The Ohio State University Department of Athletics

(A Department of the Ohio State University)

Financial Statements

As of and for the Years Ended June 30, 2021 and 2020

and Report of Independent Auditors

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
The Ohio State University
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We have reviewed the *Report of Independent Auditors* of The Ohio State University Department of Athletics, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio State University is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 06, 2022

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Report of Independent Auditors

To the Board of Trustees of The Ohio State University:

We have audited the accompanying financial statements of The Ohio State University Department of Athletics ("Athletics"), a department of The Ohio State University, appearing on pages 10 to 36, which comprise the statements of net position as of June 30, 2021 and June 30, 2020 and the related statements of revenues, expenses and other changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Athletics' 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 an opinion 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 Entity'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 Entity'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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ohio State University Department of Athletics as of June 30, 2021 and June 30, 2020, 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 Matter

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 9, the Required Supplementary Information on GASB 68 Pension Liabilities on page 38, and the Required Supplementary Information on GASB 75 Other Post Employment Benefit Liabilities on page 39 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of Athletics' 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, 2021. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Athletics' internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

December 22, 2021

The Ohio State University Department of Athletics
Management Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and June 30, 2020

(In thousands)

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University Department of Athletics ("Athletics") for the year ended June 30, 2021, with comparative information for the years ended June 30, 2020 and June 30, 2019. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About the Department of Athletics:

The Ohio State University Department of Athletics is recognized as one of the most comprehensive intercollegiate athletics programs in the nation, with over 1,000 student-athletes competing in 36 sports. Athletics operates under the governance of The Ohio State University Board of Trustees and is included in the financial statements of The Ohio State University ("the university"). All organizations controlled by Athletics, consisting of its various departments, are included in the financial statements; organizations not controlled by Athletics, such as certain booster and alumni organizations, are not included in the financial statements.

About the Financial Statements:

Athletics presents its financial statements in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 35, *Basic - 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 report includes a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements as of and for the years ended June 30, 2021 and June 30, 2020.

Financial Highlights:

The COVID-19 pandemic continues to impact Athletics in terms of fundraising, earned revenue and Athletics' operations and programming. In 2021, ongoing health and safety concerns resulted in the postponement of the 2020-2021 fall sports season. Attendance at football games and other athletics events was limited to families, staff and the media under strict safety protocols. Athletics net position decreased $11 million to $177 million at June 30, 2021. Reductions in revenues from ticket sales, television and broadcast rights and gifts were offset by a combination of reductions in operating expenses and strong 2021 investment returns on Athletics endowments.

(In thousands)

Summary Statement of Net Position

	2021	2020	2019
Cash and cash equivalents	$ -	$ 43,289	$ 56,718
Other current assets	29,441	20,545	33,784
Total current assets	29,441	63,834	90,502
Endowment investments	129,100	98,683	100,660
Capital assets, net of accumulated depreciation	343,001	352,531	345,405
Other noncurrent assets	38,991	39,880	39,452
Total noncurrent assets	511,092	491,094	485,517
Total assets	540,533	554,928	576,019
Deferred outflows	3,120	7,815	14,865
Total Assets and Deferred Outflows	$ 543,653	$ 562,743	$ 590,884
Unearned revenue for advance sales of game tickets	$ 30,307	$ 30,316	$ 45,418
Amount due to university	11,696	-	-
Current portion of notes payable to university	5,244	104	11,452
Other current liabilities	27,003	14,789	23,966
Total current liabilities	74,250	45,209	80,836
Notes payable to university	238,772	250,747	239,249
Accrued compensated absences	4,137	4,128	3,633
Other unearned revenue and deposits	11,225	6,326	5,890
Net pension liability	21,141	33,571	47,613
Net other post employment benefits liability	-	24,302	23,336
Total noncurrent liabilities	275,275	319,074	319,721
Total liabilities	349,525	364,283	400,557
Deferred inflows	17,612	10,761	796
Total liabilities and deferred inflows	367,137	375,044	401,353
Net investment in capital assets	$ 98,567	$ 95,970	$ 86,385
Restricted - nonexpendable	86,524	79,750	79,645
Restricted - expendable	99,630	90,953	89,949
Unrestricted	(108,205)	(78,974)	(66,448)
Total net position	176,516	187,699	189,531
Total Liabilities, Deferred Inflows and Net Position	$ 543,653	$ 562,743	$ 590,884

Cash and cash equivalents decreased $43 million to $0 at June 30, 2021. A negative cash balance totaling $12 million at June 30, 2021 is shown as an amount due to the university in the Statement of Net Position. The Statement of Cash Flows provides additional details on sources and uses of Athletics cash.

Other current assets increased $9 million to $29 million at June 30, 2021, primarily reflecting increases in receivables for ticket sales from a third party processor and the current portion of pledges receivable.

(In thousands)

Endowment investments in the university's long-term investment pool increased $30 million, to $129 million at June 30, 2021, reflecting strong investment returns in 2021. The long-term investment pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources 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.

Capital assets decreased $10 million, to $343 million, primarily reflecting depreciation on Athletics buildings and improvements. Capital assets reported on Athletics' Statement of Net Position include Ohio Stadium, Woody Hayes Athletic Center, McCorkle Aquatic Pavilion, Jesse Owens Memorial Stadium, Buckeye Field (Women's Softball), Bill Davis Baseball Stadium, St. John Arena and other facilities to support its 36 sports programs. New additions to the asset base include the Ty Tucker Tennis Center. Also reported are various land and land improvement assets, including the Scarlet and Gray golf courses, capitalized equipment and construction in progress. With the exception of the new basketball practice facility, which was funded by Athletics and completed in summer 2013, the Schottenstein Center is not reported as a capital asset of the department because it is used for a wide range of university purposes. In exchange for the use of the facility, Athletics provides marketing, ticket sales and information technology services and an annual payment to the university.

Major construction projects completed in 2021 include:

Campus Wi-Fi System – Athletics capitalized $10 million of campus Wi-Fi system improvements, including the installation of indoor/outdoor wireless access points at the Ohio Stadium to improve fans' game day experience.

Ty Tucker Tennis Center – The $22 million project will provide the men's and women's tennis teams with state-of-the-art, indoor practice and competition venues, offices and other spaces that will enhance the student-athlete experience.

