



Dave Yost • Auditor of State

STATE OF OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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ATTACHMENTS

State of Ohio Comprehensive Annual Financial Report

NOTE:

The State of Ohio *Comprehensive Annual Financial Report* for fiscal year ended June 30, 2013, including the Independent Accountants' Report, has been issued under separate cover by the Ohio Office of Budget and Management. This report is included as an attachment herein and can also be viewed at the following website: <http://obm.ohio.gov/>

EXECUTIVE SUMMARY 2013 STATE OF OHIO SINGLE AUDIT

AUDIT OF BASIC FINANCIAL STATEMENTS

There are 10 separate opinion units included in the basic financial statements of the State of Ohio for the fiscal year (FY) ended June 30, 2013. For four of the 10 opinion units, our opinion is based on audits performed by independent accounting firms under contract with the Auditor of State. The remaining six opinion unit audits are performed by audit staff of the Auditor of State. This information is described on page 1 in our Independent Auditors' Report.

We audited the basic financial statements of the State of Ohio as of and for the period ended June 30, 2013, following auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*, and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The objective of our audit was to express our opinion concerning whether the financial statements present fairly, in all material respects, the respective financial position of the State of Ohio, and cash flows thereof and the respective budgetary comparisons, in accordance with accounting principles generally accepted in the United States of America. We issued unqualified opinions on the 10 opinion units. This opinion was provided to the Office of Budget and Management who released it, along with the CAFR, under separate cover. This document is included as an attachment to this report.

In addition to our opinions on the basic financial statements, we issued an Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*. There were no noncompliance, material weaknesses, or significant deficiencies required to be reported in this letter for the fiscal year ended June 30, 2013.

In addition, we identified two findings for recovery that will be included in our report, but which do not have an impact on Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*. Or on the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133*, discussed below.

AUDIT RESPONSIBILITIES AND REPORTING UNDER OMB CIRCULAR A-133

The Single Audit Act requires an annual audit of the State's federal financial assistance programs. The specific audit and reporting requirements are set forth in U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule of Expenditures of Federal Awards (the Schedule) reports federal expenditures for each federal financial assistance program by federal agency, as identified by the Catalog of Federal Domestic Assistance (CFDA) number. As detailed on pages 9 through 23, the State administered 368 federal programs from 24 Federal agencies with total federal expenditures of \$24.7 billion in fiscal year 2013. Of the \$24.7 billion, the State disbursed \$1 billion in funding as a result of the American Recovery and Reinvestment Act (ARRA) of 2009. This compares to \$1.6 billion of ARRA funds disbursed in FY 2012 and \$5.5 billion disbursed in FY 2011.

The Schedule is used for identifying Type A and Type B programs. For fiscal year 2013, Type A federal programs for the State of Ohio were those programs with annual federal expenditures exceeding \$37 million. There were 31 programs at or above this amount. Type B programs were those programs with annual federal expenditures exceeding \$7.4 million, but less than \$37 million. There were 36 programs meeting the criteria for Type B programs. The identification of Type A and B programs is utilized for determining which federal programs will be tested in detail for compliance with federal laws and regulations. Under OMB Circular A-133, the auditor uses a risk-based approach to testing. Once

programs are classified as Type A or B, they are then assessed as either high or low risk programs. All high-risk Type A programs are considered major programs and are tested in detail for compliance with federal regulations. Low-risk Type A programs must be tested at least once every three years. One high-risk Type B program is then selected for testing to replace each low-risk Type A program not required to be tested. The State of Ohio Single Audit included the testing of 29 Type A programs and two high-risk Type B programs as major programs in fiscal year 2013. In addition, another Type B program was tested due to an issue raised by the United States Department of Health and Human Services and the reporting of a FY 11 single audit finding.

Included in the Schedule are monies paid by the Ohio Department of Job & Family Services to their subrecipient county agencies to administer applicable portions of the Medicaid, Children's Health Insurance Program, TANF, Foster Care, Adoption Assistance, Social Services Block Grant, Child Care Cluster, Child Support Enforcement, and SNAP federal programs. The related county federal schedules will report expenditures for all disbursements made at the county level. However, for the Medicaid, Children's Health Insurance Program, TANF (OWF portion), Adoption Assistance, Child Care Cluster, and SNAP federal programs, the counties performed only limited functions and maintained case records to support benefits paid by the Ohio Department of Job & Family Services related to these programs. We selected five of 88 counties and performed testing related to the specific county level activities for these five major programs. The results of our county level audit procedures are included in the Schedule of Findings and Questioned Costs.

The State's colleges and universities' federal financial assistance, which was approximately \$3.8 billion in fiscal year 2013, is excluded from the State's Schedule although their financial activities are included in the State's financial statements (Discretely Presented Component Units). The State's colleges and universities included in the State's reporting entity are subject to separate audits under OMB Circular A-133.

In accordance with A-133, we issued an *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133*. Our report on compliance includes our opinion on compliance with the 32 major federal financial assistance programs and describes instances of noncompliance with Federal requirements we detected that require reporting per Circular A-133. This report also describes any material weaknesses or significant deficiencies we identified related to controls used to administer Federal financial assistance programs. Due to the significance of three of our audit findings, we qualified our opinion on compliance related to Special Tests and Provisions applicable to its Substance Abuse Prevention and Treatment Program, Subrecipient Monitoring applicable to its Highway Safety Cluster program, and Suspension and Debarment applicable to its Low Income Home Energy Assistance Program.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

The fiscal year 2013 Schedule of Findings and Questioned Costs contains 33 findings of which 20 were repeated from the fiscal year 2012 State of Ohio Single Audit.

The 33 A-133 findings, beginning on page 45, relate to the federal programs at 11 state agencies. Of these federal findings, many of which were rated as more than one type, 11 resulted in questioned costs (some also included control deficiencies), 17 were noncompliance (some also included control deficiencies), 17 were identified as material weaknesses, and 14 were significant deficiencies. Of the 11 findings with questioned costs, nine questioned amounts totaling more than \$859,000. Amounts could not be determined for the other two questioned cost findings.

The schedule below identifies the number of reportable items included in the State of Ohio Single Audit, by state agency, from fiscal year 2008 through 2013.

State of Ohio
 Fiscal Year 13 State Single Audit
 Executive Summary

State Agency	2013	2012	2011	2010	2009	2008
Ohio Dept. of Job & Family Services	16	20	28	27	26	30
Ohio Department of Education	1	4	7	2	2	2
Ohio Department of Health	0	1	4	7	4	6
Ohio Development Services Agency (formerly Ohio Department of Development)	4	1	4	1	0	1
Ohio Dept. of Alcohol & Drug Addiction	3	2	3	2	0	0
Ohio Dept. of Developmental Disabilities	1	0	2	1	0	0
Ohio Department of Mental Health	0	1	2	2	1	1
Ohio Rehabilitation Services Commission	1	2	2	0	1	2
Ohio Department of Public Safety	2	3	1	N/A	0	4
Ohio Office of Budget and Management	1	0	1	0	0	4
Ohio Administrative Knowledge System	0	0	1	1	0	4
Ohio Dept. of Transportation	1	1	1	0	3	1
Other State Agencies	3	2	3	1	3	0
Total	33	37	59	44	40	55

In addition to the comments included in this report, the State of Ohio and each state agency may receive a management letter which would include internal control and compliance deficiencies that do not rise to the level required for inclusion in this report. Those management letters are not part of this report.

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**INDEPENDENT AUDITORS'
REPORTS ON COMPLIANCE
AND INTERNAL CONTROLS**



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The Honorable John Kasich, Governor
State of Ohio
Columbus, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio (the State) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 20, 2013. Our report refers to other auditors who audited the financial statements of the following organizations, as described in our report on the State's financial statements:

Opinion Unit	Organization	Percent of Opinion Unit's Total	
		Assets	Expenditures /Expenses /Deductions
Governmental Activities	Treasurer of State Lease Revenue Bonds	0%	1%
Business-Type Activities (BTA)	Ohio Bureau of Workers' Compensation, Office of the Auditor of State, and Tuition Trust Authority	95%	45%
BTA / Workers' Compensation	Ohio Bureau of Workers' Compensation	100%	100%
Aggregate Discretely Presented Component Units	Bowling Green State University; Central State University; Cleveland State University; Kent State University; Miami University; Ohio State University; Ohio University; Shawnee State University; University of Akron; University of Cincinnati; University of Toledo; Wright State University; Youngstown State University; Cincinnati State Community College; Clark State Community College; Columbus State Community College; Edison State Community College; Northwest State Community College; Owens State Community College; Southern State Community College; Terra State Community College; Washington State Community College; and JobsOhio.	98%	96%
Aggregate Remaining Fund Information	State Highway Patrol Retirement System, Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, School Employees Retirement, Treasurer of State Lease Revenue Bonds System, State Treasury Asset Reserve of Ohio, Office of the Auditor of State, and Tuition Trust Authority	97%	86%

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. In addition, the financial statements of JobsOhio, which represents six percent of the total assets and three percent of the total expenses of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the State's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the State's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the State's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

The State's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the State's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 20, 2013



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable John Kasich, Governor
State of Ohio
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited the State of Ohio's (the State) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the State's major federal programs for the year ended June 30, 2013. The *Summary of Auditors' Results* in the accompanying schedule of findings and questioned costs identifies the State's major federal programs.

Management's Responsibility

The State's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the State's compliance for each of the State's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the State's major programs. However, our audit does not provide a legal determination of the State's compliance.

The State of Ohio's basic financial statements include the operations of State Colleges and Universities, which received approximately \$3.9 billion in federal awards that is not included in the State of Ohio's Federal Awards Expenditure Schedule for the year, ended June 30, 2013. Our audit of Federal awards, described below, did not include the operations of State Colleges and Universities because the component units engaged other auditors to audit their Federal award programs in accordance with OMB Circular A-133.

Basis for Qualified Opinion on the Major Federal Programs Listed in the Table

As identified in the findings listed in the table below, identified in the summary of findings and questioned costs on pages 41 and 42, and described in the accompanying schedule of findings and questioned costs, the State of Ohio did not comply with requirements regarding the following:

Finding #	State Agency	CFDA #	Major Program (or Cluster) Name	Compliance Requirement
2013-032	Ohio Department of Public Safety	20.600/20.601/ 20.610/20.612	Highway Safety Cluster	Subrecipient Monitoring
2013-010	Ohio Development Services Agency	93.568	Low-Income Home Energy Assistance	Suspension and Debarment
2013-004	Ohio Department of Alcohol and Drug Addiction Services	93.959	Substance Abuse Prevention and Treatment	Special Tests and Provisions – Independent Peer Reviews

Compliance with these requirements is necessary, in our opinion, for the State to comply with the requirements applicable to each of these major federal programs.

Qualified Opinion on Major Federal Programs

In our opinion, except for the noncompliance described for the major federal programs and compliance requirements identified in the *Basis for Qualified Opinion* paragraph, the State of Ohio complied, in all material respects, with the requirements referred to in the *Report on Compliance for Each Major Federal Program* paragraph that could directly and materially affect the Highway Safety Cluster, Low-Income Home Energy Assistance, and Substance Abuse Prevention and Treatment major federal programs for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Ohio complied in all material respects with the requirements referred to in the *Report on Compliance for Each Major Federal Program* paragraph that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures also disclosed other instances of noncompliance which OMB Circular A-133 requires us to report. These instances of noncompliance are listed in the table below, identified in the summary of findings and questioned costs on pages 41 and 42, and described in the accompanying schedule of findings and questioned costs. These findings did not require us to modify our compliance opinion on each major federal program.

State Agency	Noncompliance Finding Numbers
Ohio Department of Alcohol and Drug Addiction Services	2013-003 and 2013-005
Ohio Development Services Agency	2013-008, 2013-009, and 2013-011
Ohio Department of Education	2013-013
Ohio Environmental Protection Agency	2013-014 and 2013-015
Ohio Department of Job & Family Services	2013-016 through 2013-030
Ohio Department of Public Safety	2013-033
Ohio Department of Transportation	2013-035

The State's responses to our noncompliance findings are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The State's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the State's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the items listed in the table below, identified in the summary of findings and questioned costs on pages 41 and 42, and described in the accompanying schedule of findings and questioned costs to be material weaknesses.

State Agency	Material Weakness Finding Numbers
Ohio Department of Alcohol and Drug Addiction Services	2013-003 and 2013-004
Ohio Development Services Agency	2013-011
Ohio Department of Education	2013-013
Ohio Environmental Protection Agency	2013-014 and 2013-015
Ohio Department of Job & Family Services	2013-016, 2013-022, 2013-024 through 2013-028, and 2013-031
Ohio Department of Public Safety	2013-032 and 2013-033
Ohio Department of Transportation	2013-035

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the items listed in the table below, identified in the summary of findings and questioned costs on pages 41 and 42, and described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

State Agency	Significant Deficiency Finding Numbers
Ohio Department of Alcohol and Drug Addiction Services	2013-005
Ohio Attorney General	2013-006
Ohio Office of Budget & Management	2013-007
Ohio Development Services Agency	2013-009 and 2013-010
Ohio Department of Developmental Disabilities	2013-012
Ohio Department of Job & Family Services	2013-017, 2013-019 through 2013-021, 2013-023, 2013-029, and 2013-030
Ohio Rehabilitation Services Commission	2013-034

The State of Ohio's responses to our internal control over compliance findings are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses and, accordingly, we express no opinion on them.

In addition, the State of Ohio's Schedule of Prior Audit Findings and Questioned Costs includes information about the status of comments subsequent to June 30, 2013, which we did not audit and, accordingly, express no opinion on.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Federal Awards Expenditures Schedules

We have also audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our unmodified report thereon dated December 20, 2013. Our opinion also explained that the State of Ohio adopted the provisions of *Governmental Accounting Standards* No. 61 during the year. We conducted our audit to opine on the State's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 20, 2013. The accompanying Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program (schedules) present additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 20, 2014

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**SUPPLEMENTARY
SCHEDULES OF
EXPENDITURES OF
FEDERAL AWARDS**

**STATE OF OHIO
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 SUMMARIZED BY FEDERAL AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL AGENCY

U.S. Department of Health and Human Services	\$ 14,017,533,399
U.S. Department of Agriculture	3,940,715,337
U.S. Department of Labor	2,276,684,216
U.S. Department of Transportation	1,728,720,271
U.S. Department of Education	1,585,245,567
U.S. Environmental Protection Agency	626,294,206
U.S. Department of Housing and Urban Development	121,077,147
U.S. Department of Homeland Security	95,330,582
Social Security Administration	82,837,224
U.S. Department of Justice	49,526,932
U.S. Department of Energy	41,364,432
U.S. Department of Defense	39,797,903
U.S. Department of the Interior	30,306,090
U.S. Department of Veterans Affairs	24,657,442
U.S. Small Business Administration	11,327,651
U.S. Department of Commerce	9,703,198
Corporation for National and Community Service	6,810,540
National Endowment for the Arts	5,986,626
Election Assistance Commission	3,382,272
U.S. Equal Employment Opportunity Commission	1,465,289
U.S. Department of Treasury	515,831
General Services Administration	135,898
U.S. Appalachian Regional Commission	108,042
National Aeronautics and Space Administration	29,542
TOTAL EXPENDITURES	<u><u>\$ 24,699,555,637</u></u>

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**STATE OF OHIO
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY FEDERAL AGENCY AND FEDERAL PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Agriculture

SNAP Cluster:

10.551	Supplemental Nutrition Assistance Program.....	\$ 2,957,809,826
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program.....	94,670,405
	<i>Total SNAP Cluster.....</i>	<u>3,052,480,231</u>

Child Nutrition Cluster:

10.553	School Breakfast Program.....	107,963,056
10.555	National School Lunch Program.....	399,818,111
10.556	Special Milk Program for Children.....	448,189
10.559	Summer Food Service Program for Children.....	11,060,221
	<i>Total Child Nutrition Cluster.....</i>	<u>519,289,577</u>

Food Distribution Cluster:

10.565	Commodity Supplemental Food Program.....	1,332,421
10.568	Emergency Food Assistance Program (Administrative Costs).....	1,545,401
	<i>Total Food Distribution Cluster.....</i>	<u>2,877,822</u>

Forest Service Schools and Roads Cluster:

10.665	Schools and Roads -- Grants to States.....	334,692
	<i>Total Forest Service Schools and Roads Cluster.....</i>	<u>334,692</u>

10.025	Plant and Animal Disease, Pest Control, and Animal Care.....	3,136,535
10.069	Conservation Reserve Program.....	54,450
10.153	Market News.....	123,298
10.163	Market Protection and Promotion.....	2,003,026
10.170	Specialty Crop Block Grant Program -- Farm Bill.....	733,593
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection.....	4,875,418
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children.....	237,183,241
10.558	Child and Adult Care Food Program.....	98,854,445
10.560	State Administrative Expenses for Child Nutrition.....	6,426,643
10.572	WIC Farmers' Market Nutrition Program (FMNP).....	355,573
10.574	Team Nutrition Grants.....	103,038
10.576	Senior Farmers Market Nutrition Program.....	1,648,595
10.579	ARRA -- Child Nutrition Discretionary Grants Limited Availability.....	159,351
10.580	Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	685,750
10.582	Fresh Fruit and Vegetable Program.....	4,366,515
10.664	Cooperative Forestry Assistance.....	2,337,497
10.675	Urban and Community Forestry Program.....	450,225
10.676	Forest Legacy Program.....	19,223
10.680	Forest Health Protection.....	581,018
10.687	ARRA -- Recovery Act of 2009 -- Capital Improvement and Maintenance.....	257,345
10.902	Soil and Water Conservation.....	142,161
10.912	Environmental Quality Incentives Program.....	55,131
10.913	Farm and Ranch Lands Protection Program.....	1,126,308
10.923	Emergency Watershed Protection Program.....	54,636
	Total U.S. Department of Agriculture.....	<u>3,940,715,337</u>

U.S. Department of Commerce

11.419	* Coastal Zone Management Administration Awards.....	13,194
11.419	Coastal Zone Management Administration Awards.....	2,576,490
11.420	Coastal Zone Management Estuarine Research Reserves.....	637,018
11.558	ARRA -- State Broadband Data and Development Grant Program.....	1,548,536
11.611	Manufacturing Extension Partnership.....	4,927,960
	Total U.S. Department of Commerce.....	<u>9,703,198</u>

**STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY AND FEDERAL PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Defense

12	FUSRAP Oversight: Diamond Magnesium Site and Luckey Beryllium Site.....	23,108
12.002	Procurement Technical Assistance for Business Firms.....	451,571
12.005	Donation of Federal Surplus Personal Property.....	6,359,292
12.112	Payments to States in Lieu of Real Estate Taxes.....	203,824
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services.....	786,155
12.217	Electronic Absentee Systems for Elections.....	81,260
12.401	National Guard Military Operations and Maintenance (O&M) Projects.....	31,892,693
	Total U.S. Department of Defense.....	39,797,903

U.S. Department of Housing and Urban Development

CDBG -- State Administered CDBG Cluster:

14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.....	76,578,724
14.255	ARRA -- Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded).....	151,081
	<i>Total CDBG -- State Administered CDBG Cluster.....</i>	<i>76,729,805</i>
14.231	Emergency Solutions Grants Program.....	5,316,029
14.235	Supportive Housing Program.....	501,439
14.239	Home Investment Partnerships Program.....	28,315,117
14.241	Housing Opportunities for Persons with AIDS.....	943,743
14.256	ARRA -- Neighborhood Stabilization Program (Recovery Act Funded).....	6,323,001
14.257	ARRA -- Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded).....	1,285,478
14.401	Fair Housing Assistance Program -- State and Local.....	637,173
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing.....	1,025,362
	Total U.S. Department of Housing and Urban Development.....	121,077,147

U.S. Department of the Interior

Fish and Wildlife Cluster:

15.605	* Sport Fish Restoration Program.....	686,933
15.605	Sport Fish Restoration Program.....	5,757,008
15.611	Wildlife Restoration and Basic Hunter Education.....	5,759,364
	<i>Total Fish and Wildlife Cluster.....</i>	<i>12,203,305</i>
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining.....	3,567,591
15.252	Abandoned Mine Land Reclamation (AMLR) Program.....	11,155,434
15.255	* Science and Technology Projects Related to Coal Mining and Reclamation	2,951
15.255	Science and Technology Projects Related to Coal Mining and Reclamation	11,803
15.608	Fish and Wildlife Management Assistance.....	284,651
15.615	Cooperative Endangered Species Conservation Fund.....	58,200
15.616	Clean Vessel Act.....	56,350
15.622	Sportfishing and Boating Safety Act.....	100,000
15.634	State Wildlife Grants.....	1,948,431
15.657	Endangered Species Conservation -- Recovery Implementation Funds.....	21,461
15.808	* U.S. Geological Survey -- Research and Data Collection.....	37,271
15.808	U.S. Geological Survey -- Research and Data Collection.....	37,271
15.814	* National Geological and Geophysical Data Preservation Program.....	65,194
15.814	National Geological and Geophysical Data Preservation Program.....	83,181
15.819	* Energy Cooperatives to Support National Coal Resources Data System (NCRDS).....	2,549
15.819	Energy Cooperatives to Support National Coal Resources Data System (NCRDS).....	10,197
15.916	Outdoor Recreation -- Acquisition, Development and Planning.....	660,250
	Total U.S. Department of the Interior.....	30,306,090

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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Justice

JAG Program Cluster:

16.738	* Edward Byrne Memorial Justice Assistance Grant Program.....	317,213
16.738	Edward Byrne Memorial Justice Assistance Grant Program.....	6,863,316
16.803	* ARRA -- Recovery Act -- Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories.....	252,310
16.803	ARRA -- Recovery Act -- Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories.....	1,417,627
	<i>Total JAG Program Cluster.....</i>	<u>8,850,466</u>
16.017	Sexual Assault Services Formula Program.....	6,000
16.2012-102	Domestic Cannabis Eradication Program.....	499,280
16.203	Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program.....	21,722
16.320	Services for Trafficking Victims.....	66,058
16.321	Anti-terrorism Emergency Reserve.....	85,239
16.523	Juvenile Accountability Block Grants.....	1,189,064
16.540	Juvenile Justice and Delinquency Prevention -- Allocation to States.....	1,638,228
16.550	* State Justice Statistics Program for Statistical Analysis Centers.....	50,759
16.554	National Criminal History Improvement Program (NCHIP).....	53,471
16.560	National Institute of Justice Research, Evaluation and Development and Project Grants.....	766,035
16.575	Crime Victim Assistance.....	15,774,616
16.576	Crime Victim Compensation.....	5,120,005
16.588	Violence Against Women Formula Grants.....	4,295,770
16.588	ARRA -- Violence Against Women Formula Grants.....	102,038
	<i>Total Violence Against Women Formula Grants.....</i>	<u>4,397,808</u>
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program.....	42,101
16.593	Residential Substance Abuse Treatment for State Prisoners.....	549,171
16.606	State Criminal Alien Assistance Program.....	1,636,608
16.607	Bulletproof Vest Partnership Program.....	59,603
16.609	* Project Safe Neighborhoods.....	151,842
16.609	Project Safe Neighborhoods.....	248,420
16.710	Public Safety Partnership and Community Policing Grants.....	93,030
16.726	Juvenile Mentoring Program.....	269,143
16.727	Enforcing Underage Drinking Laws Program.....	109,467
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program.....	71,513
16.741	DNA Backlog Reduction Program.....	1,304,184
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program.....	498,020
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program.....	137,487
16.746	Capital Case Litigation.....	24,306
16.750	Support for Adam Walsh Act Implementation Grant Program.....	39,653
16.754	Harold Rogers Prescription Drug Monitoring Program.....	263,887
16.810	ARRA -- Recovery Act -- Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program.....	334,422
16.812	Second Chance Act Prisoner Reentry Initiative.....	950,048
16.816	John R. Justice Prosecutors and Defenders Incentive Act.....	83,632
16.922	Equitable Sharing Program.....	4,141,644
	Total U.S. Department of Justice.....	<u>49,526,932</u>

U.S. Department of Labor

Employment Service Cluster:

17.207	Employment Service/Wagner-Peyser Funded Activities.....	25,867,235
17.801	Disabled Veterans' Outreach Program (DVOP).....	5,893,453

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U.S. Department of Labor (Continued)

Employment Service Cluster (Continued):

17.804	Local Veterans' Employment Representative Program.....	1,339,070
	<i>Total Employment Service Cluster.....</i>	<u>33,099,758</u>

WIA Cluster:

17.258	WIA Adult Program.....	32,947,267
17.258	ARRA -- WIA Adult Program.....	232
	<i>Total WIA Adult Program.....</i>	<u>32,947,499</u>

17.259	WIA Youth Activities.....	26,282,568
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17.260	WIA Dislocated Workers.....	2,995,697
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17.260	ARRA -- WIA Dislocated Workers.....	134,852
	<i>Total WIA Dislocated Workers.....</i>	<u>3,130,549</u>

17.277	Workforce Investment Act (WIA) National Emergency Grants.....	1,508,040
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17.278	WIA Dislocated Worker Formula Grants.....	31,341,181
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	<i>Total WIA Cluster.....</i>	<u>95,209,837</u>
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17.002	Labor Force Statistics.....	2,436,920
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17.005	Compensation and Working Conditions.....	112,483
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17.225	Unemployment Insurance.....	1,509,556,845
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17.225	ARRA -- Unemployment Insurance.....	583,367,018
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	<i>Total Unemployment Insurance.....</i>	<u>2,092,923,863</u>
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17.235	Senior Community Service Employment Program.....	3,677,045
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17.245	Trade Adjustment Assistance.....	19,963,520
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17.261	WIA Pilots, Demonstrations, and Research Projects.....	345,823
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17.268	H-1B Job Training Grants.....	378,415
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17.271	Work Opportunity Tax Credit Program (WOTC).....	852,392
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17.273	Temporary Labor Certification for Foreign Workers.....	305,149
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17.275	ARRA -- Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors.....	1,909,765
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17.277	Workforce Investment Act (WIA) National Emergency Grants.....	22,098,249
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17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants.....	8,128
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17.283	Workforce Innovation Fund.....	1,447,670
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17.504	Consultation Agreements.....	1,578,508
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17.600	Mine Health and Safety Grants.....	336,691
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	Total U.S. Department of Labor.....	<u>2,276,684,216</u>
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U.S. Department of Transportation

*Highway Planning and Construction Cluster: ***

20.205	* Highway Planning and Construction.....	4,408,557
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20.205	Highway Planning and Construction.....	1,507,243,084
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20.205	ARRA -- Highway Planning and Construction.....	110,239,183
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	<i>Total Highway Planning and Construction.....</i>	<u>1,621,890,824</u>
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20.219	Recreational Trails Program.....	1,643,912
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23.003	Appalachian Development Highway System.....	3,843,129
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	<i>Total Highway Planning and Construction Cluster.....</i>	<u>1,627,377,865</u>
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Federal Transit Cluster:

20.507	Federal Transit -- Formula Grants.....	2,971,007
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20.507	ARRA -- Federal Transit -- Formula Grants.....	9,520,819
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	<i>Total Federal Transit --Formula Grants.....</i>	<u>12,491,826</u>
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	<i>Total Federal Transit Cluster.....</i>	<u>12,491,826</u>
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U.S. Department of Transportation (Continued)

Transit Services Programs Cluster:

20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	5,578,633
	Total Transit Services Programs Cluster.....	5,578,633

Highway Safety Cluster:

20.600	State and Community Highway Safety.....	7,614,625
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I.....	4,317,646
20.610	State Traffic Safety Information System Improvement Grants.....	404,590
20.612	Incentive Grant Program to Increase Motorcyclist Safety.....	73,274
	Total Highway Safety Cluster.....	12,410,135

20.106	Airport Improvement Program.....	335,112
20.218	National Motor Carrier Safety	6,631,693
20.232	Commercial Driver's License Program Improvement Grant.....	438,428
20.237	Commercial Vehicle Information Systems and Networks.....	655,770
20.238	Commercial Driver's License Information System (CDLIS) Modernization Grants.....	20,574
20.505	Metropolitan Transportation Planning.....	405,088
20.509	Formula Grants for Rural Areas.....	28,490,351
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated.....	326,743
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	129,644
20.700	Pipeline Safety Program State Base Grants.....	595,035
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants.....	607,813
20.OB-2012-SA-00-00-00441	Hazard Elimination Penalty Funds.....	5,815,233
20.OB-2013-SA-00-00-00455	Hazard Elimination Penalty Funds.....	26,410,328
	Total U.S. Department of Transportation.....	1,728,720,271

U.S. Department of Treasury

21	Equitable Sharing Program.....	515,831
	Total U.S. Department of Treasury.....	515,831

U.S. Appalachian Regional Commission

23.011	Appalachian Research, Technical Assistance, and Demonstration Projects.....	108,042
	Total U.S. Appalachian Regional Commission.....	108,042

U.S. Equal Employment Opportunity Commission

30.002	Employment Discrimination -- State and Local Fair Employment Practices Agency Contracts.....	1,465,289
	Total U.S. Equal Employment Opportunity Commission.....	1,465,289

General Services Administration

39.003	Donation of Federal Surplus Personal Property.....	135,898
	Total General Services Administration.....	135,898

National Aeronautics and Space Administration

43.011	Office of Inspector General.....	29,542
	Total National Aeronautics and Space Administration.....	29,542

National Endowment for the Arts

45.310	Grants to States.....	5,980,926
45.312	National Leadership Grants.....	5,700
	Total National Endowment for the Arts.....	5,986,626

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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Small Business Administration

59.037	Small Business Development Centers.....	10,510,494
59.061	State Trade and Export Promotion Pilot Grant Program.....	817,157
	Total U.S. Small Business Administration.....	11,327,651

U.S. Department of Veterans Affairs

64.005	Grants to States for Construction of State Home Facilities.....	223,442
64.014	Veterans State Domiciliary Care.....	2,617,483
64.015	Veterans State Nursing Home Care.....	21,291,444
64.124	All-Volunteer Force Educational Assistance.....	525,073
	Total U.S. Department of Veterans Affairs.....	24,657,442

U.S. Environmental Protection Agency

66.001	Air Pollution Control Program Support.....	2,979,899
66.032	State Indoor Radon Grants.....	350,815
66.034	Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act.....	807,795
66.040	State Clean Diesel Grant Program.....	114,899
66.419	Water Pollution Control State, Interstate, and Tribal Program Support.....	2,201,858
66.432	State Public Water System Supervision.....	730,187
66.433	State Underground Water Source Protection.....	283,075
66.436	Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements -- Section 104(b)(3) of the Clean Water Act.....	59,047
66.454	Water Quality Management Planning.....	559,937
66.458	Capitalization Grants for Clean Water State Revolving Funds.....	443,282,374
66.458	ARRA -- Capitalization Grants for Clean Water State Revolving Funds.....	2,394,270
	Total Capitalization Grants for Clean Water State Revolving Funds.....	445,676,644
66.460	Nonpoint Source Implementation Grants.....	5,476,027
66.461	Regional Wetland Program Development Grants.....	225,616
66.468	Capitalization Grants for Drinking Water State Revolving Funds.....	143,717,037
66.469	Great Lakes Program.....	2,862,182
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs.....	1,059,657
66.472	Beach Monitoring and Notification Program Implementation Grants.....	228,282
66.474	Water Protection Grants to the States.....	148,525
66.501	Air Pollution Control Research.....	3,967
66.605	Performance Partnership Grants.....	10,519,849
66.608	Environmental Information Exchange Network Grant Program and Related Assistance.....	363,713
66.700	Consolidated Pesticide Enforcement Cooperative Agreements.....	551,543
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals.....	290,424
66.709	Multi-Media Capacity Building Grants for States and Tribes.....	13,491
66.801	Hazardous Waste Management State Program Support.....	2,703,790
66.802	Superfund State, Political Subdivision, and Indian Tribe Site -- Specific Cooperative Agreements.....	770,312
66.804	Underground Storage Tank Prevention, Detection and Compliance Program.....	1,201,315
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program.....	1,402,456
66.813	Alternative or Innovative Treatment Technology Research, Demonstration, Training, and Hazardous Substance Research Grants.....	5,521
66.817	State and Tribal Response Program Grants.....	376,273
66.818	Brownfield Assessments and Cleanup Cooperative Agreements.....	328,199
66.818	ARRA -- Brownfield Assessments and Cleanup Cooperative Agreements.....	281,837
	Total Brownfield Assessments and Cleanup Cooperative Agreements.....	610,036

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U.S. Environmental Protection Agency (Continued)

66.953	Building Capacity to Implement EPA National Guidelines for School Environmental Health Programs.....	34
	Total U.S. Environmental Protection Agency.....	626,294,206

U.S. Department of Energy

81	Petroleum Violation Escrow Funds.....	94,444
81.041	* State Energy Program.....	28,326
81.041	State Energy Program.....	1,006,873
81.041	ARRA -- State Energy Program.....	12,879,732
	Total State Energy Program.....	13,914,931
81.042	Weatherization Assistance for Low-Income Persons.....	14,339,273
81.042	ARRA - Weatherization Assistance for Low-Income Persons.....	1,681,893
	Total Weatherization Assistance for Low-Income Persons.....	16,021,166
81.087	* Renewable Energy Research and Development.....	71,815
81.087	Renewable Energy Research and Development.....	23,938
81.089	* Fossil Energy Research and Development.....	29
81.089	Fossil Energy Research and Development.....	29
81.104	Environmental Remediation and Waste Processing and Disposal	430,518
81.119	State Energy Program Special Projects.....	206,950
81.122	ARRA -- Electricity Delivery and Energy Reliability, Research, Development and Analysis.....	287,405
81.128	ARRA -- Energy Efficiency and Conservation Block Grant Program (EECBG).....	10,157,651
81.136	Long-Term Surveillance and Maintenance.....	155,556
	Total U.S. Department of Energy.....	41,364,432

U.S. Department of Education

Title I -- Part A Cluster:

84.010	Title I Grants to Local Educational Agencies.....	547,971,348
84.389	ARRA -- Title I Grants to Local Educational Agencies, Recovery Act.....	3,355,177
	<i>Total Title I -- Part A Cluster.....</i>	<i>551,326,525</i>

Special Education Cluster:

84.027	Special Education -- Grants to States.....	427,653,890
84.173	Special Education -- Preschool Grants.....	11,782,382
	<i>Total Special Education Cluster.....</i>	<i>439,436,272</i>

Educational Technology State Grants Cluster:

84.318	Education Technology State Grants.....	2,429,004
	<i>Total Educational Technology State Grants Cluster.....</i>	<i>2,429,004</i>

Statewide Data Systems Cluster:

84.372	Statewide Data Systems.....	11,540
84.384	ARRA-- Statewide Data Systems, Recovery Act.....	1,869,997
	<i>Total Statewide Data Systems Cluster.....</i>	<i>1,881,537</i>

Teacher Incentive Fund Cluster:

84.374	Teacher Incentive Fund.....	1,496,204
84.385	ARRA -- Teacher Incentive Fund, Recovery Act.....	6,819,764
	<i>Total Teacher Incentive Fund Cluster.....</i>	<i>8,315,968</i>

School Improvement Grants Cluster:

84.377	School Improvement Grants.....	32,590,864
84.388	ARRA -- School Improvement Grants, Recovery Act.....	20,692,850
	<i>Total School Improvement Grants Cluster.....</i>	<i>53,283,714</i>

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U.S. Department of Education (Continued)

84.000	Consolidated Administrative Fund.....	5,873,592
84.002	* Adult Education -- Basic Grants to States.....	1,573,091
84.002	Adult Education -- Basic Grants to States.....	15,138,825
84.011	Migrant Education -- State Grant Program.....	2,773,328
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth.....	1,293,817
84.048	Career and Technical Education -- Basic Grants to States.....	45,658,630
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States.....	123,643,156
84.144	Migrant Education -- Coordination Program.....	75,000
84.161	Rehabilitation Services -- Client Assistance Program.....	122,081
84.169	Independent Living -- State Grants.....	535,187
84.177	Rehabilitation Services -- Independent Living Services for Older Individuals Who are Blind.....	1,261,625
84.181	Special Education -- Grants for Infants and Families.....	12,419,797
84.184	Safe and Drug-Free Schools and Communities -- National Programs.....	39,880
84.186	Safe and Drug-Free Schools and Communities -- State Grants.....	622,262
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities.....	362,218
84.196	Education for Homeless Children and Youth.....	2,835,790
84.213	Even Start -- State Educational Agencies.....	200,000
84.215	Fund for the Improvement of Education.....	108,280
84.240	Program of Protection and Advocacy of Individual Rights.....	182,409
84.243	Tech-Prep Education.....	67,943
84.265	Rehabilitation Training -- State Vocational Rehabilitation Unit In-Service Training.....	304,828
84.282	Charter Schools.....	2,772,231
84.287	Twenty-First Century Community Learning Centers.....	45,645,478
84.323	Special Education -- State Personnel Development.....	1,047,537
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants).....	236,221
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals.....	13,234
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs.....	3,806
84.342	Preparing Tomorrow's Teachers to Use Technology.....	304,404
84.343	Assistive Technology -- State Grants for Protection and Advocacy.....	24,256
84.358	Rural Education.....	3,014,637
84.365	English Language Acquisition State Grants.....	9,072,959
84.366	Mathematics and Science Partnerships.....	3,455,844
84.367	Improving Teacher Quality State Grants.....	89,910,301
84.369	Grants for State Assessments and Related Activities.....	10,124,356
84.371	Striving Readers.....	23,162
84.378	College Access Challenge Grant Program.....	729,350
84.395	ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act.....	114,263,267
84.410	Education Jobs Fund.....	25,526,387
84.412	Race to the Top -- Early Learning Challenge.....	5,906,364
84.412	ARRA -- Race to the Top -- Early Learning Challenge.....	1,407,014
	Total Race to the Top -- Early Learning Challenge.....	7,313,378
	Total U.S. Department of Education.....	1,585,245,567
Election Assistance Commission		
90.401	Help America Vote Act Requirements Payments.....	3,382,272
	Total Election Assistance Commission.....	3,382,272

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U.S. Department of Health and Human Services

Aging Cluster:

93.044	Special Programs for the Aging -- Title III, Part B -- Grants for Supportive Services and Senior Centers.....	14,524,436
93.045	Special Programs for the Aging -- Title III, Part C -- Nutrition Services.....	21,920,571
93.053	Nutrition Services Incentive Program.....	5,214,081
	<i>Total Aging Cluster.....</i>	<i>41,659,088</i>

TANF Cluster:

93.558	Temporary Assistance for Needy Families.....	546,528,719
	<i>Total TANF Cluster.....</i>	<i>546,528,719</i>

CCDF Cluster:

93.575	Child Care and Development Block Grant.....	88,557,736
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund.....	132,286,661
	<i>Total CCDF Cluster.....</i>	<i>220,844,397</i>

Medicaid Cluster:

93.775	State Medicaid Fraud Control Units.....	5,240,967
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare.....	27,257,732
93.778	Medical Assistance Program (Medicaid).....	11,587,635,977
93.778	ARRA -- Medical Assistance Program (Medicaid).....	95,304,013
	<i>Total Medical Assistance Program (Medicaid).....</i>	<i>11,682,939,990</i>
	<i>Total Medicaid Cluster.....</i>	<i>11,715,438,689</i>

93	SEOW -- Subcontract.....	23,876
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program.....	226,190
93.041	Special Programs for the Aging -- Title VII, Chapter 3 -- Programs for Prevention of Elder Abuse, Neglect, and Exploitation.....	188,616
93.042	Special Programs for the Aging -- Title VII, Chapter 2 -- Long Term Care Ombudsman Services for Older Individuals.....	706,780
93.043	Special Programs for the Aging -- Title III, Part D -- Disease Prevention and Health Promotion Services.....	792,522
93.048	Special Programs for the Aging -- Title IV and Title II-- Discretionary Projects.....	585,357
93.051	Alzheimer's Disease Demonstration -- Grants to States.....	523,706
93.052	National Family Caregiver Support, Title III, Part E.....	5,419,814
93.069	Public Health Emergency Preparedness.....	7,255,314
93.070	Environmental Public Health and Emergency Response.....	549,519
93.072	Lifespan Respite Care Program.....	48,271
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	23,830,769
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research.....	216,101
93.089	Emergency Systems for Advance Registration of Volunteer Health Professionals.....	1,680
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program.....	1,838,680
93.103	Food and Drug Administration -- Research	50,000
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED).....	187,552
93.110	Maternal and Child Health Federal Consolidated Programs.....	447,955
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs.....	1,088,552
93.127	Emergency Medical Services for Children.....	143,499
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices.....	299,868

**STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Health and Human Services (Continued)

93.136	Injury Prevention and Control Research and State and Community Based Programs.....	1,804,910
93.138	Protection and Advocacy for Individuals with Mental Illness.....	331,861
93.150	Projects for Assistance in Transition from Homelessness (PATH).....	1,574,470
93.165	Grants to State for Loan Repayment Program.....	157,400
93.197	Childhood Lead Poisoning Prevention Projects -- State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children.....	3,462
93.217	Family Planning -- Services.....	4,043,198
93.234	Traumatic Brain Injury State Demonstration Grant Program.....	75,735
93.235	Affordable Care Act (ACA) Abstinence Education Program	2,335,999
93.236	Grants to States to Support Oral Health Workforce Activities	1,091,693
93.240	State Capacity Building.....	402,730
93.241	State Rural Hospital Flexibility Program.....	933,397
93.243	Substance Abuse and Mental Health Services -- Projects of Regional and National Significance.....	4,992,452
93.251	Universal Newborn Hearing Screening.....	315,678
93.267	State Grants for Protections and Advocacy Services.....	37,626
93.268	Immunization Cooperative Agreements.....	7,145,379
93.270	Adult Viral Hepatitis Prevention and Control.....	125,082
93.275	Substance Abuse and Mental Health Services -- Access to Recovery.....	2,906,603
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance.....	10,208,075
93.301	Small Rural Hospital Improvement Grant Program.....	48,849
93.414	ARRA -- State Primary Care Offices.....	51,649
93.448	Food Safety and Security Monitoring Project.....	930,125
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program.....	4,008,786
93.507	PPHF 2012 National Public Health Improvement Initiative	512,526
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review.....	1,179,381
93.518	Affordable Care Act -- Medicare Improvements for Patients and Providers.....	133,505
93.520	Centers for Disease Control and Prevention --Affordable Care Act (ACA) -- Communities Putting Prevention to Work.....	7,361
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF.....	1,027,519
93.539	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds.....	684,964
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program	190,100
93.556	Promoting Safe and Stable Families.....	16,367,255
93.563	Child Support Enforcement.....	128,114,778
93.563	ARRA -- Child Support Enforcement.....	4,663,245
	Total Child Support Enforcement.....	132,778,023
93.564	Child Support Enforcement Research.....	102,704
93.566	Refugee and Entrant Assistance -- State Administered Programs.....	6,589,795
93.568	Low-Income Home Energy Assistance.....	203,725,233
93.569	Community Services Block Grant.....	22,217,230
93.576	Refugee and Entrant Assistance -- Discretionary Grants.....	791,983
93.584	Refugee and Entrant Assistance -- Targeted Assistance Grants.....	660,608

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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Health and Human Services (Continued)

93.586	State Court Improvement Program.....	561,302
93.590	Community-Based Child Abuse Prevention Grants.....	954,119
93.597	Grants to States for Access and Visitation Programs.....	267,822
93.599	Chafee Education and Training Vouchers Program (ETV).....	1,313,223
93.600	Head Start.....	158,724
93.609	The Affordable Care Act -- Medicaid Adult Quality Grants.....	40,345
93.617	Voting Access for Individuals with Disabilities -- Grants to States.....	435,126
93.618	Voting Access for Individuals with Disabilities -- Grants for Protection and Advocacy Systems.....	66,688
93.624	ACA -- State innovation Models: Funding for Model Design and Model Testing Assistance.....	844,267
93.630	Developmental Disabilities Basic Support and Advocacy Grants.....	3,177,857
93.643	Children's Justice Grants to States.....	496,791
93.645	Stephanie Tubbs Jones Child Welfare Services Program	8,781,115
93.658	Foster Care -- Title IV-E.....	220,610,010
93.658	ARRA -- Foster Care -- Title IV-E.....	3,121,837
	Total Foster Care -- Title IV-E.....	223,731,847
93.659	Adoption Assistance.....	169,931,195
93.659	ARRA -- Adoption Assistance.....	2,846,545
	Total Adoption Assistance.....	172,777,740
93.667	Social Services Block Grant.....	122,101,897
93.669	Child Abuse and Neglect State Grants.....	215,822
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters -- Grants to States and Indian Tribes.....	2,683,629
93.674	Chafee Foster Care Independence Program.....	5,510,968
93.708	ARRA -- Head Start.....	690,369
93.723	ARRA -- Prevention and Wellness-State, Territories and Pacific Islands.....	396,177
93.724	ARRA -- Prevention and Wellness -- Communities Putting Prevention to Work Funding Opportunities Announcement (FOA).....	84,675
93.725	ARRA -- Communities Putting Prevention to Work -- Chronic Disease Self-Management Program.....	126,238
93.735	State Public Health Approaches for Ensuring Quitline Capacity -- Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012).....	289,867
93.744	PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by 2012 Prevention and Public Health Funds	314,772
93.745	PPHF-2012: Health Care Surveillance/Health Statistics -- Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by 2012 Prevention and Public Health Funds (PPHF-2012).....	39,516
93.748	PPHF-2012 Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion.....	45,000
93.767	Children's Health Insurance Program.....	329,399,065
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities.....	146,607
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations.....	1,981,382
93.791	Money Follows the Person Rebalancing Demonstration.....	29,745,858
93.889	National Bioterrorism Hospital Preparedness Program.....	1,460,308
93.913	Grants to States for Operation of Offices of Rural Health.....	217,477
93.917	HIV Care Formula Grants.....	21,277,715
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems.....	461,547
93.940	HIV Prevention Activities -- Health Department Based.....	7,004,902

**STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Health and Human Services (Continued)

93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups.....	182,843
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance.....	948,346
93.946	Cooperative Agreements to Support State Based Safe Motherhood and Infant Health Initiatives Programs.....	398,025
93.958	Block Grants for Community Mental Health Services.....	14,376,199
93.959	Block Grants for Prevention and Treatment of Substance Abuse.....	39,645,097
93.965	Coal Miners Respiratory Impairment Treatment Clinics and Services.....	656,939
93.977	Preventive Health Services -- Sexually Transmitted Diseases Control Grants.....	3,175,072
93.991	Preventative Health and Health Services Block Grant.....	2,478,925
93.994	Maternal and Child Health Services Block Grant to the States.....	18,325,490
93.HHSF223201210079C	Mammography Quality Standard Act Inspection.....	102,956
93.T.DOH01	ARRA - Student/Resident Experiences and Rotations in Community Health (SEARCH).....	53,890
	Total U.S. Department of Health and Human Services.....	14,017,533,399

Corporation for National and Community Service

94.003	State Commissions.....	327,680
94.004	Learn and Serve America -- School and Community Based Programs.....	41,379
94.006	AmeriCorps.....	6,385,023
94.007	Program Development and Innovation Grants.....	30,673
94.009	Training and Technical Assistance.....	25,785
	Total Corporation for National and Community Service.....	6,810,540

Social Security Administration

Disability Insurance/SSI Cluster:

96.001	Social Security -- Disability Insurance.....	78,023,226
	<i>Total Disability Insurance/SSI Cluster.....</i>	<i>78,023,226</i>
96.000	Program Income for Rehabilitating Recipients of Social Security Income and Supplemental Security Income -- Vocational Rehabilitation Program.....	4,560,978
96.008	Social Security -- Work Incentives Planning and Assistance Program.....	64,090
96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries.....	102,361
96-200-2009-M-29348	National Death Index.....	86,569
	Total Social Security Administration.....	82,837,224

U.S. Department of Homeland Security

97.008	Non-Profit Security Program.....	77,527
97.012	Boating Safety Financial Assistance.....	4,014,980
97.023	Community Assistance Program -- State Support Services Element (CAP-SSSE).....	452,197
97.029	Flood Mitigation Assistance.....	46,003
97.036	Disaster Grants -- Public Assistance (Presidentially Declared Disasters).....	27,689,644
97.039	Hazard Mitigation Grant.....	2,056,368
97.041	National Dam Safety Program.....	163,223
97.042	* Emergency Management Performance Grants.....	6,238
97.042	Emergency Management Performance Grants.....	9,505,886
97.043	State Fire Training Systems Grants.....	24,000
97.045	Cooperating Technical Partners.....	1,324,261
97.047	Pre-Disaster Mitigation.....	694,175
97.052	Emergency Operations Centers.....	1,142,524
97.055	Interoperable Emergency Communications.....	649,131
97.056	Port Security Grant Program.....	1,621,621

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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Homeland Security (Continued)

97.067	Homeland Security Grant Program.....	39,206,972
97.075	Rail and Transit Security Grant Program.....	205,885
97.078	Buffer Zone Protection Program (BZPP).....	610,970
97.089	Driver's License Security Grant Program.....	1,506,341
97.091	Homeland Security Biowatch Program.....	722,692
97.092	Repetitive Flood Claims.....	1,308,608
97.107	National Incident Management System (NIMS).....	12,002
97.120	Border Interoperability Demonstration Project.....	2,257,876
97.HSHQDC-12-P-00155	Bio Watch Laboratory Support.....	31,458
	Total U.S. Department of Homeland Security.....	95,330,582
	TOTAL EXPENDITURES.....	\$ 24,699,555,637

* These programs are a part of the Research and Development Cluster, as defined by OMB Circular A-133. See Note 4 to the Supplementary Schedule of Expenditures of Federal Awards.

** This cluster encompasses the U.S. Department of Transportation's federal programs CFDA# 20.205 and CFDA# 20.219 and the U.S. Appalachian Regional Commission's federal program CFDA# 23.003. In accordance with OMB Circular A-133, CFDA# 23.003 has been included as part of the U.S. Department of Transportation's programs and excluded from the U.S. Appalachian Regional Commission's programs.

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**STATE OF OHIO
NOTES TO THE SUPPLEMENTARY SCHEDULE
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, revised June 27, 2003, requires a Supplementary Schedule of Expenditures of Federal Awards (Supplementary Schedule). The State of Ohio reports this information using the following presentations:

- Supplementary Schedule of Expenditures of Federal Awards Summarized by Federal Agency
- Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program

The schedules must report total disbursements for each federal financial assistance program, as listed in the *Catalog of Federal Domestic Assistance* (CFDA). The State of Ohio reports each federal financial assistance program not officially assigned CFDA numbers with a two-digit number that identifies the federal grantor agency or with a two-digit federal grantor agency number followed by a federal contract number, when applicable.

A. Reporting Entity

The Supplementary Schedules include all federal programs the State of Ohio has administered for the fiscal year ended June 30, 2013. The State's financial reporting entity includes the primary government and its component units.

The State of Ohio's primary government includes all funds, account groups, elected officials, departments and agencies, bureaus, boards, commissions, and authorities that make up the State's legal entity. Component units, legally separate organizations for which the State's elected officials are financially accountable, also comprise, in part, the State's reporting entity. Additionally, other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete should be included in a government's financial reporting entity.

Financial accountability is defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*. The financial accountability of a primary government for a legally separate organization is set forth in two ways as follows:

- the primary government appoints the voting majority of the organization's governing body, and the primary government is able to impose its will upon the component unit or there is a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- the component unit is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The State has excluded federal financial assistance reported in the Discretely Presented Component Units from the Supplementary Schedules. The respective schedules of expenditures of federal awards for the following organizations, which constitute component units of the State since they impose or potentially impose financial burdens on the primary government, are subject to separate audits under OMB Circular A-133.

Colleges and Universities:

State Universities:

Bowling Green State University
Central State University



**STATE OF OHIO
NOTES TO THE SUPPLEMENTARY SCHEDULE
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Universities (Continued):

Cleveland State University
Kent State University
Miami University
Ohio State University
Ohio University
Shawnee State University
University of Akron
University of Cincinnati
University of Toledo
Wright State University
Youngstown State University

State Community Colleges:

Cincinnati State Community College
Clark State Community College
Columbus State Community College
Edison State Community College
Northwest State Community College
Owens State Community College
Southern State Community College
Terra State Community College
Washington State Community College

Other Discretely Presented Component Units:

Ohio Air Quality Development Authority

B. Basis of Accounting

The State prepares the Supplementary Schedules on the cash basis of accounting; therefore, the State recognizes expenditures when paid rather than when it incurs obligations.

C. Transfers of Federal Funds between State Agencies

The State excludes interagency disbursements of federal moneys among State agencies to avoid the overstatement of federal financial assistance reported on the Supplementary Schedules.

D. Indirect Costs

Indirect costs benefit more than one federal program and are not directly allocable to the programs receiving the benefits. The State recovers these costs from the federal government by applying federally approved indirect cost rates or by allocating the indirect costs among benefiting programs in accordance with federally approved plans. The State recognizes indirect costs as disbursements in the Supplementary Schedules.

E. Valuation of Non-Cash Federal Assistance

The State reports the following non-cash federal assistance programs on the Supplementary Schedules.

- *National School Lunch Program (CFDA# 10.555)*

A portion of the federal assistance for this program represents the value of food the State distributes to subrecipients during the fiscal year. The U.S. Department of Agriculture assigns the prices at which the State values donated food commodities.



**STATE OF OHIO
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Donation of Federal Surplus Personal Property (CFDA# 12.005)*
 Federal assistance for this program represents the fair market value of donated federal surplus personal property the State distributes to subrecipients during the fiscal year. The State calculates fair value at 23.3 percent of the property’s original costs, in conformity with guidelines the U.S. Department of Defense establishes.
- *Donation of Federal Surplus Personal Property (CFDA# 39.003)*
 Federal assistance for this program represents the fair market value of federal surplus personal property the State distributes to subrecipients during the fiscal year. The State calculates fair value at 23.3 percent of the property’s original acquisition costs, in conformity with guidelines the U.S. General Services Administration establishes.

Year-end balances of the State’s non-cash federal assistance programs can be found in NOTE 3.

NOTE 2 CAPITALIZATION GRANTS FOR REVOLVING LOAN FUNDS

In fiscal year 2013, the capitalization grants for revolving loan funds comprised the Clean Water Revolving Fund (CFDA# 66.458) and the Drinking Water Revolving Fund (CFDA# 66.468) programs. As of June 30, 2013, outstanding loans for the Capitalization Grants for Revolving Loan Funds programs totaled approximately \$1.321 billion.

The calculation of federal assistance for the loan programs includes the following elements.

Capitalization Grant Loan Balance, as of 6/30/12	\$1,074,487,915
Loans without Compliance Requirements.....	(625,968,187)
Loans transferred without Compliance Requirements.....	<u>(109,402,794)</u>
Net Loan Balance (Loans with Compliance Requirements).....	<u>339,116,934</u>
 New Loans Disbursed.....	 289,112,255
Net Principal Repayments Received.....	(46,346,923)
Capitalized Interest Earned	<u>4,078,356</u>
Current Loan Activity	<u>246,843,688</u>
Ending Loan Balance (Loans with Compliance Requirements).....	585,960,622



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
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NOTE 2 CAPITALIZATION GRANTS FOR REVOLVING LOAN FUNDS (Continued)

Administrative Costs.....	1,728,963
Small System Technical Assistant Costs	741,042
Public Water Systems Supervision	831,920
Wellhead Costs	131,285
Administrative Interest Earned	(37)
Loan Account Interest Earned.....	(113)
Small System Technical Assistant Interest Earned.....	<u>(1)</u>
Total Federal Assistance for FY 2013.....	<u>\$589,393,681</u>

The total federal assistance for fiscal year 2013, as reported by the Ohio Environmental Protection Agency, for the Clean Water Revolving Fund and the Drinking Water Revolving Fund were \$445,676,644 and \$143,717,037 respectively.

NOTE 3 INVENTORY BALANCES FOR NON-CASH FEDERAL ASSISTANCE PROGRAMS

As of June 30, 2013, the outstanding inventory balances for the non-cash federal assistance programs are as follows:

<u>CFDA#</u>	<u>Non-Cash Program</u>	<u>Outstanding Balance, as of 6/30/13</u>
10.555	National School Lunch Program.....	\$5,910,946
12.005	Donation of Federal Surplus Personal Property	6,359,292
39.003	Donation of Federal Surplus Personal Property	<u>135,898</u>
	Total.....	<u>\$12,406,136</u>

NOTE 4 RESEARCH AND DEVELOPMENT CLUSTER

The State has reported the following federal programs under the Research and Development Cluster on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
11.419	Coastal Zone Management Administration Awards.....	\$13,194
15.255	Science and Technology Projects Related to Coal Mining and Reclamation	2,951
15.605	Sport Fish Restoration Program	686,933



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
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NOTE 4 RESEARCH AND DEVELOPMENT CLUSTER (Continued)

CFDA#	Program	Amount
15.808	U.S. Geological Survey--Research and Data Collection	37,271
15.814	National Geological and Geophysical Data Preservation Program	65,194
15.819	Energy Cooperatives to Support National Coal Resources Data System (NCRDS)	2,549
16.550	State Justice Statistics Programs for Statistical Analysis Centers	50,759
16.609	Project Safe Neighborhoods.....	151,842
16.738	Edward Byrne Memorial Justice Assistance Grant Program	317,213
16.803	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories.....	252,310
20.205	Highway Planning and Construction	4,408,557
81.041	State Energy Program	28,326
81.087	Renewable Energy Research and Development.....	71,815
81.089	Fossil Energy Research and Development	29
84.002	Adult Education – Basic Grants to States	1,573,091
97.042	Emergency Management Performance Grants	6,238
Total Research and Development Cluster.....		\$7,668,272

NOTE 5 TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2013, the State made allowable transfers of approximately \$45.5 million from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The Supplementary Schedule shows the State spent approximately \$546.5 million on the Temporary Assistance for Needy Families program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for this program. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during fiscal year 2013 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$591,981,497
Social Services Block Grant	(45,452,778)
Total Temporary Assistance for Needy Families	\$546,528,719

NOTE 6 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS

The State has reported the following federal ARRA programs on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

CFDA#	Program	Amount
10.579	ARRA – Child Nutrition Discretionary Grants Limited Availability	\$159,351
10.687	ARRA – Recovery Act of 2009 - Capital Improvement and Maintenance.....	257,345
11.558	ARRA – State Broadband Data and Development Grant Program.....	1,548,536
14.255	ARRA – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)	151,081
14.256	ARRA – Neighborhood Stabilization Program (Recovery Act Funded)	6,323,001
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	1,285,478



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**NOTE 6 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS
 (Continued)**

CFDA#	Program	Amount
16.588	ARRA – Violence Against Women Formula Grants	102,038
16.803	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	1,669,937
16.810	ARRA – Recovery Act – Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	334,422
17.225	ARRA – Unemployment Insurance	583,367,018
17.258	ARRA – WIA Adult Program	232
17.260	ARRA – WIA Dislocated Workers	134,852
17.275	ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	1,909,765
20.205	ARRA – Highway Planning and Construction	110,239,183
20.507	ARRA – Federal Transit – Formula Grants	9,520,819
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds	2,394,270
66.818	ARRA – Brownfield Assessments and Cleanup Cooperative Agreements	281,837
81.041	ARRA – State Energy Program	12,879,732
81.042	ARRA – Weatherization Assistance for Low-Income Persons	1,681,893
81.122	ARRA – Electricity Delivery and Energy Reliability, Research, Development and Analysis	287,405
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)	10,157,651
84.384	ARRA – Statewide Data Systems, Recovery Act	1,869,997
84.385	ARRA – Teacher Incentive Fund, Recovery Act	6,819,764
84.388	ARRA – School Improvement Grants, Recovery Act	20,692,850
84.389	ARRA – Title I Grants to Local Educational Agencies, Recovery Act	3,355,177
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	114,263,267
84.412	ARRA – Race to the Top – Early Learning Challenge	1,407,014
93.414	ARRA – State Primary Care Offices	51,649
93.563	ARRA – Child Support Enforcement	4,663,245
93.658	ARRA – Foster Care – Title IV-E	3,121,837
93.659	ARRA – Adoption Assistance	2,846,545
93.708	ARRA – Head Start	690,369
93.723	ARRA – Prevention and Wellness-State, Territories and Pacific Islands	396,177
93.724	ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	84,675
93.725	ARRA – Communities Putting Prevention to Work – Chronic Disease Self-Management Program	126,238
93.778	ARRA – Medical Assistance Program (Medicaid)	95,304,013
93.T.DOHO1	ARRA – Student/Resident Experience and Rotation in Community Health Program	53,890
	Total ARRA Grants	<u>\$1,000,432,553</u>

Supplemental Nutrition Assistance Program (CFDA# 10.551) – The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households’ income, deductions and assets. This condition prevents the U.S. Department of Agriculture (USDA) from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual state level. Therefore, the



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
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**NOTE 6 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS
 (Continued)**

State of Ohio cannot validly disaggregate the regular and Recovery Act components of its reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 7.79 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2013.

ARRA Capitalization Grants for Clean Water State Revolving Funds (CFDA# 66.458) – Listed below are the borrowers that received ARRA Clean Water State Revolving Loan Fund (SRF) assistance, the associated Data Universal Numbering System (DUNS) numbers, and the ARRA SRF loan amounts disbursed to each borrower for reimbursement of eligible expenditures.

Borrower	DUNS	Amount
Ashtabula County	926038696	\$86,031
Columbus	198549776	251,695
Crawford County.....	074549189	18,891
Cuyahoga County Board of Health.....	142289581	186,905
Delphos	084558956	51,700
Elyria	010828424	1,783
Fayette	960622702	9,077
Fazeysburg	173376877	69,172
Greene County	068948348	17,456
Greenfield.....	038719662	26,345
Kent.....	092622042	82,500
Kirtland.....	626954767	6,820
Lancaster.....	079417861	33,503
Lorain	083321083	302,013
Marion	071640015	202,050
Muskingum County.....	079435137	42,955
Nobel County.....	154171375	11,783
Northeast Ohio Regional Sewer District	074554098	662,794
Richland County	076904812	8,517
Solon.....	945349074	16,364
Summit County.....	147483465	1,874
Toledo	099962052	192,043
Twinsburg.....	023816031	112,000
Total		<u>\$2,394,271</u>

NOTE 7 WIA Cluster

Prior to July 1, 2010, CFDA 17.260 represented both the WIA Dislocated Worker formula grant and the National Emergency Grants (NEGs). As of July 1, 2010, the CFDA 17.260 was archived and replaced with two new CFDA numbers. The WIA Dislocated Worker Formula Grant is accounted for as CFDA 17.278 and NEGs is reported as CFDA 17.277.

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**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

OMB CIRCULAR A-133 § .505

1. SUMMARY OF AUDITORS' RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any other significant deficiencies in internal control reported for major federal programs?</i>	Yes
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Qualified and Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	Yes
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	See pages 37 through 40
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/Risk Assessed Type B Programs</i>	A: >\$37,049,333 B: >\$ 7,409,867
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

There were no findings required to be reported in accordance with GAGAS.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The findings and questioned costs are summarized by state agency and type on pages 41 and 42.

The questioned costs are summarized by federal agency, program, and amount on page 43.

The findings and questioned costs are detailed by state agency on pages 45 through 120.

4. OTHER - FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Federal Compliance and Controls letters.

**STATE OF OHIO
 JULY 1, 2012 THROUGH JUNE 30, 2013
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

1. FINDING FOR RECOVERY – INCORRECT LEAVE PAYOUT

<i>Finding Number</i>	2013-001
<i>State Agency/Number</i>	OBM-01
<i>State Agency</i>	Ohio Office of Budget and Management

Ohio Revised Code §124.386(E) states, in part:

A full-time permanent employee who separates from state service or becomes ineligible to be credited with leave under this section shall receive a reduction of personal leave credit of one and two-tenths hours for each pay period that remains beginning with the first pay period following the date of separation or the effective date of the employee's ineligibility until the pay period preceding the next base pay period. After calculation of the reduction of an employee's personal leave credit, the employee is entitled to compensation for any remaining personal leave credit at the employee's current base rate of pay. . .

During state fiscal years 2012 and 2013, there were 40 individuals who retired, resigned or were terminated from the Ohio Office of Budget and Management (the Office). For one of six (16.67%) leave payments selected for testing, the employee's final leave payout was not properly calculated and as a result, the Office paid an incorrect amount to the individual. The individual was paid for 48 hours of personal leave instead of the 27.72 hours earned. The individual's personal leave balance was incorrectly recorded in the Ohio Administrative Knowledge System's Human Capital Management system as a result of the individual transferring from another state agency to the Office. Prior to the individual's transfer to the Office, he was an exempt employee who received an annual lump sum of 32 hours of personal leave. When the individual transferred to the Office, he became a bargaining unit employee who received eight hours of personal leave on a quarterly basis. However, the individual's personal leave balance was never adjusted from 32 hours to 7.38 hours after transferring to the Office as a bargaining unit employee. Furthermore, the Office should have prorated his personal leave hours and credited him with 4.34 hours since he transferred after the start of a calendar quarter. The employee should have been paid for the 7.38 hours of personal leave earned as an exempt employee plus the 20.34 hours of personal leave earned as a bargaining unit employee. As a result, the Office overpaid the employee for 20.28 hours of personal leave, totaling \$975.

Once the Office was notified of the overpayment, a letter was sent to the former employee in June 2013 informing him of the overpayment and requesting repayment. After several attempts, the Office was unable to negotiate a reasonable repayment schedule with the former employee which resulted in the Office certifying the finding for recovery to the Ohio Attorney General's Office for collection on October 17, 2013.

In accordance with the foregoing facts and pursuant to Ohio Revised Code §117.28, an individual finding for recovery is hereby issued for public monies illegally expended against Joshua Inboden in the amount of \$975. This finding for recovery is against the named individual and in favor of the State of Ohio.

Official's Response

The Office of Budget and Management agrees with the Auditor of State and began collection efforts on June 21, 2013. After multiple attempts to collect the leave payout overpayment it was certified to the Attorney General on October 17, 2013.

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

2. FINDING FOR RECOVERY – INCORRECT LEAVE PAYOUT

<i>Finding Number</i>	2013-002
<i>State Agency/Number</i>	INS-01
<i>State Agency</i>	Ohio Department of Insurance

Ohio Revised Code §124.384(A) states, in part:

. . . employees whose salaries or wages are paid . . . and who have accumulated sick leave . . . shall be paid for a percentage of their accumulated balances, upon separation for any reason, including death but excluding retirement, at their last base rate of pay at the rate of one hour of pay for every two hours of accumulated balances. . . .

Ohio Revised Code §124.13(E) states, in part:

Upon separation from state service, an employee shall be entitled to compensation at the employee's current rate of pay for all lawfully accrued and unused vacation leave to the employee's credit at the time of separation up to three years. . . .

During state fiscal year 2013, there were 12 individuals who retired, resigned or were terminated from the Ohio Department of Insurance (the Department). For one of five (20%) leave payments selected for testing, the employee's final leave payout was not properly calculated and as a result, the Department paid an incorrect amount to the individual. The individual's original leave payouts were paid at the wrong pay rate. However, when the Department issued a second check to correct the pay rate difference, the corrections were improperly calculated as noted below:

- For sick leave, the individual was paid for 484.4 hours for his final day at the wrong rate of \$29.98 instead of \$31.44, resulting in an underpayment of \$352. When correcting the sick leave payout, the Department did not calculate the sick leave adjustment at 50% and paid the individual \$707, resulting in an overpayment of \$354. In addition, the individual was paid for 3.1 hours for his final leave accrual at the wrong rate of \$29.98 instead of \$31.44. When correcting the final sick leave payout, the Department paid the individual at the correct rate but never adjusted the original pay out of sick leave, resulting in an overpayment of \$46. These two issues resulted in an overpayment of sick leave totaling \$400.
- For vacation leave, the individual was paid for 6.2 hours for his final leave accrual at the wrong rate of \$29.98 instead of \$31.44. When correcting the final vacation leave payout, the Department should have paid the individual for the difference in the pay of \$9, but instead paid the individual \$195 (6.2 hours * \$31.44). The original vacation leave payout of \$186 (6.2 hours * \$29.98) was never adjusted. This resulted in an overpayment of vacation leave totaling \$186.

As a result, the Department overpaid the individual \$400 for sick leave and \$186 for vacation leave, totaling \$586.

In accordance with the foregoing facts and pursuant to Ohio Revised Code §117.28, an individual finding for recovery is hereby issued for public monies illegally expended against Chad Stiverson in the amount of \$586. This finding for recovery is against the named individual and in favor of the State of Ohio.

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

2. FINDING FOR RECOVERY – INCORRECT LEAVE PAYOUT (Continued)

Official's Response

To prevent this from occurring in the future a payroll staff member will hand calculate the employee's final payout and compare it to the total produced by the Department of Administrative Services (DAS). An additional payroll staff member will then audit both calculations. The payroll staff will also utilize the Leave Conversion form completed by the employee and compare it to the calculations produced by DAS.

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
<u>U.S. Department of Agriculture</u>			
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster</u>			
10.551 / 10.561			
	Ohio Department of Job & Family Services	\$ 3,051,745,828	
	Other Agencies (Not Tested as a Major Program)	734,403	
	Total SNAP Cluster	<u>\$ 3,052,480,231</u>	<u>12.36%</u>
<u>Child Nutrition Cluster</u>			
10.553 / 10.555 / 10.556 / 10.559			
	Ohio Department of Education	\$ 517,616,658	
	Other Agencies (Not Tested as a Major Program)	1,672,919	
	Total Child Nutrition Cluster	<u>\$ 519,289,577</u>	<u>2.10%</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		
	Ohio Department of Health	\$ 237,183,241	
	Total CFDA # 10.557	<u>\$ 237,183,241</u>	<u>0.96%</u>
10.558	Child and Adult Care Food Program		
	Ohio Department of Education	\$ 98,854,445	
	Total CFDA # 10.558	<u>\$ 98,854,445</u>	<u>0.40%</u>
<u>U.S. Department of Housing and Urban Development</u>			
<u>CDBG -- State Administered CDBG Cluster:</u>			
14.228 / 14.255			
	Ohio Department of Development	\$ 76,729,805	
	Total CDBG -- State Administered CDBG Cluster	<u>\$ 76,729,805</u>	<u>0.31%</u>
<u>U.S. Department of Labor</u>			
<u>Employment Service Cluster</u>			
17.207 / 17.801 / 17.804			
	Ohio Department of Job & Family Services	\$ 33,016,902	
	Other Agencies (Not Tested as a Major Program)	\$ 82,856	
	Total ES Cluster	<u>\$ 33,099,758</u>	<u>0.13%</u>
17.225	Unemployment Insurance		
	Ohio Department of Job & Family Services	\$ 2,092,923,863	
	Total CFDA # 17.225	<u>\$ 2,092,923,863</u>	<u>8.47%</u>
<u>Workforce Investment Act (WIA) Cluster</u>			
17.258 / 17.259 / 17.260 / 17.277 / 17.278			
	Ohio Department of Job & Family Services	\$ 93,992,931	
	Other Agencies (Not Tested as a Major Program)	1,216,906	
	Total WIA Cluster	<u>\$ 95,209,837</u>	<u>0.39%</u>

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
<u>U.S. Department of Transportation</u>			
<u>Highway Planning and Construction Cluster</u>			
20.205 / 20.219 / 23.003			
	Ohio Department of Transportation	\$ 1,624,233,986	
	Other Agencies (Not Tested as a Major Program)	3,143,879	
	Total Highway Planning and Construction Cluster	<u>\$ 1,627,377,865</u>	<u>6.59%</u>
 <u>Highway Safety Cluster</u>			
20.600 / 20.601 / 20.610 / 20.612			
	Ohio Department of Public Safety	12,112,052	
	Other Agencies (Not Tested as a Major Program)	298,083	
	Total Highway Safety Cluster	<u>\$ 12,410,135</u>	<u>0.05%</u>
 <u>U.S. Environmental Protection Agency</u>			
66.458	CAP Grants for Clean Water State Revolving Funds		
	Environmental Protection Agency	\$ 445,676,644	
	Total CFDA # 66.458	<u>\$ 445,676,644</u>	<u>1.80%</u>
66.468	CAP Grants for Drinking Water State Revolving Funds		
	Environmental Protection Agency	\$ 143,717,037	
	Total CFDA # 66.468	<u>\$ 143,717,037</u>	<u>0.58%</u>
 <u>U.S. Department of Energy</u>			
81.042	Weatherization Assistance for Low-Income Persons		
	Ohio Department of Development	\$ 16,021,166	
	Total CFDA # 81.042	<u>\$ 16,021,166</u>	<u>0.06%</u>
 <u>U.S. Department of Education</u>			
<u>Title I - Part A Cluster</u>			
84.010 / 84.389			
	Ohio Department of Education	\$ 551,326,525	
	Total Title I - Part A Cluster	<u>\$ 551,326,525</u>	<u>2.23%</u>
 <u>Special Education Cluster</u>			
84.027 / 84.173			
	Ohio Department of Education	\$ 434,955,781	
	Other Agencies (Not Tested as a Major Program)	4,480,491	
	Total Special Education Cluster	<u>\$ 439,436,272</u>	<u>1.78%</u>
84.048	Career and Technical Education - Basic Grants to States		
	Ohio Department of Education	\$ 42,182,915	
	Other Agencies (Not Tested as a Major Program)	3,475,715	
	Total CFDA # 84.048	<u>\$ 45,658,630</u>	<u>0.18%</u>

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States Ohio Rehabilitation Services Commission	\$ 123,643,156	
	Total CFDA # 84.126	<u>\$ 123,643,156</u>	<u>0.50%</u>
84.287	Twenty-First Century Community Learning Centers Ohio Department of Education	\$ 45,645,478	
	Total CFDA # 84.287	<u>\$ 45,645,478</u>	<u>0.18%</u>
<u>School Improvement Grants Cluster</u>			
84.377 / 84.388			
	Ohio Department of Education	\$ 53,283,714	
	Total School Improvement Grants Cluster	<u>\$ 53,283,714</u>	<u>0.22%</u>
84.395	ARRA - State Fiscal Stabilization Fund - Race-to-the- Top Incentive Grants, Recovery Act Ohio Department of Education	\$ 114,263,267	
	Total CFDA # 84.395	<u>\$ 114,263,267</u>	<u>0.46%</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Aging Cluster</u>			
93.044 / 93.045 / 93.053			
	Ohio Department of Aging	\$ 41,659,088	
	Total Aging Cluster	<u>\$ 41,659,088</u>	<u>0.17%</u>
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>			
93.558	Ohio Department of Job & Family Services	\$ 546,528,719	
	Total TANF Cluster	<u>\$ 546,528,719</u>	<u>2.21%</u>
93.563	Child Support Enforcement Ohio Department of Job & Family Services	\$ 132,778,023	
	Total CFDA # 93.563	<u>\$ 132,778,023</u>	<u>0.54%</u>
93.568	Low-Income Home Energy Assistance Ohio Development Services Agency Other Agencies (Not Tested as a Major Program)	\$ 203,472,004 \$ 253,229	
	Total CFDA # 93.568	<u>\$ 203,725,233</u>	<u>0.82%</u>
<u>Child Care and Development Fund (CCDF) Cluster</u>			
93.575 / 93.596			
	Ohio Department of Job & Family Services	\$ 220,844,397	
	Total CCDF Cluster	<u>\$ 220,844,397</u>	<u>0.89%</u>

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
93.658	Foster Care - Title IV-E		
	Ohio Department of Job & Family Services	\$ 219,963,127	
	Other Agencies (Not Tested as a Major Program)	3,768,720	
	Total CFDA # 93.658	<u>\$ 223,731,847</u>	<u>0.91%</u>
93.659	Adoption Assistance		
	Ohio Department of Job & Family Services	\$ 172,777,740	
	Total CFDA # 93.659	<u>\$ 172,777,740</u>	<u>0.70%</u>
93.667	Social Services Block Grant		
	Ohio Department of Job & Family Services	\$ 105,114,534	
	Ohio Department of Mental Health	7,822,652	
	Other Agencies (Not Tested as a Major Program)	9,164,711	
	Total CFDA # 93.667	<u>\$ 122,101,897</u>	<u>0.49%</u>
93.767	Children's Health Insurance Program		
	Ohio Department of Job & Family Services	\$ 320,647,074	
	Ohio Department of Mental Health	6,326,574	
	Other Agencies (Not Tested as a Major Program)	2,425,417	
	Total CFDA # 93.767	<u>\$ 329,399,065</u>	<u>1.33%</u>
<u>Medicaid Cluster</u>			
93.775 / 93.777 / 93.778			
	Ohio Department of Job & Family Services	\$ 10,067,298,692	
	Ohio Department of Developmental Disabilities	1,480,308,899	
	Ohio Department of Mental Health	116,574,563	
	Other Agencies (Not Tested as a Major Program)	51,256,535	
	Total Medicaid Cluster	<u>\$ 11,715,438,689</u>	<u>47.43%</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse		
	Ohio Department of Alcohol and Drug Addiction Services	\$ 39,645,097	
	Total CFDA # 93.959	<u>\$ 39,645,097</u>	<u>0.16%</u>
<u>Social Security Administration</u>			
<u>Disability Insurance/SSI Cluster</u>			
96.001	Social Security - Disability Insurance		
	Rehabilitation Services Commission	\$ 78,023,226	
	Total Disability Insurance/SSI Cluster	<u>\$ 78,023,226</u>	<u>0.32%</u>
Total Major Federal Programs		<u>\$ 23,650,883,667</u>	<u>95.75%</u>
Other Federal Programs		<u>\$ 1,048,671,970</u>	<u>4.25%</u>
Total Federal Awards Expenditures		<u><u>\$ 24,699,555,637</u></u>	<u><u>100.00%</u></u>

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

The findings listed below represent items which are being reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance Required by OMB Circular A-133*.

