



THE OHIO STATE UNIVERSITY

2023 Annual Financial Report

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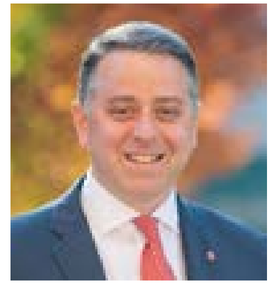
Message from the Chief Financial Officer

Fiscal year 2023 was a very strong financial year for the university due to our strong investment performance, a focus on new revenue sources, progress in achieving operational efficiencies and continued positive momentum at the health system. Our rating upgrade from Fitch to AA+ further demonstrates our financial stability. This achievement marks our first rating upgrade of the university since Moody's upgraded us to 'Aa1' in 2010 and the first by Fitch since it began rating the university in 2003.



Michael Papadakis,
Senior Vice President
and CFO

Financial performance highlights for fiscal year 2023 include:

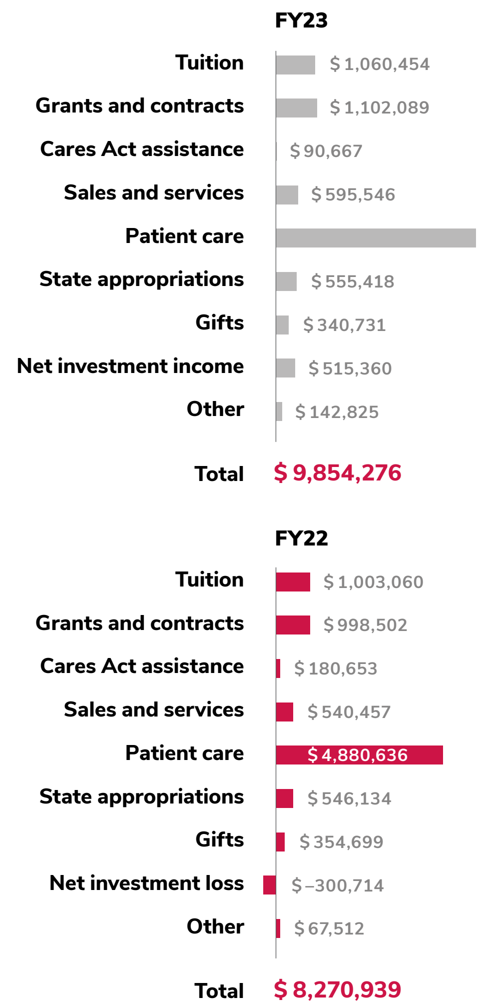
- Net position increased $664 million bringing the total to $10.3 billion.
- Operating revenues increased $858 million, driven primarily by strong growth in health care revenues, higher grant and contract revenues, increased tuition and fees, and increases in all major auxiliary enterprises. Specific mpacts include:
  - An increase in health care revenues of $571 million, reflecting strong outpatient surgical activity, service mix and practice expansion.
  - A $113 million increase in grants and contracts, primarily due to increases in private grants of $59 million, federal grants of $40 million and state grants of $17 million.
  - An increase in auxiliary revenues of $31 million, primarily due to an additional home football and premium game, the return to normal operations for Business Advancement and increased revenues from on-campus events.
- The university's long-term investment pool (LTIP) has increased in fair market value to $7.38 billion. Net investment income also came back strong with a $515 million income level based on a very strong final six months of the fiscal year for the LTIP and a rebound of solid returns for our short- and intermediate-term portfolios.
- In April 2023, the university completed a $328 million refunding of its Series 2013A bonds using variable rate refunding bonds (Series 2023A) that were swapped to a fixed rate of 1.23% through two interest rate swap agreements. By replacing the coupon of the Series 2013A bonds (~4.5%) with the swap's low fixed rate (1.23%), the university will save an estimated $119 million in debt service.

Looking ahead, the university's fiscal stability and resiliency position us to further our continued commitment to enhancing academic excellence, advancing research and innovation, and leading financial and operational stewardship to be of service to the state of Ohio, the country and the world.

Michael Papadakis
Senior Vice President and CFO

REVENUE SOURCES FISCAL 2023/2022

TOTAL UNIVERSITY REVENUES
(in thousands)



Report of Independent Auditors

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the university's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the university, as of June 30, 2023 and 2022, 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 thereafte .

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.

Report of Independent Auditors

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

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

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

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, 2023 and 2022. The supplementary information on the long-term investment pool for the year ended June 30, 2023 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 15, 2023, 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 15, 2023

Management's Discussion and Analysis

(Unaudited)

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2023, with comparative information for the years ended June 30, 2022 and June 30, 2021. 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, 8,100 faculty members and 27,000 staff embers. 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, 172 master's degree programs, 106 doctoral programs and nine professional degree programs.

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

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

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

- **Arthur G. James Cancer Hospital and Richard J. Solove Research Institute ("The James"):** the only free-standing cancer hospital in central Ohio and the first in the Midwest, the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is an international leader in cancer prevention, detection and treatment. The James is one of only 53 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents sponsored by the NCI.

- **Richard M. Ross Heart Hospital ("The Ross"):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross Heart Hospital offers comprehensive heart and vascular care spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The Ross is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.

- **Harding Hospital:** off rs counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio. Programs are available for adolescents, adults and older adults with complex psychiatric disorders. Ohio State Harding Hospital's team includes psychiatrists, psychologists,

Management's Discussion and Analysis
(Unaudited)

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

- **East Hospital:** blends academic medicine with a community-based setting. East Hospital offers renowned services in orthopedic care, emergency services, cancer care, addiction services, ear, nose and throat care, heart care, radiology and imaging services, rehabilitation and wound healing. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, digestive disease treatment, a full range of diagnostic services, a sleep disorders center and outpatient oncology services.

- **Dodd Hall:** home to Ohio State's nationally recognized and accredited rehabilitation inpatient program, specializing in stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment.

- **Brain and Spine Hospital:** a leader in brain and spine treatment and research with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery and sleep medicine. Ohio State is one of the first medical centers in the country to combine five neuroscience-related specialties into a single, integrated program and is designed to rapidly unlock the mysteries of the brain and to pioneer therapies and technology on every neurological front.

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

In an effo t to unify all faculty practices to create a fully integrated, high-performing practice plan (HP3), the faculty practices operated by the Health System moved to OSU Physicians (OSUP) in July 2022. The Health System practices included Anesthesiology, Maternal Fetal Medicine, Neurosurgery, Orthopedics, Sports Medicine, Family and Community Medicine.

The Health System provided services to approximately 60,700 inpatients and 1,773,000 outpatients during fiscal year 2023 and 58,300 inpatients and 2,255,000 outpatients during fiscal year 2022. The reduction to outpatients in 2023 is a result of the Health System physician practices moving to OSUP as a part of HP3.

The following financial statements reflect all assets, liabilities, deferred inflows/outflows and net position (equity) of the university, the Ohio State University Wexner Medical Center, the Ohio Agricultural Research and Development Center (OARDC) and the Ohio Technology Consortium (OH-TECH), which is an umbrella organization that includes the Ohio Academic Resources Network (OARnet), the Ohio Supercomputer Center and the Ohio Library and Information Network (OhioLINK). These entities constitute the "primary government" for financial reporting purposes. In addition, the financial statements include consolidated financial results for a number of "component units", which are legally separate entities that meet the financial accountability criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* and Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*.

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

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)

Management's Discussion and Analysis

(Unaudited)

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

The GASB has indicated that, under the amended blending standards, the "exclusive benefit" criterion for blending is not met when a component unit provides services to parties external to the primary government. As a result, the university presents the following component units in a discrete presentation:

- OSU Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a 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, 2023, with comparative information as of June 30, 2022. 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.

Management's Discussion and Analysis
(Unaudited)

It details how net position has increased (or decreased) during the year ended June 30, 2023, with comparative information for the year ended June 30, 2022. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

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, 2023, with comparative information for the year ended June 30, 2022. 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 COVID-19 outbreak has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio. The university's response to the COVID-19 pandemic evolved over time based on available data, public health authority guidance, the rate of infection and since vaccines were introduced, vaccination rates. 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.

The university's overall financial position remains strong, driven by the post-pandemic rebound. Financial results for 2023 reflect a return to normal university operations and a full college experience for our students. 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 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 Health System, rising costs related to labor shortages, inflationary pressure, and throughput challenges. Net investment income increased $798 million, reflecting higher investment returns from the university's Long-Term Investment Pool (LTIP).

Demand for an Ohio State education and outcomes for students also remain strong. Total enrollment for Autumn 2022 was 65,795, down 1,977 students compared to Autumn 2021. The decrease relates primarily to undergraduate enrollments, which

Management's Discussion and Analysis

(Unaudited)

were down 983 students for the Columbus Campus and 829 students for the regional campuses. 93% of the freshmen enrolled in Autumn 2021 returned to OSU in Autumn 2022. 72% of students graduated within four years, and 88% graduated within six years.

In 2023, the university implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* GASB 96 extends the right-of-use accounting concepts introduced in GASB Statement No. 87, Leases to subscription-based information technology arrangements, or SBITAs. Under GASB 96, governments are required to identify arrangements that qualify as SBITAs and recognize a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The accompanying financial statements and MD&A information for the year ended June 30, 2022 have been restated to reflect the new accounting standard. MD&A information for the year ended June 30, 2021 has not been restated.

The following sections provide additional details on the university's 2023 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

Statement of Net Position (in thousands)

	2023	2022	2021
Cash and temporary investments	$ 2,720,003	$ 2,850,835	$ 3,371,175
Receivables, inventories, prepaids and other current assets	1,009,105	1,157,143	1,035,040
Total current assets	3,729,108	4,007,978	4,406,215
Unexpended bond proceeds	210,358	679,040	276,243
Noncurrent notes and pledges receivable, net	165,640	134,643	134,207
Net other post-employment benefit asset	128,942	441,127	275,182
Long-term investment pool	7,383,676	6,960,782	7,041,973
Other long-term investments	231,885	301,855	348,227
Other noncurrent assets	193,759	197,526	169,251
Capital assets, net of accumulated depreciation	7,981,204	7,241,381	6,408,423
Total noncurrent assets	16,295,464	15,956,354	14,653,506
Total assets	20,024,572	19,964,332	19,059,721
Deferred outflows	1,709,175	618,414	467,600
Total assets and deferred outflows	$ 21,733,747	$ 20,582,746	$ 19,527,321
Accounts payable and accrued expenses	$ 697,512	$ 757,606	$ 774,841
Medicare advance payment program	–	79,601	254,854
Deposits and advance payments for goods and services	442,713	447,404	371,040
Current portion of bonds, notes and lease obligations	720,885	401,629	359,963
Other current liabilities	(48,823)	184,394	90,028
Total current liabilities	1,812,287	1,870,634	1,850,726
Noncurrent portion of bonds, notes and lease obligations	2,946,617	3,379,010	2,736,441
Net pension liability	4,214,821	1,497,793	2,679,333
Net other post-employment benefit liability	92,020	15,661	22,683
Advance from concessionaire	958,816	963,663	980,953
Other noncurrent liabilities	795,866	831,855	760,142
Total noncurrent liabilities	9,008,140	6,687,982	7,179,551
Total liabilities	10,820,427	8,558,616	9,030,277
Deferred inflows	902,049	2,695,441	1,865,366
Net investment in capital assets	3,997,995	3,687,131	3,473,109
Restricted:			
Nonexpendable	1,942,078	1,870,686	1,789,304
Expendable	1,667,347	1,560,810	2,030,928
Unrestricted	2,403,851	2,210,062	1,338,337
Total net position	10,011,271	9,328,689	8,631,678
Total liabilities, deferred inflows and net position	$ 21,733,747	$ 20,582,746	$ 19,527,321

During the year ended June 30, 2023, **cash and temporary investment** balances decreased $131 million, to $2.72 billion, primarily reflecting capital expenditures. **Unexpended bond proceeds** decreased $469 million, to $210 million at June 30, 2023, reflecting expenditures of the proceeds from the Series 2021A bonds for construction of the new inpatient hospital. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

Management's Discussion and Analysis
(Unaudited)

Accounts receivable, inventories, prepaids and other current assets decreased $148 million, to $1.01 billion at June 30, 2023. Current assets held as part of the university's securities lending program decreased $202 million. The decrease in securities lending assets was partially offset by a $44 million increase in inventories and prepaid expenses and a $24 million increase in accounts receivable.

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

Other long-term investments are non-unitized investments that relate primarily to gift rrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments decreased $70 million, to $232 million, at June 30, 2023, primarily due to unrealized losses in private equity funds.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, net of depreciation, grew $740 million, to $7.98 billion at June 30, 2023. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

Additions to university capital assets totaled $1.28 billion in 2023. The Health System accounted for $797 million of the total and includes expenditures for facilities, infrastructure improvement, land, and equipment purchases. The remaining $502 million of university capital additions include $110 million of equipment and library books, $99 million related to Comprehensive Energy Management Plan (CEMP) facility improvements and $293 million related to improvements and renovations of various academic buildings, athletic facilities, student life facilities and other infrastructure.

Major Health System projects underway during 2023 include:

- Health System Outpatient Care West Campus — James Outpatient Care opened in July 2023 in its new 385,000 square foot cancer focused facility on West Campus. The $356 million facility includes outpatient operating rooms, interventional radiology rooms, an extended recovery unit, a pre-anesthesia center, a diagnostic imaging center, pharmacy, hematology clinic, genitourinary (GU) clinic, infusion and medical office and support spaces. The outpatient facility also includes the region's first proton therapy facility, which is slated to open in October 2023.

- New Inpatient Hospital — Construction continues on a 1.9 million square foot, 24-story inpatient hospital east of Cannon Drive. Scheduled to open in early 2026, the $1.79 billion hospital is the largest single facilities project ever undertaken at The Ohio State University.

Major academic facility projects underway during 2023 include:

- Interdisciplinary Research Facility — The Pelotonia Research Center opened in June 2023 and offers an innovative and modern environment to serve multiple disciplines. The $228 million project was one of the

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first buildings at Carmenton and houses approximately 305,000 new square feet. The facility will serve multiple research disciplines, including biomedical, life sciences, engineering and environmental sciences, among others. In addition, two floors are dedicated to The Ohio State University Comprehensive Cancer Center including its new Pelotonia Institute for Immuno-Oncology.

- Arts District — This $165.3 million project included both renovation and expansion to the School of Music building and construction of a new Department of Theatre, Film, and Media Arts building. The Timashev Family Music Building was completed in March 2022 with classes and programming available in Autumn 2022, with theatre completing in Spring 2023 with classes and programming in Autumn 2023. The project also included work to enhance roadway and pedestrian access.

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

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

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately $1.04 billion at June 30, 2023.