Current liabilities increased $29 million, to $74 million at June 30, 2021. In addition to the $12 million amount due to the university noted above, Athletics recognized interest payable of $11 million, reflecting a one-year deferral of interest on notes payable to the university. The current portion of notes payable increased $5 million, reflecting resumption of principal payments on certain loans.

Athletics enters into internal loan agreements with the university to finance the construction and renovation of athletic facilities. Total **notes payable to the university** decreased $7 million, to $244 million at June 30, 2021. In 2021, receipts from new loans totaled $15 million. Principal payments for 2021 totaled $22 million, reflecting use of capital gift funds to pay down loan balances for the Schumaker Student Athlete Development Center, the Covelli-Jennings Center and the Ty Tucker Tennis Center.

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. In FY2018, the university implemented a related accounting standard, GASB Statement No. 75, which 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

(In thousands)

university participates in two multiemployer 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.

Athletics' share of these **net pension liabilities** was $21 million and $34 million at June 30, 2021 and 2020, respectively. The decrease in net pension liability is primarily due to strong OPERS investment returns. In calendar year 2020, OPERS realized a 12.02% return on defined benefit plan investments. From fiscal year 2020 to 2021, deferred outflows related to pensions decreased from $4 million to $2 million, and deferred inflows related to pensions increased from $7 million to $9 million. This swing in deferrals relates primarily to projected versus actual investment returns. These deferrals will be recognized as pension expense in future periods. Athletics recognized a negative total pension expense of $3 million in 2021. Total pension expense includes $5 million of employer contributions and GASB 68 accruals of negative $8 million.

Athletics' share of the **net OPEB liabilities** swung from a net liability of $24 million to a $3 million net asset at June 30, 2021, primarily due to changes in OPERS benefit terms and an increase in the discount rate used to calculate the total OPEB liability. OPEB-related deferred outflows at June 30, 2021 and 2020 totaled $1 million and $4 million, respectively. OPEB-related deferred inflows at June 30, 2021 and 2020 totaled $8 million and $3 million, respectively. The change in OPEB-related deferrals relates primarily to deferrals for changes in assumptions and expected vs actual experience. Athletics recognized a negative OPEB expense of $20 million in 2021. Total OPEB expense includes $0 of employer contributions and GASB 75 accruals of negative $20 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 Athletics for pension and OPEB funding. Although the liabilities recognized under GASB Statement Nos. 68 and 75 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on Athletics' resources, and there are no cash flows associated with the recognition of net pension and OPEB liabilities, deferrals and expense.

(In thousands)

Statement of Revenues, Expenses and Other Changes in Net Position

	2021	2020	2019
Operating Revenues:			
Ticket sales	$ 7	$ 64,022	$ 58,018
Television, broadcast rights and sponsorships	49,699	63,088	53,918
Royalty and affinity revenue	321	5,947	5,342
Bowl and NCAA tournament distributions	15,151	13,538	16,369
Sports camp entry fee	301	1,438	2,106
Golf course revenues	3,841	4,070	4,449
Other operating revenues	6,233	14,488	18,936
Total operating revenues	75,553	166,591	159,138
Operating Expenses			
Salaries and wages	55,746	63,064	61,274
Employee benefits	(12,051)	19,668	27,815
Supplies and services	51,303	84,361	92,589
Scholarships	23,730	26,560	27,277
Depreciation	21,279	20,726	18,082
Total operating expense	140,007	214,379	227,037
Net operating loss	(64,454)	(47,788)	(67,899)
Nonoperating Revenues (Expenses)			
Current-use gifts	17,324	29,643	31,843
University distribution	5,677	9,293	9,799
Interest expense	(11,351)	(11,179)	(7,723)
Net investment income	32,433	714	1,033
Other non operating revenue	4	4,925	1,175
Net non operating revenue	44,087	33,396	36,127
Income (loss) before other changes in net position	(20,367)	(14,392)	(31,772)
Capital gifts	8,148	14,354	2,849
Additions to permanent endowments	2,218	1,620	3,015
Equity transfers to the university, net	(1,182)	(3,414)	(3,156)
Increase (decrease) in Net Position	(11,183)	(1,832)	(29,064)
Net Position - Beginning of Year	187,699	189,531	218,595
Net Position - End of Year	$ 176,516	$ 187,699	$ 189,531

Athletics had an $11 million decrease in net position in 2021. **Operating revenues** decreased $91 million, to $76 million in 2021, primarily reflecting a $64 million decrease in ticket sales. Ongoing health and safety concerns resulted in the postponement of the 2020-2021 fall sports season. Attendance at football games and other athletics events was limited to families, staff and the media under strict safety protocols. The shortened season also negatively impacted revenues from television and broadcast rights, which were down $13 million. **Operating expenses** decreased $74 million, to $140 million in 2021. Salary and wage expenses decreased $7 million, reflecting staff furloughs and salary reductions implemented in response to COVID-19. Benefit expenses decreased $32 million, reflecting the reductions in pension and OPEB liabilities. Supplies and services decreased $33 million, primarily due to expenditure controls implemented in response to COVID-19.

(In thousands)

Gifts to Athletics represent a key source of financial support for the department's operating and capital needs. **Current use gifts** decreased $12 million to $17 million, at June 30, 2021. These gifts are used primarily to fund scholarships for student-athletes. **Capital gifts** decreased $6 million to $8 million. **Additions to permanent endowments** were stable at $2 million.

Statement of Cash Flows

	2021	2020	2019
Net cash flows used in operating activities	$ (64,114)	$ (41,996)	$ (36,329)
Net cash flows from noncapital financing activities	35,361	50,145	39,440
Payments for purchase or construction of capital assets	(17,125)	(24,848)	(74,337)
Principal and interest payments on notes payable to the university	(21,673)	(26,364)	(22,053)
Other cash flows from capital financing activities	22,163	27,026	68,817
Net cash flows provided by investing activities	2,099	2,608	1,315
Net decrease in cash	$ (43,289)	$ (13,429)	$ (23,147)

Total Athletics cash and cash equivalents decreased $43 million to $0 at June 30, 2021. Net cash flows used in operating activities were $64 million in 2021, compared to $42 million used in 2020. Decreases in receipts for ticket sales and other revenues were partially offset by reductions in payments for supplies and services. Net cash flows provided by noncapital financing activities decreased $15 million, primarily due to an $25 million decrease in current-use gift receipts. The decrease in gift receipts was partially offset by the $12 million amount due to the university. Net cash used by capital financing activities was $17 million, compared to $24 million used in 2020, primarily due to lower levels of capital expenditures. Net cash provided by investing activities was relatively stable at $2 million.

