

Financial Glossary

Income Statement

Column structure & definitions:

GAAP adjusted totals are inclusive of all funds (for example: gifts, investment income, endowment distributions) and are broken down into the following columns:

- Operating unit subtotals:
 - Athens- Athens colleges, administrative & academic support, and central & reserve units
 - College of Medicine- inclusive of all campus locations (Athens, Cleveland, and Dublin)
 - Regional Campuses- inclusive of Vice Provost for Regional Higher Education & Partnerships and all regional campus locations (Chillicothe, Eastern, Lancaster, Southern, and Zanesville)
 - Auxiliaries- Athletics, Culinary, Housing, and Parking & Transportation

- Non-Operating unit subtotals:
 - Endowment – activity includes
 - Draw from the endowment in support of spending policy (6% draw) which funds the endowment distributions recorded as revenue to operating units.
 - Earnings to endowment from investment performance
 - Increases from cash received against endowment pledges and new gifts to the endowment
 - Transfers from/to operations to/from quasi endowments
 - Capital –fiscal year activity supporting capitalized projects
 - Expenses reflected include spend for capitalized facility projects
 - Revenues reflect external dollars received in support of the expenditures
 - Transfers reflect institutional funding designated to support capital projects. Funding transfers usually precede expenditures; therefore, bottom-line reflects either increases to, or draws against, capital funding set asides for that year.
 - Century Bond (CB) – CB / Deferred Maintenance Program - \$250M in bonds; 100-year maturity
 - \$250M fixed rate, bullet maturity, taxable bond proceeds received in late November 2014; invested in accordance with the CB OUF and OU approved Investment policy
 - \$160M invested and funding \$10M /year draws to fund deferred maintenance capital projects and \$90M to fund a series of utility and deferred maintenance projects
 - Activity in column includes returns from investments, external debt service payments to bond holders, internal debt service payments from internal loans(which funds the external debt service), and transfers to the capital projects
 - Internal Bank – working capital portion of net assets; invested in accordance with the Board approved working capital investment policy

- Includes accumulated fund balances in the operating units, central reserves from operations, and realized and unrealized gains/losses from investment performance on those funds
 - Excludes endowment funding and bond funding
- Component Units – Tech Growth Ohio Fund (TGO), Coalition of Rural and Appalachian Schools (CORAS), Muskingum Recreation Center (dissolved August 2024), & OUF subsidiaries consolidation – Subsidiary activity is required to be consolidated for financial statement presentation. In consolidation the revenues and expenditures of these subsidiaries are recorded to the summarized categories reflected.
 - Financial Statement Adjustments – GAAP (Generally Accepted Accounting Principles) adjustments required for external audited financial statements
 - Adjustments include entries to adjust GASB 68 pension and GASB 75 health benefit (OPEB) unfunded liabilities; elimination of capital expenditures and addition of depreciation; elimination of bond principal payments; debt premium, discount, and refunding amortizations; and multiple year-end accruals.

Row Structure & Definitions (# line items)

Revenues

#1 State Appropriations – State Share of Instruction (SSI) is an annual appropriation from the State of Ohio that subsidizes the cost of education for Ohio residents. The University’s SSI is determined by course completions, degree completions, medical school funding, and doctoral funding. In addition to SSI, a series of specific line-item appropriations provide support for the Voinovich School, HCOM and University Libraries. Funds are received in monthly installments.

#1 State Appropriations – Capital – The State of Ohio’s biennial Capital Budget provides appropriations for the repair, reconstruction and construction of capital assets. State capital revenue is recognized (and funded by the State) once expenditures have been made, not when appropriated. As a result, any individual university fiscal year budget may include funding from multiple years of state capital appropriations. This rolls up into Line #1 State Appropriations.

#2-4 Undergraduate (UG) Tuition & Fees (net of Financial Aid) – Gross tuition and fees are inclusive of instructional, non-resident and general fees, and technology, course, and program fees associated with traditional and eCampus programs. Net Tuition & Fees reflects the offset of financial aid scholarships and grants.

#5-7 Graduate Tuition & Fees (net of Financial Aid) – Gross tuition and fees are inclusive of instructional, non-resident and general fees, and technology, course, and program fees associated with the College of Medicine and the traditional and eCampus Graduate programs. Net Tuition & Fees reflects the offset of graduate scholarships.

#8 Room & Board – Residential Housing and Culinary Services project room and board revenues based on the number of students living in the dormitories and participating in meal plans. These enrollments are a function of the freshman class size and the number of returning sophomores that are subject to the two-year residential requirement (which requires students to reside on campus for two full years and carry an associated meal plan). Culinary also receives revenue from faculty and staff purchase of meal plans as well as retail sales.