The Health System received $275 million in 2020 under the **Medicare Accelerated and Advance Payment Program.** These amounts are considered short-term loans, and repayments began in 2021. The amounts were fully repaid in 2023. **Other current liabilities** decreased $233 million, primarily reflecting the $202 million decrease in securities lending assets and liabilities.

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

Under the agreement, OSEP operates, maintains and makes capital investments in the utility system and charges the university a Utility Fee, which includes fixed, variable and operating and maintenance (O&M) components. OSEP capital investments in the utility system are recognized as capital assets and a related **long-term payable to the concessionaire**. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee is recognized as a reduction in the long-term payable to the concessionaire and interest expense. The university paid $66 million and $62 million in total fixed and O&M utility fees for the years ended June 30, 2023 and 2022, respectively. The total amounts payable to the concessionaire increased $80 million, to $455 million at June 30, 2023. The $23 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,** decreased $113 million, to $3.67 billion at June 30, 2023, primarily reflecting repayment activity. 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

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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 $56 million and $50 million at June 30, 2023 and 2022, 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 and $275 million at June 30, 2023 and 2022, respectively.

Subsequent to June 30, 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.

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

In 2023, the university's share of OPERS and STRS Ohio **net pension liabilities** increased $2.72 billion million, 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. OPERS realized a –12.03% return on defined benefit plan investments for calendar year 2022. STRS Ohio realized a –3.73% return for the fiscal year ended June 30, 2022.

Deferred outflows related to pensions increased $890 million, to $1.47 billion at June 30, 2023, and deferred inflows related to pensions decreased $1.57 billion, to $109 million at June 30, 2023. 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.

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In 2023, the university's proportionate share of **net OPEB liabilities** for OPERS swung from a net OPEB asset of $336 million to a net OPEB liability of $68 million at June 30, 2023, reflecting a combination of negative investment returns and a reduction in the discount rate used to calculate the total OPEB liability. OPERS realized a -15.51% return on its health care investments for calendar year 2022. The university's proportionate share of STRS Ohio net OPEB assets increased $24 million to $129 million at June 30, 2023, primarily reflecting changes in actuarial assumptions from the most recent 2016-2021 experience study.

Deferred outflows related to OPEB increased $202 million, to $214 million at June 30, 2023, and deferred inflows related to OPEB decreased $324 million, to $133 million at June 30, 2023. 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 $34 million, to $443 million in 2023. Pension and OPEB expense accruals went from a net credit of $720 million in 2022 to a net debit of $110 million in 2023.

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 decreased $1.79 billion, primarily due to decreases in deferred inflows for pensions (down $1.57 billion) and deferred inflows for OPEB (down $324 million). The parking deferred inflows, which totaled $378 million and $388 million at June 30, 2023 and June 30, 2022, 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 $178 million and $92 million at June 30, 2023 and 2022, respectively, and are being amortized to lease revenue on a straight-line basis over the terms of the leases. The remaining balance of deferred inflows relates to deferred gains on debt-related transactions and deferrals for irrevocable split-interest agreements.

Prior-Year Highlights: In 2022, the university's share of OPERS and STRS Ohio net pension liabilities decreased $1.18 billion million, 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. **In 2021,** the university's share of OPERS and STRS Ohio net OPEB liabilities swung from a $1.36 billion net liability to a $275 million net asset at June 30, 2021, primarily due to changes in OPERS benefit terms. The fair value of the LTIP increased $1.75 billion, to $7.04 billion at June 30, 2021, primarily due to a $1.69 billion increase in the fair value of LTIP assets, $137 million of interest and dividend income and $251 million of net principal additions.

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

	2023	2022	2021
Operating Revenues:			
Tuition and fees, net	$ 1,060,454	$ 1,003,060	$ 869,740
Grants and contracts	917,371	814,074	784,021
Auxiliary enterprises sales and services, net	394,835	364,308	175,961
OSU Health System sales and services, net	4,444,419	4,178,956	3,952,605
Departmental sales and other operating revenues	320,856	234,078	207,858
Total operating revenues	7,137,935	6,594,476	5,990,185
Operating Expenses:			
Educational and general	2,960,543	2,536,453	2,238,671
Auxiliary enterprises	410,383	351,168	205,928
OSU Health System	3,964,394	3,223,874	2,728,378
Depreciation	545,971	513,600	460,478
Total operating expenses	7,881,291	6,625,095	5,633,456
Net operating income (loss)	(743,356)	(30,619)	356,728
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	508,704	493,248	486,115
Gifts – current use	211,735	233,381	129,723
Net investment income	505,970	(292,335)	1,859,173
Federal COVID-19 assistance programs	70,792	168,967	150,037
Grants, interest expense and other non-operating	(46,973)	(49,835)	8,270
Net non-operating revenue	1,250,228	553,426	2,633,318
Income before other changes in net position	506,872	522,807	2,990,046
State capital appropriations	46,714	52,886	63,988
Private capital gifts	58,407	44,112	78,942
Additions to permanent endowments	70,589	77,206	63,157
Capital contributions and other changes in net position	-	-	6,923
Total changes in net position	175,710	174,204	213,010
Increase in net position	682,582	697,011	3,203,056
Net position – beginning of year	9,328,689	8,631,678	5,424,494
Cumulative effect of accounting change	–	–	4,128
Net position – end of year	$ 10,011,271	$ 9,328,689	$ 8,631,678

Net **tuition and fees** increased $57 million, to $1.06 billion in 2023, due primarily to an increase in gross tuition and other student fees of $38 million and a decrease in scholarship allowances of $19 million. While overall university enrollments declined by 1%, between fiscal year 2022 and fiscal year 2023, rate increases effective Autumn 2022 for the incoming (undergraduate) tuition guarantee cohort and graduate students, combined with an increasing share of non-resident students increased tuition $35 million. Scholarship allowances decreased $19 million primarily due to decreases in HEERF financial aid to students.

Operating **grant and contract revenues** increased $103 million, to $917 million, primarily reflecting an $86 million increase in grants managed by the Office of Sponsored Programs. Federal grants increased $38 million, led by increases in funding from the National Institutes of Health (up $23 million) and the Department of Defense (up $9 million). Private grants increased $52 million. Colleges seeing significant increases in private grant revenue include Medicine, Engineering and Arts & Sciences.

Total **auxiliary revenues** increased $31 million, to $395 million, primarily due to an additional home football game and one additional premium game, housing and dining rate increases for new first year students, the return to normal operations for Business Advancement, and increased revenues from on-campus events. **Auxiliary expenses** increased $59 million, to $410 million. Excluding pension and OPEB, auxiliary expenses increased $23 million, due primarily to increased number of events and labor and supply costs. **Departmental sales and other operating revenues** increased $87 million, to $321 million, primarily reflecting increases in royalties and lease income.

Educational and general expenses increased $424 million to $2.96 billion in 2023, primarily due to a $364 million increase in pension and OPEB expense allocated across the appropriate E&G expense lines. Excluding pension and OPEB accruals, E&G expenses increased $60 million, primarily reflecting increases in salaries and related benefit expenses. The university provided a 3% increase in faculty and staff alary guidelines

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Educational and General Expenses (in thousands)

	2023	2022	2021
Instruction and departmental research	$ 1,254,266	$ 1,027,196	$ 957,504
Separately budgeted research	601,981	502,475	436,886
Public service	145,356	147,900	139,565
Academic support	313,148	235,370	190,097
Student services	119,404	86,345	52,086
Institutional support	228,262	245,780	220,675
Operation and maintenance of plant	174,562	127,294	95,672
Scholarships and fellowships	123,564	164,093	146,187
Total	$ 2,960,543	$ 2,536,453	$ 2,238,671

and made additional investments in human capital related to research growth, faculty investment, staffing support returning to normal operations, and equity adjustments due to the current competitive workforce marketplace.

Health System operating revenues increased $265 million, to $4.44 billion in 2023, reflecting strong outpatient surgical activity and service mix. The Health System also experienced growth in oncology and non-oncology infusion volume and increased nuclear medicine treatments. Operating expenses (excluding depreciation, interest and transfers) increased $741 million to $3.96 billion, primarily due to a $430 million increase in expenses associated with pension and OPEB accruals. Excluding pension and OPEB, Health System operating expenses increased $311 million. An in-depth look at the Health System, as presented in their stand-alone financial statements, is provided below.

In total, the Health System operates nearly 1,500 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 31 consecutive years as one of "America's Best Hospitals" and has been consistently ranked first in Central Ohio. US News and World Report further recognized the Health System as a national leader in ten specialties including: Cancer, Cardiology & Heart Surgery, Diabetes & Endocrinology, Ear, Nose & Throat, Gastroenterology and GI Surgery, Gynecology, Neurology and Neurosurgery, Pulmonary and Lung Surgery, Rehabilitation, and Urology. The Medical Center is rated as high performing in 15 out of 21 common procedures and conditions.

In 2023, Forbes ranked The Ohio State University Wexner Medical Center as one of America's Best Employers for Diversity. This recognition means Americans who were surveyed see the medical center as a top employer for diversity, equity, and inclusion. The Medical Center has been recognized by Forbes list of America's Best Large Employers as one of the nation's Top 100 Great Hospitals for its history of innovation, top-notch patient care and leadership in clinical advancement which is backed by forward-thinking research. Hospitals on the list are also considered a vital part of the community.

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 Medical Center has more "Top Doctors" than any other central Ohio hospital according to the August 2023 Columbus Monthly Health magazine in conjunction with Castle Connolly. Wexner Medical Center physicians were selected by Castle Connolly because they are among the very best in their specialties.

The health care industry continued to face challenges and while the Health System was not immune to these headwinds, the organization worked hard to overcome them. In 2023, Health System inpatient volumes ended the year higher than prior year by 4.1% in terms of patient admissions and by 3.1% for inpatient surgeries and length of stay improved by 4.5%. Outpatient surgeries were 12.3% ahead of prior year and imaging services

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increased 14.5% as the organization added capacity with the Health System's two newest ambulatory facilities in New Albany and Dublin. Oncology and non-oncology infusions experienced a 10.8% increase in outpatient volume in 2023 contributing to the positive results from operations for the system.

Approximately 84.6% of total operating revenues are from patient care activities. Total operating revenues grew $245.1 million or 6.2% over the prior fiscal year. Inpatient surgical volume increased 3.1% while outpatient surgical volume increased 12.3% compared to 2022. The Health System's oncology and non-oncology infusion sites grew 10.8%. Outpatient Care Dublin recorded approximately 83,300 new visits in 2023. Operating revenues also included a $24.6 million increase for the Specialty Retail Pharmacy from 2022 to 2023.

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 Health System employees supporting the transitioned practices. OSUP reimbursed the Health System for these employee salaries and benefits which were recorded in Other Operating Revenues under the Health System. HP3 Revenue totaled $75.5 million in 2023. Due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients, the Health System operates a Specialty Retail Pharmacy dedicated to improving patient care by easing the challenges of managing medications. The Specialty Retail Pharmacy contributed $273.7 million to Health System operating revenues in 2023 and $249.1 million in 2022.

Other Operating Revenues also includes a portion of the revenue shared with Nationwide Children's Hospital for the management of the Neonatal Intensive Care Unit (NICU) located at the Health System. The goal of this managed unit is to standardize the care and quality outcomes of all the neonatal patients in Central Ohio. The NICU contributed $17.5 million of operating revenues in 2023 and $17.3 million in 2022. In 2019, the Health System enrolled in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality improvement strategies and goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital agencies. The Health System recognized $84.5 million in Other Operating Revenues related to CICIP in 2023 compared to $89.1 million in 2022.

Operating expenses increased $704.9 million or 21.2% from 2022 to 2023 as 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 as well as salaries and benefits. Total pension and OPEB benefit recognized in 2023 by the Health System including employer contributions totaled $217.3 million. Total pension and OPEB benefit included $162.6 million of employer contributions, $123.1 million pension expense related to GASB 68 accruals, and $68.4 million OPEB benefit related to GASB 75 accruals.

Salaries and benefits grew $75.2 million or 4.5% from 2022 to 2023 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 $128.4 million or 10.7%. The increase in supplies was a result of the growth in surgeries and outpatient procedural volumes as well as inflationary impacts felt across the Health System. The growth in drugs is due to increased volumes in chemotherapy at The James as well as increased volumes at Health System nononcology infusion sites. Additionally, drug costs increased at the Specialty Retail Pharmacy as a result of higher volumes in 2023. Purchased services grew $75.1 million or 15.9% in 2023 reflecting increased maintenance costs associated with information technology and clinical care systems. Additionally, the Health System transferred $47.2 million to OSUP for Anesthesia practice support related to the HP3 transition.

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Consolidated revenues for **OSU Physicians, Inc.** (OSUP), the university's central practice group for physician faculty members of the College of Medicine and Public Health, increased $305 million, to $1.01 billion in 2023, Consolidated OSUP operating expenses increased $339 million, to $1.02 billion. The increases in OSUP revenue and expense are due primarily to practice expansion and integration of the departments from the Health System to OSUP. OSUP balances are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support increased $15 million, to $509 million in 2023. Total **state share of instruction** (SSI) for 2023 was $417 million, a 3% increase over final 2022 distributions. **State line-item appropriations** were stable, increasing $2 million in 2023, to $91 million. **State capital appropriations** decreased $6 million, to $47 million.

In response to the COVID-19 outbreak, the federal government has provided support to individuals, companies and non profit institutions in the form of loans, grants, tax changes and other types of relief. Revenues from **federal COVID-19 assistance programs** decreased $98 million, to $71 million in 2023, primarily reflecting decreases in HEERF institutional grants (down $64 million) and HEERF grants to students (down $60 million), which were partially offset by a $25 million increase in Provider Relief Funds. Amounts provided to the university under these grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

Total **gifts** to the university decreased $14 million, to $341 million in 2023. Several colleges and support units received gifts in excess of $1 million in 2023, including the Office of the President, the College of Food, Agricultural and Environmental Sciences, University Hospitals, the James Cancer Hospital and Research Institute, the Comprehensive Cancer Center, the College of Medicine, the College of Public Health, the College of Nursing, the College of Dentistry, the College of Pharmacy, Health Sciences, the College of Arts and Sciences, the College of Engineering, Fisher College of Business, Moritz College of Law, the College of Education and Human Ecology, WOSU, the College of Veterinary Medicine, the Department of Athletics, the Marion and Newark regional campuses, the Enterprise for Research, Innovation and Knowledge, and General University Scholarships. Support came from more than 226,000 alumni and friends.

University investments yielded $506 million in **net investment income** in 2023, compared with a $292 million net investment loss in 2022. For 2023, the LTIP returned +6.86% compared to +0.98% in 2022.

