The Ohio State University
Board of Trustees

REVISED

November 19, 2020

THURSDAY, NOVEMBER 19, 2020
AUDIT, COMPLIANCE & FINANCE COMMITTEE MEETING

Location: Zoom Meeting — Time: 10:15am-12:15pm

Public Session

ITEMS FOR DISCUSSION

1. *University Financial Scorecards – Mr. Mike Papadakis, Ms. Kris Devine* — 10:15-10:20am
2. *Audit Update* — 10:20-10:45am
   a. *Audited Consolidated Financial Statements (DRAFT) – Mr. Mike Papadakis, Ms. Kris Devine, Mr. Mark Larmore*
   b. *External Auditor – Ms. Christa Dewire*
3. *Shared Values Initiative – Mr. Gates Garrity-Rokous* — 10:45-10:55am

ITEMS FOR ACTION

4. Approval of August 27, 2020, Committee Meeting Minutes – Mr. John Zeiger — 10:55-11:00am
5. Consent Agenda — 11:00-11:05am
   a. Approval to Submit Audited Consolidated Financial Statements (DRAFT) to the Auditor of State
   b. Approval of the FY20 Progress Report on Ohio Task Force on Affordability and Efficiency in Higher Education Recommendations
   c. Authorization to Enter Into/Increase Professional Services and Construction Contracts
   d. Authorization for Increase to WOSU Final Improvements
   e. Approval for Purchase of Real Property (1145 Olentangy River Road)
   f. Approval for Purchase of Real Property (West 11th Avenue)
6. Written Reports (Background Only) – Public
   a. FY21 Interim Financial Report
   b. Major Project Updates
   c. Corporate Engagement and Technology Commercialization Update

Executive Session — 11:15am-12:15pm

THE OHIO STATE UNIVERSITY

November 2020 Board Meeting
FY 2021 | Through September

Consolidated Financial Scorecard ($ in thousands)	FY21 YTD Actual	FY21 YTD Budget	Actual vs. Budget
A. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	$ 1,699,470	$ 1,708,602	↔
2. Total Expenses	$ 1,688,565	$ 1,706,133	↓
3. Change in Net Assets	$ 387,650	$ 371,002	↑
4. Change in Net Assets excluding endowment performance	$ 39,000	$ 30,342	↑
5. Change in Net Financial Assets	$ 417,880	$ 125,000	↑
B. Institutional Financial Metrics			
1. Liquidity - Days Cash on Hand	219	120	↑
2. Actual Debt Service to Operations	3.0%	< 3.0%	↔
	FY21 Actual	**FY21 Benchmark**	**Actual vs. Benchmark**
3. Short Term Investment Pool Return	1.27%	1.10%	↔
4. Intermediate Investment Pool Return	4.54%	3.74%	↔
5. Fiscal YTD Long Term Investment Pool Return	6.28%	5.72%	↔
6. 1 Year Long Term Investment Pool Return	5.81%	9.84%	↓
7. 3 Year Long Term Investment Pool Average Return	4.46%	7.06%	↓
8. Credit Rating	AA1/AA	AA	↔

(green)	Meets or exceeds goal	↑	Performance up
(yellow)	Below goal	↔	No change in performance
(red)	Far below goal	↓	Performance down

The Ohio State University

November 2020 Board Meeting

FY 2021 | Through September

University Financial Scorecard ($ in thousands)	FY21 YTD Actual	FY21 YTD Budget	Actual vs. Budget
A. Revenue Drivers (in thousands)			
1. Tuition and Fees	$ 208,239	$ 214,603	↓
2. Grants and Contracts (exchange)	$ 202,195	$ 202,488	↔
3. Advancement Cash Receipts	$ 35,958	$ 35,735	↔
4. State Share of Instruction	$ 96,033	$ 96,033	↔
5. State Line Item Appropriations	$ 20,992	$ 20,992	↔
6. Net Contribution from Auxiliary Enterprises	$ (38,729)	$ (38,640)	↔
B. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	$ 797,646	$ 740,185	↑
2. Total Expenses	$ 770,290	$ 786,510	↓
3. Current Net Margin	$ 88,131	$ 20,255	↑
4. Change in Net Assets	$ 382,170	$ 316,742	↑
5. Change in Net Assets excluding endowment performance	$ 116,226	$ 48,128	↑
C. Performance Metrics (Columbus Campus only)			
1. Enrollment - summer	21,183	21,783	↓
2. Credit Hours - summer	146,152	143,462	↑

(green)	Meets or exceeds goal	↑	Performance up
(yellow)	Below goal	↔	No change in performance
(red)	Far below goal	↓	Performance down

The Ohio State University

November 2020 Board Meeting

FY 2021 | Through September

MEDICAL CENTER FINANCIAL PERFORMANCE	FY21 YTD Actual	FY21 YTD Budget	Current Status
A. Revenue Drivers			
1. Patient Admissions	15,894	15,993	↑
2. Patients in Inpatient Beds	19,669	20,031	↑
3. Patient Discharges	15,903	15,909	↔
4. Total Surgeries	12,503	11,869	↑
5. Outpatient Visits	522,461	510,991	↑
6. ED Visits	28,918	29,256	↑
B. Activity Metrics			
1. Adjusted Admissions	32,712	33,404	↑
2. Operating Revenue / Adjusted Admit	$ 26,319	$ 25,426	↑
3. Expense / Adjusted Admit	$ 23,363	$ 22,909	↑
C. Financial Snapshot (in thousands)			
1. Operating Revenues	$ 860.9	$ 849.3	↑
2. Total Expenses	$ 764.3	$ 765.3	↔
3. Gain from Operations	$ 96.7	$ 84.1	↑
4. Excess Revenue Over Expenses	$ 62.6	$ 49.8	↑
D. Performance Metrics			
1. Operating EBIDA Margin	17.1%	15.8%	↑
2. Days Cash on Hand	237.8	131.6	↑
3. Debt Service Coverage	7.73	7.11	↑

LEGEND

Meets or exceeds goal	↑ Performance up
Below goal	↔ No change in performance
Far below goal	↓ Performance down

THE OHIO STATE UNIVERSITY

Audit Update

Audit, Compliance & Finance Committee | November 19, 2020

Fiscal Year 2020 Wrap Up

Overall Financial Performance

- There were no significant changes to the June 30, 2020 and 2019 consolidated financial statements since our results were reported to you on August 27, 2020.
- Our overall financial position ended strong. Our size, diversity of operations, and discipline enabled us to retain fiscal strength during this unprecedented disruption.
  - FY20 cashflow outpaced historical trends until March of 2020 when campus shut down due to COVID and Wexner Medical Center operations shifted to address the pandemic health care needs of the community.
  - Federal stimulus funds of $170M helped to offset increased costs and provided $15M of emergency student financial aid.
  - Financial controls implemented, including a hiring pause and business-essential only spend, curtailed 4th quarter cash outflows.
  - Dramatic shift to tele-medicine mitigated some revenue loss and provided needed services at the WMC.
  - Liquidity continues to be strong and is being continually monitored.
  - The fiscal year ended with a positive net cashflow of $248M.
  - AA/AA/Aa1 bond rating is evidence of financial strength. (Affirmed in June 2020).

Fiscal Year 2020 Wrap Up - University

Significant financial statement report impacts include:

- Two affiliated entity organizational structural changes impacted how those entities are reflected in our financial statements:
  - Science and Technology Campus Corporation (SciTech) added as a component unit.
  - Pelotonia added as a direct component unit of the university, previously a component unit of the Foundation.
- The economic impact of the COVID-19 pandemic on the university and the funding opportunities received by the university through the CARES Act.
- The issuance of Series 2020A General Receipts Bonds of $186M to refund $227M of variable rate bonds.
- Entering into two forward-starting pay fixed/receive floating interest rate swap agreements to convert all or a portion of the associated variable rate debt to synthetic fixed rates.
- The subsequent event impact of the postponement of fall sports to the Department of Athletics.

The Ohio State University

Future Financial Reporting Impacts:

Stmt #	Title	Description	Effective
95	*Postponement of the Effective Dates of Certain Authoritative Guidance*	Temporary relief to governments due to the COVID-19 pandemic, which extends the effective dates of certain accounting and financial reporting provisions.	FY 20
84	*Fiduciary Activities*	Establishes criteria for identifying and reporting fiduciary activities generally focused on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.	FY 21
90	*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*	Establishes that when ownership of a majority equity interest in a legally separate organization exists, the government should report that organization as a component unit.	FY 21
87	*Leases*	Establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources.	FY 22
89	*Accounting for Interest Cost Incurred before the End of a Construction Period*	Requires that interest cost incurred during the period of construction be recognized as an expense in the period in which the cost is incurred. These costs will no longer be included in the historical costs of capital assets.	FY 22
97	*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*	Clarifies how the absence of a governing board should be considered in evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution, OPEB and other plans, including 457 plans. It also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans.	FY 22
93	*Replacement of Interbank Offered Rates (IBOR)*	Due to global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021. This standard addresses accounting and financial reporting implications that result from the replacement of an IBOR.	FY 23
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	The standard applies the right-of-use model to P3 arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets.	FY 23
96	*Subscription-Based Information Technology Arrangements*	Requires recognition of a right-to-use subscription asset (i.e. the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs) and amortization of the asset over the subscription term.	FY 23

Fiscal Year 2020 Wrap Up – Health System and OSUP

Significant financial statement report changes include:

- The financial position of the Health System and OSUP ended strong. Despite the challenges of the pandemic, the Health System and OSUP continued to deliver unparalleled quality patient care and remain fiscally responsible.
  - Admissions, Surgical Volumes, Chemotherapy, and Radiation Therapy were significantly outpacing prior year before the pandemic.
  - Transplant program experienced a record volume year.
  - Health system expenses driven by strategic growth including staffing to meet increased patient volumes and drug prices.
- The economic impact of the COVID-19 pandemic on the Health System and OSUP and the funding opportunities received from the Provider Relief Funds and the Medicare Advance Payment Program.
  - Ohio Department of Health issued an order temporarily recommending that non-essential or elective surgeries and procedures not be conducted for the time period between March 17, 2020 and May 1, 2020.
  - Provider Relief funds totaled $155M for Health System and OSUP.
  - Medicare Advance Payments totaled $287.5M for Health System and OSUP. Medicare Advance Payments are to be paid back starting one year after they were received.
  - Health System Covid-19 expenses totaled $23M.
  - Volumes started to recover during the months of May and June.
  - Certain cost containment measures were implemented to address expected and potential revenue losses related to the pandemic.

Tomorrow’s audit, today: your results

Status of the audit

- Substantially completed our audit of the University’s financial statements pending the following:
  - Completion of subsequent event procedures
  - Receipt of signed management representation letter
- Expect to issue unqualified opinions on the financial statements upon approval of the Committee

Key events and transactions

- Receipt of Higher Education Emergency Relief and Provider Relief Funds in conjunction with the CARES Act, as well as receipt of advance payments under the Medicare Accelerated and Advance Payment Program.
  - Revenue recognition/accounting for funds/advance and related financial statement disclosures reviewed and deemed appropriate
  - Aspects of CARES Act funding to be subjected to Uniform Guidance compliance testing in coming months (guidance in November)
- Temporary relief to governmental entities provided via postponement of effective dates of certain-new GASB accounting standards in light of the COVID-19 pandemic
- Effective hedge accounting in relation to forward starting interest rate swaps entered into in anticipation of a future debt refunding
- Change in discretely presented component unit (SciTech)
- No significant unusual transactions outside the normal course of business

Significant changes to audit plan

- Updated materiality thresholds
- No significant changes to the audit plan

Audit findings

- One unadjusted misstatement identified by management in relation to the fair value of alternative investments reflected one quarter in arrears.
  - Recurring item, due to a management decision to improve operational efficiencies associated with year-end close process
  - Deemed immaterial (net impact of $19M)
- An out of period adjustment reflected in the current year results to correct errors in prior period consolidations of a university affiliate ($25M) – also deemed immaterial.
- No significant audit findings or exceptions in areas deemed to be significant risks for purposes of our audit
- Control deficiencies identified in conjunction with the audit will be communicated to management in writing.

Other required communications

- No significant changes in management’s process to determine sensitive estimates subject to management judgment
- No new or changes in significant accounting policies and practices
- No matters to report with respect to our independence
- No matters to communicate with respect to illegal acts, fraud or non-compliance with laws and regulations
- No uncertainties with regard to University’s ability to continue as a ‘going concern’
- No disagreements with management or difficulties encountered during the audit

Delivering exceptional quality

Through our unique combination of people and technology

Rooted in our core values

- Make a difference
- Work together
- Reimagine the possible
- Care
- Act with integrity

Date:	October 26, 2020
To:	The Ohio State University Audit, Compliance and Finance Committee
From:	Christa Dewire, Audit Partner
Subject:	External Audit – FY20 Audit Results

Purpose

To report to the Committee on the status and results of the external audit of the University's financial statements as of and for the fiscal year ended June 30, 2020, as well as share certain Committee-level communications required by professional auditing standards.

Committee Action

No action needed.

Executive Summary

- We will have substantively completed our audit procedures by November 19, 2020 and expect to issue unqualified opinions on the financial statements of the University.

- Materiality thresholds were updated. There were no significant changes to our planned audit strategy or significant risks; nor were there significant findings in procedures performed over significant risk areas. There were no significant unusual transactions identified during our audit.

- There were no significant changes in the estimation methodology used by management in relation to its valuation of particularly sensitive estimates.

- Key events/transactions and other areas of focus in the current year included:
  - Receipt of Higher Education Emergency Relief Funds and Provider Relief Funds in conjunction with the CARES Act, as well as receipt of advance payments under the Medicare Accelerated and Advance Payment Program.
  - Temporary relief to governmental entities provided via postponement of effective dates of certain new GASB accounting standards in light of the COVID-19 pandemic.
  - Effective hedge accounting in relation to forward starting interest rate swaps entered into in anticipation of a future debt refunding.
  - Change in discretely presented component unit (SciTech)

- There was one unadjusted misstatement identified by management in relation to the fair value of alternative investments reflected one quarter in arrears. This is a recurring item, due to a management decision to improve operational efficiencies associated with the year-end close process. The net impact was deemed immaterial. There was also an out of period adjustment reflected in the current year results related to the correction of errors in prior period consolidations of a university affiliate. We agree with management's conclusions surrounding the immateriality of uncorrected misstatements.

- Other matters we are required to bring to the Committee's attention are included within our materials.

Tomorrow's audit, today

Report to the Audit, Compliance and Finance Committee

FY20 audit results

The Ohio State University

November 19, 2020

pwc

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Tomorrow’s audit, today: your results

October 26, 2020

Dear Members of the Audit, Compliance and Finance Committee of The Ohio State University:

We are pleased to submit our Report to the Audit, Compliance and Finance Committee related to the results of our FY20 audit of The Ohio State University’s (the “University") financial statements. Our report includes an update on the status of our audit, a summary of the results of our audit work and other required communications. We’ve also taken the opportunity to highlight how our technology and people-driven approach is delivering enhanced quality and other key benefits like greater customization, time-savings and insights from the audit.

This report has been prepared in advance of our meeting and prior to the completion of our procedures. Other matters of interest to the Audit, Compliance and Finance Committee may arise, which we will bring to your attention at our meeting.

We look forward to presenting this report, addressing your questions and discussing any other matters of interest. Please feel free to contact me at (201) 738-6553 or christa.l.dewire@pwc.com with any questions you may have.

Very truly yours,

Christa L Dewire

Christa L Dewire
Engagement Partner

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Through our unique combination of people and technology

Rooted in our core values

- **Make a difference**
- **Work together**
- **Reimagine the possible**
- **Care**
- **Act with integrity**

What’s inside

This report and the information that it contains is intended solely for the information and use of the Audit, Compliance and Finance Committee or management, if appropriate, and should not be used by anyone other than these specified parties.

Auditing smarter (not just auditing)

Tomorrow's audit, today

The optimal blend of people and technology, along with the application of well-reasoned professional judgement, allows us to deliver an audit that's tailored to your business. With our powerful integrated suite of technology tools, your digitally savvy team enhances the quality of your audit and makes it more consistent and less burdensome for your people.

People-powered
Audit and digital IQ combined to deliver exceptional service

Efficient
Less data preparation, less disruption, saves you time

Customized
Automations incorporating judgment tailored specifically to your audit

Precise
Enhanced quality, relevant audit plans, focused testing

Transparent
A real-time view across the organization like never before

Insightful
Relevant insights into your business as a result of the audit

Highlights

Status of the audit

- Substantially completed our audit of the University's financial statements pending the following:
  - Completion of subsequent event procedures
  - Receipt of signed management representation letter (Appendix II)
- Expect to issue unqualified opinions on the financial statements upon approval of the Committee
  - Draft audit reports in Appendix I
- Status of other audit/attest deliverables in Appendix III

Significant changes to audit plan

- Updated materiality thresholds
- No significant changes to the audit plan previously communicated to the Committee

Audit findings

- One unadjusted misstatement identified by management in relation to the fair value of alternative investments reflected one quarter in arrears.
  - Recurring item, due to a management decision to improve operational efficiencies associated with the year-end close process
  - Deemed immaterial
- An out of period adjustment reflected in the current year results to correct errors in prior period consolidations of a university affiliate – also deemed immaterial.
- No significant audit findings or exceptions in areas deemed to be significant risks for purposes of our audit
- Control deficiencies identified in conjunction with the audit will be communicated to management in writing.

Highlights

Key events and transactions

- Receipt of Higher Education Emergency Relief and Provider Relief Funds in conjunction with the CARES Act, as well as receipt of advance payments under the Medicare Accelerated and Advance Payment Program.
    - Revenue recognition/accounting for funds/advance and related financial statement disclosures reviewed and deemed appropriate
    - Aspects of CARES Act funding to be subjected to Uniform Guidance compliance testing in coming months (guidance expected to be received in November)
- Temporary relief to governmental entities provided via postponement of effective dates of certain new GASB accounting standards in light of the COVID-19 pandemic
- Effective hedge accounting in relation to forward starting interest rate swaps entered into in anticipation of a future debt refunding
- Change in discretely presented component unit (SciTech)
- No significant unusual transactions outside the normal course of business

Other required communications

- No significant changes in management's process to determine sensitive estimates subject to management judgment
- No new or changes in significant accounting policies and practices and none noted in controversial or emerging areas or areas for which there is a lack of authoritative guidance or consensus or diversity in practice
- No matters to report with respect to our independence
- No matters to communicate with respect to illegal acts, fraud or non-compliance with laws and regulations
- No uncertainties with regard to University's ability to continue as a 'going concern'
- No disagreements with management or difficulties encountered during the audit

Audit results

Status of our audit (as of October 26th)

Significant changes to the audit plan

We presented our planned audit approach, including our preliminary risk assessment, and related scoping considerations to the Audit, Compliance and Finance Committee on June 4, 2020.

Throughout the audit we continuously evaluate the appropriateness of our audit strategy.

Current year materiality thresholds were updated based on quantitative and qualitative considerations, resulting in the following:

FY 20	Primary Institution	Discretely Presented Component Units
Overall Materiality	$195 M	$11.5M
De Minimis Materiality	$19.5M	$1.15M

There were no significant changes to the planned audit approach.

Remaining items to complete

We are substantially complete with our audit of the University financial statements, pending final approval of the financial statements and completion of the following:

- Subsequent events procedures; and
- Receipt of management's signed representation letters

Our Uniform Guidance testing is in progress, however the direct cost testing performed for purposes of the compliance report and leveraged for purposes of our University financial statement audit is complete.

Audit report

We expect to issue our unqualified report on the financial statements of the primary institution and of the aggregate discretely presented component units, which collectively comprise the University on or around November 19th. Drafts of our audit reports are included in Appendix I.

The status of all other PwC deliverables is included in Appendix III.

To the extent there are significant updates to these communications subsequent to submission to the Committee, but prior to our report release date, we will update the Committee verbally during the November meeting.

Audit risks and results

Significant Risk – Management Override of Controls

No audit findings or exceptions noted.

Significant Risk – Valuation of Unpaid Revenue[1]

No audit findings or exceptions noted.

Reimagining the possible on your audit:

- Halo for Journal Entries

Significant accounting policies and practices – initial adoption or change

The University's significant accounting policies are detailed in section "Significant Accounting Policies" in the financial statements. There are no accounting policies that are atypical for public universities.

There were

- No significant changes in accounting policies and practices or their application in the current period.
- No accounting policies related to controversial or emerging areas or areas for which there was a lack of authoritative guidance or consensus or diversity in practice that affect the financial statements or disclosures of significant accounting policies.
- No significant or unusual transactions in the current year.

During the year ended June 30, 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* This Statement - which is intended to provide temporary relief to governments in light of the COVID-19 pandemic - extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement are effective immediately.

- As a result, there were no new accounting standards implemented in the current year.

(1) Represents significant risk associated with fraud or error/misstatement in the valuation of contractual allowance and bad debt reserves, components of net patient service revenue

Audit risks and results

Particularly sensitive accounting estimates – Patient Accounts Receivable and Related Allowances and Net Patient Service Revenue

Description of estimate

Reported patient revenues represent 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.

Significant inputs / assumptions

Models utilize historical results to arrive at best estimates of future collections, giving consideration to changes to existing agreements, recent trends, and the aging and composition of unpaid receivables.

Financial Statement impact at June 30, 2020

Health System:

- $337.8M of net patient accounts receivable (net of $408M of contractual allowances and $65M of bad debt)
- $3,094M net patient service revenue less provision for bad debts

OSU Physicians:

- $40.9M net patient care receivables (net of $66.2M of contractual allowances and $6.7M of bad debt)
- $375.9M net patient service revenue less provision for bad debts

Reimagining the possible on your audit:
- Use of automations to aggregate significant amounts of patient revenue and A/R data to provide for a more efficient testing approach.

Management’s process for developing estimates

Management utilizes models to determine the necessary contractual allowance and bad debt reserves. Management's estimates for contractual and bad debts allowances are based on historical cash collections and adjustments compared to revenue over a rolling twelve month period disaggregated by major payor class (Health System) and historical cash collections and adjustments over a twelve month period compared to prior period Patient Accounts Receivable, adjusted for significantly aged receivables, disaggregated by physician practice (OSUP). Management also performs a look-back analysis of contractual and bad debt allowances established at the end of the prior fiscal year.

Audit response

We performed walkthrough procedures to update our understanding of management’s reserve methodology; testing over management’s contractual allowance and bad debt reserve models as well as qualitative or top-side adjustments made to modeled results; and risk assessment analytical procedures. In addition, we obtained and reviewed management's hindsight analysis on prior year net A/R, which was compared to payments received through June 30, 2020, and performed additional subsequent cash analysis on the June 30, 2020 net A/R balance, in order to obtain further substantive evidence over the adequacy of the current year reserves.

Audit risks and results

Other Areas of Focus – Valuation of Alternative Investments

Description of estimate

Fair values for alternative investments which include real assets, hedge funds and private equity are generally measured using the net asset value ("NAV") provided by the associated external investment manager/general partners and reviewed by the university using the most recent audited and unaudited financial statements available.

Balance and/or income statement impact at June 30, 2020

$557.2M Real Assets

$504.9M Hedge Funds

$1,445.7M Private Equity

Total Alternative Investments $2,507.8M

Reimagining the possible on your audit:

- Use of firm Center of Excellence (CoEs) to drive efficiency and consistency in executing audit procedures related to the valuation of debt and equity securities.

Significant inputs / assumptions

Inputs into the valuation include reported Net Asset Values ("NAV"), as well as audited and unaudited financial statements of the underlying funds/vehicles.

Management's process for developing estimates

In order to facilitate a timely year-end close, management utilizes March 31st reported NAVs – adjusted for cash flows and distributions between March 31st and June 30th -- to initially estimate the fair value of alternative investments as of June 30th. Management tracks changes in NAV as reported by the various fund managers as of June 30, and if the difference between estimated fair value and reported fair value is material in aggregate, an adjustment would be recorded. Management relies on the fair values as reported within the investee's audited financial statements when available in determining fair value. These audited financial statements' period ends generally do not align with the University's June 30th year-end, nor are the values within necessarily US-GAAP based. Therefore, additional analysis is performed by management to gain comfort over the reported values. Management has not historically made adjustments to or introduced additional estimation to the reported fair values for these investments. In addition management has certain monitoring controls and due diligence processes in place with respect to the back offices of relevant fund managers. Service organization reports are obtained for third parties responsible for custody services and tracking of investment activities.

Audit response

We performed walkthrough procedures to update our understanding of management's valuation process and performed tests of relevant key controls. We confirmed specific information directly with the fund managers as of June 30th, including the University's period end capital balance, percentage ownership, unfunded commitments, fund NAV and related accounting framework utilized to determine NAV, as well as year-to-date fund activity (capital calls and disbursements) throughout the period. We also performed procedures in regard to the quantification of the identified misstatement.

Audit risks and results

Other areas of focus

Pension and other post-employment benefit (OPEB) liabilities

GASB Statement No. 68 ("GASB 68") and GASB Statement No. 75 ("GASB 75") require employers (such as the University) that participate in cost-sharing, multi-employer plans to recognize their proportionate share of net pension and net other post-employment benefit (OPEB) liabilities of the plan.

The University participates in two such plans, the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS). A proportionate share of the net pension and OBEP liabilities is allocated to the University, based on retirement plan contributions for University employees. The University's proportionate share of these liabilities are as follows:

(in 000's)	Net Pension Liability/(Asset)			OPEB Liability/(Asset)		
	STRS	OPERS	Total	STRS	OPERS	Total
All State employers*	$22,114	$19,553		($1,656)	$13,813	
University's share	4.7%	10.2%		4.7%	10.4%	
University's allocation	$1,040	$1,985	$3.025	($78)	$1,437	$1,359

Although changes in 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. Total pension and OPEB expense, including employer contributions, was $808.4M for the year ended June 30, 2020.

Management is not responsible for the determination of the above liabilities, nor is University management responsible for assessing the reasonableness of the assumptions utilized in this determination. Management's recognition of the liability is based on allocation schedules and reports provided by the State Plans, which are subject to audit by the State Plans' independent audit firm.

As the University (or 'employer's') auditor, it is our responsibility to audit the employer's financial statements and, therefore, we are responsible for determining the sufficiency and appropriateness of audit evidence necessary to reduce audit risk to an appropriately low level. Our audit procedures with respect to these liabilities focused on assessing the competency and objectivity of the plan auditor; agreeing management's schedules to the retirement systems' allocation schedules; recalculating the allocation percentage; recalculating the net pension liability/expense and reviewing management's disclosures.

*Note that the state plan measurement dates differ from the University's fiscal year-end. The measurement date for STRS-Ohio is June 30, 2019. The measurement date for OPERS is December 31, 2019.

Audit risks and results

Other areas of focus

CARES Act Funding

The Coronavirus Aid, Relief, and Economic Security (CARES) Act – which was enacted March 27, 2020 in response to the COVID-19 outbreak – includes provisions to provide support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. CARES Act Provider Relief Funds were distributed for lost revenues and healthcare related expenses due to operational changes to prepare for treating patients with COVID-19.

During fiscal year 2020, the University received Higher Education Emergency Relief Funds of $14.8M to provide emergency financial aid to students to mitigate the impacts of lost revenue and additional technology expenses associated with moving to online education. Amounts provided to the university under CARES Act grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

The Health System and OSU Physicians received and recognized $143.3M and $11.8M in non-operating revenue, respectively, related to CARES Act Provider Relief Funds, taking into consideration information available at June 30, 2020 based upon laws and regulations governing the funding as well as interpretations issued by the U.S. Department of Health and Human Services (HHS).

On September 19, 2020, HHS issued new reporting requirements for the Provider Relief Funds, which were subsequently revised on October 22, 2020. Under the guidance issued on October 22, 2020, after reimbursing healthcare related expenses attributable to coronavirus that were unreimbursed by other sources, providers may use the remaining Provider Relief Funds to cover any lost revenues, measured as a negative change in year-over-year actual revenue from patient care related sources. Due to these new reporting requirements there is a possibility that amounts recorded under CARES Act Provider Relief Funds may change in future periods. As this guidance was issued well after the University's year-end, management has concluded that this is an unrecognized (i.e., Type II) subsequent event that does not impact amounts recorded in the June 30, 2020 financial statements. The University has made additional footnote disclosure in the financial statements regarding this guidance.

Audit response

We performed tests of details in relation to Provider Relief Fund cash received and obtained an understanding of the assessment management performed in support of the related revenue recognized in the current year based on an interpretation of the guidance available as of June 30, 2020. Additionally, we reviewed the most recent publications and guidance set forth from HHS and concur with management's conclusion that this is a "Type II" subsequent event.

Certain of the CARES funds are subject to OMB Uniform Guidance audit compliance testing which will be performed in the coming months conjunction with our Uniform Guidance report.

Audit risks and results

Other areas of focus

Medicare Advance Payment Program

The Health System and OSU Physicians received advance payments under the Medicare Accelerated and Advance Payment Program totaling $274.9M and $12.6M, respectively. Amounts provided are considered short-term loans and are reported as current liabilities in the Statement of Net Position as the Health System and OSU Physicians had previously planned to repay the funds in fiscal 2021.

The Continuing Appropriations Act, 2021 and Other Extensions Act was signed into law on October 1, 2020 and as part of the legislation, the recoupment period was extended up to 29 months after the initial payments were issued.

Audit response

We performed tests of details in relation to the cash received in regard to the advance and reviewed the financial statement presentation. The October 1st extension was appropriately disclosed in the footnotes to the financial statements.

Forward Starting Interest Rate Swaps

In connection with the anticipated refunding of the university's Series 2013A Special Purpose General Receipts Bonds in June 2023, the university has entered into two forward-starting pay fixed/receive floating interest rate swap agreements to convert all or a portion of the associated variable rate debt (anticipated June 2023) to synthetic fixed rates to protect against the potential of rising interest rates. To determine whether the swap agreements are considered effective, management reviewed the consistent critical terms criteria set forth in GASB 53. The swap agreements are considered to be hedging instruments and are reflected at fair value ($6.6M) within other noncurrent liabilities. 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 30,2020. The valuation inputs used to determine the fair value of these instruments rely on observable inputs other than quoted market prices. Changes in the fair value of these swaps are reflected within deferred outflows.

Audit response

We obtained the related swap agreements and reviewed management's technical accounting analysis in support of the effective hedge designation in relation to the criteria outlined within GASB 53. We also reviewed the financial statement presentation and disclosures associated with these positions.

Audit risks and results

Other areas of focus

Change in Discretely Presented Component Units

Effective March 2020, the Science and Technology Campus Corporation (SciTech) adopted an Amended and Restated Code of Regulations which included new provisions on board composition and reserved powers for directors appointed by the university. As a result of these changes, SciTech is considered to be fiscally dependent on the university and is now subject to inclusion within the university's financial reports as a discretely presented component unit.

The cumulative effect of this change in the reporting entity was a $16.6M increase in net position for the university's discretely presented component units as of July 1, 2018. Prior period (2019) comparatives within the University's financial statements and footnotes have also been restated to reflect SciTech was a discretely presented component unit.

Audit response

We obtained and reviewed management's assessment with respect to the accounting for SciTech given the changes noted above. In addition, we performed specified audit procedures in relation to SciTech's property, plant and equipment and tied restated prior year disclosures to supporting schedules.

Tomorrow's audit, today. Delivered.

Five powerful platforms. Scaled. Explore how we've delivered enhanced—quality, insights, value to your audit

Acceleration Centers	We continue to increase utilization of our Acceleration Center, delivering even more people + tech pairings to serve all of your audits, so your local team can focus on judgment and matters that are unique to your business.
Halo	To assess your risks, our Halo tools enabled us to spot anomalies or new trends in journal entry data. We then brought them to life through data visualization tools so we can see beyond numbers on a page. Together, these tools enabled us to target test and unlock new value and analysis related to critical audit areas.
Aura	Across all of your audits, we use PwC's Aura auditing platform. This single source enables us to develop a more targeted audit plan that captures risk levels, controls reliance and substantive testing.
Connect	We use the Connect platform to track audit progress in real-time and enhance project management. Reporting out of connect is utilized during our status meetings with management.
Innovation	*Firm Software Audit Tools* - technology solutions used by our engagement team to examine, sort, filter, and analyze transactions and financial data used as audit evidence and which generate results that supplement our auditor judgment.

Other required communications

Other required communications

Matter to report	No	Yes	Comments
Independence re-evaluation	✓		There were no independence matters that occurred or were identified subsequent to June 4, 2020, the date of our most recent independence communication to the Audit Committee.
Material uncertainties related to events and conditions (specifically going concern)	✓		There were no conditions and events that we identified that indicate that there is substantial doubt about the University's ability to continue as a going concern.
Other information in documents containing audited/reviewed financial statements	✓		We did not identify any information that was materially inconsistent with the information in the financial statements.
Disagreements with management	✓		There were no disagreements with management
Consultation with other accountants	✓		We are not aware of any consultations management has had with other accountants about significant accounting or auditing matters.
Difficulties encountered during the audit	✓		There were no significant difficulties encountered during the audit. There were no limitations on the system-wide audit including where our access to information at a component was restricted.
Other material written communications		✓	In accordance with our engagement letter, we provide the Committee with copies of all material written communications between us and the University. See Appendix II for draft management representation letter. Final signed copy of the letter will be shared with the Committee Chair.
Fraud	✓		We did not identify any potential or known fraud involving management, employees who have a significant role in the internal control structure or which could be material to the financial statements.
Illegal acts	✓		We did not identify any potential or known illegal acts.

Other required communications

Matter to report	No	Yes	Comments
Identified Misstatements		✓	Identified misstatements include those that are uncorrected misstatements related to accounts and disclosures that the auditor presented to management and corrected misstatements, other than those that are clearly trivial, related to accounts and disclosures that might not have been detected except through the auditing procedures performed. There were no corrected misstatements, other than those that are clearly trivial, identified by PwC as a result of auditing procedures performed. The following uncorrected misstatements in excess of the established de minimis threshold ($19.5 million) was identified by management related to the Primary Institution: • Understatement of Long-term investment portfolio and current year unrealized gains of $74.2M due to management's established estimation methodology for alternative investments (specifically the utilization of a reported NAV one quarter in arrears). • This is in large part offset by the impact of the same misstatement in the prior year, which was recorded as an out of period adjustment in the current year (a $55.4M understatement in unrealized gains in the prior year, resulting in an overstatement of unrealized gains reflected in the current year) • The net impact of the two is a $18.8M understatement in the LTIP investments and unrealized gain in fiscal 2020. • An out of period adjustment was recorded in the current year financials to correct errors in prior period consolidations of a university affiliate. This resulted in a $25.4M overstatement of non operating expense in the current year. Management determined the impact of the above to be both quantitatively and qualitatively immaterial to both the current and prior year financial statements. We agree with management's conclusions. See Appendix II for additional detail.
Control Deficiencies		✓	We did not identify any material weaknesses as a result of our audit procedures at the University level. Control deficiencies will be communicated to management in writing. Any significant deficiencies or material weaknesses identified at the stand-alone financial statement level for audited components or affiliates will be communicated to the Committee in January 2021 (upon completion of those audits).

Other required communications

Matter to report	No	Yes	Comments
Non-compliance with laws and regulations	✓		We did not identify any instances of non-compliance with laws and regulations
Significant unusual transactions	✓		We did not identify any significant or unusual transactions.
Alternative accounting treatments	✓		We did not identify any alternative treatments permissible under US GAAP for accounting policies and practices related to material items, including recognition, measurement, and presentation and disclosure.
Other matters	✓		There were no other matters arising from the audit that are significant to the oversight of the University's financial reporting process.
Departure from Standard Report	✓		We anticipate issuing unqualified reports in relation to the University's financial statements. See Appendix I for drafts of these reports.
Quality of the company's financial reporting	✓		We have performed an evaluation of whether the presentation of the financial statements and the related disclosures are in conformity with the applicable financial reporting framework, including our consideration of the form, arrangement, and content of the financial statements (including the accompanying notes). We did not identify any instances of non conformity. We have evaluated management's anticipated application of accounting pronouncements that have been issued but are not yet effective and might have a significant effect on future financial reporting. We do not have any concerns as a result of our evaluation. We have evaluated the potential effect on the financial statements of significant exposures and risks, and uncertainties, such as pending litigation, that are disclosed in the financial statements. We did not identify any matters with a material potential effect not already included within the notes to the financial statements. We have evaluated whether the difference between estimates best supported by the audit evidence and estimates included in the financial statements, which are individually reasonable, indicate a possible bias on the part of the company's management. We did not identify any areas of possible bias.

For more information

Appendix

Appendix contents

Audit report drafts

Report of Independent Auditors

To the Board of Trustees of
The Ohio State University

Report on the Financial Statements

We have audited the accompanying financial statements of the primary institution and of the aggregate discretely presented component units of The Ohio State University (the "University"), a component unit of the State of Ohio, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of The Ohio State University as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 22, the Required Supplementary Information on GASB 68 Pension Liabilities on page 100, the Required Supplementary Information on GASB 75 Net OPEB Liabilities on page 101, and the Notes to Required Supplementary Information on page 102 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audits 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 accompanying other information on the long-term investment pool on pages 103 through 104 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 the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2020 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 for the year ended June 30, 2020. 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 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.

November XX, 2020

pwc

Report of Independent Auditors 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*

To the Board of Trustees of
The Ohio State University

We have audited, in accordance with 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 primary institution and of the aggregate discretely presented component units of The Ohio State University (the "University"), a component unit of the State of Ohio, which comprise of the statements of net position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November XX, 2020.

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 the 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 may exist that have not been identified.

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November XX, 2020

Management representation letter draft

November 19, 2020

PricewaterhouseCoopers LLP
41 South High Street
Suite 2500
Columbus, OH 43215

I am providing this letter in connection with your audits of the financial statements of The Ohio State University (the "University") for the purpose of expressing opinions as to whether such financial statements present fairly, in all material respects, the respective financial position as of June 30, 2020 and June 30, 2019 of the primary institution and the aggregate discretely presented component units of the University, and the respective changes in net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. I have reviewed the signed representation letter of our chief financial officer and I am not aware of information that would make the representations included therein inaccurate or incomplete.

____

Kristina Johnson
President
The Ohio State University

THE OHIO STATE UNIVERSITY

Office of the Controller
2042 Blankenship Hall
901 Woody Hayes Drive
Columbus, OH 43210
Phone (614) 688-1647
Fax (614) 688-3572

November 19, 2020

PricewaterhouseCoopers LLP
41 South High Street
Suite 2500
Columbus, OH 43215

We are providing this letter in connection with your audits of the financial statements of The Ohio State University (the "University") as of June 30, 2020 and June 30, 2019 and for the years then ended for the purpose of expressing opinions as to whether such financial statements present fairly, in all material respects, the financial position, respective changes in net position and cash flows of the primary institution and aggregate discretely presented component units of the University in conformity with accounting principles generally accepted in the United States of America.

We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letter of June 29, 2020, for the preparation and fair presentation in the financial statements of financial position, respective changes in net position and of cash flows in conformity with generally accepted accounting principles, including the appropriate selection and application of accounting policies.

Certain representations in this letter are described as being limited to those matters that are material. Materiality is entity specific. The omission or misstatement of an item in a financial report is material, regardless of size, if in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgement of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item. Materiality used for purposes of these representations is $5,000,000.

We confirm, to the best of our knowledge and belief, as of November 19, 2020, the date of your reports, the following representations made to you during your audits:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which the University is subject. We have prepared the University's financial statements on the basis that the University is able to continue as a going concern. There are no conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

2. We have made available to you:

   a. All financial records and related data.

   b. Unconditional access to persons within the entity from whom you have requested audit evidence.

   c. All minutes of the meetings of the Board of Trustees, the Audit, Compliance and Finance Committee and other Committees of the Board and summaries of actions of recent meetings for which minutes have not yet been prepared. The most recent meetings held were:

      (1) Board of Trustees – August 27, 2020

      (2) Audit, Compliance, and Finance Committee – August 27, 2020

(3) Academic Affairs and Student Life Committee – August 25, 2020

(4) Advancement Committee – August 27, 2020

(5) Talent, Compensation and Governance Committee – August 26, 2020

(6) Master Planning and Facilities Committee – August 26, 2020

3. We have appropriately reconciled our books and records (e.g., general ledger accounts) underlying the financial statements to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements, as necessary. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All consolidating entries have been properly recorded. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

4. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

5. There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the financial statements.

6. The effects of the uncorrected financial statement misstatements and out-of-period adjustments summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

7. We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letter of June 29, 2020, 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 and we have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware. We have also disclosed to you which of these deficiencies we believe are significant deficiencies or material weaknesses in internal control over financial reporting.