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Alcohol and Drug Addiction Services (ADA)			
1. SAPT - Subrecipient Monitoring	2013-003	Noncompliance/ Material Weakness	45
2. SAPT - Independent Peer Reviews	2013-004	Noncompliance/ Material Weakness	48
3. SAPT - Cash Management	2013-005	Noncompliance/ Significant Deficiency	50
Ohio Attorney General (AGO)			
1. Medicaid Fraud Control Unit - Case Management	2013-006	Significant Deficiency	52
Ohio Office of Budget & Management (OBM)			
1. Federal Schedule - Various Programs	2013-007	Significant Deficiency	54
Ohio Development Services Agency (DEV)			
1. HEAP - Period of Availability	2013-008	Questioned Costs	57
2. HEAP - Eligibility	2013-009	Questioned Costs/ Significant Deficiency	59
3. Suspension and Debarment	2013-010	Noncompliance/ Significant Deficiency	61
4. Inspections - HWAP Program	2013-011	Noncompliance/ Material Weakness	62
Ohio Department of Developmental Disabilities (DDD)			
1. Medicaid - Provider Certification and Reviews	2013-012	Significant Deficiency	65
Ohio Department of Education (EDU)			
1. Various Programs – Transparency Act Reporting	2013-013	Noncompliance/ Material Weakness	67
Ohio Environmental Protection Agency (EPA)			
1. CWSRF & DWSRF - Invoice Reviews	2013-014	Questioned Costs/ Material Weakness	70
2. CWSRF & DWSRF – Subrecipient Monitoring	2013-015	Noncompliance/ Material Weakness	72
Ohio Department of Job & Family Services (JFS)			
1. Medicaid/CHIP - Managed Care	2013-016	Questioned Costs/ Material Weakness	75
2. Medicaid - Ineligible Recipient - CRIS-E/MITS Variances	2013-017	Questioned Costs/ Significant Deficiency	77
3. Medicaid/CHIP - Claim Service Date	2013-018	Questioned Costs	79
4. Medicaid/CHIP - Prior Authorization	2013-019	Questioned Costs/ Significant Deficiency	80
5. Child Care - Copayment Amounts	2013-020	Questioned Costs/ Significant Deficiency	82
6. Missing Eligibility Documentation - Various Counties	2013-021	Questioned Costs/ Significant Deficiency	84

**STATE OF OHIO
JULY 1, 2012 THROUGH JUNE 30, 2013
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Job & Family Services (JFS) (Cont.)			
7. IEVS - Due Dates and Result Code Errors	2013-022	Questioned Costs/ Material Weakness	87
8. MITS - Claims Reimbursed in Excess of OAC Limits	2013-023	Questioned Costs/ Significant Deficiency	90
9. Medicaid/CHIP - Provider Eligibility	2013-024	Noncompliance/ Material Weakness	93
10. CCDF - Type B Homes – Various Counties	2013-025	Noncompliance/ Material Weakness	96
11. Reporting - TANF ACF-196 & Foster Care CB-496	2013-026	Noncompliance/ Material Weakness	98
12. Various Programs - Transparency Act Reporting	2013-027	Noncompliance/ Material Weakness	100
13. Federal Schedule – Various Programs	2013-028	Noncompliance/ Material Weakness	103
14. Various Programs - Cash Management	2013-029	Noncompliance/ Significant Deficiency	105
15. Medicaid/CHIP - Long Term Care Provider Eligibility	2013-030	Noncompliance/ Significant Deficiency	107
16. Federal Revenue Controls	2013-031	Material Weakness/ Significant Deficiency	110
Ohio Department of Public Safety (DPS)			
1. Subrecipient Monitoring	2013-032	Noncompliance/ Material Weakness	112
2. Federal Transparency Act - Subaward Reporting	2013-033	Noncompliance/ Material Weakness	114
Ohio Rehabilitation Services Commission (RSC)			
1. Vocational Rehabilitation – Documentation of Eligibility	2013-034	Significant Deficiency	117
Ohio Department of Transportation (DOT)			
1. Federal Schedule - Highway Safety Cluster	2013-035	Noncompliance/ Material Weakness	119

The findings listed below represent other issues related to Findings for Recovery (FFR). They do not impact the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standard* or the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.*

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Office of Budget & Management (OBM)			
1. Finding For Recovery – Incorrect Leave Payout	2013-001	FFR	34
Ohio Department of Insurance (INS)			
1. Finding For Recovery – Incorrect Leave Payout	2013-002	FFR	35

**STATE OF OHIO
 JULY 1, 2012 THROUGH JUNE 30, 2013
 SUMMARY OF QUESTIONED COSTS BY FEDERAL AGENCY AND PROGRAM**

<u>FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE</u>	<u>PAGE NUMBER(S)</u>	<u>QUESTIONED COSTS</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
10.551 / 10.561 – Supplemental Nutrition Assistance Program Cluster	87*	undetermined
Total U.S. Department of Agriculture		<u>undetermined</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>		
66.468 – Capitalization Grants for Drinking Water State Revolving Funds	70	\$71,035
Total U.S. Environmental Protection Agency		<u>\$71,035</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
93.568 - Low-Income Home Energy Assistance	57,59	\$349
93.575 / 93.596 – Child Care and Development Fund Cluster	82	\$890
93.767 – Children’s Health Insurance Program	75,79,90*	\$391,734
93.775 / 93.777 / 93.778 – Medicaid Cluster	75,77,79,80,84,90*	\$395,318
Total U.S. Department of Health and Human Services		<u>\$788,291</u>
TOTAL QUESTIONED COSTS - STATE OF OHIO		<u><u>\$859,326</u></u>

Note: * Finding number 2013-022 on page 87 and 2013-023 on page 90 reported questioned costs for which the amounts could not be determined.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

1. SAPT – SUBRECIPIENT MONITORING

<i>Finding Number</i>	2013-003
<i>State Agency/Number</i>	ADA-01
<i>CFDA Number and Title</i>	93.959 – Substance Abuse Prevention and Treatment
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Subrecipient Monitoring

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Office of Management and Budget’s Circular A-133 states, in part:

§___. 400 Responsibilities

...

(d) Pass-through entity responsibilities. A pass through entity shall perform the following for the Federal awards it makes:

...

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for the fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.

...

It is management’s responsibility to implement policies and procedures to monitor subrecipients to help ensure they have complied with the rules and regulations related to the Federal program and have met the objectives of the program.

During State fiscal year 2013, the Department disbursed approximately \$39.7 million in Federal funding for the Substance Abuse Prevention and Treatment (SAPT) program to the 50 County Alcohol and Drug Addiction (ADA) boards that are subrecipients of the Department. During the audit period, the Department had several different procedures in place to monitor the subrecipients; however, the following weaknesses existed in the process:

- The Department’s Fiscal Specialist reviewed the annual Board Level Report (BLR) package (detailed board revenues, expenditures, and units of services provided) submitted by the ADA boards for accuracy, completeness and compliance with program requirements. The Budget and Subsidy Manager then reviewed the procedures performed by the Fiscal Specialist for accuracy and completeness; however, the Budget and Subsidy Manager’s review was not performed until five to six months after the Fiscal Specialist’s review.
- The Department completed a cash reconciliation of the disbursements reported by the ADA boards in their BLR package to the Department’s disbursement records. The Department submitted the cash reconciliation worksheet and the overage amount, if the ADA board’s

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

1. SAPT – SUBRECIPIENT MONITORING (Continued)

expenditures were less than the amount the Department passed through to the ADA board, to the ADA board for explanation. While cash reconciliations were completed by the Department during the audit period, there was no evidence maintained to document who completed the reconciliation, final supervisory reviews were not performed, and close out letters were not sent to the ADA boards.

- The Department performed on-site reviews, referred to as Stakeholder Assistance Reviews (SARs), for only three of the 50 ADA boards during the fiscal year. In addition, for one of the three reviews completed, the Department could not locate the close out letter to provide evidence the review was complete and closed.
- The Fiscal Services Division received the ADA boards' Single Audit reports, reviewed them to determine whether audit findings noted pertained to the Department's programs, completed a single audit questionnaire to document their review, and prepared a management decision and additional corrective action correspondence, if required. After the additional corrective action was accepted, if applicable, the Department submitted a close-out letter to the ADA board. However, these controls were not consistently followed and were not always effective. For 10 Single Audits selected for testing:
 - One (10%) questionnaire was not initialed and dated by the External Auditor and Manager to document their review of the Single Audit, corrective action, and questionnaire.
 - Two (20%) either did not complete a management decision or the management decision was not completed and submitted within six months of receipt of the single audit. There were no audit findings for either single audit; however, it is the Department's policy to submit a management decision either way.
 - Two (20%) did not have a close-out letter sent to the ADA board stating the Department's approval of the corrective action (if applicable) and the completion of the Single Audit review.

Under these circumstances, the Department may not be reasonably assured it has met the requirements of OMB Circular A-133, or that the ADA boards have met the requirements of the SAPT program. If the Department does not perform appropriate monitoring procedures consistently and timely, there is a risk that instances of noncompliance by subrecipients will go undetected or uncorrected. Management indicated the merge with the Ohio Department of Mental Health resulted in delays in the review and approval processes.

We recommend the Department continue to develop and enhance their subrecipient monitoring process. These procedures could include, but not be limited to, the following:

- Ensuring the BLR packages are accurately and completely reviewed. The Budget and Subsidy Manager's review should be documented timely to provide management with assurance controls are operating consistently and effectively.
- Confirming that cash reconciliations of ADA Board expenditures are performed timely and documented completely. The Department should also ensure the ADA Board is notified to document final approval of the process/reimbursement action provided to the Department.
- Monitoring of the subrecipient's use of federal awards during the award period through an appropriate number of site visits or other means to provide reasonable assurance the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of the grant agreements and that performance goals are achieved.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

1. SAPT – SUBRECIPIENT MONITORING (Continued)

- Ensuring the Single Audit report reviews are performed accurately and completely. The Department should document and issue a timely management decision on the ADA boards' single audit reports and ensure the appropriate corrective action is taken.

Official's Response and Corrective Action Plan

We appreciate the Auditor of State's team in reviewing the Department's records to ensure compliance, however, during the audit period, the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) was in the process of consolidating with the Ohio Department of Mental Health (ODMH) and we began consolidating both Departments' procedures. With this material change, the Federal Award Compliance Control Record (FACCR) that the Auditor of State utilized in this audit may not reflect the new procedures due to the consolidation.

As we understand the requirements set by OMB Circular A-133, site visits are not a mandatory function to satisfy §.400 (d). Our responsibilities are set forth as follows:

- 1. Identify Federal awards made by informing each Subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.*
- 2. Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.*
- 3. Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.*
- 4. Ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.*
- 5. Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the Subrecipient takes appropriate and timely corrective action.*
- 6. Consider whether Subrecipient audits necessitate adjustment of the pass-through entity's own records.*
- 7. Require each Subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.*

Within the Department's Subrecipient monitoring program, we have designated site visit as an additional increased monitoring technique in addition to the regular monitoring techniques that is performed on ALL Boards providing 100% coverage performed in our Desk Reviews annually. During our consolidation process, we planned and executed a set of procedures on all Boards to ensure we have met our responsibilities set forth by OMB Circular A-133. If the AOS defines that site visits are a mandatory monitoring technique in order to satisfy the requirements set forth by OMB Circular A-133, the Department respectfully request further guidance on what section we did not comply with (i.e. – what function we did not perform during our Desk Review on ALL Boards needed to comply with A-133). Also, provide guidance in regards to the number of site visits constituting sufficient coverage would assist the Department significantly.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

1. SAPT – SUBRECIPIENT MONITORING (Continued)

For the review of Board's Single Audits, the concerns raised by the AOS are due to the timing of how the Department processed those documents (old method vs. new method). During our consolidation planning stage, we identified that ODADAS maintained multiple documents through Excel and Word. As part of our streamlining/re-engineering, we wanted to have a central data point whereas we are able to access it through a database. By doing so, we have eliminated some of the manual process (i.e. – physically initialing paper documents). As we re-engineered our Subrecipient Monitoring program, we have elected to issue a Management Decision in accordance with OMB Circular A-133 §.405 only when there's an audit finding. We have also streamlined our process whereas we will contact our Boards only when they have not complied with a requirement. A Board may at any time feel free to contact the Department if they want to know the status of their Single Audit review (i.e. – if it is closed out).

Anticipated Completion Date for Corrective Action

N/A

Contact Person Responsible for Corrective Action

Rosaland M. Gatewood-Tye, Chief Fiscal Officer, Ohio Department of Alcohol and Drug Addiction Services, 30 East Broad Street, Columbus, Ohio 43215, Phone: (614) 644-9142, E-Mail: Rosaland.Gatewood.Tye@mha.ohio.gov.

2. SAPT – INDEPENDENT PEER REVIEWS

<i>Finding Number</i>	2013-004
<i>State Agency/Number</i>	ADA-02
<i>CFDA Number and Title</i>	93.959 – Substance Abuse Prevention and Treatment
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Special Tests and Provisions

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 CFR 96.136 Independent peer review, states, in part:

- (a) The State shall for the fiscal year for which the grant is provided, provide for independent peer review to assess the quality, appropriateness, and efficacy of treatment services provided in the State to individuals under the program involved, and ensure that at least 5 percent of the entities providing services in the State under such program are reviewed. The programs reviewed shall be representative of the total population of such entities.

...

- (f) The States shall develop procedures for the implementation of this section and such procedures shall be developed in consultation with the State Medical Director for Substance Abuse Services.

It is management's responsibility to implement policies and procedures to monitor County Alcohol and Drug Addiction (ADA) boards to ensure they have complied with the rules and regulations related to the independent peer reviews and have met the objectives of the program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

2. SAPT – INDEPENDENT PEER REVIEWS (Continued)

During state fiscal year 2013, the Department disbursed approximately \$39.7 million in Substance Abuse Prevention and Treatment (SAPT) funding. A majority of these funds were passed through to the 50 ADA boards for program purposes. The Department delegated the responsibility to provide for the entity independent peer reviews to the ADA boards. Annually, the Department receives a signed Board assurance from each ADA board agreeing to abide by applicable federal laws and regulations pertaining to SAPT, including providing for independent peer reviews of 5% of entities receiving SAPT funding, as well as a report of all independent peer reviews performed. Upon receipt of the report, the Department enters a “yes” in the IPR review form column on the tracking spreadsheet. However, the Department did not include how many IPR reviews were performed or otherwise indicate whether the 5% requirement was met by the ADA board on the tracking spreadsheet. Therefore, it could not be determined that at least 5 percent of the entities were peer reviewed as required by 45 CFR 96.136.

Without procedures in place to monitor independent peer reviews, the Department may not be reasonably assured they have met the requirements of 42 CFR 96.136. If the required independent peer reviews are not performed, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the Federal awarding agency. Management indicated the peer review tracking spreadsheet had recently been created and the lack of this information on the spreadsheet was an oversight.

We recommend the Department develop and/or implement monitoring procedures to ensure the required independent peer reviews are performed and reviewed. The procedures should include (1) entering the number of entities peer reviewed for each ADA board on the tracking spreadsheet along with the total number of entities to ensure the 5% requirement is met, (2) verifying the peer reviewers were independent, and (3) documenting the procedures performed. In addition, the Department management should review the procedures performed to ensure accuracy and completeness. This review should be documented.

Official's Response and Corrective Action Plan

Ensuring that 5% of Eligible Agencies are Reviewed

The Department will modify the form used by the board to collect independent peer review data from the boards. The form will include a listing of all contract AOD agencies, whether or not the agency has national accreditation (exempting from peer review), whether or not the agency received SAPT block grant dollars and whether or not the agencies was included in the peer review. The Department will modify its tracking sheet to include the percentage of eligible sites checked by each board.

Verifying the Peer Reviews are Independent

*Further, the boards will be asked to identify who conducted the peer review including provision of evidence that the reviewer(s) was: Experts in the substance abuse field, Representative of the various disciplines used by the program being reviewed, Knowledgeable about the modality being reviewed and its underlying theoretical approach to addictions treatment, Sensitive to the cultural and environmental issues that may influence the quality of services being provided, **Not** providers/practitioners of the program under review, **Not** individuals who have administrative oversight of or authority to make funding decisions about the program under review.*

Such evidence could include but not be limited to resume/biosketch of reviewer, licenses held by reviewer and/or scope of practice statement, a copy of reviewer contract stipulating that the reviewer may not work for the program under review and that the reviewers do not have administrative oversight to make funding decisions about the program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

2. SAPT - INDEPENDENT PEER REVIEWS (Continued)

Anticipated Completion Date for Corrective Action

The new form will be used for this current SFY 2014 (board reports due July 31, 2014). The form will be distributed to boards with an explanation in the change of reporting requirements prior to March 30, 2014.

Contact Person Responsible for Corrective Action

Sanford Starr, Deputy Director, Ohio Department of Alcohol and Drug Addiction Services, 30 East Broad Street, 8th Floor, Columbus, Ohio 43215, Phone: (614) 644-8316, E-Mail: Sanford.Starr@mha.ohio.gov.

3. SAPT - CASH MANAGEMENT

<i>Finding Number</i>	2013-005
<i>State Agency/Number</i>	ADA-03
<i>CFDA Number and Title</i>	93.959 – Substance Abuse Prevention and Treatment
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Cash Management

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

U.S. Treasury regulations, 31 CFR part 205, which implemented the Cash Management Improvement Act of 1990 (CMIA), require state recipients to enter into agreements which prescribe specific methods of drawing down federal funds for selected large programs. Programs not listed in the CMIA agreement are required to comply with 31 CFR 205.33 (a), which states:

A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102.

It is management's responsibility to implement control procedures to reasonably ensure drawdowns are only made for actual and immediate cash requirements. Controls must be adequately documented and maintained to provide management with assurance the controls are performed timely and consistently.

During the fiscal year, the Department drew approximately \$39.7 million for the Substance Abuse Prevention and Treatment program. Monthly, the Federal Funds Coordinator calculates the amount of funds to be drawn based on the County Alcohol and Drug Addiction (ADA) boards' cash requests and the Department's current cash balance. The Federal Funds Coordinator requests the funds from the United States Department of Health and Human Services for electronic deposit, using the Payment Management System (PMS). The Federal Funds Coordinator then enters the amount drawn on a tracking spreadsheet to monitor the grant's fund balance. In the meantime, the voucher information is submitted to Ohio Shared Services for entry in the Ohio Administrative Knowledge System (OAKS). Quarterly, the Federal Funds Coordinator agrees the tracking spreadsheet total draws and cash balance to PMS. However, the controls related to cash management were not operating effectively, as indicated below:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

3. SAPT - CASH MANAGEMENT (Continued)

- Three of four (75%) quarterly reconciliations were not performed in a timely manner. These reconciliations were completed after the date of the audit documentation request which was six to 15 months after the end of the quarter reconciled.
- Six of 18 (33.3%) vouchers selected for testing, totaling \$23,396,686, were not disbursed in a timely manner. The disbursements were made between four and 12 business days after the date of the draw with an average of 6.8 days.

If the Department does not maintain documentation to support the performance of control procedures, there is a risk that noncompliance will go undetected or uncorrected. Not limiting draws to the Department's immediate cash needs and disbursing the funds in an untimely manner could subject the Department to sanctions or other penalties and a repayment of part of the grant award amount. In addition, noncompliance could subject the Department to interest charges on these draws. Management indicated the cash disbursement delay occurred between the time the voucher information was submitted to Ohio Shared Services and the entry of the voucher into OAKS and therefore; they had no control over the timeliness of the disbursement. In addition, the merge with the Ohio Department of Mental Health resulted in the misplacement of the original quarterly reconciliations.

We recommend the Department evaluate its existing cash management control procedures and update them as necessary to reasonably ensure all federal draw requests are disbursed timely and are drawn only for immediate cash needs. Specifically, the Department should consider delaying the request of the federal funds until after the vouchers have been entered into OAKS by Ohio Shared Services and approved by management. In addition, we recommend the Department perform reconciliations timely and maintain this documentation to ensure controls are operating as intended by management.

Official's Response and Corrective Action Plan

In order to improve the timeliness of the reconciliation process the Federal Funds Coordinator will continue to enter the amount drawn on a tracking spreadsheet to monitor the grant's fund balance. Currently on a Quarterly basis the Federal Funds Coordinator agrees the tracking spreadsheet total draws and cash balance to PMS. This process will be revised to perform this action on a monthly basis as well as maintain the documentation to ensure controls are operating as intended by management.

As recommended by the Auditor of State, the Department implemented immediately delaying the request of the federal funds until after the vouchers have been entered into OAKS by Ohio Shared Services and approved by management. This will ensure that disbursements are made in a timely manner.

The Department will review and evaluate its existing cash management control procedures regarding cash management of federal funds. Once evaluation is complete, necessary changes will be implemented and documented. This will provide Federal Funds Coordinator increased awareness and allow management reasonably ensure that all federal draw requests are disbursed timely and are drawn only for immediate cash needs.

Anticipated Completion Date for Corrective Action

June 30, 2014.

Contact Person Responsible for Corrective Action

Rosaland M. Gatewood-Tye, Chief Fiscal Officer, Ohio Department of Alcohol and Drug Addiction Services, 30 East Broad Street, Columbus, Ohio 43215, Phone: (614) 644-9142, E-Mail: Rosaland.Gatewood.Tye@mha.ohio.gov.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ATTORNEY GENERAL

1. MEDICAID FRAUD CONTROL UNIT – CASE MANAGEMENT

<i>Finding Number</i>	2013-006
<i>State Agency/Number</i>	AGO-01
<i>CFDA Number and Title</i>	93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Special Tests and Provisions

SIGNIFICANT DEFICIENCY

42 U.S. Code § 1396b(q) outlines requirements for State Medicaid Fraud Control Units and states, in part:

...

(4) (A) The entity has—

- (i) procedures for reviewing complaints of abuse or neglect of patients in health care facilities which receive payments under the State plan under this subchapter;
- (ii) at the option of the entity, procedures for reviewing complaints of abuse or neglect of patients residing in board and care facilities; and
- (iii) procedures for acting upon such complaints under the criminal laws of the State or for referring such complaints to other State agencies for action.

...

Ohio Attorney General Health Care Fraud Section Medicaid Fraud Control Unit's Employee Handbook, Section I-03 contains instructions for the completion and submission of the reports on Medicaid Fraud. Section I-03(I)(A)(1) states, in part:

...

[Investigative] Reports will be completed and submitted for review within ten (10) in-office working days of an activity and will detail any and all investigative information gained....

It is management's responsibility to establish and maintain an effective system of internal controls to provide reasonable assurance that Medicaid fraud cases are handled according to established policies and procedures. To be effective, the performance of these controls must be evidenced and documented in order to show they were executed in a timely and consistent manner.

As required by federal rules, the State's Medicaid Fraud Control Unit (MFCU) is a separate entity from the Ohio Department of Job and Family Services, the State Medicaid Agency. The MFCU has developed an Employee Handbook to assist with their investigations of Medicaid fraud and patient abuse or neglect. During state fiscal year 2013, MFCU investigated 1,393 cases of suspected fraud and/or patient abuse or neglect. However, for 40 cases selected for testing which contained 166 investigative reports, one component was not handled according to the MFCU's Employee Handbook, as detailed below:

- For one (2.5%) case, which contained 19 investigative reports, one investigative report was not submitted to the supervisor for review within ten in-office working days of the investigative activity as required by the MFCU Employee Handbook. The case was in excess of the requirement by 24 days.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ATTORNEY GENERAL

1. MEDICAID FRAUD CONTROL UNIT – CASE MANAGEMENT (Continued)

If established policies and procedures are not in place and operating consistently, there is an increased risk that Medicaid fraud cases will not be thoroughly evaluated and/or completed in a timely manner. According to management, the high workload and new staff contributed to this error. They also felt that the policies were to be used as a guide and not as a strict requirement.

We recommend the MFCU reinforce and improve existing controls and enforce the policies currently in place, specifically those relating to the investigative report submissions to ensure activities are performed timely and consistently. In addition, the MFCU should provide an explanation for any delays in the case file for instances when there is an acceptable reason for the delay in the submission for approval. Finally, management should periodically monitor and evaluate these procedures to ensure they are adequate, reasonable, and operating effectively and as intended.

Official's Response and Corrective Action Plan

We contest the manner in which the Auditor of State ("AOS") has characterized the magnitude of the deficiency. The AOS asserts that it found a deficiency in 2.5% (1 out of 40) of the cases reviewed, but the AOS reviewed one hundred sixty-six (166) investigative reports associated with these forty (40) cases. We acknowledge that one (1) investigative report was not submitted for supervisory review within ten (10) in-office working days of the investigative activity therein memorialized, but this represents a deficiency on the magnitude of only 0.6% (1 out of 166), and is evidence of the Unit's substantial compliance with its policy.

The Unit's policy addressing the timely completion of investigative reports is most appropriately characterized as a "best practice," as isolated deficiencies would in no way materially affect the evaluation, completion, or disposition of a case. The "ten (10) in-office working day" policy guideline was intended to serve as a management tool, and to give Agents "best practice" guidance for the completion of investigative reports. It is not required by Federal or state law. The sample implemented requires that every component of every case be executed perfectly to avoid a significant finding. That standard is not a reasonable measurement. The foregoing notwithstanding, we have already taken corrective action. On February 10, 2014, we added new functionality to our proprietary case management system that automatically prompts an Agent with an MS Office Outlook calendar "task" (pre-set for ten days hence) each time the Agent logs activity time for conducting an investigative interview. The Outlook calendar "task" then automatically generates a "reminder" twenty-four (24) hours in advance of the deadline, prompting the Agent to ensure timely submission of the subject report.

Anticipated Completion Date for Corrective Action

As stated above, we implemented our corrective action plan effective February 10, 2014.

Contact Person Responsible for Corrective Action

Lloyd Early, Special Agent-In-Charge, Ohio Attorney General, Health Care Fraud Section, Medicaid Fraud Control Unit, 150 E. Gay Street, 17th Floor, Columbus, Ohio 43215, Phone: (614) 466-0786, E-Mail: Lloyd.Early@OhioAttorneyGeneral.gov

Auditor of State's Conclusion

The federal compliance supplement requires sampling to be at the case level and sampling guidelines require the projection to occur at this same level. In addition, the Ohio Attorney General's stated policies and procedures do not provide for flexibility in this requirement. Therefore, the finding remains as stated above.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO OFFICE OF BUDGET AND MANAGEMENT

1. FEDERAL SCHEDULE – VARIOUS PROGRAMS

<i>Finding Number</i>	2013-007
<i>State Agency/Number</i>	OBM-01
<i>CFDA Number and Title</i>	20.600 to 20.602/20.609 to 20.613 – Highway Safety Cluster 93.558 – TANF Cluster 93.575/93.596 – CCDF Cluster 93.658 – Foster Care 93.667 – Social Services Block Grant
<i>Federal Agency</i>	Department of Transportation Department of Health and Human Services
<i>Compliance Requirement</i>	Schedule of Expenditures of Federal Awards

SIGNIFICANT DEFICIENCY

It is management's responsibility to implement internal control procedures which provide reasonable assurance the State of Ohio's Schedule of Expenditures of Federal Awards (the Schedule) is complete and accurate. Sound internal controls require a review of the Schedule be performed and documented in some manner to verify the information reported by the state agencies is complete and accurate before preparing the Schedule.

The Office of Budget and Management (OBM) provides each state agency that receives federal funds a reporting package containing a template of the Schedule to be used and instructions for completing the reporting package. OBM uses the information returned by the agencies to prepare the overall Schedule and related footnotes for the State of Ohio. OBM provides queries in Business Intelligence (BI), the State's data warehouse, that agencies can choose to use to obtain federal revenue and expenditure data from OAKS when the agencies do not have other OAKS reports and queries available with this data. These queries prompt the agency to enter certain fields (required and optional) to extract the necessary data. Some example fields include fiscal year, fund, department ID, CFDA number, and grant ID. The various agencies use the reporting packages to provide the information necessary to determine the expenditure amounts to be reported on the Schedule for each of their federal programs and the related footnotes based on the output from their reports and queries, the BI query, or a combination of both. Additionally, each state agency signs a certification form validating the accuracy and completeness of the information submitted.

OBM indicated they review the reporting packages for clerical and mathematical accuracy (i.e., proper CFDA's, footing, cross-footing, and the supporting amounts agree to the totals) in order to identify any discrepancies prior to preparation of the State of Ohio's Schedule. OBM also indicated they compare federal expenditures for the current year to the prior year Schedule in total by program and in total by agency to identify any significant or unusual changes and then research variances exceeding 10 percent of the program total and \$20 million. However, no comparison is done at the program level by agency.

As reported in finding number 2013-028, there were several variances identified on the Schedule and Attachment A submitted to OBM by the Ohio Department of Job and Family Services (JFS) which resulted in the following significant or material variances for the respective major federal program, as detailed below:

- CFDA #93.558 – Temporary Assistance for Needy Families (TANF) was overstated by \$42,018,724. The Department included reimbursements for county child support, Fund 3970, account code 452001, totaling \$40,718,254, when it should not have been reported. There were other variances, totaling \$1,300,470 for Fund 3V60 that were coded as prior year adjustments.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO OFFICE OF BUDGET AND MANAGEMENT

1. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

- CFDA #93.658 – Foster Care was understated by \$18,850,469. The Department did not identify and report federal transactions within Fund 5DM0, account code 440300, totaling \$20,403,595 for the Foster Care program as federal expenditures. There were other variances that overstated the program by \$1,553,126 for Funds GRF and 3980 that were coded as reimbursements for county Child Support.
- CFDA #93.667 – Social Services Block Grant (SSBG) was understated by \$12,281,818. The Department did not identify and report federal transactions within Fund 5DM0, account code 440300, totaling \$12,523,525 for the SSBG program as federal expenditures. There were other variances that overstated the program by \$241,707 for Funds 3960 and 3W30 that were coded as prior year adjustments.
- CFDA #93.575 – Child Care Development Block Grant was understated by \$7,077,907. The Department did not identify and report federal transactions within Fund 5DM0, account code 440300, totaling \$7,920,181 for the Child Care program as federal expenditures. There were other variances that overstated the program by \$842,274 for Fund 3H70 that were coded as prior year biennium adjustments.

Additionally, as reported in finding number 2013-035, the Schedule and Attachment A submitted to OBM by the Ohio Department of Transportation (DOT) originally recorded approximately \$32,361,619 in expenditures for CFDA #20.600 as part of the Highway Safety Cluster when it should have been only \$136,058, with the remainder credited to contract numbers OB-2012-SA-00-00-00441 (\$5,815,233) and OB-2013-SA-00-00-00455 (\$26,410,328). As a result, the Highway Safety Cluster's total federal expenditures for SFY 2013 were materially misstated.

OBM's review of the data submitted by JFS and DOT did not identify and correct these errors prior to completing the State of Ohio's Schedule. These errors were brought to OBM's attention by the auditor and the State's Schedule was adjusted prior to submission to the federal government.

Without adequate monitoring and completeness controls over the State of Ohio's Schedule, management cannot reasonably ensure the information reported on the Schedule is complete and accurate. If all expenditures are not accurately reported on the Schedule, the risk is increased that the State of Ohio's Schedule of Expenditures of Federal Awards may be materially misstated and those using it could be relying on inaccurate information.

According to OBM management, the errors in the Schedule were not identified in their review because the agencies' Schedules were found to be mathematically accurate and reasonable explanations were obtained for significant variances they identified. OBM relies on the state agencies to ensure the completeness and accuracy of the information reported because they lack the detailed knowledge of each agency's grant programs reported on the Schedule. Management also indicated these errors can be attributed to the lack of a centralized process or system, such as a grants management system or similar module within OAKS, which allows OBM the ability to identify and monitor the activity of federal programs by CFDA number rather than fund to help ensure the Schedule is complete and accurate.

We recommend OBM management strengthen and improve its existing monitoring and oversight controls to help ensure all required expenditures are accurately reported by the individual agencies prior to completing the State of Ohio's Schedule of Expenditures of Federal Awards. These procedures could include, but are not limited to, the following:

- Calculating estimated/expected total federal expenditures based on OAKS data and or other outside sources used to compile the cash basis financial statements and comparing these amounts to total federal expenditures reported on the draft Schedule to verify the amounts reported are within a reasonable percentage of the estimated amounts to help identify any errors or omissions that could be significant to the Schedule. This review should be documented in some manner and the documentation should be maintained.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO OFFICE OF BUDGET AND MANAGEMENT

1. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

- Requiring the agencies to provide information on significant financial changes to their programs, changes to their procedures for preparing the Schedule, and explanations for significant variances identified with their completed Schedule.
- Reducing the percentage and dollar amount used to identify significant variances that require further investigation based on the prior year to current year comparison, and completing this comparison at the programs level for individual agencies.
- Reviewing the prior year Schedule of Proposed Adjustments and any other email correspondence that documents variances noted during the course of finalizing the prior year's Schedule and verifying these changes were corrected on the current year's Schedule.

Lastly, OBM management should consider implementing a more centralized process and/or system to provide a more focused and accurate monitoring tool for the compilation and preparation of the State of Ohio's Schedule of Expenditures of Federal Awards.

Official's Response and Corrective Action Plan

The Office of Budget and Management acknowledges our responsibility to provide a complete and accurate State of Ohio Schedule of Expenditures of Federal Awards (Schedule) to the Auditor of State as part of the State of Ohio Single Audit. Since the Schedule is produced outside the accounting system and involves a compilation of state agency federal schedules, our current process of performing analytical procedures will not always identify material errors as OBM is not familiar with the details of the federal grants.

We will amend our process to add steps beyond analytical procedures. The Ohio Department of Job and Family Services (ODJFS) has the most complex federal schedule which will require the following additional procedures: Obtain the detailed working papers from the Auditor of State to evaluate the audit procedures used to identify errors; Attempt to obtain federal revenue received via confirmation with the U. S. Department of Health and Human Services; and Meet with ODJFS to review prior audit errors, confirmed amounts and results of our internal analysis to determine accuracy of the submitted ODJFS federal schedule.

For other state agencies federal schedules, we will devote additional resources, as appropriate, to perform enhanced procedures and document the results of our work.

Anticipated Completion Date for Corrective Action

December 1, 2014

Contact Person Responsible for Corrective Action

Jim Kennedy, Deputy Director, Ohio Office of Budget & Management, 30 East Broad Street, Columbus, Ohio 43215, Phone: (614) 728-4734, E-Mail: james.kennedy@obm.state.oh.us.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

1. HEAP – PERIOD OF AVAILABILITY

<i>Finding Number</i>	2013-008
<i>State Agency/Number</i>	DEV-01
<i>CFDA Number and Title</i>	93.568 – Low-Income Home Energy Assistance
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Period of Availability

QUESTIONED COSTS

\$287

45 CFR 96.30 (a) relates to the accounting procedures applicable to block grant funds provided by the U.S. Department of Health and Human Services (HHS) and states

Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

45 CFR 96.14 relates to the period of availability (POA) – the time period for obligation and expenditure of block grant funds – provided by the HHS, and states, in part:

(a) *Obligations.* Amounts unobligated by the State at the end of the fiscal year in which they were first allotted shall remain available for obligation during the succeeding fiscal year for all block grants except:

...

(2) *Low-income home energy assistance.* Regular LIHEAP block grant funds authorized under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) are available only in accordance with section 2607(b)(2)(B) of Public Law 97-35 (42 U.S.C. 8626(b)(2)(B)), as follows. . . . Beginning with allotments for fiscal year 1994, a maximum of 10 percent of the amount payable to a grantee may be held available for the next fiscal year. No funds may be obligated after the end of the fiscal year following the fiscal year for which they were allotted.

During fiscal year 2013, the Agency received \$193.7 million from the HHS to administer the Low-Income Home Energy Assistance Program (HEAP). This program awards federal funds on a federal fiscal year, which begins October 1 and ends on the following September 30. The Agency sub-granted part of the award to subrecipients, signed vendor contracts with ten of the larger energy suppliers, and entered into Participation Agreements with other energy suppliers (approximately 6,000 in total); however, the Agency did not view these agreements as contracts, but rather a way for the energy suppliers to register with the Agency in connection with the HEAP program. One of the HEAP grants (DEVFN970) was awarded for \$235.6 million, effective October 1, 2010 through September 30, 2012. However, one of 60 (1.7%) disbursements selected for testing, totaling \$287, was obligated after the POA ended (projects to more than \$10,000), resulting in questioned costs.

By not complying with the federal POA requirements, the Agency risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. Also, noncompliance could subject the Agency to the repayment of federal awards. The Agency indicated the POA error was due to oversight.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

1. HEAP – PERIOD OF AVAILABILITY (Continued)

We recommend the Agency evaluate its existing policies and procedures for obligating federal awards and update them as necessary to reasonably assure compliance with the POA requirements. We also recommend the Agency review grant balances prior to the expiration of the available period to determine if any unobligated balances exist and obligate the funds during the POA. If the POA requirements cannot be met for a particular transaction or set of transactions, the Agency should seek to obtain an extension of the POA timeframe or a waiver from complying with the stated requirements from the federal grantor agency.

Official's Response and Corrective Action Plan

ODSA disagrees with the auditor's finding. The disagreement is based on the Agency's definition of "obligation" versus that of the Auditor of State.

The LIHEAP program assists low-income Ohioans meet the high cost of home heating. This is accomplished by providing a credit to the eligible applicant's utility company or fuel vendor.

Upon receipt of the federal grant, ODSA encumbers those funds in the state accounting system (OAKS). OAKS will not allow a blanket encumbrance. Thus, the Agency encumbers funds in the name of the largest vendors in the state in order that they are "obligated" in the state's accounting system.

Ohio consumers outside the service area of a major provider or using an alternative heat source, occasionally create a need to pay a small vendor, unknown to us in advance.

In this particular instance, the Agency disencumbered funds from one of the major vendors to directly pay an applicant whose heat source was a local wood vendor. This "single-payment" method has always been used by ODSA.

In correspondence from ODSA's federal oversight agency, they refer to 45 C.F.R. 96.30 which provides that where the federal law is silent, the state shall obligate and expend the funds in accordance with the state's own laws and procedures for obligating and expending state funds. Additionally, federal monitors have never taken issue with the manner in which ODSA obligates and expends LIHEAP funds.

The Development Services Agency strives to improve its processes and operate them as uniformly as possible. Ohioans in need who fall outside the norm cannot be a victim of the process. No lack of accountability occurred in this situation.

Anticipated Completion Date for Corrective Action

N/A

Contact Person Responsible for Corrective Action

Randy Hunt, Deputy Chief, Office of Community Assistance, Ohio Development Services Agency, 77 S. High St, Columbus, Ohio 43215 Phone:(614) 644-6846, E-Mail: Randall.Hunt@development.ohio.gov

Auditor of State's Conclusion

Since the amount in question was not part of the encumbrance to the original vendor based on the contract with that vendor, it was obligated outside the period of availability. Therefore, the finding remains as stated above.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

2. HEAP – ELIGIBILITY

<i>Finding Number</i>	2013-009
<i>State Agency/Number</i>	DEV-02
<i>CFDA Number and Title</i>	93.568 – Low-Income Home Energy Assistance
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Allowable Costs, Eligibility

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY

\$62

42 USC 8624(b) contains certain certifications states must make in connection with the application and administration of the Low-Income Home Energy Assistance Program (HEAP) and states, in part, that a state applicant agrees to:

...

(2) make payments under this subchapter only with respect to –

...

(B) households with incomes which do not exceed the greater of –

- (i) an amount equal to 150 percent of the poverty level for such State; or
- (ii) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income;

When administering federal grant awards, management is responsible for providing reasonable assurance only eligible recipients receive funds. It is management’s responsibility to implement policies and procedures to help ensure compliance with the rules and regulations pertaining to eligibility determinations for applicants of the HEAP program. Management is also responsible for periodically monitoring these procedures to ensure they are operating as intended and meet the objectives of the program.

During state fiscal year 2013, the Agency disbursed \$195.3 million in federal funds from the HEAP program to pay for eligible energy services, based on approved applications for energy assistance. Applicants were required to complete an application and provide proof of income or sign an Income Self-Declaration Form, indicating they had no countable income as part of the eligibility determination process. The Agency employed temporary seasonal employees to screen the applications for completeness based on program guidelines before the data was entered into OCEAN (Ohio Community and Energy Assistance Network), the Agency’s computer system that documents which applicants have been approved. However, two of 60 (3.3%) applicants selected for testing provided income documents and also completed the Income Self-Declaration Form. As a result, the applicants received a larger benefit than allowed based on their income. The overpayments were \$52 and \$10, totaling \$62 (projects to more than \$10,000), resulting in questioned costs. The Agency had controls in place, such as reviewing the applications reviewed by the screeners, and was able to identify one of these overpayments, and provided additional training to the related screener. Also, the Agency’s practice was to contact the beneficiary or utility supplier to recoup the overpayment; however, the Agency did not provide documents it had requested repayment for these specific overpayments.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

2. HEAP – ELIGIBILITY (Continued)

Without consistently obtaining, maintaining or reviewing the required documentation on file, the Agency may not be able to ensure payments were accurate and made only to eligible applicants or that the Agency complied with all federal rules and regulations. Noncompliance could result in federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency, and could subject the Agency to the repayment of federal awards. Agency management indicated the applicants were eligible at the time of assistance and the overpayments were due to an unintentional error by the screener.

We recommend the Agency evaluate its existing policies and procedures for HEAP eligibility determinations and update them as necessary to reasonably assure compliance with the eligibility and allowable costs requirements. In addition, Agency management should continue to perform periodic reviews of the screeners to reasonably ensure the required reviews are performed and appropriate determinations are made. We also recommend the Agency review all the applicants' cases reviewed by the screeners related to the questioned costs and determine if there were other overpayments. The Agency should then seek reimbursement from the entities that received these overpayments or transfer money from a state account to repay the federal program for the determined overages.

Official's Response and Corrective Action Plan

Controls were in place that helped ODSA identify the errors and provide re-training to the employee who made those errors before the Auditor's review. In these particular instances, an overpayment was not necessarily made but further required documentation wasn't gathered to support the payment. Additional controls have already been implemented to avoid this type of error in the future.

There is no mathematical or scientific basis to extrapolate these two errors, identified and corrected through our internal controls, into more than \$10,000 in overpayments.

Anticipated Completion Date for Corrective Action

Implemented and completed.

Contact Person Responsible for Corrective Action

Randy Hunt, Deputy Chief, Office of Community Assistance, Ohio Development Services Agency, 77 S. High St. Columbus, Ohio 43215, Phone:(614) 644-6846, E-Mail: Randall.Hunt@development.ohio.gov.

Auditor of State's Conclusion

This testing was conducted using valid sampling methodology and the result clearly projected beyond the threshold required for reporting. In addition, the Department provided no evidence of recovery efforts. Therefore, the finding remains as stated above.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

3. SUSPENSION AND DEBARMENT

<i>Finding Number</i>	2013-010
<i>State Agency/Number</i>	DEV-03
<i>CFDA Number and Title</i>	93.568 – Low-Income Home Energy Assistance
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Suspension and Debarment

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

45 CFR 92.35 relates to debarred and suspended parties and subawards of federal funds provided by the U.S. Department of Health and Human Services and states:

Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under [presidential] Executive Order 12549, "Debarment and Suspension."

Federal government-wide suspension and debarment requirements for covered transactions (procurement and nonprocurement transactions) are contained in the Office of Management and Budget guidance in 2 CFR 180, which implements Executive Orders 12549 and 12689. All nonprocurement transactions, including all subawards to subrecipients regardless of award amount, are considered covered transactions. 2 CFR 180.300 requires that, before entering into a covered transaction with a person at a lower tier, the first entity must verify the other person (with whom business is intended) or its principals are not suspended, debarred or otherwise excluded from entering into the transaction. This verification may be accomplished by checking the Excluded Parties List System (now the System for Award Management located at www.sam.gov), collecting a certification about not being suspended or debarred from the person; or adding a clause or condition to the covered transactions with that person.

It is management's responsibility to design, implement, and monitor the controls to reasonably ensure compliance with the applicable requirements; including disbursements are not made to suspended or debarred entities. These controls must be adequately documented and maintained to provide management with assurances the controls are performed timely and consistently.

During fiscal year 2013, the Agency distributed approximately \$195.3 million in both American Recovery and Reinvestment Act (ARRA) and non-ARRA funding to subrecipients for the Low-Income Home Energy Assistance (HEAP) federal program. The Agency complied with the suspension and debarment verification requirement by having subrecipients and vendors agree to the suspension and debarment clause in the contract agreement. The Agency had controls in place over complying with suspension and debarment requirement; however, the controls did not prevent or detect that one of 12 (8.3%) contracts tested from the 66 subrecipient and vendor contracts for the HEAP program, did not include a clause about the entity not being suspended or debarred from covered transactions.

Without consistent performance and documentation of internal controls, the risk exists that federal program disbursements to subrecipients or vendors will be processed to suspended or debarred entities, resulting in unallowable costs. Any noncompliance may cause federal funding to be reduced or taken away, or sanctions to be imposed by the federal grantor agency. Noncompliance could also result in the Agency having to repay part or all of the grant awards to the federal government. This also increases the risk that internal controls may not be established or working in a manner intended by management. Agency management indicated the HEAP program vendor contract not containing the standard clause was due to oversight.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

3. SUSPENSION AND DEBARMENT (Continued)

We recommend the Agency use one of the three options available to determine entities, with which it intends to conduct covered transactions using federal funds, and its principals, are not suspended or debarred from the transactions. Specific to HEAP program, we recommend the Agency amend the current contract to include suspension and debarment clauses for the noted exceptions, as well as review and amend the contracts for all other qualifying vendors and subrecipients if needed. Documentation to support the verification the Agency performs should be maintained. We also recommend management should evaluate their current controls and procedures related to this area and update them as necessary to reasonably ensure controls are in place and operating as intended on a consistent basis. In addition, management should periodically monitor the established control procedures to help ensure they are performed timely, consistently, effectively, and as management intended.

Official's Response and Corrective Action Plan

The Agency will review suspension/debarment for this vendor and document the review. The contract will be revised for the next term to include the required language. Our contract template will be reviewed to ensure the language is not omitted for any future vendor.

Anticipated Completion Date for Corrective Action

June 30, 2014

Contact Person Responsible for Corrective Action

Randy Hunt, Deputy Chief, Office of Community Assistance, Ohio Development Services Agency, 77 S. High St. Columbus, Ohio 43215, Phone:(614) 644-6846, E-Mail: Randall.Hunt@development.ohio.gov.

4. INSPECTIONS – HWAP PROGRAM

<i>Finding Number</i>	2013-011
<i>State Agency/Number</i>	DEV-04
<i>CFDA Number and Title</i>	81.042 – Home Weatherization Assistance Program
<i>Federal Agency</i>	Department of Energy
<i>Compliance Requirement</i>	Subrecipient Monitoring

NONCOMPLIANCE AND MATERIAL WEAKNESS

31 USC 7502(f)(2)(B) requires that each pass-through entity “monitor the subrecipient’s use of Federal awards through site visits, limited scope audits, or other means” such as reporting and periodic contact to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

In addition, Office of Management and Budget Circular A-133, § __.300 (b) requires recipients of federal awards “[m]aintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

4. INSPECTIONS – HWAP PROGRAM (Continued)

Weatherization Program Notice 09-1B was issued by the U.S. Department of Energy and was effective March 12, 2009. Part 4.0 deals with Grantee program oversight and states:

The Grantee must conduct comprehensive monitoring of each subgrantee at least once a year. The Grantee's Plan must include a monitoring plan to provide adequate oversight of use of DOE funds by subgrantees. The comprehensive monitoring must include review of client files and subgrantees records, as well as inspections of *at least* 5 percent of the completed units or units in the process of being weatherized. DOE strongly encourages a higher percentage of units be inspected. If inspection reveals quality control or other problems, Grantee shall increase the number of units monitored and frequency of inspection until all issues are resolved. Detailed review of subgrantee records and inspections must be maintained by the Grantee and be available at the request of DOE monitors.

The Agency's fiscal year (FY) 2012 and FY 2013 state plans for the Home Weatherization Assistance Program (HWAP) covered the periods April 1, 2012, through March 31, 2013, and April 1, 2013, through March 31, 2014, respectively. Section II.6.3 of the plans discusses the monitoring approach to be used by the Agency and states, in part:

Each Sub grantee and Delegate will be visited by a technical field representative at least once per monitoring year to review 5% of the completed units. Each Sub grantee and Delegate will be visited by an administrative field representative at least once every monitoring year to review 5% of the completed units' files.

...

Reports of monitoring visits are to be completed within 30 days of the visit to the provider. These reports will summarize the findings and, when necessary, direct the Providers to take specific actions to correct issues of noncompliance and/or to develop a plan of action to improve performance. Reports are sent to Provider Board Chairpersons and Executive Directors who must respond within 30 days and provide evidence or assurance, as appropriate, of all actions taken.

The American Reinvestment and Recovery Act (ARRA) of 2009, was initiated by the Federal government as a direct response to the nation's economic crisis. Part of this response included providing additional Federal financial assistance for specific purposes to state and local governments through pre-existing Federal programs. During FY 2013, the Agency disbursed \$1.9 million in ARRA and \$14.3 million in Non-ARRA funds to subgrantees from the HWAP program. During state FY 2013, the Agency had 56 subrecipients that were to be monitored in accordance with the procedures outlined within the state plans. However, the Agency did not consistently adhere to these requirements, as identified below.

- For eight of 13 (61.5%) subrecipients tested, the Administrative Monitoring Visit Reports were not completed by the field representative and issued within 30 days of the visit, in accordance to the 2012 and 2013 State Plans. The reports ranged from 10 to 314 days late, with the average being 146 days.
- For two of 13 (15.4%) subrecipients tested, the Agency performed an Administrative Visit but did not inspect at least 5% of the completed dwelling units as part of the review in accordance with the 2012 and 2013 State Plans. The percentages of the units inspected were 4% and 3.8%.
- For one of 12 (8.3%) subrecipients tested, the Technical Monitoring Visit Report was not completed by field representatives and issued within 30 days of the visit, in accordance with the 2012 and 2013 State Plans. The report was issued 16 days late.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

4. INSPECTIONS – HWAP PROGRAM (Continued)

Under these conditions, the Agency did not consistently comply with the additional guidelines issued to them to appropriately administer the HWAP program. Furthermore, the Agency did not comply with their State Plans, which indicate to the federal government how administration of the program will occur. If certain guidelines are not met by the Agency, then the quality of the services provided by the subrecipient may be less than the minimum standards. Also, certain guidelines may not be met if deficiencies were noted during the Agency's review and not corrected timely. Without timely notice of deficiencies to the subrecipients, the Agency may be lessening the subrecipients' ability to make appropriate changes to their operations in an efficient manner, which could lead to unnecessary sanctions against them. Agency management stated the following contributed to the errors noted: the Weatherization offices moved floors, staffing issues, and, oversight.

We recommend the Agency clarify the requirements with their staff and stress the importance of complying with applicable compliance requirements over the HWAP program by conducting technical and administrative reviews and issuing the required reports within the parameters set in the state plans for this Federal program. We also recommend the Agency evaluate its internal controls over these reviews and update them as necessary to reasonably ensure compliance. These procedures should include maintaining documentation of any formal or informal responses received from the subrecipients, perhaps in a central tracking log or in each file. The Agency should establish procedures to periodically monitor its compliance with the procedures to ensure these controls are performed as intended by management.

Official's Response and Corrective Action Plan

2 subrecipients did not meet the inspection guideline of 5%.

The stated exceptions were isolated incidences. In one case, information was gathered but input into the tracking system was delayed due to a technology issue which has since been resolved. Moving forward, the Agency will periodically review goals to ensure that they are being met.

1 Technical and 8 Administrative Monitoring Reports were not issued within 30 days.

The Agency's system is well established. The American Reinvestment and Recovery Act (ARRA) brought a fourfold infusion of unexpected funds. This sudden increase in volume stretched the capacity of our system. The Agency made adjustments to compensate for these limits and all monitorings were complete. We continue to review the processes to ensure Agency goals are being met.

Anticipated Completion Date for Corrective Action

Completed and implemented.

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

1. MEDICAID – PROVIDER CERTIFICATIONS AND REVIEWS

<i>Finding Number</i>	2013-012
<i>State Agency/Number</i>	DDD-01
<i>CFDA Number and Title</i>	93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Special Tests and Provisions – Provider Eligibility

SIGNIFICANT DEFICIENCY

In order for a provider to enroll in the Medicaid program, they must comply with laws and regulations pertaining to Medicaid, including Section 1902 of the Social Security Act; Title 42, Chapter IV, Parts 442 and 482 through 491 of the Code of Federal Regulations; and, Chapter 5123:2 of the Ohio Administrative Code. In addition, Title 42, Part 456 of the Code of Federal Regulations requires the State to perform effective reviews of the level of care delivered by the providers. An interagency agreement between the Ohio Department of Job and Family Services (ODJFS), the prime recipient of Medicaid funding, and the Ohio Department of Developmental Disabilities (the Department) requires the Department to determine certification for and perform reviews of providers of Medicaid services administered by the Department. It is management’s responsibility to implement control policies and procedures to reasonably ensure established procedures are operating as intended and reasonably ensure compliance with Medicaid rules and regulations. Controls must be adequately documented to provide management with assurance the controls are performed timely and consistently.

During state fiscal year (FY) 2013, the Department disbursed approximately \$1.7 billion in both Federal and State Medicaid funding to Medicaid waiver providers and intermediate care facilities and certified 1,463 providers and facilities. In order to obtain certification, providers sent an application and necessary documentation to the Department through the Provider Certification Wizard, a system which performed edit checks over the information to ensure all necessary documentation was received. Once accepted by the Provider Certification Wizard, the Certification Specialist reviewed the application and documentation and either approved or disapproved the provider within the Provider Certification Wizard. However, if there were no background check issues or other special circumstances, there was no supervisory review of the determination made by the Certification Specialist.

In addition, the Department completed 1,671 reviews of providers and intermediate care facilities for compliance with certification standards. For each review, a Compliance Summary Report was sent to the provider with the results, which included citations noted and corrective actions required. However, the Compliance Summary Reports were not reviewed by a supervisor prior to submission to the provider. While the Department had implemented policies and procedures over the provider review process, these procedures were not consistently followed, as indicated below:

- 14 of 60 (23.3%) provider review compliance summary reports selected for testing were not submitted to the provider within seven days of review completion, as required per the Department’s policies and procedures. The days late ranged from one to 43.
- One of 60 (1.7%) provider notification letters selected for testing was not maintained; therefore, it could not be determined if the letter was sent to the provider prior to the review.
- Five of 40 (12.5%) provider review corrective action plans were not received by the Department within 14 days, as required per Department’s policies and procedures, and there was no evidence the Department followed up with the provider. The number of days late ranged from four to 36.
- Three of 40 (7.5%) corrective action plans were not verified for implementation by the Department within 90 days of receipt, as required per the Department’s policies and procedures. The number of days late ranged from two to 79.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

1. MEDICAID – PROVIDER CERTIFICATIONS AND REVIEWS (Continued)

Without monitoring procedures over provider certification determinations made by the Certification Specialist, there is an increased risk that determinations are improper and potential issues with provider applications may not be properly flagged and addressed with a supervisor or management. Without proper documentation of internal controls, there is an increased risk that procedures may not be working as intended or may not be consistently applied. If control procedures are not performed timely and documented thoroughly and consistently, management cannot be reasonably assured providers are appropriately certified or provider reviews are in compliance with established procedures. If communication of the results of the review and approval or denial of the corrective action plan is not made timely, the provider is not able to take timely action to remedy the issues noted. According to management, a formal review of the work performed during the provider reviews was not necessary since the supervisors were on site with the Reviewers. In addition, the Provider Certification Wizard has multiple edit checks so the Certification Specialist's role in the approval process is not as significant.

We recommend the Department implement additional monitoring procedures over the certification process to reasonably ensure provider certification determinations are proper. These procedures should include a supervisory review of the determinations made and could be performed on a sample basis. In addition, we recommend the Department implement procedures to reasonably ensure provider reviews are completed appropriately and in compliance with Department policies and procedures. Documentation to support the procedures performed should be maintained allowing for monitoring by management. Furthermore, we recommend the Department consistently notify the provider of the upcoming review. The Department should also communicate the review results and review the corrective actions timely.

Official's Response and Corrective Action Plan

1. Provider Certification will implement an internal audit process effective 3/15/2014 which will include the supervisor of the Provider Certification Unit selecting a random sample of 10% of the total applications approved for certification (5% initial applications and 5% renewal applications) from the previous month and completing a review to ensure that the determination made by the Certification Specialist is correct and accurate. These internal agency audits will be kept in document imaging as part of the provider's file.

2. We do not agree that failure to meet internal timelines is a significant deficiency or a compliance item related to our duties under the Medicaid waiver document. Nonetheless, we desire to meet these timelines 100% of the time. In the past year, we have been hampered because the electronic compliance record system has not performed satisfactorily. We have begun work on creating a new system which will be in place by the end of this calendar year at the earliest. A new system will allow us to track performance by reviewer and provide information to the supervisors. In addition, there is a Kaizen event scheduled in April of this year to look at the internal processes for scheduling, notification, reporting and verification. We anticipate that the outcome will be a streamlined process, which will support meeting these internally set timelines.

Anticipated Completion Date for Corrective Action

- 1. The reviews will begin 3/15/2014 and will be ongoing.*
- 2. December 31, 2014*

Contact Person Responsible for Corrective Action

1. Angel Morgan, Provider Certification Supervisor – Medicaid Health Systems Administrator, Ohio Department of Developmental Disabilities, 30 East Broad Street, 13th Floor, Columbus, Ohio 43215, Phone:(614) 995-4844, E-Mail: angelia.morgan@dodd.ohio.gov

2. Kathryn Haller, Deputy Director, Ohio Department of Developmental Disabilities, 30 East Broad Street, 13th Floor, Columbus, Ohio 43215, Phone:(614) 752-4744, E-Mail: kate.haller@dodd.ohio.gov

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

1. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING

<i>Finding Number</i>	2013-013
<i>State Agency/Number</i>	EDU-01
<i>CFDA Number and Title</i>	10.553/10.555/10.556/10.559 – Child Nutrition Cluster 10.558 – Child and Adult Care Food Program 84.010/84.389 – Title I, Part A Cluster 84.027/84.173 – Special Education Cluster 84.048 – Career and Technical Education – Basic Grants to States 84.287 – Twenty-First Century Community Learning Centers (CCLC) 84.377/84.388 – School Improvement Grants Cluster
<i>Federal Agency</i>	Department of Agriculture Department of Education
<i>Compliance Requirement</i>	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA federal awards who make first-tier subawards to report these subawards on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of \$25,000 or more to an entity. Prime recipients must report by the end of the month following the month in which the obligation is made. Additionally, 2 CFR part 25 requires entities to ensure applicants of non-ARRA subawards provide a Dun and Bradstreet Data Universal Numbering System (DUNS) number in its subaward application or, if not, prior to receiving the award.

During state fiscal year (SFY) 2013, the Department disbursed approximately \$1.65 billion in subawards for non-ARRA federal awards to its subrecipients under the following major federal programs, which were required to be reported under the Transparency Act:

CFDA Number	Federal Program Name	Amount Disbursed
10.553/555/556/559	Child Nutrition Cluster	\$466,610,450
10.558	Child and Adult Care Food Program	\$97,307,889
84.010	Title I Grants to Local Educational Agencies	\$547,294,984
84.027/173	Special Education Cluster	\$421,149,710
84.048	Career and Technical Education -- Basic Grants to States	\$38,184,445
84.287	Twenty-First Century Community Learning Centers	\$45,093,540
84.377	School Improvement Grants Cluster	\$32,569,756

However, during SFY 2013, the Department did not collect and report information on the FSRS website for all applicable subawards made during the year. Although it should be noted the Department did report information for the Title I and Special Education Cluster subawards made during SFY 2013 after the audit period. No reports had been submitted for the remaining United States Department of Education (USDE) programs listed above as of the date of this report.

Also, the Department only submitted one month of SFY 2011 subaward data for the Child Nutrition Cluster (CNC) and Child and Adult Care Food Program (CACFP) during SFY 2013. The Department also attempted to submit several additional months of state fiscal year 2011 through 2013 subaward data during the audit period; however, the Department did not complete the necessary steps for the subaward data to be officially submitted to FSRS. Additionally, the data was incorrectly assigned to the same Federal Award Identification Number (FAIN), regardless of the actual grant the subaward was made

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

1. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

under. As a result, the CNC and CACFP data that was submitted was incorrectly combined into one report. Furthermore, the process used for this submission only reported sponsors with claims exceeding \$25,000 in a given month and not on a cumulative rolling basis as required. Therefore, entities whose monthly totals did not exceed the \$25,000 limit, but their cumulative totals did, were not properly reported in the FSRS.

Finally, for two of 50 (4%) (one for Career and Technical Education and one for Twenty-First Century Community Learning Center) subawards tested, the Department did not ensure that all subrecipients had a DUNS number prior to making the subaward or as part of the subaward application process.

By not complying with federal Transparency Act reporting requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. If valid DUNS numbers for subrecipients are not included in the transparency reports, the Federal government is not able to use the numbers to better identify organizations that are receiving federal funds and to provide consistent name and address data for other electronic grant application systems. According to management, the Department changed its approach for the USDE programs to focus on the larger programs with more subawardees so they could use the information obtained to submit the reports for the other programs; however due to difficulties with the DUNS number, they were not able to submit a report for any of the programs during SFY 2013. For the CNC and CACFP programs, management stated they were unaware they had not completely submitted a portion of the reports, that a different FAIN number was assigned to each federal program, and the data was to be reported on a cumulative basis as opposed to a monthly basis.

We recommend the Department focus on collecting and reporting on current subaward data for all programs subject to the Transparency Act. Once the Department has successfully submitted the current subaward data, previous years' subaward data can then be submitted into FSRS. The Department should continue to work with the federal grantor agency to resolve any issues with reporting in accordance with the Transparency Act. The Department should work with subrecipients to ensure they are providing valid DUNS numbers to the Department prior to issuance of the subaward, or as part of the subaward application review and approval process. In addition, the Department should develop and maintain a system of internal controls over the reporting process, including a supervisory review by management to help ensure the transparency reports are accurate and complete prior to submission to FSRS. These reviews should be documented in some manner to provide reasonable assurance the reviews were performed prior to submission.

Official's Response and Corrective Action Plan

USDE

The Department developed and maintains a reporting database to provide the correct format and data for loading grant sub-award files into the FSRS website. In addition, the Department will continue to obtain and evaluate recipient DUNS number information for accuracy prior to submitting the report to identify potential upload errors. During the audit period, the Department contacted SAM.gov in attempt to obtain the DUNS numbers on file to ensure the subrecipient DUNS were valid. The request was not granted. Therefore, without knowing valid DUNS numbers, the Department cannot fully implement a review process and will continue to look for other resources to validate.

The Department reviewed the data upload and Transparency Act report for accuracy and completeness. This procedure is evidenced by a signature/initial by the designated staff. The Department will submit reports for the USDE grant allocations identified by the Auditor to the FSRS website, and will also submit reports for SFY 2014 and SFY 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

1. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

USDA

The Office for Child Nutrition (OCN) has collected DUNS numbers for all existing subawards participating in any Child Nutrition Program (i.e., CNC and CACFP). In FY2013, all new applicants for any Child Nutrition Program were required to submit a DUNS number as part of the application process. Instructions are provided on how to apply for a DUNS number. During the FY2013 Single Audit, the OCN management was made aware of the deficiencies in the CNC FFATA reporting system, i.e. the FAIN number and monthly totals of greater than \$25,000 versus the required cumulative funding. Management made the request to the system developers to enhance the FFATA report to allow new FAIN numbers to be changed annually and to generate cumulative totals for participating entities to assure correct information is reported monthly on the FFATA report. The enhancement has been completed and is in the testing phase to assure accuracy.

The OCN is following the auditors' recommendation to focus on collecting and reporting current subaward data for all CNC programs. The auditors recommend greater oversight of the process by management. The CNC will review the process and procedures of filing reports with identified staff. After each monthly report is submitted, an e-mail is received to indicate the report was submitted successfully or if errors exist. Staff will investigate any errors, correct the problem and resubmit. Management will sign the system generated e-mail indicating the report was successfully submitted to comply with the oversight recommendation.

Anticipated Completion Date for Corrective Action

USDE

02/28/14. Reports submitted for the current year grants (SFY14; federal FY13)

03/31/14. Reports submitted for the SFY13 grants listed in the single audit comment (SFY 13; FFY12)

07/31/14. Reports submitted for SFY15 grants (SFY 15; federal FY 14)

08/31/14. Reports submitted for all other grants not previously submitted (end of August 2014 or after the Department is compliant with federal FY14 awards)

USDA

03/31/14. Current subrecipient data will be submitted beginning in March 2014 using the new process and procedures.

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ENVIRONMENTAL PROTECTION AGENCY

1. CWSRF & DWSRF – INVOICE REVIEWS

<i>Finding Number</i>	2013-014
<i>State Agency/Number</i>	EPA-01
<i>CFDA Number and Title</i>	66.458 – Capitalization Grants for Clean Water State Revolving Funds 66.468 – Capitalization Grants for Drinking Water State Revolving Funds
<i>Federal Agency</i>	Environmental Protection Agency
<i>Compliance Requirement</i>	Activities Allowed or Unallowed; Allowable Costs and Cost Principles

QUESTIONED COSTS AND MATERIAL WEAKNESS (DWSRF)

\$71,035

MATERIAL WEAKNESS (CWSRF)

2 CFR Part 225, Appendix A, Subpart C, Basic Guidelines, states, in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - ...
 - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
 - c. Be authorized or not prohibited under State or local laws or regulations.
 - ...
 - j. Be adequately documented.

Sound accounting practices require management to devise and implement an adequate internal control structure capable of providing them with reasonable assurance their objectives are being achieved. As the prime recipient of the Capitalization Grants for Clean Water State Revolving Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF) programs, the Ohio Environmental Protection Agency (EPA) must include internal controls that reasonably ensure amounts paid to borrowers (usually local government agencies), through the Ohio Water Development Authority (OWDA), are processed accurately, completely, and in compliance with federal laws and regulations.

During state fiscal year 2013, EPA expended approximately \$191.6 million from the CWSRF program and \$97.5 million from the DWSRF program for local government water construction projects. EPA is the State's prime recipient of the CWSRF and DWSRF programs and shares responsibility for the management of these programs with OWDA, as stated in Ohio Revised Code section 6111.036. An interagency agreement between EPA and OWDA describes the responsibilities to be performed by each agency.

Prior to providing funding for a project, EPA entered into a loan agreement with the borrower and prepared a disbursement protocol agreement, including the borrower, project name and identification number, eligible costs, source of funds, and the project contingency cost which is an amount that can only be disbursed after written authorization from EPA. After receiving invoices for construction projects, the borrower completed the electronic Fund Payment Request form (FPR) via OWDA's website. OWDA then reviewed the FPR for reasonableness and compliance with the loan agreement; approved the FPR; disbursed the funding to the borrower; and, sent the documentation to EPA. EPA coordinators then reviewed the documentation to ensure the disbursement was allowable and electronically saved a copy of the FPR. Beginning January 2013, the coordinators saved the FPR to the Financial Aid Management System (AIMS) and documented their review by checking the verification box. EPA also began retroactively reviewing and approving disbursements made prior to the implementation of the new process. However, the following were noted:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ENVIRONMENTAL PROTECTION AGENCY

1. CWSRF & DWSRF – INVOICE REVIEWS (Continued)

- 47 of 60 (78.3%) disbursements (18 DWSRF and 29 CWSRF) selected for testing were not approved within AIMS timely.
 - 30 of the disbursements occurred prior to the implementation of the AIMS approval process and were retroactively approved between 139 and 468 days after the disbursement date.
 - 17 of the disbursements occurred after the implementation of the AIMS approval process and were approved between 39 and 299 days after the disbursement date.
- For one of 40 (2.5%) DWSRF disbursements selected for testing, the FPR amount authorized did not agree to the amount disbursed by OWDA. The FPR included two line items and only one line item was authorized by OWDA; however, the sum of the two line items was disbursed instead and the contractor was overpaid by \$71,035, resulting in questioned costs for DWSRF.

Without performing timely reviews of the invoices and FPRs submitted for reimbursement by the borrower or performing other monitoring activities, EPA cannot be reasonably assured OWDA's review process ensures payments made to borrowers were for allowable activities. In addition, if EPA does not perform timely reviews, there is a risk that noncompliance will not be identified in a timely manner or identified at all. This increases the risk that federal funding will be reduced, taken away, or other sanctions will be imposed by the Federal grantor agency. Management indicated the error occurred prior to the full implementation of their new invoice review and approval process, resulting in the oversight. Because the process wasn't fully implemented until the second half of the fiscal year, there was a significant delay in approving the invoices and FPRs.

We recommend EPA strengthen and reinforce existing controls to ensure that amounts disbursed to borrowers agree to the invoice and FPR. We recommend EPA ensure that all reviews performed over invoices are timely and well documented. Furthermore, EPA management should perform periodic monitoring to ensure the control procedures performed by EPA staff are operating effectively and performed timely.

Official's Response and Corrective Action Plan

Ohio EPA will continue to follow the fund payment request (FPR) review process that was initiated in January 2013. Management will perform periodic monitoring to improve the timeliness of the FPR reviews.

The Ohio Water Development Authority (OWDA) has recovered the overpayment of \$71,035. At the time of the overpayment all loan disbursement requests were reviewed once prior to the request being submitted for signature and processing. Considering the volume of loan disbursements, OWDA has implemented a second level of review of all disbursement requests. Like the first review, this will take place prior to the disbursement request being submitted for signature and processing.

Anticipated Completion Date for Corrective Action

Completed January 31, 2014

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ENVIRONMENTAL PROTECTION AGENCY

2. CWSRF AND DWSRF – SUBRECIPIENT MONITORING

<i>Finding Number</i>	2013-015
<i>State Agency/Number</i>	EPA-02
<i>CFDA Number and Title</i>	66.458 – Capitalization Grants for Clean Water State Revolving Funds 66.468 – Capitalization Grants for Drinking Water State Revolving Funds
<i>Federal Agency</i>	Environmental Protection Agency
<i>Compliance Requirement</i>	Subrecipient Monitoring

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY (DWSRF)

MATERIAL WEAKNESS (CWSRF)

The Office of Management and Budget’s Circular A-133 states in part:

§____. 400 Responsibilities

...

(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

...

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.

...

In order to meet the pass through entity responsibilities specified in OMB Circular A-133, §____. 400, (d)(4), the Ohio Environmental Protection Agency (EPA) determined the Alternative Option detailed in USEPA Memo SRF07-03 would be utilized. The Alternative Option allows the Department to select certain Local Government Agency (LGA) project awards that cumulatively equal or exceed the EPA’s Federal Capitalization Grant award for each year. The selected LGA projects must report the project expenditures on their Schedule of Expenditures of Federal Awards (SEFA) in the first fiscal year selected and for the remaining life of the project and are subject to a single audit. Those projects not selected under the alternative approach are not required to report the program(s)/project(s) on their SEFA. However, it is management’s responsibility to implement policies and procedures to monitor the subrecipients to reasonably ensure they have complied with the rules and regulations and met the objectives of the programs.

During state fiscal year (SFY) 2013, EPA maintained an A-133 tracking spreadsheet listing each LGA with projects subject to single audit, the total award amount, date the audit was checked, whether single audit findings were noted and a management decision would be required. In addition, EPA performed approximately 100 on-site reviews of construction projects for new loans awarded using Capitalization Grants for Clean Water State Revolving Funds (CWSRF) and Capitalization Grants for Drinking Water

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ENVIRONMENTAL PROTECTION AGENCY

2. CWSRF AND DWSRF – SUBRECIPIENT MONITORING (Continued)

State Revolving Funds (DWSRF). At some point during the life of the project, EPA's internal standard is to conduct one on-site visit at the construction site for DWSRF projects and site visits on a case by case basis for CWSRF projects to ensure funding is spent appropriately and that construction is completed in accordance with laws and regulations. However, weaknesses existed within the single audit and on-site review processes, as noted below:

- One of six (16.7%) single audit reports selected for testing did not have a management decision issued by EPA related to DWSRF findings contained therein.
- Two CWSRF LGAs subject to the alternative approach with projects subject to single audit selected for testing were not included on the A-133 tracking spreadsheet. Both of these LGAs had Calendar Year (CY) 2011 audits released during SFY 2013 and had CWSRF projects identified on their SEFA. EPA provided documentation (a printout of the audit results summary from the Federal Audit Clearinghouse maintained in the single audit file) for both LGAs to show they did obtain and review the single audit results.
- In most cases, the site visit file only included a checklist or handwritten notes. Therefore, the documentation maintained to evidence the performance of the site visit is not adequate.
- No supervisory review is performed of the site visit documentation (checklist, handwritten notes, etc.) or results.
- EPA does not formally communicate the on-site review results to the subrecipient.
- The Department did not have a method in place to track when the site visit was performed, who performed the visit, whether corrective action was required based on the review, and if the site visit was performed timely.

If EPA does not maintain a complete and accurate A-133 tracking spreadsheet and management decisions are not issued when required, there is a risk that subrecipient noncompliance identified in the single audit will not be found by EPA and adequately corrected by the subrecipient. In addition, if EPA does not document on-site review control procedures performed, management cannot ensure on-site reviews are performed accurately and completely. In addition, if a method for tracking the completion of on-site visits is not implemented, management cannot ensure the reviews are performed timely or for entities that require a review. Both of these situations could result in subrecipient noncompliance not being detected or corrected which could lead to reduced Federal funding or sanctions imposed by the Federal grantor agency. According to management, all DWSRF projects require a site visit during the life of the project and therefore, they didn't feel the tracking mechanism was as an important as if a sampling mechanism was utilized. In addition, they indicated the subrecipient monitoring requirements were new to them and they weren't provided an ample opportunity to implement additional documentation procedures.

We recommend EPA continue to develop and implement procedures to ensure subrecipient compliance. These procedures should include (1) maintenance of proper documentation to support the procedures performed on the site visit (photos, payroll documentation, etc.); (2) a supervisory review of on-site checklists and other documentation completed by staff to ensure the reviews are performed accurately; (3) formal communication of on-site review results to the subrecipient; and (4) methods to ensure the timely completion of on-site reviews, including the use of a tracking mechanism. In addition, we recommend EPA continue to develop and implement procedures to apply the alternative single audit approach, review the single audit reports, prepare management decisions for relevant audit findings, and ensure corrective action is taken by the subrecipient. EPA should also ensure that all LGA projects selected in the alternative approach are on the A-133 tracking spreadsheet. Controls should be documented and maintained to provide management with assurance the controls are operating consistently and effectively.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO ENVIRONMENTAL PROTECTION AGENCY

2. CWSRF AND DWSRF – SUBRECIPIENT MONITORING (Continued)

Official's Response and Corrective Action Plan

Ohio EPA will continue to follow the local government federal single audit review process implemented during SFY 2013. The two local governments in question did not appear in the tracking spreadsheet for non-ARRA awards but they were listed on an ARRA project tracking spreadsheet, which resulted in those local federal single audits being reviewed by Ohio EPA. We have now added them to the tracking spreadsheet for non-ARRA projects. In reference to the lack of a management decision regarding the local government audit finding, a more thorough review of the local government audits will be conducted going forward to insure audit findings are identified and management decisions are issued timely. Ohio EPA will issue a management decision in response to the local government federal single audit finding identified by the Auditor by July 31, 2014.

Ohio EPA recognizes its obligation to monitor DWSRF and CWSRF sub-recipients and believes the current site visit process, as one part of our monitoring effort, is adequate as it currently stands. Ohio EPA's primary monitoring effort to insure funds are used for the specified purpose is a review of all Fund Payment Requests for all projects by both the Ohio Water Development Authority and Ohio EPA (post disbursement). In addition, Ohio EPA obtains certifications during the application process to insure the applicants are aware of and agree to comply with the substantive requirements of the program. Also, Ohio EPA reviews the federal single audits of local government CWSRF and DWSRF loan recipients that are completed by the Auditor of State.

Site visits supplement the monitoring efforts described above. Ohio EPA's internal standard is to conduct one site visit for each DWSRF project during the life of the project and to conduct site visits on a case by case basis for CWSRF projects. Under ARRA, site visits and specific site visit activities were required therefore Ohio EPA tracked ARRA project site visits. Ohio EPA is not required to, and has not applied those standards to non-ARRA projects. Site visits for non-ARRA projects are documented in the project file and or within Ohio EPA's electronic Assistance Information Management system (AIMS). Ohio EPA believes this is sufficient to determine whether or not we have met our internal standard. At the end of a DWSRF project a review of AIMS and the project file for a site visit checklist or note will show whether or not a site visit was conducted, without having to maintain a separate tracking spreadsheet.

Ohio EPA employees conducting the site visits are trusted professionals. It is Ohio EPA's position that supervisory review of the documentation for all site visits would be redundant and inefficient. Supervisors are consulted when a site visit yields information that requires escalation to management

Onsite visit results are directly communicated to the loan recipients and contractors at the time of the site visit. Additional follow-up, if needed continues between those parties. In those cases where Ohio EPA believes formal communication is needed to resolve an issue, site visit results and follow-up requirements are documented in email or other written communications.

Anticipated Completion Date for Corrective Action

July 31, 2014 (Issuance of Management Decision)

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

1. MEDICAID/CHIP – MANAGED CARE

<i>Finding Number</i>	2013-016
<i>State Agency/Number</i>	JFS-01
<i>CFDA Number and Title</i>	93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed

QUESTIONED COSTS AND MATERIAL WEAKNESS

\$778,494

42 CFR Section 438.6(c)(2), which outlines requirements for managed care contracts, states, in part:

...

- (ii) The contract must specify the payment rates and any risk-sharing mechanisms, and the actuarial basis for computation of those rates and mechanisms.

Ohio Administrative Code 5101:3-26-09 (A), Reimbursement, states, in part:

- (1) MCPs will receive a monthly premium payment for each member...
- (2) The premium rates are computed on an actuarially sound basis. This rate does not include any amount for risks assumed under any other existing or any previous agreement or contract. The premium rate will be reviewed at least once every two years and may be modified based on existing actuarial factors and experience.

...

It is management’s responsibility to implement controls policies and procedures to reasonably ensure payments made to Managed Care Plans (MCPs) are allowable and calculated correctly. Controls must be adequately documented to provide management with assurance the controls are performed timely and consistently.

The Department expended approximately \$7 billion (\$6.7 billion for Medicaid and \$304 million for CHIP) to MCPs during state fiscal year 2013. At the beginning of each state fiscal year, the Department enters into a new agreement with each Managed Care Organization that administers the Managed Care Program throughout the State. These agreements include standard reimbursement rates (by calendar year), the methodology for determining those rates, and the responsibilities of the Department and the MCP. The capitation rates specified in the agreements are set up in the MITS system and the capitation payments made to the MCPs are based on these rates. However, 15 of 100 (15%) (6 - Medicaid and 9 - CHIP) capitation payments selected for testing, totaling \$65,584,541, did not have proper documentation maintained to support the capitation rate applied and payment made to the MCP. The payment amount per the MITS COLD report, which identifies the capitation categories and rates set up for each specific MCP, did not agree to the OAKS payment amounts, resulting in a variance of \$778,494 (Medicaid - \$386,968 and CHIP - \$391,526). Therefore, we will question \$778,494 associated with the 15 payments.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

1. MEDICAID/CHIP – MANAGED CARE (Continued)

Without proper documentation to support capitation payments made to the MCPs, management is unable to assure compliance with the Managed Care program agreements and other laws and regulations. In addition, if the correct capitation rates are not applied and the correct amount is not disbursed, the Department may be required to reimburse HHS for payments made at the incorrect capitation rate and penalties/sanctions may be instituted that could reduce future federal funding. The Department indicated they are unable to provide further supporting documentation from MITS to explain the variances without the recipient ID related to these claims.

We recommend management ensure the correct capitation rates are applied and correct payments are made to the MCPs. Proper documentation should be maintained to support the capitation rates applied, the payment's coding, and any adjustments made. Management should periodically monitor the capitation payment process to ensure proper documentation is maintained and the rates are applied accurately and consistently. In addition, management should continue to further their knowledge of MITS and methods to obtain necessary information and documentation.

Official's Response and Corrective Action Plan

ODM [the newly created Ohio Department of Medicaid] acknowledges that a discrepancy of \$778,494 of approximately \$6.7 billion was identified between the payment amount from the OAKS Transaction Listing Report to the MITS report MGD-0100-M payment amounts.

ODM understands the following about the SSA13 audit process and data sources. The OAKS Transaction Listing Report from the OAKS payment system was used. This report is generated at the beginning of each state audit. A sample was pulled based on the OAKS Voucher Id by Agency Use Code; the output included the corresponding MITS payment number. The MITS payment number was used to identify the Managed Care Plan in the Financial Subsystem in MITS.