The LTIP outperformed its preliminary policy benchmark of +4.64% for 2023. During that period, Public Equity returned 15.51% (compared to the benchmark of 16.53%), Real Assets returned +8.07% (compared to the preliminary benchmark of +2.00%), Hedge Funds and Opportunistic Credit returned +6.60% (compared to the preliminary benchmark of +3.58%), Cash and High-Grade Bonds returned +0.06% (compared to the benchmark of -0.94%), Legacy Investments returned -0.75% (benchmark is return of actual underlying funds) and Private Equity returned -0.91% (compared to the benchmark of -7.44%).

Prior-Year Highlights: ***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 Health System patient volumes and the return of athletic events and in-person classes for students. Operating expenses increased $1.00 billion, to $6.63 billion, primarily due to an increase in non-cash pension and other post-employment benefit (OPEB) expenses, the return to in-person instruction, increased occupancy in student housing and dining, and at the Health System, increases in outpatient volumes, patient acuity and labor costs. ***In 2021,*** total net position increased $3.20 billion, to $8.63 billion at June 30, 2021, driven primarily by strong investment performance, continued positive momentum at the Health System, significant efficiency measures across the university and reductions in university net pension and other post-employment benefit liabilities. University investments yielded $1.86 billion of net investment income in 2021, compared with $231 million in 2020. The LTIP returned +29.2% compared to +1.1% in 2020.

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University Cash Flows (in thousands)

University Cash Flows Summary *(in thousands)*

	2023	2022	2021
Net cash flows used in operating activities	$ (345,391)	$ (504,391)	$ (388,187)
Net cash flows from noncapital financing activities	943,984	1,060,459	889,559
Receipts for capital projects	31,420	56,061	145,499
Proceeds from capital debt	–	739,775	–
Payments for purchase or construction of capital assets	(1,072,766)	(1,055,311)	(891,524)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(311,098)	(247,347)	(198,820)
Net cash flows provided (used) in investing activities	1,590,813	(699,755)	(849,008)
Net increase (decrease) in cash and cash equivalents	$ 836,962	$ (650,509)	$ (1,292,481)

Total pension and OPEB expense recognized by the university decreased $1.58 billion, to a negative (credit) of $770 million in 2021.

Statement of Cash Flows

University cash and cash equivalents increased $837 million in 2023. Net cash used in operating activities was $345 million, compared to $504 million in 2022, primarily reflecting increases in sales and service, tuition, grant and contract and other operating receipts, which were partially offset by increases in payments for salaries, benefits and supplies and services. Net cash flows from noncapital financing activities decreased $116 million, to $944 million, reflecting decreases in receipts from federal COVID-19 assistance programs and decreases in gift eceipts. Payments for purchase or construction of capital assets increased $17 million, to $1.07 billion, reflecting continued high levels of capital expenditures for Health System and other university projects. Cash provided by investing activities was $1.59 million, primarily reflecting net sales of temporary investments.

Strategic Context

The fiscal year 2024 Financial Plan demonstrates Ohio State's firm footing. Due to strong investment performance, continued positive momentum at the Health System, a post-pandemic rebound and significant progress in achieving operational efficiencies, the university outperformed prior fiscal years in 2023. Looking ahead, the university's fiscal stability, strength and resiliency position us to further our continued commitment to enhancing academic excellence, advancing research and innovation, service to the state of Ohio, making Ohio State a workplace of choice, and financial and operational stewardship.

Academics

The university's Academic Plan, launched in November 2022, defines six areas of focus for transforming academic life at Ohio State: faculty eminence; student academic excellence; external engagement; inclusive excellence; technology and digital innovation and online learning; and operational effectiveness. Many of the plan's objectives are being advanced through investment in such initiatives as the new Office of Faculty Affairs and the Office of Strategic Enrollment Management, as well as the Office of Institutional Research and Planning. Additional programs provide strategic investments in elevating 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 collaborations across disciplines, centers, institutes and external communities that align with national or international opportunities.

Advancing Research and Innovation

Ohio State's research and creative expression communities conduct more than $1 billion in research and development expenditures annually. This past year, the university achieved a new institutional record of approximately $1.38 billion in research expenditures. Federal expenditures totaled $636.9 million, with growth observed across the

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portfolio of federal agencies, including the National Science Foundation, 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, to 12th from 24th, as part of the Higher Education Research and Development survey released by the National Science Foundation.

The university has 2.5 million square feet of assigned research space, which is growing through ongoing capital improvement plans. Faculty, staff nd students work and learn in state-of-the-art laboratories, classrooms and performance spaces, while industries turn to Ohio State to help investigate new frontiers and apply groundbreaking research and knowledge to their sectors. Carmenton, the university's fast-growing innovation district, is bringing together private, public and academic sectors to exchange knowledge, understand problems that seem insurmountable, develop technologies, and accelerate delivering solutions to the market and the world. Ohio State also played an integral role in helping to attract a more than $20 billion planned investment by Intel to build two new semiconductor factories in central Ohio — a partnership that involves research and education initiatives to grow and train tomorrow's workforce.

Ohio State as a Workplace of Choice

With an emphasis on professional development, the Office of Human Resources (OHR) works collaboratively to maintain and enhance our status as an employer of choice — a destination for teachers, scholars, artists and educational support and clinical professionals that prioritizes career growth as well as a safe and healthy environment.

In the coming fiscal year, OHR is focused on improving and enhancing HR Service Delivery and addressing equity and compensation concerns in faculty, staff nd student pay. For HR Service Delivery, our work should recognize needed differences across the organization, while reinforcing necessary consistency and efficiency in practices, policies and resources. HR services must be delivered in a coordinated way while ensuring logical deployment of our people via a structure that serves the university and medical center.

Service to the State of Ohio

With six campuses across the state, growing online education offerings and a presence in each of Ohio's 88 counties, Ohio State is deeply committed to engaging people whether they live in rural, urban or suburban settings. 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 expanding statewide engagement into public health, engineering, business management, the arts and more through multiple pathways. These include regional campuses, extension offices, extensive public-private partnerships and, importantly, the Wexner Medical Center.

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 2.2 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 more than 1,800 physicians. More than $3 billion has been invested in capital in support of Ohio State's health enterprise, including a new 820-bed inpatient hospital; an interdisciplinary health sciences complex; an interdisciplinary research facility; three large suburban outpatient care centers; and an outpatient cancer care center.

Finally, service to our communities is exemplified through Ohio State's aff rdability eff rts. The university's comprehensive focus on aff rdability includes locking in in-state tuition for each incoming undergraduate class, expanding financial aid to meet students' needs, enhancing student success programs and addressing student debt. These eff rts include the Scarlet & Gray Advantage program, which will empower eligible Ohio State students to earn their bachelor's degree debt-free. During the coming year, the university budget will also include $2 million for the Scarlet & Gray Advantage pilot program, an additional $7 million in increased current use gift evelopment funding for new student scholarships, as well as an increase of $500 per student for the Ohio College Opportunity Grant program.

Financial and Operational Stewardship

Strategic benchmarking, revenue optimization and diligent efficiency initiatives are pillars of Ohio State's eff rts to be a trusted steward of our resources. Comprehensive administrative efficiencies enable us to direct funds to our core mission and support excellence in the above areas and across the university and medical center. To continue safeguarding the university's resources during the pandemic and enable crucial investments in the future, the university set three efficiency savings goals for FY 2023.

- University — $25 million of targeted savings across all colleges and support offices. $31.5 million of savings were realized through June 30, 2023.
- Ohio State Wexner Medical Center — $30 million of targeted savings. $58.3 million of savings were realized through June 30, 2023.
- Capital — $15 million of targeted savings. $62.0 million of savings were realized through June 30, 2023.

Targets for FY 2024 efficiency savings total $80 million: university, $35 million; Ohio State University 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.

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

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, 2023 and June 30, 2022
(in thousands)

	Primary Institution 2023	Primary Institution 2022	Discretely Presented Component Units 2023	Discretely Presented Component Units 2022	Total University 2023	Total University 2022
ASSETS AND DEFERRED OUTFLOWS:						
Current Assets:						
Cash and cash equivalents	$ 1,140,082	$ 303,120	$ 99,478	$ 176,481	$ 1,239,560	$ 479,601
Temporary investments	1,579,921	2,547,715	145,305	83,296	1,725,226	2,631,011
Accounts receivable, net	796,349	772,050	114,157	76,710	910,506	848,760
Notes receivable – current portion, net	6,387	25,231	-	-	6,387	25,231
Pledges receivable – current portion, net	73,297	61,395	-	-	73,297	61,395
Accrued interest receivable	22,065	23,109	-	-	22,065	23,109
Inventories and prepaid expenses	186,263	141,765	7,252	4,636	193,515	146,401
Investments held under securities lending program	-	201,994	-	-	-	201,994
Amounts due from (to) primary institution	(75,256)	(68,401)	75,256	68,401	-	-
Total Current Assets	3,729,108	4,007,978	441,448	409,524	4,170,556	4,417,502
Noncurrent Assets:						
Unexpended bond proceeds	210,358	679,040	-	-	210,358	679,040
Notes receivable, net	29,530	18,413	800	800	30,330	19,213
Pledges receivable, net	136,110	116,230	-	-	136,110	116,230
Net other post-employment benefit asset	128,942	441,127	-	-	128,942	441,127
Long-term investment pool	7,383,676	6,960,782	-	-	7,383,676	6,960,782
Other long-term investments	231,885	301,855	-	-	231,885	301,855
Leases receivable, net	20,049	38,136	29,080	17,136	49,129	55,272
Amounts due from (to) primary institution - leases	(92,425)	(67,181)	92,425	67,181	-	-
Other noncurrent assets	266,135	226,571	2,578	2,336	268,713	228,907
Capital assets, net	7,981,204	7,241,381	512,513	391,239	8,493,717	7,632,620
Total Noncurrent Assets	16,295,464	15,956,354	637,396	478,692	16,932,860	16,435,046
Total Assets	20,024,572	19,964,332	1,078,844	888,216	21,103,416	20,852,548
Deferred Outflows:						
Pension	1,474,386	584,364	-	-	1,474,386	584,364
Other post-employment benefits	213,518	11,545	-	-	213,518	11,545
Other deferred outflows	21,271	22,505	-	-	21,271	22,505
Total Deferred Outflows	1,709,175	618,414	-	-	1,709,175	618,414
Total Assets and Deferred Outflows	$ 21,733,747	$ 20,582,746	$ 1,078,844	$ 888,216	$ 22,812,591	$ 21,470,962

Statements of Net Position

June 30, 2023 and June 30, 2022

(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2023	2022	2023	2022	2023	2022
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:						
Current Liabilities:						
Accounts payable and accrued expenses	$ 697,512	$ 757,606	$ 85,612	$ 25,595	$ 783,124	$ 783,201
Medicare advance payment program	-	79,601	-	-	-	79,601
Deposits and advance payments for goods and services	442,713	447,404	6,994	2,711	449,707	450,115
Current portion of bonds, notes and leases payable	117,065	126,629	4,886	4,519	121,951	131,148
Long-term bonds payable, subject to remarketing	603,820	275,000	-	-	603,820	275,000
Liability under securities lending program	-	201,994	-	-	-	201,994
Other current liabilities	77,215	101,989	14,982	37,336	92,197	139,325
Amounts due to (from) primary institution	(118,179)	(114,610)	118,179	114,610	-	-
Amounts due to (from) primary institution - leases	(7,859)	(4,979)	7,859	4,979	-	-
Total Current Liabilities	1,812,287	1,870,634	238,512	189,750	2,050,799	2,060,384
Noncurrent Liabilities:						
Bonds, notes and leases payable	2,946,617	3,379,010	42,392	32,811	2,989,009	3,411,821
Concessionaire payable	431,608	355,786	-	-	431,608	355,786
Net pension liability	4,214,821	1,497,793	-	-	4,214,821	1,497,793
Net other post-employment benefit liability	92,020	15,661	-	-	92,020	15,661
Compensated absences	213,689	203,505	-	-	213,689	203,505
Self-insurance accruals	84,980	100,497	-	-	84,980	100,497
Amounts due to third-party payors - Health System	74,697	87,306	-	-	74,697	87,306
Irrevocable split-interest agreements	33,008	32,324	-	-	33,008	32,324
Refundable advances for Federal Perkins loans	20,821	23,238	-	-	20,821	23,238
Advance from concessionaire	958,816	963,663	-	-	958,816	963,663
Other noncurrent liabilities	305,529	276,345	3,414	4,700	308,943	281,045
Amounts due to (from) primary institution	(211,017)	(192,948)	211,017	192,948	-	-
Amounts due to (from) primary institution - leases	(157,449)	(54,198)	157,449	54,198	-	-
Total Noncurrent Liabilities	9,008,140	6,687,982	414,272	284,657	9,422,412	6,972,639
Total Liabilities	10,820,427	8,558,616	652,784	474,407	11,473,211	9,033,023
Deferred Inflows:						
Parking service concession arrangement	378,021	387,652	-	-	378,021	387,652
Pension	109,418	1,681,316	-	-	109,418	1,681,316
Other post-employment benefits	133,209	456,823	-	-	133,209	456,823
Other deferred inflows	281,401	169,650	167,474	136,516	448,875	306,166
Total Deferred Inflows	902,049	2,695,441	167,474	136,516	1,069,523	2,831,957
Net Position:						
Net investment in capital assets	3,997,995	3,687,131	87,178	98,110	4,085,173	3,785,241
Restricted:						
Nonexpendable	1,942,078	1,870,686	-	-	1,942,078	1,870,686
Expendable	1,667,347	1,560,810	-	-	1,667,347	1,560,810
Unrestricted	2,403,851	2,210,062	171,408	179,183	2,575,259	2,389,245
Total Net Position	10,011,271	9,328,689	258,586	277,293	10,269,857	9,605,982
Total Liabilities, Deferred Inflows and Net Position	$ 21,733,747	$ 20,582,746	$ 1,078,844	$ 888,216	$ 22,812,591	$ 21,470,962

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

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2023 and June 30, 2022

(in thousands)

