



THE OHIO STATE
UNIVERSITY

2024 Annual Financial Report

Table of Contents

Independent Auditors' Report	4	
Management's Discussion and Analysis (Unaudited)	6	
Basic Financial Statements		
Statements of Net Position	23	
Statements of Revenues, Expenses and Changes in Net Position.....	25	
Statements of Cash Flows.....	26	
Notes to the Financial Statements.....	28	
Required Supplementary Information		
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)	99	
Required Supplementary Information on GASB 75 OPEB Liabilities (Unaudited)	100	
Notes to Required Supplementary Information (Unaudited).....	101	
Supplementary Information		
Supplementary Information on the Long-Term Investment Pool (Unaudited)	103	
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 <i>Government Auditing Standards</i>		104
Acknowledgements.....	105	
Board of Trustees	105	



Message from the Chief Financial Officer

Fiscal year 2024 demonstrated The Ohio State University's strong financial footing and the excellence of our institution. Strong investment performance, a focus on new revenue generation, progress in achieving operational efficiencies and continued positive momentum at the health system positioned FY 2024 to outperform prior fiscal years. Our 2023 rating upgrade from Fitch to AA+ further demonstrates our financial stability.



Michael Papadakis,
Senior Vice President
and CFO

The strength of the University's overall financial position is driven by a variety of factors, including our diversity of operations and our continued focus on operating and capital efficiencies. Administrative efficiencies enabled us to redirect funds to our core mission of access, affordability, academic excellence and patient care.

Financial performance highlights for fiscal year 2024 include:

- Operating revenues increased \$679 million in FY 2024 compared to FY 2023, driven primarily by health care revenues, higher grant and contract revenues, and increased tuition and fees. Specific impacts include:
 - \$539 million increase in health care revenues, reflecting strong growth in both oncology and non-oncology infusions and practice expansion.
 - \$143 million increase in operating grants and contracts, primarily due to increases in federal grants and contracts of \$72 million, private grants and contracts of \$44 million and state grants and contracts of \$24 million.
 - \$34 million increase in net student tuition, due primarily to resident and non-resident rate increases and a rate increase to undergraduate students not in the Tuition Guarantee Program.

- Net investment income remained strong in FY 2024 with a \$474 million increase in net investment income over FY 2023 resulting from a strong absolute performance for the LTIP (+10.78%) and very strong returns for our short- and intermediate-term portfolios (+5.82%).
- Total University cash and investments increased \$728 million to \$11,519 million compared to June 30, 2023, primarily due to increases in the Long-Term Investment Pool of \$548 million and temporary investments of \$491 million, partially offset by decreases in cash and cash equivalents of \$183 million, unexpended bond proceeds of \$100 million, and other long-term investments of \$27 million.
- In September 2023, the University closed on four bond issues, Series 2023B, Series 2023C, Series 2023D-1 and Series 2023D-2. The proceeds of the \$266 million of tax-exempt fixed-rate General Receipts Bonds, Series 2023B, will be used to fund the construction of The Ohio State University Wexner Medical Center's new Inpatient Hospital.

The University's fiscal stability, strength and resilience enable us to continue growing our culture of excellence in everything that we do: academics; research, innovation, and creative expression; service to the people of Ohio; supporting and recruiting world-class faculty and staff; and financial and operational stewardship.

Looking ahead, the future of higher education is and will be at The Ohio State University. Our institution serves as a model for the nation, with our continued commitment to academic excellence, advancing research and innovation, and leading financial and operational stewardship to be of service to the state of Ohio and the nation.

A handwritten signature in black ink that reads "Michael Papadakis". The signature is written in a cursive, slightly slanted style.

Michael Papadakis
Senior Vice President and CFO



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

Independent Auditors' Report

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 years ended June 30, 2024 and 2023, 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, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.



Independent Auditors' Report

- 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.

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 years ended June 30, 2024 and 2023. The supplementary information on the long-term investment pool for the year ended June 30, 2024 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 20, 2024, 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 20, 2024

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.

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 (University) as of and for the year ended June 30, 2024, with comparative information as of and for the years ended June 30, 2023 and June 30, 2022. 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 65,000 students, 8,400 faculty members and 28,000 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, 170 master's degree programs, 109 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 (Wexner 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 Richard J. Solove Research Institute (The James):** The only free-standing cancer hospital in central Ohio and the first in

the Midwest, The James is an international leader in cancer prevention, detection and treatment. The James is one of only 57 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 (Ross Heart Hospital):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross 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 Heart Hospital is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.
- **The Ohio State University Wexner Medical Center Harding Hospital (Ohio State 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, social workers, registered

Management's Discussion and Analysis

(Unaudited)

nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.

- **The Ohio State University Wexner Medical Center East Hospital (East Hospital):** blends academic medicine with a community-based setting. East Hospital provides a full range of medical and surgical services to patients throughout central Ohio, including orthopedics, general surgery, vascular surgery, plastic surgery, ENT, cardiovascular and pulmonary care, family medicine, general internal medicine, and emergency medicine. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, a comprehensive wound-healing center with limb preservation program, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.
- **Dodd Rehabilitation Hospital:** home to the The Ohio State University Health System's nationally recognized and accredited rehabilitation inpatient program, specializing in amputee, cancer, 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.
- **The Ohio State University Wexner Medical Center 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.

- **Ambulatory Services:** offering 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 Wexner Medical Center.

In an effort to unify all faculty practices to create a fully integrated, high-performing practice plan (HP3), the faculty practices operated by the Ohio State Health System moved to Ohio State University Physicians, Inc. (OSUP) in July 2022. The Ohio State Health System practices included Anesthesiology, Maternal Fetal Medicine, Neurosurgery, Orthopedics, Sports Medicine, Family and Community Medicine. While physician practice operations moved to OSUP, employees supporting these practices remained as employees of the Ohio State Health System and are leased to OSUP.

The Ohio State Health System provided services to approximately 60,600 inpatients and 1,694,000 outpatients during fiscal year 2024, and 60,700 inpatients and 1,548,000 outpatients during fiscal year 2023.

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 position and 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 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 Ohio State University Foundation (a fundraising foundation operating exclusively for the benefit of the University)
- OSU Health Plan (a nonprofit organization that administers University health care benefits)

Management's Discussion and Analysis

(Unaudited)

- 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 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:

- Ohio State University Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a nonprofit 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 nonprofit 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 Annual Comprehensive 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, 2024, with comparative information as of June 30, 2023.

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, 2024, with comparative information for the year ended June 30, 2023. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense,

Management's Discussion and Analysis

(Unaudited)

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.

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, 2024, with comparative information for the year ended June 30, 2023. 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 University's overall financial position remains strong, driven by a variety of factors, including the institution's diversity of operations and continued focus on operating and capital efficiencies. Total net position increased \$872 million, to \$10.88 billion at June 30, 2024. Operating revenues increased \$577 million, to \$7.71 billion, driven primarily by strong growth in health care revenues, grant and contract revenue, and tuition and fee increases. Operating expenses increased \$849 million,

to \$8.73 billion, primarily due to a combination of increases in salary and benefit costs, increases in non-cash pension and other post-employment benefit (OPEB) expenses and, for the Ohio State Health System, strong growth in patient volumes and rising costs related to labor shortages, inflationary pressure, and throughput challenges. Net investment income was strong in 2024 with a \$467 million increase in net investment income over the prior year resulting from a strong absolute performance for the LTIP (+10.78%) and very strong returns for our short- and intermediate-term portfolios (+5.82%).

Demand for an Ohio State education and outcomes for students also remain strong. Total enrollment for Autumn 2023 was 65,405, down 390 students compared to Autumn 2022. The decrease relates primarily to undergraduate enrollments, which were down 395 students for the Columbus campus, reflecting an intentional reduction in new first-year student enrollments for Autumn 2023. 94% of the freshmen enrolled in Autumn 2022 returned to Ohio State in Autumn 2023. 71% of students graduated within four years, and 88% graduated within six years.

The following sections provide additional details on the University's 2024 financial results and a look ahead at significant economic conditions that are expected to affect the University in the future.

Management's Discussion and Analysis

(Unaudited)

Statement of Net Position

During the year ended June 30, 2024, **cash and temporary investment balances** increased \$355 million, to \$3.08 billion, primarily reflecting improvements in net cash flows from operating activities and net purchases of temporary investments. **Unexpended bond proceeds** decreased \$100 million, to \$110 million at June 30, 2024, reflecting expenditures of the bond proceeds for construction of the new inpatient hospital, which were partially offset by the proceeds of the Series 2023B bonds issued in September 2023. 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 \$212 million, to \$1.22 billion at June 30, 2024. Accounts receivable increased \$154 million, primarily reflecting increases in Health System patient receivables. Also contributing to increase was a \$28 million increase in inventories and prepaid expenses and a \$40 million reduction in the current portion of amounts due to discretely presented component units.

The fair value of the University's **long-term investment pool (LTIP)** increased \$548 million, to \$7.93 billion at June 30, 2024. The increase is primarily due to a \$668 million increase in the fair value of LTIP assets, \$143 million of principal additions and \$194 million of interest and dividend income, which were partially offset by \$305 million of distributions and \$106 million of expenses. The long-term investment pool operates like a mutual fund, in

Statement of Net Position (in thousands)

Summary Statement of Net Position (in thousands)

	2024	2023	2022
Cash and temporary investments	\$ 3,075,362	\$ 2,720,003	\$ 2,850,835
Receivables, inventories, prepaids and other current assets	1,221,060	1,009,105	1,157,143
Total current assets	4,296,422	3,729,108	4,007,978
Unexpended bond proceeds	109,975	210,358	679,040
Noncurrent notes and pledges receivable, net	198,987	165,640	134,643
Net other post-employment benefit asset	194,698	128,942	441,127
Long-term investment pool	7,931,714	7,383,676	6,960,782
Other long-term investments	204,539	231,885	301,855
Other noncurrent assets	236,646	193,759	197,526
Capital assets, net of accumulated depreciation	8,519,316	7,981,204	7,241,381
Total noncurrent assets	17,395,875	16,295,464	15,956,354
Total assets	21,692,297	20,024,572	19,964,332
Deferred outflows	1,004,220	1,709,175	618,414
Total assets and deferred outflows	\$ 22,696,517	\$ 21,733,747	\$ 20,582,746
Accounts payable and accrued expenses	\$ 801,352	\$ 697,512	\$ 757,606
Medicare advance payment program	—	—	79,601
Deposits and advance payments for goods and services	409,639	442,713	447,404
Current portion of bonds, notes and lease obligations	726,732	720,885	401,629
Other current liabilities	42,569	(48,823)	184,394
Total current liabilities	1,980,292	1,812,287	1,870,634
Noncurrent portion of bonds, notes and lease obligations	3,136,918	2,946,617	3,379,010
Net pension liability	3,869,225	4,214,821	1,497,793
Net other post-employment benefit liability	22,970	92,020	15,661
Advance from concessionaire	943,319	958,816	963,663
Other noncurrent liabilities	928,495	795,866	831,855
Total noncurrent liabilities	8,900,927	9,008,140	6,687,982
Total liabilities	10,881,219	10,820,427	8,558,616
Deferred inflows	932,162	902,049	2,695,441
Net investment in capital assets	4,193,281	3,997,995	3,687,131
Restricted:			
Nonexpendable	2,051,766	1,942,078	1,870,686
Expendable	1,798,160	1,667,347	1,560,810
Unrestricted	2,839,929	2,403,851	2,210,062
Total net position	10,883,136	10,011,271	9,328,689
Total liabilities, deferred inflows and net position	\$ 22,696,517	\$ 21,733,747	\$ 20,582,746

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 Ohio State's 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.

Management's Discussion and Analysis

(Unaudited)

Other long-term investments are non-united investments that relate primarily to gift arrangements between donors and Ohio State's Foundation and long-term investments of operating funds. These investments decreased \$27 million, to \$205 million, at June 30, 2024, primarily due to sales of mutual fund investments.

Capital assets, which include the University's land, buildings, improvements, equipment and library books, net of depreciation, grew \$538 million, to \$8.52 billion at June 30, 2024. 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 \$1.09 billion in 2024. The Ohio State Health System accounted for \$650 million of the total and includes expenditures for facilities, infrastructure improvement, land, and equipment purchases. The remaining \$441 million of University capital additions include \$86 million of equipment and library books, \$61 million related to Comprehensive Energy Management Plan (CEMP) facility improvements and \$294 million related to improvements and renovations of various academic buildings, athletic facilities, student life facilities and other infrastructure.

Major academic facility projects completed during 2024 include:

- The Interdisciplinary Health Sciences Center — The Interdisciplinary Health Sciences Center was completed in May 2024. This \$157 million project renovated existing facilities and constructed a new building for interprofessional education through the health sciences including the Colleges of Medicine and Optometry.
- The Energy Advancement and Innovation Center — This \$49 million facility was opened in November 2023 and is 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.

Major Ohio State Health System projects underway during 2024 include:

- New Inpatient Tower — Opening in 2026, the New Inpatient Tower has been designed to deliver unrivaled care in a state-of-the-art hospital that matches the health system's nationally ranked expertise, high-quality patient care and innovative breakthroughs. Reaching 26 stories into the sky, the tower will reflect the University's land-grant mission of serving the community by providing the very best care for every person, every time. The Inpatient Tower

is 1.9 million square feet, includes 820 private rooms, 234 intensive care beds, and 50 elevators. The \$1.79 billion hospital is the largest single facilities project ever undertaken at the University. In 2022, the University issued general receipts bonds and the Ohio State Health System borrowed \$715 million from the University to fund the construction of the New Inpatient Tower. In 2024, the Ohio State Health System borrowed an additional \$300 million to fund the construction. As of June 30, 2024, construction on the Inpatient Hospital Tower was approximately 84% complete.

In February 2024, the Ohio State Health System announced a transformative gift to support the Inpatient Hospital Tower project. To honor the memory of John F. Wolfe, the Robert F. Wolfe and Edgar T. Wolfe Foundation pledged a \$50 million leadership philanthropic commitment to the Wexner Medical Center. In recognition, the new tower will have two named spaces — the John F. Wolfe Lobby and the Wolfe Foundation Crossroads.

- Outpatient Care Powell — The new location will join Outpatient Care New Albany and Outpatient Care Dublin as the third facility of a new suburban outpatient care program to provide convenient access to comprehensive health care services — including primary and specialty care along with diagnostic and treatment services where people

Management's Discussion and Analysis

(Unaudited)

work and live. The \$183 million project includes a five-story medical office building and a two-story ambulatory health center which includes imaging, outpatient rehab/physical therapy, endoscopy and support services.

Major academic facility projects underway during 2024 include:

- Cannon Drive Phase II — Scheduled for completion January 2025, Cannon Drive Phase II will rebuild the roadway between John Herrick Drive and Woody Hayes Drive at its current elevation and construct a certified ODNR flood protection levee. When complete, the project will add up to 500-year flood protection for the Columbus campus. Work also includes a new signalized intersection at Woody Hayes Drive and the continued expansion of the river park.
- Biomedical and Materials Engineering Complex Phase 2 — The Biomedical and Materials Engineering Complex (BMEC) Phase 2 is a \$94 million project that maximizes collaborative learning and research. It will be the home of first-year engineering courses, makerspace, biomedical and advanced materials R&D, and engaging K-12 STEM programs. This facility is scheduled to open December 2025.
- Campbell Hall — The Campbell Hall Renovation is a \$61 million project scheduled to open May 2026 and provides updated space that will

promote collaborative work and hands-on learning environments. Campbell Hall Renovation will renovate 115,000 square feet of existing offices, research and computer labs, teaching kitchen, department and pool classrooms and collaborative areas.

- Waterman–Multispecies Animal Learning Center (MALC) — The MALC facility will expand interdisciplinary collaborations for the College of Food, Agricultural, and Environmental Sciences (CFAES). The project will construct a 100,000-square-foot facility located at the CFAES Waterman Agricultural and Natural Resources Laboratory, a unique 261-acre site that provides opportunities in teaching, research and community engagement. The \$58 million project will consist of an interconnected series of barns housing different species which include swine, equine, poultry and others.

The University's estimated future capital commitments, based on contracts and purchase orders, total approximately \$768 million at June 30, 2024.

Total current liabilities increased \$168 million, to \$1.98 billion at June 30, 2024. Accounts payable and accrued expenses increased \$104 million, reflecting increases in retirement system contributions payable (up \$52 million), accrued compensation and benefits (up \$31 million) and payables to vendors for supplies

and services (up \$20 million). Other current liabilities increased \$94 million, primarily due to a \$68 million reduction in amounts due from discretely presented component units. These amounts are shown as negative liabilities in the primary institution column of the Statement of Net Position. The increases in liabilities noted above were partially offset by a \$33 million decrease in deposits and advance payments for goods and services.

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.

Management's Discussion and Analysis

(Unaudited)

The variable component of the Utility Fee is recognized as a reduction in the long-term payable to the concessionaire and interest expense. The University paid \$69 million and \$66 million in total fixed and O&M utility fees for the years ended June 30, 2024 and 2023, respectively. The total amounts payable to the concessionaire increased \$38 million, to \$493 million at June 30, 2024. The \$26 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 \$196 million, to \$3.86 billion at June 30, 2024. In September 2023, the University closed on four bond issues, Series 2023B, Series 2023C, Series 2023D-1 and Series 2023D-2. The University issued \$266 million of tax-exempt fixed rate General Receipts Bonds, Series 2023B, on September 26, 2023. The proceeds will be used to fund construction of the Wexner Medical Center's new Inpatient Hospital. On the same date, the University issued \$112 million of tax-exempt fixed rate General Receipts Refunding Bonds, Series 2023C. The proceeds of the 2023C Bonds were used to pay the purchase price of portions of certain maturities of the outstanding General Receipts Bonds, Series 2016A that were accepted for purchase and to pay the cost of issuance of the 2023C Bonds. On September 28, 2023, the University issued \$125 million of tax-exempt Variable Rate Demand General Receipts Refunding Bonds, Series 2023D-1, and \$150 million of tax-exempt Variable Rate Demand General

Receipts Refunding Bonds, Series 2023D-2. The proceeds of the Series 2023D-1 Bonds were used to refund all the outstanding Variable Rate Demand General Receipts Bonds, Series 2010E, and to pay the cost of issuance of the 2023D-1 Bonds. The proceeds of the Series 2023D-2 Bonds were used to refund all the outstanding Variable Rate Demand General Receipts Bonds, Series 2014B, and to pay the cost of issuance of the 2023D-2 Bonds.

In 2020, the University entered into forward-starting interest-rate swap agreements to advance refund its Series 2013A bonds. In April 2023, the University issued \$329 million in Series 2023A-1 and 2023A-2 variable rate bonds to complete the refunding of the Series 2013A bonds, recognizing a net accounting gain of \$22 million. The net accounting gain is recorded as a deferred inflow of resources and will be amortized over the remaining term of the debt. The swap agreements, which were effective June 2023, 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 \$44 million and \$56 million at June 30, 2024 and 2023, 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 \$604 million at both June 30, 2024 and June 30, 2023.

Subsequent to June 30, 2024, the University issued \$63,755 of tax-exempt fixed rate General Receipts Refunding Bonds, Series 2024A. The Series 2024A Bonds are structured with serial maturities due in 2025 through 2039. The interest rate coupons on the Series 2024A Bonds are 5.00%. The proceeds of the 2024A Bonds were used to refund certain maturities of the outstanding General Receipts Bonds, Series 2014A and to pay the cost of issuance of the 2024A Bonds.

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

Management's Discussion and Analysis

(Unaudited)

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 2024, the University's share of OPERS and STRS Ohio **net pension liabilities** decreased \$346 million, to \$3.87 billion at June 30, 2024. OPERS and STRS Ohio net pension liabilities decreased \$275 million and \$70 million, respectively, reflecting positive investment returns for both retirement systems. OPERS realized a 11.26% return on defined benefit plan investments for calendar year 2023. STRS Ohio realized a 7.55% return for the fiscal year ended June 30, 2023.