The SSA13 Audit also used the MGD-100-M, Capitation Payment Listing Summary by Provider. This report was included at the genesis of the MITS System as a standard report that automatically generates; it was part of the standard "package" provided to every state that purchases the "MITS" system from our vendor.

The SSA13 Audit compared the data from the OAKS Transaction Listing Report to the information on the MGD-0100-M and found the discrepancy. Comparisons between the two reports are problematic as one report is static and the other dynamic, one report is run monthly based on transactions from the previous month and the other run annually; plus, the reports contain different data elements which may affect what was included in the totals.

ODM's implementation of the MITS system includes internal controls specific to the Managed Care Plans and Recipient Level detail reconciliation. Monitoring focuses on internal subsystems integrity and primary interfaces between our enrollment vendor and our Managed Care plans.

ODM continues to mature by modifying and implementing new internal controls which expand monitoring and reporting to other interfaces and systems. In addition, as system understanding increases, ODM modifies functionality and reviews existing reports to identify and investigate the accuracy of those reports. The MGD-100-M is part of an ongoing review of all reports to verify their accuracy and use. SSA13 auditors reviewed two different reports one from an external system (OAKS) and the other from an internal system (MITS). The current MITS design maturity is not to the place where ODM can reconcile external system's data and internal subsystem's data.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

1. MEDICAID/CHIP – MANAGED CARE (Continued)

As part of our next level of maturity, ODM will address the perspective presented by the SSA13 audit which begins with a report in the OAKS system. ODM will use the OAKS report and identify the connecting information from the Financial and Managed Care subsystems so detailed information at the Managed Care Plan level and the Recipient level can be compared to the external source and ODM can validate that accurate data and comparisons are made.

Anticipated Completion Date for Corrective Action

Anticipated completion date for improvements to monitoring capitation payments made to Managed Care Plans is before the end of SFY2015.

Contact Person Responsible for Corrective Action

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2. MEDICAID – INELIGIBLE RECIPIENTS – CRIS-E/MITS VARIANCES

<i>Finding Number</i>	2013-017
<i>State Agency/Number</i>	JFS-02
<i>CFDA Number and Title</i>	93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Eligibility

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY

\$4,569

42 CFR 435.10 Subpart A, State Plan requirements, states:

A State plan must---

- (a) Provide that the requirements of this part are met; and
- (b) Specify the groups to whom Medicaid is provided, as specified in subparts B, C, and D of this part, and the conditions of eligibility for individuals in those groups.

It is management's responsibility to implement policies and procedures to provide reasonable assurance that only persons who meet all eligibility criteria as specified in the State Plan and subparts B, C, and D of 42 CFR 435.10 are able to receive benefits. When information systems are utilized to determine eligibility, it is especially important that controls within the system are functioning properly and properly interface with other systems involved in the process.

During state fiscal year 2013, the Department disbursed approximately \$14.8 billion in Medicaid funds to or on behalf of recipients who were determined eligible. Under the current process, the County Departments of Job & Family Services (CDJFS) are responsible for processing the application and related information for initial Medicaid eligibility and eligibility redeterminations and entering the information into the State's Client Registry Information System – Enhanced (CRIS-E). The CRIS-E system is programmed with State Plan recipient eligibility requirements to determine whether the recipient is eligible to receive Medicaid. Once the determination is made, the CRIS-E system uploads the eligibility information to the Medicaid Information Technology System (MITS). The Department utilizes MITS to

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

2. MEDICAID – INELIGIBLE RECIPIENTS – CRIS-E/MITS VARIANCES (Continued)

determine whether payments for medical services are allowable and to verify recipient and provider eligibility. It appears there was a glitch in the transfer of eligibility information from CRIS-E to MITS. Therefore, the eligibility determination in CRIS-E does not always match the information in MITS. This appears to be the case for one of 90 (1.1%) recipients tested where the recipient was not eligible to receive benefits on the date of service per CRIS-E. Because CRIS-E is the State's official eligibility determination system, we will question costs for all claims paid for services provided to this individual during the time they were ineligible for Medicaid, totaling \$4,569 (projected to be more than \$10,000).

Without proper controls in information systems for proper interfaces to occur, thereby ensuring eligibility information in MITS is accurate and MITS is only reimbursing allowable Medicaid claims, there is an increased risk that Medicaid claims processed and paid will not be accurate or allowable. Payments on behalf of ineligible recipients may subject the Department to penalties or sanctions which may jeopardize future federal funding and limit their ability to fulfill program requirements to provide benefits to those in need. The Department indicated the recipient's eligibility status changed in July 2012 to not eligible; however, the recipient's eligibility status update was not exchanged with MITS due to an interface failure.

We recommend the Department evaluate all claims that were incorrectly paid due to the CRIS-E and MITS interface failure and seek reimbursement from the provider(s). We also recommend the Department implement procedures to regularly evaluate a sample selection of Medicaid payments to verify the recipient's eligibility and that reimbursements are properly computed within MITS based on CRIS-E's eligibility determination. Any problems noted should be promptly corrected to reduce the risk that payments will be made on behalf of ineligible individuals. In addition, we recommend the Department institute additional automated procedures to ensure eligibility information is accurately, completely, and timely shared between the CRIS-E and MITS systems.

Official's Response and Corrective Action Plan

The CRIS-E eligibility system feeds eligibility information to the MITS system via an electronic interface every several hours. The ELG-0013-D, 'Transaction Error Report', is generated daily to list transaction errors between the two systems.

In August 2012, it was discovered MITS was not processing terminations correctly from the daily files from CRIS-E. Approximately 172,000 were found to have eligibility in MITS but not in CRIS-E. The root cause was quickly identified and corrected. Since eligibility cannot be taken away even if given in error, MITS was updated to end eligibility after proper notification was given to the affected recipients.

In addition, reconciliation was done after all recipients were properly terminated to insure the systems were in sync and recipients were being terminated properly. ODM staff will continue to monitor this report to identify and correct any errors occurring during the systems' interface. This monitoring process will be ongoing.

With the implementation of the new Ohio Integrated Eligibility system, a monthly reconciliation process will be instituted to prevent these errors from occurring with the new eligibility system.

Anticipated Completion Date for Corrective Action

In place since January 19, 2013

Contact Person Responsible for Corrective Action

Pat Tighe, MHSA 3, Ohio Department of Job & Family Services, 50 W. Town St, 4th Floor, Columbus, Ohio 43215, Phone: N/A, E-Mail: Patrick.Tighe@medicaid.ohio.gov

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

3. MEDICAID/CHIP – CLAIM SERVICE DATE

<i>Finding Number</i>	2013-018
<i>State Agency/Number</i>	JFS-03
<i>CFDA Number and Title</i>	93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed, Period of Availability

QUESTIONED COSTS

\$2,774

42 CFR 447.45(d), Timely processing of claims, states, in part:

- 1) The Medicaid agency must require providers to submit all claims no later than 12 months from the date of service.

...

It is management’s responsibility to ensure that provider claims submitted later than 12 months from the service date are not approved and paid.

During state fiscal year 2013, providers submitted claims data via the web portal or Electronic Data Interchange (EDI). The claims data was then uploaded into the Medicaid Information Technology System (MITS) for processing. For two of 150 (1.3%) (90 - Medicaid and 60 - CHIP) claims selected for testing, totaling \$2,566 (Medicaid) and \$208 (CHIP), the Department did not receive the claims within 12 months of the service date but paid the providers for the claims. The Medicaid claim's service date was May 9, 2011 and the claim wasn't submitted by the provider until November 7, 2012, approximately six months late. The CHIP claim's service date was November 4, 2011 and the claim wasn't submitted by the provider until February 13, 2013, more than three months late. Therefore, the Department did not comply with the requirements of 42 CFR 447.45(d)(1), resulting in questioned costs of \$2,774 (projected to be more than \$10,000).

If claims received later than 12 months after the service date are paid, the Department is not in compliance with 42 CFR 447.45 and may have to reimburse the Department of Health and Human Services for the claim amount. In addition, payments made for claims received late could subject the Department to penalties or sanctions which may jeopardize future federal funding and limit their ability to fulfill program requirements. The Department indicated the timely filing edits were relaxed for a period of time because of an increased backlog after MITS went live in August of 2012; therefore, the edit was not in place for the claims identified.

The Department should reactivate the edit checks within MITS over timely receipt of claims. In addition, we recommend the Department review all claims to identify claims received later than 12 months from the service date. We further recommend the Department review their records periodically in MITS and ensure claims were received within 12 months. If late claims are identified, the Department should seek restitution from the provider.

Official’s Response and Corrective Action Plan

The timely file edits were fully implemented in MITS on 6-28-2013. The Surveillance and Utilization Review unit (SURS) will be reviewing paid claims data for potential instances of providers billing inappropriately when timely filing edits are not fully implemented.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

3. MEDICAID/CHIP – CLAIM SERVICE DATE (Continued)

Anticipated Completion Date for Corrective Action

Already completed

Contact Person Responsible for Corrective Action

Roger Fouts, Bureau Chief, Provider Services, Ohio Department of Job & Family Services, 50 W. Town St, Columbus, Ohio 43215, Phone:(614) 752-3742, E-Mail: Roger.Fouts@medicaid.ohio.gov

4. MEDICAID/CHIP – PRIOR AUTHORIZATION

<i>Finding Number</i>	2013-019
<i>State Agency/Number</i>	JFS-04
<i>CFDA Number and Title</i>	93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Eligibility

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY (MEDICAID)

\$1,040

SIGNIFICANT DEFICIENCY (CHIP)

Federal regulations require the Medicaid Agency to develop and implement a State Plan which includes assurances the Center for Medicare and Medicaid Services’ (CMS) requirements are being met. With regards to these CMS requirements, Ohio’s Medicaid State Plan states, in part, “Reimbursement for some items and/or services covered under the Medicaid program is available only upon obtaining prior authorization from the Ohio Department of Job and Family Services (ODJFS).”

Additionally, Ohio Administrative Code 5101:3-10-06(A), states, in part:

...

(6) Any requests for items that exceed the specified maximum allowable indicator referenced in rule 5101:3-10-03 of the Administrative Code and do not otherwise require prior authorization (PA) must be submitted for review by the department before reimbursement for such items will be considered.

(7) The following documentation must be submitted with all PA requests for items referenced in paragraph (A)(6) of this rule: (a) A fully completed form JFS 01913 "Certificate of Medical Necessity/Prescription General Medical Supplies: Overage" (CMN) (appendix B to rule 5101:3-10-03 of the Administrative Code) that is signed and dated no more than thirty days before the first date of service. ...

Sound accounting practices require management to devise and implement an adequate internal control structure capable of providing them with reasonable assurance their objectives are achieved. For Medicaid and CHIP, this must include internal controls that reasonably ensure a prior authorization and Certificate of Medical Necessity is received and properly reviewed prior to disbursing reimbursement for the corresponding claim.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

4. MEDICAID/CHIP – PRIOR AUTHORIZATION (Continued)

The State's Medicaid and CHIP programs are administered by ODJFS to pay for eligible medical services and items, some of which require review and approval prior to claims submission. The provider must request prior authorization for certain types of services and/or for quantities that exceed the maximum allowable by entering the request into the Medicaid Information Technology System (MITS) using a secure web portal. The Prior Authorization Unit clinical staff reviews each prior authorization request for medical necessity, including clinical appropriateness and cost effectiveness, and approves or denies the request in MITS. During state fiscal year 2013, the Prior Authorization Unit processed 64,644 prior authorization requests; however, for one of 40 (2.5%) prior authorization requests selected for testing, no Certificate of Medical Necessity was obtained. Because the certificate of medical necessity was required to determine if the claim was allowable for Medicaid, we will question costs for all claims paid using this prior authorization number during the audit period, totaling \$1,040 (projected to be more than \$10,000).

If documentation to support the prior authorization of claims is not maintained, the Department may not be able to fully support or ensure payments are only made for properly approved services and item quantities, which could result in questioned costs. Management indicated the claim type questioned does not normally require a Certificate of Medical Necessity; however, in this case, the Certificate was required because the item amount requested was greater than the monthly maximum allowed. The error resulted due to an oversight by staff during processing.

We recommend the Prior Authorization Unit personnel periodically review the State plan and other prior authorization requirements when reviewing and approving prior authorization claims. The Prior Authorization Unit should ensure that prior authorization forms and medical necessity forms are received for all claims requiring them. The documentation and evidence of the control procedures performed should be maintained to provide management with assurance the controls are operating consistently and effectively.

Official's Response and Corrective Action Plan

The ODM Prior Authorization Unit has in place a Quality Assurance review process which can and does identify oversights by staff in conducting medical necessity reviews. Issues such as these are then incorporated into formal and informal training conducted during weekly clinical review staff meetings. Review of state plan and policy issues are conducted regularly, review of all new and revised rules, and a review of all applicable rules are performed in the course of each year. The specific one-time occurrence described in the finding was also identified through QA review and addressed in an informal training session and group review of the rule (OAC § 5101:3-10-03) cited as well as OAC § 5101:3-10-06 which also details the CMN/Rx requirement during a weekly meeting. A formal corrective action plan for the finding is not believed to be necessary since a mechanism to detect and correct such issues is in place and functioning.

Anticipated Completion Date for Corrective Action

Not Applicable.

Contact Person Responsible for Corrective Action

Trina K. Hazley, RN Prior Authorization Manager, Ohio Department of Job & Family Services, 50 W Town St, Suite 400, Columbus, Ohio 43215, Phone:(614) 752-3809, E-Mail: Trina.Hazley@medicaid.ohio.gov

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

5. CHILD CARE – COPAYMENT AMOUNTS

<i>Finding Number</i>	2013-020
<i>State Agency/Number</i>	JFS-05
<i>CFDA Number and Title</i>	93.575 / 93.596 – CCDF Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed, Eligibility, Subrecipient Monitoring

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY

\$890

45 CFR 98.20(b) states:

Pursuant to §98.16(g)(5), a grantee or other administering agency may establish eligibility conditions or priority rules in addition to those specified in this section and §98.44 so long as they do not:

- (1) Discriminate against children on the basis of race, national origin, ethnic background, sex, religious affiliation, or disability;
- (2) Limit parental rights provided under Subpart D; or
- (3) Violate the provisions of this section, §98.44, or the Plan. In particular, such conditions or priority rules may not be based on a parent's preference for a category of care or type of provider. In addition, such additional conditions or rules may not be based on a parent's choice of a child care certificate.

In addition, 45 CFR 98.42(a) states “Lead Agencies shall establish, and periodically revise, by rule, a sliding fee scale(s) that provides for cost sharing by families that receive CCDF child care services.” 45 CFR 98.67 (A) states “Lead Agencies shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds.” The Department has incorporated its laws and procedures for administering the Child Care and Development Fund (CCDF) program within Ohio Administrative Code (OAC) 5101:2-16. OAC 5101:2-16-39 relates to the counties’ determination of the amount of copayment required to receive benefits under the program. Part (C) of this Code section states “The copayment shall be recalculated as part of the annual redetermination of eligibility. Any change to the copayment made at the time of the redetermination or reinstatement shall be effective from the first day of the new eligibility period or at time of the reinstatement approval.”

During state fiscal year 2013, the Department disbursed approximately \$239.8 million in federal assistance from the CCDF Cluster program based on information provided by the 88 county subrecipients. The county case workers were to determine the income and other key information from each applicant and enter this information into the State’s Child Care Information Data System (CCIDS) for eligibility and copay/benefit amount determinations. However, the information entered by the counties did not agree to supporting documentation resulting in an incorrect copayment amount for the parent/guardian’s share of child costs in eight of the 40 (20%) cases tested. In two of the cases tested (one each in Hamilton County and Montgomery County), the calculated copayment was more than the established copayment and resulted in the recipient receiving less in federal assistance than what was eligible. The recipients in the Hamilton County and Montgomery County cases received benefits of \$241 and \$31 less than eligible, respectively. The other six cases (one each in Montgomery County and Lucas County, and two each in Hamilton County and Franklin County) did result in overpayments of federal

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

5. CHILD CARE – COPAYMENT AMOUNTS (Continued)

assistance to child care providers during state fiscal year 2013, resulting in questioned costs of \$890 (projected to be more than \$10,000). The Department's controls/edit checks and Bureau of Program Integrity (BPI) investigations did not detect or prevent the overpayments of benefits. The number of cases with the overpayments and the related questioned costs by county is shown below.

- Hamilton County: two cases resulting in questioned costs of \$413.
- Franklin County: two cases resulting in questioned costs of \$81.
- Lucas County: one case resulting in questioned costs of \$218.
- Montgomery County: one case resulting in questioned costs of \$178.

Under these conditions, the Department risks overpaying/underpaying federal monies to child care providers. This condition may also indicate that preventative controls of the subrecipients and/or monitoring controls of the Department require updating to assure compliance with federal regulation and benefit payments are made for the proper amounts to or on behalf of eligible recipients. This increases the risk the Department, which is responsible for the actions of its subrecipients, may be subject to sanctions or other penalties and a repayment of part of the grant award amount or reductions in future awards.

According to county management, the errors were due to miss-keying during data entry, oversight of the case workers, staff turnover, increased workload, and staff learning curve for changes to the CCIDS system.

We recommend Department management evaluate the circumstances that allowed the overpayments to occur and the existing controls at both the State and county levels to identify where improvements should be made to minimize the risks of inaccurate copayment determinations, resulting in overpayments of federal funds. These controls may include:

- Enhancements or additional edit checks in the automated systems used to determine eligibility and benefits.
- Additional training and technical assistance to subrecipients to help facilitate compliance with laws and regulations of the federal programs.
- Requiring the counties randomly select cases throughout the year to help ensure the assessed copayments are accurate, especially those that are handled by inexperienced or new employees.

We recommend the Department periodically monitor the established controls to determine if they are working as intended by management. We also recommend the Department investigate the cases listed above and take whatever actions are necessary to recover inappropriately spent federal and state funds and any underpayments have been rectified.

Official's Response and Corrective Action Plan

ODJFS implemented enhancements to the Child Care Information Data System (CCIDS) in August 2013. These enhancements included restricting the ability of County Department of Job and Family Services (CDJFS) staff to change a family copayment amount once CCIDS has calculated it. Prior to August 2013, CDJFS had the ability to override the CCIDS calculation and manually calculate the copayment.

ODJFS conducts monthly video conferences with CDJFS staff to address quality assurance issues. In addition, ODJFS has a team of technical assistance staff that work directly with CDJFS staff to clarify policies and correct actions of the counties.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

5. CHILD CARE – COPAYMENT AMOUNTS (Continued)

Planned Corrective Action Items: An overview of the results of the audit will be discussed and the instructions on how to increase correct data entry will be added to an upcoming video conference agenda. Technical assistance staff will follow up with the CDJFS' that did not calculate the copayments correctly to ensure that the current copayments are correct and that each identified overpayment or underpayment is reconciled with the families and providers.

Anticipated Completion Date for Corrective Action

CCIDS functionality was revised in August 2013 to restrict CDJFS from changing a family copayment once CCIDS has calculated it.

Video conferences are held monthly. The importance of correct data entry will be discussed in the March 2014 video conference.

Each CDJFS identified in the audit will be contacted during March 2014 to ensure overpayments and underpayments are reconciled and that correct copayment amounts are now in CCIDS.

Contact Person Responsible for Corrective Action

Michelle Albast, Bureau Chief, Ohio Department of Job & Family Services, 4200 E. Fifth Avenue, Columbus, Ohio 43219, Phone:(614) 752-0582, E-Mail: michelle.albast@jfs.ohio.gov

6. MISSING ELIGIBILITY DOCUMENTATION – VARIOUS COUNTIES

<i>Finding Number</i>	2013-021
<i>State Agency/Number</i>	JFS-06
<i>CFDA Number and Title</i>	93.558 – TANF Cluster 93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed, Eligibility

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY (MEDICAID) \$175

SIGNIFICANT DEFICIENCY (ALL OTHER PROGRAMS LISTED ABOVE)

45 CFR 206.10(a)(5)(i) states, in part:

Financial assistance and medical care and services included in the plan shall be furnished promptly to eligible individuals without any delay attributable to the agency’s administrative process, and shall be continued regularly to all eligible individuals until they are found ineligible. . . .

45 CFR 206.10(a)(8) states, in part:

Each decision regarding eligibility or ineligibility will be supported by facts in the applicant’s or recipient’s case record. . . .

Ohio Administrative Code (OAC) 5101:1-38-01.2 (G) (3) Annual redetermination states, in part:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

6. MISSING ELIGIBILITY DOCUMENTATION – VARIOUS COUNTIES (Continued)

The administrative agency shall:

- (a) Contact the individual by telephone, mail, or electronic means to determine whether there have been any changes that may affect the individual's eligibility for medical assistance. At the individual's request, a face-to-face interview may be scheduled.
- (b) Determine whether any changes affect the individual's eligibility for medical assistance no less often than:
 - (i) Every twelve months; or
 - (ii) The time frames specified in rule 5101:1-40-05 of the Administrative Code for recipients of transitional medical assistance.

...

When administering federal grant awards for the Department, management of each subrecipient County Department of Job and Family Services (County) is responsible for providing reasonable assurance only eligible individuals receive assistance and information reported to the Department is accurate and complete. In order for County management to ensure and verify this, it is imperative that appropriate supporting documentation be maintained for all amounts reported and case files contain all pertinent information relating to the case and be readily accessible for review and/or reference. Department management is responsible for monitoring county activities to help ensure they are in compliance with federal and State requirements.

During state fiscal year 2013, the Department provided approximately \$321.6 million in TANF Ohio Works First (OWF), \$408.3 million in Children's Health Insurance Program (CHIP), and \$14.8 billion in Medicaid benefits to recipients based on information provided by the 88 Counties. However, testing of eligibility and compliance with federal rules and regulations at five selected Counties, identified the following missing documentation (required by Department to support eligibility determinations) and/or control weaknesses, as detailed below.

Medicaid, CHIP, and TANF OWF (controls):

- One of 38 (2.6%) Medicaid, CHIP, and TANF OWF case files tested (Hamilton County) did not contain the required application for medical assistance that was signed by the recipient although the CRIS-E running record comments indicated that an annual redetermination of benefits was performed.
- One of 60 (1.7%) Medicaid, CHIP, and TANF OWF case files tested (Cuyahoga County) did not contain evidence the case worker conducted the required annual interview to re-determine eligibility for TANF OWF.

Medicaid

- One of 40 (2.5%) cases tested (Franklin County) did not have accurate income information in CRIS-E based on the earned and unearned income verifications contained within the case file. Although the recipient was eligible for Medicaid, the patient liability and benefit amounts were calculated incorrectly and the recipient was overpaid \$175 for the year, resulting in questioned costs (projected to an amount greater than \$10,000).

Missing case files and documentation increases the risk that amounts and other information reported to the federal grantor agencies may not reflect actual program activities. Without consistently obtaining, maintaining or reviewing the required documentation on file, the Department may not be able to fully support or ensure payments were made only to or on behalf of eligible recipients and that the Department complied with all federal rules and regulations, which could and did result in questionable benefits. The exceptions were discussed with County management, who agreed with the results. According to County management, the missing case documentation and errors were due to oversight of the case workers.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

6. MISSING ELIGIBILITY DOCUMENTATION – VARIOUS COUNTIES (Continued)

Department management (Office of Family Assistance) stated that training sessions have been given to county personnel, via monthly video conferences, that include the importance of maintaining all relevant and required case documentation. The large volume of documentation flowing into the metro counties, however, may contribute to some documentation being temporarily misplaced.

We recommend the Department work with County management to ensure they have current policies and procedures and/or implement new control procedures to reasonably ensure all case files have adequate supporting documentation to support the benefit payments made to eligible recipients. The Department should communicate to County management and their staff the importance of these policies and procedures and ensure the procedures are carried out as intended. In addition, Department management should perform periodic reviews of the case files to reasonably ensure established controls and record retention procedures are being followed by County personnel. We also recommend the Department investigate the case where questioned costs were identified and take steps to recover any payments made to ineligible recipients.

Official's Response and Corrective Action Plan

Cuyahoga County

Agency will continue to communicate the importance of documentation and particularly, of documenting the redetermination for all benefit households. The redetermination due date is monitored monthly; staff are expected to allocate scheduled time for processing redeterminations each month. Supervisors monitor completion.

Franklin County

While Franklin County concedes there was an error in the benefit calculation, we do not agree with all the finding encompasses. The income information was incorrectly entered resulting in a patient liability that was \$175 less than it should have been for the year. The questioned costs cannot exceed the \$175 as Medicaid eligibility and service provision are not dependent upon the payment of the patient liability. The \$175 is an agency error and an overpayment may not be collected from the consumer – this is not a benefit paid to the consumer, but what the consumer is liable for in the long term care budget.

Franklin County will provide all case managers who determine eligibility for the long term care eligibility (Nursing Facilities and Waivers) with refresher training on conversion factors for income calculation. Case Managers in this area are familiar with monthly income (as most customers have a monthly pension or social security income) but do not encounter income received at other intervals on a regular basis. Refresher training will reinforce the correct use of income conversion factors of 4.3 for weekly income and 2.15 for bi-weekly income calculations.

Hamilton County

In January 2012 our agency began scanning all incoming documents into our Document Imaging System in the Family and Adult Sections.

Anticipated Completion Date for Corrective Action

Cuyahoga County

A reminder of redetermination requirements will be provided to all staff by 2/28/14.

Franklin County

This training will be completed by April 30, 2014.

Hamilton County

As stated above, all documents began being scanned in January 2012 and will continue to be scanned throughout 2014.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

6. MISSING ELIGIBILITY DOCUMENTATION – VARIOUS COUNTIES (Continued)

Contact Person Responsible for Corrective Action

Cuyahoga County

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Franklin County

Christy Hentschel, Management Analyst 2, Ohio Department of Job & Family Services, 1721 Northland Park Ave, Columbus, Ohio 43229, Phone:(614) 233-2014, E-Mail: ChristyH@fcdjfs.franklincountyohio.gov

Hamilton County

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7. IT – IEVS DUE DATES AND RESULT CODE ERRORS

<i>Finding Number</i>	2013-022
<i>State Agency/Number</i>	JFS-07
<i>CFDA Number and Title</i>	10.551/10.561 – SNAP Cluster 93.558 – TANF Cluster 93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Agriculture Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed, Allowable Costs, Eligibility, Special Tests and Provisions

QUESTIONED COSTS AND MATERIAL WEAKNESS (SNAP)

Undetermined Amount

NONCOMPLIANCE AND MATERIAL WEAKNESS (MEDICAID)

MATERIAL WEAKNESS (ALL OTHER PROGRAMS LISTED ABOVE)

7 CFR 272.8(c)(2) states the following regarding SNAP (formerly Food Stamps) IEVS alerts:

State agencies must initiate and pursue the actions on recipient households specified in paragraph (c)(1) of this section so that the actions are completed within 45 days of receipt of the information items. Actions may be completed later than 45 days from the receipt of information if:

- (i) The only reason that the actions cannot be completed is the nonreceipt of verification requested from collateral contacts; and
- (ii) The actions are completed as specified in § 273.12 of this chapter when verification from a collateral contact is received or in conjunction with the next case action when such verification is not received, whichever is earlier.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

7. IT – IEVS DUE DATES AND RESULT CODE ERRORS (Continued)

In addition, OAC 5101:4-7-09 (F)(4) outlines the following guidelines for SNAP IEVS alerts:

County agencies shall initiate, pursue and complete the actions specified in this paragraph within ninety days from receipt of the information.

45 CFR 205.56(a)(1) (iv) states the following regarding TANF:

For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary, except that: Completion of action may be delayed beyond forty-five (45) days on no more than twenty (20) percent of the information items targeted for follow-up, if:

- (A) The reason that the action cannot be completed within forty-five (45) days is the nonreceipt of requested third-party verification; and
- (B) Action is completed promptly, when third party verification is received or at the next time eligibility is redetermined, whichever is earlier. If action is completed when eligibility is redetermined and third party verification has not been received, the State agency shall make its decision based on information provided by the recipient and any other information in its possession.

42 CFR 435.952 states the following regarding Medicaid IEVS alerts:

- (c) Except as specified in §435.953 of this subpart and paragraph (d) of this section, for beneficiaries, the agency must, within 45 days of receipt of an item of information, request verification (if appropriate), determine whether the information affects eligibility or the amount of medical assistance payment, and either initiate a notice of case action to advise the recipient of any adverse action the agency intends to take or make an entry in the case file that no further action is necessary.
- (d) Subject to paragraph (e) of this section, if the agency does not receive requested third party verification with-in the 45-day period after receipt of information, the agency may determine whether the information affects eligibility or correct amount of medical assistance payment after the 45-day period. . . .
- (e) The number of determinations delayed beyond 45 days from receipt of an item of information (as permitted by paragraph (d) of this section) must not exceed twenty percent of the number of items of information for which verification was requested.

The Department has implemented the Income and Eligibility Verification System (IEVS) which compares income, as reported by the recipients, to information maintained by outside (i.e. collateral) sources for the SNAP, TANF, CHIP, and Medicaid programs with total expenditures of approximately \$2.9 billion, \$663 million, \$408 million, and \$14.7 billion, respectively, in state fiscal year 2013. Information that does not appear to agree is communicated in the form of a CRIS-E alert, which is forwarded to the appropriate county for investigation.

During the state fiscal year 2013 audit, five counties were selected for testing for the timely completion of IEVS alerts in accordance with the federal regulations and ODJFS standards set forth in the IEVS CRIS-E Alert Processing Instruction Guide. These five counties (Cuyahoga, Franklin, Hamilton, Lucas, and Montgomery) represented approximately 41% of the nearly 3.1 million IEVS high priority alerts issued in state fiscal year 2013. However, 13 of 60 IEVS high priority alerts tested at these five counties (22%) were not resolved by the mandated timeframe and there was no documentation for all 13 alerts to indicate third-party verification was pending. These unresolved alerts were for SNAP and Medicaid benefits. Of the 13 delinquent high priority alerts (one from Cuyahoga, two from Franklin, nine from Hamilton, and one from Lucas counties):

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

7. IT – IEVS DUE DATES AND RESULT CODE ERRORS (Continued)

- Four were resolved one to 50 days beyond the due date; no additional recipient benefits appeared to be issued as a result of these errors.
- Four were resolved 51 to 500 days beyond the due date; no additional recipient benefits appeared to be issued as a result of these errors.
- Five were not resolved. Additional testing by the ODJFS Bureau of Program Integrity validated that four of the five unresolved alerts tested would not likely cause potential overpayments. However, one of the unresolved alerts would likely result in potential overpayments. The Bureau indicated the amount could not be quantified at the time of testing. Therefore, an undetermined amount is questioned for the SNAP program.

In addition, three of 60 matches (5%) were resolved, but did not have proper result codes listed in the system. Result codes are entered by case workers to indicate the action taken to resolve the alert. No additional recipient benefits appeared to be issued as a result of these errors.

Not completing the IEVS alerts within the established timelines increases the risk that benefits given to ineligible recipients or for inappropriate amounts will not be identified timely. This condition could adversely affect the Department's ability to comply with Special Tests and Provisions required by the Federal programs. Failure to comply with the requirements related to IEVS could also result in federal sanctions or penalties. Without adequate documentation and application of result codes, a reviewer cannot determine if an IEVS alert has been resolved in accordance with standards, which may lead to benefits being issued to ineligible recipients or benefits being paid in inappropriate amounts.

ODJFS management indicated the alert resolution delinquencies and result code assignments were caused by:

- A lack of staff to complete the alerts timely.
- A lack of time for existing staff to complete the alerts in conjunction with their other assigned duties.
- Human error and possible lack of training when assigning proper result codes to resolved alerts.

We recommend the Department work with the counties to implement control policies and procedures to reasonably ensure matches are completed by the due dates specified in the Federal regulations and IEVS CRIS-E Alert Processing Instruction Guide. These procedures must include reviews by the County IEVS Coordinator or other supervisory personnel (through CRIS-E) to monitor the status of IEVS alerts. Such requirements should be explicitly identified in the sub-grant agreements with the counties and include appropriate ramifications for noncompliance with the stated requirements. We also recommend the Department, as the pass-through entity, continue to monitor the activities of their county subrecipients during the award period to determine if they are following the established controls and are complying with the due date requirements. Finally, we recommend the Department take steps to ensure proper training be provided to case workers so that accurate result codes can be assigned as alerts are resolved.

Official's Response and Corrective Action Plan

The Bureau of Program Integrity (BPI) continues to provide one-on-one and group training and technical assistance for counties to help ensure that IEVS matches are properly coded and processed in a timely manner. The training includes guidance for the County IEVS Coordinator and other supervisory personnel for how to manage the processing of IEVS matches.

A new statewide IEVS training will be presented in April 2014. It will cover the basics of IEVS processing and address correct coding, timeliness and monitoring procedures for agency supervisors. BPI is also designing an annual training program for IEVS Coordinators that will focus on effectively managing IEVS matches in their counties.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

7. IT – IEVS DUE DATES AND RESULT CODE ERRORS (Continued)

We do not agree with the recommendation to include IEVS requirements in the sub-grant agreement. The sub-grant agreement is intended to identify the basic expectations of ODJFS and the county government as a subrecipient of the department. The sub-grant agreement establishes overall terms, conditions and requirements governing the administration and use of the financial assistance received. It is not feasible to identify all of the program requirements given the number of programs administered by the county and all of the related requirements of each program.

Processing timeliness statistics are monitored monthly. Counties that do not meet the 80 percent timeliness standard for four consecutive months are required to develop and implement a Continuous Improvement Plan (CIP). If the county does not show improvement after the CIP has been implemented, the Fraud Control Unit Manager and assigned Fraud Control Specialist will schedule a meeting with the Agency Director to discuss what can be done to improve compliance.

BPI staff will perform IEVS Reviews at 28 county agencies in Federal Fiscal Year 2014. These detailed reviews include steps to evaluate compliance with the timing and coding requirements.

Anticipated Completion Date for Corrective Action

September 30, 2014

Contact Person Responsible for Corrective Action

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8. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS

<i>Finding Number</i>	2013-023
<i>State Agency/Number</i>	JFS-08
<i>CFDA Number and Title</i>	93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed, Allowable Costs

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY

Undetermined Amount

42 USC 1396-1 states:

For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this subchapter. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for medical assistance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

8. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS (Continued)

The Federal Centers for Medicare and Medicaid Services (CMS) indicates the state Medicaid plan is the document that defines how each state will operate its Medicaid program. The state plan addresses the areas of state program administration, Medicaid eligibility criteria, service coverage, and provider reimbursement. The official plan is a hard-copy document that includes a variety of materials in different formats, ranging from federally-defined "preprint" pages on which states check program options to free-form narratives describing detailed aspects of state Medicaid policy. The state Medicaid plan for each state is an accumulation of plan pages approved by CMS since the inception of the Medicaid program.

Ohio Administrative Code (OAC) 5101:3-10-03, which is part of the Ohio state plan, states:

The "Medicaid Supply List" is a list of medical/surgical supplies, durable medical equipment, and supplier services, found in appendix A of this rule. This list includes the following information as described in paragraphs (A) to (G) of this rule:

(A) Alpha-numeric codes to be used when billing the department for medical supplier services.

...

(F) "Max Units" indicator. A maximum allowable (MAX) indicator means the maximum quantity of the item that may be reimbursed during the time period specified unless an additional quantity has been prior authorized. This quantity has been established as a guideline without a prior authorization and not to reflect a definitive amount. In all cases, the dispensing of medical supplies and equipment is based on medical necessity which can be documented in the consumer's medical record and prescribed by an eligible prescriber. If there is no maximum quantity indicated, the quantity authorized will be based on medical necessity as determined by the department.

The maximum amounts were contained in appendix A of OAC 5101:3-10-03. The Medicaid Information Technology System (MITS) was used to calculate the reimbursement to medical providers and managed care entities for services rendered to eligible recipients based on these limits. The vast majority of the programmed edits in MITS will automatically deny claims, or reduce the units allowed when a provider submits units that exceed the maximum unit limits defined in appendix A.

During state fiscal year 2013, 842,394 claims representing approximately \$44,103,878 in Medicaid and Children's Health Insurance Program (CHIP) benefits for Durable Medical Equipment (DME) were paid from MITS. In prior audits, we tested Medicaid and CHIP claim reimbursements for DME procedure codes paid in excess of the OAC unit and price limits by analyzing an electronic data file of all Medicaid and CHIP claims paid during the audit period and have reported questioned costs in each of the previous seven fiscal years. Because entry of a prior authorization code appropriately allows for payment of units in excess of the OAC limits, the code is an important data field. However, the data file we received for our testing in fiscal year 2013 did not contain all prior authorization codes and thus we were unable to accurately identify all DME claims paid in excess of OAC limits.

In the absence of complete data, we tested programmed edits for a sample of 89 MITS DME procedure codes to determine if Medicaid and CHIP claim reimbursements were allowed or denied based on the unit or price submitted as compared to the limits established in the OAC. For example, if a procedure code is allowable at one per month and two units are submitted for the same month, for the same recipient, rendering provider, date of service, and reimbursed amount, one of the units should be rejected for reimbursement. Only the presence of a prior authorization code should allow units in excess of the OAC limits to be paid.

In the OAC, a procedure code is assigned to each individual medical supply or durable medical equipment item. There were approximately 747 DME procedure codes in place during fiscal year 2013 associated with one of 67 maximum unit indicators, or "limits." Of the 89 procedure codes tested, 15

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

8. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS (Continued)

procedure codes related to payment processing for nine OAC limits were not operating correctly to reject unit or price amounts submitted in excess of the OAC limits. The following table lists these exceptions and related claim information:

	DME Procedure Code	Limit Category	Total Related Claims	Total Claim Amounts
1.	A4333	12/month	101	\$2,330
2.	A6203 & A6204	12/month	128	\$4,406
3.	A6209 & A6211	12/month	1,649	\$180,561
4.	A4660 & A4670	1/8 Years	3,440	\$157,725
5.	A6402 & A6403	\$50/month	9,391	\$157,290
6.	A6448, A6449 & A6450	18/3 months	487	\$5,863
7.	A4562	1/year	5	\$257
8.	A4565	2/year	599	\$3,783
9.	A4384	4/year	0	\$0
	TOTAL		15,800	\$512,215

Programmed MITS edits to prevent Medicaid and CHIP provider payments above the unit or price limits established in the OAC were either not designed or not functioning properly for 15 of 89 (16.9%) of the procedure codes tested. As a result, Medicaid and CHIP providers were potentially reimbursed in excess of the limits contained in the OAC in 15,800 instances. However, because we were unable to determine if prior authorization codes were assigned to any to these claims, an undetermined amount of reimbursed claims is questioned for the Medicaid Cluster and Children’s Health Insurance Program.

If programmed edit checks are not working as intended, the risk is increased that overpayments could occur. Overpayment of state and federal claims reduces funding available for other allowable services and could subject the Department to possible federal sanctions, further limiting the amount of funding available for program activities.

Management indicated the absence of approved prior authorizations on the vendor file appears to be a defect. Management believes the condition is a result of prior authorizations that are approved at the header level being mistakenly excluded from the vendor files submitted to the AOS. Management’s preliminary research into the MITS edits that did not function correctly indicates this condition stems from limited documentation of the relationships between procedure codes and associated audits during implementation of or changes to edits. With the advent of MITS release 13 and Change Order CCRB (Change Control Review Board) 22476, MITS is structured to maintain documentation of procedure codes in the groups and the application of effective and end dates.

We recommend management research and remediate the coding of the MITS programmed edits for the procedure codes listed above and their related limit categories. Management should also research and identify the claims and paid amounts for the procedure codes noted, determine which claims were actually paid in excess of the OAC limits, and seek reimbursement for any claims that were paid in excess of the limits established in the OAC.

We also recommend management establish procedures to periodically review all the programmed MITS edits to ensure they are operating according to current state and federal standards, as well as to the OAC limits. At a minimum, specific edits should be reviewed and tested whenever edits are modified due to changes in the OAC limit definitions or other requirements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

8. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS (Continued)

We further recommend management validate the integrity of data provided to external parties. Procedures should be implemented to verify the claims-paid data, including the prior authorization field, is complete and accurate to help ensure the users of the data can rely on it to determine the validity of eligibility, payment information, and other data needed for independent financial analysis.

Official's Response and Corrective Action Plan

The Department will review the 9 audits identified as potentially not functioning correctly and will implement corrective action as appropriate. The Department will continue to monitor the functionality of claims system audits based on internal reviews, claims data and stakeholder feedback.

The Department will research claims paid under these suspect codes to identify any claims paid over the quantity limitations without prior authorization. Those identified claims will be referred as questioned costs to the Surveillance and Utilization Review Section (SURS) for follow-up action and recoveries from providers affected by this issue.

A Remedy ticket has been created, INC000000698815, to investigate cause of why Vendor files did not have all of the prior authorization data that ODM thought was present.

Anticipated Completion Date for Corrective Action

July 1, 2014

Contact Person Responsible for Corrective Action

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9. MEDICAID/CHIP – PROVIDER ELIGIBILITY

<i>Finding Number</i>	2013-024
<i>State Agency/Number</i>	JFS-09
<i>CFDA Number and Title</i>	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Special Tests and Provisions

NONCOMPLIANCE AND MATERIAL WEAKNESS

In order for a provider to enroll in the Medicaid program, they must comply with applicable laws and regulations pertaining to Medicaid, including Section 1902 of the Social Security Act; Title 42, Chapter IV, Parts 442, 482 through 489 of the Code of Federal Regulations; and Chapter 5101:3 of the Ohio Administrative Code. In addition, 42 CFR Section 455.436, states, in part, "The State Medicaid agency must... (a) confirm the identity and determine the exclusion status of providers... and (b) check the... Excluded Parties List System (EPLS)...". It is imperative that management monitor and oversee the process of granting Medicaid eligibility to providers to reasonably ensure compliance with applicable laws and regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

9. MEDICAID/CHIP – PROVIDER ELIGIBILITY (Continued)

The Department disbursed approximately \$15.2 billion to providers for Medicaid (\$14.8 billion) and CHIP (\$408 million) during state fiscal year 2013. The Provider Enrollment Unit is responsible for enrolling providers in the Medicaid/CHIP programs. During state fiscal year 2013, the Unit enrolled 11,558 providers. To apply for enrollment in the program, each provider must complete and submit an online application using the Medicaid Information Technology System (MITS) for review and approval by the Provider Enrollment Unit. The online application in MITS was used in conjunction with the Provider Enrollment Desk Reference to identify the required documentation for enrollment based on the provider type and specialty selected. The Customer Service Assistant within the Provider Enrollment Unit ensured all applicable requirements were met, documentation was submitted, the provider was not federally excluded, and enrolled the provider in MITS. Weekly, a Management Analyst within the Provider Services Bureau randomly selected a sample of 20-30 new providers enrolled and 10 existing providers with MITS information changes and performed a Quality Assurance review to ensure the providers were properly enrolled. While the Department has established certain internal controls and practices to verify requirements were met, these controls were not consistently followed and were not always effective, as indicated below:

- There was no evidence to document the date the Quality Assurance reviews of the new provider enrollment applications were completed. In addition, the reviews of the MITS information changes to existing providers were not being completed timely. The reviews were completed one to three months after the information was changed in MITS.
- Two of 60 (3.3%) provider files selected for testing did not contain all information required for provider enrollment as specified by the Provider Enrollment Desk Reference. In one instance, the Ohio Department of Developmental Disabilities' (DODD) Home and Community Based Services (HCBS) Waiver Transmittal Letter was not maintained. In the other instance, the IRS W-9 tax form was not signed and the Internal Retrieval Number (IRN) utilized for the Medicaid Schools Program was not maintained. The IRN identifies the type of school entity and the Department is required to obtain the IRN as part of the enrollment process.
- Three of 60 (5%) provider files selected for testing had an agreement effective date in MITS that did not match the agreement effective date on the provider application and supporting documentation.
- 40 of 60 (66.7%) provider files selected for testing did not contain evidence to support that the Provider Enrollment Unit verified the provider was not federally excluded, as required by the Provider Enrollment Desk Reference.

These errors did not result in any ineligible payments to the providers; therefore, no costs will be questioned.

If a timely supervisory review of enrolled providers is not performed, management cannot be reasonably assured the providers were properly enrolled. If documentation to support provider eligibility and exclusion status is not maintained, the Department may not be able to fully support or ensure payments were only made to eligible providers which could result in questioned costs. Management indicated a majority of the errors occurred before they were able to fully implement the corrective action plan included in the SFY 2012 single audit. The other errors were due to oversight.

We recommend the Department implement and/or strengthen internal controls related to the maintenance of provider application information. The Department should continue to perform quality assurance reviews and ensure documentation includes the date performed and who performed the review. Evidence of the control procedures performed should be maintained to provide management with assurance the controls are operating consistently and effectively. In addition, we recommend the Department verify the federal exclusion status of all providers and maintain support of the verification.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

9. MEDICAID/CHIP – PROVIDER ELIGIBILITY (Continued)

Official's Response and Corrective Action Plan

Since the last audit, we almost doubled the sample size of the Quality Assurance review process and stratified it by pulling random samples by each staff member. We will include the date reviews are completed and will continue to improve our process including a more timely review of changes. However, the quality assurance review is always going to take place some period subsequent to the enrollment or change made to the provider file; there will typically be a 30 day difference from the action taken to the date a quality review is completed.

The issues described in this finding are noted for the instances pertaining to the w-9 and waiver transmittal letter. We continue to improve our review process and make sure that enrollment staff is trained appropriately. Additionally we updated our Provider Enrollment Desk Reference to make sure all requirements are identified clearly so new staff have a quick and easy reference when reviewing applications. The missing IRN is tied to a MITS change order where we are requesting addition of a new field on the portal application and a corresponding field in interchange. The transition from paper application to the new paperless web application did not include a field for the applicant to enter the IRN. However, our provider enrollment staff verifies the IRN on the ODE website using the school or school district name. While we expect this change to be implemented in 2014, it's hard to tell whether it will fall within the next audit period.

There are instances where a provider applicant requests an agreement effective date on their application that is not possible for that provider type. For example, waiver providers may request the provisional one year retro agreement date, but will not be granted the provision because they cannot begin to bill for services until they are identified on a consumer's all service plan. This means their agreement effective date will be the date they submitted the application. A physician may request the provisional one year retro effective date and if the corresponding required eligibility requirements (license, NPI) are in line with that request, we would be able to grant the provisional request. For situations where it is possible the reviewer made an error, we believe the quality assurance process is teaching our enrollment staff to be more thorough and accurate in identifying the appropriate agreement effective date.

We are required to check several federal resources for exclusions and did so manually during this audit period. Staff checks multiple exclusion websites as identified in the Provider Enrollment Desk Reference. MITS did not have an appropriate checklist item under "enrollment checklist" for staff to verify this activity and therefore auditors could not evidence that this activity had been performed. We made several significant enhancements to MITS to document that each provider and owner will be screened against various exclusion lists. This is done through system interface between MITS and each exclusion database either through a web check or through a file download. Additionally, we've updated the "enrollment checklist" to include each required verification item as a separate action item. Towards the latter part of the next audit period, we will also be able to evidence a receipt attachment that documents the results of each screening attempt.

Anticipated Completion Date for Corrective Action

This was identified with each of the responses above.

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

10. CHILD CARE – TYPE B HOMES

<i>Finding Number</i>	2013-025
<i>State Agency/Number</i>	JFS-10
<i>CFDA Number and Title</i>	93.575 / 93.596 – CCDF Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Activities Allowed or Unallowed, Eligibility

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 CFR 98.67 (a) states “Lead Agencies [primary grantee] shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds.” The Department has incorporated its laws and procedures for administering the certification of Type B homes within Ohio Administrative Code (OAC) 5101:2-14 which contains numerous requirements an applicant must meet to be certified as a Type B home. OAC 5101:2-14-01 (KK) defines Type B homes as “the permanent residence of the provider in which child care is provided for one to six children at one time and in which no more than three children are under two years of age.”

OAC 5101:2-14-03 (A) states, in part:

The county department of job and family services (CDJFS) shall:

- (1) Inspect each type B home prior to the initial issuance of a certificate and at least twice within each twelve-month certification period whether or not children are enrolled. A minimum of one inspection shall be unannounced and all inspections may be unannounced.

...

When administering federal grant awards for the Department, management of each County Department of Job and Family Services (County) is responsible for providing reasonable assurance only eligible entities are certified as a child care provider and information reported to the Department is accurate and complete. In order for County management to ensure and verify this, it is imperative that appropriate supporting documentation be maintained for all amounts reported and case files contain all pertinent information relating to the case and be readily accessible for review and/or reference. Department management is responsible for monitoring County activities to help ensure they are in compliance with federal and state requirements.

During state fiscal year 2013, the Department provided approximately \$239.8 million in CCDF benefits to recipients based on information provided by the 88 Counties. However, the selected Type B home files at the four tested counties did not contain all the documentation required by Department to support Type B home eligibility determinations. Therefore, we could not determine if the County complied with these requirements, as detailed below.

- For four of 60 (6.6%) Type B homes tested, the County did not document it performed the required number or type of inspections in accordance with OAC 5101:2-14-03 (A) (1), as follows.
 - Two had two or more announced inspections, but no unannounced inspection (one at Cuyahoga and one at Franklin).
 - One had only one inspection which was announced (Montgomery).
 - One had no inspection form for the unannounced inspection although the county computer system indicated the inspection was performed (Hamilton).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

10. CHILD CARE – TYPE B HOMES (Continued)

- For five of 44 (11.4%) Type B homes tested, the County could not locate the “Statement of Nonconviction for Type B Home and In-Home Aides” for one or more of the following persons: the applicant, emergency caregiver, substitute caregiver, or each adult residing in the type B home (one at Cuyahoga, two at Hamilton, and two at Montgomery),
- For five of 44 (11.4%) Type B homes tested, the County could not locate the “Request for Child Abuse and Neglect Report Information” forms (one at Cuyahoga and four at Hamilton).
- For two of 44 (4.5%) Type B homes tested, the County could not locate the “Inservice Training for Type B Home and In-Home Aide Child Care Providers” or “Inservice Training for Child Care Employees Child care Centers and Type B Homes” forms (one at Franklin and one at Hamilton).

These errors and missing documents did not result in any Type B Homes incorrectly being determined eligible; therefore, no costs will be questioned.

Missing case files and documentation increases the risk that amounts and other information reported to the federal grantor agencies may not reflect actual program activities. Without consistently performing the required reviews, and obtaining, maintaining or reviewing the required documentation on file, the Department may not be able to fully support or ensure payments were made only to eligible providers and the Department complied with all federal rules and regulations, which could result in questioned payments. According to County management, the missing case documentation and errors were due, in part, to missing case files and staff oversight.

We recommend the Department work with County management to ensure they have current policies and procedures and/or implement new control procedures to reasonably ensure the required number and type of reviews of Type B homes are performed and all case files have adequate supporting documentation to support the benefit payments made to eligible recipients. We also recommend the Department communicate to County management and their staff the importance of these policies and procedures and ensure the procedures are carried out as intended. In addition, Department management should perform periodic reviews of the case files to reasonably ensure the required reviews are being performed and established controls and record retention procedures are being followed by County personnel.

Official's Response and Corrective Action Plan

ODJFS has taken several actions to ensure CDJFS child care staff are trained and informed of requirements related to Type B Home providers: Ohio Administrative Code (OAC) 5101:2-14 rules were revised, effective January 1, 2014. CDJFS staff are required to train all child care staff using the curriculum ODJFS created and to submit an annual report of all inspections conducted or missed. OAC 5101:2-14 rules were revised to shift the responsibility of maintaining most documentation from CDJFS staff to the Type B Home provider. ODJFS conducted regional training to CDJFS child care staff and Type B Home providers which included an overview of proper documentation and Type B Home provider responsibilities. ODJFS has committed to on-going training to CDJFS child care staff on program compliance. This training will be delivered in person, webinars, video conferences and desk aides.

A new unit was created within ODJFS to monitor CDJFS on the accurate completion of licensing inspections. Monitoring staff will conduct on site meetings with each CDJFS to review files for proper documentation, and adherence to the rules. In addition, ODJFS has created the “Child Care Type B Home Monitoring Field Guide”, which is a document to assist CDJFS child care staff with policy interpretation and expectations regarding inspections of Type B Homes.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

10. CHILD CARE – TYPE B HOMES (Continued)

Anticipated Completion Date for Corrective Action

ODJFS implemented rule revisions effective January 1, 2014. Regional trainings for CDJFS child care staff and Type B Home providers were delivered in November 2013. Further trainings with CDJFS staff are occurring in February 2014. ODJFS has committed to ongoing trainings for CDJFS staff throughout each year.

In January 2013 ODJFS Type B Home Monitoring Unit began onsite meetings with CDJFS agencies and will do so on an ongoing basis. It is the expectation that each CDJFS will be monitoring a minimum of two times per year.

ODJFS will conduct trainings and a webinar covering the content of the “Child Care Type B Home Monitoring Field Guide”.

Contact Person Responsible for Corrective Action

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11. REPORTING – TANF ACF-196 AND FOSTER CARE CB-496

<i>Finding Number</i>	2013-026
<i>State Agency/Number</i>	JFS-11
<i>CFDA Number and Title</i>	93.558 – TANF Cluster 93.658 – Foster Care
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 CFR § 265.7 states, in part:

- (a) Each State's quarterly reports (the TANF Data Report, the TANF Financial Report (or Territorial Financial Report), and the SSP-MOE Data Report) must be complete and accurate and filed by the due date.

45 CFR § 201.5 states, in part:

- (3) The State agency must also submit a quarterly statement of expenditures for each of the public assistance programs under the Act. This is an accounting statement of the disposition of the Federal funds granted for past periods and provides the basis for making the adjustments necessary when the State's estimate for any prior quarter was greater or less than the amount the State actually expended in that quarter.

It is management's responsibility to design and implement internal controls to reasonably ensure compliance with laws and regulations and to ensure management's objectives are achieved.

For state fiscal year 2013, the Bureau of Grants Management and Federal Reporting Services within the Ohio Department of Job and Family Services was responsible for the preparation of various federal financial expenditure reports, including the quarterly TANF ACF-196 and Foster Care CB-496 reports.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

11. REPORTING – TANF ACF-196 AND FOSTER CARE CB-496 (Continued)

The reports were reviewed by management prior to submission to ensure completeness and accuracy. However, the controls were not operating effectively, as indicated by the following errors:

- For one of two (50%) TANF ACF-196 quarterly reports selected for testing:
 - The Unemployment Insurance portion of the Transportation and Other Support Services line item was incorrectly excluded from the report, resulting in an understatement of \$1,143,551.
 - The Employment Services portion of the Transportation and Other Support Services line item was incorrectly included in the Basic Assistance line item instead of the Transportation and Other Support Expenses, resulting in an overstatement in the Basic Assistance line item and an understatement of the Transportation and Other Support Services in the amount of \$1,195,874.
- For one of two (50%) Foster Care CB-496 quarterly reports selected for testing, the amount for Training Costs for Professional Partners was incorrectly included in both the Training Costs for Staff and Provider and Training Costs for Professional Partners line items, resulting in an overstatement of \$84,100.

A lack of internal controls over federal reporting increases the risk that the reports submitted to the federal grantor agency are inaccurate. These inaccuracies could affect current and future funding received by the Department since the information contained within them is used by the federal grantor agency in determining the types and amounts of funding for each state. The Department's management indicated the errors were due to oversights that occurred during the process of transferring the amounts to the federal reports.

We recommend the Department evaluate current procedures and implement additional policies and procedures as necessary to provide reasonable assurance the data being reported for the TANF and Foster Care programs is reasonable and accurate and agrees to supporting documentation. These procedures should be evidenced in some manner to provide management reasonable assurance they are performed timely, consistently, and as intended.

Official's Response and Corrective Action Plan

Federal Reporting is currently in the process of automating the federal reports. The TANF ACF-196 will be the first one to be completed. Federal Reporting is doing the TANF federal report for October – December 2013 both manually and through the new automated process, this will be complete by February 28, 2014.

Federal Reporting is currently in the process of automating federal reports. The Foster Care CB-496 is planned to be completed for the April – June 2014 federal reports both manually and through the new automated process, this will be complete by August 29, 2014.

Anticipated Completion Date for Corrective Action

TANF ACF-196> February 28, 2014

Foster Care CB-496> August 29, 2014

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

12. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING

<i>Finding Number</i>	2013-027
<i>State Agency/Number</i>	JFS-12
<i>CFDA Number and Title</i>	10.551/10.561 – SNAP Cluster 17.258/17.259/17.260/17.277/17.278 – WIA Cluster 93.558 – TANF Cluster 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.658 – Foster Care – Title IV-E 93.659 – Adoption Assistance 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Agriculture Department of Labor Department of Health and Human Services
<i>Compliance Requirement</i>	Reporting

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY (CHILDREN'S HEALTH INSURANCE PROGRAM)

NONCOMPLIANCE AND MATERIAL WEAKNESS (ALL OTHER PROGRAMS LISTED ABOVE)

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA (American Recovery and Reinvestment Act) federal awards who make first-tier subawards to report the subaward on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of \$25,000 or more to an entity. Prime recipients must report by the end of the month following the month in which the obligation is made. Additionally, 2 CFR part 25 requires entities to ensure applicants of non-ARRA subawards provide a valid Dun and Bradstreet Data Universal Numbering System (DUNS) number in its subaward application, or, if not, prior to receiving the award.

During state fiscal year (SFY) 2013, the Department disbursed \$17.6 billion in sub-awards for non-ARRA federal awards to its subrecipients under the following major programs, which were required to be reported under the Transparency Act.

CFDA Number	Federal Program Name	Amount Disbursed
10.551/10.561	SNAP Cluster	\$114,563,707
17.258/17.259/17.278	WIA Cluster	\$82,966,014
93.558	TANF Cluster	\$935,074,409
93.563	Child Support Enforcement	\$128,592,759
93.575/93.596	CCDF Cluster	\$257,909,501
93.658	Foster Care – Title IV-E	\$166,039,792
93.659	Adoption Assistance	\$177,911,882
93.667	Social Services Block Grant	\$90,200,688
93.767	Children’s Health Insurance Program	\$409,518,286
93.775/93.777/93.778	Medicaid Cluster	\$15,446,745,720

The Management Analyst provided each of the program contacts a listing of the purchase orders issued and processed in the Contracts and Acquisitions Tracking System (CATS) and finalized during the prior month, the FSRS awardees’ work list which identifies all the awards the Department is responsible for as

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

12. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

the prime recipient, and a blank FSRs Reporting Template. Each program contact compared the FSRs awardees' work list to the CATS purchase order listing and completed the FSRs Reporting Template for any awards required to be reported under the Transparency Act. The program contacts then forwarded either the completed FSRs Reporting template or a statement that there were no awards to report to the Management Analyst who, in turn, entered the information into the FSRs website. During the audit period, the Department had 983 sub-awards from the SNAP Cluster, WIA Cluster, TANF Cluster, CSE, Medicaid Cluster, Foster Care – Title IV-E, Adoption Assistance, Social Services Block Grant, and CHIP programs that exceeded \$25,000 and were, therefore, required to be reported on the FSRs website in accordance with the Transparency Act. However, the controls were not operating effectively to ensure compliance with reporting requirements and accuracy of reports submitted, as indicated below for the 58 subawards tested:

- 52 (89.7%) were not reported on the FSRs website by the end of the month following the month in which the obligation was made pursuant to 2 CFR part 170 Appendix A. These reports were submitted two to 12 months late, with an average of more than seven months.
- 38 (65.5%) obligation dates did not agree to supporting documentation. For 34 of these, supporting documentation was not provided by the Department and for one, the subaward agreement could not be located.
- 12 (20.7%) could not be located in FSRs. Eleven were because the incorrect FAIN number was used and one was because the subaward agreement with the FAIN number could not be located.
- Two (3.5%) subaward amounts did not agree to supporting documentation. One of the two subaward agreements could not be located.
- One (1.7%) subaward number did not agree to the subaward agreement. The subaward agreement could not be located.

By not complying with federal Transparency Act reporting requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. If all subawards are not accurately and timely reported within FSRs, the risk exists that those using the Transparency Reports could be relying on inaccurate information. According to management, the errors were due to: 1.) A new staff member being assigned the responsibility of submitting the reports; 2.) The time it took to learn the rules for compiling and submitting the reports and to develop a training seminar for the program areas; and, 3.) Time to go back and review and update the previously submitted reports to ensure that those reports were as complete and accurate as possible.

We recommend the Department collect and report on the FSRs website complete and accurate information regarding subawards made for all programs subject to the Transparency Act. We also recommend the Department evaluate its Transparency Act reporting control procedures and update them as necessary to ensure they promote compliance with the Federal regulations, as well as accuracy and completeness of information submitted. Finally, we recommend the Department maintain the documentation used to compile the report to support the amounts they submitted to FSRs.

Official's Response and Corrective Action Plan

52 (89.7%) were not reported on the FSRs website by the end of the month following the month in which the obligation was made pursuant to 2 CFR part 170 Appendix A. These reports were submitted two to 12 months late, with an average of more than seven months.

Upon review of last year's Transparency Act reporting, it was determined that corrections were needed. After discussions with the Federal Service Desk, the option was given to not make the corrections to avoid the appearance of delinquency and/or failure of compliance. In good faith, the decision was made to correct that data to ensure accurate reporting for each sub-recipient within ODJFS and to ensure data is reported correctly going forward. As a result of that decision, the subsequent corrections were reflected in the FSRs system as delinquent reporting. Since the implementation of the technical assistance program, ongoing training, and cooperation from impacted parties, all program areas with the exception of one have reported on time.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

12. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

In this program area much of the continued problem with timely submission was related to errors in data (zip+4 and DUNS numbers) which caused the information to be rejected by the system. A dedicated staff member is now assigned to resolve each issue on an individual basis to ensure future submittals are successful.

38 (65.5%) obligation dates did not agree to supporting documentation. For 34 of these, supporting documentation was not provided by the Department and for one, the subaward agreement could not be located.

When the auditor asked for copies of county Budget Notifications as documentation for subgrant amounts, BCFTA found that archived budget notification were not available. Budget Change Detail Reports from OAKS would have been an alternative measure of compliance; however, there was a decision not to use that information and to rely solely on the budget notifications. The narrative for this process will be updated next year to include internal controls over the process using the Budget Detail Report. However, BCFTA has requested an enhancement to the County Finance Information System (CFIS). The work order has been prepared by the vender and the new capability will be in place by 3/31/14. This will allow immediate access to budget notifications, should the auditor determine it is a requirement. BCFTA will initiate internal controls to confirm the accuracy of the FFATA report with the subgrant notices and the Report each month.

12 (20.7%) could not be located in FSRS. Eleven were because the incorrect FAIN number was used and one was because the subaward agreement with the FAIN number could not be located.

Not all program areas verified the FAINs for accuracy; resulting in incorrect data being submitted into the FSRS system and rejects. Additional resulting problems were delays and multiple submissions of the data into FSRS in a timely manner, having to go back and research those rejected items, which in turn resulted in late submissions. These delays feed into the issue of not being reported within the month following the obligation data and putting us out of compliance. All reporting program areas have committed to verifying the accuracy of this data prior to submitting it for upload into FSRS.

Two (3.5%) subaward amounts did not agree to supporting documentation. One of the two subaward agreements could not be located.

Some program area subaward amounts can change without notice. As previously stated, some subaward amounts are not allocated when the subaward is originally obligated, and often times the initial amount allocated is not the entire amount of the subaward. The awards are usually allocated in several different allotments over multiple periods of time based on the needs of the subrecipient counties.

One (1.7%) subaward number did not agree to the subaward agreement. The subaward agreement could not be located.

*The subaward number in question was originally reported as a contract and later revised and reported as a grant. The only change in the number was the leading character from a "C" to a "G". This was an oversight. Going forward, whenever a new/revised template is received by BGMFR, any changes/revisions to subawards previously submitted for reporting will be confirmed with the reporting program area before the revision is submitted to verify what data has changed from the previous template submitted. **This change will take place immediately.***

Anticipated Completion Date for Corrective Action

Bureau of Grants Management and Federal Reporting Services (BGMFR) will complete this corrective action plan by March 31, 2014.

Bureau of County Finance and Technical Assistance (BCFTA) will assume responsibility for federal reporting for county data on April 1, 2014. A new CFIS functionality will be in place no later than 3/31/14 and all other improvements are effective immediately.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

12. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

Contact Person Responsible for Corrective Action

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13. FEDERAL SCHEDULE – VARIOUS PROGRAMS

<i>Finding Number</i>	2013-028
<i>State Agency/Number</i>	JFS-13
<i>CFDA Number and Title</i>	93.558 – TANF Cluster 93.575/93.596 – CCDF Cluster 93.658 – Foster Care 93.667 – Social Services Block Grant
<i>Federal Agency</i>	Health and Human Services
<i>Compliance Requirement</i>	Schedule of Expenditures of Federal Awards

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY (CCDF CLUSTER)

NONCOMPLIANCE AND MATERIAL WEAKNESS (ALL OTHER PROGRAMS LISTED ABOVE)

OMB Circular A-133 §__.310 states, in part:

...

- (b) Schedule of Expenditures of Federal Awards. The auditee shall also prepare a schedule of expenditure of Federal awards . . . At a minimum, the schedule shall:

...

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

...

It is management's responsibility to implement control policies and procedures to reasonably ensure the Department's portion of the Schedule of Expenditures of Federal Awards (Schedule) submitted to the Office of Budget and Management (OBM) is in compliance with the above requirements. Sound internal controls would require a review of the Schedule and Attachments be performed and documented in some manner, prior to submission, to verify the information the Department reported is accurate and complete, and that all transactions and adjustments are appropriately reflected in the State's accounting system, the Ohio Administrative Knowledge System (OAKS).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

13. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

During state fiscal year 2013, State agencies who received federal funds were provided a reporting package containing a template of the Schedule, detailed instructions for completing the reporting package, and step-by-step instructions (with screen shots) for running queries in Business Intelligence (BI) for obtaining the Department's expenditure activity by OBM. A majority of the Department's federal programs calculate their reimbursed federal expenditures on a revenue basis. The Department's Fiscal Officer 2 prepared the Schedule and Attachments based on OAKS data. The Department's management is to review the draft Schedule and Attachments to reasonably ensure completeness and accuracy prior to submission to OBM. Several variances were identified on the Department's Schedule and Attachment A in which federal transactions were not reported; adjustments were included in Attachment A's column A, Total OAKS Receipts for Federal Funds instead of being reported in column E, Other Adjustments; and/or, the Department improperly included prior year reimbursements, prior year adjustments, and non-federal transactions, as detailed below:

- CFDA #93.558 - Temporary Assistance for Needy Families (TANF) was overstated by \$42,018,724. The Department included reimbursements for county child support, Fund 3970, account code 452001, totaling \$40,718,254, when it should not have been reported. There were other variances, totaling \$1,300,470 for Fund 3V60 that were coded as prior year adjustments.
- CFDA #93.658 – Foster Care was understated by \$18,850,469. The Department did not identify and report federal transactions within Fund 5DM0, account code 440300, totaling \$20,403,595 for the Foster Care program as federal expenditures. There were other variances that overstated the program by \$1,553,126 for Fund GRF and 3980 that were coded as reimbursements for county child support.
- CFDA #93.667 – Social Services Block Grant (SSBG) was understated by \$12,281,818. The Department did not identify and report federal transactions within Fund 5DM0, account code 440300, totaling \$12,523,525 for the SSBG program as federal expenditures. There were other variances that overstated the program by \$241,707 for Fund 3960 and 3W30 that were coded as prior year adjustments.
- CFDA #93.575 – Child Care Development Block Grant was understated by \$7,077,907. The Department did not identify and report federal transactions within Fund 5DM0, account code 440300, totaling \$7,920,181 for the Child Care program as federal expenditures. There were other variances that overstated the program by \$842,274 for Fund 3H70 that were coded as prior year biennium adjustments.

These errors were brought to OBM's attention by the auditor and the State's Schedule was adjusted prior to submission to the federal government. In addition, similar errors were noted for several other major programs in which the variances were not significant or material to the program that did not require adjustment to the State's Schedule.

By not accurately identifying and reporting federal expenditures, there is an increased risk that not only program activity but the State of Ohio's Schedule of Expenditures of Federal Awards may be materially misstated. This, in turn, may result in a reduction in program funds and/or fines and penalties from the federal grantor agency. According to management, the Department considered the transactions within Fund 5DM0 as state and not federal funds. Overall, management agreed with the variances identified and assertions regarding the Schedule and Attachment for the programs noted above.

We recommend the Department prepare written procedures to document their process for compiling the Schedule and Attachments to ensure a consistent methodology is applied to every federal program. In addition, management should strengthen their existing reviews and monitor the compilation of the Schedule and Attachments to ensure the amounts being reported reconcile to OAKS and program expenditures are properly classified and recorded in the proper column within Attachment A, and includes only current year adjustments prior to submitting the information to OBM.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

13. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

Official’s Response and Corrective Action Plan

The Bureau of Grants Management and Federal Reporting (BGMFR) will prepare procedures to include a better structured review process to identify inaccuracies of data. A supervisor and/or section chief will review supporting documentation used to compile the Federal Schedule, sign and date all documented comparisons. The procedures will be completed by 6/30/14.

Anticipated Completion Date for Corrective Action

June 30, 2014

Contact Person Responsible for Corrective Action

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14. VARIOUS PROGRAMS – CASH MANAGEMENT

<i>Finding Number</i>	2013-029
<i>State Agency/Number</i>	JFS-14
<i>CFDA Number and Title</i>	10.551/10.561 – SNAP Cluster 17.207/17.801/17.804 – Employment Service Cluster 17.225 – Unemployment Insurance 17.258/17.259/17.260/17.277/17.278 – WIA Cluster 93.558 – TANF Cluster 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.658 – Foster Care 93.659 – Adoption Assistance 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Agriculture Department of Labor Department of Health and Human Services
<i>Compliance Requirement</i>	Cash Management

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY (SNAP, UNEMPLOYMENT, CHILD SUPPORT)

SIGNIFICANT DEFICIENCY (ALL OTHER PROGRAMS LISTED ABOVE)

U.S. Treasury regulations, 31 CFR part 205, which implemented the Cash Management Improvement Act of 1990 (CMIA), require state recipients to enter into agreements which prescribe specific methods of drawing down federal funds (funding techniques) for selected large programs. Many of the Department’s major federal programs (including SNAP Cluster, Unemployment Insurance, TANF Cluster, Child Support Enforcement, CCDF Cluster, Foster Care, Adoption Assistance, Social Service Block Grant, CHIP, and Medicaid Cluster) are covered by such an agreement. The fiscal year 2013 CMIA Agreement between the State of Ohio and the United States Department of the Treasury specifically requires the State use the Pre-Issuance technique of drawing federal funds for certain types of draws related to these programs. Paragraph 6.2.1 of the CMIA agreement requires the following for the Pre-Issuance funding technique:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

14. VARIOUS PROGRAMS – CASH MANAGEMENT (Continued)

The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.

Other types of draws for the federal programs listed above employ various other funding techniques described in the CMIA agreement. Programs not listed in the CMIA agreement are required to comply with 31 CFR 205.33 (a), which states:

A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).

During the fiscal year, the Department drew down approximately \$13.2 billion for the major federal programs listed above and applied the same drawdown process to all of its federal programs. Generally, a Fiscal Specialist in the Federal Cash Draw Unit of the Bureau of Cash and Cost Reporting Services calculated the amount of funds to be drawn based on the Department's cash needs (payroll, administrative costs, county advances, etc.) and the current availability of funds. In addition, the Cash Management Section Supervisor reviewed and investigated any discrepancies on the Summary Tracking Report, which listed the grant activity (award amounts, revenue draws, expenditures, and remaining balances) for the federal programs quarterly. This document provided a mechanism for the Department to monitor its draws with expenditures on a cumulative basis but did not match up specific draws and expenditures. However, the Department's controls did not prevent noncompliance with the cash management requirements, as noted below.

The Department did not comply with the designated funding techniques to be used for the programs listed above and the draws tested. Of 170 disbursements tested from 60 draws, the Department did not disburse nine (three SNAP, four Unemployment Insurance, two Child Support), payments from four (one SNAP, two Unemployment Insurance, one Child Support) draws within the designated timeframe of the receipt of the federal funds, as required by the CMIA agreement or 31 CFR 205 regulations for these transactions. The Department disbursed the funds from one to 16 days after the required disbursement date, with the average disbursement occurring 4.2 days late. Department management stated sometimes there are delays in processing due to coding or appropriation issues, as well as the Office of Budget and Management holding the vouchers until they receive requested information.

Not limiting draws to the Department's immediate cash needs and the untimely expenditure of funds could result in noncompliance with the CMIA compliance requirements and 31 CFR 205.33. This condition could subject the Department to sanctions or other penalties and a repayment of part of the grant award amount. In addition, noncompliance could subject the Department to paying interest charges on these draws.

We recommend the Department evaluate its existing cash management control procedures and update them as necessary to reasonably ensure all federal draw requests are disbursed timely and are drawn only for immediate cash needs, based on the funding technique established for each program in the CMIA Agreement or appropriate federal regulation. One procedure may be to prepare the Summary Tracking Report more frequently or develop another method to match specific draws and expenditures. If delays in the disbursements are caused by external factors, we recommend the Department communicate with the other entities to develop reasonable solutions. We also recommend the Department establish procedures to periodically monitor its compliance with the cash management requirements and initiate necessary actions to resolve any noncompliance that results.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

14. VARIOUS PROGRAMS – CASH MANAGEMENT (Continued)

Official's Response and Corrective Action Plan

We are working on collaborative cross-bureau monitoring process between the Bureau of Grants Management and Federal Reporting, Bureau of Accounting, and Bureau of Budget which will enable us to monitor all voucher errors as the vouchers go through the normal process phases. The Bureau of Accounting will review errors daily for voucher issues or coding adjustments that they are responsible to clear. The Bureau of Budget will have their managers as well as their analyst review the Aging Report twice daily as well as the Voucher Error Report developed by the Bureau of Accounting to correct budget exceptions daily, and if necessary, work with OBM to determine why the voucher is being held for payment. The Bureau of Grants Management and Federal Reporting will monitor the Voucher Error Report daily for disbursements in error for cash issues and monitor the report for aging purposes. These reviews and checks will help to make sure disbursements meet CMIA 3-day guidelines when the payment should be disbursed.

A COGNOS Voucher Error Report has been developed and is scheduled to run daily by the Bureau of Accounting, Fiscal Specialist. This report is emailed to employees in all the bureaus in the Office of Fiscal and Monitoring Services (OFMS). Once the report is received each respective bureau should be reviewing the report for issues within their realm of responsibility.

Also note there are additional delays that are out of JFS control due to Ohio Shared Services (OSS) and the Office of Budget and Management (OBM) delaying payment of vouchers. JFS will work with these agencies to resolve issues and release these vouchers to meet the 3-day disbursement guidelines.

Anticipated Completion Date for Corrective Action

The OFMS Bureaus began May 1 to aggressively monitor the Voucher Error Report to correct any voucher errors on a daily basis so that disbursements meet CMIA 3-day guidelines.

Contact Person Responsible for Corrective Action

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15. MEDICAID/CHIP – LONG-TERM CARE PROVIDER ELIGIBILITY

<i>Finding Number</i>	2013-030
<i>State Agency/Number</i>	JFS-15
<i>CFDA Number and Title</i>	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Health and Human Services
<i>Compliance Requirement</i>	Special Tests and Provisions

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

In order for a long-term care provider to enroll in the Medicaid program, they must comply with applicable laws and regulations pertaining to Medicaid, including Section 1902 of the Social Security Act; Title 42, Chapter IV, Parts 442, 482 through 489 of the Code of Federal Regulations; and Chapter 5101:3 of the

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

15. MEDICAID/CHIP – LONG-TERM CARE PROVIDER ELIGIBILITY (Continued)

Ohio Administrative Code. In addition, 42 CFR Section 455.436, states, in part, “The State Medicaid agency must... (a) confirm the identity and determine the exclusion status of providers... and (b) check the... Excluded Parties List System (EPLS)...”. The Network Management Unit, within the Bureau of Provider Services, has created a Provider Enrollment Desk Reference which adheres to the Ohio Administrative Code and combines all the requirements for a provider to be enrolled in the Medicaid program. It is imperative that management monitor and oversee the process of granting Medicaid eligibility to Long-Term Care (LTC) providers to reasonably ensure compliance with applicable laws and regulations. Controls must be adequately documented to provide management with assurance they were performed timely and consistently.

The Department disbursed approximately \$15.2 billion to providers for Medicaid (\$14.8 billion) and CHIP (\$408 million) during state fiscal year 2013. The Network Management Unit is responsible for enrolling LTC providers in the Medicaid/CHIP programs. During state fiscal year 2013, the Unit enrolled 12 LTC providers. To apply for enrollment in the program, each provider was required to complete and submit an online application using the Medicaid Information Technology System (MITS) and submit to a survey conducted by the Ohio Department of Health (ODH) which is documented on a Medicaid/Medicaid Certification and Transmittal Form (CMS 1539). The Network Management Unit maintained a Provider Enrollment Desk Reference listing all documentation required and steps to be taken during the enrollment, review, and approval process. Upon receipt of the provider’s application documentation and the CMS 1539, the LTC Provider Enrollment Coordinator was to review the application materials, sign the CMS 1539, ensure the provider was not federally excluded, and then enroll the provider in MITS. However, the Department did not maintain evidence to support that the Enrollment Coordinator verified the provider was not federally excluded, as required by the Provider Enrollment Desk Reference. Therefore, we could not determine whether the Department checked the excluded parties database prior to enrolling the providers. In addition, the above control procedures were not consistently applied or documented, as detailed below:

- For nine of twelve (75%) LTC provider applications selected for testing, we could not determine whether the ODH survey results were reviewed and/or reviewed timely, as follows.
 - Six CMS 1539 forms were not signed by the LTC Provider Enrollment Coordinator.
 - Three CMS 1539 forms were not signed timely: the forms were signed and dated between one to seven months after the final enrollment date in MITS.

The errors did not result in any payments to ineligible providers; therefore, no costs will be questioned.

If documentation to support the provider’s enrollment status is not evidenced or maintained, the Department may not be able to fully support or ensure payments were only made to eligible providers which could result in questioned costs. If a review of completed provider enrollment documentation is not performed, management cannot ensure that providers are accurately and properly enrolled in the Medicaid and CHIP programs. Management indicated there was not a place in MITS to document the excluded parties database check. In addition, management indicated the staff was transitioning to the Ohio Department of Medicaid (the newly created Medicaid agency), thus resulting in a delay in the review and approval of the CMS 1539 forms.

We recommend the Department check the excluded parties list for each provider applying for Medicaid and CHIP certification and maintain documentation to support this verification. Additionally, we recommend the Department reinforce the importance of reviewing the ODH survey results prior to enrolling the provider and consistently documenting the review. Management should monitor these procedures to assure the controls are operating consistently and effectively.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

15. MEDICAID/CHIP – LONG-TERM CARE PROVIDER ELIGIBILITY (Continued)

Official's Response and Corrective Action Plan

We are required to check several federal resources for exclusions and did so manually during this audit period. Staff checks multiple exclusion websites as identified in the Provider Enrollment Desk Reference. MITS did not have an appropriate checklist item under "enrollment checklist" for staff to verify this activity and therefore auditors could not evidence that this activity had been performed. We made several significant enhancements to MITS to document that each provider and owner will be screened against various exclusion lists. This is done through system interface between MITS and each exclusion database either through a web check or through a file download. Additionally, we've updated the "enrollment checklist" to include each required verification item as a separate action item. Towards the latter part of the next audit period, we will also be able to evidence a receipt attachment that documents the results of each screening attempt.