	Primary Institution 2023	Primary Institution 2022	Discretely Presented Component Units 2023	Discretely Presented Component Units 2022	Total University 2023	Total University 2022
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of $249,555 and $268,547, respectively)	$ 1,060,454	$ 1,003,060	$ -	$ -	$ 1,060,454	$ 1,003,060
Federal grants and contracts	463,777	426,216	21,551	18,735	485,328	444,951
State grants and contracts	102,699	85,976	-	-	102,699	85,976
Local grants and contracts	29,931	32,538	-	-	29,931	32,538
Private grants and contracts	320,964	269,344	63,030	55,721	383,994	325,065
Sales and services of educational departments	191,509	166,121	9,202	10,028	200,711	176,149
Sales and services of auxiliary enterprises (net of scholarship allowances of $41,348 and $42,872, respectively)	394,835	364,308	-	-	394,835	364,308
Sales and services of the OSU Health System, net	4,444,419	4,178,956	-	-	4,444,419	4,178,956
Sales and services of OSU Physicians, Inc., net	-	-	1,006,767	701,680	1,006,767	701,680
Other operating revenues	129,347	67,957	4,372	4,132	133,719	72,089
Total Operating Revenues	7,137,935	6,594,476	1,104,922	790,296	8,242,857	7,384,772
Operating Expenses:						
Educational and General:						
Instruction and departmental research	1,254,266	1,027,196	9,371	8,597	1,263,637	1,035,793
Separately budgeted research	601,981	502,475	26,533	22,769	628,514	525,244
Public service	145,356	147,900	13,068	9,950	158,424	157,850
Academic support	313,148	235,370	-	-	313,148	235,370
Student services	119,404	86,345	-	-	119,404	86,345
Institutional support	228,262	245,780	33,433	26,153	261,695	271,933
Operation and maintenance of plant	174,562	127,294	1,313	1,031	175,875	128,325
Scholarships and fellowships	123,564	164,093	-	-	123,564	164,093
Auxiliary enterprises	410,383	351,168	-	-	410,383	351,168
OSU Health System	3,964,394	3,223,874	-	-	3,964,394	3,223,874
OSU Physicians, Inc.	-	-	1,020,146	680,845	1,020,146	680,845
Depreciation and amortization	545,971	513,600	33,594	24,511	579,565	538,111
Total Operating Expenses	7,881,291	6,625,095	1,137,458	773,856	9,018,749	7,398,951
Net Operating Income (loss)	(743,356)	(30,619)	(32,536)	16,440	(775,892)	(14,179)
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	508,704	493,248	-	-	508,704	493,248
Federal subsidies for Build America Bonds interest	11,321	11,304	-	-	11,321	11,304
Federal non-exchange grants	63,059	64,077	-	-	63,059	64,077
Federal COVID-19 assistance programs	70,792	168,967	19,875	11,686	90,667	180,653
State non-exchange grants	25,757	34,591	-	-	25,757	34,591
Gifts	211,735	233,381	-	-	211,735	233,381
Net investment income (loss)	505,970	(292,335)	9,390	(8,379)	515,360	(300,714)
Interest expense on plant debt	(161,259)	(159,703)	(10,393)	(5,542)	(171,652)	(165,245)
Other non-operating revenues (expenses)	14,149	(104)	(5,903)	(5,655)	8,246	(5,759)
Net Non-operating Revenue (Expenses)	1,250,228	553,426	12,969	(7,890)	1,263,197	545,536
Income (loss) before Other Changes in Net Position	506,872	522,807	(19,567)	8,550	487,305	531,357
Other Changes in Net Position:						
State capital appropriations	46,714	52,886	-	-	46,714	52,886
Private capital gifts	58,407	44,112	-	-	58,407	44,112
Additions to permanent endowments	70,589	77,206	-	-	70,589	77,206
Capital contributions and changes in net position	-	-	860	1,182	860	1,182
Total Changes in Net Position	175,710	174,204	860	1,182	176,570	175,386
Increase (decrease) in Net Position	682,582	697,011	(18,707)	9,732	663,875	706,743
Net Position - Beginning of Year	9,328,689	8,631,678	277,293	267,561	9,605,982	8,899,239
Net Position - End of Year	$ 10,011,271	$ 9,328,689	$ 258,586	$ 277,293	$ 10,269,857	$ 9,605,982

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

Statements of Cash Flows

Years Ended June 30, 2023 and June 30, 2022

(dollars in thousands)

	Primary Institution 2023	Primary Institution 2022	Discretely Presented Component Units 2023	Discretely Presented Component Units 2022	Total University 2023	Total University 2022
Cash Flows from Operating Activities:						
Tuition and fee receipts	$ 928,631	$ 868,342	$ -	$ -	$ 928,631	$ 868,342
Grant and contract receipts	897,175	814,127	72,994	69,443	970,169	883,570
Receipts for sales and services	4,941,910	4,556,007	969,045	708,039	5,910,955	5,264,046
Receipt from energy concessionaire	18,749	16,408	-	-	18,749	16,408
Payments to or on behalf of employees	(3,469,856)	(3,109,359)	(630,094)	(530,930)	(4,099,950)	(3,640,289)
University employee benefit payments	(867,181)	(790,577)	(151,945)	(113,828)	(1,019,126)	(904,405)
Payments to vendors for supplies and services	(2,836,688)	(2,728,458)	(256,023)	(135,783)	(3,092,711)	(2,864,241)
Payments to students and fellows	(109,243)	(151,727)	-	-	(109,243)	(151,727)
Student loans issued	(2,105)	(4,092)	-	-	(2,105)	(4,092)
Student loans collected	6,388	12,263	-	-	6,388	12,263
Student loan interest and fees collected	1,416	1,437	-	-	1,416	1,437
Other receipts (payments)	145,413	11,238	4,731	-	150,144	11,238
Net cash provided (used) by operating activities	(345,391)	(504,391)	8,708	(3,059)	(336,683)	(507,450)
Cash Flows from Noncapital Financing Activities:						
State share of instruction and line-item appropriations	508,704	493,248	-	-	508,704	493,248
Non-exchange grant receipts	88,816	98,668	10	2,098	88,826	100,766
Federal COVID-19 assistance programs	70,792	168,967	-	31,565	70,792	200,532
Gift receipts for current use	208,077	206,882	-	-	208,077	206,882
Additions to permanent endowments	70,589	77,206	-	-	70,589	77,206
Drawdowns of federal direct loan proceeds	319,127	320,043	-	-	319,127	320,043
Disbursements of federal direct loans to students	(317,565)	(317,934)	-	-	(317,565)	(317,934)
Amounts received from irrevocable split-interest agreements	1,153	750	-	-	1,153	750
Amounts paid to annuitants and life beneficiaries	(2,128)	(2,191)	-	-	(2,128)	(2,191)
Agency funds receipts	5,279	5,588	-	-	5,279	5,588
Agency funds disbursements	(5,588)	(5,051)	-	-	(5,588)	(5,051)
Other receipts (payments)	(3,272)	14,283	(581)	(7,562)	(3,853)	6,721
Net cash provided (used) by noncapital financing activities	943,984	1,060,459	(571)	26,101	943,413	1,086,560
Cash Flows from Capital Financing Activities:						
Proceeds from capital debt	-	739,775	21,348	29,478	21,348	769,253
Gift receipts for capital projects	31,420	56,061	-	-	31,420	56,061
Payments for purchase or construction of capital assets	(1,072,766)	(1,055,311)	(24,474)	(37,332)	(1,097,240)	(1,092,643)
Principal payments on capital debt and leases	(148,221)	(105,554)	(19,059)	(4,018)	(167,280)	(109,572)
Interest payments on capital debt and leases	(173,579)	(157,714)	(9,495)	(4,634)	(183,074)	(162,348)
Federal subsidies for Build America Bonds interest	10,702	15,921	-	-	10,702	15,921
Other capital financing receipts (payments)	-	-	6,793	-	6,793	-
Net cash (used) by capital financing activities	(1,352,444)	(506,822)	(24,887)	(16,506)	(1,377,331)	(523,328)
Cash Flows from Investing Activities:						
Purchases of investments	(8,496,321)	(8,034,259)	(112,720)	(81,916)	(8,609,041)	(8,116,175)
Proceeds from sales and maturities of investments	9,875,135	7,187,502	47,851	-	9,922,986	7,187,502
Investment income (loss), net of related expenses	211,999	147,002	4,616	(8,897)	216,615	138,105
Net cash provided (used) by investing activities	1,590,813	(699,755)	(60,253)	(90,813)	1,530,560	(790,568)
Net Increase (Decrease) in Cash	836,962	(650,509)	(77,003)	(84,277)	759,959	(734,786)
Cash and Cash Equivalents - Beginning of Year	303,120	953,629	176,481	260,758	479,601	1,214,387
Cash and Cash Equivalents - End of Year	$ 1,140,082	$ 303,120	$ 99,478	$ 176,481	$ 1,239,560	$ 479,601

Statements of Cash Flows
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2023	2022	2023	2022	2023	2022
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:						
Operating income (loss)	$ (743,356)	$ (30,619)	$ (32,536)	$ 16,440	$ (775,892)	$ (14,179)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	545,971	513,600	33,594	24,511	579,565	538,111
Changes in assets and liabilities:						
Accounts receivable, net	(25,464)	(41,927)	(38,941)	(9,298)	(64,405)	(51,225)
Leases receivable, net	18,087	(709)	-	(1,390)	18,087	(2,099)
Amounts due from (to) primary institution - leases	25,244	(3,905)	-	-	25,244	(3,905)
Notes receivable, net	10,999	4,070	-	-	10,999	4,070
Accrued interest receivable	(243)	(1,590)	-	-	(243)	(1,590)
Inventories and prepaid expenses	(44,498)	5,053	(3,000)	(13)	(47,498)	5,040
Amounts due to/from primary institution	(14,783)	(9,679)	52,026	(16,354)	37,243	(26,033)
Amounts due to (from) primary institution - leases	(106,131)	(25,522)	-	-	(106,131)	(25,522)
Net other post-employment benefit asset	312,185	(165,945)	-	-	312,185	(165,945)
Deferred outflows	(1,091,995)	(152,048)	-	-	(1,091,995)	(152,048)
Other noncurrent assets	(34,261)	14,521	(241)	(1,890)	(34,502)	12,631
Accounts payable and accrued liabilities	(70,567)	(54,431)	9,872	192	(60,695)	(54,239)
Medicare advance payment program	(79,601)	(175,253)	-	(10,191)	(79,601)	(185,444)
Self-insurance accruals	(15,517)	15,414	-	-	(15,517)	15,414
Amounts due to third-party payors - Health System	(12,609)	(3,097)	-	-	(12,609)	(3,097)
Deposits and advanced payments	(542)	79,826	(38)	1,245	(580)	81,071
Compensated absences	10,184	(10,923)	-	-	10,184	(10,923)
Refundable advances for Federal Perkins loans	(2,417)	(2,767)	-	-	(2,417)	(2,767)
Advance from concessionaire	(4,847)	(17,290)	-	-	(4,847)	(17,290)
Net pension liability	2,717,028	(1,181,540)	-	-	2,717,028	(1,181,540)
Net other post-employment benefit liability	76,359	(7,022)	-	-	76,359	(7,022)
Deferred inflows	(1,819,482)	770,320	(11,097)	(6,494)	(1,830,579)	763,826
Other liabilities	4,865	(22,928)	(931)	183	3,934	(22,745)
Net cash provided (used) by operating activities	$ (345,391)	$ (504,391)	$ 8,708	$ (3,059)	$ (336,683)	$ (507,450)
Non Cash Transactions:						
Construction in process in accounts payable	$ 25,291	$ 1,601	$ 1,016	$ 3,205	$ 26,307	$ 4,806
Construction in process in concessionaire payable	98,995	150,843	-	-	98,995	150,843
Stock gifts	18,603	19,583	-	-	18,603	19,583
Net increase (decrease) in fair value of investments	295,261	(441,354)	4,217	(8,899)	299,478	(450,253)
Forgiveness of debt	-	-	-	266	-	266
State capital appropriations	46,933	52,474	-	-	46,933	52,474
Refunding of Series 2013A Bonds	328,820	-	-	-	328,820	-

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

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

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

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

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

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

Basis of Presentation

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

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

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

The criteria for determining financial accountability include the following circumstances:

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

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

- **The Ohio State University Foundation** — The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.

Notes to the Financial Statements

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- **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 not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.

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

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

- **The Ohio State University Physicians, Inc.** — The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.

- **Campus Partners for Community Urban Redevelopment, Inc.** — This 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
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- **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 orpus 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, 2023, the university has made commitments to limited partnerships totaling $1,358,008 that have not yet been funded. These commitments may extend for a maximum of twelve years.

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

Endowment Policy

All endowments are invested in the university's Long-Term Investment Pool, which consists of 6,310 Board authorized funds and 218 pending funds. Each named fund is assigned a number of shares in the Long-Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long-Term Investment Pool, and the associated net position is generally classified as restricted-expendable.

Annual distributions to named funds in the Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.5% of the average fair value per share of the Long-Term Investment Pool over the most recent five year period.

(dollars in thousands)

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.

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

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted nonexpendable net position. Recovery on these funds is recorded as an increase in restricted nonexpendable 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 s 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 s 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 nd 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
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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 nonoperating revenues, including state appropriations, current-use gifts and net investment income. In addition, amounts provided to the university under Federal COVID-19 assistance grant programs are recognized as non-operating revenues as eligibility requirements are met.

Tuition, Room and Board

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

State Support

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

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

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

Government Grants and Contracts

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

The university generally considers grants 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, 2023 and June 30, 2022

(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.

The university's Health System and OSU Physicians, a discretely presented component unit of the university, received advance payments under the Medicare Accelerated and Advance Payment program. These payments are considered short-term loans and are reported as current liabilities in the Statements of Net Position. Current liabilities for advance payments provided to the Health System totaled zero and $79,601 at June 30, 2023 and 2022, respectively.

OSU Health System Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payors for services rendered net of contractual allowances, charity care and bad debt expenses. Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters.

Health System patient service revenue amounts recognized from major payor sources (based on primary payor) for the years ended June 30, 2023 and 2022, respectively, are as follows:

	Primary Institution	
Payor	**2023**	**2022**
Medicare	$ 1,089,511	$ 1,055,544
Medicaid	561,840	553,121
Managed Care:		
Anthem	771,736	707,125
United Healthcare	472,839	474,790
MMO	222,748	265,950
Aetna	201,573	208,722
Other	449,088	433,522
Self Pay	7,043	4,678
Total net patient service revenue	3,776,378	3,703,452
Add: Other Health System sales and services revenue	668,041	475,504
Total Health System sales and services, net	$ 4,444,419	$ 4,178,956

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OSU Physicians Revenue

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

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

Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off nd not reported as gross patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2023 and 2022 are $61,096 and $39,989, respectively, after applying a decrease of $2,347 and $15,370, 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, 2023 and 2022 are $23,033 and $14,634, 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 April 2022, the GASB issued Statement No. 99, Omnibus 2022. This Statement includes an extension of the use of LIBOR, clarifies provisions related to the new Statements for leases, public-private partnerships and subscription-based IT arrangements, and the classification and reporting of derivative instruments. The provisions related to LIBOR are effective upon issuance, the provisions related to leases, PPPs and SBITAs are effective for periods beginning after June 15, 2022 (FY2023), and the provisions related to derivatives are effective for periods beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment to GASB Statement No. 62. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement also provides guidance on related note disclosures and addresses corrections to Required Supplementary Information and Supplementary Information. The Statement is effective for fiscal years beginning after June 15, 2023 (FY2024).

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

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University management is currently assessing the impact that implementation of GASB Statements Nos. 99, 100 and 101 will have on the university's financial statements.