Deferred outflows related to pensions decreased \$586 million, to \$889 million at June 30, 2024, and deferred inflows related to pensions decreased \$28 million, to \$81 million at June 30, 2024. 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 2024, the University's proportionate share of **OPEB liabilities** for OPERS swung from a net OPEB liability of \$68 million to a net OPEB asset of \$101 million at June 30, 2024, reflecting positive investment returns. OPERS realized a 13.97% return on its health care investments for calendar year 2023. The University's proportionate share of STRS Ohio net OPEB assets decreased \$35 million to \$94 million at June 30, 2024, primarily reflecting benefit changes effective January 1, 2024.

Deferred outflows related to OPEB decreased \$118 million, to \$96 million at June 30, 2024, and deferred inflows related to OPEB increased \$1 million, to \$134 million at June 30, 2024. The changes in OPEB deferrals relate primarily to OPERS projected vs. actual investment returns. 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 \$26 million, to \$469 million in 2024. Pension and OPEB expense accruals increased from \$110 million in 2023 to \$196 million in 2024.

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. Total deferred inflows increased \$30 million, primarily due to the receipt of a \$70 million upfront payment from the parking concessionaire, in consideration for the addition of several parking facilities funded by the Health System to the parking lease and concession agreement. The parking deferred inflows, which totaled \$438 million and \$378 million at June 30, 2024 and June 30, 2023, 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 \$166 million and \$178 million at June 30, 2024 and 2023, respectively, and are being amortized to lease revenue on a straight-line basis over the terms of the leases. The remaining balance

Management's Discussion and Analysis

(Unaudited)

of deferred inflows relates to deferred gains on debt-related transactions and deferrals for irrevocable split-interest agreements.

Prior-Year Highlights: In 2023, the University's share of OPERS and STRS Ohio net pension liabilities increased \$2.72 billion, to \$4.22 billion at June 30, 2023. OPERS and STRS Ohio net pension liabilities increased \$2.25 billion and \$468 million, respectively, reflecting negative investment returns for both retirement systems. The fair value of the University's long-term investment pool (LTIP) increased \$423 million, to \$7.38 billion at June 30, 2023. The increase is primarily due to a \$370 million increase in the fair value of LTIP assets, \$257 million of principal additions and \$183 million of interest and dividend income, which were partially offset by \$289 million of distributions and \$98 million of expenses. 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. Capital assets grew \$786 million, to \$7.19 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.

Net tuition and fees increased \$34 million, to \$1.09 billion in 2024, due

primarily to an increase in gross tuition and other student fees of \$64 million, offset by an increase in scholarship allowance of \$31 million. The increase in gross tuition revenue is primarily driven by the increase in instructional and non-resident surcharge. Overall University Autumn enrollments declined by 0.6%, due to a combination of factors, including smaller undergraduate freshman class sizes in Autumn 2022 and Autumn 2023, and declining transfer and campus change students due to demographic changes. Rate increases for the incoming (undergraduate) tuition guarantee cohort and graduate students, combined with an increasing share of non-resident students,

continue to help offset the revenue impact of the declines in enrollments.

Operating grant and contract revenues increased \$147 million, to \$1.06 billion, primarily reflecting a \$129 million increase in grants managed by the Office of Sponsored Programs. Federal grants increased \$72 million, led by increases in funding from the National Institutes of Health (\$23 million), the Department of Defense (\$15 million), the National Science Foundation (\$13 million) and the Department of Agriculture (\$4 million). State grants increased \$24 million, primarily due to increases from the Ohio Department of Medicaid, Ohio

Statement of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Operating Revenues:			
Tuition and fees, net	\$ 1,094,229	\$ 1,060,454	\$ 1,003,060
Grants and contracts	1,064,205	917,371	814,074
Auxiliary enterprises sales and services, net	391,487	394,835	364,308
OSU Health System sales and services, net	4,888,549	4,444,419	4,178,956
Departmental sales and other operating revenues	276,090	320,856	234,078
Total operating revenues	7,714,560	7,137,935	6,594,476
Operating Expenses:			
Educational and general	3,290,272	2,960,543	2,536,453
Auxiliary enterprises	458,464	410,383	351,168
OSU Health System	4,400,375	3,964,394	3,223,874
Depreciation	581,020	545,971	513,600
Total operating expenses	8,730,131	7,881,291	6,625,095
Net operating income (loss)	(1,015,571)	(743,356)	(30,619)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	528,536	508,704	493,248
Gifts – current use	189,492	211,735	233,381
Net investment income	972,532	505,970	(292,335)
Federal COVID-19 assistance programs	5,352	70,792	168,967
Grants, interest expense and other non-operating	(898)	(46,973)	(49,835)
Net non-operating revenue	1,695,014	1,250,228	553,426
Income before other changes in net position	679,443	506,872	522,807
State capital appropriations	61,016	46,714	52,886
Private capital gifts	57,232	58,407	44,112
Additions to permanent endowments	74,174	70,589	77,206
Total changes in net position	192,422	175,710	174,204
Increase in net position	871,865	682,582	697,011
Net position – beginning of year	10,011,271	9,328,689	8,631,678
Net position – end of year	\$ 10,883,136	\$ 10,011,271	\$ 9,328,689

Management's Discussion and Analysis

(Unaudited)

Department of Mental Health & Addiction Services, Ohio Department of Education, Ohio Department of Higher Education and OARnet One Network and other OH-TECH state projects. Private grants increased \$48 million. Colleges seeing significant increases in private grant revenue include Health Sciences, Engineering and Veterinary Medicine.

Total **auxiliary revenues** decreased \$3 million, to \$391 million. Scholarship allowances, which reduce housing and dining revenue, increased \$18 million, due to the implementation of a new tuition discounting calculation in fiscal year 2024, which shifted gross scholarship from the expense line to the tuition and auxiliary revenue lines. Athletics revenue decreased \$11 million, mainly attributable to two fewer home football games and lack of premium games in fiscal year 2024. These decreases were partially offset by a \$17 million increase in Schottenstein Center revenue due to more events in fiscal year 2024 and a \$6 million increase in Student Life housing and dining revenues. **Auxiliary expenses** increased \$48 million, to \$458 million. Athletics expenses increased \$29 million primarily due to increases in salaries and benefits, stemming from coaching contracts, severance and buyout accruals, staff changes, and salary guideline increases. Schottenstein Center expenses increased \$7 million due to increased events. Auxiliary portion of the pension and OPEB expenses increased \$3 million. Excluding pension and OPEB, auxiliary expenses increased \$23 million, due primarily to increased number of events and labor and supply

Educational and General Expenses (in thousands)

	2024	2023	2022
Instruction and departmental research	\$ 1,353,677	\$ 1,254,266	\$ 1,027,196
Separately budgeted research	678,793	601,981	502,475
Public service	196,786	145,356	147,900
Academic support	354,520	313,148	235,370
Student services	136,168	119,404	86,345
Institutional support	297,805	228,262	245,780
Operation and maintenance of plant	165,849	174,562	127,294
Scholarships and fellowships	106,674	123,564	164,093
Total	\$ 3,290,272	\$ 2,960,543	\$ 2,536,453

costs. **Departmental sales and other operating revenues** decreased \$45 million, to \$276 million, primarily reflecting royalty revenues and other one-time revenues that were recognized in the prior year.

Educational and general expenses increased \$330 million to \$3.29 billion in 2024. Excluding pension and OPEB accruals, E&G expenses increased \$270 million, primarily reflecting increases in salaries, related benefit expenses and supplies and services. Salaries increased \$97 million, or 6%, primarily due to a 3% increase in faculty and staff salary guidelines, approximately 2% increase for market adjustments, and approximately 1% additional investments in human capital related to strategic investments in academic excellence and research. Benefits, excluding pension and OPEB, increased by \$44 million, or 7%, primarily due to the 6% increase in salaries, increases in composite benefit rates and increases in year-end accruals for unpaid employee medical claims. Supplies

and services increased \$130 million, primarily reflecting growth in research expenditures and inflation. Scholarship and fellowship expenses decreased by \$17 million due to the implementation of a new tuition discounting calculation in fiscal year 2024, which shifted gross scholarship from the expense line to the tuition and auxiliary revenue lines.

Ohio State Health System operating revenues increased \$444 million, to \$4.89 billion in 2024, primarily reflecting increases in surgeries and infusion activities. Operating expenses (excluding depreciation, interest and transfers) increased \$436 million to \$4.40 billion. Excluding pension and OPEB accruals, which increased \$24 million, Health System operating expenses increased \$412 million. An in-depth look at the Ohio State Health System, as presented in their stand-alone financial statements, is provided below.

In total, the Ohio State Health System operates nearly 1,500 open inpatient

Management's Discussion and Analysis

(Unaudited)

beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Wexner Medical Center delivers superior patient care, quality outcomes, and patient safety and is proud to be celebrating its 32nd consecutive year ranked on the U.S. News & World Report's Best Hospitals list. The Wexner Medical Center has eight nationally ranked specialties out of 15 and four selected as high performing. U.S. News consistently ranks the Wexner Medical Center as the top hospital in Columbus. The Wexner Medical Center is also rated as high-performing in 13 out of 20 common procedures and conditions. Hospitals that earned the high-performing rating were significantly better than the national average at successfully treating these common problems.

In 2024, Forbes ranked the Wexner Medical Center as one of America's Best Employers for Diversity. This recognition means Americans who were surveyed see the Wexner Medical Center as a top employer for diversity, equity and inclusion. Forbes also ranked the Medical Center as one of America's Best Large Employers in 2024. This is an exciting recognition, and it means Americans who were surveyed see the medical center as a top employer.

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, Dodd Hall, the Brain and Spine Hospital, and The James are all designated Magnet hospitals.

The Wexner Medical Center has more "Top Doctors" than any other central Ohio hospital. Wexner Medical Center physicians were selected by Castle Connolly because they are among the very best in their specialties.

Fiscal year 2024 was a strong year for the Ohio State Health System. In 2024, Ohio State Health System inpatient volumes ended the year slightly below the prior year by 0.2% in terms of patient admissions. However, inpatient surgeries surpassed the prior year by 2.7% and length of stay improved by 0.8%. The Ohio State Health System continued to see strong growth year over year on the outpatient side. Outpatient surgeries were 6.3% ahead of prior year as the organization continued to add additional operating room capacity. Infusion activity experienced a 12.9% increase in outpatient volume in 2024 contributing to the positive results from operations for the system.

In July 2023, the Ohio State Health System opened The James Outpatient Care. The James Outpatient Care is home to several services and clinics. It is home to the first outpatient cancer surgery facility for The James. Through this unique, state-of-the-art center the James offers comprehensive care in one location to create better outcomes and more hope for the patient, from diagnosis through treatment to survivorship. In partnership with Nationwide Children's Hospital, the facility also includes central Ohio's first Proton Therapy Center that provides children and adults with the latest radiotherapy available. The 385,000-square-

foot center is equipped with eight operating rooms, multiple cancer-specific clinics and the Proton Therapy Center. The James Outpatient Care performed 3,375 surgical cases, approximately 1,450 proton treatments, and over 54,000 outpatient visits in its first year of operations.

Approximately 84.8% of total operating revenues are from patient care activities, up from 84.6% in 2023. Total surgical volume increased 5.1% and total outpatient activity increased 9.4% compared to 2023. Infusion activity for the Ohio State Health System grew 12.9%. Case mix index which measures inpatient acuity was up 3.0% compared to the prior year. Additionally, improved payor mix led to higher net revenue for the system. Operating revenues also included a \$12.3 million increase for the Specialty Retail Pharmacy from 2023 to 2024.

Other Operating Revenues include revenue from reference labs, cafeteria operations, rental agreements and other non-patient services. In addition, the integration of HP3 created a leased staffing arrangement for salaries and benefits of Ohio State Health System employees supporting the transitioned practices. OSUP reimbursed the Ohio State Health System for these employee salaries and benefits which were recorded in Other Operating Revenues under the Health System. HP3 revenue totaled \$60.7 million in 2024 compared to \$75.5 million in 2023.

Due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer

Management's Discussion and Analysis

(Unaudited)

and non-cancer patients, the Ohio State Health System operates a Specialty Retail Pharmacy dedicated to improving patient care by easing the challenges of managing medications. The Specialty Retail Pharmacy contributed \$286.0 million to Health System operating revenues in 2024 and \$273.7 million in 2023.

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 Wexner Medical Center. 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 \$17.5 million of operating revenues in 2024 and \$17.5 million in 2023.

The Ohio State Health System participates 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 Ohio State Health System recognized \$70.7 million in Other Operating Revenues related to CICIP in 2024 compared to \$84.5 million in 2023.

Operating expenses increased \$472.2 million or 11.7% from 2023 to 2024 highlighting strong volumes for the system. Additionally, the health care industry continued to face rising costs related to labor shortages, inflationary pressure and throughput challenges. The increase in operating expenses is primarily attributed to increases in

medical supplies and drugs as well as salaries and benefits. Total pension and OPEB expense recognized in 2024 by the Ohio State Health System including employer contributions totaled \$246.8 million. Total pension and OPEB expense included \$175.9 million of employer contributions, \$76.6 million pension expense related to GASB 68 accruals, and \$5.7 million OPEB benefit related to GASB 75 accruals.

Salaries and benefits grew \$147.5 million or 8.5% from 2023 to 2024 and includes significant costs for premium and incentive pay reflecting labor shortages and the challenging environment around hiring nursing and clinical care positions. Supplies and drugs increased \$171.5 million or 12.9%. The increase in supplies was a result of the growth in surgeries and outpatient procedural volumes as well as inflationary impacts felt across the Ohio State Health System. The growth in drugs is due to increased volumes in chemotherapy at The James as well as increased volumes at Ohio State Health System ambulatory infusion sites. Additionally, drug costs increased at the Specialty Retail Pharmacy as a result of higher prescription volumes in 2024. Purchased services grew \$96.0 million or 17.5% in 2024 reflecting increased utilities, advertising, operational program support, as well as maintenance costs associated with information technology and clinical care systems.

Consolidated revenues for **OSU Physicians, Inc. (OSUP)**, the University's central practice group for physician faculty members of the College of Medicine and College

of Public Health, increased \$95 million, to \$1.10 billion in 2024, reflecting growth in outpatient visits and procedures volumes. Total patient encounters increased 6.7% and surgeries increased 5.4% compared to the year ended June 30, 2023. Consolidated OSUP operating expenses increased \$58 million, to \$1.08 billion, primarily reflecting higher provider expenses associated with investment in patient care services growth and access improvements. OSUP balances are included in the Discretely Presented Component Units columns of the University's financial statements.

Total state operating support increased \$20 million, to \$529 million in 2024. Total **state share of instruction** (SSI) for 2024 was \$429 million, an increase of \$11 million or 3% over final 2023 distributions. **State line-item appropriations** increased \$8 million, to \$100 million, primarily due to a new \$5 million line item for the Salmon P. Chase Center at John Glenn College of Public Affairs. **State capital appropriations** increased \$14 million, to \$61 million.

In response to the COVID-19 outbreak, the federal government provided support to individuals, companies and nonprofit institutions in the form of loans, grants, tax changes and other types of relief. Revenues from **federal COVID-19 assistance programs** decreased \$65 million, to \$5 million in 2024, reflecting final disbursements from these programs.

Total **gifts** to the University decreased \$24 million, to \$317 million in 2024. Several colleges and support units

Management's Discussion and Analysis

(Unaudited)

received gifts in excess of \$1 million in 2024, including the Office of the President, the College of Arts and Sciences, the College of Dentistry, the College of Education and Human Ecology, the College of Engineering, the College of Food, Agricultural, and Environmental Sciences, the College of Medicine, the College of Nursing, the College of Pharmacy, the College of Public Health, the College of Social Work, the College of Veterinary Medicine, University Hospitals, the James Cancer Hospital and Solove Research Institute, the Comprehensive Cancer Center, Health Sciences, Fisher College of Business, Moritz College of Law, Wexner Center for the Arts, WOSU, the Department of Athletics, Marion and Newark regional campuses, the Enterprise for Research, Innovation and Knowledge, and General University Scholarships. Support came from more than 222,000 alumni and friends.

University investments yielded \$973 million in **net investment income** in 2024, compared with \$506 million in 2023. For 2024, the LTIP returned +10.78% compared to +6.86% in 2023.

Despite the strong absolute return for the LTIP of +10.78%, the LTIP underperformed its preliminary policy benchmark of +14.95% for 2024. During that period, Public Equity returned +16.71% (compared to the benchmark of +19.38%), Hedge Funds and Opportunistic Credit returned +13.12% (compared to the preliminary benchmark of +8.50%), Private Equity returned +6.50% (compared to the benchmark of +23.22%), Cash and High-Grade Bonds returned +6.38% (compared to the

benchmark of +2.63%), Real Assets returned +5.29% (compared to the preliminary benchmark of +1.52%), and Legacy Investments returned -6.88% (benchmark is return of actual underlying funds).

Prior-Year Highlights: In 2023, total net position increased \$683 million, to \$10.01 billion at June 30, 2023. Operating revenues increased \$543 million, to \$7.14 billion, driven primarily by strong outpatient surgical activity and service mix at the Ohio State Health System, increases in University grant and contract and tuition revenues, and increases in all major auxiliary enterprises. Operating expenses increased \$1.26 billion, to \$7.88 billion, primarily due to a combination of increases in non-cash pension and other post-employment benefit (OPEB) expenses and, for the Ohio State Health System, rising costs related to labor shortages, inflationary pressure, and throughput challenges. **In 2022**, 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 Ohio State 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 Ohio State Health System, increases in outpatient volumes, patient acuity and labor costs.

Statement of Cash Flows: University cash and cash equivalents decreased \$49 million in 2024. Net cash used in operating activities was \$202 million, compared to \$345 million in 2023, primarily reflecting increases in receipts for sales and services and grants and contracts and the \$70 million upfront payment from the parking concessionaire. These increases were partially offset by increases in payments for salaries,

University Cash Flows (in thousands)

	2024	2023	2022
Net cash flows used in operating activities	\$ (201,812)	\$ (345,391)	\$ (504,391)
Net cash flows from noncapital financing activities	911,746	943,984	1,060,459
Receipts for capital projects	29,857	31,420	56,061
Proceeds from capital debt	301,736	–	739,775
Payments for purchase or construction of capital assets	(951,614)	(1,072,766)	(1,055,311)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(282,952)	(311,098)	(247,347)
Net cash flows provided (used) in investing activities	143,888	1,590,813	(699,755)
Net increase (decrease) in cash and cash equivalents	\$ (49,151)	\$ 836,962	\$ (650,509)

Management's Discussion and Analysis

(Unaudited)

benefits and supplies and services. Net cash flows from noncapital financing activities decreased \$32 million, to \$912 million, primarily reflecting decreases in receipts from federal COVID-19 assistance programs and decreases in gift receipts. Payments for purchase or construction of capital assets decreased \$121 million, to \$952 million, reflecting completion of several Ohio State Health System and other University projects. Cash provided by investing activities was \$144 million, primarily reflecting net purchases of temporary investments.

Strategic Context

The FY 2025 Financial Plan demonstrates Ohio State's firm footing and the excellence of our institution. Strong investment performance, continued positive momentum at the Health System, a focus on new revenue sources and significant progress in achieving operational efficiencies positioned the University in FY 2024 to outperform prior fiscal years. Our 2023 rating upgrade from Fitch to AA+ further demonstrates our financial stability. This achievement marks our first rating upgrade of the University since Moody's upgrade to 'Aa1' in 2010 and the first by Fitch since it began rating the University in 2003. The University's fiscal stability, strength and resilience enable us to continue growing our culture of excellence in everything we do: academics; research, innovation and creative expression; service to the people of Ohio; supporting and recruiting world-class faculty and staff; and financial and operational stewardship.

Academics

Ohio State's thriving academic enterprise includes 15 colleges, four regional campuses, University Libraries, and units supporting student and faculty success, technology, the arts and more. Areas of strategic focus include faculty eminence; student academic excellence; external engagement; academic talent, culture and inclusive excellence; technology and digital innovation; and operational excellence. Progress in these areas is driven by investments in initiatives such as the enhanced Faculty Affairs office, which develops, curates, and connects resources, programming and structures that support faculty success across the entire career life cycle from recruitment through retirement. Additional strategic investments will grow the impact of an Ohio State education. Ohio State's Good-to-Great Grants Program, for example, provides funding to tenure-initiating departments, schools or colleges committed to collaborating across the institution and with external communities in ways that align with national or international opportunities.