Economic Factors That Will Affect the Future:

The COVID-19 pandemic has significantly impacted the department and continues to have an effect on Athletics operations. Even though athletic events occurred, ticket sales of approximately $64 million, the department's largest revenue source, were non-existent due to COVID-19 protocols not allowing fans to attend events in person.

The department's planned austerity measures played a key role in helping to reduce the deficit. These included the permanent elimination of many full-time positions, a department wide furlough program, and the development of a special fundraising campaign to offset additional costs associated with Personal Protective Equipment (PPE) and COVID-19 testing.

(In thousands)

Significant economic factors that will impact Athletics in the future include:

- Scaled Ticket Pricing – The introduction of scaled ticket pricing for football games, which hasn't been done in the past. This allows for pricing to coincide with the demand for seating locations.

- Per Seat Contributions – A new Buckeye Club fund raising program that is based on a per seat contribution instead of an annual gift for the purchase of season tickets. This, along with the aforementioned ticket scaling, will result in an overall reduction in season ticket pricing for a large portion of the season ticket seating locations.

- Staffing – It is becoming more challenging to hire and retain part-time and student staff to work athletic events and throughout the department. Competitors for these workers are offering much higher wages, and it is expected that Athletics will need to follow suit to be competitive in the recruitment and retention of this type of staff.

- Name Image and Likeness (NIL) – The recent decisions regarding NIL legislation and the Alston Case decision regarding student athlete compensation will need to be managed and monitored for compliance and financial impact.

Athletics continues to work with university leadership, and together will develop a program that will allow for the payback of the fiscal year 2021 deficit over a multi-year period. The repayment program is expected to be in place at the end of fiscal year 2022. The Department of Athletics will continue to seek out new revenue and fundraising opportunities, along with cost saving measures, to meet the opportunities and challenges that lie ahead.

The Ohio State University Department of Athletics
Statements of Net Position
For the Years Ended June 30, 2021 and June 30, 2020

(In thousands)

	2021	2020
Assets and Deferred Outflows		
Current assets		
Cash and cash equivalents	$ -	$ 43,289
Accounts receivable, net	9,836	6,009
Inventories	236	283
Current portion of pledges receivable, net	16,819	12,699
Current portion of prepaid expenses	2,550	1,554
Total Current Assets	29,441	63,834
Noncurrent assets		
Assets whose use is limited	-	83
Endowment investments	129,100	98,683
Pledges receivable, net	32,853	35,783
Prepaid expenses	3,469	4,014
Net other post employment benefit asset	2,669	-
Capital assets, net	343,001	352,531
Total noncurrent assets	511,092	491,094
Total assets	540,533	554,928
Deferred outflows - pension	1,796	3,912
Deferred outflows - other post employment benefits	1,324	3,903
Total deferred outflows	3,120	7,815
Total assets and deferred outflows	$ 543,653	$ 562,743
Liabilities, Deferred Inflows and Net Position		
Current liabilities		
Accounts payable and accrued expenses	$ 4,444	$ 1,385
Accounts payable related to capital assets	417	5,793
Amount due to university	11,696	-
Current portion of accrued compensated absences	288	389
Unearned revenue for advance sales of game tickets	30,307	30,316
Other unearned revenues and deposits	10,513	7,222
Interest payable	11,341	-
Current portion of notes payable to the university	5,244	104
Total Current Liabilities	74,250	45,209
Noncurrent liabilities		
Notes payable to the university	238,772	250,747
Accrued compensated absences	4,137	4,128
Other long term liabilities	11,225	6,326
Net pension liability	21,141	33,571
Net other post employment benefit liability	-	24,302
Total noncurrent liabilities	275,275	319,074
Total liabilities	349,525	364,283
Deferred inflows - pension	9,491	7,307
Deferred Inflows - other post employment benefits	8,121	3,454
Total deferred inflows	17,612	10,761
Total liabilities and deferred inflows	367,137	375,044
Net position		
Net investment in capital assets	98,567	95,970
Restricted:		
Nonexpendable	86,524	79,750
Expendable	99,630	90,953
Unrestricted	(108,205)	(78,974)
Total Net Position	176,516	187,699
Total liabilities, deferred inflows and net position	$ 543,653	$ 562,743

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Revenues, Expenses and Other Changes in Net Position
For the Years Ended June 30, 2021 and June 30, 2020

(In thousands)

	2021	2020
Operating Revenues		
Ticket sales	$ 7	$ 64,022
Television, broadcast rights and sponsorships	49,699	63,088
Royalty and affinity revenues	321	5,947
Bowl and NCAA tournament distributions	15,151	13,538
Parking revenues	2	3,078
Sports camp entry fees	301	1,438
Golf course revenues	3,841	4,070
Private grants and contracts	-	41
In-kind revenues	4,155	4,094
Other operating revenues	2,076	7,275
Total Operating Revenue	75,553	166,591
Operating Expenses		
Salaries and wages	55,746	63,064
Employee benefits	(12,051)	19,668
Supplies and services	47,572	80,691
Scholarships	23,730	26,560
In-kind supplies and services	3,731	3,670
Depreciation	21,279	20,726
Total Operating Expense	140,007	214,379
Operating Loss	(64,454)	(47,788)
Non-operating Revenues (Expense)		
Current-use gifts	17,324	29,643
University distribution	5,677	9,293
Contributions related to capital assets	-	4,925
Net investment income	32,433	714
Interest expense on plant debt	(11,351)	(11,179)
Other nonoperating revenue	4	-
Net non-operating revenue	44,087	33,396
Loss before other revenues and transfers	(20,367)	(14,392)
Other Revenues		
Capital gifts	8,148	14,354
Additions to permanent endowments	2,218	1,620
Net income (loss) before transfers	(10,001)	1,582
Equity transfers to the university, net	(1,182)	(3,414)
Decrease in Net Position	(11,183)	(1,832)
Net Position, Beginning of Year	187,699	189,531
Net Position, End of Year	$ 176,516	$ 187,699