Implementation of GASB Statement No. 94

In fiscal year 2023, the university implemented GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This Statement addresses PPPs and APAs and supersedes guidance in GASB 60, Accounting and Financial Reporting for Service Concession Arrangements. The Statement applies the right-of-use model set forth in GASB Statement No. 87, Leases to PPP arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets. The adoption of the new standard resulted in no changes to university reporting.

Implementation of GASB Statement No. 96

In fiscal year 2023, the university implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB 96 extends the right-of-use accounting concepts introduced in GASB Statement No. 87 to subscription-based information technology arrangements, or SBITAs. Under GASB 96, governments are required to identify arrangements that qualify as SBITAs and recognize a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The university adopted Statement No. 96 as of July 1, 2021, with no net impact on opening net position. The effects of adopting the new standard retroactively to the university's financial statements for the year ended June 30, 2022 were as follows:

2022 Statement of Net Position – Primary Institution

2022 Statement of Net Position - Primary Institution	As Previously Reported	Effect of Adoption of Statement No. 96	As Restated
Noncurrent Assets:			
Capital assets, net	$ 7,194,565	$ 46,816	$ 7,241,381
Total noncurrent assets	15,909,538	46,816	15,956,354
Total assets	19,917,516	46,816	19,964,332
Current Liabilities:			
Current portion of bonds, notes and leases payable	109,458	17,171	126,629
Total current liabilities	1,853,463	17,171	1,870,634
Noncurrent Liabilities:			
Bonds, notes and leases payable	3,357,938	21,072	3,379,010
Total noncurrent liabilities	6,666,910	21,072	6,687,982
Total liabilities	8,520,373	38,243	8,558,616
Net Position:			
Net investment in capital assets	3,706,371	(19,240)	3,687,131
Unrestricted	2,182,249	27,813	2,210,062
Total net position	$ 9,320,116	$ 8,573	$ 9,328,689

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2022 Statement of Revenues, Expenses and Changes in Net Position – Primary Institution

	As Previously Reported	Effect of Adoption of Statement No. 96	As Restated
Operating Expenses:			
Institutional support	$ 261,348	$ (15,568)	$ 245,780
Auxiliary enterprises	351,554	(386)	351,168
OSU Health System	3,236,935	(13,061)	3,223,874
Depreciation and amortization	494,360	19,240	513,600
Total operating expenses	6,634,870	(9,775)	6,625,095
Net operating income (loss)	(40,394)	9,775	(30,619)
Non-operating Revenues (Expenses):			
Interest expense	(158,501)	(1,202)	(159,703)
Net non-operating revenues (expenses)	554,628	(1,202)	553,426
Income (loss) before other changes in net position	514,234	8,573	522,807
Increase (decrease) in net position	$ 688,438	$ 8,573	$ 697,011

2022 Statement of Cash Flows – Primary Institution

	As Previously Reported	Effect of Adoption of Statement No. 96	As Restated
Cash Flows from Operating Activities:			
Payments to vendors for supplies and services	$ (2,757,473)	$ 29,015	$ (2,728,458)
Net cash provided (used) by operating activities	(533,406)	29,015	(504,391)
Cash Flows from Capital Financing Activities:			
Principal payments on capital debt and leases	(77,741)	(27,813)	(105,554)
Interest payments on capital debt and leases	(156,512)	(1,202)	(157,714)
Net cash provided (used) by capital financing activities	(477,807)	(29,015)	(506,822)
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:			
Operating income (loss)	(40,394)	9,775	(30,619)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	494,360	19,240	513,600
Net cash provided (used) by operating activities	$ (533,406)	$ 29,015	$ (504,391)

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2022 Statement of Net Position – Discretely Presented Component Units	As Previously Reported	Effect of Adoption of Statement No. 96	As Restated
Noncurrent Assets:			
Capital assets, net	$ 388,582	$ 2,657	$ 391,239
Total noncurrent assets	476,035	2,657	478,692
Total assets	885,559	2,657	888,216
Current Liabilities:			
Current portion of bonds, notes and leases payable	3,479	1,040	4,519
Total current liabilities	188,710	1,040	189,750
Noncurrent Liabilities:			
Bonds, notes and leases payable	30,947	1,864	32,811
Total noncurrent liabilities	282,793	1,864	284,657
Total liabilities	471,503	2,904	474,407
Net Position:			
Net investment in capital assets	99,036	(926)	98,110
Unrestricted	178,504	679	179,183
Total net position	$ 277,540	$ (247)	$ 277,293

2022 Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units	As Previously Reported	Effect of Adoption of Statement No. 96	As Restated
Operating Expenses:			
OSU Physicians, Inc.	$ 681,610	$ (765)	$ 680,845
Depreciation and amortization	23,585	926	24,511
Total operating expenses	773,695	161	773,856
Net operating income (loss)	16,601	(161)	16,440
Non-operating Revenues (Expenses):			
Interest expense	(5,456)	(86)	(5,542)
Net non-operating revenues (expenses)	(7,804)	(86)	(7,890)
Income (loss) before other changes in net position	8,797	(247)	8,550
Increase (decrease) in net position	$ 9,979	$ (247)	$ 9,732

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2022 Statement of Cash Flows – Discretely Presented Component Units	As Previously Reported	Effect of Adoption of Statement No. 96	As Restated
Cash Flows from Operating Activities:			
Payments to vendors for supplies and services	$ (136,548)	$ 765	$ (135,783)
Net cash provided (used) by operating activities	(3,824)	765	(3,059)
Cash Flows from Capital Financing Activities:			
Principal payments on capital debt and leases	(3,339)	(679)	(4,018)
Interest payments on capital debt and leases	(4,548)	(86)	(4,634)
Net cash provided (used) by capital financing activities	(15,741)	(765)	(16,506)
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:			
Operating income (loss)	16,601	(161)	16,440
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	23,585	926	24,511
Net cash provided (used) by operating activities	$ (3,824)	$ 765	$ (3,059)

Income Tax Status

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

Related Parties

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

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 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, 2022, the carrying amount of the primary institution's cash and cash equivalents is $303,120 as compared to bank balances of $362,460. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $3,105 is covered by federal deposit

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insurance and $359,355 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 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.

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

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 and Venture Capital)	15-40%	MSCI ACWI ND – 1-Qtr. Lag
Real Estate and Infrastructure	5-15%	Cambridge Associates Real Estate (50%) and 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

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

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in “book entry” form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at Northern Trust and BNY Mellon in “book entry” form. The banks internally designate the securities as owned by or pledged to the university.

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

Total university investments by major category for the primary institution at June 30, 2023 and 2022 are as follows:

	Primary Institution	
	2023	**2022**
Temporary Investments (a)	$ 1,790,279	$ 3,226,755
Long-Term Investment Pool:		
Gifted Endowment – University	1,300,418	1,261,196
Gifted Endowment – OSU Foundation	1,442,201	1,344,732
Quasi Endowment – Operating	1,742,205	1,740,849
Quasi Endowment – Designated	2,898,852	2,614,005
Total Long-Term Investment Pool	7,383,676	6,960,782
Securities Lending Collateral Investments	–	201,994
Other Long-Term Investments	231,885	301,855
Total Investments	$ 9,405,840	$ 10,691,386

(a) At June 30, 2023, Temporary Investments included $210,358 of unexpended bond proceeds.
At June 30, 2022, Temporary Investments included $679,040 of unexpended bond proceeds. Unexpended bond proceeds represent bond proceeds restricted for capital expenditures.

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(dollars in thousands)

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

	Primary Institution				
	Temporary Investments & Unexpended Bond Proceeds	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
U.S. equity	$ –	$ 1,123,252	$ –	$ –	$ 1,123,252
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 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
	$ 1,790,279	$ 7,383,676	$ 231,885	$ –	$ 9,405,840

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

	Primary Institution				
	Temporary Investments & Unexpended Bond Proceeds	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
U.S. equity	$ 5	$ 1,084,100	$ –	$ –	$ 1,084,105
International equity	–	227,665	–	–	227,665
Equity funds	89,406	1,107,523	21,637	–	1,218,566
U.S. government obligations	502,453	(740)	756	–	502,469
U.S. government agency obligations	178,298	–	–	–	178,298
Corporate bonds and notes	1,885,371	–	–	–	1,885,371
Bond funds	333,094	290,925	43,261	–	667,280
Foreign government bonds	40,629	–	–	–	40,629
Real assets	5	806,152	22,080	–	828,237
Hedge funds	–	688,079	–	–	688,079
Private equity	–	2,274,497	192,339	–	2,466,836
Commercial paper	146,685	–	–	–	146,685
Cash equivalents	–	322,061	–	–	322,061
Receivable for units sold and Subscriptions paid in advance		160,520			160,520
Certificates of deposit	13,056	–	–	–	13,056
Other	37,753	–	21,782	–	59,535
Securities Lending Collateral Assets:					
Repurchase agreements	–	–	–	51,173	51,173
Certificates of deposit	–	–	–	114,730	114,730
Cash and other adjustments	–	–	–	36,091	36,091
	$ 3,226,755	$ 6,960,782	$ 301,855	$ 201,994	$ 10,691,386

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

	2023	2022
Interest and dividends	$ 284,872	$ 219,884
Net increase (decrease) in fair value of investments	295,261	(441,354)
Investment expenses	(74,163)	(70,865)
Total	$ 505,970	$ (292,335)

Notes to the Financial Statements
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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, 2023, 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 is not measured at fair value and, thus, is not subject to the fair value disclosure requirements. Cash not subject to such requirements amounted to $52,858 and $140,606 at June 30, 2023 and 2022, respectively.

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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
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(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2022 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	$ 1,084,105	$ –	$ –	$ –	$ 1,084,105
International equity	227,665	–	–	–	227,665
Equity funds	244,466	–	–	974,100	1,218,566
U.S. government obligations	(740)	503,209	–	–	502,469
U.S. government agency obligations	–	178,298	–	–	178,298
Corporate bonds and notes	–	1,885,371	–	–	1,885,371
Bond funds	523,891	–	–	143,389	667,280
Foreign government bonds	–	40,629	–	–	40,629
Real assets	123,734	–	25,387	679,116	828,237
Hedge funds	–	–		688,079	688,079
Private equity	–	–	73,057	2,393,779	2,466,836
Commercial paper	–	146,685	–	–	146,685
Cash equivalents	181,455	–	–	–	181,455
Receivable for units sold and Subscriptions paid in advance	160,520				160,520
Certificates of deposit	–	13,056	–	–	13,056
Other	–	37,208	22,327	–	59,535
Securities Lending Collateral Assets:					
Repurchase agreements	–	51,173	–	–	51,173
Certificates of deposit	–	114,730	–	–	114,730
Cash and other adjustments	–	36,091	–	–	36,091
	$ 2,545,096	$ 3,006,450	$ 120,771	$ 4,878,463	$ 10,550,780

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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, 2023 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity - public	$ 1,681,549	$ –	No limit	1 to 120 days	Lock-up provisions ranging from none to 2 years: investor level gates: side pockets on a few
Hedge Funds -absolute return, credit, long/short equities	795,560	25,126	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
Private Equity - private credit, buyouts, venture, secondary	2,329,369	1,155,586	1-12 years	Partnerships ineligible for redemption	Not redeemable
Real Assets - natural resources, real estate, infrastructure	608,168	115,779	1-12 years	Partnerships ineligible for redemption	Not redeemable
Total Investments Measured at the NAV	$ 5,414,646	$ 1,296,491			

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, 2023 and June 30, 2022
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The maturities of the university's interest-bearing investments for the primary institution at June 30, 2023 are as follows:

	Primary Institution				
		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 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) 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, 2022 are as follows:

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

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

Notes to the Financial Statements
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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, 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.

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Years Ended June 30, 2023 and June 30, 2022

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

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

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

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, 2023 and June 30, 2022.

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.

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

	Primary Institution					
	Common Stock	Equity Funds	Bond Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine Peso	$ -	$ -	$ 1	$ -	$ -	$ -
Australian Dollar	-	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

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

	Primary Institution					
	Common Stock	Equity Funds	Bond Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine Peso	$ -	$ -	$ 1	$ -	$ -	$ -
Australian Dollar	9,027	50,430	(26)	17,401	-	-
Brazilian Real	-	8,883	266	-	-	-
Canadian Dollar	9,592	28,833	59	7,540	-	-
Cayman Islands Dollar	-	1,617	-	-	-	-
Chilean Peso	42	61	23	-	-	-
Chinese Yuan/Yuan Renminbi	66,823	113,022	(329)	-	-	-
Colombian Peso	-	23	15	-	-	-
Costa Rican Colon	-	35	-	-	-	-
Czech Koruna	-	469	29	-	-	-
Danish Krone	1,693	21,373	(14)	-	-	-
Egyptian Pound	-	229	-	-	-	-
Euro	47,273	112,791	(3,545)	9,421	-	207,978
Great Britain Pound Sterling	13,475	31,819	(398)	18,300	-	215,642
Hong Kong Dollar	10,589	44,934	44	-	-	-
Hungarian Forint	-	682	14	-	-	-
Iceland Krona	-	-	1	-	-	-
Indian Rupee	-	70,900	45	-	-	-
Indonesian Rupiah	-	8,057	(74)	-	-	-
Israeli Shekel	-	(76)	(1)	-	1,199	-
Japanese Yen	58,087	42,458	295	-	-	-
Kenyan Shilling	-	361	-	-	-	-
Kuwaiti Dinar	-	83	-	-	-	-
Malaysian Ringgit	-	1,294	-	-	-	-
Mexican Peso	439	3,549	40	-	-	-
Netherlands Antillean Guilder	-	143	-	-	-	-
New Taiwan Dollar	759	26,643	-	-	-	-
New Turkish Lira	-	57	(44)	-	-	-
New Zealand Dollar	-	81	2	-	-	-
Norwegian Krone	332	304	533	-	-	-
Pakistan Rupee	-	6	-	-	-	-
Peruvian Nuevo Sol	-	2	(6)	-	-	-
Philippine Peso	-	3,188	-	-	-	-
Polish Zloty	-	764	59	-	-	-
Qatar Rial	-	113	-	-	-	-
Romanian New Leu	-	6	-	-	-	-
Russian Ruble	-	573	15	-	-	-
Saudi Riyal	-	3,350	-	-	-	-
Singapore Dollar	-	10,984	-	-	-	-
South African Rand	-	3,090	(52)	-	-	-
South Korean Won	822	21,094	15	-	-	-
Sri Lanka Rupee	-	-	15	-	-	-
Swedish Krona	410	9,439	59	-	-	-
Swiss Franc	8,302	14,704	880	-	-	27,782
Thai Baht	-	2,020	-	-	-	-
UAE dirham	-	1,483	-	-	-	-
Vietnamese Dong	-	2	-	-	-	-
Total	$ 227,665	$ 639,873	$ (2,079)	$ 52,662	$ 1,199	$ 451,402

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
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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, 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. The portion of this collateral that was received in cash amounted to $0 and is reflected within the university's Statement of Net Position as a current asset and a corresponding current liability.