8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

9. 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 and we have no knowledge of any fraud or suspected fraud affecting the University involving:

   a. Management,
   b. Employees who have significant roles in internal control over financial reporting, or
   c. Others where the fraud could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, analysts, regulators, or others.

(As to items 8, 9 and 10, we understand the term "fraud" to mean those matters described in AICPA AU-C 240.)

11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

12. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

13. We have identified and disclosed to you violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for auditor reporting on non-compliance.

14. We have taken timely and appropriate steps to remedy fraud, illegal acts, and violations of provisions of contracts or grant agreements, or abuse that you report.

15. The University has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

16. We have disclosed to you the identity of all the University's related parties and all the related party relationships and transactions of which we are aware.

17. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

18. The following, if material, have been properly recorded or disclosed in the financial statements:

    a. Relationships and transactions with related parties, as described in Accounting Standards Codification (ASC) 850, *Related Party Disclosures*, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b. Guarantees, whether written or oral, under which the University is contingently liable.

    c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with ASC 275, *Risks and Uncertainties*. (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.)

19. 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, except as disclosed in the financial statements.

20. 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.

21. Receivables recorded in the financial statements represent bona fide claims against debtors for services or other charges arising on or before the balance sheet dates and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts which are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

22. Inventory quantities at the balance sheet dates were determined from physical counts or from perpetual inventory records, which have been adjusted on the basis of physical inventories taken by

competent employees at various times during the year and due provision was made to reduce all slow-moving, obsolete, or unusable inventories to their estimated useful or scrap values.

23. All liabilities of the University of which we are aware are included in the financial statements at the balance sheet dates. There are no other liabilities or gain or loss contingencies that are required to be recognized or disclosed by ASC 450, *Contingencies*, and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and required to be disclosed in accordance with that Topic.

24. We are responsible for all significant estimates and judgments affecting the financial statements. The methods, underlying data, and significant assumptions used in developing accounting estimates and the related disclosures are reasonable and appropriate to achieve recognition, measurement, or disclosure in the financial statements in accordance with accounting principles generally accepted in the United States of America. The methods used in developing accounting estimates have been consistently applied in the periods presented and the data used in developing accounting estimates is accurate and complete. Accounting estimates and judgments appropriately reflect management's intent and ability to carry out specific courses of action, where relevant. There have been no subsequent events that would require the adjustment of any significant estimates and related disclosures.

25. All borrowings and financial obligations of the University and its components have been disclosed to you and are properly recorded and disclosed in the financial statements. Further, we appropriately classified debt as current or non-current in the statement of net position in accordance with the appropriate authoritative guidance.

26. Investments in the Long-Term Portfolio are in compliance with the University's asset allocation policy.

27. We are responsible for the fair value of estimates related to temporary investments, the Long-term Investment Pool, other long-term investments, and securities loaned by the University under its securities lending program, including real assets, hedge funds and private equity securities, and determined the models, methods and assumptions used by pricing services and other parties are reasonable. In addition, the measurement of fair value and related fair value levelling hierarchy presented within the notes to the financials is consistent with the requirements of GASB Statement No. 72, *Fair Value Measurement and Application*.

28. Tax-exempt bonds issued have retained their tax-exempt status

29. The University has properly recorded, classified and disclosed net position in accordance with GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Net position resulting from transactions with externally-imposed purpose restrictions have been recorded, classified and disclosed as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact. Restricted net position has been appropriately classified as nonexpendable or expendable.

30. The University has one segment that meets the GASB reporting requirements; in that the segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains, losses, assets and liabilities that can be identified. The condensed financial information for the Special Purpose Revenue Facilities as presented in the footnotes to the financial statements was prepared on a basis consistent with the University financial statements.

31. We assume responsibility for the findings of specialists. 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 aware of any matters that have had an impact on the independence or objectivity of the specialists. We adequately considered qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records related to self-insurance reserves for medical malpractice.

32. We have presented, in either the statement of revenues, expenses, and other changes in net position or the notes to the financial statements, information about expenses (but not losses) reported by their functional classification, such as major classes of program services and supporting activities. Expenses that relate to more than one program or supporting activity, or to a combination of programs and supporting services, have been appropriately allocated among the appropriate functions. Administrative allocations to the functional categories were based on full cost allocations.

33. We acknowledge our responsibility for the presentation of the required supplementary information on GASB 68 pension liabilities and GASB 75 other postemployment benefit liabilities that are mandatory for all cost-sharing employers. We believe such information, including its form and content, is fairly presented in accordance with GASB Statement Nos. 68 and 75, as amended. The methods of measurement or presentation have not changed from those used in the prior period. We have informed you about any significant assumptions or interpretations underlying the measurement or presentation of the information.

34. The University is exempt from taxes as an instrumentality of the State of Ohio under Internal Revenue Code S115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

35. We have notified you of (i) any current or planned offerings of securities on a regulated market in a non-U.S. country or (ii) when we have provided or plan to provide audited financial statements to a non-U.S. regulator or government in connection with our access to its public capital markets, whether or not we include or refer to your report or include reference to your Firm.

36. We have fully evaluated the impacts of COVID-19 on our financial statements including incorporating necessary disclosures in the Notes to the Consolidated Financial Statements attributable to any material risk and/or uncertainties that may now exist, including those pertaining to the University’s financial condition.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Michael Papadakis
Senior Vice President for Business and Finance and CFO

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

Lisa A. Plaga
Controller

Thomas F. Ewing
Director of Financial Reporting

Summary of Uncorrected Misstatements and Out-of-Period Adjustments

Client The Ohio State University - Primary Institution **Period End** 6/30/2020

Period Impacted	AJE#	Type	Description	Debits/ Credits (Dr/Cr)	Financial Statement Line Item (FSLI) Impacted	Statement of Net Position Impact: Assets Increase/(Decrease)	Statement of Net Position Impact: Liabilities (Increase)/Decrease	Statement of Net Position Impact: Net Position (Increase)/Decrease	Statement of Revenues, Expenses and Changes in Net Position: Increase/(Decrease)
2020 - Annual	1	Out-of-period	Correction of prior period understatement of LTIP portfolio and unrealized gains	Dr Cr	Investment income Net Position			$ 55,393 $ (55,393)	$ (55,393)
	2	Uncorrected	Understatement of LTIP portfolio and unrealized gains	Cr Dr	Investment income Investments at fair value	$ 74,233		$ (74,233)	$ 74,233
	3	Out-of-period	Correction of errors in prior period consolidations of a university affiliate	Cr Dr	Non-operating income/expense Net Position			$ 25,361 $ (25,361)	$ 25,361
						$ 74,233	$ 0	$ (74,233)	$ 44,201

FY20 - Rollover Method:		SUM Amount	% Impact
Total Revenue	$	18,840	0.28%
Total Expense	$	25,361	0.36%
Total End of Year Net Position	$	(74,233)	-1.37%
End of Year Total Assets	$	74,233	0.45%

NOTE: No disclosure exceptions were identified by PwC

Status of audit deliverables

University Audit	Components	Deliverables	Status (at Oct 26)
Primary Institution	General University	Financial Statement Audit Opinion (GASB)	Nov 19
	OSU Wexner Medical Center Health System (OSU Health System)		
Discretely Presented Component Units	OSU Physicians	GAGAS Internal Controls Opinion (including procedures to support compliance with Ohio Revised Code)	
	Campus Partners for Community Urban Redevelopment and Subsidiaries (Campus Partners)		
	Transportation Research Center Inc.		
	Science and Technology Campus Corporation		
	Dental Faculty Practice Association, Inc.		

Other Deliverables	Reporting Entity	Status (at Oct 26)
Stand-alone Financial Statement Audits	OSU Foundation	Completed, pending Foundation Board Approval
	OSU Health System	Completed
	Transportation Research Center	Completed
	OSU Physicians	Completed
	Athletics Department	Dec 15
	WOSU Public Media	Dec 15
	OSU Global Gateways	Completed
	Campus Partners	Oct 30
Compliance	Uniform Guidance	Dec 15
Review report	Wexner Center for the Arts	Oct 30
	OSU Health Plan	Nov 9
Agreed Upon Procedures	NCAA	Dec 15
Benefit Plan Audit	Transportation Research Center – Benefit Plan	Completed

Glossary (1 of 2)

Significant accounting policies and practices

Accounting principles followed by the entity and the methods of applying those principles that materially affect the determination of financial position, cash flows, or results of operations.

Significant accounting policies and practices

A company's accounting policies and practices that are both most important to the portrayal of the company's financial condition and results, and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Particularly sensitive accounting estimates

Key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Also may be referred to as key sources of estimation uncertainty.

Significant unusual transactions

Significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature

Identified misstatements

Identified misstatements include those that are uncorrected misstatements related to accounts and disclosures that the auditor presented to management and corrected misstatements, other than those that are clearly trivial, related to accounts and disclosures that might not have been detected except through the auditing procedures performed.

Glossary (2 of 2)

Material weakness

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.

Significant deficiency

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.

Control deficiency

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively

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THE OHIO STATE UNIVERSITY

Shared Values Initiative

Audit, Compliance, and Finance Committee
November 19, 2020

Office of University Compliance and Integrity
The Ohio State University

THE OHIO STATE UNIVERSITY

Shared Values Initiative: Focus Areas and Goals

Our Ambition

Reinforce our ethical culture and live our shared values to better advance the university's core work of teaching, learning, research, and service.

FOCUS AREA		GOAL
Shared Values		The daily interactions and behavior of all university community members are guided by a shared set of values at the unit, college, and university level.
Robust Sharing of Ideas & Concerns		Faculty, staff, and students feel comfortable sharing ideas and concerns, and leaders listen to and address both respectfully.
Disciplined Decision-Making		Individuals consider shared values and the common good when making difficult decisions.
Trusted Leaders		University leaders at all levels behave ethically, uphold shared values, and expect to be held and are held to the highest standards of integrity.

Shared Values Initiative: Overview & Timeline

Executive Sponsors

Dr. Bruce McPheron, Susan Basso,
Anne Garcia, Gates Garrity-Rokous

Steering Committee

Molly Ranz Calhoun, Pres. & CEO, OSU Alumni Association
Dr. Amy Darragh, Senate/College of Medicine
Dr. Tom Gregoire, Dean, College of Social Work
Lin Hillis, Assoc. VP, Office of Human Resources
Dr. Mike Hogan, University Senate/OSU Extension
Dr. John Horack, Professor, College of Engineering
Andrew Jordan, University Senate/Student Life
Lindsay Komlanc, Sr. Asst. VP, Univ. Communications
Amanda Lucas, MBA, Exec. Director, OSU Harding Hospital
Holly Means, Sr. Assoc. VP, University Marketing
Dr. Peter Mohler, Chief Scientific Officer, OSUWMC, and Vice Dean, College of Medicine
Dr. James Moore, Chief Diversity Officer, Office of Diversity & Inclusion
Dr. Rustin Moore, Dean, College of Vet. Medicine
Dr. Greg Rose, Executive Dean, Regional Campuses
Anne Schira, Assoc. GC, Office of Legal Affairs
Dr. Melissa Shivers, SVP, Office of Student Life
Chrissy Sprouse, USAC/OHR-Office of Academic Affairs
Dr. Piers Turner, Director, Center for Ethics & Human Values
Dr. Kay Wolf, Senior Vice Provost, Office of Academic Affairs

Timeline

March 2019: Shared Values Initiative began with extensive campus socialization

October 2019: Values and Ethics survey closed on 10/29

Nov/Dec. 2020: Release of university-wide survey results

Dec. 2020: Action planning at an institutional level to follow release of university-wide report

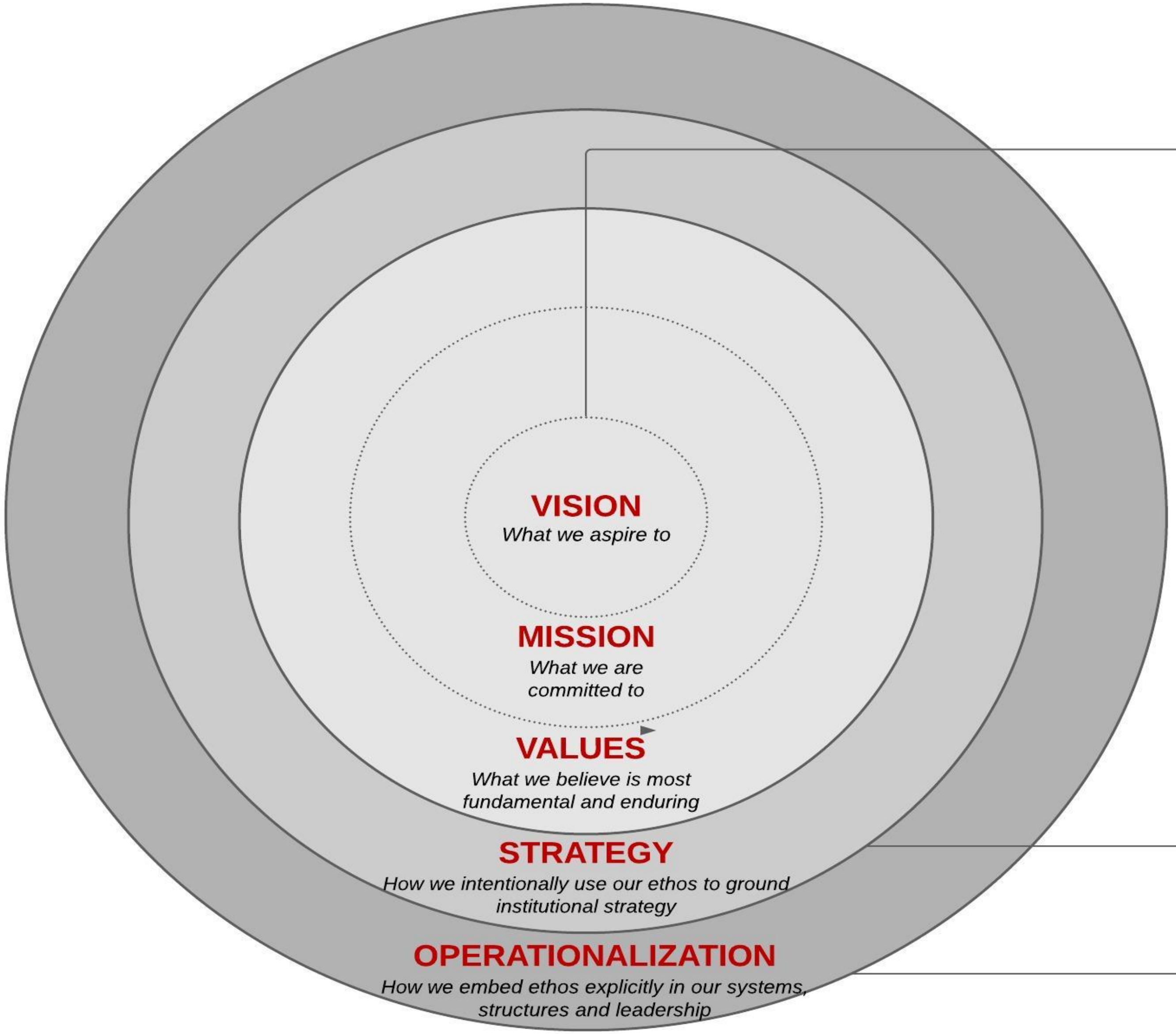
Jan/Feb. 2021: Additional data analysis

Socialization Efforts

Board of Trustees presentations, Senior Management Council, USAC, WMC Compliance Committee, Council of Deans, President's Cabinet, WMC Leadership Team, Faculty Council, Department Chairs, HR Council, HR Business Partners, Student Governance Groups, Senate Faculty Leaders, Senate Faculty Cabinet, Full University Senate.

THE OHIO STATE UNIVERSITY

Shared Values Initiative: Process of Discovery & Evaluation



Shared Ethos (Vision/Mission/Values)

The Ohio State University is the model 21st-century **public**, **land grant**, **research**, **urban**, **community engaged** institution.

The university is dedicated to:

- **Creating and discovering knowledge** to improve the well-being of our state, regional, national and global communities;
- **Educating students** through a **comprehensive array** of distinguished academic programs;
- Preparing a **diverse student body** to be **leaders and engaged citizens**;
- Fostering a **culture of engagement and service**.

We understand that **diversity and inclusion are essential** components of our excellence.

Excellence & Impact
Demonstrating leadership in the pursuit of our vision and mission.

Integrity & Respect
Acting responsibly and being accountable.

Inclusion & Equity
Upholding equal rights and advancing institutional fairness.

Care & Empathy
Attending to the well-being of individuals and communities.

Diversity & Innovation
Welcoming differences and making connections among people and ideas.

Strategy
Using our ethos as a grounding, the deliberate direction we identify for talent, culture, brand and institutional planning

Operationalization
The systems, structures, policies and practices in which we embed a more explicit defining of our vision, mission and values.

THE OHIO STATE UNIVERSITY

Shared Values Descriptions

A core set of moral obligations and fundamental commitments that define what is obligatory and praiseworthy in pursuit of our land grant mission.

CURRENT VALUES	UPDATED Proposed Values
Excellence	**Excellence and Impact** Demonstrating leadership in the pursuit of our vision and mission.
Diversity in people and of ideas	**Diversity and Innovation** Welcoming differences and making connections among people and ideas.
Inclusion	**Inclusion and Equity** Upholding equal rights and advancing institutional fairness.
Access and affordability	**Care and Empathy** Attending to the well-being of individuals and communities.
Innovation	**Integrity and Respect** Acting responsibly and being accountable.
Collaboration and multidisciplinary endeavor	
Integrity, transparency and trust	

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Values Subcommittee

Sarah Bohman, Talent Mgmt Consultant, Office of Human Resources
Dr. Amy Darragh, Senate/College of Medicine
Holly Means, Sr. Assoc. VP, University Marketing
Jacquie Aberegg, Director, University Marketing
Andrew Jordan, USAC representative/Student Life
Kim Potter, Director, OUCI
Dr. Piers Turner, Director, Center for Ethics & Human Values

Leadership Engagement

Honor the need for leadership involvement in defining and elevating values.

Values and Leadership Retreats
Conversations with in-tact groups of leaders to gather feedback, clarify behaviors and identify ways for leadership to foreground values.

Concurrent

Socialize ECI Results
1:1 conversations with university leaders to discuss unit-level ECI results and desire for (unit) participation in shared values initiative.

Unit-Level Retreats
Facilitated workshops with units led by unit leaders and SVI team to introduce values and discuss “how do these look in our organization?”

Community Conversation Events
Open invitation events hosted by CEHV for discussing topics of ethical importance for land-grant institutions and reflecting on the role of values in these spaces.

Community Ambassador Retreats
Small group dialogues with SVI ambassadors to reflect on behaviors and illuminate opportunities for enacting values in leadership and operations.

Community Engagement

Honor the need for community contribution and dialogue on values.

THE OHIO STATE UNIVERSITY

Board of Trustees

210 Bricker Hall
190 North Oval Mall
Columbus, OH 43210-1388

Phone (614) 292-6359
Fax (614) 292-5903
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SUMMARY OF ACTIONS TAKEN

August 27, 2020 – Audit, Compliance & Finance Committee Meeting

Voting Members Present by Zoom Virtual Meeting:

John W. Zeiger
Brent R. Porteus
Erin P. Hoeflinger
Alexander R. Fischer
Hiroyuki Fujita
Elizabeth P. Kessler
Lewis Von Thaer
Jeff M.S. Kaplan
James D. Klingbeil
Amy Chronis
Gary R. Heminger (ex officio)

Members Absent:

N/A

PUBLIC SESSION

The Audit, Compliance & Finance Committee of The Ohio State University Board of Trustees convened on Thursday, August 27, 2020, virtually over Zoom. Committee Chair John Zeiger called the meeting to order at 10:15 a.m.

EXECUTIVE SESSION

It was moved by Mr. Zeiger, and seconded by Ms. Kessler, that the committee recess into executive session to consult with legal counsel regarding pending or imminent litigation and to consider business-sensitive trade secrets required to be kept confidential by federal and state statutes.

A roll call vote was taken, and the committee voted to go into executive session, with the following members present and voting: Mr. Zeiger, Mr. Porteus, Mr. Fischer, Dr. Fujita, Ms. Kessler, Mr. Von Thaer, Mr. Kaplan, Mr. Klingbeil, Ms. Chronis and Mr. Heminger. Mrs. Hoeflinger was not present for this vote.

The committee entered executive session at 10:17 a.m.

PUBLIC SESSION

Committee Chair John Zeiger reconvened the meeting of the Audit, Compliance & Finance Committee in public session at 11:20 a.m.

Items for Discussion

1. Annual University Financial Overview: Mike Papadakis, Kris Devine, Mark Larmore, Jake Wozniak and Vish Srinivasan presented an update on preliminary (unaudited) FY21 financial results, paying particular attention to the impacts of COVID-19 on operations.

2. FY21 Operating Budget Overview: Mike Papadakis, Kris Devine and Mark Larmore reviewed the FY21 university operating budget, which the committee was later asked to approve.

3. FY21 Capital Investment Plan and FY21 Ohio State Energy Partners Capital Plan: Mike Papadakis and Jay Kasey reviewed the costs and funding for FY21 planned projects in the Capital Investment Plan and the Ohio State Energy Partners Capital Improvement Plan, which the committee was later asked to approve.

4. FY21 Compliance & Integrity Program Assessment: Gates Garrity-Rokous gave a presentation regarding the Office of University Compliance and Integrity's FY21 program assessment. This presentation focused on the increase in regulation of higher education, including new guidance regarding regulatory expectations for compliance programs from the U.S. Department of Justice. Mr. Garrity-Rokous also walked the committee through the results of the five-year program assessment, including the status of and next steps for key compliance areas.

Items for Action

5. Resolution No. 2021-22, Approval of Fiscal Year 2021 Operating Budget

Synopsis: Approval of the operating budget for the fiscal year ending June 30, 2021, is proposed.

WHEREAS the State of Ohio Biennial Budget for State Fiscal Years 2020 and 2021, including funding levels for state institutions of higher education, has been signed into law; and

WHEREAS tuition and fee levels for the Columbus and regional campuses for the fiscal year ending June 30, 2021, were approved at the June 3, 2020 Board of Trustees meeting; and

WHEREAS the administration now recommends approval of the FY2021 operating budget for the university for the fiscal year ending June 30, 2021:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the university's operating budget for the fiscal year ending June 30, 2021, as described in the accompanying Fiscal 2021 Financial Plan for the fiscal year ending June 30, 2021, with authorization for the President to make expenditures within the projected income.

(See Appendix X for background information, page XX)

6. Resolution No. 2021-06, Approval of Fiscal Year 2021 Capital Investment Plan

Synopsis: Authorization and acceptance of the Capital Investment Plan for the fiscal year ending June 30, 2021 as proposed.

WHEREAS the university has presented the recommended capital expenditures for the fiscal year ending June 30, 2021; and

WHEREAS the recommended capital expenditures are the result of the university's comprehensive annual capital planning process; and

WHEREAS only those projects outlined in these recommendations will be approved for funding:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the Capital Investment Plan for the fiscal year ending June 30, 2021, as described in the accompanying documents; and

BE IT FURTHER RESOLVED, That any request for authorization to proceed with any project contained in these recommendations or for university funds for any such projects must be submitted individually by the university for approval by the Board of Trustees, as provided for by board policy.

(See Appendix X for background information, page XX)

7. Resolution No: 2021-07, Approval of Ohio State Energy Partners Utility System Capital Improvement Plan for Fiscal Year 2021

Utility System Life-Cycle Renovation, Repair and Replacement Projects
Utility System Expansion and Extension Projects
Energy Conservation Measure Projects

Synopsis: Authorization and acceptance of the Ohio State Energy Partners LLC fiscal 2021 capital improvement plan and authorization for Ohio State Energy Partners LLC to make capital improvements to the utility system pursuant to the terms of the First Amended and Restated Long-Term Lease and Concession Agreement for The Ohio State University Utility System dated July 20, 2018, and as amended (the "Agreement"), is proposed.

WHEREAS the Agreement requires the concessionaire, Ohio State Energy Partners LLC, ("OSEP") to annually submit a plan for utility system capital improvement projects for university approval; and

WHEREAS the plan includes requested approval of these utility system capital improvement projects for the fiscal year beginning July 1, 2020; and

WHEREAS OSEP has provided detailed descriptions of the proposed capital improvements, supporting technical data and analysis, pursuant to Section 4.3(c) of the Agreement; and

WHEREAS the utility system capital improvement projects will be delivered pursuant to the terms of the Agreement; and

WHEREAS the capital expenditures for the approved utility system projects will be added to the utility fee pursuant to the Agreement; and

WHEREAS the university has reviewed and considered the financial, technical, and operational aspects of the projects and the projects' alignment with university plans and sustainability goals; and

WHEREAS the Master Planning & Facilities Committee has reviewed the projects for alignment with all applicable campus plans and guidelines; and

WHEREAS the Audit, Compliance & Finance Committee has reviewed the projects for alignment with the Capital Investment Plan and other applicable financial plans:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves and authorizes Ohio State Energy Partners LLC to proceed with the fiscal year 2021 capital improvements to the Utility System as outlined in the attached materials.

(See Appendix X for background information, page XX)

8. Resolution No: 2021-08, Approval to Increase Professional Services and Construction Contracts

Synopsis: Authorization to increase professional services and construction contracts, as detailed in the attached materials, is proposed.

WHEREAS in accordance with the attached materials, the university desires to increase professional services contracts and construction contracts for the following project:

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Requested	
Morehouse – Chiller and Electrical Distribution Phase 2	$0.1M	$0.6M	$0.7M	Auxiliary Funds

WHEREAS the Master Planning and Facilities Committee has reviewed the projects listed above for alignment with all applicable campus plans and guidelines; and

WHEREAS the Audit, Compliance and Finance Committee has reviewed the projects listed above for alignment with the Capital Investment Plan and other applicable financial plans:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to increase professional services and construction contracts for the project listed above in accordance with established university and State of Ohio procedures, with all actions to be reported to the board at the appropriate time.

(See Appendix X for background information, page XX)

9. Resolution No: 2021-23, Approval of Expense Repayment Endowment Fund

Synopsis: Approval of the Expense Repayment Endowment Fund, is proposed.

WHEREAS the university has incurred or will incur expenses, some of which shall be necessary to pay via either a significant one-time lump sum payment or significant anticipated periodic payments ("Lump Sum Expenses"); and

WHEREAS the university desires to invest operating funds of the university from time to time for long-term investment in order to defray Lump Sum Expenses when due; and

WHEREAS the university desires to establish a new endowment fund with such operating funds for the purpose described above:

NOW THEREFORE

BE IT RESOLVED That the Board of Trustees hereby approves the establishment of the Expense Repayment Endowment Fund as of August 27, 2020.

(See Appendix X for background information, page XX)

10. Resolution No. 2021-24, Approval of Non-Resident Surcharge Waiver for Select Graduate Students with Baccalaureate Degrees from Institutions within Ohio Beginning Spring Semester 2021

Synopsis: Approval of non-resident surcharge decrease for select graduate students with baccalaureate degrees from institutions within Ohio, is proposed.

WHEREAS the university is committed to providing a quality and affordable education and services to its graduate students; and

WHEREAS the Board of Trustees of The Ohio State University annually adopts tuition and mandatory fees and an out-of-state surcharge for graduate students on all campuses; and

WHEREAS in an attempt to meet state economic development and educational attainment goals, retain talent in the state of Ohio, and to increase graduate enrollment, out-of-state students who have attained a baccalaureate degree from an institution within the state of Ohio and are enrolled in select graduate programs with specific graduate comprehensive tuition rates, excluding professional and online programs, will receive a waiver of all but $5.00 per semester of the standard non-resident surcharge; and

WHEREAS a list of these select graduate programs is included in the attached appendix; and

WHEREAS §381.170 of Am. Sub. House Bill 166 of the 133rd General Assembly requires any waiver of tuition for a student, or class of students, not otherwise permitted by law at a state- assisted institution of higher education, be approved by the Chancellor of the Ohio Department of Higher Education; and

WHEREAS a request will be made to the Chancellor of the Ohio Department of Higher Education for approval of a change to the non-resident surcharge for out-of-state students who have attained a baccalaureate degree from an institution within the state of Ohio and are enrolled in a non-professional graduate or online program:

NOW THEREFORE

BE IT RESOLVED, That, beginning Spring semester 2021, the Board of Trustees of The Ohio State University authorizes the administration to offer a waiver of all but $5.00 per semester of the standard non-resident surcharge to non-Ohio-resident students who completed their bachelor's degrees in Ohio and are enrolled in the select graduate programs; and

BE IT FURTHER RESOLVED, That the administration will seek prior approval from the Chancellor of the Ohio Department of Higher Education for the associated fee waiver, as required by law.

(See Appendix X for background information, page XX)

11. Resolution No. 2021-25, Charter for the Internal Audit Department

Synopsis: Approval of the amended and updated charter for the Internal Audit Department is proposed.

WHEREAS in November 2004 the Board of Trustees adopted a charter for the Internal Audit Department; and

WHEREAS in January 2015 the Board of Trustees last adopted an amended and updated charter; and

WHEREAS to ensure comprehensive oversight of the university's Internal Audit Department and university's operations through the adoption of best practices, it is important to update the charter for the university's Internal Audit Department periodically:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby adopts the attached amended and updated charter for the university's Internal Audit Department.

(See Appendix X for background information, page XX)

12. Resolution No. 2021-11, Approval for Recognition, Non-Disturbance and Attornment Agreement

Lane Avenue and Carmack Road
in Columbus, Franklin County, Ohio

Synopsis: Approval to enter into a Recognition, Non-Disturbance and Attornment Agreement between The Ohio State University and Andelyn Biosciences, Inc., is proposed.

WHEREAS Andelyn will be developing and operating a facility for research and manufacturing of medical, biotechnology and pharmaceutical materials for gene and cell-based therapies; and

WHEREAS the subject Development Parcel is located at the southwest corner of Lane Avenue and Carmack Road, Columbus, Ohio; and

WHEREAS this resolution affirms that the intended use by Andelyn is consistent with the uses specified in the Development Agreement and approves continued authority to take actions in support of the development; and

WHEREAS The Ohio State University has approved a ground lease of 7.8 +/- acres of unimproved real property located at the southwest corner of Lane Ave and Carmack Road, Columbus, Ohio (Development Parcel), to the Science and Technology Campus Corporation (SciTech); and

WHEREAS the Development Parcel is subject to a certain Development Agreement, dated May 28, 1998 and as amended, which provides that the university desires to foster and encourage research and education linkages with business, government entities and nonprofit organizations to increase the range of educational experiences available to students, increase research support from industry, provide greater economic enrichment and development within Ohio and enhance the university's pre-eminence as a major research organization (Development Agreement Mission); and

WHEREAS SciTech seeks to sublease the Development Parcel to Andelyn Biosciences, Inc., for the purpose of making improvements to be used for research, development and commercial grade manufacturing activities of biotechnology and pharmaceutical materials and products for gene and other cell-based therapies and any other uses directly related thereto; and

WHEREAS the long-term ground lease of the Development Parcel to SciTech and sublease to Andelyn Biosciences, Inc., is in the best interest of the university:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the proposed development and the anticipated use of the premises by sublessee Andelyn Biosciences, Inc., is recognized as consistent with the Development Agreement, will advance the Development Agreement Mission and has accordingly been considered in the authorization of a prime lease with SciTech.

(See Appendix X for background information, page XX)

Action: Upon the motion of Mr. Zeiger, seconded by Mrs. Hoeflinger, the committee adopted the foregoing motions for the FY21 Capital Investment Plan and the Approval of a Recognition, Non-Disturbance and Attornment Agreement by majority voice vote with the following members present and voting: Mr. Zeiger, Mr. Porteus, Mrs. Hoeflinger, Dr. Fujita, Ms. Kessler, Mr. Kaplan, Mr. Klingbeil, Ms. Chronis and Mr. Heminger. Mr. Fischer and Mr. Von Thaer abstained.

Action: Upon the motion of Mr. Zeiger, seconded by Dr. Fujita, the committee adopted the remaining foregoing motions by unanimous voice vote with the following members present and voting: Mr. Zeiger, Mr. Porteus, Mrs. Hoeflinger, Mr. Fischer, Dr. Fujita, Ms. Kessler, Mr. Von Thaer, Mr. Kaplan, Mr. Klingbeil, Ms. Chronis and Mr. Heminger.

Written Reports

In the public session materials, there were eight written reports shared for the committee to review:

a. University Financial Scorecards
b. Consolidated Financial Statements for the Year Ending June 30, 2020
c. Efficiency Scorecard
d. Major Project Updates
e. Audit & Compliance Scorecard
f. FY20 Internal Bank Update
g. External Audit Update
h. Draft Audit, Compliance & Finance Committee Charter

The committee meeting adjourned at 12:11 p.m.

APPROVAL TO SUBMIT AUDITED CONSOLIDATED FINANCIAL STATEMENTS (DRAFT) TO THE AUDITOR OF STATE

Synopsis: Approval to submit the draft audited consolidated financial statements to the Auditor of State, is proposed.

WHEREAS The Ohio State University annually seeks an independent audit of the consolidated financial statements as a matter of strong financial oversight; and

WHEREAS the Auditor of State is required under Ohio law to audit each public office; and

WHEREAS the university is a public office and is required under Ohio law to file a financial report with the Auditor of State for each fiscal year; and

WHEREAS the university operates on a fiscal year ending June 30 of each year; and

WHEREAS the university has produced consolidated financial statements for the 2019 and 2020 fiscal years, in accordance with accounting principles, generally accepted in the United States of America; and

WHEREAS the university engages an outside auditing firm, currently PricewaterhouseCoopers LLC, to audit its consolidated financial statements; and

WHEREAS the university management and PricewaterhouseCoopers have produced a final draft of the audited consolidated financial statements for the 2019 and 2020 fiscal years; and

WHEREAS the Auditor of State may accept the audited consolidated financial statements in lieu of the audit required by Ohio law; and

WHEREAS the audited consolidated financial statements will not be final until approved by the Auditor of State:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby accepts the draft audited consolidated financial statements for the 2019 and 2020 fiscal years; and

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the submission of these consolidated financial statements to the Auditor of State for review and approval.

The Ohio State University

(A Component Unit of the State of Ohio)

Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

And Report of Independent Auditors

Table of Contents

Report of Independent Auditors

To the Board of Trustees of
The Ohio State University

Report on the Financial Statements

We have audited the accompanying financial statements of the primary institution and of the aggregate discretely presented component units of The Ohio State University (the "University"), a component unit of the State of Ohio, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of The Ohio State University as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 22, the Required Supplementary Information on GASB 68 Pension Liabilities on page 100, the Required Supplementary Information on GASB 75 Net OPEB Liabilities on page 101, and the Notes to Required Supplementary Information on page 102 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audits 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 accompanying other information on the long-term investment pool on pages 103 through 104 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 the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2020 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 for the year ended June 30, 2020. 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 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.

November XX, 2020

The following Management’s Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the “university”) for the year ended June 30, 2020, with comparative information for the years ended June 30, 2019 and June 30, 2018. 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 68,000 students, 7,500 faculty members and 28,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with over 250 undergraduate majors, 171 master’s degree programs, 113 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 care across the spectrum from primary care to quaternary specialized care. Key clinical care locations and facilities at the Health System include:

- ***University Hospital***: the Wexner Medical Center’s flagship hospital is a leader in minimally invasive surgery, a Level I Trauma Center and one of the busiest kidney and pancreas transplant centers in the world.
- ***Arthur G. James Cancer Hospital and Solove Research Institute (“The James"):*** one of the nation’s premier centers for prevention, detection and treatment of cancer.
- ***Richard M. Ross Heart Hospital (“The Ross”):*** a leader in cardiology and heart surgery, the Ross Heart Hospital is the only nationally ranked heart hospital in the area, according to U.S. News & World Report.
- ***OSU Harding Hospital:*** offers the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio.
- ***Ohio State East Hospital:*** offers renowned Ohio State services in orthopedic care, emergency services, cancer care, addiction services, ear, nose and throat care, heart care, radiology and imaging services, rehabilitation and wound healing.
- ***Dodd Hall:*** home to Ohio State's nationally recognized and accredited rehabilitation inpatient program, specializing in stroke, brain and spinal cord rehabilitation.

- ***Brain and Spine Hospital:*** home to central Ohio's top-ranked Neurology/Neurosurgery program, according to U.S. News & World Report. Patients benefit from the expertise of a world-renowned team of doctors, nurses and scientists, each specializing in just one disorder.
- ***Ambulatory Services:*** offering primary care and many specialized health services in numerous convenient locations throughout Ohio. Primary care, sports medicine, orthopedics, mammography, imaging, wound care and other specialties are provided with the compassionate and nationally ranked expert care that is synonymous with The Ohio State University Wexner Medical Center.

The Health System provided services to approximately 62,000 adult inpatients and 1,868,000 outpatients during fiscal year 2020 and 64,500 adult inpatients and 1,915,000 outpatients during fiscal year 2019. The decline in patient volumes reflects the temporary suspension of elective procedures in response to the outbreak of COVID-19.

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

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

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Health Plan (a non-profit organization – formerly known as OSU Managed Health Care Systems – that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)
- Pelotonia (a new fundraising organization operating exclusively for the benefit of the university – operations of the original Pelotonia LLC organization were transferred to the new Pelotonia organization in FY2020)

The GASB has indicated that, under the amended consolidation 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)

In March 2020, Science and Technology Campus Corporation (SciTech) adopted new governance provisions on board composition and reserved powers for directors appointed by the university. As a result of these changes, SciTech is considered fiscally dependent on the university and is now subject to consolidation in the university’s financial reports as a discretely presented component unit. Comparative financial information for discretely presented component units for the year ended June 30, 2019 has been restated to reflect this change in the financial reporting entity.

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

About the Financial Statements

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

The **Statement of Net Position** is the university's balance sheet. It reflects the total assets, deferred outflows, liabilities, deferred inflows and net position (equity) of the university as of June 30, 2020, with comparative information as of June 30, 2019. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value or at Net Asset Value (NAV), as applicable.

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

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

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

The **Statement of Revenues, Expenses and Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2020, with comparative information for the year ended June 30, 2019. 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, 2020, with comparative information for the year ended June 30, 2019. 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

As widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019, and has spread across six continents impacting many countries, including the United States. In response to the public health crisis, the Governor of Ohio and the Director of the Ohio Department of Health took certain actions to limit the spread of the virus and its impact on the State's local communities and health care services, including the declaration of a state of emergency in the State and the closure of all non-essential businesses commencing on March 23, 2020. On May 1, 2020, the State began a phased-in process of reopening certain businesses.

On March 13, 2020, the university announced that it would suspend face-to face instruction and transition to remote instruction for the remainder of the spring semester. On April 1, 2020, the university announced that the suspension of face-to-face instruction will extend through the summer semester. With limited exceptions, all university events scheduled to occur during the summer months, including summer camps and sports camps, were cancelled. Nearly all university housing and dining facilities were closed on March 22, 2020 and have remained closed through the summer semester. During this time, all university employees who could do so were required to work from home.

On June 3, 2020 the university announced that – based on guidance from state and local health authorities and recommendations of the Safe Campus and Scientific Advisory Subgroup of the University's COVID-19 Transition Task Force – it would resume in-person classes for the Autumn semester, with a mix of on-line, in-person and blended courses to reduce the number of students, faculty and staff that will be on campus at any one time.

The COVID-19 pandemic also significantly impacted Health System operations. On March 17, 2020, the Director of the Ohio Department of Health issued an order temporarily recommending that non-essential or elective surgeries and procedures not be conducted at Ohio hospitals. The temporary suspension of performance of elective procedures was recommended to create capacity for a potential increase in COVID-19 patients. The recommendation from the Ohio Department of Health to suspend non-essential or elective surgeries and procedures was withdrawn effective May 1, 2020.

Suspended operations due to the COVID-19 pandemic resulted in decreases in auxiliary revenues and patient care volumes significantly below budget projections. Despite these challenges, the university's financial position remains strong. Total cash and temporary investments increased $325 million, to $3.63 billion, at June 30, 2020, reflecting the Health System's receipt of $275 million of Medicare Advance payments and $143 million of Provider Relief Funds. Total net position is stable, decreasing $10 million, to $5.42 billion. Federal assistance provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the implementation of expenditure controls offset a significant portion of the revenue losses from suspended operations.

