

WEDNESDAY, DECEMBER 3, 2025
LEGAL, AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING

Elizabeth P. Kessler, chair
Bradley R. Kastan, vice chair
John Jose Perez
Patrick C. Arp
Amy Chronis
John W. Zeiger (*ex officio*)

Location: Mount Leadership Room, Longaberger Alumni House
2200 Olentangy River Road Columbus, OH 43210

Time: 3:00-5:00 p.m.

Public Session

3:00-3:30 p.m.

ITEMS FOR DISCUSSION

1. *Audit Update*
 - a. *Audited Consolidated Financial Statements – Mr. Mike Papadakis, Ms. Kris Devine, Mr. Rich Silveria*
 - b. *External Audit Update – Mr. David Gagnon*
2. *Annual Compliance Report – Mr. Gates Garrity-Rokous*

3:00-3:15 p.m.

3:15-3:25 p.m.

ITEM FOR ACTION

3. Approval of June 2025 Committee Meeting Minutes – Ms. Elizabeth Kessler

3:25-3:30 p.m.

Executive Session

3:30-5:00 p.m.

Annual University Audit Overview

Michael Papadakis, Senior Vice President and CFO

Kristine Devine, Vice President for Operations and Deputy CFO

Legal, Audit, Risk & Compliance Committee | December 3, 2025



Financial Performance Highlights

OPERATING REVENUES INCREASED \$910M IN FY25 COMPARED TO FY24, DRIVEN PRIMARILY BY:



HEALTHCARE REVENUES

\$717M increase in healthcare revenues, reflecting strong growth in outpatient and surgical volumes, as well as growth in chemotherapy, outpatient infusion, radiology and procedural care;



GRANTS AND CONTRACTS

\$19M increase in grants and contracts, primarily due to increases in state non-exchange grants;



TUITION AND FEES

\$71M increase in student tuition, due primarily to increases in enrollment and rate increases in instructional and non-resident surcharges;



SALES AND SERVICES

\$65M increase in sales and services due to a \$45M increase in Athletics revenues (2 additional football games and increased Big Ten media rights), \$10M increase in OHTech sales, and \$6M increase in academic clinical services.



INVESTMENT INCOME

Net investment income remained strong in FY25 with a \$231M increase in net investment income over FY24 resulting from a strong performance for the LTIP (+11.81%) and strong returns for our short- and intermediate-term portfolios (6.04%).



NET POSITION

The FY25 increase in net position was \$1.49B bringing the total net position to \$12.6B.



Consolidated Balance Sheet (as of June 30)

Assets and Liabilities (\$ in millions)	2025	2024	2023
Cash and cash equivalents	\$ 779	\$ 1,167	\$ 1,240
Total investments	\$ 11,542	\$ 10,462	\$ 9,551
Capital assets, net	\$ 9,445	\$ 9,008	\$ 8,494
Pension and OPEB assets and deferred outflows	\$ 1,138	\$ 1,199	\$ 1,838
Other assets	\$ 2,186	\$ 1,841	\$ 1,690
Total Assets	\$ 25,090	\$ 23,677	\$ 22,813
Accounts payable and other current liabilities	\$ 1,576	\$ 1,421	\$ 1,325
Debt	\$ 3,884	\$ 3,909	\$ 3,715
Pension and OPEB liabilities and deferred inflows	\$ 4,401	\$ 4,539	\$ 4,998
Concessionaire and other liabilities	\$ 2,720	\$ 2,665	\$ 2,505
Total Liabilities	\$ 12,581	\$ 12,534	\$ 12,543

Net Position (\$ in millions)	2025	2024	2023
Ending net position (eliminate pension and OPEB)	\$ 15,359	\$ 14,071	\$ 13,003
Ending net position - pension and OPEB	\$ (2,850)	\$ (2,928)	\$ (2,733)
Total Net Position	\$ 12,509	\$ 11,143	\$ 10,270



Consolidated Income Statement (for the fiscal year ended June 30)

Total Revenue (\$ in millions)	2025	2024	2023
Tuition and Fees	\$ 1,165	\$ 1,094	\$ 1,060
Grants and Contracts	\$ 1,282	\$ 1,263	\$ 1,181
Sales and Services	\$ 654	\$ 589	\$ 596
Health System & OSUP Sales and Services	\$ 6,708	\$ 5,991	\$ 5,451
State Subsidies and Capital Appropriations	\$ 630	\$ 590	\$ 555
Gifts and Additions to Permanent Endowments	\$ 385	\$ 320	\$ 341
Other Revenues	\$ 211	\$ 154	\$ 154
Total Revenues (w/o investments)	\$ 11,035	\$ 10,001	\$ 9,338
Investment income	\$ 1,220	\$ 989	\$ 515
Total Revenues (w/ investments)	\$ 12,255	\$ 10,990	\$ 9,853

Total Expenses (\$ in millions)	2025	2024	2023
University Education and General Expenses	\$ 3,373	\$ 3,377	\$ 3,043
Auxiliary Sales and Services	\$ 502	\$ 458	\$ 410
Health System & OSUP	\$ 6,159	\$ 5,479	\$ 4,984
Depreciation	\$ 666	\$ 617	\$ 580
Interest Expense on Plant Debt	\$ 189	\$ 186	\$ 172
Total Expenses	\$ 10,889	\$ 10,117	\$ 9,189

Change in Net Position	\$ 1,366	\$ 873	\$ 664
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Fiscal Year 2025 Wrap Up

Significant Transactions Recorded after the Finance & Investment Committee meeting on August 13th
Through the normal course of the fiscal year-end close, we finalize the following activities in August and September:

- The consolidation of the final numbers for the Wexner Medical Center and the component units.
- The recording of fiscal 2025 impacts of lease considerations under GASB 87.
- The recording of fiscal 2025 impacts of subscription-based information technology arrangements under GASB 96.
- The true-up of accounts payable and accrued liabilities based on actual subsequent disbursement activities.
- The recording of the energy concessionaire payable.
- Reconciliation and reclassification of net position.



Fiscal Year 2025 Wrap Up

Significant Transactions Recorded

Through the normal course of financial statement review and data analysis prior year errors can be detected:

- During fiscal year 2025, university management identified an understatement of deferred outflows of resources and an overstatement of operating expense of \$97M related to the accounting for STRS-Ohio pension contributions subsequent to the measurement date. Amounts that should have been recognized as deferrals of \$97M in fiscal year 2024 were improperly recognized as expense. The result is an overstatement of expense in fiscal year 2024 and an understatement for expense in fiscal year 2025. University management has corrected the amortization schedule for fiscal year 2025 reporting and is expanding its review procedures of pension balances to prevent a recurrence of this error.

Significant Transactions Not Recorded

Through the normal course of the fiscal year-end close, we make determinations, primarily based on materiality and significance to the financial statements and its users, whether to record certain entries in the general ledger.

We determined that the following entries were not significant to the financial statements and did not record them:

- 4th quarter adjustment of \$117.5M for the recording of unrealized investment income. Not recording this adjustment is common practice and allows us to ensure our accounting, gift, and investment records are aligned.

Future Financial Reporting Impacts

Stmt #	Title	Description	Effective
103	<i>Financial Reporting Model Improvements</i>	The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The Statement includes provisions related to the presentation of Management's Discussion and Analysis, the presentation of the statement of revenues, expenses and changes in net position and the presentation of major component unit information.	FY26
104	<i>Disclosure of Certain Capital Assets</i>	This Statement requires certain types of capital assets, including leases, subscription-based information technology arrangements and right-of-use assets associated with public-private partnerships, to be disclosed separately in the capital assets note disclosures required by Statement No. 34. It also requires additional disclosures for capital assets held for sale.	FY26



The Ohio State University

(A Component Unit of the State of Ohio)

Consolidated Financial Statements

As of and for the Years Ended June 30, 2025 and 2024

And Reports of Independent Auditors

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Independent Auditors' Report

The Board of Trustees
The Ohio State University:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of The Ohio State University (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,



misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The supplementary information on the long-term investment pool for the year ended June 30, 2025 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 October 31, 2025, 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
October 31, 2025

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") as of and for the year ended June 30, 2025, with comparative information as of and for the years ended June 30, 2024 and June 30, 2023. 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 66,000 students, 8,600 faculty members and 29,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College – has grown over the years into a comprehensive public institution of higher learning, with over 250 undergraduate majors, 174 master's degree programs, 105 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 Health System's flagship hospital is a leader in multiple specialties including organ and tissue transplantation, women and infants, digestive diseases, bariatric surgery and minimally invasive surgery. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio's only adult burn center and the only adult solid organ transplant program in central Ohio.
- **Arthur G. James Cancer Hospital and Solove Research Institute ("The James"):** the only free-standing cancer hospital in central Ohio and the first in the Midwest, the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is an international leader in cancer prevention, detection and treatment. The James is one of only 57 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents sponsored by the NCI.
- **Richard M. Ross Heart Hospital ("The Ross"):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross offers comprehensive heart and vascular care spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The Ross is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.

Management's Discussion & Analysis (Unaudited) - continued

- **Harding Hospital:** offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio. Programs are available for adolescents, adults and older adults with complex psychiatric disorders. Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.
- **East Hospital:** blends academic medicine with a community-based setting. East Hospital provides a full range of medical and surgical services to patients throughout central Ohio, including orthopedics, general surgery, vascular surgery, plastic surgery, ENT, cardiovascular and pulmonary care, family medicine, general internal medicine, and emergency medicine. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, a comprehensive wound-healing center with limb preservation program, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.
- **Dodd Hall:** home to the Health System's nationally recognized and accredited rehabilitation inpatient program, specializing in amputee, cancer, stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment.
- **Brain and Spine Hospital:** a leader in brain and spine treatment and research with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery and sleep medicine.
- **Ambulatory Services:** offering many specialized health services in numerous convenient locations throughout Ohio. Primary care, sports medicine, orthopedics, mammography, imaging, wound care and other specialties are provided with the compassionate and nationally ranked expert care that is synonymous with The Ohio State University Wexner Medical Center.

The Health System provided services to approximately 61,200 inpatients and 1,803,000 outpatients during fiscal year 2025, and 60,600 inpatients and 1,670,000 outpatients during fiscal year 2024.

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

- OSU Health Plan (a non-profit organization that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)
- Pelotonia (a fundraising organization operating exclusively for the benefit of the university)
- Great River Insurance (captive insurer that provides coverage for risks that are difficult to insure in the traditional market)

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

Condensed financial information for both blended and discretely presented component units is provided in the Notes to the Financial Statements. The university is considered a component unit of the State of Ohio and is included in the State of Ohio's 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, 2025, with comparative information as of June 30, 2024. 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:

Management's Discussion & Analysis (Unaudited) - continued

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

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

The **Statement of Revenues, Expenses and Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2025, with comparative information for the year ended June 30, 2024. 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, 2025, with comparative information for the year ended June 30, 2024. It breaks out the sources and uses of university cash into the following categories:

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

Cash flows associated with the university's expendable net position appear in the operating and noncapital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

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

Financial Highlights and Key Trends

The university's overall financial position is strong, driven by a variety of factors, including its diversity of operations and continued focus on operating and capital efficiencies, along with a strategic focus on growing new revenue streams. Total net position increased \$1.35 billion, to \$12.23 billion at June 30, 2025. Operating revenues increased \$805 million, to \$8.52 billion, driven primarily by strong growth in healthcare revenues, sales and services and tuition and fee increases. Operating expenses increased \$658 million, to \$9.39 billion, primarily reflecting continued growth and strong patient volumes across the Health System. While the healthcare industry faced rising labor and supply costs, the Health System responded by enhancing staffing models and improving patient throughput to support efficient care delivery. Net investment income was strong in 2025 with a \$235 million increase in net investment income over the prior year resulting from a strong performance for the LTIP (+11.81%) and strong returns for our short- and intermediate-term portfolios (+6.04%).

Demand for an Ohio State education and outcomes for students also remain strong. Total enrollment for Autumn 2024 was 66,901, up 1,496 students compared to Autumn 2023. Overall university autumn enrollments increased 2.3%. New freshmen enrollment (all campuses) increased 15%. Over 94% of the freshmen enrolled in Autumn 2023 returned to OSU in Autumn 2024. 73% of students graduated within four years, and 88% graduated within six years.

The following sections provide additional details on the university's 2025 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

Management's Discussion & Analysis (Unaudited) - continued

Statement of Net Position

Summary Statement of Net Position <i>(in thousands)</i>			
	2025	2024	2023
Cash and temporary investments	\$ 3,130,192	\$ 3,075,362	\$ 2,720,003
Receivables, inventories, prepaids and other current assets	1,369,602	1,221,060	1,009,105
Total current assets	4,499,794	4,296,422	3,729,108
Unexpended bond proceeds	54,375	109,975	210,358
Noncurrent notes and pledges receivable, net	197,417	198,987	165,640
Net other post-employment benefit asset	357,668	194,698	128,942
Long-term investment pool	8,619,921	7,931,714	7,383,676
Other long-term investments	264,581	204,539	231,885
Other noncurrent assets	300,115	236,646	193,759
Capital assets, net of accumulated depreciation	8,940,761	8,519,316	7,981,204
Total noncurrent assets	18,734,838	17,395,875	16,295,464
Total assets	23,234,632	21,692,297	20,024,572
Deferred outflows	754,384	1,004,220	1,709,175
Total assets and deferred outflows	\$ 23,989,016	\$ 22,696,517	\$ 21,733,747
Accounts payable and accrued expenses	\$ 932,162	\$ 801,352	\$ 697,512
Medicare advance payment program	-	-	-
Deposits and advance payments for goods and services	409,480	409,639	442,713
Current portion of bonds, notes and lease obligations	722,247	726,732	720,885
Other current liabilities	4,619	42,569	(48,823)
Total current liabilities	2,068,508	1,980,292	1,812,287
Noncurrent portion of bonds, notes and lease obligations	3,114,135	3,136,918	2,946,617
Net pension liability	3,688,568	3,869,225	4,214,821
Net other post-employment benefit liability	22,317	22,970	92,020
Advance from concessionaire	920,533	943,319	958,816
Other noncurrent liabilities	992,828	928,495	795,866
Total noncurrent liabilities	8,738,381	8,900,927	9,008,140
Total liabilities	10,806,889	10,881,219	10,820,427
Deferred inflows	953,397	932,162	902,049
Net investment in capital assets	4,555,052	4,193,281	3,997,995
Restricted:			
Nonexpendable	2,178,273	2,051,766	1,942,078
Expendable	1,999,998	1,798,160	1,667,347
Unrestricted	3,495,407	2,839,929	2,403,851
Total net position	12,228,730	10,883,136	10,011,271
Total liabilities, deferred inflows and net position	\$ 23,989,016	\$ 22,696,517	\$ 21,733,747

During the year ended June 30, 2025, **cash and temporary investment** balances increased \$55 million, to \$3.13 billion, primarily reflecting a combination of increased cashflows from noncapital financing activities and a reduction in capital expenditures, which were partially offset by reductions in cash flows from operating and investing activities. **Unexpended bond proceeds** decreased \$56 million, to \$54 million at June 30, 2025, reflecting expenditures of the bond proceeds 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.

Accounts receivable, inventories, prepaids and other current assets increased \$149 million, to \$1.37 billion at June 30, 2025. Accounts receivable increased \$166 million, primarily reflecting

Management's Discussion & Analysis (Unaudited) - continued

increases in Health System receivables (up \$94 million) and grant and contract receivables (up \$49 million).

The fair value of the university's **long-term investment pool** (LTIP) increased \$688 million, to \$8.62 billion at June 30, 2025. The increase is primarily due to an \$807 million increase in the fair value of LTIP assets, \$152 million of principal additions and \$201 million of interest and dividend income, which were partially offset by \$318 million of distributions and \$154 million of expenses. The long-term 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 arrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments increased \$60 million, to \$265 million, at June 30, 2025, primarily due to unrealized gains in private equity funds.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, net of depreciation, grew \$421 million, to \$8.94 billion at June 30, 2025. 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 \$1.06 billion in 2025. The Health System accounted for \$647 million of the total and includes expenditures for facilities, infrastructure improvement, land, and equipment purchases. The remaining \$411 million of university capital additions include \$83 million of equipment and library books, \$45 million related to Comprehensive Energy Management Plan (CEMP) facility improvements and \$282 million related to improvements and renovations of various academic buildings, athletic facilities, student life facilities and other infrastructure.

Major academic facility projects completed during 2025 include:

- Cannon Drive Phase II – Cannon Drive Phase II was completed in early 2025. This project rebuilt the roadway between John Herrick Drive and Woody Hayes Drive at its current elevation and constructed a certified ODNR flood protection levee. Work also included a new signalized intersection at Woody Hayes Drive and expansion of the river park.

Major Health System projects underway during 2025 include:

- Inpatient Tower – Opening in 2026, the new Inpatient Tower has been designed to deliver unrivaled care in a state-of-the-art hospital that matches the nationally ranked expertise, high-quality patient care and innovative breakthroughs. Reaching 26 stories into the sky, the tower will reflect The Ohio State University's (the "University") land-grant mission of serving the community by providing the very best care for every person, every time. The Inpatient Tower is 1.9 million square feet and includes 820 private rooms, 234 intensive care beds, and 50 elevators. The \$1.79 billion hospital is the largest single facilities project ever undertaken at the

Management's Discussion & Analysis (Unaudited) - continued

University. In 2022, the University issued general receipts bonds, and the Health System borrowed \$715.4 million from the University to fund the construction of the Inpatient Tower. In 2024, the Health System borrowed an additional \$300.0 million to fund the construction. As of June 30, 2025, construction on the Inpatient Hospital Tower was approximately 92% complete.

In May 2025, the University announced a \$10 million commitment from Stan and Jodi Ross to support the Inpatient Hospital Tower project. In recognition, the neurology program's 14th floor of the Inpatient Tower will be named in the family's honor.

In February 2024, the Health System announced a transformative gift to support the Inpatient Hospital Tower project. To honor the memory of John F. Wolfe, the Robert F. Wolfe and Edgar T. Wolfe Foundation pledged a \$50.0 million leadership philanthropic commitment to the Medical Center. In recognition, the new tower will have two named spaces — the John F. Wolfe Lobby and the Wolfe Foundation Crossroads.

- Outpatient Care Powell – The new location will join Outpatient Care New Albany and Outpatient Care Dublin as the third facility of a new suburban outpatient care program to provide convenient access to comprehensive healthcare services – including primary and specialty care along with diagnostic and treatment services where people work and live. The \$183 million project includes a five-story medical office building and a two-story ambulatory health center which includes imaging, outpatient rehab/physical therapy, endoscopy and support services. As of June 30, 2025, construction on the Outpatient Care Powell facility was approximately 56% complete and is set to open in August 2026.

Major academic facility projects underway during 2024 include:

- Biomedical and Materials Engineering Complex Phase 2– The Biomedical and Materials Engineering Complex (BMEC) Phase 2 is a \$94 million project that maximizes collaborative learning and research. It will be the home of first-year engineering courses, makerspace, biomedical and advanced materials R&D, and engaging K-12 STEM programs. This facility is scheduled to open May 2026.
- Campbell Hall– The Campbell Hall Renovation is a \$61 million project scheduled to open May 2026 and provides updated space that will promote collaborative work and hands-on learning environments. Campbell Hall Renovation will renovate 115,000 square feet of existing offices, research and computer labs, teaching kitchen, department and pool classrooms and collaborative areas.
- Waterman - Multispecies Animal Learning Center (MALC)– The Waterman - Multispecies Animal Learning Center (MALC) facility will expand interdisciplinary collaborations for the College of Food, Agricultural, and Environmental Sciences (CFAES). The project will construct a 100,000 square-foot facility located at the CFAES Waterman Agricultural and Natural Resources Laboratory, a unique 261-acre site that provides opportunities in teaching, research, and community engagement. The \$58 million project will consist of an interconnected series of barns housing different species which include swine, equine, poultry and others. This facility is scheduled to open December 2025.

Management's Discussion & Analysis (Unaudited) - continued

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately \$498 million at June 30, 2025.

Total current liabilities increased \$88 million, to \$2.07 billion at June 30, 2025. Accounts payable and accrued expenses increased \$131 million, primarily reflecting increases in payables to vendors for supplies and services (up \$149 million) and accrued compensation and benefits (up \$18 million), which were partially offset by a decrease in retirement contributions payable (down \$36 million). Other current liabilities decreased \$38 million, primarily due to a \$52 million increase in amounts due from discretely presented component units. These amounts are shown as negative liabilities in the primary institution column of the Statement of Net Position.

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 \$69 million in total fixed and O&M utility fees for the years ended June 30, 2025 and 2024, respectively. The total amounts payable to the concessionaire increased \$18 million, to \$511 million at June 30, 2025. The \$28 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 \$27 million, to \$3.84 billion at June 30, 2025, primarily reflecting principal payments on bonds, which were partially offset by increases in liabilities for leases and subscription IT arrangements. On September 4, 2024, the university issued \$64 million of tax-exempt fixed-rate General Receipts Refunding Bonds, Series 2024A. The Series 2024A Bonds are structured with serial maturities due in 2025 through 2039. The interest rate coupons on the Series 2024A Bonds are 5.00%. The proceeds of the 2024A Bonds were used to refund certain maturities of the outstanding General Receipt Bonds, Series 2014A and to pay the cost of issuance of the 2024A Bonds. Total university debt decreased \$112 million, to \$4,263 million at June 30, 2025, primarily reflecting principal payments.

In 2020, the university entered into forward-starting interest-rate swap agreements to advance refund its Series 2013A bonds. In April 2023, the university issued \$329 million in Series 2023A-1 and 2023A-2 variable rate bonds to complete the refunding of the Series 2013A bonds, recognizing a net accounting gain of \$22 million. The net accounting gain is recorded as a deferred inflow of resources and will be amortized over the remaining term of the debt. The swap agreements, which were effective June 2023, are considered effective hedges. The fair value of the swap agreements – which are reported as a noncurrent asset and offsetting deferred inflow of resources – was \$55 million and \$44 million at June 30, 2025 and 2024, respectively.

Management's Discussion & Analysis (Unaudited) - continued

The university's plant debt includes variable rate demand bonds that mature at various dates through 2044. GASB Interpretation 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled \$604 million at both June 30, 2025 and June 30, 2024.

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 healthcare. 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 2025, the university's share of OPERS and STRS-Ohio **net pension liabilities** decreased \$181 million, to \$3.69 billion at June 30, 2025. OPERS and STRS-Ohio net pension liabilities decreased \$108 million and \$73 million, respectively, reflecting positive investment returns for both retirement systems. OPERS realized an 8.82% return on defined benefit plan investments for calendar year 2024. STRS-Ohio realized a 10.53% return for the fiscal year ended June 30, 2024.

Deferred outflows related to pensions decreased \$170 million, to \$719 million at June 30, 2025, and deferred inflows related to pensions increased \$43 million, to \$124 million at June 30, 2025. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2025, the university's proportionate share of OPERS and STRS-Ohio **net OPEB assets** increased \$163 million to \$358 million at June 30, 2025, reflecting positive investment returns for both retirement systems. OPERS realized a 10.00% return on its health care investments for calendar year 2024. STRS-Ohio realized a 10.53% return for the fiscal year ended June 30, 2024.

Deferred outflows related to OPEB decreased \$78 million, to \$18 million at June 30, 2025, and deferred inflows related to OPEB decreased \$26 million, to \$108 million at June 30, 2025. 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 \$36 million, to \$505 million in 2025. Pension and OPEB expense accruals swung from a positive \$196 million to a negative \$79 million in 2025.

Management's Discussion & Analysis (Unaudited) - continued

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

Deferred inflows primarily consist of changes to OPEB assets and pension liabilities as explained in the previous paragraphs, the unamortized proceeds of the parking service concession arrangement and deferred inflows related to leases. Total deferred inflows increased \$20 million, primarily due to increases in pension and OPEB deferred inflows, which totaled \$17 million. The parking deferred inflows, which totaled \$427 million and \$438 million at June 30, 2025 and June 30, 2024, 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 \$167 million at both June 30, 2025 and 2024 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 2024*, the university's share of OPERS and STRS-Ohio net pension liabilities decreased \$346 million, to \$3.87 billion at June 30, 2024. OPERS and STRS-Ohio net pension liabilities decreased \$275 million and \$70 million, respectively, reflecting positive investment returns for both retirement systems. The fair value of the university's long-term investment pool (LTIP) increased \$548 million, to \$7.93 billion at June 30, 2024. The increase is primarily due to a \$668 million increase in the fair value of LTIP assets, \$143 million of principal additions and \$194 million of interest and dividend income, which were partially offset by \$305 million of distributions and \$106 million of expenses. *In 2023*, the university's share of OPERS and STRS-Ohio net pension liabilities increased \$2.72 billion, to \$4.22 billion at June 30, 2023. OPERS and STRS-Ohio net pension liabilities increased \$2.25 billion and \$468 million, respectively, reflecting negative investment returns for both retirement systems. The fair value of the university's long-term investment pool (LTIP) increased \$423 million, to \$7.38 billion at June 30, 2023. The increase is primarily due to a \$370 million increase in the fair value of LTIP assets, \$257 million of principal additions and \$183 million of interest and dividend income, which were partially offset by \$289 million of distributions and \$98 million of expenses.

Management's Discussion & Analysis (Unaudited) - continued

Statement of Revenues, Expenses and Changes in Net Position

Summary of Revenues, Expenses and Changes in Net Position <i>(in thousands)</i>			
	2025	2024	2023
Operating Revenues:			
Tuition and fees, net	\$ 1,165,316	\$ 1,094,229	\$ 1,060,454
Grants and contracts	1,062,173	1,064,205	917,371
Auxiliary enterprises sales and services, net	436,040	391,487	394,835
OSU Health System sales and services, net	5,513,570	4,888,549	4,444,419
Departmental sales and other operating revenues	342,316	276,090	320,856
Total operating revenues	8,519,415	7,714,560	7,137,935
Operating Expenses:			
Educational and general	3,283,675	3,290,272	2,960,543
Auxiliary enterprises	502,067	458,464	410,383
OSU Health System	4,968,546	4,400,375	3,964,394
Depreciation	634,086	581,020	545,971
Total operating expenses	9,388,374	8,730,131	7,881,291
Net operating loss	(868,959)	(1,015,571)	(743,356)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	540,728	528,536	508,704
Gifts - current use	233,052	189,492	211,735
Net investment income	1,207,419	972,532	505,970
Federal COVID-19 assistance programs	36	5,352	70,792
Grants, interest expense and other revenue (expense)	17,229	(898)	(46,973)
Net non-operating revenue	1,998,464	1,695,014	1,250,228
Income before other changes in net position	1,129,505	679,443	506,872
State capital appropriations	88,756	61,016	46,714
Private capital gifts	30,986	57,232	58,407
Additions to permanent endowments	96,347	74,174	70,589
Total changes in net position	216,089	192,422	175,710
Increase in net position	1,345,594	871,865	682,582
Net position - beginning of year	10,883,136	10,011,271	9,328,689
Net position - end of year	\$ 12,228,730	\$ 10,883,136	\$ 10,011,271

Net tuition and fees increased \$71 million, to \$1.17 billion in 2025, due primarily to an increase in gross tuition and other student fees of \$101 million, offset by an increase in scholarship allowances of \$30 million. The increase in gross tuition revenue is primarily driven by both increases in enrollment and rate increases in instructional and non-resident surcharges. Overall university autumn enrollments increased 2.3%. New freshmen enrollment (all campuses) increased 15%. Instructional and general fees increased 3% for undergraduates in the AU24 Tuition Guarantee Group and 3% for graduate students. Non-resident fees increased 5% for undergraduates and 4% for graduate students.