Timely review of certification documents (CMS 1539); LTC enrollments cannot be completed without verification of facility certification requirements. In each instance, the enrollment coordinator only completed the enrollment after receiving the CMS 1539 indicating the certification date. This then becomes the enrollment effective date for initial enrollments. However, it is noted that ODM enrollment staff must sign the CMS 1539 at this time in order to evidence that it was reviewed prior to/during the enrollment process. The lengthy turn around process for signatures to ODH can be mostly attributed due to several months' vacancy in the LTC Enrollment Coordinator position during this audit period. The position has been filled and we will make it a practice effective immediately to sign and date the CMS 1539 for all initial enrollments at the time of the enrollment.

Anticipated Completion Date for Corrective Action

See time frames within each of the responses.

Contact Person Responsible for Corrective Action

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

16. FEDERAL REVENUE CONTROLS

<i>Finding Number</i>	2013-031
<i>State Agency/Number</i>	JFS-16
<i>CFDA Number and Title</i>	10.551/10.561 – SNAP Cluster 17.207/17.801/17.804 – Employment Service Cluster 17.225 – Unemployment Insurance 17.258/17.259/17.260/17.277/17.278 – WIA Cluster 93.558 – TANF Cluster 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.658 – Foster Care 93.659 – Adoption Assistance 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
<i>Federal Agency</i>	Department of Agriculture Department of Labor Department of Health and Human Services
<i>Compliance Requirement</i>	Cash Management

SIGNIFICANT DEFICIENCY (SNAP)

MATERIAL WEAKNESS (ALL OTHER PROGRAMS LISTED ABOVE)

Office of Management and Budget Circular A-133, § .300(b) requires recipients of federal awards “[m]aintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.” It is management’s responsibility to design, implement, and monitor these controls to reasonably ensure compliance with the applicable requirements. These controls must include maintaining appropriate supporting documentation for all transactions and performing timely reconciliation procedures to help ensure the transactions processed are accurate and complete.

During fiscal year 2013, the Department received and processed through the state accounting system, OAKS (Ohio Administrative Knowledge System), approximately \$13.2 billion in federal revenue related to the 12 major federal programs it administered, as detailed below:

CFDA	Program	Revenue Per OAKS
10.551/10.561	SNAP	\$ 110,633,645
17.207/17.801/17.804	Employment Services	\$ 30,574,349
17.225	Unemployment Insurance	\$ 140,214,530
17.258/17.259/17.260/17.277/17.278	WIA	\$ 131,738,149
93.558	TANF	\$ 610,979,513
93.563	Child Support	\$ 133,327,160
93.575/93.596	CCDF	\$ 221,072,730
93.658	Foster Care	\$ 225,285,622
93.659	Adoption Assistance	\$ 172,780,309
93.667	SSBG	\$ 122,104,461
93.767	Children’s Health Insurance	\$ 332,561,858
93.775/93.777/93.778	Medicaid	\$ 11,055,933,469
	Total	\$ 13,287,205,796

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

16. FEDERAL REVENUE CONTROLS (Continued)

Although the Department had established controls over the federal revenue / cash management process, it did not apply the controls consistently throughout the audit period. A control procedure required the Federal Cash Draw Unit Supervisor or authorized individual review and approve, on a daily basis, the Request for Payment (Smartlink II or ASAP Confirmation) printout to verify the amounts and account numbers on them corresponded to the Revenue Direct Journal Entry spreadsheet, OAKS Payment Detail Report, and supporting documentation for accuracy and completeness, by signing the Smartlink II or ASAP Confirmation printout. However, 14 of 60 (23.3%) federal draws tested did not contain evidence the Federal Cash Draw Unit Supervisor or authorized individual reviewed and approved the Smartlink II or ASAP Confirmation printout.

Without consistent performance and documentation of internal controls the risk exists that revenues for the federal programs may not be processed accurately, recorded for the proper program in a timely manner, or in compliance with federal requirements. In addition, management cannot reasonably be assured the accounting records are accurate or federal reports produced from those records are accurate. This also increases the risk that internal controls may not be working in a manner intended by management. Department management stated the lack of the reviewed/approved Smartlink II or ASAP Confirmation printout was due to an oversight and the responsible supervisor has been replaced.

We recommend Department management periodically evaluate their current processes and procedures related to federal drawdowns and update them as necessary to reasonably ensure federal revenues are processed accurately, recorded in a timely manner, and in compliance with federal requirements. These controls should include a secondary review for any modifications that may occur to verify the changes are accurate and appropriate. In addition, management should periodically monitor the established control procedures to help ensure they are being performed timely, consistently, effectively, and as management intended.

Official's Response and Corrective Action Plan

The Cash Management section will strengthen existing procedures to review documents for signature requirements prior to scanning into the FileNet system by having the Fiscal Specialist responsible for prepping the documents for scanning do a cursory review of daily draw documents for signature requirements prior to sending to the File room for FileNet scanning. If the signatures are not present then they are returned to the approver for appropriate signature.

The Cash Management Section also replaced the Supervisor over the cash draw area and believes the appropriate procedures are in place to prevent future occurrences. We will conduct periodic monitoring and procedure training with current and new employees to discuss the approval/signature procedures with the responsible employees who are reviewing, approving, and signing the daily draw documents to ensure adherence to the procedures.

Anticipated Completion Date for Corrective Action

April 30, 2014

Contact Person Responsible for Corrective Action

Marvene Mitchell, Bureau Chief, Bureau of Grants Management and Federal Reporting Services, Ohio Department of Job & Family Services, 30 E. Broad St. 37th Floor, Columbus, Ohio 43215, Phone: (614) 387-0464, E-Mail: Marvene.Mitchell@jfs.ohio.gov

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF PUBLIC SAFETY

1. SUBRECIPIENT MONITORING

<i>Finding Number</i>	2013-032
<i>State Agency/Number</i>	DPS-01
<i>CFDA Number and Title</i>	20.600/20.601/20.610/20.612 – Highway Safety Cluster
<i>Federal Agency</i>	Department of Transportation
<i>Compliance Requirement</i>	Subrecipient Monitoring

NONCOMPLIANCE AND MATERIAL WEAKNESS

Pass-through entities are responsible for monitoring their subrecipients' activities to provide reasonable assurance that subrecipients are aware of federal requirements imposed on them and that subrecipients administer federal awards in compliance with those requirements. These regulations are defined in Office of Management and Budget's (OMB) Circular A-133, Subpart D § .400, which states, in part:

(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

...

3. Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
4. Ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
5. Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
6. Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

In addition, OBM Circular A-133, Subpart C § .300(b) requires recipients of federal awards “[m]aintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.” It is management's responsibility to design, implement, and monitor these controls to reasonably ensure compliance with the applicable requirements. It is imperative that control procedures be adequately documented to evidence they are performed timely; consistently; as intended, and by an appropriate level of management, enabling management to place reliance on them.

During fiscal year (FY) 2013, the Ohio Department of Public Safety (Department) administered the Highway Safety Cluster (HSC) federal program and distributed \$6.6 million of the \$12.3 million total spent of these funds directly to 160 subrecipients. The Department initially made the subrecipients aware the funds they received were federal funds of the HSC program came from the National Highway Safety Traffic Administration, and the subrecipients may be subject to the laws and regulations of OMB Circular A-133, as stated in grant agreements. As part of its subrecipient monitoring procedures, the Department performed on-site reviews (completed by the Grants Monitoring and Fiscal Compliance Section for the Ohio Traffic Safety Office (OTSO)) of the subrecipients (131 of the 2012 subawards and 116 of the 2013 awards) and was required to receive audit reports from the subrecipients and review the audit reports as part of its responsibilities as a pass-through entity of federal funds. The Department had established controls over the subrecipient monitoring process; however, the Department did not apply its controls consistently and did not follow up timely on audit findings in the subrecipients' audit reports as noted below, based on 25 subrecipients/site reviews selected for testing.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF PUBLIC SAFETY

1. SUBRECIPIENT MONITORING (Continued)

- The Department did not have evidence of its procedures to compare the federal funds disbursed from each federal program with the amount reported by any of the 25 subrecipients tested.
- Two of the site reviews tested included a blank page two of the Onsite Monitoring Review Form, which was to evidence the monitor reviewed the subrecipient's Single Audit Report and Management Letter to determine if there were findings or any issues that would impact the processing of federal grant dollars.
- The Department's spreadsheet, which tracked when site visits occurred and identified audit findings and other conditions when follow-up action was needed, did not identify in the "Comments" section a finding for the one subrecipient tested that included a finding in its report. The Department did not learn about the audit finding until the next site visit (see next bullet point).
- The Department did not issue timely, within six months after receipt of the subrecipient's audit report, a management decision to the one subrecipient tested that included a finding, did not ensure the subrecipient took appropriate and timely corrective action, and did not determine the impact of the finding on the Department. The management decision was issued approximately two and a half months late.
- The Department did not ensure that another one of the subrecipients tested had obtained an A-133 audit, since it had not received a copy of the report and did not have other documentation of whether an audit was performed. (Note: same entity as one of the ones mentioned in first bullet point above.)

If the Department does not comply with subrecipient monitoring requirements, as well as have adequate documented controls in place over this monitoring, the risk exists that instances of subrecipient noncompliance will not be identified by the Department or that timely and appropriate corrective actions are taken for issues identified. Any noncompliance may cause federal funding to be reduced or taken away, or sanctions to be imposed by the federal grantor agency. Noncompliance could also result in the Department having to repay part or all of the grant awards to the federal government if questioned costs would be identified. In addition, if controls are not in place and properly evidenced, the Department cannot be reasonably assured that controls are operating as intended and the Department is adequately performing its responsibilities as a pass-through entity of federal funds. Department management stated the Department was short staffed and did not have the human resources available to accomplish the workload of obtaining and reviewing the subrecipient audit reports, and the other exceptions were due to oversight.

We recommend the Department:

- Be more proactive in contacting the subrecipients to determine the status of their audit report submission. All communication with subrecipients should be documented in some manner for evidential purposes.
- Implement new or evaluate and update existing specific policies and control procedures over the receipt and review of subrecipient audit reports, and utilize these controls on a consistent basis to help ensure compliance with its responsibilities as a pass-through entity per OMB Circular A-133. Controls should be documented to evidence the Department reviewed the subrecipients' audit reports, provided adequate follow-up on any audit comments received by the subrecipients and determined if the subrecipients accurately included federal programs on their Schedule of Expenditures of Federal Awards (Catalog of Federal Domestic Assistance (CFDA) title, number, federal awarding agency, amounts) and the audits tested programs passed through by the Department as major federal programs.
- Put appropriate monitoring controls in place to help ensure the process is being conducted appropriately.
- Timely issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure the subrecipient took appropriate and timely corrective action.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF PUBLIC SAFETY

1. SUBRECIPIENT MONITORING (Continued)

Official's Response and Corrective Action Plan

The Ohio Traffic Safety Office (OTSO) has implemented the necessary controls outlined below to assure compliance and to correct the deficiencies noted in the audit finding regarding Single Audit Reports.

The OTSO policies and procedures includes obtaining the sub-recipients' most recent single audit report, a review of the single audit report and notation of any finding to determine if it would have a negative impact on OTSO funding. If a finding is identified, a follow-up along with any action that was taken is noted to the file. A copy is placed in the grant file and a master tracking form is available for quick reference and review of all sub-recipients that have been audited and noted with what action if any is taken.

The OTSO policy has been updated to address all sub-recipient audit findings within six months after receipt of the audit reports. A monthly review of sub-recipients that have been identified to have findings assures a timely and appropriate corrective action has been completed. A master spreadsheet of the sub-recipients that have been identified will be made available and updated as needed.

The OTSO policies and procedures will include obtaining the sub-recipient's most recent Schedule of Expenditures of Federal Awards (SEFA), a review of the SEFA and notation of any discrepancies. If discrepancies are noted, a follow-up along with any action that was taken will be noted to the file.

Anticipated Completion Date for Corrective Action

Single Audit procedures were in place by 04/15/13; SEFA procedures will be in place by 03/15/14.

Contact Person Responsible for Corrective Action

S/Lt. Steven Rine, Traffic Safety Commander, Ohio Department of Public Safety, 1970 W. Broad Street, Columbus, Ohio 43223, Phone: (614) 466-3017, E-Mail: srrine@dps.state.oh.us

2. FEDERAL TRANSPARENCY ACT – SUBAWARD REPORTING

<i>Finding Number</i>	2013-033
<i>State Agency/Number</i>	DPS-02
<i>CFDA Number and Title</i>	20.600/20.601/20.610/20.612 – Highway Safety Cluster
<i>Federal Agency</i>	Department of Transportation
<i>Compliance Requirement</i>	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA (American Recovery and Reinvestment Act) federal awards who make first-tier subawards to report the subaward on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of \$25,000 or more to an entity. 2 CFR Part 170, Appendix A, section I.a.2.11 states prime recipients must:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF PUBLIC SAFETY

2. FEDERAL TRANSPARENCY ACT – SUBAWARD REPORTING (Continued)

For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

It is management's responsibility to implement control policies and procedures to reasonably ensure the federal reports they submit are accurate, complete, submitted timely, and in compliance with the Federal Transparency Act requirements for the Highway Safety Cluster.

During state fiscal year 2013, the Department disbursed to 160 subrecipients approximately \$6.6 million (53% of total expenditures) from the Highway Safety Cluster program. The Department received three new federal awards under this program in September 2012 and obligated funds to subrecipients effective October 1, 2012. As such, the Department was required to report on these subawards in FSRS by November 30, 2012; however, it did not enter the subgrantee data until the first week of January 2013, or a month late. In addition, the Department did not track when the subaward reporting was due and did not have controls in place to ensure if all subawards had met the requirements to be entered, all the subawards had been entered, and the amounts were reported correctly.

Without adequate management reviews, the Department cannot reasonably ensure the information reported to the awarding agency is accurate and complete. If all subawards are not accurately and timely reported within FSRS, the risk exists that those using the Transparency Reports could be relying on inaccurate information. In addition, noncompliance with federal reporting requirements could result in a reduction in program funds and/or penalties from federal grantor agencies. Department management indicated the delay in submission was caused by a malfunction in the system and the amount of time it took to make each entry.

We recommend management implement controls over compliance with the Transparency Act and ensure all requirement elements are being reported in a timely manner. This could include preparing a checklist or spreadsheet of subawards and their respective dates of obligation of funds, their amounts, and date entered into FSRS. We also recommend the Department periodically monitor its compliance with the federal requirement and maintain documentation of this monitoring review. If the FSRS website is not available for data entry, the Department should maintain evidence of this condition and an explanation why it could not enter the data timely, as documentation of its good faith effort to comply with the requirement.

Official's Response and Corrective Action Plan

The Ohio Traffic Safety Office (OTSO) has implemented the necessary controls outlined below to assure compliance with the Transparency Act in a timely manner.

To correct the deficiency noted in the audit finding, the OTSO has established a time sensitive file that tracks the date all grant related funds are received and obligated that are subject to the Transparency Act. This file contains a spreadsheet of the appropriate sub-awards, dates the funds were obligated, the individual amounts, the date the information was entered and the date the report was submitted in the Federal Funding Accountability and Transparency Act Reporting System. This file will be maintained by the OTSO Grants Administrator and monitored by the OTSO Commander. The file will also contain documentation of the monitoring along with additional justification should any type of delay occur. These controls will eliminate any late reporting of grant awards in the future.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF PUBLIC SAFETY

2. FEDERAL TRANSPARENCY ACT – SUBAWARD REPORTING (Continued)

Anticipated Completion Date for Corrective Action

All corrective controls listed above were in place by 04/01/13

Contact Person Responsible for Corrective Action

S/Lt. Steven Rine, Traffic Safety Commander, Ohio Department of Public Safety 1970 W. Broad Street, Columbus, Ohio 43223, Phone: (614) 466-3017, E-Mail: srrine@dps.state.oh.us

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO REHABILITATION SERVICES COMMISSION

1. VOCATIONAL REHABILITATION – DOCUMENTATION OF ELIGIBILITY

<i>Finding Number</i>	2013-034
<i>State Agency/Number</i>	RSC-01
<i>CFDA Number and Title</i>	84.126 – Vocational Rehabilitation Grants to States
<i>Federal Agency</i>	Department of Education
<i>Compliance Requirement</i>	Eligibility

SIGNIFICANT DEFICIENCY

34 CFR 361.42 states, in part:

In order to determine whether an individual is eligible for vocational rehabilitation services . . . the designated State unit must conduct an assessment for determining eligibility and priority for services -

(a) Eligibility requirements . . . The designated State unit's determination of an applicant's eligibility for vocational rehabilitation services must be based only on the following requirements:

...

(i) A determination by qualified personnel that the applicant has a physical or mental impairment

...

It is management's responsibility to implement control policies and procedures to provide reasonable assurance proper documentation supporting eligibility determinations are reviewed, approved, and maintained in the consumer's case file.

During state fiscal year 2013, the Commission disbursed approximately \$58 million of federal funds, or 46% of total program expenditures, for subsidy benefit payments for the Vocational Rehabilitation (VR) program. VR subsidy payments are for services that may benefit an individual with mental or physical disabilities to obtain or maintain employment. However, eligibility for these individuals was not always properly documented, as detailed below.

- Three of 61 (5%) consumer case files selected for control testing did not include the signed Certificate of Eligibility/Ineligibility or an Order of Selection Letter. However, the consumer's eligibility was subsequently determined based on the physician's evaluations of physical or mental disability or substantial handicap documented in the consumer's case file.

By not maintaining the required documentation within the case file, the Commission increases the risk of inaccurate information being entered into the case management system (AWARE) and delaying Vocational Rehabilitation services to eligible applicants. According to management, the Commission utilizes the AWARE system to enforce compliance with documenting eligibility and extensions; unfortunately, the missing eligibility documents were an oversight.

We recommend the Commission reinforce their current policies and procedures to reasonably ensure the Vocational Rehabilitation program's counselor and/or supervisor ensures the proper supporting documentation is maintained in the consumer's case file verifying the eligibility determinations. The Commission should develop a checklist for each counselor or supervisor to utilize as case reviews are performed to help ensure all of the required eligibility documents are maintained.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO REHABILITATION SERVICES COMMISSION

1. VOCATIONAL REHABILITATION – DOCUMENTATION OF ELIGIBILITY (Continued)

Official's Response and Corrective Action Plan

Vocational Rehabilitation (VR) Supervisors at the Rehabilitation Services Commission (RSC) and VR Contract partners complete annual case reviews to evaluate the work of the counselor/coordinator. Staff in RSC's Program Integrity & Evaluation (PIE) unit also reviews the work of VR counselors/coordinators to ensure expectations are met.

RSC staff utilizes a case review checklist to ensure all required documentation is present in the case file, including the required Certificate of Eligibility/Order of Selection letter. These case reviews will continue and supervisors will be instructed to do targeted reviews to ensure this Certificate of Eligibility/Order of Selection letter is present in the case file.

Additionally, RSC will conduct refresher training for all counseling staff on the Eligibility and Order of Selection policy with particular attention paid to the required documentation that must be completed and present in the case file.

Anticipated Completion Date for Corrective Action

July 2014

Contact Person Responsible for Corrective Action

Susan Pugh, Deputy Director, Bureau of Vocational Rehabilitation, Ohio Rehabilitation Services Commission, 150 E. Campus View Blvd. Columbus, Ohio 43235, Phone:(614) 438-1242, Email: susan.pugh@ood.ohio.gov

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF TRANSPORTATION

1. FEDERAL SCHEDULE – HIGHWAY SAFETY CLUSTER

<i>Finding Number</i>	2013-035
<i>State Agency/Number</i>	DOT-01
<i>CFDA Number and Title</i>	20.600/20.601/20.610/20.612 – Highway Safety Cluster
<i>Federal Agency</i>	Department of Transportation
<i>Compliance Requirement</i>	Schedule of Expenditures of Federal Awards

NONCOMPLIANCE AND MATERIAL WEAKNESS

OMB Circular A-133 §__.310 states, in part:

...

- (b) Schedule of Expenditures of Federal Awards. The auditee shall also prepare a schedule of expenditure of Federal awards . . . At a minimum, the schedule shall:

...

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

...

It is management’s responsibility to implement control policies and procedures to reasonably ensure the Ohio Department of Transportation (ODOT)’s portion of the Schedule of Expenditures of Federal Awards (Schedule) submitted to the Office of Budget and Management (OBM) is in compliance with the above requirements. Sound internal controls would require a review of the Schedule and Attachments be performed and documented in some manner, prior to submission, to verify the information the Department reported is accurate and complete.

Per 23 USC Section 164, if a State hasn’t enacted certain laws regarding repeat intoxicated drivers, then the U.S. Department of Transportation (USDOT) may take a percentage of their allocated Highway Construction funds and divert them to allocated Highway Safety funds. Normally this money would go to the State’s highway safety agency (the Ohio Department of Public Safety, or ODPS) for use in preventing alcohol impaired driving, but the law allows the State to request that a percentage be directed for hazard elimination (HE), which goes to the State’s highway construction agency (ODOT). For most of state fiscal year (SFY) 2013, ODPS requested the HE draws from USDOT based on invoices from ODOT and had the money deposited directly into ODOT’s funds, specifically fund 7002 which is used for ODOT’s Highway Construction funds. Near the end of the fiscal year, ODOT began requesting these funds directly from USDOT. When preparing the Schedule of Expenditures of Federal Awards, ODOT broke out the amounts received for HE so they could be shown separately under CFDA # 20.600. However, as identified in the SFY 2012 audit, this CFDA number was incorrect. Based on discussions with and information received from USDOT personnel during the SFY 2012 audit, it appears the portion of the funds used for HE does not have a specific CDFA number and, therefore, should be recorded on the Schedule by using the contract numbers (obtained from ODPS). As such, the amount of \$32,361,619 originally shown for CFDA # 20.600 on ODOT’s SFY 2013 schedule was materially misstated: It should have been only \$136,058, with the remainder credited to contract numbers OB-2012-SA-00-00-00441 (\$5,815,233) and OB-2013-SA-00-00-00455 (\$26,410,328).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF TRANSPORTATION

1. FEDERAL SCHEDULE – HIGHWAY SAFETY CLUSTER (Continued)

This error was brought to OBM's attention by the auditor and the State's Schedule was adjusted prior to submission to the federal government.

By not accurately identifying and reporting federal expenditures (revenue), there is an increased risk that not only program activity but the State of Ohio's Schedule of Expenditures of Federal Awards may be materially misstated. It is imperative that federal program activity be accurately reported on the Schedule to ensure the State of Ohio's type A program threshold and major program determinations are proper. According to management, the misclassification occurred due to a desire to separately identify HE funds on the Schedule, unclear guidance from the grantor agency on how to accomplish this, and confusion on the determination made in the SFY 2012 audit.

We recommend the Department prepare written procedures to document their process for compiling the Schedule of Expenditures of Federal Awards and Attachments to ensure a consistent methodology is applied to every federal program. In addition, management should strengthen their existing reviews and monitor the compilation of the Schedule and Attachments to ensure all required elements of the Schedule have been reported accurately and reviewed prior to submitting the information to OBM.

Official's Response and Corrective Action Plan

The corrective action necessary to bring the finding into compliance involves simply changing a code used on the SEFA document. In the column entitled CFDA #, the Federal Contract numbers identified above will replace the previously-used code of 20.600. We were not aware of this CFDA error and had reported this way for a number of years.

We will continue to perform a reconciliation to identify if there are discrepancies for how deposits were recorded in both OAKS and ODOT's Accounting System, and adjustments are made on the SEFA to account for those discrepancies.

Anticipated Completion Date for Corrective Action

August 1, 2014

Contact Person Responsible for Corrective Action

Scot Gormley, Manager, External Audits, Ohio Department of Transportation, 1980 West Broad St., Columbus, Ohio 43223, Phone: (614) 644-0384, E-Mail: Scot.Gormley@dot.state.oh.us

**SUPPLEMENTAL
INFORMATION**

**STATE OF OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JULY 1, 2012 THROUGH JUNE 30, 2013**

AGENCY/FINDING

CURRENT STATUS ¹

Ohio Department of Alcohol and Drug Addiction Services

2012-ADA01-001 SAPT – Subrecipient Monitoring	The finding was repeated for fiscal year 2013. The Ohio Department of Alcohol and Drug Addiction Services implemented new subrecipient monitoring procedures as a result of their recent merger with the Ohio Department of Mental Health. Full remediation is expected by June 2014; finding first reported in fiscal year 2012.
2012-ADA02-002 SAPT – Transparency Act Reporting	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.

Ohio Development Services Agency

2012-DEV01-003 Inspections – HWAP Program	The finding was repeated for fiscal year 2013. The Ohio Development Services Agency will perform additional oversight procedures and training to address the errors detected by the auditor. Full remediation is currently in place; finding first reported in fiscal year 2011.
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Ohio Department of Education

2012-EDU01-004 Various Programs – Earmarking	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-EDU02-005 Special Education Cluster – Period of Availability	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-EDU03-006 Various Programs – Transparency Act Reporting	The finding was repeated for fiscal year 2013. The Ohio Department of Education reported delays in obtaining the DUNS number and a need for greater oversight. Full remediation is expected by August 2014; finding first reported in fiscal year 2011.
2012-EDU04-007 Special Education Cluster – Maintenance of Effort Monitoring	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.

Ohio Environmental Protection Agency

2012-EPA01-008 CWSRF & DWSRF – Subrecipient Monitoring	The finding was repeated for fiscal year 2013. The Ohio Environmental Protection Agency reports a more thorough review process will eliminate isolated errors. Full remediation planned by July 2014; finding first reported in fiscal year 2012.
2012-EPA02-009 CWSRF & DWSRF - Invoice Reviews	The finding was repeated for fiscal year 2013. The Ohio Environmental Protection Agency indicates a new process was implemented in January 2013 and they will continue to improve on review timelines with a planned remediation as of January 2014. Finding first reported in fiscal year 2011.

**STATE OF OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
JULY 1, 2012 THROUGH JUNE 30, 2013**

AGENCY/FINDING	CURRENT STATUS ¹
Ohio Department of Health	
2012-DOH01-010 Cash Management	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
Ohio Department of Job and Family Services	
2012-JFS01-011 MITS – Claims Reimbursement in Excess of OAC Limits	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services will continue to monitor the functionality of claims system audits based on internal reviews, claims data, and stakeholder feedback to identify errors reported by the auditor. Full remediation is expected by July 2014; finding was first reported in fiscal year 2006.
2012-JFS02-012 Medicaid/CHIP – Third Party Liability	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-JFS03-013 Medicaid/CHIP – Managed Care	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services reports the new MITS design maturity is not in place where MITS data and internal subsystem data are in alignment. The Department will continue to implement internal controls to reconcile system reports, however full remediation is not expected until June 2015. Finding first reported in fiscal year 2010.
2012-JFS04-014 Medicaid/CHIP – Intrastate Transfer Vouchers	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-JFS05-015 CCDF Cluster – Franklin County	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-JFS06-016 Missing Eligibility Documentation – Various Counties	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services will continue to communicate the importance of documentation with county subrecipients and encourage refresher training where appropriate. The Department expects full remediation by April 2014; finding first reported in fiscal year 2006.
2012-JFS07-017 Child Care – Copayment Amounts	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services implemented enhancements to its Child Care Data System in August 2013 and conducts monthly quality assurance conferences with staff. The Department expects full remediation by March 2014; finding first reported in fiscal year 2012.
2012-JFS08-018 Medicaid – Ineligible Recipients – CRIS-E/MITS Variance	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services continue to monitor system reports and correct errors to prevent the isolated error reported by the auditor. Full remediation is currently in place; finding first reported in fiscal year 2010.

Ohio Department of Job and Family Services (Continued)

**STATE OF OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
JULY 1, 2012 THROUGH JUNE 30, 2013**

AGENCY/FINDING	CURRENT STATUS ¹
2012-JFS09-019 Medicaid – Claim Service Date	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services reports timely file edits were implemented in MITS by June 2013 to correct the isolated errors detected by the auditor. Full implementation is currently in place; finding was first reported in fiscal year 2009.
2012-JFS10-020 IEVS – Due Dates	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services continue to provide training and technical assistance to county staff to resolve this long reported issue. The Department will perform IEVS reviews at numerous counties in the upcoming months and expects full remediation by September 2014. Finding first reported in fiscal year 1997.
2012-JFS11-021 Medicaid/CHIP – Provider Eligibility	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services has increased its quality assurance process and implemented enhancements in MITS to prevent future errors. Full remediation is expected in May 2014; finding first reported in fiscal year 2010.
2012-JFS12-022 CCDF – Type B Homes – Various Counties	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services has increased training with county staff and created a new unit within the Department for monitoring of licensing inspections. Full remediation is expected by June 2014; finding first reported in fiscal year 2012.
2012-JFS13-023 Medicaid/CHIP – Long Term Care Provider Eligibility	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services will take steps to provide evidence of eligibility reviews as well as a more timely review of certification documents. Full implementation is expected by June 2014; finding first reported in fiscal year 2012.
2012-JFS14-024 Various Programs – Transparency Act Reporting	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services will implement various internal control measures to provide timely reporting and address the errors detected by the auditor. Full remediation is expected by April 2014; finding first reported in fiscal year 2012.
2012-JFS15-025 IT – All Applications – Lack of Internal Testing of Automated Controls	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-JFS16-026 Various Programs – County Finance Documentation and Procedures	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.

**STATE OF OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
JULY 1, 2012 THROUGH JUNE 30, 2013**

AGENCY/FINDING

CURRENT STATUS ¹

Ohio Department of Job and Family Services (Continued)

2012-JFS17-027 Unemployment Insurance – Reporting	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-JFS18-028 Federal Revenue Controls	The finding was repeated for fiscal year 2013. The Ohio Department of Job and Family Services will strengthen its existing procedures to evidence internal controls are in place. Full remediation is expected by April 2014; finding first reported in fiscal year 2010.
2012-JFS19-029 Medicaid/CHIP – Claims Processing and Reconciliation Internal Controls	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-JFS20-030 IT – MITS – Audit Documentation Delays	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.

Ohio Department of Mental Health

2012-DMH01-031 Medicaid, CHIP and SSBG – Subrecipient Monitoring	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
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Ohio Department of Public Safety

2012-DPS01-032 Subrecipient Monitoring	The finding was repeated for fiscal year 2013. The Ohio Department of Public Safety has updated its policies and procedures to address errors reported by the auditor with full remediation expected by March 2014. Finding first reported in fiscal year 2011.
2012-DPS02-033 Highway Safety Cluster – Matching and Level of Effort	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-DPS03-034 Federal Transparency Act – Subaward Reporting	The finding was repeated for fiscal year 2013. The Ohio Department of Public Safety reports a time sensitive file to prevent delays in reporting has been implemented with full remediation by April 2013. Finding first reported in fiscal year 2012.

STATE OF OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
JULY 1, 2012 THROUGH JUNE 30, 2013

AGENCY/FINDING

CURRENT STATUS ¹

Ohio Rehabilitation Services Commission

2012-RSC01-035 Vocational Rehabilitation & Social Security Disability Insurance – Cash Management	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
2012-RSC02-036 Vocational Rehabilitation – Determination of Eligibility	The finding was repeated for fiscal year 2013. The Ohio Rehabilitation Services Commission reports greater oversight and refresher training on documentation requirements will bring full remediation by July 2014. Finding first reported in fiscal year 2011.

Ohio Department of Transportation

2012-DOT01-037 Davis-Bacon Act – Internal Controls	This finding is no longer reportable in the 2013 State of Ohio Single Audit Report.
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ATTACHMENTS



Comprehensive Annual Financial Report

The State of Ohio
Fiscal Year Ended June 30, 2013

Governor John R. Kasich
Office of Budget and Management
Director Timothy S. Keen



ACKNOWLEDGMENTS

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Special appreciation is given to all fiscal and accounting personnel throughout the State whose extra efforts to contribute accurate, timely financial data for their agencies made this report possible.

State of Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



Office of Budget and Management

OBM Director Timothy S. Keen

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Prepared by OBM Division of State Accounting.

STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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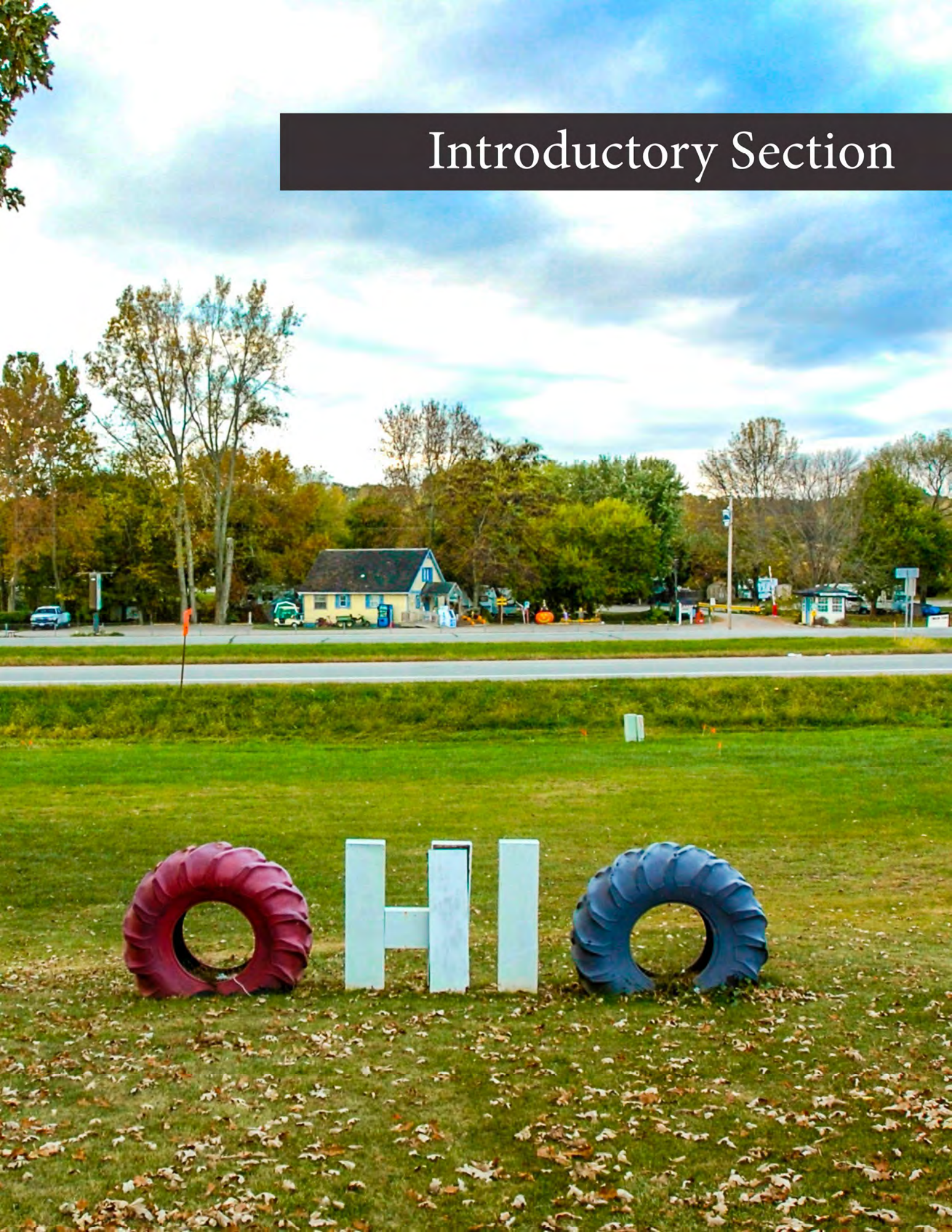
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Introductory Section



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Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

December 20, 2013

To the Honorable John R. Kasich, Governor;
Members of the Ohio General Assembly; and
Citizens of Ohio:

It is my privilege to present the State of Ohio's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013, prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Office of Budget and Management (OBM) prepared this report pursuant to Section 126.21, Ohio Revised Code. The report includes the basic financial statements, which provide an overview of the State's financial position and the results of financial operations. Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, including all disclosures, rests with OBM.

To the best of our knowledge and belief, the information presented is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the State of Ohio. All disclosures necessary for a reasonable understanding of the State's financial activities have been included.

This letter of transmittal is intended to complement management's discussion and analysis (MD&A) and should be read in conjunction with it. The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements.

The reporting format for our CAFR is significantly different from the way the State more typically presents its finances on a non-GAAP budgetary basis. The most obvious difference is that the "General Fund" in the CAFR includes more than just the State's General Revenue Fund (GRF). The General Fund also includes other funds such as the reimbursement-supported funds used for activities administered by state agencies and departments for which special revenue or proprietary fund classifications were considered to be inappropriate.

The State's management is responsible for establishing and maintaining internal control designed to ensure that the State's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT RESULTS

In compliance with Ohio Revised Code, an annual financial audit has been performed by the Office of the Auditor of State. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's unqualified opinion is included in the Financial Section of this report. This opinion indicates there was no limitation on the scope of the auditors' examination and the financial statements were presented fairly, in all material respects, in conformity with GAAP.

Additionally, the State's Single Audit report is audited by the Office of the Auditor of State to meet the requirements of the federal Single Audit Act Amendments of 1996 and related Office of Management and Budget (OMB) Circular A-133. The Single Audit report will be issued separately from the State's CAFR.

PROFILE OF THE GOVERNMENT

History

Ohio's first constitution was adopted in 1802, and Ohio entered the union in 1803. Ohio's present constitution was modified by a state constitutional convention in 1851 and has since been amended on numerous occasions. The Constitution establishes a state governmental structure similar to the federal model, with three separate branches of government — executive, legislative, and judicial.

Governmental Structure

The executive branch consists of the Governor and Lieutenant Governor, who are jointly elected, and four additional statewide elected officials: the Attorney General, the Auditor of State, the Secretary of State, and the Treasurer of State. All of these officials are elected to four-year terms. The State Board of Education is also part of the executive branch. Approximately 100 departments, agencies, boards, and commissions are part of the executive branch of government and receive appropriations from the legislature, along with several judicial and legislative agencies. An organizational chart of state government can be found on pages x and xi.

The state legislature in Ohio is referred to as the General Assembly and consists of two separate chambers, the Senate, a 33-member body, and the House of Representatives, a 99-member body. Each member of the General Assembly is elected to represent the residents of a geographical district for a specified term. Members of Ohio's General Assembly are subject to term-limits; senators are restricted to serving two four-year terms, and representatives are restricted to serving four two-year terms. Each chamber has a presiding officer to call the chamber to order and direct the calendar of events. The presiding officer in the Senate is the President of the Senate, and the presiding officer of the House of Representatives is the Speaker of the House. A new General Assembly is convened in January of each odd-numbered year.

Within the Judicial system, the Supreme Court is the court of last resort in Ohio. Most of its cases are appeals from the twelve district courts of appeal. The chief justice and six justices are elected to six-year terms on a nonpartisan ballot.

Reporting Entity and Its Services

For financial reporting purposes, the State's reporting entity consists of (1) the primary government, (2) component units for which the primary government is financially accountable, and (3) other component units for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria set forth in Governmental Accounting Standards Board's (GASB) Statement 14, The Financial Reporting Entity, Statement 39, Determining Whether Certain Organizations are Component Units, an amendment to GASB 14 and Statement 61, The Financial Reporting Entity: Omnibus, an amendment to GASB 14, are used to determine the organizations for which the State is financially accountable. NOTE 1A. to the financial statements explains more fully which financial activities are included in the State's reporting entity.

The State provides a wide range of services and support to its citizenry that are accounted for in the following functions or programs: primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, community and economic development, workers' compensation, lottery, unemployment compensation, tuition credits, and other business-type activities.

Retirement Systems

Employees of the primary government or its component units may be eligible to participate in the Ohio Public Employees Retirement System, the State Teachers Retirement System of Ohio, the State Highway

Patrol Retirement System, or the Alternative Retirement Plan. Further information on the State's participation in the different retirement systems can be found in NOTE 9 to the financial statements.

Risk Management

As discussed in NOTE 1P. to the financial statements, the State's primary government is self-insured for claims under its healthcare plan as well as its vehicle liability plan. Public official fidelity bonding is placed with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. Also, the State's primary government and its component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their workers' compensation liability.

Budgetary Control and Accounting System

Ohio's Constitution requires the State to have a balanced budget. The State's biennium budget begins on July 1 of odd-numbered years and ends 24 months later on June 30. The State maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the General Assembly. Budgets are entered on the statewide accounting system once the appropriations bill becomes law. Controls are maintained first at the agency level, with additional control at the fund and appropriation level to ensure that expenditures do not exceed authorized limits.

The State's non-GAAP budgetary financial statements are prepared on a modified cash basis of accounting. This means that revenues are recognized when cash is received and expenditures are recognized when cash is paid. Encumbrances, reservations of appropriation authority as of June 30, the end of the State fiscal year, are reflected as expenditures on the budgetary basis of accounting.

Budget-to-actual comparisons can be found in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Job, Family and Other Human Services Special Revenue Fund, these comparisons are presented as part of the basic financial statements. For other budgeted non-major governmental funds with appropriated annual budgets, budget-to-actual comparisons are in the non-major governmental funds section of the CAFR.

Additional discussion of the budgetary and GAAP bases of accounting is provided in NOTE 1 to the financial statements.

The accounting system maintains all non-GAAP budgetary basis transactions and most GAAP basis adjustments. In addition to the information obtained from the accounting system for financial reporting, selected financial information provided by the State's agencies and departments is compiled to complete the GAAP basis financial statements.

Differences between the two bases of accounting (GAAP vs. non-GAAP budgetary) include: 1) entity differences — the GAAP reporting entity may include organizations such as financing authorities and other component units that are not included in the State's budget; 2) basis differences — the GAAP basis results in the reporting of accruals while the non-GAAP budgetary basis results in the reporting of cash transactions; and 3) timing differences — for example, GAAP recognizes expenditures for payables for goods and services received, whereas the non-GAAP budgetary basis considers unliquidated encumbrances as expenditures. A reconciliation between the GAAP basis and non-GAAP budgetary basis fund balances is presented in NOTE 3 to the financial statements.

ECONOMIC OVERVIEW AND OUTLOOK

Overview

The U.S. economic expansion continued through the third quarter of calendar year 2013, extending the string of positive quarterly changes in real GDP to 17. Real GDP growth remained uneven from quarter to quarter, and stayed close to the approximately 2 percent track it has been on since the end of the recession in mid-2009. For 2013, real GDP is on track to increase by 1.8 percent, similar to the average growth rate of 2.1 percent during the three previous years.

Despite more than four years of uninterrupted growth, the cumulative gain in the economy remains well short of that experienced at this point in past recoveries. Real GDP has expanded at an annual rate of 2.3 percent during the first 17 quarters of this expansion, compared with an average of 4.4 percent for other expansions lasting at least 17 quarters in the postwar period. The pace is comparable to, but still notably slower than, the growth rates following the most recent two recessions. In addition, growth in real final sales has been the weakest on record by a notable margin.

The slow pace of growth in aggregate demand has coincided with low consumer price inflation. After decreasing by 0.3 percent on average in 2009 for the first annual decline since 1955, the Consumer Price Index (CPI) increased only 1.6 percent in 2010 and followed energy prices higher to 3.1 percent in 2011 before returning to 2.1 percent in 2012. The CPI was on track through October to rise by only 1.5 percent in 2013. Inflation was last this low for a five-year period in the mid-1960s.

The Federal Reserve continues to respond to persistently weak economic growth and lingering financial stresses by holding the federal funds rate target range at 0 percent to 0.25 percent and by making substantial additional bond purchases to support capital markets and lift household net worth by directly boosting prices of bonds and indirectly by boosting prices of stocks (popularly known as “quantitative easing”). In general, interest rates remained near long-time lows in 2013, but in many cases moved notably higher starting in the spring. The 30-year fixed mortgage rate rose by more than a full percentage point from a new all-time low of less than 3.5 percent in early January 2013 to as high as 4.5 percent by September in anticipation of a reduction in the amount of regular monthly purchases of mortgage-backed securities by the Federal Reserve.

Fiscal policy continued to add directly to aggregate demand in Fiscal Year 2013, as federal outlays amounted to 20.8 percent of GDP, compared with receipts amounting to 16.7 percent of GDP. The budget deficit as a percent of GDP declined for the fourth straight year, reaching 4.1 percent of GDP, but remained among the largest in history during peace time. The mix of the outlays and the high level of uncertainty about pending tax rate increases, and the implementation of the new federal health law might offset to some degree any positive effects of government spending on aggregate demand.

Extensive slack continued to characterize labor markets again in 2013, as the number of unemployed and under-employed people remained high, despite continuing reductions. Payrolls expanded throughout the year, gaining strength as the calendar year drew to a close. Growth in total nonfarm payrolls averaged 189,000 jobs per month through November 2013, and the unemployment rate declined from 7.8 percent at the end of 2012 to 7.0 percent in November 2013. Despite the positive trends in labor markets, the severity of unemployment remains extreme by a variety of measures, including the length of both average and median time out of work.

Ohio employment also continued growing in calendar year 2013, rising by 29,800 jobs, or 0.6 percent, through October, compared with an increase of 42,900 jobs, or 0.8 percent, during the same period in 2012. (Ohio employment had fallen by 452,800 jobs from its peak in March 2006 to its low point in February 2010.) All major sectors of the economy contributed to job growth through October 2013 with the exception of government, information, and construction, where employment fell by 9,600 jobs, 2,000 jobs, and 1,700 jobs, respectively. Growth was concentrated in leisure and hospitality (+14,700), education and health services (+10,100), professional and business services (+7,100), and manufacturing (+2,800).

The strengthening in labor markets translated into higher U.S. personal income through the first three quarters of calendar year 2013. Actions taken by taxpayers in late 2012 in anticipation of higher tax rates in 2013 added to income in 2012 at the expense of early 2013, complicating year-over-year comparisons. Nonetheless, personal income during the four quarters ending in the third quarter of 2013 increased 3.9 percent from the same period a year earlier, compared with a 4.0 percent during the same period a year earlier, suggesting that income growth remained on track despite the tax-related disruptions.

Ohio personal income slowed more, growing 2.8 percent from a year earlier during the four quarters ending in the second quarter of calendar year 2013, compared with 5.1 percent in the year earlier period. Growth in wage and salary disbursements has held up better, slowing from 4.7 percent to 3.5 percent on the same basis.

Outlook

The economy is expected to continue expanding in calendar year 2014. Real GDP will expand by 2.5 percent in 2014, following a projected gain of 1.8 percent in 2013, according to the November 2013 forecast by IHS Global Insight. The Ohio economy is also expected to grow in 2014, as measured by employment, personal income, and real gross state product, according to the February IHS Global Insight forecast.

Ohio employment is projected to increase for the fifth year in a row in 2014 on a fourth quarter-to-fourth quarter basis. After decreasing for four years in a row, culminating with a 5.3 percent decline in 2009, Ohio employment increased by 1.0 percent in 2010, 1.4 percent in 2011, and 1.0 percent in 2012. IHS Global Insight projects Ohio employment growth to increase 0.9 percent in 2013 and 1.3 percent in 2014.

Driven by rising employment and earnings per worker, Ohio personal income is projected to increase 2.7 percent in calendar year 2013 and 4.3 percent in calendar year 2014, following a decrease of 2.3 percent in 2009, and increases of 2.2 percent in 2010, 6.6 percent in 2011 and 3.7 percent in 2012.

Real Ohio gross state product gained 2.2 percent in calendar year 2012 after a decrease of 5.7 percent in 2009 and increases of 2.1 percent in 2010 and 2.9 percent in 2011. Growth is estimated to have continued at a modest pace of 0.8 percent in 2013 and is projected to increase to 1.7 percent in 2014.

Overall economic growth during 2014 is anticipated to increase at a pace closer to the 3.2 percent rate achieved during 1947-2012 for several reasons:

- The paying down of debt by households and businesses will subtract from growth instead of adding to growth as the accumulation of debt did during the expansion of the 2000s;
- The tremendous decrease in wealth from the decline in financial markets and housing prices will suppress consumption, although this factor has been increasingly offset by recent and substantial increases in prices of financial assets; and
- Housing construction will remain relatively subdued due to the large supply of unoccupied houses and low expectations for price appreciation.

As the effects of these factors dissipate, economic growth is projected to average close to the historical trend rate of 3.2 percent during 2015 and beyond, according to IHS Global Insight.

The future economic situation is uncertain. In the near term, U.S. economic growth could be stronger than previously anticipated for a time before ultimately giving way to more moderate growth longer term. The economy could benefit more than is widely anticipated in the near term from the following:

- Extraordinarily accommodative monetary policy, which is pegging short-term interest rates at generational lows and engaging in policies designed to lower longer-term interest rates and support asset prices;
- Rapid growth in corporate profits and strong corporate balance sheets;
- Improvements in consumer confidence and household balance sheets; and
- The potential for a domestic energy boom that could lower energy costs generally and lead to many years of enhanced productivity growth.

Risks to the Outlook

However, risks to the economic outlook include:

- An abrupt reversal of the extraordinarily monetary policy that has been associated with historically low interest rates;
- The inability of federal lawmakers to enact a budget consistent with long-term economic growth;
- Renewed financial stress among European nations and U.S. state and local governments; and;
- Large direct and indirect costs of new regulations in health care, energy and financial services.

MAJOR INITIATIVES AND PROJECTS

Going forward, major initiatives by the State of Ohio, will continue to build on pro-growth policies of the Fiscal Year 2012-2013 budget, which closed a \$7.7 billion fiscal imbalance without raising taxes, and the Fiscal Year 2014-2015 budget, which takes further steps to transform Ohio for jobs and growth. Chief among these initiatives:

- New Resources for Classroom Achievement: The Kasich Administration continues to champion ongoing initiatives to strengthen Ohio's schools, including the Third Grade Reading Guarantee and innovative school plans in Cleveland and Columbus. Such efforts continue, through the *Achievement Everywhere* Plan, which significantly increases state funding and puts more dollars in the classroom in ways that help teachers respond to each student's unique learning needs. As a result, aggregate state funding for education in FY 2015 will exceed FY 2011 actual state spending. To encourage innovation in the classroom, a new \$250 million *Straight A Fund* is providing one-time grants to encourage school districts with innovative strategies for increasing operational efficiency and helping students improve achievement levels.
- Tax Reduction and Reform: Ohioans will benefit from more than \$2.7 billion in tax relief, including a 10 percent reduction, over three years, in personal income tax rates and a 50 percent tax cut for nearly all small businesses. Other reforms ease Ohio's past reliance on income taxes by placing greater emphasis on consumption taxes, closing loopholes and making the tax system fairer and more supportive of a jobs-friendly economic climate.
- Transforming Medicaid and Health Care Delivery: Building on Ohio's progress, begun in the Fiscal Years 2012 and 2013 budget, reforms taking effect over the coming year will continue the nationally recognized transformation of Ohio's Medicaid program, ensure better care for vulnerable Ohioans, streamline health and human services programs and improve overall health system performance. In 2014, the State is extending Medicaid coverage to 275,000 lower-income residents, helping to keep working Ohioans in jobs, put Ohio's federal taxes to work here at home and create a ladder up and out of public assistance.
- Incentivizing State Colleges to Increase Graduation Rates: Through a new funding formula based less on how many students enroll and more on how many students complete their degrees, the State rewards graduation and completion at Ohio's public colleges and universities. Going forward, the new budget also caps in-state undergraduate tuition to keep tuition affordable for Ohio families.
- The Ohio Jobs and Transportation Plan: authorized in the Fiscal Year 2012-2013 budget and implemented by H.B. 51, signed on April 1, 2013, leverages the value of the State's Ohio Turnpike asset to support bonds for transportation projects. This plan positions Ohio to move forward with the design and construction of essential transportation infrastructure projects that would have otherwise been held off for years, given the slow decline of traditional transportation revenue streams.

During Fiscal Year 2014, the Office of Budget and Management is leading state agencies through a comprehensive Mid-Biennium Review (MBR), a top-to-bottom analysis of state agency budgets, operations and programs. This follows a pattern set by Ohio's first-ever MBR, which was undertaken by the Kasich Administration in 2012 and produced hundreds of recommendations for efficiencies and reforms to reduce the cost of government and revitalize Ohio's ability to keep and attract jobs. Early in February 2014, the Governor will introduce his capital budget proposal for the 2015 and 2016 fiscal biennium, identifying spending priorities to maintain and improve the state's educational and public service infrastructure in ways that help keep Ohio a leader in the competitive world economy.

Overall, Ohio continues to keep its fiscal house in order by aligning its fiscal resources in ways that best serve our citizens' needs. Prudent fiscal management over the past two years has allowed the State to return a portion of its improving revenues to citizens in the form of reduced taxes and restore the State's Budget Stabilization Fund to its statutory maximum of \$1.48 billion (from an 89-cents balance in 2010).

Additional discussion of these and other initiatives is provided in the General Fund Budgetary Highlights section of the MD&A.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

In conclusion, I wish to express my appreciation to the Financial Reporting staff of OBM's State Accounting Section and staffs of the various state agencies whose time and dedicated efforts made this report possible. I encourage you to access Ohio's Comprehensive Annual Financial Report at <http://www.obm.ohio.gov>.

Respectfully submitted,

A handwritten signature in blue ink that reads "Timothy S. Keen". The signature is written in a cursive style with a large initial 'T'.

Timothy S. Keen
Director

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STATE OF OHIO OFFICIALS

As of June 30, 2013

EXECUTIVE

John Kasich
Governor

Mary Taylor
Lieutenant Governor

Mike Dewine
Attorney General

Dave Yost
Auditor of State

Josh Mandel
Treasurer of State

Jon Husted
Secretary of State

LEGISLATIVE

Keith Faber
President of the Senate

William G. Batchelder
Speaker of the House

JUDICIAL

Maureen O'Connor
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

FINANCIAL REPORTING ENTITY		
PRIMARY GOVERNMENT		
LEGISLATIVE	EXECUTIVE	JUDICIAL
<p>Senate (33 Members)</p> <p>House of Representatives (99 Members)</p>	<p>Governor</p> <p>Lieutenant Governor</p> <p>Attorney General</p> <p>Auditor of State</p> <p>Secretary of State</p> <p>Treasurer of State</p> <p>State Board of Education (11 Elected Members, and 6 At-Large Members)</p>	<p>Supreme Court Chief Justice and 6 Justices</p>
<p>Governmental Activities: <i>General Government:</i> Senate House of Representatives Legislative Service Commission Legislative Committees</p>	<p>Governmental Activities: <i>Primary, Secondary and Other Education:</i> Arts Council Department of Education Educational Telecommunications School for the Blind School for the Deaf State Library Board</p> <p><i>Higher Education Support:</i> Board of Regents Career Colleges and Schools Board</p> <p><i>Public Assistance and Medicaid:</i> Department of Job and Family Services</p> <p><i>Health and Human Services:</i> Department of Aging Department of Alcohol and Drug Addiction Services Department of Health Department of Mental Health Department of Developmental Disabilities Department of Veteran Services Hispanic-Latino Affairs Commission Legal Rights Service Minority Health Commission Rehabilitation Services Commission</p> <p><i>Justice and Public Protection:</i> Adjutant General Board of Tax Appeals Civil Rights Commission Department of Public Safety Department of Rehabilitation and Correction Department of Youth Services Ethics Commission Office of the Attorney General Public Defender Commission</p> <p><i>Environmental Protection and Natural Resources:</i> Department of Natural Resources Environmental Protection Agency Environmental Review Appeals Lake Erie Commission</p> <p><i>Transportation:</i> Department of Transportation</p>	<p>Governmental Activities: <i>Justice and Public Protection:</i> Supreme Court Judicial Conference Judiciary Court of Claims</p>

PRIMARY GOVERNMENT (Continued)

	<p><i>General Government:</i> Capitol Square Review & Advisory Board Consumers' Counsel Department of Administrative Services Department of Commerce Department of Insurance Department of Taxation Office of Budget and Management Office of the Governor Office of the Inspector General Office of the Lieutenant Governor Office of the Secretary of State Office of the Treasurer of State Public Utilities Commission Racing Commission Sinking Fund Commission Other Boards and Commissions</p> <p><i>Community and Economic Development:</i> Department of Agriculture Development Services Agency Expositions Commission Public Works Commission Southern Ohio Agricultural & Community Development Foundation</p> <p>Business-Type Activities: Bureau of Workers' Compensation and Industrial Commission Department of Commerce—Liquor Control Division Department of Job and Family Services—Unemployment Compensation Program Lottery Commission Office of the Auditor of State Tuition Trust Authority</p>	
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COMPONENT UNITS

<p>Blended Component Units: State Highway Patrol Retirement System (included as Fiduciary Activities) Buckeye Tobacco Settlement Financing Authority (included as Governmental Activities)</p> <p>Discretely Presented Component Units: <i>Financing Authorities:</i> Ohio Air Quality Development Authority Ohio Capital Fund</p> <p><i>Nonprofit Organizations:</i> Jobs Ohio</p> <p><i>Commissions:</i> Cultural Facilities Commission Ohio Facilities Construction Commission eTech Ohio Commission</p>	<p>Discretely Presented Component Units (continued): <i>State Universities:</i> Bowling Green State University Cleveland State University Miami University Ohio University University of Akron University of Toledo Youngstown State University</p> <p style="text-align: right;"><i>Central State University</i> Kent State University Ohio State University Shawnee State University University of Cincinnati Wright State University</p> <p><i>State Community Colleges:</i> Cincinnati State Columbus State Northwest State Southern State Washington State</p> <p style="text-align: right;"><i>Clark State</i> Edison State Owens State Terra State</p>
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JOINT VENTURES

RELATED ORGANIZATIONS

Great Lakes Protection Fund Local Community Colleges Technical Colleges	Higher Education Facility Commission Ohio Housing Finance Agency Ohio Legal Assistance Foundation Ohio Turnpike Commission Ohio Water Development Authority Petroleum Underground Storage Tank Release Compensation Board
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
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Reporting


Presented to

State of Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

The Honorable John Kasich, Governor
 State of Ohio
 Columbus, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Ohio (the State), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the following organizations which reflect the percentages of total assets and expenditures/expenses/deductions indicated for the related opinion units:

Opinion Unit	Organization	Percent of Opinion Unit's Total	
		Assets	Expenditures /Expenses /Deductions
Governmental Activities	Treasurer of State Lease Revenue Bonds	0%	1%
Business-Type Activities (BTA)	Ohio Bureau of Workers' Compensation, Office of the Auditor of State, and Tuition Trust Authority	95%	45%
BTA / Workers' Compensation	Ohio Bureau of Workers' Compensation	100%	100%
Aggregate Discretely Presented Component Units	Bowling Green State University; Central State University; Cleveland State University; Kent State University; Miami University; Ohio State University; Ohio University; Shawnee State University; University of Akron; University of Cincinnati; University of Toledo; Wright State University; Youngstown State University; Cincinnati State Community College; Clark State Community College; Columbus State Community College; Edison State Community College; Northwest State Community College; Owens State Community College; Southern State Community College; Terra State Community College; Washington State Community College; and JobsOhio.	98%	96%
Aggregate Remaining Fund Information	State Highway Patrol Retirement System, Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, School Employees Retirement, Treasurer of State Lease Revenue Bonds System, State Treasury Asset Reserve of Ohio, Office of the Auditor of State, and Tuition Trust Authority	97%	86%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these independently audited organizations, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of JobsOhio, which represents six percent of the total assets and three percent of the total expenses of the aggregate discretely presented component units, in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the State's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the State's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Job, Family and Other Human Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2013, the State adopted the provisions of Governmental Accounting Standards No. 61, *The Financial Reporting Entity: Omnibus*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and *Schedules for Infrastructure Assets Accounted for Using the Modified Approach*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the State's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 20, 2013

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State of Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013 (Unaudited)

Introduction

This section of the State of Ohio's annual financial report presents management's discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2013. The management's discussion and analysis section should be read in conjunction with the preceding transmittal letter and the State's financial statements, which follow.

Financial Highlights

Government-wide Financial Statements

During fiscal year 2013, net position of the State's primary government increased by \$1.87 billion, after prior year restatements, and ended fiscal year 2013 with a balance of \$27.04 billion. Net position of the State's component units increased by \$755 million, after prior year restatements, and ended fiscal year 2013 with a balance of \$11.89 billion. See additional discussion beginning on page 9.

Fund Financial Statements

Governmental funds reported a combined ending fund balance of \$14.06 billion that was comprised of \$119.8 million in nonspendable, \$9.27 billion restricted for specific purposes, \$1.37 billion committed, \$2.04 billion in assigned, and \$1.25 billion in unassigned. See additional discussion beginning on page 11.

As of June 30, 2013, the General Fund's fund balance was approximately \$5.24 billion, including \$59.9 million in nonspendable, \$1.13 billion in restricted, \$751.6 million in committed, \$2.04 billion in assigned, and \$1.26 billion in unassigned. The General Fund's fund balance increased by \$2.06 billion (exclusive of a \$6.6 million decrease in inventories) or 64.5 percent during fiscal year 2013. See additional discussion beginning on page 11.

Proprietary funds reported net position of \$5.82 billion, as of June 30, 2013, a decrease of \$742.4 million since June 30, 2012 (as restated). This decrease is largely due to the net decrease of \$1.04 billion in the Workers' Compensation Fund. See additional discussion beginning on page 13.

Capital Assets

The carrying amount of capital assets for the State's primary government increased to \$25.94 billion at June 30, 2013. The majority of the \$186.9 million increase during fiscal year 2013 was from the acquisition of land and highway network infrastructure and additions to construction-in progress. See additional discussion beginning on page 14.

Long-Term Debt — Bonds and Notes Payable and Certificates of Participation Obligations

Overall, the carrying amount of total long-term debt for the State's primary government decreased \$1.04 billion or 5.7 percent during fiscal year 2013 for an ending balance of \$17.25 billion. During the year, the State issued, at par, \$1.18 billion of long-term debt of which \$470.5 million was refunding bonds. See additional discussion beginning on page 15.

Overview of the Financial Statements

This annual report consists of three required components: management's discussion and analysis, basic financial statements, including the accompanying notes to the financial statements, and required supplementary information. In addition, this report includes an optional section that contains combining statements and schedules for the nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component unit funds.

The basic financial statements are comprised of the government-wide financial statements and fund financial statements. The figure on the following page summarizes the major features of these statements.

Major Features of the State of Ohio's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as general government, transportation, justice and public protection, etc.	Activities the State operates similar to private businesses, such as the workers' compensation insurance program, lottery, tuition credit program, etc.	Instances in which the State is the trustee or agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements – Reporting the State as a Whole

The two government-wide financial statements, prepared on a basis and focus similar to those used by private-sector companies, report the State's net position and how it has changed. Net position — the difference between the State's assets/deferred outflows of resources and liabilities/deferred inflows of resources — is one way to measure the State's financial health, or position. Over time, increases or decreases in the State's net position indicate whether its financial health has improved or deteriorated, respectively. However, a reader should consider additional nonfinancial factors, such as changes in the State's economic indicators and the condition of the State's highway system, when assessing the State's overall financial status.

These statements, found on pages 20 through 23 of this report, are divided into three categories as follows.

Governmental Activities — Most of the State's basic services are reported under this category, such as primary, secondary and other education, higher education support, public assistance and Medicaid, and transportation. Taxes, federal grants, and charges for services, fees, fines and forfeitures finance most of these activities.

Business-type Activities — The State charges fees to customers to help cover the costs of certain services it provides. The State reports the following programs and activities as business-type: workers' compensation insurance program, lottery operations, unemployment compensation program, guaranteed college tuition credit program, liquor control operations, and the Auditor of State's governmental auditing and accounting services.

Component Units — The State presents the financial activities of the Ohio Facilities Construction Commission, Ohio State University, and other entities as discretely presented component units under a separate column in the government-wide financial statements. The Buckeye Tobacco Settlement Financing Authority is presented as a blended component unit with its activities blended and included under governmental activities. Although legally separate, the State is financially accountable for its component units. For further explanation and a complete list of component units, see NOTE 1A. to the financial statements.

Fund Financial Statements – Reporting more detail about the State’s most significant funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. State law and bond covenants mandate the use of some funds. The Ohio General Assembly establishes other funds to control and manage money for particular purposes or to show that the State is properly using certain taxes and grants. The State employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The basic fund financial statements can be found on pages 24 through 45 of this report while the combining fund statements and schedules can be found on pages 135 through 209. The State has the following three kinds of funds:

Governmental Funds — Most of the State’s basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out (i.e., near-term inflows and outflows of spendable resources) and the balances remaining at year-end that are available for spending (i.e., balances of spendable resources). Consequently, the governmental fund financial statements provide a detailed short-term view that helps the financial statement reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the State’s programs. Because these statements do not encompass the long-term focus of the government-wide statements, a reconciliation schedule, which follows each of the governmental fund financial statements, explains the relationship (or differences) between them.

The State’s governmental funds include the General Fund, Job, Family and Other Human Services Special Revenue Fund, and the Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund, all of which are considered major funds. Data from the other governmental funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic governmental fund financial statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

For budgeted governmental funds, the State also presents budgetary comparison statements and schedules in the basic financial statements and combining statements, respectively, to demonstrate compliance with the appropriated budget. The State’s budgetary process is explained further in NOTE 1D. to the financial statements.

Proprietary Funds — Services for which the State charges customers a fee are generally reported in proprietary funds. Financial statements for the proprietary funds, which are classified as enterprise funds, provide both long- and short-term financial information.

Presented under separate columns on the three statements is information for the Workers’ Compensation, Lottery Commission, and Unemployment Compensation enterprise funds, all of which are considered to be major funds. Data from the other enterprise funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the statements. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The enterprise funds are the same as the State’s business-type activities reported in the government-wide financial statements, but the proprietary fund financial statements provide more detail and additional information, such as information on cash flows.

Fiduciary Funds — The State is the trustee, or fiduciary, for assets that — because of a trust arrangement — can only be used for the trust beneficiaries. The State is responsible for ensuring the assets reported in these funds are used for their intended purposes. The State Highway Patrol Retirement System Pension Trust Fund, Variable College Savings Plan Private-Purpose Trust Fund, STAR Ohio Investment Trust Fund, and the agency funds are presented on two statements. Fiduciary information is excluded from the government-wide financial statements because the State cannot use these assets to finance its operations.

Discretely Presented Component Unit Statements (Component Unit)

Following the fund financial statements, the State includes statements for its major discretely presented component units within the basic financial statements section. Nonmajor discretely presented component units are also presented in aggregation under a single column in the component unit financial statements and in combining statements elsewhere in this report.

Notes to the Financial Statements

The basic financial statements section includes notes that more fully explain the information in the government-wide and fund financial statements; the notes provide more detailed data that are essential to a full understanding of the data presented in the financial statements. The notes can be found on pages 50 through 127 of this report.

Required Supplementary Information

Following the notes is a section of required supplementary information that discusses the assessed condition and estimated and actual maintenance and preservation costs of the state’s highway and bridge infrastructure assets

that are reported using the modified approach. Limited in application to a government's infrastructure assets, the modified approach provides an alternative to the traditional recognition of depreciation expense. Required supplementary information can be found on pages 129 through 132 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position. During fiscal year 2013, as shown in the table below, the combined net position of the State's primary government increased \$1.87 billion or 7.4 percent, after prior year restatements. Net position reported for governmental activities increased \$2.61 billion or 14.1 percent, after restatements, and business-type activities decreased \$742.4 million, or 11.3 percent, after restatements. Condensed financial information derived from the Statement of Net Position for the primary government is presented in the following table.

Net Position						
As of June 30, 2013 and 2012						
<i>(dollars in thousands)</i>						
	As of June 30, 2013			As of June 30, 2012		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current and Other Assets	\$ 21,329,915	\$ 29,375,395	\$ 50,705,310	\$ 18,274,202	\$ 29,364,751	\$ 47,638,953
Capital Assets.....	25,801,905	140,708	25,942,613	25,611,543	144,164	25,755,707
Total Assets.....	<u>47,131,820</u>	<u>29,516,103</u>	<u>76,647,923</u>	<u>43,885,745</u>	<u>29,508,915</u>	<u>73,394,660</u>
Deferred Outflow of Resources.....	\$ 41,889	\$ -	\$ 41,889	\$ 59,117	\$ -	\$ 59,117
Current and Other Liabilities.....	6,439,713	171,188	6,610,901	6,239,624	(16,211) *	6,223,413
Noncurrent Liabilities.....	19,518,656	23,523,049	43,041,705	19,107,231	22,956,562	42,063,793
Total Liabilities.....	<u>25,958,369</u>	<u>23,694,237</u>	<u>49,652,606</u>	<u>25,346,855</u>	<u>22,940,351</u>	<u>48,287,206</u>
Net Position:						
Net Investment in Capital Assets.....	22,489,929	92,290	22,582,219	22,147,262	67,331	22,214,593
Restricted.....	4,509,550	6,814,878	11,324,428	3,579,618	7,884,358	11,463,976
Unrestricted.....	(5,784,139)	(1,085,302)	(6,869,441)	(7,128,873)	(1,383,125)	(8,511,998)
Total Net Position.....	<u>\$ 21,215,340</u>	<u>\$ 5,821,866</u>	<u>\$ 27,037,206</u>	<u>\$ 18,598,007</u>	<u>\$ 6,568,564</u>	<u>\$ 25,166,571</u>

*Internal balances exceeded current and other liabilities.

As of June 30, 2013, the primary government's net investment in capital assets (e.g., land, buildings, infrastructure, and construction-in-progress) was \$22.58 billion. Restricted net position was approximately \$11.32 billion, resulting in a \$6.87 billion deficit. Net position is restricted when constraints placed on their use are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) legally imposed through constitutional or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

The government-wide Statement of Net Position reflects a \$5.78 billion deficit for unrestricted governmental activities. The State of Ohio, like many other state governments, issues general and special obligation debt, the proceeds of which benefit local governments and component units. The proceeds are used to build facilities for public-assisted colleges and universities and local school districts and finance infrastructure improvements for local governments. The policy of selling general obligation and special obligation bonds for these purposes has been the practice for many years. Of the \$10.55 billion of outstanding general obligation and special obligation debt at June 30, 2013, \$7.81 billion is attributable to debt issued for state assistance to component units (Ohio Facilities Construction Commission, Cultural Facilities Commission, and the colleges and universities) and local governments. The balance sheets of component unit and local government recipients reflect ownership of the related constructed capital assets without the burden of recording the debt. Unspent proceeds related to these bond issuances are included on the Statement of Net Position as restricted net position. By issuing such debt, the State is left to reflect significant liabilities without the benefit of recording the capital assets constructed with the proceeds from the debt issuances.

Additionally, as of June 30, 2013, the State's governmental activities have significant unearned revenue relating to the franchising of the State's spirituous liquor system in the amount of \$1.44 billion (see additional discussion on page 12) and a \$665.4 million interfund payable due to the workers' compensation component of business-type activities for the State's workers' compensation liability (see NOTE 7A.). These unfunded liabilities also contribute to the reported deficit for governmental activities.

Condensed financial information derived from the Statement of Activities, which reports how the net position of the State's primary government changed during fiscal years 2013 and 2012, follows.

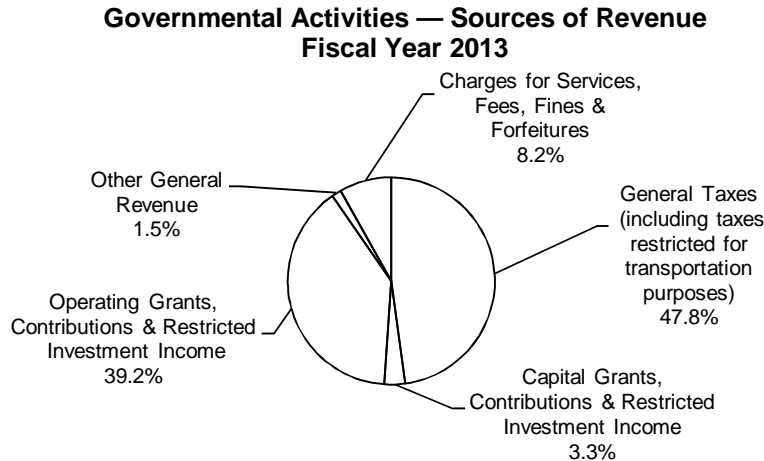
Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012
(dollars in thousands)

	Fiscal Year 2013			Fiscal Year 2012		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Revenue:						
Charges for Services, Fees,						
Fines and Forfeitures	\$ 4,193,678	\$ 6,331,737	\$ 10,525,415	\$ 4,031,628	\$ 7,283,146	\$ 11,314,774
Operating Grants, Contributions and Restricted Investment Income/(loss).....	20,189,757	1,697,735	21,887,492	20,053,477	3,568,091	23,621,568
Capital Grants, Contributions and Restricted Investment Income/(loss).....	1,695,846	-	1,695,846	1,573,765	-	1,573,765
Total Program Revenues.....	<u>26,079,281</u>	<u>8,029,472</u>	<u>34,108,753</u>	<u>25,658,870</u>	<u>10,851,237</u>	<u>36,510,107</u>
General Revenues:						
General Taxes.....	22,843,622	-	22,843,622	21,374,384	-	21,374,384
Taxes Restricted for Transportation.....	1,774,781	-	1,774,781	1,800,473	-	1,800,473
Tobacco Settlement.....	336,255	-	336,255	333,148	-	333,148
Escheat Property.....	167,140	-	167,140	153,556	-	153,556
Unrestricted Investment Income.....	25,881	3	25,884	3,702	3	3,705
Other.....	239,435	-	239,435	48,078	5	48,083
Total General Revenues.....	<u>25,387,114</u>	<u>3</u>	<u>25,387,117</u>	<u>23,713,341</u>	<u>8</u>	<u>23,713,349</u>
Total Revenue.....	<u>51,466,395</u>	<u>8,029,475</u>	<u>59,495,870</u>	<u>49,372,211</u>	<u>10,851,245</u>	<u>60,223,456</u>
Expenses:						
Primary, Secondary and Other Education....	11,463,579	-	11,463,579	12,340,848	-	12,340,848
Higher Education Support.....	2,404,369	-	2,404,369	2,348,154	-	2,348,154
Public Assistance and Medicaid.....	21,624,298	-	21,624,298	21,206,515	-	21,206,515
Health and Human Services.....	3,504,294	-	3,504,294	3,835,369	-	3,835,369
Justice and Public Protection.....	3,136,239	-	3,136,239	3,202,970	-	3,202,970
Environmental Protection and Natural Resources.....	437,322	-	437,322	407,379	-	407,379
Transportation.....	2,657,896	-	2,657,896	2,564,702	-	2,564,702
General Government.....	921,636	-	921,636	595,797	-	595,797
Community and Economic Development.....	3,516,001	-	3,516,001	3,867,888	-	3,867,888
Interest on Long term Debt (excludes interest charged as program expense).....	115,019	-	115,019	118,902	-	118,902
Workers' Compensation.....	-	3,428,859	3,428,859	-	1,945,190	1,945,190
Lottery Commission.....	-	2,100,887	2,100,887	-	2,001,671	2,001,671
Unemployment Compensation.....	-	1,976,518	1,976,518	-	2,754,835	2,754,835
Ohio Building Authority.....	-	-	-	-	13,010	13,010
Tuition Trust Authority.....	-	80,560	80,560	-	80,157	80,157
Liquor Control.....	-	310,209	310,209	-	543,729	543,729
Underground Parking Garage.....	-	-	-	-	3,842	3,842
Office of Auditor of State.....	-	65,845	65,845	-	69,183	69,183
Total Expenses.....	<u>49,780,653</u>	<u>7,962,878</u>	<u>57,743,531</u>	<u>50,488,524</u>	<u>7,411,617</u>	<u>57,900,141</u>
Surplus/ (Deficiency) Before Gains						
(Losses) and Transfers.....	1,685,742	66,597	1,752,339	(1,116,313)	3,439,628	2,323,315
Gain (Loss) on Extinguishment of Debt.....	(154,607)	273,851	119,244	-	-	-
Transfers - Internal Activities.....	1,082,887	(1,082,887)	-	949,952	(949,952)	-
Change In Net Position.....	<u>2,614,022</u>	<u>(742,439)</u>	<u>1,871,583</u>	<u>(166,361)</u>	<u>2,489,676</u>	<u>2,323,315</u>
Net Position, July 1 (as restated).....	<u>18,601,318</u>	<u>6,564,305</u>	<u>25,165,623</u>	<u>18,764,368</u>	<u>4,078,888</u>	<u>22,843,256</u>
Net Position, June 30.....	<u>\$ 21,215,340</u>	<u>\$ 5,821,866</u>	<u>\$ 27,037,206</u>	<u>\$ 18,598,007</u>	<u>\$ 6,568,564</u>	<u>\$ 25,166,571</u>

Governmental Activities

Revenue exceeded expenses during fiscal year 2013 for governmental activities. Combined with the loss on extinguishment of debt and transfers from the State's business-type activities, net position for governmental activities increased from \$18.6 billion, at July 1, 2012, as restated, to \$21.22 billion, at June 30, 2013, or \$2.61 billion. Revenues of \$51.47 billion for fiscal year 2013 were 4.2 percent higher than those reported for fiscal year 2012. General taxes (including taxes restricted for transportation purposes) comprised 47.8 percent of fiscal year 2013 total revenues and increased by 6.2 percent compared to fiscal year 2012. Operating grants, contributions and restricted investment income, making up 39.2 percent of total revenues, increased by less than one percent compared to fiscal year 2012. Fiscal year 2013 net transfers of \$1.08 billion reflect an increase of 14 percent over fiscal year 2012. Expenses for fiscal year 2013 dropped \$707.9 million from fiscal year 2012.

The following chart illustrates revenues by source of governmental activities as percentages of total reported for the fiscal year ended June 30, 2013.



Total FY 13 Revenue for Governmental Activities = \$51.47 Billion

The following table presents the total expenses and net cost of each of the State's governmental programs for the fiscal year ended June 30, 2013, with comparative numbers from June 30, 2012. The net cost (total program expenses less revenues generated by the program) represents the financial burden that was placed on the State's taxpayers by each of these programs. This cost is essentially funded with the State's general revenues from taxes, tobacco settlement, and escheat property.

**Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Years Ended June 30, 2013 and 2012**
(dollars in thousands)

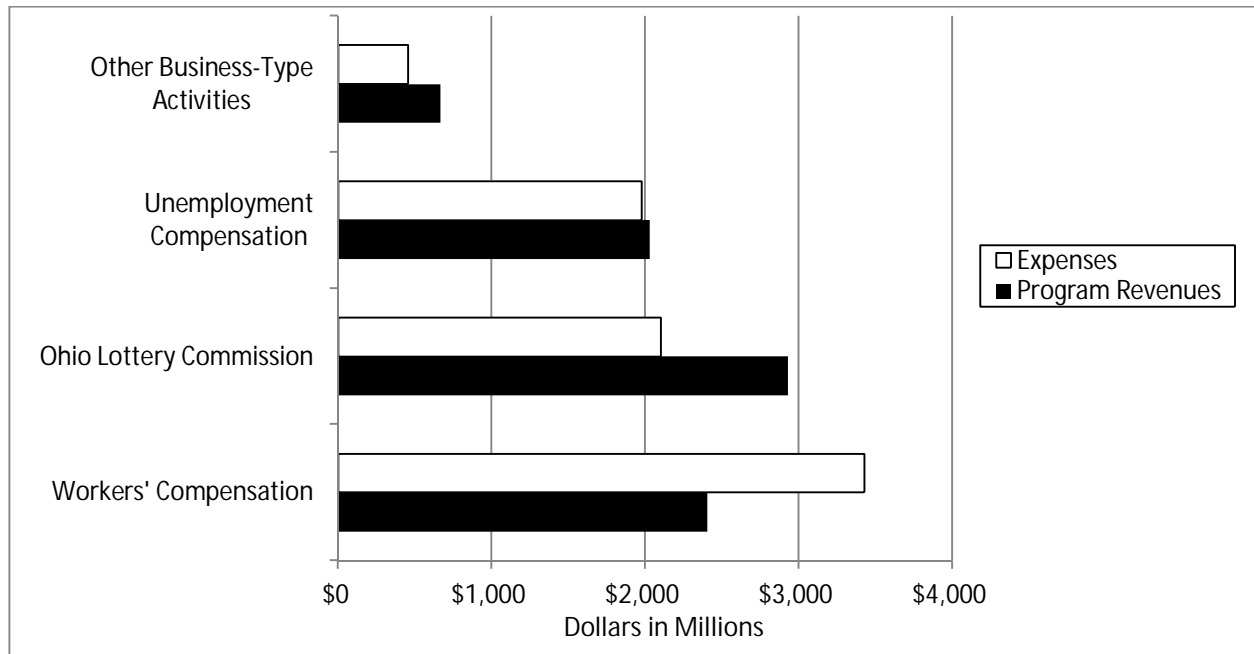
Program	Program Expenses 2013	Percent of Total Expense 2013	Net Cost of Program		Net Cost as Percentage of Total Expenses for Program		Net Cost as Percentage of Total Expenses — All Programs	
			2013	2012	2013	2012	2013	2012
Primary, Secondary and Other Education.....	\$ 11,463,579	23.0%	\$ 9,393,055	\$ 10,016,493	81.9%	81.2%	18.9%	19.8%
Higher Education Support.....	2,404,369	4.8%	2,377,993	2,320,263	98.9%	98.8%	4.8%	4.6%
Public Assistance and Medicaid....	21,624,298	43.5%	5,258,004	5,368,909	24.3%	25.3%	10.5%	10.6%
Health and Human Services.....	3,504,294	7.0%	835,893	946,317	23.9%	24.7%	1.7%	1.9%
Justice and Public Protection.....	3,136,239	6.3%	1,839,823	2,058,956	58.7%	64.3%	3.7%	4.1%
Environmental Protection and Natural Resources.....	437,322	0.9%	113,831	109,574	26.0%	26.9%	0.2%	0.2%
Transportation.....	2,657,896	5.3%	795,157	847,524	29.9%	33.0%	1.6%	1.7%
General Government.....	921,636	1.9%	(103,808)	20,614	-11.3%	3.5%	-0.2%	0.1%
Community and Economic Development.....	3,516,001	7.1%	3,076,405	3,022,102	87.5%	78.1%	6.2%	6.0%
Interest on Long-Term Debt.....	115,019	0.2%	115,019	118,902	100.0%	100.0%	0.2%	0.2%
Total Governmental Activities.....	\$ 49,780,653	100.0%	\$ 23,701,372	\$ 24,829,654	47.6%	49.2%	47.6%	49.2%

Business-Type Activities

The State's enterprise funds reported net position of \$5.82 billion, as of June 30, 2013, as compared to \$6.56 billion in net position, as of June 30, 2012 (as restated), a decrease of \$742.4 million, or 11.3 percent. The primary cause for the decrease in business-type activities' net position was the Workers' Compensation Fund, which reported net position of \$6.78 billion, as of June 30, 2013, as compared to \$7.82 billion, as of June 30, 2012, a \$1.04 billion decrease. The Lottery Commission and the Unemployment Compensation Fund reported increases in net position during fiscal year 2013. The Lottery Commission Fund reported a net position of \$266.1 million, as of June 30, 2013, as compared to \$238.5 million, as of June 30, 2012, a \$27.6 million increase. The net position in the Unemployment Compensation Fund increased \$323.1 million from \$(1.61) billion, as of June 30, 2012, to \$(1.29) billion, as of June 30, 2013.

The chart below compares program expenses and program revenues for business-type activities. Additional analysis of the Business-Type Activities' revenues, expenses, and other changes in net position is included with the discussion of the Proprietary Funds beginning on page 13.

**Business-Type Activities — Expenses and Program Revenues
Fiscal Year 2013**



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds reported the following results, as of and for the fiscal years ended June 30, 2013 and June 30, 2012 (dollars in thousands).

	As of and for the Fiscal Year Ended June 30, 2013			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit)	\$ 1,259,670	\$ (344)	\$ (5,439)	\$ 1,253,887
Total Fund Balance.....	5,240,113	5,612,048	3,203,451	14,055,612
Total Revenues	32,243,038	9,723,036	9,198,001	51,164,075
Total Expenditures.....	29,451,916	9,417,817	12,006,338	50,876,071

	As of and for the Fiscal Year Ended June 30, 2012			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit)	\$ (415,658)	\$ (547)	\$ -	\$ (416,205)
Total Fund Balance.....	3,189,993	5,340,400	2,786,073	11,316,466
Total Revenues	30,928,235	9,331,664	9,037,918	49,297,817
Total Expenditures.....	29,972,837	9,651,271	11,553,067	51,177,175

General Fund

The main operating fund of the State is the General Fund. During fiscal year 2013, General Fund revenue increased by \$1.31 billion and expenditures decreased by \$520.9 million. Higher personal income tax revenue and increased non-auto sales and use tax revenue primarily constituted the increase in revenue. The reduction in expenditures was the result of decreases in state funding provided for various subsidies. Additionally, other sources

and uses showed a decrease of net sources of \$2.21 billion when compared with fiscal year 2012. The decrease is primarily a result of decreased bond issuance proceeds and from a substantial transfer-out associated with the defeasement of bonds. Also reported for fiscal year 2013 was a \$1.46 billion special item relating to the franchising of the State's spirituous liquor system. Total fund balance at June 30, 2013, after considering restatements, increased by \$2.06 billion (exclusive of a \$6.6 million decrease in inventories) or 64.5 percent.

General Fund Budgetary Highlights

The State ended the second year of its 2012-13 biennial budget on June 30, 2013, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$4.7 billion. Total budgetary sources for the General Fund (including \$1.01 billion in transfers from other funds) in the amount of \$35.46 billion were above final estimates by \$44.3 million or .1 percent during fiscal year 2013. Total tax receipts were above final estimates by \$671.7 million or 2.9 percent.

Total budgetary uses for the General Fund (including \$1.37 billion in transfers to other funds) in the amount of \$34.32 billion were below final estimates by \$3.63 billion or 9.6 percent for fiscal year 2013. There was no budget stabilization designation at June 30, 2012, for use in balancing the final fiscal year 2013 budget.

The main appropriations act (Act) for the 2012-13 biennium for the General Revenue Fund (GRF), the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund, was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2011. To address the use of non-recurring funding sources in the prior budget biennium including amounts received under the American Recovery and Reinvestment Act (ARRA), the Act included targeted spending cuts across most State Agencies and major new Medicaid reform and cost containment measures. The Act provided for GRF biennial appropriations of approximately \$55.78 billion, an 11 percent increase from the 2010-11 GRF biennial expenditures, and GRF biennial estimated revenue of approximately \$56.07 billion, a six percent increase from the 2010-11 GRF biennial revenues.

GRF appropriations for major program categories compared to the 2010-11 biennium actual GRF spending reflected increases of 30 percent for Medicaid and three percent for elementary and secondary education; decreases of nine percent for higher education and eight percent for mental health and developmental disabilities; and flat funding for corrections and youth services. The Act also reflected the restructuring of \$440 million of fiscal year 2012 GRF debt service into fiscal years 2013 through 2025.

The Act authorized the transfer of the State's spirituous liquor distribution and merchandising operations to JobsOhio Beverage System, an Ohio nonprofit corporation, the sole member of which is JobsOhio, a nonprofit corporation created to promote economic development, job creation and retention, job training, and the recruitment of business to the State. On February 1, 2013, the State granted a 25-year franchise on its spirituous liquor system to JobsOhio Beverage System. In exchange for the franchise, the State received a payment of \$1.46 billion, \$500 million of which was deposited in the GRF; \$863.5 million was used to make provision for payment of all debt service on the outstanding Economic Development and Revitalization revenue bonds and notes; and \$100 million will be used to fund certain revitalization projects. Pursuant to the transaction agreement, the State will forego deposits into the GRF from the net liquor profits during the 25-year term. The Ohio Supreme Court is currently hearing oral arguments on an appeal filed in June 2012 regarding legal standing on litigation challenging certain aspects of JobsOhio and the law authorizing its creation. Additional information regarding this transaction can be found in NOTE 2, NOTE 11, and NOTE 14.

The Act also authorized the sale of five State-owned prison facilities to private operators. On September 1, 2011, the State announced that it opted to sell only one of the facilities. An appeal on litigation challenging the authorization in the Act to sell the facilities is awaiting a decision from the Court.

Additional expenditure savings authorized by the Act included reduced allocations to the local government fund and the public library fund and the accelerated phase-out of reimbursement payments in connection with the elimination of the tangible personal property tax and electric power generation deregulation and natural gas deregulation for local governments and school districts. It also provided for cost savings through changes to the State's construction bidding procedures and authorized transfers to the GRF from unclaimed funds, other non-GRF funds, and a tax amnesty program.

Several tax law changes were enacted, including the implementation of the previously postponed final 4.2 percent annual decrease in State personal income tax rates and elimination of the estate tax. The Act created the InvestOhio income tax credit program under which investors in small businesses based in Ohio, who hold their investments for at least two years, may be eligible to receive income tax credits.

New funds were created by the Act, including a \$130 million Medicaid reserve fund and a \$104 million Unemployment Compensation Contingency Fund. The Unemployment Compensation Contingency Fund is used to pay interest on federal advances to the State Unemployment Compensation Fund.

The Ohio Constitution prohibits the State from borrowing money to fund operating expenditures in the GRF. Therefore, by law, the GRF's budget must be balanced so that appropriations do not exceed available cash receipts and cash balances for the current fiscal year.

In March 2012, the Governor announced a series of policy proposals resulting from a "mid-biennium review" (MBR), with a stated focus on job creation as a priority. In May and June 2012, the General Assembly passed seven pieces of legislation addressing the subjects of energy, tax reform, education, workforce development, and management efficiency for both state and local governments.

The State ended fiscal year 2013 with a GRF cash balance of 2.64 billion and a GRF budgetary fund balance of \$2.28 billion. In addition to meeting the State's statutory target to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2013 GRF revenues, the State deposited \$995.9 million into the Budget Stabilization Fund in early fiscal year 2014.

Other Major Governmental Funds

The *Job, Family and Other Human Services Fund* had a fund balance of \$544.5 million at June 30, 2013, an increase of \$348.4 million, or 177.6 percent, compared to fiscal year 2012. The increase in fund balance is primarily due to revenues exceeding expenditures by \$367.9 million. Federal Government revenue and Other revenue increased by \$117.9 million and \$195.7 million, respectively. The increases are largely attributable to an overall increase in the Medicaid caseload and programmatic costs. In addition to the revenue increase, Public Assistance and Medicaid expenditures decreased \$177.6 million due to a delay in the collection of certain assessments, which resulted in the General Fund covering those expenditures. Health and Human Services expenditures also decreased \$59 million during fiscal year 2013.

The decrease in other sources and uses is a result of a reduction in bonds and notes issued in fiscal year 2013 and an increase in Transfers-out as a result of changes in operations between the Ohio Department of Job and Family Services (JFS) and the Ohio Department of Developmental Disabilities (DDD). Beginning in fiscal year 2013, the assessments collected by JFS for intermediate care facilities for individuals with intellectual disabilities was transferred to DDD.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2013, totaled approximately \$5.07 billion dollars, a decrease of \$76.7 million or 1.5 percent since June 30, 2012. Debt Service expenditures increased by \$2.9 million during fiscal year 2013 as a result of changing debt service requirements for the bonds. The ending fund balance decreased at June 30, 2013, as a result of the total expenditures being in excess of revenue collected during the fiscal year.

Proprietary Funds

Major Proprietary Funds

The State's proprietary fund financial statements report the same type of information found in the business-type activities portion of the government-wide financial statements, but in a slightly different format.

For the *Workers' Compensation Fund*, net position decreased \$1.04 billion to \$6.78 billion at June 30, 2013. Over the past several years, net position had grown to exceed BWC's internally established guidelines. During fiscal year 2013, premium rates were adjusted and a premium rebate was approved and recorded to realign the net position with the guidelines. In addition, BWC recorded a loss contingency of \$859 million (see NOTE 19A).

For fiscal year 2013, the *Lottery Commission Fund* reported \$831 million in net income before transfers of approximately \$803 million to the Education Fund. The \$27.6 million or 11.6 percent increase in the fund's net position to \$266.1 million, as of June 30, 2013, was predominately due to increased video lottery terminal and license revenues. Ticket sales and Video Lottery operations account for the \$158.4 million or 5.7 percent increase in charges for sales and service revenues from \$2.78 billion in fiscal year 2012 to \$2.93 billion in fiscal year 2013. A decrease in investment income of \$87 million and a \$97.6 million increase in bonuses and commissions expense offset the overall increase.

The \$323.1 million increase in net position in the *Unemployment Compensation Fund* is primarily due to a declining unemployment rate. The unemployment rate in Ohio dropped from an average of 7.9 percent in fiscal year 2012 to an average of 7.1 percent in fiscal year 2013. The decrease in the unemployment rate caused the State's benefits and claims expense to decrease by \$776.2 million or 28.2 percent from the previous fiscal year. While the benefits and claims expense decreased, the State also received less money from the federal government. During fiscal year 2013, the State received only \$719.4 million of federal funding compared to \$1.43 billion in fiscal year 2012 resulting in a 49.8 percent decrease. Also reported during fiscal year 2013 was a \$238.7 million decrease in premium and assessment income and a \$273.9 million gain on extinguishment of debt.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, and June 30, 2012, the State had invested \$25.94 billion and \$25.76 billion, respectively, net of accumulated depreciation of \$3.44 billion and \$3.28 billion, respectively, in a broad range of capital assets, as detailed in the table below.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2013 and 2012
(dollars in thousands)

	As of June 30, 2013			As of June 30, 2012		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 2,241,945	\$ 11,994	\$ 2,253,939	\$ 2,154,598	\$ 11,994	\$ 2,166,592
Buildings	1,642,747	56,742	1,699,489	1,686,151	67,505	1,753,656
Land Improvements	179,988	8	179,996	185,119	9	185,128
Machinery and Equipment	240,860	40,186	281,046	247,555	55,023	302,578
Vehicles	162,360	1,065	163,425	139,444	2,309	141,753
Infrastructure:						
Highway Network:						
General Subsystem	8,567,374	-	8,567,374	8,588,032	-	8,588,032
Priority Subsystem	8,297,960	-	8,297,960	8,195,288	-	8,195,288
Bridge Network	2,931,984	-	2,931,984	2,964,043	-	2,964,043
Parks, Recreation, and Natural Resources System	85,497	-	85,497	81,827	-	81,827
	<u>24,350,715</u>	<u>109,995</u>	<u>24,460,710</u>	<u>24,242,057</u>	<u>136,840</u>	<u>24,378,897</u>
Construction-in-Progress	1,451,190	30,713	1,481,903	1,369,486	7,324	1,376,810
Total Capital Assets, Net	<u>\$ 25,801,905</u>	<u>\$ 140,708</u>	<u>\$25,942,613</u>	<u>\$ 25,611,543</u>	<u>\$ 144,164</u>	<u>\$25,755,707</u>

The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was .7 percent (approximately a .7 percent increase for governmental activities and a 2.4 percent decrease for business-type activities). Depreciation expense decreased 24.1 percent for governmental activities.

The State completed construction on a variety of projects at various state facilities during fiscal year 2013 totaling approximately \$248.4 million, as compared with \$574.8 million in the previous fiscal year. As is further detailed in NOTE 19C of the notes to the financial statements, the State had \$170.2 million in major construction commitments (unrelated to infrastructure), as of June 30, 2013, as compared with \$83.5 million for 2012.

Modified Approach

For reporting its highway and bridge infrastructure assets, the State has adopted the use of the modified approach. To use this approach, a government must maintain an asset management system and demonstrate that the infrastructure is being preserved approximately at or above an established condition level. Under this approach, infrastructure is not depreciated, and maintenance and preservation costs are expensed. Infrastructure assets accounted for using the modified approach include approximately 43,090 in lane miles of highway and approximately 105.7 million square feet of deck area that comprises 14,223 bridges for which the State has the responsibility for ongoing maintenance.

Ohio accounts for its pavement network in two subsystems: Priority and General. It is the State's goal to allow no more than 25 percent of the total lane-miles reported for each of the priority and general subsystems to be classified with a "poor" condition rating. The most recent condition assessment, completed by the Ohio Department of Transportation (ODOT) for fiscal year 2013, indicates that only 1.8 percent and 1.1 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating. For fiscal year 2012, only 1.3 percent and one percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating.

For the bridge network, it is the State's intention to allow no more than 15 percent of the total number of square feet of deck area to be in "fair" or "poor" condition. The most recent condition assessment, completed by (ODOT) for fiscal year 2013, indicates that only 3.7 percent of the number of square feet of bridge deck area was considered to be in "fair" and "poor" conditions. For fiscal year 2012, only four percent of the number of square feet of bridge deck area was considered to be in "fair" and "poor" conditions.

For fiscal year 2013, total actual maintenance and preservation costs for the pavement network were \$874.7 million, compared to estimated costs of \$739.9 million, while total actual maintenance and preservation costs for the bridge network was \$513.6 million, \$29.5 million above estimate. For the previous fiscal year, total actual maintenance and preservation costs for the pavement network were \$874.7 million, compared to estimated costs of \$739.9 million, while total actual maintenance and preservation costs for the bridge network was \$513.6 million, \$29.5 million above estimate.

nance and preservation costs for the pavement network were \$795.8 million, compared to estimated costs of \$615 million, while total actual maintenance and preservation costs for the bridge network was \$511.5 million, only \$2.5 million above estimate. Overall, the State's costs for actual maintenance and preservation for highway infrastructure assets have exceeded estimates over the past two years due to steadily increasing underlying costs for the materials and labor associated with infrastructure projects.

More detailed information on the State's capital assets can be found in NOTE 8 to the financial statements and in the Required Supplementary Information section of this report.

Debt — Bonds and Notes Payable and Certificates of Participation Obligations

As of June 30, 2013, and June 30, 2012, the State had total debt of approximately \$17.25 billion and \$18.3 billion, respectively, as shown in the table below.

Bonds and Notes Payable and Certificates of Participation As of June 30, 2013 and 2012 (dollars in thousands)

	As of June 30, 2013			As of June 30, 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds and Notes Payable:						
General Obligation Bonds	\$ 8,667,232	\$ -	\$ 8,667,232	\$ 8,888,085	\$ -	\$ 8,888,085
Revenue Bonds and Notes	6,486,884	15,422	6,502,306	7,129,786	31,633	7,161,419
Special Obligation Bonds	1,886,134	-	1,886,134	2,090,889	-	2,090,889
Certificates of Participation	198,266	-	198,266	156,664	-	156,664
Total Debt.....	<u>\$17,238,516</u>	<u>\$15,422</u>	<u>\$17,253,938</u>	<u>\$18,265,424</u>	<u>\$31,633</u>	<u>\$18,297,057</u>

The State's general obligation bonds are backed by its full faith and credit. Revenue bonds and notes are secured with revenues pledged for the retirement of debt principal and the payment of interest. Special obligation bonds are supported with lease payments from tenants of facilities constructed with the proceeds from the bonds. Under certificate of participation (COPs) financing arrangements, the State is required to make rental payments (subject to appropriations) that approximate interest and principal payments made by trustees to certificate holders.

During fiscal year 2013, the State issued, at par, \$742.8 million in general obligation bonds, \$183.5 million in revenue bonds and notes, and \$200.4 million in special obligation bonds. Of the general obligation bonds and special obligation bonds issued, at par, \$328.1 million and \$142.4 million, respectively, were refunding bonds. The total decrease in the State's debt obligations for the current fiscal year, as based on carrying amount, was 5.7 percent (a 5.6 percent decrease for governmental activities and a 51.2 percent decrease for business-type activities).

Credit Ratings

Ohio's general obligation debt credit ratings are Aa1 by Moody's Investors Service, Inc. (Moody's) and AA+ by Fitch Inc. (Fitch). Standard & Poor's Ratings Services (S&P) rates the State's general obligation debt as AA+, other than Highway Capital Improvement Obligations, which are rated AAA.

The State's special obligation debt, which is secured by and subject to General Revenue Fund appropriations, is rated one notch below the State's general obligation debt, with Moody's assigning an Aa2 rating and Fitch and S&P assigning an AA rating.

The State's revenue bonds and notes are rated as follows:

Revenue Bonds and Notes	Fitch	Moody's	S&P	Source of State Payment
Governmental Activities (Treasurer of State):				
State Infrastructure Bank	A+*	Aa2	AA	Federal Transportation Grants and Loan Receipts
Buckeye Tobacco Settlement Financing Authority (ratings are in a range)	B- to BBB	B3 to Aaa	B- to BBB	Pledged Receipts from the Tobacco Master Settlement Agreement
Business-Type Activities:				
Bureau of Workers' Compensation	AA	Aa3	AA	Workers' Compensation Enterprise Fund

*This rating applies to GARVEE bond issuances Series 2010 and earlier.

On March 16, 2012, Moody's revised its "credit outlook" on the State from "negative" to "stable." A credit outlook is an indication of the pressure on the rating over the near-to-intermediate term and is not a precursor to a rating change. With this revision, Ohio is rated at AA+/Aa1 with a stable outlook from all three credit rating agencies.

The ratings and rating outlooks in effect from time to time reflect only the views of the particular rating organization. An explanation of its view of the meaning and significance of its rating or outlook may be obtained from the respective rating agency. Generally, the rating agencies base their rating on submitted information and on their own investigations, studies, and assumptions. There can be no assurance that the ratings or outlooks assigned will continue for any given time. Rating agencies may lower or withdraw a rating at any time, if in its judgment circumstances so warrant.

Limitations on Debt

Section 17 of Article VIII of the Ohio Constitution, approved by Ohio voters in November 1999, establishes an annual debt service "cap" applicable to future issuances of direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, new obligations may not be issued if debt service for any future fiscal year on those new and the then outstanding bonds of those categories would exceed five percent of the total of estimated GRF revenues plus net state lottery proceeds for the fiscal year of issuance.

Those direct obligations of the State include general obligation and special obligation bonds that are paid from the State's GRF, but exclude general obligation debt for Third Frontier Research and Development, development of sites and facilities, and veterans compensation, and general obligation bonds payable from non-GRF funds (such as highway bonds that are paid from highway user receipts). Pursuant to the implementing legislation, the Governor has designated the Director of the Ohio Office of Budget and Management as the State official responsible for making the five percent determinations and certifications. Application of the five percent cap may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly and may be changed by future constitutional amendments.

More detailed information on the State's long-term debt, including changes during the year, can be found in NOTES 10 through 13 and NOTE 15 to the financial statements.

Conditions Expected to Affect Future Operations

Economic Factors

Through October 2013, leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio. The Ohio unemployment rate in October was 7.5 percent, .2 percentage points above the national unemployment rate. From October 2012 to October 2013, Ohio's nonfarm payroll employment increased by 27 thousand jobs.

Nationally, real gross domestic product (GDP) increased by 2.8 percent in the third quarter of calendar year 2013 according to the advance estimate. The GDP growth rate exceeded expectations of an approximately two percent gain and is the fastest growth of the year. Year-over-year growth remained a subdued 1.6 percent.

The national labor market picture was stronger than expected in October 2013, as the level of nonfarm payroll employment increased by 204 thousand jobs and the August and September 2013 increases were revised upward by a total of 60 thousand jobs. The U.S. unemployment rate for October 2013 was 7.3 percent, up from 7.2 percent in September 2013, and down from 7.9 percent in October 2012.

The 2013 MBR-Additional Action

In December 2012, the General Assembly enacted an eighth piece of legislation and the Governor signed into law a financial institutions tax that will apply to tax year 2014. This tax replaces both the current corporate franchise tax on financial institutions and the current dealers in intangibles tax and appears to be revenue neutral to the GRF based on revenue targets and mechanisms established in the legislation.

The 2014-15 Biennial Budget

The main appropriations act (Act) for the 2014-15 biennium for the General Revenue Fund (GRF), the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund, was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2013. Reflecting a stated focus on job creation and continued spending restraint, and based on a conservative economic forecast, the Act provides for GRF appropriations of approximately \$30.3 billion in fiscal year 2014, a 10.3 percent increase from fiscal year 2013 GRF expenditures, and approximately \$31.7 billion in fiscal year 2015, a 4.7 percent increase from fiscal year 2014 appropriations.

GRF appropriations for major program categories in fiscal years 2014 and 2015 reflect the following increases: 16.8 percent in Medicaid in fiscal year 2014 relative to fiscal year 2013 actual spending and 6.2 percent in fiscal year 2015 relative to fiscal year 2014 Medicaid appropriations; five percent in fiscal year 2014 and 5.8 percent in fiscal year 2015 for primary and secondary education; 1.8 percent in fiscal year 2014 and 2.1 percent in fiscal year 2015 for higher education; 8.9 percent in fiscal year 2014 and .3 percent in fiscal year 2015 for mental health and addiction services and developmental disabilities; and .1 percent in fiscal year 2014 and .2 percent in fiscal year 2015 for corrections and youth services. The Act also implements a new school funding formula and allocates a portion of State public higher education funding to institutions based on their graduation rates.

The Act reflects tax reductions and related adjustments of major State taxes, primarily in personal income and sales and use taxes. These reductions and adjustments are projected to reduce GRF revenues by approximately \$1.16 billion in fiscal year 2014 and by approximately \$771 million in fiscal year 2015.

Medicaid Expansion

Subsequent to the passage of the Act, the State Controlling Board voted five to two to increase federal Medicaid appropriations by approximately \$562 million in fiscal year 2014 and \$2 billion in fiscal year 2015. These additional federal appropriations were authorized to support the federally-authorized expansion of the Medicaid program to cover those with incomes up to 138 percent of the federal poverty level using 100 percent federal funds in fiscal years 2014 and 2015. In October 2013, a complaint regarding the authorization for drawing down and expending additional federal Medicaid funds was filed against the Controlling Board and the Ohio Department of Medicaid in the Ohio Supreme Court.

General Revenue Fund

For fiscal year 2014, total fiscal year-to-date GRF receipts collected through October 2013 are \$145.4 million above estimates and \$608.7 million higher than collections through October of the prior fiscal year. Total fiscal year-to-date GRF disbursements through October 2013 are \$375.4 million below estimates for the first four months of fiscal year 2014 and \$57.9 million above expenditures for the first four months of the prior fiscal year. As of October 2013, receipts were 1.5 percent above budget estimates and disbursements were 3.4 percent below budget estimates for fiscal year 2014. Fiscal year 2014 receipts are 6.5 percent ahead of receipts for the first four months of fiscal year 2013. Disbursements for fiscal year 2014 are .5 percent above disbursements for the same time period of fiscal year 2013.

Unemployment Compensation Fund

During fiscal years 2009 and 2010, the State sought federal assistance in meeting its unemployment benefit costs and received repayable advances in the Unemployment Trust Fund of \$2.31 billion from the Federal Unemployment Account to cover the insufficient State funds for benefit claims during those fiscal years. The State continues to make principal and interest payments on these advances. During fiscal year 2013, Federal Unemployment Tax Act (FUTA) credits of \$273.9 million also offset the outstanding repayable advances. As of June 30, 2013, \$1.55 billion of the repayable advances remains. More information relating to the FUTA credits and remaining advances can be found in NOTE 2D and NOTE 14, respectively.

Contacting the Ohio Office of Budget and Management

This financial report is designed to provide the State's citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Ohio Office of Budget and Management, Financial Reporting Section, 30 East Broad Street, 34th Floor, Columbus, Ohio 43215-3457 or by e-mail at obm@obm.state.oh.us.

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Financial Section

Basic Financial Statements



STATE OF OHIO
STATEMENT OF NET POSITION
JUNE 30, 2013
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash Equity with Treasurer.....	\$ 9,817,173	\$ 139,294	\$ 9,956,467	\$ 272,732
Cash and Cash Equivalents.....	146,580	956,248	1,102,828	1,301,928
Investments.....	808,098	22,129,593	22,937,691	7,776,104
Collateral on Lent Securities.....	1,172,602	14,057	1,186,659	28,903
Deposit with Federal Government.....	—	193,288	193,288	—
Taxes Receivable.....	1,610,949	—	1,610,949	—
Intergovernmental Receivable.....	1,269,598	9,717	1,279,315	59,179
Premiums and				
Assessments Receivable.....	—	3,466,891	3,466,891	—
Investment Trade Receivable.....	—	876,163	876,163	—
Loans Receivable, Net.....	1,126,856	—	1,126,856	261,026
Receivable from Primary Government.....	—	—	—	35,047
Receivable from Component Units.....	3,705,749	—	3,705,749	—
Other Receivables.....	635,520	386,719	1,022,239	1,202,369
Inventories.....	84,594	—	84,594	113,527
Other Assets.....	72,274	21,147	93,421	1,989,557
Restricted Assets:				
Cash Equity with Treasurer.....	—	20	20	—
Cash and Cash Equivalents.....	944	14	958	1,395,699
Investments.....	516,150	1,044,794	1,560,944	1,766,212
Collateral on Lent Securities.....	—	135,635	135,635	—
Other Receivables.....	362,828	1,815	364,643	—
Capital Assets Being Depreciated, Net.....	2,248,664	98,001	2,346,665	9,599,969
Capital Assets Not Being Depreciated.....	23,553,241	42,707	23,595,948	2,014,567
TOTAL ASSETS.....	47,131,820	29,516,103	76,647,923	27,816,819
Deferred Outflows of Resources.....	41,889	—	41,889	345
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	47,173,709	29,516,103	76,689,812	27,817,164
LIABILITIES:				
Accounts Payable.....	674,616	18,781	693,397	558,205
Accrued Liabilities.....	359,599	3,447	363,046	412,594
Medicaid Claims Payable.....	1,151,488	—	1,151,488	—
Obligations Under Securities Lending.....	1,172,602	149,692	1,322,294	28,903
Investment Trade Payable.....	—	292,822	292,822	—
Intergovernmental Payable.....	1,147,874	1,430	1,149,304	2,579
Internal Balances.....	675,404	(675,404)	—	—
Payable to Primary Government.....	—	—	—	3,705,992
Payable to Component Units.....	35,047	—	35,047	—
Unearned Revenue.....	455,146	2,028	457,174	486,430
Benefits Payable.....	—	16,949	16,949	—
Refund and Other Liabilities.....	767,937	361,443	1,129,380	124,873
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year.....	1,147,234	15,422	1,162,656	700,770
Due in More Than One Year.....	15,893,016	—	15,893,016	7,688,506
Certificates of Participation:				
Due in One Year.....	25,330	—	25,330	515
Due in More Than One Year.....	172,936	—	172,936	2,330
Other Noncurrent Liabilities:				
Due in One Year.....	189,428	3,544,510	3,733,938	537,523
Due in More Than One Year.....	2,090,712	19,963,117	22,053,829	1,196,928
TOTAL LIABILITIES.....	25,958,369	23,694,237	49,652,606	15,446,148
Deferred Inflows of Resources.....	—	—	—	478,730
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	25,958,369	23,694,237	49,652,606	15,924,878

The notes to the financial statements are an integral part of this statement.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION (DEFICITS):				
Net Investment in Capital Assets.....	22,489,929	92,290	22,582,219	6,413,528
Restricted for:				
Primary, Secondary and Other Education.....	236,391	—	236,391	726
Higher Education Support.....	—	—	—	—
Public Assistance and Medicaid.....	535,410	—	535,410	—
Health and Human Services.....	100,424	—	100,424	—
Justice and Public Protection.....	42,623	—	42,623	—
Environmental Protection and Natural Resources.....	147,955	—	147,955	—
Transportation.....	3,064,127	—	3,064,127	—
General Government.....	131,823	—	131,823	—
Community and Economic Development.....	250,797	—	250,797	74,975
Deferred Lottery Prizes.....	—	85,085	85,085	—
Workers Compensation.....	—	6,690,414	6,690,414	—
Tuition Trust Authority.....	—	39,379	39,379	—
Nonexpendable for Colleges and Universities.....	—	—	—	3,332,225
Expendable for Colleges and Universities.....	—	—	—	2,449,057
Unrestricted.....	(5,784,139)	(1,085,302)	(6,869,441)	(378,225)
TOTAL NET POSITION (DEFICITS).....	\$ 21,215,340	\$ 5,821,866	\$ 27,037,206	\$ 11,892,286

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES, FEES, FINES AND FORFEITURES	OPERATING GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	CAPITAL GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)		
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
Primary, Secondary						
and Other Education.....	\$ 11,463,579	\$ 20,409	\$ 2,050,115	\$ —	\$ (9,393,055)	
Higher Education Support	2,404,369	1,876	24,500	—	(2,377,993)	
Public Assistance and Medicaid	21,624,298	1,152,467	15,213,827	—	(5,258,004)	
Health and Human Services	3,504,294	581,787	2,086,614	—	(835,893)	
Justice and Public Protection	3,136,239	1,078,277	218,054	85	(1,839,823)	
Environmental Protection						
and Natural Resources.....	437,322	231,612	91,815	64	(113,831)	
Transportation	2,657,896	115,135	59,743	1,687,861	(795,157)	
General Government	921,636	418,085	31,622	129	(471,800)	
Community and Economic						
Development.....	3,516,001	594,030	413,467	7,707	(2,500,797)	
Interest on Long-Term Debt						
(excludes interest charged as program expense).....	115,019	—	—	—	(115,019)	
TOTAL GOVERNMENTAL ACTIVITIES.....	49,780,653	4,193,678	20,189,757	1,695,846	(23,701,372)	
BUSINESS-TYPE ACTIVITIES:						
Workers' Compensation.....	3,428,859	1,504,112	900,854	—	(1,023,893)	
Lottery Commission.....	2,100,887	2,939,773	(7,848)	—	831,038	
Unemployment Compensation.....	1,976,518	1,342,217	687,105	—	52,804	
Tuition Trust Authority.....	80,560	12,710	117,624	—	49,774	
Liquor Control.....	310,209	485,607	—	—	175,398	
Office of Auditor of State.....	65,845	47,318	—	—	(18,527)	
TOTAL BUSINESS-TYPE ACTIVITIES.....	7,962,878	6,331,737	1,697,735	—	66,594	
TOTAL PRIMARY GOVERNMENT.....	\$ 57,743,531	\$ 10,525,415	\$ 21,887,492	\$ 1,695,846	\$ (23,634,778)	
COMPONENT UNITS:						
Ohio Facilities Construction Commission.....	\$ 381,938	\$ 25,736	\$ 5,098	\$ —	\$ (351,104)	
Ohio State University.....	4,904,365	3,587,661	658,432	41,176	(617,096)	
Other Component Units.....	6,709,729	4,259,104	840,608	37,880	(1,572,137)	
TOTAL COMPONENT UNITS.....	\$ 11,996,032	\$ 7,872,501	\$ 1,504,138	\$ 79,056	\$ (2,540,337)	

The notes to the financial statements are an integral part of this statement.

PRIMARY GOVERNMENT

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>COMPONENT UNITS</u>
CHANGES IN NET POSITION:				
Net (Expense) Revenue.....	\$ (23,701,372)	\$ 66,594	\$ (23,634,778)	\$ (2,540,337)
General Revenues:				
Taxes:				
Income.....	9,826,097	—	9,826,097	—
Sales.....	8,635,076	—	8,635,076	—
Corporate and Public Utility	2,560,420	—	2,560,420	—
Cigarette.....	828,812	—	828,812	—
Other.....	993,217	—	993,217	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,774,781	—	1,774,781	—
Total Taxes.....	24,618,403	—	24,618,403	—
Tobacco Settlement.....	336,255	—	336,255	—
Escheat Property.....	167,140	—	167,140	—
Unrestricted Investment Income.....	25,881	3	25,884	667,540
State Assistance	—	—	—	1,878,729
Other.....	239,435	—	239,435	686,657
Gain (Loss) on Extinguishment of Debt.....	(154,607)	273,851	119,244	—
Additions to Endowments				
and Permanent Fund Principal.....	—	—	—	73,675
Special Items.....	—	—	—	(11,269)
Transfers-Internal Activities.....	1,082,887	(1,082,887)	—	—
TOTAL GENERAL REVENUES, GAINS (LOSSES), CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS.....				
	26,315,394	(809,033)	25,506,361	3,295,332
CHANGE IN NET POSITION.....	2,614,022	(742,439)	1,871,583	754,995
NET POSITION (DEFICITS), JULY 1 (as restated)...	18,601,318	6,564,305	25,165,623	11,137,291
NET POSITION (DEFICITS), JUNE 30.....	\$ 21,215,340	\$ 5,821,866	\$ 27,037,206	\$ 11,892,286

STATE OF OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
ASSETS:			
Cash Equity with Treasurer.....	\$ 5,685,182	\$ 573,183	\$ —
Cash and Cash Equivalents.....	103,607	2,529	944
Investments.....	732,049	—	516,150
Collateral on Lent Securities.....	679,983	68,335	—
Taxes Receivable	1,520,628	—	—
Intergovernmental Receivable.....	630,869	223,472	—
Loans Receivable, Net	1,052,688	—	—
Interfund Receivable	—	—	845,018
Receivable from Component Units.....	322	—	3,705,427
Other Receivables	189,012	364,433	362,828
Inventories	24,692	—	—
Other Assets	23	—	—
TOTAL ASSETS	\$ 10,619,055	\$ 1,231,952	\$ 5,430,367
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 190,490	\$ 96,879	\$ —
Accrued Liabilities.....	108,812	17,510	—
Medicaid Claims Payable.....	984,909	—	—
Obligations Under Securities Lending.....	679,983	68,335	—
Intergovernmental Payable.....	865,039	70,708	—
Interfund Payable.....	1,340,828	13,907	—
Payable to Component Units.....	25,131	386	—
Deferred Revenue.....	409,273	66,643	362,785
Unearned Revenue.....	—	349,027	—
Refund and Other Liabilities.....	763,151	4,091	—
Liability for Escheat Property.....	11,326	—	—
TOTAL LIABILITIES.....	5,378,942	687,486	362,785
FUND BALANCES (DEFICITS):			
Nonspendable.....	59,896	—	—
Restricted.....	1,126,686	464,723	5,067,582
Committed.....	751,615	80,087	—
Assigned.....	2,042,246	—	—
Unassigned.....	1,259,670	(344)	—
TOTAL FUND BALANCES (DEFICITS)	5,240,113	544,466	5,067,582
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 10,619,055	\$ 1,231,952	\$ 5,430,367

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
\$ 3,558,808	\$ 9,817,173
40,444	147,524
76,049	1,324,248
424,284	1,172,602
90,321	1,610,949
415,257	1,269,598
74,168	1,126,856
2,474	847,492
—	3,705,749
82,075	998,348
59,902	84,594
5,911	5,934
\$ 4,829,693	\$ 22,111,067

\$ 387,247	\$ 674,616
64,056	190,378
166,579	1,151,488
424,284	1,172,602
212,127	1,147,874
168,161	1,522,896
9,530	35,047
87,444	926,145
106,119	455,146
695	767,937
—	11,326
1,626,242	8,055,455

59,902	119,798
2,615,091	9,274,082
533,897	1,365,599
—	2,042,246
(5,439)	1,253,887
3,203,451	14,055,612
\$ 4,829,693	\$ 22,111,067

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STATE OF OHIO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013
(dollars in thousands)

Total Fund Balances for Governmental Funds..... **\$ 14,055,612**

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Land.....	2,241,945
Buildings and Improvements, net of \$2,027,069 accumulated depreciation.....	1,642,747
Land Improvements, net of \$284,703 accumulated depreciation.....	179,988
Machinery and Equipment, net of \$653,313 accumulated depreciation.....	240,860
Vehicles, net of \$187,065 accumulated depreciation.....	162,360
Infrastructure, net of \$22,990 accumulated depreciation.....	19,882,815
Construction-in-Progress.....	1,451,190
	<u>25,801,905</u>

Some of the State's revenues are collected after year-end but are not available soon enough to pay for the current period's (within 60 days of year-end) expenditures, and therefore, are deferred in the funds.

Taxes Receivable.....	137,875
Intergovernmental Receivable.....	284,013
Other Receivables.....	498,346
Other Assets.....	5,911
	<u>926,145</u>

Unamortized bond issue costs are not financial resources, and therefore, are not reported in the funds.

66,340

Deferred outflows of resources are not financial resources, and therefore, are not reported in the funds.

41,889

The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

<i>Accrued Liabilities:</i>	
Interest Payable.....	(169,221)
<i>Bonds and Notes Payable:</i>	
General Obligation Bonds.....	(8,667,232)
Revenue Bonds and Notes.....	(6,486,884)
Special Obligation Bonds.....	(1,886,134)
Certificates of Participation.....	(198,266)
<i>Other Noncurrent Liabilities:</i>	
Compensated Absences.....	(425,242)
Net Pension Obligation.....	(15,306)
Net OPEB Obligation.....	(106,686)
Capital Leases Payable.....	(2,294)
Derivatives.....	(55,792)
Estimated Claims Payable.....	(2,710)
Pollution Remediation, net of liabilities reported as accounts payable in the funds and recoveries reported above as other receivables.....	(4,549)
Liability for Escheat Property.....	(217,121)
Unearned Revenue.....	(1,439,114)
	<u>(19,676,551)</u>

Total Net Position of Governmental Activities..... **\$ 21,215,340**

The notes to the financial statements are an integral part of this statement.

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
REVENUES:			
Income Taxes.....	\$ 9,798,658	\$ —	\$ —
Sales Taxes.....	8,637,501	—	—
Corporate and Public Utility Taxes.....	2,554,965	—	—
Motor Vehicle Fuel Taxes.....	1,087,748	—	—
Cigarette Taxes.....	828,812	—	—
Other Taxes.....	747,882	1,598	—
Licenses, Permits and Fees.....	816,564	1,156,801	—
Sales, Services and Charges.....	59,839	2,307	—
Federal Government.....	7,225,992	7,818,253	—
Tobacco Settlement.....	—	—	294,951
Escheat Property.....	175,284	—	—
Investment Income.....	26,454	4,325	1,310
Other.....	283,339	443,491	—
TOTAL REVENUES.....	32,243,038	9,426,775	296,261
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	8,239,305	173	60,899
Higher Education Support.....	2,239,364	1,404	—
Public Assistance and Medicaid.....	12,671,846	8,651,165	—
Health and Human Services.....	1,033,391	332,401	—
Justice and Public Protection.....	2,268,285	69,485	—
Environmental Protection and Natural Resources.....	93,188	—	—
Transportation.....	8,946	—	—
General Government.....	471,161	3,173	—
Community and Economic Development.....	2,426,388	—	—
CAPITAL OUTLAY.....	42	1,097	—
DEBT SERVICE.....	—	—	298,020
TOTAL EXPENDITURES.....	29,451,916	9,058,898	358,919
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	2,791,122	367,877	(62,658)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	178,000	—	—
Refunding Bonds Issued.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	—
Premiums/Discounts.....	7,911	—	—
Capital Leases.....	108	—	—
Transfers-in.....	545,356	21,609	—
Transfers-out.....	(2,928,231)	(41,132)	(14,048)
TOTAL OTHER FINANCING SOURCES (USES).....	(2,196,856)	(19,523)	(14,048)
SPECIAL ITEMS.....	1,463,506	—	—
NET CHANGE IN FUND BALANCES.....	2,057,772	348,354	(76,706)
FUND BALANCES (DEFICITS), July 1 (as restated).....	3,188,956	196,112	5,144,288
Increase (Decrease) for Changes in Inventories.....	(6,615)	—	—
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 5,240,113	\$ 544,466	\$ 5,067,582

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
\$ 13,324	\$ 9,811,982
5,967	8,643,468
994	2,555,959
687,033	1,774,781
—	828,812
243,737	993,217
1,234,049	3,207,414
33,540	95,686
6,492,856	21,537,101
135	295,086
—	175,284
6,166	38,255
480,200	1,207,030
9,198,001	51,164,075
2,729,521	11,029,898
22,258	2,263,026
337,367	21,660,378
2,003,714	3,369,506
724,236	3,062,006
323,687	416,875
2,629,043	2,637,989
347,178	821,512
950,540	3,376,928
351,531	352,670
1,587,263	1,885,283
12,006,338	50,876,071
(2,808,337)	288,004
534,470	712,470
470,520	470,520
(1,465,468)	(1,465,468)
201,470	209,381
—	108
3,881,288	4,448,253
(381,955)	(3,365,366)
3,240,325	1,009,898
—	1,463,506
431,988	2,761,408
2,786,093	11,315,449
(14,630)	(21,245)
\$ 3,203,451	\$ 14,055,612

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds.....	2,761,408
Change in Inventories.....	<u>(21,245)</u>
	2,740,163

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay Expenditures.....	397,306
Depreciation Expense.....	<u>(211,223)</u>
Excess of Capital Outlay Over Depreciation Expense.....	<u>186,083</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, proceeds were received from:

General Obligation Bonds.....	(414,705)
Revenue Bonds and Notes.....	(183,530)
Special Obligation Bonds.....	(58,000)
Refunding Bonds, including Bond Premium/Discount, Net.....	(576,755)
Certificates of Participation.....	(56,235)
Premiums and Discounts, Net:	
General Obligation Bonds.....	(57,853)
Revenue Bonds and Notes.....	(29,731)
Special Obligation Bonds.....	(7,216)
Certificates of Participation.....	(8,347)
Deferred Refunding Loss.....	36,833
Capitalized Interest.....	1,937
Capital Leases.....	(108)
Total Debt Proceeds.....	<u>(1,353,710)</u>

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

<i>Debt Principal Retirement and Defeasements:</i>	
General Obligation Bonds.....	1,026,707
Revenue Bonds and Notes.....	892,613
Special Obligation Bonds.....	416,760
Certificates of Participation.....	21,610
Capital Lease Payments.....	<u>2,013</u>
Total Long-Term Debt Repayment.....	<u>2,359,703</u>

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds. Deferred revenues decreased by this amount this year.

124,464

The notes to the financial statements are an integral part of this statement.

Some expenses reported in the Statement of Activities are not reported as expenditures in the governmental funds. Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the changes in the following balances:

<i>Decrease in Bond Issue Costs Included in Other Assets.....</i>	<i>(9,375)</i>	
<i>Decrease in Accrued Interest and Other Accrued Liabilities.....</i>	<i>(21,159)</i>	
<i>Amortization of Bond Premiums/Accretion of Bond Discount, Net.....</i>	<i>66,550</i>	
<i>Amortization of Deferred Refunding Loss.....</i>	<i>(41,793)</i>	
<i>Decrease in Compensated Absences.....</i>	<i>15,120</i>	
<i>Decrease in Derivative Liabilities (Excluding Hedging Derivatives)</i>	<i>26,026</i>	
<i>Decrease in Estimated Claims Payable.....</i>	<i>320</i>	
<i>Increase in Pollution Remediation.....</i>	<i>(1,420)</i>	
<i>Increase in Net Pension Obligation.....</i>	<i>(6,917)</i>	
<i>Increase in Liability for OPEB Obligation.....</i>	<i>(22,775)</i>	
<i>Increase in Liability for Escheat Property.....</i>	<i>(8,144)</i>	
<i>Increase in Unearned Revenue.....</i>	<i>(1,439,114)</i>	
<i>Total additional expenditures.....</i>		<u><i>(1,442,681)</i></u>
<i>Change in Net Position of Governmental Activities.....</i>		<u><u><i>\$ 2,614,022</i></u></u>

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	GENERAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes.....	\$ 9,318,668	\$ 9,318,668	\$ 9,856,494	\$ 537,826
Sales Taxes.....	8,619,663	8,619,663	8,639,514	19,851
Corporate and Public Utility Taxes.....	2,524,506	2,524,506	2,558,095	33,589
Motor Vehicle Fuel Taxes.....	1,070,620	1,070,620	1,070,620	—
Cigarette Taxes.....	815,000	815,000	827,440	12,440
Other Taxes.....	683,943	683,943	751,950	68,007
Licenses, Permits and Fees.....	951,429	951,429	983,059	31,630
Sales, Services and Charges.....	83,946	83,946	85,114	1,168
Federal Government.....	8,266,746	8,266,746	7,641,345	(625,401)
Investment Income.....	12,929	12,929	17,652	4,723
Other.....	1,364,902	1,364,902	1,850,140	485,238
TOTAL REVENUES.....	33,712,352	33,712,352	34,281,423	569,071
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education.....	8,400,097	8,427,712	8,336,739	90,973
Higher Education Support.....	2,864,548	2,867,661	2,447,342	420,319
Public Assistance and Medicaid.....	15,054,843	14,454,319	13,387,303	1,067,016
Health and Human Services.....	1,011,570	1,222,873	1,149,039	73,834
Justice and Public Protection.....	2,667,775	2,693,806	2,571,735	122,071
Environmental Protection and Natural Resources.....	120,101	121,666	110,385	11,281
Transportation.....	16,279	16,279	16,138	141
General Government.....	832,047	1,060,180	936,505	123,675
Community and Economic Development.....	3,726,956	3,739,429	2,798,832	940,597
CAPITAL OUTLAY.....	—	20,441	692	19,749
DEBT SERVICE.....	1,274,226	1,274,226	1,188,229	85,997
TOTAL BUDGETARY EXPENDITURES.....	35,968,442	35,898,592	32,942,939	2,955,653
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....	(2,256,090)	(2,186,240)	1,338,484	3,524,724
OTHER FINANCING SOURCES (USES):				
Bonds Issued.....	166,386	166,386	166,386	—
Transfers-in.....	1,532,198	1,532,198	1,007,433	(524,765)
Transfers-out.....	(2,052,628)	(2,052,628)	(1,373,965)	678,663
TOTAL OTHER FINANCING SOURCES (USES).....	(354,044)	(354,044)	(200,146)	153,898
NET CHANGE IN FUND BALANCES.....	\$ (2,610,134)	\$ (2,540,284)	1,138,338	\$ 3,678,622
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated).....			2,331,438	
Outstanding Encumbrances at Beginning of Fiscal Year.....			1,227,102	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....			\$ 4,696,878	

The notes to the financial statements are an integral part of this statement.

JOB, FAMILY AND OTHER HUMAN SERVICES

BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL	ACTUAL	
		\$ —	
		—	
		—	
		—	
		1,598	
		1,156,605	
		2,307	
		4,350,193	
		4,325	
		<u>760,007</u>	
		<u>6,275,035</u>	
\$ 248	\$ 248	204	\$ 44
4,305	4,305	2,757	1,548
8,056,165	8,262,008	6,827,131	1,434,877
427,230	452,587	372,918	79,669
89,544	91,544	70,447	21,097
—	—	—	—
—	—	—	—
4,297	4,297	3,010	1,287
180	180	—	180
28,599	28,680	3,129	25,551
—	—	—	—
<u>\$ 8,610,568</u>	<u>\$ 8,843,849</u>	<u>7,279,596</u>	<u>\$ 1,564,253</u>
		<u>(1,004,561)</u>	
		—	
		19,669	
		<u>(42,081)</u>	
		<u>(22,412)</u>	
		(1,026,973)	
		(674,149)	
		<u>996,657</u>	
		<u>\$ (704,465)</u>	

STATE OF OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2013
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 4,070	\$ 108,439	\$ —
Cash and Cash Equivalents.....	857,378	88,294	—
Collateral on Lent Securities.....	1,030	12,928	—
Restricted Assets:			
Cash Equity with Treasurer.....	—	20	—
Investments.....	—	50,712	—
Collateral on Lent Securities.....	—	135,635	—
Other Receivables.....	—	1,815	—
Deposit with Federal Government.....	—	—	193,288
Intergovernmental Receivable.....	—	—	249
Premiums and Assessments Receivable.....	834,786	—	40,299
Investment Trade Receivable.....	876,163	—	—
Interfund Receivable.....	78,991	1,518	—
Other Receivables.....	276,024	57,697	51,341
Other Assets.....	7,371	8,011	5,757
TOTAL CURRENT ASSETS.....	2,935,813	465,069	290,934
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	14	—	—
Investments.....	—	607,920	—
Investments.....	22,014,815	—	—
Premiums and Assessments Receivable.....	2,591,806	—	—
Interfund Receivable.....	595,570	—	—
Capital Assets Being Depreciated, Net.....	61,365	34,659	—
Capital Assets Not Being Depreciated.....	42,707	—	—
TOTAL NONCURRENT ASSETS.....	25,306,277	642,579	—
TOTAL ASSETS.....	28,242,090	1,107,648	290,934
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	9,622	7,239	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	1,030	148,563	—
Investment Trade Payable.....	292,822	—	—
Intergovernmental Payable.....	—	—	1,430
Deferred Prize Awards Payable.....	—	52,547	—
Interfund Payable.....	—	147	—
Unearned Revenue.....	—	1,202	—
Benefits Payable.....	2,015,531	—	16,949
Refund and Other Liabilities.....	1,379,335	89,756	8,010
Bonds and Notes Payable.....	15,422	—	—
TOTAL CURRENT LIABILITIES.....	3,713,762	299,454	26,389
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	1,554,298
Deferred Prize Awards Payable.....	—	527,065	—
Interfund Payable.....	—	1,657	—
Benefits Payable.....	15,288,626	—	—
Refund and Other Liabilities.....	2,460,625	13,399	—
TOTAL NONCURRENT LIABILITIES.....	17,749,251	542,121	1,554,298
TOTAL LIABILITIES.....	21,463,013	841,575	1,580,687
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	88,663	1,650	—
Restricted for Deferred Lottery Prizes.....	—	85,085	—
Unrestricted.....	6,690,414	179,338	(1,289,753)
TOTAL NET POSITION (DEFICITS).....	\$ 6,779,077	\$ 266,073	\$ (1,289,753)

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	26,785	\$	139,294
	10,576		956,248
	99		14,057
	—		20
	79,800		130,512
	—		135,635
	—		1,815
	—		193,288
	9,468		9,717
	—		875,085
	—		876,163
	1,243		81,752
	1,657		386,719
	8		21,147
	129,636		3,821,452
	—		14
	306,362		914,282
	114,778		22,129,593
	—		2,591,806
	7,277		602,847
	1,977		98,001
	—		42,707
	430,394		26,379,250
	560,030		30,200,702
	1,920		18,781
	3,447		3,447
	99		149,692
	—		292,822
	—		1,430
	—		52,547
	114		261
	826		2,028
	79,800		2,112,280
	3,444		1,480,545
	—		15,422
	89,650		4,129,255
	—		1,554,298
	—		527,065
	7,277		8,934
	389,900		15,678,526
	6,734		2,480,758
	403,911		20,249,581
	493,561		24,378,836
	1,977		92,290
	—		85,085
	64,492		5,644,491
\$	66,469	\$	5,821,866

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS -- ENTERPRISE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ —	\$ 2,933,482	\$ 24,976
Premium and Assessment Income.....	1,492,389	—	1,278,268
Federal Government.....	—	—	719,366
Investment Income.....	—	—	—
Other.....	11,723	6,291	6,712
TOTAL OPERATING REVENUES.....	1,504,112	2,939,773	2,029,322
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	—	—
Administration.....	56,406	99,523	—
Bonuses and Commissions.....	—	276,993	—
Prizes.....	—	1,668,038	—
Benefits and Claims.....	1,491,515	—	1,976,235
Depreciation.....	9,655	21,600	—
Other.....	1,871,283	14	—
TOTAL OPERATING EXPENSES.....	3,428,859	2,066,168	1,976,235
OPERATING INCOME (LOSS).....	(1,924,747)	873,605	53,087
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	900,854	(7,848)	—
Interest Expense.....	—	(1,923)	—
Other.....	—	(32,796)	(283)
TOTAL NONOPERATING REVENUES (EXPENSES).....	900,854	(42,567)	(283)
INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....	(1,023,893)	831,038	52,804
Gain on Extinguishment of Debt.....	—	—	273,851
Transfers-in.....	—	—	—
Transfers-out.....	(14,769)	(803,466)	(3,513)
TOTAL GAIN (LOSS) AND TRANSFERS.....	(14,769)	(803,466)	270,338
NET INCOME (LOSS).....	(1,038,662)	27,572	323,142
NET POSITION (DEFICITS), JULY 1 (as restated).....	7,817,739	238,501	(1,612,895)
NET POSITION (DEFICITS), JUNE 30.....	\$ 6,779,077	\$ 266,073	\$ (1,289,753)

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 544,789	\$ 3,503,247
—	2,770,657
—	719,366
34,323	34,323
84,147	108,873
663,259	7,136,466
339,365	339,365
45,069	200,998
—	276,993
—	1,668,038
70,653	3,538,403
480	31,735
1,047	1,872,344
456,614	7,927,876
206,645	(791,410)
3	893,009
—	(1,923)
—	(33,079)
3	858,007
206,648	66,597
—	273,851
26,889	26,889
(288,028)	(1,109,776)
(261,139)	(809,036)
(54,491)	(742,439)
120,960	6,564,305
\$ 66,469	\$ 5,821,866

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	2,857,109	—
Cash Received from Multi-State Lottery for Grand Prize Winner.....	—	29,993	—
Cash Received from Premiums and Assessments.....	2,018,899	—	1,284,158
Cash Received from Interfund Services Provided.....	69,826	3,253	—
Other Operating Cash Receipts.....	55,028	73,074	33,026
Cash Payments to Suppliers for Goods and Services.....	(46,541)	(66,109)	—
Cash Payments to Employees for Services.....	(201,268)	(25,473)	—
Cash Payments for Benefits and Claims.....	(1,958,567)	—	(1,788,203)
Cash Payments for Lottery Prizes.....	—	(1,734,272)	—
Cash Payments for Bonuses and Commissions.....	—	(276,993)	—
Cash Payments for Premium Reductions and Refunds.....	(83,022)	—	—
Cash Payments for Interfund Services Used.....	(17,866)	(5,016)	—
Other Operating Cash Payments.....	—	(14)	(181,997)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(163,511)	855,552	(653,016)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	—	—
Transfers-out	(14,769)	(803,466)	(3,513)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(14,769)	(803,466)	(3,513)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases.....	(15,915)	(20,217)	—
Interest Paid	(1,543)	(1,656)	—
Acquisition and Construction of Capital Assets	(25,154)	(283)	—
Proceeds from Sales of Capital Assets	77	51	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(42,535)	(22,105)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(8,317,413)	(112,959)	(1,271,868)
Proceeds from the Sales and Maturities of Investments	8,274,646	164,858	1,928,397
Investment Income Received	700,116	8,806	—
Borrower Rebates and Agent Fees.....	(17,343)	(278)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	640,006	60,427	656,529
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	419,191	90,408	—
CASH AND CASH EQUIVALENTS, JULY 1 (as restated).....	442,271	106,345	—
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 861,462	\$ 196,753	\$ —

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	528,369	\$	3,385,478
	—		29,993
	—		3,303,057
	10,217		83,296
	15,210		176,338
	(357,398)		(470,048)
	(73,775)		(300,516)
	—		(3,746,770)
	—		(1,734,272)
	—		(276,993)
	—		(83,022)
	(5,252)		(28,134)
	(70,659)		(252,670)
	46,712		85,737
	28,443		28,443
	(241,413)		(1,063,161)
	(212,970)		(1,034,718)
	—		(36,132)
	—		(3,199)
	(668)		(26,105)
	—		128
	(668)		(65,308)
	(512,550)		(10,214,790)
	576,091		10,943,992
	9,196		718,118
	—		(17,621)
	72,737		1,429,699
	(94,189)		415,410
	131,550		680,166
\$	37,361	\$	1,095,576

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)
(continued)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ (1,924,747)	\$ 873,605	\$ 53,087
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	—
Depreciation	9,655	21,600	—
Provision for Uncollectible Accounts.....	40,764	—	—
Amortization of Premiums and Discounts.....	(295)	—	—
Interest on Bonds, Notes and Capital Leases.....	1,543	—	—
Decrease (Increase) in Assets:			
Deposit with Federal Government.....	—	—	(722,544)
Intergovernmental Receivable.....	—	—	(235)
Premiums and Assessments Receivable.....	427,210	—	(6,121)
Interfund Receivable.....	37,859	—	—
Other Receivables	(45,208)	(6,546)	26,280
Inventories	—	—	—
Other Assets	1,913	2,139	(198)
Increase (Decrease) in Liabilities:			
Accounts Payable	(2,146)	2,696	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	(229)
Deferred Prize Awards Payable.....	—	(59,392)	—
Interfund Payable.....	—	(891)	—
Unearned Revenue	—	209	—
Benefits Payable.....	(510,943)	—	(2,347)
Refund and Other Liabilities.....	1,800,884	22,132	(709)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ (163,511)	\$ 855,552	\$ (653,016)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in Fair Value of Investments.....	\$ 230,200	\$ (85,221)	\$ —
Gain on Extinguishment of Debt.....	—	—	273,851

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 206,645	\$ (791,410)
(34,323)	(34,323)
480	31,735
—	40,764
—	(295)
—	1,543
—	(722,544)
(714)	(949)
—	421,089
1,554	39,413
12,900	(12,574)
(2,647)	(2,647)
599	4,453
(44,919)	(44,369)
316	316
—	(229)
—	(59,392)
(5,734)	(6,625)
81	290
(83,300)	(596,590)
(4,226)	1,818,081
\$ 46,712	\$ 85,737

\$ —	\$ 144,979
—	273,851

STATE OF OHIO

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2013

(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/12)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	12,423	230,971	90,690
Investments (at fair value):			
U.S. Government and Agency Obligations.....	19,183	—	1,524,999
Common and Preferred Stock.....	102,941	—	—
Corporate Bonds and Notes.....	47,376	—	111,519
Foreign Stocks and Bonds.....	6,200	—	—
Commercial Paper.....	—	—	637,294
Repurchase Agreements.....	—	—	—
Mutual Funds.....	384,859	7,134,510	191,137
Real Estate.....	25,933	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
Partnership and Hedge Funds.....	140,170	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	—	—
Collateral on Lent Securities.....	—	—	—
Employer Contributions Receivable.....	1,088	—	—
Employee Contributions Receivable.....	676	—	—
Other Receivables.....	1,171	140,627	1,168
Other Assets.....	52	—	14
Capital Assets, Net.....	17	—	—
TOTAL ASSETS.....	742,089	7,506,108	2,556,821
LIABILITIES:			
Accounts Payable.....	493	—	—
Accrued Liabilities.....	23,647	2,790	7
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	82	139,749	209
TOTAL LIABILITIES.....	24,222	142,539	216
NET POSITION (DEFICITS):			
Held in Trust for:			
Employees' Pension Benefits.....	620,443	—	—
Employees' Postemployment Healthcare Benefits.....	97,424	—	—
Individuals, Organizations and Other Governments.....	—	7,363,569	—
Pool Participants.....	—	—	2,556,605
TOTAL NET POSITION (DEFICITS).....	\$ 717,867	\$ 7,363,569	\$ 2,556,605

The notes to the financial statements are an integral part of this statement.

AGENCY

\$ 266,343
181,839

12,053,529
43,509,428
13,562,812
41,655,148
3,987,857
693,289
11,409,353
17,683,712
14,790,900
9,321,047
7,098,287
113,576
31,208

—
—
1,293
416,961
—

176,776,582

—
—
31,208
185,582
176,559,792
176,776,582

—
—
—
—
\$ —

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STATE OF OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/12)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ADDITIONS:			
Contributions from:			
Employer.....	\$ 25,445	\$ —	\$ —
Employees.....	8,756	—	—
Plan Participants.....	—	1,919,336	—
Other.....	2,714	—	—
Total Contributions.....	36,915	1,919,336	—
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments.....	63,663	529,738	—
Interest, Dividends and Other.....	14,444	183,658	3,853
Total Investment Income.....	78,107	713,396	3,853
Less: Investment Expense.....	4,404	31,919	1,983
Net Investment Income.....	73,703	681,477	1,870
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	11,011,145
Reinvested Distributions.....	—	—	1,870
Shares Redeemed.....	—	—	(11,096,069)
Net Capital Share and Individual Account Transactions.....	—	—	(83,054)
TOTAL ADDITIONS.....	110,618	2,600,813	(81,184)
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries.....	58,298	—	—
Healthcare Benefits Paid to Participants or Beneficiaries....	12,303	—	—
Refunds of Employee Contributions.....	180	—	—
Administrative Expense.....	997	—	—
Transfers to Other Retirement Systems.....	378	—	—
Distributions to Shareholders and Plan Participants.....	—	1,610,140	1,870
TOTAL DEDUCTIONS.....	72,156	1,610,140	1,870
CHANGE IN NET POSITION HELD FOR:			
Employees' Pension Benefits.....	36,873	—	—
Employees' Postemployment Healthcare Benefits.....	1,589	—	—
Individuals, Organizations and Other Governments.....	—	990,673	—
Pool Participants.....	—	—	(83,054)
TOTAL CHANGE IN NET POSITION.....	38,462	990,673	(83,054)
NET POSITION (DEFICITS), JULY 1.....	679,405	6,372,896	2,639,659
NET POSITION (DEFICITS), JUNE 30.....	\$ 717,867	\$ 7,363,569	\$ 2,556,605

The notes to the financial statements are an integral part of this statement.

STATE OF OHIO

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2013
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 217,106	\$ —	\$ 55,626
Cash and Cash Equivalents.....	104	117,186	1,184,638
Investments.....	1,548	1,021,806	1,795,105
Collateral on Lent Securities.....	25,883	—	3,020
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	65,445
Intergovernmental Receivable.....	—	4,692	54,487
Loans Receivable, Net.....	529	23,998	28,633
Receivable from Primary Government.....	—	7,833	27,214
Other Receivables.....	17	470,193	508,202
Inventories.....	—	33,651	79,876
Other Assets.....	—	52,427	87,516
TOTAL CURRENT ASSETS.....	245,187	1,731,786	3,889,762
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	926,444	403,810
Investments.....	—	—	1,766,212
Investments.....	—	3,220,056	1,737,589
Loans Receivable, Net.....	2,385	58,133	147,348
Other Receivables.....	—	71,655	152,302
Other Assets.....	—	—	1,849,614
Capital Assets Being Depreciated, Net.....	2,442	3,260,536	6,336,991
Capital Assets Not Being Depreciated.....	38,642	956,018	1,019,907
TOTAL NONCURRENT ASSETS.....	43,469	8,492,842	13,413,773
TOTAL ASSETS.....	288,656	10,224,628	17,303,535
Deferred Outflows of Resources.....	—	—	345
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	288,656	10,224,628	17,303,880
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	3,574	271,024	283,607
Accrued Liabilities.....	377	137,578	274,639
Obligations Under Securities Lending.....	25,883	—	3,020
Intergovernmental Payable.....	351,442	—	2,579
Unearned Revenue.....	—	180,511	305,919
Refund and Other Liabilities.....	1,787	66,584	242,582
Bonds and Notes Payable.....	—	500,919	199,851
Certificates of Participation.....	—	515	—
TOTAL CURRENT LIABILITIES.....	383,063	1,157,131	1,312,197
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	234,282	—	34,172
Unearned Revenue.....	—	—	10,940
Refund and Other Liabilities.....	854	390,337	526,344
Payable to Primary Government.....	3,705,428	—	564
Bonds and Notes Payable.....	—	2,184,972	5,503,534
Certificates of Participation.....	—	2,330	—
TOTAL NONCURRENT LIABILITIES.....	3,940,564	2,577,639	6,075,554
TOTAL LIABILITIES.....	4,323,627	3,734,770	7,387,751
Deferred Inflows of Resources.....	—	474,332	4,398
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	4,323,627	4,209,102	7,392,149
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	41,084	2,446,605	3,925,839
Restricted for:			
Primary, Secondary and Other Education.....	—	—	726
Community and Economic Development.....	—	—	74,975
Nonexpendable:			
Scholarships and Fellowships.....	—	—	259,682
Research.....	—	—	60,374
Endowments and Quasi-Endowments.....	—	1,340,681	1,099,404
Loans, Grants and Other College and University Purposes.....	—	—	572,084
Expendable:			
Scholarships and Fellowships.....	—	—	249,141
Research.....	—	—	113,563
Instructional Department Uses.....	—	—	139,256
Student and Public Services.....	—	—	61,286
Academic Support.....	—	—	139,271
Debt Service.....	—	—	22,940
Capital Purposes.....	—	14,609	136,779
Endowments and Quasi-Endowments.....	—	109,706	384,663
Current Operations.....	—	613,533	55,237
Loans, Grants and Other College and University Purposes.....	—	—	409,073
Unrestricted.....	(4,076,055)	1,490,392	2,207,438
TOTAL NET POSITION (DEFICITS).....	\$ (4,034,971)	\$ 6,015,526	\$ 9,911,731

The notes to the financial statements are an integral part of this statement.

TOTAL

\$ 272,732
1,301,928
2,818,459
28,903

65,445
59,179
53,160
35,047
978,412
113,527
139,943
5,866,735

1,330,254
1,766,212
4,957,645
207,866
223,957
1,849,614
9,599,969
2,014,567
21,950,084
27,816,819
345
27,817,164

558,205
412,594
28,903
354,021
486,430
310,953
700,770
515
2,852,391

268,454
10,940
917,535
3,705,992
7,688,506
2,330
12,593,757
15,446,148
478,730
15,924,878

6,413,528

726
74,975

259,682
60,374
2,440,085
572,084

249,141
113,563
139,256
61,286
139,271
22,940
151,388
494,369
668,770
409,073
(378,225)

\$ 11,892,286

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
EXPENSES:			
Primary, Secondary and Other Education.....	\$ 380,459	\$ —	\$ 13,182
Community and Economic Development.....	—	—	298,098
Education and General:			
Instruction and Departmental Research.....	—	911,216	1,964,735
Separately Budgeted Research.....	—	434,671	400,537
Public Service.....	—	105,113	189,128
Academic Support.....	—	170,142	535,470
Student Services.....	—	94,237	295,727
Institutional Support.....	—	279,126	617,476
Operation and Maintenance of Plant.....	—	115,797	395,298
Scholarships and Fellowships.....	—	111,364	319,654
Auxiliary Enterprises.....	—	242,376	696,961
Hospitals.....	—	2,112,661	306,376
Interest on Long-Term Debt.....	—	62,940	186,366
Depreciation.....	1,479	264,722	436,512
Other.....	—	—	54,209
TOTAL EXPENSES.....	381,938	4,904,365	6,709,729
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	25,736	3,587,661	4,259,104
Operating Grants, Contributions and Restricted Investment Income.....	5,098	658,432	840,608
Capital Grants, Contributions and Restricted Investment Income.....	—	41,176	37,880
TOTAL PROGRAM REVENUES.....	30,834	4,287,269	5,137,592
NET PROGRAM (EXPENSE) REVENUE	(351,104)	(617,096)	(1,572,137)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	386,886	280,654
State Assistance.....	60,899	507,779	1,310,051
Other.....	70	188,507	498,080
TOTAL GENERAL REVENUES.....	60,969	1,083,172	2,088,785
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	57,480	16,195
SPECIAL ITEM.....	—	—	(11,269)
CHANGE IN NET POSITION.....	(290,135)	523,556	521,574
NET POSITION (DEFICITS), JULY 1 (as restated).....	(3,744,836)	5,491,970	9,390,157
NET POSITION (DEFICITS), JUNE 30.....	\$ (4,034,971)	\$ 6,015,526	\$ 9,911,731

The notes to the financial statements are an integral part of this statement.

<u>TOTAL</u>	
\$	393,641
	298,098
	2,875,951
	835,208
	294,241
	705,612
	389,964
	896,602
	511,095
	431,018
	939,337
	2,419,037
	249,306
	702,713
	54,209
	<u>11,996,032</u>
	7,872,501
	1,504,138
	79,056
	<u>9,455,695</u>
	<u>(2,540,337)</u>
	667,540
	1,878,729
	686,657
	<u>3,232,926</u>
	73,675
	<u>(11,269)</u>
	754,995
	11,137,291
\$	<u>11,892,286</u>



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2013, and for the year then ended, conform with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are included in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The State's significant accounting policies are as follows.

A. Financial Reporting Entity

The State of Ohio's primary government includes all funds, elected officials, departments and agencies, bureaus, boards, commissions, and authorities that make up the State's legal entity. Component units, legally separate organizations for which the State's elected officials are financially accountable, also comprise, in part, the State's reporting entity. Additionally, other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete should be included in a government's financial reporting entity.

GASB Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

1. Blended Component Units

The Buckeye Tobacco Settlement Financing Authority and the State Highway Patrol Retirement System are legally separate organizations that provide services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefit the State. Therefore, the State reports these organizations' balances and transactions as though they were part of the primary government using the blending method.

2. Discretely Presented Component Units

The component units' columns in the basic financial statements include the financial data of another 28 organizations. The separate discrete column labeled, "Component Units," emphasizes these organizations' separateness from the State's primary government. Officials of the primary government appoint a voting majority of each organization's governing board.

The primary government has the ability to impose its will on the following organizations by modifying or approving their respective budgets, through policy modification authority, or by modifying or approving rate or fee changes.

Ohio Facilities Construction Commission
Cultural Facilities Commission
eTech Ohio Commission
Ohio Air Quality Development Authority
Ohio Capital Fund
JobsOhio



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following organizations impose or potentially impose financial burdens on the primary government.

Ohio State University
University of Cincinnati
Ohio University
Miami University
University of Akron
Bowling Green State University
Kent State University
University of Toledo
Cleveland State University
Youngstown State University
Wright State University
Shawnee State University
Central State University
Terra State Community College
Columbus State Community College
Clark State Community College
Edison State Community College
Southern State Community College
Washington State Community College
Cincinnati State Community College
Northwest State Community College
Owens State Community College

The Ohio Facilities Construction Commission, Cultural Facilities Commission, and eTech Ohio Commission, which are governmental component units, do not issue separately audited financial reports.

Information on how to obtain financial statements for the State's component units that do issue their own separately audited financial reports is available from the Ohio Office of Budget and Management.

3. Joint Ventures and Related Organizations

As discussed in more detail in NOTE 18, the State participates in several joint ventures and has related organizations. The State does not include the financial activities of these organizations in its financial statements, in conformity with GASB 14, as amended by GASB 39 and GASB 61.

B. Basis of Presentation

Government-wide Statements — The Statement of Net Position and the Statement of Activities display information about the primary government (the State) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

Fiduciary funds of the primary government and component units that are fiduciary in nature are reported only in the statements of fiduciary net position and changes in fiduciary net position.

For the government-wide financial statements, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the State. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources using the economic resources measurement focus and the accrual basis of accounting. The State presents the statement in a format that displays *assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net position*. The *net position* section is displayed in three components:



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *Net Investment in Capital Assets* component consists of 1.) capital assets, net of accumulated depreciation, and deferred outflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt less 2.) outstanding balances of any bonds or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt. The portion of debt and deferred inflows of resources attributable to significant unspent related debt proceeds at year-end is not included in the calculation of this net position component.
- The *Restricted Net Position* component represents the net position with constraints placed on its use that are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2.) imposed by law through constitutional provisions or enabling legislation. For component units with permanent endowments, restricted net position is displayed in two additional components — nonexpendable and expendable. Nonexpendable net position is for those endowments that are required to be retained in perpetuity.
- The *Unrestricted Net Position* component consists of the net position that does not meet the definition of the preceding two components.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the State's governmental activities and for the different business-type activities of the State. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Centralized expenses have been included in direct expenses. Indirect expenses have not been allocated to the programs or functions reported in the Statement of Activities.

Program revenues include licenses, permits and other fees, fines, forfeitures, charges paid by the recipients of goods or services offered by the programs, and grants, contributions, and investment earnings that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all tax, tobacco settlement, escheat property revenues, unrestricted investment income, and state assistance, are presented as general revenues.

Fund Financial Statements — The fund financial statements provide information about the State's funds, including the fiduciary funds and blended component units. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Governmental fund types include the General, special revenue, debt service, and capital projects funds. The proprietary funds consist of enterprise funds. Fiduciary fund types include pension trust, private-purpose trust, investment trust, and agency funds.

Operating revenues for the State's proprietary funds mainly consist of charges for the sales and services and premium and assessment income since these revenues result from exchange transactions associated with the principal activity of the respective enterprise fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Revenue from the federal government for the underfunded regular and extended unemployment benefits is also reported as operating revenues for the Unemployment Compensation Fund, since this source provides significant funding for the payment of unemployment benefits — the fund's principal activity. Investment income for the Tuition Trust Authority Fund is also reported as operating revenue, since this source provides significant funding for the payment of tuition benefits. Nonoperating revenues for the proprietary funds result from nonexchange transactions or ancillary activities; nonoperating revenues are primarily comprised of investment income and federal operating grants.

Proprietary fund operating expenses principally consist of expenses for the cost of sales and services, administration, bonuses and commissions, prizes, benefits and claims, and depreciation. Nonoperating expenses principally consist of interest expense on debt and the amortization of discount on deferred lottery prize liabilities, which is reported under "Other" nonoperating expenses.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The State reports the following major governmental funds:

General — The General Fund, the State's primary operating fund, accounts for resources of the general government, except those required to be accounted for in another fund.

Job, Family and Other Human Services Special Revenue Fund — This fund accounts for public assistance programs primarily administered by the Ohio Department of Job and Family Services, which provides financial assistance, services, and job training to those individuals and families who do not have sufficient resources to meet their basic needs. The primary sources of revenue for this fund are licenses, permits and fees and the federal government.

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund — This fund accounts for the payment of principal and interest on the revenue bonds issued to fund long-lived capital projects at State-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State.

The State reports the following major proprietary funds:

Workers' Compensation Enterprise Fund — This fund accounts for the operations of the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio, which provide workers' compensation insurance services.

Lottery Commission Enterprise Fund — This fund accounts for the State's lottery operations.

Unemployment Compensation Enterprise Fund — This fund, which is administered by the Ohio Department of Job and Family Services, accounts for unemployment compensation benefit claims.

The State reports the following fiduciary fund types:

Pension Trust Fund — The State Highway Patrol Retirement System Pension Trust Fund accounts for resources that are required to be held in trust for members and beneficiaries of the defined benefit plan. The financial statements for the State Highway Patrol Retirement System Pension Trust Fund are presented for the fiscal year ended December 31, 2012.

Private-Purpose Trust Fund — The Private-Purpose Trust Fund accounts for trust arrangements under which principal and income benefit participants in the Variable College Savings Plan, which is administered by the Tuition Trust Authority.

Investment Trust Fund — The STAR Ohio Investment Trust Fund accounts for the state-sponsored external investment pool, which the Treasurer of State administers for local government participants.