#9 Grants & Contracts – Grants and Contracts include the reimbursement of direct expenses incurred on sponsored projects. Excluded are grants for financial aid which are netted against tuition revenues, state capital grants (included in #2 above), and state line item appropriations (included in #1 above).

#10 Facilities & Administrative (F&A) Cost Recovery – Facilities & Administrative Cost Recovery represents the dollars recovered from sponsored projects for F&A (indirect) costs associated with grants and contracts. F&A revenue will fluctuate as the portfolio of Grants & Contracts changes. The negotiated rate of recovery is 51% for research; however, some federal entities and many non-federal entities do not permit reimbursement at this full rate.

#11 Endowment Distributions – The annual endowment distribution to planning units is equal to the product of a 4% spending rate and the endowment’s average market value for the trailing 36 months (ending December 31). Additionally, an administrative fee is charged by the foundation as a percentage of the trailing 36 month market value. From FY13-FY20, the administrative fee charged was 2%. During FY19, the Foundation Board adopted a new funding model that implemented a 5% current-use gift fee on January 1, 2020, as well as a phased reduction of the endowment administrative fee by 10 basis points per fiscal year, from 1.9% in FY21 to 1.5% in FY25. The spending allocation supports various initiatives, as specified in the gift agreement, such as scholarships and fellowships, chairs and professorships, research activities, and general support of academic units. The administrative fee provides general support for the operations of the Foundation.

#12 Gift Contributions – Gifts include all non-endowed (expendable) and endowed gifts to the University. Expendable gifts include both operating and capital gifts. Gifts are recorded as revenue by these operating units in the year that the cash is received.

#13 Investment Income – Investment income represents the interest, dividends, realized gains (losses) and unrealized gains (losses) earned on the short- and long-term investment pools of the University. Operating investment income supports the operations of the Foundation and the Strategic Opportunity Reserve, while non-operating investment income is earned by the Endowment, the Century Bond Program, and the Internal Bank. Exhibit D provides additional detail about investment income.

#14 Internal & External Sales – Internal sales represent intercompany activity with the selling unit recording the revenue and the purchasing unit having the offsetting expense included in operating expenses. The activity is primarily budget neutral and includes such items as transportation, catering, workshops, mail, printing, and services provided by Facilities Management not covered in general maintenance SLAs. External sales primarily include royalties, rebates, professional services, NCAA revenue, land & facility rentals, computer sales & noncredit instruction, along with many other smaller items and may result in net revenue to the applicable unit.

#16 Administrative Cost Distribution – Represents the funding provided to administrative units to support their operating costs. This pool of funding is collected via the Contribution Margin and is charged to Academic Colleges and Auxiliary Units based on their respective operating margins.

#18 Funding Transfers – Identify the movement of operating funds. Funding transfers can be categorized into three main categories:

- Funding Within a Planning Unit
- Funding Transfers Across Planning Units
- Foundation Related Transfers

Expenses

#19 Salaries, Wages, & Other Payroll – Represents the total pay for all employees and student workers including other compensation such as cash awards and allowances for auto, broadband, uniforms and housing. This is the university's largest expenditure line item.

#20 Benefits – The university's comprehensive benefits program includes retirement contributions, health and welfare insurances, educational benefits, and legally mandated and other miscellaneous costs.

#21 Supplies, Service, & Capital Costs (includes Supplies & Services, Professional Services, Occupancy & Maintenance, Cost of Goods Sold, Capital Costs and Other Operating Expenses) – Expenses incurred through the normal operations of the university including supplies, occupancy, repairs and maintenance, utilities, professional services, and costs of sales. Forecasted increases and decreases in many revenue categories effect, and may partially offset, expenses in this category.

Capital costs are included in the operating budget for internal reporting purposes and represent CIP project expenditures and purchases of equipment for research or operations projected for the fiscal year. For financial statement purposes, capital costs are eliminated via accounting adjustments to book Capital Assets to the Balance Sheet.

#22-24 Internal and External Debt Service (Principal & Interest) – Internal loans are issued according to guidelines administered by Treasury Management for major equipment purchases, remodeling, new construction projects or other approved uses. Internal loans are charged to departments to reserve funds to pay for external debt service. The Century Bond and the Internal Bank receive the internal loan payments and then pay the external debt service principal and interest obligations. For financial reporting purposes, principal payments are eliminated

#25 Depreciation & Amortization – When capitalized costs are eliminated via financial statement adjustments, depreciation expense is reforecast and adjusted. Depreciation expense is recorded as a Non-Operating activity. A ½ year of depreciation is recorded in the year of capitalization. This line includes lease and subscription based information technology arrangement (SBITA) amortization.