Operating **grant and contract revenues** decreased \$2 million, to \$1.06 billion, primarily reflecting a \$22 million increase in federal grants and contracts. Partially offsetting the decrease were increases in state grants (up \$9 million) and private grants (up \$10 million). The increase in state grants relates primarily to increases from the Ohio Dept of Mental Health & Addiction Services (\$10 million), Ohio Dept of Children & Youth (\$4 million), Ohio Bureau of Worker's Comp (\$3 million), partially offset by decreases from Ohio Dept of Medicaid (\$5 million). The increase in private grants is due primarily to grants for the Honda Battery Laboratory (up \$12 million).

Management's Discussion & Analysis (Unaudited) - continued

Total **auxiliary revenues** increased \$45 million over the prior year due primarily to a \$51 million increase in Athletics revenues. The increase in Athletics revenues is mainly attributable to eight home football games in fiscal year 2025 compared to six home games in fiscal year 2024 and increases in distributions of media rights revenues from the Big Ten. These increases were partially offset by a \$13 million decrease in concert revenues due to fewer stadium shows in fiscal year 2025.

Auxiliary expenses increased \$44 million to \$502 million in fiscal year 2025. Athletics expenses increased \$28 million, primarily reflecting game-day expenses associated with eight home football games and the CFP game and NIL payments to student-athletes. Housing and Dining expenses increased \$14 million. The Auxiliary portion of pension and OPEB expenses decreased \$8 million.

Educational and General Expenses (in thousands)			
	2025	2024	2023
Instruction and departmental research	\$ 1,343,675	\$ 1,353,677	\$ 1,254,266
Separately budgeted research	688,539	678,793	601,981
Public service	195,931	196,786	145,356
Academic support	366,965	354,520	313,148
Student services	136,943	136,168	119,404
Institutional support	281,842	297,805	228,262
Operation and maintenance of plant	149,905	165,849	174,562
Scholarships and fellowships	119,875	106,674	123,564
Total	<u>\$ 3,283,675</u>	<u>\$ 3,290,272</u>	<u>\$ 2,960,543</u>

Educational and general expenses decreased \$7 million to \$3.28 billion in 2025. Excluding pension and OPEB accruals, E&G expenses increased \$210 million, primarily reflecting increases in salaries and related benefit expenses. Salaries increased \$124 million, or 7%, primarily due to a 3.5% increase in faculty and staff salary guidelines and additional investments in human capital related to strategic investments in academic excellence and research and to address market wage pressures. Benefits excluding pension and OPEB increased \$65 million, reflecting increases in medical costs and higher retirement contributions due to an increasing salary base. The university portion of the pension and OPEB expenses decreased \$217 million.

Health System operating revenues increased \$625 million, to \$5.51 billion in 2025, driven by growth in outpatient volumes. Operating expenses (excluding depreciation, interest and transfers) increased \$568 million to \$4.97 billion. Excluding pension and OPEB accruals, which decreased \$51 million, Health System operating expenses increased \$619 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 open 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 is proud to be celebrating its 33rd consecutive year ranked on the U.S. News & World Report's Best Hospitals list. The Medical Center has nine nationally ranked specialties out of 15 and four selected as high performing. U.S. News consistently ranks the Ohio State Wexner Medical Center as the top hospital in Columbus. The Medical Center is also rated as high performing in 17 out of 22 common procedures and conditions. Hospitals that earned the high performing rating were significantly better than the national average at successfully treating these common problems.

Management's Discussion & Analysis (Unaudited) - continued

In 2025, Forbes ranked The Ohio State University Wexner Medical Center as one of America's Best Employers. This is an exciting recognition, and it means Americans who were surveyed see the Medical Center as a top employer.

The Health System is also proud to be the first in central Ohio to have a hospital achieve Magnet Recognition, one of the highest honors awarded for nursing excellence. The Ross Heart Hospital, University Hospital and The James are all designated Magnet hospitals.

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

In fiscal year 2025, patient admissions increased by 1.0% compared to the prior year, reflecting sustained demand for inpatient services. Average length of stay improved by 2.9%, indicating greater efficiency in care delivery. Total surgeries increased by 3.2%, driven by growth in outpatient surgical activity. Total outpatient volumes rose by 8.0%, primarily due to significant increases in infusion and procedural services. The elevated activity levels in 2025 contributed positively to the Health System's overall operational performance.

In July 2023, the Health System opened The James Outpatient Care. The James Outpatient Care is home to several services and clinics. It is home to the first outpatient cancer surgery facility for the James. Through this unique, state-of-the-art center the James offers comprehensive care in one location to create better outcomes and more hope for the patient, from diagnosis through treatment to survivorship. In partnership with Nationwide Children's Hospital, the facility also includes central Ohio's first Proton Therapy Center that provides children and adults with the latest radiotherapy available. The 385,000-square-foot center is equipped with eight operating rooms, multiple cancer-specific clinics and the Proton Therapy Center. The James Outpatient Care performed 3,375 surgical cases, approximately 1,450 proton treatments, and over 54,000 outpatient visits in its first year of operations.

Approximately 84.5% of total operating revenues are from patient care activities, which approximated the prior year of 84.8% in 2024. Other Operating Revenues include revenue from reference labs, cafeteria operations, rental and lease agreements, and other non-patient services.

In response 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 outpatient pharmacy dedicated to improving patient care by easing the challenges of managing medications. Specialty outpatient pharmacy activity contributed \$577.4 million to Health System operating revenues in 2025 and \$460.9 million in 2024.

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 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 \$19.4 million of operating revenues in 2025 and \$17.5 million in 2024.

The Health System participates in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality improvement strategies and goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital

Management's Discussion & Analysis (Unaudited) - continued

agencies. The Health System recognized \$59.4 million in Other Operating Revenues related to CICIP in 2025 compared to \$70.7 million in 2024.

Operating expenses increased by \$577.1 million, or 12.8%, from 2024 to 2025, reflecting continued growth and strong patient volumes across the Health System. While the healthcare industry faced rising labor and supply costs, the Health System responded by enhancing staffing models and improving patient throughput to support efficient care delivery.

Salaries and benefits rose by \$140.7 million, or 7.5%, driven by growth in nursing and clinical care positions. Supplies and drugs increased by \$299.6 million, or 19.9%, primarily due to higher surgical and outpatient procedural volumes. Drug costs were further impacted by expanded chemotherapy services at The James and increased activity at ambulatory infusion sites. Additionally, specialty outpatient pharmacy costs rose in response to higher prescription volumes in 2025. Purchased services grew by \$119.6 million, or 18.6%, reflecting increased utility expenses, franchise fee, operational program support, and maintenance costs related to information technology and clinical care systems.

Consolidated revenues for **OSU Physicians, Inc. (OSUP)**, the University's central practice group for physician faculty members of the College of Medicine, increased \$93 million, to \$1.19 billion in 2025, due to continued investment in primary care and community outreach services, growth of specialty services, expansion in regional outpatient clinics, and increased surgical capacity with expansion of operating hours and investment in community anesthesia providers. Consolidated OSUP operating expenses increased \$112 million, to \$1.19 billion, primarily reflecting higher provider expenses associated with investment in patient care services growth and access improvement. OSUP balances are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support increased \$12 million, to \$541 million in 2025. Total **state share of instruction (SSI)** for 2025 was \$437 million, an increase of \$9 million or 2% over final 2024 distributions. **State line-item appropriations** increased \$3 million, to \$103 million, primarily reflecting increases in line-items for the Ohio Agricultural Research Development Center and Cooperative Extension Service. **State capital appropriations** increased \$28 million, to \$89 million.

Total **gifts** to the university increased \$39 million, to \$360 million in 2025. Several colleges and support units received gifts in excess of \$1 million in 2025, including the Office of the President, the Office of Academic Affairs, the College of Arts and Sciences, the College of Dentistry, the College of Education and Human Ecology, the College of Engineering, the College of Food, Agricultural and Environmental Sciences, the College of Medicine, the College of Nursing, the College of Pharmacy, the College of Public Health, the College of Social Work, the College of Veterinary Medicine, University Hospitals, the James Cancer Hospital and Research Institute, Health Sciences, Fisher College of Business, Moritz College of Law, Wexner Center for the Arts, WOSU, the Department of Athletics, Newark regional campus, the Enterprise for Research, Innovation and Knowledge, and General University Scholarships. Support came from more than 226,000 alumni and friends.

University investments yielded \$1.21 billion in **net investment income** in 2025, compared with \$973 million in 2024. For 2025, the LTIP returned +11.81% compared to +10.78% in 2024.

The strong absolute return for the LTIP of +11.81%, exceeded its preliminary policy benchmark of +9.54% for 2025. During that period, Public Equity returned +17.32% (compared to the

Management's Discussion & Analysis (Unaudited) - continued

benchmark of +16.17%), Hedge Funds and Opportunistic Credit returned +10.45% (compared to the preliminary benchmark of +7.25%), Private Equity returned +10.22% (compared to the benchmark of +7.15%), Cash and High-Grade Bonds returned +8.43% (compared to the benchmark of +6.08%), Real Assets returned +8.08% (compared to the preliminary benchmark of +2.90%), and Legacy Investments returned -13.79% (benchmark is return of actual underlying funds).

Prior-Year Highlights: *In 2024*, total net position increased \$872 million, to \$10.88 billion at June 30, 2024. Operating revenues increased \$577 million, to \$7.71 billion, driven primarily strong growth in healthcare revenues, grant and contract revenue, and tuition and fee increases. Operating expenses increased \$849 million, to \$8.73 billion, primarily due to a combination of increases in salary and benefit costs, increases in non-cash pension and other post-employment benefit (OPEB) expenses and, for the Health System, strong growth in patient volumes and rising costs related to labor shortages, inflationary pressure, and throughput challenges. *In 2023*, total net position increased \$683 million, to \$10.01 billion at June 30, 2023. Operating revenues increased \$543 million, to \$7.14 billion, driven primarily by strong outpatient surgical activity and service mix at the 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.

Statement of Cash Flows

University Cash Flows Summary <small>(in thousands)</small>			
	2025	2024	2023
Net cash flows used in operating activities	\$ (373,565)	\$ (201,812)	\$ (345,391)
Net cash flows from noncapital financing activities	1,007,113	911,746	943,984
Receipts for capital projects	42,837	29,857	31,420
Proceeds from capital debt	-	301,736	-
Payments for purchase or construction of capital assets	(808,034)	(951,614)	(1,072,766)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(325,592)	(282,952)	(311,098)
Net cash flows provided (used) in investing activities	3,740	143,888	1,590,813
Net increase (decrease) in cash and cash equivalents	<u>\$ (453,501)</u>	<u>\$ (49,151)</u>	<u>\$ 836,962</u>

University cash and cash equivalents decreased \$454 million in 2025. Net cash used in operating activities was \$374 million, compared to \$202 million in 2024, primarily reflecting increases in payments for salaries, benefits, supplies and services and student aid and decreases in other operating receipts, which were partially offset by increases in receipts for sales and services and tuition. In addition, the 2024 operating cash flows reflect the one-time receipt of a \$70 million upfront payment from the parking concessionaire. Net cash flows from noncapital financing activities increased \$95 million, to \$1.01 billion, primarily reflecting increases in gift and non-exchange grant receipts. Payments for purchase or construction of capital assets decreased \$144 million, to \$808

Management's Discussion & Analysis (Unaudited) - continued

million, reflecting completion of several Health System and other university projects. Cash provided by investing activities was \$4 million, primarily reflecting investment income, offset by net purchases of investments.

Fiscal Year 2026 Financial Plan

The Fiscal Year 2026 Financial Plan builds on the university's strengths and provides an operating margin to be reinvested in strategic initiatives and capital projects at the university. The Operating Plan has been presented alongside the Capital Investment Plan to provide more clarity about funding sources – which funding sources are fungible and can be spent for unrestricted purposes, and which funding sources must be spent on legally mandated or designated programs and projects.

Highlights of the Consolidated Financial Plan

- **Sources:** We anticipate consolidated sources will increase \$518.4 million or 4.7% to \$11.5 billion in FY 2026 compared to the FY 2025 Forecast. The university is projecting \$4.7 billion of total sources, excluding net transfers from the Health System, which is a decrease of \$28.9 million to the FY 2025 Forecast. The Health System and OSU Physicians, Inc. (OSUP) together account for a total increase in sources of \$556.8 million due to a combination of an estimated increase in adjusted admissions, outpatient growth, and some rate increases.
- **Uses:** We anticipate consolidated uses will increase \$781.2 million or 7.7% to \$10.9 billion in FY 2026 compared to the FY 2025 Forecast. The university is projecting \$4.9 billion of total uses, which is an increase of \$214.9 million or 4.6%. The most significant driver of this increase is salaries, which are increasing \$118.4 million or 5.9% over the FY 2025 Forecast and related benefit cost increases of \$45.1 million. Increased salaries reflect a 3.5% merit increase pool (\$58.0 million) and related benefits expense. Increases more than the merit pool are driven by investments in strategic faculty and staff hiring initiatives including staff equity adjustments. The Health System and OSUP's increases in uses are due to expenses to support their continued revenue growth and 5.5% salary increases, inclusive of the annual merit pool and incremental market increases to support employee retention and recruitment.
- **Sources Less Uses:** We anticipate a consolidated surplus, excluding capital, of \$564.9 million. After including capital sources and uses, this surplus decreases to a loss of \$212.4 million, representing the investment of cash and bond proceeds in the university's capital plan. The university is projecting an operating surplus of \$152.9 million, excluding capital. This surplus becomes a loss of \$97.1 million after including capital sources and uses. University surpluses are not completely fungible as some funds are for restricted purposes. The Health System FY 2026 Operating Plan projects an operating surplus of \$430.5 million, excluding capital. This surplus becomes a loss of \$96.9 million, including capital, based on net capital uses of \$527.4 million, primarily driven by the completion of the hospital tower project that is scheduled to open in the spring of 2026. The OSU Physicians, Inc. FY 2026 Operating Plan projects an operating surplus of \$4.6 million.

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.

Management's Discussion & Analysis (Unaudited) - continued

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.

THE OHIO STATE UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2025 and June 30, 2024
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2025	2024	2025	2024	2025	2024
ASSETS AND DEFERRED OUTFLOWS:						
Current Assets:						
Cash and cash equivalents	\$ 583,055	\$ 980,956	\$ 141,692	\$ 75,701	\$ 724,747	\$ 1,056,657
Temporary investments	2,547,137	2,094,406	109,724	121,425	2,656,861	2,215,831
Accounts receivable, net	1,116,751	950,393	134,020	137,679	1,250,771	1,088,072
Notes receivable - current portion, net	6,456	6,456	-	-	6,456	6,456
Pledges receivable - current portion, net	60,106	62,107	-	-	60,106	62,107
Accrued interest receivable	24,781	22,637	-	-	24,781	22,637
Inventories and prepaid expenses	211,103	214,427	8,618	8,189	219,721	222,616
Investments held under securities lending program	925	-	-	-	925	-
Amounts due from (to) primary institution	(50,520)	(34,960)	50,520	34,960	-	-
Total Current Assets	4,499,794	4,296,422	444,574	377,954	4,944,368	4,674,376
Noncurrent Assets:						
Unexpended bond proceeds	54,375	109,975	-	-	54,375	109,975
Notes receivable, net	22,941	26,610	800	800	23,741	27,410
Pledges receivable, net	174,476	172,377	-	-	174,476	172,377
Net other post-employment benefit asset	357,668	194,698	-	-	357,668	194,698
Long-term investment pool	8,619,921	7,931,714	-	-	8,619,921	7,931,714
Other long-term investments	264,581	204,539	-	-	264,581	204,539
Leases receivable, net	29,483	19,315	36,518	23,788	66,001	43,103
Amounts due from (to) primary institution - leases	(89,126)	(86,814)	89,126	86,814	-	-
Other noncurrent assets	359,758	304,145	197	1,556	359,955	305,701
Capital assets, net	8,940,761	8,519,316	503,857	489,100	9,444,618	9,008,416
Total Noncurrent Assets	18,734,838	17,395,875	630,498	602,058	19,365,336	17,997,933
Total Assets	23,234,632	21,692,297	1,075,072	980,012	24,309,704	22,672,309
Deferred Outflows:						
Pension	718,996	888,530	-	-	718,996	888,530
Other post-employment benefits	17,543	95,656	-	-	17,543	95,656
Other deferred outflows	17,845	20,034	25,453	-	43,298	20,034
Total Deferred Outflows	754,384	1,004,220	25,453	-	779,837	1,004,220
Total Assets and Deferred Outflows	\$ 23,989,016	\$ 22,696,517	\$ 1,100,525	\$ 980,012	\$ 25,089,541	\$ 23,676,529
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 932,162	\$ 801,352	\$ 103,442	\$ 92,276	\$ 1,035,604	\$ 893,628
Deposits and advance payments for goods and services	409,480	409,639	3,025	2,763	412,505	412,402
Current portion of bonds, notes and leases payable	118,427	122,912	7,987	5,485	126,414	128,397
Long-term bonds payable, subject to remarketing	603,820	603,820	-	-	603,820	603,820
Liability under securities lending program	925	-	-	-	925	-
Other current liabilities	116,189	101,591	10,620	17,705	126,809	119,296
Amounts due to (from) primary institution	(102,089)	(50,367)	102,089	50,367	-	-
Amounts due to (from) primary institution - leases	(10,406)	(8,655)	10,406	8,655	-	-
Total Current Liabilities	2,068,508	1,980,292	237,569	177,251	2,306,077	2,157,543
Noncurrent Liabilities:						
Bonds, notes and leases payable	3,114,135	3,136,918	38,473	38,996	3,152,608	3,175,914
Concessionaire payable	482,717	466,671	-	-	482,717	466,671
Net pension liability	3,688,568	3,869,225	-	-	3,688,568	3,869,225
Net other post-employment benefit liability	22,317	22,970	-	-	22,317	22,970
Compensated absences	253,423	234,804	-	-	253,423	234,804
Self-insurance accruals	107,571	87,290	-	-	107,571	87,290
Amounts due to third-party payors - Health System	63,857	79,153	-	-	63,857	79,153
Irrevocable split-interest agreements	36,269	33,123	-	-	36,269	33,123
Refundable advances for Federal Perkins loans	15,362	18,141	-	-	15,362	18,141
Advance from concessionaire	920,533	943,319	-	-	920,533	943,319
Other noncurrent liabilities	411,962	360,250	1,525	87	413,487	360,337
Amounts due to (from) primary institution	(237,533)	(201,066)	237,533	201,066	-	-
Amounts due to (from) primary institution - leases	(140,800)	(149,871)	140,800	149,871	-	-
Total Noncurrent Liabilities	8,738,381	8,900,927	418,331	390,020	9,156,712	9,290,947
Total Liabilities	10,806,889	10,881,219	655,900	567,271	11,462,789	11,448,490
Deferred Inflows:						
Parking service concession arrangement	426,917	438,390	-	-	426,917	438,390
Pension	124,296	81,069	-	-	124,296	81,069
Other post-employment benefits	107,893	133,721	-	-	107,893	133,721
Other deferred inflows	294,291	278,982	163,788	152,671	458,079	431,653
Total Deferred Inflows	953,397	932,162	163,788	152,671	1,117,185	1,084,833
Net Position:						
Net investment in capital assets	4,555,052	4,193,281	83,365	79,415	4,638,417	4,272,696
Restricted:						
Nonexpendable	2,178,273	2,051,766	-	-	2,178,273	2,051,766
Expendable	1,999,998	1,798,160	-	-	1,999,998	1,798,160
Unrestricted	3,495,407	2,839,929	197,472	180,655	3,692,879	3,020,584
Total Net Position	12,228,730	10,883,136	280,837	260,070	12,509,567	11,143,206
Total Liabilities, Deferred Inflows and Net Position	\$ 23,989,016	\$ 22,696,517	\$ 1,100,525	\$ 980,012	\$ 25,089,541	\$ 23,676,529

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

THE OHIO STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Years ended June 30, 2025 and June 30, 2024
(In thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2025	2024	2025	2024	2025	2024
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of \$309,732 and \$280,161, respectively)	\$ 1,165,316	\$ 1,094,229	\$ -	\$ -	\$ 1,165,316	\$ 1,094,229
Federal grants and contracts	513,327	535,318	23,864	21,224	537,191	556,542
State grants and contracts	136,060	126,623	-	-	136,060	126,623
Local grants and contracts	33,956	33,042	-	-	33,956	33,042
Private grants and contracts	378,830	369,222	47,941	59,044	426,771	428,266
Sales and services of educational departments	206,998	187,125	10,673	10,084	217,671	197,209
Sales and services of auxiliary enterprises (net of scholarship allowances of \$70,260 and \$58,865, respectively)	436,040	391,487	-	-	436,040	391,487
Sales and services of the OSU Health System, net	5,513,570	4,888,549	-	-	5,513,570	4,888,549
Sales and services of OSU Physicians, Inc., net	-	-	1,194,793	1,102,050	1,194,793	1,102,050
Other operating revenues	135,318	88,965	35,120	14,279	170,438	103,244
Total Operating Revenues	8,519,415	7,714,560	1,312,391	1,206,681	9,831,806	8,921,241
Operating Expenses:						
Educational and General:						
Instruction and departmental research	1,343,675	1,353,677	12,916	10,683	1,356,591	1,364,360
Separately budgeted research	688,539	678,793	30,764	29,871	719,303	708,664
Public service	195,931	196,786	10,873	14,497	206,804	211,283
Academic support	366,965	354,520	-	-	366,965	354,520
Student services	136,943	136,168	-	-	136,943	136,168
Institutional support	281,842	297,805	34,613	30,687	316,455	328,492
Operation and maintenance of plant	149,905	165,849	706	1,427	150,611	167,276
Scholarships and fellowships	119,875	106,674	-	-	119,875	106,674
Auxiliary enterprises	502,067	458,464	-	-	502,067	458,464
OSU Health System	4,968,546	4,400,375	-	-	4,968,546	4,400,375
OSU Physicians, Inc.	-	-	1,189,808	1,078,267	1,189,808	1,078,267
Depreciation and amortization	634,086	581,020	31,475	35,728	665,561	616,748
Total Operating Expenses	9,388,374	8,730,131	1,311,155	1,201,160	10,699,529	9,931,291
Net Operating Income (loss)	(868,959)	(1,015,571)	1,236	5,521	(867,723)	(1,010,050)
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	540,728	528,536	-	-	540,728	528,536
Federal subsidies for Build America Bonds interest	11,321	11,321	-	-	11,321	11,321
Federal non-exchange grants	88,218	70,982	-	-	88,218	70,982
Federal COVID-19 assistance programs	36	5,352	-	-	36	5,352
State non-exchange grants	48,841	30,851	-	-	48,841	30,851
Gifts	233,052	189,492	14	-	233,066	189,492
Net investment income	1,207,419	972,532	12,091	16,419	1,219,510	988,951
Interest expense on plant debt	(173,059)	(170,887)	(16,279)	(14,725)	(189,338)	(185,612)
Other non-operating revenues (expenses), net	41,908	56,835	(1,295)	(5,731)	40,613	51,104
Net Non-operating Revenue (Expenses)	1,998,464	1,695,014	(5,469)	(4,037)	1,992,995	1,690,977
Income (loss) before Other Changes in Net Position	1,129,505	679,443	(4,233)	1,484	1,125,272	680,927
Other Changes in Net Position:						
State capital appropriations	88,756	61,016	-	-	88,756	61,016
Private capital gifts	30,986	57,232	-	-	30,986	57,232
Additions to permanent endowments	96,347	74,174	-	-	96,347	74,174
Capital contributions and changes in net position	-	-	25,000	-	25,000	-
Total Changes in Net Position	216,089	192,422	25,000	-	241,089	192,422
Increase in Net Position	1,345,594	871,865	20,767	1,484	1,366,361	873,349
Net Position - Beginning of Year	10,883,136	10,011,271	260,070	258,586	11,143,206	10,269,857
Net Position - End of Year	\$ 12,228,730	\$ 10,883,136	\$ 280,837	\$ 260,070	\$ 12,509,567	\$ 11,143,206

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

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and June 30, 2024
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2025	2024	2025	2024	2025	2024
Cash Flows from Operating Activities:						
Tuition and fee receipts	\$ 1,066,890	\$ 939,323	\$ -	\$ -	\$ 1,066,890	\$ 939,323
Grant and contract receipts	1,000,209	1,017,351	78,492	75,539	1,078,701	1,092,890
Receipts for sales and services	6,034,921	5,317,951	1,181,679	1,131,854	7,216,600	6,449,805
Receipt from parking concessionaire	-	70,000	-	-	-	70,000
Receipt from energy concessionaire	-	8,069	-	-	-	8,069
Payments to or on behalf of employees	(3,921,024)	(3,642,810)	(743,573)	(785,166)	(4,664,597)	(4,427,976)
University employee benefit payments	(1,151,845)	(945,282)	(185,763)	(193,881)	(1,337,608)	(1,139,163)
Payments to vendors for supplies and services	(3,345,516)	(3,050,670)	(271,836)	(244,840)	(3,617,352)	(3,295,510)
Payments to students and fellows	(142,044)	(92,141)	-	-	(142,044)	(92,141)
Student loans issued	(3,984)	(3,324)	-	-	(3,984)	(3,324)
Student loans collected	6,288	6,456	-	-	6,288	6,456
Student loan interest and fees collected	2,434	5,500	-	-	2,434	5,500
Other receipts (payments)	80,106	167,765	10,001	1,862	90,107	169,627
Net cash provided (used) by operating activities	(373,565)	(201,812)	69,000	(14,632)	(304,565)	(216,444)
Cash Flows from Noncapital Financing Activities:						
State share of instruction and line-item appropriations	538,157	528,536	-	-	538,157	528,536
Non-exchange grant receipts	137,059	101,833	2	2,000	137,061	103,833
Federal COVID-19 assistance programs	36	5,352	-	-	36	5,352
Gift receipts for current use	226,328	199,962	-	-	226,328	199,962
Additions to permanent endowments	96,347	74,174	-	-	96,347	74,174
Drawdowns of federal direct loan proceeds	315,450	312,753	-	-	315,450	312,753
Disbursements of federal direct loans to students	(317,085)	(312,605)	-	-	(317,085)	(312,605)
Disbursement of loan proceeds to related organization	(49,429)	-	-	-	(49,429)	-
Repayment of loans from related organization	12,962	-	-	-	12,962	-
Amounts received from irrevocable split-interest agreements	4,845	727	-	-	4,845	727
Amounts paid to annuitants and life beneficiaries	(1,599)	(1,725)	-	-	(1,599)	(1,725)
Agency funds receipts	5,459	5,737	-	-	5,459	5,737
Agency funds disbursements	(5,720)	(5,279)	-	-	(5,720)	(5,279)
Other receipts (payments)	44,303	2,281	1,361	(165)	45,664	2,116
Net cash provided (used) by noncapital financing activities	1,007,113	911,746	1,363	1,835	1,008,476	913,581
Cash Flows from Capital Financing Activities:						
Proceeds from capital debt	-	301,736	49,929	284	49,929	302,020
Gift receipts for capital projects	42,837	29,857	-	-	42,837	29,857
Payments for purchase or construction of capital assets	(808,034)	(951,614)	(28,580)	(13,629)	(836,614)	(965,243)
Principal payments on capital debt and leases	(142,146)	(110,298)	(22,128)	-	(164,274)	(110,298)
Interest payments on capital debt and leases	(188,947)	(183,388)	(16,168)	(21,528)	(205,115)	(204,916)
Federal subsidies for Build America Bonds interest	5,501	10,734	-	(13,386)	5,501	(2,652)
Cash paid for acquisition	-	-	(40,252)	-	(40,252)	-
Other capital financing receipts (payments)	-	-	41,415	13,271	41,415	13,271
Net cash (used) by capital financing activities	(1,090,789)	(902,973)	(15,784)	(34,988)	(1,106,573)	(937,961)
Cash Flows from Investing Activities:						
Purchases of investments	(11,088,324)	(5,940,751)	(16,466)	(38,533)	(11,104,790)	(5,979,284)
Proceeds from sales and maturities of investments	10,836,875	5,832,362	19,609	52,116	10,856,484	5,884,478
Investment income (loss), net of related expenses	255,189	252,277	8,269	10,425	263,458	262,702
Net cash provided by investing activities	3,740	143,888	11,412	24,008	15,152	167,896
Net Increase (Decrease) in Cash	(453,501)	(49,151)	65,991	(23,777)	(387,510)	(72,928)
Cash and Cash Equivalents - Beginning of Year	1,090,931	1,140,082	75,701	99,478	1,166,632	1,239,560
Cash and Cash Equivalents - End of Year	\$ 637,430	\$ 1,090,931	\$ 141,692	\$ 75,701	\$ 779,122	\$ 1,166,632