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

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2023 and 2022 consist of the following:

	Primary Institution	
	2023	2022
Patient and other receivables – OSU Health System	$ 601,896	$ 625,406
Grant and contract receivables	204,745	171,363
Tuition and fees receivable	25,868	18,273
Receivables for departmental and auxiliary sales and services	45,460	58,281
State and federal receivables	3,464	5,244
Other receivables	7,167	2,120
Total receivables	888,600	880,687
Less: Allowances for doubtful accounts	92,251	108,637
Total receivables, net	$ 796,349	$ 772,050

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of $10,100 and $12,373 at June 30, 2023 and 2022, 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, 2023 and June 30, 2022
(dollars in thousands)

The university has recorded $217,590 in non-endowment pledges receivable and a related allowance for doubtful accounts of $8,183 at June 30, 2023. The university recorded $187,043 in non-endowment pledges receivable and a related allowance for doubtful accounts of $9,418 at June 30, 2022.

Accounts receivable for the discretely presented component units at June 30, 2023 and 2022 consist of the following:

Discretely Presented Component Units

	2023	2022
Patient and other receivables – OSU Physicians	$ 116,278	$ 72,694
Other receivables	12,234	14,732
Total receivables	128,512	87,426
Less: Allowances for doubtful accounts	14,355	10,716
Total receivables, net	$ 114,157	$ 76,710

NOTE 5 — CAPITAL ASSETS

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, 2023 and June 30, 2022
(dollars in thousands)

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

	Primary Institution			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	$ 110,207	$ 28,107	$ –	$ 138,314
Intangibles	18,465	–	–	18,465
Construction in progress	1,021,812	1,088,759	256,661	1,853,910
Total non depreciable assets	1,150,484	1,116,866	256,661	2,010,689
Capital assets being depreciated:				
Improvements other than buildings	977,247	21,855	–	999,102
Buildings and fixed equipment	7,357,954	234,806	5,121	7,587,639
Movable equipment, furniture and software	1,798,585	159,177	87,003	1,870,759
Library books	200,191	2,710	–	202,901
Total depreciable assets	10,333,977	418,548	92,124	10,660,401
Less: Accumulated depreciation for				
Improvements other than buildings	432,068	47,772	–	479,840
Buildings and fixed equipment	3,488,749	243,503	956	3,731,296
Movable equipment, furniture and software	1,359,675	136,344	85,593	1,410,426
Library books	176,939	4,343	–	181,282
Total accumulated depreciation	5,457,431	431,962	86,549	5,802,844
Total depreciable assets, net	4,876,546	(13,414)	5,575	4,857,557
Capital assets, net excluding lease and subscription IT assets	$ 6,027,030	$ 1,103,452	$ 262,236	$ 6,868,246
Lease and subscription IT assets, net (Note 11)				373,135
Total capital assets, net as reported in statement of net position				$ 7,241,381

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(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, 2023 and June 30, 2022
(dollars in thousands)

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

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	$ 31,461	$ –	$ –	$ 31,461
Intangibles	–	–	–	–
Construction in progress	50,159	36,752	20,888	66,023
Total non depreciable assets	81,620	36,752	20,888	97,484
Capital assets being depreciated:				
Improvements other than buildings	31,999	7,614	7,749	31,864
Buildings and fixed equipment	241,820	13,274	5,143	249,951
Movable equipment, furniture and software	35,282	22,303	17,218	40,367
Total depreciable assets	309,101	43,191	30,110	322,182
Less: Accumulated depreciation for				
Improvements other than buildings	18,203	3,355	2,549	19,009
Buildings and fixed equipment	53,561	12,301	2,295	63,567
Movable equipment, furniture and software	22,545	10,071	8,422	24,194
Total accumulated depreciation and amortization	94,309	25,727	13,266	106,770
Total depreciable assets, net	214,792	17,464	16,844	215,412
Capital assets, net	$ 296,412	$ 54,216	$ 37,732	$ 312,896
Lease and subscription IT assets, net (Note 11)				78,343
Total capital assets, net as reported in statement of net position				$ 391,239

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
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The university recognized asset retirement obligations (AROs) of $17,934 at both June 30, 2023 and 2022. 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, 2023 and 2022 consist of the following:

	Primary Institution	
	2023	2022
Payables to vendors for supplies and services	$ 466,374	$ 506,899
Accrued compensation and benefits	148,501	167,942
Retirement system contributions payable	69,665	69,575
Other accrued expenses	12,972	13,190
Total payables and accrued expenses	$ 697,512	$ 757,606

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, 2023 and 2022 consist of the following:

	Primary Institution	
	2023	2022
Current deposits and advance payments:		
Tuition and fees	$ 41,878	$ 88,233
Departmental and auxiliary sales and services	115,921	94,718
Affinity agreements	748	1,848
Advance from concessionaire	24,648	24,648
Grant and contract advances	179,073	166,601
Health system advances	43,414	24,964
Other deposits and advance payments	37,031	46,392
Total current deposits and advance payments	$ 442,713	$ 447,404
Noncurrent deposits and advance payments:		
Advance from concessionaire	$ 958,816	$ 963,663

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

Deposits and advance payments for goods and services for the discretely presented component units at June 30, 2023 and 2022 consist of the following:

	Discretely Presented Component Units	
	2023	2022
Current deposits and advance payments:		
Unearned rental income and deposits – Campus Partners	$ 762	$ 127
Unearned revenues – Transportation Research Center	6,103	2,412
Unearned rental income – SciTech	129	172
Total current deposits and advance payments	$ 6,994	$ 2,711
Non-current deposits and advance payments:		
Unearned rental income and deposits – SciTech	$ 3,414	$ 4,701
Total (shown as other non-current liabilities)	$ 3,414	$ 4,701

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 trusteed 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 – 6/30/23	$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, 2023 and June 30, 2022
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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, 2023, 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, 2023. 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, 2023 of the anticipated future payments on gross claims is 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).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of $177,942 (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, 2023, and the surplus of $104,726 is included in unrestricted net position.

At June 30, 2022, the anticipated future payments on gross claims was estimated at its present value of $65,019 discounted at an estimated rate of 3% (university funds) and an additional $23,487 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of $197,629 (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, 2022, and the surplus of $109,123 was included in unrestricted net position.

Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2023 and 2022, $39,000 and $42,100, 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, 2023 and 2022, respectively, $17,033 and $17,073, 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, 2023 and 2022 is as follows:

	Malpractice		Health		Workers' Compensation	
	2023	2022	2023	2022	2023	2022
Liability at beginning of fiscal year	$ 88,505	$ 74,297	$ 42,100	$ 46,332	$ 17,073	$ 17,122
Current year (recovery) provision for losses	(4,794)	18,683	454,461	419,002	5,322	5,026
Claim payments	(10,495)	(4,475)	(457,561)	(423,234)	(5,362)	(5,074)
Balance at fiscal year end	$ 73,216	$ 88,505	$ 39,000	$ 42,100	$ 17,033	$ 17,073

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(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, 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. Stephens 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	-	9,415	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, 2023 and June 30, 2022

(dollars in thousands)

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

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements - Notes:					
WOSU	$ 1,508	$ -	$ 159	$ 1,349	$ 159
OH Air Quality Note Series A	1,338	-	440	898	447
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,401	-	93	2,308	98
Direct Borrowings and Direct Placements - Other:					
Financed Equipment Purchases	1,115	-	1,115	-	-
Ohio State Energy Partners	235,869	150,843	12,172	374,540	18,754
General Receipts Bonds - Fixed Rate:					
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	79,990	-	11,675	68,315	9,640
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	41,440	-	8,190	33,250	8,425
2012B, due serially through 2033	8,985	-	1,575	7,410	1,610
2014A, due serially through 2044	121,560	-	2,825	118,735	2,970
2016A, due in 2046 and 2056	600,000	-	-	600,000	-
2016B, due serially through 2030	16,130	-	1,465	14,665	1,550
2017, due serially through 2028	55,595	-	7,640	47,955	7,955
2020A, due serially through 2030	185,995	-	7,195	178,800	23,975
2021A, due serially through 2052	-	600,000	-	600,000	9,415
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	10,195
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	1,700	-	1,700	-	-
1999B1, due serially through 2029	820	-	820	-	-
2001, due serially through 2032	3,450	-	3,450	-	-
2008B, due serially through 2028	9,000	-	9,000	-	-
2010E, due serially through 2035	125,000	-	-	125,000	125,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
Unamortized Bond Premiums	105,130	118,541	12,378	211,293	-
Total outstanding debt, excluding lease liabilities	$ 3,242,106	$ 869,384	$ 81,892	$ 4,029,598	$ 370,193
Lease and subscription IT liabilities with external parties (Note 11)				106,827	31,436
Total outstanding debt as reported in the statement of net position				$ 4,136,425	$ 401,629

Notes to the Financial Statements
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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	$ 9,637	$ -	$ 677	$ 8,960	$ 619
OSU Physicians - Term Loan Payable, due 2023	274	-	274	-	-
TRC Ohio Development Service Agency Note Payable	3,898	-	322	3,576	324
SciTech - Credit Facility	84	-	84	-	-
Campus Partners PPP Loan	-	-	-	-	-
Campus Partners EIDL Loan	-	-	-	-	-
Campus Partners Finance Fund Loan	-	-	-	-	-
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

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

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements:					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	$ 10,754	$ -	$ 1,117	$ 9,637	$ 629
OSU Physicians - Term Loan Payable, due 2023	558	-	284	274	267
TRC Ohio Development Service Agency Note Payable	4,216	-	318	3,898	322
SciTech - Credit Facility	252	-	168	84	84
Campus Partners PPP Loan	276	-	276	-	-
Campus Partners EIDL Loan	150	-	150	-	-
Campus Partners Finance Fund Loan	44	-	44	-	-
Financed Equipment Purchases	115	-	17	98	51
Total outstanding debt, excluding lease liabilities	$ 16,365	$ -	$ 2,374	$ 13,991	$ 1,353
Lease and subscription IT liabilities with external parties (Note 11)				23,339	3,166
Total outstanding debt as reported in the statement of net position				$ 37,330	$ 4,519

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

	Primary Institution				
	Bonds		Direct Borrowings and Direct Placements		
	Principal	Interest	Principal	Interest	Total
2024	$ 663,785	$ 145,828	$ 23,887	$ 34,191	$ 867,691
2025	60,800	118,930	23,439	32,450	235,619
2026	47,780	116,065	23,444	30,712	218,001
2027	50,665	113,627	23,450	28,975	216,717
2028	53,680	111,048	25,796	27,196	217,720
2029-2033	188,485	522,556	109,261	110,433	930,735
2034-2038	117,190	489,194	102,629	71,125	780,138
2039-2043	800,925	363,792	87,853	33,920	1,286,490
2044-2048	501,535	249,560	41,216	7,461	799,772
2049-2053	127,350	177,304	–	–	304,654
2054-2058	250,000	155,420	–	–	405,420
2059-2063	–	120,000	–	–	120,000
2064-2068	–	120,000	–	–	120,000
2069-2073	–	120,000	–	–	120,000
2074-2078	–	120,000	–	–	120,000
2079-2083	–	120,000	–	–	120,000
2084-2088	–	120,000	–	–	120,000
2089-2093	–	120,000	–	–	120,000
2094-2098	–	120,000	–	–	120,000
2099-2103	–	120,000	–	–	120,000
2104-2108	–	120,000	–	–	120,000
2109-2113	500,000	72,000	–	–	572,000
	$ 3,362,195	$ 3,835,324	$ 460,975	$ 376,463	$ 8,034,957

(dollars in thousands)

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

Discretely Presented Component Units

	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2024	$ 970	$ 206	$ 1,176
2025	1,023	205	1,228
2026	1,041	187	1,228
2027	1,059	168	1,227
2028	1,078	150	1,228
2029-2033	5,685	454	6,139
2034-2038	1,707	71	1,778
	$ 12,563	$ 1,441	$ 14,004

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 $398,603 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 201D

Amount Defeased	Amount Outstanding at June 30, 2023
3,710	2,575
$ 3,710	$ 2,575

(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.

Special-Purpose General Receipts Bonds

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

In April 2023, the university issued $329 million in Series 2023A-1 and 2023A-2 variable rate bonds and used $16.0 million of existing resources to complete the refunding of the Series 2013A bonds, recognizing a net gain on early extinguishment of debt of $22 million. The net gain is recorded as a deferred inflow of resources and will be amortized over the remaining term of the Series 2013A bonds. Condensed financial information for the Special Purpose Revenue Facilities for the year ended June 30, 2022 is provided in Note 22.

Variable Rate Demand Bonds

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

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
2010E	8%	0.604%
2014B1	8%	0.825%
2014B2	8%	0.835%
2023 A1	8%	3.280%
2023 A2	8%	3.279%

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 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 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 and $275,000 at June 30, 2023 and 2022, respectively.

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, 2023. 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, 2023. 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, 2023	$ 55,782	Other non-current assets
Change in Fair Value for Year Ended June 30, 2023	$ 5,503	Deferred inflows – other

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

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

	Primary Institution			
	Variable Rate Bonds*			
Fiscal Years	Principal	Interest	Swap Payments, Net	Total Payments
2024	$ –	$ 13,186	$ (8,990)	$ 4,196
2025	–	13,186	(8,990)	4,196
2026	–	13,186	(8,990)	4,196
2027	–	13,186	(8,990)	4,196
2028	–	13,186	(8,990)	4,196
2029-2033	96,525	58,986	(40,219)	115,292
2034-2038	112,295	37,688	(25,697)	124,286
2039-2043	120,000	14,562	(9,930)	124,632
	$ 328,820	$ 177,166	$ (120,796)	$ 385,190

** Variable rate bond interest based on 6/30/2023 SIFMA rate of 4.01%*

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, 2023.

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 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.