Demand for an Ohio State education and outcomes for students also remain strong. 68,262 students were enrolled in Autumn 2019, up 162 students compared to Autumn 2018. 94% of the freshmen enrolled in Autumn 2018 returned to OSU in Autumn 2019. 67% of students graduated within four years, and over 85% graduated within six years.

The following sections provide additional details on the university's 2020 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

Statement of Net Position

Summary Statement of Net Position *(in thousands)*

	2020	2019	2018
Cash and temporary investments	$ 3,633,027	$ 3,308,174	$ 3,023,554
Receivables, inventories, prepaids and other current assets	808,875	872,714	845,332
Total current assets	4,441,902	4,180,888	3,868,886
Restricted cash	401,664	492,033	564,656
Noncurrent notes and pledges receivable, net	110,673	124,901	112,019
Net other post-employment benefit receivable	77,901	74,520	-
Long-term investment pool	5,287,131	5,256,759	5,211,434
Other long-term investments	301,676	219,455	163,946
Capital assets, net of accumulated depreciation	5,700,078	5,268,363	5,043,222
Total noncurrent assets	11,879,123	11,436,031	11,095,277
Total assets	16,321,025	15,616,919	14,964,163
Deferred outflows	717,357	1,155,735	739,619
Total assets and deferred outflows	$ 17,038,382	$ 16,772,654	$ 15,703,782
Accounts payable and accrued expenses	$ 638,750	$ 591,844	$ 579,363
Medicare advance payment program	274,915	-	-
Deposits and advance payments for goods and services	268,481	281,886	274,401
Current portion of bonds, notes and lease obligations	374,717	618,302	640,589
Other current liabilities	88,673	112,259	105,021
Total current liabilities	1,645,536	1,604,291	1,599,374
Noncurrent portion of bonds, notes and lease obligations	2,732,098	2,543,360	2,582,017
Net pension liability	3,025,029	3,715,058	2,548,009
Net other post-employment benefits liability	1,459,572	1,339,383	1,249,521
Advance from concessionaire	1,002,769	1,024,555	1,046,342
Other noncurrent liabilities	527,489	434,885	383,681
Total noncurrent liabilities	8,746,957	9,057,241	7,809,570
Total liabilities	10,392,493	10,661,532	9,408,944
Deferred inflows	1,221,395	677,046	972,224
Net investment in capital assets	3,010,095	2,605,381	2,376,795
Restricted:			
Nonexpendable	1,622,782	1,580,115	1,551,278
Expendable	1,125,359	1,303,269	1,328,793
Unrestricted	(333,742)	(54,689)	65,748
Total net position	5,424,494	5,434,076	5,322,614
Total liabilities, deferred inflows and net position	$ 17,038,382	$ 16,772,654	$ 15,703,782

During the year ended June 30, 2020, **cash and temporary investment** balances increased $325 million, to $3.63 billion, primarily due to the Health System’s receipt of $275 million of Medicare Advance payments and $143 million of Provider Relief Funds. Amounts shown as **restricted cash** consist primarily of unspent proceeds from the General Receipts Bonds, which are being used to fund various capital projects. Restricted cash balances decreased $90 million, to $402 million at June 30, 2020, reflecting application of bond proceeds to capital projects. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

Accounts receivable decreased $109 million, to $527 million at June 30, 2020. Health System patient receivables were down $84 million, reflecting the overall decline in hospital inpatient and outpatient volumes caused by the COVID-19 pandemic. Receivables on grants managed by the Office of Sponsored Programs were down $27 million. **Inventories and prepaid expenses** increased $37 million, to $171 million at June 30, 2020, primarily due to purchases of Personal Protective Equipment (PPE) related to COVID-19, increases in pharmaceutical inventories and growth in prepayments for preventive maintenance contracts. **Pledges receivable** increased $43 million, to $138 million, primarily due to new pledges for capital projects and an increase in current-use gifts.

The fair value of the university's **long-term investment pool** (LTIP) increased $30 million, to $5.29 billion at June 30, 2020. The increase is primarily due to $226 million of net principal additions and $119 million of interest and dividend income. These increases were partially offset by $231 million in distributions and $73 million of expenses. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and unrestricted funds that have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equity and fixed-income securities, partnerships and hedge funds that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

The university has established a **securities lending program** through its custodian bank for the long-term investment pool. Securities loaned by the university are secured by collateral in the form of cash, equity, U.S. government obligations, and foreign government/private debt. The portion of this collateral that was received in cash decreased $32 million, to $12 million at June 30, 2020, reflecting an reduction in securities lending activity in 2020. These balances are reported in the Statement of Net Position as a current asset and a corresponding current liability.

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 $82 million, to $302 million, at June 30, 2020, primarily due to unrealized gains and capital calls on private equity investments.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, net of depreciation, grew $432 million, to $5.7 billion at June 30, 2020. 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 $861 million in 2020. The Health System accounted for $381 million of the total and includes expenditures for new facilities, infrastructure improvements, land and equipment purchases. The remaining $480 million of university capital additions include $67 million of equipment and library books, $54 million related to the Workday ERP Enterprise project, $103 million related to Comprehensive Energy Management Plan (CEMP) improvements to facilities and $256 million related to improvements and renovations of various academic buildings, athletics facilities, student life facilities and infrastructure.

Significant projects completed in 2020 include the $59 million Koffolt and Fontana Labs project, which was completed in the summer of 2020 and will provide approximately 124,000 square feet of research labs, teaching labs, classrooms, and departmental offices for Biomedical Engineering and Materials Science Engineering. Also completed in summer 2020 was a $20 million expansion of the west wing of OSU East Hospital. Approximately $10 million of Comprehensive Energy Management Plan Improvements were fully completed during the fiscal year.

Major academic facility projects currently underway or nearing completion include:

- Postle Hall – Construction is nearing completion on the $98 million project to construct a 130,000 square foot dental facility for student pre-clinical labs and patient clinics, an ambulatory surgery center, a faculty practice, a radiology clinic, and a sterilization facility. The project is slated for completion in the fall of 2020.

- Wooster Laboratory building – Construction is finishing on a $34 million Entomology research facility at the Wooster campus. The project is slated for completion in the fall of 2020.

- The Arts District – Construction is underway on a project between the west side of High Street between 15th and 18th Avenues. The project includes a new learning environment for the School of Music will also extend Annie and John Glenn Avenue from College Road to High Street and is expected to finish in 2021.

Major Health System construction projects currently underway include:

- A new inpatient hospital with up to 840 beds to replace and expand upon the original Rhodes and Doan Halls.
- A $98 million garage for the new inpatient hospital
- A $45 million sterile supply building to support the new hospital and ambulatory facilities
- A $179 million west campus outpatient ambulatory facility
- A $138 million regional ambulatory facility to the northeast on Hamilton Road
- A $161 million regional ambulatory facility to the northwest in Dublin
- A $36 million Health Sciences Faculty Office and Optometry clinic at the corner of 11th and Neil Avenues.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately $437 million at June 30, 2020.

Accounts payable and accrued expenses increased $43 million, to $635 million at June 30, 2020, reflecting increases in payables to vendors for supplies and services, which were partially offset by a reduction in retirement contributions payable.

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

Under the agreement, OSEP operates, maintains and makes capital investments in the utility system and charges the university a Utility Fee, which includes fixed, variable and operating and maintenance (O&M) components. OSEP capital investments in the utility system are recognized as capital assets and a related **long-term payable to the concessionaire**. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the concessionaire and interest expense. The university paid $56 million in fixed and O&M utility fees for the years ended June 30, 2020 and 2019, respectively. The total amounts payable to the concessionaire increased $100 million, to $142 million at June 30, 2020. The $8 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 capital lease obligations**, decreased $55 million, to $3.10 billion at June 30, 2020. In June 2020, the university issued $186 million in Series 2020A fixed rate bonds to refund $227 million of its variable rate bonds. In addition, the university entered into forward-starting interest-rate swap agreements to advance refund its Series 2013A bonds. The swap agreements are effective June 2023, have a total notional amount of $329 million and are considered effective hedges. The fair value of the swap agreements was negative $7 million at June 30, 2020 and is reported as a noncurrent liability and offsetting deferred outflow of resources.

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 $318 million and $575 million at June 30, 2020 and 2019, respectively.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. A related accounting standard, GASB Statement No. 75, requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement 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 2020, the university's share of OPERS and STRS-Ohio net pension liabilities decreased \$690 million, to \$3.03 billion at June 30, 2020. The decrease relates primarily to OPERS net pension liabilities. In calendar year 2019, OPERS realized a 17.23% return on defined benefit plan investments for the period. STRS net pension liabilities were relatively stable in 2020. Deferred outflows related to pensions decreased \$572 million, to \$446 million at June 30, 2020, and deferred inflows related to pensions increased \$377 million, to \$487 million at June 30, 2020. The swing in deferrals relates primarily to OPERS projected vs actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2020, the university's share of OPERS net OPEB liabilities increased \$116 million, to \$1.44 billion at June 30, 2020 primarily due to a decrease in the discount rate used to calculate total OPEB liabilities. The impact of the lower discount rate was partially offset by a 19.59% return on health care plan investments. The university's share of STRS-Ohio net OPEB assets was stable, increasing \$3 million, to \$78 million at June 30, 2020. Deferred outflows related to OPEB increased \$123 million, to \$240 million at June 30, 2020, primarily due to deferrals related to the reduction in the discount rate for OPERS. Deferred inflows related to OPEB increased \$180 million, to \$298 million at June 30, 2020, primarily due to OPERS projected vs actual investment returns.

Total pension and OPEB expense recognized by the university decreased \$33 million, to \$808 million in 2020. 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 \$21 million, to \$380 million in 2020. Pension and OPEB expense accruals were down \$54 million, to \$428 million.

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 and pension liabilities as explained in the previous paragraphs. Other deferred inflows consist primarily of the unamortized proceeds of the parking service concession arrangement. The parking deferred inflows, which totaled \$407 million and \$417 million at June 30, 2020 and June 30, 2019, respectively, are being amortized to operating revenue on a straight-line basis over the 50-year life of the agreement. 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 2019***, the university's share of OPERS and STRS-Ohio net pension liabilities increased \$1.17 billion, to \$3.72 billion at June 30, 2019, primarily due to a combination of negative investment returns for OPERS and reductions in OPERS long-term assumed rate of return on pension plan investments. cash and temporary investment balances increased \$285 million, to \$3.31 billion, primarily due to strong healthcare operating cash flows. ***In 2018***, the university entered into a 50-year comprehensive energy management agreement with Ohio State Energy Partners (OSEP) and received a \$1.09 billion upfront payment. \$820 million of the upfront proceeds have been invested in the university's Long Term Investment Pool. The remainder of the upfront proceeds will be used to finance capital projects. On July 1, 2017, the university implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the new standard – which requires employers participating in cost-sharing multi-employer retirement plans to recognize a share of the retirement plans' unfunded other postemployment benefit (OPEB) liabilities – resulted in a \$1.22 billion reduction in the university's opening unrestricted net position. The net OPEB liability recognized by the university at June 30, 2018 was \$1.25 billion.

Statement of Revenues, Expenses and Changes in Net Position

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

	2020	2019	2018
Operating Revenues:			
Tuition and fees, net	$ 953,569	$ 969,633	$ 935,893
Grants and contracts	743,431	732,253	698,847
Auxiliary enterprises sales and services, net	298,064	339,615	328,692
OSU Health System sales and services, net	3,449,681	3,432,271	3,103,891
Departmental sales and other operating revenues	187,089	201,783	183,823
Total operating revenues	5,631,834	5,675,555	5,251,146
Operating Expenses:			
Educational and general	2,809,135	2,665,355	1,998,165
Auxiliary enterprises	320,392	361,346	322,149
OSU Health System	3,345,167	3,109,070	2,720,988
Depreciation	425,012	413,039	394,461
Total operating expenses	6,899,706	6,548,810	5,435,763
Net operating loss	(1,267,872)	(873,255)	(184,617)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	461,838	469,679	475,593
Gifts - current use	157,511	160,102	168,209
Net investment income (loss)	231,190	229,663	439,154
CARES Act Assistance	158,058	-	-
Grants, interest expense and other non-operating	19,169	(14,961)	(7,614)
Net non-operating revenue	1,027,766	844,483	1,075,342
Income (loss) before other changes in net position	(240,106)	(28,772)	890,725
State capital appropriations	69,905	64,900	83,217
Private capital gifts	77,425	26,565	15,470
Additions to permanent endowments	63,695	45,533	55,579
Capital contributions and other changes in net position	19,499	3,236	6,129
Total changes in net position	230,524	140,234	160,395
Increase (decrease) in net position	(9,582)	111,462	1,051,120
Net position - beginning of year	5,434,076	5,322,614	5,496,365
Cumulative effect of accounting change	-	-	(1,224,871)
Net position - end of year	$ 5,424,494	$ 5,434,076	$ 5,322,614

Net **tuition and fees** decreased $16 million or 1.7%, to $954 million in 2020, due primarily to an increase in gross tuition of $4 million, offset by $20 million increase in scholarship allowances. Gross tuition increases for Autumn and Spring terms totaling $26 million were offset by a $14 million decrease in gross tuition for Summer term and an $8 million decrease in student fees. The decrease in Summer tuition was driven by the shift to all online instruction in response to the COVID-19 pandemic. Non-resident students were charged a (lower) online fee in lieu of non-resident fees. The decrease in Summer tuition was offset by expense reductions of $14 million in graduate fee authorizations.

Total **scholarships and fellowships** increased $36 million, to $419 million in 2020, primarily due to a combination of CARES Act Emergency Aid for Students ($15 million), increases in university scholarships (up $7 million), increases in scholarships funded by endowments and current gifts (up $8 million) and increases in other federal and state student aid programs (up $4 million). Amounts shown as tuition and auxiliary revenue allowances increased $20 million and $3 million, respectively. Amounts shown as scholarship and fellowship expense increased $12 million.

Operating **grant and contract revenues** increased $11 million, to $743 million, reflecting increases in federal grants of $16 million, which were partially offset by a $5 million decrease in state grants. Grants managed by the Office of Sponsored Programs increased $13 million.

Total **auxiliary revenues** decreased $42 million, to $298 million, primarily due to decreases in Student Life housing and dining revenues of $36 million and Business Advancement (Schottenstein Center and Blackwell) of $14 million, offset by increases in Athletics of $9 million. After the closure of the university's housing and dining facilities due to the COVID-19 outbreak, the university provided students housing and dining reimbursement and reimbursement of recreational fees on a pro rata basis from March 16, 2020 through the end of spring semester, totaling $34 million. **Auxiliary expenses** decreased $41 million, to $320 million, primarily due to decreases in year-end accruals for pension and other post-employment benefits of $22 million, Student Life housing and dining expenses of $12 million, and Business Advancement (Schottenstein Center and Blackwell) expenses of $7 million.

Educational and general expenses increased $145 million, or 5%, to $2.81 billion in 2020. Additional details are provided below.

Educational and General Expenses *(in thousands)*	2020	2019	2018
Instruction and departmental research	$ 1,051,376	$ 1,038,290	$ 1,006,057
Separately budgeted research	505,290	492,816	473,463
Public service	176,889	176,384	177,325
Academic support	223,552	223,172	217,086
Student services	89,162	93,405	99,032
Institutional support	355,179	246,307	188,735
Operation and maintenance of plant	117,727	123,128	118,556
Scholarships and fellowships	139,622	127,769	130,363
Non-cash accruals for pensions and other postemployment benefits	150,338	144,084	(412,452)
Total educational and general expense	$ 2,809,135	$ 2,665,355	$ 1,998,165

Most E&G expenditure categories were flat in 2020, reflecting expenditure controls implemented in response to the outbreak of COVID-19. Ohio State instituted a hiring pause on April 1, 2020. The university also temporarily paused the annual merit compensation increase process and instituted pauses in off-cycle salary increases. Restrictions on university travel this spring and a review of all non-essential spending such as supplies, equipment purchases, conferences and membership expenses led to additional savings.

The overall increase in educational and general expense is primarily due to a $109 million increase in **institutional support** expenses. In 2020, the university recognized $72 million in expense for actual and anticipated legal settlements related to sexual misconduct by a former university physician. The remaining increase in institutional support relates to central charges for employee benefits. In 2019, university's self-insurance reserve was overfunded, and some benefit expenses in 2020 were funded from the excess reserve. **Separately budgeted research** expenses increased $12 million, reflecting increases in research grants managed by the Office of Sponsored Programs.

Health System operating revenues were relatively stable in 2020, increasing $17.4 million, to $3.45 billion. Operating expenses (excluding depreciation, interest and transfers) increased $236 million, to $3.35 billion. An in-depth look at the Health System, as presented in their stand-alone financial statements, is provided below.

The Health System operates nearly 1,460 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Wexner Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 28 consecutive years as one of "America's Best Hospitals" and is ranked first in Columbus. The Health System is recognized as a national leader in nine specialties including: Cancer; Cardiology and Heart Surgery, Diabetes & Endocrinology; Ear, Nose & Throat; and Nephrology, Neurology and Neurosurgery, Pulmonary and Lung Surgery, Rehabilitation and Urology. The Ear, Nose & Throat program ranked fifth in the United States. Eleven other specialties were ranked in the top 10% of all hospitals in the country.

The Health System is proud to be the first health system 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. More than 200 Wexner Medical Center physicians were named to Castle Connolly's 2020 Top Doctors.

In 2020, total Health System operating revenues grew $17.4 million or 0.5% over the prior fiscal year. As of the end of February 2020 and prior to COVID-19, Inpatient Admissions, Total Surgeries, Outpatient Visits, and Radiation Oncology were all above prior year by 4.5%, 8.7%, 12.0%, and 18.5%, respectively. The COVID-19 pandemic and the temporary suspension of performance of elective surgeries and procedures significantly impacted Health System operating revenue.

Approximately 90% of total Health System operating revenues are from patient care activities. Other Operating Revenues include revenue from reference labs, cafeteria operations, rental agreements and other non-patient services. Due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients, the Health System operates a Specialty Retail Pharmacy dedicated to improving patient care by easing the challenges of managing medications. The Specialty Retail Pharmacy contributed $166.7 million to Health System operating revenues in 2020 and $127.6 million in 2019. Other Operating Revenues also includes a portion of the margin shared with Nationwide Children's Hospital for the management of the Neonatal Intensive Care Unit located at the Heath System.

The goal of this managed unit is to standardize the care and quality outcomes of all the neonatal patients in Central Ohio. The NICU contributed $17.8 million of operating revenues in 2020 and $15.9 million in 2019. In 2019, the Health System enrolled in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality improvement strategies and goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital agencies. The Health System recognized $52.6 million in Other Operating Revenues related to CICIP in 2020 compared to $52.5 million in 2019.

Health System operating expenses increased $139.8 million or 4.3% from 2019 to 2020. The growth in salaries and benefits from 2019 to 2020 is reflective of the volume growth noted above prior to COVID-19. The Health System experienced reduced medical supply and pharmaceutical costs in the months of March and April as a result of the cancellation or delay of elective surgeries and procedures. As a result of COVID-19, the Health System experienced a significant increase in demand for PPE, diagnostic testing, medical equipment and other supplies associated with patient care and staff safety. Solid organ transplant and Specialty Retail Pharmacy volumes increased from 2019 to 2020, also contributing to increases in supply and drug expense. Purchased services grew 3.7% in 2020 reflecting higher hospital franchise fee, legal services, and advertising costs.

In response to the COVID-19 pandemic, the Heath System is continuing to implement certain cost containment measures to address expected and potential revenue losses. These measures include a hiring pause with exceptions for essential services and key positions, a pause in merit-based compensation increases, restrictions on travel, and greater stringency on discretionary expenditures. Despite these challenges associated with COVID-19, the Health System's financial position remains strong and the enterprise continues its mission to "improve people's lives in Ohio and across the world through innovation in research, education and patient care."

Revenues and operating expenses of **OSU Physicians, Inc.** (OSUP), the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2020. Total consolidated operating revenues increased $25 million, to $585 million. The estimated revenue impact of the temporary suspension of elective surgeries in the last quarter of 2020 was approximately $33 million. OSUP received $12 million of Provider Relief Funds, which are reported as non-operating revenue. Total consolidated OSUP expenses (excluding depreciation and interest) increased $56 million to $563 million in 2020. Approximately $42.8 million of the increase relates to physician and other provider related costs associated with new physicians and care providers entering the practice during 2020. An additional $11 million of the increase reflects increases in staff salaries and benefits due to growth in FTEs and compensation adjustments. OSUP balances are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support was relatively stable in 2020, decreasing $8 million, to $462 million. In response to the impact of the COVID-19 pandemic on economic activity, the State of Ohio implemented a number of cost containment measures, including a $109 million reduction in **State Share of Instruction** (SSI) appropriations for higher education for the final two months of the fiscal year.

The university's SSI decreased $6 million, to $377 million in 2020. The university's original SSI appropriation for 2020 was $392 million. **State line-item appropriations** decreased $2 million, to $84 million. **State capital appropriations** were stable in 2020, increasing $5 million, to $70 million.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act – which was enacted March 27, 2020 in response to the COVID-19 outbreak – includes provisions to provide support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. The university recognized $158 million of **CARES Act Assistance** revenue in 2020, including $143 million of Provider Relief Funds for the Health System and $15 million for Emergency Aid to Students. Amounts provided to the university under CARES Act grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met. In addition to the Provider Relief Funds, the Health System received $275 million under the **Medicare Accelerated and Advance Payment Program**. These amounts are considered short-term loans and are reported as current liabilities in the Statement of Net Position.

Total **gifts** to the university increased $66 million, to $299 million in 2020. Increases in capital and endowment gifts were offset by decreases in current use gifts. Several colleges and support units received gifts in excess of $1 million in 2020, including Veterinary Medicine, the College of Food, Agricultural and Environmental Sciences, the Ross Heart Hospital, the Cancer Hospital and Research Institute, the College of Medicine, Neuroscience, the College of Arts and Sciences, the College of Engineering, WOSU Public Media, College of Dentistry, Moritz College of Law, Planning and Administration, General University Scholarships and the Department of Athletics. Support came from more than 237,000 alumni and friends.

University investments yielded $231 million of **net investment income** in 2020, compared with $230 million in 2019. For 2020, the LTIP returned +1.1% compared to +1.2% in 2019. In both years, the LTIP return was below-benchmark across all asset classes. In 2019, the LTIP took a significant reduction in the fair value of certain natural resources and oil and gas investments.

For 2020, the Global Equity allocation returned -0.4% and underperformed on a relative basis to the MSCI ACWI benchmark, which recorded a +2.1% result, by -2.5% for the year. The LTIP's Global Fixed Income allocation underperformed compared to the U.S. Aggregate Bond benchmark, generating a +4.8% return versus +8.7% for the benchmark. The Real Assets allocation returned -0.4%, underperforming the CPI +5% return of +5.6% for the year.

Prior-Year Highlights: ***In 2019*****,** Health System operating revenues grew $328 million, to $3.43 billion. Growth in surgical cases, increased chemotherapy and pharmaceutical volumes and increased bed capacity contributed to the growth in operating revenue. Educational and general expenses increased $667 million, to $2.67 billion in 2019, primarily due to a $557 swing in expenses associated with pension and other post-employment benefit (OPEB) liabilities. University investments yielded $230 million of net investment income in 2019, down from $439 million in 2018. Total net position increased $112 million, to $5.43 billion at June 30, 2019, primarily due to strong Health System operating results.

In 2018, OSU Health System operating revenues grew $251 million, to $3.10 billion. Health System operating expenses (excluding depreciation, interest and transfers) increased $125 million, to $2.72 billion. University investments yielded $439 million of net investment income, reflecting LTIP returns of +7.7%. Educational and general expenses decreased $434 million, to $2.00 billion, primarily due to pension and OPEB accruals.

Statement of Cash Flows

University Cash Flows Summary *(in thousands)*	**2020**	**2019**	**2018**
Net cash flows from (used in) operating activities	$ (4,234)	$ (7,757)	$ 1,053,673
Net cash flows from noncapital financing activities	934,803	779,439	764,223
Capital appropriations and gifts for capital projects	104,855	99,114	94,627
Proceeds from capital debt	-	-	73,885
Payments for purchase or construction of capital assets	(739,379)	(604,717)	(497,962)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(180,250)	(180,138)	(256,514)
Net cash flows provided (used) in investing activities	68,118	(1,128)	(505,508)
Net increase in cash and cash equivalents	$ 183,913	$ 84,813	$ 726,424

University cash and cash equivalents increased $184 million in 2020. Net cash used in operating activities was relatively stable at $4 million in 2020, compared to $8 million used in 2019. The Health System's receipt of $275 million of Medicare Advance payments and a reduction in vendor payments for supplies and services offset declines in receipts for patient care and auxiliary operations. Net cash flows from noncapital financing activities increased $155 million, to $935 million, reflecting the receipt of the CARES Act Provider Relief Funds and Emergency Aid to Students. Payments for purchase or construction of capital assets increased $134 million, to $739 million, primarily reflecting increases in Health System capital expenditures. Total cash provided by investing activities was $68 million, reflecting receipts of investment income.

Economic Factors That Will Affect the Future

The COVID-19 pandemic continues to present significant budgetary challenges for Ohio State. No source of revenue is unaffected. Some of the impacts include:

- A reduction in state operating subsidy of 4.38%, or $18 million, from original Fiscal Year 2021 state funding levels
- Anticipated tuition loss of $54.9 million due to many students moving to an entirely virtual schedule and others deciding not to return to the university this fiscal year
- Reduced athletic revenues by $130.3 million due to the cancellation of event rentals, a postponed fall season, and the related reduction in ticket, media, conference, and game guarantee revenues
- Student Life housing and dining revenues down $3 million from Fiscal Year 2020 due to lower student occupancy on campus, which equates to a $38.3 million reduction compared to a normalized year.

To address these impacts, the university is implementing $252.2 million in targeted savings across all colleges, support units and the Wexner Medical Center. Of those targeted savings, $175 million is expected to come from university operations and $77.2 million from the Wexner Medical Center. In addition, all capital projects have been assessed to determine how existing projects can defer millions of dollars in spending to ensure adequate financial flexibility until the total impact of the pandemic on revenue sources becomes clear. Resource stewardship is one of the pillars of the university's strategic plan. Ohio State has achieved over $220 million in administrative efficiencies, over $450 million in strategic procurement savings and more than $1 billion in new resource generation over the last five years.

The university continues to invest strategically to better position the institution for success in the future. Examples include:

- **University Minimum Wage** – Ohio State is implementing a $15 an hour minimum wage in the new fiscal year.
- **Need-Based Aid** – The university has provided over $200 million in additional need-based aid to students and families since 2015, far exceeding its stated goal of reaching $100 million by 2020.
- **New Inpatient Hospital** – In August 2020, University trustees approved the construction of the 1.9 million-square-foot Ohio State University Wexner Medical Center Inpatient Hospital.
- **Digital Flagship** – Ohio State continues investing in digital course delivery infrastructure to position the university as a national leader in digital higher education in the post-COVID-19 era.

The impact of COVID-19 and the scope of any adverse impact on University finances and operations cannot be fully determined at this time. Adverse consequences of the COVID-19 pandemic may include, but are not limited to: decline in enrollment (including a disproportional decline in enrollment by international students); decline in demand for University housing; decline in demand for University programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; a decrease in tuition revenue resulting from out-of-state students choosing all on-line instruction; an increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs (some of which may be paid with the University's CARES Act allocation); a decrease in availability of student loan funds or other student financial aid; reductions in funding support from donors or other external sources; a decline in research funding, including research funding from the U.S. government; a significant decline in the University's investments based on market declines or other external factors; substantial disruption to Health System operations related to a potential surge in COVID-19 cases; and a decrease in financial support from the State of Ohio whether through decreased appropriations or otherwise.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the university, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical facts, which address activities, events or developments that the university expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The university does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

THE OHIO STATE UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2020 and June 30, 2019
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2020	2019	2020	2019	2020	2019
ASSETS AND DEFERRED OUTFLOWS:						
Current Assets:						
Cash and cash equivalents	$ 1,844,446	$ 1,570,164	$ 186,705	$ 144,154	$ 2,031,151	$ 1,714,318
Temporary investments	1,788,581	1,738,010	15,135	16,510	1,803,716	1,754,520
Accounts receivable, net	526,682	635,324	56,555	63,596	583,238	698,920
Notes receivable - current portion, net	25,231	25,231	424	527	25,655	25,758
Pledges receivable - current portion, net	79,240	31,540	-	-	79,240	31,540
Accrued interest receivable	21,274	25,050	-	-	21,274	25,050
Inventories and prepaid expenses	170,732	133,524	4,279	4,643	175,011	138,167
Investments held under securities lending program	12,092	44,391	-	-	12,092	44,391
Amounts due from (to) primary institution	(26,376)	(22,346)	26,376	22,346	-	-
Total Current Assets	4,441,902	4,180,888	289,474	251,776	4,731,377	4,432,664
Noncurrent Assets:						
Restricted cash	401,664	492,033	-	-	401,664	492,033
Notes receivable, net	51,425	48,816	850	2,935	52,275	51,751
Pledges receivable, net	59,248	64,151	-	-	59,248	64,151
Net other post-employment benefit asset	77,901	74,520	-	-	77,901	74,520
Long-term investment pool	5,287,131	5,256,759	-	-	5,287,131	5,256,759
Other long-term investments	301,676	219,455	-	-	301,676	219,455
Capital assets, net	5,700,078	5,268,363	243,277	192,164	5,922,015	5,438,368
Total Noncurrent Assets	11,879,123	11,424,097	244,127	195,099	12,101,910	11,597,037
Total Assets	16,321,025	15,604,985	533,601	446,875	16,833,287	16,029,701
Deferred Outflows:						
Pension	445,769	1,017,370	-	18	445,769	1,017,388
Other post-employment benefits	239,629	116,167	-	6	239,629	116,173
Other deferred outflows	31,959	22,198	-	-	31,959	22,198
Total Deferred Outflows	717,357	1,155,735	-	24	717,357	1,155,759
Total Assets and Deferred Outflows	$ 17,038,382	$ 16,760,720	$ 533,601	$ 446,899	$ 17,550,644	$ 17,185,460
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:						
Current Liabilities:						
Accounts payable and accrued expenses	$ 638,750	$ 591,844	$ 30,877	$ 20,541	$ 669,627	$ 612,385
Medicare advance payment program	274,915	-	12,585	-	287,500	-
Deposits and advance payments for goods and services	268,481	281,886	3,141	2,336	271,622	284,222
Current portion of bonds, notes and leases payable	57,002	43,627	1,607	1,840	58,608	45,467
Long-term bonds payable, subject to remarketing	317,715	574,675	-	-	317,715	574,675
Liability under securities lending program	12,092	44,391	-	-	12,092	44,391
Other current liabilities	108,209	89,752	9,153	5,797	117,362	95,549
Amounts due to (from) primary institution - current	(31,628)	(22,823)	31,628	22,823	-	-
Total Current Liabilities	1,645,536	1,603,352	88,991	53,337	1,734,526	1,656,689
Noncurrent Liabilities:						
Bonds, notes and leases payable	2,732,098	2,543,360	16,290	18,920	2,748,388	2,562,280
Concessionaire payable	134,362	39,121	-	-	134,362	39,121
Net pension liability	3,025,029	3,715,058	-	136	3,025,029	3,715,194
Net other post-employment benefit liability	1,459,572	1,339,383	-	60	1,459,572	1,339,443
Compensated absences	210,158	177,672	-	-	210,158	177,672
Self-insurance accruals	87,928	82,507	-	-	87,928	82,507
Amounts due to third-party payors - Health System	60,516	49,374	-	-	60,516	49,374
Irrevocable split-interest agreements	31,853	28,463	-	-	31,853	28,463
Refundable advances for Federal Perkins loans	29,695	33,478	-	-	29,695	33,478
Advance from concessionaire	1,002,769	1,024,555	-	-	1,002,769	1,024,555
Other noncurrent liabilities	104,255	122,292	39,215	26,564	122,132	126,697
Amounts due to (from) primary institution - noncurrent	(131,278)	(109,017)	131,278	109,017	-	-
Total Noncurrent Liabilities	8,746,957	9,046,246	186,783	154,697	8,912,402	9,178,784
Total Liabilities	10,392,493	10,649,598	275,774	208,034	10,646,928	10,835,473
Deferred Inflows:						
Parking service concession arrangement	406,914	416,545	-	-	406,914	416,545
Pension	487,347	109,993	-	10	487,347	110,003
Other post-employment benefits	298,463	117,979	-	3	298,463	117,982
Other deferred inflows	28,671	32,529	-	-	28,671	32,529
Total Deferred Inflows	1,221,395	677,046	-	13	1,221,395	677,059
Net Position:						
Net investment in capital assets	3,010,095	2,605,381	216,111	159,311	3,226,206	2,764,692
Restricted:			-	-		-
Nonexpendable	1,622,782	1,580,115	-	-	1,622,782	1,580,115
Expendable	1,125,359	1,303,269	-	-	1,125,359	1,303,269
Unrestricted	(333,742)	(54,689)	41,716	79,541	(292,026)	24,852
Total Net Position	5,424,494	5,434,076	257,827	238,852	5,682,321	5,672,928
Total Liabilities, Deferred Inflows and Net Position	$ 17,038,382	$ 16,760,720	$ 533,601	$ 446,899	$ 17,550,644	$ 17,185,460

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, 2020 and June 30, 2019
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2020	2019	2020	2019	2020	2019
Operating Revenues:						
Student tuition and fees (net of scholarship	$ 953,569	$ 969,633	$ -	$ -	$ 953,569	$ 969,633
allowances of $238,920 and $218,936, respectively)			-	-		
Federal grants and contracts	369,977	354,214	12,946	13,534	382,923	367,748
State grants and contracts	78,217	83,651	-	-	78,217	83,651
Local grants and contracts	27,015	25,608	-	-	27,015	25,608
Private grants and contracts	268,222	268,780	39,852	44,086	308,074	312,866
Sales and services of educational departments	142,389	156,921	9,354	9,440	151,743	166,361
Sales and services of auxiliary enterprises (net of scholarship allowances of $39,982 and $37,284, respectively)	298,064	339,615	-	-	298,064	339,615
Sales and services of the OSU Health System, net	3,449,681	3,432,271	-	-	3,449,681	3,432,271
Sales and services of OSU Physicians, Inc., net	-	-	584,222	560,322	584,222	560,322
Other operating revenues	44,700	44,862	-	-	44,700	44,862
Total Operating Revenues	5,631,834	5,675,555	646,374	627,382	6,278,208	6,302,937
Operating Expenses:						
Educational and General:						
Instruction and departmental research	1,096,254	1,070,292	8,821	9,403	1,105,075	1,079,695
Separately budgeted research	537,912	487,327	15,923	15,798	553,835	503,125
Public service	187,854	183,228	12,243	12,545	200,097	195,773
Academic support	250,674	242,960	-	-	250,674	242,960
Student services	95,070	109,166	-	-	95,070	109,166
Institutional support	378,552	309,691	20,367	20,636	398,919	330,327
Operation and maintenance of plant	122,449	135,307	741	699	123,190	136,006
Scholarships and fellowships	140,370	127,384	-	-	140,370	127,384
Auxiliary enterprises	320,392	361,346	-	-	320,392	361,346
OSU Health System	3,345,167	3,109,070	-	-	3,345,167	3,109,070
OSU Physicians, Inc.	-	-	563,200	507,366	563,200	507,366
Depreciation	425,012	413,039	10,272	8,777	435,284	421,816
Total Operating Expenses	6,899,706	6,548,810	631,567	575,224	7,531,273	7,124,034
Net Operating Income (Loss)	(1,267,872)	(873,255)	14,807	52,158	(1,253,065)	(821,097)
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	461,838	469,679	-	-	461,838	469,679
Federal subsidies for Build America Bonds interest	10,987	10,619	-	-	10,987	10,619
Federal non-exchange grants	61,531	63,042	-	-	61,531	63,042
CARES Assistance	158,058	-	11,805	-	169,863	-
State non-exchange grants	14,702	11,119	-	-	14,702	11,119
Gifts	157,511	160,102	-	-	157,511	160,102
Net investment income	231,190	229,663	1,925	2,624	233,115	232,287
Interest expense on plant debt	(116,379)	(115,084)	(1,531)	(1,613)	(117,910)	(116,697)
Other non-operating revenues (expenses)	48,328	15,343	(13,110)	(22,890)	35,218	(7,547)
Net Non-operating Revenue	1,027,766	844,483	(911)	(21,879)	1,026,855	822,604
Income (Loss) before Changes in Net Position	(240,106)	(28,772)	13,896	30,279	(226,210)	1,507
Changes in Net Position:						
State capital appropriations	69,905	64,900	-	-	69,905	64,900
Private capital gifts	77,425	26,565	-	-	77,425	26,565
Additions to permanent endowments	63,695	45,533	-	-	63,695	45,533
Capital contributions and changes in net position	19,499	3,236	5,079	19,927	24,578	23,163
Total Changes in Net Position	230,524	140,234	5,079	19,927	235,603	160,161
Increase (Decrease) in Net Position	(9,582)	111,462	18,975	50,206	9,393	161,668
Net Position - Beginning of Year:						
Beginning of year, as previously reported	5,434,076	5,322,614	238,852	172,017	5,672,928	5,494,631
Cumulative effect of accounting changes	-	-	-	16,629	-	16,629
Beginning of Year, as restated	5,434,076	5,322,614	238,852	188,646	5,672,928	5,511,260
Net Position - End of Year	$ 5,424,494	$ 5,434,076	$ 257,827	$ 238,852	$ 5,682,321	$ 5,672,928

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

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and June 30, 2019
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Cash Flows from Operating Activities:						
Tuition and fee receipts	$ 838,750	$ 848,524	$ -	$ -	$ 838,750	$ 848,524
Grant and contract receipts	764,850	732,383	67,488	57,566	832,338	789,949
Receipts for sales and services	3,981,772	3,894,191	595,501	558,634	4,577,273	4,452,825
Payments to or on behalf of employees	(2,672,926)	(2,533,272)	(421,493)	(374,538)	(3,094,419)	(2,907,810)
University employee benefit payments	(721,606)	(663,084)	(93,854)	(85,463)	(815,460)	(748,547)
Payments to vendors for supplies and services	(2,080,763)	(2,196,722)	(78,502)	(107,473)	(2,159,265)	(2,304,195)
Payments to students and fellows	(165,171)	(118,803)	-	-	(165,171)	(118,803)
Student loans issued	(3,249)	(4,001)	-	-	(3,249)	(4,001)
Student loans collected	9,061	8,848	-	-	9,061	8,848
Student loan interest and fees collected	1,949	2,184	-	-	1,949	2,184
Other receipts	43,099	21,995	-	-	43,099	21,995
Net cash provided (used) by operating activities	(4,234)	(7,757)	69,140	48,726	64,906	40,969
Cash Flows from Noncapital Financing Activities:						
State share of instruction and line-item appropriations	461,838	469,679	-	-	461,838	469,679
Non-exchange grant receipts	76,233	74,161	-	-	76,233	74,161
CARES Assistance	158,058	-	11,805	-	169,863	-
Gift receipts for current use	148,904	173,649	-	-	148,904	173,649
Additions to permanent endowments	63,695	45,533	-	-	63,695	45,533
Drawdowns of federal direct loan proceeds	332,591	353,493	-	-	332,591	353,493
Disbursements of federal direct loans to students	(330,524)	(339,227)	-	-	(330,524)	(339,227)
Repayment of loans from related organization	–	691	-	-	–	691
Amounts received from irrevocable split-interest agreements	5,187	734	-	-	5,187	734
Amounts paid to annuitants and life beneficiaries	(1,797)	(1,735)	-	-	(1,797)	(1,735)
Agency funds receipts	4,549	5,566	-	-	4,549	5,566
Agency funds disbursements	(5,564)	(5,387)	-	-	(5,564)	(5,387)
Other receipts (payments)	21,633	2,282	5,838	(7,473)	27,471	(5,191)
Net cash provided (used) by noncapital financing activities	934,803	779,439	17,643	(7,473)	952,446	771,966
Cash Flows from Capital Financing Activities:						
Proceeds from capital debt	-	-	12,003	7,806	12,003	7,806
State capital appropriations	71,605	64,788	-	-	71,605	64,788
Gift receipts for capital projects	33,250	34,326	-	-	33,250	34,326
Payments for purchase or construction of capital assets	(739,379)	(604,717)	(55,221)	(35,105)	(794,600)	(639,822)
Principal payments on capital debt and leases	(68,343)	(67,092)	(2,934)	(1,391)	(71,277)	(68,483)
Interest payments on capital debt and leases	(117,234)	(123,666)	(1,501)	(1,621)	(118,735)	(125,287)
Federal subsidies for Build America Bonds interest	5,327	10,620	-	-	5,327	10,620
Net cash (used) by capital financing activities	(814,774)	(685,741)	(47,653)	(30,311)	(862,427)	(716,052)
Cash Flows from Investing Activities:						
Net (purchases) sales of temporary investments	(27,789)	(102,981)	(12,550)	(13,343)	(40,339)	(116,324)
Proceeds from sales and maturities of long-term investments	3,122,487	3,556,262	13,926	3,220	3,136,413	3,559,482
Investment income, net of related expenses	142,413	142,775	2,046	2,545	144,459	145,320
Purchases of long-term investments	(3,168,993)	(3,597,184)	-	-	(3,168,993)	(3,597,184)
Net cash provided (used) by investing activities	68,118	(1,128)	3,422	(7,578)	71,540	(8,706)
Net Increase in Cash	183,913	84,813	42,552	3,364	226,465	88,177
Cash and Cash Equivalents - Beginning of Year	2,062,197	1,977,384	144,153	140,789	2,206,350	2,118,173
Cash and Cash Equivalents - End of Year	$ 2,246,110	$ 2,062,197	$ 186,705	$ 144,153	$ 2,432,815	$ 2,206,350

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

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS, Cont'd
Years Ended June 30, 2020 and June 30, 2019
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:						
Operating income (loss)	$ (1,267,872)	$ (873,255)	$ 14,807	$ 52,157	$ (1,253,065)	$ (821,098)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	425,012	413,039	10,272	8,777	435,284	421,816
Changes in assets and liabilities:						
Accounts receivable, net	110,490	(30,166)	4,735	(6,440)	115,225	(36,606)
Notes receivable, net	(4,743)	(19,447)	2,188	(778)	(2,555)	(20,225)
Accrued interest receivable	28	131	-	-	28	131
Inventories and prepaid expenses	(37,208)	(8,235)	364	11	(36,844)	(8,224)
Amounts due to/from primary institution	(27,036)	(3,924)	5,603	(5,943)	(21,433)	(9,867)
Net other post-employment benefit asset	(3,381)	(74,520)	-	-	(3,381)	(74,520)
Deferred outflows	448,217	(413,871)	24	31	448,241	(413,840)
Accounts payable and accrued liabilities	84,258	36,319	4,726	(6,192)	88,984	30,127
Medicare advance payment program	274,915	–	12,585	-	287,500	–
Self-insurance accruals	5,421	8,368	-	-	5,421	8,368
Amounts due to third-party payors - Health System	11,142	4,465	-	-	11,142	4,465
Deposits and advanced payments	(25,440)	5,609	806	(322)	(24,634)	5,287
Compensated absences	32,486	7,447	-	-	32,486	7,447
Refundable advances for Federal Perkins loans	(3,783)	840	-	-	(3,783)	840
Advance from concessionaire	(21,786)	(21,787)	-	-	(21,786)	(21,787)
Net pension liability	(690,029)	1,167,049	(136)	(100)	(690,165)	1,166,949
Net other post-employment benefit liability	120,189	89,862	(60)	(93)	120,129	89,769
Deferred inflows	548,207	(293,927)	(13)	(38)	548,194	(293,965)
Other liabilities	16,679	(1,754)	13,239	7,656	29,918	5,902
Net cash provided (used) by operating activities	$ (4,234)	$ (7,757)	$ 69,140	$ 48,726	$ 64,906	$ 40,969
Non Cash Transactions:						
Construction in process in accounts payable	$ 33,503	$ 32,180	$ 9,534	$ 3,925	$ 43,037	$ 36,105
Construction in process in concessionaire payable	102,867	31,878	-	-	102,867	31,878
Capital lease	10,970	10,958	-	-	10,970	10,958
Stock gifts	19,306	14,104	-	-	19,306	14,104
Net increase (decrease) in fair value of investments	88,869	84,113	(248)	(203)	88,621	83,910
Forgiveness of debt	-	-	-	2,000	-	2,000
Bond refunding placed in escrow	232,024	-	-	-	232,024	-

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

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 entities, 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 -- legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*, defines financial accountability.