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS, Cont'd
Years Ended June 30, 2025 and June 30, 2024
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2025	2024	2025	2024	2025	2024
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (868,959)	\$ (1,015,571)	\$ 1,236	\$ 5,521	\$ (867,723)	\$ (1,010,050)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	634,086	581,020	31,475	35,728	665,561	616,748
Changes in assets and liabilities:						
Accounts receivable, net	(157,716)	(157,413)	2,554	(23,512)	(155,162)	(180,925)
Leases receivable, net	(10,168)	734	(5,512)	-	(15,680)	734
Amounts due from (to) primary institution - leases	-	(5,611)	-	-	-	(5,611)
Notes receivable, net	2,305	570	-	-	2,305	570
Accrued interest receivable	554	3,251	-	-	554	3,251
Inventories and prepaid expenses	3,324	(28,164)	(594)	(1,094)	2,730	(29,258)
Amounts due to/from primary institution	(36,162)	37,467	42,692	(24,700)	6,530	12,767
Amounts due to (from) primary institution - leases	7,320	6,782	-	-	7,320	6,782
Net other post-employment benefit asset	(162,970)	(65,756)	-	-	(162,970)	(65,756)
Deferred outflows	247,647	703,718	1,558	-	249,205	703,718
Other noncurrent assets	-	(49,622)	1,524	(451)	1,524	(50,073)
Accounts payable and accrued liabilities	132,365	152,145	1,877	3,812	134,242	155,957
Self-insurance accruals	20,281	2,310	-	-	20,281	2,310
Amounts due to third-party payors - Health System	(15,296)	4,456	-	-	(15,296)	4,456
Deposits and advanced payments	(4,469)	(29,876)	262	844	(4,207)	(29,032)
Compensated absences	18,619	21,115	-	-	18,619	21,115
Refundable advances for Federal Perkins loans	(2,779)	(2,680)	-	-	(2,779)	(2,680)
Advance from concessionaire	(22,786)	(15,497)	-	-	(22,786)	(15,497)
Net pension liability	(180,657)	(345,596)	-	-	(180,657)	(345,596)
Net other post-employment benefit liability	(653)	(69,050)	-	-	(653)	(69,050)
Deferred inflows	5,975	19,216	(4,592)	(12,772)	1,383	6,444
Other liabilities	16,574	50,240	(3,480)	1,992	13,094	52,232
Net cash provided (used) by operating activities	\$ (373,565)	\$ (201,812)	\$ 69,000	\$ (14,632)	\$ (304,565)	\$ (216,444)
Non-Cash Transactions:						
Construction in process in accounts payable	\$ (1,042)	\$ 8,528	\$ 1,703	\$ 1,294	\$ 661	\$ 9,822
Construction in process in concessionaire payable	44,641	61,212	-	-	44,641	61,212
Stock gifts	27,460	22,328	-	-	27,460	22,328
Net increase in fair value of investments	949,532	716,430	973	131	950,505	716,561
State capital appropriations	88,756	64,819	-	-	88,756	64,819
Refunding of debt	78,499	413,433	-	-	78,499	413,433

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

The criteria for determining financial accountability include the following circumstances:

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

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

- **The Ohio State University Foundation** – The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.
- **OSU Health Plan, Inc.** – The university appoints a voting majority of the board for this organization, which provides medical benefit plan administration services to the university and its faculty and staff.
- **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.
- **Great River Insurance** – The university is the sole member of this captive insurance entity, which was established in fiscal year 2025 to provide coverage for risks that are difficult to insure in the traditional insurance market.

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

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

- **The Ohio State University Physicians, Inc.** – The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.
- **Campus Partners for Community Urban Redevelopment, Inc.** – This non-profit organization, which participates in the redevelopment of neighborhoods adjacent to the Columbus campus, is fiscally dependent on the university.
- **Transportation Research Center of Ohio, Inc. (TRC Inc.)** – The university appoints a voting majority of the board for this automotive research and testing facility in East Liberty, Ohio.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

- **Dental Faculty Practice Association, Inc.** – The university appoints a voting majority of the board for the dental practice group for faculty in the College of Dentistry.
- **Science and Technology Campus Corporation (SciTech)** – This non-profit organization, which was established for further development of the university's Science and Technology Campus, is fiscally dependent on the university.

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

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

Basis of Accounting

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

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

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, and related debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted - nonexpendable:** Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to principal by the university. These assets primarily consist of the original gift corpus of the university's permanent endowments.
- **Restricted - expendable:** Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Amounts not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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, 2025, the university has made commitments to limited partnerships totaling \$1,505,012 that have not yet been funded. These commitments typically extend up to twelve years.

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

Endowment Policy

All endowments are invested in the university's Long-Term Investment Pool, which consists of 6,607 Board authorized funds and 221 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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

At June 30, 2025, the fair value of the university and Foundation gifted endowments is \$3,330,135, which is \$1,076,234 above the historical dollar value of \$2,253,901. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2025, there are 82 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, 2025 is \$23,661, which is \$1,974 below the historical dollar value of \$25,635.

At June 30, 2024, the fair value of the university and Foundation gifted endowments is \$3,007,098, which is \$870,330 above the historical dollar value of \$2,136,768. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2024, there are 161 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2024 is \$47,597, which is \$4,025 below the historical dollar value of \$51,622.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery of depreciation on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

Gift Pledges Receivable

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

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

Inventories

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

Capital Assets and Collections

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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.

Advance Payments for Goods and Services

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

Derivative Instruments

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

Operating and Non-Operating Revenues and Expenses

The university defines operating activities, for purposes of reporting on the Statements of Revenues, Expenses, and Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness and certain expenses related to investments, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, current-use gifts and net investment income. In addition, amounts provided to the university under Federal COVID-19 assistance grant programs are recognized as non-operating revenues as eligibility requirements are met.

Tuition, Room and Board

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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. 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.

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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Health System patient service revenue amounts recognized from major payor sources (based on primary payor) for the years ended June 30, 2025 and 2024, respectively, are as follows:

Payor	Primary Institution	
	2025	2024
Medicare	\$ 1,430,080	\$ 1,220,204
Medicaid	665,711	660,386
Managed Care:		
Anthem	928,625	857,472
United Healthcare	669,727	538,047
MMO	279,718	233,762
Aetna	245,627	209,709
Other	542,383	465,170
Self Pay	8,392	7,490
Total net patient service revenue	4,770,263	4,192,240
Add: Other Health System sales and services revenue	743,307	696,309
Total Health System sales and services, net	<u>\$ 5,513,570</u>	<u>\$ 4,888,549</u>

OSU Physicians Revenue

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

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

Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off and not reported as gross patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2025 and 2024 are \$52,443 and \$59,303, respectively, after applying a decrease of \$19,597 and \$24,556, 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, 2025 and 2024 are \$37,293 and \$36,126, respectively.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Management Estimates

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

Newly Issued Accounting Pronouncements

In June 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The Statement includes provisions related to the presentation of Management's Discussion and Analysis, the presentation of proprietary fund statements of revenues, expenses and changes in net position and the presentation of major component unit information and is effective for fiscal years beginning after June 15, 2025 (FY2026).

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets, including leases, subscription-based information technology arrangements and right-of-use assets associated with public-private partnerships, to be disclosed separately in the capital assets note disclosures required by Statement No. 34. It also requires additional disclosures for capital assets held for sale. The Statement is effective for fiscal years beginning after June 15, 2025 (FY2026).

University management is currently assessing the impact that implementation of GASB Statements Nos. 103 and 104 will have on the university's financial statements.

Implementation of GASB Statement No. 101

In fiscal year 2025, the university implemented GASB issued Statement No. 101, *Compensated Absences*. GASB 101, which supersedes GASB Statement No. 16, *Accounting for Compensated Absences*, requires recognition of liabilities for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of Statement No. 101 resulted in no change in net position as of July 1, 2023 for the primary institution or the discretely presented component units.

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

to review and approval. Disclosures about the university's related parties, including its blended and discretely presented component units, are included in notes 1, 20, and 21 to the financial statements.

Government Combination

In October 2024, TRC Inc., a discretely presented component unit of the university, completed the acquisition of Automotive Enviro Testing, LLC, a 470-acre winter proving ground based near Baudette, Minnesota. The cold-weather facilities expand the portfolio of testing opportunities for TRC Inc's clients. The total cash consideration for the acquisition was \$40,252. The total net position acquired was \$13,240. Cash consideration provided in excess of net position acquired is reported as a deferred outflow of resources and will be attributed to future periods based on the estimated remaining useful life of the acquired capital assets.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2025, the carrying amount of the primary institution's cash and cash equivalents is \$583,055 as compared to bank balances of \$657,189. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$3,060 is covered by federal deposit insurance and \$654,129 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2024, the carrying amount of the primary institution's cash and cash equivalents is \$980,956 as compared to bank balances of \$1,131,639. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$3,575 is covered by federal deposit insurance and \$1,128,064 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2025, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$141,692 as compared to bank balances of \$143,055. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$1,746 is covered by federal deposit insurance and \$141,309 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2024, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is \$75,701 as compared to bank balances of \$77,762. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$1,780 is covered by federal deposit insurance and \$75,982 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and equity and bond funds.

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

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

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

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

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

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

The cash and cash equivalents amount represent 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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Total university investments by major category for the primary institution at June 30, 2025 and 2024 are as follows:

	Primary Institution	
	2025	2024
Temporary Investments	\$ 2,547,137	\$ 2,094,406
Long-Term Investment Pool:		
Gifted Endowment - University	1,495,153	1,387,225
Gifted Endowment - OSU Foundation	1,834,983	1,620,309
Quasi Endowment - Operating	1,876,963	1,803,038
Quasi Endowment - Designated	3,412,822	3,121,142
Total Long-Term Investment Pool	8,619,921	7,931,714
Securities Lending Collateral Investments	925	-
Other Long-Term Investments	264,581	204,539
Total Investments	\$ 11,432,564	\$ 10,230,659

Certain gifted endowment funds include departmental contributions of unrestricted funds. These unrestricted funds totaled \$121,070 and \$115,617 at June 30, 2025 and June 30, 2024, respectively.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2025 are as follows:

	Primary Institution				
	Temporary	Long-Term	Other	Securities	Total
	Investments	Investment Pool	Long-Term Investments	Lending Collateral Investments	
U.S. equity	\$ 148	\$ 1,094,987	\$ 6,224	\$ -	\$ 1,101,359
International equity	-	2,229	-	-	2,229
Equity funds	95,440	2,312,318	25,210	-	2,432,968
U.S. government obligations	635,729	1,604	359	-	637,692
U.S. government agency obligations	355,560	-	-	-	355,560
Corporate bonds and notes	1,283,447	53,657	-	-	1,337,104
Bond funds	64,283	467,588	17,541	-	549,412
Foreign government bonds	6,153	-	-	-	6,153
Real assets	3,555	666,841	29,466	-	699,862
Hedge funds	-	1,073,147	-	-	1,073,147
Private equity	-	2,817,254	167,529	-	2,984,783
Commercial paper	92,135	-	-	-	92,135
Cash and cash equivalents	-	130,296	-	-	130,296
Certificates of deposit	1,826	-	-	-	1,826
Other	8,861	-	18,252	-	27,113
Securities Lending Collateral Assets:					
Cash and other adjustments	-	-	-	925	925
	<u>\$ 2,547,137</u>	<u>\$ 8,619,921</u>	<u>\$ 264,581</u>	<u>\$ 925</u>	<u>\$ 11,432,564</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

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

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

	Primary Institution	
	2025	2024
Interest and dividends	\$ 343,981	\$ 336,802
Net increase in fair value of investments	949,532	716,430
Investment expenses	(86,094)	(80,700)
Total	<u>\$ 1,207,419</u>	<u>\$ 972,532</u>

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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, 2025, the Long-Term Investment Pool contains assets held for secondary sale in the amount of \$59,664.

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

Not Leveled – Cash used for investing purposes is not measured at fair value and thus is not subject to the fair value disclosure requirements. Such cash amounted to \$45,885 and \$20,753 at June 30, 2025 and 2024, respectively.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2025 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	\$ 1,101,359	\$ -	\$ -	\$ -	\$ 1,101,359	
International equity	2,229	-	-	-	2,229	
Equity funds	120,650	-	-	2,312,318	2,432,968	
U.S. government obligations	1,604	636,088	-	-	637,692	
U.S. government agency obligations	-	355,560	-	-	355,560	
Corporate bonds and notes	-	1,337,104	-	-	1,337,104	
Bond funds	372,346	-	-	177,066	549,412	
Foreign government bonds	-	6,153	-	-	6,153	
Real assets	157,186	-	90,521	452,155	699,862	
Hedge funds	-	-	-	1,073,147	1,073,147	
Private equity	-	-	103,005	2,881,778	2,984,783	
Commercial paper	-	92,135	-	-	92,135	
Cash equivalents	84,411	-	-	-	84,411	
Certificates of deposit	1,826	-	-	-	1,826	
Other	-	8,296	18,817	-	27,113	
Securities Lending Collateral Assets:						
Cash and other adjustments	-	925	-	-	925	
	<u>\$ 1,841,611</u>	<u>\$ 2,436,261</u>	<u>\$ 212,343</u>	<u>\$ 6,896,464</u>	<u>\$ 11,386,679</u>	

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2024 are as follows:

	Primary Institution				
	Quoted Prices	Significant	Significant	NAV as	Total
	in Active	Other Observable	Unobservable	Practical	
	Markets	Inputs	Inputs	Expedient	
	(Level 1)	(Level 2)	(Level 3)	(NAV)	Fair Value
U.S. equity	\$ 1,234,965	\$ -	\$ -	\$ -	\$ 1,234,965
Equity funds	212,093	-	-	1,763,922	1,976,015
U.S. government obligations	1,888	418,235	-	-	420,123
U.S. government agency obligations	-	130,950	-	-	130,950
Repurchase agreements	-	4,900	-	-	4,900
Corporate bonds and notes	-	1,333,628	-	-	1,333,628
Bond funds	239,876	-	-	202,760	442,636
Foreign government bonds	-	3,636	-	-	3,636
Real assets	155,167	-	33,375	601,286	789,828
Hedge funds	-	-	-	948,867	948,867
Private equity	-	-	63,208	2,601,675	2,664,883
Commercial paper	-	100,962	-	-	100,962
Cash equivalents	123,861	-	-	-	123,861
Other	-	16,213	18,439	-	34,652
	<u>\$ 1,967,850</u>	<u>\$ 2,008,524</u>	<u>\$ 115,022</u>	<u>\$ 6,118,510</u>	<u>\$ 10,209,906</u>

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, 2025 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity and bond - public	\$ 2,489,384	\$ 33,750	No limit	1 to 90 days	Lock-up periods range from 0-2 years. Investor-level gates may limit redemptions. Redemption requests typically require 30–90 days' notice. Certain illiquid assets may be held in side pockets, restricting redemptions until realization.
Hedge funds - absolute return, credit, long/short equities	1,073,147	-	No limit	30 to 180 days	Lock-up periods range from 0-2 years. Investor-level gates may limit redemptions. Redemption requests typically require 30–90 days' notice. Certain illiquid assets may be held in side pockets, restricting redemptions until realization.
Private equity - private credit, buyouts, venture, secondary	2,881,778	1,072,621	1-12 years	Limited Partnerships are not eligible for redemption	Not redeemable
Real assets - natural resources, real estate, infrastructure	452,155	81,818	1-12 years	Limited Partnerships are not eligible for redemption	Not redeemable
	<u>\$ 6,896,464</u>	<u>\$ 1,188,189</u>			

Additional Risk Disclosures for Investments

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Liquidity risk – The university’s private equity and real asset investments in the Long-Term Investment Pool are illiquid and subject to redemption restrictions in accordance with their respective governing documents. The university’s Investment Policy defines Operating Funds available for liquidity to exclude funds invested in the LTIP, bond proceeds and certain other funds designated by leadership and requires a minimum of 90 days liquidity be maintained at all times (based on the most recent Board of Trustees’ approved budget for total expenditures).

Interest-rate risk – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. University Operating Funds are used to maintain adequate liquidity within an appropriate risk profile. Under the university’s Investment Policy, the short-term working capital pool’s weighted average duration may not exceed one (1) year. The intermediate-term investment pool’s weighted average duration may not exceed five (5) years.

The maturities of the university’s interest-bearing investments for the primary institution at June 30, 2025 are as follows:

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 637,692	\$ 43,778	\$ 508,887	\$ 85,027	\$ -
U.S. government agency obligations (a)	344,114	2,305	47,172	70,779	223,858
Corporate bonds	1,337,104	158,301	851,930	188,395	138,478
Bond funds	549,412	31,959	213,734	73,259	230,460
Foreign governmental bonds	6,153	5,567	586	-	-
Commercial paper	92,135	92,135	-	-	-
Certificates of deposit	1,826	1,826	-	-	-
Other governmental bonds (b)	8,296	1,325	3,016	875	3,080
Total	<u>\$ 2,976,732</u>	<u>\$ 337,196</u>	<u>\$ 1,625,325</u>	<u>\$ 418,335</u>	<u>\$ 595,876</u>

(a) To Be Announced (TBA) investments of \$11,446 are excluded from this caption as there are no maturities.

(b) Life insurance policies and hospital in investment subsidiaries of \$18,817 are excluded from this caption as there are no maturities.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

	Primary Institution				
	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 420,123	\$ 30,227	\$ 306,720	\$ 81,440	\$ 1,736
U.S. government agency obligations (a)	114,982	1,720	22,533	22,780	67,949
Repurchase agreements	4,900	4,900	-	-	-
Corporate bonds	1,333,628	150,009	833,462	183,694	166,463
Bond funds	442,636	16,400	86,048	104,478	235,711
Foreign governmental bonds	3,636	1	563	266	2,806
Commercial paper	100,962	100,962	-	-	-
Other governmental bonds (b)	16,213	1,071	14,219	923	-
Total	\$ 2,437,080	\$ 305,290	\$ 1,263,545	\$ 393,581	\$ 474,665

(a) TBA investments of \$15,968 are excluded from this caption as there are no maturities.

(b) Life insurance policies and hospital in investment subsidiaries of \$18,439 are excluded from this caption as there are no maturities.

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk. The university's Investment Policy requires Operating Funds to be invested in securities that, in aggregate, represent a credit quality of "A" or better (on a weighted average basis). Not more than five percent (5%) of operating funds will be invested in below investment grade securities.

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2025 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government obligations	\$ 637,692	\$ -	\$ 637,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. government agency obligations	355,560	11,795	314,280	23,711	3,813	-	-	-	-	-	-	1,961
Corporate bonds	1,337,104	122,274	84,251	431,863	361,453	38,828	319	-	-	-	-	298,116
Bond funds	549,412	25,879	87,788	24,807	48,605	32,097	21,328	4,780	6,146	-	515	297,467
Foreign government bonds	6,153	270	-	316	-	-	-	-	-	-	-	5,567
Commercial paper	92,135	-	-	5,780	695	-	-	-	-	-	-	85,660
Certificates of deposit	1,826	-	-	-	-	-	-	-	-	-	-	1,826
Other governmental bonds (a)	8,296	-	4,529	3,767	-	-	-	-	-	-	-	-
Total	\$ 2,988,178	\$ 160,218	\$ 1,128,540	\$ 490,244	\$ 414,566	\$ 70,925	\$ 21,647	\$ 4,780	\$ 6,146	\$ -	\$ 515	\$ 690,597

(a) Life insurance policies and hospital in investment subsidiaries of \$18,817 are excluded from this caption as they do not have a credit rating.

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

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

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

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, 2025 and June 30, 2024.

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. A portion of the university's investments in limited partnerships are held in Sterling, Euro, and Francs. The university is indirectly invested in additional foreign currencies through commingled funds. Commingled funds may hold a variety of international assets that align with the university's investment strategy. Currency risk can be managed by hedging the foreign currency, but many managers choose to go unhedged and accept the currency risk, which also presents an opportunity if the foreign currency becomes more valuable than the U.S. Dollar on a relative basis.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

At June 30, 2025, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution				
	Equity	Bond	Corporate	Foreign	Partnerships
	Funds	Funds	Bonds and Notes	Government Bonds	and Hedge Funds
Argentine Peso	\$ -	\$ 5	\$ -	\$ -	\$ -
Australian Dollar	2,638	694	11,486	-	1,345
Brazilian Real	8,806	753	-	5,567	-
Canadian Dollar	18,386	199	243	-	-
Cayman Islands Dollar	763	-	-	-	-
Chilean Peso	(515)	1	-	-	-
Chinese Yuan/Yuan Renminbi	27,920	313	-	-	-
Colombian Peso	2,197	1,798	-	-	-
Czech Koruna	(1,111)	1,098	-	-	-
Danish Krone	68,106	1	-	-	-
Dominican Peso	-	153	-	-	-
Egyptian Pound	(955)	64	-	-	-
Euro	346,888	73,890	5,215	-	322,130
Great Britain Pound Sterling	60,399	15,364	2,855	-	282,236
Hong Kong Dollar	56,266	154	-	-	-
Hungarian Forint	473	101	-	-	-
Iceland Krona	10	-	-	-	-
Indian Rupee	153,029	392	-	-	-
Indonesian Rupiah	12,379	1,956	-	-	-
Israeli Shekel	1,353	(10)	-	-	-
Japanese Yen	313,385	22,556	-	-	-
Kuwaiti Dinar	(783)	(11)	-	-	-
Kazakhstani Tenge	28	74	-	-	-
Malaysian Ringgit	494	1,858	-	-	-
Mexican Peso	652	1,631	-	-	-
Nigerian Naira	-	13	-	-	-
New Taiwan Dollar	38,172	(67)	-	-	-
New Turkish Lira	(498)	242	-	-	-
New Zealand Dollar	(456)	(3)	-	-	-
Norwegian Krone	4,462	4	-	-	-
Omani Rial	(275)	-	-	-	-
Pakistan Rupee	55	-	-	-	-
Peruvian Nuevo Sol	58	145	-	-	-
Philippine Peso	(189)	1,340	-	-	-
Polish Zloty	5,038	1,603	-	-	-
Qatar Rial	334	-	-	-	-
Romanian New Leu	949	22	-	-	-
Russian Ruble	1,400	-	-	-	-
Saudi Riyal	(984)	-	-	-	-
Singapore Dollar	28,458	248	-	-	-
South African Rand	8,331	2,751	-	-	-
South Korean Won	43,563	408	-	-	-
Swedish Krona	5,298	(1)	-	-	-
Swiss Franc	33,447	173	-	-	34,140
Thai Baht	(858)	792	-	-	-
UAE Dirham	7,451	-	-	-	-
Uruguay Peso	-	31	-	-	-
Total	\$ 1,244,564	\$ 130,735	\$ 19,799	\$ 5,567	\$ 639,851

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Securities Lending

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

There is no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period, cash collateral is simultaneously invested in short term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days.

As of June 30, 2025, securities loaned by the university amounted to a fair value of \$30,526 and were secured by collateral in the amount of \$33,514. The portion of this collateral that was received in cash amounted to \$925 and is reflected within the university's Statement of Net Position as a current asset and a corresponding current liability. As of June 30, 2024, there were no securities loaned by the university. None of this collateral was received in cash.

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2025 and 2024 consist of the following:

	Primary Institution	
	2025	2024
Patient and other receivables - OSU Health System	\$ 858,285	\$ 754,848
Grant and contract receivables	271,842	222,343
Tuition and fees receivable	24,484	31,138
Receivables for departmental and auxiliary sales and services	39,134	47,650
State and federal receivables	17,235	2,680
Other receivables	17,078	2,425
Total receivables	1,228,058	1,061,084
Less: Allowances for doubtful accounts	111,307	110,691
Total receivables, net	\$ 1,116,751	\$ 950,393

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of \$5,600 and \$5,673 at June 30, 2025 and 2024, respectively.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

The university has recorded \$242,825 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$8,243 at June 30, 2025. The university recorded \$240,140 in non-endowment pledges receivable and a related allowance for doubtful accounts of \$5,656 at June 30, 2024.

