prior fiscal year. Outpatient surgical volume increased 5.5% compared to 2021. The James experienced a 4.5% increase in chemotherapy volume and the Health System non-chemotherapy infusion sites grew

Management's Discussion and Analysis

(Unaudited)

23.7%. In addition, procedural volumes including electrophysiology, radiation treatments and rehabilitation contributed to the increase in outpatient activity. Outpatient Care New Albany recorded approximately 10,000 new patient visits in 2022.

Other Operating Revenues include revenue from reference labs, cafeteria operations, rental agreements and other non-patient services. Due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients, the Health System operates a Specialty Retail Pharmacy dedicated to improving patient care by easing the challenges of managing medications. The Specialty Retail Pharmacy contributed \$249 million to Health System operating revenues in 2022 and \$205 million in 2021.

Other Operating Revenues also includes a portion of the revenue shared with Nationwide Children's Hospital for the management of the Neonatal Intensive Care Unit (NICU) located at the Health System. The goal of this managed unit is to standardize the care and quality outcomes of all the neonatal patients in central Ohio. The NICU contributed \$17 million of operating revenues in 2022 and \$14 million in 2021. In 2019, the Health System enrolled in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality improvement strategies and

goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital agencies. The Health System recognized \$89 million in Other Operating Revenues related to CICIP in 2022 compared to \$97 million in 2021.

Operating expenses increased \$645 million or 24.0% from 2021 to 2022. Excluding pension and OPEB accruals, which increased \$339 million, operating expenses increased \$306 million. The increase in operating expenses is primarily attributed to increases in salaries and benefits as well as medical supplies. Health System salaries and benefits increased \$127 million. The growth in salaries and benefit costs includes significant costs for premium and incentive pay reflecting labor shortages and the challenging environment around hiring nursing and clinical care positions, increases in incentive pay, retention bonuses, and premium pay. Supplies and drugs increased \$100.6 million or 9.1%. The increase in supplies was a result of strong outpatient volumes as well as inflationary impacts felt across the Health System. The growth in drugs is due to increased volumes in chemotherapy at the James as well as increased volumes at the Health System non-chemotherapy infusion sites. Additionally, drug costs increased at the Specialty Retail Pharmacy as a result of higher volumes in 2022. Purchased services grew \$57.9 million or 13.5% in 2022 reflecting increased hospital franchise fees as well as higher preventive

maintenance costs associated with information technology and clinical care systems.

The Health System is continuing its vision to deliver unparalleled care and meet anticipated future growth, embarking on a plan to expand its care with new, large outpatient care facilities planned for Dublin and Powell. The comprehensive facilities are a continuation of a suburban outpatient care program that supports growth in the region and excellence in academic health care and will include ambulatory surgery, endoscopy, primary care, specialty medical and surgical clinics and related support space. The new inpatient hospital scheduled to open in early 2026 will be a 1.9 million-square-foot facility and the largest single facilities project ever undertaken at the university. The new tower will enhance research, clinical training and patient care.

The Health System will continue creating an innovative health care delivery model to deliver high value care with an unparalleled patient experience and access. By pushing the boundaries of discovery and knowledge, The Ohio State University Wexner Medical Center will solve significant problems and deliver unparalleled care.

Consolidated revenues for **OSU Physicians, Inc.** (OSUP), the university's central practice group for physician faculty members of the College of Medicine and Public Health, increased \$54 million, to \$702 million

Management's Discussion and Analysis

(Unaudited)

in 2022. Net patient care revenue increased \$22 million, reflecting recovery in outpatient visits and procedures volumes. Other revenues increased \$31 million. Consolidated operating expenses increased \$63 million, to \$661 million in 2022. The increase primarily reflects physician and other provider-related costs for new physicians and other providers entering the practice during fiscal year 2022. OSUP balances are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support increased \$7 million, to \$493 million. Total **state share of instruction** (SSI) for 2022 was \$403 million, a 1% increase over final 2021 distributions. **State line-item appropriations** increased \$5 million in 2022, to \$90 million, primarily reflecting a new \$4 million line-item for the College of Veterinary Medicine. **State capital appropriations** decreased \$11 million, to \$53 million.

In response to the COVID-19 outbreak, the federal government has provided support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. The university recognized revenues totaling \$169 million for **federal COVID-19 assistance programs** in 2022, including \$64 million of HEERF institutional grants, \$60 million of HEERF grants to students, \$10 million of Shuttered Venue Operators Grants, \$12 million in FEMA Public Assistance

funds for the Health System and \$10 million of pass-through funding provided to the Health System by the Ohio Department of Health. In 2021, the university recognized revenues totaling \$150 million, including \$59 million of HEERF institutional grants, \$25 million of HEERF grants to students, \$42 million of Coronavirus Relief Funds from the State of Ohio, and \$16 million in FEMA Public Assistance funds provided to the Health System. Amounts provided to the university under these grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

Total **gifts** to the university increased \$83 million, to \$355 million in 2022. Several colleges and support units received gifts in excess of \$1 million in 2022, including the Office of the President, the College of Veterinary Medicine, the College of Food, Agricultural and Environmental Sciences, University Hospitals, the James Cancer Hospital and Research Institute, the Comprehensive Cancer Center, the Richard M. Ross Heart Hospital, the College of Medicine, the College of Public Health, the College of Arts and Sciences, the College of Engineering, Fisher College of Business, Moritz College of Law, the College of Education and Human Ecology, WOSU, the Department of Athletics and General University Scholarships. Support came from more than 236,000 alumni and friends.

University investments yielded a \$292 million **net investment loss** in 2022, compared with \$1.86 billion of net investment income in 2021. For 2022, the LTIP returned +0.98% compared to +29.2 in 2021.

The LTIP outperformed its preliminary policy benchmark of -5.54% for 2022. During that period, Private Equity returned 27.03% (compared to the benchmark of 7.28%) followed by Legacy Investments at 13.71% (benchmark is return of actual underlying funds), Real Assets at 13.29% (compared to the preliminary benchmark of 22.40%), Hedge Funds and Opportunistic Credit at 4.37% (compared to the preliminary benchmark of -5.65%), Cash and High-Grade Bonds at -3.21% (compared to the benchmark of -10.29%), and Public Equity at -15.80% (compared to the benchmark of -15.75%).

Prior-Year Highlights: In 2021, total net position increased \$3.20 billion, to \$8.63 billion at June 30, 2021, driven primarily by strong investment performance, continued positive momentum at the Health System, significant efficiency measures across the university and reductions in university net pension and other post-employment benefit liabilities. University investments yielded \$1.86 billion of net investment income in 2021, compared with \$231 million in 2020. The LTIP returned +29.2% compared to +1.1% in 2020. Total pension and OPEB expense recognized by the university decreased \$1.58 billion, to a negative (credit) of \$770

Management's Discussion and Analysis

(Unaudited)

million in 2021. In 2020, total net position was stable, decreasing \$10 million, to \$5.42 billion at June 30, 2020. Federal assistance provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the implementation of expenditure controls offset a significant portion of the revenue losses from suspended operations. Health System operating revenues were relatively stable in 2020, increasing \$17 million, to \$3.45 billion. University investments yielded \$231 million of net investment income in 2020, compared with \$230 million in 2019.

Statement of Cash Flows

University Cash Flows Summary (in thousands)

	2022	2021	2020
Net cash flows used in operating activities	\$ (533,406)	\$ (388,187)	\$ (4,234)
Net cash flows from noncapital financing activities	1,060,459	889,559	934,803
Receipts for capital projects	56,061	145,499	104,855
Proceeds from capital debt	739,775	-	-
Payments for purchase or construction of capital assets	(1,055,311)	(891,524)	(739,379)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(218,332)	(198,820)	(180,250)
Net cash flows provided (used) in investing activities	(699,755)	(849,008)	68,118
Net increase (decrease) in cash and cash equivalents	\$ (650,509)	\$ (1,292,481)	\$ 183,913

University cash and cash equivalents decreased \$651 million in 2022. Net cash used in operating activities was \$533 million, compared to \$388 million in 2021, primarily reflecting increases in payments to employees and vendors, which were partially offset by increases in receipts for tuition and sales and services. Net cash flows from noncapital financing activities increased \$171 million, to \$1.06 billion, reflecting increases in gift receipts, receipts from federal COVID-19 assistance programs and receipts of non-exchange grants. Payments for purchase or construction of capital assets increased \$164 million, to \$1.06 billion, primarily due to increases in Health System capital expenditures. These capital expenditures were partially offset by the proceeds from the Series 2021A bonds. Cash used by investing activities was \$700 million, reflecting net purchases of temporary investments.

Strategic Context

Fiscal year 2022 demonstrated Ohio State's firm footing. Due to strong investment performance, continued positive momentum at the health system, a robust and ongoing budgetary response to COVID-19, and significant progress in achieving operational efficiencies, the university outperformed prior fiscal years. Looking ahead, the university's fiscal stability, strength, and resiliency position us to make concrete strides toward our goal to become the absolute model land-grant university for the 21st century.

President Kristina M. Johnson, Ph.D., highlighted in her second State of the University address a continued commitment to five areas of excellence: academics, research, service and clinical, talent and culture, and operations.

Academic Excellence

Investing in exceptional faculty is essential to the university's success. Bolstered by our long-term financial strategies, Ohio State will recruit 350 net new tenured and tenure-track faculty over 10 years who will, in turn, attract a new generation of students and postdoctoral scholars. Included in this is the RAISE (Race, Inclusion and Social Equity) initiative to recruit faculty who will further enhance the quality of our research and scholarship focused on racial disparities.

Management's Discussion and Analysis

(Unaudited)

Through innovative academic programming, the university is also working to continue preparing our students for successful careers in an always-changing world. Examples include the new interdisciplinary minor in public health and the arts, and a collaboration between the College of Food, Agricultural, and Environmental Sciences and the University of Rio Grande and Rio Grande Community College to prepare the state's future agricultural workforce.

The university is also taking steps to better leverage technology to provide on-demand academic advising to students and expand educational offerings and flexibility to more people in more places — including Buckeye alumni.

Research Excellence

In 2021, President Johnson announced Ohio State's intention to double research expenditures within a decade. The university made progress toward this goal, recording an increase in our total from \$968 million to over \$1.2 billion — a new record. This momentum continued in FY 2022 with Ohio State being awarded leadership of eight major federally funded, cross-disciplinary research centers and initiatives.

We intend to leverage the full extent of Ohio State's research and educational expertise to support Intel's historic

decision to invest \$20 billion and build two semiconductor fabrication plants near Ohio State. The university has a key role to play in the success of this project, and we are already collaborating with K-12 schools, vocational centers, community colleges, four-year colleges and universities across the Midwest to take a networked approach to meeting the workforce and innovation needs of the region's future semiconductor industry.

These efforts build off our \$100 million strategic partnership with JobsOhio and Nationwide Children's Hospital to spur innovation and economic growth in the state. As part of this initiative, the university committed to increasing research awards from the National Institutes of Health by 50% by 2031 and educating a total of 22,500 STEM graduates by 2036.

Progress also continues in the Ohio State Innovation District. Construction on the Interdisciplinary Research Facility is ongoing, and we were pleased to break ground on the co-located Energy Advancement and Innovation Center. This project is an outgrowth of our partnership with ENGIE and will be a hub for Ohio State students, scholars, industry experts and local entrepreneurs to conduct research and innovation in artificial intelligence, sustainability, and smart systems. These facilities, as well as Outpatient Care West Campus, will anchor the Innovation District and

help fuel an ever more vibrant future in our region and state.

Talent and Culture Excellence

Funding for programs that enable us to recruit, retain and elevate the very best scholars and students will make Ohio State a destination for creative expression and scientific discovery. We aim to be the best and most enriching academic community in the world for researchers, artists, and learners alike.

To advance this goal, the university launched the implementation phase of our Shared Values Initiative, a renewed effort to express who we are as an institution and provide a platform for advancing a healthy and ethical culture at Ohio State. By remaining focused on our core principles of excellence and impact, diversity and innovation, inclusion and equity, care and compassion, and integrity and respect, we can redefine both what the land-grant university of the 21st century can accomplish and how it achieves it.

With these values firmly in mind, we remain dedicated to enhancing the culture of care that thrives on our campuses. The university is currently implementing the recommendations of our Commission on Student Mental Health and Well-Being to provide additional tools, resources, and connections to better enable Buckeyes to take care of themselves and each

Management's Discussion and Analysis

(Unaudited)

other. We also continue to hone our holistic approach to enhancing safety on and near our Columbus campus.

Service and Clinical Excellence

Ohio State has always been inspired by our land-grant mission of enabling all people to achieve the extraordinary. The Scarlet & Gray Advantage program is the latest step in this enduring commitment. The program will offer pathways for our undergraduate students to earn their degrees debt-free through a mix of paid internships, on-campus work experiences, financial aid, and philanthropy.

We are excited to pilot the program this fall and to incorporate what we learn as we deliver it at scale. Our ultimate goal is to enable thousands more students each year to graduate without the burden of loans — allowing them to take advantage of every great opportunity that comes their way.

The Scarlet & Gray Advantage program builds on the university's long-standing focus on affordability. A sixth incoming class of in-state students will enter under the Ohio State Tuition Guarantee, which locks in rates for tuition, mandatory fees, room and board for four years. The program provides students and families with predictability about the cost of a four-year education.

Beyond enhancing educational affordability and access, the university's academic health care

enterprise remains a cornerstone of our ability to serve the people of our region and state. The Ohio State University Wexner Medical Center (OSUWMC) continues to reinvest projected margin in patient care and capital planning to support growing demand, including several strategic initiatives currently under construction and the development of new partnerships to continue accelerating the pace of innovation in research, education, and patient care.

Strategic growth initiatives include:

- **Outpatient Care New Albany** — Opened in 2021, the 251,000-square-foot outpatient care facility will expand ambulatory surgery, primary care, and specialty clinics in the region.
- **Outpatient Care Dublin** — Opened in the summer of 2022, the 272,000-square-foot outpatient care facility will provide expanded offerings in the region like those referenced for New Albany.
- **Outpatient Care West Campus** — Scheduled to open in 2023, the 385,000-square-foot project will include outpatient operating rooms, clinical and diagnostic space, pharmacy, medical offices, and support spaces. The location will also include central Ohio's first proton therapy treatment facility in partnership with Nationwide Children's Hospital.

- **Interdisciplinary Research Facility** — Also planning to open in 2023, the 305,000-square-foot facility will serve a variety of research disciplines, including the Ohio State University Comprehensive Cancer Center, biomedical, life sciences, engineering, and environmental sciences.

- **Inpatient Hospital** — Scheduled to open in 2026, the 1.9 million-square-foot hospital will enhance a unified Ohio State Wexner Medical Center campus providing leading-edge research, outstanding clinical training and world-class patient care.

Development of new partnerships include:

- **Dispatch Health** — To provide access to in-home medical care for OSUWMC patients and providers throughout the Columbus community.
- **Alternative Solutions Health Network** — A joint venture to provide central Ohio patients with high-quality connected care directly in their homes, reduce preventable hospital readmissions and enhance operational efficiencies.
- **Teladoc Health** — To offer improved care and support for individuals living with Type 2 diabetes.

Management's Discussion and Analysis

(Unaudited)

- **One Medical** — To expand Ohio State's outpatient care strategy to meet the needs of the communities we serve by building on our exceptional primary-care offerings, increasing access to digital health care solutions and improving access to services that are essential to better health.

Operational Excellence

Strategic benchmarking, revenue optimization and diligent efficiency initiatives are pillars of Ohio State's efforts to be a trusted steward of our resources. Comprehensive administrative efficiencies enable us to direct funds to our core mission and support excellence in the above areas and across the university and medical center.

To continue safeguarding the university's resources and enable crucial investments in the future, the university set three efficiency savings goals for FY 2022.

- **University** — \$35 million of targeted savings across all colleges and support offices. \$88.3 million of savings have been realized through June 30, 2022.
- **Wexner Medical Center** — \$30 million of targeted savings. \$115 million of savings have been realized through June 30, 2022.

- **Capital** — \$25 million of targeted savings. \$61.6 million of savings have been realized through June 30, 2022.

Financial controls implemented in FY 2022 helped realize in total over \$265 million in cost savings — exceeding our \$90 million goal.

The impact of COVID-19 on university finances and operations may continue for at least the coming (FY2023) fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus (including the Omicron variant) continue to spread in the United States and around the world. Future adverse consequences of the COVID-19 pandemic may include, but are not limited to: a decline in enrollment (including a disproportional decline in enrollment by international students); a decline in demand for university housing; a decline in demand for university programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; and an increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs. University management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the university community and promote the continuity of its academic mission.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the university, including written 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 university expects or anticipates 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 university does 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.

Statements of Net Position

June 30, 2022 and June 30, 2021

(in thousands)

ASSETS AND DEFERRED OUTFLOWS:

Current Assets:

Cash and cash equivalents	\$ 303,120	\$ 677,386
Temporary investments	2,547,715	2,693,789
Accounts receivable, net	772,050	736,500
Notes receivable - current portion, net	25,231	25,231
Pledges receivable - current portion, net	61,395	63,799
Accrued interest receivable	23,109	19,848
Inventories and prepaid expenses	141,765	146,817
Investments held under securities lending program	201,994	118,266
Amounts due from (to) primary institution	(68,401)	(75,422)
Total Current Assets	4,007,978	4,406,214

Noncurrent Assets:

Unexpended bond proceeds	679,040	276,243
Notes receivable, net	18,413	36,766
Pledges receivable, net	116,230	97,441
Net other post-employment benefit asset	441,127	275,182
Long-term investment pool	6,960,782	7,041,973
Other long-term investments	301,855	348,227
Leases receivable, net	38,136	37,427
Amounts due from (to) primary institution - leases	(67,181)	(71,086)
Other noncurrent assets	226,571	202,911
Capital assets, net	7,194,565	6,408,423
Total Noncurrent Assets	15,909,538	14,653,507

Total Assets

Deferred Outflows:

Pension	584,364	339,679
Other post-employment benefits	11,545	104,182
Other deferred outflows	22,505	23,739

Total Deferred Outflows

Total Assets and Deferred Outflows

Primary Institution		Discretely Presented Component Units		Total University	
2022	2021	2022	2021	2022	2021
\$ 303,120	\$ 677,386	\$ 176,481	\$ 260,758	\$ 479,601	\$ 938,144
2,547,715	2,693,789	83,296	1,614	2,631,011	2,695,403
772,050	736,500	76,710	68,725	848,760	805,225
25,231	25,231	-	-	25,231	25,231
61,395	63,799	-	-	61,395	63,799
23,109	19,848	-	-	23,109	19,848
141,765	146,817	4,636	4,623	146,401	151,440
201,994	118,266	-	-	201,994	118,266
(68,401)	(75,422)	68,401	75,422	-	-
4,007,978	4,406,214	409,524	411,142	4,417,502	4,817,356
679,040	276,243	-	-	679,040	276,243
18,413	36,766	800	800	19,213	37,566
116,230	97,441	-	-	116,230	97,441
441,127	275,182	-	-	441,127	275,182
6,960,782	7,041,973	-	-	6,960,782	7,041,973
301,855	348,227	-	-	301,855	348,227
38,136	37,427	17,136	15,184	55,272	52,611
(67,181)	(71,086)	67,181	71,086	-	-
226,571	202,911	2,336	557	228,907	203,468
7,194,565	6,408,423	388,582	344,439	7,583,147	6,752,862
15,909,538	14,653,507	476,035	432,066	16,385,573	15,085,573
19,917,516	19,059,721	885,559	843,208	20,803,075	19,902,929
584,364	339,679	-	-	584,364	339,679
11,545	104,182	-	-	11,545	104,182
22,505	23,739	-	-	22,505	23,739
618,414	467,600	-	-	618,414	467,600
\$ 20,535,930	\$ 19,527,321	\$ 885,559	\$ 843,208	\$ 21,421,489	\$ 20,370,529