Research, Innovation and Creative Expression

Ohio State's research, innovation and creative expression communities conduct more than \$1 billion in research and development expenditures annually impacting the lives of Ohioans and people all over the world. The University achieved a new institutional record of almost \$1.45 billion in research and development

expenditures last year, as reflected in the University's submission to the National Science Foundation's Higher Education Research and Development (HERD) survey. Federal expenditures totaled \$694.7 million, with growth across the portfolio of federal agencies, including the National Science Foundation (NSF), the National Institutes of Health, the Department of Defense and the Department of Energy. Ohio State has risen significantly in the research rankings of U.S. universities and is now ranked No. 11 among all institutions, according to the NSF Higher Education Research and Development survey. Our faculty continue to be recognized nationally and internationally, including Emeritus Professor Pierre Agostini, who was awarded the 2023 Nobel Prize in Physics.

The University has more than 2.5 million square feet of assigned research space, which is growing through ongoing capital investment plans. Faculty, staff and students work and learn in state-of-the-art laboratories, classrooms and performance spaces, while industries turn to Ohio State to help solve challenges and apply the latest innovative research to their sectors. Carmenton, the University's fast-growing innovation district, is bringing together private, public and academic partners to exchange knowledge, understand challenges, develop technologies and accelerate delivering solutions to the market and the world. Ohio State also continues to play an integral role in building the semiconductor and microelectronics sector in central Ohio, led by Intel's new semiconductor production

Management's Discussion and Analysis

(Unaudited)

facilities in central Ohio. Ohio State is a key convening member of a consortium of 30 other institutions to meet the workforce and innovation needs of the industry.

Supporting and Recruiting World-Class Faculty and Staff

Ohio State continuously strives to deliver the support and resources necessary to foster a community of colleagues inspired to perform at their best. Collaboration across the institution to recruit, retain and develop the teams that drive our excellence is a centerpiece of this work.

Total rewards will be a significant focus related to financial planning during FY 2025, especially ongoing compensation initiatives for faculty, staff and student employees. This work is intended to keep Ohio State competitive with external markets while fostering internal consistency and equity. Projects include the student minimum wage, benefits benchmarking, a collaboration between the Offices of Human Resources and Academic Affairs on faculty pay, and developing a planned approach to ensure compensation is appropriately evaluated as employees progress in their careers at the University.

Additionally, the University continues working to enhance the employee experience from direct service delivery at the personal level to leadership collaboration on a service model. Our team in the Office of Human Resources supports Ohio State's excellence through technology,

streamlined processes, compliance and data-informed decision-making. We are also planning to further engage employees through focus groups and surveys — including those in support of future strategic planning.

Implementing a consistent performance management framework is also a priority, alongside programs to equip leaders with the skills needed to effectively develop and evaluate their teams.

Service to the People of Ohio

Ohio State takes seriously its responsibility to serve Ohio and its people. With six campuses across the state, growing online education offerings and a presence in each of the state's 88 counties, we are committed to being a University for all Ohioans. Broadly, the University contributes over \$19 billion annually to Ohio's economy while supporting nearly 117,000 jobs. At the same time, Ohio State is focused on educating Ohio's workforce, keeping the University accessible and affordable, leveraging research to better Ohioans' lives and advancing health for all Ohioans. A workforce of approximately 25,000 provides care in seven medical center hospitals and an extensive network of ambulatory locations to nearly 60,000 adult inpatients and more than 3.4 million outpatient visits annually. It is a major tertiary and quaternary referral center for Ohio and the Midwest, offering health care services in virtually every adult specialty and subspecialty in medicine through a unified practice of nearly 2,000 physicians. More than \$2 billion has been invested in capital in support

of Ohio State's health enterprise, including a new 820-bed hospital tower; three large suburban outpatient care centers; and an outpatient cancer care center.

Finally, our dedication to service is reflected in our affordability efforts. The University freezes in-state tuition for each incoming undergraduate class for four years, continues expanding financial aid to meet students' needs, and is enhancing student success programs to help students access resources, make academic progress and complete their degrees in a timely manner, all while addressing student debt.

In the 2022-2023 academic year, 58% of Ohio State's bachelor's degree recipients graduated with zero student loan debt. For the 42% who did leave with debt, their debt has reduced from \$27,000 on average, from five years ago, to less than \$25,000 now. Ohio State's percentage of students who leave with no debt is 20% better than the national average. And the average debt is well over \$4,000 less than the national average. During the coming year, the University budget will include an additional \$8 million in increased current-use gift development funding for new student scholarships, as well as an increase of \$500 per student for the Ohio College Opportunity Grant program. In FY 2025, we expect to distribute approximately \$486 million in financial aid at Ohio State.

The safety of our students, faculty, staff, patients and visitors also remains a top priority. Ohio State continues to invest in hiring more

Management's Discussion and Analysis

(Unaudited)

campus police and non-sworn security patrols and adding cameras, license plate readers and personal safety devices for students. OSUPD also works closely with the Columbus Division of Police, including through a joint patrol program, as well as with other local, state and federal partners and agencies.

More on Ohio State's impact, including the institution's 2023 Impact Report, is available online.

Financial and Operational Stewardship

Ohio State must operate with transparency, integrity and accountability to remain a trusted steward of our resources. Strategic benchmarking, revenue optimization and efficient operations are pillars of this commitment. Comprehensive administrative efficiencies enable us to direct funds to our core mission and support our culture of 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 2024.

- **University** – \$35 million of targeted savings across all colleges and support offices. \$54 million of savings were realized through June 30, 2024.
- **Ohio State Wexner Medical Center** – \$30 million of targeted savings. \$139.8 million of savings were realized through June 30, 2024.

- **Capital** – \$15 million of targeted savings. \$49.6 million of savings were realized through June 30, 2024.

Targets for FY 2025 efficiency savings total \$85 million: University, \$40 million; Ohio State Wexner Medical Center, \$30 million; and capital, \$15 million.

Benchmarking

The University continues to partner with a third-party membership organization to benchmark administrative labor costs across a consortium of 80 higher education institutions. A Standard Activity Model (SAM) is applied to the data to allocate spend across nine key areas (communications, development, facilities, finance, general administration, human resources, information technology, research, and student services), and normalization factors are applied to account for differences in scale between institutions. This partnership provides access to an online platform for ad-hoc analysis with the ability to change peers and normalization factors.

The Efficiency Committee will continue to utilize benchmarking information to identify future savings opportunities.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the University, including written as outlined above or oral statements made by its representatives, may

contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995.

All statements — other than statements of historical facts — which address activities, events or developments that the 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, 2024 and June 30, 2023

(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2024	2023	2024	2023	2024	2023
ASSETS AND DEFERRED OUTFLOWS:						
Current Assets:						
Cash and cash equivalents	\$ 980,956	\$ 1,140,082	\$ 75,701	\$ 99,478	\$ 1,056,657	\$ 1,239,560
Temporary investments	2,094,406	1,579,921	121,425	145,305	2,215,831	1,725,226
Accounts receivable, net	950,393	796,349	137,679	114,157	1,088,072	910,506
Notes receivable – current portion, net	6,456	6,387	–	–	6,456	6,387
Pledges receivable – current portion, net	62,107	73,297	–	–	62,107	73,297
Accrued interest receivable	22,637	22,065	–	–	22,637	22,065
Inventories and prepaid expenses	214,427	186,263	8,189	7,252	222,616	193,515
Amounts due from (to) primary institution	(34,960)	(75,256)	34,960	75,256	–	–
Total Current Assets	4,296,422	3,729,108	377,954	441,448	4,674,376	4,170,556
Noncurrent Assets:						
Unexpended bond proceeds	109,975	210,358	–	–	109,975	210,358
Notes receivable, net	26,610	29,530	800	800	27,410	30,330
Pledges receivable, net	172,377	136,110	–	–	172,377	136,110
Net other post-employment benefit asset	194,698	128,942	–	–	194,698	128,942
Long-term investment pool	7,931,714	7,383,676	–	–	7,931,714	7,383,676
Other long-term investments	204,539	231,885	–	–	204,539	231,885
Leases receivable, net	19,315	20,049	23,788	29,080	43,103	49,129
Amounts due from (to) primary institution – leases	(86,814)	(92,425)	86,814	92,425	–	–
Other noncurrent assets	304,145	266,135	1,556	2,578	305,701	268,713
Capital assets, net	8,519,316	7,981,204	489,100	512,513	9,008,416	8,493,717
Total Noncurrent Assets	17,395,875	16,295,464	602,058	637,396	17,997,933	16,932,860
Total Assets	21,692,297	20,024,572	980,012	1,078,844	22,672,309	21,103,416
Deferred Outflows:						
Pension	888,530	1,474,386	–	–	888,530	1,474,386
Other post-employment benefits	95,656	213,518	–	–	95,656	213,518
Other deferred outflows	20,034	21,271	–	–	20,034	21,271
Total Deferred Outflows	1,004,220	1,709,175	–	–	1,004,220	1,709,175
Total Assets and Deferred Outflows	\$ 22,696,517	\$ 21,733,747	\$ 980,012	\$ 1,078,844	\$ 23,676,529	\$ 22,812,591

**Statements of
Net Position
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2024	2023	2024	2023	2024	2023
Current Liabilities:						
Accounts payable and accrued expenses	\$ 801,352	\$ 697,512	\$ 92,276	\$ 85,612	\$ 893,628	\$ 783,124
Deposits and advance payments for goods and services	409,639	442,713	2,763	6,994	412,402	449,707
Current portion of bonds, notes and leases payable	122,912	117,065	5,485	4,886	128,397	121,951
Long-term bonds payable, subject to remarketing	603,820	603,820	—	—	603,820	603,820
Other current liabilities	101,591	77,215	17,705	14,982	119,296	92,197
Amounts due to (from) primary institution	(50,367)	(118,179)	50,367	118,179	—	—
Amounts due to (from) primary institution – leases	(8,655)	(7,859)	8,655	7,859	—	—
Total Current Liabilities	1,980,292	1,812,287	177,251	238,512	2,157,543	2,050,799
Noncurrent Liabilities:						
Bonds, notes and leases payable	3,136,918	2,946,617	38,996	42,392	3,175,914	2,989,009
Concessionaire payable	466,671	431,608	—	—	466,671	431,608
Net pension liability	3,869,225	4,214,821	—	—	3,869,225	4,214,821
Net other post-employment benefit liability	22,970	92,020	—	—	22,970	92,020
Compensated absences	234,804	213,689	—	—	234,804	213,689
Self-insurance accruals	87,290	84,980	—	—	87,290	84,980
Amounts due to third-party payors – Health System	79,153	74,697	—	—	79,153	74,697
Irrevocable split-interest agreements	33,123	33,008	—	—	33,123	33,008
Refundable advances for Federal Perkins loans	18,141	20,821	—	—	18,141	20,821
Advance from concessionaire	943,319	958,816	—	—	943,319	958,816
Other noncurrent liabilities	360,250	305,529	87	3,414	360,337	308,943
Amounts due to (from) primary institution	(201,066)	(211,017)	201,066	211,017	—	—
Amounts due to (from) primary institution – leases	(149,871)	(157,449)	149,871	157,449	—	—
Total Noncurrent Liabilities	8,900,927	9,008,140	390,020	414,272	9,290,947	9,422,412
Total Liabilities	10,881,219	10,820,427	567,271	652,784	11,448,490	11,473,211
Deferred Inflows:						
Parking service concession arrangement	438,390	378,021	—	—	438,390	378,021
Pension	81,069	109,418	—	—	81,069	109,418
Other post-employment benefits	133,721	133,209	—	—	133,721	133,209
Other deferred inflows	278,982	281,401	152,671	167,474	431,653	448,875
Total Deferred Inflows	932,162	902,049	152,671	167,474	1,084,833	1,069,523
Net Position:						
Net investment in capital assets	4,193,281	3,997,995	79,415	87,178	4,272,696	4,085,173
Restricted:						
Nonexpendable	2,051,766	1,942,078	—	—	2,051,766	1,942,078
Expendable	1,798,160	1,667,347	—	—	1,798,160	1,667,347
Unrestricted	2,839,929	2,403,851	180,655	171,408	3,020,584	2,575,259
Total Net Position	10,883,136	10,011,271	260,070	258,586	11,143,206	10,269,857
Total Liabilities, Deferred Inflows and Net Position	\$ 22,696,517	\$ 21,733,747	\$ 980,012	\$ 1,078,844	\$ 23,676,529	\$ 22,812,591

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

Statements of Revenues, Expenses and Changes in Net Position Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2024	2023	2024	2023	2024	2023
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of \$280,161 and \$249,555, respectively)	\$ 1,094,229	\$ 1,060,454	\$ —	\$ —	\$ 1,094,229	\$ 1,060,454
Federal grants and contracts	535,318	463,777	21,224	21,551	556,542	485,328
State grants and contracts	126,623	102,699	—	—	126,623	102,699
Local grants and contracts	33,042	29,931	—	—	33,042	29,931
Private grants and contracts	369,222	320,964	59,044	63,030	428,266	383,994
Sales and services of educational departments	187,125	191,509	10,084	9,202	197,209	200,711
Sales and services of auxiliary enterprises (net of scholarship allowances of \$58,865 and \$41,348, respectively)	391,487	394,835	—	—	391,487	394,835
Sales and services of the OSU Health System, net	4,888,549	4,444,419	—	—	4,888,549	4,444,419
Sales and services of OSU Physicians, Inc., net	—	—	1,102,050	1,006,767	1,102,050	1,006,767
Other operating revenues	88,965	129,347	14,279	4,372	103,244	133,719
Total Operating Revenues	<u>7,714,560</u>	<u>7,137,935</u>	<u>1,206,681</u>	<u>1,104,922</u>	<u>8,921,241</u>	<u>8,242,857</u>
Operating Expenses:						
Educational and General:						
Instruction and departmental research	1,353,677	1,254,266	10,683	9,371	1,364,360	1,263,637
Separately budgeted research	678,793	601,981	29,871	26,533	708,664	628,514
Public service	196,786	145,356	14,497	13,068	211,283	158,424
Academic support	354,520	313,148	—	—	354,520	313,148
Student services	136,168	119,404	—	—	136,168	119,404
Institutional support	297,805	228,262	30,687	33,433	328,492	261,695
Operation and maintenance of plant	165,849	174,562	1,427	1,313	167,276	175,875
Scholarships and fellowships	106,674	123,564	—	—	106,674	123,564
Auxiliary enterprises	458,464	410,383	—	—	458,464	410,383
OSU Health System	4,400,375	3,964,394	—	—	4,400,375	3,964,394
OSU Physicians, Inc.	—	—	1,078,267	1,020,146	1,078,267	1,020,146
Depreciation and amortization	581,020	545,971	35,728	33,594	616,748	579,565
Total Operating Expenses	<u>8,730,131</u>	<u>7,881,291</u>	<u>1,201,160</u>	<u>1,137,458</u>	<u>9,931,291</u>	<u>9,018,749</u>
Net Operating Income (loss)	(1,015,571)	(743,356)	5,521	(32,536)	(1,010,050)	(775,892)
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	528,536	508,704	—	—	528,536	508,704
Federal subsidies for Build America Bonds interest	11,321	11,321	—	—	11,321	11,321
Federal non-exchange grants	70,982	63,059	—	—	70,982	63,059
Federal COVID-19 assistance programs	5,352	70,792	—	19,875	5,352	90,667
State non-exchange grants	30,851	25,757	—	—	30,851	25,757
Gifts	189,492	211,735	—	—	189,492	211,735
Net investment income	972,532	505,970	16,419	9,390	988,951	515,360
Interest expense on plant debt	(170,887)	(161,259)	(14,725)	(10,393)	(185,612)	(171,652)
Other non-operating revenues (expenses), net	56,835	14,149	(5,731)	(5,903)	51,104	8,246
Net Non-operating Revenue (Expenses)	<u>1,695,014</u>	<u>1,250,228</u>	<u>(4,037)</u>	<u>12,969</u>	<u>1,690,977</u>	<u>1,263,197</u>
Income (loss) before Other Changes in Net Position	679,443	506,872	1,484	(19,567)	680,927	487,305
Other Changes in Net Position:						
State capital appropriations	61,016	46,714	—	—	61,016	46,714
Private capital gifts	57,232	58,407	—	—	57,232	58,407
Additions to permanent endowments	74,174	70,589	—	—	74,174	70,589
Capital contributions and changes in net position	—	—	—	860	—	860
Total Changes in Net Position	<u>192,422</u>	<u>175,710</u>	<u>—</u>	<u>860</u>	<u>192,422</u>	<u>176,570</u>
Increase (decrease) in Net Position	871,865	682,582	1,484	(18,707)	873,349	663,875
Net Position – Beginning of Year	10,011,271	9,328,689	258,586	277,293	10,269,857	9,605,982
Net Position – End of Year	<u>\$ 10,883,136</u>	<u>\$ 10,011,271</u>	<u>\$ 260,070</u>	<u>\$ 258,586</u>	<u>\$ 11,143,206</u>	<u>\$ 10,269,857</u>

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

Statements of Cash Flows

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2024	2023	2024	2023	2024	2023
Cash Flows from Operating Activities:						
Tuition and fee receipts	\$ 939,323	\$ 928,631	\$ –	\$ –	\$ 939,323	\$ 928,631
Grant and contract receipts	1,017,351	897,175	75,539	72,994	1,092,890	970,169
Receipts for sales and services	5,317,951	4,941,910	1,131,854	969,045	6,449,805	5,910,955
Receipt from parking concessionaire	70,000	–	–	–	70,000	–
Receipt from energy concessionaire	8,069	18,749	–	–	8,069	18,749
Payments to or on behalf of employees	(3,642,810)	(3,469,856)	(785,166)	(630,094)	(4,427,976)	(4,099,950)
University employee benefit payments	(945,282)	(867,181)	(193,881)	(151,945)	(1,139,163)	(1,019,126)
Payments to vendors for supplies and services	(3,050,670)	(2,836,688)	(244,840)	(256,023)	(3,295,510)	(3,092,711)
Payments to students and fellows	(92,141)	(109,243)	–	–	(92,141)	(109,243)
Student loans issued	(3,324)	(2,105)	–	–	(3,324)	(2,105)
Student loans collected	6,456	6,388	–	–	6,456	6,388
Student loan interest and fees collected	5,500	1,416	–	–	5,500	1,416
Other receipts (payments)	167,765	145,413	1,862	4,731	169,627	150,144
Net cash provided (used) by operating activities	(201,812)	(345,391)	(14,632)	8,708	(216,444)	(336,683)
Cash Flows from Noncapital Financing Activities:						
State share of instruction and line-item appropriations	528,536	508,704	–	–	528,536	508,704
Non-exchange grant receipts	101,833	88,816	2,000	10	103,833	88,826
Federal COVID-19 assistance programs	5,352	70,792	–	–	5,352	70,792
Gift receipts for current use	199,962	208,077	–	–	199,962	208,077
Additions to permanent endowments	74,174	70,589	–	–	74,174	70,589
Drawdowns of federal direct loan proceeds	312,753	319,127	–	–	312,753	319,127
Disbursements of federal direct loans to students	(312,605)	(317,565)	–	–	(312,605)	(317,565)
Amounts received from irrevocable split-interest agreements	727	1,153	–	–	727	1,153
Amounts paid to annuitants and life beneficiaries	(1,725)	(2,128)	–	–	(1,725)	(2,128)
Agency funds receipts	5,737	5,279	–	–	5,737	5,279
Agency funds disbursements	(5,279)	(5,588)	–	–	(5,279)	(5,588)
Other receipts (payments)	2,281	(3,272)	(165)	(581)	2,116	(3,853)
Net cash provided (used) by noncapital financing activities	911,746	943,984	1,835	(571)	913,581	943,413
Cash Flows from Capital Financing Activities:						
Proceeds from capital debt	301,736	–	284	21,348	302,020	21,348
Gift receipts for capital projects	29,857	31,420	–	–	29,857	31,420
Payments for purchase or construction of capital assets	(951,614)	(1,072,766)	(13,629)	(24,474)	(965,243)	(1,097,240)
Principal payments on capital debt and leases	(110,298)	(148,221)	–	(19,059)	(110,298)	(167,280)
Interest payments on capital debt and leases	(183,388)	(173,579)	(21,528)	(9,495)	(204,916)	(183,074)
Federal subsidies for Build America Bonds interest	10,734	10,702	(13,386)	–	(2,652)	10,702
Other capital financing receipts (payments)	–	–	13,271	6,793	13,271	6,793
Net cash (used) by capital financing activities	(902,973)	(1,352,444)	(34,988)	(24,887)	(937,961)	(1,377,331)
Cash Flows from Investing Activities:						
Purchases of investments	(5,940,751)	(8,496,321)	(38,533)	(112,720)	(5,979,284)	(8,609,041)
Proceeds from sales and maturities of investments	5,832,362	9,875,135	52,116	47,851	5,884,478	9,922,986
Investment income (loss), net of related expenses	252,277	211,999	10,425	4,616	262,702	216,615
Net cash provided (used) by investing activities	143,888	1,590,813	24,008	(60,253)	167,896	1,530,560
Net Increase (Decrease) in Cash	(49,151)	836,962	(23,777)	(77,003)	(72,928)	759,959
Cash and Cash Equivalents – Beginning of Year	1,140,082	303,120	99,478	176,481	1,239,560	479,601
Cash and Cash Equivalents – End of Year	\$ 1,090,931	\$ 1,140,082	\$ 75,701	\$ 99,478	\$ 1,166,632	\$ 1,239,560