Accounts receivable for the discretely presented component units at June 30, 2025 and 2024 consist of the following:

	Discretely Presented Component Units	
	2025	2024
Patient and other receivables - OSU Physicians	\$ 130,357	\$ 139,982
Other receivables	16,022	14,273
Total receivables	146,379	154,255
Less: Allowances for doubtful accounts	12,359	16,576
Total receivables, net	<u>\$ 134,020</u>	<u>\$ 137,679</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2025 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 158,711	\$ 2,594	\$ -	\$ 161,305
Intangibles	18,465	-	-	18,465
Construction in progress	2,179,053	868,418	355,403	2,692,068
Total non depreciable assets	2,356,229	871,012	355,403	2,871,838
Capital assets being depreciated:				
Improvements other than buildings	1,134,355	45,486	-	1,179,841
Buildings and fixed equipment	8,957,735	233,157	895	9,189,997
Movable equipment, furniture and software	2,175,139	152,968	110,881	2,217,226
Library books	211,100	3,496	373	214,223
Total depreciable assets	12,478,329	435,107	112,149	12,801,287
Less: Accumulated depreciation for				
Improvements other than buildings	568,553	49,924	-	618,477
Buildings and fixed equipment	4,273,608	316,642	843	4,589,407
Movable equipment, furniture and software	1,597,769	168,258	107,406	1,658,621
Library books	189,707	4,518	373	193,852
Total accumulated depreciation	6,629,637	539,342	108,622	7,060,357
Total depreciable assets, net	5,848,692	(104,235)	3,527	5,740,930
Capital assets, net excluding lease assets	\$ 8,204,921	\$ 766,777	\$ 358,930	\$ 8,612,768
Lease and subscription IT assets, net (Note 11)				327,993
Total capital assets, net as reported in statement of net position				\$ 8,940,761

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2025 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 33,602	941	-	\$ 34,543
Intangibles	-	-	-	-
Construction in progress	7,476	23,303	17,598	13,181
Total non depreciable assets	41,078	24,244	17,598	47,724
Capital assets being depreciated:				
Improvements other than buildings	62,449	987	403	63,033
Buildings and fixed equipment	309,512	28,915	1,737	336,690
Movable equipment, furniture and software	48,291	171	10,288	38,174
Total depreciable assets	420,252	30,073	12,428	437,897
Less: Accumulated depreciation for				
Improvements other than buildings	28,476	6,197	340	34,333
Buildings and fixed equipment	78,647	7,559	1,708	84,498
Movable equipment, furniture and software	33,236	534	11,885	21,885
Total accumulated depreciation and amortization	140,359	14,290	13,933	140,716
Total depreciable assets, net	279,893	15,783	(1,505)	297,181
Capital assets, net	\$ 320,971	\$ 40,027	\$ 16,093	\$ 344,905
Lease and subscription IT assets, net (Note 11)				158,952
Total capital assets, net as reported in statement of net position				\$ 503,857

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

The university recognized asset retirement obligations (AROs) of \$18,347 at both June 30, 2025 and 2024. 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, 2025 and 2024 consist of the following:

	Primary Institution	
	2025	2024
Payables to vendors for supplies and services	\$ 640,763	\$ 486,039
Accrued compensation and benefits	192,107	179,028
Retirement system contributions payable	84,036	122,345
Other accrued expenses	15,256	13,940
Total payables and accrued expenses	\$ 932,162	\$ 801,352

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, 2025 and 2024 consist of the following:

	Primary Institution	
	2025	2024
Current deposits and advance payments:		
Tuition and fees	\$ 44,853	\$ 41,143
Departmental and auxiliary sales and services	98,441	98,291
Affinity agreements	2,000	2,023
Advance from concessionaire	24,648	24,648
Grant and contract advances	133,805	148,204
Health system advances	67,426	64,683
Other deposits and advance payments	38,307	30,647
Total current deposits and advance payments	\$ 409,480	\$ 409,639
Noncurrent deposits and advance payments:		
Advance from concessionaire	\$ 920,533	\$ 943,319

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Deposits and advance payments for goods and services for the discretely presented component units at June 30, 2025 and 2024 consist of the following:

	Discretely Presented Component Units	
	2025	2024
Current deposits and advance payments:		
Unearned rental income and deposits - Campus Partners	\$ 783	\$ 656
Unearned revenues - Transportation Research Center	1,889	2,088
Unearned rental income - SciTech	353	19
Total current deposits and advance payments	<u>\$ 3,025</u>	<u>\$ 2,763</u>
Non-current deposits and advance payments:		
Unearned rental income and deposits - SciTech	\$ 1,525	\$ 87
Total (shown as other non-current liabilities)	<u>\$ 1,525</u>	<u>\$ 87</u>

NOTE 8 — SELF-INSURANCE ACCRUALS

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

Medical Malpractice

The university has established trustee self-insurance funds for professional medical malpractice liability claims with a \$4,000 limit per occurrence and \$18,000 annual aggregate. The university self-insurance funds have insurance in excess of \$4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2024, Oval Limited provides coverage with limits of \$120,000 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)
7/1/24 – 6/30/25	\$120,000
7/1/22 – 6/30/24	\$100,000
7/1/21 – 6/30/22	\$85,000
7/1/20 – 6/30/21	\$80,000
7/1/16 – 6/30/20	\$85,000
7/1/15 – 6/30/16	\$75,000
7/1/08 – 6/30/15	\$55,000
7/1/06 – 6/30/08	\$40,000
7/1/05 – 6/30/06	\$35,000
7/1/02 – 6/30/05	\$25,000
7/1/97 – 6/30/02	\$15,000
9/30/94 – 6/30/97	\$10,000

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

The limits are in excess of underlying policies with limits of \$4,000 per occurrence and \$18,000 in the aggregate. For the year ended June 30, 2025, 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 Insurance Company, then \$10,000 ceded to Arch Specialty Insurance Company, \$10,000 ceded to ACE American Insurance Company, and \$10,000 ceded to Midvale Indemnity Company, with the next \$10,000 of the risk to Evanston Insurance Company. Above that the Company ceded \$15,000 to Liberty Specialty Markets Agency Limited, then \$10,000 ceded to Ascot Underwriting Bermuda, \$10,000 ceded to Allied World Assurance Company, Ltd., and the last \$10,000 ceded to Vantage Risk Specialty Insurance Company.

The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2025. 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, 2025 of the anticipated future payments on gross claims is estimated at its present value of \$68,106 discounted at an estimated rate of 3% (university funds) and an additional \$25,126 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 \$188,078 (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, 2025, and the surplus of \$94,846 is included in unrestricted net position.

At June 30, 2024, the anticipated future payments on gross claims were estimated at its present value of \$54,486 discounted at an estimated rate of 3% (university funds) and an additional \$20,402 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of \$184,939 (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, 2024, and the surplus of \$110,052 was included in unrestricted net position.

Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2025 and 2024, \$69,446 and \$54,800, 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, 2025 and 2024, respectively, \$19,766 and \$17,602, are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Self-insurance liability activity for the primary institution for the years ended June 30, 2025 and 2024 is as follows:

	Malpractice		Health		Workers' Compensation	
	2025	2024	2025	2024	2025	2024
Liability at beginning of fiscal year	\$ 74,888	\$ 73,216	\$ 54,800	\$ 39,000	\$ 17,602	\$ 17,033
Current year (recovery) provision for losses	30,142	5,008	628,315	532,390	7,004	5,796
Claim payments	(11,798)	(3,336)	(613,669)	(516,590)	(4,841)	(5,227)
Balance at fiscal year end	<u>\$ 93,232</u>	<u>\$ 74,888</u>	<u>\$ 69,446</u>	<u>\$ 54,800</u>	<u>\$ 19,766</u>	<u>\$ 17,602</u>

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, 2025 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements - Notes:					
WOSU	\$ 1,031	\$ -	\$ 158	\$ 873	\$ 159
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,109	-	110	1,999	113
Direct Borrowings and Direct Placements - Other:					
Ohio State Energy Partners	492,820	44,641	26,430	511,031	28,313
General Receipts Bonds - Fixed Rate:					
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	53,690	-	5,230	48,460	5,505
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	16,015	-	9,175	6,840	1,285
2012B, due serially through 2033	5,310	-	510	4,800	530
2014A, due serially through 2044	112,640	-	75,475	37,165	-
2016A, due in 2046 and 2056	461,567	-	-	461,567	-
2016B, due serially through 2030	11,495	-	1,705	9,790	1,785
2017, due serially through 2028	31,715	-	7,435	24,280	7,750
2020A, due serially through 2030	132,070	-	23,055	109,015	16,535
2021A, due serially through 2052	580,690	-	10,405	570,285	10,935
2023B, due serially through 2035	265,570	-	2,940	262,630	3,090
2023C, due in 2046 and 2056	111,885	-	-	111,885	-
2024A, due serially through 2040	-	63,755	-	63,755	2,925
General Receipts Bonds - Variable Rate:					
2023A1, due serially through 2043	164,410	-	-	164,410	164,410
2023A2, due serially through 2043	164,410	-	-	164,410	164,410
2023D1, due serially through 2035	125,000	-	-	125,000	125,000
2023D2, due serially through 2044	150,000	-	-	150,000	150,000
Unamortized Bond Premiums	197,723	9,751	21,917	185,557	-
Total outstanding debt, excluding lease liabilities	<u>\$ 4,237,275</u>	<u>\$ 118,147</u>	<u>\$ 184,545</u>	<u>\$ 4,170,877</u>	<u>\$ 682,745</u>
Lease and subscription IT liabilities with external parties (Note 11)				148,222	39,502
Total outstanding debt as reported in the statement of net position				<u>\$ 4,319,099</u>	<u>\$ 722,247</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2025 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements:					
OSU Physicians - Series 2013 Health Care					
Facilities Revenue Bond, due through 2035	\$ 8,370	\$ -	\$ 663	\$ 7,707	\$ 680
TRC Ohio Development Service Agency Note Payable	3,253	-	328	2,925	331
SciTech JobsOhio Note Payable	-	500	-	500	500
Total outstanding debt, excluding lease liabilities	\$ 11,623	\$ 500	\$ 991	\$ 11,132	\$ 1,511
Lease and subscription IT liabilities with external parties (Note 11)				35,328	6,476
Total outstanding debt as reported in the statement of net position				\$ 46,460	\$ 7,987

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

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements:					
OSU Physicians - Series 2013 Health Care					
Facilities Revenue Bond, due through 2035	\$ 8,960	\$ -	\$ 590	\$ 8,370	\$ 662
TRC Ohio Development Service Agency Note Payable	3,576	-	323	3,253	328
Financed Equipment Purchases	27	-	27	-	-
Total outstanding debt, excluding lease liabilities	\$ 12,563	\$ -	\$ 940	\$ 11,623	\$ 990
Lease and subscription IT liabilities with external parties (Note 11)				32,858	4,495
Total outstanding debt as reported in the statement of net position				\$ 44,481	\$ 5,485

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 5.25% and mature at various dates through 2111. Maturities and interest on debt obligations for the next five years and in five-year periods for the primary institution are as follows:

	Primary Institution				
	Bonds		Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2026	\$ 654,160	\$ 139,928	\$ 28,585	\$ 38,381	\$ 861,054
2027	53,355	126,562	28,591	36,261	244,769
2028	56,515	123,845	30,937	34,097	245,394
2029	42,690	121,433	28,395	31,933	224,451
2030	66,310	118,734	27,558	29,826	242,428
2031-2035	342,015	553,251	130,670	119,230	1,145,166
2036-2040	810,450	478,891	126,114	71,249	1,486,704
2041-2045	158,320	288,101	94,175	27,451	568,047
2046-2050	477,998	211,013	21,218	2,797	713,026
2051-2055	65,385	170,956	-	-	236,341
2056-2060	241,879	134,793	-	-	376,672
2061-2065	-	120,000	-	-	120,000
2066-2070	-	120,000	-	-	120,000
2071-2075	-	120,000	-	-	120,000
2076-2080	-	120,000	-	-	120,000
2081-2085	-	120,000	-	-	120,000
2086-2090	-	120,000	-	-	120,000
2091-2095	-	120,000	-	-	120,000
2096-2100	-	120,000	-	-	120,000
2101-2105	-	120,000	-	-	120,000
2106-2110	-	120,000	-	-	120,000
2111-2115	500,000	24,000	-	-	524,000
	<u>\$ 3,469,077</u>	<u>\$ 3,691,507</u>	<u>\$ 516,243</u>	<u>\$ 391,225</u>	<u>\$ 8,068,052</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(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		Total
	Principal	Interest	
2026	\$ 1,511	\$ 192	\$ 1,703
2027	1,059	168	1,227
2028	1,078	150	1,228
2029	1,097	131	1,228
2030	1,117	111	1,228
2031-2035	5,197	283	5,480
2036-2040	73	-	73
	<u>\$ 11,132</u>	<u>\$ 1,035</u>	<u>\$ 12,167</u>

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

University bond indentures include provisions for Events of Default and Remedies. In general, if the university fails to pay any interest or principal when it is due and payable, the Trustee may, upon the request of the holders of at least 25% of the outstanding principal on the bonds, declare the principal and any accrued interest as immediately due and payable.

The university's private and direct placement debt consists primarily of long-term payables to Ohio State Energy Partners (OSEP) for capital improvements. The university's Utility System Lease and Concession Agreement with OSEP includes Events of Default, including the failure to pay the Utility Fee. If the university fails to remedy the default as specified in the agreement, OSEP may terminate the agreement and require the university to pay OSEP the Utility System Concession Value as of the date of such termination. The Utility System Concession Value is defined as the fair market value of the Concessionaire Interest in the lease and concession agreement and would include principal and interest on any outstanding long-term payables to OSEP.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside \$679,566 for future debt service, which is included in unrestricted net position.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

	Amount Defeased	Amount Outstanding at June 30, 2025
General Receipts Bonds:		
Series 2010D	3,710	2,125
	<u>\$ 3,710</u>	<u>\$ 2,125</u>

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

Variable Rate Demand Bonds

Series 2023A and 2023D variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2025 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
2023 A1	8%	3.193%
2023 A2	8%	3.235%
2023 D1	8%	3.245%
2023 D2	8%	3.202%

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

The university's variable rate demand bonds mature at various dates through 2044. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$603,820 at both June 30, 2025 and 2024.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

NOTE 10 – DERIVATIVE INSTRUMENTS

In connection with the June 2023 refunding of the university's Series 2013A Special Purpose General Receipts Bonds, the university issued the Series 2023A-1 and Series 2023A-2 variable rate refunding bonds (together, the Series 2023A Bonds) and entered into two pay fixed/receive floating interest rate swap agreements to convert the variable rates paid on the Series 2023A Bonds to synthetic fixed rates.

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

	Notional Amount	University Pays	University Receives	Effective Date	Termination Date	Par Cancellation Option	Counterparty Credit Rating
Swap Agreement 1	\$ 164,410	1.188% Fixed Rate	Variable Rate based on Securities Industry and Financial Markets (SIFMA) Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	A1/A+
Swap Agreement 2	\$ 164,410	1.264% Fixed Rate	Variable Rate based on SIFMA Municipal Swap Index	June 1, 2023	June 1, 2043	6/1/2035 at University's option	Aa2/A+

The forward-starting pay fixed/receive floating interest rate swap agreements are considered effective hedging derivatives as of June 30, 2025. 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, 2025. 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, 2025	\$ 55,375	Other non-current assets
Change in Fair Value for Year Ended June 30, 2025	\$ 11,205	Deferred inflows - other

Effective Hedging derivatives: floating-to- fixed interest rate swaps	Amount	Financial Statement Classification
Fair Value as of June 30, 2024	\$ 44,170	Other non-current assets
Change in Fair Value for Year Ended June 30, 2024	\$ (11,612)	Deferred inflows - other

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Using rates in effect as of June 30, 2025, the projected cash flows for the pay fixed/receive floating interest rate swaps deemed effective cash flow hedges, along with the debt service requirements of the associated variable rate debt, are summarized as follows:

Fiscal Years	Primary Institution			
	Variable Rate Bonds*		Swap	Total
	Principal	Interest	Payments, Net	Payments
2026	\$ -	\$ 6,313	\$ (2,282)	\$ 4,031
2027	-	6,313	(2,282)	4,031
2028	-	6,313	(2,282)	4,031
2029	11,895	6,313	(2,282)	15,926
2030	20,740	6,085	(2,200)	24,625
2031-2035	107,920	24,345	(8,802)	123,463
2036-2040	115,310	13,704	(4,954)	124,060
2041-2045	72,955	2,814	(1,017)	74,752
	<u>\$ 328,820</u>	<u>\$ 72,201</u>	<u>\$ (26,102)</u>	<u>\$ 374,919</u>

* Variable rate bond interest based on 06/30/2025 SIFMA rate of 1.92%

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 negates 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, 2025.

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.

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2025 is summarized as follows:

	Primary Institution				
	Beginning Balance	Additions	Remeasurements	Retirements	Ending Balance
Lease assets:					
Real estate	\$ 207,396	\$ 26,303	\$ (1,157)	\$ 5,334	\$ 227,208
Equipment	64,614	3,782	-	-	68,396
Total lease assets	272,010	30,085	(1,157)	5,334	295,604
Less accumulated amortization - lease assets:					
Real estate	39,073	16,816	-	6,107	49,782
Equipment	39,822	6,187	-	-	46,009
Total accumulated amortization	78,895	23,003	-	6,107	95,791
Total lease assets, net	193,115	7,082	(1,157)	(773)	199,813
Subscription IT assets	309,989	83,580	(4,939)	29,023	359,607
Less accumulated amortization	188,709	71,741	-	29,023	231,427
Subscription IT assets, net	121,280	11,839	(4,939)	-	128,180
Total lease and subscription IT assets, net	\$ 314,395	\$ 18,921	\$ (6,096)	\$ (773)	\$ 327,993

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Intangible right-of-use asset activity for the primary institution for the year ended June 30, 2024 is summarized as follows:

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

Intangible right-of-use asset activity for the discretely presented component units for the year ended June 30, 2025 is summarized as follows:

Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Retirements	Ending Balance
Lease assets:					
Real estate	\$ 225,596	\$ 25,724	\$ (26,802)	\$ 321	\$ 224,197
Equipment	1,405	19	-	-	1,424
Total lease assets	227,001	25,743	(26,802)	321	225,621
Less accumulated amortization:					
Real estate	47,034	15,964	-	7,181	55,817
Equipment	653	133	-	-	786
Total accumulated amortization	47,687	16,097	-	7,181	56,603
Total lease assets, net	179,314	9,646	(26,802)	(6,860)	169,018
Subscription IT assets	4,140	2,296	769	-	7,205
Less accumulated amortization	2,679	1,088	-	-	3,767
Subscription IT assets, net	1,461	1,208	769	-	3,438
Total lease and subscription IT assets, net	\$ 180,775	\$ 10,854	\$ (26,033)	\$ (6,860)	\$ 172,456
Less: Lease assets netted against deferred inflows for lease-leaseback					\$ 13,504
Total lease assets, net, as presented on Statement of Net Position					\$ 158,952

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

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

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, 2025 is summarized as follows:

	Primary Institution					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 132,887	\$ 22,471	\$ 1,456	\$ 11,607	\$ 145,207	\$ 8,860
Subscription IT liabilities	46,973	85,271	-	40,103	92,141	33,596
Subtotal - gross lease and subscription IT liabilities	179,860	107,742	1,456	51,710	237,348	42,456
Less: Amounts due to discretely presented component units					(89,126)	
Lease and subscription IT liabilities with external parties (Note 9)					\$ 148,222	\$ 39,502

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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, 2025 is summarized as follows:

	Discretely Presented Component Units					
	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 199,688	\$ 33,455	\$ (26,460)	\$ 14,506	\$ 192,177	\$ 15,705
Subscription IT liabilities	1,466	2,331	-	587	3,210	1,044
Subtotal - gross lease and subscription IT liabilities	201,154	35,786	(26,460)	15,093	195,387	16,749
Less: Lease liabilities netted against receivables for lease-leaseback					(8,853)	
Less: Amounts due to primary institution					(151,206)	
Lease and subscription IT liabilities with external parties, net (Note 9)					\$ 35,328	\$ 6,476

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

Year Ending June 30,	Primary Institution		
	Principal	Interest	Total
2026	\$ 8,860	\$ 6,481	\$ 15,341
2027	8,193	6,133	14,326
2028	6,686	5,825	12,511
2029	5,492	5,565	11,057
2030	4,335	5,345	9,680
2031-2035	18,315	24,131	42,446
2036-2040	18,238	19,946	38,184
2041-2045	21,488	15,357	36,845
2046-2050	31,821	9,053	40,874
2051-2055	19,169	2,054	21,223
2056-2060	1,187	449	1,636
2061-2065	1,166	202	1,368
2066-2070	257	5	262
	<u>\$ 145,207</u>	<u>\$ 100,546</u>	<u>\$ 245,753</u>

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

Year Ending June 30,	Primary Institution		
	Principal	Interest	Total
2026	\$ 33,596	\$ 2,868	\$ 36,464
2027	31,273	1,586	32,859
2028	14,709	633	15,342
2029	11,610	61	11,671
2030	953	-	953
	<u>\$ 92,141</u>	<u>\$ 5,148</u>	<u>\$ 97,289</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

Year Ending June 30,	Discretely Presented Component Units		
	Principal	Interest	Total
2026	\$ 15,705	\$ 8,167	\$ 23,872
2027	16,542	7,487	24,029
2028	17,626	6,748	24,374
2029	17,130	5,993	23,123
2030	13,130	5,330	18,460
2031-2035	50,994	19,087	70,081
2036-2040	38,491	9,427	47,918
2041-2045	9,297	3,414	12,711
2046-2050	(638)	3,231	2,593
2051-2055	(515)	3,368	2,853
2056-2060	(331)	3,469	3,138
2061-2065	(66)	3,518	3,452
2066-2070	307	3,490	3,797
2071-2075	817	3,359	4,176
2076-2080	1,508	3,087	4,595
2081-2085	2,430	2,624	5,054
2086-2090	3,650	1,909	5,559
2091-2095	5,254	861	6,115
2096-2100	846	15	861
	<u>\$ 192,177</u>	<u>\$ 94,584</u>	<u>\$ 286,761</u>

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

Year Ending June 30,	Discretely Presented Component Units		
	Principal	Interest	Total
2026	\$ 1,044	\$ 110	\$ 1,154
2027	691	76	767
2028	461	52	513
2029	491	31	522
2030	523	7	530
	<u>\$ 3,210</u>	<u>\$ 276</u>	<u>\$ 3,486</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

University as Lessor

The university is lessor for various noncancellable leases of real estate. Lease-related revenues recognized by the primary institution and the discretely presented component units for the years ended June 30, 2025 and 2024 are as follows:

	Primary Institution		Discretely Presented Component Units	
	2025	2024	2025	2024
Lease revenue	\$ 15,707	\$ 14,408	\$ 17,755	\$ 16,416
Interest revenue	8,019	8,008	5,939	5,479
	<u>\$ 23,726</u>	<u>\$ 22,416</u>	<u>\$ 23,694</u>	<u>\$ 21,895</u>

NOTE 12 — COMPENSATED ABSENCES

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

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. The university accrues compensated absence liability for unused vacation time, up to the benefit maximums outlined above.

Sick leave may be accrued without limit. Additions (accruals) and deductions (use) of sick hours are reflected in employees' total sick leave balances. There is no policy or statutory requirement for employees to use their "oldest" hours first. Unused sick leave hours 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 reviews historical patterns of accruals, usage, pay outs and forfeitures of sick leave hours to determine whether sick leave balances are more likely than not (MLTN) to be used as paid leave or paid out upon retirement. Based on historical trends related to accrual and usage of sick leave hours, management has determined that employees are not more likely than not to use sick leave hours already earned and accrued. As a result, the university does not recognize a compensated absence liability for MLTN usage of accrued sick time.

The university accrues compensated absence liability for sick leave balances that are considered more likely than not to be paid out on retirement using a termination payment method. Under this 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, which must be paid to the employee at termination or retirement. The university accrues compensated absence liability for all unused compensatory time.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

NOTE 13 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2025 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 255,355	\$ 45,036	\$ 23,484	\$ 276,907	\$ 23,484
Self-insurance accruals	147,290	665,462	630,308	182,444	74,873
Amounts due to third party payors	97,928	-	18,681	79,247	15,390
Irrevocable split-interest agreements	35,294	9,375	6,129	38,540	2,271
Refundable advances for Federal Perkins loans	18,141	-	2,779	15,362	-
Other noncurrent liabilities	360,250	54,788	3,076	411,962	-
Other current liabilities	94	77	-	171	171
	<u>\$ 914,352</u>	<u>\$ 774,738</u>	<u>\$ 684,457</u>	<u>\$ 1,004,633</u>	<u>\$ 116,189</u>

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

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

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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

Operating expenses by object for the primary institution for the years ended June 30, 2025 and 2024 are summarized as follows:

Year Ended June 30, 2025

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction and departmental research	\$ 1,142,136	\$ 201,539	\$ -	\$ -	\$ 1,343,675
Separately budgeted research	415,220	273,319	-	-	688,539
Public service	110,663	85,268	-	-	195,931
Academic support	243,093	123,872	-	-	366,965
Student services	108,507	28,436	-	-	136,943
Institutional support	201,623	80,219	-	-	281,842
Operation and maintenance of plant	49,594	100,311	-	-	149,905
Scholarships and fellowships	12,313	2,331	105,231	-	119,875
Auxiliary enterprises	231,937	270,130	-	-	502,067
OSU Health System	2,646,684	2,321,862	-	-	4,968,546
Depreciation	-	-	-	634,086	634,086
Total operating expenses	\$ 5,161,770	\$ 3,487,287	\$ 105,231	\$ 634,086	\$ 9,388,374

Year Ended June 30, 2024

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

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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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 healthcare. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors.

In accordance with GASB Statements Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 2 to 11 years).

Defined Benefit Pension and OPEB Plans – Year Ended June 30, 2025

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2025 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 19,241,616	\$ 24,500,325	
Proportion of the net pension liability - university	5.0%	11.1%	
Proportionate share of net pension liability	\$ 963,961	\$ 2,724,607	\$ 3,688,568

The collective net OPEB liabilities (assets) of the retirement systems and the university's proportionate share of these liabilities (assets) as of June 30, 2025 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	\$ (1,896,809)	\$ (2,344,234)	
Proportion of the net OPEB (asset) liability - university	5.0%	11.2%	
Proportionate share of net OPEB (asset) liability	\$ (95,026)	\$ (262,642)	\$ (357,668)

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2025:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 60,704	\$ 57,097	\$ 117,801
Changes in assumptions	44,425	1,043	45,468
Net difference between projected and actual earnings on pension plan investments	-	299,661	299,661
Changes in proportion of university contributions	1,340	2	1,342
University contributions subsequent to the measurement date	103,719	151,005	254,724
Total	\$ 210,188	\$ 508,808	\$ 718,996
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 528	\$ 2,977	\$ 3,505
Changes of assumptions	33,439	-	33,439
Net difference between projected and actual earnings on pension plan investments	82,881	-	82,881
Changes in proportion of university contributions	1,492	2,979	4,471
Total	\$ 118,340	\$ 5,956	\$ 124,296

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2025:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 4,131	\$ -	\$ 4,131
Changes in assumptions	11,696	-	11,696
Net difference between projected and actual earnings on OPEB plan investments	-	1,600	1,600
Changes in proportion of university contributions	8	108	116
Total	\$ 15,835	\$ 1,708	\$ 17,543
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 10,240	\$ 12,782	\$ 23,022
Changes in assumptions	42,855	37,888	80,743
Net difference between projected and actual earnings on pension plan investments	4,080	-	4,080
Changes in proportion of university contributions	48	-	48
Total	\$ 57,223	\$ 50,670	\$ 107,893

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, 2026. Other amounts reported as deferred outflows of

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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
2026	\$ (54,572)	\$ 178,871	\$ 124,299
2027	87,273	335,053	422,326
2028	(25,326)	(123,814)	(149,140)
2029	(19,246)	(39,913)	(59,159)
2030	-	517	517
2031 and Thereafter	-	1,133	1,133
Total	\$ (11,871)	\$ 351,847	\$ 339,976

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
2026	\$ (14,889)	\$ (28,309)	\$ (43,198)
2027	(6,638)	22,142	15,504
2028	(8,184)	(31,644)	(39,828)
2029	(7,318)	(11,151)	(18,469)
2030	(5,867)	-	(5,867)
2031 and Thereafter	1,506	-	1,506
Total	\$ (41,390)	\$ (48,962)	\$ (90,352)

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, 2025 (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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

<p>Benefit Formula</p>	<p>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. The calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective Aug. 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after Aug. 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.</p> <p>Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.</p> <p>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.</p> <p>Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care</p>	<p>Pensions – Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p>OPEB – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan members.</p> <p>Beginning January 1, 2015, the service eligibility criteria for health care coverage increased to 20 years with a minimum age of 60, or, generally, 30 years of qualifying service at any age. Effective January 1, 2022, retirees must generally be at least age 65 with a minimum of 20 years of qualifying service credit, or a minimum of 30 years of qualifying service credit at any age, to qualify for health care benefits.</p> <p>Beginning 2016 for Medicare retirees enrolled in Medicare A and B, and beginning 2022 for non-Medicare retirees, eligible retirees were able to participate in the OPERS Connector (Connector) in lieu of comprehensive health</p>
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Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

	STRS-Ohio	OPERS
	<p>costs in the form of a monthly premium. Benefit recipients contributed \$150.6 million or 45% of the total health care costs in fiscal 2024 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2024, STRS Ohio received \$91.9 million in Medicare Part D government reimbursements.</p>	<p>care coverage. The Connector, a vendor selected by OPERS, assists eligible retirees in the evaluation, selection and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.</p>
Cost-of-Living Adjustments (COLAs)	<p>Effective July 1, 2017, the COLA was reduced to 0%.</p>	<p>Once a benefit recipient retired under the Traditional Pension Plan has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan division receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>
Contribution Rates	<p>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, 2024, no employer allocation was made to the health care fund.</p>	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2024, 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).</p>
Measurement Date	<p>June 30, 2024</p>	<p>December 31, 2024 (OPEB is rolled forward from December 31, 2023 actuarial valuation date)</p>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