Statements of Net Position

June 30, 2022 and June 30, 2021

(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 757,606	\$ 774,841	\$ 25,595	\$ 33,586	\$ 783,201	\$ 808,427
Medicare advance payment program	79,601	254,854	-	10,191	79,601	265,045
Deposits and advance payments for goods and services	447,404	371,040	2,711	1,992	450,115	373,032
Current portion of bonds, notes and leases payable	109,458	69,993	3,479	2,686	112,937	72,679
Long-term bonds payable, subject to remarketing	275,000	289,970	-	-	275,000	289,970
Liability under securities lending program	201,994	118,266	-	-	201,994	118,266
Other current liabilities	101,989	110,847	37,336	11,801	139,325	122,648
Amounts due to (from) primary institution	(114,610)	(135,230)	114,610	135,230	-	-
Amounts due to (from) primary institution - leases	(4,979)	(3,855)	4,979	3,855	-	-
Total Current Liabilities	1,853,463	1,850,726	188,710	199,341	2,042,173	2,050,067
Noncurrent Liabilities:						
Bonds, notes and leases payable	3,357,938	2,736,441	30,947	29,196	3,388,885	2,765,637
Concessionaire payable	355,786	223,721	-	-	355,786	223,721
Net pension liability	1,497,793	2,679,333	-	-	1,497,793	2,679,333
Net other post-employment benefit liability	15,661	22,683	-	-	15,661	22,683
Compensated absences	203,505	214,428	-	-	203,505	214,428
Self-insurance accruals	100,497	85,083	-	-	100,497	85,083
Amounts due to third-party payors - Health System	87,306	90,403	-	-	87,306	90,403
Irrevocable split-interest agreements	32,324	36,328	-	-	32,324	36,328
Refundable advances for Federal Perkins loans	23,238	26,005	-	-	23,238	26,005
Advance from concessionaire	963,663	980,953	-	-	963,663	980,953
Other noncurrent liabilities	276,345	283,643	4,700	4,701	281,045	288,344
Amounts due to (from) primary institution	(192,948)	(169,670)	192,948	169,670	-	-
Amounts due to (from) primary institution - leases	(54,198)	(29,800)	54,198	29,800	-	-
Total Noncurrent Liabilities	6,666,910	7,179,551	282,793	233,367	6,949,703	7,412,918
Total Liabilities	8,520,373	9,030,277	471,503	432,708	8,991,876	9,462,985
Deferred Inflows:						
Parking service concession arrangement	387,652	397,283	-	-	387,652	397,283
Pension	1,681,316	682,490	-	-	1,681,316	682,490
Other post-employment benefits	456,823	675,698	-	-	456,823	675,698
Other deferred inflows	169,650	109,895	136,516	142,939	306,166	252,834
Total Deferred Inflows	2,695,441	1,865,366	136,516	142,939	2,831,957	2,008,305
Net Position:						
Net investment in capital assets	3,706,371	3,473,109	99,036	263,879	3,805,407	3,736,988
Restricted:						
Nonexpendable	1,870,686	1,789,304	-	-	1,870,686	1,789,304
Expendable	1,560,810	2,030,928	-	-	1,560,810	2,030,928
Unrestricted	2,182,249	1,338,337	178,504	3,682	2,360,753	1,342,019
Total Net Position	9,320,116	8,631,678	277,540	267,561	9,597,656	8,899,239
Total Liabilities, Deferred Inflows and Net Position	\$ 20,535,930	\$ 19,527,321	\$ 885,559	\$ 843,208	\$ 21,421,489	\$ 20,370,529

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses and Changes in Net Position Years Ended June 30, 2022 and June 30, 2021 (in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of \$268,547 and \$234,727, respectively)	\$ 1,003,060	\$ 869,740	\$ -	\$ -	\$ 1,003,060	\$ 869,740
Federal grants and contracts	426,216	407,404	18,735	18,969	444,951	426,373
State grants and contracts	85,976	76,611	-	-	85,976	76,611
Local grants and contracts	32,538	27,538	-	-	32,538	27,538
Private grants and contracts	269,344	272,468	55,721	37,461	325,065	309,929
Sales and services of educational departments	166,121	168,707	10,028	10,053	176,149	178,760
Sales and services of auxiliary enterprises (net of scholarship allowances of \$42,872 and \$26,375, respectively)	364,308	175,961	-	-	364,308	175,961
Sales and services of the OSU Health System, net	4,178,956	3,952,605	-	-	4,178,956	3,952,605
Sales and services of OSU Physicians, Inc., net	-	-	701,680	647,601	701,680	647,601
Other operating revenues	67,957	39,150	4,132	1,847	72,089	40,997
Total Operating Revenues	6,594,476	5,990,184	790,296	715,931	7,384,772	6,706,115
Operating Expenses:						
Educational and General:						
Instruction and departmental research	1,027,196	957,504	8,597	7,782	1,035,793	965,286
Separately budgeted research	502,475	436,886	22,769	21,110	525,244	457,996
Public service	147,900	139,565	9,950	6,209	157,850	145,774
Academic support	235,370	190,097	-	-	235,370	190,097
Student services	86,345	52,086	-	-	86,345	52,086
Institutional support	261,348	220,675	26,153	20,883	287,501	241,558
Operation and maintenance of plant	127,294	95,672	1,031	717	128,325	96,389
Scholarships and fellowships	164,093	146,187	-	-	164,093	146,187
Auxiliary enterprises	351,554	205,928	-	-	351,554	205,928
OSU Health System	3,236,935	2,728,378	-	-	3,236,935	2,728,378
OSU Physicians, Inc.	-	-	681,610	597,475	681,610	597,475
Depreciation and amortization	494,360	460,478	23,585	18,973	517,945	479,451
Total Operating Expenses	6,634,870	5,633,456	773,695	673,149	7,408,565	6,306,605
Net Operating Income (loss)	(40,394)	356,728	16,601	42,782	(23,793)	399,510
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	493,248	486,115	-	-	493,248	486,115
Federal subsidies for Build America Bonds interest	11,304	10,790	-	-	11,304	10,790
Federal non-exchange grants	64,077	66,124	-	-	64,077	66,124
Federal COVID-19 assistance programs	168,967	150,037	11,686	-	180,653	150,037
State non-exchange grants	34,591	13,246	-	-	34,591	13,246
Gifts	233,381	129,723	-	-	233,381	129,723
Net investment income (loss)	(292,335)	1,859,173	(8,379)	1,753	(300,714)	1,860,926
Interest expense on plant debt	(158,501)	(128,780)	(5,456)	(4,028)	(163,957)	(132,808)
Other non-operating revenues (expenses)	(104)	46,890	(5,655)	(30,445)	(5,759)	16,445
Net Non-operating Revenue (Expenses)	554,628	2,633,318	(7,804)	(32,720)	546,824	2,600,598
Income before Other Changes in Net Position	514,234	2,990,046	8,797	10,062	523,031	3,000,108
Other Changes in Net Position:						
State capital appropriations	52,886	63,988	-	-	52,886	63,988
Private capital gifts	44,112	78,942	-	-	44,112	78,942
Additions to permanent endowments	77,206	63,157	-	-	77,206	63,157
Capital contributions and changes in net position	-	6,923	1,182	941	1,182	7,864
Total Changes in Net Position	174,204	213,010	1,182	941	175,386	213,951
Increase in Net Position	688,438	3,203,056	9,979	11,003	698,417	3,214,059
Net Position - Beginning of Year						
Beginning of year, as previously reported	8,631,678	5,424,494	267,561	257,827	8,899,239	5,682,321
Cumulative effect of accounting change	-	4,128	-	(1,269)	-	2,859
Beginning of year, as restated	8,631,678	5,428,622	267,561	256,558	8,899,239	5,685,180
Net Position - End of Year	\$ 9,320,116	\$ 8,631,678	\$ 277,540	\$ 267,561	\$ 9,597,656	\$ 8,899,239

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
Cash Flows from Operating Activities:						
Tuition and fee receipts	\$ 868,342	\$ 758,837	\$ -	\$ -	\$ 868,342	\$ 758,837
Grant and contract receipts	814,127	746,479	69,443	77,991	883,570	824,470
Receipts for sales and services	4,556,007	4,227,793	708,039	599,436	5,264,046	4,827,229
Receipt from energy concessionaire	16,408	-	-	-	16,408	-
Payments to or on behalf of employees	(3,109,359)	(2,771,435)	(530,930)	(435,974)	(3,640,289)	(3,207,409)
University employee benefit payments	(790,577)	(784,093)	(113,828)	(98,310)	(904,405)	(882,403)
Payments to vendors for supplies and services	(2,757,473)	(2,405,751)	(136,548)	(17,339)	(2,894,021)	(2,423,090)
Payments to students and fellows	(151,727)	(133,905)	-	-	(151,727)	(133,905)
Student loans issued	(4,092)	(3,764)	-	-	(4,092)	(3,764)
Student loans collected	12,263	9,778	-	-	12,263	9,778
Student loan interest and fees collected	1,437	911	-	-	1,437	911
Other receipts (payments)	11,238	(33,037)	-	-	11,238	(33,037)
Net cash provided (used) by operating activities	(533,406)	(388,187)	(3,824)	125,804	(537,230)	(262,383)
Cash Flows from Noncapital Financing Activities:						
State share of instruction and line-item appropriations	493,248	486,115	-	-	493,248	486,115
Non-exchange grant receipts	98,668	79,370	2,098	-	100,766	79,370
Federal COVID-19 assistance programs	168,967	144,286	31,565	-	200,532	144,286
Gift receipts for current use	206,882	93,413	-	-	206,882	93,413
Additions to permanent endowments	77,206	63,157	-	-	77,206	63,157
Drawdowns of federal direct loan proceeds	320,043	310,679	-	-	320,043	310,679
Disbursements of federal direct loans to students	(317,934)	(312,319)	-	-	(317,934)	(312,319)
Amounts received from irrevocable split-interest agreements	750	10,192	-	-	750	10,192
Amounts paid to annuitants and life beneficiaries	(2,191)	(2,063)	-	-	(2,191)	(2,063)
Agency funds receipts	5,588	5,052	-	-	5,588	5,052
Agency funds disbursements	(5,051)	(4,546)	-	-	(5,051)	(4,546)
Other receipts	14,283	16,223	(7,562)	8,784	6,721	25,007
Net cash provided by noncapital financing activities	1,060,459	889,559	26,101	8,784	1,086,560	898,343
Cash Flows from Capital Financing Activities:						
Proceeds from capital debt	739,775	-	29,478	1,596	769,253	1,596
State capital appropriations	-	67,302	-	-	-	67,302
Gift receipts for capital projects	56,061	78,197	-	-	56,061	78,197
Payments for purchase or construction of capital assets	(1,055,311)	(891,524)	(37,332)	(66,540)	(1,092,643)	(958,064)
Principal payments on capital debt and leases	(77,741)	(81,554)	(3,339)	(6,023)	(81,080)	(87,577)
Interest payments on capital debt and leases	(156,512)	(128,056)	(4,548)	(4,010)	(161,060)	(132,066)
Federal subsidies for Build America Bonds interest	15,921	10,790	-	-	15,921	10,790
Net cash (used) by capital financing activities	(477,807)	(944,845)	(15,741)	(74,977)	(493,548)	(1,019,822)
Cash Flows from Investing Activities:						
Net (purchases) sales of temporary investments	-	(882,182)	-	13,852	-	(868,330)
Purchases of investments	(8,034,259)	(3,985,959)	(81,916)	-	(8,116,175)	(3,985,959)
Proceeds from sales and maturities of investments	7,187,502	3,648,843	-	-	7,187,502	3,648,843
Investment income (loss), net of related expenses	147,002	370,290	(8,897)	590	138,105	370,880
Net cash provided (used) by investing activities	(699,755)	(849,008)	(90,813)	14,442	(790,568)	(834,566)
Net Increase (Decrease) in Cash	(650,509)	(1,292,481)	(84,277)	74,053	(734,786)	(1,218,428)
Cash and Cash Equivalents - Beginning of Year	953,629	2,246,110	260,758	186,705	1,214,387	2,432,815
Cash and Cash Equivalents - End of Year	\$ 303,120	\$ 953,629	\$ 176,481	\$ 260,758	\$ 479,601	\$ 1,214,387

**Statements of
Cash Flows
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2022	2021	2022	2021	2022	2021
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:						
Operating income (loss)	\$ (40,394)	\$ 356,728	\$ 16,601	\$ 42,784	\$ (23,793)	\$ 399,512
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	494,360	460,478	23,585	18,973	517,945	479,451
Changes in assets and liabilities:						
Accounts receivable, net	(41,927)	(211,658)	(9,298)	-	(51,225)	(211,658)
Leases receivable, net	(709)	5,580	(1,390)	(13,343)	(2,099)	(7,763)
Amounts due from (to) primary institution - leases	(3,905)	-	-	-	(3,905)	-
Notes receivable, net	4,070	5,359	-	474	4,070	5,833
Accrued interest receivable	(1,590)	(648)	-	-	(1,590)	(648)
Inventories and prepaid expenses	5,053	20,156	(13)	(345)	5,040	19,811
Amounts due to/from primary institution	(9,679)	(92,948)	(16,354)	54,945	(26,033)	(38,003)
Amounts due to (from) primary institution - leases	(25,522)	-	-	-	(25,522)	-
Net other post-employment benefit asset	(165,945)	(197,281)	-	-	(165,945)	(197,281)
Deferred outflows	(152,048)	234,551	-	-	(152,048)	234,551
Other noncurrent assets	14,521	(190,622)	(1,890)	(665)	12,631	(191,287)
Accounts payable and accrued liabilities	(54,431)	159,506	192	3,146	(54,239)	162,652
Medicare advance payment program	(175,253)	(20,061)	(10,191)	(2,394)	(185,444)	(22,455)
Self-insurance accruals	15,414	(2,845)	-	-	15,414	(2,845)
Amounts due to third-party payors - Health System	(3,097)	29,887	-	-	(3,097)	29,887
Deposits and advanced payments	79,826	115,655	1,245	1,600	81,071	117,255
Compensated absences	(10,923)	4,270	-	-	(10,923)	4,270
Refundable advances for Federal Perkins loans	(2,767)	(3,690)	-	-	(2,767)	(3,690)
Advance from concessionaire	(17,290)	(21,816)	-	-	(17,290)	(21,816)
Net pension liability	(1,181,540)	(345,696)	-	-	(1,181,540)	(345,696)
Net other post-employment benefit liability	(7,022)	(1,436,889)	-	-	(7,022)	(1,436,889)
Deferred inflows	770,320	554,997	(6,494)	-	763,826	554,997
Other liabilities	(22,928)	188,800	183	20,629	(22,745)	209,429
Net cash provided (used) by operating activities	\$ (533,406)	\$ (388,187)	\$ (3,824)	\$ 125,804	\$ (537,230)	\$ (262,383)
Non Cash Transactions:						
Construction in process in accounts payable	\$ 1,601	\$ 47,852	\$ 3,205	\$ 9,414	\$ 4,806	\$ 57,266
Construction in process in concessionaire payable	150,843	101,507	-	-	150,843	101,507
Capital lease	-	11,316	-	-	-	11,316
Stock gifts	19,583	19,473	-	-	19,583	19,473
Net increase (decrease) in fair value of investments	(441,354)	1,487,302	(8,899)	1,064	(450,253)	1,488,366
Forgiveness of debt	-	-	266	278	266	278
State capital appropriations	52,474	-	-	-	52,474	-

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

The Ohio State University (the “university”) is a land-grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a Board of Trustees, which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Trustees are appointed by the governor, with the advice and consent of the state Senate. In 2005, the Ohio General Assembly voted to expand the Board from 11 to 17 members. The standard term for voting members of the Board is nine years. The Board also includes two non-voting student trustees who are appointed to two-year terms.

In 2009, the Board appointed its first charter trustee, which expanded the Board to 18 members. A maximum of three charter trustees may be appointed and removed by a vote of the Board. Charter trustees, who must be non-Ohio residents, are appointed to three-year terms and do not have voting privileges.

The Board of Trustees has responsibility for all the university’s financial affairs and assets. The

university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

Basis of Presentation

The accompanying financial statements present the accounts of the following, which constitute the primary government for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, these financial statements include component units, i.e., legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.*, defines financial accountability.

The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization’s governing authority and the ability of the primary government (i.e., the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.
- The primary government is financially accountable for an organization if its holding of a majority equity interest in that organization does not meet the definition of an investment.

The university’s blended component units and the reasons for their inclusion in the university’s financial statements are described below:

- **The Ohio State University Foundation**—The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.
- **OSU Health Plan, Inc.**—The university appoints a voting majority of the board for this organization, which provides medical benefit plan administration services to the university and its faculty and staff.

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

- **Oval Limited**—The university holds all of the voting stock of this captive insurance entity, which was established by the university to provide medical malpractice coverage to physicians in the university's medical center.
- **Pelotonia**—The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.

The component units listed above provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the primary government, collectively referred to as the primary institution.

In addition to the blended component units described above, the university's financial statements include the following discretely presented component units:

- **The Ohio State University Physicians, Inc.**—The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.
- **Campus Partners for Community Urban Redevelopment, Inc.**—This non-profit organization, which participates in the redevelopment

of neighborhoods adjacent to the Columbus campus, is fiscally dependent on the university.

- **Transportation Research Center of Ohio, Inc.**—The university appoints a voting majority of the board for this automotive research and testing facility in East Liberty, Ohio.
- **Dental Faculty Practice Association, Inc.**—The university appoints a voting majority of the board for the dental practice group for faculty in the College of Dentistry.
- **Science and Technology Campus Corporation (SciTech)**—This non-profit organization, which was established for further development of the university's Science and Technology Campus, is fiscally dependent on the university.

Summary financial statement information for the university's blended and discretely presented component units is provided in Notes 20 and 21. Audited financial statements for the discretely presented component units considered to be material to the university may be obtained from the Office of the Controller. A total university column in the financial statements is provided as memorandum only for purposes of additional analysis by users.

The university, as a component unit of the State of Ohio, is included as a discretely presented entity in the State of Ohio's Annual Comprehensive Financial Report.

Basis of Accounting

The financial statements of the university have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed by the GASB. The university is reported as a special-purpose government engaged in business-type activities (BTA) on the accrual basis. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements. In the financial statements, separate columns are presented for the primary institution (which includes the primary government and the blended component units), discretely presented component units, and the total university. The Notes to the Financial Statements include separate disclosures for the primary institution and the discretely presented component units, where relevant and material.

The university's financial resources are classified for accounting and reporting purposes into the following four net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, and related debt attributable to the acquisition, construction or improvement of those assets.

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

- **Restricted – nonexpendable:** Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to principal by the university. These assets primarily consist of the original gift corpus of the university's permanent endowments.

- **Restricted — expendable:** Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Amounts not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

The university first applies resources in restricted net position when an expense or outlay is incurred for purposes for which resources in both restricted and unrestricted net position are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts, and investments with original maturities of ninety days or less. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds.

Investments are reported at fair value. The average cost method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are generally reported at net asset value (NAV) of the university's interest used as a practical expedient to estimate fair value. NAVs are generally provided by the management of these limited partnerships. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. As of June 30, 2022, the university has made commitments to limited partnerships

totaling \$1,303,367 that have not yet been funded. These commitments may extend for a maximum of twelve years.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

Endowment Policy

All endowments are invested in the university's Long-Term Investment Pool, which consists of 6,172 Board authorized funds and 202 pending funds. Each named fund is assigned a number of shares in the Long-Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long-Term Investment Pool, and the associated net position is generally classified as restricted-expendable.

Annual distributions to named funds in the Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share

Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021
(dollars in thousands)

is 4.5% of the average fair value per share of the Long-Term Investment Pool over the most recent seven year period.

At June 30, 2022, the fair value of the university and Foundation gifted endowments is \$2,605,928, which is \$641,551 above the historical dollar value of \$1,964,377. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2022, there are 553 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2022 is \$190,543, which is \$14,675 below the historical dollar value of \$205,218.

At June 30, 2021, the fair value of the university and Foundation gifted endowments is \$2,678,895, which is \$811,004 above the historical dollar value of \$1,867,891. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2021, there are 191 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2021 is \$73,494, which is \$4,884 below the historical dollar value of \$78,338.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to

the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, endowment pledges are not recorded as assets until the related gift is received.

An allowance for uncollectible pledges receivable is provided based on management’s judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising.

Type of Asset	Estimated Useful Life
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment, software and furniture	5 to 15 years
Library books	10 years

The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Inventories

The university’s inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the Health System, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

Capital Assets and Collections

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. The university applies capitalization thresholds of \$5,000 for moveable equipment, \$100,000 for capital projects, and \$500,000 for software (actual dollar amounts shown). Capital assets are stated at cost or acquisition value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Advance Payments for Goods and Services

Advance payments for goods and services primarily consist of receipts relating to tuition, room, board, grants, contracts and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic term are recorded as revenue in the year to which they pertain. The university will recognize revenue to the extent these services are provided over the coming fiscal year.