The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.

The university's 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.

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

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

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

- **Science and Technology Campus Corporation** (SciTech) – This non-profit organization, which was established to 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 total university column reflects eliminations of transactions between the primary institution and the discretely component units. These transactions consist primarily of (a) discretionary subsidies and contributions which are presented as either non-operating activities or capital additions at the component unit level and (b) exchange-based goods and services that support the operations of the entity, which are presented as operating revenues and expenses at the component unit level. The impact of these transactions on the statement of revenues, expenses and changes in net position was $0 for the years ended June 30, 2020 and 2019.

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

Basis of Accounting

The financial statements of the university have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The university is reporting 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 Management's Discussion and Analysis; 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. Unless otherwise specified, the amounts presented in MD&A are those of the primary institution.

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, cash restricted for capital projects and outstanding principal balances of 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 the principal by the university. These assets primarily consist 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 which are 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.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted funds 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 at the time of purchase. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Restricted cash consists of bond proceeds restricted for capital expenditures. For purposes of the Statement of Cash Flows, "cash" is defined as the total of these two line items.

Investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. 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 carried at estimated fair value 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. Investments in these limited partnerships are fair valued based on the university's proportional share of the net asset value of the total fund. 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, 2020, the university has made commitments to limited partnerships totaling $1,279,893 that have not yet been funded. These commitments may extend for a maximum of twelve years.

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

Endowment Policy

All endowments are invested in the university's Long Term Investment Pool, which consists of 5,892 Board authorized funds and 219 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 classified as restricted-expendable, unless otherwise restricted by the donor.

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 seven year period.

At June 30, 2020, the fair value of the university and Foundation gifted endowments is \$2,034,290, which is \$238,321 above the historical dollar value of \$1,795,969. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2020, there are 2,689 named funds that remain underwater. The fair value of these underwater funds at June 30, 2020 is \$858,109, which is \$78,992 below the historical dollar value of \$937,101.

At June 30, 2019, the fair value of the university and Foundation gifted endowments is \$2,039,437, which is \$315,252 above the historical dollar value of \$1,724,185. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2019, there are 1,704 named funds that remain underwater. The fair value of these underwater funds at June 30, 2019 is \$563,140, which is \$51,189 below the historical dollar value of \$614,329.

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

Gift Pledges Receivable

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

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

Inventories

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

Capital Assets and Collections

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. Capital assets are stated at cost or acquisition value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

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

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

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 Statement 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 in the Statement 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 Statement 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, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and net investment income. In addition, amounts provided to the university under CARES Act 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 and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

State Support

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

The state also provides line-item appropriations which partially support the current operations of various activities, which include 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 the funding for and constructs major plant facilities on the university's campuses, and this funding is recorded as state capital appropriations. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents. Such facilities are reflected as buildings or construction in progress in the accompanying statement of net position. Neither the obligations for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements.

Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly. These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

Government Grants and Contracts

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

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

CARES Act Assistance

The Coronavirus Aid, Relief, and Economic Security (CARES) Act – which was enacted March 27, 2020 in response to the COVID-19 outbreak – includes provisions to provide support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. CARES Act Provider Relief Funds were distributed for lost revenues and healthcare related expenses due to operational changes to prepare for treating patients with COVID-19. During fiscal year 2020, the Health System and OSU Physicians received and recognized $143,301 and $11,805 in revenue, respectively, related to CARES Act Provider Relief Funds. The University received Higher Education Relief Funds of $14,757 to provide emergency financial aid to students to mitigate the impacts of loss revenue and additional technology expenses associated with moving to online education. Amounts provided to the university under CARES Act grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met.

To minimize the impact of disruptions in claims processing as a result of COVID-19, the Centers for Medicare & Medicaid Services (CMS) introduced an advanced payment program for health care providers as part of the CARES Act. The advance payments will be recovered from processing Medicare claims during the twelve-month repayment period, expected to begin during the 2021 fiscal year. To the extent the advances are not recovered during the repayment period, as defined by CMS, the advances are due on demand. The advances are interest free during the repayment period; however, if the Medical Centers elect an extended repayment period, interest will be charged at the prevailing Treasury rate. The Health System and OSU Physicians received $274,915 and $12,585, respectively, in Medicare advance payments. These amounts are considered short-term loans and are reported as current liabilities in the Statement of Net Position.

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.

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, 2020 and 2019 are $52,589 and $50,336, respectively, after applying a decrease of $5,661 and $3,443, 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, 2020 and 2019 are $8,437 and $7,856, respectively.

Management Estimates

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

(dollars in thousands)

Change in Financial Reporting Entity

Effective March 3, 2020, the Science and Technology Campus Corporation (SciTech) adopted an Amended and Restated Code of Regulations which included new provisions on board composition and reserved powers for directors appointed by the university. As a result of these changes, SciTech is considered to be fiscally dependent on the university and is now subject to consolidation in the university's financial reports as a discretely presented component unit.

The cumulative effect of this change in the reporting entity was a $16,629 increase in net position for the university's discretely presented component units as of July 1, 2018. The effects of the change in reporting entity in the university's financial statements for the year ended June 30, 2019 were as follows:

	As Previously Reported	Effect of Change in Reporting Entity	As Restated
Statement of Net Position - Primary Institution			
Notes receivable, net	$ 60,750	$ (11,934)	$ 48,816
Total noncurrent assets	11,436,031	(11,934)	11,424,097
Total assets	15,616,919	(11,934)	15,604,985
Amounts due to (from) primary institution - current	(21,884)	(939)	(22,823)
Total current liabilities	1,604,291	(939)	1,603,352
Amounts due to (from) primary institution - noncurrent	(98,022)	(10,995)	(109,017)
Total noncurrent liabilities	9,057,241	(10,995)	9,046,246
Total liabilities	10,661,532	(11,934)	10,649,598

(dollars in thousands)

	As Previously Reported	Effect of Change in Reporting Entity	As Restated
Statement of Net Position - Discretely Presented Component Units			
Cash and cash equivalents	$ 138,936	$ 5,218	$ 144,154
Accounts receivable, net	63,003	593	63,596
Notes receivable - current portion, net	87	440	527
Inventories and prepaid expenses	4,597	46	4,643
Total Current Assets	245,479	6,297	251,776
Notes receivable, net	2,461	474	2,935
Other long-term investments	-	-	-
Capital assets, net	164,152	28,012	192,164
Total Noncurrent Assets	166,613	28,486	195,099
Total Assets	412,092	34,783	446,875
Accounts payable and accrued expenses	20,047	494	20,541
Deposits and advance payments for goods and services	2,111	225	2,336
Current portion of bonds, notes and leases payable	1,343	497	1,840
Amounts due to (from) primary institution - current	21,884	939	22,823
Total Current Liabilities	51,182	2,155	53,337
Bonds, notes and leases payable	18,161	759	18,920
Other noncurrent liabilities	24,603	1,961	26,564
Amounts due to (from) primary institution - noncurrent	98,022	10,995	109,017
Total Noncurrent Liabilities	140,982	13,715	154,697
Total Liabilities	192,164	15,870	208,034
Net investment in capital assets	143,730	15,581	159,311
Unrestricted	76,209	3,332	79,541
Total Net Position	219,939	18,913	238,852

(dollars in thousands)

	As Previously Reported	Effect of Change in Reporting Entity	As Restated
Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units			
Private grants and contracts	$ 36,447	$ 7,639	$ 44,086
Total Operating Revenues	619,743	7,639	627,382
Public service	9,153	3,392	12,545
Depreciation	7,467	1,310	8,777
Total Operating Expenses	570,522	4,702	575,224
Net Operating Income (Loss)	49,221	2,937	52,158
Interest expense on plant debt	(960)	(653)	(1,613)
Net Non-operating Revenue	(21,226)	(653)	(21,879)
Income (Loss) before Changes in Net Position	27,995	2,284	30,279
Increase in Net Position	47,922	2,284	50,206

	As Previously Reported	Effect of Change in Reporting Entity	As Restated
Statement of Cash Flows - Discretely Presented Component Units			
Grant and contract receipts	$ 51,383	$ 6,183	$ 57,566
Payments to vendors for supplies and services	(104,119)	(3,354)	(107,473)
Net cash provided (used) by operating activities	45,897	2,829	48,726
Other receipts (payments)	(6,578)	(895)	(7,473)
Net cash provided (used) by noncapital financing activities	(6,578)	(895)	(7,473)
Payments for purchase or construction of capital assets	(34,848)	(257)	(35,105)
Principal payments on capital debt and leases	(894)	(497)	(1,391)
Interest payments on capital debt and leases	(968)	(653)	(1,621)
Net cash (used) by capital financing activities	(28,904)	(1,407)	(30,311)
Net increase in cash	2,838	527	3,365
Cash and cash equivalents - beginning of year	136,098	4,691	140,789
Cash and cash equivalents - end of year	138,936	5,218	144,154

Newly Issued Accounting Pronouncements

In order to provide temporary relief to governments in light of the COVID-19 pandemic, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement – which was issued in May 2020 and is effective immediately – extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The effective dates of the accounting pronouncements listed below have been updated in accordance with Statement No. 95.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. This standard is effective for periods beginning after December 15, 2019 (FY2021).

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. This standard is effective for periods beginning after June 15, 2021 (FY2022).

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard requires that interest cost incurred during the period of construction be recognized as an expense in the period in which the cost is incurred. These costs will no longer be included in the historical costs of capital assets. The standard is effective for periods beginning after December 15, 2020 (FY2022) and will be applied on a prospective basis.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. This standard establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The standard is effective for periods beginning after December 15, 2019 (FY2021).

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR).* Due to global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021. This standard addresses accounting and financial reporting implications that result from the replacement of an IBOR. The standard is effective for periods beginning after December 31, 2021 (FY2023).

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

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. It also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The provisions that limit the applicability of the "absence of a governing board" and "financial burden" criteria to arrangements other than defined contribution plans would be effective immediately; other provisions would be effective for reporting periods beginning after June 15, 2021.

University management is currently assessing the impact that implementation of GASB Statements No. 84, 87, 89, 90, 94, 96 and 97 will have on the university's financial statements.

Other

The university is exempt from income taxes under Internal Revenue service rules. Any unrelated business income is taxable.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2020, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is $2,246,110 as compared to bank balances of $2,239,213. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit.

Of the bank balances, $307,728 is covered by federal deposit insurance and $1,931,485 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, 2019, the carrying amount of the primary institution's cash, cash equivalents and restricted cash is $2,062,197 as compared to bank balances of $2,073,030. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $180,099 is covered by federal deposit insurance and $1,892,931 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, 2020, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is $186,705 as compared to bank balances of $188,647. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $5,364 is covered by federal deposit insurance and $183,283 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, 2019, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash is $144,154 as compared to bank balances of $147,820. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $5,048 is covered by federal deposit insurance and $142,772 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks

NOTE 3 — INVESTMENTS

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

Temporary Investments are amounts available for current operations. The target is to maximize value while protecting the liquidity of the assets. Temporary Investments include the following instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and mutual 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
Global Equities	40-80%	MSCI All Country World Index (ACWI)
Global Credit	10-50%	Barclays U.S. Aggregate Bond Index
Real Assets	5-20%	U.S. Consumer Price Index (CPI) + 5%

The Global Equities category includes domestic equity, international equity, emerging market equity, hedged funds and private equity. The Global Credit category includes global fixed income and relative value/macro, credit oriented managers and private credit. The Real Assets category includes real estate and infrastructure funds.

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 mutual funds, OSU Foundation interests in unitrust, gift annuities, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are other private equity investments and investments in certain organizations that are affiliated with the OSU Health System.

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

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

(dollars in thousands)

Total university investments by major category for the primary institution at June 30, 2020 and 2019 are as follows:

	Primary Institution 2020	Primary Institution 2019
Temporary Investments	$ 1,788,581	$ 1,738,010
Long-Term Investment Pool:		
Gifted Endowment - University	1,038,113	1,070,008
Gifted Endowment - OSU Foundation	996,177	969,429
Quasi Endowment - Operating	1,363,204	1,289,534
Quasi Endowment - Designated	1,889,637	1,927,788
Total Long-Term Investment Pool	5,287,131	5,256,759
Securities Lending Collateral Investments	12,092	44,391
Other Long-Term Investments	301,676	219,455
Total Investments	$ 7,389,480	$ 7,258,615

Total university investments by investment type for the primary institution at June 30, 2020 are as follows:

	Primary Institution				
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
U.S. equity	$ -	$ 664,055	$ -	$ -	$ 664,055
International equity	-	475,277	-	-	475,277
Equity mutual funds	84,580	445,874	21,526	-	551,980
U.S. government obligations	117,993	1,448	510	-	119,951
U.S. government agency obligations	135,206	-	-	-	135,206
Corporate bonds and notes	1,297,564	-	-	-	1,297,564
Bond mutual funds	90,223	-	16,435	-	106,658
Foreign government bonds	7,542	-	-	-	7,542
Real assets	8,999	526,131	22,089	-	557,219
Hedge funds	-	504,888	-	-	504,888
Private equity	-	1,225,211	220,507	-	1,445,718
Commercial paper	26,480	-	-	-	26,480
Cash and cash equivalents	-	1,444,247	-	-	1,444,247
Other	19,994	-	20,609	-	40,603
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	4,877	4,877
Variable rate notes	-	-	-	525	525
Commercial Paper	-	-	-	1,300	1,300
Certificates of deposit	-	-	-	4,850	4,850
Cash and other adjustments	-	-	-	540	540
	$ 1,788,581	$ 5,287,131	$ 301,676	$ 12,092	$ 7,389,480

(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2019 are as follows:

	Primary Institution				
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
U.S. equity	$ 309	$ 533,091	$ -	$ -	$ 533,400
International equity	-	391,301	-	-	391,301
Equity mutual funds	86,616	1,024,535	22,284	-	1,133,435
U.S. government obligations	157,044	554,889	471	-	712,404
U.S. government agency obligations	129,502	-	-	-	129,502
Corporate bonds and notes	1,223,091	-	-	-	1,223,091
Bond mutual funds	92,439	-	16,103	-	108,542
Foreign government bonds	12,380	-	-	-	12,380
Real assets	9,578	525,966	24,884	-	560,428
Hedge funds	-	829,151	-	-	829,151
Private equity	-	903,311	138,625	-	1,041,936
Commercial paper	18,068	-	-	-	18,068
Cash and cash equivalents	-	494,515	-	-	494,515
Other	8,983	-	17,088	-	26,071
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	18,703	18,703
Variable rate notes	-	-	-	950	950
Certificates of deposit	-	-	-	24,772	24,772
Cash and other adjustments	-	-	-	(34)	(34)
	$ 1,738,010	$ 5,256,759	$ 219,455	$ 44,391	$ 7,258,615

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

	2020	2019
Interest and dividends	$ 194,485	$ 197,877
Net increase in fair value of investments	88,869	84,112
Investment expenses	(52,164)	(52,326)
Total	$ 231,190	$ 229,663

Information on Fair Value of Investments

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Directly held equity securities, registered bond and equity mutual 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 US 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, 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 provided by the FASB standards relevant to investment companies. Interest in investment funds with a NAV reported under an alternative basis or meet the intent to sell criteria are reflected as Level 3 investments.

(dollars in thousands)

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

Not Leveled – Cash is not measured at fair value and, thus, is not subject to the fair value disclosure requirements. Cash not subject to such requirements amounted to $118,873 and $37,109 at June 30, 2020 and 2019, respectively.

Investments by fair value category for the primary institution at June 30, 2020 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	$ 664,055	$ -	$ -	$ -	$ 664,055
International equity	475,277	-	-	-	475,277
Equity mutual funds	198,477	-	-	353,503	551,980
U.S. government obligations	1,448	118,503	-	-	119,951
U.S. government agency obligations	-	135,206	-	-	135,206
Corporate bonds and notes	-	1,297,564	-	-	1,297,564
Bond mutual funds	106,658	-	-	-	106,658
Foreign government bonds	-	7,542	-	-	7,542
Real assets	15,743	-	93,357	448,119	557,219
Hedge funds	-	-	-	504,888	504,888
Private equity	-	-	273,589	1,172,129	1,445,718
Commercial paper	-	26,480	-	-	26,480
Cash equivalents	1,325,374	-	-	-	1,325,374
Other	-	19,543	21,060	-	40,603
Securities Lending Collateral Assets:					
Repurchase agreements	-	4,877	-	-	4,877
Variable rate notes	-	525	-	-	525
Commercial paper	-	1,300	-	-	1,300
Certificates of deposit	-	4,850	-	-	4,850
Other adjustments	542	(2)	-	-	540
	$ 2,787,574	$ 1,616,388	$ 388,006	$ 2,478,639	$ 7,270,607

(dollars in thousands)

Investments by fair value category for the primary institution at June 30, 2019 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	$ 533,400	$ -	$ -	$ -	$ 533,400
International equity	391,301	-	-	-	391,301
Equity mutual funds	188,590	-	-	944,845	1,133,435
U.S. government obligations	8,311	704,093	-	-	712,404
U.S. government agency obligations	-	129,502	-	-	129,502
Corporate bonds and notes	-	1,220,966	2,125	-	1,223,091
Bond mutual funds	108,542	-	-	-	108,542
Foreign government bonds	-	12,380	-	-	12,380
Real assets	19,719	-	313,986	226,723	560,428
Hedge funds	-	-	-	829,151	829,151
Private equity	-	-	187,790	854,146	1,041,936
Commercial paper	-	18,068	-	-	18,068
Cash equivalents	457,406	-	-	-	457,406
Other	-	8,551	17,520	-	26,071
Securities Lending Collateral Assets:					
Repurchase agreements	-	18,703	-	-	18,703
Variable rate notes	-	950	-	-	950
Commercial paper	-	-	-	-	-
Certificates of deposit	-	24,772	-	-	24,772
Other adjustments	-	(34)	-	-	(34)
	$ 1,707,269	$ 2,137,951	$ 521,421	$ 2,854,865	$ 7,221,506

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, 2020 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Equity mutual funds - non-public international	$ 353,503	$ -	No limit	1 to 30 days	None
Hedge funds - absolute return, credit, long/short equities	504,888	-	No limit	30 to 180 day notice periods	Lock-up provisions ranging from none to 2 years; side pockets on a few funds
Private equity - private credit, buyouts, venture, secondary	1,172,129	844,093	1-12 years	Partnerships ineligible for redemption	Not redeemable
Real assets - natural resources, real estate, intrastructure	448,119	199,050	1-12 years	Partnerships ineligible for redemption	Not redeemable
	$ 2,478,639	$ 1,043,144			

(dollars in thousands)

Additional Risk Disclosures for Investments

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

Liquidity risk – The university's private equity and real asset investments are illiquid and subject to redemption restrictions in accordance with their respective governing documents.

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.

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2020 are as follows:

	Primary Institution				
		Investment Maturities (in years)			
	Fair Value	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
U.S. government obligations	$ 119,951	$ 18,089	$ 92,464	$ 9,398	$ -
U.S. government agency	-				
obligations	135,100	4,045	22,649	24,953	83,453
Commercial paper	26,480	26,480	-	-	-
Corporate bonds	1,297,564	326,619	796,759	80,752	93,434
Bond mutual funds	106,658	1,800	66,342	23,578	14,938
Other governmental bonds	19,543	1,108	15,568	994	1,873
Foreign governmental bonds	7,542	-	7,542	-	-
Securities Lending Collateral:					
Repurchase agreements	4,877	4,877	-	-	-
Certificates of deposit	525	525	-	-	-
Commercial paper	1,300	1,300	-	-	-
Variable rate notes	4,850	4,850	-	-	-
Total	$ 1,724,390	$ 389,693	$ 1,001,324	$ 139,675	$ 193,698

(dollars in thousands)

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2019 are as follows:

	Primary Institution				
		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 712,404	$ 583,306	$ 111,097	$ 18,001	$ -
U.S. government agency	-				
obligations	129,502	21,127	12,463	17,203	78,709
Commercial paper	18,068	18,068	-	-	-
Corporate bonds	1,223,091	242,552	828,631	65,590	86,318
Bond mutual funds	108,542	(135)	60,981	32,353	15,343
Other governmental bonds	8,550	1,857	4,226	1,163	1,304
Foreign governmental bonds	12,380	6,014	6,366	-	-
Securities Lending Collateral:					
Repurchase agreements	18,703	18,703	-	-	-
Certificates of deposit	950	950	-	-	-
Commercial paper	-	-	-	-	-
Variable rate notes	24,772	24,772	-	-	-
Total	$ 2,256,962	$ 917,214	$ 1,023,764	$ 134,310	$ 181,674

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.

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.

(dollars in thousands)

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2020 are as follows:

	Primary Institution										
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not Rated
U.S. government											
and agency obligations	$ 255,157	$ 6,431	$ 165,407	$ 77,729	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,590
Corporate bonds	1,297,564	94,714	225,727	468,096	354,052	26,780	2,774	-	-	-	125,421
Bond mutual funds	106,658	20,084	49,875	17,267	17,139	932	680	654	-	-	27
Foreign government bonds	7,542	2,957	1,809	352	-	-	-	-	-	-	2,424
Commercial paper	26,480	-	-	26,480	-	-	-	-	-	-	-
Other government bonds	19,543	575	9,493	7,317	922	-	-	-	-	-	1,236
Securities Lending Collateral:											
Repurchase agreements	4,877	-	-	-	-	-	-	-	-	-	4,877
Certificates of deposit	525	-	-	525	-	-	-	-	-	-	-
Commercial paper	1,300	-	-	1,300	-	-	-	-	-	-	-
Variable rate notes	4,850	-	925	3,925	-	-	-	-	-	-	-
Total	$ 1,724,496	$ 124,761	$ 453,236	$ 602,991	$ 372,113	$ 27,712	$ 3,454	$ 654	$ -	$ -	$ 139,575

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2019 are as follows:

	Primary Institution										
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not Rated
U.S. government											
and agency obligations	$ 841,906	$ 4,746	$ 778,923	$ 55,899	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,338
Corporate bonds	1,223,091	76,957	191,993	440,442	358,615	21,993	652	-	-	-	132,439
Bond mutual funds	108,542	20,337	60,937	11,802	12,155	1,915	653	721	-	-	22
Foreign government bonds	12,380	2,715	201	6,359	-	-	-	-	-	-	3,105
Commercial paper	18,068	-	-	4,985	-	-	-	-	-	-	13,083
Other government bonds	8,550	-	5,110	3,440	-	-	-	-	-	-	-
Securities Lending Collateral:											
Repurchase agreements	18,703	-	-	-	-	-	-	-	-	-	18,703
Certificates of deposit	950	-	-	950	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-	-	-
Variable rate notes	24,772	-	7,855	16,917	-	-	-	-	-	-	-
Total	$ 2,256,962	$ 104,755	$ 1,045,019	$ 540,794	$ 370,770	$ 23,908	$ 1,305	$ 721	$ -	$ -	$ 169,690

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, 2020 and June 30, 2019.

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.

(dollars in thousands)

At June 30, 2020, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine Peso	$ -	$ -	$ 10	$ -	$ -	$ -
Australian dollar	10,707	18,220	(17)	-	-	-
Bangladeshi taka	-	-	-	-	-	-
Brazilian real	4,197	10,345	20	-	-	-
Canadian dollar	12,121	10,611	136	-	-	-
Chilean peso	482	82	-	-	-	-
Chinese yuan	3,403	81,917	6	-	-	-
Columbian peso	153	26	-	-	-	-
Czech Republic koruna	83	422	2	-	-	-
Danish krone	6,695	4,842	12	-	-	-
Egyptian pound	110	17	-	-	-	-
Euro	138,326	64,318	338	2,136	514	108,723
Great Britain pound sterling	33,694	32,097	8	16,075	-	147,093
Hong Kong dollar	56,825	34,586	(2)	-	-	-
Hungarian forint	171	32	1	-	-	-
Iceland Krona	-	-	33	-	-	-
Indian rupee	6,536	6,898	-	-	-	-
Indonesian rupiah	1,180	1,989	3	-	-	-
Israeli shekel	162	6,909	9	-	-	-
Japanese yen	115,796	36,602	(4)	-	-	-
Kenyan Shilling	-	333	-	-	-	-
Kuwaiti dinar	-	76	-	-	-	-
Malaysian ringgit	1,493	751	1	-	-	-
Mexican peso	1,389	1,644	250	-	-	-
New Taiwan dollar	10,446	14,346	(18)	-	-	-
New Turkish lira	414	826	-	-	-	-
New Zealand dollar	306	926	143	-	-	-
Norwegian krone	4,451	1,945	82	-	-	-
Pakistan rupee	49	8	-	-	-	-
Peruvian nuevo sol	-	3	23	-	-	-
Philippine peso	657	1,031	-	-	-	-
Polish zloty	680	103	4	-	-	-
Qatarian rial	666	97	-	-	-	-
Romanian new leu	-	-	(1)	-	-	-
Russian ruble	2,112	334	9	-	-	-
Saudi Riyal	2,093	315	-	-	-	-
Singapore dollar	928	2,295	3	-	-	-
South African rand	2,948	2,749	-	-	-	-
South Korean Won	14,830	8,782	(6)	-	-	-
Sri Lanka rupee	-	-	-	-	-	-
Swedish krona	10,618	14,990	30	-	-	-
Swiss franc	28,265	13,724	(43)	-	-	19,763
Thailand bhat	1,876	2,081	-	-	-	-
UAE dirham	415	67	-	-	-	-
Total	$ 475,277	$ 377,339	$ 1,032	$ 18,211	$ 514	$ 275,579

(dollars in thousands)

At June 30, 2019, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentine Peso	$ -	$ -	$ 34	$ -	$ -	$ -
Australian dollar	5,969	31,351	98	-	-	-
Bangladeshi taka	-	-	-	-	-	-
Brazilian real	9,032	7,322	144	-	-	-
Canadian dollar	17,890	10,414	62	627	-	-
Chilean peso	435	196	54	-	-	-
Chinese yuan	663	57,495	5	-	-	-
Columbian peso	181	62	90	-	-	-
Czech Republic koruna	67	670	-	-	-	-
Danish krone	1,236	5,027	3	-	-	-
Egyptian pound	80	274	-	-	-	-
Euro	111,377	83,394	(854)	798	990	89,635
Great Britain pound sterling	40,376	74,112	91	3,545	-	104,324
Hong Kong dollar	24,286	39,176	(320)	-	-	-
Hungarian forint	122	63	-	-	-	-
Iceland Krona	-	-	36	-	-	-
Indian rupee	4,237	2,247	(4)	-	-	-
Indonesian rupiah	952	3,127	186	-	-	-
Israeli shekel	198	134	7	-	-	-
Japanese yen	104,304	51,414	393	-	5,513	-
Kenyan Shilling	-	377	-	-	-	-
Kuwaiti dinar	-	148	-	-	-	-
Malaysian ringgit	987	1,919	(2)	-	-	-
Mexican peso	1,136	2,117	155	-	-	-
New Taiwan dollar	5,141	9,020	(2)	-	-	-
New Turkish lira	253	761	-	-	-	-
New Zealand dollar	288	106	46	-	-	-
Norwegian krone	4,760	3,294	67	-	-	-
Pakistan rupee	33	23	-	-	-	-
Peruvian nuevo sol	-	7	146	-	-	-
Philippine peso	490	722	-	-	-	-
Polish zloty	602	135	122	-	-	-
Qatarian rial	441	241	-	-	-	-
Romanian new leu	-	-	-	-	-	-
Russian ruble	1,435	625	254	-	-	-
Saudi Riyal	616	287	-	-	-	-
Singapore dollar	1,143	7,940	-	-	-	-
South African rand	2,622	6,396	86	-	-	-
South Korean Won	9,700	9,769	(129)	-	-	-
Sri Lanka rupee	-	-	-	-	-	-
Swedish krona	3,916	14,000	126	-	-	-
Swiss franc	34,631	17,664	(114)	-	-	29,825
Thailand bhat	1,416	1,186	(1)	-	-	-
UAE dirham	286	154	-	-	-	-
Total	$ 391,301	$ 443,369	$ 779	$ 4,970	$ 6,503	$ 223,784

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, 2020 and 2019 were comprised completely of equities, and these loans were secured by collateral in the form of cash, equities, U.S. government obligations, and foreign government/private debt. All loans must be secured by collateral amounting to no less than 102% of the current fair value of domestic securities loaned and no less than 105% of the current fair value of foreign securities loaned.

As of June 30, 2020, there was no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period, cash collateral is simultaneously invested in short term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days.

As of June 30, 2020, securities loaned by the university amounted to a fair value of $32,319 and were secured by collateral in the amount of $34,499. The portion of this collateral that was received in cash amounted to $12,091 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

As of June 30, 2019, securities loaned by the university amounted to a fair value of $69,375 and were secured by collateral in the amount of $80,012. The portion of this collateral that was received in cash amounted to $44,387 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

(dollars in thousands)

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2020 and 2019 consist of the following:

	Primary Institution	
	2020	**2019**
Gross receivables - OSU Health System	$ 973,045	$ 1,171,862
Grant and contract receivables	68,675	94,218
Tuition and fees receivable	20,184	21,970
Receivables for departmental and auxiliary sales and services	45,574	51,667
State and federal receivables	14,237	12,382
Other receivables	70	28
Total receivables	1,121,785	1,352,127
Less: Allowances	595,103	716,803
Total receivables, net	$ 526,682	$ 635,324

Allowances consist primarily of allowances for doubtful accounts and contractual adjustments of receivables of the OSU Health System.

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of $17,673 and $18,149 at June 30, 2020 and 2019, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33*, Accounting and Reporting for Non-exchange Transactions*, the university has recorded $145,279 in non-endowment pledges receivable and a related allowance for doubtful accounts of $6,790 at June 30, 2020. The university recorded $101,478 in non-endowment pledges receivable and a related allowance for doubtful accounts of $5,787 at June 30, 2019.

Accounts receivable for the discretely presented component units at June 30, 2020 and 2019 consist of the following:

	Discretely Presented Component Units	
	2020	**2019**
Gross receivables - OSU Physicians	$ 118,780	$ 129,817
Other receivables	11,159	13,907
Total receivables	129,939	143,724
Less: Allowances for doubtful accounts	73,384	80,128
Total receivables, net	$ 56,555	$ 63,596

Allowances consist primarily of allowances for doubtful accounts and contractual adjustments of receivables of OSU Physicians.

(dollars in thousands)

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2020 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 92,809	$ 15,380	$ 53	$ 108,136
Intangibles	18,413	150	-	18,563
Construction in progress	395,784	484,440	-	880,224
Total non depreciable assets	507,006	499,970	53	1,006,923
Capital assets being depreciated:				
Improvements other than buildings	922,499	28,271	-	950,770
Buildings and fixed equipment	6,735,607	168,253	1,124	6,902,736
Movable equipment, furniture and software	1,648,658	161,910	74,859	1,735,709
Library books	194,331	2,571	434	196,468
Total	9,501,095	361,005	76,417	9,785,683
Less: Accumulated depreciation	4,739,738	425,012	72,222	5,092,528
Total depreciable assets, net	4,761,357	(64,007)	4,195	4,693,155
Capital assets, net	$ 5,268,363	$ 435,963	$ 4,248	$ 5,700,078

The increase in construction in progress of $484,440 in fiscal year 2020 represents the amount of capital expenditures for new projects of $609,786, net of assets placed in service of $125,346.

Capital assets activity for the primary institution for the year ended June 30, 2019 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 89,492	$ 3,317	$ -	$ 92,809
Intangibles	18,413	-	-	18,413
Construction in progress	378,859	16,925	-	395,784
Total non depreciable assets	486,764	20,242	-	507,006
Capital assets being depreciated:				
Improvements other than buildings	833,855	88,659	15	922,499
Buildings and fixed equipment	6,375,994	363,809	4,196	6,735,607
Movable equipment, furniture and software	1,547,854	165,277	64,473	1,648,658
Library books	191,275	3,890	834	194,331
Total	8,948,978	621,635	69,518	9,501,095
Less: Accumulated depreciation	4,392,520	413,039	65,821	4,739,738
Total depreciable assets, net	4,556,458	208,596	3,697	4,761,357
Capital assets, net	$ 5,043,222	$ 228,838	$ 3,697	$ 5,268,363

The increase in construction in progress of $16,925 in fiscal year 2019 represents the amount of capital expenditures for new projects of $573,711, net of assets placed in service of $556,786.

(dollars in thousands)

Capital assets activity for the discretely presented component units for the year ended June 30, 2020 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 29,438	$ 2,023	$ -	$ 31,461
Intangibles	62	-	36	26
Construction in progress	41,676	28,822	-	70,498
Total non depreciable assets	71,176	30,845	36	101,985
Capital assets being depreciated:				
Improvements other than buildings	29,694	1,460	2,886	28,268
Buildings and fixed equipment	134,029	27,601	1,704	159,926
Movable equipment, furniture and software	43,161	4,403	11,620	35,944
Total	206,884	33,464	16,210	224,138
Less: Accumulated depreciation	85,896	10,272	13,322	82,846
Total depreciable assets, net	120,988	23,192	2,888	141,292
Capital assets, net	$ 192,164	$ 54,037	$ 2,924	$ 243,277

The increase in construction in progress of $28,822 in fiscal year 2020 represents the amount of capital expenditures for new projects of $54,390, net of assets placed in service of $25,568.

Capital assets activity for the discretely presented component units for the year ended June 30, 2019 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 25,731	$ 3,741	$ 34	$ 29,438
Intangibles	46	16	-	62
Construction in progress	19,758	21,918	-	41,676
Total non depreciable assets	45,535	25,675	34	71,176
Capital assets being depreciated:				
Improvements other than buildings	26,623	3,705	634	29,694
Buildings and fixed equipment	146,509	5,036	17,516	134,029
Movable equipment, furniture and software	33,574	9,839	252	43,161
Total	206,706	18,580	18,402	206,884
Less: Accumulated depreciation	88,618	8,777	11,499	85,896
Total depreciable assets, net	118,088	9,803	6,903	120,988
Capital assets, net	$ 163,623	$ 35,478	$ 6,937	$ 192,164

The increase in construction in progress of $21,918 in fiscal year 2019 represents the amount of capital expenditures for new projects of $28,072, net of assets placed in service of $6,154.

(dollars in thousands)

The university recognized asset retirement obligations (AROs) of $17,934 and $17,337 at June 30, 2020 and 2019, respectively. Assets with AROs include university facilities in which radioactive materials are used, facilities handling hazardous chemicals or waste and fuel storage tanks, all of which are subject to regulation by the State of Ohio. Liability estimates are based on decommissioning funding plans (for facilities handling radioactive materials) and historical experience (for hazardous waste facilities and fuel storage tanks). The estimated remaining useful lives of these assets range from 0 to 26 years.

NOTE 6 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the primary institution at June 30, 2020 and 2019 consist of the following:

	Primary Institution	
	2020	**2019**
Payables to vendors for supplies and services	$ 400,568	$ 326,794
Accrued compensation and benefits	143,389	141,433
Retirement system contributions payable	55,826	84,622
Other accrued expenses	38,967	38,995
Total payables and accrued expenses	$ 638,750	$ 591,844

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, 2020 and 2019 consist of the following:

	Primary Institution	
	2020	**2019**
Current deposits and advance payments:		
Tuition and fees	$ 47,900	$ 45,827
Departmental and auxiliary sales and services	59,338	82,509
Affinity agreements	2,930	3,087
Advance from concessionaire	21,786	21,786
Grant and contract advances	122,426	113,290
Other deposits and advance payments	14,101	15,387
Total current deposits and advance payments	$ 268,481	$ 281,886
Advance from concessionaire	$ 1,002,769	$ 1,024,555
Other non-current deposits and advance payments:	83,779	101,089

(dollars in thousands)

Deposits and advance payments for goods and services for the discretely presented component units at June 30, 2020 and 2019 consist of the following:

	Discretely Presented Component Units	
	2020	2019
Current deposits and advance payments:		
Unearned rental income and deposits - Campus Partners	$ 1,579	$ 1,439
Unearned revenues - Transportation Research Center	1,095	672
Unearned rental income - SciTech	467	225
Total current deposits and advance payments	$ 3,141	$ 2,336
Non-current deposits and advance payments:		
Unearned rental income - Campus Partners	$ 37,440	$ 24,604
Unearned rental income - SciTech	1,775	1,960
Total (shown as other non-current liabilities)	$ 39,215	$ 26,564

NOTE 8 — SELF-INSURANCE ACCRUALS

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

Medical Malpractice

The university has established trusteed self-insurance funds for professional medical malpractice liability claims with a $4,000 limit per occurrence and $18,000 annual aggregate. The university self-insurance funds have insurance in excess of $4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2016, Oval Limited provides coverage with limits of $85,000 per occurrence and in the aggregate.

Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/16 – 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

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, 2020, Oval reinsured, in excess of the self-insured retention, 100% of the first $25,000 of risk to Berkley Hathaway Speciality Insurance. The next $20,000 was fully ceded to Endurance Specialty Insurance Ltd, then $20,000 ceded to The Medical Protective Company, with the next $10,000 ceded to Arch Specialty Insurance Company and above that the Company ceded the remaining $10,000 of the risk to Liberty Specialty Markets Bermuda Limited.

The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2020. 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, 2020 of the anticipated future payments on gross claims is estimated at its present value of $56,749 discounted at an estimated rate of 3% (university funds) and an additional $19,417 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 $204,872 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2020, and the surplus of $128,706 is included in unrestricted net position.

At June 30, 2019, the anticipated future payments on gross claims was estimated at its present value of $51,092 discounted at an estimated rate of 3% (university funds) and an additional $19,247 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of $205,510 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) were more than the recorded liability at June 30, 2019, and the surplus of $135,136 was included in unrestricted net position.

Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2020 and 2019, $32,583 and $37,016, 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, 2020 and 2019, respectively, $18,102 and $19,276, are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

(dollars in thousands)

Changes in reported self-insurance liabilities for the primary institution since June 30, 2018 result from the following activities:

	Malpractice		Health		Workers' Compensation	
	2020	2019	2020	2019	2020	2019
Liability at beginning of fiscal year	$ 70,339	$ 70,328	$ 37,016	$ 32,997	$ 19,276	$ 20,112
Current year provision for losses	9,036	5,381	373,448	348,520	5,166	6,273
Claim payments	(3,209)	(5,370)	(377,881)	(344,501)	(6,340)	(7,109)
Balance at fiscal year end	$ 76,166	$ 70,339	$ 32,583	$ 37,016	$ 18,102	$ 19,276

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, 2020 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements - Notes:					
WOSU	$ 1,826	$ -	$ 159	$ 1,667	$ 159
OH Air Quality Note Series A	2,198	-	427	1,771	433
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,573	-	84	2,489	88
Direct Borrowings and Direct Placements - Other:					
Capital Lease Obligations	21,001	10,958	7,261	24,698	9,972
Ohio State Energy Partners	41,672	102,811	2,551	141,932	7,570
General Receipts Bonds - Fixed Rate:					
2010A, due serially through 2020	16,325	-	10,200	6,125	6,125
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	4,635
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	58,220	-	8,910	49,310	7,870
2012B, due 2033	12,035	-	1,510	10,525	1,540
2014A, due serially through 2044	126,810	-	2,560	124,250	2,690
2016A, due serially through 2111	600,000	-	-	600,000	-
2016B, due serially through 2030	20,465	-	2,930	17,535	1,405
2017, due serially through 2028	69,950	-	7,035	62,915	7,320
2020A, due serially through 2030	-	185,995	-	185,995	7,195
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	17,160	-	13,810	3,350	3,350
1999B1, due serially through 2029	10,765	-	9,125	1,640	1,640
2001, due serially through 2032	53,035	-	46,270	6,765	6,765
2003C, due serially through 2031	44,960	-	39,770	5,190	5,190
2005B, due serially through 2035	62,730	-	54,610	8,120	8,120
2008B, due serially through 2028	86,025	-	68,375	17,650	17,650
2010E, due serially through 2035	150,000	-	25,000	125,000	125,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
	3,127,455	299,764	300,587	3,126,632	374,717
Unamortized Bond Premiums	73,328	46,029	4,812	114,545	-
Total outstanding debt	$ 3,200,783	$ 345,793	$ 305,399	$ 3,241,177	$ 374,717

(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2019 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements - Notes:					
WOSU	$ 1,985	$ -	$ 159	$ 1,826	$ 159
OH Air Quality Note Series A	2,618	-	420	2,198	426
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,653	-	80	2,573	84
Direct Borrowings and Direct Placements - Other:					
Capital Lease Obligations	15,329	10,958	5,286	21,001	7,262
Ohio State Energy Partners	10,316	31,877	521	41,672	2,551
General Receipts Bonds - Fixed Rate:					
2008A, due serially through 2028	7,570	-	7,570	-	-
2010A, due serially through 2020	40,460	-	24,135	16,325	10,200
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	66,750	-	8,530	58,220	8,910
2012B, due 2033	13,515	-	1,480	12,035	1,510
2014A, due serially through 2044	129,245	-	2,435	126,810	2,560
2016A, due serially through 2111	600,000	-	-	600,000	-
2016B, due serially through 2030	23,255	-	2,790	20,465	2,930
2017, due serially through 2028	69,950	-	-	69,950	7,035
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	49,800	-	4,840	44,960	44,960
2005B, due serially through 2035	71,575	-	8,845	62,730	62,730
2008B, due serially through 2028	86,025	-	-	86,025	86,025
2010E, due serially through 2035	150,000	-	-	150,000	150,000
2014B, due serially through 2044	150,000	-	-	150,000	150,000
	3,151,711	42,835	67,091	3,127,455	618,302
Unamortized Bond Premiums	81,211	-	7,883	73,328	-
Total outstanding debt	$ 3,232,922	$ 42,835	$ 74,974	$ 3,200,783	$ 618,302

(dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2020 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Direct Borrowings and Direct Placements:					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	$ 11,673	$ -	$ 333	$ 11,340	$ 586
OSU Physicians - Term Loan Payable, due 2023	1,347	-	510	837	277
TRC Ohio Development Service Agency Note Payable	4,691	-	237	4,454	237
Campus Partners - Columbus Foundation Note Payable	1,747	-	1,747	-	-
SciTech - Project Notes Series 2001	670	-	330	340	340
SciTech - Credit Facility	586	-	167	419	167
Campus Partners PPP Loan	-	288	-	288	-
Campus Partners EIDL Loan	-	160	-	160	-
Campus Partners Finance Fund Loan	-	59	-	59	-
Capital Lease Obligations	46	-	46	-	-
Total outstanding debt	$ 20,760	$ 507	$ 3,370	$ 17,897	$ 1,607

Debt activity for the discretely presented component units for the year ended June 30, 2019 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	$ 12,437	$ 47	$ 811	$ 11,673	$ 895
OSU Physicians - Term Loan Payable, due 2023	1,347	-	-	1,347	-
TRC Ohio Development Service Agency Note Payable	5,000	-	309	4,691	314
Campus Partners - Columbus Foundation Note Payable	1,833	-	86	1,747	88
Campus Partners - Edwards TIF Note Payable	1,650	350	2,000	-	-
SciTech - Project Notes Series 2001	990	-	320	670	330
SciTech - Credit Facility	763	-	177	586	167
Capital Lease Obligations	97	4	55	46	46
Total outstanding debt	$ 24,117	$ 401	$ 3,758	$ 20,760	$ 1,840

(dollars in thousands)

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

	Primary Institution				
	Bonds		Direct Borrowings and Direct Placements		
	Principal	Interest	Principal	Interest	Total
2021	$ 356,495	$ 131,284	$ 18,222	$ 10,071	$ 516,072
2022	57,345	128,476	14,654	9,603	210,078
2023	65,100	125,865	13,787	8,850	213,602
2024	61,075	122,753	11,102	8,693	203,623
2025	55,115	119,916	7,836	8,026	190,893
2026-2030	249,060	562,396	40,348	31,882	883,686
2031-2035	120,500	521,048	28,987	19,969	690,504
2036-2040	780,890	497,150	26,293	10,188	1,314,521
2041-2045	106,155	249,984	13,668	2,778	372,585
2046-2050	350,000	190,540	-	-	540,540
2051-2055	-	170,600	-	-	170,600
2056-2060	250,000	135,180	-	-	385,180
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
2091-2195	-	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	500,000	-	-	1,000,000
	$ 2,951,735	$ 4,655,192	$ 174,897	$ 110,060	$ 7,891,884

(dollars in thousands)

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

	Discretely Presented Component Units		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2021	$ 1,607	$ 33	$ 1,640
2022	1,879	41	1,920
2023	1,297	38	1,335
2024	957	34	991
2025	977	31	1,008
2026-2030	5,194	105	5,299
2031-2035	5,215	22	5,237
2036-2040	771	-	771
	$ 17,897	$ 304	$ 18,201

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

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

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

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside $313,597 for future debt service which is included in unrestricted net position.

(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, 2020
General Receipts Bonds:		
Series 1997	12,260	12,260
Series 1999	6,560	6,560
Series 2001	43,080	43,080
Series 2003C	34,765	34,765
Series 2005	45,425	45,425
Series 2008	60,080	60,080
Series 2010D	4,376	4,281
Series 2010E	25,000	25,000
	$ 231,546	$ 231,451

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

Special-Purpose General Receipts Bonds

In January 2013, the university issued $337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. The bond indenture agreement includes a debt covenant, requiring the university "to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations." At June 30, 2020, the university is in compliance with this covenant. Condensed financial information for the Special Purpose Revenue Facilities is provided in Note 23.

(dollars in thousands)

Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2003C, 2005B, 2008B, 2010E and 2014B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2020 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	1.459%
1999B1	12%	1.273%
2001	12%	1.096%
2003C	12%	1.411%
2005B	12%	1.025%
2008B	12%	0.549%
2010E	8%	0.504%
2014B1	not specified	0.776%
2014B2	not specified	0.788%

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 $317,715 and $574,675 at June 30, 2020 and 2019, respectively.

Capital Lease Obligations

Some university equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2020 are $33,088 and $24,698, respectively. The original cost and lease obligations related to these capital leases as of June 30, 2019 are $33,708 and $21,000, respectively.

Capitalization of Interest

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Total interest costs incurred for the years ended June 30, 2020 and 2019 for the primary institution were $121,125 and $123,584. Of these amounts, interest of $4,746 and $8,500 were capitalized. The remaining amounts of $116,379 and $115,084 for the years ended June 30, 2020 and 2019, respectively, are reported as interest expense in the statement of revenues, expenses and changes in net position.

NOTE 10 – DERIVATIVE INSTRUMENTS

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

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

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

The forward-starting pay fixed/receive floating interest rate swap agreements are considered effective hedging derivatives as of June 30, 2020. 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 30,2020. 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.

(dollars in thousands)

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, 2020	$ (6,629)	Other non-current liability
Change in Fair Value for Year Ended June 30, 2020	$ (6,629)	Deferred outflows - other

Using rates in effect as of June 30, 2020, the projected cash flows for the pay fixed/receive floating interest rate swaps deemed effective cash flow hedges, along with the debt service requirements of the associated variable rate debt (anticipated June 2023), are summarized as follows:

	Primary Institution			
	Variable Rate Bonds		Swap	Total
	Principal	Interest	Payments, Net	Payments
2024	-	427	3,933	4,360
2025	-	427	3,933	4,360
2026	-	427	3,933	4,360
2027	-	427	3,933	4,360
2028-2032	74,945	2,010	18,487	95,442
2033-2037	110,820	1,366	12,564	124,750
2038-2042	118,415	626	5,759	124,800
2043	24,640	32	295	24,967
	328,820	5,742	52,837	387,399

Hedging Derivative Instrument Risk Factors

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

Termination Risk

There is termination risk with pay fixed/receive floating interest rate swaps as the university or swap counterparty may terminate a swap if the other party fails to perform under the terms of the contract. The swaps also contain ratings-based termination provisions where a swap agreement may be terminated if the counterparty's or the university's General Receipts credit ratings fall below Baa2 or BBB. The university's swaps specify Market Quotation, Second Method as the method for determining the termination value. Additionally, the university holds a par cancellation option which enables the university to cancel the swap at no cost starting June 1, 2035. This option also acts to limit the calculation of negative fair value to just the years remaining between the termination date and the date of the par termination option, which in turn mitigates any potential termination payment which may be owed by the university.

(dollars in thousands)

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, 2020.

NOTE 11 — OPERATING LEASES

The university leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statement of net position. The total rental expense under these agreements was $26,458 and $19,692 for the years ended June 30, 2020 and 2019, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2020 are as follows:

Year Ending June 30,	Primary Institution	Discretely Presented Component Units
2021	$ 21,360	$ 7,705
2022	19,818	5,111
2023	17,839	4,618
2024	12,793	3,851
2025	12,805	3,607
2026-2030	56,530	19,718
2031-2035	13,339	5,078
2036-2040	772	-
2041-2045	1,018	-
2046-2050	1,071	-
2051-2055	1,249	-
2056-2060	1,368	-
2061-2065	1,368	-
2066 and beyond	262	-
Total minimum lease payments	$ 161,592	$ 49,688

(dollars in thousands)

NOTE 12 — COMPENSATED ABSENCES

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

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

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

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

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

NOTE 13 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2020 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 192,940	$ 48,024	$ 15,403	$ 225,561	$ 15,403
Self-insurance accruals	126,631	382,121	381,901	126,851	38,923
Amounts due to third party payors	76,470	43,395	9,046	110,819	50,303
Irrevocable split-interest agreements	31,727	7,045	3,655	35,117	3,264
Refundable advances for Federal Perkins loans	33,478	-	3,783	29,695	-
Other noncurrent liabilities	122,292	-	18,037	104,255	-
Other current liabilities	-	316	-	316	316
	$ 583,538	$ 480,901	$ 431,825	$ 632,614	$ 108,209

(dollars in thousands)

Other liability activity for the primary institution for the year ended June 30, 2019 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 185,004	$ 23,204	$ 15,268	$ 192,940	$ 15,268
Self-insurance accruals	123,436	353,066	349,871	126,631	44,124
Amounts due to third party payors	66,333	61,054	50,917	76,470	27,096
Irrevocable split-interest agreements	32,728	-	1,001	31,727	3,264
Refundable advances for Federal Perkins loans	32,638	840	-	33,478	-
Other noncurrent liabilities	91,944	30,348	-	122,292	-
	$ 532,083	$ 468,512	$ 417,057	$ 583,538	$ 89,752

NOTE 14 — RENTALS UNDER OPERATING LEASES

The university is the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases for the primary institution as of June 30, 2020 is as follows:

Year Ending June 30,	
2021	$ 4,056
2022	3,640
2023	3,404
2024	2,616
2025	1,361
2026-2030	2,967
2031-2035	1,005
2036-2040	110
2041-2045	10
2046-2050	10
2051-2055	10
Total minimum future rentals	$ 19,189

(dollars in thousands)

The discretely presented component units are the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases as of June 30, 2020 is as follows:

Year Ending June 30,	
2021	$ 22,701
2022	5,817
2023	5,095
2024	4,742
2025	4,438
2026-2030	14,046
2031-2035	4,088
2036-2040	83
2041-2045	37
Total minimum future rentals	$ 61,047

NOTE 15 — OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Changes in Net Position. Operating expenses by object for the primary institution for the years ended June 30, 2020 and 2019 are summarized as follows:

Year Ended June 30, 2020

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 981,056	$ 115,198	$ -	$ -	$ 1,096,254
Separately budgeted research	360,402	177,510	-	-	537,912
Public service	108,396	79,458	-	-	187,854
Academic support	212,169	38,505	-	-	250,674
Student services	76,683	18,387	-	-	95,070
Institutional support	239,028	139,524	-	-	378,552
Operation and maintenance of plant	34,247	88,202	-	-	122,449
Scholarships and fellowships	7,802	1,957	130,611	-	140,370
Auxiliary enterprises	185,666	134,726	-	-	320,392
OSU Health System	1,733,288	1,611,879	-	-	3,345,167
Depreciation	-	-	-	425,012	425,012
Total operating expenses	$ 3,938,737	$ 2,405,346	$ 130,611	$ 425,012	$ 6,899,706

(dollars in thousands)

Year Ended June 30, 2019

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 937,736	$ 132,556	$ -	$ -	$ 1,070,292
Separately budgeted research	305,772	181,555	-	-	487,327
Public service	101,633	81,595	-	-	183,228
Academic support	202,555	40,405	-	-	242,960
Student services	86,559	22,607	-	-	109,166
Institutional support	227,931	81,760	-	-	309,691
Operation and maintenance of plant	37,166	98,141	-	-	135,307
Scholarships and fellowships	6,265	2,317	118,802	-	127,384
Auxiliary enterprises	211,868	149,478	-	-	361,346
OSU Health System	1,699,285	1,409,785	-	-	3,109,070
Depreciation	-	-	-	413,039	413,039
Total operating expenses	$ 3,816,770	$ 2,200,199	$ 118,802	$ 413,039	$ 6,548,810

NOTE 16 — RETIREMENT PLANS

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

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. In addition, the retirement systems provide other post-employment benefits (OPEB), consisting primarily of 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 3 to 10 years).

(dollars in thousands)

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2020 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	$ 22,114,399	$ 19,553,374	
Proportion of the net pension liability - university	4.7%	10.2%	
Proportionate share of net pension liability	$ 1,040,149	$ 1,984,881	$ 3,025,030

The collective net pension liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2019 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	$ 21,987,755	$ 27,273,872	
Proportion of the net pension liability - university	4.6%	9.9%	
Proportionate share of net pension liability	$ 1,019,690	$ 2,695,368	$ 3,715,058

The collective net OPEB liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2020 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	$ (1,656,240)	$ 13,812,598	
Proportion of the net OPEB (asset) liability - university	4.7%	10.4%	
Proportionate share of net OPEB (asset) liability	$ (77,901)	$ 1,436,889	$ 1,358,988

The collective net OPEB liabilities of the retirement systems and the university's proportionate share of these liabilities as of June 30, 2019 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB (asset) liability - all employers	$ (1,606,898)	$ 13,037,639	
Proportion of the net OPEB (asset) liability - university	4.6%	10.1%	
Proportionate share of net OPEB (asset) liability	$ (74,520)	$ 1,321,019	$ 1,246,499

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2020:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 8,469	$ 1,582	$ 10,051
Changes in assumptions	122,186	107,584	229,770
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion of university contributions	1,187	5,966	7,153
University contributions subsequent to the measurement date	82,656	116,139	198,795
Total	**$ 214,498**	**$ 231,271**	**$ 445,769**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 4,503	$ 32,072	$ 36,575
Net difference between projected and actual earnings on pension plan investments	50,837	399,896	450,733
Changes in proportion of university contributions	-	40	40
Total	**$ 55,340**	**$ 432,008**	**$ 487,348**

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2019:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 23,538	$ 1,288	$ 24,826
Changes in assumptions	180,708	238,382	419,090
Net difference between projected and actual earnings on pension plan investments	-	380,743	380,743
Changes in proportion of university contributions	1,246	6,478	7,724
University contributions subsequent to the measurement date	77,702	107,284	184,986
Total	**$ 283,194**	**$ 734,175**	**$ 1,017,369**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 6,659	$ 41,458	$ 48,117
Net difference between projected and actual earnings on pension plan investments	61,833	-	61,833
Changes in proportion of university contributions	-	43	43
Total	**$ 68,492**	**$ 41,501**	**$ 109,993**

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2020:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 7,062	$ 36	$ 7,098
Changes in assumptions	1,638	227,196	228,834
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion of university contributions	135	3,562	3,697
University contributions subsequent to the measurement date	-	-	-
Total	**$ 8,835**	**$ 230,794**	**$ 239,629**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 3,963	$ 131,362	$ 135,325
Changes in assumptions	85,409	-	85,409
Net difference between projected and actual earnings on pension plan investments	4,893	72,837	77,730
Changes in proportion of university contributions	-	-	-
Total	**$ 94,265**	**$ 204,199**	**$ 298,464**

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2019:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 8,704	$ 429	$ 9,133
Changes in assumptions	-	40,879	40,879
Net difference between projected and actual earnings on OPEB plan investments	-	63,078	63,078
Changes in proportion of university contributions	141	2,936	3,077
University contributions subsequent to the measurement date	-	-	-
Total	**$ 8,845**	**$ 107,322**	**$ 116,167**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 4,342	$ 3,584	$ 7,926
Changes in assumptions	101,540	-	101,540
Net difference between projected and actual earnings on pension plan investments	8,513	-	8,513
Changes in proportion of university contributions	-	-	-
Total	**$ 114,395**	**$ 3,584**	**$ 117,979**

(dollars in thousands)

Net 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
2021	145,882	75,271	221,153
2022	13,342	(125,155)	(111,813)
2023	(6,062)	11,056	4,994
2024	5,997	(161,519)	(155,522)
2025	-	(193)	(193)
2026 and Thereafer	-	(197)	(197)
Total	**$ 159,159**	**$ (200,737)**	**$ (41,578)**

The amounts above include university contributions subsequent to the measurement date.

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
2021	(18,598)	39,896	21,298
2022	(18,598)	18,721	123
2023	(16,701)	(756)	(17,457)
2024	(15,996)	(31,267)	(47,263)
2025	(15,574)	-	(15,574)
2026 and Thereafer	37	-	37
Total	**$ (85,430)**	**$ 26,594**	**$ (58,836)**

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 (information below applies to both pensions and OPEB unless otherwise indicated).

	STRS-Ohio	**OPERS**
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	**Pensions --** The annual retirement allowance based on final average salary multiplied by percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service.	**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.

(dollars in thousands)

	STRS-Ohio	OPERS
	Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age. **OPEB –** STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed $312.8 million or 64% of the total health care costs in fiscal 2019 (excluding deductibles, coinsurance and copayments). Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2019, STRS Ohio received $84.8 million in Medicare Part D reimbursements.	For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment. **OPEB –** The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs.

(dollars in thousands)

	STRS-Ohio	OPERS
		Additional details on health care coverage can be found in the Plan Statement in the OPERS 2019 CAFR. OPERS no longer participates in the Medicare Part D program as of December 31, 2016.
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 2020, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2019, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2019	December 31, 2019 (OPEB is rolled forward from December 31, 2018 actuarial valuation date)
Actuarial Assumptions	Valuation Date: June 30, 2019 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.45% Inflation: 2.50%	Valuation Date: December 31, 2019 for pensions; December 31, 2018 for OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.2% for pensions; 6.0% for OPEB Inflation: 3.25%

(dollars in thousands)

	STRS-Ohio	OPERS
	Projected Salary Increases: 12.50% at age 20 to 2.50% at age 65 Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: 4.9% to 9.6% initial; 4% ultimate	Projected Salary Increases: 3.25% - 10.75% Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple Health Care Cost Trends: 10.5% initial; 3.50% ultimate
Mortality Rates	Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.	Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.
Date of Last Experience Study	June 30, 2016	December 31, 2015
Investment Return Assumptions	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 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.

(dollars in thousands)

STRS-Ohio

The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Return*
Domestic Equity	28.0%	7.35%
International Equity	23.0%	7.55%
Alternatives	17.0%	7.09%
Fixed Income	21.0%	3.00%
Real Estate	10.0%	6.00%
Liquidity Reserves	1.0%	2.25%
Total	100%	

* Returns presented as geometric means

OPERS

The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed Income	25.0%	1.83%
Domestic Equity	19.0%	5.75%
Real Estate	10.0%	5.20%
Private Equity	12.0%	10.70%
International Equity	21.0%	7.66%
Other Investments	13.0%	4.98%
Total	100.0%	

* Returns presented as arithmetic means

The following table displays the Board-approved asset allocation policy for health care assets for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed Income	36.0%	1.53%
Domestic Equities	21.0%	5.75%
REITs	6.0%	5.69%
International Equities	23.0%	7.66%
Other Investments	14.0%	4.90%
Total	100.0%	

* Returns presented as arithmetic means

Discount Rate

STRS-Ohio: **Pensions** -- The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

OPERS: **Pensions** -- The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(dollars in thousands)

	STRS-Ohio	OPERS
	OPEB -- The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB liability as of June 30, 2019.	**OPEB** – A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date. .
Changes in Assumptions Since the Prior Measurement Date	**Pensions** – There were no changes in assumptions since the prior measurement date of June 30, 2018. **OPEB** -- There were no changes in assumptions since the prior measurement date of June 30, 2018.	**Pensions** – There were no changes in assumptions since the prior measurement date of December 31, 2018. **OPEB** -- The discount rate was reduced from 3.96% to 3.16% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*.

(dollars in thousands)

	STRS-Ohio	OPERS
Benefit Term Changes Since the Prior Measurement Date	**Pensions** – There were no changes in benefit terms since the prior measurement date of June 30, 2018. **OPEB** -- The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.	**Pensions** -- For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%. **OPEB** – On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.
Sensitivity of Net Pension Liability to Changes in Discount Rate	**1% Decrease (6.45%)**: $ 1,520,062 **Current Rate (7.45%)**: $ 1,040,149 **1% Increase (8.45%)**: $ 633,878	**1% Decrease (6.2%)**: $ 3,296,325 **Current Rate (7.2%)**: $ 1,984,881 **1% Increase (8.2%)**: $ 807,535
Sensitivity of Net OPEB Liability to Changes in Discount Rate	**1% Decrease (6.45%)**: $ (66,473) **Current Rate (7.45%)**: $ (77,901) **1% Increase (8.45%)**: $ (87,509)	**1% Decrease (2.16%)**: $ 1,880,345 **Current Rate (3.16%)**: $ 1,436,889 **1% Increase (4.16%)**: $ 1,081,750
Sensitivity of Net OPEB Liability to Changes in Medical Trend Rate	**1% Decrease in Trend Rate**: $ (88,336) **Current Trend Rate**: $ (77,901) **1% Increase in Trend Rate**: $ (65,121)	**1% Decrease in Trend Rate**: $ 1,394,447 **Current Trend Rate**: $ 1,436,889 **1% Increase in Trend Rate**: $ 1,478,707

(dollars in thousands)

Defined Contribution Plans

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

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

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

Combined Plans

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

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive 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 pension and OPEB expense for the year ended June 30, 2020, including employer contributions and accruals associated with recognition of net pension liabilities, net OPEB liabilities and related deferrals, is presented below.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	$ 82,576	$ 231,977	$ 65,362	$ 379,915
GASB 68 Pension Accruals	76,001	182,925		258,926
GASB 75 OPEB Accruals	(23,500)	193,012		169,512
Total Pension and OPEB Expense	**$ 135,077**	**$ 607,914**	**$ 65,362**	**$ 808,353**

(dollars in thousands)

Total pension and OPEB expense for the year ended June 30, 2019, including employer contributions and accruals associated with recognition of net pension liabilities, net OPEB liabilities and related deferrals, is presented below.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	$ 77,781	$ 220,062	$ 60,390	$ 358,233
GASB 68 Pension Accruals	32,939	446,571		479,510
GASB 75 OPEB Accruals	(158,168)	161,088		2,920
Total Pension and OPEB Expense	**$ (47,448)**	**$ 827,721**	**$ 60,390**	**$ 840,663**

Pension and OPEB expenses are allocated to institutional functions on the Statement of Revenues, Expenses and Changes in Net Position.
Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

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

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/cafr.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 LLCs 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 $6.4 million and $5.8 million for the years ended June 30, 2020 and 2019, respectively. Employee contributions were $2.5 million and $2.1 million for the years ended June 30, 2020 and 2019, respectively.

(dollars in thousands)

NOTE 17 — CAPITAL PROJECT COMMITMENTS

At June 30, 2020, the university is committed to future contractual obligations for capital expenditures of approximately $436,777 for the primary institution and $57,300 for discretely presented component units. These projects are funded by the following sources:

	Primary Institution	Discretely Presented Component Units
State appropriations	$ 59,775	$ -
Internal and other sources	377,002	57,300
Total	$ 436,777	$ 57,300

NOTE 18 — CONTINGENCIES AND RISK MANAGEMENT

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

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

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

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization on March 11, 2020 and a national emergency by the President of the United States on March 13, 2020. The outbreak of the disease has affected travel, commerce, economies, and financial markets globally, including in the United States. In response to the public health crisis, the Governor of Ohio and the Director of the Ohio Department of Health took certain actions to limit the spread of the virus and its impact on the State's local communities and health care services, including the declaration of a state of emergency in the State and the closure of all non-essential businesses commencing on March 23, 2020.

On March 13, 2020, the university announced that it would suspend face-to face instruction and transitioned to remote instruction for the remainder of the spring semester and extended that suspension through the summer semester. With limited exceptions, all university events scheduled to occur during the summer months, including summer camps and sports camps, were cancelled. Nearly all university housing and dining facilities were closed on March 22, 2020 and have remained closed through the summer semester, which resulted in a refund to students of $34 million. All university employees who can do so were required to work from home.

The COVID-19 pandemic also significantly impacted Health System operations. On March 17, 2020, the Director of the Ohio Department of Health issued an order temporarily recommending that non-essential or elective surgeries and procedures not be conducted at Ohio hospitals. The temporary suspension of performance of elective procedures was recommended to create capacity for a potential increase in COVID-19 patients. The recommendation from the Ohio Department of Health to suspend non-essential or elective surgeries and procedures was withdrawn effective May 1, 2020. The Health System received $143 million in federal support to offset the negative impact.

In conjunction with the State's phased-in process of reopening certain business, on June 3, 2020 the university announced that – based on guidance from state and local health authorities and recommendations of the Safe Campus and Scientific Advisory Subgroup of the university's COVID-19 Transition Task Force – it would resume in-person classes for the Autumn semester, with a mix of on-line, in-person and blended courses to reduce the number of students, faculty and staff that will be on campus at any one time.

The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets, and the higher education landscape in general. The outbreak and related actions taken by federal and state governments may materially impact the university's financial position and its results of operations, including those related to instruction, research, patient care and other auxiliary activities. While the impacts of COVID-19 may materially affect financial results for 2021 and potentially beyond, university management believes the university has sufficient liquidity to meet its operating and financial needs in fiscal year 2021. However, given the difficulty in predicting the duration and severity of the COVID-19 pandemic and its effects on the university, the economy and financial markets, the ultimate impact is unknown. University management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the university community and promote the continuity of its academic mission.

NOTE 19 — PARKING LEASE AND CONCESSION AGREEMENT

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

The lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were $406,914 and $416,545 at June 30, 2020 and 2019, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of $128,250 and $124,508 at June 30, 2020 and 2019, respectively.

NOTE 20 — 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 $56,075 and $56,140, respectively for the years ended June 30, 2020 and 2019. The carrying amounts of OSEP capital investments and related payable to the concessionaire at June 30, 2020 and 2019 were $141,932 and $41,672, respectively.

(dollars in thousands)

NOTE 21 — 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, 2020 and 2019 is presented below.

Condensed Combining Information – Year Ended June 30, 2020

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of net position:					
Current assets	$ 57,833	$ 5,357	$ 51,409	$ 5,421	$ (12,638)
Capital assets, net	2,770	74	-	-	-
Other assets	1,224,212	734	-	543	(89,490)
Total assets	$ 1,284,815	$ 6,165	$ 51,409	$ 5,964	$ (102,128)
Current liabilities	$ 3,473	$ 2,279	$ 39	$ 13,728	$ (12,638)
Noncurrent liabilities	53,541	-	19,417	89,490	(89,490)
Amounts payable to the university	1	-	-	-	-
Deferred inflows	10,141	-	-	-	-
Total liabilities and deferred inflows	67,156	2,279	19,456	103,218	(102,128)
Net investment in capital assets	2,770	-	-	-	-
Restricted:					
Nonexpendable	954,856	-	-	-	-
Expendable	246,392	-	-	-	(102,128)
Unrestricted	13,641	3,886	31,953	(97,254)	102,128
Total net position	1,217,659	3,886	31,953	(97,254)	-
Total liabilities, deferred inflows and net position	$ 1,284,815	$ 6,165	$ 51,409	$ 5,964	$ (102,128)

(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Other sales, services and rental income	$ 77	$ 12,747	$ (1,217)	$ 580	$ -
Total operating revenues	77	12,747	(1,217)	580	-
Operating expenses, excluding depreciation	5,627	12,784	(214)	8,128	-
Depreciation expense	183	60	-	-	-
Total operating expenses	5,810	12,844	(214)	8,128	-
Net operating income (loss)	(5,733)	(97)	(1,003)	(7,548)	-
Non-operating revenues and expenses:					
Gifts for current use	202,985	-	-	(3,111)	-
Net investment income (loss)	10,302	-	776	482	-
Other non-operating revenue (expense)	1,418	-	-	-	-
Net non-operating revenue (expense)	214,705	-	776	(2,629)	-
Capital contributions and additions to permanent endowments	141,121	-	-	-	-
Transfers from (to) the university	(270,292)	-	-	137	-
Change in net position	79,801	(97)	(227)	(10,040)	-
Beginning net position, as reported	1,152,909	3,983	32,180	(102,265)	-
Cumulative effect of Pelotonia merger	(15,051)			15,051	
Ending net position	$ 1,217,659	$ 3,886	$ 31,953	$ (97,254)	$ -
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	$ (4,765)	$ 392	$ (1,596)	$ (6,940)	$ -
Noncapital financing activities	(98,868)	-	-	11,362	-
Capital and related financing activities	77,425	(22)	-	-	-
Investing activities	(17,193)	(54)	1,482	482	-
Net increase (decrease) in cash	(43,401)	316	(114)	4,904	-
Beginning cash and cash equivalents	43,635	4,463	1,210	-	-
Ending cash and cash equivalents	$ 234	$ 4,779	$ 1,096	$ 4,904	$ -

(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2019

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of net position:					
Current assets	$ 84,921	$ 5,229	$ 51,461	$ -	$ -
Capital assets, net	2,953	112	-	-	-
Other assets	1,182,732	681	-	-	(102,265)
Total assets	$ 1,270,606	$ 6,022	$ 51,461	$ -	$ (102,265)
Current liabilities	$ 3,323	$ 1,545	$ 34	$ -	$ -
Noncurrent liabilities	60,554	494	19,247	102,265	(102,265)
Amounts payable to the university	40,025	-	-	-	-
Deferred inflows	13,795	-	-	-	-
Total liabilities and deferred inflows	117,697	2,039	19,281	102,265	(102,265)
Net investment in capital assets	2,953	-	-	-	-
Restricted:					
Nonexpendable	910,296	-	-	-	-
Expendable	225,537	-	-	-	(102,265)
Unrestricted	14,123	3,983	32,180	(102,265)	102,265
Total net position	1,152,909	3,983	32,180	(102,265)	-
Total liabilities, deferred inflows and net position	$ 1,270,606	$ 6,022	$ 51,461	$ -	$ (102,265)

(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited	Pelotonia	Eliminations
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Other sales, services and rental income	$ 1,583	$ 12,432	$ (344)	$ -	$ -
Total operating revenues	1,583	12,432	(344)	-	-
Operating expenses, excluding depreciation	14,164	12,483	(236)	-	-
Depreciation expense	184	48	-	-	-
Total operating expenses	14,348	12,531	(236)	-	-
Net operating income (loss)	(12,765)	(99)	(108)	-	-
Non-operating revenues and expenses:					
Gifts for current use	262,406	-	-	-	(102,265)
Net investment income (loss)	10,008	-	1,537	-	-
Other non-operating revenue (expense)	1,774	(6)	-	(102,265)	102,265
Net non-operating revenue (expense)	274,188	(6)	1,537	(102,265)	-
Capital contributions and additions to permanent endowments	71,009	-	-	-	-
Transfers from (to) the university	(244,284)	-	-	-	-
Change in net position	88,148	(105)	1,429	(102,265)	-
Beginning net position	1,064,761	4,088	30,751	-	-
Ending net position	$ 1,152,909	$ 3,983	$ 32,180	$ (102,265)	$ -
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	$ (10,507)	$ 245	$ (1,591)	$ -	$ -
Noncapital financing activities	(2,256)	-	-	-	-
Capital and related financing activities	25,476	(52)	-	-	-
Investing activities	8,063	(44)	1,511	-	-
Net increase (decrease) in cash	20,776	149	(80)	-	-
Beginning cash and cash equivalents	22,859	4,315	1,290	-	-
Ending cash and cash equivalents	$ 43,635	$ 4,464	$ 1,210	$ -	$ -

(dollars in thousands)

NOTE 22 — 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, 2020 and 2019 is presented below.

Condensed Combining Information – Year Ended June 30, 2020

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation
Condensed statements of net position:					
Current assets	$ 232,020	$ 11,741	$ 12,030	$ 1,892	$ 5,415
Capital assets, net	25,602	139,605	48,760	156	29,154
Other assets	-	800	-	-	50
Amounts receivable from the university	22,532	-	3,844	-	-
Deferred outflows	-	-	-	-	-
Total assets and deferred outflows	$ 280,154	$ 152,146	$ 64,634	$ 2,048	$ 34,619
Current liabilities	$ 33,830	$ 12,221	$ 9,647	$ 90	$ 1,575
Noncurrent liabilities	11,315	37,947	4,218	-	2,025
Amounts payable to the university	29,349	109,031	13,315	216	10,995
Deferred inflows	-	-	-	-	-
Total liabilities and deferred inflows	74,494	159,199	27,180	306	14,595
Net investment in capital assets	13,399	132,124	42,254	(60)	28,394
Unrestricted	192,261	(139,177)	(4,800)	1,802	(8,370)
Total net position	205,660	(7,053)	37,454	1,742	20,024
Total liabilities, deferred inflows and net position	$ 280,154	$ 152,146	$ 64,634	$ 2,048	$ 34,619

(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Grants and contracts	$ -	$ 9,513	$ 36,682	$ -	$ 6,603
Sales and services of OSU Physicians	584,222	-	-	-	-
Other sales, services and rental income	-	-	-	9,354	-
Total operating revenues	584,222	9,513	36,682	9,354	6,603
Operating expenses, excluding depreciation	563,200	8,614	37,028	8,822	3,631
Depreciation expense	3,394	2,871	2,605	72	1,330
Total operating expenses	566,594	11,485	39,633	8,894	4,961
Net operating income (loss)	17,628	(1,972)	(2,951)	460	1,642
Non-operating revenues and expenses:					
CARES Assistance	11,805	-	-	-	-
Net investment income	1,668	175	25	-	57
Interest expense	(278)	(78)	(587)	-	(588)
Other non-operating revenue (expense)	(22,527)	601	8,914	(98)	-
Net non-operating revenue (expense)	(9,332)	698	8,352	(98)	(531)
Changes in net position					
Capital contributions and changes in net position	-	-	5,079	-	-
Change in net position	8,296	(1,274)	10,480	362	1,111
Beginning net position, as previously reported	197,364	(5,779)	26,974	1,380	18,913
Cumulative effect of accounting change	-	-	-	-	-
Ending net position	$ 205,660	$ (7,053)	$ 37,454	$ 1,742	$ 20,024
	-	-	-	-	-
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	$ 46,739	$ 15,105	$ 3,470	$ 412	$ 3,414
Noncapital financing activities	(9,987)	19,759	8,908	(98)	(939)
Capital and related financing activities	(2,800)	(30,117)	(11,112)	(68)	(3,556)
Investing activities	3,106	322	-	(63)	57
Net increase (decrease) in cash	37,058	5,069	1,266	183	(1,024)
Beginning cash and cash equivalents	131,951	3,395	3,149	441	5,217
Ending cash and cash equivalents	$ 169,009	$ 8,464	$ 4,415	$ 624	$ 4,193

(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2019

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation
Condensed statements of net position:					
Current assets	$ 200,538	$ 8,646	$ 12,236	$ 1,713	$ 6,297
Capital assets, net	26,809	105,505	31,610	228	28,012
Other assets	-	2,461	-	-	474
Amounts receivable from the university	18,355	-	3,991	-	-
Deferred outflows	-	-	24	-	-
Total assets and deferred outflows	$ 245,702	$ 116,612	$ 47,861	$ 1,941	$ 34,783
Current liabilities	$ 16,645	$ 5,525	$ 6,851	$ 277	$ 1,216
Noncurrent liabilities	12,124	26,264	4,572	-	2,720
Amounts payable to the university	19,569	90,602	9,451	284	11,934
Deferred inflows	-	-	13	-	-
Total liabilities and deferred inflows	48,338	122,391	20,887	561	15,870
Net investment in capital assets	13,682	103,184	26,920	(56)	15,581
Unrestricted	183,682	(108,963)	54	1,436	3,332
Total net position	197,364	(5,779)	26,974	1,380	18,913
Total liabilities, deferred inflows and net position	$ 245,702	$ 116,612	$ 47,861	$ 1,941	$ 34,783

(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan	Science and Technology Campus Corporation
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Grants and contracts	$ -	$ 10,857	$ 39,124	$ -	$ 7,640
Sales and services of OSU Physicians	560,322	-	-	-	-
Other sales, services and rental income	-	-	-	9,440	-
Total operating revenues	560,322	10,857	39,124	9,440	7,640
Operating expenses, excluding depreciation	507,366	9,153	37,133	9,403	3,392
Depreciation expense	3,581	2,920	892	74	1,310
Total operating expenses	510,947	12,073	38,025	9,477	4,702
Net operating income (loss)	49,375	(1,216)	1,099	(37)	2,938
Non-operating revenues and expenses:					
Net investment income	2,373	222	29	-	-
Interest expense	(376)	(138)	(446)	-	(653)
Other non-operating revenue (expense)	(23,384)	605	21	(132)	-
Net non-operating revenue (expense)	(21,387)	689	(396)	(132)	(653)
Changes in net position					
Capital contributions and changes in net position	-	5,250	14,677	-	-
Change in net position	27,988	4,723	15,380	(169)	2,285
Beginning net position, as previously reported	169,376	(10,502)	11,594	1,549	16,629
Cumulative effect of accounting change	-	-	-	-	
Ending net position	$ 197,364	$ (5,779)	$ 26,974	$ 1,380	$ 18,914
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	$ 39,180	$ 3,964	$ 2,536	$ 217	$ 2,829
Noncapital financing activities	(23,473)	9,366	7,662	(133)	(895)
Capital and related financing activities	(4,372)	(12,415)	(12,027)	(90)	(1,407)
Investing activities	(7,716)	36	199	(96)	-
Net increase (decrease) in cash	3,619	951	(1,630)	(102)	527
Beginning cash and cash equivalents	128,332	2,444	4,779	543	4,691
Ending cash and cash equivalents	$ 131,951	$ 3,395	$ 3,149	$ 441	$ 5,218

NOTE 23 — SEGMENT INFORMATION

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

The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued $337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled $185,362 and $221,757 for the years ended June 30, 2020 and 2019, respectively.