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Cash Flows
For the Years Ended June 30, 2021 and June 30, 2020

(In thousands)

	2021	2020
Cash Flows from Operating Activities:		
Ticket sales	(5,875)	$ 49,733
Television, broadcast rights and sponsorships	53,197	60,355
Royalty and affinity revenue	6,121	6,233
Bowl and NCAA tournament distributions	15,113	15,334
Parking	(105)	2,713
Sports camp entry fees	789	499
Golf course revenues	3,622	4,131
Private grants and contracts	-	41
Payments to or on behalf of employees	(55,812)	(64,339)
University employee benefit payments	(15,802)	(15,731)
Payments to vendors for supplies and services	(45,017)	(82,632)
Payments for student financial aid	(23,655)	(26,485)
Other receipts	3,310	8,152
Net cash used in operating activities	(64,114)	(41,996)
Cash Flows from Noncapital Financing Activities:		
Current-use gifts	16,948	42,646
Additions to permanent endowments	2,218	1,620
Equity transfers to the University	(1,182)	(3,414)
Amount due to university	11,696	-
Other non-operating receipts (payments)	5,681	9,293
Net cash provided by noncapital financing activities	35,361	50,145
Cash Flows from Capital Financing Activities:		
Proceeds from capital debt	14,829	14,730
Capital gifts	7,334	12,296
Payments for purchase or construction of capital assets	(17,125)	(24,848)
Principal payments on capital debt and leases	(21,663)	(14,580)
Interest payments on capital debt and leases	(10)	(11,784)
Net cash used in capital financing activities	(16,635)	(24,186)
Cash Flows from Investing Activities:		
Investment income	4,234	4,508
Purchases of investments	(2,218)	(1,817)
Assets whose use is limited	83	(83)
Net cash provided by investing activities	2,099	2,608
Net decrease in cash	(43,289)	(13,429)
Cash and Cash Equivalents - Beginning of Year	43,289	56,718
Cash and Cash Equivalents - End of Year	$ 0	$ 43,289

The accompanying notes are an integral part of these financial statements

The Ohio State University Department of Athletics
Statements of Cash Flows - continued
For the Years Ended June 30, 2021 and June 30, 2020

(In thousands)

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		2021		2020
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities				
Operating loss	$	(64,454)	$	(47,788)
Adjustments to reconcile net operating loss to net cash used in operating activities:				
Depreciation expense		21,279		20,726
Non cash activity related to unearned revenues:				
Net in kind revenue related to capital assets		(425)		(424)
Changes in assets and liabilities:				
Accounts receivable, net		(3,827)		807
Inventories and prepaid expenses		(404)		1,143
Net other postemployment benefit asset		(2,669)		-
Accounts payable and accrued expenses		3,060		(4,773)
Other unearned revenues and deposits		3,705		(16,551)
Other long tem liabilities		4,899		436
Compensated absences		(92)		489
Net pension liability		(12,430)		(14,042)
Net other post employment benefits liability		(24,302)		966
Deferred outflows-pensions		2,116		9,057
Deferred outflows - other post employment benefits		2,579		(2,007)
Deferred inflows-pensions		2,184		6,574
Deferred inflows - other post employment benefits		4,667		3,391
Net cash used in operating activities	$	(64,114)	$	(41,996)
Non cash activity and other supplementary disclosure:				
Capitalized Interest	$	-	$	605
Change in accounts payable related to construction		(5,376)		(2,525)
Unrealized (loss)/gain on investments		28,199		(3,794)
Assets financed by seller		424		424
Contributions related to capital assets		-		4,925

The accompanying notes are an integral part of these financial statements

(In thousands)

1. ORGANIZATION

The Ohio State University Department of Athletics ("Athletics") operates under the governance of The Ohio State University Board of Trustees and is included in the financial statements of The Ohio State University ("the university"). As a department of the university, Athletics is exempt from income taxes under Internal Revenue Code Section 115. All organizations controlled by Athletics, consisting of its various departments, are included in the financial statements; organizations not controlled by Athletics, such as certain booster and alumni organizations, are not included in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Athletics have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Athletics reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Athletics' 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 (i.e., Assets Whose Use is Limited), accounts payable for construction 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. These assets primarily consist of permanent endowments.

- Restricted - expendable: Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of Athletics 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 the operating needs of Athletics in order to support the student athletes and the teams they represent and to provide for unanticipated shortfalls in revenues.

Basis of Accounting

The financial statements of Athletics have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay. Athletics' practice is to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted funds are available.

(In thousands)

Cash and Cash Equivalents
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. Athletics' cash is maintained by the Office of Financial Services of the university through pooled funds. Athletics cash balance at June 30, 2021 was negative $11,696. This amount is shown as an amount due to the university in the Statement of Net Position.

Pledges Receivable
Athletics 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 Nonexchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. Athletics reduces pledges receivable to estimated net realizable value by recording an allowance for uncollectible pledges based on management's judgement of potential uncollectible amounts and includes such factors as prior collection history and type of gift. For the years ended June 30, 2021 and 2020, Athletics recorded allowances against pledges receivable of $4,408 and $1,445 respectively.

Prepaid Expenses
Prepaid expenses consist primarily of amounts paid by Athletics to construct a boathouse on City of Columbus property. In exchange for these payments, Athletics received the right to use the boathouse for a 40-year period. Prepaid expense associated with the boathouse lease is being amortized to expense over the 40-year term of the agreement. In addition to the expenses associated with the boathouse, the current portion of prepaid expenses includes deposits on travel arrangements for the next fiscal year as well as paid summer tuition deferred to the next fiscal year.

Endowment Investments
All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. Endowment funds are managed by the Office of Financial Services of the university, which commingles the funds with other university-related organizations. Earned investment income by a fund is based on the moving average of its monthly market value percentage to the overall pool. Investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools* as amended by GASB Statement 72*, Fair value Measurement and Application.*

The net changes in the fair value of investments during the years ended June 30, 2021 and 2020 are an increase of $30,417 and a decrease $1,977 respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during each respective year. The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments.