Derivative Instruments

Derivative instruments are reported at fair value in the Statements of Net Position. The university has entered into interest-rate swap agreements, which are considered effective hedging derivatives. Changes in the fair value of these instruments are reported as deferred outflows or deferred inflows in the Statements of Net Position. Additional information on derivative instruments is provided in Note 10.

Operating and Non-Operating Revenues and Expenses

The university defines operating activities, for purposes of reporting on the Statements of Revenues, Expenses and Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on

long-term indebtedness and certain expenses related to investments, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, current-use gifts and net investment income. In addition, amounts provided to the university under Federal COVID-19 assistance grant programs are recognized as non-operating revenues as eligibility requirements are met.

Tuition, Room and Board

Student tuition and residence hall fees are presented net of scholarships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

State Support

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, including clinical teaching expenditures incurred at The Ohio State University Health System and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides funding for construction and renovation of major plant facilities on the university's campuses. This funding is reported as state capital appropriations, and the related facilities are reported as capital assets.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Uniform Guidance audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

The university generally considers grants, contracts and non-capital appropriations to be exchange transactions. Under these arrangements, the university provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either

Notes to the Financial Statements

Years Ended

June 30, 2022 and

June 30, 2021

(dollars in thousands)

directly to the funding entity or to its constituents. The overall scope and nature of these program activities is determined by the level of funding and the requirements set forth by these resource providers.

Federal COVID-19 Assistance Programs

In response to the COVID-19 outbreak, the federal government has provided support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. The university is a recipient of grant funds from several federal COVID-19 assistance programs, including Higher Education Emergency Relief Fund (HEERF) grants to students, HEERF institutional grants, Provider Relief Funds, FEMA Public Assistance funds, Shuttered Venue Operators grants and pass-through funding from the State of Ohio. Amounts provided to the university under these grant programs are recognized as non-operating revenues in the Statements of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

The university's Health System and OSU Physicians, a discretely presented component unit of the university, received advance payments under the Medicare Accelerated and Advance

Payment program. These payments are considered short-term loans and are reported as current liabilities in the Statements of Net Position. Current liabilities for advance payments provided to the Health System totaled \$79,601 and \$254,854 at June 30, 2022 and 2021, respectively. Current liabilities for advance payments provided to OSU Physicians totaled zero and \$10,191 at June 30, 2022 and 2021, respectively.

OSU Health System Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care and bad debt expenses. Revenue received under third-party cost reimbursement

agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters.

Health System patient service revenue amounts recognized from major payor sources (based on primary payor) for the years ended June 30, 2022 and 2021, respectively, are as follows:

Payor	Primary Institution	
	2022	2021
Medicare	\$ 1,055,544	\$ 1,006,113
Medicaid	553,121	532,386
Managed Care:		
Anthem	707,125	636,140
United Healthcare	474,790	470,125
Other	908,194	889,689
Self Pay	4,678	5,908
Total net patient service revenue	3,703,452	3,540,361
Add: Other Health System sales and services revenue	475,504	412,244
Total Health System sales and services, net	\$ 4,178,956	\$ 3,952,605

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care, self-pay discounts and bad debt expenses.

OSU Physicians (OSUP), a discretely presented component unit of the university, provides care to patients under various reimbursable agreements, including governmental and commercial payors (third-party payors). These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursements, and for administrative adjustments.

Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts

determined to qualify as charity care are not pursued, such amounts are written off and not reported as gross patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2022 and 2021 are \$39,989 and \$51,138, respectively, after applying a decrease of \$15,370 and \$468, respectively, for support received under the Health Care Assurance Program (HCAP). HCAP is administered by the State of Ohio to help hospitals cover a portion of the cost of providing charity care. Charity care costs for OSUP for the years ended June 30, 2022 and 2021 are \$14,634 and \$7,458, respectively.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting periods. Disclosure of contingent assets and liabilities at the dates of the financial statements may also be affected. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses P3s and APAs and amends current guidance in GASB 60, Accounting and Financial Reporting for Service Concession Arrangements. In general, the Statement applies the right-of-use model set forth in GASB 87 to P3 arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets. The Statement is effective for periods beginning after June 15, 2022 (FY2023).

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement requires recognition of a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (FY2023).

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement includes an extension of the use of LIBOR, clarifies provisions related to the new Statements for leases, public-private partnerships and subscription-based IT arrangements, and the classification and reporting of derivative instruments. The provisions related to LIBOR are effective upon issuance, the provisions related to leases, PPPs and SBITAs are effective for periods beginning after June 15, 2022 (FY2023), and the provisions related to derivatives are effective for periods beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment to GASB Statement No. 62*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement also provides guidance

on related note disclosures and addresses corrections to Required Supplementary Information and Supplementary Information. The Statement is effective for fiscal years beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Statement is effective for fiscal years beginning after December 15, 2023 (FY2025).

University management is currently assessing the impact that implementation of GASB Statements No. 93, 94, 96, 99, 100 and 101 will have on the university's financial statements.

Implementation of GASB Statement No. 87

In fiscal year 2022, the university implemented GASB Statement No. 87, Leases. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees record an intangible right-of-use asset and corresponding lease liability, based on the present value of payments expected to be made during the lease term. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. The cumulative effect of adopting GASB Statement No. 87 was a \$4,128 increase in net position as of July 1, 2020 for the primary institution and a \$1,269 decrease in net position for the discretely presented component units as of July 1, 2020. The effects of adopting Statement No. 87 retroactively to the university's financial statements for the year ended June 30, 2021 were as follows:

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

2021 Statement of Net Position - Primary Institution

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
Current Assets:			
Inventories and prepaid expenses	\$ 150,576	\$ (3,759)	\$ 146,817
Total current assets	4,409,973	(3,759)	4,406,214
Noncurrent Assets:			
Leases receivable	-	37,427	37,427
Capital assets, net	6,267,672	140,751	6,408,423
Amounts due from (to) primary institution for leases	-	(71,086)	(71,086)
Total noncurrent assets	14,546,415	107,092	14,653,507
Total assets	18,956,388	103,333	19,059,721
Current Liabilities:			
Current portion of bonds, notes and leases payable	62,746	7,247	69,993
Deposits and advance payments for goods and services	-	(3,855)	(3,855)
Amounts due to (from) primary institution for leases - current	-	(3,855)	(3,855)
Total current liabilities	1,847,334	3,392	1,850,726
Noncurrent Liabilities:			
Bonds, notes and leases payable	2,690,587	45,854	2,736,441
Amounts due to (from) primary institution for leases - noncurrent	-	(29,800)	(29,800)
Total noncurrent liabilities	7,163,497	16,054	7,179,551
Total liabilities	9,010,831	19,446	9,030,277
Deferred Inflows:			
Other deferred inflows	40,766	69,129	109,895
Total deferred inflows	1,796,237	69,129	1,865,366
Net Position:			
Net investment in capital assets	3,471,509	1,600	3,473,109
Unrestricted	1,325,179	13,158	1,338,337
Total net position	\$ 8,616,920	\$ 14,758	\$ 8,631,678

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

2021 Statement of Revenues, Expenses and Other Changes in Net Position - Primary Institution

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
Other operating revenues	\$ 37,198	\$ 1,952	\$ 39,150
Total operating revenues	5,988,232	1,952	5,990,184
Operating Expenses:			
Public service	139,588	(23)	139,565
Institutional support	229,993	(9,318)	220,675
Auxiliary enterprises	206,123	(195)	205,928
OSU Health System	2,733,141	(4,763)	2,728,378
Depreciation and amortization	457,950	2,528	460,478
Total operating expenses	5,645,227	(11,771)	5,633,456
Net operating income (loss)	343,005	13,723	356,728
Interest expense	(125,687)	(3,093)	(128,780)
Net Non-operating Revenue	2,636,411	(3,093)	2,633,318
Increase (Decrease) in Net Position	3,192,426	10,630	3,203,056
Net Position - Beginning of Year	\$ 5,424,494	\$ 4,128	\$ 5,428,622

2021 Statement of Cash Flows - Primary Institution

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
Cash Flows from Operating Activities:			
Payments to vendors for supplies and services	\$ (2,419,832)	\$ 14,081	\$ (2,405,751)
Net cash provided (used) by operating activities	(402,268)	14,081	(388,187)
Cash Flows from Capital Financing Activities:			
Principal payments on capital debt and leases	(70,566)	(10,988)	(81,554)
Interest payments on capital debt and leases	(124,963)	(3,093)	(128,056)
Net cash (used) by capital financing activities	(930,764)	(14,081)	(944,845)
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:			
Operating income (loss)	343,005	13,723	356,728
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	457,950	2,528	460,478
Changes in assets and liabilities:			
Leases receivable	-	5,580	5,580
Deferred inflows	562,747	(7,750)	554,997
Net cash provided (used) by operating activities	\$ (402,268)	\$ 14,081	\$ (388,187)

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

2021 Statement of Net Position - Discretely Presented Component Units

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
Current Assets:			
Accounts receivable	\$ 69,268	\$ (543)	\$ 68,725
Total noncurrent assets	411,685	(543)	411,142
Noncurrent Assets:			
Leases receivable	-	15,184	15,184
Other noncurrent assets	1,222	(665)	557
Capital assets, net	296,209	48,230	344,439
Amounts due from (to) primary institution for leases	-	71,086	71,086
Total noncurrent assets	298,231	133,835	432,066
Total assets	709,916	133,292	843,208
Current Liabilities:			
Current portion of bonds, notes and leases payable	1,455	1,231	2,686
Deposits and advance payments for goods and services	4,742	(2,750)	1,992
Amounts due to (from) primary institution for leases - current	-	3,855	3,855
Total current liabilities	197,005	2,336	199,341
Noncurrent Liabilities:			
Bonds, notes and leases payable	14,911	14,285	29,196
Other noncurrent liabilities	59,960	(55,259)	4,701
Amounts due to (from) primary institution for leases - noncurrent	-	29,800	29,800
Total noncurrent liabilities	244,541	(11,174)	233,367
Total liabilities	441,546	(8,838)	432,708
Deferred Inflows:			
Other deferred inflows	-	142,939	142,939
Total deferred inflows	-	142,939	142,939
Net Position:			
Net investment in capital assets	271,367	(7,488)	263,879
Unrestricted	(2,997)	6,679	3,682
Total net position	\$ 268,370	\$ (809)	\$ 267,561

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

**2021 Statement of Revenues, Expenses and Other Changes
in Net Position - Discretely Presented Component Units**

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
Other operating revenues	\$ -	\$ 1,847	\$ 1,847
Total operating revenues	714,084	1,847	715,931
Operating Expenses:			
Institutional support	22,345	(1,462)	20,883
OSU Physicians	603,324	(5,849)	597,475
Depreciation and amortization	12,754	6,219	18,973
Total operating expenses	674,241	(1,092)	673,149
Net operating income (loss)	39,843	2,939	42,782
Interest expense	(1,549)	(2,479)	(4,028)
Increase (Decrease) in Net Position	10,543	460	11,003
Net Position - Beginning of Year	\$ 257,827	\$ (1,269)	\$ 256,558

**2021 Statement of Cash Flows - Discretely Presented
Component Units**

	As Previously Reported	Effect of Adoption of Statement No. 87	As Restated
Cash Flows from Operating Activities:			
Payments to vendors for supplies and services	\$ (24,650)	\$ 7,311	\$ (17,339)
Net cash provided (used) by operating activities	118,493	7,311	125,804
Cash Flows from Capital Financing Activities:			
Principal payments on capital debt and leases	(1,191)	(4,832)	(6,023)
Interest payments on capital debt and leases	(1,531)	(2,479)	(4,010)
Net cash (used) by capital financing activities	\$ (67,666)	\$ (7,311)	\$ (74,977)

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Income Tax Status

As an integral part of the State of Ohio, the university is generally exempt from Federal and state income tax. The university is subject to the unrelated business income tax for activities that are not related to its tax-exempt purposes.

Related Parties

Members of the Board of Trustees, officers, and employees are subject to the university's conflict of interest policies, under which business and financial relationships must be disclosed and are subject to review and approval. Disclosures about the university's related parties, including its discretely presented component units, are included in notes 1, 20, and 21 to the financial statements.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2022, the carrying amount of the primary institution's cash and cash equivalents is \$303,120 as compared to bank balances of \$362,460. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit.

Of the bank balances, \$3,105 is covered by federal deposit insurance and \$359,355 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2021, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is \$953,629 as compared to bank balances of \$953,759. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$87,861 is covered by federal deposit insurance and \$865,898 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2022, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$176,481 as compared to bank balances of \$174,704. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$2,007 is covered by federal deposit insurance and \$172,697 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2021, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$260,758 as compared to bank balances of \$261,688. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$2,027 is covered by federal deposit insurance and \$259,661 is uninsured but collateralized by pools of securities

pledged by the depository banks and held in the name of the respective banks.

NOTE 3 — INVESTMENTS

University investments are grouped into three major categories for financial reporting purposes: Temporary Investments, the Long-Term Investment Pool and Other Long-Term Investments.

Temporary Investments are amounts available for current operations. The target is to maximize value while protecting the liquidity of the assets. Temporary Investments include the following instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and equity and bond funds.

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and quasi-endowment funds which are internally designated funds that are to function as endowments.

The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution.

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

The university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

Asset Class	Range	Benchmark
Public Equity	30-55%	MSCI All Country World Index (ACWI) – Net Dividend (ND)
Private Equity (Includes Buyouts, Growth & Venture Capital)	15-40%	MSCI ACWI ND - 1-Qtr. Lag
Real Estate & Infrastructure	5-15%	Cambridge Associates Real Estate (50%) & Infrastructure (50%) – 1 Qtr. Lag
Legacy Investments	N/A	Return of Actual Underlying Funds
Hedge Funds (Includes Opportunistic Credit)	0-25%	HFRI Fund of Funds Composite (Final)
Cash & High-Grade Bonds	0-25%	Bloomberg Barclays U.S. Aggregate Bond

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in equity and bond funds, OSU Foundation interests in unitrust, gift annuities, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are other private equity investments and investments in certain organizations that are affiliated with the OSU Health System.

U. S. Government and Agency securities are invested through trust agreements with banks who keep

the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are

invested through trust agreements with banks who keep the investments in their safekeeping accounts at Northern Trust and BNY Mellon in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

The cash and cash equivalents amount represents cash held in the Long-Term Investment Pool by various investment managers. Such amounts were generated by gifts received throughout the fiscal year and sales of investments in the Long-Term Investment Pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

Total university investments by major category for the primary institution at June 30, 2022 and 2021 are as follows:

	Primary Institution	
	2022	2021
Temporary Investments (a)	\$ 3,226,755	\$ 2,693,789
Long-Term Investment Pool:		
Gifted Endowment - University	1,261,196	1,333,836
Gifted Endowment - OSU Foundation	1,344,732	1,345,059
Quasi Endowment - Operating	1,740,849	1,740,687
Quasi Endowment - Designated	2,614,005	2,622,391
Total Long-Term Investment Pool	6,960,782	7,041,973
Securities Lending Collateral Investments	201,994	118,266
Other Long-Term Investments	301,855	348,227
Total Investments	\$ 10,691,386	\$ 10,202,255

(a) At June 30, 2022, Temporary Investments included \$679,040 of unexpended bond proceeds. At June 30, 2021, unexpended bond proceeds totaling \$276,243 were reported as restricted cash. Unexpended bond proceeds represent bond proceeds restricted for capital expenditures.

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2022 are as follows:

	Primary Institution				
	Temporary Investments & Unexpended Bond Proceeds	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
U.S. equity	\$ 5	\$ 1,084,100	\$ -	\$ -	\$ 1,084,105
International equity	-	227,665	-	-	227,665
Equity funds	89,406	1,107,523	21,637	-	1,218,566
U.S. government obligations	502,453	(740)	756	-	502,469
U.S. government agency obligations	178,298	-	-	-	178,298
Corporate bonds and notes	1,885,371	-	-	-	1,885,371
Bond funds	333,094	290,925	43,261	-	667,280
Foreign government bonds	40,629	-	-	-	40,629
Real assets	5	806,152	22,080	-	828,237
Hedge funds	-	688,079	-	-	688,079
Private equity	-	2,274,497	192,339	-	2,466,836
Commercial paper	146,685	-	-	-	146,685
Cash equivalents	-	482,581	-	-	482,581
Certificates of deposit	13,056	-	-	-	13,056
Other	37,753	-	21,782	-	59,535
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	51,173	51,173
Certificates of deposit	-	-	-	114,730	114,730
Cash and other adjustments	-	-	-	36,091	36,091
	<u>\$ 3,226,755</u>	<u>\$ 6,960,782</u>	<u>\$ 301,855</u>	<u>\$ 201,994</u>	<u>\$ 10,691,386</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2021 are as follows:

	Primary Institution				Total
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	
U.S. equity	\$ -	\$ 1,159,881	\$ 22,530	\$ -	\$ 1,182,411
International equity	-	513,586	-	-	513,586
Equity funds	109,272	1,072,486	27,451	-	1,209,209
U.S. government obligations	183,912	605	844	-	185,361
U.S. government agency obligations	128,991	-	-	-	128,991
Corporate bonds and notes	1,663,809	-	-	-	1,663,809
Bond funds	505,032	539,956	25,602	-	1,070,590
Foreign government bonds	25,119	-	-	-	25,119
Real assets	5	762,928	23,577	-	786,510
Hedge funds	-	565,599	-	-	565,599
Private equity	-	2,058,643	225,102	-	2,283,745
Commercial paper	32,534	-	-	-	32,534
Cash and cash equivalents	-	368,289	-	-	368,289
Other	45,115	-	23,121	-	68,236
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	72,042	72,042
Cash and other adjustments	-	-	-	46,224	46,224
	<u>\$ 2,693,789</u>	<u>\$ 7,041,973</u>	<u>\$ 348,227</u>	<u>\$ 118,266</u>	<u>\$ 10,202,255</u>

The components of the net investment income and loss for the primary institution are as follows:

	2022	2021
Interest and dividends	\$ 219,884	\$ 190,698
Net increase (decrease) in fair value of investments	(441,354)	1,727,863
Investment expenses	(70,865)	(59,388)
Total	<u>\$ (292,335)</u>	<u>\$ 1,859,173</u>

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Information on Fair Value of Investments

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. Directly held equity securities, registered bond and equity funds, and other miscellaneous investments classified in Level 1 are valued using prices quoted in active markets that the custodian and university have the ability to access.

Level 2—Quoted prices in the 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 U.S. government agencies and obligations, corporate bonds, municipal bonds, foreign government bonds, repurchase agreements, commercial paper, and other debt-related investments. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

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. Investments included

in Level 3 consist primarily of the university's ownership in real estate, certain limited partnerships and equity positions in private companies.

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 if the NAV is determined in accordance with the fair value measurement principles relevant to investment companies. Interests in investment funds with a NAV reported under an alternative basis or which meet the intent to sell criteria are reflected as Level 3 investments. As of June 30, 2022, the Long-Term Investment Pool does not have any funds held for secondary sale.

Investments measured at NAV consist mainly of non-publicly traded equity and bond funds, hedge funds, private equity, and other alternative funds. These assets are valued by the associated external investment manager/general partner and reviewed by the university using the most recent audited and unaudited financial statements available.

Not Levelled—Cash is not measured at fair value and, thus, is not subject to the fair value disclosure requirements. Cash not subject to such requirements amounted to \$140,606 and \$123,786 at June 30, 2022 and 2021, respectively.