(dollars in thousands)

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

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

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	$ 184,762	$ –	$ 1,610	$ 183,152
Equipment	43,937	5,725	–	49,662
Total lease assets	228,699	5,725	1,610	232,814
Less accumulated amortization - lease assets:				
Real estate	9,550	12,104	1,619	20,035
Equipment	9,683	10,247	–	19,930
Total accumulated amortization	19,233	22,351	1,619	39,965
Total lease assets, net	209,466	(16,626)	(9)	192,849
Subscription IT assets	233,374	4,609	–	237,983
Less accumulated amortization	–	57,697	–	57,697
Subscription IT assets, net	233,374	(53,088)	–	180,286
Total lease and subscription IT assets, net	$ 442,840	$ (69,714)	$ (9)	$ 373,135

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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

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

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Lease assets:				
Real estate	$ 67,201	$ 34,728	$ –	$ 101,929
Equipment	689	172	–	861
Total lease assets	67,890	34,900	–	102,790
Less accumulated amortization:				
Real estate	5,821	7,818	–	13,639
Equipment	137	204	–	341
Total accumulated amortization	5,958	8,022	–	13,980
Total lease assets, net	61,932	26,878	–	88,810
Subscription IT assets	3,583	–		3,583
Less accumulated amortization	–	926	–	926
Subscription IT assets, net	3,583	(926)	–	2,657
Total lease and subscription IT assets, net	$ 65,515	$ 25,952	$ –	$ 91,467
Less: Lease assets netted against deferred inflows for lease-leaseback				$ 13,124
Total lease assets, net, as presented on Statement of Net Position				$ 78,343

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

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liabilities	$ 149,105	$ 3,447	$ 16,787	$ 135,765	$ 16,377
Subscription IT liabilities	59,134	4,275	25,166	38,243	17,171
Subtotal – gross lease and subscription IT liabilities	208,239	7,722	41,953	174,008	33,548
Less: Amounts due to discretely presented component units				(67,181)	
Lease and subscription IT liabilities with external parties (Note 9)				$ 106,827	$ 31,436

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, 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

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

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liabilities	$ 63,510	$ 34,708	$ 4,791	$ 93,427	$ 6,458
Subscription IT liabilities	3,583	–	679	2,904	1,040
Subototal – gross lease and subscription IT liabilities	67,093	34,708	5,470	96,331	7,498
Less: Lease liabilities netted against receivables for lease-leaseback				(13,815)	
Less: Amounts due to primary institution				(59,177)	
Lease liabilities with external parties, net (Note 9)				$ 23,339	$ 3,166

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

	Primary Institution		
	Principal	Interest	Total
Year Ending June 30,			
2024	$ 12,685	$ 6,423	$ 19,108
2025	9,512	6,061	15,573
2026	5,602	5,792	11,394
2027	5,054	5,591	10,645
2028	4,346	5,408	9,754
2029-2033	12,863	25,131	37,994
2034-2038	14,510	22,004	36,514
2039-2043	19,154	18,182	37,336
2044-2048	28,697	12,547	41,244
2049-2053	33,092	4,789	37,881
2054-2058	3,125	651	3,776
2059-2063	1,061	307	1,368
2064-2068	758	53	811
	$ 150,459	$ 112,939	$ 263,398

(dollars in thousands)

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

	Primary Institution		
	Principal	Interest	Total
Year Ending June 30,			
2024	$ 22,305	$ 1,039	$ 23,344
2025	16,313	513	16,826
2026	4,177	238	4,415
2027	4,332	100	4,432
	$ 47,127	$ 1,890	$ 49,017

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

	Discretely Presented Component Units		
	Principal	Interest	Total
Year Ending June 30,			
2024	$ 10,514	$ 8,917	$ 19,431
2025	11,569	8,473	20,042
2026	13,790	7,934	21,724
2027	14,675	7,338	22,013
2028	15,582	6,690	22,272
2029-2033	63,650	24,249	87,899
2034-2038	44,006	12,485	56,491
2039-2043	25,693	4,108	29,801
2044-2048	411	2,116	2,527
2049-2053	806	1,974	2,780
2054-2058	1,335	1,723	3,058
2059-2063	2,037	1,327	3,364
2064-2068	2,961	739	3,700
2069-2073	1,567	77	1,644
	$ 208,596	$ 88,150	$ 296,746

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,			
2024	$ 1,261	$ 32	$ 1,293
2025	603	8	611
	$ 1,864	$ 40	$ 1,904

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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, 2023 and 2022 are as follows:

	Primary Institution		Discretely Presented Component Units	
	2023	2022	2023	2022
Lease revenue	$ 16,064	$ 9,550	$ 13,204	$ 13,057
Interest revenue	8,081	4,096	4,242	4,415
	$ 24,145	$ 13,646	$ 17,446	$ 17,472

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 nd 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.

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Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

NOTE 13 — OTHER LIABILITIES

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

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

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

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(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, 2023 and 2022 are summarized as follows:

Year Ended June 30, 2023

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 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

Year Ended June 30, 2022

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 871,392	$ 155,804	$ –	$ –	$ 1,027,196
Separately budgeted research	286,814	215,661	–	–	502,475
Public service	73,334	74,566	–	–	147,900
Academic support	150,432	84,938	–	–	235,370
Student services	69,083	17,262	–	–	86,345
Institutional support	177,711	68,069	–	–	245,780
Operation and maintenance of plant	38,927	88,367	–	–	127,294
Scholarships and fellowships	9,685	2,681	151,727	–	164,093
Auxiliary enterprises	141,048	210,120	–	–	351,168
OSU Health System	1,466,813	1,757,061	–	–	3,223,874
Depreciation	–	–	–	513,600	513,600
Total operating expenses	$ 3,285,239	$ 2,674,529	$ 151,727	$ 513,600	$ 6,625,095

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(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 an 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, 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)

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

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**

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**

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(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, 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, 2023 and June 30, 2022

(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	**Pensions** – The Define 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. **OPEB** – Ohio law authorizes the State Teachers Retirement Board to offer a cost-sharing, 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. 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). 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.	**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. **OPEB** – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. 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.

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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 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, 2022	December 31, 2022 (OPEB is rolled forward from December 31, 2021 actuarial valuation date)
Actuarial Assumptions	**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	**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

(dollars in thousands)

<table>
<tr><th></th><th>STRS Ohio</th><th>OPERS</th></tr>
<tr><td>Mortality Rates</td><td>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.</td><td>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.</td></tr>
<tr><td>Date of Last Experience Study</td><td>June 30, 2021</td><td>December 31, 2020</td></tr>
<tr><td>Investment Return Assumptions</td><td>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:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<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>
</table>
* Returns presented as geometric means</td><td>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.

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:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<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>
</table>
* Returns presented as geometric means

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:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<tr><td>Fixed Income</td><td>34.0%</td><td>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>
</table>
*Returns presented as geometric means</td></tr>
</table>

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

	STRS Ohio	OPERS
Discount Rate	**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. **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.	**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. **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.

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(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** – There were no changes in assumptions 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.

	STRS Ohio			OPERS		
Sensitivity of Net Pension Liability to Changes in Discount Rate	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
	$ 1,672,281	$ 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

(dollars in thousands)

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

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

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

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

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

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

	STRS Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 19,730	$ 49,339	$ 69,069
Changes in assumptions	177,160	117,455	294,615
Changes in proportion of university contributions	2,429	2,254	4,683
University contributions subsequent to the measurement date	90,864	125,132	215,996
Total	**$ 290,183**	**$ 294,180**	**$ 584,363**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 4,003	$ 26,144	$ 30,147
Net difference between projected and actual earnings on pension plan investments	550,355	1,100,745	1,651,100
Changes in proportion of university contributions	–	70	70
Total	**$ 554,358**	**$ 1,126,959**	**$ 1,681,317**

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

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

	STRS Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 3,750	$ –	$ 3,750
Changes in assumptions	6,727	–	6,727
Changes in proportion of university contributions	94	974	1,068
Total	**$ 10,571**	**$ 974**	**$ 11,545**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 19,294	$ 50,642	$ 69,936
Changes in assumptions	62,823	135,156	197,979
Net difference between projected and actual earnings on pension plan investments	29,189	159,719	188,908
Total	**$ 111,306**	**$ 345,517**	**$ 456,823**

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

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

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

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

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

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

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

(dollars in thousands)

	STRS Ohio	OPERS
Cost-of-Living Adjustments (COLAs)	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2021, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2021	December 31, 2021 (OPEB is rolled forward from December 31, 2020 actuarial valuation date)
Actuarial Assumptions	**Valuation Date:** June 30, 2021 for pensions and OPEB **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 7.00% **Inflation:** 2.50% **Projected Salary Increases:** 12.50% at age 20 to 2.50% at age 65 **Cost-of-Living Adjustments:** 0% effective July 1, 2017 **Payroll Increases:** 3.00% **Health Care Cost Trends:** 5.00% to 29.98% initial; 4% ultimate	**Valuation Date:** December 31, 2021 for pensions; December 31, 2020 for OPEB **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 6.9% for pensions; 6.0% for OPEB **Inflation:** 2.75% **Projected Salary Increases:** 2.75% - 10.75% **Cost-of-Living Adjustments:** Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple **Health Care Cost Trends:** 5.50% initial; 3.50% ultimate in 2034

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

<table>
<tr><th></th><th>STRS Ohio</th><th>OPERS</th></tr>
<tr><td>Mortality Rates</td><td>Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.</td><td>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.</td></tr>
<tr><td>Date of Last Experience Study</td><td>June 30, 2016</td><td>December 31, 2020</td></tr>
<tr><td>Investment Return Assumptions</td><td>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:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<tr><td>Domestic Equity</td><td>28.0%</td><td>7.35%</td></tr>
<tr><td>International Equity</td><td>23.0%</td><td>7.55%</td></tr>
<tr><td>Alternatives</td><td>17.0%</td><td>7.09%</td></tr>
<tr><td>Fixed Income</td><td>21.0%</td><td>3.00%</td></tr>
<tr><td>Real Estate</td><td>10.0%</td><td>6.00%</td></tr>
<tr><td>Liquidity Reserves</td><td>1.0%</td><td>2.25%</td></tr>
<tr><td>Total</td><td>100.0%</td><td></td></tr>
</table>
* Returns presented as geometric means</td><td>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.

The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2021 and the long-term expected real rates of return:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<tr><td>Fixed Income</td><td>24.0%</td><td>1.03%</td></tr>
<tr><td>Domestic Equities</td><td>21.0%</td><td>3.78%</td></tr>
<tr><td>Real Estate</td><td>11.0%</td><td>3.66%</td></tr>
<tr><td>Private Equity</td><td>12.0%</td><td>7.43%</td></tr>
<tr><td>International Equities</td><td>23.0%</td><td>4.88%</td></tr>
<tr><td>Risk Parity</td><td>5.0%</td><td>2.92%</td></tr>
<tr><td>Other Investments</td><td>4.0%</td><td>2.85%</td></tr>
<tr><td>Total</td><td>100.0%</td><td></td></tr>
</table>
* Returns presented as geometric means

The following table displays the Board-approved asset allocation policy for health care assets for 2021 and the long-term expected real rates of return:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<tr><td>Fixed Income</td><td>34.0%</td><td>0.91%</td></tr>
<tr><td>Domestic Equities</td><td>25.0%</td><td>3.78%</td></tr>
<tr><td>REITs</td><td>7.0%</td><td>3.71%</td></tr>
<tr><td>International Equities</td><td>25.0%</td><td>4.88%</td></tr>
<tr><td>Risk Parity</td><td>2.0%</td><td>2.92%</td></tr>
<tr><td>Other Investments</td><td>7.0%</td><td>1.93%</td></tr>
<tr><td>Total</td><td>100.0%</td><td></td></tr>
</table>
*Returns presented as geometric means</td></tr>
</table>

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
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	STRS Ohio	OPERS
Discount Rate	**Pensions** – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021. **OPEB** – The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.	**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. **OPEB** – A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.
Changes in Assumptions Since the Prior Measurement Date	**Pensions** – The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation. **OPEB** – The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.	**Pensions** – The discount rate was adjusted to 6.90% from 7.20% for the December 31, 2021 valuation. **OPEB** – There were no changes in assumptions since the prior measurement date of December 31, 2019.

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
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	STRS Ohio			OPERS		
Benefit Term Changes Since the Prior Measurement Date	**Pensions** – There were no changes in benefit terms since the prior measurement date of June 30, 2020. **OPEB** – The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.			**Pensions** – There were no changes in benefit terms since the prior measurement date of December 31, 2020. **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%)
	$ 1,195,868	$ 638,605	$ 167,719	$ 2,345,870	$ 859,188	$ (377,346)
Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
	$ (88,863)	$ (105,307)	$ (119,044)	$ (197,503)	$ (335,820)	$ (450,655)
Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
	$ (118,487)	$ (105,307)	$ (89,009)	$ (339,466)	$ (335,820)	$ (331,531)

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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 9.53% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

Combined Plans

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

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement 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, 2023 and 2022 were $442,794 and $409,201, respectively. There were no contributions associated with OPEB. For the years ended June 30, 2023 and 2022, the university recognized pension and OPEB expense (benefit) of $552,600 and ($310,382), 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/investments/cafr.shtml

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(dollars in thousands)

OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSUP through a tax-sheltered 403(b) and 401(a) defined contribution plan administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was $9,300 and $7,800 for the years ended June 30, 2023 and 2022, respectively. Employee contributions were $4,800 and $3,500 for the years ended June 30, 2023 and 2022, 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 $210,353 and $176,092 at June 30, 2023 and 2022, 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, 2023, the university is committed to future contractual obligations for capital expenditures of approximately $1,040,235 for the primary institution and $4,300 for discretely presented component units. These projects are funded by the following sources:

	Primary Institution	Discretely Presented Component Units
State appropriations	$ 24,236	$ –
Internal and other sources	1,015,999	4,300
Total	$ 1,040,235	$ 4,300

The above Primary Institution total at June 30, 2023 includes approximately $855,478 for the Heath 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 global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019 and subsequently spread across six continents impacting many countries, including the United States. The COVID-19 outbreak has altered the behavior of businesses and people in a manner that had and is expected to continue to have effects on global and local economies, including the State of Ohio.

The university's response to the COVID-19 pandemic evolved over time based on available data, public health authority guidance, the rate of infection and since vaccines were introduced, vaccination rates. The university initially suspended face-to face instruction and declared a "University State of Emergency" that allowed flexibility for employees to continue to telework while enabling university senior leadership and college deans to make determinations of who may work on campus to maintain critical services and research. A weekly determination was made concerning the continuation of the declaration and based on those determinations the declaration remained in place from March 22, 2020 until the declaration was lifted effective July 1, 2021.

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 testing is no longer required.

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

NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT

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

The unamortized lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were $378,021 and $387,652 at June 30, 2023 and 2022, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of $122,938 and $122,953 at June 30, 2023 and 2022, 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

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
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as capital assets and a related long-term payable to the concessionaire. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the concessionaire and interest expense.

The university recognized fixed and O&M utility fees totaling $65,533 and $61,707, respectively for the years ended June 30, 2023 and 2022. The carrying amounts of OSEP capital investments and related payable to the concessionaire at June 30, 2023 and 2022 were $454,781 and $374,540, 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, 2023 and 2022 is presented below.