Condensed financial information for the Special Purpose Revenue Facilities, before the elimination of certain intra-university transactions, as of and for the years ended June 30, 2020 and 2019 is as follows:

(dollars in thousands)

Segment Disclosure Information – Year Ended June 30, 2020 and June 30, 2019

	2020	2019
Condensed Statement of Net Position		
Assets and deferred outflows:		
Current assets	$ 26,329	$ 27,489
Capital assets	693,545	715,499
Total assets	$ 719,874	$ 742,988
Liabilities and deferred inflows:		
Current liabilities	$ 7,485	$ 7,279
Amounts payable to the university	723,980	721,238
Total liabilities	731,465	728,517
Net position:		
Net investment in capital assets	(30,434)	(5,739)
Unrestricted	18,843	20,210
Total net position	(11,591)	14,471
Total liabilities and net position	$ 719,874	$ 742,988

	2020	2019
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Special-purpose pledged revenues - operating	$ 185,362	$ 221,757
Operating expenses, excluding depreciation	(145,821)	(150,933)
Depreciation expense	(35,554)	(35,021)
Operating income	3,987	35,803
Nonoperating revenues, net	(29,647)	(30,478)
Net income (loss) before transfers	(25,660)	5,325
Transfers from (to) other university units, net	(402)	4,141
Increase (decrease) in net position	(26,062)	9,466
Beginning net position	14,471	5,005
Ending net position	$ (11,591)	$ 14,471
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities	$ 75,436	$ 103,485
Capital and related financing activities	(76,786)	(103,296)
Investing activities	693	645
Net increase (decrease) in cash	(657)	834
Beginning cash and cash equivalents	26,436	25,603
Ending cash and cash equivalents	$ 25,779	$ 26,437

NOTE 24 – SUBSEQUENT EVENTS

Postponement of Fall Athletic Events

On August 11, 2020, the Big Ten Conference announced the postponement of the 2020-21 fall sports season, including all regular-season contests and Big Ten Championships and Tournaments, due to ongoing health and safety concerns related to the COVID-19 pandemic. The fall sports included in this announcement are men’s and women’s cross country, field hockey, football, men’s and women’s soccer, and women’s volleyball. On September 16, 2020, the Big Ten Council of Presidents and Chancellors voted unanimously to adopt significant medical protocols, including daily antigen testing, and to resume the football season starting the weekend of October 23-24, 2020. Attendance at the football games will be limited to families, staff and the media under strict safety protocols. Similar testing protocols are being established to allow the resumption of other fall sports. The attendance limitations for football are expected to significantly reduce auxiliary revenues in fiscal year 2021.

Reporting Requirements for Provider Relief Funds

During fiscal year 2020, the Health System and OSU Physicians received and recognized $143,301 and $11,805 in revenue, respectively, related to CARES Act Provider Relief Funds, taking into consideration information available at June 30, 2020 based upon laws and regulations governing the funding as well as interpretations issued by the U.S. Department of Health and Human Services (HHS). In September 2020, HHS issued new reporting requirements for the Provider Relief Funds. The new requirements first require the university to identify healthcare related expenses attributable to coronavirus that another source has not reimbursed. If those expenses do not exceed the funding received, the university will need to demonstrate that the remaining Provider Relief Funds were used for a negative change in calendar year 2020 patient care operating income compared to calendar year 2019. HHS in entitled to recoup amounts in excess of the negative change in patient care operating income reported net of healthcare related expenses. Due to these new reporting requirements there is at least a reasonable possibility that amounts recorded under CARES Act Provider Relief Funds may change in future periods.

Medicare Advance Payment Program

The Health System and OSU Physicians received advance payments under the Medicare Accelerated and Advance Payment Program totaling $274,915 and $12,585, respectively. Amounts provided are considered short-term loans and are reported as current liabilities in the Statement of Net Position as the Health System and OSU Physicians had previously planned to repay the funds in fiscal 2021. The Continuing Appropriations Act, 2021 and Other Extensions Act was signed into law on October 1, 2020 and as part of the legislation, the recoupment period was extended up to 29 months after the initial payments were issued.

The Ohio State University
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)
Year Ended June 30, 2020

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

(dollars in thousands)	2015	2016	2017	2018	2019	2020
STRS-Ohio:						
University's proportion of the net pension liability	4.4%	4.5%	4.5%	4.6%	4.6%	4.7%
University's proportionate share of the net pension liability	$ 1,070,914	$ 1,238,470	$ 1,510,814	$ 1,081,053	$ 1,019,690	$ 1,040,149
University's covered payroll	$ 381,669	$ 388,309	$ 392,797	$ 412,149	$ 434,106	$ 452,084
University's proportionate share of the net pension liability as a percentage of its covered payroll	281%	319%	385%	262%	235%	230%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%
OPERS:						
University's proportion of the net pension liability	8.8%	9.0%	9.1%	9.4%	9.9%	10.2%
University's proportionate share of the net pension liability	$ 1,059,519	$ 1,556,156	$ 2,054,548	$ 1,466,955	$ 2,695,368	$ 1,984,881
University's covered payroll	$ 1,188,828	$ 1,236,914	$ 1,289,346	$ 1,381,054	$ 1,521,447	$ 1,574,490
University's proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	126%
Plan fiduciary net position as a percentage of the total pension liability	86.5%	81.2%	77.4%	84.9%	74.9%	82.4%

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

(dollars in thousands)	2015	2016	2017	2018	2019	2020
STRS-Ohio:						
Contractually required contribution	$ 65,738	$ 66,975	$ 70,373	$ 74,356	$ 77,781	$ 82,576
Contributions in relation to the contractually required	$ 65,738	$ 66,975	$ 70,373	$ 74,356	$ 77,781	$ 82,576
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 388,309	$ 392,797	$ 412,149	$ 434,106	$ 452,084	$ 476,374
Contributions as a percentage of covered payroll	16.9%	17.1%	17.1%	17.1%	17.2%	17.3%
OPERS:						
Contractually required contribution	$ 170,979	$ 178,293	$ 188,762	$ 201,072	$ 220,062	$ 231,977
Contributions in relation to the contractually required	$ 170,979	$ 178,293	$ 188,762	$ 201,072	$ 220,062	$ 231,977
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 1,208,710	$ 1,260,366	$ 1,334,350	$ 1,421,367	$ 1,525,502	$ 1,607,469
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.1%	14.4%	14.4%

The Ohio State University
Required Supplementary Information on GASB 75 Net OPEB Liabilities (Unaudited)
Year Ended June 30, 2020

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

(dollars in thousands)	2018	2019	2020
STRS-Ohio:			
University's proportion of the net OPEB liability	4.6%	4.6%	4.7%
University's proportionate share of the net OPEB liability	$ 177,556	$ (74,520)	$ (77,901)
University's covered payroll	$ 412,149	$ 434,106	$ 452,084
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	43%	-17%	-17%
Plan fiduciary net position as a percentage of the total OPEB liability	47.1%	176.0%	174.7%
OPERS:			
University's proportion of the net OPEB liability	9.7%	10.1%	10.4%
University's proportionate share of the net OPEB liability	$ 1,055,239	$ 1,321,019	$ 1,436,889
University's covered payroll	$ 1,381,054	$ 1,521,447	$ 1,574,490
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	76%	87%	91%
Plan fiduciary net position as a percentage of the total OPEB liability	54.1%	46.3%	47.8%

STRS-Ohio - Pensions:

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

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

OPERS – Pensions:

Changes of assumptions. Amounts reported in 2019 reflect an adjustment of the discount rate from 7.50% to 7.20%. Amounts reported in 2017 reflect an adjustment of the discount rate from 8.00% to 7.50%. Amounts reported in 2017 also reflect an updated healthy and disabled mortality assumptions, based on the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

STRS-Ohio – OPEB:

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

The Ohio State University
Supplementary Information on the Long-Term Investment Pool
Year Ended June 30, 2020

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 2020, 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 $30 million, to $5.29 billion at June 30, 2020. The Long-Term Investment Pool activity for 2020 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	Gifted Endowments		Quasi-Endowments		
	University	Foundation	Operating	Designated	Total
Balance at June 30, 2019	**$ 1,070,008**	**$ 969,429**	**$ 1,289,534**	**$ 1,927,788**	**$ 5,256,759**
Net Principal Additions (Withdrawals)	7,809	63,970	123,485	30,451	225,715
Change in Fair Value	(1,924)	(2,178)	(2,888)	(3,933)	(10,923)
Income Earned	23,932	22,275	29,865	43,199	119,271
Distributions	(46,449)	(43,113)	(57,746)	(83,796)	(231,104)
Expenses	(15,263)	(14,206)	(19,046)	(24,072)	(72,587)
Balance at June 30, 2020	**$ 1,038,113**	**$ 996,177**	**$ 1,363,204**	**$ 1,889,637**	**$ 5,287,131**

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, 2020. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses ($53 million), University Development related expenses ($19 million) and other investment related expenses ($1 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was 1.1% for fiscal year 2020. The annualized investment returns for the three-year and five-year periods were 3.3% and 4.0%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates for its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the $53 million of investment management expenses, which reduced the pool by 1.0% in fiscal year 2020, the $19 million of University Development expenses and $1 million of other investment related expenses further reduced the pool by 0.4%.

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).

Report of Independent Auditors 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*

To the Board of Trustees of
The Ohio State University

We have audited, in accordance with 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 primary institution and of the aggregate discretely presented component units of The Ohio State University (the "University"), a component unit of the State of Ohio, which comprise of the statements of net position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November XX, 2020.

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 the 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 may exist that have not been identified.

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November XX, 2020

Acknowledgements

The 2020 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

Natalie H. Darner
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Thomas F. Ewing
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Michael Papadakis – Senior Vice President and Chief Financial Officer

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

Board of Trustees

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

The Ohio State University
Board of Trustees

November 19, 2020

APPROVAL OF FY20 PROGRESS REPORT ON OHIO TASK FORCE ON AFFORDABILITY AND EFFICIENCY IN HIGHER EDUCATION RECOMMENDATIONS

Synopsis: Approval of Ohio State's FY20 progress report on the Ohio Task Force on Affordability and Efficiency recommendations, which will be submitted to the Chancellor of Higher Education, is proposed.

WHEREAS Governor John R. Kasich established the Ohio Task Force on Affordability and Efficiency in Higher Education in 2015 to recommend solutions for state colleges and universities to enhance affordability and efficiency; and

WHEREAS The Ohio State University supported the goals and work of this task force; and

WHEREAS the task force delivered its recommendations in the report "Action Steps to Reduce College Costs" on October 1, 2015; and

WHEREAS House Bill 49 (Section 381.550) requires the Board of Trustees of each state college and university to approve an efficiency report based on the task force recommendations each fiscal year and submit it to the Chancellor of Higher Education; and

WHEREAS consultations have taken place within the university to review and apply the recommendations to Ohio State's circumstances; and

WHEREAS Ohio State's strategic plan, which includes a pillar focused on operational excellence and resource stewardship, is in strong alignment with task force recommendations:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the university's FY20 progress report in response to the task force recommendations, as detailed in the attached document; and

BE IT FURTHER RESOLVED, That the attached document be delivered to the Chancellor of the Ohio Department of Higher Education.

THE OHIO STATE UNIVERSITY

Board of Trustees

210 Bricker Hall
190 North Oval Mall
Columbus, OH 43210-1358

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November 19, 2020

Chancellor Randy Gardner
Ohio Department of Higher Education
25 South Front Street
Columbus, OH 43215

Chancellor Gardner,

Ohio State is proud of our achievements as a leader in operational excellence and resource stewardship, a strategic focus aligned with the goals of the Ohio Task Force on Affordability and Efficiency in Higher Education. As stated in Ohio State's strategic plan, "The university must be a responsible steward of its resources in order to re-direct investment into initiatives that will help us to achieve our bold aspirations."

In the face of unprecedented disruptions resulting from the COVID-19 pandemic, our 2020 report demonstrates Ohio State's continued commitment to efficiency savings, and in doing so, helped the university offset the substantial revenue dilution that resulted. The administrative efficiencies and enacted financial controls bolstered the redirection of funds to maintain our core mission of access, affordability, academic excellence, and patient care during this period of disruption.

The university has committed more than $200 million in new need-based aid for low- and moderate-income Ohioans since 2015, funded through efficiency savings and new resource generation. Ohio State has generated more than $220 million in efficiency savings through fiscal 2020, and highlights of our efforts include:

- **COVID-19 Response:** Transitioned 12,000 courses online and shifted thousands of employees to telework in a week's time without disruption to service. The University Bursar quickly processed 46,000 transactions over one weekend to issue recreation fee student refunds. Students also were refunded $34 million for housing and dining fees.
- **Student benefit:** Total scholarships and fellowships increased by $35 million, primarily due to a combination of CARES ACT Emergency Aid for Students, increases in university scholarships, funded endowment scholarships, and other federal and state aid programs.
- **Tuition affordability**: The Ohio State Tuition Guarantee, now in its fourth year, offers incoming in-state students certainty about the cost of a college education by freezing rates for tuition, mandatory fees, room and board for four years. For students who began prior to the guarantee, in-state tuition has not increased since fiscal 2013. (go.osu.edu/tuitionguarantee)
- **Digital Flagship**: Ohio State continues to invest in a comprehensive digital course delivery infrastructure that will position the university as a national leader in higher education in the post-COVID era. The Digital Flagship initiative provides more than 24,000 incoming first- and second-year students with an iPad learning-technology suite. The university funds the program using efficiency savings.

These and other initiatives collectively represent Ohio State's continued momentum in advancing an affordable and excellent education for our students and their families.

Gary R. Heminger
Chairman of the Board of Trustees

Ohio | Department of Higher Education
Mike DeWine, Governor
Randy Gardner, Chancellor

Affordability & Efficiency

The Ohio State University

Section I: Operational Response

Please describe the major fiscal impacts of COVID-19 on your institution in FY20.

Please quantify the revenue and cost impacts.

Major Revenue Impacts	Net Fiscal Impact
Tuition & Fees	➢ Student tuition and fees, net - decreased $16 million or 1.7% due primarily to summer and student life reductions related to student life fee reductions and refunds ➢ Summer tuition decreased due to non-resident fees of $9 million and a one-week delay in the start of classes of $5 million both due to COVID-19 ➢ Recreation fee refund was $3 million due to sending students home in Spring 2020
Auxiliary Fees, including refunds	➢ Decreased $39 million due primarily to revenue losses associated with the campus closure beginning in March, including decreases in Student Life housing and dining revenues of $36 million, and Business Advancement (Schottenstein Center and Blackwell) of $14 million. ➢ Educational Departments decreased $4 million primarily from decreases in over 130 earnings funds and 70 conference funds reflecting impacts of campus closure in March.
State Support	➢ Reduction in state subsidy (SSI & Line Items) of $18 million ($15 million of SSI and $3 million of line items) from original Fiscal Year 2020 budget
Investment Income, Unrealized Losses	➢ Investment income for the fiscal year was flat, increasing just $1 million for the fiscal year to $231 million as interest rates decreased late in the year. ➢ Realized and unrealized gains and losses are reported together. The change in market value for university investments increased ~$70 million for the fiscal year, but from January to June, the change in market value of those investments decreased ~$275 million as the financial markets fell due to COVID-19.
Other	The Health System experienced a $171 million decline in patient revenue in fiscal year 2020.
External Assistance (HEERF, CRF, etc.)	CARES Act assistance increased $170 million due to the receipt of $155 million in Health Care Provider Relief funds ($143 million to the Health System and $12 million to OSU Physicians), $14.4 million Emergency Grants to Students, and $335,205 to WOSU for public media aid.

Major Net Increased Expenses	Net Fiscal Impact (from March 2020 through Spring Semester 2021)
Transition to Online Delivery	$3 million to transition courses to on-line delivery, increased student advising support, and modification of the classroom experience to support on-line learning. In addition, we expect to incur a $80 million loss in tuition and fee revenue and $72 million loss in housing and dining revenues in comparison to pre-COVID projections.
Changing Support for Students	$2 million for dorm modification and air purifiers in accordance with the recommendations from the Ohio Department of Health for the health and safety of our students.
Shutdown of Campus	$34 million refund provided to students for housing and dining refunds
Cleaning/Preparing Campus for Return of Students (Testing, PPE, etc.)	$27 million for enhanced cleaning and PPE, $44 million in testing and contact tracing, $12.8 million in quarantine and housing for students.
Other	$12 million in additional costs, which include HVAC and mechanical adjustments, signage, transportation modifications, and general office modifications (dividers, etc). $40 million increase in PPE and other medical needs for the Health System.

CARES Act and other Federal Support Impact --

What process did your institution use to distribute one-half of Higher Education Emergency Relief Funds to students?

- To help address student financial challenges caused by the pandemic, the university proactively provided grants of up to $1,000 to undergraduate students from lower-income families. No applications were needed for these new grants; Ohio State alerted qualifying students directly. The grants provided through the *Together As Buckeyes* emergency grants program provided a total $15 million of emergency student financial aid.

How has the institutional share of HEERF been utilized at your institution?

The HEERF funds will be used to partially offset the increased costs and lost revenue totaling $135 million as outlined in the Major Net Increased Expenses section above

What other external sources have been made available to the institution to address the impacts of COVID-19?

- The university is in the process of exploring opportunities with the State of Ohio, FEMA, and insurance recovery opportunities to address the impacts of COVID-19.

What planning assumptions were used related to the fiscal impact of COVID-19 in developing the institution's FY 21 budget?

Major Assumptions	Description	Projected Fiscal Impact	Actual Fiscal Impact – as of Fall 20
Fall Enrollment/ Fee Revenue Relative to FY 19	UG Reduced Enrollment, shift in resident / non-resident mix and reduction in non-resident surcharge for fully online students	$55 million decrease	Projecting a further dilution from budget between $10 - $15 million
Auxiliary Services	Athletics – no fall sports Student Life – lower occupancy	$130 million in revenue $3 million in revenue	There are still many unknown variables of having an

	Business Advancement – no events through December 2020	$6 million in revenue	abbreviated football schedule with no or limited fans - TBD
State Support	Reduction in state subsidy (SSI Only)	4.38% or $18 million, from original Fiscal Year 2021 state funding levels.	The State is closely monitoring the fiscal impacts COVID-19 is having on revenue collection – there is no projected change currently
Unique Cost Drivers – in response to COVID-19	University targeted budget reductions to counteract revenue dilution Health System efficiencies to mitigate softer volumes in first half of FY21	$175 million decrease $77.2 million decrease	No change from projected impact
Other	Institutional response to COVID-19, including personal protective equipment, etc.	$49 million increase	Expenses will likely exceed $49 - $50 million

Please describe the major initiatives the institution is implementing in response to COVID-19 and the anticipated impact on the institution.

- The university is focused on the health and safety of our students, patients, faculty and staff. To that end, we have created a focused web site to engage and inform our community about our major initiatives, including social distancing, testing, telecommuting, quarantine and isolation at **https://safeandhealthy.osu.edu/**. The estimated costs of these initiatives are approximately $75 million. In addition, we are focused on leading edge research for the fight on COVID-19, and provide weekly updated testing results on the university dashboard found at **https://safeandhealthy.osu.edu/dashboard**.

Regional Compacts

ORC Section 3345.59 required regional compacts of Ohio's public institutions, with an executed agreement in place by June 30, 2018, for institutions to collaborate more fully on shared operations and programs. Per O.R.C. §3345.59 {E} colleges and universities shall report within their annual efficiency reports the efficiencies gained as a result of the compact.

Please discuss efficiencies gained or opportunities for future partnerships as a result of each of the categories within the compact.

Category	Description	Monetary Impact
Reducing duplication of academic programming	There continues to be no program duplication evident for the university within the Central Ohio region, or at the regional campus locations. The university, internally, monitors program size and duplication through its regular academic program development, implementation and review processes.	N/A
Implementing strategies to address workforce education needs of the region	The universities, through their program planning strategies, identify needs in counties where they are jointly locating staff. Programming is focused on 4-H Youth Development, Family and Consumer Sciences, Community Development, and/or 4-H Youth Development.	N/A

	Beginning Autumn 2020, the Office of Academic Affairs is leading a university-wide effort on next-steps with workforce development. Representatives from the colleges and campuses, and several academic support areas (Government Affairs, Corporate Engagement, Marketing) are involved in the planning effort.	
Sharing resources to align educational pathways and to increase access within the region	In August 2019, Ohio State re-affirmed its 2011 agreement with Columbus State Community College to support the Preferred Pathway Program. The initiative was designed to expand access to higher education and make it easier for Columbus State students to earn a bachelor's degree by providing a guaranteed path for transferring.	N/A
Reducing operational and administrative costs to provide more learning opportunities and collaboration in the region	In identified counties where there are staff from Cleveland State University and Ohio State co-located, agreements are (or will be) in place to facilitate the use of facilities and administrative support.	Once fully implemented, it is estimated that Ohio State would realize $30,000 annually in efficiencies.
Enhancing career counseling and experiential learning opportunities for students	N/A	N/A
Collaboration and pathways with information technology centers, adult basic and literacy education programs and school districts	N/A	N/A
Enhancing the sharing of resources between institutions to expand capacity and capability for research and development	N/A	N/A
Identifying and implementing the best use of university regional campuses	In May 2019, Ohio State's board of trustees approved a new Bachelor of Science in engineering technology with a concentration in engineering, which will be offered on the university's Lima, Mansfield and Marion campuses. In Autumn 2020, the new program began in Mansfield and is tentatively scheduled to begin on the Newark campus in 2023. Universities, through their program planning strategies, identify needs within counties where they have jointly located staff. Programming is focused on 4-H Youth Development, Family and Consumer Sciences, Community Development, and/or 4-H Youth Development.	

Section II: Academic Practices

<u>Textbook Affordability</u>

Textbook Cost Study

ORC Section 3333.951(D) requires Ohio's public colleges and universities to annually conduct a study to determine the current cost of textbooks for students enrolled in the institution and submit the study to the Chancellor. Please attach the analysis of textbook costs developed by your institution labeled "[Institution Name – Academic Year – Textbook Cost Study]" Please summarize the results of your institution's study below.

Category	Amount
Average cost for textbooks that are new	$93.97
Average cost for textbooks that are used	$57.19
Average cost for rental textbooks	$59.29 for new rentals; $37.90 for used rentals (Note: Averages are for textbooks that are available for rent through the university's bookstore.)
Average cost for eBook	$59.27 to buy; $41.96 to rent (Averages are for eBooks that are available through the university's bookstore.)

Note: Ohio State utilized a methodology developed last year by the Inter-University Council's textbook working group. Our analysis focused on the top undergraduate major based on the total number of unduplicated students majoring in each area in the following eight areas:

- Arts (Art)
- Business (Finance)
- Education (Early Childhood Education)
- Engineering (Computer Science and Engineering)
- Health Professions (Nursing)
- Humanity (English)
- Natural Sciences (Biology)
- Social Sciences (Psychology)

Ohio State refined its methodology in 2018 to better capture a typical range of course materials in these majors, including potential electives. As a result, these data-sets are not comparable to the previous report. The average prices listed are based on university bookstore pricing and do not include open educational materials, other course materials that are offered at no charge to students or through the CarmenBooks inclusive access program.

<u>Reducing Textbook Costs for Students</u>

ORC Section 3333.951(C) requires Ohio's public colleges and universities to report their efforts toward reducing textbook costs for students. Please discuss all initiatives implemented, including those referenced below that ensure students have access to affordable textbooks.

1. Does your institution offer inclusive access purchasing of college textbooks? If yes, what percentage of courses participate?
    - Yes. Ohio State takes advantage of the Engage eReader and publisher inclusive access contract made available through our membership in the Unizin consortium. We have branded this program as CarmenBooks, which offers digital copies of selected

textbooks for a fraction of the cost of a new, physical copy. With CarmenBooks, students typically save 80% off the retail price of publisher textbooks, and 40% off the cost of access to publisher online homework systems. Students access the Engage eReader and digital course materials through the Learning Management System (CarmenCanvas). Students retain access to digital course materials throughout their enrollment at Ohio State.

- In academic year 2019-2020, CarmenBooks was used in 93 courses by 28,243 students with a total of $2,021,437 in savings (calculated as list price vs. inclusive access price).

2. What use did the institution make of OER materials in the past academic year?
    - Ohio State has a grant program that supports faculty transitioning from conventional textbooks to OER resources. Through Autumn 2020, the Affordable Learning Exchange has funded projects in 105 courses on all campuses. ALX is a partnership between units concerned with teaching and learning at Ohio State, and pairs excellence with affordability through grants, research, and faculty outreach.

    - **ALX projects have contributed to affordability at Ohio State by:**
        - Impacting hundreds of faculty across all OSU campuses with grant and learning opportunities
        - Saving students nearly $12 million by the end of academic year 2019-2020
        - Contributing to a local and global discussion of OER and student affordability
        - Establishing a strong Affordable Learning brand that reaches beyond Ohio State
        - Enabling research on student engagement and outcomes with OERs and other affordable learning tools

3. How did the institution discover and access OER materials?
    - In June 2017, Ohio State in partnership with North Central State College and Ohio Dominican universities, and 15 other community colleges received an Ohio Department of Higher Education Innovation Grant in the amount of $1.3 million. The grant was awarded to support the development of open educational resources **(OER)** and other materials in an effort to reduce the cost of textbooks for students. The culmination of that work is the development of open course materials for 21 of our shared high-enrollment courses.
    - Faculty teams representing Ohio's 2-year and 4-year colleges and universities, both public and private, put guides together to present alternatives to commercial textbooks for Ohio students. Full course guides using OER materials are available for many of Ohio's high enrollment courses. They can be adopted in full or in part to meet the needs of course instructors. The courses have been divided into modules that meet the objectives of the Ohio Department of Higher Education's Transfer Assurance Guides **(TAGs)** and Ohio Transfer Module **(OTM)** guidelines.
    - Ohio State is also a founding member of the **Open Textbook Network**, a national organization that curates high-quality open textbooks and offers faculty and librarian professional development programs to encourage use of OERs.
    - Ohio State is also a member of the **Unizin** consortium. This membership facilitates the use of the **Engage eReader**, a cornerstone of our inclusive access program, among other benefits related to student cost reduction.

4. What other practices does your institution utilize to improve college textbook affordability?
    - We offer faculty professional development opportunities around OERs and textbook affordability through both our Professional Learning program and the Drake Institute.

Alternative Delivery Methods

Online and competency-based education are both growing dramatically as delivery platforms for higher education across the United States. Flexible delivery methods, such as distance learning, provide an opportunity to improve access by providing students with additional opportunities to complete their education. Obviously, events of this past spring forced a transition to remote learning beyond, which many institutions had already offered.

Please quantify the impact of moving to remote learning in spring term.

Percent of Courses offered online prior to March 2020	**Percent of students enrolled in online courses prior to March 2020**
6% in autumn 2019; another 3% in blended/hybrid	9% of total student enrollments were in online courses in autumn 2019; does not equate to number of students. Another 6% were in blended/hybrid.
Percent of Courses offered online fall term 2020	**Percent of students enrolled in online courses fall term 2020**
49% of courses are online (distance learning); another 20% are in blended/hybrid courses	73% of total student enrollments are in online courses in autumn 2020; however, it does not equate to number of students. Another 16.4% are in blended/hybrid.

What steps has the institution taken to transition courses to online in response to the coronavirus pandemic?

1. Did the institution provide centralized support to the faculty?
   - Yes. The university provided support through the Drake Institute for Teaching and Learning and the Office of Distance Education and eLearning. The KeepTeaching.osu.edu website collected various resources for instructional design, technology needs and support for online instruction and reached over 23,000 unique visitors. Since the start of Summer term, we have offered more than 25 online workshops with more than 1,000 attendees and more than 34,000 views of our Keep Teaching videos.

2. How has the institution assured student access to remote learning?
   - Resources are collected for students at keeplearning.osu.edu and for instructors at keepteaching.osu.edu. In addition, the Digital Flagship initiative has provided 70% of undergraduates with iPad learning technology kits as of Autumn 2020 and provided additional devices on loan for students in need.

3. Has the increase in remote learning required investments in the institution's Learning Management System?
   - Instructional support for faculty in creating LMS courses, but no infrastructure investments in the LMS.

Course and Program Evaluation

Recommendation 8 of the Task Force was for institutions to evaluate courses and programs for enrollment and consideration of continuation. Per ORC Section 3345.35, the colleges and universities need to address this recommendation every five years. The next applicable date is FY22.

Co-located Campuses

ORC Section 3333.951 requires Ohio's co-located colleges and universities to annually review best practices and shared services in order to improve academic and other services and reduce costs for students. Co-located campuses are then required to report their findings to the Efficiency Advisory Committee.

Ohio State Campus: Lima **Co-Located Campus:** Rhodes State College (Lima) **Estimated Total Cost Savings from Shared Services:** Approximately $1.03 million; no substantive changes from previous year		
Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	**Please include an explanation of this shared service.**	**Monetary Impact from Shared Service**
Physical Facilities Operations (includes physical facilities leadership; groundskeeping; building maintenance and environmental services; campus custodial; and scheduling of campus facilities)	Cost sharing for physical facilities leadership, building maintenance and environment services, campus custodial services is done on a building square feet method of calculation. Cost sharing for groundskeeping is done on an aggregate square feet method of calculation. Cost sharing for scheduling of campus facilities is done on a cost-share reconciliation method each quarter.	Estimated savings to university: $776,000
Academic Support Services (includes libraries)	Cost sharing for library services for personnel, materials and equipment are done on a campus full time equivalent (FTE) method of calculation. Cost sharing for library collection costs are done by direct cost collections unique to each institution.	Estimated savings to university: $154,900
Campus Security and Public Safety (includes public safety administration; traffic management; and police and emergency responses)	Cost sharing for Campus Security and Public Safety services for personnel, materials and equipment are done on a campus full time equivalent (FTE) method of calculation.	Estimated savings to university: $49,000
Student Life and Campus Events (includes student engagement, recreation and intramural sports and athletics)	Cost sharing for the personnel and operational expenses are done on a campus full time equivalent (FTE) method of calculation.	Estimated savings to university: $19,400
Administrative Services (includes Office of Advancement and shared marketing agency)	Not reported in FY20	
Auxiliary Services (includes childcare center, cafeteria and vending services; shared copying and printing services; and campus bookstore / gift shop)	The cafeteria and vending service is outsourced through a contract with external service providers. Cost sharing for contracts are done on a full time equivalent (FTE) method of calculation. Cost sharing for shared copying and printing services are done on a cost-share reconciliation method each quarter. The bookstore and gift shop services are outsourced through a contract with external service providers. Cost sharing for this contract is also done on a full time equivalent (FTE) method of calculation.	Estimated savings to university: $37,400

Approach and Process to Sharing Services with Co-located Campus	In accordance with state policy and by mutual accord, the University and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The University and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency, and economic efficiency.	

Ohio State Campus: Mansfield
Co-Located Campus: North Central State College
Estimated Total Cost Savings from Shared Services: Approximately $1.33 million; no substantive changes from previous year

Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	Please include an explanation of this shared service.	Monetary Impact from Shared Service
Physical Facilities Operations (includes physical facilities leadership; groundskeeping; building maintenance and environmental services; campus custodial; and scheduling of campus facilities)	Cost sharing is managed generally by a formula based on assigned square feet for each co-located institution. Increased for FY20 due to aging facilities; repair and maintenance.	Estimated savings to university: $810,000
Academic Support Services (includes libraries)	Cost sharing for library services is 55% for the University and 45% for the co-located campus; cost- sharing for internship programming is on a 50/50 basis.	Estimated savings to university: $98,850 – reduction of one FTE due to retirement/not replaced
Campus Security and Public Safety (includes public safety administration; traffic management; and police and emergency responses)	Cost sharing for public safety admin, traffic management personnel, and police and emergency response services is generally on a 50/50 basis for the University and for the co-located institution.	Estimated savings to university: $159,100
Student Life and Campus Events (includes student engagement, recreation and intramural sports and athletics)	Cost sharing for student engagement and recreation and intramural sports is 75% for the University and 25% for the co-located institution. Cost sharing for athletics is based on student participation from each institution and is tracked monthly.	Estimated savings to university: $58,800
Administrative Services (includes Office of Advancement and shared marketing agency)	Cost sharing for office of advancement is shared on mutually shared activities/events; cost for institution-specific activities/events are paid by the specific institution; each institution pays for its own personnel. Cost sharing for shared marketing "agency" is split 50/50 on mutual shared activities/events and personnel; cost for institution specific activities/events are paid by the specific institution.	Estimated savings to university: - $5,000 Mansfield is currently collaborating with University Marketing to piggyback on agreements for cost savings

Auxiliary Services (includes childcare center, cafeteria and vending services; shared copying and printing services; and campus bookstore / gift shop)	Cost for childcare center is supported by revenue generated from user fees and grants. Cafeteria and vending services have proceeds from contracts directed to a Campus Improvement Fund to benefit shared improvements. Cost for shared copying and printing services are managed and paid by the co-located institution and provided on a cost basis to the University.	Estimated savings to university: $202,200
Approach and Process to Sharing Services with Co-located Campus	In accordance with state policy and by mutual accord, the University and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The University and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency, and economic efficiency.	

Ohio State Campus: Marion
Co-Located Campus: Marion Technical College
Estimated Total Cost Savings from Shared Services: Approximately $1.43 million

Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	Please include an explanation of this shared service.	Monetary Impact from Shared Service
Physical Facilities Operations (includes physical facilities leadership; groundskeeping; building maintenance and environmental services; campus custodial; and scheduling of campus facilities)	Expense is split 50/50 to cost pools and differentially allocated based on each institution's percent ownership of on-campus assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE).	Estimated savings to the university of $1,160,000
Academic Support Services (includes libraries collections and operations)	Expense is split 50/50 to cost pools and differentially allocated based on each institution's percent ownership of on-campus assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE). Some testing, mental health, and disabilities services are shared between the institutions on a no-cost exchange basis	Estimated savings to the university of $101,000
Campus Security and Public Safety (includes public safety administration; traffic management; and police and emergency responses)	Expense is split 50/50 to cost pools and differentially allocated based on each institution's percent ownership of on-campus assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE).	Estimated savings to the university of $60,000

Student Life and Campus Events (includes student engagement, recreation and intramural sports and athletics)	Cost sharing for these services is done using a formula that assigns 75% of the cost to Ohio State Marion and 25% of the cost to Marion Technical College in recognition of comparative use by each institution's students.	Estimated savings to the university of $30,000
Administrative Services (includes Office of Advancement and shared marketing agency)	Not shared	
Auxiliary Services (includes childcare center, cafeteria and vending services; shared copying and printing services; and campus bookstore / gift shop/overhead)	Expense is split 50/50 to cost pools and differentially allocated based on each institution's percent ownership of on-campus assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE).	Estimated savings to the university of $69,000
Technology Services	Expense is split 50/50 to cost pools and differentially allocated based on each institution's percent ownership of on-campus assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE).	Estimated savings to the university of $17,000
Approach and Process to Sharing Services with Co-located Campus	In accordance with state policy and by mutual accord, the University and Marion Technical College share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The University and Marion Technical College have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency, and economic efficiency. Resources from both institutions are combined for some infrastructure and building renovation projects.	

Ohio State Campus: Newark
Co-Located Campus: Central Ohio Technical College
Estimated Total Cost Savings From Shared Services: approximately $843,779; no substantive changes from previous year.

Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	Please include an explanation of this shared service.	Monetary Impact from Shared Service
Public Service (includes conference services)	Cost sharing for conference services is shared on a 50/50 basis.	Estimated savings to university: $3,807
Physical Facilities Operations (includes physical facilities leadership; grounds keeping; building maintenance and environment	Cost sharing for all of these services is done on a full time equivalent (FTE) method of calculation.	Estimated savings to university: $482,741

services; campus custodial; and scheduling of campus facilities) **Campus Security and Public Safety** (includes public safety administration; traffic management; and police and emergency responses)		
Academic Support Services (includes libraries)	Cost sharing for both these services is done on a full time equivalent (FTE) method of calculation.	Estimated savings to university: $125,661
Student Life and Campus Events (includes student engagement; recreation and intramural sports and athletics)	Cost sharing for these services is done on a headcount method of calculation.	Estimated savings to university: $81,985
Administrative Services (includes Office of Advancement and shared marketing agency)	Cost sharing for executive office, office of development, business and finance office, accounting, performing arts, and welcome center is done on a 50/50 method of calculation. Cost sharing for human resources, purchasing, bursar, technology services, marketing and public relations, staff development committee, services center, telecommunications, and telephone services is done on a full time equivalent (FTE) method of calculation.	Estimated savings to university: $149,585
Auxiliary Services (includes childcare center, cafeteria and vending services; shared copying and printing services; and campus bookstore / gift shop)	No changes	
Approach and Process to Sharing Services with Co-located Campus	In accordance with state policy and by mutual accord, the University and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The University and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency, and economic efficiency.	

Section III: Policy Reforms

Financial Advising

Recommendation 10A of the Task Force was for institutions to provide financial literacy as a standard part of students' education. In addition, the Ohio Attorney General's Student Loan Debt Advisory Group June 2017 report made a similar recommendation as well as other proposals on how to improve processing of student accounts and debts. The report can be found at: www.ohioattorneygeneral.gov/Files/Publications-Files/Publications-for-Schools/Ohio-Attorney-General-s-Student-Loan-Debt-Collecti.aspx

Has your institution considered the Ohio Attorney General's Student Loan Debt Advisory Group Report Recommendation 4 regarding best practices (Appendix C) for financial literacy? If so, please describe your institution's implementation and whether it is specific to the (Appendix C) advisory sheet or the institution's own practices.