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2022 are as follows:

	Primary Institution				Total Fair Value
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)	
U.S. equity	\$ 1,084,105	\$ -	\$ -	\$ -	\$ 1,084,105
International equity	227,665	-	-	-	227,665
Equity funds	244,466	-	-	974,100	1,218,566
U.S. government obligations	(740)	503,209	-	-	502,469
U.S. government agency obligations	-	178,298	-	-	178,298
Corporate bonds and notes	-	1,885,371	-	-	1,885,371
Bond funds	523,891	-	-	143,389	667,280
Foreign government bonds	-	40,629	-	-	40,629
Real assets	123,734	-	25,387	679,116	828,237
Hedge funds	-	-	-	688,079	688,079
Private equity	-	-	73,057	2,393,779	2,466,836
Commercial paper	-	146,685	-	-	146,685
Cash equivalents	341,975	-	-	-	341,975
Certificates of deposit	-	13,056	-	-	13,056
Other	-	37,208	22,327	-	59,535
Securities Lending Collateral Assets:					
Repurchase agreements	-	51,173	-	-	51,173
Certificates of deposit	-	114,730	-	-	114,730
Cash and other adjustments	-	36,091	-	-	36,091
	\$ 2,545,096	\$ 3,006,450	\$ 120,771	\$ 4,878,463	\$ 10,550,780

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2021 are as follows:

	Primary Institution				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)	Total Fair Value
U.S. equity	\$ 1,182,411	\$ -	\$ -	\$ -	\$ 1,182,411
International equity	513,586	-	-	-	513,586
Equity funds	357,359	-	-	851,850	1,209,209
U.S. government obligations	605	184,756	-	-	185,361
U.S. government agency obligations	-	128,991	-	-	128,991
Corporate bonds and notes	-	1,663,809	-	-	1,663,809
Bond funds	948,268	-	-	122,322	1,070,590
Foreign government bonds	-	25,119	-	-	25,119
Real assets	127,615	-	94,137	564,758	786,510
Hedge funds	-	-	-	565,599	565,599
Private equity	-	-	403,773	1,879,972	2,283,745
Commercial paper	-	32,534	-	-	32,534
Cash equivalents	244,503	-	-	-	244,503
Other	-	44,584	23,652	-	68,236
Securities Lending Collateral Assets:					
Repurchase agreements	-	72,042	-	-	72,042
Cash and other adjustments	-	46,224	-	-	46,224
	<u>\$ 3,374,347</u>	<u>\$ 2,198,059</u>	<u>\$ 521,562</u>	<u>\$ 3,984,501</u>	<u>\$ 10,078,469</u>

Additional Information on Investments Measured at the NAV

Additional information on fair values, unfunded commitments, remaining life and redemption for investments measured at the NAV for the primary institution at June 30, 2022 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity and bond funds - non-public international	\$ 1,117,489	-	No limit	1 to 30 days	None
Hedge funds - absolute return, credit, long/short equities	688,079	36,000	No limit	30 to 180 day notice periods	Lock-up provisions ranging from none to 2 years; side pockets on a few funds
Private equity - private credit, buyouts, venture, secondary	2,393,779	1,037,889	1-12 years	Partnerships ineligible for redemption	Not redeemable
Real assets - natural resources, real estate, infrastructure	679,116	163,336	1-12 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 4,878,463</u>	<u>\$ 1,237,225</u>			

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Additional Risk Disclosures for Investments

GASB Statements No. 3 and 40 require certain additional disclosures related to the liquidity, interest-rate, custodial, credit and foreign currency risks associated with deposits and investments.

Liquidity risk—The university's private equity and real asset investments in the Long-Term Investment Pool are illiquid and subject to redemption restrictions in accordance with their respective governing documents. The university's

Investment Policy defines Operating Funds available for liquidity to exclude funds invested in the LTIP, bond proceeds and certain other funds designated by leadership and requires a minimum of 90 days liquidity be maintained at all times (based on the most recent Board of Trustees' approved budget for total expenditures).

Interest-rate risk—Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject

to more variability in their fair values as a result of future changes in interest rates. University Operating Funds are used to maintain adequate liquidity within an appropriate risk profile. Under the university's Investment Policy, the short-term working capital pool's weighted average duration may not exceed one (1) year. The intermediate-term investment pool's weighted average duration may not exceed five (5) years.

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2022 are as follows:

	Primary Institution				
	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 502,469	\$ 152,176	\$ 346,919	\$ 3,374	\$ -
U.S. government agency obligations (a)	133,701	14	42,366	9,793	81,528
Corporate bonds	1,885,371	422,836	1,157,479	155,660	149,396
Bond funds	667,280	184,396	231,999	106,518	144,367
Foreign governmental bonds	40,629	32,380	7,937	-	312
Commercial paper	146,685	146,685	-	-	-
Certificates of deposit	13,056	13,056	-	-	-
Other governmental bonds (b)	37,209	16,601	20,430	178	-
Securities Lending Collateral:					
Repurchase agreements	51,173	51,173	-	-	-
Certificates of deposit	114,730	114,730	-	-	-
Total	\$ 3,592,303	\$ 1,134,047	\$ 1,807,130	\$ 275,523	\$ 375,603

(a) TBA investments are excluded from this caption as there are no maturities.

(b) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as there are no maturities.

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2021 are as follows:

	Primary Institution				
	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 185,361	\$ 35,954	\$ 147,691	\$ 1,716	\$ -
U.S. government agency obligations (a)	128,784	1,351	23,943	33,736	69,754
Corporate bonds	1,663,809	373,786	968,603	154,052	167,368
Bond funds	1,070,590	337,094	478,241	114,304	140,951
Foreign governmental bonds	25,119	13,101	10,994	832	192
Commercial paper	32,534	32,534	-	-	-
Other governmental bonds (b)	44,584	5,803	31,732	253	6,796
Securities Lending Collateral: Repurchase agreements	72,042	72,042	-	-	-
Total	\$ 3,222,823	\$ 871,665	\$ 1,661,204	\$ 304,893	\$ 385,061

(a) TBA investments are excluded from this caption as there are no maturities.

(b) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as there are no maturities.

Custodial credit risk—Custodial credit risk is the risk that, in the event of the failure of the custodian, university investments may not be recovered. It is the policy of the university to hold investments in custodial accounts, and the securities are registered solely in the name of the university. All investments are transacted with nationally reputable brokerage firms offering protection by the Securities Investor Protection Corporation.

Credit risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information—as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings—provides a current depiction of potential variable cash flows and credit risk. The university's Investment Policy requires Operating

Funds to be invested in securities that, in aggregate, represent a credit quality of "A" or better (on a weighted average basis). Not more than five percent (5%) of operating funds will be invested in below investment grade securities.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No. 3, securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk.

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2022 are as follows:

	Primary Institution												
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated	
U.S. government obligations	\$ 502,469	\$ -	\$ 502,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
U.S. government agency obligations	178,297	3,275	91,903	77,258	2,673	-	-	-	-	-	-	3,188	
Corporate bonds	1,885,371	171,241	116,673	592,039	656,678	29,977	7,080	-	-	-	-	311,683	
Bond funds	667,280	116,283	79,439	115,267	142,641	24,895	26,323	16,887	24,412	5,460	266	115,407	
Foreign government bonds	40,629	21,071	13,035	1,465	312	-	-	-	-	-	-	4,746	
Commercial paper	146,685	-	7,949	87,040	-	-	-	-	-	-	-	51,696	
Certificates of deposit	13,056	-	-	1,990	-	-	-	-	-	-	-	11,066	
Other governmental bonds (a)	37,209	5,647	15,141	12,065	346	-	-	-	-	-	-	4,010	
Securities Lending Collateral:													
Repurchase agreements	51,173	-	-	-	-	-	-	-	-	-	-	51,173	
Certificates of deposit	114,730	-	-	105,750	-	-	-	-	-	-	-	8,980	
Total	\$ 3,636,899	\$ 317,517	\$ 826,609	\$ 992,874	\$ 802,650	\$ 54,872	\$ 33,403	\$ 16,887	\$ 24,412	\$ 5,460	\$ 266	\$ 561,949	

(a) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as they do not have a credit rating.

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2021 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government obligations	\$ 185,361	\$ -	\$ 185,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283
U.S. government agency obligations	128,992	2,892	46,962	75,785	3,209	-	-	-	-	-	-	144
Corporate bonds	1,663,809	128,683	151,803	556,677	582,777	35,585	7,559	-	-	-	-	200,725
Bond funds	1,070,590	147,791	110,394	258,440	274,999	31,019	17,545	3,993	2,148	514	514	223,233
Foreign government bonds	25,119	1,069	13,189	6,364	2,195	-	2,024	-	-	-	-	278
Commercial paper	32,534	4,996	3,165	22,623	1,750	-	-	-	-	-	-	-
Other governmental bonds (a)	44,584	655	24,123	13,591	1,483	-	-	-	-	-	-	4,732
Securities Lending Collateral:												
Repurchase agreements	72,042	-	-	-	-	-	-	-	-	-	-	72,042
Total	\$ 3,223,031	\$ 286,086	\$ 534,714	\$ 933,480	\$ 866,413	\$ 66,604	\$ 27,128	\$ 3,993	\$ 2,148	\$ 514	\$ 514	\$ 501,437

(a) Life insurance policies and hospital in investment subsidiaries are excluded from this caption as they do not have a credit rating.

Concentration of credit

risk—Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the university to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

There is no investment in issuers other than U. S. government guaranteed securities that represents five percent

or more of investments held at June 30, 2022 and June 30, 2021.

Foreign currency risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. A portion of the university's investments in limited partnerships are held in Sterling, Euro, and Francs. The university is indirectly invested in additional foreign currencies through commingled funds. Commingled funds may hold

a variety of international assets that align with the university's investment strategy. Currency risk can be managed by hedging the foreign currency, but many managers choose to go unhedged and accept the currency risk, which also presents an opportunity if the foreign currency becomes more valuable than the U.S. Dollar on a relative basis.

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

At June 30, 2022, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Funds	Bond Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine peso	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Australian dollar	9,027	50,430	(26)	17,401	-	-
Brazilian real	-	8,883	266	-	-	-
Canadian dollar	9,592	28,833	59	7,540	-	-
Cayman Islands dollar	-	1,617	-	-	-	-
Chilean peso	42	61	23	-	-	-
Chinese yuan/yuan renminbi	66,823	113,022	(329)	-	-	-
Colombian peso	-	23	15	-	-	-
Costa Rican colon	-	35	-	-	-	-
Czech koruna	-	469	29	-	-	-
Danish krone	1,693	21,373	(14)	-	-	-
Egyptian pound	-	229	-	-	-	-
euro	47,273	112,791	(3,545)	9,421	-	207,978
Great Britain pound sterling	13,475	31,819	(398)	18,300	-	215,642
Hong Kong dollar	10,589	44,934	44	-	-	-
Hungarian forint	-	682	14	-	-	-
Iceland krona	-	-	1	-	-	-
Indian rupee	-	70,900	45	-	-	-
Indonesian rupiah	-	8,057	(74)	-	-	-
Israeli shekel	-	(76)	(1)	-	1,199	-
Japanese yen	58,087	42,458	295	-	-	-
Kenyan shilling	-	361	-	-	-	-
Kuwaiti dinar	-	83	-	-	-	-
Malaysian ringgit	-	1,294	-	-	-	-
Mexican peso	439	3,549	40	-	-	-
Netherlands antillean guilder	-	143	-	-	-	-
New Taiwan dollar	759	26,643	-	-	-	-
New Turkish lira	-	57	(44)	-	-	-
New Zealand dollar	-	81	2	-	-	-
Norwegian krone	332	304	533	-	-	-
Pakistan rupee	-	6	-	-	-	-
Peruvian nuevo sol	-	2	(6)	-	-	-
Philippine peso	-	3,188	-	-	-	-
Polish zloty	-	764	59	-	-	-
Qatar rial	-	113	-	-	-	-
Romanian new leu	-	6	-	-	-	-
Russian ruble	-	573	15	-	-	-
Saudi riyal	-	3,350	-	-	-	-
Singapore dollar	-	10,984	-	-	-	-
South African rand	-	3,090	(52)	-	-	-
South Korean won	822	21,094	15	-	-	-
Sri Lanka rupee	-	-	15	-	-	-
Swedish krona	410	9,439	59	-	-	-
Swiss franc	8,302	14,704	880	-	-	27,782
Thai baht	-	2,020	-	-	-	-
UAE dirham	-	1,483	-	-	-	-
Vietnamese dong	-	2	-	-	-	-
Total	\$ 227,665	\$ 639,873	\$ (2,079)	\$ 52,662	\$ 1,199	\$ 451,402

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

At June 30, 2021, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Funds	Bond Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine peso	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -
Australian dollar	13,268	17,509	37	12,060	-	-
Brazilian real	904	14,857	42	-	-	-
Canadian dollar	34,149	19,543	18	10,822	-	-
Cayman Islands dollar	-	1,489	-	-	-	-
Chilean peso	82	62	19	-	-	-
Chinese yuan	(202)	75,481	8	-	-	-
Colombian peso	27	24	-	-	-	-
Czech koruna	27	931	-	-	-	-
Danish krone	3,142	5,062	2	-	-	-
Egyptian pound	14	13	-	-	-	-
Euro	157,006	90,616	10	8,176	42	173,594
Great Britain pound sterling	57,597	55,533	36	28,686	-	284,936
Hong Kong dollar Hungarian forint	37,836 41	57,016 31	- -	- -	- -	- -
Iceland krona	-	-	9	-	-	-
Indian rupee	1,739	26,530	9	-	-	-
Indonesian rupiah	192	2,123	10	-	-	-
Israeli shekel	123	237	-	-	5,860	-
Japanese yen	142,466	45,694	2	901	-	-
Kenyan shilling	-	504	-	-	-	-
Kuwaiti dinar	96	66	-	-	-	-
Malaysian ringgit Mexican peso	219 301	218 4,933	- 52	- -	- -	- -
New Taiwan dollar	6,806	33,480	-	-	-	-
New Turkish lira	41	592	-	-	-	-
New Zealand dollar	253	96	-	-	-	-
Norwegian krone Pakistan rupee	6,052 -	4,716 8	19 -	- -	- -	- -
Peruvian nuevo sol	-	1,165	(2)	-	-	-
Philippine peso	109	1,624	-	-	-	-
Polish zloty	109	466	-	-	-	-
Qatari riyal	109	85	-	-	-	-
Romanian new leu Russian ruble	- 397	4 6,511	- 19	- -	- -	- -
Saudi riyal	506	405	-	-	-	-
Singapore dollar	868	630	-	-	-	-
South African rand	616	4,737	-	-	-	-
South Korean won Swedish krona	13,612 12,766	42,995 13,802	54 -	- -	- -	- -
Swiss franc	21,945	11,961	(1)	-	-	26,429
Thailand bhat	274	3,809	-	-	-	-
UAE dirham	96	91	-	-	-	-
Total	\$ 513,586	\$ 545,649	\$ 345	\$ 60,645	\$ 5,902	\$ 484,959

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Securities Lending

The university has engaged in a securities lending program through its custodian bank of the Long-Term Investment Pool. Securities loaned at June 30, 2022 and 2021 were comprised completely of equities, and these loans were secured by collateral in the form of repurchase agreements, certificates of deposit, and cash and other adjustments. All loans must be secured by collateral amounting to no less than 102% of the current fair value of domestic securities loaned and no less than 105% of the current fair value of foreign securities loaned.

As of June 30, 2022, there was no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period,

cash collateral is simultaneously invested in short-term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days.

As of June 30, 2022, securities loaned by the university amounted to a fair value of \$216,214 and were secured by collateral in the amount of \$222,411. The portion of this collateral that was received in cash amounted to \$201,994 and is reflected within the university's Statement of Net Position as a current asset and a corresponding current liability.

As of June 30, 2021, securities loaned by the university amounted to a fair value of \$163,207 and were secured by collateral in the amount of \$171,796. The portion of this collateral that was received in cash amounted to \$118,266 and is reflected within the university's Statement of Net Position as a current asset and a corresponding current liability.

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2022 and 2021 consist of the following:

	Primary Institution	
	2022	2021
Patient and other receivables - OSU Health System	\$ 625,406	\$ 585,599
Grant and contract receivables	171,363	154,484
Tuition and fees receivable	18,273	16,486
Receivables for departmental and auxiliary sales and services	58,281	65,097
State and federal receivables	5,244	11,629
Other receivables	2,120	3,379
Total receivables	880,687	836,674
Less: Allowances for doubtful accounts	108,637	100,174
Total receivables, net	\$ 772,050	\$ 736,500

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of \$12,373 and \$16,294 at June 30, 2022 and 2021, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

The university has recorded \$187,043 in non-endowment pledges receivable

and a related allowance for doubtful accounts of \$9,418 at June 30, 2022. The university recorded \$168,613 in non-endowment pledges receivable and a related allowance for doubtful

accounts of \$7,372 at June 30, 2021.

Accounts receivable for the discretely presented component units at June 30, 2022 and 2021 consist of the following:

	Component Units	
	2022	2021
Patient and other receivables - OSU Physicians	\$ 72,694	\$ 64,350
Other receivables	14,732	11,895
Total receivables	87,426	76,245
Less: Allowances for doubtful accounts	10,716	7,520
Total receivables, net	\$ 76,710	\$ 68,725

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2022 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 110,207	\$ 28,107	\$ -	\$ 138,314
Intangibles	18,465	-	-	18,465
Construction in progress	1,021,812	1,088,759	256,661	1,853,910
Total non depreciable assets	1,150,484	1,116,866	256,661	2,010,689
Capital assets being depreciated:				
Improvements other than buildings	977,247	21,855	-	999,102
Buildings and fixed equipment	7,357,954	234,806	5,121	7,587,639
Movable equipment, furniture and software	1,989,614	159,177	87,003	2,061,788
Library books	200,191	2,710	-	202,901
Total depreciable assets	10,525,006	418,548	92,124	10,851,430
Less: Accumulated depreciation for				
Improvements other than buildings	432,067	47,772	-	479,839
Buildings and fixed equipment	3,488,749	243,503	956	3,731,296
Movable equipment, furniture and software	1,378,778	174,801	85,593	1,467,986
Library books	176,939	4,343	-	181,282
Total accumulated depreciation	5,476,533	470,419	86,549	5,860,403
Total depreciable assets, net	5,048,473	(51,871)	5,575	4,991,027
Capital assets, net excluding lease assets	\$ 6,198,957	\$ 1,064,995	\$ 262,236	\$ 7,001,716
Lease assets, net (Note 11)				192,849
Total capital assets, net as reported in statement of net position				\$ 7,194,565

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Capital assets activity for the primary institution for the year ended June 30, 2021 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 108,136	\$ 2,071	\$ -	\$ 110,207
Intangibles	18,563	-	98	18,465
Construction in progress	880,224	141,588	-	1,021,812
Total non depreciable assets	1,006,923	143,659	98	1,150,484
Capital assets being depreciated:				
Improvements other than buildings	950,770	26,477	-	977,247
Buildings and fixed equipment	6,876,603	506,100	24,749	7,357,954
Movable equipment, furniture and software	1,703,984	310,588	24,958	1,989,614
Library books	196,468	3,942	219	200,191
Total depreciable assets	9,727,825	847,107	49,926	10,525,006
Less: Accumulated depreciation for				
Improvements other than buildings	388,856	43,211	-	432,067
Buildings and fixed equipment	3,277,305	231,631	20,187	3,488,749
Movable equipment, furniture and software	1,237,210	164,541	22,973	1,378,778
Library books	172,531	4,626	218	176,939
Total accumulated depreciation	5,075,902	444,009	43,378	5,476,533
Total depreciable assets, net	4,651,923	403,098	6,548	5,048,473
Capital assets, net excluding lease assets	\$ 5,658,846	\$ 546,757	\$ 6,646	\$ 6,198,957
Lease assets, net (Note 11)				209,466
Total capital assets, net as reported in statement of net position				\$ 6,408,423

The increase in construction in progress of \$141,588 in fiscal year 2021 represents the amount of capital expenditures for new projects of \$947,213, net of assets placed in service of \$805,625.