As of June 30, 2021, there is a cumulative unrealized gain on investments of $27,892. As of June 30, 2020, there is a cumulative unrealized gain on investments of $114. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool. The associated net position is classified as restricted-expendable, unless otherwise restricted by the donor.

At June 30, 2021, the fair value of Athletics gifted endowments is $109,710 which is $23,186 above the historical dollar value of $86,524. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2021, there are 23 named funds that remain underwater (excluding income-to-

(In thousands)

principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2021 is $3,854 which is $564 below the historical dollar value of $4,418.

At June 30, 2020, the fair value of Athletics gifted endowments is $83,774 which is $403 below the historical dollar value of $84,177. Although the fair value of certain gifted endowments exceeded the historical cost at June 30, 2020, there were 223 named funds that were underwater. The fair value of these underwater funds at June 30, 2020 is $49,292, which is $4,427 below the historical dollar value of $53,719.

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.

Assets Whose Use is Limited
Assets whose use is limited represent cash and cash equivalents for capital projects funded by loans from the university.

Capital Assets
Capital asset acquisitions are recorded at cost on the date of acquisition, or, if donated, at fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are 10-100 years for buildings, 20 years for improvements and 5-15 years for moveable equipment. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

Unearned Revenues
Unearned revenues primarily consist of receipts related to athletic events, golf course memberships, and sports camp entry fees received in advance of the services to be provided. Athletics will recognize revenue to the extent these services are provided over the coming fiscal year. Certain unearned revenues related to sponsorship agreements are longer in term and will be recognized ratably over the life of the agreements.

Operating and Non-Operating Activities
Athletics defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other 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, substantially all Athletics 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 university distributions to support operations, current-use gifts, and net investment income.

Equity transfers to the university
Transfers to the university represent non exchange transactions whereby Athletics generated revenues or reserves are contributed to the university in support of institutional initiatives. These transfers include funds to support a university wide cost containment program, support for the marching and athletic bands, and support for the campus police department.

(In thousands)

Sponsorship Agreement
Athletics has various sponsorship agreements that provide for in-kind contributions of apparel, footwear, sports equipment, and the use of certain athletic related equipment. For the years ended June 30, 2021 and 2020, in-kind revenues were $4,155 and $4,094 respectively. Athletics recognizes expense for the use of contributed apparel, footwear and equipment as it is incurred as in-kind supplies and services.

Management Estimates
The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to collectability of accounts and pledges receivable and to the valuation of compensated absences. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements
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 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 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 removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 (FY2023). All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020 (FY2021). The other requirements had no impact on Athletics’ financial statements.

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 thousands)

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.

In 2021, Athletics adopted GASB Statement No. 84, Fiduciary Activities, GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period and GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61. The adoption of these standards had no material impact on Athletics' financial statements.

Athletics management is currently assessing the impact that implementation of GASB Statements No. 87, 93, 94, 96 and 97 will have on its financial statements.

Other
As a department of the university, Athletics is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

3. INVESTMENTS

Athletics endowments are invested in the University Long-Term Investment Pool, and as such, all endowment investments are held by the university. The pool consists of more than 6,973 authorized funds and 209 pending funds. Each named fund in the University Long-Term Investment Pool is assigned a number of shares, 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 University Long-Term Investment Pool, and the associated net position is classified as restricted-expendable, unless otherwise restricted by the donor. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support Athletics' mission.

The university holds certain types of alternative investment funds, including limited partnerships and private equity, which are carried at the net asset values provided by the management of these funds. The purpose of this alternative investment fund class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Management of the alternative investment funds, namely the general partner, use methods such as discounted cash flows, recent transactions, and other model-based calculations, to estimate the fair value of the investment held by the fund.

(In thousands)

Annual distributions to named funds in the University Long-Term Investment Pool are computed using the share method of accounting for pooled investments. For the years ended June 30, 2021 and June 30, 2020, the annual distribution per share was 4.5% of the average fair value per share of the University Long-Term Investment Pool over the most recent seven-year period. These distributions, which were transferred from the University Long-Term Investment Pool to current restricted endowment distribution funds, totaled $4,324 and $4,508 in fiscal years 2021 and 2020, respectively.

At June 30, 2021, the original cost and fair value of Athletics' endowment investments were $101,208 and $129,100 respectively. At June 30, 2020, the original cost and fair value of Athletics' endowment investments were $98,570 and $98,683 respectively.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Improvements	$ 55,343	$ 6,670	$ -	$ 62,013
Buildings	526,164	24,919	-	551,083
Moveable equipment	13,215	298	(92)	13,421
Construction in progress	20,636	11,451	(31,589)	498
	615,358	43,338	(31,681)	627,015
Less: accumulated depreciation				
Improvements	30,946	2,785	-	33,731
Buildings	225,588	17,354	-	242,942
Moveable equipment	6,293	1,140	(92)	7,341
	262,827	21,279	(92)	284,014
Capital assets, net	$ 352,531	$ 22,059	$ (31,589)	$ 343,001

Capital asset activity for the year ended June 30, 2020 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Improvements	$ 55,054	$ 289	$ -	$ 55,343
Buildings	515,364	10,800	-	526,164
Moveable equipment	11,719	2,400	(904)	13,215
Construction in progress	6,273	25,166	(10,803)	20,636
	588,410	38,655	(11,707)	615,358
Less: accumulated depreciation				
Improvements	28,382	2,564	-	30,946
Buildings	208,505	17,083	-	225,588
Moveable equipment	6,118	1,079	(904)	6,293
	243,005	20,726	(904)	262,827
Capital assets, net	$ 345,405	$ 17,929	$ (10,803)	$ 352,531

(In thousands)

5. LONG-TERM DEBT

University Notes Payable

The university has issued notes payable to Athletics through Memorandums of Understanding ("MOUs") which document the principal, interest charges and repayment terms as well as any other conditions or covenants. The notes payable have been issued at fixed interest rates with no premium or discount on the debt. The schedule of future principal and interest payments presented in this note reflects amendments to certain debt MOUs in fiscal year 2021 to adjust principal maturities and defer payments, including the deferral of all principal payments for fiscal years 2022 and all interest payments for fiscal year 2022.