**Statements of
Cash Flows
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2024	2023	2024	2023	2024	2023
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:						
Operating income (loss)	\$ (1,015,571)	\$ (743,356)	\$ 5,521	\$ (32,536)	\$ (1,010,050)	\$ (775,892)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	581,020	545,971	35,728	33,594	616,748	579,565
Changes in assets and liabilities:						
Accounts receivable, net	(157,413)	(25,464)	(23,512)	(38,941)	(180,925)	(64,405)
Leases receivable, net	734	18,087	–	–	734	18,087
Amounts due from (to) primary institution – leases	(5,611)	25,244	–	–	(5,611)	25,244
Notes receivable, net	570	10,999	–	–	570	10,999
Accrued interest receivable	3,251	(243)	–	–	3,251	(243)
Inventories and prepaid expenses	(28,164)	(44,498)	(1,094)	(3,000)	(29,258)	(47,498)
Amounts due to/from primary institution	37,467	(14,783)	(24,700)	52,026	12,767	37,243
Amounts due to (from) primary institution – leases	6,782	(106,131)	–	–	6,782	(106,131)
Net other post-employment benefit asset	(65,756)	312,185	–	–	(65,756)	312,185
Deferred outflows	703,718	(1,091,995)	–	–	703,718	(1,091,995)
Other noncurrent assets	(49,622)	(34,261)	(451)	(241)	(50,073)	(34,502)
Accounts payable and accrued liabilities	152,145	(70,567)	3,812	9,872	155,957	(60,695)
Medicare advance payment program	–	(79,601)	–	–	0	(79,601)
Self-insurance accruals	2,310	(15,517)	–	–	2,310	(15,517)
Amounts due to third-party payors – Health System	4,456	(12,609)	–	–	4,456	(12,609)
Deposits and advanced payments	(29,876)	(542)	84	(38)	(29,032)	(580)
Compensated absences	21,115	10,184	–	–	21,115	10,184
Refundable advances for Federal Perkins loans	(2,680)	(2,417)	–	–	(2,680)	(2,417)
Advance from concessionaire	(15,497)	(4,847)	–	–	(15,497)	(4,847)
Net pension liability	(345,596)	2,717,028	–	–	(345,596)	2,717,028
Net other post-employment benefit liability	(69,050)	76,359	–	–	(69,050)	76,359
Deferred inflows	19,216	(1,819,482)	(12,772)	(11,097)	6,444	(1,830,579)
Other liabilities	50,240	4,865	1,992	(931)	52,232	3,934
Net cash provided (used) by operating activities	\$ (201,812)	\$ (345,391)	\$ (14,632)	\$ 8,708	\$ (216,444)	\$ (336,683)
Non Cash Transactions:						
Construction in process in accounts payable	\$ 8,528	\$ 25,291	\$ 1,294	\$ 1,016	\$ 9,822	\$ 26,307
Construction in process in concessionaire payable	61,212	98,995	–	–	61,212	98,995
Stock gifts	22,328	18,603	–	–	22,328	18,603
Net increase (decrease) in fair value of investments	716,430	295,261	131	4,217	716,561	299,478
State capital appropriations	64,819	46,933	–	–	64,819	46,933
Refunding of debt	413,433	328,820	–	–	413,433	328,820

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

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

The Ohio State University (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 nonprofit fundraising organization, which operates exclusively for the benefit of The Ohio State University.

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (dollars in thousands)

- **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.
- **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 nonprofit 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 nonprofit 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 nonprofit 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:

Notes to the Financial Statements

Years Ended

June 30, 2024 and

June 30, 2023

(dollars in thousands)

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, and related debt attributable to the acquisition, construction or improvement of those assets.
- **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, 2024, the University has made commitments to limited partnerships totaling \$1,599,446 that have not yet been funded. These commitments typically extend up to 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 6,436 Board-authorized funds and 230 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

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

accounting for pooled investments. The annual distribution per share is 4.5% of the average fair value per share of the Long-Term Investment Pool over the most recent five year period.

At June 30, 2024, the fair value of the University and Foundation gifted endowments is \$3,007,098, which is \$870,330 above the historical dollar value of \$2,136,768. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2024, there are 161 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, 2024 is \$47,597, which is \$4,025 below the historical dollar value of \$51,622.

At June 30, 2023, the fair value of the University and Foundation gifted endowments is \$2,742,619, which is \$701,767 above the historical dollar value of \$2,040,852. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2023, there are 431 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, 2023 is \$159,623, which is \$10,649 below the historical dollar value of \$170,272.

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.

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:

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.

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (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, 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 and contracts to be operating revenues. Under these arrangements, the University provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either directly to the funding entity or to its constituents.

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

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 nonprofit 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.

Ohio State 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, 2024 and 2023, respectively, are as follows:

Payor	Primary Institution	
	2024	2023
Medicare	\$ 1,220,204	\$ 1,089,511
Medicaid	660,386	561,840
Managed Care:		
Anthem	857,472	771,736
United Healthcare	538,047	472,839
MMO	233,762	222,748
Aetna	209,709	201,573
Other	465,170	449,088
Self Pay	7,490	7,043
Total net patient service revenue	4,192,240	3,776,378
Add: Other Health System sales and services revenue	696,309	668,041
Total Health System sales and services, net	<u>\$ 4,888,549</u>	<u>\$ 4,444,419</u>

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (dollars in thousands)

OSU Physicians, Inc. 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, Inc. (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 Ohio State 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 Ohio State Health System for the years ended June 30, 2024 and 2023 are \$59,303 and \$61,096, respectively, after applying a decrease of \$24,556 and \$2,347, 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, 2024 and 2023 are \$36,126 and \$23,033, 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 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).

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose significant concentrations or constraints that could affect the level of service governments provide or their ability to meet obligations as they come due. Concentrations are defined as a lack of diversity-related significant inflows or outflows of resources. Constraints are defined as limitations imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The Statement is effective for fiscal years beginning after June 15, 2024 (FY2025).

In June 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The Statement includes provisions related to the presentation of Management's Discussion and Analysis, the presentation of proprietary fund

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

statements of revenues, expenses and changes in net position and the presentation of major component unit information and is effective for fiscal years beginning after June 15, 2025 (FY2026).

University management is currently assessing the impact that implementation of GASB Statements Nos. 101, 102 and 103 will have on the University's financial statements.

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 blended and 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, 2024, the carrying amount of the primary institution's cash and cash equivalents is \$980,956 as compared to bank balances of \$1,131,639. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$3,575 is covered by federal deposit insurance and \$1,128,064 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, 2023, the carrying amount of the primary institution's cash and cash equivalents is \$1,140,082 as compared to bank balances of \$1,170,227. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$3,456 is covered by federal deposit insurance and \$1,166,771 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, 2024, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$75,701 as compared to bank balances of \$77,762. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$1,780 is covered by federal deposit insurance and \$75,982 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, 2023, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$99,478 as compared to bank balances of \$101,773. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$2,014 is covered by federal deposit insurance and \$99,759 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

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.

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

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and Ohio State's 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 Ohio State's 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 Ohio State 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, 2024 and 2023 are as follows:

	Primary Institution	
	2024	2023
Temporary Investments (a)	\$ 2,094,406	\$ 1,790,279
Long-Term Investment Pool:		
Gifted Endowment – University	1,387,225	1,300,418
Gifted Endowment – OSU Foundation	1,620,309	1,442,201
Quasi Endowment – Operating Quasi Endowment – Designated	1,803,038	1,742,205
Total Long-Term Investment Pool	3,121,142	2,898,852
Other Long-Term Investments	7,931,714	7,383,676
Total Investments	204,539	231,885
	\$ 10,230,659	\$ 9,405,840

(a) At June 30, 2023, Temporary Investments included \$210,358 of unexpended bond proceeds. Unexpended bond proceeds represent bond proceeds restricted for capital expenditures.

Certain gifted endowment funds include departmental contributions of unrestricted funds. These unrestricted funds totaled \$115,617 and \$109,833 at June 30, 2024 and June 30, 2023, respectively.

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Total University investments by investment type for the primary institution at June 30, 2024 are as follows:

	Primary Institution			Total
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	
U.S. equity	\$ —	\$ 1,234,965	\$ —	\$ 1,234,965
Equity funds	102,356	1,852,108	21,551	1,976,015
U.S. government obligations	417,721	1,888	514	420,123
U.S. government agency obligations	130,950	—	—	130,950
Repurchase agreements	4,900	—	—	4,900
Corporate bonds and notes	1,246,812	86,816	—	1,333,628
Bond funds	66,708	360,097	15,831	442,636
Foreign government bonds	3,636	—	—	3,636
Real assets	3,555	756,281	29,992	789,828
Hedge funds	—	948,867	—	948,867
Private equity	—	2,546,078	118,805	2,664,883
Commercial paper	100,962	—	—	100,962
Cash and cash equivalents	—	144,614	—	144,614
Other	16,806	—	17,846	34,652
	<u>\$ 2,094,406</u>	<u>\$ 7,931,714</u>	<u>\$ 204,539</u>	<u>\$ 10,230,659</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Total University investments by investment type for the primary institution at June 30, 2023 are as follows:

	Primary Institution			Total
	Temporary Investments & Unexpended Bond Proceeds	Long-Term Investment Pool	Other Long-Term Investments	
U.S. equity	\$ —	\$ 1,123,252	\$ —	\$ 1,123,252
International equity	—	—	—	—
Equity funds	97,858	1,624,649	22,172	1,744,679
U.S. government obligations	234,541	93,323	533	328,397
U.S. government agency obligations	102,960	—	—	102,960
Repurchase agreements	2,800	—	—	2,800
Corporate bonds and notes	1,218,032	56,368	—	1,274,400
Bond funds	57,492	337,309	43,722	438,523
Foreign government bonds	6,170	—	—	6,170
Real assets	3,555	727,404	30,096	761,055
Hedge funds	—	795,560	—	795,560
Private equity	—	2,354,977	112,164	2,467,141
Commercial paper	57,905	—	—	57,905
Cash and cash equivalents	—	220,604	—	220,604
Receivable for units sold and subscriptions paid in advance	—	50,230	—	50,230
Other	8,966	—	23,198	32,164
	<u>\$ 1,790,279</u>	<u>\$ 7,383,676</u>	<u>\$ 231,885</u>	<u>\$ 9,405,840</u>

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

	2024	2023
Interest and dividends	\$ 336,802	\$ 284,872
Net increase in fair value of investments	716,430	295,261
Investment expenses	(80,700)	(74,163)
Total	<u>\$ 972,532</u>	<u>\$ 505,970</u>

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (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, 2024, 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 Leveled – Cash used for investing purposes is not measured at fair value and thus is not subject to the fair value disclosure requirements. Such cash amounted to \$20,753 and \$52,858 at June 30, 2024 and 2023, respectively.

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2024 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	\$ 1,234,965	\$ –	\$ –	\$ –	\$ 1,234,965
Equity funds	212,093	–	–	1,763,922	1,976,015
U.S. government obligations	1,888	418,235	–	–	420,123
U.S. government agency obligations		130,950	–	–	130,950
Repurchase agreements		4,900	–	–	4,900
Corporate bonds and notes		1,333,628	–	–	1,333,628
Bond funds	239,876	–	–	202,760	442,636
Foreign government bonds		3,636	–	–	3,636
Real assets	155,167		33,375	601,286	789,828
Hedge funds	–	–	–	948,867	948,867
Private equity	–	–	63,208	2,601,675	2,664,883
Commercial paper	–	100,962	–	–	100,962
Cash equivalents	123,861	–	–	–	123,861
Other	–	16,213	18,439	–	34,652
	<u>\$ 1,967,850</u>	<u>\$ 2,008,524</u>	<u>\$ 115,022</u>	<u>\$ 6,118,510</u>	<u>\$ 10,209,906</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2023 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	\$ 1,123,252	\$ –	\$ –	\$ –	\$ 1,123,252
Equity funds	221,612	–	–	1,523,067	1,744,679
U.S. government obligations	(1,443)	329,840	–	–	328,397
U.S. government agency obligations	–	102,960	–	–	102,960
Repurchase agreements	–	2,800	–	–	2,800
Corporate bonds and notes	273	1,274,127	–	–	1,274,400
Bond funds	280,041	–	–	158,482	438,523
Foreign government bonds	–	6,170	–	–	6,170
Real assets	116,370	–	36,517	608,168	761,055
Hedge funds	–	–	–	795,560	795,560
Private equity	–	–	137,772	2,329,369	2,467,141
Commercial paper	–	57,905	–	–	57,905
Cash equivalents	167,746	–	–	–	167,746
Receivable for units sold and Subscriptions paid in advance	50,230	–	–	–	50,230
Other	–	8,411	23,753	–	32,164
	\$ 1,958,081	\$ 1,782,213	\$ 198,042	\$ 5,414,646	\$ 9,352,982

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (dollars in thousands)

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, 2024 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity – public	\$ 1,966,682	\$ –	No limit	1 to 90 days	Lock-up provisions ranging from none to 2 years; investor level gates; side pockets on a few funds
Hedge funds – absolute return, credit, long/short equities	948,867	–	No limit	30 to 180 day notice periods	Lock-up provisions ranging from none to 2 years; investor level gates; side pockets on a few funds
Private equity – private credit, buyouts, venture, secondary	2,601,675	1,377,549	1-12 years	Partnerships ineligible for redemption	Not redeemable
Real assets – natural resources, real estate, infrastructure	601,286	91,681	1-12 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 6,118,510</u>	<u>\$ 1,469,230</u>			

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.

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

The maturities of the University's interest-bearing investments for the primary institution at June 30, 2024 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 420,123	\$ 30,227	\$ 306,720	\$ 81,440	\$ 1,736
U.S. government agency obligations (a)	114,982	1,720	22,533	22,780	67,949
Repurchase agreements	4,900	4,900	—	—	—
Corporate bonds	1,333,628	150,009	833,462	183,694	166,463
Bond funds	442,636	16,400	86,048	104,478	235,710
Foreign governmental bonds	3,636	1	563	266	2,806
Commercial paper	100,962	100,962	—	—	—
Other governmental bonds (b)	16,213	1,071	14,219	923	—
Total	\$ 2,437,080	\$ 305,290	\$ 1,263,545	\$ 393,581	\$ 474,664

- (a) To Be Announced (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.

The maturities of the University's interest-bearing investments for the primary institution at June 30, 2023 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 328,397	\$ 131,548	\$ 176,773	\$ 20,076	\$ —
U.S. government agency obligations (a)	102,383	6,046	30,908	15,544	49,885
Repurchase agreements	2,800	2,800	—	—	—
Corporate bonds	1,274,400	212,683	768,153	142,098	151,466
Bond funds	438,523	40,157	110,080	109,230	179,056
Foreign governmental bonds	6,170	3,813	2,052	305	—
Commercial paper	57,905	57,905	—	—	—
Other governmental bonds (b)	8,417	3,735	3,610	1,072	—
Total	\$ 2,218,995	\$ 458,687	\$ 1,091,576	\$ 288,325	\$ 380,407

- (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, 2024 and
June 30, 2023**
(dollars in thousands)

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.

The credit ratings of the University’s interest-bearing investments for the primary institution at June 30, 2024 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government obligations	\$ 420,123	\$	\$ 420,123	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
U.S. government agency obligations	130,950	7,258	118,893	3,402	1,397	–	–	–	–	–	–	–
Repurchase agreements	4,900	–	4,900	–	–	–	–	–	–	–	–	–
Corporate bonds	1,333,628	133,958	95,112	385,000	360,351	50,086	1,066	7	–	–	–	308,048
Bond funds	442,636	23,010	89,017	33,936	54,665	20,194	11,809	6,759	13,587	–	157	189,502
Foreign government bonds	3,636	259	–	570	2,332	474	–	–	–	–	–	1
Commercial paper	100,962	–	–	100,962	–	–	–	–	–	–	–	–
Other governmental bonds (a)	16,213	–	3,033	12,724	–	–	–	–	–	–	–	456
Total	\$ 2,453,048	\$ 164,485	\$ 731,078	\$ 536,594	\$ 418,745	\$ 70,754	\$ 12,875	\$ 6,766	\$ 13,587	\$ –	\$ 157	\$ 498,007

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

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

The credit ratings of the University's interest-bearing investments for the primary institution at June 30, 2023 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government obligations	\$ 328,397	\$ -	\$ 328,397	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. government agency obligations	102,960	5,814	92,639	-	50	-	-	-	-	-	-	4,457
Repurchase agreements	2,800	-	2,800	-	-	-	-	-	-	-	-	-
Corporate bonds	1,274,400	135,232	72,158	384,132	352,334	35,560	1,764	30	2	-	-	293,188
Bond funds	438,523	77,618	36,956	57,651	61,097	30,405	23,318	14,947	17,642	5,358	358	113,173
Foreign government bonds	6,170	546	2,753	766	305	-	-	-	-	-	-	1,800
Commercial paper	57,905	-	-	57,905	-	-	-	-	-	-	-	-
Other governmental bonds (a)	8,411	624	4,888	1,243	-	-	-	-	-	-	-	1,656
Securities Lending Collateral: Repurchase agreements	6	-	-	-	-	-	-	-	-	-	-	6
Total	\$ 2,219,572	\$ 219,834	\$ 540,591	\$ 501,697	\$ 413,786	\$ 65,965	\$ 25,082	\$ 14,977	\$ 17,644	\$ 5,358	\$ 358	\$ 414,280

(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, 2024 and June 30, 2023.