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2022 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 31,461	-	-	\$ 31,461
Intangibles	-	-	-	-
Construction in progress	50,159	36,752	20,888	66,023
Total non depreciable assets	81,620	36,752	20,888	97,484
Capital assets being depreciated:				
Improvements other than buildings	31,999	7,614	7,748	31,865
Buildings and fixed equipment	241,820	13,274	5,144	249,950
Movable equipment, furniture and software	35,282	22,303	17,218	40,367
Total depreciable assets	309,101	43,191	30,110	322,182
Less: Accumulated depreciation for				
Improvements other than buildings	18,203	3,355	2,549	19,009
Buildings and fixed equipment	53,561	12,301	2,295	63,567
Movable equipment, furniture and software	22,545	10,071	8,422	24,194
Total accumulated depreciation and amortization	94,309	25,727	13,266	106,770
Total depreciable assets, net	214,792	17,464	16,844	215,412
Capital assets, net	\$ 296,412	\$ 54,216	\$ 37,732	\$ 312,896
Lease assets, net (Note 11)				75,686
Total capital assets, net as reported in statement of net position				\$ 388,582

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2021 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 31,461	-	-	\$ 31,461
Intangibles	27	-	27	-
Construction in progress	70,499	-	20,340	50,159
Total non depreciable assets	101,987	-	20,367	81,620
Capital assets being depreciated:				
Improvements other than buildings	28,269	3,739	9	31,999
Buildings and fixed equipment	159,922	81,898	-	241,820
Movable equipment, furniture and software	35,946	11,054	11,718	35,282
Total depreciable assets	224,137	96,691	11,727	309,101
Less: Accumulated depreciation for				
Improvements other than buildings	14,557	2,312	(1,334)	18,203
Buildings and fixed equipment	46,474	7,119	32	53,561
Movable equipment, furniture and software	21,815	3,323	2,593	22,545
Total accumulated depreciation and amortization	82,846	12,754	1,291	94,309
Total depreciable assets, net	141,291	83,937	10,436	214,792
Capital assets, net	\$ 243,278	\$ 83,937	\$ 30,803	\$ 296,412
Lease assets, net (Note 11)				48,027
Total capital assets, net as reported in statement of net position				\$ 344,439

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

The decrease in construction in progress of \$20,341 in fiscal year 2021 represents the amount of capital expenditures for new projects of \$58,481, net of assets placed in service of \$78,822.

The university recognized asset retirement obligations (AROs) of \$17,934 at both June 30, 2022 and 2021. Assets with AROs include university facilities in which radioactive materials are used, facilities handling hazardous chemicals or waste and fuel storage tanks, all of which are subject to regulation by the State of Ohio. Liability estimates are based on decommissioning funding plans (for facilities handling radioactive materials) and historical experience (for hazardous waste facilities and fuel storage tanks). The estimated remaining useful lives of these assets range from 0 to 26 years.

NOTE 6 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the primary institution at June 30, 2022 and 2021 consist of the following:

	Primary Institution	
	2022	2021
Payables to vendors for supplies and services	\$ 506,899	\$ 518,560
Accrued compensation and benefits	167,942	132,067
Retirement system contributions payable	69,575	67,256
Other accrued expenses	13,190	56,958
Total payables and accrued expenses	\$ 757,606	\$ 774,841

NOTE 7 — DEPOSITS AND ADVANCE PAYMENTS FOR GOODS AND SERVICES

Deposits and advance payments for goods and services for the primary institution at June 30, 2022 and 2021 consist of the following:

	Primary Institution	
	2022	2021
Current deposits and advance payments:		
Tuition and fees	\$ 88,233	\$ 56,453
Departmental and auxiliary sales and services	94,718	68,105
Affinity agreements	1,848	7,177
Advance from concessionaire	24,648	21,786
Grant and contract advances	166,601	156,179
Health system advances	24,964	24,263
Other deposits and advance payments	46,392	37,077
Total current deposits and advance payments	\$ 447,404	\$ 371,040
Noncurrent deposits and advance payments:		
Advance from concessionaire	\$ 963,663	\$ 980,953

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Deposits and advance payments for goods and services for the discretely presented component units at June 30, 2022 and 2021 consist of the following:

	Discretely Presented Component Units	
	2022	2021
Current deposits and advance payments:		
Unearned rental income and deposits - Campus Partners	\$ 127	\$ 113
Unearned revenues - Transportation Research Center	2,412	1,597
Unearned rental income - SciTech	172	282
Total current deposits and advance payments	<u>\$ 2,711</u>	<u>\$ 1,992</u>
Non-current deposits and advance payments:		
Unearned rental income and deposits - SciTech	\$ 4,701	\$ 4,700
Total (shown as other non-current liabilities)	<u>\$ 4,701</u>	<u>\$ 4,700</u>

NOTE 8 — SELF-INSURANCE ACCRUALS

The university maintains self-insurance programs for professional medical malpractice, employee health insurance and workers' compensation. Information on each of these programs is provided below.

Medical Malpractice

The university has established trustee self-insurance funds for professional medical malpractice liability claims with a \$4,000 limit per occurrence and \$18,000 annual aggregate. The university self-insurance funds have insurance in excess of \$4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2021, Oval Limited provides coverage with limits of \$85,000 per occurrence and in the aggregate.

Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/21 – 6/30/22	\$85,000
7/1/20 – 6/30/21	\$80,000
7/1/16 – 6/30/20	\$85,000
7/1/15 – 6/30/16	\$75,000
7/1/08 – 6/30/15	\$55,000
7/1/06 – 6/30/08	\$40,000
7/1/05 – 6/30/06	\$35,000
7/1/02 – 6/30/05	\$25,000
7/1/97 – 6/30/02	\$15,000
9/30/94 – 6/30/97	\$10,000

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

The limits are in excess of underlying policies with limits of \$4,000 per occurrence and \$18,000 in the aggregate. For the year ended June 30, 2022, Oval reinsured, in excess of the self-insured retention, 100% of the first \$15,000 of risk to Berkshire Hathaway Specialty Insurance. The next \$20,000 was fully ceded to The Medical Protective Company, then \$10,000 ceded to Arch Specialty Insurance Company, with the next \$10,000 ceded to Chubb, then \$5,000 was ceded to The Medical Protective Company and above that the Company ceded \$10,000 of the risk to Markel, with the remaining \$15,000 of the risk to Liberty Specialty Markets Agency Limited.

The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2022. OSUP participates in the university self-insurance fund for professional medical malpractice liability claims.

The university's estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates

of incurred but not reported claims and incidents. This liability at June 30, 2022 of the anticipated future payments on gross claims is estimated at its present value of \$65,019 discounted at an estimated rate of 3% (university funds) and an additional \$23,487 discounted at an estimated rate of 3% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$197,629 (which primarily consist of bond and equity funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2022, and the surplus of \$109,123 is included in unrestricted net position.

At June 30, 2021, the anticipated future payments on gross claims was estimated at its present value of \$54,118 discounted at an estimated rate of 3% (university funds) and an additional \$20,179 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of \$222,299 (which primarily consist of bond and equity funds, money market

funds and U.S. treasury notes) were more than the recorded liability at June 30, 2021, and the surplus of \$148,002 was included in unrestricted net position.

Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2022 and 2021, \$42,100 and \$46,332, respectively is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Workers' Compensation

Effective January 1, 2013, the university became self-insured for workers' compensation. As of June 30, 2022 and 2021, respectively, \$17,073 and \$17,122, are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in reported self-insurance liabilities for the primary institution since June 30, 2020 result from the following activities:

Liability at beginning of fiscal year
Current year provision for losses
Claim payments
Balance at fiscal year end

Malpractice		Health		Workers' Compensation	
2022	2021	2022	2021	2022	2021
\$ 74,297	\$ 76,166	\$ 46,332	\$ 32,583	\$ 17,122	\$ 18,102
18,683	1,977	419,002	416,109	5,026	5,355
(4,475)	(3,846)	(423,234)	(402,360)	(5,074)	(6,335)
\$ 88,505	\$ 74,297	\$ 42,100	\$ 46,332	\$ 17,073	\$ 17,122

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 9 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations, which include general receipts bonds, special purpose receipts bonds, capital lease obligations, and other borrowings.

Debt activity for the primary institution for the year ended June 30, 2022 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements - Notes:					
WOSU	\$ 1,508	\$ -	\$ 159	\$ 1,349	\$ 159
OH Air Quality Note Series A	1,338	-	440	898	447
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,401	-	93	2,308	98
Direct Borrowings and Direct Placements - Other:					
Financed Equipment Purchases	1,115	-	1,115	-	-
Ohio State Energy Partners	235,869	150,843	12,172	374,540	18,754
General Receipts Bonds - Fixed Rate:					
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	79,990	-	11,675	68,315	9,640
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	41,440	-	8,190	33,250	8,425
2012B, due serially through 2033	8,985	-	1,575	7,410	1,610
2014A, due serially through 2044	121,560	-	2,825	118,735	2,970
2016A, due in 2046 and 2056	600,000	-	-	600,000	-
2016B, due serially through 2030	16,130	-	1,465	14,665	1,550
2017, due serially through 2028	55,595	-	7,640	47,955	7,955
2020A, due serially through 2030	185,995	-	7,195	178,800	23,975
2021A, due serially through 2052	-	600,000	-	600,000	9,415
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	10,195
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	1,700	-	1,700	-	-
1999B1, due serially through 2029	820	-	820	-	-
2001, due serially through 2032	3,450	-	3,450	-	-
2008B, due serially through 2028	9,000	-	9,000	-	-
2010E, due serially through 2035	125,000	-	-	125,000	125,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
Unamortized Bond Premiums	105,130	118,541	12,378	211,293	-
Total outstanding debt, excluding lease liabilities	\$ 3,242,106	\$ 869,384	\$ 81,892	\$ 4,029,598	\$ 370,193
Lease liabilities (Note 11)				68,584	14,265
Total outstanding debt as reported in the statement of net position				\$ 4,098,182	\$ 384,458

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2021 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements - Notes:					
WOSU	\$ 1,667	\$ -	\$ 159	\$ 1,508	\$ 159
OH Air Quality Note Series A	1,771	-	433	1,338	440
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,489	-	88	2,401	93
Direct Borrowings and Direct Placements - Other:					
Financed Equipment Purchases	2,974	-	1,858	1,115	1,115
Ohio State Energy Partners	141,932	101,507	7,570	235,869	12,148
General Receipts Bonds - Fixed Rate:					
2010A, due serially through 2020	6,125	-	6,125	-	-
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	4,635	79,990	11,675
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	49,310	-	7,870	41,440	8,190
2012B, due 2033	10,525	-	1,540	8,985	1,575
2014A, due serially through 2044	124,250	-	2,690	121,560	2,825
2016A, due serially through 2111	600,000	-	-	600,000	-
2016B, due serially through 2030	17,535	-	1,405	16,130	1,465
2017, due serially through 2028	62,915	-	7,320	55,595	7,640
2020A, due serially through 2030	185,995	-	-	185,995	7,195
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	3,350	-	1,650	1,700	1,700
1999B1, due serially through 2029	1,640	-	820	820	820
2001, due serially through 2032	6,765	-	3,315	3,450	3,450
2003C, due serially through 2031	5,190	-	5,190	-	-
2005B, due serially through 2035	8,120	-	8,120	-	-
2008B, due serially through 2028	17,650	-	8,650	9,000	9,000
2010E, due serially through 2035	125,000	-	-	125,000	125,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
Unamortized Bond Premiums	114,545	-	9,415	105,130	-
Total outstanding debt, excluding lease liabilities	\$ 3,219,453	\$ 101,507	\$ 78,853	\$ 3,242,106	\$ 344,490
Lease liabilities (Note 11)				78,019	15,473
Total outstanding debt as reported in the statement of net position				\$ 3,320,125	\$ 359,963

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2022 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements:					
OSU Physicians - Series 2013 Health Care					
Facilities Revenue Bond, due through 2035	\$ 10,754	\$ -	\$ 1,117	\$ 9,637	\$ 629
OSU Physicians - Term Loan Payable, due 2023	558	-	284	274	267
TRC Ohio Development Service Agency Note Payable	4,216	-	318	3,898	322
SciTech - Credit Facility	252	-	168	84	84
Campus Partners PPP Loan	276	-	276	-	-
Campus Partners EIDL Loan	150	-	150	-	-
Campus Partners Finance Fund Loan	44	-	44	-	-
Financed Equipment Purchases	115	-	17	98	51
Total outstanding debt, excluding lease liabilities	\$ 16,365	\$ -	\$ 2,374	\$ 13,991	\$ 1,353
Lease liabilities (Note 11)				20,435	2,126
Total outstanding debt as reported in the statement of net position				\$ 34,426	\$ 3,479

Debt activity for the discretely presented component units for the year ended June 30, 2021 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements:					
OSU Physicians - Series 2013 Health Care					
Facilities Revenue Bond, due through 2035	\$ 11,340	\$ -	\$ 586	\$ 10,754	\$ 601
OSU Physicians - Term Loan Payable, due 2023	837	-	279	558	284
TRC Ohio Development Service Agency Note Payable	4,454	-	238	4,216	318
SciTech - Project Notes Series 2001	340	-	340	-	-
SciTech - Credit Facility	419	-	167	252	167
Campus Partners PPP Loan	288	266	278	276	-
Campus Partners EIDL Loan	160	-	10	150	4
Campus Partners Finance Fund Loan	59	-	15	44	30
Financed Equipment Purchases	-	152	37	115	51
Total outstanding debt, excluding lease liabilities	\$ 17,897	\$ 418	\$ 1,950	\$ 16,365	\$ 1,455
Lease liabilities (Note 11)				15,517	1,231
Total outstanding debt as reported in the statement of net position				\$ 31,882	\$ 2,686

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2111. Maturities and interest on debt obligations for the next five years and in five-year periods for the primary institution are as follows:

	Primary Institution				
	Bonds		Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2023	\$ 350,735	\$ 142,395	\$ 19,458	\$ 28,205	\$ 540,793
2024	70,670	136,265	19,469	26,791	253,195
2025	72,040	132,765	19,020	25,380	249,205
2026	59,580	129,337	19,026	23,973	231,916
2027	62,820	126,546	19,031	22,566	230,963
2028-2032	286,235	589,465	92,034	91,681	1,059,415
2033-2037	199,755	536,151	81,455	59,930	877,291
2038-2042	900,505	421,725	72,770	30,145	1,425,145
2043-2047	527,895	269,769	39,172	7,762	844,598
2048-2052	156,635	181,531	-	-	338,166
2053-2057	250,000	165,540	-	-	415,540
2058-2062	-	120,000	-	-	120,000
2063-2067	-	120,000	-	-	120,000
2068-2072	-	120,000	-	-	120,000
2073-2077	-	120,000	-	-	120,000
2078-2082	-	120,000	-	-	120,000
2083-2087	-	120,000	-	-	120,000
2088-2092	-	120,000	-	-	120,000
2093-2097	-	120,000	-	-	120,000
2098-2102	-	120,000	-	-	120,000
2103-2107	-	120,000	-	-	120,000
2108-2112	500,000	96,000	-	-	596,000
	<u>\$ 3,436,870</u>	<u>\$ 4,127,489</u>	<u>\$ 381,435</u>	<u>\$ 316,433</u>	<u>\$ 8,262,227</u>

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Maturities and interest on debt obligations for the next five years and in five-year periods for the discretely presented component units are as follows:

	Discretely Presented Component Units		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2023	\$ 1,353	\$ 286	\$ 1,639
2024	1,017	260	1,277
2025	991	241	1,232
2026	1,011	220	1,231
2027	1,032	199	1,231
2028-2032	5,489	666	6,155
2033-2037	3,098	146	3,244
	\$ 13,991	\$ 2,018	\$ 16,009

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

University bond indentures include provisions for Events of Default and Remedies. In general, if the university fails to pay any interest or principal when it is due and payable, the Trustee may, upon the request of the holders of at least 25% of the outstanding principal on the bonds, declare the principal and any accrued interest as immediately due and payable. For the Series 2013A Special Purpose General Receipts bonds, Events of Default also include failure to “set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.1 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.”

The university’s private and direct placement debt consists primarily of long-term payables to Ohio State Energy Partners (OSEP) for capital improvements. The university’s Utility System Lease and Concession Agreement with OSEP includes Events of Default, including the failure to pay the Utility Fee. If the

university fails to remedy the default as specified in the agreement, OSEP may terminate the agreement and require the university to pay OSEP the Utility System Concession Value as of the date of such termination. The Utility System Concession Value is defined as the fair market value of the Concessionaire Interest in the lease and concession agreement and would include principal and interest on any outstanding long-term payables to OSEP.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$397,157 for future debt service which is included in unrestricted net position.

The university has defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds for the primary institution are as follows:

Amount Defeased	Amount Outstanding at June 30, 2022
General Receipts Bonds: Series 2010D	
3,710	2,995
<u>\$ 3,710</u>	<u>\$ 2,995</u>

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university’s financial statements.

Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021
(dollars in thousands)

Special-Purpose General Receipts Bonds

In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. The bond indenture agreement includes a debt covenant, requiring the university “to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.” At June 30, 2022, the university is in compliance with this covenant. Condensed financial information for the Special Purpose Revenue Facilities is provided in Note 22.

Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2008B, 2010E and 2014B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2022 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	0.022%
1999B1	12%	0.028%
2001	12%	0.028%
2008B	12%	0.023%
2010E	8%	0.223%
2014B1	8%	0.218%
2014B2	8%	0.223%

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

The university’s variable rate demand bonds mature at various dates through 2044. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a “take-

out agreement” to convert bonds “put” but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university’s intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have “take-out agreements” in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$275,000 and \$289,970 at June 30, 2022 and 2021, respectively.

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 10 — DERIVATIVE INSTRUMENTS

In connection with the anticipated refunding of the university's Series 2013A Special Purpose General Receipts Bonds in June 2023, the university has entered into two forward-starting pay fixed/receive floating interest rate swap agreements to convert all or a portion of the associated variable rate debt (anticipated June 2023) to synthetic fixed rates to protect against the potential of rising interest rates.

The terms of the two agreements are summarized below (\$ in 1,000s):

	Notional Amount	University Pays	University Receives	Effective Date	Termination Date	Par Cancellation Option	Counterparty Credit Rating
Swap Agreement 1	\$ 164,400	1.188% Fixed Rate	Variable rate based on Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	A1/A
Swap Agreement 2	\$ 164,400	1.264% Fixed Rate	Variable rate based on SIFMA Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	Aa2/A+

The forward-starting pay fixed/receive floating interest rate swap agreements are considered effective hedging derivatives as of June 30, 2022. The fair value of these swaps generally represents the estimated amount that the university would pay to terminate the swap agreements at the statement of net position date taking into account market interest rates as of June 30, 2022. The valuation inputs used to determine the fair value of these instruments are considered Level 2, as they rely on observable inputs other than quoted market prices. The notional amount represents the underlying reference of the instrument and does not represent the amount of the university's settlement obligations.

Fair values, changes in fair value and financial classification of the swap agreements are summarized below:

Effective hedging derivatives: floating-to-fixed interest rate swaps	Amount	Financial Statement Classification
Fair Value as of June 30, 2022	\$ 50,479	Other non-current assets
Change in Fair Value for Year Ended June 30, 2022	\$ 38,181	Deferred inflows - other

Effective Hedging derivatives: floating-to-fixed interest rate swaps	Amount	Financial Statement Classification
Fair Value as of June 30, 2021	\$ 12,298	Other non-current assets
Change in Fair Value for Year Ended June 30, 2021	\$ 18,927	Deferred inflows - other

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Using rates in effect as of June 30, 2022, the projected cash flows for the pay fixed/receive floating interest rate swaps deemed effective cash flow hedges, along with the debt service requirements of the associated variable rate debt (anticipated June 2023), are summarized as follows:

Fiscal Years	Primary Institution			
	Variable Rate Bonds*		Swap	Total
	Principal	Interest	Payments, Net	Payments
2024	\$ -	\$ 2,992	\$ 1,368	\$ 4,360
2025	-	2,992	1,368	4,360
2026	-	2,992	1,368	4,360
2027	-	2,992	1,368	4,360
2028-2032	74,945	14,068	6,429	95,442
2033-2037	110,820	9,561	4,369	124,750
2038-2042	118,415	4,383	2,003	124,801
2043	24,640	224	102	24,967
	\$ 328,820	\$ 40,205	\$ 18,375	\$ 387,399

* Variable rate bond interest based on 6/30/2022 SIFMA rate of 0.91%

Hedging Derivative Instrument Risk Factors

By using derivative financial instruments to hedge exposure to changes in interest rates, the university is exposed to certain risk factors. A discussion of the risk factors applicable to the university's swaps and the steps that have been taken to mitigate each risk factor is presented below.

Termination Risk

There is termination risk with pay fixed/receive floating interest rate swaps as the university or swap counterparty may terminate a swap if the other party fails to perform under the terms of the contract. The swaps also contain ratings-based termination provisions where a swap agreement may be terminated if the

counterparty's or the university's General Receipts credit ratings fall below Baa2 or BBB. The university's swaps specify Market Quotation, Second Method as the method for determining the termination value. Additionally, the university holds a par cancellation option which enables the university to cancel the swap at no cost starting June 1, 2035. This option also acts to limit the calculation of negative fair value to just the years remaining between the termination date and the date of the par termination option, which in turn mitigates any potential termination payment which may be owed by the university.