	STRS-Ohio	OPERS
Actuarial Assumptions	<p>Valuation Date: June 30, 2024 for pensions and OPEB</p> <p>Actuarial Cost Method: Individual entry age</p> <p>Investment Rate of Return: 7.00%</p> <p>Inflation: 2.50%</p> <p>Projected Salary Increases: Varies by service from 2.5% to 8.5%</p> <p>Cost-of-Living Adjustments: 0% effective July 1, 2017</p> <p>Payroll Increases: 3.00%</p> <p>Health Care Cost Trends: -112.22% to 8.00% initial; 3.94% ultimate in 2044</p>	<p>Valuation Date: December 31, 2024 for pensions; December 31, 2023 for OPEB</p> <p>Actuarial Cost Method: Individual entry age</p> <p>Investment Rate of Return: 6.9% for pensions; 6.0% for OPEB</p> <p>Inflation: 2.75%</p> <p>Projected Salary Increases: 2.75% - 10.75%</p> <p>Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 2.90% Simple for calendar year 2025, then 2.05% Simple</p> <p>Health Care Cost Trends: 5.50% initial; 3.50% ultimate in 2039</p>
Mortality Rates	<p>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.</p>	<p>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.</p>
Date of Last Experience Study	June 30, 2021	December 31, 2020

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

	STRS-Ohio	OPERS																																																																											
Investment Return Assumptions	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>26.0%</td><td>6.90%</td></tr> <tr> <td>International Equity</td><td>22.0%</td><td>7.70%</td></tr> <tr> <td>Alternatives</td><td>19.0%</td><td>9.10%</td></tr> <tr> <td>Fixed Income</td><td>22.0%</td><td>4.50%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>5.10%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>2.40%</td></tr> <tr> <td>Total</td><td>100%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	26.0%	6.90%	International Equity	22.0%	7.70%	Alternatives	19.0%	9.10%	Fixed Income	22.0%	4.50%	Real Estate	10.0%	5.10%	Liquidity Reserves	1.0%	2.40%	Total	100%		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2024 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>24.0%</td><td>2.42%</td></tr> <tr> <td>Domestic Equities</td><td>21.0%</td><td>5.70%</td></tr> <tr> <td>Real Estate</td><td>13.0%</td><td>4.17%</td></tr> <tr> <td>Private Equity</td><td>15.0%</td><td>8.40%</td></tr> <tr> <td>International Equities</td><td>20.0%</td><td>6.10%</td></tr> <tr> <td>Risk Parity</td><td>2.0%</td><td>4.40%</td></tr> <tr> <td>Other Investments</td><td>5.0%</td><td>2.54%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2024 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>37.0%</td><td>2.37%</td></tr> <tr> <td>Domestic Equities</td><td>26.0%</td><td>5.70%</td></tr> <tr> <td>Real Estate</td><td>5.0%</td><td>5.00%</td></tr> <tr> <td>International Equities</td><td>26.0%</td><td>6.10%</td></tr> <tr> <td>Risk Parity</td><td>3.0%</td><td>4.40%</td></tr> <tr> <td>Other Investments</td><td>3.0%</td><td>2.50%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	2.42%	Domestic Equities	21.0%	5.70%	Real Estate	13.0%	4.17%	Private Equity	15.0%	8.40%	International Equities	20.0%	6.10%	Risk Parity	2.0%	4.40%	Other Investments	5.0%	2.54%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	37.0%	2.37%	Domestic Equities	26.0%	5.70%	Real Estate	5.0%	5.00%	International Equities	26.0%	6.10%	Risk Parity	3.0%	4.40%	Other Investments	3.0%	2.50%	Total	100.0%	
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Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

<p>Discount Rate</p>	<p>Pensions – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2024. 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, 2024.</p> <p>OPEB – The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. 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 as of June 30, 2024. 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, 2024.</p>	<p>Pensions – The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB –A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2024; however, the single discount rate used at the beginning of the year was 5.70%. 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) a 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). The single discount rate was based on the actuarial assumed rate of return of 6.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2124. As a result, the single discount rate was set as the actuarial assumed long-term expected rate of return on health care investments and was applied to projected costs through the year 2124, the duration of the projection period through which projected health care payments are fully funded. The</p>
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Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

	STRS-Ohio	OPERS												
		tax-exempt municipal bond rate was not needed in the determination of the single discount rate.												
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions – Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.</p> <p>OPEB – Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.</p>	<p>Pensions – There were no changes in assumptions since the prior measurement date of December 31, 2023.</p> <p>OPEB – Amounts reported in 2025 reflect an adjustment of the discount rate from 5.70% to 6.00%.</p>												
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions – Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.</p> <p>OPEB – There were no changes in benefit terms since the prior measurement date of June 30, 2023.</p>	<p>Pensions – Effective January 1, 2024, the Combined Plan was consolidated into the Traditional Pension Plan, as approved by the legislature in HB 33.</p> <p>OPEB – There were no changes in benefit terms since the prior measurement date of December 31, 2023.</p>												
Sensitivity of Net Pension Liability to Changes in Discount Rate	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ 1,555,038</td><td>\$ 963,961</td><td>\$ 464,011</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ 1,555,038	\$ 963,961	\$ 464,011	<table> <tr> <th>1% Decrease (5.90%)</th><th>Current Rate (6.90%)</th><th>1% Increase (7.90%)</th></tr> <tr> <td>\$ 4,457,397</td><td>\$ 2,724,607</td><td>\$ 1,284,783</td></tr> </table>	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)	\$ 4,457,397	\$ 2,724,607	\$ 1,284,783
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)												
\$ 4,457,397	\$ 2,724,607	\$ 1,284,783												
Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ (77,262)</td><td>\$ (95,026)</td><td>\$ (110,484)</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ (77,262)	\$ (95,026)	\$ (110,484)	<table> <tr> <th>1% Decrease (5.00%)</th><th>Current Rate (6.00%)</th><th>1% Increase (7.00%)</th></tr> <tr> <td>\$ (130,424)</td><td>\$ (262,642)</td><td>\$ (373,010)</td></tr> </table>	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)	\$ (130,424)	\$ (262,642)	\$ (373,010)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)												
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Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (111,528)</td><td>\$ (95,026)</td><td>\$ (75,180)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (111,528)	\$ (95,026)	\$ (75,180)	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (266,676)</td><td>\$ (262,642)</td><td>\$ (258,160)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (266,676)	\$ (262,642)	\$ (258,160)
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (111,528)	\$ (95,026)	\$ (75,180)												
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\$ (266,676)	\$ (262,642)	\$ (258,160)												

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

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

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

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 21,534,938	\$ 25,861,873	
Proportion of the net pension liability - university	4.8%	11.0%	
Proportionate share of net pension liability	\$ 1,036,827	\$ 2,832,397	\$ 3,869,225

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

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

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2025	(9,303)	139,337	130,034
2026	(35,325)	188,611	153,286
2027	106,519	360,459	466,978
2028	(6,080)	(83,475)	(89,555)
2029	-	426	426
2030 and Thereafter	-	1,061	1,061
Total	\$ 55,811	\$ 606,419	\$ 662,230

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

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2024 (information below applies to both pensions and OPEB unless otherwise indicated).

	STRS-Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

<p>Benefit Formula</p>	<p>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 34 years of service credit at any age. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.</p> <p>OPEB – Ohio law authorizes the State Teachers Retirement Board to offer a 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.</p> <p>Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$ 110.8 million or 29% of the total health care costs in fiscal 2023 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2023, STRS Ohio received \$ 100.5 million</p>	<p>Pensions – Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p>OPEB – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program and may be eligible for monthly allowances deposited to an HRA, similar to Medicare-enrolled retirees.</p>
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Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

	STRS-Ohio	OPERS
	in Medicare Part D government reimbursements.	
Cost-of-Living Adjustments (COLAs)	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The employer and member contribution rates are 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2023, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2022, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2023	December 31, 2023 (OPEB is rolled forward from December 31, 2022 actuarial valuation date)
Actuarial Assumptions	<p>Valuation Date: June 30, 2023 for pensions and OPEB</p> <p>Actuarial Cost Method: Individual entry age</p> <p>Investment Rate of Return: 7.00%</p> <p>Inflation: 2.50%</p> <p>Projected Salary Increases: Varies by service from 2.5% to 8.5%</p> <p>Cost-of-Living Adjustments: 0% effective July 1, 2017</p> <p>Payroll Increases: 3.00%</p> <p>Health Care Cost Trends: -11.95% to 7.50% initial; 4.14% ultimate in 2043</p>	<p>Valuation Date: December 31, 2023 for pensions; December 31, 2022 for OPEB</p> <p>Actuarial Cost Method: Individual entry age</p> <p>Investment Rate of Return: 6.9% for pensions; 6.0% for OPEB</p> <p>Inflation: 2.75%</p> <p>Projected Salary Increases: 2.75% - 10.75%</p> <p>Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 2.30% Simple through 2024, then 2.05% Simple</p> <p>Health Care Cost Trends: 5.50% initial; 3.50% ultimate in 2038</p>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

	STRS-Ohio	OPERS
Mortality Rates	For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.
Date of Last Experience Study	June 30, 2021	December 31, 2020

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

	STRS-Ohio	OPERS																																																																											
Investment Return Assumptions	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>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%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	26.0%	6.60%	International Equity	22.0%	6.80%	Alternatives	19.0%	7.38%	Fixed Income	22.0%	1.75%	Real Estate	10.0%	5.75%	Liquidity Reserves	1.0%	1.00%	Total	100%		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2023 and the long-term expected real rates of return:</p> <table> <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>2.85%</td></tr> <tr> <td>Domestic Equities</td><td>21.0%</td><td>4.27%</td></tr> <tr> <td>Real Estate</td><td>13.0%</td><td>4.46%</td></tr> <tr> <td>Private Equity</td><td>15.0%</td><td>7.52%</td></tr> <tr> <td>International Equities</td><td>20.0%</td><td>5.16%</td></tr> <tr> <td>Risk Parity</td><td>2.0%</td><td>4.38%</td></tr> <tr> <td>Other Investments</td><td>5.0%</td><td>3.46%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2023 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>37.0%</td><td>2.82%</td></tr> <tr> <td>Domestic Equities</td><td>25.0%</td><td>4.27%</td></tr> <tr> <td>Real Estate</td><td>5.0%</td><td>4.68%</td></tr> <tr> <td>International Equities</td><td>25.0%</td><td>5.16%</td></tr> <tr> <td>Risk Parity</td><td>3.0%</td><td>4.38%</td></tr> <tr> <td>Other Investments</td><td>5.0%</td><td>2.43%</td></tr> <tr> <td>Total</td><td>100.0%</td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	2.85%	Domestic Equities	21.0%	4.27%	Real Estate	13.0%	4.46%	Private Equity	15.0%	7.52%	International Equities	20.0%	5.16%	Risk Parity	2.0%	4.38%	Other Investments	5.0%	3.46%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	37.0%	2.82%	Domestic Equities	25.0%	4.27%	Real Estate	5.0%	4.68%	International Equities	25.0%	5.16%	Risk Parity	3.0%	4.38%	Other Investments	5.0%	2.43%	Total	100.0%	
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Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

<p>Discount Rate</p>	<p>Pensions – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.</p> <p>OPEB – The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.</p>	<p>Pensions – The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB – A single discount rate of 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal</p>
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Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

	STRS-Ohio	OPERS												
		bond rate was applied to all health care costs after that date.												
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions – There were no assumption changes since the prior measurement date of June 30, 2022.</p> <p>OPEB – Healthcare trends were updated to reflect emerging claims and recovery experience as well as benefit changes effective January 1, 2024.</p>	<p>Pensions – There were no changes in assumptions since the prior measurement date of December 31, 2022.</p> <p>OPEB – Amounts reported in 2024 reflect an adjustment of the discount rate from 5.22% to 5.70% and changes in healthcare trend rates.</p>												
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions – The plan was amended in May 2023 to establish one-time 1% COLA increase effective on the anniversary of a benefit recipient's retirement date during Fiscal Year 2024 for participants who retired prior to July 1, 2019; and to add unreduced retirement benefits to those with 34 Years of Service, which extends through Fiscal Year 2028.</p> <p>OPEB – The plan was amended as of June 30, 2023 to increase the subsidy percentage for non-Medicare retirees from 2.2% to 2.5% effective January 1, 2023; to remove the freeze on the non-Medicare subsidy base premium effective January 1, 2024; and to remove the 6% cap on the year over year increase in Medicare subsidy effective January 1, 2024.</p>	<p>Pensions – During 2023 Ohio General Assembly passed bill HB 33 allowing OPERS to consolidate Combined and Traditional Defined Benefit Plans at the discretion of OPERS. OPERS Board voted to consolidate the plans effective January 1, 2024.</p> <p>OPEB – There were no changes in benefit terms since the prior measurement date of December 31, 2021.</p>												
Sensitivity of Net Pension Liability to Changes in Discount Rate	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ 1,594,411</td><td>\$ 1,036,827</td><td>\$ 565,264</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ 1,594,411	\$ 1,036,827	\$ 565,264	<table> <tr> <th>1% Decrease (5.90%)</th><th>Current Rate (6.90%)</th><th>1% Increase (7.90%)</th></tr> <tr> <td>\$ 4,459,024</td><td>\$ 2,832,397</td><td>\$ 1,479,598</td></tr> </table>	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)	\$ 4,459,024	\$ 2,832,397	\$ 1,479,598
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ (79,252)</td><td>\$ (93,638)</td><td>\$ (106,166)</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ (79,252)	\$ (93,638)	\$ (106,166)	<table> <tr> <th>1% Decrease (4.70%)</th><th>Current Rate (5.70%)</th><th>1% Increase (6.70%)</th></tr> <tr> <td>\$ 55,510</td><td>\$ (101,060)</td><td>\$ (230,658)</td></tr> </table>	1% Decrease (4.70%)	Current Rate (5.70%)	1% Increase (6.70%)	\$ 55,510	\$ (101,060)	\$ (230,658)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (106,748)</td><td>\$ (93,638)</td><td>\$ (77,847)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (106,748)	\$ (93,638)	\$ (77,847)	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (105,201)</td><td>\$ (101,060)</td><td>\$ (96,248)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (105,201)	\$ (101,060)	\$ (96,248)
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (106,748)	\$ (93,638)	\$ (77,847)												
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\$ (105,201)	\$ (101,060)	\$ (96,248)												

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Defined Contribution Plans

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

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long-established defined benefit plan. All employee contributions and employer contributions at a rate of 11.09% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

Combined Plans

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

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

Summary of Employer Pension and OPEB Expense

Total employer contributions for pensions for the years ended June 30, 2025 and 2024 were \$509,099 and \$468,867, respectively. There were no contributions associated with OPEB. For the years ended June 30, 2025 and 2024, the university recognized pension and OPEB expense (benefit) of \$426,518 and \$665,297, 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.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

STRS Ohio

275 East Broad Street
Columbus, OH 43215-3371
<https://www.strsoh.org/about/reports.html>

OPERS

277 East Town Street
Columbus, OH 43215-4642
<https://www.opers.org/financial/reports.shtml>

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 \$12,900 and \$10,900 for the years ended June 30, 2025 and 2024, respectively. Employee contributions were \$6,600 and \$5,700 for the years ended June 30, 2025 and 2024, 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 \$304,383 and \$259,975 at June 30, 2025 and 2024, 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, 2025, the university is committed to future contractual obligations for capital expenditures of approximately \$497,660 for the primary institution and zero for discretely presented component units. These projects are funded by the following sources:

	Primary Institution	Discretely Presented Component Units
State appropriations	\$ 45,096	\$ -
Internal and other sources	452,564	-
Total	<u>\$ 497,660</u>	<u>\$ -</u>

The above Primary Institution total at June 30, 2025 includes approximately \$310,600 for the Health System.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT

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

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

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

NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT

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

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

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

The unamortized lump-sum payments under this service concession arrangement are reported as a deferred inflow of resources and are being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$426,917 and \$438,390 at June 30, 2025 and 2024, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of \$242,369 and \$248,190 at June 30, 2025 and 2024, respectively.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

NOTE 19 — UTILITY SYSTEM LEASE AND CONCESSION AGREEMENT

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

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

The university recognized fixed and O&M utility fees totaling \$69,171 and \$68,650, respectively for the years ended June 30, 2025 and 2024. The carrying amounts of OSEP capital investments and related payable to the concessionaire at June 30, 2025 and 2024 were \$511,031 and \$492,820, 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, 2025 and 2024 is presented below.

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2025

	OSU Foundation	Other Blended Component Units	Eliminations
Condensed statements of net position:			
Current assets	\$ 65,131	\$ 81,872	\$ (12,704)
Capital assets, net	-	3,477	-
Other assets	2,089,524	1,525	(25,615)
Amounts receivable from the university	-	64	-
Total assets	<u>\$ 2,154,655</u>	<u>\$ 86,938</u>	<u>\$ (38,319)</u>
Current liabilities	\$ 2,271	\$ 4,441	\$ -
Noncurrent liabilities	60,258	67,002	(38,319)
Amounts payable to the university	(5)	64	-
Deferred inflows	9,740	-	-
Total liabilities and deferred inflows	<u>72,264</u>	<u>71,507</u>	<u>(38,319)</u>
Net investment in capital assets	-	58	-
Restricted:			
Nonexpendable	1,418,436	-	-
Expendable	643,936	1	(38,319)
Unrestricted	20,019	15,372	38,319
Total net position	<u>2,082,391</u>	<u>15,431</u>	<u>-</u>
Total liabilities, deferred inflows and net position	<u>\$ 2,154,655</u>	<u>\$ 86,938</u>	<u>\$ (38,319)</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

	OSU Foundation	Other Blended Component Units	Eliminations
Condensed statements of revenues, expenses and changes in net position:			
Operating revenues:			
Other sales, services and rental income	\$ 69	\$ (515)	\$ -
Total operating revenues	69	(515)	-
Operating expenses, excluding depreciation	14,828	32,661	-
Depreciation expense	-	1,306	-
Total operating expenses	14,828	33,967	-
Net operating loss	(14,759)	(34,482)	-
Non-operating revenues and expenses:			
Gifts for current use	203,494	17,869	-
Net investment income	193,016	6,031	-
Other non-operating revenue	6,029	-	-
Net non-operating revenue	402,539	23,900	-
Capital contributions and additions to permanent endowments	127,332	-	-
Transfers from (to) the university	(322,143)	16,009	-
Change in net position	192,969	5,427	-
Beginning net position, as reported	1,889,422	10,004	-
Ending net position	\$ 2,082,391	\$ 15,431	\$ -
Condensed statements of cash flows:			
Net cash provided (used) by:			
Operating activities	\$ (14,912)	\$ (29,626)	\$ -
Noncapital financing activities	6,016	17,665	-
Capital and related financing activities	30,986	-	-
Investing activities	(22,277)	4,651	-
Net decrease in cash	(187)	(7,310)	-
Beginning cash and cash equivalents	257	27,858	-
Ending cash and cash equivalents	\$ 70	\$ 20,548	\$ -

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2024

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

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(dollars in thousands)

	OSU Foundation	Other Blended Component Units	Eliminations
Condensed statements of revenues, expenses and changes in net position:			
Operating revenues:			
Other sales, services and rental income	\$ 125	\$ 261	\$ -
Total operating revenues	125	261	-
Operating expenses, excluding depreciation	6,204	7,462	-
Depreciation expense	-	1,318	-
Total operating expenses	6,204	8,780	-
Net operating loss	(6,079)	(8,519)	-
Non-operating revenues and expenses:			
Gifts for current use	172,484	3,941	-
Net investment income	156,374	4,727	-
Other non-operating revenue	5,664	-	-
Net non-operating revenue	334,522	8,668	-
Capital contributions and additions to permanent endowments	131,405	-	-
Transfers from (to) the university	(272,589)	12,740	-
Change in net position	187,259	12,889	-
Beginning net position, as reported	1,702,163	(2,885)	-
Ending net position	\$ 1,889,422	\$ 10,004	\$ -
Condensed statements of cash flows:			
Net cash provided (used) by:			
Operating activities	\$ (5,866)	\$ (6,970)	\$ -
Noncapital financing activities	(32,619)	9,371	-
Capital and related financing activities	57,232	-	-
Investing activities	(18,833)	(552)	-
Net increase (decrease) in cash	(86)	1,849	-
Beginning cash and cash equivalents	343	26,009	-
Ending cash and cash equivalents	\$ 257	\$ 27,858	\$ -

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(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, 2025 and 2024 is presented below.

Condensed Combining Information – Year Ended June 30, 2025

	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	\$ 333,619	\$ 5,685	\$ 41,165	\$ 3,527	\$ 10,058	\$ 394,054
Capital assets, net	175,898	208,308	75,488	3,384	40,779	503,857
Other assets	154	13,978	13,264	-	10,119	37,515
Amounts receivable from the university	49,137	77,732	5,330	-	7,447	139,646
Deferred outflows	-	-	25,453	-	-	25,453
Total assets and deferred outflows	<u>\$ 558,808</u>	<u>\$ 305,703</u>	<u>\$ 160,700</u>	<u>\$ 6,911</u>	<u>\$ 68,403</u>	<u>\$ 1,100,525</u>
Current liabilities	\$ 106,876	\$ 4,638	\$ 10,316	\$ -	\$ 3,244	\$ 125,074
Noncurrent liabilities	25,775	-	12,698	-	1,525	39,998
Amounts payable to the university	230,354	180,072	58,291	3,358	18,753	490,828
Deferred inflows	3,774	126,840	16,563	-	16,611	163,788
Total liabilities and deferred inflows	<u>366,779</u>	<u>311,550</u>	<u>97,868</u>	<u>3,358</u>	<u>40,133</u>	<u>819,688</u>
Net investment in capital assets	6,090	28,236	25,639	61	23,339	83,365
Unrestricted	185,939	(34,083)	37,193	3,492	4,931	197,472
Total net position (deficit)	<u>192,029</u>	<u>(5,847)</u>	<u>62,832</u>	<u>3,553</u>	<u>28,270</u>	<u>280,837</u>
Total liabilities, deferred inflows and net position	<u>\$ 558,808</u>	<u>\$ 305,703</u>	<u>\$ 160,700</u>	<u>\$ 6,911</u>	<u>\$ 68,403</u>	<u>\$ 1,100,525</u>

Notes to Financial Statements – Years Ended June 30, 2025 and 2024
(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	\$ -	\$ -	\$ 71,805	\$ -	\$ -	\$ 71,805
Sales and services of OSU Physicians	1,194,793	-	-	-	-	1,194,793
Other sales, services and rental income	-	21,206	6,241	10,971	7,375	45,793
Total operating revenues	1,194,793	21,206	78,046	10,971	7,375	1,312,391
Operating expenses, excluding depreciation	1,189,808	7,338	66,083	12,785	3,666	1,279,680
Depreciation expense	12,025	8,055	9,905	59	1,431	31,475
Total operating expenses	1,201,833	15,393	75,988	12,844	5,097	1,311,155
Net operating income (loss)	(7,040)	5,813	2,058	(1,873)	2,278	1,236
Non-operating revenues and expenses:						
Net investment income	10,053	453	1,313	217	55	12,091
Interest expense	(7,290)	(4,640)	(3,474)	(166)	(709)	(16,279)
Other non-operating revenue (expense)	(4,910)	(123)	2,266	(14)	1,500	(1,281)
Net non-operating revenue (expense)	(2,147)	(4,310)	105	37	846	(5,469)
Capital contributions and additions to permanent endowments	-	-	25,000	-	-	25,000
Change in net position	(9,187)	1,503	27,163	(1,836)	3,124	20,767
Beginning net position, as restated	201,216	(7,350)	35,669	5,389	25,146	260,070
Ending net position (deficit)	\$ 192,029	\$ (5,847)	\$ 62,832	\$ 3,553	\$ 28,270	\$ 280,837
Condensed statements of cash flows:						
Net cash provided (used) by:						
Operating activities	\$ 58,657	\$ 463	\$ 3,759	\$ (1,767)	\$ 7,888	\$ 69,000
Noncapital financing activities	-	(123)	-	(14)	1,500	1,363
Capital and related financing activities	(26,364)	(1,071)	19,557	(151)	(7,755)	(15,784)
Investing activities	11,357	-	-	-	55	11,412
Net increase (decrease) in cash	43,650	(731)	23,316	(1,932)	1,688	65,991
Beginning cash and cash equivalents	54,810	4,034	6,558	3,521	6,778	75,701
Ending cash and cash equivalents	\$ 98,460	\$ 3,303	\$ 29,874	\$ 1,589	\$ 8,466	\$ 141,692

Notes to Financial Statements – Years Ended June 30, 2025 and 2024

(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2024

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation	Total Discretely Presented Component Units
Condensed statements of net position:						
Current assets	\$ 306,814	\$ 6,709	\$ 16,870	\$ 5,289	\$ 7,312	\$ 342,994
Capital assets, net	186,661	215,580	53,151	100	33,608	489,100
Other assets	39	12,958	7,036	-	6,111	26,144
Amounts receivable from the university	34,926	78,130	4,995	-	3,723	121,774
Total assets and deferred outflows	<u>\$ 528,440</u>	<u>\$ 313,377</u>	<u>\$ 82,052</u>	<u>\$ 5,389</u>	<u>\$ 50,754</u>	<u>\$ 980,012</u>
Current liabilities	\$ 101,680	\$ 4,755	\$ 9,811	\$ -	\$ 1,983	\$ 118,229
Noncurrent liabilities	24,757	-	14,238	-	88	39,083
Amounts payable to the university	196,083	185,111	14,791	-	13,974	409,959
Deferred inflows	4,704	130,861	7,543	-	9,563	152,671
Total liabilities and deferred inflows	<u>327,224</u>	<u>320,727</u>	<u>46,383</u>	<u>-</u>	<u>25,608</u>	<u>719,942</u>
Net investment in capital assets	6,082	30,468	21,788	100	20,977	79,415
Unrestricted	195,134	(37,818)	13,881	5,289	4,169	180,655
Total net position	<u>201,216</u>	<u>(7,350)</u>	<u>35,669</u>	<u>5,389</u>	<u>25,146</u>	<u>260,070</u>
Total liabilities, deferred inflows and net position	<u>\$ 528,440</u>	<u>\$ 313,377</u>	<u>\$ 82,052</u>	<u>\$ 5,389</u>	<u>\$ 50,754</u>	<u>\$ 980,012</u>
Condensed statements of revenues, expenses and changes in net position:						
Operating revenues:						
Grants and contracts	\$ -	\$ 8,684	\$ 63,869	\$ -	\$ 7,715	\$ 80,268
Sales and services of OSU Physicians	1,102,050	-	-	-	-	1,102,050
Other sales, services and rental income	-	8,969	4,486	10,385	523	24,363
Total operating revenues	<u>1,102,050</u>	<u>17,653</u>	<u>68,355</u>	<u>10,385</u>	<u>8,238</u>	<u>1,206,681</u>
Operating expenses, excluding depreciation	1,078,268	11,199	61,985	10,683	3,297	1,165,432
Depreciation expense	19,178	7,971	7,011	59	1,509	35,728
Total operating expenses	<u>1,097,446</u>	<u>19,170</u>	<u>68,996</u>	<u>10,742</u>	<u>4,806</u>	<u>1,201,160</u>
Net operating income (loss)	4,604	(1,517)	(641)	(357)	3,432	5,521
Non-operating revenues and expenses:						
Net investment income (loss)	10,154	4,721	1,243	245	56	16,419
Interest expense	(7,950)	(4,702)	(1,714)	-	(359)	(14,725)
Other non-operating revenue (expense)	(7,913)	1,835	96	-	251	(5,731)
Net non-operating revenue (expense)	<u>(5,709)</u>	<u>1,854</u>	<u>(375)</u>	<u>245</u>	<u>(52)</u>	<u>(4,037)</u>
Change in net position	(1,105)	337	(1,016)	(112)	3,380	1,484
Beginning net position, as restated	202,321	(7,687)	36,685	5,501	21,766	258,586
Ending net position	<u>\$ 201,216</u>	<u>\$ (7,350)</u>	<u>\$ 35,669</u>	<u>\$ 5,389</u>	<u>\$ 25,146</u>	<u>\$ 260,070</u>
Condensed statements of cash flows:						
Net cash provided (used) by:						
Operating activities	\$ (17,415)	\$ (2,485)	\$ 2,696	\$ (292)	\$ 2,864	\$ (14,632)
Noncapital financing activities	-	1,835	-	-	-	1,835
Capital and related financing activities	(21,427)	(6,825)	(3,671)	3	(3,068)	(34,988)
Investing activities	24,153	-	299	-	(444)	24,008
Net increase (decrease) in cash	<u>(14,689)</u>	<u>(7,475)</u>	<u>(676)</u>	<u>(289)</u>	<u>(648)</u>	<u>(23,777)</u>
Beginning cash and cash equivalents	69,499	11,509	7,234	3,810	7,426	99,478
Ending cash and cash equivalents	<u>\$ 54,810</u>	<u>\$ 4,034</u>	<u>\$ 6,558</u>	<u>\$ 3,521</u>	<u>\$ 6,778</u>	<u>\$ 75,701</u>