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, 2024 and
June 30, 2023
(dollars in thousands)**

At June 30, 2024, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution			
	Equity Funds	Bond Funds	Corporate Bonds and Notes	Partnerships and Hedge Funds
Australian Dollar	\$ 28,748	\$ 48	\$ 19,738	\$ —
Bahrain Dinar	(45)	—	—	—
Brazilian Real	5,808	871	—	—
Canadian Dollar	7,072	119	3,082	—
Cayman Islands Dollar	852	—	—	—
Chilean Peso	198	—	—	—
Chinese Yuan/Yuan Renminbi	69,027	(115)	—	—
Colombian Peso	104	802	—	—
Czech Koruna	(1,501)	472	—	—
Danish Krone	36,792	—	2,363	—
Egyptian Pound	(799)	189	—	—
Euro	320,788	27,759	8,340	265,612
Great Britain Pound Sterling	81,691	6,065	5,375	272,955
Hong Kong Dollar	13,484	79	—	—
Hungarian Forint	(433)	79	—	—
Indian Rupee	163,060	1,696	—	—
Indonesian Rupiah	8,246	325	—	—
Israeli Shekel	382	—	—	—
Japanese Yen	246,766	1,352	—	—
Kuwaiti Dinar	(137)	(4)	—	—
Kazakhstani Tenge	4	—	—	—
Moroccan Dirham	15	—	—	—
Malaysian Ringgit	390	157	—	—
Mexican Peso	4,748	1,063	—	—
New Taiwan Dollar	43,694	(49)	—	—
New Turkish Lira	259	165	—	—
New Zealand Dollar	(5,728)	18	—	—
Norwegian Krone	1,454	13	—	—
Omani Rial	(372)	—	—	—
Pakistan Rupee	37	—	—	—
Peruvian Nuevo Sol	21	299	—	—
Philippine Peso	1,488	94	—	—
Polish Zloty	958	380	—	—
Qatar Rial	655	—	—	—
Romanian New Leu	(280)	—	—	—
Russian Ruble	9	—	—	—
Saudi Riyal	(1,045)	—	—	—
Singapore Dollar	29,237	115	—	—
South African Rand	1,885	694	—	—
South Korean Won	24,376	129	—	—
Swedish Krona	13,370	16	—	—
Swiss Franc	31,031	(19)	—	22,897
Thai Baht	318	629	—	—
UAE dirham	1,769	—	—	—
Uruguay Peso	—	16	—	—
Vietnamese Dong	244	—	—	—
Total	\$ 1,128,640	\$ 43,319	\$ 38,898	\$ 561,464

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

At June 30, 2023, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution			
	Equity Funds	Bond Funds	Corporate Bonds and Notes	Partnerships and Hedge Funds
Argentine Peso	\$ -	\$ 1	\$ -	\$ -
Australian Dollar	56,080	117	13,343	-
Brazilian Real	9,328	713	-	-
Canadian Dollar	8,772	15	5,004	-
Cayman Islands Dollar	132	-	-	-
Chilean Peso	260	(322)	-	-
Chinese Yuan/Yuan Renminbi	84,950	310	-	-
Colombian Peso	2	54	-	-
Costa Rican Colon	580	-	-	-
Czech Koruna	3	662	-	-
Danish Krone	21,311	(1)	-	-
Egyptian Pound	173	-	-	-
Euro	281,674	425	9,432	281,788
Great Britain Pound Sterling	62,194	(732)	11,918	255,229
Hong Kong Dollar	26,070	89	-	-
Hungarian Forint	1,469	383	-	-
Indian Rupee	122,491	559	-	-
Indonesian Rupiah	9,069	771	-	-
Israeli Shekel	396	-	-	-
Japanese Yen	212,359	494	-	-
Kuwaiti Dinar	89	-	-	-
Malaysian Ringgit	660	72	-	-
Mexican Peso	3,104	2,274	-	-
Netherlands Antillean Guilder	199	-	-	-
New Taiwan Dollar	27,422	(180)	-	-
New Turkish Lira	92	18	-	-
New Zealand Dollar	97	(33)	-	-
Norwegian Krone	264	422	-	-
Peruvian Nuevo Sol	2	-	-	-
Philippine Peso	82	-	-	-
Polish Zloty	1,895	215	-	-
Qatar Rial	98	-	-	-
Russian Ruble	3,017	36	-	-
Saudi Riyal	1,134	-	-	-
Singapore Dollar	26,160	(18)	-	-
South African Rand	935	146	-	-
South Korean Won	17,193	178	-	-
Sri Lanka Rupee	-	36	-	-
Swedish Krona	11,186	(108)	-	-
Swiss Franc	28,648	179	-	33,269
Thai Baht	1,525	419	-	-
UAE dirham	832	-	-	-
Vietnamese Dong	439	-	-	-
Total	\$ 1,022,386	\$ 7,194	\$ 39,697	\$ 570,286

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (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 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.

There is 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, 2024, there were no securities loaned by the University. As

of June 30, 2023, securities loaned by the University amounted to a fair value of \$40,933 and were secured by collateral in the amount of \$41,798. None of this collateral was received in cash.

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2024 and 2023 consist of the following:

	Primary Institution	
	2024	2023
Patient and other receivables – OSU Health System	\$ 754,848	\$ 601,896
Grant and contract receivables	222,343	204,745
Tuition and fees receivable	31,138	25,868
Receivables for departmental and auxiliary sales and services	47,650	45,460
State and federal receivables	2,680	3,464
Other receivables	2,425	7,167
Total receivables	1,061,084	888,600
Less: Allowances for doubtful accounts	110,691	92,251
Total receivables, net	\$ 950,393	\$ 796,349

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of \$5,673 and \$10,100 at June 30, 2024 and 2023, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

The University has recorded \$240,140 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$5,656 at June 30, 2024. The University recorded \$217,590 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$8,183 at June 30, 2023.

Accounts receivable for the discretely presented component units at June 30, 2024 and 2023 consist of the following:

Discretely Presented Component Units

	2024	2023
Patient and other receivables – OSU Physicians	\$ 139,982	\$ 116,278
Other receivables	14,273	12,234
Total receivables	154,255	128,512
Less: Allowances for doubtful accounts	16,576	14,355
Total receivables, net	<u>\$ 137,679</u>	<u>\$ 114,157</u>

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2024 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 150,463	\$ 8,248	\$ –	\$ 158,711
Intangibles	18,465	–	–	18,465
Construction in progress	2,188,106	997,159	1,006,212	2,179,053
Total non-depreciable assets	2,357,034	1,005,407	1,006,212	2,356,229
Capital assets being depreciated:				
Improvements other than buildings	1,027,571	106,784	–	1,134,355
Buildings and fixed equipment	8,238,921	723,959	5,145	8,957,735
Movable equipment, furniture and software	1,951,592	256,065	32,518	2,175,139
Library books	206,697	4,792	389	211,100
Total depreciable assets	11,424,781	1,091,600	38,052	12,478,329
Less: Accumulated depreciation for				
improvements other than buildings	520,844	47,709	–	568,553
Buildings and fixed equipment	3,981,597	295,230	3,219	4,273,608
Movable equipment, furniture and software	1,482,516	143,403	28,150	1,597,769
Library books	185,473	4,624	390	189,707
Total accumulated depreciation	6,170,430	490,966	31,759	6,629,637
Total depreciable assets, net	5,254,351	600,634	6,293	5,848,692
Capital assets, net excluding lease assets	<u>\$ 7,611,385</u>	<u>\$ 1,606,041</u>	<u>\$ 1,012,505</u>	<u>\$ 8,204,921</u>
Lease and subscription IT assets, net (Note 11)				<u>314,395</u>
Total capital assets, net as reported in statement of net position				<u>\$ 8,519,316</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Capital assets activity for the primary institution for the year ended June 30, 2023 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 138,314	\$ 12,149	\$ –	\$ 150,463
Intangibles	18,465	–	–	18,465
Construction in progress	1,853,910	1,162,115	827,919	2,188,106
Total non-depreciable assets	2,010,689	1,174,264	827,919	2,357,034
Capital assets being depreciated:				
Improvements other than buildings	999,102	29,107	638	1,027,571
Buildings and fixed equipment	7,587,639	677,057	25,775	8,238,921
Movable equipment, furniture and software	1,870,759	168,486	87,653	1,951,592
Library books	202,901	4,525	729	206,697
Total depreciable assets	10,660,401	879,175	114,795	11,424,781
Less: Accumulated depreciation for				
improvements other than buildings	479,840	41,136	132	520,844
Buildings and fixed equipment	3,731,296	270,905	20,604	3,981,597
Movable equipment, furniture and software	1,410,426	144,342	72,252	1,482,516
Library books	181,282	4,644	453	185,473
Total accumulated depreciation	5,802,844	461,027	93,441	6,170,430
Total depreciable assets, net	4,857,557	418,148	21,354	5,254,351
Capital assets, net excluding lease assets	\$ 6,868,246	\$ 1,592,412	\$ 849,273	\$ 7,611,385
Lease and subscription IT assets, net (Note 11)				369,819
Total capital assets, net as reported in statement of net position				\$ 7,981,204

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2024 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 29,437	4,165	–	\$ 33,602
Intangibles	–	–	–	–
Construction in progress	7,980	7,021	7,525	7,476
Total non-depreciable assets	37,417	11,186	7,525	41,078
Capital assets being depreciated:				
Improvements other than buildings	61,948	759	258	62,449
Buildings and fixed equipment	302,746	6,766	–	309,512
Movable equipment, furniture and software	47,857	3,148	2,714	48,291
Total depreciable assets	412,551	10,673	2,972	420,252
Less: Accumulated depreciation for				
improvements other than buildings	20,772	7,952	248	28,476
Buildings and fixed equipment	72,150	6,497	–	78,647
Movable equipment, furniture and software	30,442	4,836	2,042	33,236
Total accumulated depreciation and amortization	123,364	19,285	2,290	140,359
Total depreciable assets, net	289,187	(8,612)	682	279,893
Capital assets, net	\$ 326,604	\$ 2,574	\$ 8,207	\$ 320,971
Lease and subscription IT assets, net (Note 11)				168,129
Total capital assets, net as reported in statement of net position				\$ 489,100

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2023 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 31,461	–	2,024	\$ 29,437
Intangibles	–	–	–	–
Construction in progress	66,023	19,999	78,042	7,980
Total non-depreciable assets	97,484	19,999	80,066	37,417
Capital assets being depreciated:				
Improvements other than buildings	31,864	30,222	138	61,948
Buildings and fixed equipment	249,951	53,154	359	302,746
Movable equipment, furniture and software	40,367	7,719	229	47,857
Total depreciable assets	322,182	91,095	726	412,551
Less: Accumulated depreciation for				
Improvements other than buildings	19,009	1,886	123	20,772
Buildings and fixed equipment	63,567	8,644	61	72,150
Movable equipment, furniture and software	24,194	4,046	(2,202)	30,442
Total accumulated depreciation and amortization	106,770	14,576	(2,018)	123,364
Total depreciable assets, net	215,412	76,519	2,744	289,187
Capital assets, net	\$ 312,896	\$ 96,518	\$ 82,810	\$ 326,604
Lease and subscription IT assets, net (Note 11)				185,909
Total capital assets, net as reported in statement of net position				\$ 512,513

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

The University recognized asset retirement obligations (AROs) of \$18,347 and \$17,934 at June 30, 2024 and 2023, respectively. 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, 2024 and 2023 consist of the following:

	Primary Institution	
	2024	2023
Payables to vendors for supplies and services	\$ 486,039	\$ 466,374
Accrued compensation and benefits	179,028	148,501
Retirement system contributions payable	122,345	69,665
Other accrued expenses	13,940	12,972
Total payables and accrued expenses	\$ 801,352	\$ 697,512

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, 2024 and 2023 consist of the following:

	Primary Institution	
	2024	2023
Current deposits and advance payments:		
Tuition and fees	\$ 41,143	\$ 41,878
Departmental and auxiliary sales and services	98,291	115,921
Affinity agreements	2,023	748
Advance from concessionaire	24,648	24,648
Grant and contract advances	148,204	179,073
Health system advances	64,683	43,414
Other deposits and advance payments	30,647	37,031
Total current deposits and advance payments	\$ 409,639	\$ 442,713
Noncurrent deposits and advance payments:		
Advance from concessionaire	\$ 943,319	\$ 958,816

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Deposits and advance payments for goods and services for the discretely presented component units at June 30, 2024 and 2023 consist of the following:

	Discretely Presented Component Units	
	2024	2023
Current deposits and advance payments:		
Unearned rental income and deposits – Campus Partners	\$ 656	\$ 762
Unearned revenues – Transportation Research Center	2,088	6,103
Unearned rental income – SciTech	19	129
Total current deposits and advance payments	<u>\$ 2,763</u>	<u>\$ 6,994</u>
Non-current deposits and advance payments:		
Unearned rental income and deposits – SciTech	\$ 87	\$ 3,414
Total (shown as other non-current liabilities)	<u>\$ 87</u>	<u>\$ 3,414</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, 2022, Oval Limited provides coverage with limits of \$100,000 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)
7/1/22 – 6/30/24	\$100,000
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, 2024 and June 30, 2023 (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, 2024, 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 \$10,000 was ceded to Bowhead Specialty Underwriters and above that the Company ceded \$10,000 of the risk to Markel, then \$15,000 was ceded to Liberty Specialty Markets Agency Limited, with the remaining \$10,000 of the risk to Ascot.

The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2024. 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, 2024 of the anticipated future payments on gross claims is estimated at its present value of \$54,486 discounted at an estimated rate of 3% (University funds) and an additional \$20,402 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 \$184,939 (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, 2024, and the surplus of \$110,052 is included in unrestricted net position.

At June 30, 2023, the anticipated future payments on gross claims was estimated at its present value of \$51,490 discounted at an estimated rate of 3% (University funds) and an additional \$21,726 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of \$177,942 (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, 2023, and the surplus of \$104,726 was included in unrestricted net position.

Employee Health Insurance

The University is also self-insured for employee health insurance. As of June 30, 2024 and 2023, \$54,800 and \$39,000, 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, 2024 and 2023, respectively, \$17,602 and \$17,033, are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported. Self-insurance liability activity for the primary institution for the years ended June 30, 2024 and 2023 is as follows:

	Malpractice		Health		Workers' Compensation	
	2024	2023	2024	2023	2024	2023
Liability at beginning of fiscal year	\$ 73,216	\$ 88,505	\$ 39,000	\$ 42,100	\$ 17,033	\$ 17,073
Current year (recovery) provision for losses	5,008	(4,794)	532,390	454,461	5,796	5,322
Claim payments	(3,336)	(10,495)	(516,590)	(457,561)	(5,227)	(5,362)
Balance at fiscal year end	\$ 74,888	\$ 73,216	\$ 54,800	\$ 39,000	\$ 17,602	\$ 17,033

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2024 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements – Notes:					
WOSU	\$ 1,190	\$ –	\$ 159	\$ 1,031	\$ 159
OH Air Quality Note Series A	453	–	453	–	–
OH Air Quality Note Series B	2,340	–	–	2,340	–
St. Stephen’s Church Note	2,211	–	102	2,109	107
Direct Borrowings and Direct Placements – Other:					
Ohio State Energy Partners	454,781	61,212	23,173	492,820	26,149
General Receipts Bonds – Fixed Rate:					
2010C, due 2040	654,785	–	–	654,785	–
2010D, due serially through 2032	58,675	–	4,985	53,690	5,230
2011, due 2111	500,000	–	–	500,000	–
2012A, due 2030	24,825	–	8,810	16,015	9,175
2012B, due serially through 2033	5,800	–	490	5,310	510
2014A, due serially through 2044	115,765	–	3,125	112,640	3,285
2016A, due in 2046 and 2056	600,000	–	138,433	461,567	–
2016B, due serially through 2030	13,115	–	1,620	11,495	1,705
2017, due serially through 2028	40,000	–	8,285	31,715	7,435
2020A, due serially through 2030	154,825	–	22,755	132,070	23,055
2021A, due serially through 2052	590,585	–	9,895	580,690	10,405
2023B, due serially through 2035	–	265,570	–	265,570	2,940
2023C, due in 2046 and 2056	–	111,885	–	111,885	–
General Receipts Bonds – Variable Rate:					
2010E, due serially through 2035	125,000	–	125,000	–	–
2014B, due serially through 2044	150,000	–	150,000	–	–
2023A1, due serially through 2043	164,410	–	–	164,410	164,410
2023A2, due serially through 2043	164,410	–	–	164,410	164,410
2023D1, due serially through 2035	–	125,000	–	125,000	125,000
2023D2, due serially through 2044	–	150,000	–	150,000	150,000
Unamortized Bond Premiums	170,780	41,470	14,527	197,723	–
Total outstanding debt, excluding lease liabilities	\$ 3,993,950	\$ 755,137	\$ 511,812	\$ 4,237,275	\$ 693,975
Lease and subscription IT liabilities with external parties (Note 11)				93,046	32,757
Total outstanding debt as reported in the statement of net position				\$ 4,330,321	\$ 726,732

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2023 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements – Notes:					
WOSU	\$ 1,349	\$ –	\$ 159	\$ 1,190	\$ 159
OH Air Quality Note Series A	898	–	445	453	453
OH Air Quality Note Series B	2,340	–	–	2,340	–
St. Stephen’s Church Note	2,308	–	97	2,211	102
Direct Borrowings and Direct Placements – Other:					
Ohio State Energy Partners	374,540	98,995	18,754	454,781	23,173
General Receipts Bonds – Fixed Rate:					
2010C, due 2040	654,785	–	–	654,785	–
2010D, due serially through 2032	68,315	–	9,640	58,675	4,985
2011, due 2111	500,000	–	–	500,000	–
2012A, due 2030	33,250	–	8,425	24,825	8,810
2012B, due serially through 2033	7,410	–	1,610	5,800	490
2014A, due serially through 2044	118,735	–	2,970	115,765	3,125
2016A, due in 2046 and 2056	600,000	–	–	600,000	–
2016B, due serially through 2030	14,665	–	1,550	13,115	1,620
2017, due serially through 2028	47,955	–	7,955	40,000	8,285
2020A, due serially through 2030	178,800	–	23,975	154,825	22,755
2021A, due serially through 2052	600,000	–	–	590,585	9,895
Special Purpose General Receipts Bonds – Fixed Rate:					
2013A, due 2043	337,955	–	337,955	–	–
General Receipts Bonds – Variable Rate:					
2010E, due serially through 2035	125,000	–	–	125,000	125,000
2014B, due serially through 2044	150,000	–	–	150,000	150,000
2023A1, due serially through 2043	–	164,410	–	164,410	164,410
2023A2, due serially through 2043	–	164,410	–	164,410	164,410
Unamortized Bond Premiums					
	211,293	–	40,513	170,780	–
Total outstanding debt, excluding lease liabilities	\$ 4,029,598	\$ 427,815	\$ 463,463	\$ 3,993,950	\$ 687,672
Lease and subscription IT liabilities with external parties (Note 11)				105,160	33,213
Total outstanding debt as reported in the statement of net position				\$ 4,099,110	\$ 720,885

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

Debt activity for the discretely presented component units for the year ended June 30, 2024 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	\$ 8,960	\$ –	\$ 590	\$ 8,370	\$ 662
TRC Ohio Development Service Agency Note Payable	3,576	–	323	3,253	328
Financed Equipment Purchases	27	–	27	–	–
Total outstanding debt, excluding lease liabilities	\$ 12,563	\$ –	\$ 940	\$ 11,623	\$ 990
Lease and subscription IT liabilities with external parties (Note 11)				32,858	4,495
Total outstanding debt as reported in the statement of net position				\$ 44,481	\$ 5,485

Debt activity for the discretely presented component units for the year ended June 30, 2023 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 OSU	\$ 9,637	\$ –	\$ 677	\$ 8,960	\$ 619
Physicians – Term Loan Payable, due 2023 TRC Ohio	274	–	274	–	–
Development Service Agency Note Payable SciTech	3,898	–	322	3,576	324
– Credit Facility	84	–	84	–	–
Financed Equipment Purchases	98	–	71	27	27
Total outstanding debt, excluding lease liabilities	\$ 13,991	\$ –	\$ 1,428	\$ 12,563	\$ 970
Lease and subscription IT liabilities with external parties (Note 11)				34,715	3,916
Total outstanding debt as reported in the statement of net position				\$ 47,278	\$ 4,886

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Debt obligations are generally callable by the University, bear interest at fixed and variable rates ranging from 0% to 5.25% 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		
2025	\$ 667,560	\$ 155,695	\$ 26,415	\$ 37,001	\$ 886,671	
2026	50,870	129,276	26,421	35,044	241,611	
2027	53,910	126,680	26,427	33,088	240,105	
2028	57,095	123,935	28,773	31,091	240,894	
2029	43,260	121,534	26,231	29,093	220,118	
2030-2034	336,295	570,784	121,672	117,397	1,146,148	
2035-2039	205,865	487,879	115,888	73,153	882,785	
2040-2044	806,990	326,364	93,421	31,840	1,258,615	
2045-2049	480,658	230,264	33,052	5,204	749,178	
2050-2054	96,870	172,984	—	—	269,854	
2055-2059	241,879	144,655	—	—	386,534	
2060-2064	—	120,000	—	—	120,000	
2065-2069	—	120,000	—	—	120,000	
2070-2074	—	120,000	—	—	120,000	
2075-2079	—	120,000	—	—	120,000	
2080-2084	—	120,000	—	—	120,000	
2085-2089	—	120,000	—	—	120,000	
2090-2094	—	120,000	—	—	120,000	
2095-2099	—	120,000	—	—	120,000	
2100-2104	—	120,000	—	—	120,000	
2105-2109	—	120,000	—	—	120,000	
2110-2114	500,000	48,000	—	—	548,000	
	<u>\$ 3,541,252</u>	<u>\$ 3,838,050</u>	<u>\$ 498,300</u>	<u>\$ 392,911</u>	<u>\$ 8,270,513</u>	

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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:

	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2025	\$ 990	\$ 205	\$ 1,195
2026	1,041	187	1,228
2027	1,059	168	1,227
2028	1,078	150	1,228
2029	1,097	131	1,228
2030-2034	5,606	383	5,989
2035-2039	752	11	763
	<u>\$ 11,623</u>	<u>\$ 1,235</u>	<u>\$ 12,858</u>

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.