Long-term debt activity for the year ended June 30, 2021 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable to the university					
2002, 4.74% through 2031	$ 4,175	$ -	$ -	$ 4,175	$ -
2002, 4.74% through 2047	103,245	-	-	103,245	-
2005, 4.14% through 2030	9,455	-	-	9,455	-
2014, 4.50% through 2024	4,826	-	-	4,826	-
2014, 4.50% through 2024	3,593	-	-	3,593	-
2015, 4.50% through 2025	2,372	-	-	2,372	-
2017, 4.75% through 2047	35,643	359	-	36,002	-
2017, 5.14% through 2046	23,267	-	-	23,267	-
2018, 2.75% through 2023	113	-	37	76	39
2018, 4.75% through 2032	29,467	-	10,544	18,923	-
2018, 5.25&% through 2028	5,867	-	-	5,867	-
2019, 2.75% through 2023	68	-	20	48	21
2019, 4.75 through 2033	25,488	-	9,954	15,534	-
2019, 5.25% through 2039	3,060	-	60	3,000	-
2020, 2.75% through 2025	212	-	47	165	48
2021, 3.25% through 2027	-	14,470	1,002	13,468	5,136
	$ 250,851	$ 14,829	$ 21,664	$ 244,016	$ 5,244

During the year ended June 30, 2021, Athletics elected to make additional principal payments on notes payable to the university totaling $21,560.

(In thousands)

Long-term debt activity for the year ended June 30, 2020 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes payable to the university					
2002, 4.74% through 2031	$ 4,442	$ -	$ 267	$ 4,175	$ -
2002, 4.74% through 2047	105,086	-	1,841	103,245	-
2006, 4.14% through 2030	10,189	-	734	9,455	-
2014, 4.50% through 2023	2,017	-	2,017	-	-
2014, 4.50% through 2021	956	-	956	-	-
2014, 4.50% through 2024	6,010	-	1,184	4,826	-
2014, 4.50% through 2024	4,528	-	935	3,593	-
2015, 2.25% through 2020	10	-	10	-	-
2015, 4.50% through 2025	2,802	-	430	2,372	-
2016, 4.75% through 2047	27,657	7,986	-	35,643	-
2017, 5.14% through 2046	23,710	-	443	23,267	-
2018, 2.75% through 2023	149	-	36	113	47
2018, 5.25% through 2028	6,506	-	639	5,867	-
2018, 4.75% through 2032	31,125	-	1,658	29,467	-
2019, 2.75% through 2023	88	-	20	68	37
2019, 5.25% through 2039	3,158	-	98	3,060	-
2019, 4.75% through 2033	22,268	6,500	3,280	25,488	-
2020, 2.75% through 2025	-	244	32	212	20
	$ 250,701	$ 14,730	$ 14,580	$250,851	$ 104

Principal maturities and interest on long-term debt for the next five years and in subsequent five-year periods are as follows:

	Principal	Interest	Total
Year Ending June 30			
2022	$ 5,244	$ 11,341	$ 16,585
2023	12,639	10,968	23,607
2024	12,617	10,412	23,029
2025	10,898	9,849	20,747
2026	10,295	9,343	19,638
2027-2031	47,121	39,978	87,099
2032-2036	39,087	29,454	68,541
2037-2041	32,424	21,546	53,970
2042-2046	40,016	13,016	53,032
FY 2047 and Thereafter	33,675	3,343	37,018
	$ 244,016	$ 159,250	$ 403,266

(In thousands)

6. OPERATING LEASES

Athletics leases various buildings and office space under operating lease agreements. These facilities are not recorded as assets on the Statements of Net Position. The total rental expense under these agreements for the years ended June 30, 2021 and 2020 were $5,291 and $5,026, respectively. Total rental expense is reported in supplies and services on the Statements of Revenues, Expenses and Other Changes in Net Position.

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

Year ending June 30		
2022	$	4,909
2023		4,804
2024		4,864
2025		4,968
2026		5,073
Total	$	24,618

7. COMPENSATED ABSENCES

Athletics' 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.

Certain employees of Athletics receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at the time of termination or retirement.

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 state service. 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.

Athletics follows the university's policy for accruing sick leave liability. Athletics 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, Athletics uses a university-calculated ratio, Sick Leave Termination Cost per Year Worked, which 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 Athletics employees.

(In thousands)

The following schedule summarizes compensated absence activity for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	$ 4,517	$ 195	$ 288	$ 4,425
Less: current portion	389			288
	$ 4,128			$ 4,137

The following schedule summarizes compensated absence activity for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	$ 4,028	$ 878	$ 389	$ 4,517
Less: current portion	395			389
	$ 3,633			$ 4,128

8. RELATED PARTY TRANSACTIONS

The university charges Athletics for allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the university on behalf of Athletics. Overhead charged to supplies and services expense for the years ended June 30, 2021 and 2020 was $3,558 and $7,705 respectively.

Athletics rents office space from the university in the Fawcett Center for Tomorrow located on Olentangy River Road. Lease payments reported in supplies and services for the years ended June 30, 2021 and 2020 were $1,288 and $1,250 respectively.

The Jerome Schottenstein Center is a 770,000 square foot multipurpose venue opened in 1998. The capital asset is not included on Athletics' financial statement as the facility is used for a wide range of university purposes. In exchange for the use of the Value City Arena, practice facilities, and office space, Athletics provides services in the areas of marketing, ticket sales, and information technology. Athletics also makes an annual rental payment under the agreement to the university which is reported in supplies and services. The amounts paid under this agreement for the years ended June 30, 2021 and 2020 were $2,686 and $2,626 respectively. In addition, Athletics has an agreement to transfer a portion of the revenue received from a Sponsorship Rights contract with IMG to The Jerome Schottenstein Center. The amounts paid for the years ended June 30, 2021 and 2020 were $1,834 and $3,561 respectively and reduced television, broadcast rights, and sponsorship revenues.