Condensed Combining Information – Year Ended June 30, 2023

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of net position:					
Current assets	$ 75,329	$ 3,497	$ 51,547	$ 26,772	$ (12,734)
Capital assets, net	–	276	–	2,518	–
Other assets	1,681,663	651	–	100	(51,165)
Amounts receivable from the university	–	2,560	–	–	–
Total assets	$ 1,756,992	$ 6,984	$ 51,547	$ 29,390	$ (63,899)
Current liabilities	$ 2,730	$ 932	$ 35	$ 995	$ –
Noncurrent liabilities	43,600	659	21,726	63,899	(63,899)
Amounts payable to the university	18	2,560	–	–	–
Deferred inflows	8,481	–	–	–	–
Total liabilities and deferred inflows	54,829	4,151	21,761	64,894	(63,899)
Net investment in capital assets	–	–	–	4,033	–
Restricted:					
Nonexpendable	1,218,831	–	–	–	–
Expendable	466,425	–	–	26,772	(63,899)
Unrestricted	16,907	2,833	29,786	(66,309)	63,899
Total net position	1,702,163	2,833	29,786	(35,504)	–
Total liabilities, deferred inflows and net position	$ 1,756,992	$ 6,984	$ 51,547	$ 29,390	$ (63,899)

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Other sales, services and rental income	$ 136	$ 13,509	$ (958)	$ 1,284	$ –
Total operating revenues	136	13,509	(958)	1,284	–
Operating expenses, excluding depreciation	5,477	13,781	(213)	13,090	–
Depreciation expense	–	89	–	1,515	–
Total operating expenses	5,477	13,870	(213)	14,605	–
Net operating income (loss)	(5,341)	(361)	(745)	(13,321)	–
Non-operating revenues and expenses:					
Gifts for current use	188,266	–	–	10,707	–
Net investment income (loss)	92,652	16	2,097	204	–
Other non-operating revenue (expense)	1,106	–	–	–	–
Net non-operating revenue (expense)	282,024	16	2,097	10,911	–
Capital contributions and additions to permanent endowments	128,996	–	–	–	–
Transfers from (to) the university	(280,198)	(750)	–	12,761	–
Change in net position	125,481	(1,095)	1,352	10,351	–
Beginning net position, as reported	1,576,682	3,928	28,434	(45,855)	–
Ending net position	$ 1,702,163	$ 2,833	$ 29,786	$ (35,504)	$ –
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	$ (5,533)	$ (4)	$ (392)	$ (11,948)	$ –
Noncapital financing activities	(50,221)	(750)	–	17,317	–
Capital and related financing activities	58,407	–	–	–	–
Investing activities	(2,534)	757	3,959	204	–
Net increase (decrease) in cash	119	3	3,567	5,573	–
Beginning cash and cash equivalents	224	2,980	1,178	12,708	–
Ending cash and cash equivalents	$ 343	$ 2,983	$ 4,745	$ 18,281	$ –

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2022

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

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Other sales, services and rental income	$ 385	$ 12,947	$ (3,223)	$ 272	$ -
Total operating revenues	385	12,947	(3,223)	272	-
Operating expenses, excluding depreciation	7,168	12,936	(212)	21,778	-
Depreciation expense	-	51	-	1,677	-
Total operating expenses	7,168	12,987	(212)	23,455	-
Net operating income (loss)	(6,783)	(40)	(3,011)	(23,183)	-
Non-operating revenues and expenses:					
Gifts for current use	198,839	-	-	29,510	-
Net investment income (loss)	(32,384)	14	(5,470)	40	-
Federal COVID-19 assistance programs	-	-	-	-	-
Other non-operating revenue (expense)	1,191	-	-	-	-
Net non-operating revenue (expense)	167,646	14	(5,470)	29,550	-
Capital contributions and additions to permanent endowments	136,982	-	-	-	-
Transfers from (to) the university	(293,217)	(84)	-	12,673	-
Change in net position	4,628	(110)	(8,481)	19,040	-
Beginning net position	1,572,054	4,038	36,915	(64,895)	-
Ending net position	$ 1,576,682	$ 3,928	$ 28,434	$ (45,855)	$ -
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	$ (4,477)	$ 39	$ (1,108)	$ (20,655)	$ -
Noncapital financing activities	(40,255)	(872)	-	30,866	-
Capital and related financing activities	59,775	(375)	-	(3,667)	-
Investing activities	(14,026)	84	996	40	-
Net increase (decrease) in cash	1,017	(1,124)	(112)	6,584	-
Beginning cash and cash equivalents	217	4,104	1,290	6,124	-
Ending cash and cash equivalents	$ 1,234	$ 2,980	$ 1,178	$ 12,708	$ -

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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, 2023 and 2022 is presented below.

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	$ 601,658	$ 335,194	$ 85,787	$ 5,501	$ 50,704	$ 1,078,844
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	399,337	342,881	49,102	-	28,938	820,258
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	202,321	(7,687)	36,685	5,501	21,766	258,586
Total liabilities, deferred inflows and net position	$ 601,658	$ 335,194	$ 85,787	$ 5,501	$ 50,704	$ 1,078,844

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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	1,020,147	10,174	56,081	9,370	8,092	1,103,864
Depreciation expense	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

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2022

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
Condensed statements of net position:						
Current assets	$ 300,653	$ 7,890	$ 13,047	$ 5,188	$ 14,345	$ 341,123
Capital assets, net	100,624	210,744	52,515	233	27,123	391,239
Other assets	149	16,223	1,713	-	2,187	20,272
Amounts receivable from the university	72,383	56,656	4,609	-	1,934	135,582
Total assets and deferred outflows	$ 473,809	$ 291,513	$ 71,884	$ 5,421	$ 45,589	$ 888,216
Current liabilities	$ 53,527	$ 6,327	$ 7,341	$ -	$ 2,966	$ 70,161
Noncurrent liabilities	22,989	-	9,822	-	4,700	37,511
Amounts payable to the university	168,377	171,204	18,134	44	8,976	366,735
Deferred inflows	8,827	120,995	1,708	-	4,986	136,516
Total liabilities and deferred inflows	253,720	298,526	37,005	44	21,628	610,923
Net investment in capital assets	13,971	36,112	29,731	233	18,063	98,110
Unrestricted	206,118	(43,125)	5,148	5,144	5,898	179,183
Total net position	220,089	(7,013)	34,879	5,377	23,961	277,293
Total liabilities, deferred inflows and net position	$ 473,809	$ 291,513	$ 71,884	$ 5,421	$ 45,589	$ 888,216

Notes to the Financial Statements

Years Ended June 30, 2023 and June 30, 2022

(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	$ -	$ 12,844	$ 53,989	$ -	$ 7,623	$ 74,456
Sales and services of OSU Physicians	701,680	-	-	-	-	701,680
Other sales, services and rental income	2,079	1,423	252	10,027	379	14,160
Total operating revenues	703,759	14,267	54,241	10,027	8,002	790,296
Operating expenses, excluding depreciation	680,846	9,950	46,210	8,596	3,743	749,345
Depreciation expense	10,714	5,381	6,982	102	1,332	24,511
Total operating expenses	691,560	15,331	53,192	8,698	5,075	773,856
Net operating income (loss)	12,199	(1,064)	1,049	1,329	2,927	16,440
Non-operating revenues and expenses:						
CARES Assistance	11,686	-	-	-	-	11,686
Net investment income (loss)	(8,440)	104	178	(234)	13	(8,379)
Interest expense	(3,273)	-	(1,802)	-	(467)	(5,542)
Other non-operating revenue (expense)	(6,606)	1,306	(357)	2	-	(5,655)
Net non-operating revenue (expense)	(6,633)	1,410	(1,981)	(232)	(454)	(7,890)
Capital contributions and additions to permanent endowments	-	-	1,182	-	-	1,182
Change in net position	5,566	346	250	1,097	2,473	9,732
Beginning net position, as restated	214,523	(7,359)	34,629	4,280	21,488	267,561
Ending net position	$ 220,089	$ (7,013)	$ 34,879	$ 5,377	$ 23,961	$ 277,293
Condensed statements of cash flows:						
Net cash provided (used) by:						
Operating activities	$ (10,452)	$ (739)	$ 2,586	$ 1,884	$ 3,662	$ (3,059)
Noncapital financing activities	25,067	2,068	-	-	(1,034)	26,101
Capital and related financing activities	(10,054)	(2,539)	(2,337)	(633)	(943)	(16,506)
Investing activities	(90,355)	(471)	-	-	13	(90,813)
Net increase (decrease) in cash	(85,794)	(1,681)	249	1,251	1,698	(84,277)
Beginning cash and cash equivalents	237,247	5,774	3,093	2,562	12,082	260,758
Ending cash and cash equivalents	$ 151,453	$ 4,093	$ 3,342	$ 3,813	$ 13,780	$ 176,481

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

NOTE 22 — SEGMENT INFORMATION

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

The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued $337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled $204,783 for the year ended June 30, 2022. The Series 2013A bonds were refunded in April 2023.

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

Segment Disclosure Information – Year Ended June 30, 2022

		2022
Condensed Statement of Net Position		
Assets and deferred outflows:		
Current assets	$	51,902
Capital assets		659,638
Total assets	$	711,540
Liabilities and deferred inflows:		
Current liabilities	$	9,664
Amounts payable to the university – Series 2013A Bonds		337,955
Total liabilities		347,619
Net position:		
Net investment in capital assets		321,683
Unrestricted		42,238
Total net position		363,921
Total liabilities and net position	$	711,540

Notes to the Financial Statements
Years Ended June 30, 2023 and June 30, 2022
(dollars in thousands)

		2022
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Special-purpose pledged revenues – operating	$	204,783
Operating expenses, excluding depreciation		(117,919)
Depreciation expense		(34,594)
Operating income		52,270
Nonoperating revenues, net		(14,431)
Net income (loss) before transfers		37,839
Transfers from (to) other university units, net		(54,371)
Increase (decrease) in net position		(16,532)
Beginning net position		380,453
Ending net position	$	363,921
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities	$	83,986
Capital and related financing activities		(84,249)
Investing activities		305
Net increase (decrease) in cash		42
Beginning cash and cash equivalents		50,818
Ending cash and cash equivalents	$	50,860

NOTE 23 — SUBSEQUENT EVENTS

Debt Issuance

The university issued $265,570 of tax-exempt fixed rate General Receipts Bonds, Series 2023B on September 26, 2023. The Series 2023B bonds are structured with serial maturities due in 2024 through 2035. The interest rate coupons on the Series 2023B Bonds are 5.00%. The proceeds of the 2023B Bonds will be used to fund construction of the Wexner Medical Center's new Inpatient Hospital, scheduled to open in 2026, and to pay the costs of issuance of the 2023B Bonds.

The university issued $111,885 of tax-exempt fixed rate General Receipts Refunding Bonds, Series 2023C on September 26, 2023. The Series 2023C bonds are structured with serial maturities due in 2046 and 2056. The interest rate coupons on the Series 2023C Bonds range from 4.25% to 5.25%. 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. Upon the issuance of the 2023C Bonds and the purchase of the 2016A Bonds accepted for purchase with the proceeds of the 2023C bonds, $461,567 aggregate principal of the Series 2016A Bonds remains outstanding.

The university issued $125,000 of tax-exempt Variable Rate Demand General Receipts Refunding Bonds, Series 2023D-1 on September 28, 2023. The Series 2023D-1 Bonds are structured with a final maturity due in 2035 and a mandatory sinking fund redemption in 2030 prior to maturity. The Series 2023D-1 Bonds will initially bear interest in the Weekly Mode. 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 university issued $150,000 of tax-exempt Variable Rate Demand General Receipts Refunding Bonds, Series 2023D-2 on September 28, 2023. The Series 2023D-2 Bonds are structured with serial maturities due in 2034, 2039, and 2044. The Series 2023D-2 Bonds will initially bear interest in the Weekly Mode. 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.

Required Supplementary Information

The Ohio State University
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)
Year Ended June 30, 2023

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

(dollars in thousands)	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%
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
University's covered payroll	$ 381,669	$ 388,309	$ 392,797	$ 412,149	$ 434,106	$ 452,084	$ 476,374	$ 492,780	$ 494,613
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%
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%
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%
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
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
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%
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%

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

(dollars in thousands)	2015	2016	2017	2018	2019	2020	2021	2022	2023
STRS Ohio:									
Contractually required contribution	$ 65,738	$ 66,975	$ 70,373	$ 74,356	$ 77,781	$ 82,576	$ 86,909	$ 88,264	$ 95,318
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
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
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%
OPERS:									
Contractually required contribution	$ 170,979	$ 178,293	$ 188,762	$ 201,072	$ 220,062	$ 231,977	$ 240,142	$ 247,351	$ 268,821
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
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
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%

Required Supplementary Information

The Ohio State University
Required Supplementary Information on GASB 75 Net OPEB Liabilities (Unaudited)
Year Ended June 30, 2023

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

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

Required Supplementary Information

The Ohio State University
Notes to Required Supplementary Information (Unaudited)
Year Ended June 30, 2023

STRS Ohio — Pensions:

Changes of benefit terms. 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. 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 an updated healthy and disabled mortality assumptions, based on the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

STRS Ohio — OPEB:

Changes of benefit terms. Amounts reported in 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 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 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 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, 2023

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 2023, 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 $423 million, to $7.38 billion at June 30, 2023. The Long-Term Investment Pool activity for 2023 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	Gifted Endowments		Quasi-Endowments		
	University	Foundation	Operating	Designated	Total
Balance at June 30, 2022	**$ 1,261,196**	**$ 1,344,732**	**$ 1,740,849**	**$ 2,614,005**	**$ 6,960,782**
Net Principal Additions (Withdrawals)	10,870	65,605	(36,659)	217,360	257,176
Change in Fair Value	65,260	71,717	88,367	144,217	369,561
Income Earned	32,502	35,320	44,250	70,861	182,933
Distributions	(51,435)	(55,639)	(70,130)	(111,933)	(289,137)
Expenses	(17,976)	(19,534)	(24,473)	(35,657)	(97,640)
Balance at June 30, 2023	**$ 1,300,417**	**$ 1,442,201**	**$ 1,742,204**	**$ 2,898,853**	**$ 7,383,675**

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, 2023. **Income earned** includes interest and dividends and is used primarily to fund **distributions. Expenses** include investment management expenses ($74 million), University Development related expenses ($23 million) and other investment related expenses ($0.8 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was 6.86% for fiscal year 2023. The annualized investment returns for the three-year and five-year periods were 11.7% and 7.4%, 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 $74 million of investment management expenses, which reduced the pool by 1.0% in fiscal year 2023, the $23 million of university Development expenses and $0.8 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).

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, 2023, and the related notes to the financial statements, which collectively comprise the university’s basic nancial statements, and have issued our report thereon dated November 15, 2023.

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 e ectiveness of the university’s internal control. Accordingly, we do not express an opinion on the e ectiveness of the university’s internal control.

A de ciency 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 de ciency, or a combination of de ciencies, 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 signi cant de ciency is a de ciency, or a combination of de ciencies, 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 de ciencies in internal control that might be material weaknesses or signi cant de ciencies. Given these limitations, during our audit we did not identify any de ciencies in internal control that we consider to be material weaknesses. However, material weaknesses or signi cant de ciencies 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 e ect 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 e ectiveness 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 15, 2023

Acknowledgments

The 2023 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

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Board of Trustees

The Ohio State University