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 \$556,647 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:

**General Receipts Bonds:
Series 2010D**

Amount Defeased	Amount Outstanding at June 30, 2024
3,710	2,355
<u>\$ 3,710</u>	<u>\$ 2,355</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

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

Variable Rate Demand Bonds

Series 2010E, 2014B, 2023A and 2023D 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, 2024 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
2010E	8%	0.677%
2014B1	8%	0.922%
2014B2	8%	0.931%
2023 A1	8%	3.432%
2023 A2	8%	3.440%
2023 D1	8%	3.525%
2023 D2	8%	3.477%

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 \$603,820 at both June 30, 2024 and 2023.

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

NOTE 10 – DERIVATIVE INSTRUMENTS

In connection with the June 2023 refunding of the University’s Series 2013A Special Purpose General Receipts Bonds, the University issued the Series 2023A-1 and Series 2023A-2 variable rate refunding bonds (together, the Series 2023A Bonds) and entered into two pay fixed/receive floating interest rate swap agreements to convert the variable rates paid on the Series 2023A Bonds to synthetic fixed 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	\$ 164,410	1.188% Fixed Rate	Variable Rate based on Securities Industry and Financial Markets (SIFMA) Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	A1/A+
Swap Agreement 2	\$ 164,410	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, 2024. 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, 2024. 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, 2024	\$ 44,170	Other non-current assets
Change in Fair Value for Year Ended June 30, 2024	\$ (11,612)	Deferred inflows – other

Effective Hedging derivatives: floating-to-fixed interest rate swaps	Amount	Financial Statement Classification
Fair Value as of June 30, 2023	\$ 55,782	Other non-current assets
Change in Fair Value for Year Ended June 30, 2023	\$ 5,503	Deferred inflows – other

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

Using rates in effect as of June 30, 2024, 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, are summarized as follows:

Fiscal Years	Primary Institution			
	Variable Rate Bonds*		Swap	Total
	Principal	Interest	Payments, Net	Payments
2025	\$ —	\$ 12,758	\$ (8,727)	\$ 4,031
2026	—	12,758	(8,727)	4,031
2027	—	12,758	(8,727)	4,031
2028	—	12,758	(8,727)	4,031
2029	11,895	12,758	(8,727)	15,926
2030-2034	106,500	53,328	(36,480)	123,348
2035-2039	113,790	32,109	(21,964)	123,935
2040-2044	96,635	9,436	(6,454)	99,616
	<u>\$ 328,820</u>	<u>\$ 158,663</u>	<u>\$ (108,533)</u>	<u>\$ 378,950</u>

* Variable rate bond interest based on 06/30/2023 SIFMA rate of 3.88%

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, 2024.

NOTE 11 — LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS

University as Lessee and Subscription-Based IT Arrangements

The University is a lessee for various noncancellable leases of real estate and equipment. The University also has noncancellable subscription IT arrangements (similar to a lease) for the right to use information technology hardware and software (subscription IT arrangements). Lease and subscription IT assets are reported with capital assets. Lease and subscription IT 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

Notes to the Financial Statements

Years Ended

June 30, 2024 and

June 30, 2023

(dollars in thousands)

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 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, 2024 is summarized as follows:

	Primary Institution				
	Beginning Balance	Additions	Remeasurements	Retirements	Ending Balance
Lease assets:					
Real estate	\$ 220,201	\$ 7,303	\$ (9,453)	\$ 10,655	\$ 207,396
Equipment	57,890	6,724	–	–	64,614
Total lease assets	278,091	14,027	(9,453)	10,655	272,010
Less accumulated amortization – lease assets:					
Real estate	32,911	8,323	–	2,161	39,073
Equipment	30,901	8,921	–	–	39,822
Total accumulated amortization	63,812	17,244	–	2,161	78,895
Total lease assets, net	214,279	(3,217)	(9,453)	8,494	193,115
Subscription IT assets	273,351	38,550	–	1,912	309,989
Less accumulated amortization	117,811	72,810	–	1,912	188,709
Subscription IT assets, net	155,540	(34,260)	–	–	121,280
Total lease and subscription IT assets, net	\$ 369,819	\$ (37,477)	\$ (9,453)	\$ 8,494	\$ 314,395

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2023 is summarized as follows:

	Primary Institution				
	Beginning Balance	Additions	Remeasurements	Retirements	Ending Balance
Lease assets:					
Real estate	\$ 183,152	\$ 65,702	\$ (24,908)	\$ 3,745	\$ 220,201
Equipment	49,662	9,367	–	1,139	57,890
Total lease assets	232,814	75,069	(24,908)	4,884	278,091
Less accumulated amortization - lease assets:					
Real estate	20,035	13,859	–	983	32,911
Equipment	19,930	10,971	–	–	30,901
Total accumulated amortization	39,965	24,830	–	983	63,812
Total lease assets, net	192,849	50,239	(24,908)	3,901	214,279
Subscription IT assets	237,983	35,368	–	–	273,351
Less accumulated amortization	57,697	60,114	–	–	117,811
Subscription IT assets, net	180,286	(24,746)	–	–	155,540
Total lease and subscription IT assets, net	\$ 373,135	\$ 25,493	\$ (24,908)	\$ 3,901	\$ 369,819

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2024 is summarized as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Remeasurements	Retirements	Ending Balance
Lease assets:					
Real estate	\$ 225,028	\$ 722	\$ (132)	\$ 22	\$ 225,596
Equipment	1,041	364	–	–	1,405
Total lease assets	226,069	1,086	(132)	22	227,001
Less accumulated amortization:					
Real estate	31,507	15,527	–	–	47,034
Equipment	564	89	–	–	653
Total accumulated amortization	32,071	15,616	–	–	47,687
Total lease assets, net	193,998	(14,530)	(132)	22	179,314
Subscription IT assets	3,583	–	557	–	4,140
Less accumulated amortization	1,852	827	–	–	2,679
Subscription IT assets, net	1,731	(827)	557	–	1,461
Total lease and subscription IT assets, net	\$ 195,729	\$ (15,357)	\$ 425	\$ 22	\$ 180,775
Less: Lease assets netted against deferred inflows for lease-leaseback					\$ 12,646
Total lease assets, net, as presented on Statement of Net Position					\$ 168,129

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2023 is summarized as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Remeasurements	Retirements	Ending Balance
Lease assets:					
Real estate	\$ 101,929	\$ 105,021	\$ 19,969	\$ 1,891	\$ 225,028
Equipment	861	369	–	189	1,041
Total lease assets	102,790	105,390	19,969	2,080	226,069
Less accumulated amortization:					
Real estate	13,639	19,610	(1,742)	–	31,507
Equipment	341	327	(104)	–	564
Total accumulated amortization	13,980	19,937	(1,846)	–	32,071
Total lease assets, net	88,810	85,453	21,815	2,080	193,998
Subscription IT assets	3,583	–	–	–	3,583
Less accumulated amortization	926	926	–	–	1,852
Subscription IT assets, net	2,657	(926)	–	–	1,731
Total lease and subscription IT assets, net	\$ 91,467	\$ 84,527	\$ 21,815	\$ 2,080	\$ 195,729
Less: Lease assets netted against deferred inflows for lease-leaseback					\$ 9,820
Total lease assets, net, as presented on Statement of Net Position					\$ 185,909

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2024 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 150,459	\$ 3,991	\$ (7,715)	\$ 13,848	\$ 132,887	\$ 10,063
Subscription IT liabilities	47,127	27,749	6,969	34,872	46,973	25,046
Subtotal – gross lease and subscription IT liabilities	197,586	31,740	(746)	48,720	179,860	35,109
Less: Amounts due to discretely presented component units					(86,814)	
Lease and subscription IT liabilities with external parties (Note 9)					\$ 93,046	\$ 32,757

Lease liability activity for the primary institution for the year ended June 30, 2023 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 135,765	\$ 57,890	\$ (22,363)	\$ 20,833	\$ 150,459	\$ 12,685
Subscription IT liabilities	38,243	35,368	–	26,484	47,127	22,305
Subtotal – gross lease and subscription IT liabilities	174,008	93,258	(22,363)	47,317	197,586	34,990
Less: Amounts due to discretely presented component units					(92,426)	
Lease and subscription IT liabilities with external parties (Note 9)					\$ 105,160	\$ 33,213

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, 2024 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 208,596	\$ 2,921	\$ (22)	\$ 11,807	\$ 199,688	\$ 11,964
Subscription IT liabilities	1,864	600	–	998	1,466	1,078
Subtotal – gross lease and subscription IT liabilities	210,460	3,521	(22)	12,805	201,154	13,042
Less: Lease liabilities netted against receivables for lease-leaseback					(9,770)	
Less: Amounts due to primary institution					(158,526)	
Lease and subscription IT liabilities with external parties, net (Note 9)					\$ 32,858	\$ 4,495

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Lease liability activity for the discretely presented component units for the year ended June 30, 2023 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 93,427	\$ 107,229	\$ 21,053	\$ 13,113	\$ 208,596	\$ 10,514
Subscription IT liabilities	2,904	–	–	1,040	1,864	1,261
Subtotal – gross lease and subscription IT liabilities	96,331	107,229	21,053	14,153	210,460	11,775
Less: Lease liabilities netted against receivables for lease-leaseback					(10,437)	
Less: Amounts due to primary institution					(165,308)	
Lease and subscription IT liabilities with external parties, net (Note 9)					\$ 34,715	\$ 3,916

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

Year Ending June 30,	Primary Institution		
	Principal	Interest	Total
2025	\$ 10,063	\$ 5,834	\$ 15,897
2026	5,877	5,538	11,415
2027	5,225	5,321	10,546
2028	4,598	5,121	9,719
2029	3,021	4,952	7,973
2030-2034	12,074	23,133	35,207
2035-2039	13,735	20,125	33,860
2040-2044	19,659	16,333	35,992
2045-2049	29,757	10,516	40,273
2050-2054	25,075	3,087	28,162
2055-2059	2,179	527	2,706
2060-2064	1,112	256	1,368
2065-2069	512	23	535
	\$ 132,887	\$ 100,766	\$ 233,653

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Future annual subscription IT payments for the primary institution are as follows:

	Primary Institution		
	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 25,046	\$ 1,084	\$ 26,130
2026	11,011	535	11,546
2027	8,243	225	8,468
2028	2,272	37	2,309
2029	401	–	401
	<u>\$ 46,973</u>	<u>\$ 1,881</u>	<u>\$ 48,854</u>

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

	Discretely Presented Component Units		
	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 11,964	\$ 8,518	\$ 20,482
2026	14,078	7,968	22,046
2027	14,901	7,363	22,264
2028	15,802	6,707	22,509
2029	15,200	6,039	21,239
2030-2034	59,324	21,524	80,848
2035-2039	41,215	10,577	51,792
2040-2044	18,133	3,138	21,271
2045-2049	480	2,095	2,575
2050-2054	899	1,934	2,833
2055-2059	1,459	1,657	3,116
2060-2064	2,201	1,226	3,427
2065-2069	3,176	594	3,770
2070-2074	856	21	877
	<u>\$ 199,688</u>	<u>\$ 79,361</u>	<u>\$ 279,049</u>

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

	Discretely Presented Component Units		
	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 1,078	\$ 27	\$ 1,105
2026	388	4	392
	<u>\$ 1,466</u>	<u>\$ 31</u>	<u>\$ 1,497</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

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, 2024 and 2023 are as follows:

Primary Institution		Discretely Presented Component Units	
2024	2023	2024	2023
\$ 14,408	\$ 16,064	\$ 16,416	\$ 13,204
8,008	8,081	5,479	4,242
\$ 22,416	\$ 24,145	\$ 21,895	\$ 17,446

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, 2024 and
June 30, 2023**
(dollars in thousands)

NOTE 13 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2024 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 240,460	\$ 35,446	\$ 20,551	\$ 255,355	\$ 20,551
Self-insurance accruals	129,249	543,194	525,153	147,290	60,000
Amounts due to third party payors	78,041	21,517	1,630	97,928	18,775
Irrevocable split-interest agreements	35,738	6,825	7,269	35,294	2,171
Refundable advances for Federal Perkins loans	20,821	—	2,680	18,141	—
Other noncurrent liabilities	305,529	57,799	3,078	360,250	—
Other current liabilities	101	—	7	94	94
	\$ 809,939	\$ 664,781	\$ 560,368	\$ 914,352	\$ 101,591

Other liability activity for the primary institution for the year ended June 30, 2023 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 236,684	\$ 30,547	\$ 26,771	\$ 240,460	\$ 26,771
Self-insurance accruals	147,678	454,989	473,418	129,249	44,269
Amounts due to third party payors	105,659	734	28,352	78,041	3,344
Irrevocable split-interest agreements	35,588	2,281	2,131	35,738	2,730
Refundable advances for Federal Perkins loans	23,238	—	2,417	20,821	—
Other noncurrent liabilities	276,345	34,522	5,338	305,529	—
Other current liabilities	12	89	—	101	101
	\$ 825,204	\$ 523,162	\$ 538,427	\$ 809,939	\$ 77,215

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2024 and 2023 are summarized as follows:

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction and departmental research	\$ 1,185,884	\$ 167,793	\$ —	\$ —	\$ 1,353,677
Separately budgeted research	410,179	268,614	—	—	678,793
Public service	105,993	90,793	—	—	196,786
Academic support	247,704	106,816	—	—	354,520
Student services	105,066	31,102	—	—	136,168
Institutional support	285,309	12,496	—	—	297,805
Operation and maintenance of plant	60,986	104,863	—	—	165,849
Scholarships and fellowships	12,237	2,296	92,141	—	106,674
Auxiliary enterprises	232,507	225,957	—	—	458,464
OSU Health System	2,390,147	2,010,228	—	—	4,400,375
Depreciation	—	—	—	581,020	581,020
Total operating expenses	\$ 5,036,012	\$ 3,020,958	\$ 92,141	\$ 581,020	\$ 8,730,131

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction and departmental research	\$ 1,100,072	\$ 154,194	\$ —	\$ —	\$ 1,254,266
Separately budgeted research	369,197	232,784	—	—	601,981
Public service	97,049	48,307	—	—	145,356
Academic support	219,944	93,204	—	—	313,148
Student services	96,748	22,656	—	—	119,404
Institutional support	246,060	(17,798)	—	—	228,262
Operation and maintenance of plant	55,977	118,585	—	—	174,562
Scholarships and fellowships	11,749	2,572	109,243	—	123,564
Auxiliary enterprises	199,692	210,691	—	—	410,383
OSU Health System	2,163,728	1,800,666	—	—	3,964,394
Depreciation	—	—	—	545,971	545,971
Total operating expenses	\$ 4,560,216	\$ 2,665,861	\$ 109,243	\$ 545,971	\$ 7,881,291

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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 offer statewide 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.

In accordance with GASB Statements Nos. 68 and 75, 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 for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 2 to 11 years).

Defined Benefit Pension and OPEB Plans – Year Ended June 30, 2024

The collective net pension liabilities of the retirement systems and the University’s proportionate share of these liabilities as of June 30, 2024 are as follows:

	STRS Ohio	OPERS	Total
Net pension liability – all employers	\$ 21,534,938	\$ 25,861,873	
Proportion of the net pension liability – university	4.8%	11.0%	
Proportionate share of net pension liability	\$ 1,036,827	\$ 2,832,398	\$ 3,869,225

The collective net OPEB liabilities (assets) of the retirement systems and the University’s proportionate share of these liabilities (assets) as of June 30, 2024 are as follows:

	STRS Ohio	OPERS	Total
Net OPEB (asset) liability – all employers	\$ (1,944,862)	\$ (902,524)	
Proportion of the net OPEB (asset) liability – university	4.8%	11.2%	
Proportionate share of net OPEB (asset) liability	\$ (93,638)	\$ (101,060)	\$ (194,698)

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2024:

	STRS Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 37,801	\$ 50,788	\$ 88,589
Changes in assumptions	87,644	1,642	89,286
Net difference between projected and actual earnings on pension plan investments	–	563,122	563,122
Changes in proportion of university contributions	2,303	–	2,303
University contributions subsequent to the measurement date	–	145,230	145,230
Total	\$ 127,748	\$ 760,782	\$ 888,530
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 2,301	\$ 4,243	\$ 6,544
Changes of assumptions	66,529	–	66,529
Net difference between projected and actual earnings on pension plan investments	3,107	–	3,107
Changes in proportion of university contributions	–	4,889	4,889
Total	\$ 71,937	\$ 9,132	\$ 81,069

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2024:

	STRS Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 145	\$ –	\$ 145
Changes in assumptions	13,794	25,096	38,890
Net difference between projected and actual earnings on OPEB plan investments	167	56,143	56,310
Changes in proportion of university contributions	37	274	311
Total	\$ 14,143	\$ 81,513	\$ 95,656
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 14,281	\$ 14,173	\$ 28,454
Changes in assumptions	61,781	43,443	105,224
Changes in proportion of university contributions	41	2	43
Total	\$ 76,103	\$ 57,618	\$ 133,721

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2025. 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
2025	(9,303)	139,337	130,034
2026	(35,325)	188,611	153,286
2027	106,519	360,459	466,978
2028	(6,080)	(83,475)	(89,555)
2029	–	426	426
2030 and Thereafter	–	1,061	1,061
Total	\$ 55,811	\$ 606,419	\$ 662,230

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
2025	\$ (27,502)	\$ (3,872)	\$ (31,374)
2026	(13,277)	3,416	(9,861)
2027	(5,026)	44,844	39,818
2028	(6,572)	(20,493)	(27,065)
2029	(5,706)	–	(5,706)
2030 and Thereafter	(3,877)	–	(3,877)
Total	\$ (61,960)	\$ 23,895	\$ (38,065)

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2024 (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 Defined Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 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, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age. 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 regardless of age.</p> <p>OPEB – Ohio law authorizes the State Teachers Retirement Board to offer a costsharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents.</p> <p>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 \$110.8 million or 29% of the total health care costs in fiscal 2023 (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, 2023, STRS Ohio received \$ 100.5 million in Medicare Type D government 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 postemployment 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. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program and may be eligible for monthly allowances deposited to an HRA, similar to Medicare-enrolled retirees.</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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 Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The employer and member contribution rates are 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, 2023, 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 2022, 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, 2023	December 31, 2023 (OPEB is rolled forward from December 31, 2022 actuarial valuation date)
Actuarial Assumptions	<p>Valuation Date: June 30, 2023 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.00% Inflation: 2.50% Projected Salary Increases: Varies by service from 2.5% to 8.5% Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: -11.95% to 7.50% initial; 4.14% ultimate in 2043</p>	<p>Valuation Date: December 31, 2023 for pensions; December 31, 2022 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: 2.30% Simple through 2024, then 2.05% Simple Health Care Cost Trends: 5.50% initial; 3.50% ultimate in 2038</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