The Ohio State University
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)
Year Ended June 30, 2025

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

<i>(dollars in thousands)</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
STRS-Ohio:										
University's proportion of the net pension liability	4.5%	4.5%	4.6%	4.6%	4.7%	4.9%	5.0%	5.0%	4.8%	5.0%
University's proportionate share of the net pension liability	\$ 1,238,470	\$ 1,510,814	\$ 1,081,053	\$ 1,019,690	\$ 1,040,149	\$ 1,175,835	\$ 638,605	\$ 1,107,005	\$ 1,036,827	\$ 963,961
University's covered payroll	\$ 388,309	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 492,780	\$ 494,613	\$ 535,500	\$ 559,924
University's proportionate share of the net pension liability as a percentage of its covered payroll	319%	385%	262%	235%	230%	247%	130%	224%	194%	172%
Plan fiduciary net position as a percentage of the total pension liability	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%	82.5%
OPERS:										
University's proportion of the net pension liability	9.0%	9.1%	9.4%	9.9%	10.2%	10.4%	10.4%	10.6%	11.0%	11.1%
University's proportionate share of the net pension liability	\$ 1,556,156	\$ 2,054,548	\$ 1,466,955	\$ 2,695,368	\$ 1,984,881	\$ 1,503,497	\$ 859,188	\$ 3,107,816	\$ 2,832,398	\$ 2,724,607
University's covered payroll	\$ 1,236,914	\$ 1,289,346	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918	\$ 1,793,823	\$ 1,930,711	\$ 2,096,700
University's proportionate share of the net pension liability as a percentage of its covered payroll	126%	159%	106%	177%	126%	88%	51%	173%	147%	130%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	77.4%	84.9%	74.9%	82.4%	87.2%	93.0%	76.1%	79.4%	81.0%

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

<i>(dollars in thousands)</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
STRS-Ohio:										
Contractually required contribution	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264	\$ 95,318	\$ 93,140	\$ 99,343
	\$ 66,975	\$ 70,373	\$ 74,356	\$ 77,781	\$ 82,576	\$ 86,909	\$ 88,264	\$ 95,318	\$ 93,140	\$ 99,343
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 392,797	\$ 412,149	\$ 434,106	\$ 452,084	\$ 476,374	\$ 498,344	\$ 494,613	\$ 535,500	\$ 559,924	\$ 595,472
Contributions as a percentage of covered payroll	17.1%	17.1%	17.1%	17.2%	17.3%	17.4%	17.8%	17.8%	16.6%	16.7%
OPERS:										
Contractually required contribution	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351	\$ 268,821	\$ 289,735	\$ 312,723
Contributions in relation to the contractually required contribution	\$ 178,293	\$ 188,762	\$ 201,072	\$ 220,062	\$ 231,977	\$ 240,142	\$ 247,351	\$ 268,821	\$ 289,735	\$ 312,723
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 1,260,366	\$ 1,334,350	\$ 1,421,367	\$ 1,525,502	\$ 1,607,469	\$ 1,664,980	\$ 1,714,708	\$ 1,864,293	\$ 2,014,529	\$ 2,174,418
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%

The Ohio State University
Required Supplementary Information on GASB 75 Net OPEB Liabilities (Unaudited)
Year Ended June 30, 2025

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

<i>(dollars in thousands)</i>	2018	2019	2020	2021	2022	2023	2024	2025
STRS-Ohio:								
University's proportion of the net OPEB (asset) liability	4.6%	4.6%	4.7%	4.9%	5.0%	5.0%	4.8%	5.0%
University's proportionate share of the net OPEB (asset) liability	\$ 177,556	\$ (74,520)	\$ (77,901)	\$ (85,406)	\$ (105,307)	\$ (128,942)	\$ (93,638)	\$ (95,026)
University's covered payroll	\$ 412,149	\$ 434,106	\$ 452,084	\$ 452,084	\$ 492,780	\$ 494,613	\$ 535,500	\$ 559,924
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	43%	-17%	-17%	-19%	-21%	-26%	-17%	-17%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%	158.0%
OPERS:								
University's proportion of the net OPEB (asset) liability	9.7%	10.1%	10.4%	10.7%	10.7%	10.8%	11.2%	11.2%
University's proportionate share of the net OPEB (asset) liability	\$ 1,055,239	\$ 1,321,019	\$ 1,436,889	\$ (189,776)	\$ (335,820)	\$ 68,101	\$ (101,060)	\$ (262,642)
University's covered payroll	\$ 1,381,054	\$ 1,521,447	\$ 1,574,490	\$ 1,704,763	\$ 1,669,918	\$ 1,793,823	\$ 1,930,711	\$ 2,096,700
University's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	76%	87%	91%	-11%	-20%	4%	-5%	-13%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	54.1%	46.3%	47.8%	115.6%	128.2%	94.8%	107.8%	121.5%

The Ohio State University
Notes to Required Supplementary Information (Unaudited)
Year Ended June 30, 2025

STRS-Ohio - Pensions:

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

Changes of assumptions. Amounts reported in 2023 reflect updates to demographic assumptions related to mortality, retirement, turnover, pension payment form election and salary increases, based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table. Amounts reported in 2017 reflect an adjustment of the discount rate from 7.75% to 7.45%.

OPERS – Pensions:

Changes of assumptions. Effective January 1, 2024, the Combined Plan was consolidated into the Traditional Pension Plan. During 2023, the Ohio General Assembly passed bill HB 33 allowing OPERS to consolidate Combined and Traditional Defined Benefit Plans at the discretion of OPERS. OPERS Board voted to consolidate the plans effective January 1, 2024. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.20% to 6.90%. Amounts reported in 2019 reflect an adjustment of the discount rate from 7.50% to 7.20%. Amounts reported in 2017 reflect an adjustment of the discount rate from 8.00% to 7.50%. Amounts reported in 2017 also reflect 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. The plan was amended as of June 30, 2023 to increase the subsidy percentage for non-Medicare retirees from 2.2% to 2.5% effective January 1, 2023; to remove the freeze on the non-Medicare subsidy base premium effective January 1, 2024; and to remove the 6% cap on the year over year increase in Medicare subsidy effective January 1, 2024. Amounts reported in 2023 reflect health care program changes for the 2023 plan year to increase subsidy level for health care premiums, modify Medicare Part B reimbursements and adjust certain co-pays and out-of-pocket limits. Amounts reported in 2020 reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2021. Amounts reported in 2019 reflect adoption of a new premium subsidy plan for 2019 and future years that is intended to extent the fund's solvency to 2047. Amounts reported in 2019 also reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2020. Amounts reported in 2018 reflect discontinuation of Medicare Part B premium reimbursements for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements, beginning January 2019.

Changes of assumptions. Amounts reported in 2024 reflect updated healthcare trends related to emerging claims and recovery experience as well as benefit changes effective January 1, 2024. Amounts reported in 2023 reflect updates to demographic assumptions related to mortality, retirement, turnover, pension payment form election, OPEB participation and salary increases, based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2019 reflect an adjustment of the discount rate from 4.13% to 7.45%. Amounts reported in 2018 reflect an adjustment of the discount rate from 3.26% to 4.13%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table.

OPERS – OPEB:

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

Changes of assumptions. Amounts reported in 2025 reflect an adjustment of the discount rate from 5.70% to 6.00%. Amounts reported in 2024 reflect an adjustment of the discount rate from 5.22% to 5.70% and changes in healthcare trend rates. Amounts reported in 2023 reflect an adjustment of the discount rate from 6.00% to 5.22%. Amounts reported in 2021 reflect an adjustment of the discount rate from 3.16% to 6.00%. Amounts reported in 2020 reflect an adjustment of the discount rate from 3.96% to 3.16%. Amounts reported in 2019 reflect an adjustment of the discount rate from 3.85% to 3.96%.

The Ohio State University
Supplementary Information on the Long-Term Investment Pool (Unaudited)
Year Ended June 30, 2025

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 2025, 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 \$688 million, to \$8.62 billion at June 30, 2025. The Long-Term Investment Pool activity for 2025 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	<u>Gifted Endowments</u>		<u>Quasi-Endowments</u>		<u>Total</u>
	<u>University</u>	<u>Foundation</u>	<u>Operating</u>	<u>Designated</u>	
Balance at June 30, 2024	\$ 1,387,227	\$ 1,620,309	\$ 1,803,039	\$ 3,121,139	\$ 7,931,714
Net Principal Additions (Withdrawals)	14,591	102,165	(44,748)	72,239	144,247
Change in Fair Value	140,707	169,025	179,339	317,590	806,661
Income Earned	35,117	42,024	44,883	79,457	201,481
Distributions	(55,447)	(66,179)	(70,989)	(125,368)	(317,983)
Expenses	<u>(27,041)</u>	<u>(32,360)</u>	<u>(34,562)</u>	<u>(52,236)</u>	<u>(146,199)</u>
Balance at June 30, 2025	\$ 1,495,154	\$ 1,834,984	\$ 1,876,962	\$ 3,412,821	\$ 8,619,921

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, 2025. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses (\$86.2 million), University Development related expenses (\$59.2 million) and other investment related expenses (\$0.7 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was 11.81% for fiscal year 2025. The annualized investment returns for the three-year and five-year periods were 9.8% and 11.5%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates in its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the \$86.2 million of investment management expenses, which reduced the pool by 1.1% in fiscal year 2025, the \$59.2 million of University Development expenses and \$0.7 million of other investment related expenses further reduced the pool by 0.7%.

Additional Information:

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

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



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

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

The Board of Trustees
The Ohio State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of The Ohio State University (the University) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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



Purpose of This Report

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

KPMG LLP

Columbus, Ohio
October 31, 2025

Acknowledgements

The 2025 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

Robert D. Booker

Sherri K. Laisure

Natalie H. Darner

Ruth E. McCollum

Allison M. Dodson

Lisa A. Plaga

Thomas F. Ewing

Kathryn M. Seay

Rachel R. Ford

Brady T. Siddall

Ken C. Gast

Elizabeth Simon

Kirsten Gerhard

Herman Singh

Mitch P. Gill

Jan E. Soboslai

April L. Horne

Timothy A. Thibodeau

Christopher A. Kropp

Board of Trustees

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

John W. Zeiger, Chair, Grandview Heights (2026)

Alan A. Stockmeister, Vice Chair, Jackson (2025)

Gary R. Heminger, Findlay (2027)

Elizabeth P. Kessler, New Albany (2027)

Jeff M.S. Kaplan, Galena (2028)

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Michael F. Kiggin, Powell (2030)

Tomislav B. Mitevski, Galena (2030)

Pierre Bigby, Lewis Center (2031)

Juan Jose Perez, Westerville (2031)

Bradley R. Kastan, Bexley (2032)

George A. Skestos, Columbus (2032)

Kara J. Trott, Columbus (2033)

Joshua H.B. Kerner, Undergraduate Student Trustee, Avon Lake (2025)

Kendall C. Buchan, Graduate Student Trustee, Battle Creek, MI (2026)

Amy Werner Chronis, Charter Trustee, Houston, TX (2027)



The Ohio State University

Discussion with those charged with governance

Audit results and required communications for the year ended June 30, 2025

October 20, 2025

Audit Results

Date: October 20, 2025
To: The Legal, Audit, Risk, and Compliance Committee of the Board of Trustees
From: David Gagnon, Lead Engagement Partner
Subject: External Audit – Fiscal 2025 Results

Purpose

To communicate to the Committee, in accordance with our professional standards, the results of KPMG's external audits of the University's financial statements and certain of its component units, which are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as of and for the fiscal year ended June 30, 2025. We have substantially completed our audits as of the date of this presentation

Committee Action

No action needed.

Executive Summary

- We expect to issue unmodified opinions on the financial statements of the University and its significant component units in the scope of our engagement. Our report on internal control and compliance and other matters required by *Government Auditing Standards* is also unmodified.
- No significant unusual transactions were identified during our audit.
- Key areas of focus in our audit of the University included:
 - Evaluation of and response to significant risks, including:
 - Risk of management override of controls (a presumed risk in all audits)
 - Significant management estimates in the following areas were assessed:
 - Marketable securities
 - Alternative investments
 - Pension and other post-employment benefit plans
 - Valuation of net patient care receivables
- The University's summary of significant accounting and reporting policies has been updated consistent with prior year, except as to the adoption of GASB 101, which did not have a material effect on the financial statements.
- Certain uncorrected misstatements were noted (see page 13).
- Although we are not required under professional standards to test or report on the University's internal control over financial reporting, no reportable control findings were noted.
- Other required communications are included on pages 4 and 5 of these materials.



Required communications to those charged with governance

Prepared on October 15, 2025

Presented on October 20, 2025

Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 13
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	X	
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	✓	Page 7
Significant accounting estimates	✓	Pages 8 to 11
Significant financial statement disclosures	✓	Page 12
Group audit engagement considerations	X	

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	X	
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

Audit results required communications and other matters

Matters to communicate	
Consultations	Consistent with professional standards and firm policy, we were required to consult with our Department of Professional Practice regarding a civil investigative demand related to certain federal research grants. We concur with management's determination that the matter is not material to the financial statements as of and for the year ended June 30, 2025.
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in system of internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Our engagement letter was previously provided under separate cover. Management's representation letter is included on pages 18 – 23.
Independence	In accordance with our audits, KPMG and relevant KPMG professionals have complied with ethical requirements regarding independence, as the term is defined by the professional standards, and we are independent under applicable professional standards.
Inquiries	See page 16

Significant risk

Risk of management override of internal controls	Susceptibility to:	
	Error	Fraud
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nonetheless is present at all entities.		Yes
Professional standards require us to perform procedures sufficiently responsive to address the risk of override. Such procedures include: <ul style="list-style-type: none">• Inquiries of management and governance• Assessing the effectiveness of entity-level controls• Considering potential fraud risks affecting financial reporting• Understanding and evaluating the journal entry process and the completeness of journal entry activity• Identifying and testing high-risk journal entries• Considering the results of other audit procedures performed.		
Findings		
No reportable matters were noted.		



Significant accounting policies and practices

Description of significant accounting policies and practices	Audit findings
<p>The significant accounting policies used by the University are described in Note 1 to the financial statements.</p> <p>In fiscal 2025, the University implemented GASB issued Statement No. 101, <i>Compensated Absences</i>, which requires recognition of liabilities for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of this new standard was not material to the financial statements.</p>	<p>Disclosed accounting policies conform to GAAP, in all material respects.</p>

Significant accounting estimates

Valuation of marketable securities

- Valuation of marketable securities: Included in the University's financial statements are certain marketable securities presented at fair value based on quoted market prices. Such securities are reported within temporary investments, unexpended bond proceeds, the long-term investment pool, other long-term investments, and other noncurrent assets on the statement of net position.

Audit findings

Management's process used to develop the estimates

- Management's estimate of the fair value of marketable investment securities held directly by the University, e.g., equity and fixed income securities, is determined based on quoted market prices in active markets or significant other observable inputs.

Significant assumptions used

- Pricing sources and methodologies used

Indicators of possible management bias

- No indicators of possible management bias

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimate of the fair value of such assets is fairly stated in relation to the basic financial statements as a whole.

Significant accounting estimates (continued)

Valuation of alternative investments

- Valuation of alternative investments: Included in the University's financial statements are certain alternative investments, such as private equity, real assets, and absolute return funds, for which quoted market prices may not be available. Such investments are reported within the long-term investment pool and other long-term investments on the statement of net position, generally using the funds' net asset values (NAVs) as a practical expedient to estimate fair value.

Audit findings

Management's process used to develop the estimates

- Management's estimate of the fair value of investments in commingled funds, which may include private equity, real asset, absolute return, and other strategies, is generally determined based on NAVs provided by the funds' managers. Such NAVs represent the University's proportionate interests in these funds' holdings. NAV may be used as a practical expedient to estimate the fair value of an investment if certain eligibility criteria under GAAP are met. Additionally, the University's NAV measurement date (June 30) is generally different than the calendar year-end date used by a majority of the funds for their financial statement audits.

Significant assumptions used

- Ability to meet eligibility criteria to use NAV as a practical expedient for specific investments
- Accuracy and reliability of the NAVs used as of the University's measurement date, which is different than the funds' audit date

Indicators of possible management bias

- No indicators of possible management bias

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimate of the fair value of such assets is fairly stated in relation to the basic financial statements as a whole.

Significant accounting estimates (continued)

Pension and other post-employment benefit plans

- Management's estimates of amounts recorded for its pension and other post-employment benefit plans are based on a variety of actuarial assumptions related to participant mortality, as well as interest rates, historical experience, and provisions of the related benefit programs. While these determinations are made by the State of Ohio in conjunction with its specialists, the University must reflect the information in its financial statements in accordance with GAAP.

Audit findings

Management's process used to develop the estimates

- Management's estimates of amounts recorded for its pension plan and other post-employment health benefit plans are based on schedules prepared by the State of Ohio pension systems (STRS and OPERS), which allocate the net pension and OPEB liabilities/assets to the various plan employers. These allocation schedules are derived from each plan's actuarial valuation. The actuarial valuations for each plan include a variety of assumptions, which are determined and reviewed on a regular basis by the State's pension systems and their external actuaries.

Significant assumptions used that have a high degree of subjectivity

- Discount rate
- Mortality
- Retirement rates
- Expected long-term rate of return on plan assets
- Health care cost trend rate
- Per capita claims cost
- Participation rate

Indicators of possible management bias

- No indicators of possible management bias (estimates recorded are from the State)

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimates are fairly stated in relation to the basic financial statements as a whole.

Significant accounting estimates

Valuation of net patient care receivables (healthcare entities)

- Management's estimate of the valuation of net patient care receivables involves significant judgment and a number of significant assumptions.

Audit findings

Management's process used to develop the estimates

- Management's estimate of allowances used to value patient care receivables is based on analysis of open accounts receivable, average historical collection experience, and other relevant factors to arrive at an overall assessment of collectible net accounts receivable. We note that management at OSU Health System uses a third-party analytics tool to facilitate its analysis.
- Net patient care receivables recorded in the University's statement of financial position aggregated to \$789 million and were comprised of \$679 million at OSU Health System and \$110 million at OSU Physicians as of June 30, 2025.

Significant assumptions used that have a high degree of subjectivity

- Contractual allowances for billed and unbilled services
- Charity care allowance estimation based on historical experience
- Evaluation of historical collections experience and related data

Indicators of possible management bias

- No indicators of possible management bias

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimates are fairly stated in relation to the basic financial statements as a whole.

Significant financial statement disclosures

Description of significant financial statement disclosures	Audit findings
<ul style="list-style-type: none">• Investments (note 3)• Capital assets (note 5)• Debt (note 9)• Retirement plans (note 15)	<ul style="list-style-type: none">• Disclosures appear reasonable and in accordance with GAAP, in all material respects.

Uncorrected audit misstatements

We identified the following uncorrected misstatements relative to the University, which are not material to the financial statements but above our reporting threshold.

(\$ in thousands)		
Description of misstatement	Debit	Credit
To record increase in net asset value (NAV) as of June 30, 2025 for alternative investments initially recorded using March 31, 2025 NAVs on a lagged basis (including reversal of comparable prior year entry): LTIP – Alternative investments Net investment income Opening net position	 \$117,227	 \$72,547 44,680
To correct out-of-period adjustment recorded during the year ended June 30, 2025 related to prior-year deferred outflows related to pension: Total operating expenses Opening net position	 \$97,100	 \$97,100

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Status of audit deliverables

University and related audits	Components	Status (as of October 15)	Deliverables
Primary Institution – financial statements	The Ohio State University (OSU)	Completed	Auditors' reports on the financial statements Reports on internal control and compliance and other matters in accordance with <i>Government Auditing Standards</i>
	OSU Wexner Medical Center Health System (OSU Health System)	Completed	
	OSU Foundation	Completed	
Discretely Presented Component Units – financial statements	OSU Physicians	Completed	
	Campus Partners for Community Urban Redevelopment and Subsidiaries (Campus Partners)	Completed	
	Transportation Research Center, Inc.	Completed	
Single Audit	OSU and certain related entities	In process – see status on page 15	Title 2 US Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i>

Single Audit Status

The Single Audit in accordance with the Uniform Guidance (UG) is required annually by federal regulation and is focused on compliance and internal control over compliance for programs that are federally funded. Major programs are selected for audit are based on quantitative and qualitative risk considerations prescribed by federal regulations. While certain major program testing has commenced, risk assessments are still in progress. Below is a summary of recently audited major programs and planned 2025 major programs:

FY23 Major programs – audited	FY24 Major programs – audited	FY25 Major programs – planned
<ul style="list-style-type: none"> • R&D • SFA • PRF* • Head Start • Smith Lever <p><i>* Identified as higher risk in 2023 OMB Compliance Supplement</i></p>	<ul style="list-style-type: none"> • R&D • SFA • Supplemental Nutrition Assistance Program (SNAP) • Disaster Grants – Public Assistance (Presidentially Declared Disasters) • Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs 	<ul style="list-style-type: none"> • R&D • SFA • Medicaid Cluster

Final major program determination will depend upon management's completion of the final schedule of expenditures of federal awards, program risk assessment procedures, and requirements in the 2025 Compliance Supplement.

Compliance test work over direct and material compliance requirements is planned based upon reliance on internal control over compliance. While we may test and report on internal control over compliance, we do not express an opinion on the effectiveness of internal control over compliance.

Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Are you aware of any matters relevant to the audit, including, but not limited to, any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Has the entity complied with all covenants during the financial statement period and before the date of the auditor's report? Have there been any events of default during the financial statement period and before the dates of the auditor's report?
- What is the committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?
- Have any subsequent events occurred that might affect the financial statements?
- Has there been any correspondence with regulators or licensing authorities?

Appendix

Management Representation Letter

Pages 18-23

Audit process and technology

Pages 24-26

Beyond the First 100 Days: federal policy
impacts on higher education

Pages 27-33

Appendix I – Rep Letter

October 31, 2025

KPMG LLP
191 West Nationwide Boulevard
Columbus, Ohio 43215

To whom it may concern:

We are providing this letter in connection with your audits of the financial statements of the business-type activities, the aggregate discretely presented component units, and the related notes to the financial statements of The Ohio State University (the University) as of and for the years ended June 30, 2025 and 2024, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial position, changes in financial position, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles (US GAAP). We are also providing this letter to confirm our understanding that the purpose of your testing of transactions and records relating to the University's federal programs, in accordance with Title 2 US Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), was to obtain reasonable assurance that the University had complied, in all material respects, with the requirements of federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2025:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 23, 2025, for the preparation and fair presentation of the financial statements in accordance with US GAAP.

2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. All minutes of the meetings of the University's Board of Trustees and its committees, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - d. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.
3. Except as disclosed to you in writing, there have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. We have disclosed to you, in writing, all known instances of noncompliance or suspected noncompliance with laws and regulations, contracts and grant agreements, whose effects should be considered when preparing financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. Except as disclosed in the financial statements, there are no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which US GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.



Appendix I – Rep Letter (continued)

9. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
10. We have disclosed to you all known concentrations and constraints, as defined in GASB Statement No. 102, *Certain Risk Disclosures*, that should be considered when preparing the financial statements.
11. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedules are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.
12. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term ‘fraud’ is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
13. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the University’s ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators, or others.
17. We have no knowledge of any officer or Trustee of the University, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
18. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with US GAAP and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the fair value measurement and/or disclosure.
19. We have disclosed to you the identity of all our related parties and all the related party relationships and transactions of which we are aware.
20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with US GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

The term ‘related party’ refers to government’s related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

We have provided to you support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm’s-length transaction.

Appendix I – Rep Letter (continued)

- b. Guarantees, whether written or oral, under which the University is contingently liable.
 - c. The existence of and transactions with joint ventures and other related organizations.
- 21. Except as disclosed in the financial statements, the University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- 22. The University has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 23. The University's reporting entity includes all entities that are component units of the University.
- 24. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with US GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the University's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
- 25. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, State and Local Government Client Affiliates. We have also provided you with information about events, which may result in changes to the University's affiliates. We have also provided you with a list of officers, Trustees, directors, individuals with significant influence over the University, and individuals in key positions with respect to the preparation or oversight of the financial statements. The term 'key position' means position in which an individual has primary responsibility for significant accounting functions that support material components of the financial statements; primary responsibility for the preparation of the financial statements; or the ability to exercise influence over the contents of the financial statements, including when the individual is a member of the board of directors or similar governing body, chief executive officer, president, chief financial officer, chief operating officer, general counsel, chief accounting officer, controller, director of internal audit, director of financial reporting, treasurer, or any equivalent position. To the best of our knowledge and belief, we are not aware of any former KPMG partners in a key position with respect to the preparation or oversight of the University's financial statements and who have a prohibited financial or business relationship with KPMG (as defined under Section ET 1.279.020 of the AICPA Code of Professional Conduct) during the period covered by this letter.
- 26. We acknowledge our responsibility for the presentation of the required supplementary information (RSI) which includes, management's discussion and analysis, RSI on GASB 68 Pension Liabilities and GASB 75 Net OPEB Liabilities and related Notes to such RSI, in accordance with the applicable criteria and prescribed guidelines established by the Governmental Accounting Standards Board and:
 - a. Believe the RSI, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the RSI have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the RSI are reasonable and appropriate.
- 27. We acknowledge our responsibility for the presentation of the supplementary information (SI) on the Long-Term Investment Pool in accordance with the applicable criteria and:
 - a. Believe the SI, including its form and content, is fairly presented in accordance with the applicable criteria.
 - b. The methods of measurement or presentation of the SI have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the SI are reasonable and appropriate in the circumstances.
- 28. We agree with the findings of specialists in evaluating self-insurance reserves and have adequately considered the qualifications of the specialists and the entity that employs the specialists in determining the amounts and disclosures used in the basic financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Appendix I – Rep Letter (continued)

29. The basis for our proportion of the collective pension and other postemployment benefit plan amounts is appropriate and consistent with the manner in which future contributions to the plan are expected to be made.
30. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.
31. There have been no circumstances that have resulted in communications from the University's external legal counsel to the University reporting evidence of a material violation of securities law or breach of fiduciary duty, or similar violation by the University or any agent thereof.
32. There have been no triggering events, as described in 34 CFR 668.171, that have occurred during or subsequent to the period covered by the auditors' report.
33. We confirm that the University is a public institution that meets the requirements of financial responsibility defined in 34 CFR 668.171.
34. The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
35. The University has classified net position resulting from donor-restricted contributions as nonexpendable or expendable based on our assessment of the donor's intention, as specified in original donor correspondence where available. Where not available, we used other corroborating evidential matter including minutes of the Board, accounting records, and financial statements. To the extent that we were unable to review original donor correspondence to determine the amount of the original gift and donor additions, our determination of such amount was based on our best estimate considering the relevant facts and circumstances. In addition, we have classified appreciation and income related to such contributions in accordance with relevant donor or statutory restrictions.
36. We are planning to issue other information in an Annual Report that includes the audited financial statements. The information is currently not available but the final version will be provided to you when available, and prior to its issuance.
37. In accordance with *Government Auditing Standards*, we have identified to you and provided copies of all previous audits, attestation engagements, and other studies that relate to the objectives of this audit, including whether findings have been addressed and related recommendations have been implemented.
- We confirm having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2025, the following representations made to you during your single audit:
38. We are responsible for the design, implementation, and maintenance of effective internal control over compliance for federal programs that provides reasonable assurance that the University is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award.
39. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of the University's federal programs.
40. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
41. We are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the University's federal programs involving:
- a. Management, including management involved in the administration of federal programs.
 - b. Employees who have significant roles in internal control over the administration of federal programs.
 - c. Others where the fraud could have a material effect on compliance with federal statutes, regulations, and the terms and conditions of federal awards related to its federal programs.