The Younkin Success center is a university wide collaboration to provide a variety of services supporting student success to faculty, staff and students. The Student-Athlete Support Services Office (SASSO) within Younkin provides access to service and programs that promote academic, personal and career development and facilitate graduation for over 1,000 student athletes. Athletics payments in support of SASSO for the years ended June 30, 2021 and 2020 were $3,236 and $3,648, respectively. The payments are reported in supplies and services.

(In thousands)

Recognizing that the national reputation of the Athletics department brings exposure to the university and helps drive the market for licensed products, the university includes Athletics in the distribution of licensing revenue each year based on a formula driven allocation of net proceeds. For the years ended June 30, 2021 and 2020 the allocations to Athletics were $3,980 and $6,926, respectively. Athletics records this revenue related to the university's royalty and affinity revenue in University distribution on the Statements of Revenues, Expenses and Other Changes in Net Position.

9. 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 an actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

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

	OPERS
Net pension liability - all employers	$ 14,500,930
Proportion of the net pension liability - Athletics	0.146%
Proportionate share of net pension liability	$ 21,141

(In thousands)

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

	OPERS
Net OPEB (asset) liability - all employers	$ (1,781,580)
Proportion of the net OPEB (asset) liability - Athletics	0.150%
Proportionate share of net OPEB (asset) liability	$ (2,669)

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

	OPERS
Net pension liability - all employers	$19,553,374
Proportion of the net pension liability - Athletics	0.172%
Proportionate share of net pension liability	$ 33,571

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

	OPERS
Net OPEB liability - all employers	$13,812,598
Proportion of the net OPEB liability - Athletics	0.176%
Proportionate share of net OPEB liability	$ 24,302

(In thousands)

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

		OPERS
Deferred Outflows of Resources:		
Differences between expected and actual experience	$	22
Changes in assumptions		36
Net difference between projected and actual earnings on pension plan investments		-
Changes in proportion of university contributions		68
Employer contributions subsequent to the measurement date		1,670
Total	**$**	**1,796**
Deferred Inflows of Resources:		
Differences between expected and actual experience	$	1,016
Net difference between projected and actual earnings on pension plan investments		8,475
Changes in proportion of university contributions		-
Total	**$**	**9,491**

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

		OPERS
Deferred Outflows of Resources:		
Differences between expected and actual experience	$	-
Changes in assumptions		1,281
Net difference between projected and actual earnings on OPEB plan investments		-
Changes in proportion of university contributions		43
Employer contributions subsequent to the measurement date		-
Total	**$**	**1,324**
Deferred Inflows of Resources:		
Differences between expected and actual experience	$	2,390
Changes in assumptions	$	4,324
Net difference between projected and actual earnings on OPEB plan investments		1,407
Changes in proportion of university contributions		-
Total	**$**	**8,121**

(In thousands)

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

	OPERS
Deferred Outflows of Resources:	
Differences between expected and actual experience	$ 27
Changes in assumptions	1,820
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion of university contributions	101
Employer contributions subsequent to the measurement date	1,964
Total	**$ 3,912**
Deferred Inflows of Resources:	
Differences between expected and actual experience	$ 543
Net difference between projected and actual earnings on pension plan investments	6,763
Changes in proportion of university contributions	1
Total	**$ 7,307**

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

	OPERS
Deferred Outflows of Resources:	
Differences between expected and actual experience	$ 1
Changes in assumptions	3,843
Net difference between projected and actual earnings on OPEB plan investments	-
Changes in proportion of university contributions	59
Total	**$ 3,903**
Deferred Inflows of Resources:	
Differences between expected and actual experience	$ 2,222
Net difference between projected and actual earnings on OPEB plan investments	1,232
Changes in proportion of university contributions	-
Total	**$ 3,454**

(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:

	OPERS
2022	(1,781)
2023	(1,280)
2024	(3,444)
2025	(1,175)
2026	(6)
2027 and Thereafter	(9)
Total	**$ (7,695)**

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:

	OPERS
2022	(3,539)
2023	(2,484)
2024	(607)
2025	(167)
2026	-
2027 and Thereafter	-
Total	**$ (6,797)**

(In thousands)

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

	OPERS
Statutory Authority	Ohio Revised Code Chapter 145
Benefit Formula	**Pensions** -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment. **OPEB** – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2020 ACFR. OPERS no longer participates in the Medicare Part D program as of December 31, 2016.

(In thousands)

	OPERS
Cost-of-Living Adjustments (COLAs)	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2020, 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	December 31, 2020 (OPEB is rolled forward from December 31, 2019 actuarial valuation date).
Actuarial Assumptions	**Valuation Date:** December 31, 2020 for pensions; December 31, 2019 for OPEB **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 7.2% for pensions; 6.0% for OPEB **Inflation:** 3.25% **Projected Salary Increases:** 3.25% - 10.75% **Cost-of-Living Adjustments:** Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple **Health Care Cost Trends:** 8.5% initial; 3.50% ultimate in 2035

(In thousands)

	OPERS
Mortality Rates	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	December 31, 2015
Investment Return Assumptions	The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed Income	25.0%	1.32%
Domestic Equity	21.0%	5.64%
Real Estate	10.0%	5.39%
Private Equity	12.0%	10.42%
International Equity	23.0%	7.36%
Other Investments	9.0%	4.75%
Total	100.0%	

* Returns presented as arithmetic means

(In thousands)

	OPERS
	The following table displays the Board-approved asset allocation policy for health care assets for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed Income	34.0%	1.07%
Domestic Equities	25.0%	5.64%
REITs	7.0%	6.48%
International Equities	25.0%	7.36%
Other Investments	9.0%	4.02%
Total	100.0%	

* Returns presented as arithmetic means

Discount Rate	**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. **OPEB** – A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

(In thousands)

	OPERS
Changes in Assumptions Since the Prior Measurement Date	**Pensions** – There were no changes in assumptions since the prior measurement date of December 31, 2019. **OPEB** -- The discount rate was increased from 3.16% to 6.00% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*.
Benefit Term Changes Since the Prior Measurement Date	**Pensions** – There were no changes in benefit terms since the prior measurement date of December 31, 2019. **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 (6.2%)**: $ 40,864 **Current Rate (7.2%)**: $ 21,141 **1% Increase (8.2%)**: $ 4,753
Sensitivity of Net OPEB Liability to Changes in Discount Rate	**1% Decrease (5.00%)**: $ (664) **Current Rate (6.00%)**: $ (2,669) **1% Increase (7.00%)**: $ (4,318)
Sensitivity of Net OPEB Liability to Changes in Medical Trend Rate	**1% Decrease in Trend Rate**: $ (2,734) **Current Trend Rate**: $ (2,669) **1% Increase in Trend Rate**: $ (2,597)

(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 9.5% 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 Expense

Total pension and OPEB expense for the year ended June 30, 2021, including employer contributions and accruals associated with recognition of net pension liabilities, net OPEB liabilities and related deferrals, is presented below.