#27 Capital Cost Allocations – Charges to colleges to recover the cost of central internal debt service. This allocation was discontinued beginning FY25.

#28 Contribution Margin – Negotiated charges assessed to Dining, Housing, College of Medicine, Regional Campuses, Transportation, and VP of Advancement; represents the collection of funding used to support the Planning Units that receive spending authorization support.

Investment Transfers

#31 Transfers To (From) Plant Fund – Represents the transfer of funds from operations to be used for approved projects and renovations. Transfers To (From) net to zero.

#32 Transfer To (From) Quasi Endowments – Represents the transfer to/from operations for quasi endowments. Transfers to Quasi Endowments are included in the financial forecast only for Quasi Endowments established by the Board of Trustees. Proposed Quasi Endowments will be incorporated into the financial forecast after Board of Trustees resolution approval. Transfers To (From) net to zero.

#33 Repair & Replacement Transfers – Repair and Replacement transfers for allowable spending for capital and non-capital assets or projects identified by a Repair and Replacement Source Code.

#34 Internal Bank Transfers – Transfers to operating units for non-capital projects.

#36 Transfers To (From) Reserve – Represents the amount that units are drawing from reserves to cover current year operations (negative) or the amount that units are adding into reserves (positive). The annual budget includes the planned utilization of reserves / net assets to support one-time only investments and provide bridge funds for initiative startups. Transfers To (From) net the Adjusted Net Results to zero.

Balance Sheet

#1 Cash & Cash Equivalents – Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less.

#2 Restricted Cash & Cash Equivalents – Includes funds that are restricted for capital project expenditures subject to note and bond agreements and construction escrow deposits.

#3 Investments – Investments are carried at fair value and are comprised of the Endowment, Century Bond, and working capital investment pools, which are invested across a diversified portfolio of asset classes, including absolute return, fixed income, public equity, natural resources, private equity, and real estate. Also included is the investment in TechGrowth Ohio.

#4 Capital Assets-net of depreciation – Includes spending for capitalizable buildings, infrastructure, equipment & CIP. Capital assets are recorded at cost and depreciated over their useful life. Depreciation is calculated on the straight-line method over the estimated useful life of the asset; ½ year of depreciation is recognized in the year of acquisition.

#5 Accounts Receivable, Prepaids, Leases, & Other Assets – Includes amounts due for tuition and fees, grants and contracts, and auxiliary enterprises, royalty receivable, leases, and intercompany receivable from activity transacted between Ohio University and the Ohio University Foundation. Uncollectible amounts have been reserved. Prepaids, and inventory balances are also included in this category.

#6 Net OPEB Asset- OPEB fiduciary net positions are forecast at each fiscal year-end when information is available.

#7 Deferred Outflows of Resources: Pension, OPEB, Other - Deferred charges on future outflows related to net pension liability and net other postemployment benefit liability (OPEB), and net asset retirement obligations.

#8 Accounts Payable, Accrued Liabilities, Leases & Other – Includes vendor accounts payable, accrued payroll, benefits & withholdings, accrued Worker's Compensation tail claims, leases, deposits for student health insurance and agency scholarship deposits.

#9 Unearned Revenue – This line item is mainly Summer tuition revenue that is not earned as of 6/30 and is deferred. This amount may fluctuate from year to year with the timing of the start of the summer sessions and with the total amount of Summer tuition. This may also include amounts received for Grants related to the next year.

#10 Net Pension & OPEB Liabilities – Pension and OPEB fiduciary net positions are forecast at each fiscal year-end when information is available.

#11 Bonds & Notes Payable-net of premium & capital leases – Includes bond and capital lease (financed purchase obligations) principal payments and amortization of bond premium.

#12 Deferred Inflows of Resources- Includes the continuing amortization of the refunding of prior bonds and the University's deferred inflows of resources related to the net pension liability and OPEB liability and leases.

#13 Net Investment in Capital Assets - GASB 34/35 requires that Investment in Capital Assets be reflected net of any outstanding debt and depreciation. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included.

#14 Restricted – Nonexpendable - The restricted-nonexpendable net asset balance represents the value of the University Endowment corpus. There are relatively few new donations to the University endowment.

#15 Restricted – Expendable - The restricted-expendable net asset balance includes fund balances associated with restricted funds such as externally funded grants and loans, restricted capital funds, restricted component unit fund balances and the expendable portion of University endowments.

#16 Unrestricted - The forecasted unrestricted net position includes funds internally designated for planning units, including auxiliaries, reserves or commitments.

#17 Net effect of GASB 68 & 75 - This includes the impact of the GASB 68 & 75 requirements for booking the unfunded pension & OPEB liabilities.