	STRS Ohio	OPERS																																																																											
Mortality Rates	For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	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, 2021	December 31, 2020																																																																											
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 border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long-Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Domestic Equity</td> <td>26.0%</td> <td>6.60%</td> </tr> <tr> <td>International Equity</td> <td>22.0%</td> <td>6.80%</td> </tr> <tr> <td>Alternatives</td> <td>19.0%</td> <td>7.38%</td> </tr> <tr> <td>Fixed Income</td> <td>22.0%</td> <td>1.75%</td> </tr> <tr> <td>Real Estate</td> <td>10.0%</td> <td>5.75%</td> </tr> <tr> <td>Liquidity Reserves</td> <td>1.0%</td> <td>1.00%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long-Term Expected Return*	Domestic Equity	26.0%	6.60%	International Equity	22.0%	6.80%	Alternatives	19.0%	7.38%	Fixed Income	22.0%	1.75%	Real Estate	10.0%	5.75%	Liquidity Reserves	1.0%	1.00%	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 2023 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long-Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>24.0%</td> <td>2.85%</td> </tr> <tr> <td>Domestic Equities</td> <td>21.0%</td> <td>4.27%</td> </tr> <tr> <td>Real Estate</td> <td>13.0%</td> <td>4.46%</td> </tr> <tr> <td>Private Equity</td> <td>15.0%</td> <td>7.52%</td> </tr> <tr> <td>International Equities</td> <td>20.0%</td> <td>5.16%</td> </tr> <tr> <td>Risk Parity</td> <td>2.0%</td> <td>4.38%</td> </tr> <tr> <td>Other Investments</td> <td>5.0%</td> <td>3.46%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2023 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long-Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>37.0%</td> <td>2.82%</td> </tr> <tr> <td>Domestic Equities</td> <td>25.0%</td> <td>4.27%</td> </tr> <tr> <td>Real Estate</td> <td>5.0%</td> <td>4.68%</td> </tr> <tr> <td>International Equities</td> <td>25.0%</td> <td>5.16%</td> </tr> <tr> <td>Risk Parity</td> <td>3.0%</td> <td>4.38%</td> </tr> <tr> <td>Other Investments</td> <td>5.0%</td> <td>2.43%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>*Returns presented as geometric means</p>	Asset Class	Target Allocation	Long-Term Expected Return*	Fixed Income	24.0%	2.85%	Domestic Equities	21.0%	4.27%	Real Estate	13.0%	4.46%	Private Equity	15.0%	7.52%	International Equities	20.0%	5.16%	Risk Parity	2.0%	4.38%	Other Investments	5.0%	3.46%	Total	100.0%		Asset Class	Target Allocation	Long-Term Expected Return*	Fixed Income	37.0%	2.82%	Domestic Equities	25.0%	4.27%	Real Estate	5.0%	4.68%	International Equities	25.0%	5.16%	Risk Parity	3.0%	4.38%	Other Investments	5.0%	2.43%	Total	100.0%	
Asset Class	Target Allocation	Long-Term Expected Return*																																																																											
Domestic Equity	26.0%	6.60%																																																																											
International Equity	22.0%	6.80%																																																																											
Alternatives	19.0%	7.38%																																																																											
Fixed Income	22.0%	1.75%																																																																											
Real Estate	10.0%	5.75%																																																																											
Liquidity Reserves	1.0%	1.00%																																																																											
Total	100.0%																																																																												
Asset Class	Target Allocation	Long-Term Expected Return*																																																																											
Fixed Income	24.0%	2.85%																																																																											
Domestic Equities	21.0%	4.27%																																																																											
Real Estate	13.0%	4.46%																																																																											
Private Equity	15.0%	7.52%																																																																											
International Equities	20.0%	5.16%																																																																											
Risk Parity	2.0%	4.38%																																																																											
Other Investments	5.0%	3.46%																																																																											
Total	100.0%																																																																												
Asset Class	Target Allocation	Long-Term Expected Return*																																																																											
Fixed Income	37.0%	2.82%																																																																											
Domestic Equities	25.0%	4.27%																																																																											
Real Estate	5.0%	4.68%																																																																											
International Equities	25.0%	5.16%																																																																											
Risk Parity	3.0%	4.38%																																																																											
Other Investments	5.0%	2.43%																																																																											
Total	100.0%																																																																												

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2023. 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, 2023. 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, 2023.</p> <p>OPEB — The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. 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, 2023.</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 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. 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 3.77%. 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 the year 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

	STRS Ohio			OPERS		
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions – There were no assumption changes since the prior measurement date of June 30, 2022.</p> <p>OPEB – Health care trends were updated to reflect emerging claims and recovery experience as well as benefit changes effective January 1, 2024.</p>			<p>Pensions – There were no changes in assumptions since the prior measurement date of December 31, 2022.</p> <p>OPEB – Amounts reported in 2024 reflect an adjustment of the discount rate from 5.22% to 5.70% and changes in health care trend rates.</p>		
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions – The plan was amended in May 2023 to establish one-time 1% COLA increase effective on the anniversary of a benefit recipient’s retirement date during Fiscal Year 2024 for participants who retired prior to July 1, 2019; and to add unreduced retirement benefits to those with 34 Years of Service, which extends through Fiscal Year 2028.</p> <p>OPEB – The plan was amended as of June 30, 2023 to increase the subsidy percentage for non-Medicare retirees from 2.2% to 2.5% effective January 1, 2023; to remove the freeze on the non-Medicare subsidy base premium effective January 1, 2024; and to remove the 6% cap on the year-over-year increase in Medicare subsidy effective January 1, 2024.</p>			<p>Pensions – During 2023 Ohio General Assembly passed HB 33 allowing OPERS to consolidate Combined and Traditional Defined Benefit Plans at the discretion of OPERS. OPERS Board voted to consolidate the plans effective January 1, 2024.</p> <p>OPEB – There were no changes in benefit terms since the prior measurement date of December 31, 2021.</p>		
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%)
	\$ 1,594,411	\$ 1,036,827	\$ 565,264	\$ 4,459,024	\$ 2,832,397	\$ 1,479,598
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 (4.70%)	Current Rate (5.70%)	1% Increase (6.70%)
	\$ (79,252)	\$ (93,638)	\$ (106,166)	\$ 55,510	\$ (101,060)	\$ (230,658)
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
	\$ (106,748)	\$ (93,638)	\$ (77,847)	\$ (105,201)	\$ (101,060)	\$ (96,248)

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Defined Benefit Pension and OPEB Plans – Year Ended June 30, 2023

The collective net pension liabilities of the retirement systems and the University's proportionate share of these liabilities as of June 30, 2023 are as follows:

	STRS Ohio	OPERS	Total
Net pension liability – all employers	\$ 22,230,126	\$ 29,296,534	
Proportion of the net pension liability – university	5.0%	10.6%	
Proportionate share of net pension liability	\$ 1,107,005	\$ 3,107,816	\$ 4,214,821

The collective net OPEB liabilities (assets) of the retirement systems and the University's proportionate share of these liabilities (assets) as of June 30, 2023 are as follows:

	STRS Ohio	OPERS	Total
Net OPEB (asset) liability – all employers	\$ (2,589,333)	\$ 630,519	
Proportion of the net OPEB (asset) liability – university	5.0%	10.8%	
Proportionate share of net OPEB (asset) liability	\$ (128,942)	\$ 68,101	\$ (60,842)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2023:

	STRS Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 14,171	\$ 109,052	\$ 123,223
Changes in assumptions	131,980	35,116	167,096
Net difference between projected and actual earnings on pension plan investments	38,521	922,149	960,670
Changes in proportion of university contributions	1,689	239	1,928
University contributions subsequent to the measurement date	91,842	129,627	221,469
Total	\$ 278,203	\$ 1,196,183	\$ 1,474,386
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 4,235	\$ 4,734	\$ 8,969
Changes of assumptions	99,220		99,220
Changes in proportion of university contributions	–	1,228	1,228
Total	\$ 103,455	\$ 5,962	\$ 109,417

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2023:

	STRS Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 1,869	\$ –	\$ 1,869
Changes in assumptions	5,493	66,516	72,009
Net difference between projected and actual earnings on OPEB plan investments	2,245	137,288	139,533
Changes in proportion of university contributions	65	43	108
Total	\$ 9,672	\$ 203,847	\$ 213,519
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 19,365	\$ 16,974	\$ 36,339
Changes in assumptions	91,432	5,433	96,865
Changes in proportion of university contributions	1	5	6
Total	\$ 110,798	\$ 22,412	\$ 133,210

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, 2024. 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
2024	2,775	131,525	134,300
2025	(3,222)	214,469	211,247
2026	(29,245)	268,611	239,366
2027	112,599	444,216	556,815
2028	–	283	283
2029 and Thereafter	–	1,489	1,489
Total	\$ 82,907	\$ 1,060,593	\$ 1,143,500

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
2024	\$ (29,075)	\$ 23,956	\$ (5,119)
2025	(28,654)	49,797	21,143
2026	(14,428)	42,345	27,917
2027	(6,177)	65,337	59,160
2028	(7,723)	–	(7,723)
2029 and Thereafter	(15,069)	–	(15,069)
Total	\$ (101,126)	\$ 181,435	\$ 80,309

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(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, 2023 (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 Defined Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 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, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age. 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 regardless of age.</p> <p>OPEB – Ohio law authorizes the State Teachers Retirement Board to offer a costsharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents.</p> <p>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 \$224.5 million or 54% of the total health care costs in fiscal 2022 (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, 2022, STRS Ohio received \$97.7 million in Medicare Part D government 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 postemployment 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. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program and may be eligible for monthly allowances deposited to an HRA, similar to Medicare-enrolled retirees.</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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 Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The employer and member contribution rates are 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, 2022, 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, 2022	December 31, 2022 (OPEB is rolled forward from December 31, 2021 actuarial valuation date)
Actuarial Assumptions	<p>Valuation Date: June 30, 2022 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.00% Inflation: 2.50% Projected Salary Increases: Varies by service from 2.5% to 8.5% Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: 7.50% to 9.00% initial; 3.94% ultimate in 2042</p>	<p>Valuation Date: December 31, 2022 for pensions; December 31, 2021 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 2023, then 2.05% Simple Health Care Cost Trends: 5.50% initial; 3.50% ultimate in 2036</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

	STRS Ohio	OPERS																																																																											
Mortality Rates	For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	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, 2021	December 31, 2020																																																																											
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 border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long-Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Domestic Equity</td> <td>26.0%</td> <td>6.60%</td> </tr> <tr> <td>International Equity</td> <td>22.0%</td> <td>6.80%</td> </tr> <tr> <td>Alternatives</td> <td>19.0%</td> <td>7.38%</td> </tr> <tr> <td>Fixed Income</td> <td>22.0%</td> <td>1.75%</td> </tr> <tr> <td>Real Estate</td> <td>10.0%</td> <td>5.75%</td> </tr> <tr> <td>Liquidity Reserves</td> <td>1.0%</td> <td>1.00%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long-Term Expected Return*	Domestic Equity	26.0%	6.60%	International Equity	22.0%	6.80%	Alternatives	19.0%	7.38%	Fixed Income	22.0%	1.75%	Real Estate	10.0%	5.75%	Liquidity Reserves	1.0%	1.00%	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 2022 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long-Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>22.0%</td> <td>2.62%</td> </tr> <tr> <td>Domestic Equities</td> <td>22.0%</td> <td>4.60%</td> </tr> <tr> <td>Real Estate</td> <td>13.0%</td> <td>3.27%</td> </tr> <tr> <td>Private Equity</td> <td>15.0%</td> <td>7.53%</td> </tr> <tr> <td>International Equities</td> <td>21.0%</td> <td>5.51%</td> </tr> <tr> <td>Risk Parity</td> <td>2.0%</td> <td>4.37%</td> </tr> <tr> <td>Other Investments</td> <td>5.0%</td> <td>3.27%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2022 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long-Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>34.0%</td> <td>2.56%</td> </tr> <tr> <td>Domestic Equities</td> <td>26.0%</td> <td>4.60%</td> </tr> <tr> <td>REITs</td> <td>7.0%</td> <td>4.70%</td> </tr> <tr> <td>International Equities</td> <td>25.0%</td> <td>5.51%</td> </tr> <tr> <td>Risk Parity</td> <td>2.0%</td> <td>4.37%</td> </tr> <tr> <td>Other Investments</td> <td>6.0%</td> <td>1.84%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>*Returns presented as geometric means</p>	Asset Class	Target Allocation	Long-Term Expected Return*	Fixed Income	22.0%	2.62%	Domestic Equities	22.0%	4.60%	Real Estate	13.0%	3.27%	Private Equity	15.0%	7.53%	International Equities	21.0%	5.51%	Risk Parity	2.0%	4.37%	Other Investments	5.0%	3.27%	Total	100.0%		Asset Class	Target Allocation	Long-Term Expected Return*	Fixed Income	34.0%	2.56%	Domestic Equities	26.0%	4.60%	REITs	7.0%	4.70%	International Equities	25.0%	5.51%	Risk Parity	2.0%	4.37%	Other Investments	6.0%	1.84%	Total	100.0%	
Asset Class	Target Allocation	Long-Term Expected Return*																																																																											
Domestic Equity	26.0%	6.60%																																																																											
International Equity	22.0%	6.80%																																																																											
Alternatives	19.0%	7.38%																																																																											
Fixed Income	22.0%	1.75%																																																																											
Real Estate	10.0%	5.75%																																																																											
Liquidity Reserves	1.0%	1.00%																																																																											
Total	100.0%																																																																												
Asset Class	Target Allocation	Long-Term Expected Return*																																																																											
Fixed Income	22.0%	2.62%																																																																											
Domestic Equities	22.0%	4.60%																																																																											
Real Estate	13.0%	3.27%																																																																											
Private Equity	15.0%	7.53%																																																																											
International Equities	21.0%	5.51%																																																																											
Risk Parity	2.0%	4.37%																																																																											
Other Investments	5.0%	3.27%																																																																											
Total	100.0%																																																																												
Asset Class	Target Allocation	Long-Term Expected Return*																																																																											
Fixed Income	34.0%	2.56%																																																																											
Domestic Equities	26.0%	4.60%																																																																											
REITs	7.0%	4.70%																																																																											
International Equities	25.0%	5.51%																																																																											
Risk Parity	2.0%	4.37%																																																																											
Other Investments	6.0%	1.84%																																																																											
Total	100.0%																																																																												

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2022. 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, 2022. 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, 2022.</p> <p>OPEB — The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. 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, 2022.</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 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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 4.05%. 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 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.</p>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

	STRS Ohio			OPERS		
Changes in Assumptions Since the Prior Measurement Date	Pensions and OPEB – Demographic assumptions related to mortality, retirement, turnover, pension payment form election, OPEB participation and salary increases were updated based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021.			Pensions – There were no changes in assumptions since the prior measurement date of December 31, 2021. OPEB – Health care trends and the discount rate were updated since the prior measurement date of December 31, 2020.		
Benefit Term Changes Since the Prior Measurement Date	Pensions – The pension plan was amended to implement one-time 3% COLA in fiscal year 2023 and to eliminate age 60 requirement for unreduced retirement effective August 1, 2026. OPEB – The health care program was amended for the 2023 plan year to increase subsidy level for health care premiums, modify Medicare Part B reimbursements and adjust certain co-pays and out-of-pocket limits.			Pensions – There were no changes in benefit terms since the prior measurement date of December 31, 2021. 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.		
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%)
	\$ 1,672,281	\$ 1,107,005	\$ 628,956	\$ 4,680,448	\$ 3,107,816	\$ 1,800,066
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 (4.22%)	Current Rate (5.22%)	1% Increase (6.22%)
	\$ (119,204)	\$ (128,942)	\$ (137,284)	\$ 231,607	\$ 68,101	\$ (66,914)
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
	\$ (133,745)	\$ (128,942)	\$ (122,881)	\$ 63,784	\$ 68,101	\$ 72,849

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (dollars in thousands)

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

11.09% 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.

Summary of Employer Pension and OPEB Expense

Total employer contributions for pensions for the years ended June 30, 2024 and 2023 were \$468,867 and \$442,794, respectively. There were no contributions associated with OPEB. For the years ended June 30, 2024 and 2023, the University recognized pension and OPEB expense (benefit) of \$665,297 and \$552,600, 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
strsoh.org

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
opers.org/financial/reports.shtml

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

OSU Physicians, Inc. 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 \$10,900 and \$9,300 for the years ended June 30, 2024 and 2023, respectively. Employee contributions were \$5,700 and \$4,800 for the years ended June 30, 2024 and 2023, 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 \$259,975 and \$210,353 at June 30, 2024 and 2023, 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, 2024, the University is committed to future contractual obligations for capital expenditures of approximately \$768,019 for the primary institution and zero for discretely presented component units. These projects are funded by the following sources:

	Primary Institution	Discretely Presented Component Units
State appropriations	\$ 52,626	\$ —
Internal and other sources	715,393	—
Total	<u>\$ 768,019</u>	<u>\$ —</u>

The above Primary Institution total at June 30, 2024 includes approximately \$578,544 for the Health System.

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 University has fully transitioned back to primarily in-person student instruction, in-person meetings and events, full-capacity seating in on-campus dining areas and sporting events and unrestricted group activities at campus recreation centers. Masks are currently optional in most indoor spaces on campus including residence halls, dining facilities, classroom facilities, offices, and the Ohio Union. Mandatory COVID-19 testing is no longer required. While all students, faculty and staff are encouraged to stay up to date on vaccinations as recommended by

Notes to the Financial Statements

Years Ended June 30, 2024 and June 30, 2023

(dollars in thousands)

the Centers for Disease Control and Prevention, the University announced on April 24, 2023, that it would no longer require COVID-19 vaccination for students, faculty and staff, with the exception of those who are subject to Centers for Medicare and Medicaid Services (CMS) or other requirements. The University's transition away from a vaccination requirement coincides with the expiration of the federal public health emergency, is in response to changes in the U.S. Food and Drug Administration's Emergency Use Authorization of COVID-19 vaccinations and is compliant with Ohio law.

The University continues to monitor the state of the COVID-19 pandemic as well as guidance from the CDC and all relevant state and federal agencies and will adjust its campus health and safety protocols as necessary.

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.

Subsequent to the original agreement, the Wexner Medical Center funded the construction of several new parking facilities to facilitate its growth. The University and CampusParc entered into Memorandums of Understanding pertaining to the interim operation of these facilities, which are collectively referred to as the MOU Garages.

On June 7, 2024, QIC GI and other Equity Participants transferred 100% of their equity interests in the lease and concession agreement to Ardian Infrastructure. Upon closing of this transaction, the University and CampusParc LP entered into a sixth amendment of the lease and concession agreement, under which the MOU Garages will be "included in the Parking System subject to the terms of the Concession Agreement". In consideration for the inclusion of the MOU Garages in the Parking System, CampusParc made an upfront payment to the University of \$70 million.

The unamortized lump-sum payments under this service concession arrangement are reported as a deferred inflow of resources and are being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$438,390 and \$378,021 at June 30, 2024 and 2023, respectively.

The University reports the parking lots and garages as capital assets with a carrying amount of \$248,190 and \$122,938 at June 30, 2024 and 2023, 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.

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

The University recognized fixed and O&M utility fees totaling \$68,650 and \$65,533, respectively for the years ended June 30, 2024 and 2023. The carrying amounts of OSEP capital investments and related payable to the concessionaire at June 30, 2024 and 2023 were \$492,820 and \$454,781, respectively.

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, 2024 and 2023 is presented below.