Credit Risk

Contracts with positive fair values to the university expose the university to credit risk to the extent the counterparty is unable to pay the

termination value upon a Termination Event or an Event of Default. As a mitigant to this risk, the university's swaps include non-parallel collateral posting thresholds under which the counterparties must post collateral if the counterparties' ratings fall to the A+/A1 ratings category for fair values in excess of \$75 million, with that threshold declining at each lower ratings category until reaching a threshold of \$5 million at BBB/Baa2. No collateral had been posted at June 30, 2022.

NOTE 11 — LEASES

University as Lessee

The university is a lessee for various noncancellable leases of real estate and equipment. Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the Statement of Net Position. For leases between the primary institution and the university's discretely presented component units, the related lease receivables and payables are shown separately as amounts due to/from the primary institution in the Statement of Net Position. Transportation Research Center Inc., a discretely presented component unit of the university, entered into a Master Lease agreement and related subleases with Honda of America Manufacturing (HAM) and its affiliates which are considered lease-leaseback transactions under GASB Statement No. 87. In a lease-leaseback transaction, each party is both a lessor and lessee. Because each portion of the

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

transaction is with the same counterparty, a right of offset exists. Lease receivables and deferred inflows associated with the HAM lease and subleases are netted against lease liabilities and lease assets for presentation in the Statement of Net Position.

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2022 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 184,762	\$ -	\$ 1,610	\$ 183,152
Equipment	43,937	5,725	-	49,662
Total lease assets	228,699	5,725	1,610	232,814
Less accumulated amortization:				
Real estate	9,550	12,104	1,619	20,035
Equipment	9,683	10,247	-	19,930
Total accumulated amortization	19,233	22,351	1,619	39,965
Total lease assets, net	\$ 209,466	\$ (16,626)	\$ (9)	\$ 192,849

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2021 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 94,485	\$ 90,277	\$ -	\$ 184,762
Equipment	40,707	3,230	-	43,937
Total lease assets	135,192	93,507	-	228,699
Less accumulated amortization:				
Real estate	-	9,550	-	9,550
Equipment	-	9,683	-	9,683
Total accumulated amortization	-	19,233	-	19,233
Total lease assets, net	\$ 135,192	\$ 74,274	\$ -	\$ 209,466

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2022 is summarized as follows:

Discretely Presented Component Units				
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 67,201	\$ 34,728	\$ -	\$ 101,929
Equipment	689	172	-	861
Total lease assets	67,890	34,900	-	102,790
Less accumulated amortization:				
Real estate	5,821	7,818	-	13,639
Equipment	137	204	-	341
Total accumulated amortization	5,958	8,022	-	13,980
Total lease assets, net	\$ 61,932	\$ 26,878	\$ -	\$ 88,810
Less: Lease assets netted against deferred inflows for lease-leaseback				
				\$ 13,124
Total lease assets, net, as presented on Statement of Net Position				\$ 75,686

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2021 is summarized as follows:

Discretely Presented Component Units				
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	\$ 48,916	\$ 18,285	\$ -	\$ 67,201
Equipment	251	438	-	689
Total lease assets	49,167	18,723	-	67,890
Less accumulated amortization:				
Real estate	-	5,821	-	5,821
Equipment	-	137	-	137
Total accumulated amortization	-	5,958	-	5,958
Total lease assets, net	\$ 49,167	\$ 12,765	\$ -	\$ 61,932
Less: Lease assets netted against deferred inflows for lease-leaseback				
				\$ 13,905
Total lease assets, net, as presented on Statement of Net Position				\$ 48,027

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Lease liability activity for the primary institution includes both leases with external parties and leases with discretely presented component units. Lease liability activity for the primary institution for the year ended June 30, 2022 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 149,105	\$ 3,447	\$ -	\$ 16,787	\$ 135,765	\$ 16,377
Less: Amounts due to discretely presented component units					(67,181)	
Lease liabilities with external parties (Note 9)					\$ 68,584	\$ 14,265

Lease liability activity for the primary institution for the year ended June 30, 2021 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 107,752	\$ 57,553	\$ -	\$ 16,200	\$ 149,105	\$ 16,580
Less: Amounts due to discretely presented component units					\$ (71,086)	
Lease liabilities with external parties (Note 9)					\$ 78,019	\$ 15,473

Lease liability activity for the discretely presented component units includes both leases with external parties and leases with the primary institution. Total lease liability activity for the discretely presented component units for the year ended June 30, 2022 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 63,510	\$ 34,708	\$ -	\$ 4,791	\$ 93,427	\$ 6,458
Less: Lease liabilities netted against receivables for lease-leaseback					(13,815)	
Less: Amounts due to primary institution					(59,177)	
Lease liabilities with external parties, net (Note 9)					\$ 20,435	\$ 2,126

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Lease liability activity for the discretely presented component units for the year ended June 30, 2021 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 49,167	\$ 19,913	\$ -	\$ 5,570	\$ 63,510	\$ 4,885
Less: Lease liabilities netted against receivables for lease-leaseback					(14,338)	
Less: Amounts due to primary institution					(33,655)	
Lease liabilities with external parties, net (Note 9)					\$ 15,517	\$ 1,231

Future annual lease payments for the primary institution are as follows:

Year Ending June 30,	Primary Institution		
	Principal	Interest	Total
2023	\$ 16,377	\$ 5,550	\$ 21,927
2024	11,536	5,078	16,614
2025	7,972	4,759	12,731
2026	4,294	4,531	8,825
2027	3,462	4,372	7,834
2028-2032	14,528	19,881	34,409
2033-2037	16,565	16,316	32,881
2038-2042	15,082	12,636	27,718
2043-2047	19,700	8,632	28,332
2048-2052	21,189	3,286	24,475
2053-2057	3,057	744	3,801
2058-2062	1,012	356	1,368
2063-2067	990	93	1,083
	\$ 135,764	\$ 86,234	\$ 221,998

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Future annual lease payments for the discretely presented component units are as follows:

Year Ending June 30,	Discretely Presented Component Units		
	Principal	Interest	Total
2023	\$ 6,458	\$ 3,932	\$ 10,390
2024	5,665	3,693	9,358
2025	6,162	3,455	9,617
2026	7,993	3,143	11,136
2027	6,960	2,824	9,784
2028-2032	33,519	9,390	42,909
2033-2037	16,890	3,992	20,882
2038-2042	9,780	816	10,596
	<u>\$ 93,427</u>	<u>\$ 31,245</u>	<u>\$ 124,672</u>

University as Lessor

The university is lessor for various noncancellable leases of real estate. Lease-related revenues recognized by the primary institution and the discretely presented component units for the years ended June 30, 2022 and 2021 are as follows:

	Primary Institution		Discretely Presented Component Units	
	2022	2021	2022	2021
Lease revenue	\$ 9,550	\$ 7,750	\$ 13,057	\$ 10,155
Interest revenue	4,096	2,809	4,415	2,084
	<u>\$ 13,646</u>	<u>\$ 10,559</u>	<u>\$ 17,472</u>	<u>\$ 12,239</u>

NOTE 12 — COMPENSATED ABSENCES

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit.

Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused

sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees of the university (mostly classified civil service employees) receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at termination or retirement.

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

NOTE 13 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2022 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 238,720	\$ 31,143	\$ 33,179	\$ 236,684	\$ 33,179
Self-insurance accruals	137,751	442,710	432,783	147,678	47,181
Amounts due to third party payors	119,790	3,052	17,183	105,659	18,353
Irrevocable split-interest agreements	39,592	1,415	5,419	35,588	3,264
Refundable advances for Federal Perkins loans	26,004	-	2,766	23,238	-
Other noncurrent liabilities	283,646	-	7,301	276,345	-
Other current liabilities	1,236	-	1,224	12	12
	\$ 846,739	\$ 478,320	\$ 499,855	\$ 825,204	\$ 101,989

Other liability activity for the primary institution for the year ended June 30, 2021 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 225,561	\$ 37,451	\$ 24,292	\$ 238,720	\$ 24,292
Self-insurance accruals	126,851	423,441	412,541	137,751	52,668
Amounts due to third party payors	110,819	12,337	3,366	119,790	29,387
Irrevocable split-interest agreements	35,117	8,130	3,655	39,592	3,264
Refundable advances for Federal Perkins loans	29,695	-	3,690	26,005	-
Other noncurrent liabilities	104,255	190,039	10,651	283,643	-
Other current liabilities	316	1,236	316	1,236	1,236
	\$ 632,614	\$ 672,634	\$ 458,511	\$ 846,737	\$ 110,847

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 14 — OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Changes in Net Position. Operating expenses by object for the primary institution for the years ended June 30, 2022 and 2021 are summarized as follows:

Year Ended June 30, 2022

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 871,372	\$ 155,824	\$ -	\$ -	\$ 1,027,196
Separately budgeted research	286,811	215,664	-	-	502,475
Public service	73,332	74,568	-	-	147,900
Academic support	150,381	84,989	-	-	235,370
Student services	69,080	17,265	-	-	86,345
Institutional support	178,027	83,321	-	-	261,348
Operation and maintenance of plant	38,936	88,358	-	-	127,294
Scholarships and fellowships	9,685	2,681	151,727	-	164,093
Auxiliary enterprises	140,990	210,564	-	-	351,554
OSU Health System	1,466,625	1,770,310	-	-	3,236,935
Depreciation	-	-	-	494,360	494,360
Total operating expenses	\$ 3,285,239	\$ 2,703,544	\$ 151,727	\$ 494,360	\$ 6,634,870

Year Ended June 30, 2021

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 859,138	\$ 98,366	\$ -	\$ -	\$ 957,504
Separately budgeted research	258,895	177,991	-	-	436,886
Public service	60,829	78,736	-	-	139,565
Academic support	119,728	70,369	-	-	190,097
Student services	40,796	11,290	-	-	52,086
Institutional support	165,206	55,469	-	-	220,675
Operation and maintenance of plant	6,714	88,958	-	-	95,672
Scholarships and fellowships	8,227	4,054	133,906	-	146,187
Auxiliary enterprises	88,875	117,053	-	-	205,928
OSU Health System	936,366	1,792,012	-	-	2,728,378
Depreciation	-	-	-	460,478	460,478
Total operating expenses	\$ 2,544,774	\$ 2,494,298	\$ 133,906	\$ 460,478	\$ 5,633,456

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 15 — RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

STRS Ohio and OPERS are cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-

living adjustments, and death benefits to plan members and beneficiaries. In addition, the retirement systems provide other post-employment benefits (OPEB), consisting primarily of health care. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors.

Employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals

for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals (except for contributions subsequent to the measurement date) are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

Defined Benefit Pension and OPEB Plans — Year Ended June 30, 2022

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2022 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 12,785,899	\$ 8,288,243	
Proportion of the net pension liability - university	5.0%	10.4%	
Proportionate share of net pension liability	\$ 638,605	\$ 859,188	\$ 1,497,793

The collective net OPEB assets of the retirement systems and the university's proportionate share of these assets as of June 30, 2022 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	\$ (2,108,418)	\$ (3,132,153)	
Proportion of the net OPEB (asset) liability - university	5.0%	10.7%	
Proportionate share of net OPEB (asset) liability	\$ (105,307)	\$ (335,820)	\$ (441,127)

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2022:

Deferred Outflows of Resources:

Differences between expected and actual experience
Changes in assumptions
Changes in proportion of university contributions
University contributions subsequent to the measurement date
Total

STRS-Ohio	OPERS	Total
\$ 19,730	\$ 49,339	\$ 69,069
177,160	117,455	294,615
2,429	2,254	4,683
90,864	125,132	215,996
\$ 290,183	\$ 294,180	\$ 584,363
\$ 4,003	\$ 26,144	\$ 30,147
550,355	1,100,745	1,651,100
-	70	70
\$ 554,358	\$ 1,126,959	\$ 1,681,317

Deferred Inflows of Resources:

Differences between expected and actual experience
Net difference between projected and actual earnings on pension plan investments
Changes in proportion of university contributions
Total

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2022:

Deferred Outflows of Resources:

Differences between expected and actual experience
Changes in assumptions
Changes in proportion of university contributions
Total

STRS-Ohio	OPERS	Total
\$ 3,750	\$ -	\$ 3,750
6,727	-	6,727
94	974	1,068
\$ 10,571	\$ 974	\$ 11,545
\$ 19,294	\$ 50,642	\$ 69,936
62,823	135,156	197,979
29,189	159,719	188,908
\$ 111,306	\$ 345,517	\$ 456,823

Deferred Inflows of Resources:

Differences between expected and actual experience
Changes in assumptions
Net difference between projected and actual earnings on pension plan investments
Total

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Amounts reported as deferred outflows of resources related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2023	\$ (88,300)	\$ (150,384)	\$ (238,684)
2024	(76,240)	(373,497)	(449,737)
2025	(82,238)	(258,778)	(341,016)
2026	(108,260)	(175,669)	(283,929)
2027	-	(63)	(63)
2028 and Thereafter	-	479	479
Total	\$ (355,038)	\$ (957,912)	\$ (1,312,950)

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

	STRS-Ohio	OPERS	Total
2023	\$ (28,266)	\$ (213,312)	\$ (241,578)
2024	(27,561)	(73,337)	(100,898)
2025	(27,140)	(34,902)	(62,042)
2026	(12,914)	(22,994)	(35,908)
2027	(4,664)	-	(4,664)
2028 and Thereafter	(188)	-	(188)
Total	\$ (100,733)	\$ (344,545)	\$ (445,278)

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2022 (information below applies to both pensions and OPEB unless otherwise indicated).

	STRS—Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	<p>Pensions — The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.</p> <p>OPEB — STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$254.0 million or 58% of the total health care costs in fiscal 2021 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2021, STRS Ohio received \$96.5 million in Medicare Part D reimbursements.</p>	<p>Pensions — Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p>OPEB — The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees included hospitalization, medical expenses and prescription drugs through December 31, 2021. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempted to control costs by using managed care, case management, and other programs. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program, similar to Medicare-enrolled retirees. Additional details on health care coverage can be found in the Plan Statement in the annual report.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016.</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

	STRS–Ohio	OPERS
Cost-of-Living Adjustments (COLAs)	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2021, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2021	December 31, 2021 (OPEB is rolled forward from December 31, 2020 actuarial valuation date)
Actuarial Assumptions	Valuation Date: June 30, 2021 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.00% Inflation: 2.50% Projected Salary Increases: 12.50% at age 20 to 2.50% at age 65 Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: 5.00% to 29.98% initial; 4% ultimate	Valuation Date: December 31, 2021 for pensions; December 31, 2020 for OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 6.9% for pensions; 6.0% for OPEB Inflation: 2.75% Projected Salary Increases: 2.75% - 10.75% Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple Health Care Cost Trends: 5.50% initial; 3.50% ultimate in 2034
Mortality Rates	Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.
Date of Last Experience Study	June 30, 2016	December 31, 2020

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

	STRS–Ohio	OPERS																																																																											
Investment Return Assumptions	<p>The 10-year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>28.0%</td><td>7.35%</td></tr> <tr> <td>International Equity</td><td>23.0%</td><td>7.55%</td></tr> <tr> <td>Alternatives</td><td>17.0%</td><td>7.09%</td></tr> <tr> <td>Fixed Income</td><td>21.0%</td><td>3.00%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>6.00%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>2.25%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	28.0%	7.35%	International Equity	23.0%	7.55%	Alternatives	17.0%	7.09%	Fixed Income	21.0%	3.00%	Real Estate	10.0%	6.00%	Liquidity Reserves	1.0%	2.25%	Total	100.0%		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2021 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>24.0%</td><td>1.03%</td></tr> <tr> <td>Domestic Equities</td><td>21.0%</td><td>3.78%</td></tr> <tr> <td>Real Estate</td><td>11.0%</td><td>3.66%</td></tr> <tr> <td>Private Equity</td><td>12.0%</td><td>7.43%</td></tr> <tr> <td>International Equities</td><td>23.0%</td><td>4.88%</td></tr> <tr> <td>Risk Parity</td><td>5.0%</td><td>2.92%</td></tr> <tr> <td>Other Investments</td><td>4.0%</td><td>2.85%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>*Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2021 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>34.0%</td><td>0.91%</td></tr> <tr> <td>Domestic Equities</td><td>25.0%</td><td>3.78%</td></tr> <tr> <td>REITs</td><td>7.0%</td><td>3.71%</td></tr> <tr> <td>International Equities</td><td>25.0%</td><td>4.88%</td></tr> <tr> <td>Risk Parity</td><td>2.0%</td><td>2.92%</td></tr> <tr> <td>Other Investments</td><td>7.0%</td><td>1.93%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>*Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	1.03%	Domestic Equities	21.0%	3.78%	Real Estate	11.0%	3.66%	Private Equity	12.0%	7.43%	International Equities	23.0%	4.88%	Risk Parity	5.0%	2.92%	Other Investments	4.0%	2.85%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	0.91%	Domestic Equities	25.0%	3.78%	REITs	7.0%	3.71%	International Equities	25.0%	4.88%	Risk Parity	2.0%	2.92%	Other Investments	7.0%	1.93%	Total	100.0%	
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**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

	STRS—Ohio	OPERS
Discount Rate	<p>Pensions — The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.</p> <p>OPEB — The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.</p>	<p>Pensions — The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB — A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.</p>
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions — The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.</p> <p>OPEB — The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.</p>	<p>Pensions — The discount rate was adjusted to 6.90% from 7.20% for the December 31, 2021 valuation.</p> <p>OPEB — There were no changes in assumptions since the prior measurement date of December 31, 2019.</p>
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions — There were no changes in benefit terms since the prior measurement date of June 30, 2020.</p> <p>OPEB — The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.</p>	<p>Pensions — There were no changes in benefit terms since the prior measurement date of December 31, 2020.</p> <p>OPEB — On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

	STRS–Ohio			OPERS		
Sensitivity of Net Pension Liability to Changes in Discount Rate	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
	\$ 1,195,868	\$ 638,605	\$ 167,719	\$ 2,345,870	\$ 859,188	\$ (377,346)
Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
	\$ (88,863)	\$ (105,307)	\$ (119,044)	\$ (197,503)	\$ (335,820)	\$ (450,655)
Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
	\$ (118,487)	\$ (105,307)	\$ (89,009)	\$ (339,466)	\$ (335,820)	\$ (331,531)

Defined Benefit Pension and OPEB Plans – Year Ended June 30, 2021

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2021 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 24,196,442	\$ 14,500,930	
Proportion of the net pension liability - university	4.9%	10.4%	
Proportionate share of net pension liability	\$ 1,175,835	\$ 1,503,497	\$ 2,679,333

The collective net OPEB assets of the retirement systems and the university's proportionate share of these assets as of June 30, 2021 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	\$ (1,757,498)	\$ (1,781,580)	
Proportion of the net OPEB (asset) liability - university	4.9%	10.7%	
Proportionate share of net OPEB (asset) liability	\$ (85,406)	\$ (189,776)	\$ (275,182)

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2021:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 2,638	\$ 1,579	\$ 4,217
Changes in assumptions	63,120	2,577	65,697
Net difference between projected and actual earnings on pension plan investments	57,181	-	57,181
Changes in proportion of university contributions	1,947	4,836	6,783
University contributions subsequent to the measurement date	87,064	118,738	205,802
Total	\$ 211,950	\$ 127,730	\$ 339,680
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 7,519	\$ 72,258	\$ 79,777
Net difference between projected and actual earnings on pension plan investments	-	602,692	602,692
Changes in proportion of university contributions	-	21	21
Total	\$ 7,519	\$ 674,971	\$ 682,490

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2021:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 5,472	\$ -	\$ 5,472
Changes in assumptions	1,410	91,112	92,522
Net difference between projected and actual earnings on OPEB plan investments	2,993	-	2,993
Changes in proportion of university contributions	119	3,076	3,195
Total	\$ 9,994	\$ 94,188	\$ 104,182
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 17,012	\$ 170,003	\$ 187,015
Changes in assumptions	81,122	307,493	388,615
Net difference between projected and actual earnings on pension plan investments	-	100,069	100,069
Total	\$ 98,134	\$ 577,565	\$ 675,699

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Amounts reported as deferred outflows of resources related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2022	\$ 39,364	\$ (245,432)	\$ (206,068)
2023	19,960	(91,050)	(71,090)
2024	32,020	(244,892)	(212,872)
2025	26,023	(83,567)	(57,544)
2026	-	(457)	(457)
2027 and Thereafter	-	(581)	(581)
Total	\$ 117,367	\$ (665,979)	\$ (548,612)

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

	STRS-Ohio	OPERS	Total
2022	\$ (21,688)	\$ (251,639)	\$ (273,327)
2023	(19,791)	(176,653)	(196,444)
2024	(19,085)	(43,175)	(62,260)
2025	(18,664)	(11,912)	(30,576)
2026	(4,439)	-	(4,439)
2027 and Thereafter	(4,471)	-	(4,471)
Total	\$ (88,138)	\$ (483,379)	\$ (571,517)

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2021 (information below applies to both pensions and OPEB unless otherwise indicated).