Appendix I – Rep Letter (continued)

42. We are responsible for the presentation of the schedule of expenditures of federal awards (SEFA) in accordance with the Uniform Guidance and:

- a. The SEFA, including its form and content, is fairly presented in accordance with the requirements of the Uniform Guidance.
- b. The SEFA includes all expenditures made during the year ended June 30, 2025 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, cooperative agreements, interest subsidies, insurance, noncash assistance (such as free rent, food commodities, donated property or donated surplus property), direct appropriations, and other assistance.
- c. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.
- d. The significant assumptions or interpretations underlying the measurement or presentation of the SEFA are reasonable and appropriate in the circumstances.
- e. We will make the audited financial statements readily available to the intended users of the SEFA no later than the date of issuance by the entity of the SEFA and the auditors' report thereon.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2025, the following representations made to you during your single audit:

43. The University is responsible for complying, and has complied, with the requirements of the Uniform Guidance.
44. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
45. The University has designed, implemented, and maintained effective internal control over compliance for federal programs that provides reasonable assurance that the University is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
46. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance that we have identified, which could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of federal statutes, regulations, and the terms and

conditions of federal awards. Under standards established by the American Institute of Certified Public Accountants, a deficiency in internal control over compliance 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 on a timely basis, noncompliance with a type of compliance requirement of a federal program. A 'material weakness' is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis. A 'significant deficiency' is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

47. The University has complied with requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of its major federal programs.
48. The University has charged costs to federal awards in accordance with the applicable cost principles.
49. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.
50. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
51. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
52. We have issued management decisions on a timely basis (within six months of acceptance of the audit report by the FAC) for audit findings that relate to federal awards made to subrecipients. Additionally, we have followed up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient by the University.
53. We have considered the results of subrecipient audits and have made any necessary adjustments to the University's accounting records.

Appendix I – Rep Letter (continued)

54. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
55. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
56. We have made available all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements, for major federal programs.
57. We have made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities related to major federal programs.
58. We have identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards.
59. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the compliance requirements over federal programs, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
60. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
61. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
62. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.
63. We have advised you of all contracts or other agreements with service organizations.
64. We have disclosed to you all communications from the University's service organizations relating to noncompliance at the service organizations.
65. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control over major federal programs, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
66. We have disclosed to you all known noncompliance relating to major federal programs occurring subsequent to the period covered by the auditors' report.
67. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance over major federal programs during the reporting period.

Very truly yours,

The Ohio State University

Walter "Ted" Carter Jr.

President

Michael Papadakis

Senior Vice President and Chief Financial Officer

Kristine Devine

Vice President of Operations and Deputy Chief Financial Officer

Lisa Plaga

Associate Vice President, Shared Services and Controller

How we work: **Creating value for you**

Accelerating the future of audit with our technology-driven platform, empowered by strategic partnerships (e.g., Microsoft and MindBridge)



AI-driven financial reporting and auditing revolution

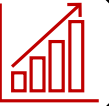
Insights from KPMG's Survey



97% of financial reporting leaders intend to use or pilot GenAI over the next three years.



83% of financial reporting leaders say it is important that external auditors use AI in their analysis.



Key AI benefits focus on real-time insights, ability to predict trends and impacts, increased data accuracy and reliability, and better data-enabled decisions.



Desire for auditors to use AI for risk and anomaly identification, data analysis and quality management, and risk mitigation and internal controls.



Expected AI and GenAI benefits come with risks. Leaders focus on ethical use of GenAI, setting up policies and governance and early board involvement.

Effective practices include regular monitoring, training, ethical frameworks and human oversight.

KPMG has developed a trusted AI approach centered around using AI responsibly and ethically.

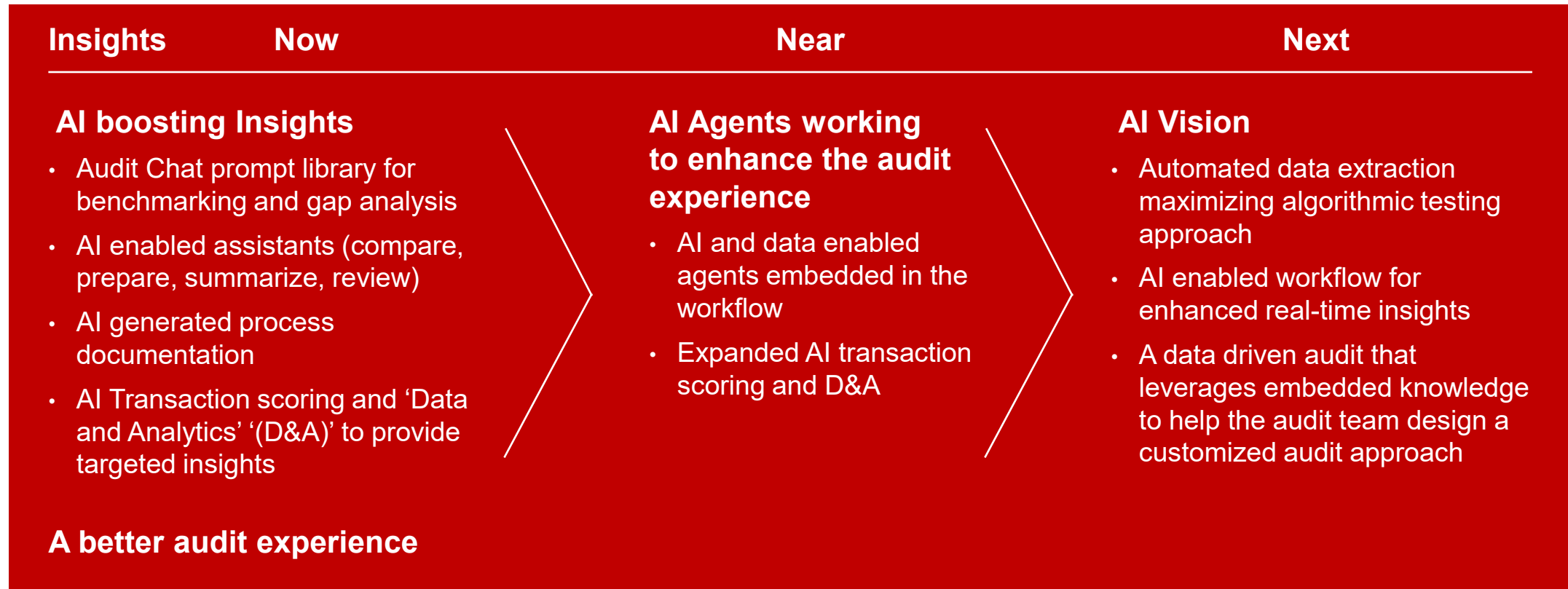
Values-driven

Human-centric

Trustworthy

Next-generation technology

AI empowerment leading to focused insights



We maximize insights through a data-enabled, AI-powered platform.

Beyond the First 100 Days: federal policy impacts on higher education

Beyond the First 100 Days: federal policy impacts on higher education

Several executive and legislative priorities of the new federal administration and Congress have begun to impact U.S. colleges and universities and could have significant long-term consequences for the industry. The velocity and volume of executive orders (EOs) and legislative changes – including those in the “One Big Beautiful Bill Act (OB3)” passed on July 4, 2025 – have created funding gaps, complicated financial planning and compliance with regulations, and prompted policy and operational changes. As a result, Moody’s revised its industry outlook in March 2025 from stable to negative. Among issues being monitored are:

- Reductions in and realignment of federally funded research grants and contracts based on new agency priorities, and reductions in indirect cost recoveries (ICR) (e.g., National Institutes of Health). **Institutions in both blue and red states face significant cuts in grant funding moving forward.** A new EO issued August 7 changes oversight protocols for grantmaking and suggests a preference for institutions with lower ICR.
- Elimination of the Department of Education (ED), curtailment or elimination of certain grant and loan programs, and redistribution of certain of ED’s functions to other federal agencies, states, or the private sector. **OB3 included several changes to federal student aid programs** (see page 6).
- Implementation of tariffs across global trading partners. Economists note that **inconsistency of implementation** has created economic uncertainty and increases risks of stagflation and recession. In addition to higher costs for goods and services across the industry, such actions may exacerbate existing enrollment and tuition pricing pressures at some institutions.
- A pushback on diversity, equity, and inclusion (DEI) programs. The Office of Civil Rights (OCR) has initiated targeted investigations of dozens of institutions, alleging racial preferences and antisemitism, and grants and contracts with DEI elements have been eliminated. In addition, the administration has cancelled federal funding at certain high-profile institutions amid **demands for changes in institutional practices**.
- OB3 increased rates related on the so-called “endowment tax.” Private institutions subject to the tax – which is indicative of institutional wealth – may also be **vulnerable to new regulations and state taxes**.
- A pivot away from clean energy and climate change initiatives, including **grant funding, as well as tax incentives revised in OB3**, and elimination of certain longstanding environmental regulations.
- More aggressive **immigration and deportation policies** may affect international students and faculty, as well as overseas programs.
- Geopolitical developments in the Middle East, Eastern Europe, and other regions amid new U.S. foreign policy directives, which could affect the nature and extent of **campus-based protests or other activities attracting federal scrutiny**.

The responses we are seeing in the industry

Executive orders and other policy changes in 2025 thus far have disrupted and destabilized several aspects of the higher education sector, with individual institutions affected to varying degrees. Following are some of the actions and activities we have observed senior administrators taking in response to the rapidly evolving environment.

- Establishment of working groups around key risk areas
- Communications to and oversight by trustees
- Increased legal analysis and activity
- Evaluation of tariff impacts on costs and supply chains
- Evaluation of research enterprise and other grant impacts
- Assessment of changes at the Department of Education
- Assessment of immigration, deportation, and travel policy changes
- Reevaluation of DEI/ESG initiatives
- Enhanced modeling, sensitivity analysis, and scenario planning
- Operational and financial changes
- Enhanced financial reporting and disclosures
- Reconsideration of fundraising goals
- Reassessment of investment and endowment strategies
- Evaluation of tax implications
- Changes in internal audit focus

Changes to federal student loan programs

Federal student loan limits: previous law vs. OB3

Borrower category	Loan limits under previous law	Loan limits under OB3
Undergraduate students	\$5,500 to \$12,500 annually; \$31,000 to \$57,500 in aggregate	\$5,500 to \$12,500 annually; \$31,000 to \$57,500 in aggregate
Nonprofessional graduate students	Cost of attendance, as determined by the institution	\$20,500 annually; \$100,000 in aggregate
Professional graduate students	Cost of attendance, as determined by the institution	\$50,000 annually; \$200,000 in aggregate
Parents of undergraduate students	Cost of attendance, as determined by the institution	\$20,000 annually; \$65,000 in aggregate per child

Source: US Department of Education, Federal Student Aid, <https://studentaid.gov/help-center/answers/article/how-much-money-can-i-borrow-federal-student-loans>; and One Big Beautiful Bill Act, H.R. 1, 119th Cong. (2025).

- Of \$1 trillion in loans expected to be originated in the next decade, about half will go to graduate students, which account for less than 20% of total postsecondary enrollments. While undergraduate student loan limits are unchanged under OB3, historically, graduate students and parents of undergraduates could borrow up to an institution's cost of attendance.
- Moving forward, most graduate programs will face annual caps of \$20,500, whereas professional programs including law, medicine, dentistry and other stipulated programs will be capped at \$50,000. Overall, about 20% of master's students borrow above the new limits, a figure which climbs to 25% at private not-for-profit universities, and about 40% of medical students borrow above the \$50,000 cap.

Repayment reforms

- Historically, income-driven repayment plans (IDRs) have allowed borrowers to align repayments of loans to their incomes.
- Previous IDRs included, for example, SAVE and PAYE, which because of payment caps often resulted in low monthly payments and potentially significant levels of loan forgiveness.
- Effective July 1, 2026, OB3 eliminates all current IDRs for new borrowers and replaces them with 1) a standard plan and 2) the Repayment Assistance Plan (RAP).
- The standard plan amortizes on mortgage-type basis over 10 to 25 years, depending on the borrower's initial balance, whereas RAP varies payments with income but will require significantly higher payments than were required under prior IDRs. This is expected to result in faster repayment and less loan forgiveness.

Institutional accountability

- OB3 introduces a new “do no harm” test that revokes a degree-granting program's eligibility for federal student loans if graduate (i.e., associate, bachelor's, master's, doctoral, professional) earnings are too low.
- Under the test, median annual earnings of graduates are measured four years after program completion and compared to a benchmark chosen by program indicating what the graduate may have earned had they not pursued the degree in the first place. The idea is that if the earnings are below the benchmark, the program is likely not creating economic value and may be doing “harm” to students as a result.
- If a program fails the earnings benchmark test for two out of any three consecutive years, the program would no longer be eligible for federal loan disbursements.
- While only a small number of undergraduate programs are likely to be impacted, certain professional degree programs (particularly at for-profit institutions) could eventually lose eligibility under the new rules.

Ramifications of changes to federal student aid programs

The aforementioned changes to federal student financial aid regulations introduced by OB3 are transformative and will present challenges to the sector. Key provisions and strategic recommendations for adapting to the new landscape are presented below.

1. Loan Caps and Potential Revenue Disruption:

- While loan limits for undergraduate students will be unchanged, graduate students and parents of undergraduate students will be subject to new annual and aggregate loan caps. Previously, loan limits for graduate students and parents of undergraduate students were limited to cost of attendance, which provided more borrower flexibility. Accordingly, undergraduate and graduate programs may be impacted by these new limits.

Recommendation: Engage academic affairs, institutional research, and career services in financial planning. Inform stakeholders (faculty, students, trustees) about financial changes and institutional responses. Planning should be revised to incorporate best- and worst-case financial aid scenarios, reflecting new borrowing limits and simulated impacts of loan caps.

2. Income-driven student loan repayment:

- The bill will prevent borrower balances from rising over time and require more rapid repayment by borrowers.

Recommendation: Factoring in how these changes may affect borrowing activity in financial aid scenarios and providing information to students and parents about the implications of these new rules will be critical.

3. Greater accountability for institutions:

- With some exceptions, the law makes institutions accountable for poor student outcomes and institutes a “do no harm” test that could result in the revocation of a degree program’s eligibility for federal loans if graduates’ earnings do not exceed certain levels. This could result in the loss of funding for some programs.

Recommendation: Funding will shift from enrollment-based to outcome-based models. Align academic offerings with labor market demands. Invest in predictive analytics to track student outcomes and financial exposures. Enhance alumni tracking systems to support earnings-based metrics.

4. Regulatory and Compliance Changes:

- Given these and other changes, managing compliance with financial aid programs will require new policies, procedures, and internal controls.

Recommendation: Institutions should expect greater scrutiny of program outcomes and have robust systems to monitor compliance.





Thank you

David Gagnon

Lead Engagement Partner

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dgagnon@kpmg.com

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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The Ohio State University

Discussion with those charged with governance

Audit results and required communications for the year ended June 30, 2025

December 3, 2025

Audit Results

Date: December 3, 2025
To: The Legal, Audit, Risk, and Compliance Committee of the Board of Trustees
From: David Gagnon, Lead Engagement Partner
Subject: External Audit – Fiscal 2025 Results

Purpose

To communicate to the Committee, in accordance with our professional standards, the results of KPMG's external audits of the University's financial statements and certain of its component units, which are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as of and for the fiscal year ended June 30, 2025. We have completed our audits as of the date of this presentation

Committee Action

No action needed.

Executive Summary

- Our opinions on the financial statements of the University and its significant component units in the scope of our engagement are unmodified. Our report on internal control and compliance and other matters required by *Government Auditing Standards* is also unmodified.
- No significant unusual transactions were identified during our audit.
- Key areas of focus in our audit of the University included:
 - Evaluation of and response to significant risks, including:
 - Risk of management override of controls (a presumed risk in all audits)
 - Significant management estimates in the following areas were assessed:
 - Marketable securities
 - Alternative investments
 - Pension and other post-employment benefit plans
 - Valuation of net patient care receivables
- The University's summary of significant accounting and reporting policies has been updated consistent with prior year, except as to the adoption of GASB 101, which did not have a material effect on the financial statements.
- Certain uncorrected misstatements were noted (see page 13).
- Although we are not required under professional standards to test or report on the University's internal control over financial reporting, no reportable control findings were noted.
- Other required communications are included on pages 4 and 5 of these materials.



**Required communications
to those charged with
governance**

Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 13
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	X	
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	✓	Page 7
Significant accounting estimates	✓	Pages 8 to 11
Significant financial statement disclosures	✓	Page 12
Group audit engagement considerations	X	

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	X	
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

Audit results required communications and other matters

Matters to communicate	
Consultations	Consistent with professional standards and firm policy, we were required to consult with our Department of Professional Practice regarding a civil investigative demand related to certain federal research grants. We concur with management's determination that the matter is not material to the financial statements as of and for the year ended June 30, 2025.
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in system of internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Our engagement letter was previously provided under separate cover. Management's representation letter is included on pages 18 – 23.
Independence	In accordance with our audits, KPMG and relevant KPMG professionals have complied with ethical requirements regarding independence, as the term is defined by the professional standards, and we are independent under applicable professional standards.
Inquiries	See page 16

Significant risk

Risk of management override of internal controls	Susceptibility to:	
	Error	Fraud
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nonetheless is present at all entities.		Yes
Professional standards require us to perform procedures sufficiently responsive to address the risk of override. Such procedures include: <ul style="list-style-type: none">• Inquiries of management and governance• Assessing the effectiveness of entity-level controls• Considering potential fraud risks affecting financial reporting• Understanding and evaluating the journal entry process and the completeness of journal entry activity• Identifying and testing high-risk journal entries• Considering the results of other audit procedures performed.		
Findings		
No reportable matters were noted.		



Significant accounting policies and practices

Description of significant accounting policies and practices	Audit findings
<p>The significant accounting policies used by the University are described in Note 1 to the financial statements.</p> <p>In fiscal 2025, the University implemented GASB issued Statement No. 101, <i>Compensated Absences</i>, which requires recognition of liabilities for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of this new standard was not material to the financial statements.</p>	<p>Disclosed accounting policies conform to GAAP, in all material respects.</p>

Significant accounting estimates

Valuation of marketable securities

- Valuation of marketable securities: Included in the University's financial statements are certain marketable securities presented at fair value based on quoted market prices. Such securities are reported within temporary investments, unexpended bond proceeds, the long-term investment pool, other long-term investments, and other noncurrent assets on the statement of net position.

Audit findings

Management's process used to develop the estimates

- Management's estimate of the fair value of marketable investment securities held directly by the University, e.g., equity and fixed income securities, is determined based on quoted market prices in active markets or significant other observable inputs.

Significant assumptions used

- Pricing sources and methodologies used

Indicators of possible management bias

- No indicators of possible management bias

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimate of the fair value of such assets is fairly stated in relation to the basic financial statements as a whole.

Significant accounting estimates (continued)

Valuation of alternative investments

- Valuation of alternative investments: Included in the University's financial statements are certain alternative investments, such as private equity, real assets, and absolute return funds, for which quoted market prices may not be available. Such investments are reported within the long-term investment pool and other long-term investments on the statement of net position, generally using the funds' net asset values (NAVs) as a practical expedient to estimate fair value.

Audit findings

Management's process used to develop the estimates

- Management's estimate of the fair value of investments in commingled funds, which may include private equity, real asset, absolute return, and other strategies, is generally determined based on NAVs provided by the funds' managers. Such NAVs represent the University's proportionate interests in these funds' holdings. NAV may be used as a practical expedient to estimate the fair value of an investment if certain eligibility criteria under GAAP are met. Additionally, the University's NAV measurement date (June 30) is generally different than the calendar year-end date used by a majority of the funds for their financial statement audits.

Significant assumptions used

- Ability to meet eligibility criteria to use NAV as a practical expedient for specific investments
- Accuracy and reliability of the NAVs used as of the University's measurement date, which is different than the funds' audit date

Indicators of possible management bias

- No indicators of possible management bias

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimate of the fair value of such assets is fairly stated in relation to the basic financial statements as a whole.

Significant accounting estimates (continued)

Pension and other post-employment benefit plans

- Management's estimates of amounts recorded for its pension and other post-employment benefit plans are based on a variety of actuarial assumptions related to participant mortality, as well as interest rates, historical experience, and provisions of the related benefit programs. While these determinations are made by the State of Ohio in conjunction with its specialists, the University must reflect the information in its financial statements in accordance with GAAP.

Audit findings

Management's process used to develop the estimates

- Management's estimates of amounts recorded for its pension plan and other post-employment health benefit plans are based on schedules prepared by the State of Ohio pension systems (STRS and OPERS), which allocate the net pension and OPEB liabilities/assets to the various plan employers. These allocation schedules are derived from each plan's actuarial valuation. The actuarial valuations for each plan include a variety of assumptions, which are determined and reviewed on a regular basis by the State's pension systems and their external actuaries.

Significant assumptions used that have a high degree of subjectivity

- Discount rate
- Mortality
- Retirement rates
- Expected long-term rate of return on plan assets
- Health care cost trend rate
- Per capita claims cost
- Participation rate

Indicators of possible management bias

- No indicators of possible management bias (estimates recorded are from the State)

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimates are fairly stated in relation to the basic financial statements as a whole.

Significant accounting estimates

Valuation of net patient care receivables (healthcare entities)

- Management's estimate of the valuation of net patient care receivables involves significant judgment and a number of significant assumptions.

Audit findings

Management's process used to develop the estimates

- Management's estimate of allowances used to value patient care receivables is based on analysis of open accounts receivable, average historical collection experience, and other relevant factors to arrive at an overall assessment of collectible net accounts receivable. We note that management at OSU Health System uses a third-party analytics tool to facilitate its analysis.
- Net patient care receivables recorded in the University's statement of financial position aggregated to \$789 million and were comprised of \$679 million at OSU Health System and \$110 million at OSU Physicians as of June 30, 2025.

Significant assumptions used that have a high degree of subjectivity

- Contractual allowances for billed and unbilled services
- Charity care allowance estimation based on historical experience
- Evaluation of historical collections experience and related data

Indicators of possible management bias

- No indicators of possible management bias

Conclusions

- Based on the procedures performed, KPMG did not identify any indicators of possible management bias. Further, methodologies used for this estimate were consistently applied for the items tested. Management's estimates are fairly stated in relation to the basic financial statements as a whole.

Significant financial statement disclosures

Description of significant financial statement disclosures	Audit findings
<ul style="list-style-type: none">• Investments (note 3)• Capital assets (note 5)• Debt (note 9)• Retirement plans (note 15)	<ul style="list-style-type: none">• Disclosures appear reasonable and in accordance with GAAP, in all material respects.

Uncorrected audit misstatements

We identified the following uncorrected misstatements relative to the University, which are not material to the financial statements but above our reporting threshold.

(\$ in thousands)		
Description of misstatement	Debit	Credit
To record increase in net asset value (NAV) as of June 30, 2025 for alternative investments initially recorded using March 31, 2025 NAVs on a lagged basis (including reversal of comparable prior year entry): LTIP – Alternative investments Net investment income Opening net position	 \$117,227	 \$72,547 44,680
To correct out-of-period adjustment recorded during the year ended June 30, 2025 related to prior-year deferred outflows related to pension: Total operating expenses Opening net position	 \$97,100	 \$97,100

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Status of audit deliverables

University and related audits	Components	Status (as of December 3, 2025)	Deliverables
Primary Institution – financial statements	The Ohio State University (OSU)	Completed	Auditors' reports on the financial statements Reports on internal control and compliance and other matters in accordance with <i>Government Auditing Standards</i>
	OSU Wexner Medical Center Health System (OSU Health System)	Completed	
	OSU Foundation	Completed	
Discretely Presented Component Units – financial statements	OSU Physicians	Completed	
	Campus Partners for Community Urban Redevelopment and Subsidiaries (Campus Partners)	Completed	
	Transportation Research Center, Inc.	Completed	
Single Audit	OSU and certain related entities	In process – see status on page 15	Title 2 US Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i>

Single Audit Status

The Single Audit in accordance with the Uniform Guidance (UG) is required annually by federal regulation and is focused on compliance and internal control over compliance for programs that are federally funded. Major programs are selected for audit are based on quantitative and qualitative risk considerations prescribed by federal regulations. While certain major program testing has commenced, risk assessments are still in progress. Below is a summary of recently audited major programs and planned 2025 major programs:

FY23 Major programs – audited	FY24 Major programs – audited	FY25 Major programs
<ul style="list-style-type: none"> • R&D • SFA • PRF* • Head Start • Smith Lever <p><i>* Identified as higher risk in 2023 OMB Compliance Supplement</i></p>	<ul style="list-style-type: none"> • R&D • SFA • Supplemental Nutrition Assistance Program (SNAP) • Disaster Grants – Public Assistance (Presidentially Declared Disasters) • Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs 	<ul style="list-style-type: none"> • R&D • SFA • Medicaid Cluster • Fish and Wildlife Cluster

Compliance test work over direct and material compliance requirements is planned based upon reliance on internal control over compliance. While we may test and report on internal control over compliance, we do not express an opinion on the effectiveness of internal control over compliance.

Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Are you aware of any matters relevant to the audit, including, but not limited to, any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Has the entity complied with all covenants during the financial statement period and before the date of the auditor's report? Have there been any events of default during the financial statement period and before the dates of the auditor's report?
- What is the committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?
- Have any subsequent events occurred that might affect the financial statements?
- Has there been any correspondence with regulators or licensing authorities?

Appendix

Management Representation Letter

Pages 18-23

Audit process and technology

Pages 24-26

Beyond the First 100 Days: federal policy
impacts on higher education

Pages 27-33

Appendix I – Rep Letter

October 31, 2025

KPMG LLP
191 West Nationwide Boulevard
Columbus, Ohio 43215

To whom it may concern:

We are providing this letter in connection with your audits of the financial statements of the business-type activities, the aggregate discretely presented component units, and the related notes to the financial statements of The Ohio State University (the University) as of and for the years ended June 30, 2025 and 2024, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial position, changes in financial position, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles (US GAAP). We are also providing this letter to confirm our understanding that the purpose of your testing of transactions and records relating to the University's federal programs, in accordance with Title 2 US Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), was to obtain reasonable assurance that the University had complied, in all material respects, with the requirements of federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2025:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 23, 2025, for the preparation and fair presentation of the financial statements in accordance with US GAAP.

2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. All minutes of the meetings of the University's Board of Trustees and its committees, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - d. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.
3. Except as disclosed to you in writing, there have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
4. We have disclosed to you, in writing, all known instances of noncompliance or suspected noncompliance with laws and regulations, contracts and grant agreements, whose effects should be considered when preparing financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. Except as disclosed in the financial statements, there are no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which US GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.