- **Yes. Ohio State follows best practices that are responsive to the advisory group recommendations, including in the following areas:**

  a. Institutions should encourage student financial responsibility.
     - Ohio State students must sign a financial responsibility statement each semester.
     - Scarlet and Gray Financial is a nationally recognized peer financial coaching program housed in the Student Life Student Wellness Center. The program assists thousands of Ohio State students each year in areas including financial goal setting, banking, budgeting and credit.

  b. Ohio colleges and universities should adopt best practices for student financial literacy.
     - Ohio State has a dedicated collection staff that advises and counsels students about their loan repayment options and available options to stay out of default. Customer Service staff and Collection staff advise students of their options with institutional debt.
     - The university publishes its debt collection policy, which includes the role of the Attorney General's Office. Student loans differ depending on the type of loan and the loan fund (donor). The terms of the loan and collection consequences are outlined in the promissory note the student signs.

  c. Institutions should obtain express prior consent from students to contact them by any available communication method, specifically artificial recorded voice technology systems.
     - As part of Ohio State's financial responsibility statement, the student agrees that we can contact them by various methods including, but not limited to, cell phone (call & text) and email.

The Ohio Attorney General's report also suggested (Recommendation 5) institutions seek student consent to contact them by email and/or mobile phone. Does your institution make an effort to collect this form of contact information? Do you include consent to be contacted as part of this effort? Please describe.

- **Yes, as part of Ohio State's financial responsibility statement, the student agrees that we can contact them by various methods including, but not limited to, cell phone (call & text) and email.** This information is captured at the time the student applies and is required to be updated/confirmed correct once a year.

Certification Practices

ORC 131.02 requires state IHE's to certify their outstanding debt to the Ohio Attorney General's office (AGO) for collection either 45 days after the amount is due or within 10 days after the start of the next academic session, whichever is later. However, Ohio's institutions certify their outstanding debt pursuant to varying policies and practices. To ensure that all Ohio students are treated fairly and uniformly, Recommendation #7 of the Student Loan Debt Advisory Group report is that state institutions adopt uniform certification practices that emphasize transparency for both debtors and the AGO. The advisory group recommended that the Ohio Bursars Association, in partnership with the Ohio Association of Community Colleges and the Inter-University Council, facilitate this effort.

Specifically, institutions were asked to develop uniform practices for collecting debt with attention to the type, content, and frequency of notices issued to students; and the fees and other collection costs applied to student debts.

Please provide a chronological summary of notification practices your institution uses to notify students of debts owed? For example, does your institution email students to notify them of debt owed?

- Loans
  - i. 30 days before grace ends student receives a paper statement and a call
  - ii. Monthly paper bills
  - iii. One- and five-months delinquent student receives a dunning letter
  - iv. Two – eight months delinquent student receives a call
  - v. Emails are sent ad hoc and depend on the scenario and loan type
  - vi. Eight+ months delinquent certified to OAG

- Accounts Receivable
  - i. 1 – 90 days past due
    1. Monthly emails
    2. Hold on account
  - ii. 90 – 365 days past due
    1. Hold on account
    2. Monthly paper bills
    3. Monthly call
    4. Monthly email
    5. Dunning letters 181+ days past due, monthly
  - iii. 365 days past due – final warning letter giving 30-day notice & certified to OAG if no response

Do you send repeated emails using a schedule?

- Yes. Account Receivable schedule monthly emails. Loans' emails are sent ad hoc and depend on the scenario and loan type.

Do you only use a hardcopy letter?

- No. We also communicate via phone, email and letter.

Does your institution require confirmation of receipt before certifying the debt to the AG?

- No

Do you task a human being with making phone calls to students before certifying debt? Yes, we make at least one phone attempt per month per account.

- Please see #1 for details.

Per Recommendation 7 in the Attorney General report, best practices may include the National Association of College and University Business Officers Best Practices of Financial Responsibility Agreements with Students (Appendix D in the report). What, if any, efforts has your institution made to adopt uniform certification practices with peer institutions in the State of Ohio?

- We are a member of the Ohio Bursar's Association and actively participate in conferences, list-servs, and other organized meetings. These serve as times we can discuss practices and compare ours with theirs and make any needed adjustments. Size and complexity of universities factor into practices so it is not always feasible for universities to completely align however we always strive to serve our students in the best possible manner and ensure their success not only at Ohio State but wherever their life may take them.

Section IV: Students Benefit

When institutions save money, they ideally invest a portion of those savings into student benefits, such as reduced fees, increased institutional aid, quality improvements, etc.

For fiscal year 2020 only, please explain what, if anything, your institution is doing that is a new benefit for your students that is not already addressed above. Answers may be financial benefits or intangibles such as efforts to improve career counseling, undergraduate teaching, research, etc. If you have targeted financial aid for tuition, fees, room and board, books, technology or other expenses, please explain the focus of cost reduction.

If you have seen a significant savings from an initiative in the past fiscal year, please describe that here.

Category	Initiative	FY20 (*Actual*)
Cost savings/avoidance to the institution in FY20 ONLY	College and Support Unit benefits optimization and 5% administrative budget cuts	**$26.1 million**
	Operational efficiencies, energy savings, trademark efficiencies and call center centralization	**$2.6 million**
	Personnel savings and position control pilot	**$18 million**
	FOD Consolidation, consolidation of fleet and strategic initiatives	**$2.1 million**
New resource generation for the institution in FY20 ONLY	Comprehensive Energy Management / Nike annual endowment distributions	**$36.7 million**
	Parking annual endowment distribution	**$11.3 million**
	Property sales, new contracts and license sales	**$23.4 million**
	President's Affordability Grants student aid	**$23.5 million**

Cost savings/avoidance to students in FY20 ONLY	Digital Flagship iPad Program	**$3.6 million**

Additional Practices
Some IHE's may implement practices that make college more affordable and efficient, but which have not been the topic of a specific question in this reporting template. This section invites your institution to share any positive practices you have implemented that benefit student affordability and/or institutional efficiency. Please share any additional best practices your institution is implementing or has implemented.

Section V: Future Goals

This year's template does not require updates on every recommendation of the Task Force. Nonetheless, it is important that each institution continue to track its progress on achieving its Five-year goals that have been identified in prior years' submissions. An updated copy of the five-year goal template is attached. Please provide the data to complete the template, including information already provided in Section IV. In addition, if you have any updates or changes that need to be made to your five-year goals submitted in 2016, please update.

- ***See attached MasterRecommendation2 Template for FY20 actual and FY21 future goals.***

The DeWine-Husted administration recognizes that each institution of higher education in Ohio faces unique challenges and opportunities with respect to the institution's highest priority goals over the next several years. With that in mind, please provide any suggestions about possible roles the state could play in supporting your institutional goals.

1. **Please provide your thoughts and suggestions regarding ways that the State of Ohio can further support strength, resiliency and reputational excellence in Ohio's post-secondary education system.**
   - Allowing institutions to set differential tuition rates or apply special fees for space, facility, online infrastructure and faculty needs
   - Create permissive authority for public, four-year institutions to sell real property via an act of the Board of Trustees (similar to current authority for public, two-year community colleges) or via the state Controlling Board rather than requiring a statutory change. The lag time in legislation being enacted can impede progress on conveyances and may even prevent projects from moving forward that benefit the state, the university, and economic development/job creation. An alternative to current law could be to set a real property valuation dollar amount threshold for an administrative process whereby parcels below a certain valuation would be conveyed without a law change.

2. **What legislative obstacles or policy roadblocks, if any, inhibit efficiencies and affordability practices at the IHE's?**
   - Explicitly provide that BOTs can purchase, sell, lease, or grant easements in perpetuity without needing a law change. These could be limited to utility or local governmental entities as many involve electrical, sewer, and street right-of-way needs.
   - Grant Boards of Trustees authority to meet remotely as permitted in 2020 by HB 197, and as proposed by HB 404. In addition to efficiency, remote meeting participation authorization may encourage those who are reluctant to accept an appointment to a university's Board of Trustees due to time commitments to respond affirmatively.

- Permit institutions to assist with or complete the "paperwork" for entities applying for the TechCred program. Some private sector entities have expressed interest in pursuing TechCred upskilling opportunities for current or potential employees with higher education institutions but have then chosen to not pursue the partnership as the application process was perceived as too burdensome. We know the value of the program and want to be allowed to assist, which could expand the population of Ohio companies participating in this credential program.

MASTER RECOMMENDATION 2: FIVE-YEAR GOAL FOR INSTITUTIONAL EFFICIENCY SAVINGS AND NEW RESOURCE GENERATION

Ohio State established a five-year plan for the years FY16-FY20 to generate a total of at least $400 million to be devoted to access, affordability and excellence. The university has already surpassed the goal of devoting at least $100 million of that total to student financial aid. Savings generated through the 2020 plan are incremental to other cost-savings and resource-generation activities.

The following chart aligns specifically with the 2020 plan.

Note: Section IV of the university's response to the task force report demonstrates the full range of operational excellence, innovative funding and resource stewardship activities at Ohio State, including ongoing efforts that pre-dated the 2020 Vision.

Category	Recommendation	Component	Description	*FY2016*	*FY 2017*	*FY 2018*	*FY 2019 (Revised)*	*FY 2020 (Actual)*	FY 2021 (Estimate)	Subtotal	Budget Narrative/Explanation of Efficiency Savings $$ (attach additional sheets if necessary)
Efficiency Savings	3A	Campus contracts	Require employees to use existing contracts for purchasing goods and services.	$ 55,700,000	$ 58,100,000	$ 61,900,000	$ 64,000,000	$ 63,600,000	$ -	**$ 303,300,000**	Since FY12, Ohio State's strategic procurement program has produced cumulative savings of $451.6 million by utilizing the university's buying power to drive both savings and quality enhancements. In FY20, the university saved $63.6 million through strategic procurement compared with contracted rates in fiscal 2012, with savings remaining within units.
	3B	Collaborative contracts	Pursue new and/or strengthened joint purchasing agreements.								
	4B	Operations review	Conduct an assessment of non-academic operations that might be run more efficiently by a regional cooperative, private operator or other entity.	$ 38,530,458	$ 53,167,332	$ 54,009,597	$ 61,850,404	$ 48,818,629	$ 252,200,000	**$ 256,376,420**	
	5A	Cost diagnostic	Identify key drivers of costs and revenue across the university.								
	5C	Organizational structure	Review organizational structure in line with best practices to identify opportunities to streamline and reduce costs.								
	5D	Health-care costs	Seek to control health-care costs								
			Subtotal Efficiency Savings	$ 94,230,458	$ 111,267,332	$ 115,909,597	$ 125,850,404	$ 112,418,629	$ 252,200,000	**$ 559,676,420**	

Category	Recommendation	Component	Description	FY 2016	FY 2017	FY 2018	FY 2019 *(Actual)*	FY 2020 (Actual)	FY 2021 (Estimate)	Subtotal	Budget Narrative/Explanation of New Resource Generation $$ (attach additional sheets if necessary)
New Resource Generation	4A	Asset review	Conduct an assessment of non-core assets to determine their market value if sold, leased or otherwise repurposed.	$ -	$ -	$ 1,096,587,718	$ 34,842,506	$ 36,726,839	$ 30,000,000	$ 1,168,157,063	Annual endowment distributions, philanthropy and other payments from energy partnership, Nike extension, and Coke pouring-rights contact, along with sale of non-essential real estate.
	4C	Affinity partnerships and sponsorships	Upon determining assets and operations that are to be retained, evaluate opportunities for affinity relationships and sponsorships.	$ 31,560,000	$ 1,007,444	$ 1,031,009	$ 8,738,570	$ 11,345,000	TBD	$ 53,682,023	
			Subtotal New Resource Generation	$ 31,560,000	$ 1,007,444	$ 1,097,618,727	$ 43,581,076	$ 48,071,839	$ 30,000,000	**$ 1,221,839,086**	
TOTAL OF COMBINED INSTITUTIONAL OPPORTUNITIES FOR ENHANCED STUDENT AFFORDABILITY				$ 125,790,458	$ 112,274,776	$ 1,213,528,324	$ 169,431,480	$ 160,490,468		**$ 1,781,515,506**	

SPECIFIC RE-DEPLOYMENT OF SAVINGS TO STUDENTS: Please use the area below to describe, in detail, how you plan to re-deploy the institutional resources that are saved and/or generated through the task force components outlined above to reduce costs for students.

Since FY15, Ohio State has committed more than $150 million in additional need-based aid for Ohio students, with funding provided through efficiencies and new resource generation. Programs include the Buckeye Opportunity Program, President's Affordability Grants and the Land Grant Opportunity Scholarships.

Beyond these savings, the university has introduced the Digital Flagship, a collaboration with Apple that is the largest deployment of learning technology in the university's history. Efficiencies support this program, which provides each incoming student with an iPad and related technology.

The university uses other savings and new resources to invest in teaching excellence, and to control costs through initiatives such as the Ohio State Tuition Guarantee. Each dollar saved supports Ohio State's strategic plan.

SIGNIFICANT CHANGE(S) IN 5-YEAR GOALS FROM FY16 SUBMISSION TO FY17 SUBMISSION: Please use the area below to describe, in detail, significant deviation in your institution's 5-year goals from the FY16 submission to the FY17 submission, if applicable.

Efficiency savings in FY18 include contributions from colleges and support units that were deposited in efficiency accounts during that fiscal year, however the underlying efficiencies may have occurred in previous years.

The FY16 efficiency total has been revised to reflect the total to date toward the 2020 Vision goal of $200 million in savings.

Approval to Enter Into/Increase Professional Services and Construction Contracts
Cannon Drive Relocation – Phase 2
Ross – OPR/OR Expansion

Approval to Enter Into/Increase Construction Contracts
Energy Advancement and Innovation Center
WMC Outpatient Care West Campus

Synopsis: Authorization to enter into/increase professional services and construction contracts, as detailed in the attached materials, is proposed.

WHEREAS in accordance with the attached materials, the University desires to enter into/increase professional services contracts and enter into/increase construction contracts for the following projects; and

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Requested	
Cannon Drive Relocation – Phase 2	$2.2M	$46.4M	$48.6M	University Debt Auxiliary Funds Partner Funds
Ross – OPR/OR Expansion	$1.0M	$8.7M	$9.7M	Auxiliary Funds

WHEREAS in accordance with the attached materials, the University desires to enter into/increase construction contracts for the following projects; and

	Construction Approval Requested	Total Requested	
Energy Advancement and Innovation Center	$31.5M	$31.5M	Partner Funds
WMC Outpatient Care West Campus	$164.2M	$164.2M	Fundraising Auxiliary Funds Partner Funds

WHEREAS the Master Planning and Facilities Committee has reviewed the projects listed above for alignment with all applicable campus plans and guidelines; and

WHEREAS the Audit, Compliance and Finance Committee has reviewed the projects listed above for alignment with the Capital Investment Plan and other applicable financial plans:

NOW THEREFORE

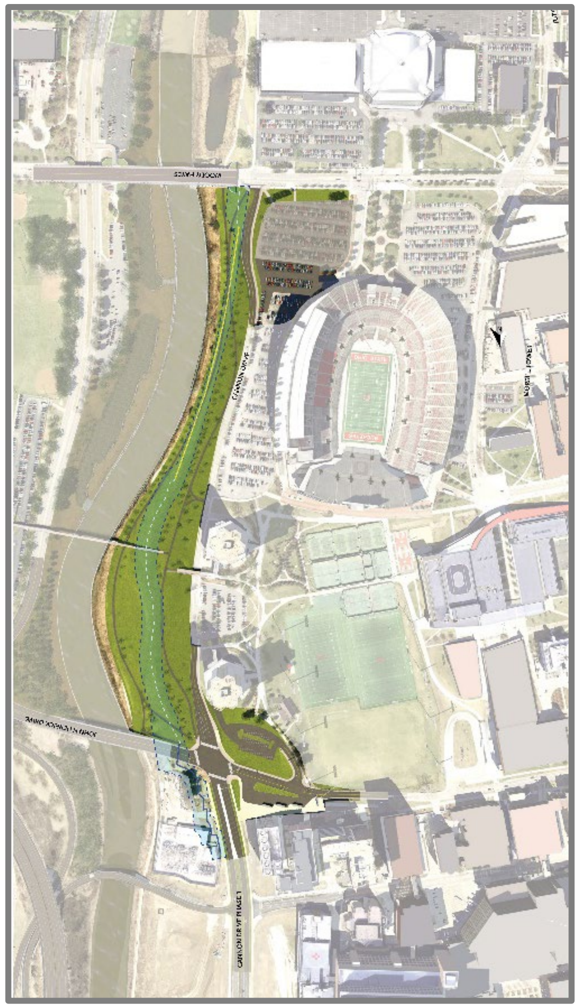
BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to enter into/increase professional services and construction contracts for the projects listed above in accordance with established university and State of Ohio procedures, with all actions to be reported to the board at the appropriate time.

Project Data Sheet for Board of Trustees Approval

Cannon Drive Relocation – Phase 2

OSU-180069 (CNI# 13000046, 18000174, 19000122)

Project Location: Cannon Drive between John Herrick Drive and Woody Hayes Drive



- **approval requested and amount**

increase professional services	$2.2M
construction	$46.4M

- **project budget**

professional services	$8.8M
construction w/contingency	$46.4M
OSEP/ENGIE scope	$1.7M
total project cost	$56.9M

- **project funding**
  ☒ university debt
  ☐ fundraising
  ☐ university funds
  ☒ auxiliary funds
  ☐ state funds
  ☒ partner funds (OSEP/ENGIE)

- **project schedule**

BoT professional services approval	8/17
design	10/17 – 4/23
BoT construction approval	11/20
construction	5/23 – 12/24

- **project delivery method**
  ☐ general contracting
  ☐ design/build
  ☒ construction manager at risk

- **planning framework**
  - this project was included in the FY 2018, FY 2019, and FY 2020 Capital Investment Plans
  - extended time for design required due to levee permitting requirements, which includes coordination with local, state, and federal agencies as well insurance reviews

- **project scope**
  - rebuild Cannon Drive between John Herrick Drive and Woody Hayes Drive at its current elevation and construct a certified ODNR flood protection levee
  - straighten the northern end of Cannon by eliminating the S-curve and creating a new signalized intersection at the east end of the river bridge
  - construct a bus pull off at the southeast corner of Herrick and Cannon Drives for the new hospital tower
  - project scope also includes the continued expansion of the river park

- **approval requested**
  - approval is requested to increase professional services contracts and enter into construction contracts

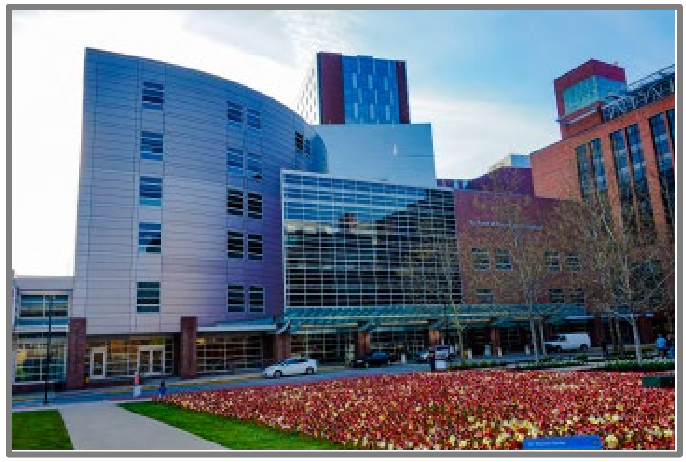
- **project team**

University project manager:	Tom Ekegren
AE/design architect:	EMHT, Inc.
CM at Risk:	Igel/Ruhlin (joint venture)

Project Data Sheet for Board of Trustees Approval

Ross – OPR/OR Expansion

OSU-210113 (CNI# 20000155)
Project Location: Ross Heart Hospital



- **approval requested and amount**

professional services	$1.0M
construction w/contingency	$8.7M

- **project budget**

professional services	$1.0M
construction w/contingency	$8.7M
total project budget	$9.7M

- **project funding**
  - ☐ university debt
  - ☐ fundraising
  - ☐ university funds
  - ☒ auxiliary funds
  - ☐ state funds

- **project schedule**

BoT prof serv/con approval	11/20
design	11/20 – 11/21
construction	09/21 – 10/22
facility opening	11/22

- **project delivery method**
  - ☐ general contracting
  - ☐ design/build
  - ☒ construction manager at risk

- **planning framework**
  - this project is included in the FY 2021 Capital Investment Plan
  - a study was completed in October 2019

- **project scope**
  - the project will provide an eighth operating room and expand the pre-op/outpatient recovery from six to ten bays
  - the new operating room will be a hybrid OR and will be adjacent to the existing ORs
  - the project will move the 4th floor staff lounge and locker room to the 5th floor to accommodate the additional bays for the outpatient recovery

- **approval requested**
  - approval is requested to enter into professional services and construction contracts

- **project team**

University project manager:	Lance Timmons
AE/design architect:	
CM at Risk:	

Project Data Sheet for Board of Trustees Approval

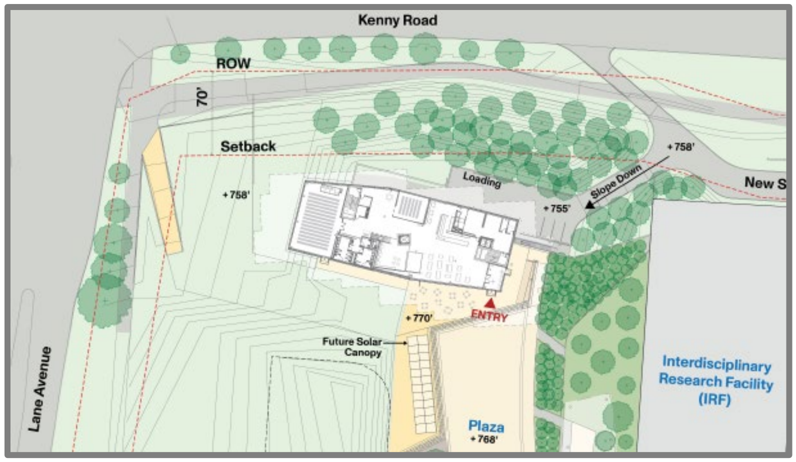
Energy Advancement and Innovation Center

OSU-180355-1 (CNI# 18000020, 19000128)

Project Location: 2281 Kenny Road – West Campus

- **approval requested and amount**

construction	$31.5M



- **project budget**

professional services	$5.2M
construction w/contingency	$31.5M
total project budget	$36.7M

- **project funding**
  - ☐ university debt
  - ☐ fundraising
  - ☐ university funds
  - ☐ auxiliary funds
  - ☐ state funds
  - ☒ partner funds (OSEP/ENGIE)

- **project schedule**

BoT professional services approval	2/19
design	9/19 – 3/21
BoT construction approval	11/20
construction	6/21 – 3/23
facility opening	5/23

- **project delivery method**
  - ☐ general contracting
  - ☐ design/build
  - ☒ construction manager at risk

- **planning framework**
  - the facility is a cornerstone of the public/private partnership with Ohio State Energy Partners (OSEP)
  - the long-term lease and concession agreement between the university and OSEP included $50M for the development of the Energy Advancement and Innovation Center to serve as an experimental hub for energy research and technology incubation
  - of the $50M funding commitment: $38.5M of the funding is for design and construction; $7.5M is for seed money for initial project programming; $4M of the funding is for building operations
  - this project is included in the FY 2019 and FY 2020 Capital Investment Plans

- **project scope**
  - the 52,684 gsf Energy Advancement and Innovation Center will be delivered in conjunction with the Interdisciplinary Research Facility to ensure consistent design and site construction
  - the building is centered around finding innovative solutions for energy reduction and will develop, demonstrate, and deploy innovations in sustainable building design and performance
  - the project will include the installation of a direct current (DC) microgrid with future plans to install photovoltaics/solar panels on the roof
  - approximately 14,000 gsf will be dedicated lab space, 14,000 gsf will be collaborative learning and gathering space, 1,000 gsf will be smaller focused workspace, and 3,000 gsf will be shelled for program expansion
  - the facility will include a 210-seat seminar room and a 96-seat cafe will serve the Innovation and Research Buildings

- **approval requested**
  - approval is requested to enter into construction contracts

- **project team**

University Project Manager:	Brendan Flaherty
AE/Design Architect:	Moody Nolan/Smith Miller Hawkinson
CM at Risk:	Whiting Turner/Corna Kokosing

WMC Outpatient Care West Campus

OSU-180390 (CNI# 13000189, 18000175, 18000156)

Project Location: Kenny Road and Carmack Road

- **approval requested and amount**

increase construction	$164.2

- **project budget**

professional services	$27.9M
construction w/contingency	$318.4M
ENGIE scope	$2.2M
total project budget	$348.5M

- **project funding**
  ☐ university debt
  ☒ fundraising
  ☐ university funds
  ☒ auxiliary funds (health system)
  ☐ state funds
  ☒ partner funds (Nationwide Children's Hospital & OSEP/ENGIE funds)

- **project schedule**

BoT professional services approval	11/18
design/bidding	12/18 – 7/20
BoT construction approval – garage	11/19
BoT construction approval – amb/proton	2/20
construction	5/20 – 12/22
facility opening – garage/ambulatory	4/23
facility opening – proton	6/23

- **project delivery method**
  ☐ general contracting
  ☐ design/build
  ☒ construction manager at risk

- **planning framework**
  - the project is included in the FY 2019 and FY 2020 Capital Investment Plans
  - consistent with the University and Wexner Medical Center strategic plans

- **project scope**
  - the project will construct a 385,000 square foot cancer-focused ambulatory facility, including a 65,000 square foot proton therapy center
  - the proton therapy treatment facility in partnership with Nationwide Children's Hospital, is the first of its kind in central Ohio that will focus on leading edge cancer treatments and research in flash technology. The $105M proton therapy facility will receive 50% partner funding from Nationwide Children's.
  - facility will include outpatient operating rooms, interventional radiology rooms, extended recovery unit, pre-anesthesia center, diagnostic imaging center, retail pharmacy, hematology clinic, genitourinary (GU) clinic, infusion and medical office and support spaces
  - the project will also include a 640-space parking garage

- **project team**

University project manager:	Mitch Dollery
AE/design architect:	Perkins & Will
CM at Risk:	BoldtLinbeck (joint venture)

Project Data Sheet for Board of Trustees Approval

WMC Outpatient Care West Campus

OSU-180390 (CNI# 13000189, 18000175, 18000156)

Project Location: Kenny Road and Carmack Road

- **approval requested**
  - approval is requested to increase construction contracts

- **project team**

University project manager:	Mitch Dollery
AE/design architect:	Perkins & Will
CM at Risk:	BoldtLinbeck (joint venture)

AUTHORIZATION FOR INCREASE TO WOSU FINAL IMPROVEMENTS

14TH AVENUE AND PEARL STREET
COLUMBUS, OHIO

Synopsis: Authorization to allow WOSU to fund final improvements at the 14th Avenue and Pearl Street location of their new studio is proposed.

WHEREAS Resolution 2019-64 authorized The Ohio State University to enter into a lease with Redstone Realty Company, LLC, a wholly-owned subsidiary of Campus Partners for Community Urban Redevelopment, for the construction and occupancy of a four-story building to house new studios for WOSU; and

WHEREAS such Resolution contained a condition that the consideration paid by the university to Redstone Realty Company, LLC, pursuant to the lease agreement, including pre-paid rent and tenant improvements, would not exceed $29,000,000, which such amount was based upon preliminary estimates; and

WHEREAS pursuant to such Resolution, the parties entered into such lease on May 28, 2019; and

WHEREAS through the design and construction process and taking into account both savings as well as additions to the project budget, WOSU has determined that an additional $3,500,000 is required to complete the project, so as to include and accommodate: increased labor costs, site conditions, specialized construction assemblies unique to broadcast and production environments, selected technology and other improvements; and

WHEREAS the funds necessary to meet the university's obligations under the lease are being provided through WOSU:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby authorizes the President and/or Senior Vice President for Business and Finance to approve funding, under and pursuant to the lease between The Ohio State University and Redstone Realty Company, LLC, including for pre-paid rent and tenant improvements, in an amount not to exceed $32,500,000, on such terms and conditions as deemed to be in the best interest of the university.

AUTHORIZATION FOR INCREASE TO WOSU FINAL IMPROVEMENTS
14TH AVENUE AND PEARL STREET
COLUMBUS, OHIO
BOARD BACKGROUND

Background

The Ohio State University, on behalf of its WOSU Public Media (WOSU), seeks authorization to fund final improvements through its lease with Redstone Realty Company, LLC (Redstone) for development of a new building being constructed at the corner of 14th Avenue and Pearl Street.

Project Summary

Board Resolution 2019-64 authorized a lease for the development of a four-story single occupancy building to house new production and broadcast studios for WOSU. Pursuant to that resolution The Ohio State University, on behalf of WOSU, entered into a lease dated May 28, 2019, with Redstone, a wholly owned subsidiary of Campus Partners for Urban Community Redevelopment (Campus Partners). The lease terms were capped in the resolution at $29,000,000 based upon preliminary project estimates.

Through the design and construction process and taking into account both savings as well as additions to the project budget, WOSU has determined that an additional $3,500,000 is required to complete the project, so as to include: increased labor costs, site conditions, specialized construction assemblies unique to broadcast and production environments, selected technology and other improvements.

The funds necessary to meet the University's obligations under the lease are being provided through WOSU. This resolution is to authorize funding of the lease in alignment with final project values.

Location, and Description of Proposed Project

The subject development is an approximately 52,000 square foot, 4-story building to be located at the northeast corner of 14th Avenue and Pearl Street and is a component part of the overall 15th + High development.

Authorization Requested

Authorization is requested to approve funding through the lease in an amount not to exceed $32,500,000, upon such terms and conditions that are deemed to be in the best interest of the University.

THE OHIO STATE UNIVERSITY

WOSU
14TH AVE & PEARL ST
COLUMBUS, FRANKLIN COUNTY, OHIO 43201

Prepared By: The Ohio State University
Office of Planning and Real Estate
Issue Date: January 16, 2019
The Ohio State University Board of Trustees

APPROVAL FOR PURCHASE OF REAL PROPERTY

1145 OLENTANGY RIVER ROAD,
COLUMBUS, FRANKLIN COUNTY, OHIO

Synopsis: Authorization to purchase real property located at 1145 Olentangy River Road, Columbus, Franklin County, Ohio, is proposed.

WHEREAS The Ohio State University ("University") seeks to purchase improved real property located at 1145 Olentangy River Road in Columbus, Ohio, identified as Franklin County parcels 010-288228 and 010-288355 ("Property"); and

WHEREAS the property is located 1.6 miles from the university's main campus; and

WHEREAS the property includes a four-story, 114,900± square foot building, known as the Stefanie Spielman Comprehensive Breast Center, which houses multi-specialty medical groups and an ambulatory out-patient radiation treatment center; and

WHEREAS the university currently leases the entire property under a lease, approved by the Board of Trustees in 2009 by Resolution 2009-49 ("Lease"); and

WHEREAS the lease provides the university with an option to purchase the property ("Option"); and

WHEREAS the university exercised the option to purchase the property on July 21, 2020 ("Exercise Date"); and

WHEREAS the obligation of the university to purchase the property after exercising the option is subject to and conditioned upon approval of its Board of Trustees and the State of Ohio Controlling Board:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the Executive Vice President and Provost, the Senior Vice President for Business and Finance and Chief Financial Officer, and the Executive Vice President and Chancellor for Health Affairs, in consultation with the chair of the Audit, Compliance and Finance Committee and the chair of the Master Planning and Facilities Committee, are collectively authorized to take action required to effect the purchase of real property in the name of the state of Ohio for the benefit of The Ohio State University, upon terms and conditions deemed to be in the best interest of the university.

APPROVAL FOR ACQUISITION OF REAL PROPERTY
1145 OLENTANGY RIVER ROAD
COLUMBUS, FRANKLIN COUNTY, OHIO
BOARD BACKGROUND

Background

The Ohio State University's Wexner Medical Center (WMC) seeks to acquire approximately 5.524± acres of real property located at 1145 Olentangy River Road (Property) from Gowdy Partners III, LLC (Owner). The Property is improved with a four-story, 114,900± square foot medical office building (MOB) with adjacent parking, which WMC operates as its Stefanie Spielman Comprehensive Breast Center (SSCBC).

WMC currently occupies the entire Property pursuant to a long-term lease the OSU Board of Trustees approved at its November 07, 2008 meeting through Resolution No. 2009-49 (Lease). The Lease provides the university with three options to purchase the Property. The university exercised the second option to acquire the Property on July 21, 2020.

The obligation of the university to purchase the Property after exercising the option is subject to and conditioned upon approval of its Board of Trustees and the State of Ohio Controlling Board.

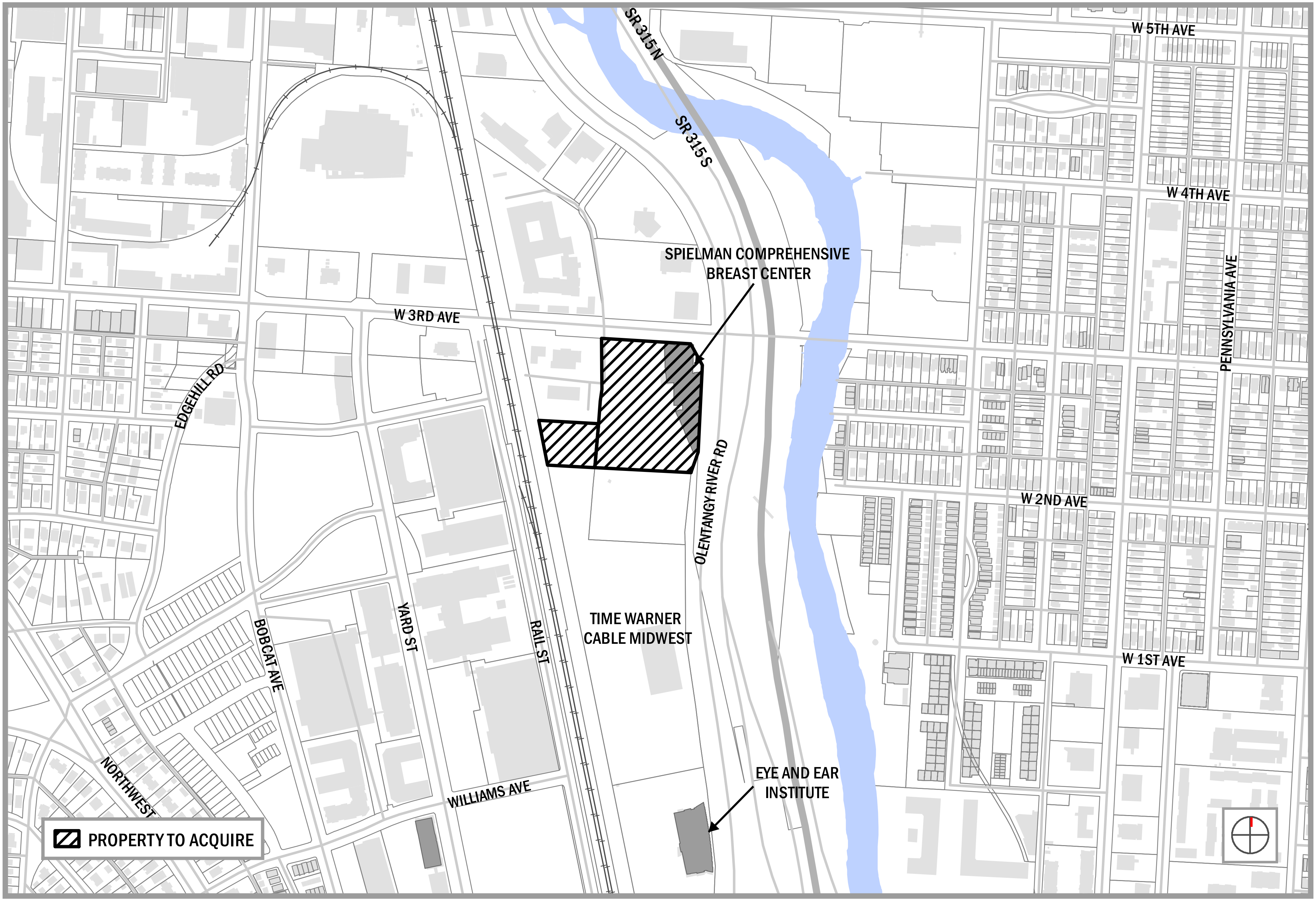
Location and Description

The parcels to be acquired, identified as county parcel 010-288228-00 and 010-288355-00, are zoned CPD (Commercial Planned Development) and is part of a larger tract of land, commonly known as Gowdy Field. The Property is located at the northwest portion of the Gowdy Field land parcel that parallels State Route 315 and is located 1.6 miles from The Ohio State University (OSU) Columbus campus. The SSCBC includes multi-specialty medical groups and an ambulatory out-patient radiation treatment center.

OSU Eye and Ear Institute, a five-story, 137,529-square-foot medical office building, recently purchased by the university, is also located at Gowdy Field.

Purchase of Property

WMC and Gowdy Partners III, LLC are negotiating the fair market purchase amount through an arbitration provision provided in the purchase option. WMC recommends that the Property described above be acquired for an amount not to exceed the fair market value to be determined as set forth in the purchase option, and on terms and conditions that are in the best interest of the university. The WMC will provide the source of funding for the acquisition.



THE OHIO STATE UNIVERSITY

1145 OLENTANGY RIVER ROAD
PARCELS 010-288228 AND 010-288355
COLUMBUS, FRANKLIN COUNTY, OHIO 43212

Prepared By: The Ohio State University
Office of Planning, Architecture and Real Estate
Issue Date: October 7, 2020
The Ohio State University Board of Trustees

APPROVAL FOR PURCHASE OF REAL PROPERTY

0.06+/- ACRES ON WEST 11TH AVENUE
COLUMBUS, FRANKLIN COUNTY, OHIO

Synopsis: Authorization to purchase real property located at 75 West 11th Avenue, Columbus, Franklin County, Ohio, is proposed.

WHEREAS The Ohio State University ("University") seeks to purchase 0.06+/- acres of improved real property located at 75 West 11th Avenue, Columbus, Ohio, identified as Franklin County tax parcel 010-021413-00 ("Property"); and

WHEREAS the Property is strategically located on the university's main campus; and

WHEREAS the Property is contiguous on all sides to land owned by the State of Ohio; and

WHEREAS the obligation of the University to purchase the Property is subject to and conditioned on the approval by the State of Ohio Controlling Board:

NOW THEREFORE

BE IT RESOLVED, That the President and/or Senior Vice President for Business and Finance be authorized to take action required to effect the purchase of the referenced Property at the negotiated price. Title will be held in the name of the State of Ohio for the use and benefit of The Ohio State University and upon terms and conditions deemed to be in the best interest of the university.

APPROVAL FOR ACQUISITION OF REAL PROPERTY
75 W 11TH AVENUE, COLUMBUS IN FRANKLIN COUNTY, OHIO
BOARD BACKGROUND

Background

The Ohio State University seeks to acquire from Hays & Hucek, Inc. (Seller) approximately 0.06 acres of land located at 75 W 11th Avenue, Columbus, Ohio to support the University Framework Plan and development along this corridor. This tract is the last piece of property on West 11th Avenue that Ohio State does not own.

Location and Description

The affected property is located at 75 W 11th Avenue near Highland, between High Street and Neil Avenue. The improvements were constructed in 1900 and were last renovated in 1965. They contain approximately 1,772 sf and have been used as a restaurant.

Property History

The property is titled to Hays & Hucek, Inc. and will be acquired in the name of the State of Ohio. Acquisition will require approval of the State Controlling Board. The Seller will continue to operate the restaurant located on the Property under a lease with OSU through May 2021. The Seller will be responsible for all operating expenses associated with the business during the tenancy under the lease.

Acquisition of Property

Planning, Architecture and Real Estate recommends that the +/- 0.06 acres be acquired under terms and conditions that are deemed to be in the best interest of the university. The anticipated purchase price is $1,000,000, which falls within the range of the two appraisals ordered on the property. The source of funding for the acquisition is the OSU Land Purchase Account.

THE OHIO STATE UNIVERSITY

PURCHASE OF REAL PROPERTY
75 W 11TH AVENUE
COLUMBUS, FRANKLIN COUNTY, OHIO 43201

Prepared By: The Ohio State University
Office of Planning, Architecture, and Real Estate
Issue Date: October 9, 2020
The Ohio State University Board of Trustees

THE OHIO STATE UNIVERSITY

TOPIC: Fiscal Year 2021 Interim Financial Report – September 30, 2020

CONTEXT: The purpose of this report is to provide an update of financial results for the three months ending September 30, 2020.