	STRS–Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	<p>Pensions — The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.</p> <p>OPEB — STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$295.8 million or 60% of the total health care costs in fiscal 2020 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.</p> <p>For the year ended June 30, 2020, STRS Ohio received \$81.9 million in Medicare Part D reimbursements.</p>	<p>Pensions — Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p>OPEB — The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2020 CAFR.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016.</p>
Cost-of-Living Adjustments (COLAs)	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2020, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

	STRS-Ohio	OPERS
Measurement Date	June 30, 2020	December 31, 2020 (OPEB is rolled forward from December 31, 2019 actuarial valuation date)
Actuarial Assumptions	Valuation Date: June 30, 2020 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.45% Inflation: 2.50% Projected Salary Increases: 12.50% at age 20 to 2.50% at age 65 Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: 5.00% to 11.87% initial; 4% ultimate	Valuation Date: December 31, 2020 for pensions; December 31, 2019 for OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.2% for pensions; 6.0% for OPEB Inflation: 3.25% Projected Salary Increases: 3.25% - 10.75% Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple Health Care Cost Trends: 8.50% initial; 3.50% ultimate in 2035
Mortality Rates	Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.	Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.
Date of Last Experience Study	June 30, 2016	December 31, 2015

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

	STRS-Ohio	OPERS																																																																					
Investment Return Assumptions	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>28.0%</td><td>7.35%</td></tr> <tr> <td>International Equity</td><td>23.0%</td><td>7.55%</td></tr> <tr> <td>Alternatives</td><td>17.0%</td><td>7.09%</td></tr> <tr> <td>Fixed Income</td><td>21.0%</td><td>3.00%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>6.00%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>2.25%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	28.0%	7.35%	International Equity	23.0%	7.55%	Alternatives	17.0%	7.09%	Fixed Income	21.0%	3.00%	Real Estate	10.0%	6.00%	Liquidity Reserves	1.0%	2.25%	Total	100.0%		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2020 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>25.0%</td><td>1.32%</td></tr> <tr> <td>Domestic Equity</td><td>21.0%</td><td>5.64%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>5.39%</td></tr> <tr> <td>Private Equity</td><td>12.0%</td><td>10.42%</td></tr> <tr> <td>International Equity</td><td>23.0%</td><td>7.36%</td></tr> <tr> <td>Other Investments</td><td>9.0%</td><td>4.75%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>*Returns presented as arithmetic means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2020 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>34.0%</td><td>1.07%</td></tr> <tr> <td>Domestic Equities</td><td>25.0%</td><td>5.64%</td></tr> <tr> <td>REITs</td><td>7.0%</td><td>6.48%</td></tr> <tr> <td>International Equities</td><td>25.0%</td><td>7.36%</td></tr> <tr> <td>Other Investments</td><td>9.0%</td><td>4.02%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>*Returns presented as arithmetic means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	25.0%	1.32%	Domestic Equity	21.0%	5.64%	Real Estate	10.0%	5.39%	Private Equity	12.0%	10.42%	International Equity	23.0%	7.36%	Other Investments	9.0%	4.75%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	1.07%	Domestic Equities	25.0%	5.64%	REITs	7.0%	6.48%	International Equities	25.0%	7.36%	Other Investments	9.0%	4.02%	Total	100.0%	
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**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021
(dollars in thousands)**

	STRS—Ohio	OPERS
Discount Rate	<p>Pensions — The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.</p> <p>OPEB — The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2020.</p>	<p>Pensions — The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB — A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.</p>
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions — There were no changes in assumptions since the prior measurement date of June 30, 2019.</p> <p>OPEB — There were no changes in assumptions since the prior measurement date of June 30, 2019.</p>	<p>Pensions — There were no changes in assumptions since the prior measurement date of December 31, 2019.</p> <p>OPEB — The discount rate was increased from 3.16% to 6.00% based on the methodology defined under GASB Statement No. 74, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)</i>.</p>
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions — There were no changes in benefit terms since the prior measurement date of June 30, 2019.</p> <p>OPEB — The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.</p>	<p>Pensions — There were no changes in benefit terms since the prior measurement date of December 31, 2019.</p> <p>OPEB — On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

	STRS-Ohio			OPERS		
Sensitivity of Net Pension Liability to Changes in Discount Rate	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)	1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)
	\$ 1,674,185	\$ 1,175,835	\$ 753,526	\$ 2,906,112	\$ 1,503,497	\$ 338,004
Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
	\$ (74,309)	\$ (85,406)	\$ (94,822)	\$ (47,204)	\$ (189,776)	\$ (307,093)
Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
	\$ (94,237)	\$ (85,406)	\$ (74,649)	\$ (194,464)	\$ (189,776)	\$ (184,661)

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments,

post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 9.53% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

Combined Plans

STRS Ohio offers a combined plan with features of both a defined

contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

Summary of Employer Pension and OPEB Expense

For the years ended June 30, 2022 and 2021, the university recognized pension and OPEB expense of (\$310,382) and (\$770,322), respectively.

Pension and OPEB expenses are allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio

275 East Broad Street
Columbus, OH 43215-3371
(614) 227-4090
(888) 227-7877
www.strsoh.org

OPERS

277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/

OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSUP through a tax-sheltered 403(b) and 401(a) defined contribution plan administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was \$7,800 and \$6,600 for the years ended June 30, 2022 and 2021, respectively. Employee contributions were \$3,500 and \$2,700 for the years ended June 30, 2022 and 2021, respectively.

415(m) Plans

The university maintains two supplemental 415(m) retirement plans. These plans are unfunded and constitute an unsecured promise by the university to make benefit payments in the future from its general assets. The university sets aside assets for the 415(m) plans, which are invested primarily in mutual funds. These assets totaled \$176,092 and \$190,613 at June 30, 2022 and 2021, respectively, and are reported as Other Noncurrent Assets and Other Noncurrent Liabilities in the Statement of Net Position.

NOTE 16 — CAPITAL PROJECT COMMITMENTS

At June 30, 2022, the university is committed to future contractual obligations for capital expenditures of approximately \$1,351,438 for the primary institution and \$18,900 for discretely presented component units. These projects are funded by the following sources:

	Primary Institution	Discretely Presented Component Units
State appropriations	\$ 14,835	\$ -
Internal and other sources	1,336,603	18,900
Total	<u>\$ 1,351,438</u>	<u>\$ 18,900</u>

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The university is self-insured for the Health System's professional malpractice liability, employee health benefits, workers' compensation and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 8. The university also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019 and subsequently spread across six

continents impacting many countries, including the United States. The COVID-19 outbreak has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio.

On March 13, 2020, the university announced that it would suspend face-to-face instruction and transition to remote instruction for the remainder of the spring semester. Nearly all university housing and dining facilities were closed on March 22, 2020 and remained closed through the summer 2020 semester.

On June 3, 2020, the university announced that it would resume in-person classes for the Autumn 2020 semester, with a mix of online, in-person and blended courses to reduce the number of students, faculty and staff that were on campus at any one time. The university conducted extensive testing of students, faculty and staff throughout the 2020-2021 academic year. As vaccination rates continued to increase and other health and safety protocols remained effective, the university announced that it expected to return to more of a traditional university experience for the Autumn 2021 semester. The University State of Emergency, which was declared by the university president on March 22, 2020, was lifted effective July 1, 2021.

Ohio and the rest of the nation experienced a significant surge of COVID-19 cases starting in the last

two months of 2021, due in large part to the rapid spread of the Omicron variant. Prior to commencement of the Spring 2022 semester, the university implemented a number of measures to continue to minimize the spread of COVID-19 on its campuses. As the spread of the Omicron variant slowed in late January 2022, the university announced adjustments to its health and safety protocols, including transitioning back to in-person student meetings and events, restoring seating to full capacity in on-campus dining areas and expanding group activities at campus recreation centers. The university also announced it was reinstating concessions at athletic events.

The impact of COVID-19 on university finances and operations may continue for at least the coming (FY2023) fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus (including the Omicron variant) continue to spread in the United States and around the world. Future adverse consequences of the COVID-19 pandemic may include, but are not limited to: a decline in enrollment (including a disproportional decline in enrollment by international students); a decline in demand for university housing; a decline in demand for university programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; and an increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs.

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT

On September 21, 2012, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure (QIC GI). CampusParc LP, a QIC GI affiliate, owns and operates the university's parking concession on QIC GI's behalf. Under the agreement, CampusParc operates, maintains and retains parking revenues from the university's parking lots and garages. This agreement also regulates the parking rates that may be charged and future increases in these rates. The university received lump-sum payments totaling \$483,000 from QIC GI and used the proceeds to establish endowment funds, with income distributions internally designated to support student scholarships, faculty initiatives and research, transportation and sustainability and the university arts district.

The unamortized lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$387,652 and \$397,283 at June 30, 2022 and 2021, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of \$122,953 and \$122,968 at June 30, 2022 and 2021, respectively.

NOTE 19 — UTILITY SYSTEM LEASE AND CONCESSION AGREEMENT

On April 10, 2017, the university entered into a 50-year agreement to lease the university's utility system to Ohio State Energy Partners (OSEP) and grant it the exclusive right to operate the utility system and provide utility services to the Columbus campus. On July 6, 2017, the university received an upfront payment of \$1,089,914. The upfront payment is reported as an Advance from Concessionaire and is being amortized as a reduction to operating expense (Operation and

Maintenance of Plant) on a straight-line basis over the term of the agreement.

Under the agreement, OSEP operates, maintains and makes capital investments in the utility system and charges the university a Utility Fee, which includes fixed, variable and operating and maintenance (O&M) components. OSEP capital investments in the utility system are recognized as capital assets and a related long-term payable to the concessionaire. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the concessionaire and interest expense.

The university recognized fixed and O&M utility fees totaling \$61,707 and \$59,372, respectively for the years ended June 30, 2022 and 2021. The carrying amounts of OSEP capital investments and related payable to the concessionaire at June 30, 2022 and 2021 were \$374,540 and \$235,869, respectively.

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

**NOTE 20 — COMBINING INFORMATION FOR BLENDED
COMPONENT UNITS**

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a blended presentation. Condensed combining financial information for the years ended June 30, 2022 and 2021 is presented below.

Condensed Combining Information — Year Ended June 30, 2022

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of net position:					
Current assets	\$ 59,060	\$ 4,379	\$ 51,962	\$ 26,550	\$ (12,720)
Capital assets, net	-	365	-	4,033	-
Other assets	1,572,142	731	-	1,400	(63,940)
Amounts receivable from the university	-	4,248	-	-	-
Total assets	\$ 1,631,202	\$ 9,723	\$ 51,962	\$ 31,983	\$ (76,660)
Current liabilities	\$ 2,708	\$ 912	\$ 41	\$ 1,178	\$ -
Noncurrent liabilities	42,335	635	23,487	76,660	(76,660)
Amounts payable to the university	2	4,248	-	-	-
Deferred inflows	9,475	-	-	-	-
Total liabilities and deferred inflows	54,520	5,795	23,528	77,838	(76,660)
Net investment in capital assets	-	-	-	4,033	-
Restricted:					
Nonexpendable	1,150,341	-	-	-	-
Expendable	409,874	-	-	26,772	(76,660)
Unrestricted	16,467	3,928	28,434	(76,660)	76,660
Total net position	1,576,682	3,928	28,434	(45,855)	-
Total liabilities, deferred inflows and net position	\$ 1,631,202	\$ 9,723	\$ 51,962	\$ 31,983	\$ (76,660)

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021
(dollars in thousands)**

**Condensed statements of revenues, expenses
and changes in net position:**

Operating revenues:

Other sales, services and rental income

Total operating revenues

Operating expenses, excluding depreciation

Depreciation expense

Total operating expenses

Net operating income (loss)

Non-operating revenues and expenses:

Gifts for current use

Net investment income (loss)

Federal COVID-19 assistance programs

Other non-operating revenue (expense)

Net non-operating revenue (expense)

Capital contributions and additions to
permanent endowments

Transfers from (to) the university

Change in net position

Beginning net position

Ending net position

Condensed statements of cash flows:

Net cash provided (used) by:

Operating activities

Noncapital financing activities

Capital and related financing activities

Investing activities

Net increase (decrease) in cash

Beginning cash and cash equivalents

Ending cash and cash equivalents

OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
\$ 385	\$ 12,947	\$ (3,223)	\$ 272	\$ -
385	12,947	(3,223)	272	-
7,168	12,936	(212)	21,778	-
-	51	-	1,677	-
7,168	12,987	(212)	23,455	-
(6,783)	(40)	(3,011)	(23,183)	-
198,839	-	-	29,510	-
(32,384)	14	(5,470)	40	-
-	-	-	-	-
1,191	-	-	-	-
167,646	14	(5,470)	29,550	-
136,982	-	-	-	-
(293,217)	(84)	-	12,673	-
4,628	(110)	(8,481)	19,040	-
1,572,054	4,038	36,915	(64,895)	-
\$ 1,576,682	\$ 3,928	\$ 28,434	\$ (45,855)	\$ -
\$ (4,477)	\$ 39	\$ (1,108)	\$ (20,655)	\$ -
(40,255)	(872)	-	30,866	-
59,775	(375)	-	(3,667)	-
(14,026)	84	996	40	-
1,017	(1,124)	(112)	6,584	-
217	4,104	1,290	6,124	-
\$ 1,234	\$ 2,980	\$ 1,178	\$ 12,708	\$ -

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Condensed Combining Information — Year Ended June 30, 2021

Condensed statements of net position:

Current assets	\$ 59,498	\$ 5,584	\$ 57,136	\$ 19,706	\$ (12,617)
Capital assets, net	-	41	-	2,043	-
Other assets	1,576,137	731	-	3,000	(76,715)
Amounts receivable from the university	-	(6)	-	-	-
Total assets	\$ 1,635,635	\$ 6,350	\$ 57,136	\$ 24,749	\$ (89,332)
Current liabilities	\$ 3,652	\$ 850	\$ 42	\$ 311	\$ -
Noncurrent liabilities	42,735	680	20,179	89,333	(89,332)
Amounts payable to the university	-	782	-	-	-
Deferred inflows	17,194	-	-	-	-
Total liabilities and deferred inflows	63,581	2,312	20,221	89,644	(89,332)
Net investment in capital assets	-	-	-	-	-
Restricted:					
Nonexpendable	1,073,269	-	-	-	-
Expendable	481,161	-	-	-	(89,333)
Unrestricted	17,624	4,038	36,915	(64,895)	89,333
Total net position	1,572,054	4,038	36,915	(64,895)	-
Total liabilities, deferred inflows and net position	\$ 1,635,635	\$ 6,350	\$ 57,136	\$ 24,749	\$ (89,332)

OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
\$ 59,498	\$ 5,584	\$ 57,136	\$ 19,706	\$ (12,617)
-	41	-	2,043	-
1,576,137	731	-	3,000	(76,715)
-	(6)	-	-	-
\$ 1,635,635	\$ 6,350	\$ 57,136	\$ 24,749	\$ (89,332)
\$ 3,652	\$ 850	\$ 42	\$ 311	\$ -
42,735	680	20,179	89,333	(89,332)
-	782	-	-	-
17,194	-	-	-	-
63,581	2,312	20,221	89,644	(89,332)
-	-	-	-	-
1,073,269	-	-	-	-
481,161	-	-	-	(89,333)
17,624	4,038	36,915	(64,895)	89,333
1,572,054	4,038	36,915	(64,895)	-
\$ 1,635,635	\$ 6,350	\$ 57,136	\$ 24,749	\$ (89,332)

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021
(dollars in thousands)**

**Condensed statements of revenues, expenses
and changes in net position:**

Operating revenues:

Other sales, services and rental income

Total operating revenues

Operating expenses, excluding depreciation

Depreciation expense

Total operating expenses

Net operating income (loss)

Non-operating revenues and expenses:

Gifts for current use

Net investment income (loss)

Federal COVID-19 assistance programs

Other non-operating revenue (expense)

Net non-operating revenue (expense)

Capital contributions and additions to
permanent endowments

Transfers from (to) the university

Change in net position

Beginning net position

Ending net position

Condensed statements of cash flows:

Net cash provided (used) by:

Operating activities

Noncapital financing activities

Capital and related financing activities

Investing activities

Net increase (decrease) in cash

Beginning cash and cash equivalents

Ending cash and cash equivalents

OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
\$ 15	\$ 12,702	\$ (1,781)	\$ 281	\$ -
15	12,702	(1,781)	281	-
5,270	12,656	(202)	4,428	-
-	33	-	162	-
5,270	12,689	(202)	4,590	-
(5,255)	13	(1,579)	(4,309)	-
136,414	-	-	23,249	-
335,238	18	6,542	-	-
-	-	-	625	-
3,186	-	-	-	-
474,838	18	6,542	23,874	-
142,943	-	-	-	-
(258,132)	120	-	12,795	-
354,394	151	4,963	32,360	-
1,217,660	3,887	31,952	(97,255)	-
\$ 1,572,054	\$ 4,038	\$ 36,915	\$ (64,895)	\$ -
\$ (4,850)	\$ (875)	\$ (2,028)	\$ (4,677)	\$ -
(60,754)	908	-	8,103	-
79,612	-	-	(2,205)	-
(14,026)	(708)	2,223	-	-
(18)	(675)	195	1,221	-
235	4,779	1,095	4,903	-
\$ 217	\$ 4,104	\$ 1,290	\$ 6,124	\$ -

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

NOTE 21 — COMBINING INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a discrete presentation. Condensed combining financial information for the years ended June 30, 2022 and 2021 is presented below.