Appendix I – Rep Letter (continued)

9. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
10. We have disclosed to you all known concentrations and constraints, as defined in GASB Statement No. 102, *Certain Risk Disclosures*, that should be considered when preparing the financial statements.
11. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedules are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.
12. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term ‘fraud’ is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
13. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the University’s ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators, or others.
17. We have no knowledge of any officer or Trustee of the University, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
18. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with US GAAP and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the fair value measurement and/or disclosure.
19. We have disclosed to you the identity of all our related parties and all the related party relationships and transactions of which we are aware.
20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with US GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

The term ‘related party’ refers to government’s related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

We have provided to you support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm’s-length transaction.

Appendix I – Rep Letter (continued)

- b. Guarantees, whether written or oral, under which the University is contingently liable.
 - c. The existence of and transactions with joint ventures and other related organizations.
21. Except as disclosed in the financial statements, the University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
22. The University has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. The University's reporting entity includes all entities that are component units of the University.
24. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with US GAAP. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the University's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
25. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, State and Local Government Client Affiliates. We have also provided you with information about events, which may result in changes to the University's affiliates. We have also provided you with a list of officers, Trustees, directors, individuals with significant influence over the University, and individuals in key positions with respect to the preparation or oversight of the financial statements. The term 'key position' means position in which an individual has primary responsibility for significant accounting functions that support material components of the financial statements; primary responsibility for the preparation of the financial statements; or the ability to exercise influence over the contents of the financial statements, including when the individual is a member of the board of directors or similar governing body, chief executive officer, president, chief financial officer, chief operating officer, general counsel, chief accounting officer, controller, director of internal audit, director of financial reporting, treasurer, or any equivalent position. To the best of our knowledge and belief, we are not aware of any former KPMG partners in a key position with respect to the preparation or oversight of the University's financial statements and who have a prohibited financial or business relationship with KPMG (as defined under Section ET 1.279.020 of the AICPA Code of Professional Conduct) during the period covered by this letter.
26. We acknowledge our responsibility for the presentation of the required supplementary information (RSI) which includes, management's discussion and analysis, RSI on GASB 68 Pension Liabilities and GASB 75 Net OPEB Liabilities and related Notes to such RSI, in accordance with the applicable criteria and prescribed guidelines established by the Governmental Accounting Standards Board and:
- a. Believe the RSI, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the RSI have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the RSI are reasonable and appropriate.
27. We acknowledge our responsibility for the presentation of the supplementary information (SI) on the Long-Term Investment Pool in accordance with the applicable criteria and:
- a. Believe the SI, including its form and content, is fairly presented in accordance with the applicable criteria.
 - b. The methods of measurement or presentation of the SI have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the SI are reasonable and appropriate in the circumstances.
28. We agree with the findings of specialists in evaluating self-insurance reserves and have adequately considered the qualifications of the specialists and the entity that employs the specialists in determining the amounts and disclosures used in the basic financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Appendix I – Rep Letter (continued)

29. The basis for our proportion of the collective pension and other postemployment benefit plan amounts is appropriate and consistent with the manner in which future contributions to the plan are expected to be made.
30. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.
31. There have been no circumstances that have resulted in communications from the University's external legal counsel to the University reporting evidence of a material violation of securities law or breach of fiduciary duty, or similar violation by the University or any agent thereof.
32. There have been no triggering events, as described in 34 CFR 668.171, that have occurred during or subsequent to the period covered by the auditors' report.
33. We confirm that the University is a public institution that meets the requirements of financial responsibility defined in 34 CFR 668.171.
34. The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
35. The University has classified net position resulting from donor-restricted contributions as nonexpendable or expendable based on our assessment of the donor's intention, as specified in original donor correspondence where available. Where not available, we used other corroborating evidential matter including minutes of the Board, accounting records, and financial statements. To the extent that we were unable to review original donor correspondence to determine the amount of the original gift and donor additions, our determination of such amount was based on our best estimate considering the relevant facts and circumstances. In addition, we have classified appreciation and income related to such contributions in accordance with relevant donor or statutory restrictions.
36. We are planning to issue other information in an Annual Report that includes the audited financial statements. The information is currently not available but the final version will be provided to you when available, and prior to its issuance.
37. In accordance with *Government Auditing Standards*, we have identified to you and provided copies of all previous audits, attestation engagements, and other studies that relate to the objectives of this audit, including whether findings have been addressed and related recommendations have been implemented.
- We confirm having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2025, the following representations made to you during your single audit:
38. We are responsible for the design, implementation, and maintenance of effective internal control over compliance for federal programs that provides reasonable assurance that the University is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award.
39. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of the University's federal programs.
40. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
41. We are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the University's federal programs involving:
- a. Management, including management involved in the administration of federal programs.
 - b. Employees who have significant roles in internal control over the administration of federal programs.
 - c. Others where the fraud could have a material effect on compliance with federal statutes, regulations, and the terms and conditions of federal awards related to its federal programs.

Appendix I – Rep Letter (continued)

42. We are responsible for the presentation of the schedule of expenditures of federal awards (SEFA) in accordance with the Uniform Guidance and:

- a. The SEFA, including its form and content, is fairly presented in accordance with the requirements of the Uniform Guidance.
- b. The SEFA includes all expenditures made during the year ended June 30, 2025 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, cooperative agreements, interest subsidies, insurance, noncash assistance (such as free rent, food commodities, donated property or donated surplus property), direct appropriations, and other assistance.
- c. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.
- d. The significant assumptions or interpretations underlying the measurement or presentation of the SEFA are reasonable and appropriate in the circumstances.
- e. We will make the audited financial statements readily available to the intended users of the SEFA no later than the date of issuance by the entity of the SEFA and the auditors' report thereon.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of October 31, 2025, the following representations made to you during your single audit:

43. The University is responsible for complying, and has complied, with the requirements of the Uniform Guidance.
44. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
45. The University has designed, implemented, and maintained effective internal control over compliance for federal programs that provides reasonable assurance that the University is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
46. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance that we have identified, which could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of federal statutes, regulations, and the terms and

conditions of federal awards. Under standards established by the American Institute of Certified Public Accountants, a deficiency in internal control over compliance 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 on a timely basis, noncompliance with a type of compliance requirement of a federal program. A 'material weakness' is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis. A 'significant deficiency' is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

47. The University has complied with requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of its major federal programs.
48. The University has charged costs to federal awards in accordance with the applicable cost principles.
49. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.
50. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
51. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
52. We have issued management decisions on a timely basis (within six months of acceptance of the audit report by the FAC) for audit findings that relate to federal awards made to subrecipients. Additionally, we have followed up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient by the University.
53. We have considered the results of subrecipient audits and have made any necessary adjustments to the University's accounting records.

Appendix I – Rep Letter (continued)

54. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
55. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
56. We have made available all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements, for major federal programs.
57. We have made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities related to major federal programs.
58. We have identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards.
59. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the compliance requirements over federal programs, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
60. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
61. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
62. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.
63. We have advised you of all contracts or other agreements with service organizations.
64. We have disclosed to you all communications from the University's service organizations relating to noncompliance at the service organizations.
65. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control over major federal programs, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
66. We have disclosed to you all known noncompliance relating to major federal programs occurring subsequent to the period covered by the auditors' report.
67. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance over major federal programs during the reporting period.

Very truly yours,

The Ohio State University

Walter "Ted" Carter Jr.

President

Michael Papadakis

Senior Vice President and Chief Financial Officer

Kristine Devine

Vice President of Operations and Deputy Chief Financial Officer

Lisa Plaga

Associate Vice President, Shared Services and Controller



How we work: **Creating value for you**

Accelerating the future of audit with our technology-driven platform, empowered by strategic partnerships (e.g., Microsoft and MindBridge)



AI-driven financial reporting and auditing revolution

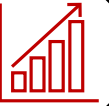
Insights from KPMG's Survey



97% of financial reporting leaders intend to use or pilot GenAI over the next three years.



83% of financial reporting leaders say it is important that external auditors use AI in their analysis.



Key AI benefits focus on real-time insights, ability to predict trends and impacts, increased data accuracy and reliability, and better data-enabled decisions.



Desire for auditors to use AI for risk and anomaly identification, data analysis and quality management, and risk mitigation and internal controls.



Expected AI and GenAI benefits come with risks. Leaders focus on ethical use of GenAI, setting up policies and governance and early board involvement.

Effective practices include regular monitoring, training, ethical frameworks and human oversight.

KPMG has developed a trusted AI approach centered around using AI responsibly and ethically.

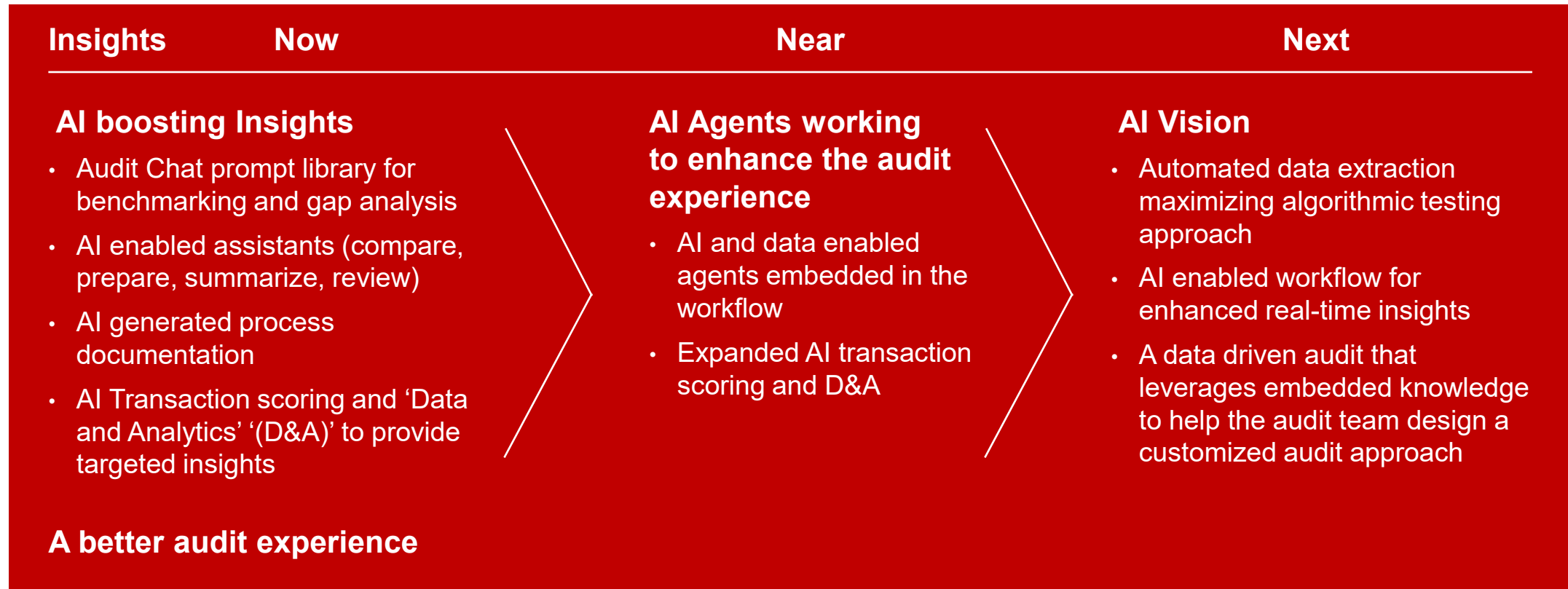
Values-driven

Human-centric

Trustworthy

Next-generation technology

AI empowerment leading to focused insights



We maximize insights through a data-enabled, AI-powered platform.

Beyond the First 100 Days: federal policy impacts on higher education

Beyond the First 100 Days: federal policy impacts on higher education

Several executive and legislative priorities of the new federal administration and Congress have begun to impact U.S. colleges and universities and could have significant long-term consequences for the industry. The velocity and volume of executive orders (EOs) and legislative changes – including those in the “One Big Beautiful Bill Act (OB3)” passed on July 4, 2025 – have created funding gaps, complicated financial planning and compliance with regulations, and prompted policy and operational changes. As a result, Moody’s revised its industry outlook in March 2025 from stable to negative. Among issues being monitored are:

- Reductions in and realignment of federally funded research grants and contracts based on new agency priorities, and reductions in indirect cost recoveries (ICR) (e.g., National Institutes of Health). **Institutions in both blue and red states face significant cuts in grant funding moving forward.** A new EO issued August 7 changes oversight protocols for grantmaking and suggests a preference for institutions with lower ICR.
- Elimination of the Department of Education (ED), curtailment or elimination of certain grant and loan programs, and redistribution of certain of ED’s functions to other federal agencies, states, or the private sector. **OB3 included several changes to federal student aid programs** (see page 6).
- Implementation of tariffs across global trading partners. Economists note that **inconsistency of implementation** has created economic uncertainty and increases risks of stagflation and recession. In addition to higher costs for goods and services across the industry, such actions may exacerbate existing enrollment and tuition pricing pressures at some institutions.
- A pushback on diversity, equity, and inclusion (DEI) programs. The Office of Civil Rights (OCR) has initiated targeted investigations of dozens of institutions, alleging racial preferences and antisemitism, and grants and contracts with DEI elements have been eliminated. In addition, the administration has cancelled federal funding at certain high-profile institutions amid **demands for changes in institutional practices**.
- OB3 increased rates related on the so-called “endowment tax.” Private institutions subject to the tax – which is indicative of institutional wealth – may also be **vulnerable to new regulations and state taxes**.
- A pivot away from clean energy and climate change initiatives, including **grant funding, as well as tax incentives revised in OB3**, and elimination of certain longstanding environmental regulations.
- More aggressive **immigration and deportation policies** may affect international students and faculty, as well as overseas programs.
- Geopolitical developments in the Middle East, Eastern Europe, and other regions amid new U.S. foreign policy directives, which could affect the nature and extent of **campus-based protests or other activities attracting federal scrutiny**.

The responses we are seeing in the industry

Executive orders and other policy changes in 2025 thus far have disrupted and destabilized several aspects of the higher education sector, with individual institutions affected to varying degrees. Following are some of the actions and activities we have observed senior administrators taking in response to the rapidly evolving environment.

- Establishment of working groups around key risk areas
- Communications to and oversight by trustees
- Increased legal analysis and activity
- Evaluation of tariff impacts on costs and supply chains
- Evaluation of research enterprise and other grant impacts
- Assessment of changes at the Department of Education
- Assessment of immigration, deportation, and travel policy changes
- Reevaluation of DEI/ESG initiatives
- Enhanced modeling, sensitivity analysis, and scenario planning
- Operational and financial changes
- Enhanced financial reporting and disclosures
- Reconsideration of fundraising goals
- Reassessment of investment and endowment strategies
- Evaluation of tax implications
- Changes in internal audit focus

Changes to federal student loan programs

Federal student loan limits: previous law vs. OB3

Borrower category	Loan limits under previous law	Loan limits under OB3
Undergraduate students	\$5,500 to \$12,500 annually; \$31,000 to \$57,500 in aggregate	\$5,500 to \$12,500 annually; \$31,000 to \$57,500 in aggregate
Nonprofessional graduate students	Cost of attendance, as determined by the institution	\$20,500 annually; \$100,000 in aggregate
Professional graduate students	Cost of attendance, as determined by the institution	\$50,000 annually; \$200,000 in aggregate
Parents of undergraduate students	Cost of attendance, as determined by the institution	\$20,000 annually; \$65,000 in aggregate per child

Source: US Department of Education, Federal Student Aid, <https://studentaid.gov/help-center/answers/article/how-much-money-can-i-borrow-federal-student-loans>; and One Big Beautiful Bill Act, H.R. 1, 119th Cong. (2025).

- Of \$1 trillion in loans expected to be originated in the next decade, about half will go to graduate students, which account for less than 20% of total postsecondary enrollments. While undergraduate student loan limits are unchanged under OB3, historically, graduate students and parents of undergraduates could borrow up to an institution's cost of attendance.
- Moving forward, most graduate programs will face annual caps of \$20,500, whereas professional programs including law, medicine, dentistry and other stipulated programs will be capped at \$50,000. Overall, about 20% of master's students borrow above the new limits, a figure which climbs to 25% at private not-for-profit universities, and about 40% of medical students borrow above the \$50,000 cap.

Repayment reforms

- Historically, income-driven repayment plans (IDRs) have allowed borrowers to align repayments of loans to their incomes.
- Previous IDRs included, for example, SAVE and PAYE, which because of payment caps often resulted in low monthly payments and potentially significant levels of loan forgiveness.
- Effective July 1, 2026, OB3 eliminates all current IDRs for new borrowers and replaces them with 1) a standard plan and 2) the Repayment Assistance Plan (RAP).
- The standard plan amortizes on mortgage-type basis over 10 to 25 years, depending on the borrower's initial balance, whereas RAP varies payments with income but will require significantly higher payments than were required under prior IDRs. This is expected to result in faster repayment and less loan forgiveness.

Institutional accountability

- OB3 introduces a new “do no harm” test that revokes a degree-granting program's eligibility for federal student loans if graduate (i.e., associate, bachelor's, master's, doctoral, professional) earnings are too low.
- Under the test, median annual earnings of graduates are measured four years after program completion and compared to a benchmark chosen by program indicating what the graduate may have earned had they not pursued the degree in the first place. The idea is that if the earnings are below the benchmark, the program is likely not creating economic value and may be doing “harm” to students as a result.
- If a program fails the earnings benchmark test for two out of any three consecutive years, the program would no longer be eligible for federal loan disbursements.
- While only a small number of undergraduate programs are likely to be impacted, certain professional degree programs (particularly at for-profit institutions) could eventually lose eligibility under the new rules.

Ramifications of changes to federal student aid programs

The aforementioned changes to federal student financial aid regulations introduced by OB3 are transformative and will present challenges to the sector. Key provisions and strategic recommendations for adapting to the new landscape are presented below.

1. Loan Caps and Potential Revenue Disruption:

- While loan limits for undergraduate students will be unchanged, graduate students and parents of undergraduate students will be subject to new annual and aggregate loan caps. Previously, loan limits for graduate students and parents of undergraduate students were limited to cost of attendance, which provided more borrower flexibility. Accordingly, undergraduate and graduate programs may be impacted by these new limits.

Recommendation: Engage academic affairs, institutional research, and career services in financial planning. Inform stakeholders (faculty, students, trustees) about financial changes and institutional responses. Planning should be revised to incorporate best- and worst-case financial aid scenarios, reflecting new borrowing limits and simulated impacts of loan caps.

2. Income-driven student loan repayment:

- The bill will prevent borrower balances from rising over time and require more rapid repayment by borrowers.

Recommendation: Factoring in how these changes may affect borrowing activity in financial aid scenarios and providing information to students and parents about the implications of these new rules will be critical.

3. Greater accountability for institutions:

- With some exceptions, the law makes institutions accountable for poor student outcomes and institutes a “do no harm” test that could result in the revocation of a degree program’s eligibility for federal loans if graduates’ earnings do not exceed certain levels. This could result in the loss of funding for some programs.

Recommendation: Funding will shift from enrollment-based to outcome-based models. Align academic offerings with labor market demands. Invest in predictive analytics to track student outcomes and financial exposures. Enhance alumni tracking systems to support earnings-based metrics.

4. Regulatory and Compliance Changes:

- Given these and other changes, managing compliance with financial aid programs will require new policies, procedures, and internal controls.

Recommendation: Institutions should expect greater scrutiny of program outcomes and have robust systems to monitor compliance.





Thank you

David Gagnon

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For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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Annual Compliance Report

Gates Garrity-Rokous, Vice President and Chief Compliance Officer



Overview

- Risk Trends
- FY2026 Compliance Plan Focus Areas

Higher Education Risk Trends

Key Risk Drivers: FY2026

- Regulatory Expectations and Enforcement
- Academic Excellence and Research Innovation
- Wexner Medical Center
- Athletics Transformation
- Economic and Political Environment



Regulatory Expectations & Enforcement

Risk Drivers



KNOWN RISKS

- Continued new legislation and regulations
- Malign foreign influence and grant repayment
- Continuing regulatory/enforcement uncertainty



EMERGING RISKS

- DOJ enforcement
- Title VI and Title VII



FY2026 COMPLIANCE FOCUS

- SB-1 Compliance
- Continue improvements in issue response processes
- Continue to strengthen cross-unit capacity to address emerging issues



Academic Excellence & Research Innovation

Risk Drivers



KNOWN RISKS

- Competitive pressures and key opportunities requiring increase in speed of decision-making
- New secure research regulations



EMERGING RISKS

- AI technologies across all operations
- Cybersecurity 3rd party risks

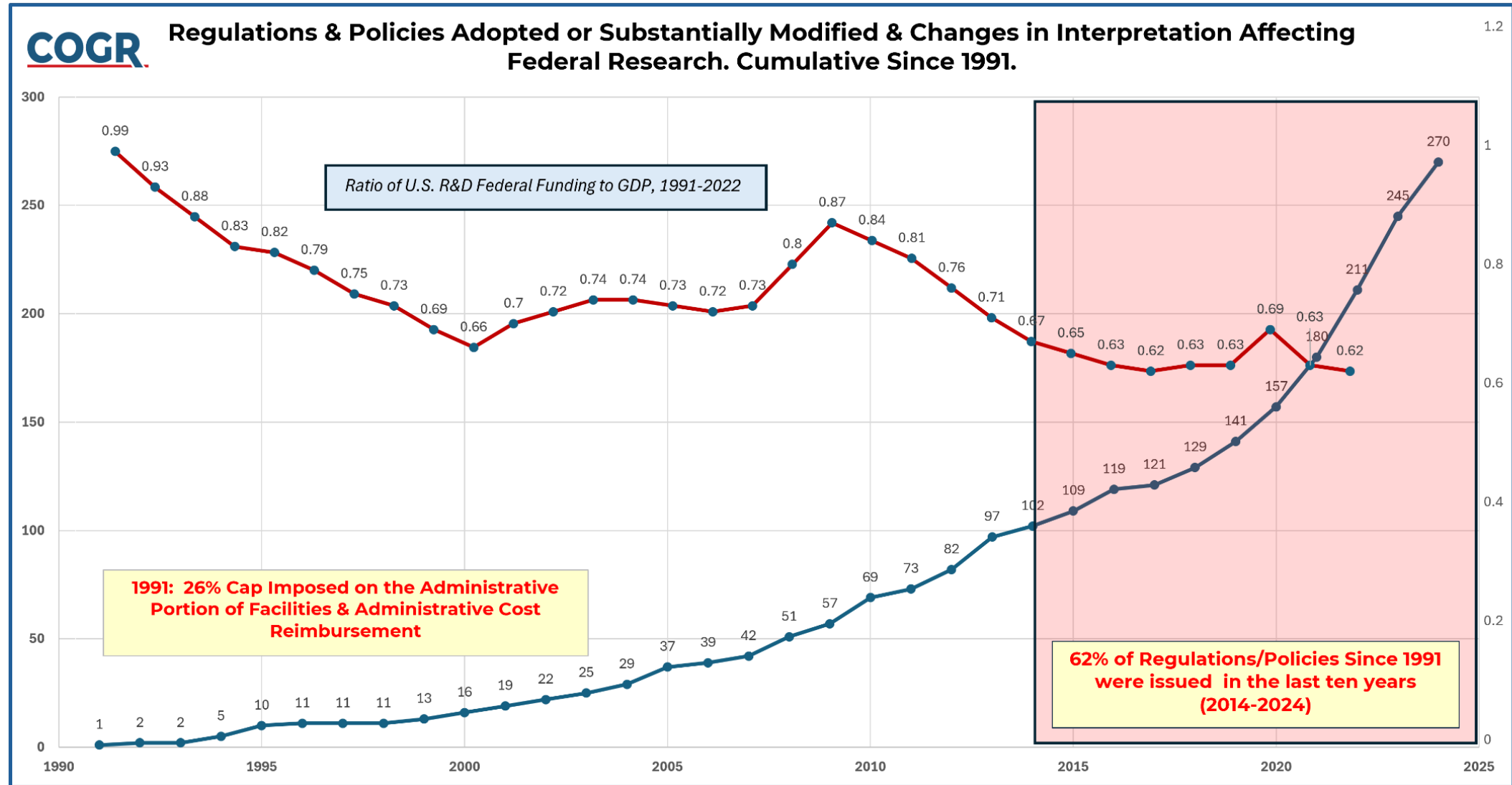


FY2026 COMPLIANCE FOCUS

- AI risk assessment and support for development of controls and governance
- Focus on regulatory tollgates (key decision points)
- Continue to align controls and processes to obtain efficiencies and facilitate compliance



Research: Long-Term Regulatory Trend Continues



Wexner Medical Center

Risk Drivers

✓ KNOWN RISKS

- New tower preparations and ongoing changes to operations
- Continuous expansion of services, novel business relationships, changes to regulations



EMERGING RISKS

- HIPAA privacy and challenges to data sharing for research purposes
- Cybersecurity 3rd party risks



FY2026 COMPLIANCE FOCUS

- Maintain focus on tailored risk programs and compliance auditing
- Extend alignment of WMC and campus information security efforts



Athletics Transformation

Risk Drivers

KNOWN RISKS



- Fundamental change in business model
- 2022 NCAA Major Case requiring continued monitoring and reporting



EMERGING RISKS

- New compensation models or requirements
- Competitive pressures across all operations



FY2026 COMPLIANCE FOCUS

- Continue rapid response to support strategic efforts to advance and align to industry changes
- Maintain focus on NIL and industry transition



Economic and Political Environment

Risk Drivers

✓ KNOWN RISKS

- Efficiency priorities and need for continued simplification of operations
- External environment increases velocity and extent of concerns and reputational risks

! EMERGING RISKS

- Ongoing uncertainty in regulatory and enforcement environment

📄 FY2026 COMPLIANCE FOCUS

- Improve focus risk assessment capabilities to better support strategic prioritization
- Continue focus on concern reporting processes



SUMMARY OF ACTIONS TAKEN

June 4, 2025 – Legal, Audit, Risk and Compliance Committee Meeting

Members Present:

Elizabeth P. Kessler
Bradley R. Kastan

Juan Jose Perez
Kendall C. Buchan

John W. Zeiger (ex officio)

Members Present via Zoom:

Michael F. Kiggin

Amy Chronis

Members Absent: N/A**PUBLIC SESSION**

The Legal, Audit, Risk and Compliance Committee of The Ohio State University Board of Trustees convened on Wednesday, June 4, 2025, virtually and in person at Longaberger Alumni House on Ohio State's Columbus campus. Committee Chair Elizabeth Kessler called the meeting to order at 2:00 p.m.

Item for Discussion:

1. External Audit Update: 2025 Audit Plan: Mr. David Gagnon, lead engagement partner and national industry leader for higher education at KPMG, outlined the timeline and process of the university's external audit for the fiscal year ending on June 30, 2025. The plan is consistent with last year's effort as far as focus areas (investments and patient accounts receivable). The teams at Ohio State and KPMG are also consistent, which will be beneficial to both organizations throughout the audit. He then discussed the new GASB standard for compensated absences and the university's single audit.

(See Attachment X for background information, page XX)

Item for Action:

2. Approval of Minutes: No changes were requested to the March 5, 2025, meeting minutes; therefore, a formal vote was not required, and the minutes were considered approved.

EXECUTIVE SESSION

It was moved by Ms. Kessler and seconded by Mr. Kastan that the committee recess into executive session to consult with legal counsel regarding pending or imminent litigation; to consider business-sensitive trade secrets; and to discuss personnel matters regarding the appointment, employment and compensation of public employees.

A roll-call vote was taken, and the committee voted to move into executive session with the following members present and voting: Ms. Kessler, Mr. Kastan, Mr. Kiggin, Mr. Perez, Dr. Buchan, Ms. Chronis and Mr. Zeiger.

The committee entered executive session at 2:09 p.m. The meeting adjourned at 5:24 p.m.