	OPERS	ARP	Total
Employer Contributions	$ 3,354	$ 1,698	$ 5,052
GASB 68 Pension Accruals	(8,129)	-	(8,129)
GASB 75 OPEB Accruals	(19,724)	-	(19,724)
Total Pension and OPEB Expense	**$ (24,499)**	**$ 1,698**	**$ (22,801)**

(In thousands)

Total pension expense for the year ended June 30, 2020, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below.

	OPERS	ARP	Total
Employer Contributions	$ 3,854	$ 1,754	$ 5,608
GASB 68 Pension Accruals	1,588	-	1,588
GASB 75 OPEB Accruals	2,349	-	2,349
Total Pension and OPEB Expense	**$ 7,791**	**$ 1,754**	**$ 9,545**

Pension and OPEB expenses are included in employee benefits on the Statement of Revenues, Expenses and Other Changes in Net Position.

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

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

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

10. 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 Athletics' financial position.

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio. In response to the public health crisis in 2020, the university suspended in-person instruction for spring and summer semesters and canceled virtually all university events, including Athletics scheduled programs. The Wexner Medical Center temporarily suspended elective procedures.

University operations returned to more normal levels in 2021, with the resumption of in-person instruction. The university conducted extensive testing of students, faculty and staff throughout the 2020-2021 academic year and maintained on-campus safety protocols, including masking, social distancing and limits on group gatherings. As vaccination rates continued to increase and other health and safety protocols remained effective, the university announced that it expected to return to more of a traditional university experience for the Autumn 2021 semester. The University State of Emergency, which was declared by the university president on March 22, 2020, was lifted effective July 1, 2021.

(In thousands)

The COVID-19 pandemic had a direct impact on Athletics in terms of fundraising, earned revenue and Athletics' operations and programming. The cancellation of all scheduled events in March 2020 led to significant budget cuts and a realignment of priorities in support of Athletics' overarching guiding principles and mission. In 2021, ongoing health and safety concerns resulted in the postponement of the 2020-2021 fall sports season. Attendance at football games and other athletics events was limited to families, staff and the media under strict safety protocols. In addition to the loss of virtually all ticket sales revenues in 2021, the shortened football and basketball seasons also negatively impacted revenues from television and broadcast rights.

The impact of COVID-19 on Athletics' finances and operations may continue to be felt for at least the coming (FY2022) fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus continue to spread in the United States and around the world. Athletics management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of its student-athletes while continually supporting their development and success in academics and competition.

REQUIRED SUPPLEMENTARY INFORMATION

The Ohio State University Department of Athletics
Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)

(In Thousands)

Schedules of Athletics' proportionate shares of OPERS net pension liabilities and required contributions are presented below:

(dollars in thousands)	2015	2016	2017	2018	2019	2020	2021
OPERS:							
Athletics proportion of the collective net pension liability	0.137%	0.142%	0.148%	0.169%	0.175%	0.172%	0.146%
Athletics proportionate share of the net pension liability	$ 16,441	$ 24,610	$ 33,496	$ 26,208	$ 47,613	$ 33,571	$ 21,141
Athletics covered payroll	$ 18,471	$ 19,585	$ 21,046	$ 24,703	$ 26,907	$ 26,661	$ 24,000
Athletics proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	126%	88%
Plan fiduciary net position as a percentage of the total pension liability	86.5%	81.1%	77.4%	84.9%	74.9%	82.4%	87.2%

Schedule of University Contributions

(dollars in thousands)	2015	2016	2017	2018	2019	2020	2021
OPERS:							
Contractually required contribution	$ 2,769	$ 2,883	$ 3,346	$ 3,662	$ 4,040	$ 3,854	$ 3,354
Contributions in relation to the contractually required contribution	$ 2,769	$ 2,883	$ 3,346	$ 3,662	$ 4,040	$ 3,854	$ 3,354
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Athletics covered payroll	$ 19,283	$ 20,055	$ 23,344	$ 25,542	$ 26,630	$ 24,884	$ 21,400
Contributions as a percentage of covered payroll	14.4%	14.4%	14.3%	14.3%	15.2%	15.5%	15.7%

The Ohio State University Department of Athletics
Required Supplementary Information on GASB 75 Other Post Employment Benefit Liabilities (Unaudited)

(In Thousands)

The schedule of Athletics' proportionate shares of OPERS net OPEB liabilities are presented below:

(dollars in thousands)		2018		2019		2020		2021
OPERS:								
Athletics proportion of the collective net OPEB liability		0.174%		0.179%		0.176%		0.150%
Athletics proportionate share of the net OPEB liability	$	18,852	$	23,336	$	24,302	$	(2,669)
Athletics covered payroll	$	24,703	$	26,907	$	26,661	$	24,000
Athletics proportionate share of the net OPEB liability as a percentage of its covered payroll		76%		87%		91%		-11%
Plan fiduciary net position as a percentage of the total OPEB liability		54.1%		46.3%		47.8%		115.6%

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.

OPERS – OPEB:

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

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

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 Ohio State University Department of Athletics ("Athletics"), a department of The Ohio State University, as of and for the year ended June 30, 2021, appearing on pages 10 to 36, which comprise the statement of net position, and the related statements of revenues, expenses and other changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Athletics' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Athletics' internal control. Accordingly, we do not express an opinion on the effectiveness of Athletics' 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 Athletics' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PricewaterhouseCoopers LLP

December 22, 2021

OHIO AUDITOR OF STATE
KEITH FABER

THE OHIO STATE UNIVERSITY DEPARTMENT OF ATHLETICS

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 1/18/2022

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Phone: 614-466-4514 or 800-282-0370