Condensed Combining Information — Year Ended June 30, 2022

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
Condensed statements of net position:						
Current assets	\$ 300,653	\$ 7,890	\$ 13,047	\$ 5,188	\$ 14,345	\$ 341,123
Capital assets, net	97,967	210,744	52,515	233	27,123	388,582
Other assets	149	16,223	1,713	-	2,187	20,272
Amounts receivable from the university	72,383	56,656	4,609	-	1,934	135,582
Total assets and deferred outflows	<u>\$ 471,152</u>	<u>\$ 291,513</u>	<u>\$ 71,884</u>	<u>\$ 5,421</u>	<u>\$ 45,589</u>	<u>\$ 885,559</u>
Current liabilities	\$ 52,487	\$ 6,327	\$ 7,341	\$ -	\$ 2,966	\$ 69,121
Noncurrent liabilities	21,125	-	9,822	-	4,700	35,647
Amounts payable to the university	168,377	171,204	18,134	44	8,976	366,735
Deferred inflows	8,827	120,995	1,708	-	4,986	136,516
Total liabilities and deferred inflows	<u>250,816</u>	<u>298,526</u>	<u>37,005</u>	<u>44</u>	<u>21,628</u>	<u>608,019</u>
Net investment in capital assets	14,897	36,112	29,731	233	18,063	99,036
Unrestricted	205,439	(43,125)	5,148	5,144	5,898	178,504
Total net position	<u>220,336</u>	<u>(7,013)</u>	<u>34,879</u>	<u>5,377</u>	<u>23,961</u>	<u>277,540</u>
Total liabilities, deferred inflows and net position	<u>\$ 471,152</u>	<u>\$ 291,513</u>	<u>\$ 71,884</u>	<u>\$ 5,421</u>	<u>\$ 45,589</u>	<u>\$ 885,559</u>

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

Condensed statements of revenues, expenses and changes in net position:

Operating revenues:

Grants and contracts	\$ -	\$ 12,844	\$ 53,989	\$ -	\$ 7,623	\$ 74,456
Sales and services of OSU Physicians	701,680	-	-	-	-	701,680
Other sales, services and rental income	2,079	1,423	252	10,027	379	14,160
Total operating revenues	703,759	14,267	54,241	10,027	8,002	790,296

Operating expenses, excluding depreciation

Depreciation expense	9,788	5,381	6,982	102	1,332	23,585
Total operating expenses	691,399	15,331	53,192	8,698	5,075	773,695

Net operating income (loss)

	12,360	(1,064)	1,049	1,329	2,927	16,601
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Non-operating revenues and expenses:

CARES Assistance	11,686	-	-	-	-	11,686
Net investment income (loss)	(8,440)	104	178	(234)	13	(8,379)
Interest expense	(3,187)	-	(1,802)	-	(467)	(5,456)
Other non-operating revenue (expense)	(6,606)	1,306	(357)	2	-	(5,655)
Net non-operating revenue (expense)	(6,547)	1,410	(1,981)	(232)	(454)	(7,804)

Capital contributions and additions to permanent endowments

	-	-	1,182	-	-	1,182
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Change in net position

	5,813	346	250	1,097	2,473	9,979
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Beginning net position, as restated

	214,523	(7,359)	34,629	4,280	21,488	267,561
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Ending net position

\$	220,336	\$	(7,013)	\$	34,879	\$	5,377	\$	23,961	\$	277,540
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Condensed statements of cash flows:

Net cash provided (used) by:

Operating activities	\$ (11,217)	\$ (739)	\$ 2,586	\$ 1,884	\$ 3,662	\$ (3,824)
Noncapital financing activities	25,067	2,068	-	-	(1,034)	26,101
Capital and related financing activities	(9,289)	(2,539)	(2,337)	(633)	(943)	(15,741)
Investing activities	(90,355)	(471)	-	-	13	(90,813)
Net increase (decrease) in cash	(85,794)	(1,681)	249	1,251	1,698	(84,277)

Beginning cash and cash equivalents

	237,247	5,774	3,093	2,562	12,082	260,758
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Ending cash and cash equivalents

\$	151,453	\$	4,093	\$	3,342	\$	3,813	\$	13,780	\$	176,481
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**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021**
(dollars in thousands)

Condensed Combining Information — Year Ended June 30, 2021

Condensed statements of net position:

Current assets	\$ 298,779	\$ 8,526	\$ 10,966	\$ 4,625	\$ 12,824	\$ 335,720
Capital assets, net	68,362	194,459	53,200	271	28,147	344,439
Other assets	27	14,269	1,714	-	530	16,540
Amounts receivable from the university	80,023	57,219	4,908	-	4,359	146,509
Deferred outflows	-	-	-	-	-	-
Total assets and deferred outflows	\$ 447,191	\$ 274,473	\$ 70,788	\$ 4,896	\$ 45,860	\$ 843,208
Current liabilities	\$ 37,353	\$ 10,907	\$ 10,663	\$ 2	\$ 1,332	\$ 60,257
Noncurrent liabilities	18,643	438	10,032	-	4,783	33,896
Amounts payable to the university	165,931	146,887	16,817	614	10,010	340,259
Deferred inflows	9,728	123,717	-	-	7,790	141,235
Total liabilities and deferred inflows	231,655	281,949	37,512	616	23,915	575,647
Net investment in capital assets	7,431	185,856	42,770	(73)	27,895	263,879
Unrestricted	208,105	(193,332)	(9,494)	4,353	(5,950)	3,682
Total net position	215,536	(7,476)	33,276	4,280	21,945	267,561
Total liabilities, deferred inflows and net position	\$ 447,191	\$ 274,473	\$ 70,788	\$ 4,896	\$ 45,860	\$ 843,208

OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
\$ 298,779	\$ 8,526	\$ 10,966	\$ 4,625	\$ 12,824	\$ 335,720
68,362	194,459	53,200	271	28,147	344,439
27	14,269	1,714	-	530	16,540
80,023	57,219	4,908	-	4,359	146,509
-	-	-	-	-	-
\$ 447,191	\$ 274,473	\$ 70,788	\$ 4,896	\$ 45,860	\$ 843,208
\$ 37,353	\$ 10,907	\$ 10,663	\$ 2	\$ 1,332	\$ 60,257
18,643	438	10,032	-	4,783	33,896
165,931	146,887	16,817	614	10,010	340,259
9,728	123,717	-	-	7,790	141,235
231,655	281,949	37,512	616	23,915	575,647
7,431	185,856	42,770	(73)	27,895	263,879
208,105	(193,332)	(9,494)	4,353	(5,950)	3,682
215,536	(7,476)	33,276	4,280	21,945	267,561
\$ 447,191	\$ 274,473	\$ 70,788	\$ 4,896	\$ 45,860	\$ 843,208

Notes to the Financial Statements

Years Ended June 30, 2022 and June 30, 2021

(dollars in thousands)

Condensed statements of revenues, expenses and changes in net position:

Operating revenues:

Grants and contracts
Sales and services of OSU Physicians
Other sales, services and rental income
Total operating revenues

Operating expenses, excluding depreciation
Depreciation expense
Total operating expenses

Net operating income (loss)

Non-operating revenues and expenses:

Net investment income
Interest expense
Other non-operating revenue (expense)
Net non-operating revenue (expense)

Changes in net position

Capital contributions and changes in
net position

Change in net position

Beginning net position, as previously reported
Cumulative effect of accounting change

Ending net position

Condensed statements of cash flows:

Net cash provided (used) by:

Operating activities
Noncapital financing activities
Capital and related financing activities
Investing activities
Net increase (decrease) in cash

Beginning cash and cash equivalents
Ending cash and cash equivalents

OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
\$ -	\$ 9,445	\$ 41,748	\$ -	\$ 7,303	\$ 58,496
647,382	-	-	-	-	647,382
-	-	-	10,053	-	10,053
647,382	9,445	41,748	10,053	7,303	715,931
596,570	6,220	40,057	7,782	3,547	654,176
7,750	3,881	5,945	65	1,332	18,973
604,320	10,101	46,002	7,847	4,879	673,149
43,062	(656)	(4,254)	2,206	2,424	42,782
53	109	1,241	332	18	1,753
(2,003)	-	(1,502)	-	(523)	(4,028)
(31,237)	1,119	(327)	-	-	(30,445)
(33,187)	1,228	(588)	332	(505)	(32,720)
-	278	663	-	-	941
9,875	850	(4,179)	2,538	1,919	11,003
205,661	(7,057)	37,455	1,742	20,026	257,827
-	(1,269)	-	-	-	(1,269)
\$ 215,536	\$ (7,476)	\$ 33,276	\$ 4,280	\$ 21,945	\$ 267,561
\$ 82,167	\$ 16,388	\$ (566,854)	\$ 1,720	\$ 10,209	\$ (456,370)
(30,532)	37,844	2,442	-	(984)	8,770
2,697	(56,923)	562,571	217	(1,354)	507,208
13,908	-	519	-	18	14,445
68,240	(2,691)	(1,322)	1,937	7,889	74,053
169,007	8,465	4,415	625	4,193	186,705
\$ 237,247	\$ 5,774	\$ 3,093	\$ 2,562	\$ 12,082	\$ 260,758

**Notes to the
Financial
Statements
Years Ended
June 30, 2022 and
June 30, 2021
(dollars in thousands)**

NOTE 22 — SEGMENT INFORMATION

A segment is an identifiable activity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains, losses, assets and liabilities that can be identified. The university has one segment that meets the GASB reporting requirements.

The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued \$337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled \$204,783 and \$125,371 for the years ended June 30, 2022 and 2021, respectively.

Condensed financial information for the Special Purpose Revenue Facilities, before the elimination of certain intra-university transactions, as of and for the years ended June 30, 2022 and 2021 is as follows:

Segment Disclosure Information — Year Ended June 30, 2022 and June 30, 2021

	2022	2021
Condensed Statement of Net Position		
Assets and deferred outflows:		
Current assets	\$ 51,902	\$ 51,391
Capital assets	659,638	673,588
Total assets	<u>\$ 711,540</u>	<u>\$ 724,979</u>
Liabilities and deferred inflows:		
Current liabilities	\$ 9,664	\$ 6,571
Amounts payable to the university - Series 2013A Bonds	337,955	337,955
Total liabilities	<u>347,619</u>	<u>344,526</u>
Net position:		
Net investment in capital assets	321,683	335,633
Unrestricted	42,238	44,820
Total net position	<u>363,921</u>	<u>380,453</u>
Total liabilities and net position	<u>\$ 711,540</u>	<u>\$ 724,979</u>

Notes to the Financial Statements Years Ended June 30, 2022 and June 30, 2021 (dollars in thousands)

Condensed Statement of Revenues, Expenses and Changes in Net Position

Special-purpose pledged revenues - operating
Operating expenses, excluding depreciation
Depreciation expense
Operating income
Nonoperating revenues, net
Net income (loss) before transfers
Transfers from (to) other university units, net
Increase (decrease) in net position
Beginning net position
Ending net position

Condensed Statement of Cash Flows

Net cash provided (used) by:
Operating activities
Capital and related financing activities
Investing activities
Net increase (decrease) in cash
Beginning cash and cash equivalents
Ending cash and cash equivalents

2022	2021
\$ 204,783	\$ 125,370
(117,919)	(90,296)
(34,594)	(33,726)
52,270	1,348
(14,431)	(14,576)
37,839	(13,228)
(54,371)	52,207
(16,532)	38,979
380,453	341,474
\$ 363,921	\$ 380,453
\$ 83,986	\$ 34,804
(84,249)	(10,007)
305	242
42	25,039
50,818	25,779
\$ 50,860	\$ 50,818

The Ohio State University
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)
Year Ended June 30, 2022

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net pension liabilities are presented below:

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	2020	2021	2022
STRS-Ohio:								
University's proportion of the net pension liability	4.4%	4.5%	4.5%	4.6%	4.6%	4.7%	4.9%	5.0%
University's proportionate share of the net pension liability	\$ 1,070,914	\$ 1,238,470	\$ 1,510,814	\$ 1,081,053	\$ 1,019,690	\$ 1,040,149	\$ 1,175,835	\$ 638,605
University's covered payroll	\$ 381,669	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 492,780
University's proportionate share of the net pension liability as a percentage of its covered payroll	281%	319%	385%	262%	235%	230%	247%	130%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%
OPERS:								
University's proportion of the net pension liability	8.8%	9.0%	9.1%	9.4%	9.9%	10.2%	10.4%	10.4%
University's proportionate share of the net pension liability	\$ 1,059,519	\$ 1,556,156	\$ 2,054,548	\$ 1,466,955	\$ 2,695,368	\$ 1,984,881	\$ 1,503,497	\$ 859,188
University's covered payroll	\$ 1,188,828	\$ 1,236,914	\$ 1,289,346	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918
University's proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	126%	88%	51%
Plan fiduciary net position as a percentage of the total pension liability	86.5%	81.2%	77.4%	84.9%	74.9%	82.4%	87.2%	93.0%

The schedule of the university's contributions to STRS-Ohio and OPERS are presented below:

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	2020	2021	2022
STRS-Ohio:								
Contractually required contribution	\$ 65,738	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264
Contributions in relation to the contractually required	\$ 65,738	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 498,344	\$ 494,613
Contributions as a percentage of covered payroll	16.9%	17.1%	17.1%	17.1%	17.2%	17.3%	17.4%	17.8%
OPERS:								
Contractually required contribution	\$ 170,979	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351
Contributions in relation to the contractually required	\$ 170,979	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 1,208,710	\$ 1,260,366	\$ 1,334,350	\$ 1,421,367	\$ 1,525,502	\$ 1,607,469	\$ 1,664,980	\$ 1,714,708
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.1%	14.4%	14.4%	14.4%	14.4%

The Ohio State University
Required Supplementary Information on GASB 75 Net OPEB Liabilities (Unaudited)
Year Ended June 30, 2022

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net OPEB liabilities (assets) are presented below:

<i>(dollars in thousands)</i>	2018	2019	2020	2021	2022
STRS-Ohio:					
University's proportion of the net OPEB liability (asset)	4.6%	4.6%	4.7%	4.9%	5.0%
University's proportionate share of the net OPEB liability (asset)	\$ 177,556	\$ (74,520)	\$ (77,901)	\$ (85,406)	\$ (105,307)
University's covered payroll	\$ 412,149	\$ 434,106	\$ 452,084	\$ 452,084	\$ 492,780
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	43%	-17%	-17%	-19%	-21%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	47.1%	176.0%	174.7%	182.1%	174.7%
OPERS:					
University's proportion of the net OPEB liability (asset)	9.7%	10.1%	10.4%	10.7%	10.7%
University's proportionate share of the net OPEB liability (asset)	\$ 1,055,239	\$ 1,321,019	\$ 1,436,889	\$ (189,776)	\$ (335,820)
University's covered payroll	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76%	87%	91%	-11%	-20%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.1%	46.3%	47.8%	115.6%	128.2%

The Ohio State University
Notes to Required Supplementary Information (Unaudited)
Year Ended June 30, 2022

STRS—Ohio — Pensions:

Changes of benefit terms. Amounts reported in 2019 reflect a reduction in the COLA rate to 0%, effective July 1, 2017.

Changes of assumptions. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table. Amounts reported in 2017 reflect an adjustment of the discount rate from 7.75% to 7.45%.

OPERS — Pensions:

Changes of assumptions. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.20% to 6.90%. Amounts reported in 2019 reflect an adjustment of the discount

rate from 7.50% to 7.20%. Amounts reported in 2017 reflect an adjustment of the discount rate from 8.00% to 7.50%. Amounts reported in 2017 also reflect updated healthy and disabled mortality assumptions, based on the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

STRS—Ohio — OPEB:

Changes of benefit terms. Amounts reported in 2020 reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2021. Amounts reported in 2019 reflect adoption of a new premium subsidy plan for 2019 and future years that is intended to extend the fund's solvency to 2047. Amounts reported in 2019 also reflect postponement of the Medicare Part B monthly reimbursement

elimination date to January 1, 2020. Amounts reported in 2018 reflect discontinuation of Medicare Part B premium reimbursements for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements, beginning January 2019.

Changes of assumptions. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2019 reflect an adjustment of the discount rate from 4.13% to 7.45%. Amounts reported in 2018 reflect an adjustment of the discount rate from 3.26% to 4.13%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table.

OPERS — OPEB:

Changes of benefit terms. Amounts reported in 2021 reflect several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes, which were approved by the OPERS Board on January 15, 2020, are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances.

Changes of assumptions. Amounts reported in 2021 reflect an adjustment of the discount rate from 3.16% to 6.00%. Amounts reported in 2020 reflect an adjustment of the discount rate from 3.96% to 3.16%. Amounts reported in 2019 reflect an adjustment of the discount rate from 3.85% to 3.96%.

The Ohio State University
Supplementary Information on the Long-Term Investment Pool
Year Ended June 30, 2022

The following section of the financial report provides additional information on the university's Long-Term Investment Pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investment by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2022, the market value of the university's Long-Term Investment Pool — which includes gifted endowments, long-term investments of university operating funds and other funds internally designated to function as endowments — decreased \$81 million, to \$6.96 billion at June 30, 2022. The Long-Term Investment Pool activity for 2022 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	Gifted Endowments		Quasi-Endowments		Total
	University	Foundation	Operating	Designated	
Balance at June 30, 2021	\$ 1,333,836	\$ 1,345,059	\$ 1,740,687	\$ 2,622,391	\$ 7,041,973
Net Principal Additions (Withdrawals)	9,103	86,910	112,518	155,760	364,291
Change in Fair Value	(45,217)	(49,680)	(63,413)	(95,474)	(253,784)
Income Earned	29,946	30,982	40,238	59,472	160,638
Distributions	(48,452)	(49,896)	(64,968)	(95,895)	(259,211)
Expenses	(18,020)	(18,643)	(24,213)	(32,249)	(93,125)
Balance at June 30, 2022	\$ 1,261,196	\$ 1,344,732	\$ 1,740,849	\$ 2,614,005	\$ 6,960,782

Net principal additions (withdrawals) for gifted endowments include new endowment gifts and reinvestment of unused endowment distributions. Change in fair value includes realized gains and losses for assets sold during the year and unrealized gains and losses for assets held in the pool at June 30, 2022. Income earned includes interest and dividends and is used primarily to fund distributions. Expenses include investment management expenses (\$71 million), University Development related expenses (\$21 million) and other investment related expenses (\$1 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was 0.98% for fiscal year 2022. The annualized investment returns for the three-year and five-year periods were 9.7% and 7.5%, respectively. These returns — which are net of investment management expenses as defined by Cambridge Associates in its annual survey — are used for comparison purposes with other endowments and various benchmarks. In addition to the \$71 million of investment management expenses, which reduced the pool by 1.0% in fiscal year 2021, the \$21 million of University Development expenses and \$1 million of other investment related expenses further reduced the pool by 0.3%.

Additional Information:

For more information on how the Long-Term Investment Pool is invested, please visit the Office of Investments website at: investments.osu.edu.

Additional details on university and foundation endowments, including balances for individual funds, are available on the Office of the Controller's website at: go.osu.edu/EndowAdmin (click on the "Endowment Descriptions and Balances" link).



KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Trustees
The Ohio State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of The Ohio State University (the University) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 17, 2022. Our report refers to the University's adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, in 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying schedule of financial statement findings. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Columbus, Ohio
November 17, 2022

THE OHIO STATE UNIVERSITY
Schedule of Financial Statement Findings
Year Ended June 30, 2022

Finding 2022-001: Reconciliation and analysis of bank accounts

Criteria

Timely preparation and review of bank reconciliations is fundamental to preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Conditions Found

During our testing of the University's main operating account, we determined the account was not reconciled to properly identify and evaluate timing differences between the general ledger and bank balance as of June 30, 2022. As a result, we identified a misstatement to reduce cash and accrued expenses by \$45.5 million. After this misstatement was corrected by management, cash and cash equivalents reported by the University was \$303.1 million as of June 30, 2022. Upon reconciliation of the main operating account and other bank accounts, the University identified certain other reconciling items. Such amounts were determined by management to be immaterial and not recorded in the 2022 financial statements.

Cause

The University's central bank reconciliations lacked effective protocols for identifying certain

reconciling items. Further, such reconciliations were not independently reviewed before preparing the University's financial statements.

Effect or potential effect

Failure to timely identify and properly account for reconciling items between bank balances and the general ledger may result in errors, affect the entity's ability to properly manage and project cash flows, and increase the risk of misappropriation.

Recommendation

The University should revise policies and procedures to ensure timely preparation and review of all bank reconciliations by individuals having appropriate knowledge, objectivity, and authority.

Views of University Officials

Reconciliation activity is prepared timely; however, limitations and challenges with Workday reporting have made it difficult to identify and evaluate certain general ledger transactions. Work continues to improve Workday reporting capability. Additionally, improvements to the bank reconciliation process have been made to further facilitate analysis and communication, ensuring any necessary accounting entries can be made monthly.

Finding 2022-002: Classification of certain components of net position

Criteria

GASB Codification 2200.117-125 requires entities to classify net position among net investment in capital assets, restricted amounts, and unrestricted amounts.

Conditions Found

The University's total net position was approximately \$9.3 billion as of June 30, 2022. During our testing of certain net position components, we noted that \$68.9 million of net investment in capital assets and \$92.2 million of certain internally designated funds classified within restricted expendable net position should have been classified as unrestricted net position. Management corrected these misstatements in the 2022 statement of financial position.

Cause

The University had not performed sufficiently detailed analyses of net position balances, including comparison to corresponding prior-year balances.

Effect or potential effect

Failure to properly account for and apply consistent policies to net investment in capital assets, expendable net position, and unrestricted net position could result in misclassifications within net position.

Recommendation

The University should centralize and strengthen policies and review controls to ensure appropriate evaluation and classification of the above net position components.

Views of University Officials

We will review and enhance our policies and processes for the evaluation of appropriate net position classification.

Acknowledgements

The 2022 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

Robert D. Booker	Lisa A. Plaga
Natalie H. Darner	Wei Qu
Allison M. Dodson	Kathryn M. Seay
Thomas F. Ewing	Brady T. Siddall
Rachel R. Ford	Herman Singh
Ken C. Gast	Jeffrey A. Smith
Mitch P. Gill	Jan E. Soboslai
Christopher A. Kropp	Timothy A. Thibodeau
Ruth E. McCollum	

Michael Papadakis
Senior Vice President and Chief Financial Officer

Kristine G. Devine
Vice President for Operations and Deputy Chief Financial Officer

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The expiration date of each trustee’s term is given in parentheses.

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THE OHIO STATE
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