FINANCIAL SUMMARY

Our overall financial position remains strong; however, the first quarter of fiscal year 2021 continues to be negatively impacted by the COVID-19 pandemic. The university continues to operate under an indefinite state of emergency due to the COVID-19 outbreak. Impacts include:

- A decline in gross tuition and fee revenue of $51 million for Autumn semester compared to the prior autumn semester due to many students moving to an entirely virtual schedule and others deciding not to return to the university this fiscal year.
- A decline in auxiliary revenues of $48 million due to lower occupancy for student housing and dining due to an intentional de-densification for safety and the cancellation of event rentals, a postponed football season, and the related reduction in ticket, media, conference, and game guarantee revenues.
- An increase in COVID-19 related expenses, including PPE, testing, contact tracing, and quarantine and isolation of approximately $15 million for the first quarter.

Year-to-date increase in net position was $388 million, up $163 million compared to the prior year. The increase is primarily due to a $237 million increase in net investment income, offset by a $58 million decrease in operating loss. Other activities for the three months ending September 30, 2020, impacting our financial position include:

Revenues

Student tuition and fees, net - decreased $31 million or 15%, to $173 million over the same period of fiscal year 2020, due primarily to a decrease in gross tuition of $34 million, offset by a $3 million decrease in scholarship allowances. Gross tuition decreased $32 million for Autumn semester and $2 million for Summer semester. Autumn tuition decreased primarily due to a one-week delay, or five academic days, at the start of Autumn 2020 classes of $24 million and decreased non-resident fees of $8 million resulting from out-of-state students choosing all on-line instruction.

Grants and contracts - decreased $4 million, or 1.8%, to $214 million, due primarily to decreases in private and local grants of $6 million, offset by increases in state grants of $2 million. Awarded dollars, which can be considered a leading indicator of the state of the research enterprise, are up 9.9% overall compared to this time last year, including a 9.6% increase in federal dollars and a 11.6% increase in non-federal awarded dollars.

Gifts - decreased $30 million over the prior year due primarily to decreases in permanent endowment gifts of $7 million and current use gifts of $23 million.

Sales and services of auxiliary enterprises - decreased $48 million due primarily to revenue losses associated with the postponement of fall sports of $28 million, decreases in Student Life housing and dining revenues of $14 million, and decreases in Business Advancement (Schottenstein Center, Blackwell, and Fawcett Center) revenues of $6 million.

Educational departments - decreased $4 million primarily from decreases in over 160 earnings funds and 75 conference funds reflecting impacts of COVID-19 pandemic.

Sales and services of the OSU Health System and OSU Physicians, Inc - increased $45 million to $1,070 million. The Health System increased $40 million primarily due to increases for surgical volumes and inpatient surgeries. This contributed to improved operating revenue per adjusted admissions up 3.5% for the first three months of fiscal year 2020 and 9.8% above the prior year. OSU Physicians experienced a similar trend with a year over year increase of $5 million, or a 3.6% increase.

Non-exchange grants - increased $3 million due primarily to increases in Federal Work-Study of $2 million and Pell grants of $1 million.

CARES (Coronavirus Aid, Relief, and Economic Security) Act assistance – increased $30 million due to the receipt of $27.5 million from Federal pass-through funds from the State of Ohio, $2.6 million for Emergency aid to students, and $192 thousand for College of Dentistry.

Expenses

University - expenses of $593 million for the three months ending September 30, 2020, decreased $10 million, or 1.6%, compared to the same period in 2019, reflecting expenditure controls implemented in response to the outbreak of COVID-19. Supplies and services decreased $21 million compared to the prior year from restrictions on university travel starting in Spring 2020. A review of all non-essential spending such as supplies, equipment purchases, conferences and membership expenses led to additional savings. Salaries increased $13 million from annual merit compensation increases of $6 million and staff increases authorized prior to the COVID-19 outbreak. The university temporarily paused the annual merit compensation increase process and instituted pauses in hiring and off-cycle salary increases on April 1, 2020.

OSU Health System and OSU Physicians - expenses of $932 million for the three months ending September 30, 2020, increased $41 million, or 4.6%, compared to the same period of the fiscal year 2019 primarily due to increases in operating expenses driven by increased patient volumes. The Health System is seeing significant expense savings with discretionary spend and is below budget for salaries and benefits due to a lower than budget of 208 FTEs and $7.3 million in physician fees.

Auxiliary - expenses of $60 million for the three months ending September 30, 2020, decreased $26 million, or 30%, compared to the same period of the fiscal year 2019 primarily due to decreases in Athletics of $19 million, Student Life of $5 million, and Business Advancement of $2 million.

Cash and Investments

Total university cash and investments increased $541 million to $10,238 million on September 30, 2020, compared to the same period of last year. Total cash and temporary investments increased $196 million to $4,348 million on September 30, 2020, compared to September 30, 2019, primarily due to the Health System's receipt of $288 million of Medicare Advance payments. Gifted endowment and long-term investments increased $345 million to $5,893 million on September 30, 2020, primarily due to increases in the Long-Term Investment Pool of $273 million and other long-term investments.

Long-Term Investment Pool and Temporary Investments

For the three months ending September 30, 2020, the fair value of the university's Long-Term Investment Pool increased $306 million to $5,593 million. Changes in total valuation compared to the prior year are summarized below:

	2021	2020
Fair Value at June 30	$ 5,287,131	$ 5,256,759
Net principal additions	40,215	45,532
Change in fair value	319,563	58,018
Income earned	25,638	34,579
Distributions	(60,775)	(56,965)
Expenses	(18,654)	(17,983)
Fair Value at September 30	$ 5,593,118	$ 5,319,940

Net principal additions include new endowment gifts ($9.8 million) and other net transfers of University monies ($30.4 million). Change in fair value includes realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool on June 30, 2020. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses ($13.6 million), University Development related expenses ($4.9 million) and other administrative related expenses ($0.2 million).

<u>LTIP Investment Returns</u>

For the three months ending September 30, 2020, the LTIP earned a net investment fee return of 6.28% versus a Policy Benchmark of 5.72%, resulting in an outperformance of 0.56%. During that period, our Global Equities returned 8.70%, followed by Real Assets at 2.73% and Global Fixed Income at 1.57%.

The comparable three months ending September 30, 2019, saw a net investment fee return of 1.52% versus a Policy Benchmark of 0.71%, resulting in an outperformance of 0.81%. During that period, our Global Equities returned 1.68%, followed by Global Fixed Income at 1.35% and Real Assets at 1.01%.

<u>Temporary Investments</u>

For the three months ending September 30, 2020, (FYTD), the Intermediate Investments earned a return of 0.97% (+$9.9 million), outperforming the Bank of America ML 1-3 Year US Gov't/Credit benchmark (+0.27%) by 0.70%. Short-Term Investments earned 0.36% (+$2.2 million) outperforming the 90 Day T-Bill benchmark (+0.03%) by 0.33%.

The comparable three months ending September 30, 2019, saw Intermediate Investments earn a return of 0.87% (+$8.4 million). Short-Term Investments returned 0.73% (+$4.4 million) for this same period.

Cash Flows

Cash provided by operating activities was $65 million through the first three months of fiscal year 2021, compared with net cash provided by operating activities of $82 million for the same period in fiscal year 2020. The decrease in operating cash flows is due primarily to decreased receipts from Athletic ticket sales and student tuition and fees, offset by lower payments to vendors for supplies and services.

Cash provided by noncapital financing activities was $209 million through the first three months of fiscal year 2021, compared with $188 million for the same period in fiscal year 2020. The increases are primarily due to increases in CARES assistance of $30 million.

Net cash flows used by capital financing activities were $213 million through three months ending September 30, 2020, primarily for payments on the construction of capital assets.

Net cash flows used by investing activities were $131 million for the three months ending September 30, 2020, primarily due to the purchase of temporary investments.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
September 30, 2020 and September 30, 2019

	As of September 2020	As of September 2019	Increase/Decrease Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 2,010,929	$ 1,876,126	$ 134,803	7.2%
Temporary investments	1,981,679	1,778,699	202,980	11.4%
Accounts receivable, net	680,401	835,091	(154,690)	-18.5%
Notes receivable - current portion, net	25,655	25,318	337	1.3%
Pledges receivable - current portion, net	79,240	31,540	47,700	151.2%
Accrued interest receivable	18,294	19,114	(820)	-4.3%
Inventories and prepaid expenses	335,840	283,157	52,683	18.6%
Investments held under securities lending program	9,831	37,898	(28,067)	-74.1%
Total Current Assets	5,141,869	4,886,943	254,926	5.2%
Noncurrent Assets:				
Restricted cash	352,274	493,671	(141,397)	-28.6%
Notes receivable, net	54,601	60,667	(6,066)	-10.0%
Pledges receivable, net	59,248	64,151	(4,903)	-7.6%
Net other post-employment benefit asset	77,901	74,520	3,381	4.5%
Long-term investment pool	5,593,118	5,319,940	273,178	5.1%
Other long-term investments	300,347	228,357	71,990	31.5%
Capital assets, net	6,048,184	5,449,662	598,522	11.0%
Total Noncurrent Assets	12,485,673	11,690,968	794,705	6.8%
Total Assets	17,627,542	16,577,911	1,049,631	6.3%
Deferred Outflows:				
Pension	445,769	1,017,388	(571,619)	-56.2%
Other post-employment benefits	239,629	116,173	123,456	106.3%
Other deferred outflows	31,697	21,982	9,715	44.2%
Total Assets and Deferred Outflows	$ 18,344,637	$ 17,733,454	$ 611,183	3.4%
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	$ 739,207	$ 566,223	$ 172,984	30.6%
Medicare advance payment program	287,500	-	287,500	100.0%
Deposits and advance payments for goods and services	632,789	687,296	(54,507)	-7.9%
Current portion of bonds, notes and leases payable	58,609	44,970	13,639	30.3%
Long-term bonds payable, subject to remarketing	317,715	574,675	(256,960)	-44.7%
Liability under securities lending program	9,831	37,898	(28,067)	-74.1%
Other current liabilities	112,032	96,396	15,636	16.2%
Total Current Liabilities	2,157,683	2,007,458	150,225	7.5%
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,741,255	2,559,865	181,390	7.1%
Concessionaire payable	134,362	39,121	95,241	243.5%
Net pension liability	3,025,029	3,715,194	(690,165)	-18.6%
Net other post-employment benefit liability	1,459,572	1,339,443	120,129	9.0%
Compensated absences	211,319	178,664	32,655	18.3%
Self-insurance accruals	87,095	82,293	4,802	5.8%
Amounts due to third-party payors - Health System	59,516	52,698	6,818	12.9%
Irrevocable split-interest agreements	31,272	29,292	1,980	6.8%
Refundable advances for Federal Perkins loans	29,695	33,478	(3,783)	-11.3%
Advance from concessionaire	997,322	1,019,109	(21,787)	-2.1%
Other noncurrent liabilities	121,610	124,241	(2,631)	-2.1%
Total Noncurrent Liabilities	8,898,047	9,173,398	(275,351)	-3.0%
Total Liabilities	11,055,730	11,180,856	(125,126)	-1.1%
Deferred Inflows:				
Parking service concession arrangement	404,506	414,138	(9,632)	-2.3%
Pension	487,347	110,003	377,344	343.0%
Other post-employment benefits	298,463	117,982	180,481	153.0%
Other deferred inflows	28,620	32,478	(3,858)	-11.9%
Total Deferred Inflows	1,218,936	674,601	544,335	80.7%
Net Position:				
Net investment in capital assets	3,350,409	2,898,527	451,882	15.6%
Restricted:				
Nonexpendable	1,614,009	1,545,380	68,629	4.4%
Expendable	1,128,279	1,076,802	51,477	4.8%
Unrestricted	(22,726)	357,288	(380,014)	-106.4%
Total Net Position	6,069,971	5,877,997	191,974	3.3%
Total Liabilities, Deferred Inflows, and Net Position	$ 18,344,637	$ 17,733,454	$ 611,183	3.4%

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - UNAUDITED
Comparative Year-To-Date
September 30, 2020 and September 30, 2019

	September 2020	September 2019	Increase/Decrease Dollars	%
Operating Revenues:				
Student tuition and fees, net	$ 173,318	$ 204,153	$ (30,835)	-15.1%
Federal grants and contracts	108,235	108,510	(275)	-0.3%
State grants and contracts	20,987	18,220	2,767	15.2%
Local grants and contracts	4,434	5,934	(1,500)	-25.3%
Private grants and contracts	80,471	85,483	(5,012)	-5.9%
Sales and services of educational departments	42,291	46,437	(4,146)	-8.9%
Sales and services of auxiliary enterprises	24,531	72,945	(48,414)	-66.4%
Sales and services of the OSU Health System, net	917,119	877,646	39,473	4.5%
Sales and services of OSU Physicians, Inc., net	153,132	147,807	5,325	3.6%
Other operating revenues	3,475	10,140	(6,665)	-65.7%
Total Operating Revenues	1,527,993	1,577,275	(49,282)	-3.1%
Operating Expenses:				
Educational and General:				
Instruction and departmental research	211,219	204,070	7,149	3.5%
Separately budgeted research	127,407	134,009	(6,602)	-4.9%
Public service	46,559	47,761	(1,202)	-2.5%
Academic support	48,440	61,289	(12,849)	-21.0%
Student services	18,021	22,573	(4,552)	-20.2%
Institutional support	89,289	77,873	11,416	14.7%
Operation and maintenance of plant	30,682	31,740	(1,058)	-3.3%
Scholarships and fellowships	21,235	23,418	(2,183)	-9.3%
Auxiliary enterprises	59,518	85,528	(26,010)	-30.4%
OSU Health System	786,954	750,958	35,996	4.8%
OSU Physicians, Inc.	144,908	139,693	5,215	3.7%
Depreciation	108,821	105,004	3,817	3.6%
Total Operating Expenses	1,693,053	1,683,916	9,137	0.5%
Operating Loss	(165,060)	(106,641)	(58,419)	54.8%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	117,024	120,042	(3,018)	-2.5%
Federal subsidies for Build America Bonds interest	2,830	2,830	-	0.0%
Federal non-exchange grants	36,828	33,703	3,125	9.3%
CARES Assistance	30,210	-	30,210	100.0%
State non-exchange grants	859	1,271	(412)	-32.4%
Gifts	23,256	46,208	(22,952)	-49.7%
Net investment income	348,650	111,224	237,426	213.5%
Interest expense on plant debt	(27,717)	(29,542)	1,825	-6.2%
Other non-operating revenues(expenses)	(8,829)	3,622	(12,451)	-343.8%
Net Non-operating Revenue (Expense)	523,111	289,358	233,753	80.8%
Income before Other Revenues, Expenses, Gains or Losses	358,051	182,717	175,334	96.0%
Changes in Net Position				
State capital appropriations	15,392	21,707	(6,315)	-29.1%
Private capital gifts	2,842	2,593	249	9.6%
Additions to permanent endowments	9,861	17,388	(7,527)	-43.3%
Capital contributions and other changes in net position	1,504	-	1,504	100.0%
Total Changes in Net Position	29,599	41,688	(12,089)	-29.0%
Increase in Net Position	387,650	224,405	$ 163,245	72.7%
Net Position - Beginning of Year	5,682,321	5,653,592		
Net Position - End of Period	$ 6,069,971	$ 5,877,997		

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
Years Ended September 30, 2020 and September 30, 2019
(in thousands)

	September 2020	September 2019	Incr/(Decr) to Cash Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	$ 289,417	$ 329,635	$ (40,218)	-12.2%
Grant and contract receipts	186,006	177,426	8,580	4.8%
Receipts for sales and services	1,150,599	1,194,796	(44,197)	-3.7%
Payments to or on behalf of employees	(791,978)	(797,458)	5,480	-0.7%
University employee benefit payments	(232,101)	(219,373)	(12,728)	5.8%
Payments to vendors for supplies and services	(529,438)	(594,720)	65,282	-11.0%
Payments to students and fellows	(19,172)	(21,297)	2,125	-10.0%
Student loans issued	(812)	(1,000)	188	-18.8%
Student loans collected	1,410	2,016	(606)	-30.1%
Student loan interest and fees collected	480	513	(33)	-6.4%
Other receipts, net	10,462	11,405	(943)	-8.3%
Net cash provided by operating activities	64,873	81,943	(17,070)	-20.8%
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	117,024	97,567	19,457	19.9%
Non-exchange grant receipts	37,687	34,974	2,713	7.8%
CARES Assistance	30,210	–	30,210	100.0%
Gift receipts for current use	23,256	46,208	(22,952)	-49.7%
Additions to permanent endowments	9,861	17,388	(7,527)	-43.3%
Drawdowns of federal direct loan proceeds	128,700	138,000	(9,300)	-6.7%
Disbursements of federal direct loans to students	(137,889)	(148,224)	10,335	-7.0%
Repayment of loans from related organization	335	1,149	(814)	-70.8%
Amounts paid to annuitants and life beneficiaries	(696)	(434)	(262)	60.4%
Agency funds receipts, net	812	1,454	(642)	-44.2%
Net cash provided by noncapital financing activities	209,300	188,082	21,218	11.3%
Cash Flows from Capital Financing Activities:				
State capital appropriations	16,729	21,294	(4,565)	-21.4%
Gift receipts for capital projects	2,842	2,593	249	9.6%
Payments for purchase or construction of capital assets	(231,415)	(144,677)	(86,738)	60.0%
Principal payments on capital debt and leases	(5,905)	(454)	(5,451)	1200.7%
Interest payments on capital debt and leases	(556)	(2,156)	1,600	-74.2%
Federal subsidies for Build America Bonds interest	5,396	-	5,396	100.0%
Net cash (used) by capital financing activities	(212,909)	(123,400)	(89,509)	72.5%
Cash Flows from Investing Activities:				
Net (purchases) sales of temporary investments	(177,963)	(24,179)	(153,784)	636.0%
Proceeds from sales and maturities of long-term investments	277,346	1,084,405	(807,059)	-74.4%
Investment income	32,182	60,405	(28,223)	-46.7%
Purchases of long-term investments	(262,441)	(1,098,470)	836,029	-76.1%
Net cash provided (used) by investing activities	(130,876)	22,161	(153,037)	-690.6%
Net Increase (Decrease) in Cash	(69,612)	168,786	$ (238,398)	-141.2%
Cash and Cash Equivalents - Beginning of Year	2,432,815	2,201,133		
Cash and Cash Equivalents - End of Period	$ 2,363,203	$ 2,369,919		

The Ohio State University

Major Project Updates

Projects Over $20M

November 2020

The Ohio State University

PROJECT STATUS REPORT
CURRENT PROJECTS OVER $20M

PROJECT	CONST COMPLETION	APPROVALS Des	APPROVALS Con	BUDGET	ON TIME	ON BUDGET
Mars G. Fontana Laboratories (BMEC)	**7/2020**	**COMPLETE**		$59.1M		
OSU East – West Wing Expansion Renovation	**8/2020**	**COMPLETE**		$26.0M		
Optometry Clinic and Health Sciences Facility Office Bldg	**10/2020**	**COMPLETE**		$35.9M		
Ty Tucker Tennis Center	**10/2020**	**COMPLETE**		$23.1M		
Wooster – New Laboratory Building	**11/2020**	✓	✓	$33.5M		
Postle Partial Replacement	**12/2020**	✓	✓	$95.0M		
WMC Inpatient Hospital – Central Sterile Supply	**12/2020**	✓	✓	$45.3M		
Newark – John & Mary Alford Ctr for Sci and Technology	**3/2021**	✓	✓	$32.0M		
WMC Inpatient Hosp Garage, Infr & Roadwork	**3/2021**	✓	✓	$99.9M		
WMC Outpatient Care New Albany	**6/2021**	✓	✓	$137.9M		
Dodd – Parking Garage	**5/2022**	✓	✓	$33.3M		
Newton – Renovation and Addition	**5/2022**	✓	✓	$25.3M		
WMC Outpatient Care Dublin	**7/2022**	✓	✓	$161.2M		
Celeste Lab Renovation	**8/2022**	✓	✓	$31.1M		
Controlled Environment Food Prod Research Complex	**8/2022**	✓	✓	$35.8M		
WMC Outpatient Care West Campus	**12/2022**	✓	✓	$348.5M		
Interdisciplinary Research Facility	**5/2023**	✓	✓	$237.5M		
Interdisciplinary Health Sciences Center	**11/2023**	✓	✓	$155.9M		
Wexner Medical Center Inpatient Hospital	**6/2025**	✓	✓	$1,797.1M		

Key: On track | Watching closely | Not on track | Modified Scope/Paused

PROJECT STATUS REPORT
CURRENT PROJECTS OVER $20M

PROJECT	CONS COMPLETION DATE	APPROVALS Des	APPROVALS Con	BUDGET	ON TIME	ON BUDGET
Instructional Sci Buildings Deferred Maintenance		✓	✓	$25.0M		
Bolz and Parks Halls	**11/2021**					
Mendenhall Lab and Howlett Hall	**TBD**					
Arts District		✓	✓	$161.6M		
School of Music	**1/2022**					
Department of Theater	**TBD**					
Lacrosse Stadium	**TBD**	✓		$20.0M		

Key: On track Watching closely Not on track Modified Scope/Paused

WOOSTER – NEW LABORATORY BUILDING

Construct a new facility for Entomology research that will include teaching labs, research space, classrooms, and a small café. The new building will connect to a central chilled water plant.

PROJECT FUNDING

university funds; state appropriations

CURRENT PROJECT BUDGET

construction w/cont	$30.0M
total project	$33.5M

CONSULTANTS

architect of record	Hasenstab
CM at Risk	Elford

PROJECT SCHEDULE

BoT approval	1/17
construction	10/18-11/20
facility opening	11/20

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PROJECT UPDATE

The building is completing interior finishes and site work. The separate chiller plant is complete.

The project experienced some labor, material fabrication and delivery delays due to COVID-19.

Move in is underway and will be complete by the end of November.

On Time On Budget

POSTLE PARTIAL REPLACEMENT

Replace the southern portion of the east wing and renovate/upgrade portions of the west wing.

PROJECT FUNDING

fundraising; state appropriations; department funds; university debt

CURRENT PROJECT BUDGET

construction w/cont	$85.4M
total project	$95.0M

CONSULTANTS

architect of record	Design Group
des architect	Robert AM Stern Arch
CM at Risk	Gilbane

PROJECT SCHEDULE

BoT approval	9/16
construction	6/18-12/20
facility opening	TBD

PROJECT UPDATE

Interior framing and finishes and mechanical/electrical/plumbing are progressing. The university is evaluating the revised schedule and cost impacts due to the vacuum piping redesign. Dental and sterilization equipment installation has started and the transition consultant is working with the college and project team to coordinate equipment installs and moves.

On Time

On Budget

INSTRUCTIONAL SCIENCE BUILDINGS DEFERRED MAINTENANCE

Renew mechanical, electrical and plumbing services in selected buildings, including Mendenhall Laboratory, Bolz Hall, Howlett Hall, and Parks Hall.

PROJECT FUNDING

university debt

CURRENT PROJECT BUDGET

construction w/cont	$23.0M
total project	$25.0M

CONSULTANTS

architect of record	Hasenstab
CM at Risk	Whiting-Turner

PROJECT SCHEDULE

BoT approval	11/18
construction	6/20 – 11/21
facility opening	11/21

PROJECT UPDATE

Mechanical improvements have started on the 4th floor of Bolz Hall and will be complete in February 2021. Parks Hall has completed the GMP and work is scheduled to start in October. Work will include upgrades to mechanical systems and new heat exchangers.

Following an evaluation of capital projects related to the uncertainty of COVID-19, projects that can be slowed or modified have been identified. Design development documents for Mendenhall Lab and Howlett Hall have been completed but additional steps need further evaluation.

On Time

On Budget

ARTS DISTRICT

Renovate and expand the School of Music building and construct a new Department of Theatre building. The project will also extend Annie and John Glenn Avenue from College Road to High Street and make modifications to College Road and adjacent pedestrian spaces.

PROJECT FUNDING

university funds; university debt; fundraising; partner funds

CURRENT PROJECT BUDGET

construction w/cont	$144.0M
total project	$161.6M

CONSULTANTS

architect of record	DLR Group
CM at Risk	Holder Construction

PROJECT SCHEDULE

BoT approval	8/15
construction	6/19-1/22
facility opening	3/22

PROJECT UPDATE

Mechanical, electrical and plumbing rough-in, roofing, framing and east exterior elevation masonry is ongoing. The university has paused the construction of the Department of Theater. The university remains committed to completing the project and will evaluate a revised schedule for the Department of Theater scope at the appropriate time.

On Time

On Budget

LACROSSE STADIUM

Construct a new outdoor lacrosse stadium in the Athletics District, east of the Covelli Center, for the Men's and Women's varsity programs. The venue will include an outdoor field, seating for 2,500, locker rooms and concessions.

PROJECT FUNDING

fundraising

CURRENT PROJECT BUDGET	
construction w/cont	$17.7M
total project	$20.0M

CONSULTANTS	
architect of record	HOK
CM at Risk	Ruscilli

PROJECT SCHEDULE

BoT approval	8/19
construction	TBD
facility opening	TBD

PROJECT UPDATE

The project team is evaluating scope and budget alternatives. Project design will be completed on schedule then the project will be paused to evaluate a revised timeline for construction.

On Time   On Budget

THE OHIO STATE UNIVERSITY

Corporate Engagement & Technology Commercialization Update

Scott Osborne, Vice President - Corporate Engagement Office

Audit, Compliance & Finance Committee I November 19, 2020

Aspiration

Ohio State's highly-engaged partnerships with individuals and organizations across Ohio State, the community and the business world will make it the most recognized, impactful public land grant university to work with the private sector.

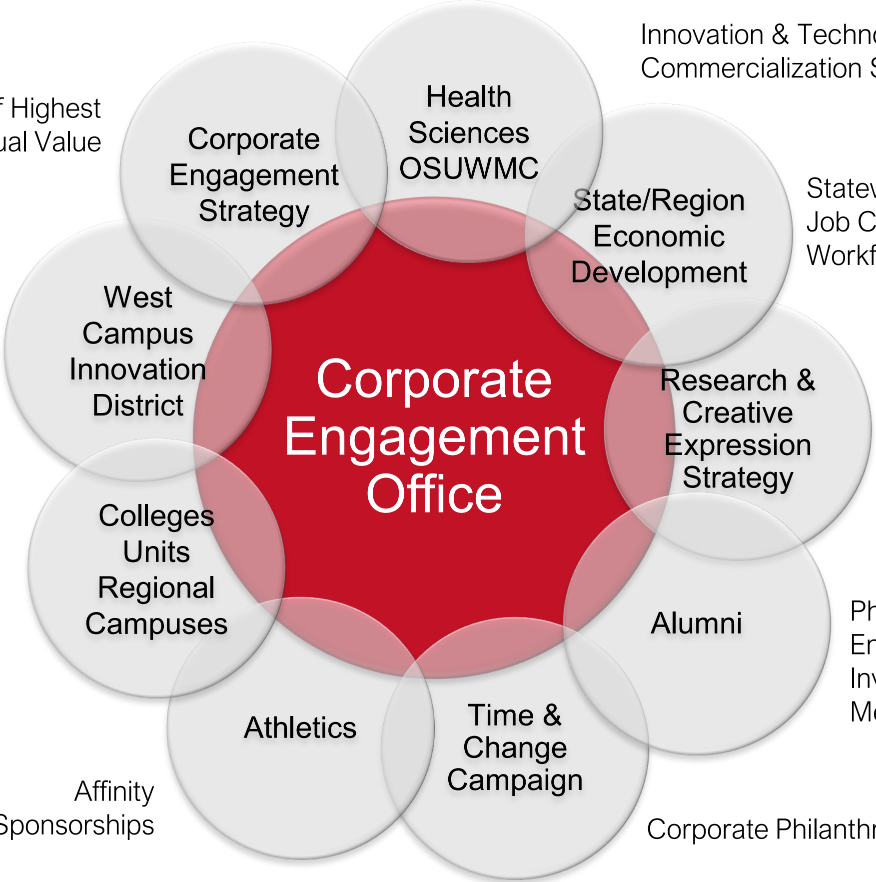
Technology Commercialization

Corporate Business Development

Keenan Center for Entrepreneurship

Economic Engagement

Driven by Strategic Imperatives

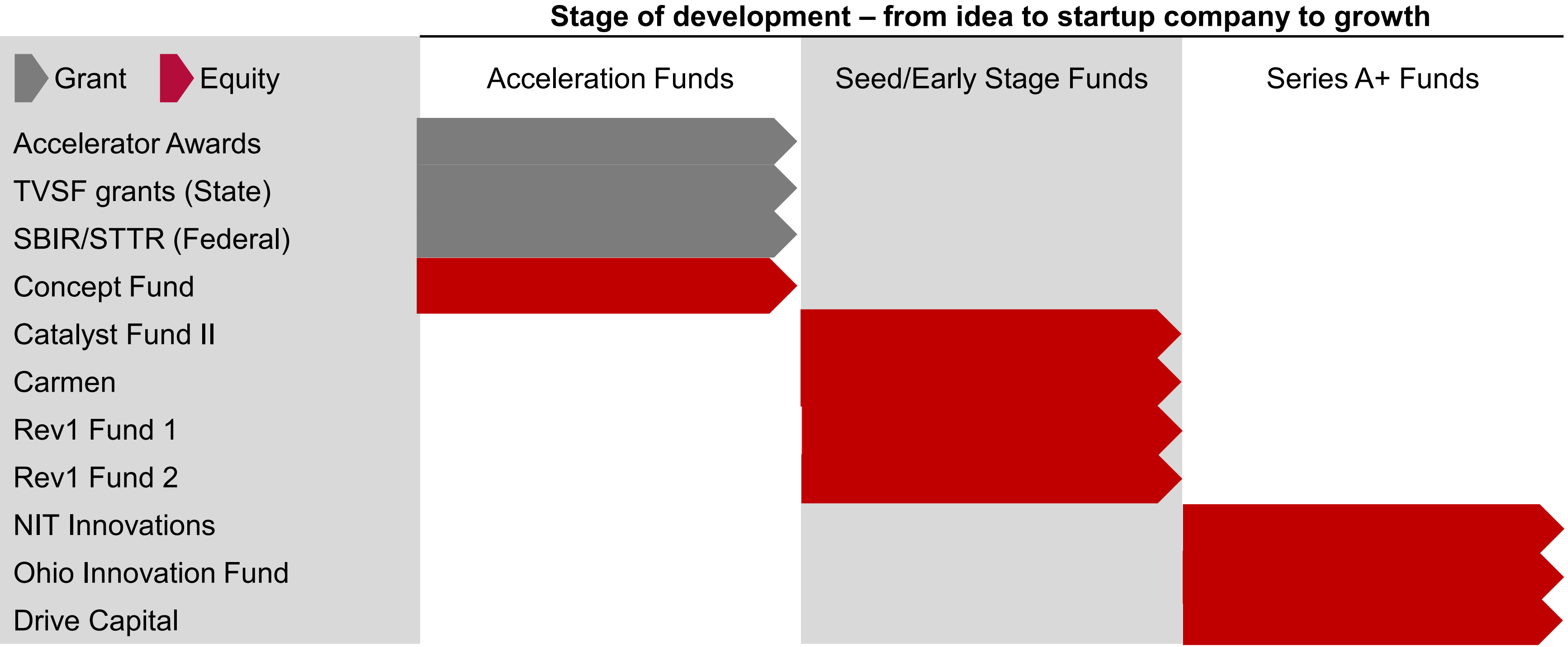


Keenan Center for Entrepreneurship

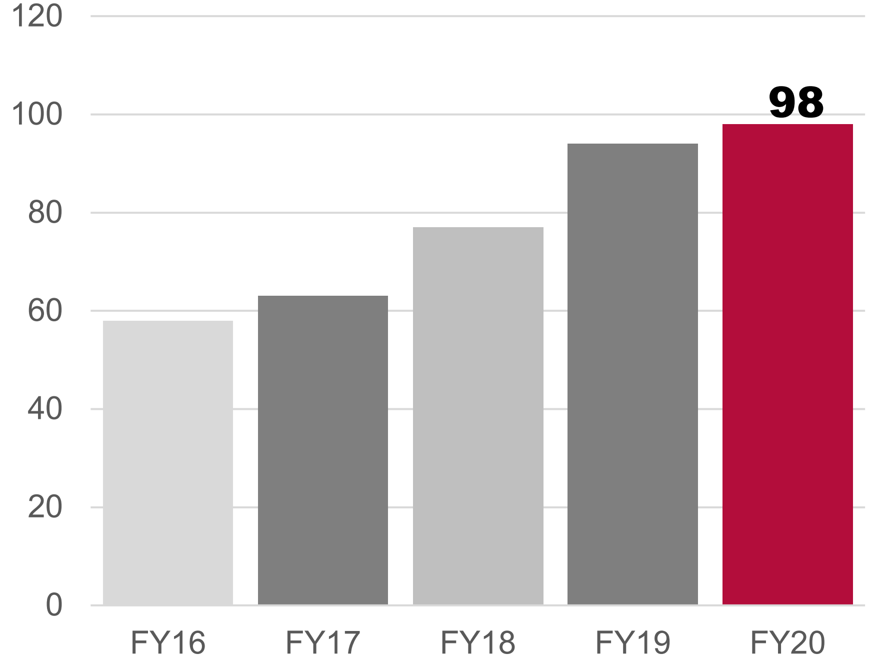
The Keenan Center will provide robust programming, access to startup funding, and essential connections to resources and expertise needed to translate ideas and concepts into business opportunities.

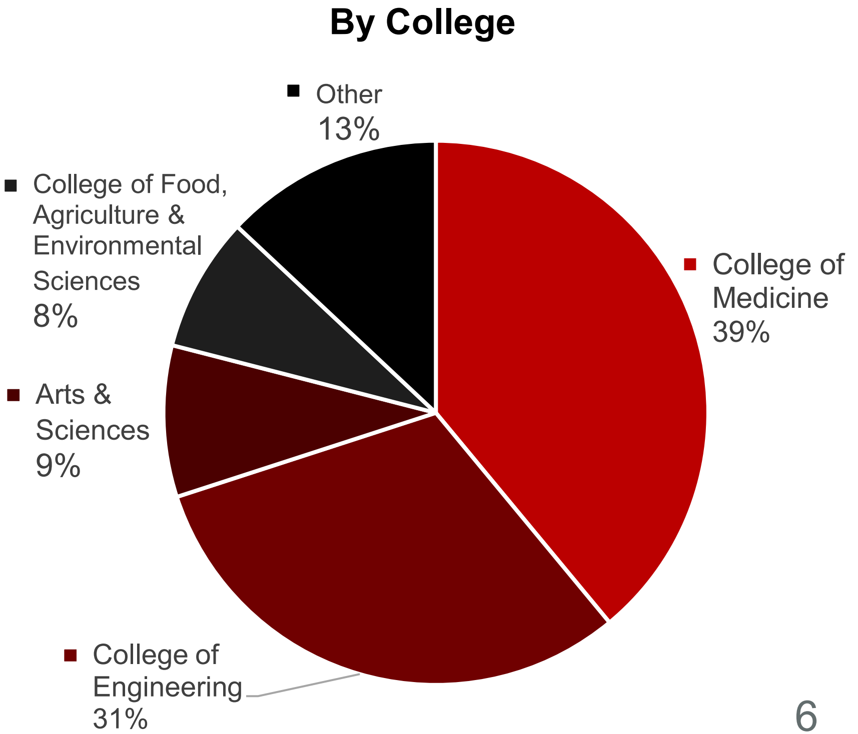
- Capital
- Venture Development
- Programs
- Talent

Funding Continuum



Active Ohio State Startups





Corporate Engagement Strategic Plan

We will be a preferred partner for corporations, cultivating a modern workforce, advancing discovery and innovation for societal impact and fostering economic success.

Strategic Partnerships | Culture | Talent & Capabilities | Operations & Alignment

Year 1 – FY20

- Executive oversight committee established
- Steering committee operationalized
- Top 25 company list identified
- Company strategy teams formed

Next steps

- Complete and implement initial strategies for top 25 companies
- Grow transformational partnerships that align with Ohio State's future vision

Economic Engagement Strategy

As a leading Land Grant, Urban, and Economically Engaged University we will be a reliable and responsive partner to businesses and organizations who are working to grow our local, regional, and national economy

Enhancing Economic Engagement

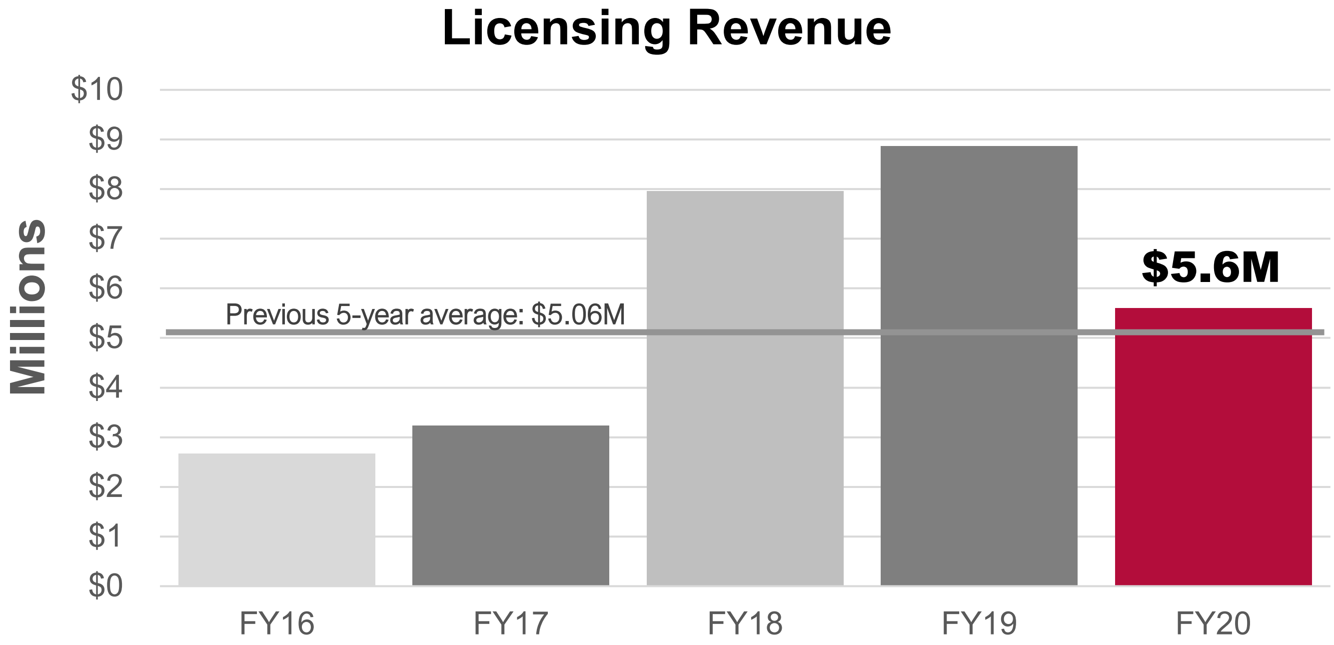
- Streamline opportunity response strategy
- Grow pipeline of new strategic business prospects
- Improve monitoring and public recognition of Ohio State's economic impact
- Build and enhance business intelligence tools
- Align economic engagement efforts with internal strategic plans

Technology Commercialization Performance Metrics*

	FY 2018	FY 2019	FY 2020
Invention Disclosures	458	418	367
Patents Issued	82	118	191
New Contracts Requested	1359	1711	2031
Technologies Licensed	130	128	94
New Startups	19	14	13

*AUTM metrics

Licensing Revenue



➢ Beginning in Q3 of FY20, revenues reflect the expiration of licenses accounting for $1.9M in annual running royalties and the absence of significant one-time payment events.

Ohio IP Promise

Launched in September 2019, Ohio's public universities and two privates came together to establish a best-in-class process for how we license our institutions' intellectual property.

Phase III Metrics – Key Performance Indicators:

- One set reported annually as a system
- Pioneering and unifying method to communicate the innovation activity across Ohio

# invention disclosures	# technologies licensed	# startups
944	272	30
Industry standard metrics of success		

+

Total portfolio company funding from all sources	Net Promoter Score (NPS)
Baseline FY20	Baseline FY20
Innovative measures of success	

Annual metrics will be reported as compared to the five-year rolling average. Ohio State, Cincinnati and Case Western Reserve account for more than 70% of each KPI. These baseline metrics are an aggregate of each institution's five-year average from 2013-2018.