Condensed Combining Information – Year Ended June 30, 2024

	OSU Foundation	Other Blended Component Units	Eliminations
Condensed statements of net position:			
Current assets	\$ 70,809	\$ 85,981	\$ (12,643)
Capital assets, net	–	1,476	–
Other assets	1,881,581	871	(38,390)
Amounts receivable from the university	–	58	–
Total assets	<u>\$ 1,952,390</u>	<u>\$ 88,386</u>	<u>\$ (51,033)</u>
Current liabilities	\$ 2,372	\$ 2,855	\$ –
Noncurrent liabilities	51,886	75,469	(51,033)
Amounts payable to the university	(4)	58	–
Deferred inflows	8,714	–	–
Total liabilities and deferred inflows	<u>62,968</u>	<u>78,382</u>	<u>(51,033)</u>
Net investment in capital assets	–	4,033	–
Restricted:			
Nonexpendable	1,313,306	–	–
Expendable	555,223	26,772	(51,033)
Unrestricted	<u>20,893</u>	<u>(20,801)</u>	<u>51,033</u>
Total net position	<u>1,889,422</u>	<u>10,004</u>	<u>–</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,952,390</u>	<u>\$ 88,386</u>	<u>\$ (51,033)</u>

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

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

Operating revenues:

Other sales, services and rental income	\$	125	\$	261	\$	—
Total operating revenues		125		261		—

Operating expenses, excluding depreciation

Depreciation expense

Total operating expenses		6,204		7,462		—
		—		1,318		—

Net operating income (loss)

Non-operating revenues and expenses:

Gifts for current use		172,484		3,941		—
Net investment income (loss)		156,374		4,727		—
Other non-operating revenue (expense)		5,664		—		—
Net non-operating revenue (expense)		334,522		8,668		—

Capital contributions and additions to
permanent endowments

Transfers from (to) the university

Change in net position

Beginning net position, as reported

Ending net position

Condensed statements of cash flows:

Net cash provided (used) by:

Operating activities	\$	(5,866)	\$	(6,970)	\$	—
Noncapital financing activities		(32,619)		9,371		—
Capital and related financing activities		57,232		—		—
Investing activities		(18,833)		(552)		—
Net increase (decrease) in cash		(86)		1,849		—

Beginning cash and cash equivalents

Ending cash and cash equivalents

	OSU Foundation	Other Blended Component Units	Eliminations
	\$	\$	\$
	125	261	—
	6,204	7,462	—
	—	1,318	—
	6,204	8,780	—
	(6,079)	(8,519)	—
	172,484	3,941	—
	156,374	4,727	—
	5,664	—	—
	334,522	8,668	—
	131,405	—	—
	(272,589)	12,740	—
	187,259	12,889	—
	1,702,163	(2,885)	—
	\$	\$	\$
	1,889,422	10,004	—
	\$	\$	\$
	(5,866)	(6,970)	—
	(32,619)	9,371	—
	57,232	—	—
	(18,833)	(552)	—
	(86)	1,849	—
	343	26,009	—
	\$	\$	\$
	257	27,858	—

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2023

	OSU Foundation	Other Blended Component Units	Eliminations
Condensed statements of net position:			
Current assets	\$ 75,329	\$ 81,816	\$ (12,734)
Capital assets, net	–	2,794	–
Other assets	1,681,663	751	(51,165)
Amounts receivable from the university	–	2,560	–
Total assets	\$ 1,756,992	\$ 87,921	\$ (63,899)
Current liabilities	\$ 2,730	\$ 1,962	\$ –
Noncurrent liabilities	43,600	86,284	(63,899)
Amounts payable to the university	18	2,560	–
Deferred inflows	8,481	–	–
Total liabilities and deferred inflows	54,829	90,806	(63,899)
Net investment in capital assets	–	4,033	–
Restricted:			
Nonexpendable	1,218,831	–	–
Expendable	466,425	26,772	(63,899)
Unrestricted	16,907	(33,690)	63,899
Total net position	1,702,163	(2,885)	–
Total liabilities, deferred inflows and net position	\$ 1,756,992	\$ 87,921	\$ (63,899)

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(dollars in thousands)

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

Operating revenues:

Other sales, services and rental income	\$ 136	\$ 13,835	\$ –
Total operating revenues	136	13,835	–

Operating expenses, excluding depreciation

Depreciation expense	–	1,604	–
Total operating expenses	5,477	28,262	–

Net operating income (loss)

	(5,341)	(14,427)	–
--	---------	----------	---

Non-operating revenues and expenses:

Gifts for current use	188,266	10,707	–
Net investment income (loss)	92,652	2,317	–
Other non-operating revenue (expense)	1,106	–	–
Net non-operating revenue (expense)	282,024	13,024	–

Capital contributions and additions to
permanent endowments

128,996

–

–

Transfers from (to) the university

(280,198)

12,011

–

Change in net position

125,481

10,608

–

Beginning net position, as reported

1,576,682

(13,493)

–

Ending net position

\$ 1,702,163

\$ (2,885)

\$ –

Condensed statements of cash flows:

Net cash provided (used) by:

Operating activities	\$ (5,533)	\$ (12,344)	\$ –
Noncapital financing activities	(50,221)	16,567	–
Capital and related financing activities	58,407	–	–
Investing activities	(2,534)	4,920	–
Net increase (decrease) in cash	119	9,143	–

Beginning cash and cash equivalents

224

16,866

–

Ending cash and cash equivalents

\$ 343

\$ 26,009

\$ –

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023**
(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, 2024 and 2023 is presented below.

Condensed Combining Information – Year Ended June 30, 2024

	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	\$ 306,814	\$ 6,709	\$ 16,870	\$ 5,289	\$ 7,312	\$ 342,994
Capital assets, net	186,661	215,580	53,151	100	33,608	489,100
Other assets	39	12,958	7,036	–	6,111	26,144
Amounts receivable from the university	34,926	78,130	4,995	–	3,723	121,774
Total assets and deferred outflows	\$ 528,440	\$ 313,377	\$ 82,052	\$ 5,389	\$ 50,754	\$ 980,012
Current liabilities	\$ 101,680	\$ 4,755	\$ 9,811	\$ –	\$ 1,983	\$ 118,229
Noncurrent liabilities	24,757	–	14,238	–	88	39,083
Amounts payable to the university	196,083	185,111	14,791	–	13,974	409,959
Deferred inflows	4,704	130,861	7,543	–	9,563	152,671
Total liabilities and deferred inflows	327,224	320,727	46,383	–	25,608	719,942
Net investment in capital assets	6,082	30,468	21,788	100	20,977	79,415
Unrestricted	195,134	(37,818)	13,881	5,289	4,169	180,655
Total net position	201,216	(7,350)	35,669	5,389	25,146	260,070
Total liabilities, deferred inflows and net position	\$ 528,440	\$ 313,377	\$ 82,052	\$ 5,389	\$ 50,754	\$ 980,012

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
Condensed statements of revenues, expenses and changes in net position:						
Operating revenues:						
Grants and contracts	\$ —	\$ 8,684	\$ 63,869	\$ —	\$ 7,715	\$ 80,268
Sales and services of OSU Physicians	1,102,050	—	—	—	—	1,102,050
Other sales, services and rental income	—	8,969	4,486	10,385	523	24,363
Total operating revenues	1,102,050	17,653	68,355	10,385	8,238	1,206,681
Operating expenses, excluding depreciation						
Depreciation expense	1,078,268	11,199	61,985	10,683	3,297	1,165,432
Total operating expenses	1,097,446	19,170	68,996	10,742	4,806	1,201,160
Net operating income (loss)	4,604	(1,517)	(641)	(357)	3,432	5,521
Non-operating revenues and expenses:						
Net investment income (loss)	10,154	4,721	1,243	245	56	16,419
Interest expense	(7,950)	(4,702)	(1,714)	—	(359)	(14,725)
Other non-operating revenue (expense)	(7,913)	1,835	96	—	251	(5,731)
Net non-operating revenue (expense)	(5,709)	1,854	(375)	245	(52)	(4,037)
Change in net position	(1,105)	337	(1,016)	(112)	3,380	1,484
Beginning net position, as restated	202,321	(7,687)	36,685	5,501	21,766	258,586
Ending net position	\$ 201,216	\$ (7,350)	\$ 35,669	\$ 5,389	\$ 25,146	\$ 260,070
Condensed statements of cash flows:						
Net cash provided (used) by:						
Operating activities	\$ (17,415)	\$ (2,485)	\$ 2,696	\$ (292)	\$ 2,864	\$ (14,632)
Noncapital financing activities	—	1,835	—	—	—	1,835
Capital and related financing activities	(21,427)	(6,825)	(3,671)	3	(3,068)	(34,988)
Investing activities	24,153	—	299	—	(444)	24,008
Net increase (decrease) in cash	(14,689)	(7,475)	(676)	(289)	(648)	(23,777)
Beginning cash and cash equivalents	69,499	11,509	7,234	3,810	7,426	99,478
Ending cash and cash equivalents	\$ 54,810	\$ 4,034	\$ 6,558	\$ 3,521	\$ 6,778	\$ 75,701

**Notes to the
Financial
Statements
Years Ended
June 30, 2024 and
June 30, 2023
(dollars in thousands)**

Condensed Combining Information – Year Ended June 30, 2023

	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	\$ 323,185	\$ 13,075	\$ 16,517	\$ 5,339	\$ 8,076	\$ 366,192
Capital assets, net	202,035	219,326	56,288	162	34,702	512,513
Other assets	20	16,846	8,348	–	7,244	32,458
Amounts receivable from the university	76,418	85,947	4,634	–	682	167,681
Total assets and deferred outflows	<u>\$ 601,658</u>	<u>\$ 335,194</u>	<u>\$ 85,787</u>	<u>\$ 5,501</u>	<u>\$ 50,704</u>	<u>\$ 1,078,844</u>
Current liabilities	\$ 92,089	\$ 5,859	\$ 11,143	\$ –	\$ 3,383	\$ 112,474
Noncurrent liabilities	28,075		14,316	–	3,415	45,806
Amounts payable to the university	273,555	190,797	15,212	–	14,940	494,504
Deferred inflows	5,618	146,225	8,431	–	7,200	167,474
Total liabilities and deferred inflows	<u>399,337</u>	<u>342,881</u>	<u>49,102</u>	<u>–</u>	<u>28,938</u>	<u>820,258</u>
Net investment in capital assets	11,228	28,528	26,436	162	20,824	87,178
Unrestricted	191,093	(36,215)	10,249	5,339	942	171,408
Total net position	<u>202,321</u>	<u>(7,687)</u>	<u>36,685</u>	<u>5,501</u>	<u>21,766</u>	<u>258,586</u>
Total liabilities, deferred inflows and net position	<u>\$ 601,658</u>	<u>\$ 335,194</u>	<u>\$ 85,787</u>	<u>\$ 5,501</u>	<u>\$ 50,704</u>	<u>\$ 1,078,844</u>

Notes to the Financial Statements Years Ended June 30, 2024 and June 30, 2023 (dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
Condensed statements of revenues, expenses and changes in net position:						
Operating revenues:						
Grants and contracts	\$ —	\$ 12,132	\$ 64,854	\$ —	\$ 7,595	\$ 84,581
Sales and services of OSU Physicians	1,006,767	—	—	—	—	1,006,767
Other sales, services and rental income	—	4,150	—	9,424	—	13,574
Total operating revenues	1,006,767	16,282	64,854	9,424	7,595	1,104,922
Operating expenses, excluding depreciation						
Depreciation expense	1,020,147	10,174	56,081	9,370	8,092	1,103,864
Total operating expenses	19,135	5,919	7,125	83	1,332	33,594
Total operating expenses	1,039,282	16,093	63,206	9,453	9,424	1,137,458
Net operating income (loss)	(32,515)	189	1,648	(29)	(1,829)	(32,536)
Non-operating revenues and expenses:						
CARES Assistance	19,875	—	—	—	—	19,875
Net investment income (loss)	8,544	192	452	154	48	9,390
Interest expense	(7,755)	(484)	(1,739)	(1)	(414)	(10,393)
Other non-operating revenue (expense)	(5,917)	(571)	585	—	—	(5,903)
Net non-operating revenue (expense)	14,747	(863)	(702)	153	(366)	12,969
Capital contributions and additions to permanent endowments	—	—	860	—	—	860
Change in net position	(17,768)	(674)	1,806	124	(2,195)	(18,707)
Beginning net position, as restated	220,089	(7,013)	34,879	5,377	23,961	277,293
Ending net position	\$ 202,321	\$ (7,687)	\$ 36,685	\$ 5,501	\$ 21,766	\$ 258,586
Condensed statements of cash flows:						
Net cash provided (used) by:						
Operating activities	\$ 1,949	\$ (945)	\$ 4,879	\$ 54	\$ 2,771	\$ 8,708
Noncapital financing activities	—	(571)	—	—	—	(571)
Capital and related financing activities	(26,241)	8,932	(1,353)	(57)	(6,168)	(24,887)
Investing activities	(57,662)	—	366	—	(2,957)	(60,253)
Net increase (decrease) in cash	(81,954)	7,416	3,892	(3)	(6,354)	(77,003)
Beginning cash and cash equivalents	151,453	4,093	3,342	3,813	13,780	176,481
Ending cash and cash equivalents	\$ 69,499	\$ 11,509	\$ 7,234	\$ 3,810	\$ 7,426	\$ 99,478

NOTE 22 — SUBSEQUENT EVENTS

Debt Issuance

The University issued \$63,755 of tax-exempt fixed rate General Receipts Refunding Bonds, Series 2024A on

September 4, 2024. The Series 2024A Bonds are structured with serial maturities due in 2025 through 2039. The interest rate coupons on the Series 2024A Bonds are 5.00%. The proceeds

of the 2024A Bonds were used to refund certain maturities of the outstanding General Receipt Bonds, Series 2014A and to pay the cost of issuance of the 2024A Bonds.

Required Supplementary Information

The Ohio State University Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited) Year Ended June 30, 2024

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	2023	2024
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%	5.0%	4.8%
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	\$ 1,107,005	\$ 1,036,827
University's covered payroll	\$ 381,669	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 492,780	\$ 494,613	\$ 535,500
University's proportionate share of the net pension liability as a percentage of its covered payroll	281%	319%	385%	262%	235%	230%	247%	130%	224%	194%
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%	78.9%	80.0%
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%	10.6%	11.0%
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	\$ 3,107,816	\$ 2,832,397
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	\$ 1,793,823	\$ 1,930,711
University's proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	126%	88%	51%	173%	147%
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%	76.1%	79.4%

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	2023	2024
STRS Ohio:										
Contractually required contribution	\$ 65,738	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264	\$ 95,318	\$ 93,140
Contributions in relation to the contractually required	\$ 65,738	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264	\$ 95,318	\$ 93,140
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 498,344	\$ 494,613	\$ 535,500	\$ 559,924
Contributions as a percentage of covered payroll	16.9%	17.1%	17.1%	17.1%	17.2%	17.3%	17.4%	17.8%	17.8%	16.6%
OPERS:										
Contractually required contribution	\$ 170,979	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351	\$ 268,821	\$ 289,735
Contributions in relation to the contractually required	\$ 170,979	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351	\$ 268,821	\$ 289,735
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	\$ 1,864,293	\$ 2,014,529
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.1%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%

Required Supplementary Information

The Ohio State University Required Supplementary Information on GASB 75 Net OPEB Liabilities (Unaudited) Year Ended June 30, 2024

The schedule of the University's proportionate shares of STRS Ohio and OPERS net OPEB liabilities

<i>(dollars in thousands)</i>	2018	2019	2020	2021	2022	2023	2024
STRS Ohio:							
University's proportion of the net OPEB (asset) liability	4.6%	4.6%	4.7%	4.9%	5.0%	5.0%	4.8%
University's proportionate share of the net OPEB (asset) liability	\$ 177,556	\$ (74,520)	\$ (77,901)	\$ (85,406)	\$ (105,307)	\$ (128,942)	\$ (93,638)
University's covered payroll	\$ 412,149	\$ 434,106	\$ 452,084	\$ 452,084	\$ 492,780	\$ 494,613	\$ 535,500
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	43%	-17%	-17%	-19%	-21%	-26%	-17%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%
OPERS:							
University's proportion of the net OPEB (asset) liability	9.7%	10.1%	10.4%	10.7%	10.7%	10.8%	11.2%
University's proportionate share of the net OPEB (asset) liability	\$ 1,055,239	\$ 1,321,019	\$ 1,436,889	\$ (189,776)	\$ (335,820)	\$ 68,101	\$ (101,060)
University's covered payroll	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918	\$ 1,793,823	\$ 1,930,711
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	76%	87%	91%	-11%	-20%	4%	-5%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	54.1%	46.3%	47.8%	115.6%	128.2%	94.8%	107.8%

Required Supplementary Information

The Ohio State University Notes to Required Supplementary Information (Unaudited) Year Ended June 30, 2024

STRS Ohio — Pensions:

Changes of benefit terms. The plan was amended in May 2023 to establish one-time 1% COLA increase effective on the anniversary of a benefit recipient's retirement date during Fiscal Year 2024 for participants who retired prior to July 1, 2019; and to add unreduced retirement benefits to those with 34 Years of Service, which extends through Fiscal Year 2028. Amounts reported in 2023 reflect plan amendments to provide a one-time 3% COLA for fiscal year 2023 and to eliminate age 60 requirement for unreduced retirement effective August 1, 2026. Amounts reported in 2019 reflect a reduction in the COLA rate to 0%, effective July 1, 2017.

Changes of assumptions. Amounts reported in 2023 reflect updates to demographic assumptions related to mortality, retirement, turnover, pension payment form election and salary increases, based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021. 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. During 2023 the Ohio General Assembly passed HB 33 allowing OPERS to consolidate Combined and Traditional Defined Benefit Plans at the discretion of OPERS. OPERS Board voted to consolidate the plans effective January 1, 2024. 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. The plan was amended as of June 30, 2023 to increase the subsidy percentage for non-Medicare retirees from 2.2% to 2.5% effective January 1, 2023; to remove the freeze on the non-Medicare subsidy base premium effective January 1, 2024; and to remove the 6% cap on the year-over-year increase in Medicare subsidy effective January 1, 2024. Amounts reported in 2023 reflect health care program changes for the 2023 plan year to increase subsidy level for health care premiums, modify Medicare Part B reimbursements and adjust certain co-pays and out-of-pocket limits. 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

Required Supplementary Information

The Ohio State University Notes to Required Supplementary Information (Unaudited) Year Ended June 30, 2024 (continued)

premium subsidy plan for 2019 and future years that is intended to extent 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 2024 reflect updated health care trends related to emerging claims and recovery experience as well as benefit changes effective January 1, 2024. Amounts reported in 2023 reflect

updates to demographic assumptions related to mortality, retirement, turnover, pension payment form election, OPEB participation and salary increases, based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021. 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 2024 reflect an adjustment of the discount rate from 5.22% to 5.70% and changes in health care trend rates. Amounts reported in 2023 reflect an adjustment of the discount rate from 6.00% to 5.22%. 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%.

Required Supplementary Information

The Ohio State University Supplementary Information on the Long-Term Investment Pool Year Ended June 30, 2024

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 2024, 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 — increased \$548 million, to \$7.93 billion at June 30, 2024. The Long-Term Investment Pool activity for 2024 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	Gifted Endowments		Quasi-Endowments		Total
	University	Foundation	Operating	Designated	
Balance at June 30, 2023	\$ 1,300,417	\$ 1,442,201	\$ 1,742,204	\$ 2,898,853	\$ 7,383,675
Net Principal Additions (Withdrawals)	8,309	87,956	(42,135)	42,683	96,813
Change in Fair Value	117,245	133,921	154,216	262,574	667,956
Income Earned	34,013	38,619	44,889	76,119	193,640
Distributions	(53,569)	(60,602)	(70,808)	(119,826)	(304,805)
Expenses	(19,190)	(21,786)	(25,328)	(39,261)	(105,565)
Balance at June 30, 2024	\$ 1,387,225	\$ 1,620,309	\$ 1,803,038	\$ 3,121,142	\$ 7,931,714

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, 2024. Income earned includes interest and dividends and is used primarily to fund distributions. Expenses include investment management expenses (\$81 million), University Development-related expenses (\$24 million) and other investment related expenses (\$0.7 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was 10.78% for fiscal year 2024. The annualized investment returns for the three-year and five-year periods were 6.1% and 9.3%, 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 \$81 million of investment management expenses, which reduced the pool by 1.1% in fiscal year 2024, the \$24 million of University Development expenses and \$0.7 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*

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, 2024, 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 20, 2024.

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 opinions 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, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 20, 2024

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.

Acknowledgments

The 2024 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

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

Board of Trustees

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

John W. Zeiger, Chair, Columbus (2026)
Alan A. Stockmeister, Vice Chair, Jackson (2025)
Gary R. Heminger, Findlay (2027)
Elizabeth P. Kessler, New Albany (2027)
Lewis Von Thaer, Bexley (2028)
Jeff M.S. Kaplan, Galena (2028)
Elizabeth A. Harsh, Radnor (2029)
Reginald A. Wilkinson, Columbus (2029)
Michael F. Kiggin, Powell (2030)
Tom B. Mitevski, Galena (2030)
Pierre Bigby, Lewis Center (2031)
Juan Jose Perez, Westerville (2031)
Bradley R. Kastan, Bexley (2032)
George A. Skestos, Columbus (2032)
Joshua H.B. Kerner, Undergraduate Student Trustee, Avon Lake (2025)



THE OHIO STATE
UNIVERSITY