Agency Funds — These funds account for the receipt, temporary investment, and remittance of fiduciary resources held on behalf of individuals, private organizations, and other governments.

The State reports the following major discretely presented component unit funds:

The *Ohio Facilities Construction Commission Fund* primarily accounts for grants that provide assistance to local school districts for the construction of school buildings.

The *Ohio State University Fund* is a business-type activity that uses proprietary fund reporting. It reports the university's operations, including the University's health system, supercomputer center, agricultural research and development center, and other legally separate entities subject to the control of the university's board.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

Government-wide, Enterprise Fund, and Fiduciary Fund Financial Statements — The State reports the government-wide financial statements and the proprietary fund and fiduciary fund financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The State recognizes revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions when the exchange takes place. When resources are received in advance of the exchange, the State reports the unearned revenue as a liability.

Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include derived taxes, grants, and entitlements. The revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Under the accrual basis, the State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue.

Investment income includes the net increase (decrease) in the fair value of investments.

Governmental Fund Financial Statements — The State reports governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers revenues reported in the governmental funds to be available when the revenues are collectible within 60 days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Significant revenue sources susceptible to accrual under the modified accrual basis of accounting include:

- Personal income taxes
- Sales and use taxes
- Motor vehicle fuel taxes
- Charges for goods and services
- Federal government grants
- Tobacco settlement
- Investment income

The State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred and the revenues are collected during the availability period.

For revenue arising from exchange transactions (e.g., charges for goods and services), the State defers revenue recognition when resources earned from the exchange are not received during the availability period and reports unearned revenue when resources are received in advance of exchange.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental funds recognize federal government revenue in the period when all applicable eligibility requirements have been met and resources are available. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue. The State defers revenue recognition for reimbursement-type grant programs if the reimbursement is not received during the availability period.

Licenses, permits, fees, and certain other miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. The "Other" revenue account is comprised of refunds, reimbursements, recoveries, and other miscellaneous income.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, capital lease obligations, compensated absences, and claims and judgments. The governmental funds recognize expenditures for these liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from long-term debt issuances, including refunding bond proceeds, premiums, and acquisitions under capital leases are reported as other financing sources while discounts and payments to refunded bond escrow agents are reported as other financing uses.

D. Budgetary Process

As the Ohio Revised Code requires, the Governor submits biennial operating and capital budgets to the General Assembly.

The General Assembly approves operating appropriations in annual amounts and capital appropriations in two-year amounts.

The General Assembly enacts the budget through passage of specific departmental line-item appropriations, the legal level of budgetary control. Line-item appropriations are established within funds by program or major object of expenditure. The Governor may veto any item in an appropriation bill. Such vetoes are subject to legislative override.

The State's Controlling Board can transfer or increase a line-item appropriation within the limitations set under Sections 127.14 and 131.35, Ohio Revised Code.

All governmental funds are budgeted except the following activities within the debt service and capital projects fund types:

- Improvements General Obligations
- Highway Improvements General Obligations
- Development General Obligations
- Highway General Obligations
- Public Improvements General Obligations
- Vietnam Conflict Compensation General Obligations
- Economic Development Revenue Bonds
- Infrastructure Bank Revenue Bonds
- Revitalization Project Revenue Bonds
- Buckeye Tobacco Settlement Financing Authority Revenue Bonds
- Lease Rental Special Obligations
- MARCS Certificates of Participation
- OAKS Certificates of Participation
- STARS Certificates of Participation
- MARCS Project
- OAKS Project
- STARS Project



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For budgeted funds, the State's Ohio Administrative Knowledge System (OAKS) controls expenditures by appropriation line-item, so at no time can expenditures exceed appropriations and financial-related legal compliance is assured. The State uses the modified cash basis of accounting for budgetary purposes.

The *Detailed Appropriation Summary by Fund Report* is available for public inspection at the Ohio Office of Budget and Management and on its web site at www.obm.ohio.gov/SectionPages/FinancialReporting. This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

In the *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Fund*, the State reports estimated revenues and other financing sources and uses for the General Fund only; the State does not estimate revenue and other financing sources and uses for the major special revenue fund or its budgeted nonmajor governmental funds.

Additionally, in the non-GAAP budgetary basis financial statement and schedules, "actual" budgetary expenditures include cash disbursements and outstanding encumbrances, as of June 30.

The State Highway Patrol Retirement System Pension Trust Fund, the Variable College Savings Plan Private-Purpose Trust Fund, and the STAR Ohio Investment Trust Fund are not legally required to adopt budgets. The State is not legally required to report budgetary data and comparisons for the budgeted proprietary funds. Also, the State does not present budgetary data for its discretely presented component units.

Because the State budgets on a modified cash basis of accounting, which differs from GAAP, NOTE 3 presents a reconciliation of the differences between the GAAP basis and non-GAAP budgetary basis of reporting.

E. Cash Equity with Treasurer and Cash and Cash Equivalents

Cash equity with Treasurer consists of pooled demand deposits and investments carried at fair value. The State's cash pool under the Treasurer of State's administration has the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty.

Cash and cash equivalents include amounts on deposit with financial institutions and cash on hand. The cash and cash equivalents account also includes investments with original maturities of three months or less from the date of acquisition for the Workers' Compensation Enterprise Fund.

Cash equity with Treasurer and cash and cash equivalents, including the portions reported under "Restricted Assets," are considered to be cash equivalents, as defined in GASB Statement No. 9, for purposes of the Statement of Cash Flows.

Additional disclosures on the State's deposits can be found in NOTE 4.

F. Investments

Investments include long-term investments that may be restricted by law or other legal instruments. With the exception of certain money market investments, which have remaining maturities at the time of purchase of one year or less and are carried at amortized cost, and holdings in the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool, the State reports investments at fair value based on quoted market prices. STAR Ohio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940; investments in the 2a7-like pool are reported at amortized cost (which approximates fair value).

The colleges and universities report investments received as gifts at their fair value on the donation date.

The primary government does not manage or provide investment services for investments reported in the Agency Fund that are owned by other, legally separate entities that are not part of the State of Ohio's reporting entity.

Additional disclosures on the State's investments can be found in NOTE 4.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Taxes Receivable

Taxes receivable represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, revenue has been recognized for the receivable. In the fund financial statements only the portion of the receivable collected during the 60-day availability period has been recognized as revenue while the remainder is recorded as deferred revenue. Additional disclosures on taxes receivable can be found in NOTE 5.

H. Intergovernmental Receivable

The intergovernmental receivable balance is primarily comprised of amounts due from the federal government for reimbursement-type grant programs. Advances of resources to recipient local governments before eligibility requirements have been met under government-mandated and voluntary nonexchange programs and amounts due for exchanges of State goods and services with other governments are also reported as intergovernmental receivables. Additional details on the intergovernmental receivable balance can be found in NOTE 5.

I. Inventories

Inventories are valued at cost. Principal inventory cost methods applied include first-in/first-out, average cost, moving-average, and retail.

In the governmental fund financial statements, the State recognizes the costs of material inventories as expenditures when purchased. Inventories do not reflect current appropriable resources in the governmental fund financial statements. Therefore, the State reports an equivalent portion of fund balance as nonspendable.

J. Restricted Assets

The primary government reports assets restricted for the payment of deferred lottery prize awards, revenue bonds, and tuition benefits in the enterprise funds.

Generally, the component unit funds hold assets in trust under bond covenants or other financing arrangements that legally restrict the use of these assets.

K. Capital Assets

Primary Government

The State reports capital assets purchased with governmental fund resources in the government-wide financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. The State does not report capital assets purchased with governmental fund resources in the fund financial statements. Governmental capital assets are reported net of accumulated depreciation, except for land, construction-in-progress, transportation infrastructure assets, and individual works of art and historical treasures, including historical land improvements and buildings. Transportation infrastructure assets are reported using the "modified approach," as discussed below, and therefore are not depreciable. Individual works of art and historical treasures, including historical land improvements and buildings, are considered to be inexhaustible, and therefore, are not depreciable.

The State reports capital assets purchased with enterprise fund resources and fiduciary fund resources in the government-wide and the fund financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. Capital assets, except for land and construction-in-progress, are reported net of accumulated depreciation.

The State has elected to capitalize its transportation infrastructure assets, defined as bridges, general highways, and priority highways, using the modified approach. Under this approach, the infrastructure assets are not depreciated because the State has committed itself to maintaining the assets at a condition level that the Ohio Department of Transportation (ODOT) has determined to be adequate to meet the needs of the citizenry. Costs of maintaining the bridge and highway infrastructure are not capitalized. New construction that represents additional lane-miles of highway or additional square-footage of bridge deck area and improvements that add to the capacity or efficiency of an asset are capitalized.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ODOT maintains an inventory of its transportation infrastructure capital assets, and conducts annual condition assessments to establish that the condition level that the State has committed itself to maintaining is, in fact, being achieved. ODOT also estimates the amount that must be spent annually to maintain the assets at the desired condition level.

For its other types of capital assets, the State does not capitalize the costs of normal maintenance and repairs that do not add to an asset’s value or materially extend its useful life. Costs of major improvements are capitalized. Interest costs associated with the acquisition of capital assets purchased using governmental fund resources are not capitalized, while those associated with acquisitions purchased using enterprise and fiduciary fund resources are capitalized.

The State does not capitalize collections of works of art or historical treasures that can be found at the Governor’s residence, Malabar Farm (i.e., Louis Bromfield estate), which the Ohio Department of Natural Resources operates, the Ohio Arts Council, the State Library of Ohio, and the Capitol Square Review and Advisory Board for the following reasons:

- The collection is held for public exhibition, education, or research in furtherance of public service rather than for financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State has established the following capitalization thresholds:

Buildings	\$15,000	
Building Improvements	100,000	
Land, including easements	All, regardless of cost	
Land Improvements	15,000	
Machinery and Equipment	15,000	
Vehicles.....	15,000	
Infrastructure:		
Highway Network	500,000	
Bridge Network	500,000	
Park and Natural Resources Network	All, regardless of cost	

For depreciable assets, the State applies the straight-line method over the following estimated useful lives:

Buildings	20-45 Years
Land Improvements	10-30 Years
Machinery and Equipment	3-15 Years
Vehicles.....	7-15 Years
Park and Natural Resources Infrastructure Network	10-50 Years

NOTE 8 contains additional disclosures about the primary government’s capital assets.

Discretely Presented Component Unit Funds

The discretely presented component unit funds value all capital assets at cost and donated capital assets at estimated fair value on the donation date. They apply the straight-line method to depreciable capital assets. Additional disclosures about the discretely presented component unit funds’ capital assets can be found in NOTE 8.

L. Medicaid Claims Payable

The Medicaid claims liability, which has an average maturity of one year or less, includes an estimate for incurred, but not reported claims.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Noncurrent Liabilities

Government-wide Financial Statements — Liabilities whose average maturities are greater than one year are reported in two components — the amount due in one year and the amount due in more than one year. Additional disclosures as to the specific liabilities included in noncurrent liabilities can be found in NOTES 10 through 15.

Fund Financial Statements — Governmental funds recognize noncurrent liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

The proprietary funds and discretely presented component unit funds report noncurrent liabilities expected to be financed from their operations.

N. Compensated Absences

Employees of the State's primary government earn vacation leave, sick leave, and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first four years of employment, up to a maximum rate of 9.2 hours every two weeks after 24 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, the State pays employees, at their full rate, 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 to 55 percent of unused sick leave.

Such leave is liquidated in cash, under certain restrictions, either annually in December, or at the time of termination from employment.

For the governmental funds, the State reports the matured compensated absences liability as a fund liability (included in the "Accrued Liabilities" account as a component of wages payable) to the extent it will be liquidated with expendable, available financial resources. For the primary government's proprietary funds and its discretely presented component unit funds, the State reports the compensated absences liability as a fund liability included in the "Refund and Other Liabilities" account.

The State's primary government accrues vacation, compensatory time, and personal leaves as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as at termination or retirement.

Sick leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The State's primary government accrues sick leave using the vesting method. Under this method, the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

Included in the compensated absences liability is an amount accrued for salary-related payments directly and incrementally associated with the payment of compensated absences upon termination. Such payments include the primary government's share of Medicare taxes.

For the colleges and universities, vacation and sick leave policies vary by institution.

O. Fund Balance Classification; Budget Stabilization Fund; Net Position/Fund Balance Spending Order

Fund balance reported in the governmental fund financial statements is classified as follows:

Nonspendable

The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either 1.) not in spendable form, such as prepaids and inventories or 2.) legally or contractually required to be maintained intact, such as the corpus of a permanent fund.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted

Fund balance amounts should be *restricted* when constraints placed on the use of resources are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 2.) imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Committed

Amounts constrained for specific purposes by formal action (i.e., legislation) of the government's highest level of decision-making authority (i.e., General Assembly) should be reported as *committed* fund balance. Committed amounts cannot be used for other purposes unless the General Assembly passes legislation to remove the constraints.

Assigned

Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as *assigned* fund balance, except for stabilization arrangements. The intent should be conveyed by the governing body itself or through delegation to a body or official authorized on behalf of the government to assign amounts to be used for specific purposes. The Controlling Board, created under Chapter 127, Ohio Revised Code, is an example of a body delegated by the government to make assignments. The Director of the Office of Budget and Management is an example of an authorized official granted assignment authority through legislative language, including enacted budget bills. While both the committed and assigned fund balance classifications include amounts constrained for specific use by actions taken by the government itself, the authority for making an assignment is not required to be the government's highest level of decision-making authority. Amounts should not be reported as assigned if the assignment would result in a deficit in unassigned fund balance.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents spendable fund balance that has not been otherwise restricted, committed or assigned to specific purposes within the General Fund. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance due to overspending amounts that are restricted or committed.

Fund balance in the State's Budget Stabilization Fund, as discussed in Sections 131.43 and 131.44, Ohio Revised Code, does not meet the criteria to be classified as restricted or committed and is, therefore, reported as unassigned in the General Fund.

For reporting purposes, restricted amounts are generally considered to have been spent first, followed by unrestricted amounts. Within the unrestricted fund balance amounts, the spending order is generally committed, followed by assigned, and then unassigned when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

P. Risk Management

The State's primary government is self-insured for claims under its traditional healthcare plan and for vehicle liability while it has placed public official fidelity bonding with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. While not the predominant participants, the State's primary government and its discretely presented component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their respective workers' compensation liabilities. These liabilities are reported in the governmental and proprietary funds under the "Interfund Payable" account. (See NOTE 7).

Q. Interfund Balances and Activities

Interfund transactions and balances have been eliminated from the government-wide financial statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Revenues and expenses associated with reciprocal transactions within governmental or within business-type activities have not been eliminated.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, interfund activity within and among the three fund categories (governmental, proprietary, and fiduciary) is classified and reported as follows:

Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions. This activity includes:

Interfund Loans — Amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

Interfund Services Provided and Used — Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. This activity includes:

Interfund Transfers – Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Interfund Reimbursements — Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Details on interfund balances and transfers are disclosed in NOTE 7.

R. Intra-Entity Balances and Activities

Balances due between the primary government and its discretely presented component units are reported as receivables from component units or primary government and payables to component units or primary government. For the discretely presented component units, the nature and amount of significant transactions with the primary government are disclosed in NOTE 7.

Resource flows between the primary government and its discretely presented component units are reported like external transactions (i.e., revenues and expenses).

S. Derivatives Instruments

The State's derivative instruments include investment derivatives and interest rate swaps. Interest rate swaps that are ineffective hedging derivatives are reported within the investment derivatives classification.

The State reports its derivative instruments at fair value in the Statement of Net Position. Changes in fair value for investment derivatives are recorded as investment income in the Statement of Activities. Changes in fair value for effective hedging derivatives are reported as deferred outflows/inflows of resources in the Statement of Net Position.

Additional disclosures on the State's investment derivatives and its hedging derivatives can be found in NOTE 4 and NOTE 10, respectively.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.



**NOTE 2 RESTATEMENTS, CHANGES IN ACCOUNTING PRINCIPLES,
EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS**

A. Restatements

Restatements of net position, as of June 30, 2013, for the primary government and discretely presented component units are presented in the following table (dollars in thousands).

Government-Wide Financial Statements:

	Governmental Activities	Business- Type Activities	Total Primary Government	Total Discretely Presented Component Units
Net Position, as of June 30, 2012, As Previously Reported	\$18,598,007	\$6,568,564	\$25,166,571	\$ 14,371,005
<i>Change in Reporting Entity:</i>				
General.....	\$8		\$8	
Underground Parking Garage.....	\$4,259	(\$4,259)		
Ohio Facilities Construction Commission.....	(\$956)		(\$956)	956
Ohio Water Development Authority Related Organization (Previously a Component Unit)*.....				(3,268,923)
JobsOhio Component Unit.....				3,965
<i>Correction of an Error:</i>				
Ohio State University Component Unit.....				684
Cleveland State University Component Unit.....				(1,471)
<i>Other Adjustments that Increased/(Decreased) Net Position:</i>				
Ohio Air Quality Development Authority Component Unit.....				(3)
Kent State University Component Unit.....				31,078
Total Changes in Net Position.....	\$3,311	(\$4,259)	(\$948)	(3,233,714)
Net Position, July 1, 2012, As Restated	\$ 18,601,318	\$ 6,564,305	\$ 25,165,623	\$ 11,137,291

Governmental Fund and Proprietary Fund Financial Statements:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Nonmajor Proprietary Funds	Total Proprietary Funds
Net Position, as of June 30, 2012, As Previously Reported	\$3,189,993	\$2,786,073	\$11,316,466	\$ 125,219	\$ 6,568,564
<i>Change in Reporting Entity:</i>					
General.....		\$20	\$20		
Underground Parking Garage.....	\$184		\$184	(4,259)	(4,259)
Ohio Facilities Construction Commission.....	(\$1,221)		(\$1,221)		
Total Changes in Net Position.....	(\$1,037)	\$20	(\$1,017)	(4,259)	(4,259)
Net Position, July 1, 2012, As Restated	\$ 3,188,956	\$ 2,786,093	\$ 11,315,449	\$ 120,960	\$ 6,564,305

*The assessment of reporting entity criteria resulted in the Ohio Water Development Authority being changed from a Discretely Presented Component Unit to a Related Organization.

B. Implementation of Recently Issued Accounting Pronouncements

For the fiscal year ended June 30, 2013, the State implemented the provisions of

- Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*.
- Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*.
- Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

GASB 60 establishes guidance for accounting and financial reporting for service concession arrangements (SCAs). This Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators by requiring both to account for and report SCAs in the same manner. This improves the comparability of financial statements.

GASB 61 addresses reporting entity issues that have arisen since the issuance of Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations are Component Units*



**NOTE 2 RESTATEMENTS, CHANGES IN ACCOUNTING PRINCIPLES,
EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS (Continued)**

and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. It also modifies existing requirements for including, presenting, and disclosing information about component units and equity interest transactions.

GASB 62 improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It eliminates the need to determine which FASB and AICPA pronouncements apply to state and local governments for more consistent application of guidance and improved comparability of financial statements.

GASB 63 standardizes financial reporting of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position and improves the comparability of financial statements by providing guidance where none previously existed.

C. Recently Issued GASB Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of GASB 65 are effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It also provides other financial reporting guidance related to the impact of deferred outflows and inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012*. The provisions of GASB 66 are effective for financial statements for periods beginning after December 15, 2012. This statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by providing guidance on (1) accounting for operating lease payments that vary from a straight-line basis, (2) accounting for the difference between the initial investment and the principal amount of a purchased loan or group of loans, and (3) recognition by a transferor for servicing fees related to mortgage loans.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The provisions of GASB 67 are effective for financial statements for fiscal years beginning after June 15, 2013. This Statement amends Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* by establishing financial reporting standards for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements. Additionally, for defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2014. This statement amends Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project and discount benefit payments.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The provisions of GASB 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.



**NOTE 2 RESTATEMENTS, CHANGES IN ACCOUNTING PRINCIPLES,
EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS (Continued)**

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The provisions of GASB 70 are effective for reporting periods beginning after June 15, 2013. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees.

Management is assessing the impact that the new GASB pronouncements will have on the State's financial statements.

D. Extinguishments of Debt

Extinguishments of debt reflected in the State's basic financial statements, as of June 30, 2013 (dollars in thousands) are as follows:

Gain on Extinguishment of Debt

The \$273.9 million gain on extinguishment of debt reported in the business-type activities relates to Unemployment Compensation. To assist the State in the repayment of outstanding advances owed to the federal government, the federal government implemented a reduction to the Federal Unemployment Tax Act (FUTA) credit it gives to employers. The additional tax paid by the employers and collected directly by the federal government as a result of the FUTA credit reduction is offset against the State's outstanding advance balance.

Loss on Extinguishment of Debt

The \$154.6 million loss on extinguishment of debt reported in the governmental activities relates to the defeasance of all Economic Development and Revitalization Project Bonds and Notes as part of the agreement for franchising the State's spirituous liquor system. See Note 11A for additional information.

E. Special Items-Major Funds

The Special Item reported in the General Fund in the amount of \$1.46 billion is for payments received from the franchising of the State's spirituous liquor system. The 25-year franchise was granted during fiscal year 2013 and the agreed-upon consideration was received as a lump sum at the commencement of the franchise.

NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS

In the accompanying *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Funds*, actual revenues, transfers-in, expenditures, encumbrances, and transfers-out reported on the non-GAAP budgetary basis do not equal those reported on the GAAP basis in the *Statement of Revenues, Expenditures and Changes in Fund Balances — Major Governmental Funds*.

This inequality results primarily from basis differences in the recognition of accruals, deferred revenue, interfund transactions, and loan transactions, and from timing differences in the budgetary basis of accounting for encumbrances. On the non-GAAP budgetary basis, the State recognizes encumbrances as expenditures in the year encumbered, while on the modified accrual basis, the State recognizes expenditures when goods or services are received regardless of the year encumbered.

Original budget amounts in the accompanying budgetary statements have been taken from the first complete appropriated budget for fiscal year 2013. An appropriated budget is the expenditure authority created by appropriation bills that are signed into law and related estimated revenues. The original budget also includes actual appropriation amounts automatically carried over from prior years by law, including the automatic rolling forward of appropriations to cover prior-year encumbrances.

Final Budget amounts represent original appropriations modified by authorized transfers, supplemental and amended appropriations, and other legally authorized legislative and executive changes applicable to fiscal year 2013, whenever signed into law or otherwise legally authorized.



NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS (Continued)

For fiscal year 2013, no excess expenditures over appropriations were reported in individual funds.

A reconciliation of the fund balances reported under the GAAP basis and budgetary basis for the General Fund and the major special revenue fund is presented below.

Primary Government		
Reconciliation of GAAP Basis Fund Balances to Non-GAAP Budgetary Basis Fund Balances		
For the General Fund and Major Special Revenue Fund		
As of June 30, 2013		
<i>(dollars in thousands)</i>		
	General	Job, Family & Other Human Services
Total Fund Balances — GAAP Basis	\$ 5,240,113	\$ 544,466
Less: Nonspendable Fund Balances.....	59,896	-
Less: Restricted Fund Balances.....	1,126,686	464,723
Less: Committed Fund Balances.....	751,615	80,087
Less: Assigned Fund Balances.....	2,042,246	-
Unassigned Fund Balances — GAAP Basis	<u>1,259,670</u>	<u>(344)</u>
BASIS DIFFERENCES		
Revenue Accruals/Adjustments:		
Cash Equity with Treasurer	(45,271)	(241,074)
Taxes Receivable	(1,520,628)	-
Intergovernmental Receivable	(630,869)	(223,472)
Loans Receivable, Net	(1,052,688)	-
Receivables from Component Units.....	(322)	-
Other Receivables	(189,012)	(364,433)
Deferred Revenue	409,273	66,643
Unearned Revenue	-	349,027
Total Revenue Accruals/Adjustments	<u>(3,029,517)</u>	<u>(413,309)</u>
Expenditure Accruals/Adjustments:		
Cash Equity with Treasurer	(76,956)	(9,095)
Inventories	(24,692)	-
Other Assets	(23)	-
Accounts Payable	190,491	96,879
Accrued Liabilities	108,812	17,510
Medicaid Claims Payable	984,909	-
Intergovernmental Payable	865,039	70,708
Interfund Payable	1,340,828	13,907
Payable to Component Units	25,130	386
Refund and Other Liabilities	763,151	4,091
Liability for Escheat Property	11,326	-
Total Expenditure Accruals/Adjustments	<u>4,188,015</u>	<u>194,386</u>
Other Adjustments:		
Fund Balance Reclassifications:		
From Unassigned (Non-GAAP Budgetary Basis) to:		
Nonspendable	59,896	-
Restricted.....	1,126,686	464,723
Committed	751,615	80,087
Assigned.....	2,042,246	-
Cash and Investments Held Outside State Treasury	(835,656)	(2,529)
Other	-	-
Total Other Adjustments	<u>3,144,787</u>	<u>542,281</u>
Total Basis Differences	<u>4,303,285</u>	<u>323,358</u>
TIMING DIFFERENCES		
Encumbrances	(866,077)	(1,027,479)
Budgetary Fund Balances (Deficits) — Non-GAAP Basis ..	<u>\$ 4,696,878</u>	<u>\$ (704,465)</u>

NOTE 4 DEPOSITS AND INVESTMENTS

A. Legal Requirements

The deposit and investment policies of the Treasurer of State and the State Board of Deposit are governed by the Uniform Depository Act, Chapter 135, Ohio Revised Code, which requires state moneys to be maintained in one



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

of the following three classifications:

Active Deposits – Moneys required to be kept in cash or near cash status to meet current demands. Such moneys must be maintained either as cash in the State’s treasury or in any of the following: a commercial account that is payable or about to be withdrawn, in whole or in part, on demand, a negotiable order of withdrawal account, a money market deposit account or a designated warrant clearance account.

Inactive Deposits – Those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only in certificates of deposit maturing not later than the end of the current period of designation of depositories.

Interim Deposits – Those moneys not required for immediate use, but needed before the end of the current period of designation of depositories. Interim deposits may be deposited or invested in the following instruments:

- US Treasury bills, notes, bonds or other obligations or securities issued by or guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
- Bonds and other direct obligations of the State of Ohio issued by the Treasurer of State and of the Ohio Public Facilities Commission, and the Ohio Housing Finance Agency;
- Commercial paper issued by any corporation that is incorporated under the laws of the United States or a state;
- Written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer in the securities enumerated above;
- No-load money market mutual funds consisting exclusively of securities and repurchase agreements enumerated above;
- Securities lending agreements with any eligible financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer;
- Bankers’ acceptances maturing in 270 days or less;
- Certificates of deposit in the eligible institutions applying for interim moneys, including linked deposits, as authorized under Sections 135.61 to 135.67, Ohio Revised Code, agricultural linked deposits, as authorized under Sections 135.71 to 135.76, Ohio Revised Code, and housing linked deposits, as authorized under Sections 135.81 to 135.87, Ohio Revised Code;
- The Treasurer of State’s investment pool, as authorized under section 135.45, Ohio Revised Code;
- The Treasurer of State’s STAR Plus program;
- Debt interest, other than commercial paper as enumerated above, of corporations incorporated under the laws of the United States or a state, of foreign nations diplomatically recognized by the United States, or any instrument based on, derived from, or related to such interests that are denominated and payable in U.S. funds; and
- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code.

The reporting entity’s deposits must be held in insured depositories approved by the State Board of Deposit and must be fully collateralized. However, in the case of foundations and other component units of the colleges and universities, deposits of these entities are not subject to the legal requirements for deposits of governmental entities.

Deposit and investment policies of certain individual funds and component units are established by Ohio Revised Code provisions other than the Uniform Depository Act and by bond trust agreements. In accordance with applicable statutory authority, the State Highway Patrol Retirement System Pension Trust Fund, the Tuition Trust



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Authority Enterprise Fund, the Workers' Compensation Enterprise Fund, the Retirement Systems Agency fund, and the higher education institutions may also invest in common and preferred stocks, domestic and foreign corporate and government bonds and notes, mortgage loans, limited partnerships, venture capital, real estate and other investments.

B. State-Sponsored Investment Pool

The Treasurer of State is the investment advisor and administrator of the State Treasury Asset Reserve of Ohio (STAR Ohio), a statewide external investment pool authorized under Section 135.45, Ohio Revised Code. STAR Ohio issues a stand-alone financial report, copies of which may be obtained by making a written request to: Director of Investments, Treasurer of State, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215, by calling (614) 466-2160, or by accessing the Treasurer of State's website at www.ohiotreasurer.gov.

C. Deposit and Investment Risks

Although exposure to risks is minimized by complying with the legal requirements explained above and internal policies adopted by the Treasurer of State and the investment departments at the various state agencies, the State's deposits and investments are exposed to risks that may lead to losses of value.

The following risk disclosures report investments by type. The "U.S. Agency Obligations" category includes securities issued by federal government agencies and instrumentalities, including government sponsored enterprises.

1. Custodial Credit Risk

Custodial credit risk for deposits exists when a government is unable to recover deposits or recover collateral securities that are in the possession of an outside party in the event of a failure of a depository financial institution.

Deposits of the primary government and its component units are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

In Ohio, legal requirements for depositor-governments are met when deposits are collateralized with securities held by the pledging financial institution, or by the pledging institution's trust department or agent but not in the government's name. The State's reporting entity has not established specific policies for managing custodial credit risk exposure for deposits.

The table below reports the carrying amount of deposits, as of June 30, 2013, held by the primary government, including fiduciary activities, and its major discretely presented component units and the extent of exposure to custodial credit risk.

Primary Government (including Fiduciary Activities) and Major Discretely Presented Component Units					
Deposits—Custodial Credit Risk					
As of June 30, 2013					
<i>(dollars in thousands)</i>					
	Carrying Amount	Bank Balance	Uncollateralized	Uninsured Portion of Reported Bank Balance	
				Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Depositor- Government's Name	Collateralized with Securities Held by the Pledging Institution
<i>Primary Government</i>	\$ 1,163,728	\$ 1,161,053	\$ 15,216	\$ 281,948	\$ 12,136
<i>Major Discretely Presented Component Units:</i>					
Ohio State University	1,043,630	1,015,287	-	-	1,006,614
Ohio Facilities Construction Commission.....	104	104	-	104	-



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk for investments exists when a government is unable to recover the value of investments or collateral securities that are in the possession of an outside party in the event of a failure of a counterparty to a transaction.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department but not in the government's name.

The State's reporting entity has not established specific policies for managing custodial credit risk exposure for investments.

The following table reports the fair value, as of June 30, 2013, of investments by type for the primary government, including fiduciary activities, and the extent of exposure to custodial credit risk (dollars in thousands).

Primary Government (including Fiduciary Activities)		
Investments—Fair Value and Custodial Credit Risk		
As of June 30, 2013		
<i>(dollars in thousands)</i>		
	Total Fair Value	Uninsured, Unregistered, and Held by the Counterparty's Trust Department or Agent but not in the State's Name
<i>Investments Subject to Custodial Credit Risk Exposure:</i>		
U.S. Government Obligations	\$ 15,356,542	\$ -
U.S. Government Obligations—Strips	639,389	366,693
U.S. Agency Obligations	12,135,068	-
U.S. Agency Obligations—Strips	332,024	-
Common and Preferred Stock	48,717,561	-
Corporate Bonds and Notes	17,783,304	-
Corporate Bonds and Notes—Strips	109	-
Municipal Obligations	879,465	-
Negotiable Certificates of Deposit	312,972	-
Commercial Paper	6,042,973	-
Repurchase Agreements	703,132	-
Mortgage and Asset-Backed Securities	9,378,139	-
International Investments:		
Foreign Stocks	33,601,848	-
Foreign Bonds	4,473,566	-
High-Yield and Emerging Markets Fixed Income	5,108,611	-
Securities Lending Collateral:		
Common and Preferred Stock	31,628	-
Corporate Bonds and Notes	161,981	-
Commercial Paper	299,286	-
Repurchase Agreements	553,761	-
Bond Mutual Funds	335,242	-
		<u>\$ 366,693</u>
<i>Investments Not Subject to Custodial Credit Risk Exposure:</i>		
<i>Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:</i>		
U.S. Government Obligations	913,992	
U.S. Government Obligations—Strips	78,020	
U.S. Agency Obligations	360,914	
U.S. Agency Obligations—Strips	2,320	
International Investments-Commingled Equity Funds	8,252,314	
Equity Mutual Funds	15,471,841	
Bond Mutual Funds	7,847,522	
Real Estate	11,583,380	
Venture Capital	14,790,900	
Partnerships and Hedge Funds	7,238,457	
Deposit with Federal Government	193,288	
Component Units' Equity in State Treasurer's Cash and Investment Pool	(301,635)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio	(109,448)	
Total Investments — Primary Government	<u>\$ 223,168,466</u>	



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following table reports investments with custodial credit risk exposure for the major discretely presented component units. The Ohio Facilities Construction Commission Component Unit Fund also participates in the State Treasurer’s Cash and Investment Pool. Risks associated with the Ohio Facilities Construction Commission’s share of the pool are included in the disclosures for the Primary Government.

Major Discretely Presented Component Units		
Investment Custodial Credit Risk		
As of June 30, 2013		
<i>(dollars in thousands)</i>		
	Fair Value	Uninsured, Unregistered, and Held by the Counterparty but not in the Component Unit's Name
<i>Ohio State University:</i>		
U.S. Government Obligations	\$ 141,466	\$ 141,466
U.S. Agency Obligations	179,390	179,390
Common and Preferred Stock	255,365	255,365
Corporate Bonds and Notes	545,725	545,725
Municipal Obligations	11,188	11,188
Negotiable Certificates of Deposit.....	141,510	141,510
Commercial Paper.....	21,733	21,733
Repurchase Agreements.....	51,844	51,844
International Investments:		
Foreign Stocks	114,383	114,383
Foreign Bonds	49,652	49,652
Total Ohio State University.....		<u>\$ 1,512,256</u>

2. Credit Risk

The risk that an investment’s issuer or counterparty will not satisfy its obligation is called credit risk. The exposure to this risk has been minimized through the laws and policies adopted by the State.

For investments that are included in the treasury’s cash and investment pool and reported as “Cash Equity with Treasurer” and other investment securities managed by the Treasurer of State’s Office, Chapter 135, Ohio Revised Code, requires such investments to carry certain credit ratings at the time of purchase as follows:

- Commercial paper must carry ratings in the two highest categories by two nationally recognized rating agencies; and
- Debt interests (other than commercial paper) must carry ratings in the three highest categories by two nationally recognized rating agencies. This requirement is met when either the debt interest or the issuer of the debt interest carries this rating.

Investment policies of the Treasurer of State’s Office further define required credit ratings as follows:

- Corporate notes must be rated at a minimum of “Aa” by Moody’s Investors Service and a minimum of “AA” by Standard & Poor’s for long-term debt;
- Commercial paper must have a short term debt rating of at least “A1” or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Banker acceptances must carry a minimum of “AA” for long-term debt (“AAA” for foreign issuers) by a majority of the agencies rating the issuer. For short-term debt, the rating must be “A1” or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Foreign debt must be guaranteed as to principal and interest by the United States or be rated in one of the three highest categories by at least two rating agencies; and
- For Registered Investment Companies (Mutual Funds), no-load money market mutual funds must carry a rating of “AAm”, “AAm-G”, or better by Standard & Poor’s or the equivalent rating of another agency.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investment policies regarding credit risk that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State’s reporting entity are as follows:

Workers’ Compensation Enterprise Fund

The Fund requires investment-grade ratings by at least two nationally-recognized bond rating services for fixed income securities.

Variable College Savings Plan Private-Purpose Trust Fund

All fixed income securities in non-U.S. Treasury or government sponsored sectors shall carry an investment grade rating by Standard & Poor’s or Moody’s. The lowest rating considered investment grade is “BBB-“ for Standard & Poor’s and “Baa3” for Moody’s. No more than 20 percent of the fixed income portfolios shall be in the lowest ratings.

STAR Ohio Investment Trust Fund

Investment policies governing the STAR Ohio external investment pool require that all securities must be rated the equivalent of “A-1” or higher. Money market funds must be rated AAA or better by Standard and Poor’s.

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, non-investment grade securities are limited to 30 percent of the total Public Fixed Income portfolio assets. Limitations on the holdings of non-investment grade securities are included in the portfolio’s guidelines.

For the Ohio Police and Fire Pension Fund,

- Securities in the core fixed income portfolio shall be rated “BBB-” or better by two standard rating agencies at the time of the purchase;
- Securities in the high yield fixed income portfolio are high yield bonds issued by U.S. corporations with a minimum rating of “CCC” or equivalent;
- Investment managers may purchase securities that are “Not Rated” as long as they deem these securities to be at least equivalent to the minimum ratings; and
- Short-term investments must be rated within the two highest classifications established by two standard rating agencies.

The Ohio Facilities Construction Commission Component Unit Fund also participates in the State Treasurer’s Cash and Investment Pool. Risks associated with the Ohio Facilities Construction Commission’s share of the pool are included in the disclosures for the Primary Government. For its investments in bond mutual funds separate from the pool, all \$1.4 million is rated as AAA/Aaa.

Descriptions of the investment credit ratings are as follows:

Rating	General Description of Credit Rating
AAA/Aaa	Extremely strong
AA/Aa	Very strong
A/A-1	Strong
BBB/Baa	Adequate
BB/Ba	Less vulnerable
B	More vulnerable
CCC/Caa	Currently vulnerable to nonpayment
CC/Ca	Currently highly vulnerable to nonpayment
C	Currently highly vulnerable to nonpayment due to certain conditions (e.g., filing of bankruptcy petition or similar action by issuer)
D	Currently highly vulnerable to nonpayment for failure to pay by due date



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

All investments, as categorized by credit ratings in the following tables, meet the requirements of the State's laws and policies, when applicable.

Primary Government (including Fiduciary Activities)
Investment Credit Ratings
As of June 30, 2013
(dollars in thousands)

Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$ 3,113,401	\$ 4,382,508	\$ 4,989,357	\$ -	\$ -	\$ -
U.S. Agency Obligations—Strips	283,742	50,602	-	-	-	-
Corporate Bonds and Notes	672,745	1,400,422	5,275,597	5,223,141	1,790,697	2,525,989
Corporate Bonds and Notes—Strips	1	41	46	-	-	-
Municipal Obligations.....	103,427	440,890	329,972	4,464	-	-
Negotiable Certificates of Deposit	-	24,052	19,998	-	-	-
Commercial Paper	2,624,488	561,158	2,857,327	-	-	-
Repurchase Agreements	531,732	96,400	-	-	-	-
Mortgage and Asset-Backed Securities	1,634,489	6,682,535	193,506	196,593	93,615	61,810
International Investments:						
Foreign Bonds.....	1,280,831	937,603	869,694	1,258,444	69,472	14,287
High-Yield & Emerging Markets Fixed Income ..	9,489	100,321	606,407	1,385,703	1,066,358	1,202,511
Bond Mutual Funds	1,399,366	2,381,515	25,675	6,931	40,832	9,402
Securities Lending Collateral:						
Corporate Bonds.....	-	50,290	111,691	-	-	-
Commercial Paper	-	-	254,286	45,000	-	-
Repurchase Agreements	-	65,000	363,761	125,000	-	-
Bond Mutual Funds	335,242	-	-	-	-	-
Total Primary Government	<u>\$ 11,988,953</u>	<u>\$ 17,173,337</u>	<u>\$ 15,897,317</u>	<u>\$ 8,245,276</u>	<u>\$ 3,060,974</u>	<u>\$ 3,813,999</u>

Investment Type	Credit Rating					Total
	CCC/Caa	CC/Ca	C	D	Unrated	
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$ -	\$ 10,716	\$12,495,982
U.S. Agency Obligations—Strips	-	-	-	-	-	334,344
Corporate Bonds and Notes	776,010	25,061	7	-	93,635	17,783,304
Corporate Bonds and Notes—Strips	-	-	-	-	21	109
Municipal Obligations.....	-	-	-	-	712	879,465
Negotiable Certificates of Deposit	-	-	-	-	268,922	312,972
Commercial Paper	-	-	-	-	-	6,042,973
Repurchase Agreements	-	-	-	-	75,000	703,132
Mortgage and Asset-Backed Securities	292,188	70,132	42,134	57,298	53,839	9,378,139
International Investments:						
Foreign Bonds.....	39,690	3,542	1	-	2	4,473,566
High-Yield & Emerging Markets Fixed Income ..	371,135	28	3,600	523	362,536	5,108,611
Bond Mutual Funds	6,379	-	-	-	3,977,422	7,847,522
Securities Lending Collateral:						
Corporate Bonds.....	-	-	-	-	-	161,981
Commercial Paper	-	-	-	-	-	299,286
Repurchase Agreements	-	-	-	-	-	553,761
Bond Mutual Funds	-	-	-	-	-	335,242
Total Primary Government	<u>\$ 1,485,402</u>	<u>\$ 98,763</u>	<u>\$ 45,742</u>	<u>\$ 57,821</u>	<u>\$ 4,842,805</u>	<u>\$66,710,389</u>

Major Discretely Presented Component Units
Investment Credit Ratings
As of June 30, 2013
(dollars in thousands)

Ohio State University:	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$ -	\$ 131,180	\$ 1,937	\$ 1,537	\$ -	\$ -
Corporate Bonds and Notes	76,760	82,274	235,992	111,698	8,391	6,146
Municipal Obligations	-	7,430	2,858	-	-	-
Negotiable Certificates of Deposit.....	-	-	-	-	-	-
Commercial Paper.....	-	-	19,733	-	-	-
Repurchase Agreements	-	51,844	-	-	-	-
International Investments-Foreign Bonds	6,397	18,263	10,795	3,539	2,163	-
Bond Mutual Funds	115,167	10,936	20,542	9,571	115	-
Total Ohio State University.....	<u>\$ 198,324</u>	<u>\$ 301,927</u>	<u>\$ 291,857</u>	<u>\$ 126,345</u>	<u>\$ 10,669</u>	<u>\$ 6,146</u>

Ohio State University (continued):	Credit Rating				
	CCC/Caa	CC/Ca	D	Unrated	Total
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$ 44,736	\$ 179,390
Corporate Bonds and Notes	2,581	1,764	15,608	4,511	545,725
Municipal Obligations	-	-	-	900	11,188
Negotiable Certificates of Deposit.....	-	-	-	141,510	141,510
Commercial Paper.....	-	-	-	2,000	21,733
Repurchase Agreements	-	-	-	-	51,844
International Investments-Foreign Bonds	-	-	-	8,495	49,652
Bond Mutual Funds	700	-	-	73	157,104
Total Ohio State University.....	<u>\$ 3,281</u>	<u>\$ 1,764</u>	<u>\$ 15,608</u>	<u>\$ 202,225</u>	<u>\$ 1,158,146</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

3. Concentration of Credit Risk

The potential for loss of value increases when investments are not diversified. The State has imposed limits on the types of authorized investments to prevent this type of loss.

For investments that are included in the treasury’s cash and investment pool, and reported as “Cash Equity with Treasurer” and other investment securities managed by the Treasurer of State’s Office, Chapter 135, Ohio Revised Code, requires the following:

- Investments in commercial paper may not exceed 25 percent of the State’s total average portfolio;
- Bankers acceptances cannot exceed ten percent of the State’s total average portfolio;
- Corporate notes cannot exceed five percent of the State’s total average portfolio;
- Corporate notes of a single issuer may not exceed one-half of one percent of the State’s total average portfolio; and
- Debt interests in foreign nations may not exceed one percent of the State’s total average portfolio.

Investment policies of the Treasurer of State further restrict concentrations of investments. Maximum concentrations are as follows:

Investment Type	Maximum % of Total Average Portfolio
U.S. Treasury	100
Federal Agency (fixed rate)	100
Federal Agency (callable)	55
Federal Agency (variable rate)	10
Repurchase Agreements	25
Bankers’ Acceptances	10
Commercial Paper	25
Corporate Notes	5
Foreign Notes	1
Certificates of Deposit	20
Municipal Obligations	10
STAR Ohio	25
Mutual Funds	25

The investment policies of the Treasurer of State’s Office also specify that commercial paper is limited to no more than five percent of the issuing corporation’s total outstanding commercial paper, and investments in a single issuer are further limited to no more than two percent of the total average portfolio except for the U.S. government obligations, limited at 100 percent; repurchase agreement counterparties, limited at the lesser of five percent or \$250 million; and mutual funds, limited at ten percent.

Investment policies regarding concentration of investments that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State’s reporting entity are as follows:

Lottery Commission Enterprise Fund

No more than two percent of the total average portfolio may be invested in the securities of any single issuer with the following exceptions: U.S. government obligations, 100 percent maximum; repurchase agreements, limited at the lesser of five percent or \$250 million; and mutual funds, ten percent maximum.

State Highway Patrol Retirement System Pension Trust Fund

Policy prohibits the investment of more than ten percent of its fixed income portfolio in securities of any one issuer with the exception of U.S. government securities, or the investment of more than five percent of the Fund’s total investments in any one issuer with the exception of U.S. government securities.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

STAR Ohio Investment Trust Fund

Investments in a single issuer are further limited to no more than five percent of the total average portfolio except as follows:

- U.S. Treasury obligations, limited at 100 percent;
- U.S. Agency obligations, limited to 100 percent with no single U.S. Agency exceeding 33 percent unless maturing in 30 days or less and rated AA or higher;
- repurchase agreement counterparties, limited at a maximum of 25 percent for A-1 rated counterparties and at a maximum of 50 percent for A-1+ rated counterparties, with further limitations based on the maturity of the investment;
- mutual funds, limited at 100 percent;
- corporate obligations, limited to 25 percent, with no more than one-half of one percent invested with any single issuer;
- municipal bonds, limited at ten percent;
- commercial paper, limited to 25 percent, with no more than five percent invested with any single issuer; and
- bankers' acceptances, limited at ten percent.

Retirement Systems Agency Fund

For the Ohio Police and Fire Pension Fund, no more than ten percent of the core Fixed Income Portfolio may be invested in the securities of any one issuer, and no more than five percent in any one issuer on a dollar duration basis, with the exception of U.S. government or agency securities. For its High Yield Portfolio, no more than ten percent of the portfolio may be invested in securities of a single issue or issuer, unless approved by the Board of Trustees.

As of June 30, 2013, all investments meet the requirements of the State's law and policies, when applicable. However, investments in certain issuers are at least five percent of investment balances, as follows (dollars in thousands):

Issuer	Amount	Percentage of Investment Balance
<i>Governmental and Business-Type Activities:</i>		
Federal Home Loan Bank	1,910,441	5%
Federal Farm Credit Bank.....	3,379,865	10%
<i>STAR Ohio Investment Trust Fund:</i>		
Federal National Mortgage Association	302,138	9%
Federal Home Loan Bank	1,125,501	33%
Federal Home Loan Mortgage Corporation	351,786	10%
Federal Farm Credit Bank.....	230,712	7%
<i>Ohio Facilities Construction Commission Component Unit Fund:</i>		
Federal National Mortgage Association	13,492	6%
Federal Home Loan Bank	40,956	17%
Federal Home Loan Mortgage Corporation	22,612	10%
Federal Farm Credit Bank.....	73,598	31%



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

4. Interest Rate Risk

Certain of the State's investments are exposed to interest rate risk. This risk exists when changes to interest rates will negatively impact the fair value of an investment. The State has adopted policies to mitigate this risk.

Investment policies governing the treasury's cash and investment pool, which is reported as "Cash Equity with Treasurer" and is managed by the Treasurer of State's Office, limit maturities of short term investments to no more than 18 months with a weighted average maturity not to exceed 90 days. For long-term investments, maturities are limited to five years or less, except for those that are matched to a specific obligation or debt of the State. A duration target of three years or less has been established for long-term investments. Policy also limits maturities for specific investment types as follows: two years for corporate notes, 180 days for commercial paper, 90 days for repurchase agreements, 270 days for bankers' acceptances, and five years for foreign debt.

Variable rate notes are permitted if they meet the following criteria:

- the note has an ultimate maturity of less than three years;
- the rate resets frequently to follow money market rates;
- the note is indexed to a money market rate that correlates (by at least 95 percent) with overall money market rate changes, even during wide swings in interest rates, e.g., federal funds, 3-month treasury bill, LIBOR; and
- any cap on the interest rate is at least 15 percent (1500 basis points) higher than the coupon at purchase.

Investment policies regarding investment maturities that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State's reporting entity are as follows:

Workers' Compensation Enterprise Fund

Policy requires each fixed-income portfolio to be invested with duration characteristics that are within a range consistent with Barclay's Capital Fixed Income Index ranges.

Lottery Commission Enterprise Fund

Investments are required to have maturities of 30 years or less. In no case may the maturity of an investment exceed the expected date of disbursement of those funds.

STAR Ohio Investment Trust Fund

Investment policies limit maturities of investments to a final stated maturity of 397 days or less. Repurchase agreements are limited to maturities of 30 days and both commercial paper and bankers' acceptances are limited to maturities of 270 days.

Retirement Systems Agency Fund

The Public Fixed Income Policy of the Ohio Public Employees Retirement System requires an average effective duration of all defined benefit and health care assets to be within 20 percent of the option-adjusted duration of the Public Fixed Income asset class, excluding Liquidity Funds. Liquidity Funds duration must be within a range of zero to 120 percent of the average option-adjusted duration.

As of June 30, 2013, investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to the interest rate changes. The U.S. agency obligations investment type includes \$1.8 billion of investments with call dates during fiscal years 2014 and 2015. The majority of these investments, \$1.77 billion, has maturities between fiscal years 2014 and 2018 and is reported in the table on the following page as maturing in one to five years. The remaining \$33 million of investments is reported as maturing in six to ten years.

In addition, several investments reported as "Investments" have terms that make their fair values highly sensitive to interest rate changes. U.S. agency obligations of \$545.4 million and corporate bonds of \$32 million have daily, weekly, monthly, and quarterly reset dates. Commercial paper of \$67 million has a 31-day put notice. For "Collateral on Lent Securities," variable rate notes of \$140.4 million and commercial paper of \$40 million have quarterly reset dates.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The Lottery Commission Enterprise Fund has “Collateral on Lent Securities” with reset dates. Variable rate notes of \$21.5 million and commercial paper of \$5 million have quarterly reset dates.

Also during fiscal year 2013, the Treasurer of State acted as the custodian of the Retirement Systems Agency Fund’s investments. These investments contain terms that make their fair values highly sensitive to interest rate changes. Specific information on the nature of the investments and their terms can be found in each respective retirement system’s Comprehensive Annual Financial Report.

The following tables list the investment maturities of the investments for the primary government, including fiduciary activities, and its major discretely presented component units. All investments at June 30, 2013, meet the requirements of the State’s laws and policies, when applicable. The Ohio Facilities Construction Commission Component Unit Fund also participates in the State Treasurer’s Cash and Investment Pool. Risks associated with the Ohio Facilities Construction Commission’s share of the pool are included in the disclosures for the Primary Government. The Ohio Facilities Construction Commission also holds investments in bond mutual funds of \$1.4 million at June 30, 2013, that mature in less than one year.

Primary Government (including Fiduciary Activities)
Investments Subject to Interest Rate Risk
As of June 30, 2013
(dollars in thousands)

Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 2,121,459	\$ 7,189,460	\$ 3,155,939	\$ 3,803,676	\$ 16,270,534
U.S. Government Obligations—Strips	213,990	291,430	109,898	102,091	717,409
U.S. Agency Obligations	8,398,702	2,867,800	158,138	1,071,342	12,495,982
U.S. Agency Obligations—Strips	29,092	127,961	145,479	31,812	334,344
Corporate Bonds and Notes	1,032,890	5,002,901	5,857,089	5,890,424	17,783,304
Corporate Bonds and Notes—Strips	-	-	21	88	109
Municipal Obligations.....	1,262	21,886	13,125	843,192	879,465
Negotiable Certificates of Deposit.....	312,736	236	-	-	312,972
Commercial Paper	6,042,973	-	-	-	6,042,973
Repurchase Agreements	703,132	-	-	-	703,132
Mortgage and Asset-Backed Securities	47,992	758,460	448,227	8,123,460	9,378,139
International Investments:					
Foreign Bonds	310,803	1,199,026	801,481	2,162,256	4,473,566
High-Yield & Emerging Markets Fixed Income.....	264,409	1,244,283	2,523,295	1,076,624	5,108,611
Bond Mutual Funds	5,839,291	723,998	1,255,020	29,213	7,847,522
Securities Lending Collateral:					
Corporate Bonds.....	161,981	-	-	-	161,981
Commercial Paper	299,286	-	-	-	299,286
Repurchase Agreements	553,761	-	-	-	553,761
Bond Mutual Funds	335,242	-	-	-	335,242
Total Primary Government	\$ 26,669,001	\$ 19,427,441	\$ 14,467,712	\$ 23,134,178	\$ 83,698,332

Major Discretely Presented Component Units
Investments Subject to Interest Rate Risk
As of June 30, 2013
(dollars in thousands)

Ohio State University:	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 27,707	\$ 91,981	\$ 6,650	\$ 15,128	\$ 141,466
U.S. Agency Obligations	18,361	80,686	18,019	62,324	179,390
Corporate Bonds and Notes	84,475	379,784	25,387	56,079	545,725
Municipal Obligations	1,514	6,189	1,365	2,120	11,188
Negotiable Certificates of Deposit.....	141,510	-	-	-	141,510
Commercial Paper.....	21,733	-	-	-	21,733
Repurchase Agreements	51,844	-	-	-	51,844
International Investments-Foreign Bonds	9,540	26,783	9,812	3,517	49,652
Bond Mutual Funds	6,352	66,481	26,563	57,708	157,104
Total Ohio State University.....	\$ 363,036	\$ 651,904	\$ 87,796	\$ 196,876	\$ 1,299,612



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

5. Foreign Currency Risk

Investments in stocks and bonds denominated in foreign currencies are affected by foreign currency risk which arises from changes in currency exchange rates.

As of June, 30, 2013, investments denominated in the currency of foreign nations, as detailed in the following tables for the primary government, including fiduciary activities, and its major discretely presented component units, meet the requirements of the State's laws and policies, when applicable.

**Primary Government (including Fiduciary Activities)
International Investments—Foreign Currency Risk
As of June 30, 2013
(dollars in thousands)**

	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Commingled International Equity	
Argentinean Peso	\$ 49	\$ -	\$ 178	\$ -	\$ 227
Australian Dollar	1,084,578	10,608	-	121,827	1,217,013
Brazilian Real	638,437	2,739	155,393	103,672	900,241
British Pound	4,302,065	297,715	37,703	539,466	5,176,949
Bulgarian Lev	299	-	-	-	299
Canadian Dollar	1,217,247	206,511	1,768	158,159	1,583,685
Chilean Peso.....	61,344	-	12,920	15,331	89,595
Chinese Yuan	-	-	-	64,683	64,683
Costa Rican Colon	-	-	12,854	-	12,854
Colombian Peso	11,121	-	60,260	10,000	81,381
Czech Koruna	22,910	-	-	2,104	25,014
Danish Krone	317,320	-	-	16,847	334,167
Dominican Peso	-	-	16,228	-	16,228
Egyptian Pound	7,129	-	57	1,131	8,317
Euro	6,288,028	603,994	193,728	494,764	7,580,514
Ghana Cedi.....	-	-	15,771	-	15,771
Hong Kong Dollar	1,951,779	-	-	195,973	2,147,752
Hungarian Forint	16,913	-	52,086	1,862	70,861
Indian Rupee	508,891	-	447	55,208	564,546
Indonesian Rupiah	218,331	-	68,070	24,127	310,528
Israeli Shekel	69,675	-	1,126	7,682	78,483
Japanese Yen	4,892,547	-	-	305,721	5,198,268
Malaysian Ringgit	200,344	-	101,137	31,245	332,726
Mexican Peso	261,439	1,449	221,926	43,799	528,613
Moroccan Dirham	507	-	-	393	900
New Zealand Dollar	32,566	2,041	-	1,902	36,509
Nigerian Naira.....	8,449	-	2,286	332	11,067
Norwegian Krone	318,661	-	24,802	12,418	355,881
Omani Rial.....	2,830	-	-	-	2,830
Peruvian New Sol.....	1,383	-	12,656	2,112	16,151
Philippines Peso	76,412	-	30,892	11,728	119,032
Polish Zloty	97,407	-	122,890	13,345	233,642
Qatari Rial.....	13,147	-	-	-	13,147
Renminbi Yuan.....	(15)	-	-	765	750
Romanian Leu	-	-	6,894	2,521	9,415
Russian Ruble	2,667	-	129,035	54,538	186,240
Singapore Dollar	339,327	-	-	63,322	402,649
South African Rand	568,385	-	129,680	55,245	753,310
South Korean Won	1,226,857	-	10,449	122,337	1,359,643
Swedish Krona	456,879	98,123	-	50,901	605,903
Swiss Franc	1,538,024	-	-	139,705	1,677,729
Taiwan Dollar	505,920	-	-	100,203	606,123
Thailand Baht	394,047	-	45,832	22,016	461,895
Turkish Lira	293,555	-	141,834	22,017	457,406
Uganda Shilling.....	-	-	6,014	-	6,014
Uruguayan Peso	-	451	39,410	-	39,861
Investments Held in Foreign Currency	<u>\$27,947,454</u>	<u>\$ 1,223,631</u>	<u>\$ 1,654,326</u>	<u>\$ 2,869,401</u>	<u>\$33,694,812</u>
Foreign Investments Held in U.S. Dollars					17,741,527
Total Foreign Investments-Primary Government, including Fiduciary Activities					<u>\$51,436,339</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Discretely Presented Component Units
International Investments—Foreign Currency Risk
As of June 30, 2013
(dollars in thousands)

Ohio State University:

Currency	Stocks	Bonds	Total
Australian Dollar	\$ 730	\$ 492	\$ 1,222
Brazilian Real	6,650	(293)	6,357
British Pound	12,182	4,274	16,456
Canadian Dollar	422	1,505	1,927
Chilean Peso	1,197	-	1,197
Czech Koruna	1,021	-	1,021
Danish Krone	-	1,002	1,002
Egyptian Pound	786	-	786
Euro	11,620	17,080	28,700
Hong Kong Dollar	15,481	-	15,481
Indian Rupee	5,147	-	5,147
Indonesian Rupiah	1,224	298	1,522
Japanese Yen	3,701	4,008	7,709
Malaysian Ringgit	97	290	387
Mexican Peso	1,463	4,488	5,951
South African Rand	6,397	1,386	7,783
Sri Lankan Rupee	9,439	770	10,209
Swedish Krona	512	-	512
Swiss Franc	8,896	-	8,896
Taiwan Dollar	6,925	-	6,925
Thailand Baht	519	-	519
Turkish Lira	1,613	-	1,613
United Arab Emirates Dirham	1,135	-	1,135
Investments Held in Foreign Currency	<u>\$ 97,157</u>	<u>\$ 35,300</u>	<u>\$ 132,457</u>
Foreign Investments Held in U.S. Dollars			<u>31,578</u>
Total Foreign Investments - Ohio State University			<u>\$ 164,035</u>

The State's laws and investment policies include provisions to limit the exposure to this type of risk. According to Chapter 135, Ohio Revised Code, investments managed by the Treasurer of State's Office, and reported as "Cash Equity with Treasurer", are limited to the debt of nations diplomatically recognized by the United States and that are backed by the full faith and credit of that foreign nation.

Investment policies of the Treasurer of State's Office further limit the types of authorized investments. These requirements include maturity limitations of five years at the date of purchase and denomination of principal and interest in U.S. dollars. Other limitations are noted in the previous sections of this note that discuss credit risk and concentration of credit risk.

Investment policies regarding foreign currency risk have also been adopted for the following significant entities reported in the primary government and are specific to those entities:

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, non-U.S. dollar-based securities are limited to 25 percent of the total Fixed Income assets. Additionally, no more than 30 percent of the Fixed Income assets may be from non-U.S. issuers.

D. Securities Lending Transactions

The Treasurer of State participates in the securities lending programs for securities included in the "Cash Equity with Treasurer" and "Investments" accounts. Each lending program is administered by a custodial agent bank, whereby certain securities are transferred to an independent broker-dealer (borrower) in exchange for collateral.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

At the time of the loan, the Treasurer of State requires its custodial agents to ensure that the State's lent securities are collateralized at no less than 102 percent of fair value. At no point in time can the value of the collateral be less than 100 percent of the underlying securities.

Consequently, as of June 30, 2013, the State had no credit exposure since the amount the State owed to the borrowers at least equaled or exceeded the amount borrowers owed to the State.

The State invests cash collateral in short-term obligations, which have a weighted average maturity of nine days or less while the weighted average maturity of securities loans is four days or less.

The State cannot sell securities received as collateral unless the borrower defaults. Consequently, these amounts are not reflected in the financial statements.

According to the lending contracts the Treasurer of State executes for the State's cash and investment pool and for the Ohio Lottery Commission Enterprise Fund, the securities lending agent is to indemnify the Treasurer of State for any losses resulting from either the default of a borrower or any violations of the security lending policy.

During fiscal year 2013, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2013, the Treasurer of State lent U.S. government and agency obligations in exchange for cash collateral.

E. Investment Derivatives

As of June 30, 2013, the State reports the following investment derivatives in its financial statements (dollars in thousands):

Investment Derivatives					
As of June 30, 2013					
<i>(dollars in thousands)</i>					
	Notional	Fair Value at 6/30/2013		Increase (Decrease) in Fair Value	
		Amount	Reported as	Amount	Reported as
Governmental Activities:					
Investment Derivatives:					
Pay-fixed interest rate sw aps	\$ 131,100	\$ (13,903)	Other Noncurrent Liability	\$ 8,799	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
Fiduciary Funds—Agency:					
Investment Derivatives:					
Call options	18,325	(157)	Investments	364	Investment Income
Credit default sw aps	83,560	(311)	Investments	(94)	Investment Income
Credit linked notes	1,496	1,496	Investments	(4,737)	Investment Income
Equity sw aps	1,339,303	(41,632)	Investments	(85,448)	Investment Income
Foreign exchange forward currency contracts	9,008,983	133,392	Investments	160,765	Investment Income
Futures contracts	174,476	(1,278)	Investments	(5,334)	Investment Income
Interest rate sw ap	123,750	(476)	Investments	171	Investment Income
Options	189,600	7,374	Investments	7,305	Investment Income
Put options	3,250	60	Investments	44	Investment Income
Total return sw aps	872,841	69	Investments	(13,198)	Investment Income
Warrants	179	791	Investments	(16)	Investment Income
Major Discretely Presented Component Units:					
Investment Derivatives:					
<i>Ohio State University:</i>					
Pay-fixed interest rate sw aps	-	-	Accounts Payable	2,400	Other Revenues



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

For governmental activities, the pay-fixed swaps included in the table above do not meet the criteria for hedging derivatives as of June 30, 2013, and are reported as investment derivatives. The increases in the fair values for fiscal year 2013 of \$8.8 million are reported as operating restricted investment gains for the primary, secondary and other education function in the Statement of Activities.

The credit quality ratings of JPMorgan Chase, the counterparty, are Aa3/A+ as of June 30, 2013. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2013. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the derivative's positive fair value.

Each swap counterparty is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement and based on the fair value of the swap. This arrangement protects the State by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities held by a third-party custodian. Net payments are made on the same date, as specified in the agreements.

These swaps, maturing March 15, 2025, are associated with Common Schools Bonds, Series 2005A and Series 2005B. The underlying index is a variable rate based on 65 percent of the 1 month LIBOR rate plus 20 basis points. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, School Employees Retirement System of Ohio, and State Teachers Retirement System of Ohio have entered into the derivatives reported in the Agency Fund. All derivatives of these retirement systems are categorized as investment derivatives. The fair values and associated risks of the investment derivatives for the Agency Fund are included in the balances and risks disclosed in the previous sections of this note disclosure.

NOTE 5 RECEIVABLES

A. Taxes Receivable – Primary Government

Current taxes receivable are expected to be collected in the next fiscal year while noncurrent taxes receivable are not expected to be collected until more than one year from the balance sheet date. As of June 30, 2013, approximately \$137.9 million of the net taxes receivable balance is also reported as deferred revenue on the governmental funds' balance sheet, all of which is reported in the General Fund.

Refund liabilities for income taxes, totaling approximately \$761.3 million are reported as "Refund and Other Liabilities" for governmental activities on the Statement of Net Position and in the General Fund on the governmental funds' Balance Sheet.

The following table summarizes taxes receivable for the primary government (dollars in thousands):

	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Current-Due Within One Year:			
Income Taxes	\$ 440,158	\$ -	\$ 440,158
Sales Taxes	435,225	-	435,225
Motor Vehicle Fuel Taxes	148,056	86,709	234,765
Commercial Activity Taxes	389,287	-	389,287
Public Utility Taxes	82,487	-	82,487
Casino Taxes	-	3,612	3,612
	<u>1,495,213</u>	<u>90,321</u>	<u>1,585,534</u>
Noncurrent-Due in More Than One Year:			
Income Taxes	25,415	-	25,415
Taxes Receivable, Net	<u>\$ 1,520,628</u>	<u>\$ 90,321</u>	<u>\$ 1,610,949</u>



NOTE 5 RECEIVABLES (Continued)

B. Intergovernmental Receivable – Primary Government

The intergovernmental receivable balance reported for the primary government, all of which is expected to be collected within the next fiscal year, consists of the following, as of June 30, 2013 (dollars in thousands):

	From Nonexchange Programs		From Sales of Goods and Services		Total Primary Government
	Federal Government	Local Government	Other State Governments	Local Government	
Governmental Activities:					
Major Governmental Funds:					
General	\$ 630,337	\$ 532	\$ -	\$ -	\$ 630,869
Job, Family and Other Human Services ...	181,161	42,311	-	-	223,472
Nonmajor Governmental Funds	345,094	56,282	-	13,881	415,257
Total Governmental Activities	<u>1,156,592</u>	<u>99,125</u>	<u>-</u>	<u>13,881</u>	<u>1,269,598</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	-	249	-	249
Nonmajor Proprietary Funds	-	-	-	9,468	9,468
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>249</u>	<u>9,468</u>	<u>9,717</u>
Intergovernmental Receivable	<u>\$ 1,156,592</u>	<u>\$ 99,125</u>	<u>\$ 249</u>	<u>\$ 23,349</u>	<u>\$ 1,279,315</u>

C. Loans Receivable

Loans receivable for the primary government, as of June 30, 2013, are detailed in the following table (dollars in thousands):

Loan Program	Primary Government - Loans Receivable		
	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Economic Development			
Office of Loan Administration	\$ 448,593	\$ -	\$ 448,593
Local Infrastructure Improvements	426,095	-	426,095
Housing Finance	162,991	-	162,991
Highway, Transit, & Aviation Infrastructure Bank.....	-	69,959	69,959
School District Solvency Assistance	10,501	-	10,501
Brownfield Revolving Loan	-	3,040	3,040
Wayne Trace Local School District	2,899	-	2,899
Rail Development	-	1,169	1,169
Office of Minority Financial Incentives	1,609	-	1,609
Loans Receivable, Net	<u>1,052,688</u>	<u>74,168</u>	<u>1,126,856</u>
Current-Due Within One Year	83,873	13,446	97,319
Noncurrent-Due in More Than One Year	968,815	60,722	1,029,537
Loans Receivable, Net	<u>\$ 1,052,688</u>	<u>\$ 74,168</u>	<u>\$ 1,126,856</u>

The “Loans Receivable” balance reported in the major discretely presented component units, as of June 30, 2013, is comprised of student loans and other miscellaneous loans.



NOTE 5 RECEIVABLES (Continued)

D. Other Receivables

The other receivables balances reported for the primary government, as of June 30, 2013, consist of the following (dollars in thousands):

Primary Government - Other Receivables					
Governmental Activities					
Major Governmental Funds					
Types of Receivables	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total
Manufacturers' Rebates	\$ 141,420	\$ 246,993	\$ -	\$ 469	\$ 388,882
Tobacco Settlement	-	-	362,785	72,719	435,504
Health Facility Bed Assessments	-	105,782	-	-	105,782
Interest	4,658	-	43	110	4,811
Accounts	6,306	10,993	-	1,301	18,600
Environmental Legal Settlements	-	-	-	5,026	5,026
Miscellaneous	36,628	665	-	2,450	39,743
Other Receivables, Net.....	<u>189,012</u>	<u>364,433</u>	<u>362,828</u>	<u>82,075</u>	<u>998,348</u>
Current-Due Within One Year	189,012	364,433	43	9,356	562,844
Noncurrent-Due in More Than One Year.....	-	-	362,785	72,719	435,504
Other Receivables, Net.....	<u>\$ 189,012</u>	<u>\$ 364,433</u>	<u>\$ 362,828</u>	<u>\$ 82,075</u>	<u>\$ 998,348</u>
Business-Type Activities					
Major Proprietary Funds					
Types of Receivables	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	Total
Accounts.....	\$ 135,961	\$ -	\$ 95,025	\$ 536	\$ 231,522
Interest and Dividends (including restricted portion).....	141,192	1,815	-	1,121	144,128
Lottery Sales Agents.....	-	57,748	-	-	57,748
Other Receivables, Gross.....	277,153	59,563	95,025	1,657	433,398
Estimated Uncollectible.....	(1,129)	(51)	(43,684)	-	(44,864)
Other Receivables, Net-Due Within One Year.....	<u>\$ 276,024</u>	<u>\$ 59,512</u>	<u>\$ 51,341</u>	<u>\$ 1,657</u>	<u>\$ 388,534</u>
Total Primary Government.....					<u>\$ 1,386,882</u>

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2013, is comprised of interest due of approximately \$5.4 million, investment trade receivable of \$137.6 million, and miscellaneous receivables of \$1.3 million.

In the major discretely presented component units, the "Other Receivables" balance reported, as of June 30, 2013, is comprised of accounts receivable, interest receivable, pledges receivable, unbilled charges receivable, grants receivable, and other miscellaneous receivables.



NOTE 6 PAYABLES

A. Accrued Liabilities

Details on accrued liabilities for the primary government, as of June 30, 2013, follow (dollars in thousands):

Primary Government - Accrued Liabilities				
	Wages and Employee Benefits	Accrued Interest	Total Accrued Liabilities	
Governmental Activities:				
Major Governmental Funds:				
General.....	\$ 108,812	\$ -	\$ 108,812	
Job, Family and Other Human Services.....	17,510	-	17,510	
Nonmajor Governmental Funds.....	64,056	-	64,056	
	<u>190,378</u>	<u>-</u>	<u>190,378</u>	
Reconciliation of fund level statements to government- wide statements due to basis differences.....				
Total Governmental Activities.....	-	169,221	169,221	
	<u>190,378</u>	<u>169,221</u>	<u>359,599</u>	
Business-Type Activities:				
Nonmajor Proprietary Funds.....	3,447	-	3,447	
Total Primary Government.....	<u>\$ 193,825</u>	<u>\$ 169,221</u>	<u>\$ 363,046</u>	
	Wages and Employee Benefits	Health Benefit Claims	Management and Administrative Expenses	Total Accrued Liabilities
Fiduciary Activities:				
State Highway Patrol Retirement System				
Pension Trust (12/31/2012).....	\$ 22,980	\$ 667	\$ -	\$ 23,647
Variable College Savings Plan				
Private-Purpose Trust.....	-	-	2,790	2,790
STAR Ohio Investment Trust.....	-	-	7	7
Total Fiduciary Activities.....	<u>\$ 22,980</u>	<u>\$ 667</u>	<u>\$ 2,797</u>	<u>\$ 26,444</u>

The "Accrued Liabilities" balance reported in the major discretely presented component units, as of June 30, 2013, is comprised largely of payables similar to those of the primary government, such as wages and employee benefits, self-insurance, and accrued interest.



NOTE 6 PAYABLES (Continued)

B. Intergovernmental Payable

The intergovernmental payable balances for the primary government, as of June 30, 2013, are comprised of the following (dollars in thousands).

Primary Government - Intergovernmental Payable					
	<u>Local Government</u>				
	<u>Shared</u>				
	Revenue and				
	Local				
	Permissive	Subsidies	Federal		
	Taxes	and Other	Government	Other States	Total
Governmental Activities:					
Major Governmental Funds:					
General	\$ 746,650	\$ 80,821	\$ 36,099	\$ 1,469	\$ 865,039
Job, Family and Other Human Services ...	-	70,708	-	-	70,708
Nonmajor Governmental Funds	88,263	123,864	-	-	212,127
Total Governmental Activities	<u>834,913</u>	<u>275,393</u>	<u>36,099</u>	<u>1,469</u>	<u>1,147,874</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	433	1,555,295	-	1,555,728
	-	433	1,555,295	-	1,555,728
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the business-type financial statements	-	-	(1,554,298)	-	(1,554,298)
Total Business-Type Activities	<u>-</u>	<u>433</u>	<u>997</u>	<u>-</u>	<u>1,430</u>
Total Primary Government.....					<u>\$ 1,149,304</u>
Fiduciary Activities:					
Holding and Distribution Agency Fund	\$ -	\$ -	\$ 1,389	\$ 12,221	\$ 13,610
Payroll Withholding and Fringe Benefits Agency Fund	-	26,492	-	-	26,492
Other Agency Fund	137,766	7,714	-	-	145,480
Total Fiduciary Activities	<u>\$ 137,766</u>	<u>\$ 34,206</u>	<u>\$ 1,389</u>	<u>\$ 12,221</u>	<u>\$ 185,582</u>

As of June 30, 2013, the Ohio Facilities Construction Commission, a major discretely presented component unit fund, reported an intergovernmental payable balance totaling approximately \$585.7 million for long-term funding contracts the Commission has with local school districts. In the government-wide Statement of Net Position, the intergovernmental payable balance for the Commission is included with "Other Noncurrent Liabilities." The contracts commit the State to cover the costs of construction of facilities of the school districts once the districts have met certain eligibility requirements.



NOTE 6 PAYABLES (Continued)

C. Refund and Other Liabilities

Refund and other liabilities for the primary government, as of June 30, 2013, consist of the balances, as follows (dollars in thousands):

Primary Government - Refund and Other Liabilities						
				Personal Income Tax Estimated Refund Claims	Other	Total
Governmental Activities:						
Major Governmental Funds:						
General				\$ 763,151	\$ -	\$ 763,151
Job, Family and Other Human Services				-	4,091	4,091
Nonmajor Governmental Funds				-	695	695
Total Governmental Activities				<u>\$ 763,151</u>	<u>\$ 4,786</u>	<u>\$ 767,937</u>
	Reserve for Compensation Adjustment	Refund and Security Deposits	Compensated Absences	Capital Leases	Other	Total
Business-Type Activities:						
Major Proprietary Funds:						
Workers' Compensation	\$1,885,900	\$86,486	\$25,216	\$ -	\$1,842,358	\$3,839,960
Lottery Commission	-	64,862	3,449	33,009	1,835	103,155
Unemployment Compensation	-	8,010	-	-	-	8,010
Nonmajor Proprietary Funds	-	15	8,264	-	1,899	10,178
	<u>1,885,900</u>	<u>159,373</u>	<u>36,929</u>	<u>33,009</u>	<u>1,846,092</u>	<u>3,961,303</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	(1,885,900)	(86,486)	(36,929)	(33,009)	(1,557,536)	(3,599,860)
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 72,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,556</u>	<u>\$ 361,443</u>
Total Primary Government.....						<u>\$ 1,129,380</u>
	Child Support Collections	Refund and Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
Fiduciary Activities:						
State Highway Patrol Retirement System Pension Trust (12/31/2012)....	\$ -	\$ -	\$ -	\$ -	\$ 82	\$ 82
Variable College Savings Plan Private-Purpose Trust.....	-	-	-	-	139,749	139,749
STAR Ohio Investment Trust	-	-	-	-	209	209
Agency Funds:						
Holding and Distribution	-	10,265	-	-	-	10,265
Centralized Child Support Collections.....	62,119	-	-	-	-	62,119
Retirement Systems	-	-	-	175,762,665	-	175,762,665
Payroll Withholding and Fringe Benefits	-	-	99,317	-	-	99,317
Other	-	390,941	-	71,888	162,597	625,426
Total Fiduciary Activities.....	<u>\$ 62,119</u>	<u>\$ 401,206</u>	<u>\$ 99,317</u>	<u>\$ 175,834,553</u>	<u>\$ 302,637</u>	<u>\$ 176,699,832</u>

In the major discretely presented component units, the "Refunds and Other Liabilities" balance reported, as of June 30, 2013, is comprised largely of payables similar to the primary government, such as refund and security deposits, compensated absences, capital leases, and other miscellaneous payables.



NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

A. Interfund Balances

Interfund balances, as of June 30, 2013, consist of the following (in thousands):

Due from	Due To			Total	Total Primary Government
	Governmental Activities				
	Bonds	Nonmajor Governmental Funds			
Major Governmental Funds:					
General	\$ 845,018	\$ 1,061	\$	846,079	
Nonmajor Governmental Funds	-	1,413		1,413	
Total Governmental Activities	845,018	2,474		847,492	
Total Primary Government	\$ 845,018	\$ 2,474	\$	847,492	
	Business-Type Activities			Total	Total Primary Government
Due from	Workers' Compensation	Lottery Commission	Nonmajor Proprietary Funds	Total	Total Primary Government
Major Governmental Funds:					
General	\$ 486,229	\$ -	\$ 8,520	\$ 494,749	\$1,340,828
Job, Family and Other Human Services ..	13,907	-	-	13,907	13,907
Nonmajor Governmental Funds	165,230	1,518	-	166,748	168,161
Total Governmental Activities	665,366	1,518	8,520	675,404	1,522,896
Business-Type Activities:					
Major Proprietary Funds:					
Lottery Commission	1,804	-	-	1,804	1,804
Nonmajor Proprietary Funds	7,391	-	-	7,391	7,391
Total Business-Type Activities	9,195	-	-	9,195	9,195
Total Primary Government	\$ 674,561	\$ 1,518	\$ 8,520	\$ 684,599	\$1,532,091

Interfund balances result from the time lag between dates that 1.) interfund goods and services are provided or reimbursable expenditures/expenses occur, 2.) transactions are recorded in the accounting system, and 3.) payments between funds are made.

The State's primary government is permitted to pay its workers' compensation liability on a terminal-funding (pay-as-you-go) basis. As a result, the Workers' Compensation Enterprise Fund recognized \$674.6 million as an interfund receivable for the unbilled premium due for the primary government's share of the Bureau's actuarially determined liability for compensation. In the Statement of Net Position, the State includes the liability in the internal balance reported for governmental activities.



NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS (Continued)

B. Interfund Transfers

Interfund transfers, for the fiscal year ended of June 30, 2013, consist of the following (dollars in thousands):

Transferred from	Transferred to			Total
	Governmental Activities			
	General	Job, Family & Other Human Services	Nonmajor Governmental Funds	
Major Governmental Funds:				
General	\$ -	\$ 21,609	\$ 2,879,733	\$2,901,342
Job, Family and Other Human Services	-	-	41,132	41,132
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	-	14,048	14,048
Nonmajor Governmental Funds	257,328	-	124,627	381,955
Total Governmental Activities	<u>257,328</u>	<u>21,609</u>	<u>3,059,540</u>	<u>3,338,477</u>
Major Proprietary Funds:				
Workers' Compensation	-	-	14,769	14,769
Lottery Commission	-	-	803,466	803,466
Unemployment Compensation	-	-	3,513	3,513
Nonmajor Proprietary Funds	288,028	-	-	288,028
Total Business-Type Activities	<u>288,028</u>	<u>-</u>	<u>821,748</u>	<u>1,109,776</u>
Total Primary Government	<u>\$ 545,356</u>	<u>\$ 21,609</u>	<u>\$ 3,881,288</u>	<u>\$4,448,253</u>

Transferred from	Business-Type Activities		Total Primary Government
	Nonmajor Proprietary Funds	Total Primary Government	
Major Governmental Funds:			
General	\$ 26,889	\$2,928,231	
Job, Family and Other Human Services	-	41,132	
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	14,048	
Nonmajor Governmental Funds	-	381,955	
Total Governmental Activities	<u>26,889</u>	<u>3,365,366</u>	
Major Proprietary Funds:			
Workers' Compensation	-	14,769	
Lottery Commission	-	803,466	
Unemployment Compensation	-	3,513	
Nonmajor Proprietary Funds	-	288,028	
Total Business-Type Activities	<u>-</u>	<u>1,109,776</u>	
Total Primary Government	<u>\$ 26,889</u>	<u>\$4,475,142</u>	

Transfers are used to 1.) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, 2.) move receipts restricted to debt service from the funds collecting the receipts, to the debt service fund as the debt service payments become due, and 3.) utilize unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budget authorizations.

C. Discretely Presented Component Units

For fiscal year 2013, the discretely presented component units reported \$1.88 billion in state assistance revenue from the primary government in the Statement of Activities.



NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS (Continued)

Included in "Primary, Secondary, and Other Education" expenses reported for the governmental activities, is the funding that the primary government provided to the Ohio Facilities Construction Commission for capital construction at local school districts and the eTech Ohio Commission for the acquisition of computers to benefit local schools.

Additionally, the primary government provided financial support to the colleges and universities in the form of state appropriations for instructional and non-instructional purposes and capital appropriations for construction. This assistance is included in "Higher Education Support" expenses reported for governmental activities.

The primary government also transferred bond proceeds to the Ohio Facilities Construction Commission to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. This assistance is included as a receivable of the Buckeye Tobacco Settlement Financing Authority for \$3.71 billion and is being amortized over the projected payment period of the future tobacco settlement receipts.

Details of balances and activity reported in the government-wide financial statements between the primary government and its discretely presented component units are summarized below.

Primary Government <i>(dollars in thousands)</i>					
	Receivable from the Component Units	Payable to the Component Units	Program Expenses for State Assistance to Component Units		
			Primary, Secondary, and Other Education Function	Higher Education Support Function	Total State Assistance to the Component Units
Major Governmental Funds:					
General	\$ 322	\$ 25,131	\$ 91,955	\$ 1,656,164	\$ 1,748,119
Job, Family and Other Human Services ..	-	386	-	-	-
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....	3,705,427	-	-	-	-
Nonmajor Governmental Funds	-	9,530	-	130,610	130,610
Total Governmental Activities.....	<u>3,705,749</u>	<u>35,047</u>	<u>91,955</u>	<u>1,786,774</u>	<u>1,878,729</u>
Total Primary Government	<u>\$ 3,705,749</u>	<u>\$ 35,047</u>	<u>\$ 91,955</u>	<u>\$ 1,786,774</u>	<u>\$ 1,878,729</u>

Discretely Presented Component Units <i>(dollars in thousands)</i>			
	Receivable from the Primary Government	Payable to the Primary Government	Total State Assistance from the Primary Government
Major Discretely Presented Component Units:			
Ohio Facilities Construction Commission.....	\$ -	\$ 3,705,428	\$ 60,899
Ohio State University	7,833	-	507,779
Nonmajor Discretely Presented Component Units	27,214	564	1,310,051
	<u>35,047</u>	<u>3,705,992</u>	<u>1,878,729</u>
Variance Due to Year-End Differences (June 30 versus December 31)	-	(243)	-
Total Discretely Presented Component Units	<u>\$ 35,047</u>	<u>\$ 3,705,749</u>	<u>\$ 1,878,729</u>



NOTE 8 CAPITAL ASSETS

A. Primary Government

Capital asset activity, for the year ended June 30, 2013, reported for the primary government was as follows (dollars in thousands):

	Primary Government			Balance June 30, 2013
	Balance July 1, 2012	Increases	Decreases	
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,154,598	\$ 87,712	\$ (365)	\$ 2,241,945
Buildings	60,998	374	-	61,372
Land Improvements	1,416	-	-	1,416
Construction-in-Progress	1,369,486	330,144	(248,440)	1,451,190
Infrastructure:				
Highway Network:				
General Subsystem	8,588,032	-	(20,658)	8,567,374
Priority Subsystem	8,195,288	107,227	(4,555)	8,297,960
Bridge Network	2,964,043	25,262	(57,321)	2,931,984
Total Capital Assets Not Being Depreciated.....	<u>23,333,861</u>	<u>550,719</u>	<u>(331,339)</u>	<u>23,553,241</u>
Other Capital Assets:				
Buildings	3,541,787	70,168	(3,511)	3,608,444
Land Improvements	447,295	17,022	(1,042)	463,275
Machinery and Equipment	893,112	53,096	(52,035)	894,173
Vehicles	322,981	57,068	(30,624)	349,425
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	100,867	8,741	(1,121)	108,487
Total Other Capital Assets at Historical Cost.....	<u>5,306,042</u>	<u>206,095</u>	<u>(88,333)</u>	<u>5,423,804</u>
Less Accumulated Depreciation for:				
Buildings	1,916,634	111,501	(1,066)	2,027,069
Land Improvements	263,592	22,066	(955)	284,703
Machinery and Equipment	645,557	44,374	(36,618)	653,313
Vehicles	183,537	29,238	(25,710)	187,065
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	19,040	4,044	(94)	22,990
Total Accumulated Depreciation	<u>3,028,360</u>	<u>211,223</u>	<u>(64,443)</u>	<u>3,175,140</u>
Other Capital Assets, Net	<u>2,277,682</u>	<u>(5,128)</u>	<u>(23,890)</u>	<u>2,248,664</u>
Governmental Activities - Capital Assets, Net.....	<u>\$ 25,611,543</u>	<u>\$ 545,591</u>	<u>\$ (355,229)</u>	<u>\$ 25,801,905</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 11,994	\$ -	\$ -	\$ 11,994
Construction-In Progress.....	7,324	23,389	-	30,713
Total Capital Assets Not Being Depreciated.....	<u>19,318</u>	<u>23,389</u>	<u>-</u>	<u>42,707</u>
Other Capital Assets:				
Buildings	227,079	-	(17,766)	209,313
Land Improvements	66	-	-	66
Machinery and Equipment	147,376	10,254	(3,889)	153,741
Vehicles	5,249	89	(2,561)	2,777
Total Other Capital Assets at Historical Cost.....	<u>379,770</u>	<u>10,343</u>	<u>(24,216)</u>	<u>365,897</u>
Less Accumulated Depreciation for:				
Buildings	159,574	6,964	(13,967)	152,571
Land Improvements	57	1	-	58
Machinery and Equipment	92,353	24,508	(3,306)	113,555
Vehicles	2,940	307	(1,535)	1,712
Total Accumulated Depreciation	<u>254,924</u>	<u>31,780</u>	<u>(18,808)</u>	<u>267,896</u>
Other Capital Assets, Net	<u>124,846</u>	<u>(21,437)</u>	<u>(5,408)</u>	<u>98,001</u>
Business-Type Activities - Capital Assets, Net.....	<u>\$ 144,164</u>	<u>\$ 1,952</u>	<u>\$ (5,408)</u>	<u>\$ 140,708</u>



NOTE 8 CAPITAL ASSETS (Continued)

For fiscal year 2013, the State charged depreciation expense to the following functions (dollars in thousands):

	<u>Depreciation Expense</u>
Governmental Activities:	
Primary, Secondary and Other Education.....	\$ 953
Public Assistance and Medicaid.....	3,321
Health and Human Services.....	19,563
Justice and Public Protection.....	61,475
Environmental Protection and Natural Resources.....	20,709
Transportation.....	131,381
General Government.....	70,996
Community and Economic Development.....	7,921
Total Depreciation Expense for Governmental Activities.....	<u>316,319</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	<u>(105,096)</u>
Fiscal Year 2013 Increases to Accumulated Depreciation.....	<u>\$ 211,223</u>
Business-Type Activities:	
Workers' Compensation.....	\$ 9,655
Lottery Commission.....	21,600
Tuition Trust Authority.....	51
Office of Auditor of State.....	429
Total Depreciation Expense for Business-Type Activities.....	<u>31,735</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	<u>45</u>
Fiscal year 2013 Increase to Accumulated Depreciation.....	<u>\$ 31,780</u>

As of June 30, 2013, the State considered the following governmental capital asset balances as being temporarily impaired and removed from service (dollars in thousands).

	<u>Net Book Value</u>
Governmental Activities:	
Temporarily Impaired Assets Removed from Service:	
Buildings.....	\$ 44,537
Land Improvements	230
Construction-In-Progress.....	2,280
Total.....	<u>\$ 47,047</u>



NOTE 8 CAPITAL ASSETS (Continued)

B. Major Discretely Presented Component Units

Capital asset activity, for the year ended June 30, 2013, reported for major discretely presented component unit funds with significant capital asset balance was as follows (dollars in thousands):

	Major Discretely Presented Component Units			
	Balance July 1, 2012 (as restated)	Increases	Decreases	Balance June 30, 2013
Ohio State University:				
Capital Assets Not Being Depreciated:				
Land	\$ 75,683	\$ 1,173	\$ (1,871)	\$ 74,985
Construction-in-Progress	911,390	658,034	(706,804)	862,620
Patents and Trademarks.....	7,913	10,500	-	18,413
Total Capital Assets Not Being Depreciated.....	<u>994,986</u>	<u>669,707</u>	<u>(708,675)</u>	<u>956,018</u>
Other Capital Assets:				
Buildings	4,124,034	370,350	(915)	4,493,469
Land Improvements	313,657	199,804	(6,921)	506,540
Machinery, Equipment and Vehicles	1,048,097	101,791	(51,340)	1,098,548
Library Books and Publications	162,250	4,655	(932)	165,973
Total Other Capital Assets at Historical Cost.....	<u>5,648,038</u>	<u>676,600</u>	<u>(60,108)</u>	<u>6,264,530</u>
Less Accumulated Depreciation for:				
Buildings	1,758,752	147,334	(18,593)	1,887,493
Land Improvements	192,068	16,330	(3,791)	204,607
Machinery, Equipment and Vehicles	704,704	98,192	(38,086)	764,810
Library Books and Publications	145,149	2,866	(931)	147,084
Total Accumulated Depreciation	<u>2,800,673</u>	<u>264,722</u>	<u>(61,401)</u>	<u>3,003,994</u>
Other Capital Assets, Net	<u>2,847,365</u>	<u>411,878</u>	<u>1,293</u>	<u>3,260,536</u>
Total Capital Assets, Net	<u>\$ 3,842,351</u>	<u>\$1,081,585</u>	<u>\$ (707,382)</u>	<u>\$ 4,216,554</u>

For fiscal year 2013, Ohio State University reported approximately \$264.7 million in depreciation expense.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

All part-time and full-time employees and elected officials of the State, including its component units (unless otherwise excluded in Ohio Revised Code), are eligible to be covered by one of the following retirement plans:

- Ohio Public Employees Retirement System
- State Teachers Retirement System of Ohio
- State Highway Patrol Retirement System
- Alternative Retirement Plan

A. Ohio Public Employees Retirement System (OPERS)

Pension Benefits

OPERS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan.

As established under Chapter 145, Ohio Revised Code, OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and survivor and death benefits to plan members and beneficiaries enrolled in the defined benefit and combined plans.

Most employees who are members of OPERS and who have fewer than five total years of service credit as of December 31, 2002, and new employees hired on or after January 1, 2003, are eligible to select one of the OPERS retirement plans, as listed above, in which they wish to participate. Members not eligible to select a plan include law enforcement officers, (who must participate in the defined benefit plan), college and university employees who choose to participate in one of the university’s alternative retirement plans (see NOTE 9D), and



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

re-employed OPERS retirees. Participants may change their selection once prior to attaining five years of service credit, once after attaining five years of service credit but prior to attaining ten years of service credit, and once after attaining ten years of service credit.

Senate Bill 343 was signed into law in September 2012. The pension changes included in the bill modify the retirement eligibility criteria and benefits to provide for longer life expectancies of members. The pension plan design changes also include updated benefits to the disability program, which addresses eligibility for members to return to work. Other changes include updated provisions such as the cost of purchasing service credit and the impact of retiring early with a reduced retirement benefit.

Currently, regular employees who participate in the defined benefit plan or the combined plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years or 60 contributing months of credited service. Regular employees retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Law enforcement employees may retire at age 48 with 25 or more years of credited service.

The retirement allowance for the defined benefit plan is calculated on the basis of age, years of credited service, and the final average salary, which is the average of the member's three highest years of earnable salary. The annual allowance for regular employees is determined by multiplying the final average salary by 2.2 percent for each year of Ohio contributing service up to 30 years and by 2.5 percent for all other years in excess of 30 years of credited service. The annual allowance for law enforcement employees is determined by multiplying the final average salary by 2.5 percent for the first 25 years of Ohio contributing service, and by 2.1 percent for each year of service over 25 years. Retirement benefits increase three percent annually of the original base amount regardless of changes in the Consumer Price Index.

The retirement allowance for the defined benefit portion of the combined plan is calculated on the basis of age, years of credited service, and the final average salary, which is the average of the member's three highest years of earnable salary. The annual allowance for regular employees is determined by multiplying the final average salary by one percent for each year of Ohio contributing service up to 30 years and by 1.25 percent for all other years in excess of 30 years of credited service. Retirement benefits for the defined benefit portion of the plan increase three percent annually of the original base amount regardless of changes in the Consumer Price Index. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Regular employees who participate in the defined contribution plan may retire after they reach the age of 55. The retirement allowance for the defined contribution plan is based entirely on the total member and vested employer contributions to the plan, plus or minus any investment gains or losses. Employer contributions vest at a rate of 20 percent per year over a five-year vesting period. Retirees may choose from various payment options including monthly annuities, partial lump-sum payments, payments for a guaranteed period, payments for a specific monthly amount, or various combinations of these options. Participants direct the investment of their accounts by selecting from professionally managed OPERS investment options.

Retirees covered under any one of the three OPERS plan options may also choose to take part of their retirement benefit in a Partial Lump-Sum Option Plan (PLOP). Under this option, the amount of the monthly pension benefit paid to the retiree is actuarially reduced to offset the amount received initially under the PLOP. The amount payable under the PLOP cannot be less than six times or more than 36 times the monthly amount that would be payable to the member under the plan of payment selected, and cannot result in a monthly allowance that is less than 50 percent of that monthly amount.

Employer and employee required contributions to OPERS are established by the Retirement Board and are within the limits authorized by the Ohio Revised Code. The contribution rates are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuaries. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for regular employees and 18.1 percent of covered payroll for law enforcement employees.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contribution rates for fiscal year 2013, which are the same for the defined benefit, defined contribution, and combined plans, were as follows:

	Contribution Rates	
	Employee Share	Employer Share
<u>Regular Employees:</u>		
July 1, 2012 through June 30, 2013	10.00%	14.00%
<u>Law Enforcement Employees:</u>		
July 1, 2012 through December 31, 2012	12.10%	18.10%
January 1, 2013 through June 30, 2013	12.60%	18.10%

In the combined plan, the employer's share finances the defined benefit portion of the plan, while the employee's share finances the defined contribution portion of the plan. In the defined contribution plan, both the employee and employer share of the costs are used to finance the plan.

Employer contributions required and made for the last three years for the defined benefit plan and the defined benefit part of the combined plan were as follows (dollars in thousands):

	2013	2012	2011
<u>Primary Government:</u>			
Regular Employees	\$ 297,367	\$ 266,051	\$ 267,671
Law Enforcement Employees	4,460	4,277	4,235
Total	\$ 301,827	\$ 270,328	\$ 271,906

Major Discretely Presented Component Units:

	2013	2012	2011
Ohio Facilities Construction			
Commission	\$ 612	\$ 429	\$ 378
Ohio State University.....	125,745	104,451	97,145

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan were as follows (dollars in thousands):

	2013	2012	2011
<u>Primary Government:</u>			
Employer Contributions	\$ 8,130	\$ 6,343	\$ 6,037
Employee Contributions	13,873	13,251	12,825
<u>Major Discretely Presented Component Units:</u>			
Ohio State University:			
Employer Contributions	4,614	3,439	2,942
Employee Contributions	8,726	7,915	6,864

OPERS issues a stand-alone financial report, copies of which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, making a written request to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or calling (800) 222-7377 or (614) 222-5601.

Other Postemployment Benefits (OPEB)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the defined benefit and combined plans. Members of the defined contribution plan do not qualify for ancillary benefits, including post-employment healthcare coverage.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the defined benefit and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of covered payroll of active members. For fiscal year 2013, state employers contributed at a rate of 14 percent of covered payroll and law enforcement employers contributed at 18.1 percent. These are the maximum contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The contribution rates for regular and law enforcement employees were as follows:

	Employer Share	
	Defined Benefit	
	Plan	Combined Plan
July 1, 2012 through December 31, 2012	4.00%	6.05%
January 1, 2013 through June 30, 2013	1.00%	1.00%

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under Senate Bill 343 and the approved healthcare changes, OPERS expects to be able to consistently allocate four percent of the employer contributions toward the healthcare fund after the end of the transition period.

Employer contributions required and made for the last three fiscal years for the defined benefit plan and the defined benefit portion of the combined plan were as follows (dollars in thousands):

	2013	2012	2011
<u>Primary Government:</u>			
Regular Employees	\$ 69,437	\$ 108,138	\$ 128,257
Law Enforcement Employees	757	1,213	1,426
Total	<u>\$ 70,194</u>	<u>\$ 109,351</u>	<u>\$ 129,683</u>
<u>Major Discretely Presented Component Units:</u>			
Ohio Facilities Construction Commission	\$ 136	\$ 176	\$ 178
Ohio State University.....	27,816	42,800	45,894



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Members of the defined contribution plan may access a Retiree Medical Account upon retirement. During fiscal year 2013, employers paid 4.5 percent of their share into members' accounts. An employee's interest in the medical account for qualifying healthcare expenses vests on the basis of length of service, with 100 percent vesting attained after five years of credited service. Employers make no further contributions to a member's medical account after retirement, nor do employers have any further obligation to provide postemployment healthcare benefits.

Employer contributions required and made for the last three fiscal years for the defined contribution plan were as follows (dollars in thousands):

	2013	2012	2011
Primary Government.....	\$ 2,011	\$ 3,270	\$ 3,112
 <u>Major Discretely Presented Component Units:</u>			
Ohio State University.....	1,075	1,773	1,516

The number of active contributing participants for the primary government was 50,427, as of June 30, 2013.

Early Retirement Incentives (ERI)

State agencies, or departments within agencies, may offer voluntary ERI under Section 145.297, Ohio Revised Code. Through the ERI Program, the State can offer to purchase up to a maximum of five years worth of service credit from OPERS on behalf of employees who would then meet the age and service requirements to qualify for retirement. The ERI plan must remain in effect for at least one year and the employees must be given at least thirty days' notice before terminating the plan.

State agencies are also required under Section 145.298, Ohio Revised Code, to offer a generally similar ERI when terminating a number of employees that equals or exceeds the lesser of 350 employees or 40 percent of the agency's workforce, as a result of a closure of the agency or a lay-off within a six-month period. Under these circumstances, qualifying employees must decide whether to accept the offer in the time between the announcement of the layoffs and the effective date. The amount of service credit offered cannot exceed five years.

The ERI agreements establish an obligation to pay specific amounts on fixed dates. State agencies that implement an ERI must pay their obligation to OPERS within a maximum of two years after the agreement is finalized, so the State does not discount the amount of the liability incurred under the agreement.

As of June 30, 2013, the State had no significant liability balances relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2013, the State incurred expenditures/expenses totaling \$2.4 million for employees who entered into ERI agreements with the State.

B. State Teachers Retirement System of Ohio (STRS)

Pension Benefits

STRS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan. STRS benefits are established under Chapter 3307, Ohio Revised Code.

STRS also provides death, survivors', disability, healthcare, and supplemental benefits to members in the defined benefit and combined plans.

The Ohio Legislature passed Substitute Senate Bill 342 in September 2012. The pension reform bill went into effect January 2013 with most plan changes starting July 1, 2013 or later. Provisions in the new law are projected to reduce accrued liabilities, preserve the defined benefit plan, and allow STRS to maintain a one percent employer contribution rate to its healthcare fund. Changes to the pension plan include increasing the age and



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

service requirements for retirement, increasing the period for determining final average salary, changing to a lower fixed benefit formula, increasing the member contributions to the system, and reducing the cost of living adjustment.

Currently, participants in the defined benefit plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years of credited service. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Retirees are entitled to a maximum annual retirement benefit, payable in monthly installments for life, equal to the greater of the "formula benefit" calculation or the "money-purchase benefit" calculation.

Under the "formula benefit" calculation, the retirement allowance is based on years of credited service and the final average salary, which is the average of the member's three highest salary years. The annual allowance is determined by multiplying the final average salary by 2.2 percent for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1 percent, starting at 2.5 percent for the 31st year of contributing service up to a maximum allowance of 100 percent of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5 percent, and each year over 31 years is incrementally increased by .1 percent starting at 2.6 percent for the 32nd year.

Under the "money-purchase benefit" calculation, a member's lifetime contributions, plus interest at specified rates, are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by three percent of the original base amount.

Retirees can also choose a "partial lump-sum" option plan. Under this option, retirees may take a lump-sum payment that equals from six to 36 times their monthly service retirement benefit. Subsequent monthly benefits are reduced proportionally.

Employees hired after July 1, 2001, and those with less than five years of service credit at that date, may choose to participate in the combined plan or the defined contribution plan, in lieu of participation in the defined benefit plan.

Participants in the defined contribution plan are eligible to retire at age 50. Employee and employer contributions are placed into individual member accounts, and members direct the investment of their accounts by selecting from various professionally managed investment options. Retirees may choose to receive either a lump-sum distribution or a monthly annuity for life. Employer contributions become vested after one year of service, while employee contributions vest immediately.

Participants in the combined plan may start to collect the defined benefit portion of the plan at age 60. The annual allowance is determined by multiplying the final average salary by one percent for each year of Ohio contributing service credit. Participants in the combined plan may also participate in the partial lump-sum option plan, as described previously, for the portion of their retirement benefit that is provided through the defined benefit portion of the plan. The defined contribution portion of the plan may be taken as a lump sum or as a lifetime monthly annuity at age 50.

A retiree of STRS or any other Ohio public retirement system is eligible for re-employment as a teacher after two months from the date of retirement. Members and the employer make contributions during the period of re-employment. Upon termination or the retiree reaches the age of 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Alternatively, the retiree may receive a refund of member contributions with interest before age 65, once employment is terminated.

Employer and employee required contributions to STRS are established by the Board and limited under the Ohio Revised Code to employer and employee rates of 14 percent and ten percent, respectively, and are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuary.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contribution rates for fiscal year 2013 were 14 percent for employers and ten percent for employees for the defined benefit, defined contribution, and combined plans. For the defined benefit and combined plans, 13 percent of the employer rate is used to fund pension obligations. For the defined contribution plan, 10.5 percent of the employer's share is deposited into individual employee accounts, while 3.5 percent is paid to the defined benefit plan.

Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2013	2012	2011
Primary Government.....	\$ 5,616	\$ 6,006	\$ 6,571
<u>Major Discretely Presented Component Units:</u>			
Ohio State University.....	44,795	42,973	41,446

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan follow (dollars in thousands):

	2013	2012	2011
<i>Primary Government:</i>			
Employer Contributions	\$ 101	\$ 96	\$ 102
Employee Contributions	146	124	32
<u>Major Discretely Presented Component Units:</u>			
Ohio State University:			
Employer Contributions	5,061	4,106	3,679
Employee Contributions	5,880	4,836	4,168

STRS issues a stand-alone financial report, copies of which may be obtained by making a written request to: State Teachers Retirement System of Ohio, Attention: Chief Financial Officer, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

Other Postemployment Benefits (OPEB)

Ohio law authorizes STRS to offer a cost-sharing, multiple-employer healthcare plan. STRS provides access to healthcare to eligible retirees who participate in the defined benefit plan or combined plan. Benefits include hospitalization, physician's fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Retirees enrolled in the defined contribution plan receive no post-employment healthcare benefits.

Chapter 3307, Ohio Revised Code, gives the STRS board discretionary authority over how much, if any, of associated healthcare costs are absorbed by the healthcare plan. All benefit recipients, for the most recent year, pay a portion of the healthcare costs in the form of a monthly premium.

Under Ohio law, funding for the post-employment healthcare may be deducted from employer contributions. Of the 14 percent employer contribution rate, one percent of the covered payroll was allocated to post-employment healthcare. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 2012 (the most recent information available), net position available for future healthcare benefits were \$3.06 billion. Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2013	2012	2011
Primary Government.....	\$ 432	\$ 462	\$ 505
<u>Major Discretely Presented Component Units:</u>			
Ohio State University.....	3,446	3,306	3,188



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The number of eligible benefit recipients for STRS as a whole was 160,581, as of June 30, 2012 (the most recent information available); a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 2013, is unavailable.

C. State Highway Patrol Retirement System (SHPRS)

SHPRS, a component unit of the State, was established in 1941 by the General Assembly as a single-employer, defined benefit pension plan and is administered by the State.

The plan issues a stand-alone financial report that includes financial statements and required supplementary information, and the State reports the plan as a pension trust fund. Copies of the financial report may be obtained by writing to the Ohio State Highway Patrol Retirement System, 6161 Busch Blvd., Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 430-3558.

SHPRS is authorized under Chapter 5505, Ohio Revised Code, to provide retirement and disability benefits to retired members and survivor benefits to qualified dependents of deceased members of the Ohio State Highway Patrol. In addition to providing pension benefits, SHPRS is authorized by Chapter 5505, Ohio Revised Code, to provide a post-employment healthcare plan, which is considered to be an other post-employment benefit.

Chapter 5505, Ohio Revised Code, requires contributions by active members and the Ohio State Highway Patrol. The employer and employee contribution rates are established by the General Assembly, and any change in the rates requires legislative action. By law, the employer rate may not exceed three times the employee contribution rate, nor be less than nine percent of the total salaries of contributing members.

Substitute Senate Bill 345 was signed into law in September 2012. The main components of the bill grant the SHPRS Board authority to set employee contribution rates and cost of living adjustment rates. Employee contribution rates will range between ten and 14 percent and cost of living adjustments will range between zero and three percent. The bill also increases the final average salary period from three years to five years for members retiring after 2014. The cost of living adjustment eligibility age increases from 53 years to 60 years of age.

SHPRS' financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred and revenues are recorded when they are earned and become measurable.

All investments are reported at fair value. Fair value is "the amount that the plan can reasonably expect to receive for an investment in a current sale, between a willing buyer and a willing seller – that is, other than in a forced or liquidation sale."

Securities traded on a national exchange are valued at the last reported sales price at the current exchange rate. The fair value of real estate and private equity investments are based on information provided by the Fund's managers or by independent appraisals. For actuarial purposes, assets are valued with a method that amortizes the difference between actual and assumed return over a closed, four-year period.

Employees are eligible for pension and healthcare benefits upon reaching both an age and service requirement. Employees with at least 15 years of service credit, but less than 20 years of service credit, may retire at age 55. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48.

The pension benefit is a percentage of the member's final average salary, which is the average of the member's three highest salary years. For members with at least 15 years of service credit, but less than 20 years of service credit, the percentage is determined by multiplying 1.5 percent times the number of years of service credit. For members with 20 or more years of service credit, the percentage is determined by multiplying 2.5 percent for the first 20 years of service, plus 2.25 percent for the next five years of service, plus two percent for each year in excess of 25 years of service. A member's pension may not exceed 79.25 percent of the final average salary.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Benefits

The employer and employee contribution rates, as of December 31, 2012, were 26.5 percent and ten percent, respectively.

During calendar year 2012, all of the employees' contributions funded pension benefits while 24.75 percent of the employer's contributions funded pension benefits. The difference in the total employer rates charged and the employer rates applicable to the funding of pension benefits is applied to the funding of postemployment healthcare benefits.

The State's annual pension cost and net pension obligation to SHPRS for the current year were as follows (dollars in thousands):

Annual Required Contribution (ARC)	\$ 30,488
Interest on Net Pension Obligation	671
Adjustment to ARC	(476)
Annual Pension Cost	30,683
Contributions Made	(23,766)
Increase (Decrease) in Net Pension Obligation	6,917
Net Pension Obligation, Beginning of Year	8,389
Net Pension Obligation, End of Year	\$ 15,306

The State's annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual Pension Cost	Percentage of Employer's Annual Pension Cost Contributed	Net Pension Obligation
2012	\$ 30,683	77.5%	\$ 15,306
2011	27,056	84.9%	8,389
2010	22,932	92.5%	4,298

As of December 31, 2012, the most recent actuarial valuation date, the plan was 68.1 percent funded. The actuarial accrued liability was \$966.3 million, and the actuarial value of assets was \$658.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$307.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$98.1 million, and the ratio of the UAAL to the covered payroll was 313.8 percent.

The Schedule of Funding Progress for Pension Benefits, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years-Pension						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2012	\$ 966,310	\$ 658,429	\$ 307,881	68.1%	\$ 98,117	313.8%
2011	1,047,700	623,360	424,340	59.5%	93,126	455.7%
2010	1,017,770	630,971	386,799	62.0%	94,768	408.2%



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

SHPRS used the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2012. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: an eight-percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to ten percent attributable to seniority and merit; price inflation was assumed to be at least four percent a year; and postretirement increases each year equal to three percent after the retiree reaches age 53. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for pension benefits. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years. Based upon significant declines in investment values during 2008, the SHPRS actuary was unable to amortize unfunded actuarially accrued pension liabilities over a finite period. Without plan design changes, the system is unlikely to be able to pay off future liabilities.

Other Post Employment Benefits (OPEB)

The healthcare coverage provided by SHPRS is considered to be an OPEB as described in GASB Statement 45. Healthcare benefits are not guaranteed and are subject to change at any time. The OPEB valuation is based on the substantive plan as it is currently presented to plan members, including a historical pattern of cost-sharing between the plan and benefit recipients.

During calendar year 2012, 3.65 percent of the employer's contributions funded healthcare benefits. Active members do not make contributions to the OPEB plan. The cost of retiree healthcare benefits is recognized as claims are incurred and premiums are paid. The number of active contributing plan participants, as of December 31, 2012, was 1,645.

The State's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The components of the State's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the State's net OPEB obligation to SHPRS were as follows (dollars in thousands):

Annual Required Contribution (ARC)	\$ 23,992
Interest on Net OPEB Obligation	4,196
Adjustment to ARC	(3,233)
Annual OPEB Cost	<u>24,955</u>
Contributions Made	(2,180)
Increase (Decrease) in Net OPEB Obligation	<u>22,775</u>
Net OPEB Obligation, Beginning of Year	83,911
Net OPEB Obligation, End of Year	<u>\$ 106,686</u>

The State's annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 24,955	8.7%	\$ 106,686
2011	19,364	10.6%	83,911
2010	15,392	24.0%	66,593

As of December 31, 2012, the most recent actuarial valuation, the plan was 24.3 percent funded. The actuarial accrued liability was \$411.5 million, and the actuarial value of assets was \$99.8 million, resulting in an unfunded actuarial liability (UAAL) of \$311.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$98.1 million, and the ratio of the UAAL to the covered payroll was 317.6 percent.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress for OPEB, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years – OPEB						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2012	\$ 411,468	\$ 99,818	\$ 311,650	24.3%	\$ 98,117	317.6%
2011	424,144	99,002	325,142	23.3%	93,126	349.1%
2010	406,864	104,738	302,126	25.7%	94,768	318.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Healthcare benefits are advance funded by the employer using the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2012, for OPEB. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a five percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from .3 percent to ten percent a year attributable to seniority and merit; and an annual healthcare cost increase of four percent annually, reduced by declining percentages ranging from five percent to .5 percent through 2019. There are no cost-of-living adjustments for OPEB benefits. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for OPEB benefits.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years.

D. Alternative Retirement Plan (ARP)

Pension Benefits

The ARP is a defined contribution retirement plan that is authorized under Section 3305.02, Ohio Revised Code. The ARP provides at least three or more alternative retirement plans for academic and administrative employees of Ohio's institutions of higher education, who otherwise would be covered by OPERS or STRS. Unclassified civil service employees hired on or after August 1, 2005, are also eligible to participate in the ARP.

The Board of Trustees of each public institution of higher education enters into contracts with each approved retirement plan provider. Once established, full-time faculty and unclassified employees who are hired subsequent to the establishment of the ARP, or who had less than five years of service credit under the existing retirement plans, may choose to enroll in the ARP. The choice is irrevocable for as long as the employee remains continuously employed in a position for which the ARP is available. For those employees that choose to join the ARP, any prior employee contributions that had been made to OPERS or STRS would be transferred to the ARP. The Ohio Department of Insurance has designated the companies that are eligible to serve as plan providers for the ARP.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Ohio law requires that employee contributions be made to the ARP in an amount equal to those that would otherwise have been required by the retirement system that applies to the employee’s position. For the fiscal year ended June 30, 2013, these contribution rates are ten percent for OPERS and STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2013, each public institution of higher education was required to contribute .77 percent of a participating employee’s salary to OPERS in cases when the employee would have otherwise been enrolled in OPERS.

Ohio law also requires each public institution of higher education to contribute 4.5 percent of a participating employee’s gross salary, for the year ended June 30, 2013, to STRS in cases when the employee would have otherwise been enrolled in STRS.

The employer contribution amount is subject to actuarial review every third year to determine if the rate needs to be adjusted to mitigate any negative financial impact that the loss of contributions may have on OPERS and STRS. The Board of Trustees of each public institution of higher education may also make additional payments to the ARP based on the gross salaries of employees multiplied by a percentage the respective Board of Trustees approves.

The ARP provides full and immediate vesting of all contributions made on behalf of participants. The contributions are directed to one of the investment management companies as chosen by the participants. The ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement healthcare benefits, or death benefits. Benefits are entirely dependent on the sum of the contributions and related investment income generated by each participant’s choice of investment options.

For the State’s major discretely presented component units, employer and employee contributions required and made for the year ended June 30, 2013, for the ARP follow (dollars in thousands):

<u>Major Component Units:</u>	OPERS	STRS
Ohio State University:		
Employer Contributions	\$ 24,046	\$ 23,016
Employee Contributions	18,175	21,920

NOTE 10 GENERAL OBLIGATION BONDS

At various times since 1921, Ohio voters, by 19 constitutional amendments (the last adopted May 2010 for research and development programs in support of Ohio industry, commerce, and business), have authorized the incurrence of general obligation debt for the construction and improvement of common school and higher education facilities, highways, local infrastructure improvements, research and development of coal technology, natural resources, research and development support for high-tech business, business site development, and veterans compensation. Issuances for highway capital improvements, natural resources, and conservation are, in part, used for acquisition, construction or improvement of capital assets. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1999 constitutional amendment provided for the issuance of Common School Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2013, the General Assembly had authorized the issuance of \$4.27 billion in Common Schools Capital Facilities Bonds, of which \$3.87 billion has been issued. As of June 30, 2013, the General Assembly had also authorized the issuance of \$3.03 billion in Higher Education Capital Facilities Bonds, of which \$2.61 billion has been issued.

Through the approval of the November 1995 amendment, voters authorized the issuance of Highway Capital Improvements Bonds in amounts up to \$220 million in any fiscal year (plus any prior fiscal years’ principal amounts not issued under the new authorization), with no more than \$1.2 billion outstanding at any time. As of June 30, 2013, the General Assembly has authorized the issuance of approximately \$3.12 billion in Highway Capital Improvements Bonds, of which \$2.44 billion has been issued.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Constitutional amendments in 1995 and 2005 allowed for the issuance of \$3.75 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Issuances are limited to \$120 million in any fiscal year through fiscal year 2012, with an increase in the annual issuance amount to \$150 million beginning in fiscal year 2013. As of June 30, 2013, the General Assembly had authorized \$3.45 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which \$3.15 billion had been issued (net of \$214 million in unaccreted discounts at issuance).

Coal Research and Development Bonds and Parks, Recreation, and Natural Resources Bonds may be issued as long as the outstanding principal amounts do not exceed \$100 and \$200 million, respectively. As of June 30, 2013, the General Assembly had authorized the issuance of \$246 million in Coal Research and Development Bonds, of which \$210 million had been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$403 million, as of June 30, 2013, of which \$348 million had been issued.

Constitutional amendments in 2000 and 2008 allowed for outstanding Conservation Projects Bonds of up to \$400 million. No more than \$50 million may be issued during a fiscal year. As of June 30, 2013, the General Assembly had authorized the issuance of approximately \$400 million in Conservation Projects Bonds of which \$300 million had been issued.

Through approval of the May 2010 and November 2005 amendments, voters authorized the issuance of \$1.2 billion of Third Frontier Research and Development Bonds. Obligations that may be issued are limited to \$450 million for fiscal years 2006 through 2011, \$225 million in fiscal year 2012, and \$175 million in any fiscal year thereafter, plus any obligations unissued from previous fiscal years. As of June 30, 2013, the General Assembly had authorized the issuance of \$1.2 billion in Third Frontier Research and Development Bonds, of which \$561 million had been issued.

The issuance of \$150 million of Site Development Bonds was also authorized through the approval of the November 2005 amendment. Not more than \$30 million may be issued in each of the first three years, beginning with fiscal year 2006, and not more than \$15 million may be issued in any of the subsequent fiscal years. The General Assembly had authorized the issuance of \$150 million in Site Development Bonds as of June 30, 2013, of which \$115 million had been issued.

A 2009 constitutional amendment provides for the issuance of up to \$200 million in Veterans Compensation Bonds. No obligations may be issued after December 31, 2013. As of June 30, 2013, the General Assembly had authorized all \$200 million in Veterans' Compensation Bonds, of which \$65.9 million had been issued.

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2013, are presented in the table below.

Primary Government-Governmental Activities
Summary of General Obligation Bonds
and Future Funding Requirements
As of June 30, 2013
(dollars in thousands)

	Fiscal Years		Maturing	Outstanding Balance	Authorized But Unissued
	Issued	Interest Rates	Through Fiscal Year		
Common Schools Capital Facilities	2002-13	1.8%-5.5%	2032	\$3,064,834	\$ 400,000
Higher Education Capital Facilities	2003-13	1.6%-5.5%	2032	2,033,890	418,000
Highway Capital Improvements	2005-13	1.5%-5.0%	2028	747,643	670,595
Infrastructure Improvements	1994-13	1.8%-5.5%	2033	1,861,754	300,014
Coal Research and Development	2008-12	2.0%-4.3%	2022	23,044	36,000
Natural Resources Capital Facilities	2005-12	2.0%-5.0%	2027	139,560	55,000
Conservation Projects	2004-12	2.0%-5.3%	2026	204,660	100,000
Third Frontier Research and Development	2007-13	1.0%-5.5%	2023	447,311	639,000
Site Development	2007-11	2.0%-4.6%	2021	84,061	35,000
Veterans' Compensation	2011-12	.6%-4.9%	2027	60,475	134,090
Total General Obligation Bonds				<u>\$8,667,232</u>	<u>\$ 2,787,699</u>



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Future Funding of Current Interest and Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2014.....	\$ 647,730	\$ 342,470	\$ 990,200
2015.....	638,550	310,113	948,663
2016.....	618,475	282,499	900,974
2017.....	585,695	254,910	840,605
2018.....	564,530	228,859	793,389
2019-2023	2,779,505	749,452	3,528,957
2024-2028	1,267,665	247,808	1,515,473
2029-2033	482,920	46,367	529,287
Total Current Interest and Capital Appreciation Bonds	<u>\$ 7,585,070</u>	<u>\$ 2,462,478</u>	<u>\$ 10,047,548</u>

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Sw aps, Net	Total
2014.....	\$ 36,045	\$ 10,024	\$ 10,692	\$ 56,761
2015.....	51,895	8,992	10,273	71,160
2016.....	62,410	7,677	9,684	79,771
2017.....	70,600	6,193	9,073	85,866
2018.....	63,450	4,804	8,245	76,499
2019-2023	249,965	13,114	25,344	288,423
2024-2028	78,995	1,629	2,679	83,303
Total Variable-Rate Bonds	<u>\$ 613,360</u>	<u>\$ 52,433</u>	<u>\$ 75,990</u>	<u>\$ 741,783</u>
Total General Obligation Bonds	\$ 8,198,430			
Unamortized Premium/(Discount), Net.....	614,070			
Deferred Refunding Loss	(145,268)			
Total.....	<u>\$ 8,667,232</u>			

For the variable-rate bonds, using the assumption that current interest rates remain the same over their term, the interest and net swap payment amounts are based on rates as of June 30, 2013. As rates vary, variable-rate bond interest payments and net swap payments vary.

For the year ended June 30, 2013, NOTE 15 summarizes changes in general obligation bonds.

Hedging Derivatives

As of June 30, 2013, approximately \$328 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of (\$41.9) million. The value of these bonds is reported as part of the Bonds and Notes Payable section and the negative fair value of the cash flow hedges is reported in the Other Noncurrent Liabilities section on the Statement of Net Position. The fair value increased \$17.2 million during fiscal year 2013. This increase is reported on the Statement of Net Position as part of Deferred Outflows of Resources. Fair value of the cash flow hedges is determined using the zero-coupon method.

The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2013. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the derivative's positive fair value.

Except for the swap counterparty on the Infrastructure Improvements, Series 2001B bond, each of the State's swap counterparties is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement. This arrangement protects the State by mitigating credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities and held by a



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

third-party custodian. Net payments are made on the same date, as specified in the agreements. For Infrastructure Improvements, Series 2001B, the agreement includes a substitution provision that enables the State to substitute counterparties if the long term credit rating falls below the "A" rating category. This provision is akin to the collateral posting provisions of the State's other swaps and serves to mitigate credit and termination risk.

The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

Terms and objectives of the State's hedging derivatives are provided in the following table.

Hedging Derivatives
As of June 30, 2013
(dollars in thousands)

Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Swap Rate at 06/30/2013	State's Swap Rate at 06/30/2013	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate swap	\$63,900	SIFMA Index	0.06%	4.63%	11/29/2001	8/1/2021
Objective: Convert Series 2001B variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Embedded Option: The counterparties may elect to terminate the swap if the SIFMA index averages 7 percent or higher over a 180-day period. Credit Quality Ratings of Counterparty: 50% Aa3/A+ JPMorgan Chase; 50% Baa1/A- Morgan Stanley Capital Services							
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate swap	\$54,555	LIBOR (See terms below)	0.37%	3.51%	3/3/2004	2/1/2023
Objective: Convert Series 2004A variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: Baa1/A- Morgan Stanley Capital Services Terms: 63% of LIBOR + 25 basis points							
Common Schools, Series 2003D	Pay-fixed interest rate swap	\$67,000	LIBOR (see terms below)	0.38%	3.41%	9/14/2007	3/15/2024
Objective: Convert Series 2003D variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: 50% Aa3/A+ JPMorgan Chase; 50% Baa1/A- Morgan Stanley Capital Services Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate swap	\$71,230	LIBOR (see terms below)	0.38%	3.20%	6/15/2006	6/15/2026
Objective: Convert Series 2006B variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: 50% A2/A UBS AG; 50% Aa3/AA- Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006C	Pay-fixed interest rate swap	\$71,230	LIBOR (see terms below)	0.38%	3.20%	6/15/2006	6/15/2026
Objective: Convert Series 2006C variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates Credit Quality Ratings of Counterparty: 50% A2/A UBS AG; 50% Aa3/AA- Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points							



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

These swaps expose the State to basis risk or a mismatch between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch would increase or decrease the interest cost paid by the State.

For Infrastructure Improvements, Series 2001B, the SIFMA municipal swap index has proven to be an effective proxy for the State's variable-rate debt and substantially mitigates basis risk.

For Infrastructure Improvements, Series 2004A and for Common Schools, Series 2003D, 2006B, and 2006C, the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities, given that the variable swap receipt is based on a taxable index (LIBOR). Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.

The State retains the right to terminate any swap agreement at the market value prior to maturity. The State has termination risk under the contracts, particularly upon the occurrence of an additional termination event (ATE), as defined in the swap agreements. An ATE occurs if either the credit rating of the bonds associated with a specific swap or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. If the swap was terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the State may be liable to the counterparty for a payment. Other termination events include failure to pay, bankruptcy, merger without assumption, and illegality. No termination events have occurred.

Advance Refundings

During fiscal year 2013, there were three advance refundings of general obligations bonds. Details on the advanced refundings are presented in the following table.

Proceeds of the refunding (new) bonds are placed in irrevocable trusts to provide for all future debt service payments of the refunded (old) bonds. These refunded amounts are considered defeased and no longer outstanding. The various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements.

The State had defeased general obligation bonds from prior years and placed the proceeds in irrevocable trusts. As of June 30, 2013, the balances in these trusts for bonds defeased in prior years were \$358.5 million for Common Schools Bonds, \$294.4 million for Higher Education Bonds, \$89.1 million for Infrastructure Improvement Bonds, \$30 million for Coal Research and Development Bonds, \$11.5 million for Natural Resources Bonds, and \$16.2 million for Conservation Bonds.

Primary Government — Governmental Activities

General Obligation Bonds

Details of Advance Refundings

For the Year Ended June 30, 2013

(dollars in thousands)

Refunding Bond Issue	Date of Refunding	Amount of Refunding Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds Refunded (in substance)	Refunding Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Infrastructure, Series 2013B.....	2/6/2013	\$ 66,385	1.78%	\$ 73,955	\$ 82,749	\$12,648/14 yrs	\$ 10,955
Common Schools, Series 2013A....	3/15/2013	194,775	1.81%	220,305	241,803	34,631/14 yrs	29,225
Higher Education, Series 2013A....	3/15/2013	66,915	1.80%	74,750	82,898	12,876/13 yrs	10,527
Total		<u>\$ 328,075</u>		<u>\$ 369,010</u>	<u>\$ 407,450</u>		<u>\$ 50,707</u>



NOTE 11 REVENUE BONDS AND NOTES

The State Constitution permits state agencies and authorities to issue bonds and notes that are not supported by the full faith and credit of the State. These bonds and notes pledge income derived from user fees and rentals on the acquired or constructed assets to pay the debt service.

The Treasurer of State and the Buckeye Tobacco Settlement Financing Authority (BTSFA) issue revenue bonds and notes for the primary government. The Treasurer of State issues bonds and notes on behalf of the Ohio Development Services Agency, including its Office of Loan Administration, the Ohio Department of Transportation, and the Ohio Bureau of Workers' Compensation. The Ohio State University issues revenue bonds and notes as a major discretely presented component unit.

A. Primary Government

Economic Development Bonds and Notes, issued by the Treasurer of State for the Office of Loan Administration's Direct Loan Program, provided financing for loans and loan guarantees to businesses within the State for economic development projects that created or retained jobs in the State. The taxable bonds and notes were backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control and pledged moneys and related investment earnings held in reserve under a trust agreement with a financial institution.

Revitalization Project Bonds and Notes provided financing to enable the remediation or cleanup of contaminated publicly or privately owned lands to allow for their environmentally safe and productive development. The bonds and notes were also backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control.

On February 1, 2013, all Economic Development and Revitalization Project Bonds and Notes were defeased. A loss on extinguishment of debt of \$154.6 million is recorded in the governmental column on the Statement of Activities. The loss is computed as the difference between the reacquisition price of \$891.3 million and the net carrying amount for the outstanding bonds and notes of \$736.7 million.

Since fiscal year 1998, the Treasurer of State has issued a total of \$1.94 billion in State Infrastructure Bank Bonds for various transportation construction projects financed by the Department of Transportation. The State has pledged federal highway receipts and loan repayments received under the State Infrastructure Bank Loan Program as the primary source of moneys for meeting the principal and interest requirements on the bonds.

Issuances for the State Infrastructure Bank are, in part, used for the acquisition, construction, or improvement of capital assets. Total pledged federal highway receipts and loan repayments through the maturity of the bonds in 2025 are estimated at approximately \$1.09 billion. For fiscal year 2013, principal and interest payments on the revenue bonds was \$168 million and pledged receipts was \$160.3 million.

BTSFA is authorized by the Ohio General Assembly to issue and to sell obligations, the aggregate principle amount of which shall not exceed \$6 billion, exclusive of obligations issued to refund, renew, or advance refund other obligations issued or incurred. On October 29, 2007, BTSFA successfully securitized 100 percent of the projected tobacco settlement receipts for the next 45 years through the issuance of five series of asset-backed revenue bonds, aggregating in the amount of \$5.53 billion. The future tobacco settlement receipts, including related investment earnings and net of specified operating and enforcement expenses, have been pledged to repay the bonds, which are payable through 2052. Annual principal and interest payments on the bonds will require 100 percent of the net tobacco settlement receipts. As of June 30, 2013, the total principal and interest payments remaining to be paid on the bonds were \$18.18 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2013 were \$298 million and \$296.1 million, respectively. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds. After the bonds and any related operating expenses have been fully paid, any remaining tobacco settlement receipts will become payable to the State. The bonds include fixed rate serial bonds, fixed rate current interest turbo term bonds, and capital appreciation turbo term bonds which will convert to fixed rate current interest turbo term bonds. They were issued to fund long-lived capital projects at state-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. Additional information on these bonds can be found in BTSFA's stand-alone financial report.

Revenue bonds accounted for in business-type activities finance the construction costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus. The debt issuance for the William Green Building has been used for acquisition and construction of capital assets. The



NOTE 11 REVENUE BONDS AND NOTES (Continued)

bonds are collateralized by lease rental payments pledged by BWC to the Treasurer of State. The lease rental payments are based on the estimated debt service of the bonds, but are limited to an amount appropriated by the Ohio General Assembly in the biennial budget. Total pledged payments through the maturity of the bonds in 2014 are estimated at approximately \$16 million. For fiscal year 2013, both the total lease rental payments and the principal and interest payments on the revenue bonds were \$17.5 million.

Revenue bonds and notes outstanding and future bond service requirements for the primary government, as of June 30, 2013, are presented in the following tables.

**Primary Government
Summary of Revenue Bonds and Notes
As of June 30, 2013
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Governmental Activities:				
Treasurer of State: State Infrastructure Bank	2006-13	2.0%-6.0%	2025	953,770
Buckeye Tobacco Settlement Financing Authority.....	2008	4.7%-7.5%	2052	5,533,114
Total Governmental Activities				<u>6,486,884</u>
Business-Type Activities:				
Bureau of Workers' Compensation	2003	1.6%-4.0%	2014	15,422
Total Business-Type Activities				<u>15,422</u>
Total Revenue Bonds				<u>\$ 6,502,306</u>

Future Funding of Revenue Bonds and Notes:

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014.....	\$ 231,770	\$ 338,403	\$ 570,173	\$ 15,200	\$ 751	\$ 15,951
2015.....	193,515	327,573	521,088	-	-	-
2016.....	192,980	318,263	511,243	-	-	-
2017.....	180,180	309,510	489,690	-	-	-
2018.....	184,935	300,654	485,589	-	-	-
2019-2023	885,030	1,361,188	2,246,218	-	-	-
2024-2028.....	631,645	1,160,994	1,792,639	-	-	-
2029-2033.....	608,330	989,027	1,597,357	-	-	-
2034-2038.....	690,520	804,900	1,495,420	-	-	-
2039-2043.....	1,050,840	553,092	1,603,932	-	-	-
2044-2048.....	1,440,875	3,103,288	4,544,163	-	-	-
2049-2052.....	193,453	3,223,847	3,417,300	-	-	-
	<u>6,484,073</u>	<u>12,790,739</u>	<u>19,274,812</u>	<u>15,200</u>	<u>751</u>	<u>15,951</u>
Unamortized Premium/(Discount), Net...	2,811	-	2,811	256	-	256
Deferred Refunding Loss	-	-	-	(34)	-	(34)
Total	<u>\$ 6,486,884</u>	<u>\$ 12,790,739</u>	<u>\$ 19,277,623</u>	<u>\$ 15,422</u>	<u>\$ 751</u>	<u>\$ 16,173</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2014.....	\$ 246,970	\$ 339,154	\$ 586,124
2015.....	193,515	327,573	521,088
2016.....	192,980	318,263	511,243
2017.....	180,180	309,510	489,690
2018.....	184,935	300,654	485,589
2019-2023	885,030	1,361,188	2,246,218
2024-2028.....	631,645	1,160,994	1,792,639
2029-2033.....	608,330	989,027	1,597,357
2034-2038.....	690,520	804,900	1,495,420
2039-2043.....	1,050,840	553,092	1,603,932
2044-2048.....	1,440,875	3,103,288	4,544,163
2049-2052.....	193,453	3,223,847	3,417,300
	<u>6,499,273</u>	<u>12,791,490</u>	<u>19,290,763</u>
Unamortized Premium/(Discount), Net...	3,067	-	3,067
Deferred Refunding Loss	(34)	-	(34)
Total	<u>\$ 6,502,306</u>	<u>\$ 12,791,490</u>	<u>\$ 19,293,796</u>



NOTE 11 REVENUE BONDS AND NOTES (Continued)

For the year ended June 30, 2013, NOTE 15 summarizes changes in revenue bonds and notes.

B. Major Discretely Presented Component Units

Future bond service requirements for revenue bonds and notes reported for the major discretely presented component units, as of June 30, 2013, are shown in the following table.

Major Discretely Presented Component Units			
Future Funding Requirements for Revenue Bonds and Notes			
As of June 30, 2013			
<i>(dollars in thousands)</i>			
Year Ending June 30,	Ohio State University		
	Principal	Interest	Total
2014.....	\$ 500,918	\$ 96,749	\$ 597,667
2015.....	56,634	94,001	150,635
2016.....	56,278	91,454	147,732
2017.....	59,110	88,948	148,058
2018.....	60,544	86,280	146,824
2019-2023.....	186,649	410,318	596,967
2024-2028.....	173,693	374,873	548,566
2029-2033.....	128,688	341,122	469,810
2034-2038.....	90,976	326,355	417,331
2039-2043.....	765,005	208,844	973,849
2044-2048.....	-	120,000	120,000
2049-2053.....	-	120,000	120,000
2054-2058.....	-	120,000	120,000
2059-2063.....	-	120,000	120,000
2064-2068.....	-	120,000	120,000
2069-2073.....	-	120,000	120,000
2074-2078.....	-	120,000	120,000
2079-2083.....	-	120,000	120,000
2084-2088.....	-	120,000	120,000
2089-2093.....	-	120,000	120,000
2094-2098.....	-	120,000	120,000
2099-2103.....	-	120,000	120,000
2104-2108.....	-	120,000	120,000
2109-2113.....	500,000	72,000	572,000
	<u>2,578,495</u>	<u>3,750,944</u>	<u>6,329,439</u>
Unamortized Premium/(Discount), Net.....	107,396	-	107,396
Total	<u>\$2,685,891</u>	<u>\$ 3,750,944</u>	<u>\$6,436,835</u>

The bonds and notes of the state universities and state community colleges are payable from the institutions' available receipts, including student fees, rental income, and gifts and donations, as may be provided for in the respective bond and note agreements. The proceeds of the bonds and notes are used for the construction of educational and student resident facilities and auxiliary facilities such as dining halls, hospitals, parking facilities, bookstores and athletic facilities. The State is not obligated for the debt of its discretely presented component units.

NOTE 12 SPECIAL OBLIGATION BONDS

Under the authority of Chapter 154, Ohio Revised Code, the Treasurer of State is the issuer of special obligation bonds that finance the cost of capital facilities for state-supported institutions of higher education, mental health and developmental disabilities institutions, parks and recreation, cultural and sports facilities, correctional facilities, office buildings for state departments and agencies, and, in some cases, related facilities for local governments. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

Pledges of lease rental payments from appropriations made to the General Fund and the Highway Safety and Highway Operating special revenue funds, moneys held by trustees pursuant to related trust agreements, and other receipts, as required by the respective bond documents, secure the special obligation bonds. The lease rental payments are reported in the fund financial statements as interfund transfers.

Special obligation bonds outstanding, bonds authorized but unissued, and future debt service requirements, as of June 30, 2013, are presented in the following tables.

**Primary Government-Governmental Activities
Summary of Special Obligation Bonds
As of June 30, 2013
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Treasurer of State Lease Rental Bonds.....	2001-13	1.3%-5.6%	2032	\$ 1,886,134	\$ 388,440
Total Special Obligation Bonds.....				<u>\$ 1,886,134</u>	<u>\$ 388,440</u>

Future Funding of Special Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2014.....	\$ 226,810	\$ 80,065	\$ 306,875
2015.....	225,295	69,984	295,279
2016.....	205,085	60,315	265,400
2017.....	182,800	51,200	234,000
2018.....	175,290	42,687	217,977
2019-2023.....	568,010	119,744	687,754
2024-2028.....	193,375	23,849	217,224
2029-2033.....	31,660	2,493	34,153
	<u>1,808,325</u>	<u>450,337</u>	<u>2,258,662</u>
Unamortized Premium/(Discount), Net.....	116,927	-	116,927
Deferred Refunding Loss.....	(39,118)	-	(39,118)
Total	<u>\$ 1,886,134</u>	<u>\$ 450,337</u>	<u>\$ 2,336,471</u>

For the year ended June 30, 2013, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2013, Treasurer of State Lease Rental had five current/advance refunding issues. The proceeds of the refunding bonds were used to purchase U.S. Government securities in amounts sufficient, without further investment, to pay when due, the principle, interest, and redemption premium on the bonds being refunded.

Details on the advanced refunding for fiscal year 2013 are presented in the following table.

**Primary Government — Governmental Activities
Special Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2013
(dollars in thousands)**

Refunding Bond Issue	Date of Refunding	Amount of Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds Refunded (in substance)	Refunding Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Treasurer of State Lease Rental Bonds:							
Mental Health Facilities 2013 Series B.....	3/7/2013	\$ 15,375	1.16%	\$ 15,955	\$ 17,295	\$949/7 yrs	\$ 849
Cultural and Sports Facilities 2013 Series B.....	3/7/2013	19,890	1.30%	20,955	22,722	1,937/10 yrs	1,840
State Correctional Facilities 2013 Series A.....	3/7/2013	47,320	2.07%	51,075	56,976	7,234/10 yrs	6,154
Parks and Recreation Facilities 2013 Series A.....	4/11/2013	11,200	1.23%	11,025	12,026	971/6 yrs	818
Administrative Facilities 2013 Series A.....	4/11/2013	48,660	2.13%	52,670	57,676	7,057/10 yrs	5,814
Total		<u>\$ 142,445</u>		<u>\$ 151,680</u>	<u>\$ 166,695</u>		<u>\$ 15,475</u>



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

In prior years, the Treasurer of State defeased certain bond issues by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements. As of June 30, 2013, \$234.5 million of lease rental special obligations bonds are considered defeased and no longer outstanding.

NOTE 13 CERTIFICATES OF PARTICIPATION

A. Primary Government

As of June 30, 2013, approximately \$198.3 million in certificate of participation (COP) obligations were reported in governmental activities.

Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of \$185.2 million of COP obligations to finance the acquisition of the Ohio Administrative Knowledge System (OAKS), a statewide Enterprise Resource Planning (ERP) system. These issuances are, in part, used for the acquisition, construction, or improvement of capital assets.

In fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of \$40.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue System (STARS).

In fiscal year 2013, the Ohio Department of Administrative Services participated in the issuance of \$56.2 million of COP obligations to finance the upgrade of the Ohio Multi-Agency Radio Communications System (MARCS).

Under the COP financing arrangements, the State is required to make rental payments from the OAKS Certificates of Participation Debt Service Fund, the STARS Certificates of Participation Debt Service Fund, the MARCS Certificates of Participation Debt Service Fund, and the General Fund (subject to biennial appropriations) that approximate the interest and principal payments made by trustees to certificate holders.

Obligations outstanding and future commitments for the primary government under COP financing arrangements, as of June 30, 2013, are presented in the following tables.

**Primary Government — Governmental Activities
Summary of Certificate of Participation Obligations
As of June 30, 2013
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Department of Administrative Services:				
Multi-Agency Radio Communications System (MARCS)	2013	2.0%-5.0%	2028	\$ 64,148
Ohio Administrative Knowledge System (OAKS)	2005-09	2.5%-5.3%	2019	107,849
State Taxation Accounting and Revenue System (STARS).....	2008	4.0%-5.0%	2019	26,269
Total Certificates of Participation				<u>\$ 198,266</u>

Future Commitments for Certificate of Participation Obligations:

Year Ending June 30,	Principal	Interest	Total
2014.....	\$ 25,235	\$ 7,858	\$ 33,093
2015.....	26,330	6,745	33,075
2016.....	27,550	5,519	33,069
2017.....	28,815	4,234	33,049
2018.....	20,520	3,111	23,631
2019-2023.....	36,630	7,635	44,265
2024-2028.....	23,240	2,421	25,661
	<u>188,320</u>	<u>37,523</u>	<u>225,843</u>
Unamortized Premium, Net.....	9,946	-	9,946
Total	<u>\$ 198,266</u>	<u>\$ 37,523</u>	<u>\$ 235,789</u>



NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

For the year ended June 30, 2013, NOTE 15 summarizes changes in COP obligations.

B. Major Discretely Presented Component Units

Approximately \$2.8 million in COP obligations are reported in the major discretely presented component unit funds. The obligations finance building construction costs at the Ohio State University.

As of June 30, 2013, future commitments under the COP financing arrangements for the State's major discretely presented component units are detailed in the following table.

Major Discretely Presented Component Units			
Future Commitments for Certificate of			
Participation Obligations			
As of June 30, 2013			
<i>(dollars in thousands)</i>			
Year Ending June 30,	<i>Ohio State University</i>		
	Principal	Interest	Total
2014.....	\$ 515	\$ 131	\$ 646
2015.....	540	104	644
2016.....	570	76	646
2017.....	595	47	642
2018.....	625	15	640
Total.....	<u>\$ 2,845</u>	<u>\$ 373</u>	<u>\$ 3,218</u>

NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2013, in addition to bonds, notes, and certificates of participation obligations discussed in NOTES 10 through 13, the State reports the following noncurrent liabilities in its financial statements (dollars in thousands):

Non-Current Liabilities	
Governmental Activities:	
Compensated Absences	\$425,242
Net Pension Obligation.....	15,306
Net OPEB Obligation.....	106,686
Capital Leases Payable	2,294
Derivatives.....	55,792
Pollution Remediation Liabilities.....	4,549
Estimated Claims Payable	2,710
Liability for Escheat Property	228,447
Unearned Revenue.....	1,439,114
Total Governmental Activities	<u>\$2,280,140</u>
Business-Type Activities:	
Compensated Absences	36,927
Capital Leases Payable	33,009
Workers' Compensation:	
Benefits Payable	17,304,157
Other	3,529,924
Unemployment Compensation:	
Intergovernmental Payable	1,554,298
Deferred Prize Awards Payable	579,612
Tuition Benefits Payable	469,700
Total Business-Type Activities	<u>23,507,627</u>
Total Primary Government	<u>\$25,787,767</u>



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

For the year ended June 30, 2013, NOTE 15 summarizes the changes in other noncurrent liabilities. Explanations of certain significant noncurrent liability balances reported in the financial statements follow.

A. Compensated Absences

For the primary government, the compensated absences liability, as of June 30, 2013, was \$462.2 million, of which \$425.2 million is allocable to governmental activities and \$36.9 million is allocable to business-type activities.

As of June 30, 2013, major discretely presented component units reported a total of \$150.7 million in compensated absences liabilities, as detailed by major discretely presented component unit in NOTE 15.

B. Net Pension Obligation and Net OPEB Obligation

The State recognizes a net pension obligation and a net OPEB obligation in the amount of \$15.3 million and \$106.7 million, respectively, as of June 30, 2013. The net pension obligation represents the cumulative difference between the annual pension cost and the employer's contributions to the State Highway Patrol Retirement System (SHPRS). The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the employer's contributions to the SHPRS. The SHPRS is a blended component unit reported as a fiduciary pension trust fund. See NOTE 9 for further details.

C. Lease Agreements

The State's primary government leases office buildings and computer and office equipment. Although the lease terms vary, most leases are renewable subject to biennial appropriations by the General Assembly. If the likelihood of the exercise of a fiscal funding clause in the lease agreement is, in the management's judgment, remote, then the lease is considered noncancelable for financial reporting purposes and is reported as a fund expenditure/expense for operating leases or as a liability for capital leases.

Operating leases (leases on assets not recorded in the Statement of Net Position) contain various renewable options as well as some purchase options. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The primary government's total operating lease expenditures/expenses for fiscal year 2013 were approximately \$72.2 million. Fiscal year 2014 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2013, were \$3.8 million.

Assets acquired through capital leasing are valued at the lower of fair value or the present value of the future minimum lease payments at the lease's inception. Capital leases are used for the acquisition of capital assets. Future minimum lease commitments for capital leases judged to be noncancelable, as of June 30, 2013, are below (dollars in thousands):

Year Ending June 30,	Capital Leases		
	Governmental Activities	Business- Type Activities	Total
2014.....	\$ 1,402	\$ 23,184	\$ 24,586
2015.....	707	-	707
2016.....	210	-	210
2017.....	46	10,422	10,468
2018.....	30	-	30
2019-2023.....	2	-	2
Total Minimum Lease Payments.....	2,397	33,606	36,003
Amount for Interest.....	(103)	(597)	(700)
Present Value of Net Minimum Lease Payments.....	\$ 2,294	\$ 33,009	\$ 35,303



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

As of June 30, 2013, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business- Type Activities	Total
Equipment	\$ 11,372	\$ 101,413	\$ 112,785
Vehicles	3,209	-	3,209
Total	<u>\$ 14,581</u>	<u>\$ 101,413</u>	<u>\$ 115,994</u>

Amortization expense for the proprietary funds within the Statement of Activities is included with depreciation expense.

Capital leases are reported under the "Refund and Other Liabilities" account in the proprietary and discretely presented component unit funds.

Future minimum lease commitments for capital leases judged to be noncancelable and capital assets under capital leases for the major discretely presented component unit funds, as of June 30, 2013, are presented in the table below (dollars in thousands):

Capital Leases	
Major Discretely Presented Component Units	
Year Ending June 30,	Ohio State University
2014.....	\$ 3,780
2015.....	2,067
2016.....	1,835
2017.....	1,659
2018.....	560
2019-2023.....	2,244
Total Minimum Lease Payments.....	12,145
Amount for Interest.....	(716)
Present Value of Net Minimum Lease Payments.....	<u>\$ 11,429</u>
Equipment & Vehicles.....	\$ 44,924
Total	<u>\$ 44,924</u>

D. Derivatives

For governmental activities, the State has reported \$(55.8) million of investment and hedging derivatives as of June 30, 2013. Additional information regarding the State's derivatives is included in NOTE 4 and NOTE 10.

E. Litigation Liabilities

In instances when the unfavorable outcome of a pending litigation has been assessed to be probable, liabilities are recorded in the financial statements. As of June 30, 2013, no noncurrent liabilities ultimately payable from various governmental funds have been recorded for this purpose. For information on the State's loss contingencies arising from pending litigation, see NOTE 19.

F. Pollution Remediation Liabilities

The State recognizes a liability for pollution remediation in the amount \$4.5 million, as of June 30, 2013. This represents the cost to the State to the extent that is probable for future clean up and reclamation of polluted sites within the State. See NOTE 19 for further detail.

G. Estimated Claims Payable

The State reported \$2.7 million in estimated claims for defaulted loans under the Ohio Enterprise Bond Programs at the Development Services Agency, as of June 30, 2013. The program is included in governmental activities and is accounted for in the nonmajor governmental funds.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

H. Liability for Escheat Property

The State records a liability for escheat property to the extent that it is probable that the escheat property will be reclaimed and paid to claimants. As of June 30, 2013, the liability totaled approximately \$228.4 million.

I. Spirituous Liquor System Franchise

As of June 30, 2013, the State recognizes unearned revenue in the amount of \$1.44 billion for payments received from the franchising of the State's spirituous liquor system. The 25-year franchise was granted during fiscal year 2013 and the agreed-upon consideration was received as a lump sum at the commencement of the franchise.

J. Worker's Compensation

Benefits Payable

As discussed in NOTE 20, the Worker's Compensation Enterprise Fund provides benefits to employees for losses sustained from job-related injury, disease, or death. The Bureau has computed a reserve for compensation, as of June 30, 2013, in the amount of approximately \$17.3 billion. The reserve, which includes estimates for reported claims and claims incurred but not reported, is included in the "Benefits Payable" balance reported for the enterprise fund.

K. Unemployment Compensation

As of June 30, 2013, the State's Unemployment Compensation Fund is recognizing an intergovernmental payable liability for repayable advances from the Federal government of \$1.55 billion. These advances were used for the payment of compensation benefits.

L. Deferred Prize Awards Payable

Future installment payments for the deferred prize awards payable are reported at present value based upon interest rates that the Treasurer of State provides to the Lottery Commission Enterprise Fund. The interest rates, ranging from 2.3 to 9 percent, represent the expected long-term rate of return on the assets restricted for the payment of deferred prize awards. Once established for a particular deferred prize award, the interest rate does not fluctuate with changes in the expected long-term rate of return. The difference between the present value and gross amount of the obligations is amortized into income over the terms of the obligations using the interest method. The State reduces prize liabilities by an estimate of the amount of the prize that will ultimately be unclaimed. As of June 30, 2013, this payable totals \$579.6 million.

Future payments of prize awards, stated at present value, as of June 30, 2013, follow (dollars in thousands):

Year Ending June 30,	
2014.....	\$ 79,646
2015.....	78,499
2016.....	78,475
2017.....	70,987
2018.....	64,393
2019-2023.....	221,123
2024-2028.....	100,975
2029-2033.....	61,859
2034-2038.....	4,328
2039-2043.....	831
	<u>761,116</u>
Unamortized Discount	(181,504)
Net Prize Liability	<u>\$ 579,612</u>

M. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately \$469.7 million, as of June 30, 2013. The valuation method reflects the present value of estimated tuition benefits that will be paid in future years and is adjusted for the effects of projected tuition increases in state universities and state community colleges and termination of participant contracts under the plan.

The following assumptions were used in the actuarial determination of tuition benefits payable: five percent rate of return, compounded annually, on the investment of current and future assets; a projected annual tuition increase



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

of 2.5 percent for the fall of 2013 and 2014 and six percent thereafter, as well as a 2.5 percent Consumer Price Index inflation rate.

As of June 30, 2013, the market value of actuarial net position available for the payment of the tuition benefits payable was \$481.5 million.

N. Other Liabilities

The Workers' Compensation Enterprise Fund reports approximately \$3.53 billion in other noncurrent liabilities, as of June 30, 2013, of which 1.) \$1.89 billion is comprised of the compensation adjustment expenses liability for estimated future expenses to be incurred in the settlement of claims, as discussed further in NOTE 20, 2.) \$859.4 million is contingent liabilities, 3.) \$683.5 million consists of the premium rebate due to private employers and public taxing district employers, 4.) \$86.5 million represents premium payment security deposits collected in advance from private employers to reduce credit risk for premiums collected in subsequent periods, and 5.) \$14.6 million consists of other miscellaneous liabilities.

NOTE 15 CHANGES IN NONCURRENT LIABILITIES

A. Primary Government

Changes in noncurrent liabilities, for the year ended June 30, 2013, are presented for the primary government in the following table.

**Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)**

Governmental Activities:	Balance			Amount Due	
	June 30, 2012	Additions	Reductions	June 30, 2013	Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10)	\$ 8,888,085	\$ 913,320	\$ 1,134,173	\$ 8,667,232	\$ 686,590
Revenue Bonds and Notes (NOTE 11)	7,129,786	265,597	908,499	6,486,884	233,132
Special Obligation Bonds (NOTE 12)	2,090,889	240,630	445,385	1,886,134	227,512
Total Bonds and Notes Payable	<u>18,108,760</u>	<u>1,419,547</u>	<u>2,488,057</u>	<u>17,040,250</u>	<u>1,147,234</u>
Certificates of Participation (NOTE 13)	156,664	64,588	22,986	198,266	25,330
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	440,410	343,871	359,039	425,242	60,555
Net Pension Obligation	8,389	30,683	23,766	15,306	-
Net OPEB Obligation	83,911	24,954	2,179	106,686	-
Capital Leases Payable	4,199	108	2,013	2,294	1,331
Derivatives	81,818	-	26,026	55,792	-
Pollution Remediation Liabilities	3,129	4,174	2,754	4,549	513
Estimated Claims Payable	3,030	-	320	2,710	350
Liability for Escheat Property	216,921	76,316	64,790	228,447	68,139
Unearned Revenue	-	1,463,506	24,392	1,439,114	58,540
Total Other Noncurrent Liabilities	<u>841,807</u>	<u>1,943,612</u>	<u>505,279</u>	<u>2,280,140</u>	<u>189,428</u>
Total Noncurrent Liabilities	<u>\$ 19,107,231</u>	<u>\$ 3,427,747</u>	<u>\$ 3,016,322</u>	<u>\$ 19,518,656</u>	<u>\$ 1,361,992</u>
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11)	\$ 31,633	\$ 97	\$ 16,308	\$ 15,422	\$ 15,422
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	40,774	24,491	28,338	36,927	4,626
Capital Leases Payable	45,289	7,937	20,217	33,009	22,587
Workers' Compensation:					
Benefits Payable	17,815,100	1,480,275	1,991,218	17,304,157	2,015,531
Other:					
Adjustment Expenses Liability	1,889,602	10,725	14,427	1,885,900	393,792
Premium Payment Security Deposits	86,285	1,793	1,592	86,486	-
Miscellaneous	10,274	1,581,651	34,387	1,557,538	698,098
Unemployment Compensation:					
Intergovernmental Payable	1,878,387	-	324,089	1,554,298	277,529
Deferred Prize Awards Payable	606,218	51,890	78,496	579,612	52,547
Tuition Benefits Payable	553,000	-	83,300	469,700	79,800
Total Other Noncurrent Liabilities	<u>22,924,929</u>	<u>3,158,762</u>	<u>2,576,064</u>	<u>23,507,627</u>	<u>3,544,510</u>
Total Noncurrent Liabilities	<u>\$ 22,956,562</u>	<u>\$ 3,158,859</u>	<u>\$ 2,592,372</u>	<u>\$ 23,523,049</u>	<u>\$ 3,559,932</u>



NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)

The State makes payments on bonds and notes payable and certificate of participation obligations that pertain to its governmental activities from the debt service funds. The General Fund and the nonmajor governmental funds will primarily liquidate the other noncurrent liabilities balance attributable to governmental activities.

For fiscal year 2013, the State's primary government included interest expense on its debt issues in the following governmental functions rather than reporting it separately as interest expense. The related borrowings are essential to the creation or continuing existence of the programs they finance. The various state subsidy programs supported by the borrowings provide direct state assistance to local governments for their respective capital and construction or research projects. None of the financing provided under these programs benefits the general operations of the primary government, and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt.

	<i>(in 000s)</i>
Governmental Activities:	
Primary, Secondary and Other Education	\$ 363,594
Higher Education Support	141,696
Health and Human Services.....	2,103
Environmental Protection and Natural Resources	1,117
Transportation.....	44,357
Community and Economic Development.....	149,857
	<u>\$ 702,724</u>
Total Interest Expense Charged to Governmental Functions	<u>\$ 702,724</u>

B. Major Discretely Presented Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2013, are presented in the following table for the State's major discretely presented component units.

**Major Discretely Presented Component Units
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2013**
(dollars in thousands)

	Balance June 30, 2012 (as restated)			Balance June 30, 2013		Amount Due Within One Year
		Additions	Reductions			
<i>Ohio Facilities Construction Commission</i>						
Intergovernmental Payable	\$ 507,898	\$ 326,280	\$ 248,454	\$ 585,724		\$ 351,442
Compensated Absences*	924	30	25	929		127
Total	<u>\$ 508,822</u>	<u>\$ 326,310</u>	<u>\$ 248,479</u>	<u>\$ 586,653</u>		<u>\$ 351,569</u>
<i>Ohio State University:</i>						
Compensated Absences*	\$ 138,578	\$ 23,282	\$ 12,040	\$ 149,820		\$ 12,040
Capital Leases Payable* (NOTE 14).....	14,910	2,007	5,488	11,429		3,542
Other Liabilities*	287,110	336,763	328,201	295,672		51,002
Revenue Bonds & Notes Payable (NOTE 11)	2,458,738	514,792	287,639	2,685,891		500,919
Certificates of Participation (NOTE 13)	3,335	-	490	2,845		515
Total	<u>\$ 2,902,671</u>	<u>\$ 876,844</u>	<u>\$ 633,858</u>	<u>\$ 3,145,657</u>		<u>\$ 568,018</u>

*Liability is reported under the "Refund and Other Liabilities" account.

NOTE 16 NO COMMITMENT DEBT

The State of Ohio, by action of the General Assembly, created various financing authorities for the expressed purpose of making available to non-profit and, in some cases, for profit private entities, lower cost sources of capital financing for facilities and projects found to be for a public purpose. Fees are assessed to recover related processing and application costs incurred.

The authorities' debt instruments represent a limited obligation payable solely from payments made by the borrowing entities. Most of the bonds are secured by the property financed. Upon repayment of the bonds, ownership of acquired property transfers to the entity served by the bond issuance. This debt is not deemed to



NOTE 16 NO COMMITMENT DEBT (Continued)

constitute debt of the State or a pledge of the faith and credit of the State. Accordingly, these bonds are not reflected in the accompanying financial statements.

As of June 30, 2013, revenue bonds and notes outstanding that represent “no commitment” debt for the State were as follows (dollars in thousands):

	<u>Outstanding Amount</u>
Primary Government:	
Development Services Agency:	
Ohio Enterprise Bond Program	\$ 226,665
Hospital Facilities Bonds	5,855
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program.....	<u>26,715</u>
Total Primary Government	<u>\$ 259,235</u>

NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING

A. Fund Deficits

The following individual funds reported deficits that are reflected in the State’s basic financial statements, as of June 30, 2013 (dollars in thousands):

Primary Government:	
Nonmajor Governmental Funds:	
Administrative Services Building Improvements	\$ (5,388)
Major Proprietary Funds:	
Unemployment Compensation.....	<u>(1,289,753)</u>
Total Primary Government	<u>\$ (1,295,141)</u>
Discretely Presented Component Units:	
Major Component Units:	
Ohio Facilities Construction Commission	\$ (4,034,971)
Nonmajor Component Units:	
Ohio Capital Fund.....	<u>(43,779)</u>
Total Component Units.....	<u>\$ (4,078,750)</u>

The Unemployment Compensation Fund deficit disclosed above is due to high levels of benefit claims and a reduction in State revenues as a result of continued economic recovery. Federal loans have been required to maintain current benefit levels.

Deficits for the other funds are due to the timing of revenue recognition and the accrual of expenses not recorded under the cash basis of accounting.



NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING (Continued)

B. Fund Balance Reporting-Constraints by Purpose

Fund balance constraints reported in the governmental funds, as of June 30, 2013, are presented by purpose in the following table:

	Primary Government Fund Balance Constraints by Purpose (dollars in thousands)				Total
	Major Funds				
	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	
Fund Balance:					
Nonspendable					
Inventories.....	\$ 24,692	\$ -	\$ -	\$ 59,902	\$ 84,594
Noncurrent Portion of Loans Receivable.....	2,859	-	-	-	2,859
Advances to Local Government.....	32,345	-	-	-	32,345
Total Nonspendable.....	<u>59,896</u>	<u>-</u>	<u>-</u>	<u>59,902</u>	<u>119,798</u>
Restricted					
Primary, Secondary and Other Education.....	1,059	27	-	232,877	233,963
Public Assistance and Medicaid.....	-	439,342	-	-	439,342
Health and Human Services.....	-	-	-	105,976	105,976
Justice and Public Protection.....	745	950	-	123,423	125,118
Environmental Protection and Natural Resources.....	3,113	-	-	102,644	105,757
Transportation.....	-	-	-	1,317,189	1,317,189
General Government.....	7,308	24,395	-	24,364	56,067
Community and Economic Development.....	1,114,461	9	-	300,557	1,415,027
Capital Outlay.....	-	-	-	387,874	387,874
Debt Service.....	-	-	5,067,582	20,187	5,087,769
Total Restricted.....	<u>1,126,686</u>	<u>464,723</u>	<u>5,067,582</u>	<u>2,615,091</u>	<u>9,274,082</u>
Committed					
Primary, Secondary and Other Education.....	3,502	-	-	19,726	23,228
Higher Education Support.....	-	-	-	642	642
Public Assistance and Medicaid.....	16,302	59,690	-	-	75,992
Health and Human Services.....	4,576	-	-	16,253	20,829
Justice and Public Protection.....	499	6,028	-	100,995	107,522
Environmental Protection and Natural Resources.....	-	-	-	196,976	196,976
Transportation.....	-	-	-	870	870
General Government.....	22,891	14,369	-	79,302	116,562
Community and Economic Development.....	703,845	-	-	119,133	822,978
Total Committed.....	<u>751,615</u>	<u>80,087</u>	<u>-</u>	<u>533,897</u>	<u>1,365,599</u>
Assigned					
Primary, Secondary and Other Education.....	64,423	-	-	-	64,423
Public Assistance and Medicaid.....	364,991	-	-	-	364,991
Health and Human Services.....	74,855	-	-	-	74,855
Justice and Public Protection.....	136,299	-	-	-	136,299
Environmental Protection and Natural Resources.....	13,387	-	-	-	13,387
General Government.....	1,243,634	-	-	-	1,243,634
Community and Economic Development.....	144,657	-	-	-	144,657
Total Assigned.....	<u>2,042,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,042,246</u>
Unassigned.....	1,259,670	(344)	-	(5,439)	1,253,887
Total Fund Balance.....	<u>\$ 5,240,113</u>	<u>\$ 544,466</u>	<u>\$ 5,067,582</u>	<u>\$ 3,203,451</u>	<u>\$ 14,055,612</u>

Agency activity under the General Government function relates to activities that support the government as a whole and are general in nature.

As of June 30, 2013, the Budget Stabilization Fund had a fund balance of \$482 million which was included as a part of the unassigned fund balance in the General Fund.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS

A. Joint Ventures

Great Lakes Protection Fund (GLPF)

The Great Lakes Protection Fund is an Illinois non-profit organization that was formed to further federal and state commitments to the restoration and maintenance of the Great Lakes Basin's ecosystem. The governors of seven of the eight states that border on the Great Lakes comprise the GLPF's membership. Under the GLPF's articles of incorporation, each state is required to make a financial contribution. Income earned on the contributions provides grants to projects that advance the goals of the Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water Quality Agreement.

Each governor nominates two individuals to the GLPF's board of directors who serve staggered two-year terms. All budgetary and financial decisions rest with the board, except when they are restricted by the GLPF's articles of incorporation.

Annually, one-third of the GLPF's net earnings is allocated and paid to the member states in proportion to their respective cash contributions to the GLPF. The allocation is based on the amount and period of time the state's contributions were invested. GLPF earnings distributions are to be used by the states to finance projects that are compatible with the GLPF's objectives. Ohio applies its distribution (approximately \$174 thousand) to operations of its own protection program, known as the Lake Erie Protection Program, which is modeled after the GLPF.

Required contributions and contributions received from the states, which border the Great Lakes, as of December 31, 2012 (the GLPF's year-end), are presented below (dollars in thousands):

	Contribution Required	Contribution Received	Contribution Percentage
Michigan	\$25,000	\$25,000	30.9%
Indiana*	16,000	-	-
Illinois	15,000	15,000	18.4%
Ohio	14,000	14,000	17.3%
New York	12,000	12,000	14.8%
Wisconsin	12,000	12,000	14.8%
Minnesota	1,500	1,500	1.9%
Pennsylvania	1,500	1,500	1.9%
Total	<u>\$97,000</u>	<u>\$81,000</u>	<u>100.00%</u>

*The State of Indiana has not yet elected to join the Great Lakes Protection Fund.

Summary Financial information for the GLPF, for the fiscal year ended December 31, 2012, was as follows (dollars in thousands):

Cash and Investments	\$ 116,562
Other Assets	133
Total Assets	<u>\$ 116,695</u>
Total Liabilities	\$ 1,723
Total Net Assets	114,972
Total Liabilities and Net Assets	<u>\$ 116,695</u>
Total Revenues and Other Additions.....	\$ 15,046
Total Expenditures and Other Deductions.....	(4,840)
Net Increase in Net Assets	<u>\$ 10,206</u>

In the event of the Fund's dissolution, the State of Ohio would receive a residual portion of the Fund's assets equal to the lesser of the amount of such assets multiplied by the ratio of its required contribution to the required contributions of all member states, or the amount of its required contribution.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Local Community and Technical Colleges

The State's primary government has an ongoing financial responsibility for the funding of six local community colleges and eight technical colleges. With respect to the local community colleges, State of Ohio officials appoint three members of each college's respective nine-member board of trustees; county officials appoint the remaining six members.

The governing boards of the technical colleges consist of either seven or nine trustees, of which State officials appoint two or three members, respectively; the remaining members are appointed by the local school boards located in the respective technical college district.

The Ohio General Assembly appropriates moneys to these institutions from the General Fund to subsidize operations so that higher education can become more financially accessible to Ohio residents. The primary government also provides financing for the construction of these institutions' capital facilities by meeting the debt service requirements for the Tobacco Settlement revenue bonds issued by the Buckeye Tobacco Settlement Financing Authority, the Higher Education Capital Facilities general obligation bonds issued by the Ohio Public Facilities Commission (OPFC), and the Higher Education Facilities special obligation bonds, previously issued by the OPFC, for these purposes. The bonds provide funding for capital appropriations, which are available to the local community and technical colleges for spending on capital construction.

Fiscal year 2013 expenses that were included in the "Higher Education Support" function under governmental activities in the Statement of Activities for state assistance to the local community and technical colleges are presented below (dollars in thousands).

	Operating Subsidies	Capital Subsidies	Total
Local Community Colleges:			
Cuyahoga	\$ 57,701	\$ 3,549	\$ 61,250
Eastern Gateway.....	4,903	52	4,955
Lakeland	17,575	5,608	23,183
Lorain County	23,798	187	23,985
Rio Grande	4,870	168	5,038
Sinclair	46,490	1,421	47,911
Total Local Community Colleges.....	<u>155,337</u>	<u>10,985</u>	<u>166,322</u>
Technical Colleges:			
Belmont	5,702	181	5,883
Central Ohio	10,146	37	10,183
Hocking	14,073	2,908	16,981
James A. Rhodes	9,838	624	10,462
Marion	5,715	103	5,818
Zane	6,169	2,599	8,768
North Central	6,883	174	7,057
Stark	26,171	6,133	32,304
Total Technical Colleges	<u>84,697</u>	<u>12,759</u>	<u>97,456</u>
Total	<u>\$ 240,034</u>	<u>\$ 23,744</u>	<u>\$ 263,778</u>

Information for obtaining complete financial statements for each of the primary government's joint ventures is available from the Ohio Office of Budget and Management.

B. Related Organizations

Officials of the State's primary government appoint a voting majority of the governing boards of the Ohio Housing Finance Agency, the Ohio Turnpike Commission, the Ohio Water Development Authority, the Petroleum Underground Storage Tank Release Compensation Board, the Higher Education Facility Commission, and the Ohio Legal Assistance Foundation. However, the primary government's accountability for these organizations does not extend beyond making the appointments.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

During Fiscal year 2013, the State had the following related-party transactions with its related organizations:

- The General Fund reports a \$163 million loans receivable balance due from the Ohio Housing Finance Agency. The State made the loans to finance and support the agency's housing programs.
- The Ohio Department of Taxation paid the Ohio Turnpike Commission \$2.1 million from the General Fund for the Commission's share of the State's motor vehicle fuel excise tax allocation.
- Separate funds, established for the Ohio Housing Finance Agency, the Petroleum Underground Storage Tank Release Compensation Board, and the Higher Education Facility Commission, were accounted for on the primary government's Ohio Administrative Knowledge System. The primary purpose of the funds is to streamline payroll and other administrative disbursement processing for these organizations. The financial activities of the funds, which do not receive any funding support from the primary government, have been included in the agency funds.
- From the Job, Family and Other Human Services Fund, the Public Defender's Office paid the Ohio Legal Assistance Foundation approximately \$3.7 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.

NOTE 19 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations. Pending litigation affecting the Department of Natural Resources and the Bureau of Workers' Compensation/Industrial Commission is discussed below. All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the State's financial position.

Department of Natural Resources (DNR)

In *Doner v. Zody*, approximately 84 landowners sought a writ of mandamus ordering DNR to commence appropriation proceedings on certain lands that had been "taken" as a result of a 1997 change to the spillway at Grand Lake St. Marys in Mercer County. On December 1, 2011, the Ohio Supreme Court ruled in favor of the plaintiffs/relators, holding that the actions of DNR to modify the spillway and to cease adjusting water levels at Grand Lake St. Marys constituted a taking of the plaintiffs' property because those decisions caused intermittent, recurrent flooding on the properties in question. The Court ordered DNR to begin appropriation proceedings to determine the amount of the taking.

On December 5, 2012, the Supreme Court held DNR in contempt of the Court's December 1, 2011 writ. The Court ordered DNR to complete appraisals of the relevant parcels within 90 days and to file appropriations cases in Mercer County Common Pleas for those parcels within 120 days. It was further ordered that DNR institute declaratory judgment actions for any parcel included in the original action which had not yet been surveyed so that the legal rights of the parties of those parcels could be determined. On December 10, 2013, seventy-three remaining relators filed a motion with the Supreme Court requesting a show-cause hearing as to why DNR should not be held in contempt of the Court's December 1, 2011, and December 5, 2012, orders and an order setting a court-supervised mediation.

While the recent filing as noted above is pending in the Supreme Court of Ohio as to all remaining landowners, each landowner's case will be heard in a separate appropriation case in Mercer County Common Pleas Court. The amount of potential loss cannot presently be reasonably estimated. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

In *State ex rel. Merrill v. Ohio Dept. of Natural Resources*, a class action case brought by owners of property bordering Lake Erie, the plaintiffs sought declaratory relief as to title for shoreline land consistent with their deeds (that the phrase "natural shoreline is not synonymous with "ordinary high-water mark" and therefore the legal boundary of their properties extends beyond the point claimed by DNR). Plaintiffs also sought a writ of mandamus to compel appropriations from the State and DNR for taking of this land. On December 11, 2007, the



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Lake County Common Pleas Court granted plaintiffs' Motion for Summary Judgment as to the plaintiff's declaratory judgment count. The count seeking a writ of mandamus was stayed pending resolution of the declaratory judgment action. On appeal, the Eleventh District issued its opinion substantially affirming the trial court's granting of Summary Judgment to Plaintiffs-Appellees. The State and other defendants subsequently sought review and on September 14, 2011, the Ohio Supreme Court reversed the lower court holdings that the phrase "natural shoreline" means "a moveable boundary consisting of the water's edge." Instead, the Court held the phrase to mean the "line at which water usually stands when free from disturbing causes." While the Court did not provide as to how to apply this definition, it did reject the various definitions litigated in the lower courts. Specifically, the Supreme Court rejected the various contentions that "natural shoreline" meant "ordinary high water mark," "ordinary low water mark" or "a moveable boundary consisting of the water's edge."

Upon remand, the Lake County Common Pleas Court issued an order that, among other things: 1) established the "natural shoreline" as a factual matter; 2) voided and invalidated all leases between DNR and the plaintiff landowners consistent with the Court's ruling as to the "natural shoreline;" 3) required DNR to return all submerged land lease fees collected since 1998 that were predicated on the voided leases; and 4) certified a class with regard to the previously stayed mandamus action. The State has appealed the trial court's order to the Eleventh District. Parties have submitted briefs and oral arguments on the appeal were scheduled for November 20, 2013. The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

Bureau of Workers' Compensation/Industrial Commission (BWC/IC)

In the *San Allen, Inc. dba Corky and Lenny's v. BWC* class action case, plaintiffs allege that non-group-rated employers subsidize group-rated employers, and that this bias in premiums violates various provisions of the Ohio Constitution. Plaintiffs asked the court to declare the group rating plan unconstitutional and require BWC to repay to the class members all excessive premiums collected by BWC, with interest and attorney fees. In December 2008, the Cuyahoga County Common Pleas Court issued a preliminary injunction requested by plaintiffs that restrained BWC from continuing its current group rating plan for the policy year beginning July 1, 2009. At the same time, the Court ordered that BWC enact a group retrospective rating plan for the policy year beginning July 1, 2009. BWC filed an appeal and a motion for stay with the Court. On January 7, 2009, following legislation enacted by the General Assembly clarifying that Ohio's group rating program was not intended to be retrospective only, the BWC filed a motion to dissolve the preliminary injunction and in March 2009 the Court issued an order vacating the preliminary injunction. Plaintiff filed a motion for class certification and BWC filed a response in opposition. In January 2010, the Court granted class certification. Following trial, the Court found in favor of the class plaintiffs and on March 20, 2013, ordered that the class was entitled to \$859 million in restitution. The judgment amount is included as noncurrent "Refund and Other Liabilities" for the Workers' Compensation fund in the proprietary fund's Statement of Net Position and as "Other Noncurrent Liabilities-Due in More Than One Year" for business-type activities in the government-wide Statement of Net Position. While the judgment amount has been reflected in the 2013 financial statements, BWC and the State have appealed the decision and award.

B. Federal Awards

The State of Ohio receives significant awards from the Federal Government in the form of grants and entitlements, including certain non-cash programs. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the spending resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit or to financial compliance audits by the grantor agencies of the federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities to the State.

As a result of the fiscal year 2012 State of Ohio Single Audit (issued in March 2013), \$3.6 million of federal expenditures were in question as not being appropriate under the terms of the respective grants. No provision for any liability or adjustments has been recognized for the questioned costs in the state's financial statements for the fiscal year ended June 30, 2013.

C. Construction Commitments

As of June 30, 2013, the Ohio Department of Transportation had total contractual commitments of approximately \$2.56 billion for highway construction projects. Funding for future projects is expected to be provided from federal,



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

primary government, general obligation and revenue bonds, and local government sources in amounts of \$1.62 billion, \$508.5 million, \$367.9 million and \$61.4 million, respectively.

As of June 30, 2013, other major non-highway construction commitments for the primary government’s budgeted capital projects funds and major discretely presented component unit funds were as follows (dollars in thousands):

<u>Primary Government</u>	
Mental Health/Developmental Disabilities	
Facilities Improvements	\$ 94,845
Parks and Recreation Improvements	4,944
Administrative Services	
Building Improvements	30,004
Youth Services Building Improvements	7,325
Adult Correctional Building Improvements	20,001
Highway Safety Building Improvements	618
Ohio Parks and Natural Resources	12,451
Total	<u>\$ 170,188</u>
<u>Major Discretely Presented Component Units</u>	
Ohio State University	\$ 750,682

D. Tobacco Settlement

In November 1998, the Attorneys General of 46 states, five U.S. territories, and the District of Columbia signed the Master Settlement Agreement (MSA) with the nation’s largest tobacco manufacturers. This signaled the end of litigation brought by the Attorneys General against the manufacturers in 1996 for state healthcare expenses attributed to smoking–related claims. The remaining four states (Florida, Minnesota, Mississippi, and Texas) settled separately.

According to the MSA, participating tobacco manufacturers are required to adhere to a variety of new marketing and lobbying restrictions and provide payments to the states in perpetuity.

As of October 23, 2007, the State transferred future rights to the Master Settlement Agreement revenue to the Buckeye Tobacco Settlement Financing Authority (BTSFA).

While BTSFA’s share of the total base payments to the states through 2052 will not change over time, estimating the amount of annual payments that actually will be received in any given year can be complex, since under the terms of the MSA, payments are subject to a number of adjustment factors, including an inflation adjustment, a volume adjustment, and a potential adjustment for market share losses of participating manufacturers. Some of these adjustments, such as the inflation adjustment, result in BTSFA receiving higher payments. Other factors, such as the volume adjustment and the market share adjustment can work to reduce the amount of the State’s annual payments.

In addition to the base payments, BTSFA will receive payments from the Strategic Contribution Fund. The Strategic Contribution Fund was established to reward states that played leadership roles in the tobacco litigation and settlement negotiations. Allocations from the fund are based on a state’s contribution to the litigation and settlement with the tobacco companies. These payments are also subject to the adjustment factors outlined in the MSA.

During fiscal year 2013, Ohio received \$295 million, which is approximately \$92.8 million or 23.9 percent less than the pre-adjusted base payment for the year.

As of June 30, 2013, the estimated tobacco settlement receivable in the amount of \$435.5 million is included in “Other Receivables” reported for the governmental funds. The receivable includes \$183.4 million for payments withheld from BTSFA beginning fiscal year 2008 and \$72.7 million for payments withheld from the State for fiscal years 2006 and 2007. These amounts were withheld by the cigarette manufacturers when they exercised the market share loss provisions of the MSA. The moneys are on deposit in an escrow account until pending litigation between the States and the manufacturers is resolved. Both the Authority and the State contend that they have met their obligations under the MSA and are due the payments withheld.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

The Tobacco Settlement receipts provide funding for the construction of primary and secondary school capital facilities, education technology for primary and secondary education and for higher education, programs for smoking cessation and other health-related purposes, biomedical research and technology, and assistance to tobacco-growing areas in Ohio.

The BTSFA revenue bonds are secured by and payable solely from the tobacco settlement receipts and other collateral pledged under an indenture between BTSFA and U.S. Bank National Association, as trustee. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds.

The enforcement of the terms of the MSA has been challenged by lawsuits and may continue to be challenged in the future. In the event of an adverse court ruling, BTFSFA may not have adequate financial resources to make payment on the bonds.

A schedule of pre-adjusted base payments and payments from the Strategic Contribution Fund for the State of Ohio in future years follows (dollars in thousands):

Year Ending June 30,	Pre-adjusted MSA Base Payments	Pre-Adjusted Payments from the Strategic Contribution Fund	Total
2014.....	367,788	24,230	392,018
2015.....	371,684	24,486	396,170
2016.....	376,306	24,791	401,097
2017.....	380,940	25,096	406,036
2018.....	431,325	—	431,325
2019-2023.....	2,233,412	—	2,233,412
2024-2028.....	2,376,766	—	2,376,766
2029-2033.....	2,539,413	—	2,539,413
2034-2038.....	2,708,501	—	2,708,501
2039-2043.....	2,884,757	—	2,884,757
2044-2048.....	3,068,685	—	3,068,685
2049-2052.....	2,599,051	—	2,599,051
Total	<u>\$ 20,338,628</u>	<u>\$ 98,603</u>	<u>\$ 20,437,231</u>

E. Pollution Remediation Activities

During fiscal year 2013, the State was involved in remediation activities for pollution at various sites. These activities include site investigation, cleanup, and monitoring. The following describe the sites and the estimated cost of remediation activities (in general, projects with a liability of less than \$1 million at June 30 are not listed).

As a result of the imminent danger to public health, the Ohio Environmental Protection Agency (EPA) has assumed responsibility for operating and maintaining the collection and treatment system at the Lincoln Fields contaminated water system in Mansfield. The liability at June 30 is estimated at \$1.3 million. Cost was estimated by the EPA site coordinator using actual invoices to date.

The Ohio Department of Transportation has been named as a responsible party to remediate pollution resulting from contaminated soil on the agency-owned property and contaminated groundwater on the surrounding properties. The June 30 liability to eliminate the pollution and continue monitoring activities is estimated to be \$3.2 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liabilities described above are reported as “Refund and Other Liabilities,” “Other Noncurrent Liabilities-Due in One Year,” and “Other Noncurrent Liabilities-Due in More Than One Year” for governmental activities in the government-wide Statement of Net Position. The reported liabilities for these activities are estimates and are subject to change over time. Variances in the final costs may result from changes in technology, changes in responsible parties, results of environmental studies, and changes in laws and regulations. Future recoveries from other responsible parties may also reduce the final cost paid by the State.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Capital assets may be created during the pollution remediation process. These capital assets will be reported in accordance with the State’s capital assets policy. As of June 30, 2013, no capital assets were created nor reported as a result of any pollution remediation process.

F. Encumbrances

At June 30, 2013, the State has significant encumbrances of \$707 million in the General Fund, \$969.1 million in the Job, Family and Other Human Services Special Revenue Fund, and \$4.01 billion in the nonmajor governmental funds.

NOTE 20 RISK FINANCING

A. Workers’ Compensation Benefits

The Ohio Workers’ Compensation System, which the Ohio Bureau of Workers’ Compensation and the Industrial Commission of Ohio administer, is the exclusive provider of workers’ compensation insurance to private and public employers in Ohio who are not self-insured. The Workers’ Compensation Enterprise Fund (Fund) provides benefits to employees for losses sustained from job-related injury, disease, or death.

“Benefits Payable” of \$17.3 billion is reported in the Fund as of June 30, 2013. This amount represents reserves for indemnity and medical claims resulting from work-related injuries or illnesses, including actuarial estimates for both reported claims and claims incurred but not reported. The liability is based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claims reserves. The compensation adjustment expenses liability, which is included in “Other Liabilities” in the amount of approximately \$1.89 billion, is an estimate of future expenses to be incurred in the settlement of claims. The estimate for this liability is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, nonincremental adjustment expense, and the reserve for compensation.

Management of the Bureau of Workers’ Compensation and the Industrial Commission believes that the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future losses. While management uses available information to estimate the reserves for compensation and compensation adjustment expenses, future changes to the reserves for compensation and compensation adjustment expenses may be necessary based on claims experience and changing claims frequency and severity conditions. The methods of making such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period.

Changes in the balance of benefits payable and the compensation adjustment expenses liability for the Workers’ Compensation Program during the past two fiscal years are presented in the table below.

**Primary Government
Changes in Workers’ Compensation Benefits Payable
and Compensation Adjustment Expenses Liability
Last Two Fiscal Years**

(dollars in millions)

	Fiscal Year 2013	Fiscal Year 2012
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of July 1	\$ 19,705	\$ 19,950
Incurred Compensation		
and Compensation Adjustment Benefits.....	1,491	1,833
Incurred Compensation		
and Compensation Adjustment Benefit Payments		
and Other Adjustments	<u>(2,006)</u>	<u>(2,078)</u>
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of June 30	<u>\$ 19,190</u>	<u>\$ 19,705</u>



NOTE 20 RISK FINANCING (Continued)

Benefits payable and the compensation adjustment expenses liability have been discounted at four percent to reflect the present value of future benefit payments. The selected discount rate approximates an average yield on United States government securities with durations similar to the expected claims underlying the Fund's reserves. The undiscounted reserves for the benefits and compensation adjustment expenses totaled \$30.7 billion, as of June 30, 2013, and \$32.2 billion, as of June 30, 2012. For additional information, refer to the Fund's separate audited financial report, for the fiscal year ended June 30, 2013.

B. State Employee Healthcare Plan

Employees of the primary government have the option of participating in the Ohio Med PPO Plan. The plan is managed by two third party administrators (TPAs), Medical Mutual of Ohio (MMO) and United Healthcare (UHC). The two TPAs are responsible for covering separate regions throughout the State.

When it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, the primary government reports liabilities for the governmental and proprietary funds. Liabilities include an amount for claims that have been incurred but not reported. The TPAs' actuaries calculate estimated claims liabilities based on prior claims data, employee enrollment figures, medical trends, and experience.

Governmental and proprietary funds pay a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. The payments are reported in the Payroll Withholding and Fringe Benefits Agency Fund (Agency Fund) until such time that the primary government pays the accumulated resources to MMO or UHC for claims settlement. Prior to July 1, 2011, Aetna had served as a healthcare plan provider to the State; as such, the primary government also submitted payments to Aetna for claims settlements for claims incurred through June 30, 2011. As of June 30, 2013, no claims remain payable for Aetna.

For governmental funds, the primary government recognizes claims as expenditures to the extent that the amounts are payable with expendable available financial resources. For governmental and business-type activities, claims are recognized in the Statement of Activities as expenses when incurred.

As of June 30, 2013, approximately \$147.9 million in total assets was available in the Agency Fund to cover claims for MMO. Changes in the balance of claims liabilities for MMO during the past two fiscal years were as follows (dollars in thousands):

MMO		
	Fiscal Year 2013	Fiscal Year 2012
Claims Liabilities, as of July 1	\$ 16,259	\$ 34,606
Incurred Claims	153,609	142,936
Claims Payments	<u>(153,117)</u>	<u>(161,283)</u>
Claims Liabilities, as of June 30	<u>\$ 16,751</u>	<u>\$ 16,259</u>

As of June 30, 2013, the resources on deposit in the Agency Fund for MMO exceeded the estimated claims liability by approximately \$131.2 million, thereby resulting in a funding surplus. Eighty-five percent or \$111.5 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

As of June 30, 2013, no assets were available in the Agency Fund to cover claims incurred by June 30 for the United Healthcare Plan, thereby resulting in a funding deficit. Changes in the balance of claims liabilities for UHC during the past two fiscal years were as follows (dollars in thousands):

UHC		
	Fiscal Year 2013	Fiscal Year 2012
Claims Liabilities, as of July 1	\$ 22,351	\$ 8,423
Incurred Claims	296,581	260,358
Claims Payments	<u>(289,840)</u>	<u>(246,430)</u>
Claims Liabilities, as of June 30	<u>\$ 29,092</u>	<u>\$ 22,351</u>



NOTE 20 RISK FINANCING (Continued)

As of June 30, 2013, the estimated claims liability exceeded resources on deposit in the Agency Fund for the UHC by approximately \$71.2 million, thereby resulting in a funding deficit. Eighty-five percent or \$60.5 million of the deficit, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting increase to expenditures/expenses.

As noted previously, effective July 1, 2011, the State terminated their contract with Aetna to serve as one of the State's healthcare providers. As of June 30, 2013, the State has paid all Aetna claims incurred through June 30, 2011. As of June 30, 2013, approximately \$26.8 million in total assets was on deposit in the Agency Fund and will be allocated to MMO and UHC. Changes in the balance of claims liabilities for the plan during the past two fiscal years were as follows (dollars in thousands):

Aetna		
	Fiscal Year 2013	Fiscal Year 2012
Claims Liabilities, as of July 1	\$ 591	\$ 8,424
Incurring Claims	-	-
Claims Payments	(591)	(7,833)
Claims Liabilities, as of June 30	<u>\$ -</u>	<u>\$ 591</u>

C. Other Risk Financing Programs

The primary government has established programs to advance fund potential losses for vehicular liability and theft in office. The potential amount of loss arising from these risks, however, is not considered material in relation to the State's financial position.

NOTE 21 SUBSEQUENT EVENTS

Subsequent to June 30, 2013, the State issued major debt as detailed in the table below:

Debt Issuances			
Subsequent to June 30, 2013			
<i>(dollars in thousands)</i>			
	Date Issued	Net Interest Rate or True Interest Cost	Amount
Primary Government:			
<i>Ohio Public Facilities Commission-General Obligation Bonds:</i>			
Common Schools Capital Facilities, Series 2013B.....	09/17/13	3.74%	\$300,000
Third Frontier Research & Development-Taxable, Series 2013B.....	09/17/13	2.79%	100,000
Conservation Projects, Series 2013A.....	11/13/13	3.06%	50,000
Site Development, Series 2013A.....	11/13/13	1.97%	35,000
Veterans Compensation, Series 2013A.....	12/10/13	1.21%	18,000
Total General Obligation Bonds			<u>503,000</u>
<i>Treasurer of State-Special Obligation Bonds:</i>			
State Facilities (Administrative Building), Series 2013B.....	07/23/13	4.29%	50,000
Total Special Obligation Bonds			<u>50,000</u>
Total Primary Government			<u>\$553,000</u>

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A scenic autumn landscape featuring a horse grazing in a field. The background is a dense forest with trees displaying vibrant fall colors in shades of yellow, orange, and red. In the foreground, a brown horse stands in a green field, partially enclosed by a rustic wooden fence. The overall atmosphere is peaceful and rural.

Financial Section

Required Supplementary Information



Infrastructure Assets Accounted for Using the Modified Approach

Pavement Network

The Ohio Department of Transportation conducts annual condition assessments of its Pavement Network. The State manages its pavement system by means of annual, visual inspections by trained pavement technicians. Technicians rate the pavement using a scale of 1 (minimum) to 100 (maximum) based on a Pavement Condition Rating (PCR). This rating examines items such as cracking, potholes, deterioration of the pavement, and other factors. It does not include a detailed analysis of the pavement's subsurface conditions.

For the Priority Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 65, and to allow no more than 25 percent of the pavement to fall below a 65 PCR level. For the General Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 55, and to allow no more than 25 percent of the pavement to fall below a 55 PCR level.

Ohio accounts for its pavement network in two subsystems: *Priority*, which comprises interstate highways, freeways, and multi-lane portions of the National Highway System, and *General*, which comprises two-lane routes outside of cities.

**Pavement Network
Condition Assessment Data**

Priority Subsystem

Fiscal Year	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 65-74		Poor PCR = Below 65		Total	
	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2013	9,177	67.98	3,299	24.44	786	5.82	237	1.76	13,499	100.00
2012	9,145	69.76	2,828	21.57	971	7.41	165	1.26	13,109	100.00
2011	9,009	68.99	2,897	22.18	863	6.61	290	2.22	13,059	100.00
2010	8,662	66.98	2,948	22.80	1,066	8.24	256	1.98	12,932	100.00
2009	8,683	67.70	2,699	21.04	1,154	9.00	290	2.26	12,826	100.00

General Subsystem

Fiscal Year	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 55-74		Poor PCR = Below 55		Total	
	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2013	14,841	50.15	8,038	27.16	6,403	21.64	309	1.05	29,591	100.00
2012	14,610	48.83	8,415	28.13	6,600	22.06	293	0.98	29,918	100.00
2011	15,198	50.78	8,062	26.93	6,292	21.02	380	1.27	29,932	100.00
2010	15,064	50.28	7,480	24.97	7,008	23.39	407	1.36	29,959	100.00
2009	15,037	50.14	6,793	22.65	7,756	25.86	405	1.35	29,991	100.00



Infrastructure Assets Accounted for Using the Modified Approach (Continued)

Pavement Network
Comparison of Estimated-to-Actual Maintenance and Preservation Costs
(dollars in thousands)

Priority Subsystem

<u>Fiscal Year</u>	<u>Estimated</u>	<u>Actual</u>
2013	\$454,299	\$521,908
2012	403,829	438,510
2011	406,058	419,955
2010	357,393	394,017
2009	352,644	407,564

General Subsystem

<u>Fiscal Year</u>	<u>Estimated</u>	<u>Actual</u>
2013	\$285,563	\$352,769
2012	211,210	357,337
2011	258,410	342,202
2010	209,775	299,450
2009	214,071	347,154

Bridge Network

The Ohio Department of Transportation conducts annual inspections of all bridges in the State's Bridge Network. The inspections cover major structural items such as piers and abutments, and assign a General Appraisal Condition Rating (GACR) from 0 (minimum) to nine (maximum) based on a composite measure of these major structural items.

It is the State's intention to maintain at least 85 percent of the square feet of deck area at a general appraisal condition rating level of at least five, and to allow no more than 15 percent of the number of square feet of deck area to fall below a general appraisal condition rating level of five.

Bridge Network
Condition Assessment Data
(square feet in thousands)

<u>Fiscal Year</u>	<u>General Appraisal Condition Ratings (GACR)</u>									
	<u>Excellent GACR = 7-9</u>		<u>Good GACR = 5-6</u>		<u>Fair GACR = 3-4</u>		<u>Poor GACR = 0-2</u>		<u>Total</u>	
	<u>Sq Ft Deck Area</u>	<u>%</u>	<u>Sq Ft Deck Area</u>	<u>%</u>	<u>Sq Ft Deck Area</u>	<u>%</u>	<u>Sq Ft Deck Area</u>	<u>%</u>	<u>Sq Ft Deck Area</u>	<u>%</u>
2013	58,649	55.49	43,129	40.81	3,908	3.70	4	0.00	105,690	100.00
2012	56,082	53.25	45,029	42.76	4,156	3.95	42	0.04	105,309	100.00
2011	52,590	49.74	49,064	46.41	4,024	3.81	43	0.04	105,721	100.00
2010	51,605	48.95	49,745	47.19	3,433	3.26	630	0.60	105,413	100.00
2009	50,383	48.05	50,554	48.22	3,239	3.09	676	0.64	104,852	100.00



Infrastructure Assets Accounted for Using the Modified Approach (Continued)

Bridge Network
Comparison of Estimated-to-Actual Maintenance and Preservation Costs
(dollars in thousands)

Fiscal Year	Estimated	Actual
2013	\$484,103	\$ 513,637
2012	508,955	511,486
2011	433,593	409,690
2010	330,580	330,262
2009	308,655	360,451

Financial Section

Combining Financial Statements & Schedules



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Funds

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

Capital Projects Funds

The Capital Projects Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
ASSETS:			
Cash Equity with Treasurer.....	\$ 3,188,552	\$ 4,635	\$ 365,621
Cash and Cash Equivalents.....	23,842	1,136	15,466
Investments.....	16,738	15,392	43,919
Collateral on Lent Securities.....	380,140	554	43,590
Taxes Receivable	90,321	—	—
Intergovernmental Receivable.....	415,257	—	—
Loans Receivable, Net	74,168	—	—
Interfund Receivable	2,474	—	—
Other Receivables	82,074	—	1
Inventories	59,902	—	—
Other Assets	5,911	—	—
TOTAL ASSETS	\$ 4,339,379	\$ 21,717	\$ 468,597
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 344,447	\$ 279	\$ 42,521
Accrued Liabilities.....	64,056	—	—
Medicaid Claims Payable.....	166,579	—	—
Obligations Under Securities Lending.....	380,140	554	43,590
Intergovernmental Payable.....	212,127	—	—
Interfund Payable.....	168,161	—	—
Payable to Component Units.....	9,530	—	—
Deferred Revenue.....	87,444	—	—
Unearned Revenue.....	106,119	—	—
Refund and Other Liabilities.....	—	695	—
TOTAL LIABILITIES.....	1,538,603	1,528	86,111
FUND BALANCES (DEFICITS):			
Nonspendable.....	59,902	—	—
Restricted.....	2,207,028	20,189	387,874
Committed.....	533,897	—	—
Unassigned.....	(51)	—	(5,388)
TOTAL FUND BALANCES (DEFICITS).....	2,800,776	20,189	382,486
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,339,379	\$ 21,717	\$ 468,597

TOTAL

\$	3,558,808
	40,444
	76,049
	424,284
	90,321
	415,257
	74,168
	2,474
	82,075
	59,902
	5,911
\$	4,829,693

\$	387,247
	64,056
	166,579
	424,284
	212,127
	168,161
	9,530
	87,444
	106,119
	695
	<u>1,626,242</u>

	59,902
	2,615,091
	533,897
	(5,439)
	<u>3,203,451</u>
\$	<u>4,829,693</u>

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECT FUNDS</u>
REVENUES:			
Income Taxes.....	\$ 13,324	\$ —	\$ —
Sales Taxes.....	5,967	—	—
Corporate and Public Utility Taxes.....	994	—	—
Motor Vehicle Fuel Taxes.....	687,033	—	—
Other Taxes.....	243,737	—	—
Licenses, Permits and Fees.....	1,234,042	—	7
Sales, Services and Charges.....	33,540	—	—
Federal Government.....	6,492,856	—	—
Tobacco Settlement.....	135	—	—
Investment Income (Loss).....	4,969	329	868
Other.....	480,048	98	54
TOTAL REVENUES.....	<u>9,196,645</u>	<u>427</u>	<u>929</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	2,729,400	—	121
Higher Education Support.....	22,258	—	—
Public Assistance and Medicaid.....	337,367	—	—
Health and Human Services.....	2,003,714	—	—
Justice and Public Protection.....	724,236	—	—
Environmental Protection and Natural Resources.....	323,687	—	—
Transportation.....	2,629,043	—	—
General Government.....	347,178	—	—
Community and Economic Development.....	950,540	—	—
CAPITAL OUTLAY.....	30,610	—	320,921
DEBT SERVICE.....	—	1,587,263	—
TOTAL EXPENDITURES.....	<u>10,098,033</u>	<u>1,587,263</u>	<u>321,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(901,388)</u>	<u>(1,586,836)</u>	<u>(320,113)</u>
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	100,300	11,120	423,050
Refunding Bonds Issued.....	—	470,520	—
Payment to Refunded Bond Escrow Agents.....	—	(1,465,468)	—
Premiums/Discounts.....	5,377	139,322	56,771
Transfers-in.....	1,501,781	2,379,507	—
Transfers-out.....	(381,955)	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1,225,503</u>	<u>1,535,001</u>	<u>479,821</u>
NET CHANGE IN FUND BALANCES.....	324,115	(51,835)	159,708
FUND BALANCES (DEFICITS), July 1 (as restated).....	2,491,291	72,024	222,778
Increase (Decrease) for Changes in Inventories.....	(14,630)	—	—
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 2,800,776</u>	<u>\$ 20,189</u>	<u>\$ 382,486</u>

TOTAL

\$ 13,324
5,967
994
687,033
243,737
1,234,049
33,540
6,492,856
135
6,166
480,200
9,198,001

2,729,521
22,258
337,367
2,003,714
724,236
323,687
2,629,043
347,178
950,540
351,531
1,587,263
12,006,338

(2,808,337)

534,470
470,520
(1,465,468)
201,470
3,881,288
(381,955)
3,240,325

431,988

2,786,093
(14,630)

\$ 3,203,451

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Education Fund** fund accounts for programs administered by the Department of Education, the Ohio Board of Regents, and other various state agencies, which prescribe the State's minimum educational requirements and which provide funding and assistance to local school districts for basic instruction and vocation and technical job training, and to the State's colleges and universities for post-secondary education.

The **Highway Operating Fund** accounts for programs administered by the Department of Transportation, which is responsible for the planning and design, construction, and maintenance of Ohio's highways, roads, and bridges and for Ohio's public transportation programs.

The **Community and Economic Development Fund** accounts for programs administered by the Department of Development and other various state agencies, which were created to assure the efficient use of resources for the State's community and economic growth and development.

The **Health Fund** accounts for public health programs primarily administered by the Department of Health, which promotes the prevention and treatment of diseases and illnesses through technical assistance, health education, and research.

The **Mental Health and Developmental Disabilities Fund** accounts for mental health care and developmental disabilities programs pri-

marily administered by the Department of Mental Health and the Department of Developmental Disabilities, which provide assistance, services, and medical care to those individuals with mental health and developmental disability problems.

The **Highway Safety Fund** accounts for public safety programs primarily administered by the Department of Public Safety, which enforces traffic-related laws for the purpose of reducing accidents, deaths, injuries, and property damages on Ohio's highways.

The **Natural Resources Fund** accounts for environmental programs administered by the Department of Natural Resources, the Environmental Protection Agency, and other various state agencies, which promote, protect, and manage the State's natural resources and environment.

The **Wildlife and Waterways Safety Fund** accounts for programs administered by the Department of Natural Resources' Divisions of Wildlife and Watercraft, which promote, protect, and manage the State's wildlife and waterways and which provide technical assistance and education to the public.

The **Tobacco Settlement Fund** accounts for various health, education, economic, and law enforcement-related programs funded with moneys received under the Master Settlement Agreement with the nation's largest tobacco companies.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013
(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
ASSETS:			
Cash Equity with Treasurer.....	\$ 302,069	\$ 1,304,722	\$ 746,142
Cash and Cash Equivalents.....	6	498	17,284
Investments.....	448	—	—
Collateral on Lent Securities.....	36,013	155,549	88,955
Taxes Receivable	—	83,447	4,400
Intergovernmental Receivable.....	72,417	137,703	19,153
Loans Receivable, Net	—	69,959	4,209
Interfund Receivable	—	663	57
Other Receivables	77	1,995	330
Inventories	—	45,746	—
Other Assets	5,911	—	—
TOTAL ASSETS	\$ 416,941	\$ 1,800,282	\$ 880,530
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 23,056	\$ 199,026	\$ 78,179
Accrued Liabilities.....	1,765	19,891	7,433
Medicaid Claims Payable.....	—	—	—
Obligations Under Securities Lending.....	36,013	155,549	88,955
Intergovernmental Payable.....	49,367	—	95,027
Interfund Payable.....	2,246	69,988	8,361
Payable to Component Units.....	3,650	1,680	2,642
Deferred Revenue.....	5,911	746	—
Unearned Revenue.....	32,105	—	47,896
TOTAL LIABILITIES.....	154,113	446,880	328,493
FUND BALANCES (DEFICITS):			
Nonspendable.....	—	45,746	—
Restricted.....	242,588	1,307,656	335,182
Committed.....	20,240	—	216,855
Unassigned.....	—	—	—
TOTAL FUND BALANCES (DEFICITS).....	262,828	1,353,402	552,037
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 416,941	\$ 1,800,282	\$ 880,530

<u>HEALTH</u>	<u>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>	<u>HIGHWAY SAFETY</u>	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAYS SAFETY</u>	<u>TOBACCO SETTLEMENT</u>
\$ 54,451	\$ 229,743	\$ 212,172	\$ 261,934	\$ 65,619	\$ 11,700
47	—	3,185	2,238	5	579
—	—	—	—	—	16,290
6,492	27,390	25,295	31,228	7,823	1,395
72	—	—	—	2,402	—
21,100	164,884	—	—	—	—
—	—	—	—	—	—
1,412	—	342	—	—	—
628	224	611	5,284	93	72,832
14,156	—	—	—	—	—
—	—	—	—	—	—
\$ 98,358	\$ 422,241	\$ 241,605	\$ 300,684	\$ 75,942	\$ 102,796
\$ 14,060	\$ 8,347	\$ 15,692	\$ 3,250	\$ 1,785	\$ 1,052
3,865	5,551	15,532	7,528	2,406	85
—	166,579	—	—	—	—
6,492	27,390	25,295	31,228	7,823	1,395
17,277	50,456	—	—	—	—
2,067	54,833	20,702	4,597	5,359	8
390	302	217	37	612	—
—	8,029	—	—	—	72,758
1,361	18,138	—	6,619	—	—
45,512	339,625	77,438	53,259	17,985	75,298
14,156	—	—	—	—	—
25,405	80,422	109,096	90,521	10,022	6,136
13,336	2,194	55,071	156,904	47,935	21,362
(51)	—	—	—	—	—
52,846	82,616	164,167	247,425	57,957	27,498
\$ 98,358	\$ 422,241	\$ 241,605	\$ 300,684	\$ 75,942	\$ 102,796

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013
(dollars in thousands)
(continued)

	TOTAL
ASSETS:	
Cash Equity with Treasurer.....	\$ 3,188,552
Cash and Cash Equivalents.....	23,842
Investments.....	16,738
Collateral on Lent Securities.....	380,140
Taxes Receivable	90,321
Intergovernmental Receivable.....	415,257
Loans Receivable, Net	74,168
Interfund Receivable	2,474
Other Receivables	82,074
Inventories	59,902
Other Assets	5,911
TOTAL ASSETS	\$ 4,339,379
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	\$ 344,447
Accrued Liabilities.....	64,056
Medicaid Claims Payable.....	166,579
Obligations Under Securities Lending.....	380,140
Intergovernmental Payable.....	212,127
Interfund Payable.....	168,161
Payable to Component Units.....	9,530
Deferred Revenue.....	87,444
Unearned Revenue.....	106,119
TOTAL LIABILITIES.....	1,538,603
FUND BALANCES (DEFICITS):	
Nonspendable.....	59,902
Restricted.....	2,207,028
Committed.....	533,897
Unassigned.....	(51)
TOTAL FUND BALANCES (DEFICITS).....	2,800,776
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,339,379

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	<u>EDUCATION</u>	<u>HIGHWAY OPERATING</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>
REVENUES:			
Income Taxes.....	\$ —	\$ —	\$ 13,324
Sales Taxes.....	—	—	5,967
Corporate and Public Utility Taxes.....	—	—	994
Motor Vehicle Fuel Taxes.....	—	663,573	6,001
Cigarette Taxes.....	—	—	—
Other Taxes.....	—	—	232,061
Licenses, Permits and Fees.....	396	69,353	581,176
Sales, Services and Charges.....	845	2,753	15,205
Federal Government.....	2,031,629	1,741,990	585,430
Tobacco Settlement.....	—	—	—
Investment Income.....	455	2,886	540
Other.....	15,624	80,473	40,011
TOTAL REVENUES.....	<u>2,048,949</u>	<u>2,561,028</u>	<u>1,480,709</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	2,729,400	—	—
Higher Education Support.....	22,258	—	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	752	—	—
Justice and Public Protection.....	13,454	—	257,893
Environmental Protection and Natural Resources.....	—	—	500
Transportation.....	—	2,627,264	1,779
General Government.....	—	—	341,222
Community and Economic Development.....	—	—	943,061
CAPITAL OUTLAY.....	—	—	19,392
TOTAL EXPENDITURES.....	<u>2,765,864</u>	<u>2,627,264</u>	<u>1,563,847</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(716,915)</u>	<u>(66,236)</u>	<u>(83,138)</u>
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	—	—	100,300
Premiums/Discounts.....	—	—	5,377
Transfers-in.....	821,141	511,175	66,310
Transfers-out.....	—	(361,517)	(4,706)
TOTAL OTHER FINANCING SOURCES (USES).....	<u>821,141</u>	<u>149,658</u>	<u>167,281</u>
NET CHANGE IN FUND BALANCES.....	104,226	83,422	84,143
FUND BALANCES (DEFICITS), July 1 (as restated).....	158,602	1,281,868	467,894
Increase (Decrease) for Changes in Inventories.....	—	(11,888)	—
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 262,828</u>	<u>\$ 1,353,402</u>	<u>\$ 552,037</u>

<u>HEALTH</u>	<u>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>	<u>HIGHWAY SAFETY</u>	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAYS SAFETY</u>	<u>TOBACCO SETTLEMENT</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	17,459	—
—	—	—	—	—	—
1,461	—	—	10,215	—	—
20,335	19,372	360,093	140,437	42,880	—
32	99	11,062	3,014	530	—
394,006	1,631,783	20,956	61,082	25,980	—
—	—	—	—	—	135
18	—	495	166	125	284
34,589	238,825	33,744	33,652	3,127	3
450,441	1,890,079	426,350	248,566	90,101	422
—	—	—	—	—	—
—	—	—	—	—	—
—	337,367	—	—	—	—
440,460	1,562,314	188	—	—	—
285	—	449,803	286	—	2,515
—	—	—	232,140	80,426	10,621
—	—	—	—	—	—
1,458	—	—	4,371	—	127
3,602	—	—	80	—	3,797
—	—	5,596	—	5,622	—
445,805	1,899,681	455,587	236,877	86,048	17,060
4,636	(9,602)	(29,237)	11,689	4,053	(16,638)
—	—	—	—	—	—
—	—	—	—	—	—
10,073	41,259	32,631	6,101	188	12,903
—	(65)	(13,134)	(2,533)	—	—
10,073	41,194	19,497	3,568	188	12,903
14,709	31,592	(9,740)	15,257	4,241	(3,735)
40,879	51,024	173,907	232,168	53,716	31,233
(2,742)	—	—	—	—	—
\$ 52,846	\$ 82,616	\$ 164,167	\$ 247,425	\$ 57,957	\$ 27,498

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	<u>TOTAL</u>
REVENUES:	
Income Taxes.....	\$ 13,324
Sales Taxes.....	5,967
Corporate and Public Utility Taxes.....	994
Motor Vehicle Fuel Taxes.....	687,033
Cigarette Taxes.....	—
Other Taxes.....	243,737
Licenses, Permits and Fees.....	1,234,042
Sales, Services and Charges.....	33,540
Federal Government.....	6,492,856
Tobacco Settlement.....	135
Investment Income.....	4,969
Other.....	480,048
TOTAL REVENUES.....	<u>9,196,645</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	2,729,400
Higher Education Support.....	22,258
Public Assistance and Medicaid.....	337,367
Health and Human Services.....	2,003,714
Justice and Public Protection.....	724,236
Environmental Protection and Natural Resources.....	323,687
Transportation.....	2,629,043
General Government.....	347,178
Community and Economic Development.....	950,540
CAPITAL OUTLAY.....	30,610
TOTAL EXPENDITURES.....	<u>10,098,033</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(901,388)</u>
OTHER FINANCING SOURCES (USES):	
Bonds and Certificates of Participation Issued.....	100,300
Premiums/Discounts.....	5,377
Transfers-in.....	1,501,781
Transfers-out.....	(381,955)
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1,225,503</u>
NET CHANGE IN FUND BALANCES.....	324,115
FUND BALANCES (DEFICITS), July 1 (as restated).....	2,491,291
Increase (Decrease) for Changes in Inventories.....	(14,630)
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 2,800,776</u>

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	EDUCATION		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Sales Taxes.....		—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		—	
Licenses, Permits and Fees.....		396	
Sales, Services and Charges.....		843	
Federal Government.....		2,037,946	
Investment Income.....		460	
Other.....		20,462	
TOTAL REVENUES.....		2,060,107	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 3,284,253	2,807,227	\$ 477,026
Higher Education Support.....	36,519	31,468	5,051
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	3,596	915	2,681
Justice and Public Protection.....	23,739	15,971	7,768
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	—	—	—
Community and Economic Development.....	—	—	—
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 3,348,107	2,855,581	\$ 492,526
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(795,474)
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		821,170	
Transfers-out.....		(17)	
TOTAL OTHER FINANCING SOURCES (USES).....		821,153	
NET CHANGE IN FUND BALANCES.....		25,679	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		99,518	
Outstanding Encumbrances at Beginning of Fiscal Year.....		73,407	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 198,604	

<u>HIGHWAY OPERATING</u>			<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>		
		<u>VARIANCE WITH FINAL BUDGET</u>			<u>VARIANCE WITH FINAL BUDGET</u>
<u>BUDGET</u>		<u>POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ —			\$ 13,324	
	—			5,967	
	—			994	
	667,084			5,983	
	—			231,198	
	69,709			578,687	
	2,753			15,470	
	1,704,675			574,997	
	2,886			540	
	107,614			46,636	
	<u>2,554,721</u>			<u>1,473,796</u>	
\$ —	—	\$ —	\$ 800	292	\$ 508
—	—	—	16,200	8,200	8,000
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	440,282	337,509	102,773
—	—	—	538	527	11
7,598,531	4,972,407	2,626,124	7,360	5,859	1,501
—	—	—	431,870	285,167	146,703
—	—	—	1,917,231	1,456,225	461,006
—	—	—	125,514	69,798	55,716
216,229	160,339	55,890	—	—	—
<u>\$ 7,814,760</u>	<u>5,132,746</u>	<u>\$ 2,682,014</u>	<u>\$ 2,939,795</u>	<u>2,163,577</u>	<u>\$ 776,218</u>
	<u>(2,578,025)</u>			<u>(689,781)</u>	
	—			105,677	
	536,353			242,688	
	(226,394)			(181,141)	
	<u>309,959</u>			<u>167,224</u>	
	<u>(2,268,066)</u>			<u>(522,557)</u>	
	(1,041,041)			(210,288)	
	<u>2,215,739</u>			<u>798,984</u>	
	<u>\$ (1,093,368)</u>			<u>\$ 66,139</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	HEALTH		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL	ACTUAL	
REVENUES:			
Income Taxes.....	\$	—	
Sales Taxes.....		—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		—	
Licenses, Permits and Fees.....		20,374	
Sales, Services and Charges.....		4,114	
Federal Government.....		417,616	
Investment Income.....		18	
Other.....		102,661	
TOTAL REVENUES.....		544,783	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$	—	\$ —
Higher Education Support.....		—	—
Public Assistance and Medicaid.....		—	—
Health and Human Services.....	725,613	626,954	98,659
Justice and Public Protection.....		—	—
Environmental Protection and Natural Resources.....		—	—
Transportation.....		—	—
General Government.....	3,210	1,534	1,676
Community and Economic Development.....	6,751	6,402	349
CAPITAL OUTLAY.....		—	—
DEBT SERVICE.....		—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 735,574	634,890	\$ 100,684
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(90,107)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		5,990	
Transfers-out.....		(8)	
TOTAL OTHER FINANCING SOURCES (USES).....		5,982	
NET CHANGE IN FUND BALANCES.....		(84,125)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		2,138	
Outstanding Encumbrances at Beginning of Fiscal Year....		41,538	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....	\$	(40,449)	

<u>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>			<u>HIGHWAY SAFETY</u>		
		<u>VARIANCE WITH FINAL BUDGET</u>			<u>VARIANCE WITH FINAL BUDGET</u>
<u>BUDGET</u>		<u>POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ —			\$ —	
	—			—	
	—			—	
	—			—	
	19,372			362,473	
	99			11,062	
	2,912,031			23,778	
	—			495	
	304,774			35,144	
	<u>3,236,276</u>			<u>432,952</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
1,851,870	1,770,456	81,414	—	—	—
2,961,482	2,475,766	485,716	290	254	36
—	—	—	531,072	499,363	31,709
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	12,622	7,568	5,054
—	—	—	2,316	2,270	46
<u>\$ 4,813,352</u>	<u>4,246,222</u>	<u>\$ 567,130</u>	<u>\$ 546,300</u>	<u>509,455</u>	<u>\$ 36,845</u>
	<u>(1,009,946)</u>			<u>(76,503)</u>	
	—			—	
	41,262			39,575	
	(68)			(17,808)	
	<u>41,194</u>			<u>21,767</u>	
	<u>(968,752)</u>			<u>(54,736)</u>	
	(1,004,203)			150,031	
	<u>1,171,276</u>			<u>51,802</u>	
	<u>\$ (801,679)</u>			<u>\$ 147,097</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	NATURAL RESOURCES		
			VARIANCE WITH FINAL BUDGET
	BUDGET		BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Sales Taxes.....		—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		12,308	
Licenses, Permits and Fees.....		138,488	
Sales, Services and Charges.....		3,014	
Federal Government.....		60,861	
Investment Income.....		166	
Other.....		42,326	
TOTAL REVENUES.....		257,163	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	—	—	—
Justice and Public Protection.....	667	295	372
Environmental Protection and Natural Resources.....	359,918	282,865	77,053
Transportation.....	—	—	—
General Government.....	5,093	4,625	468
Community and Economic Development.....	1,452	460	992
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 367,130	288,245	\$ 78,885
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(31,082)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		1,694	
Transfers-out.....		(4,041)	
TOTAL OTHER FINANCING SOURCES (USES).....		(2,347)	
NET CHANGE IN FUND BALANCES.....		(33,429)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		194,377	
Outstanding Encumbrances at Beginning of Fiscal Year....		45,857	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 206,805	

<u>WILDLIFE AND WATERWAYS SAFETY</u>			<u>TOBACCO SETTLEMENT</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ —	
	—			—	
	—			—	
	17,391			—	
	—			—	
	42,887			—	
	530			—	
	26,667			—	
	125			—	
	3,123			199	
	<u>90,723</u>			<u>199</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3,608	3,067	541
100,121	92,970	7,151	12,241	11,615	626
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	2,033	2,033	—
26,130	9,269	16,861	—	—	—
—	—	—	—	—	—
<u>\$ 126,251</u>	<u>102,239</u>	<u>\$ 24,012</u>	<u>\$ 17,882</u>	<u>16,715</u>	<u>\$ 1,167</u>
	<u>(11,516)</u>			<u>(16,516)</u>	
	—			—	
	188			12,743	
	<u>(8)</u>			<u>—</u>	
	<u>180</u>			<u>12,743</u>	
	<u>(11,336)</u>			<u>(3,773)</u>	
	43,689			9,181	
	<u>16,351</u>			<u>3,523</u>	
<u>\$ 48,704</u>			<u>\$ 8,931</u>		

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	<u>TOTAL</u>		<u>VARIANCE WITH FINAL BUDGET</u>
	<u>BUDGET</u>		<u>BUDGET</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
REVENUES:			
Income Taxes.....		\$ 13,324	
Sales Taxes.....		5,967	
Corporate and Public Utility Taxes.....		994	
Motor Vehicle Fuel Taxes.....		690,458	
Other Taxes.....		243,506	
Licenses, Permits and Fees.....		1,232,386	
Sales, Services and Charges.....		37,885	
Federal Government.....		7,758,571	
Investment Income.....		4,690	
Other.....		662,939	
TOTAL REVENUES.....		<u>10,650,720</u>	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 3,285,053	2,807,519	\$ 477,534
Higher Education Support.....	52,719	39,668	13,051
Public Assistance and Medicaid.....	1,851,870	1,770,456	81,414
Health and Human Services.....	3,690,981	3,103,889	587,092
Justice and Public Protection.....	999,368	856,205	143,163
Environmental Protection and Natural Resources.....	472,818	387,977	84,841
Transportation.....	7,605,891	4,978,266	2,627,625
General Government.....	440,173	291,326	148,847
Community and Economic Development.....	1,927,467	1,465,120	462,347
CAPITAL OUTLAY.....	164,266	86,635	77,631
DEBT SERVICE.....	218,545	162,609	55,936
TOTAL BUDGETARY EXPENDITURES.....	<u>\$ 20,709,151</u>	<u>15,949,670</u>	<u>\$ 4,759,481</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		<u>(5,298,950)</u>	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		105,677	
Transfers-in.....		1,701,663	
Transfers-out.....		(429,485)	
TOTAL OTHER FINANCING SOURCES (USES).....		<u>1,377,855</u>	
NET CHANGE IN FUND BALANCES.....		(3,921,095)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(1,756,598)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		4,418,477	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		<u>\$ (1,259,216)</u>	

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NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The **Coal Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 15 of Article VIII, Ohio Constitution, to finance coal research and development projects.

The **Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2f of Article VIII, Ohio Constitution, to finance the improvement of higher education facilities, public schools, and natural resources.

The **Highway Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2g of Article VIII, Ohio Constitution, to finance the acquisition of rights-of-way and the construction and reconstruction of the State's highways and urban extensions.

The **Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2h of Article VIII, Ohio Constitution, to finance the construction, improvement, and development of higher education facilities, public schools, and natural resources.

The **Highway General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance the construction of the State's highways.

The **Public Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance water pollution controls and improvements at higher education facilities, parks, and natural resources.

The **Vietnam Conflict Compensation General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2j of Article VIII, Ohio Constitution, to provide funding for the compensation to Ohioans that served in the military during the Vietnam Conflict.

The **Local Infrastructure Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2k of Article VIII, Ohio Constitution, to finance the cost of local government's public infrastructure improvement projects.

The **State Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2l of Article VIII, Ohio Constitution, to finance capital improvements at state and local parks and other natural resources-related projects.

The **Highway Capital Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2m of Article VIII, Ohio Constitution, to finance capital improvements to the state highway system.

The **Higher Education Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of capital facilities for state-supported and state-assisted institutions of higher education, including those for technical education.

The **Common Schools Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of facilities for a system of common schools throughout Ohio.

The **Conservation Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2o of Article VIII, Ohio Constitution, to finance the purchase of additional “greenspace” land or interest in land devoted to natural areas, open spaces, and agriculture.

The **Third Frontier Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance research and development in support of Ohio industry, commerce, and business.

The **Job Ready Site Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance the development of sites for industry, distribution, commerce, and research and development.

The **Persian Gulf Conflict Compensation General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2r of Article VIII, Ohio Constitution, to pay compensation to veterans of the Persian Gulf, Afghanistan, and Iraq Conflicts.

The **Economic Development Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds issued to finance loans to individuals, corporations, and agencies within the State for economic development projects that create or retain jobs in the State.

The **Infrastructure Bank Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds issued to finance various highway construction projects sponsored by the Department of Transportation.

The **Revitalization Project Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds to finance the costs of environmentally safe and productive development, use, or reuse of publicly and privately owned lands, including those within urban areas.

The **Lease Rental Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of higher education facilities, mental health facilities, parks and recreation projects and facilities, and Cultural Facilities Commission projects.

The **MARCS Certificates of Participation Fund** accounts for the payment of certificate of participation-related obligations that finance the State’s statewide public service wireless communication system, known as the Multi Agency Radio Communications (MARCS).

The **OAKS Certificates of Participation Fund** accounts for the payment of certificate of participation-related obligations that finance the State’s enterprise resource planning system project, known as the Ohio Administrative Knowledge System (OAKS).

The **STARS Certificates of Participation Fund** accounts for the payment of certificates of participation related obligations that finance the State’s Taxation Accounting and Revenue System, known as STARS.

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2013
 (dollars in thousands)

	IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS	DEVELOPMENT GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	130	55	224
Investments.....	—	—	—
Collateral on Lent Securities.....	—	—	—
TOTAL ASSETS	\$ 130	\$ 55	\$ 224
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	—	—	—
Refund and Other Liabilities.....	130	55	224
TOTAL LIABILITIES.....	130	55	224
FUND BALANCES (DEFICITS):			
Restricted.....	—	—	—
TOTAL FUND BALANCES (DEFICITS).....	—	—	—
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 130	\$ 55	\$ 224

HIGHWAY GENERAL OBLIGATIONS	PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS
\$ —	\$ —	\$ —	\$ 2	\$ 88	\$ 122
170	91	28	—	—	—
—	—	—	—	—	—
—	—	—	—	11	15
\$ 170	\$ 91	\$ 28	\$ 2	\$ 99	\$ 137
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	11	15
170	91	25	—	—	—
<u>170</u>	<u>91</u>	<u>25</u>	<u>—</u>	<u>11</u>	<u>15</u>
—	—	3	2	88	122
—	—	3	2	88	122
\$ 170	\$ 91	\$ 28	\$ 2	\$ 99	\$ 137

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2013
(dollars in thousands)
(continued)

	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	INFRASTRUCTURE BANK REVENUE BONDS
ASSETS:			
Cash Equity with Treasurer.....	\$ 7	\$ 4,416	\$ —
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	15,325
Collateral on Lent Securities.....	1	527	—
TOTAL ASSETS	\$ 8	\$ 4,943	\$ 15,325
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	1	527	—
Refund and Other Liabilities.....	—	—	—
TOTAL LIABILITIES.....	1	527	—
FUND BALANCES (DEFICITS):			
Restricted.....	7	4,416	15,325
TOTAL FUND BALANCES (DEFICITS).....	7	4,416	15,325
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 8	\$ 4,943	\$ 15,325

LEASE RENTAL SPECIAL OBLIGATIONS	MARCS CERTIFICATES OF PARTICIPATION	TOTAL
\$ —	\$ —	\$ 4,635
438	—	1,136
59	8	15,392
—	—	554
\$ 497	\$ 8	\$ 21,717
\$ 279	\$ —	\$ 279
—	—	554
—	—	695
<u>279</u>	<u>—</u>	<u>1,528</u>
<u>218</u>	<u>8</u>	<u>20,189</u>
<u>218</u>	<u>8</u>	<u>20,189</u>
\$ 497	\$ 8	\$ 21,717

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
REVENUES:			
Investment Income.....	\$ —	\$ —	\$ 4
Other.....	6	—	69
TOTAL REVENUES.....	6	—	73
EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE.....	5,755	—	208,374
TOTAL EXPENDITURES.....	5,755	—	208,374
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,749)	—	(208,301)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	—	—	—
Refunding Bonds Issued.....	—	—	66,385
Payment to Refunded Bond Escrow Agents.....	—	—	(82,749)
Premiums/Discounts.....	—	—	24,910
Transfers-in.....	5,250	—	192,968
TOTAL OTHER FINANCING SOURCES (USES).....	5,250	—	201,514
NET CHANGE IN FUND BALANCES.....	(499)	—	(6,787)
FUND BALANCES (DEFICITS), July 1.....	499	3	6,789
FUND BALANCES (DEFICITS), JUNE 30.....	\$ —	\$ 3	\$ 2

STATE PROJECTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS
\$ 1	\$ 130	\$ 2	\$ 9	\$ —	\$ 2
—	—	—	23	—	—
<u>1</u>	<u>130</u>	<u>2</u>	<u>32</u>	<u>—</u>	<u>2</u>
24,324	136,568	195,814	321,876	24,278	61,083
<u>24,324</u>	<u>136,568</u>	<u>195,814</u>	<u>321,876</u>	<u>24,278</u>	<u>61,083</u>
<u>(24,323)</u>	<u>(136,438)</u>	<u>(195,812)</u>	<u>(321,844)</u>	<u>(24,278)</u>	<u>(61,081)</u>
—	11,120	—	—	—	—
—	—	66,915	194,775	—	—
—	—	(82,898)	(241,803)	—	—
—	1,017	16,533	47,825	—	4,773
23,147	124,308	187,144	305,393	24,278	60,723
<u>23,147</u>	<u>136,445</u>	<u>187,694</u>	<u>306,190</u>	<u>24,278</u>	<u>65,496</u>
(1,176)	7	(8,118)	(15,654)	—	4,415
1,176	81	8,240	15,661	—	1
<u>\$ —</u>	<u>\$ 88</u>	<u>\$ 122</u>	<u>\$ 7</u>	<u>\$ —</u>	<u>\$ 4,416</u>

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS
REVENUES:			
Investment Income.....	\$ —	\$ —	\$ 5
Other.....	—	—	—
TOTAL REVENUES.....	—	—	5
EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE.....	14,870	6,539	29,431
TOTAL EXPENDITURES.....	14,870	6,539	29,431
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(14,870)	(6,539)	(29,426)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	—	—	—
Refunding Bonds Issued.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	(603,818)
Premiums/Discounts.....	—	—	—
Transfers-in.....	14,870	6,539	613,755
TOTAL OTHER FINANCING SOURCES (USES).....	14,870	6,539	9,937
NET CHANGE IN FUND BALANCES.....	—	—	(19,489)
FUND BALANCES (DEFICITS), July 1.....	—	—	19,489
FUND BALANCES (DEFICITS), JUNE 30.....	\$ —	\$ —	\$ —

<u>INFRASTRUCTURE BANK REVENUE BONDS</u>	<u>REVITALIZATION PROJECT REVENUE BONDS</u>	<u>LEASE RENTAL SPECIAL OBLIGATIONS</u>	<u>MARCS CERTIFICATES OF PARTICIPATION</u>	<u>OAKS CERTIFICATES OF PARTICIPATION</u>	<u>STARS CERTIFICATES OF PARTICIPATION</u>
\$ 173	\$ 3	\$ —	\$ —	\$ —	\$ —
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>173</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
166,684	12,458	349,468	1,774	22,996	4,971
<u>166,684</u>	<u>12,458</u>	<u>349,468</u>	<u>1,774</u>	<u>22,996</u>	<u>4,971</u>
<u>(166,511)</u>	<u>(12,455)</u>	<u>(349,468)</u>	<u>(1,774)</u>	<u>(22,996)</u>	<u>(4,971)</u>
—	—	—	—	—	—
—	—	142,445	—	—	—
—	(287,491)	(166,709)	—	—	—
13,261	—	29,221	1,782	—	—
160,339	290,570	342,256	—	22,996	4,971
<u>173,600</u>	<u>3,079</u>	<u>347,213</u>	<u>1,782</u>	<u>22,996</u>	<u>4,971</u>
7,089	(9,376)	(2,255)	8	—	—
8,236	9,376	2,473	—	—	—
<u>\$ 15,325</u>	<u>\$ —</u>	<u>\$ 218</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ —</u>

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	<u>TOTAL</u>
REVENUES:	
Investment Income.....	\$ 329
Other.....	98
TOTAL REVENUES.....	<u>427</u>
EXPENDITURES:	
CURRENT OPERATING:	
DEBT SERVICE.....	1,587,263
TOTAL EXPENDITURES.....	<u>1,587,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(1,586,836)</u>
OTHER FINANCING SOURCES (USES):	
Bonds and Certificates of Participation Issued.....	11,120
Refunding Bonds Issued.....	470,520
Payment to Refunded Bond Escrow Agents.....	(1,465,468)
Premiums/Discounts.....	139,322
Transfers-in.....	2,379,507
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1,535,001</u>
NET CHANGE IN FUND BALANCES.....	(51,835)
FUND BALANCES (DEFICITS), July 1.....	<u>72,024</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 20,189</u>

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
REVENUES:			
Investment Income.....		\$ —	
Other.....		5,255	
TOTAL REVENUES.....		<u>5,255</u>	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	<u>\$ 5,755</u>	<u>5,755</u>	<u>\$ —</u>
TOTAL BUDGETARY EXPENDITURES.....	<u>\$ 5,755</u>	<u>5,755</u>	<u>\$ —</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		<u>(500)</u>	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		<u>—</u>	
NET CHANGE IN FUND BALANCES.....		<u>(500)</u>	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		<u>500</u>	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		<u>\$ —</u>	

**LOCAL INFRASTRUCTURE IMPROVEMENTS
GENERAL OBLIGATIONS**

STATE PROJECTS GENERAL OBLIGATIONS

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ 4			\$ 1	
	193,040			23,150	
	<u>193,044</u>			<u>23,151</u>	
\$ 215,571	207,784	\$ 7,787	\$ 25,209	24,327	\$ 882
<u>\$ 215,571</u>	<u>207,784</u>	<u>\$ 7,787</u>	<u>\$ 25,209</u>	<u>24,327</u>	<u>\$ 882</u>
	(14,740)			(1,176)	
	7,954			—	
	—			—	
	<u>7,954</u>			<u>—</u>	
	(6,786)			(1,176)	
	6,788			1,176	
	<u>\$ 2</u>			<u>\$ —</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	HIGHWAY CAPITAL IMPROVEMENTS		
	GENERAL OBLIGATIONS		
	<u>BUDGET</u>		<u>VARIANCE</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH</u>
			<u>FINAL</u>
			<u>BUDGET</u>
			<u>POSITIVE/</u>
			<u>(NEGATIVE)</u>
REVENUES:			
Investment Income.....		\$ 130	
Other.....		3	
TOTAL REVENUES.....		133	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 150,789	135,553	\$ 15,236
TOTAL BUDGETARY EXPENDITURES.....	\$ 150,789	135,553	\$ 15,236
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) BUDGETARY EXPENDITURES.....		(135,420)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		11,120	
Transfers-in.....		124,308	
TOTAL OTHER FINANCING SOURCES (USES).....		135,428	
NET CHANGE IN FUND BALANCES.....		8	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		80	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 88	

HIGHER EDUCATION CAPITAL FACILITIES
GENERAL OBLIGATIONS

COMMON SCHOOLS CAPITAL FACILITIES
GENERAL OBLIGATIONS

HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 2			\$ 9	
	187,145			305,429	
	<u>187,147</u>			<u>305,438</u>	
\$ 201,555	195,389	\$ 6,166	\$ 341,919	321,092	\$ 20,827
<u>\$ 201,555</u>	<u>195,389</u>	<u>\$ 6,166</u>	<u>\$ 341,919</u>	<u>321,092</u>	<u>\$ 20,827</u>
	<u>(8,242)</u>			<u>(15,654)</u>	
	122			—	
	<u>—</u>			<u>—</u>	
	<u>122</u>			<u>—</u>	
	<u>(8,120)</u>			<u>(15,654)</u>	
	<u>8,242</u>			<u>15,661</u>	
	<u>\$ 122</u>			<u>\$ 7</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL		
REVENUES:			
Investment Income.....		\$ —	
Other.....		24,282	
TOTAL REVENUES.....		24,282	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 29,297	24,282	\$ 5,015
TOTAL BUDGETARY EXPENDITURES.....	\$ 29,297	24,282	\$ 5,015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		—	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		—	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ —	

**THIRD FRONTIER RESEARCH/DEVELOPMENT
GENERAL OBLIGATIONS**

**JOB READY SITE DEVELOPMENT
GENERAL OBLIGATIONS**

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ 2			\$ —	
	60,723			14,870	
	<u>60,725</u>			<u>14,870</u>	
\$ 63,640	60,724	\$ 2,916	\$ 15,681	14,870	\$ 811
<u>\$ 63,640</u>	<u>60,724</u>	<u>\$ 2,916</u>	<u>\$ 15,681</u>	<u>14,870</u>	<u>\$ 811</u>
	1			—	
	4,415			—	
	—			—	
	<u>4,415</u>			<u>—</u>	
	4,416			—	
	—			—	
	<u>\$ 4,416</u>			<u>\$ —</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS		
			VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Investment Income.....		\$ —	
Other.....		6,539	
TOTAL REVENUES.....		6,539	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 10,112	6,539	\$ 3,573
TOTAL BUDGETARY EXPENDITURES.....	\$ 10,112	6,539	\$ 3,573
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		—	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		—	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ —	

TOTAL		
BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ 148	
	820,436	
	820,584	
\$ 1,059,528	996,315	\$ 63,213
\$ 1,059,528	996,315	\$ 63,213
	(175,731)	
	23,611	
	124,308	
	147,919	
	(27,812)	
	32,447	
	\$ 4,635	

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The **Infrastructure Bank Obligations Fund** accounts for revenue bond proceeds that finance various highway construction projects sponsored by the Department of Transportation.

The **Mental Health/Developmental Disabilities Facilities Improvements Fund** accounts for special obligation bond proceeds that finance the construction of mental health and developmental disabilities facilities.

The **Parks and Recreation Improvements Fund** accounts for special obligation bond proceeds that finance the capital improvement of parks and recreation facilities.

The **Administrative Services Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Administrative Services.

The **Youth Services Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Youth Services.

The **Adult Correctional Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Rehabilitation and Correction.

The **Highway Safety Building Improvements Fund** accounts for special obligation bond proceeds that finance capital improvements for the Department of Public Safety.

The **Ohio Parks and Natural Resources Fund** accounts for general obligation bond proceeds that finance capital improvements for state and local parks and other natural resources-related projects.

The **Highway Capital Improvement Fund** accounts for general obligation bond proceeds that finance capital improvements to the state highway system.

The **MARCS Project Fund** accounts for certificates of participation proceeds that finance the costs of the Multi Agency Radio Communications (MARCS) project for the statewide, secure, reliable public service wireless communication for public safety and first responders.

The **OAKS Project Fund** accounts for certificate of participation proceeds that finance the costs of the Ohio Administrative Knowledge System (OAKS) project for the statewide enterprise resource planning system.

The **STARS Project Fund** accounts for certificate of participation proceeds that finance the costs of the State's Taxation Accounting and Revenue System (STARS) technology project.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013
(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
ASSETS:			
Cash Equity with Treasurer.....	\$ 127,656	\$ 21,447	\$ 9,155
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	15,219	2,557	1,092
Other Receivables	—	—	—
TOTAL ASSETS	\$ 142,875	\$ 24,004	\$ 10,247
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 8,412	\$ 5,886	\$ 76
Obligations Under Securities Lending.....	15,219	2,557	1,092
TOTAL LIABILITIES.....	23,631	8,443	1,168
FUND BALANCES (DEFICITS):			
Restricted.....	119,244	15,561	9,079
Unassigned.....	—	—	—
TOTAL FUND BALANCES (DEFICITS).....	119,244	15,561	9,079
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 142,875	\$ 24,004	\$ 10,247

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
\$ 6,626	\$ 12,480	\$ 15,884	\$ 1,886	\$ 21,398	\$ 149,089
—	—	—	—	—	—
—	—	—	—	—	—
790	1,488	1,894	225	2,551	17,774
—	—	—	—	—	—
\$ 7,416	\$ 13,968	\$ 17,778	\$ 2,111	\$ 23,949	\$ 166,863
\$ 12,014	\$ 991	\$ 1,748	\$ 140	\$ 896	\$ 10,593
790	1,488	1,894	225	2,551	17,774
<u>12,804</u>	<u>2,479</u>	<u>3,642</u>	<u>365</u>	<u>3,447</u>	<u>28,367</u>
—	11,489	14,136	1,746	20,502	138,496
(5,388)	—	—	—	—	—
<u>(5,388)</u>	<u>11,489</u>	<u>14,136</u>	<u>1,746</u>	<u>20,502</u>	<u>138,496</u>
\$ 7,416	\$ 13,968	\$ 17,778	\$ 2,111	\$ 23,949	\$ 166,863

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013
(dollars in thousands)
(continued)

	<u>MARCS PROJECT</u>	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	—	1,439	14,027
Investments.....	43,919	—	—
Collateral on Lent Securities.....	—	—	—
Other Receivables	1	—	—
TOTAL ASSETS	\$ 43,920	\$ 1,439	\$ 14,027
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ 304	\$ 1,461
Obligations Under Securities Lending.....	—	—	—
TOTAL LIABILITIES.....	—	304	1,461
FUND BALANCES (DEFICITS):			
Restricted.....	43,920	1,135	12,566
Unassigned.....	—	—	—
TOTAL FUND BALANCES (DEFICITS).....	43,920	1,135	12,566
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 43,920	\$ 1,439	\$ 14,027

TOTAL

\$	365,621
	15,466
	43,919
	43,590
	1
\$	468,597

\$	42,521
	43,590
	86,111

	387,874
	(5,388)
	382,486
\$	468,597

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>
REVENUES:			
Licenses, Permits and Fees.....	\$ —	\$ —	\$ —
Investment Income (Loss).....	256	30	39
Other.....	—	19	—
TOTAL REVENUES.....	<u>256</u>	<u>49</u>	<u>39</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	—	—	—
CAPITAL OUTLAY.....	110,735	20,362	11,389
TOTAL EXPENDITURES.....	<u>110,735</u>	<u>20,362</u>	<u>11,389</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(110,479)</u>	<u>(20,313)</u>	<u>(11,350)</u>
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	183,530	25,000	—
Premiums/Discounts.....	16,470	1,031	—
TOTAL OTHER FINANCING SOURCES (USES).....	<u>200,000</u>	<u>26,031</u>	<u>—</u>
NET CHANGE IN FUND BALANCES.....	89,521	5,718	(11,350)
FUND BALANCES (DEFICITS), July 1.....	<u>29,723</u>	<u>9,843</u>	<u>20,429</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 119,244</u>	<u>\$ 15,561</u>	<u>\$ 9,079</u>

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
\$ —	\$ —	\$ 7	\$ —	\$ —	\$ —
64	19	61	5	64	335
—	—	—	—	35	—
64	19	68	5	99	335
121	—	—	—	—	—
36,285	10,216	14,893	186	7,332	85,699
36,406	10,216	14,893	186	7,332	85,699
(36,342)	(10,197)	(14,825)	(181)	(7,233)	(85,364)
—	15,000	—	—	—	143,285
—	990	—	—	—	31,715
—	15,990	—	—	—	175,000
(36,342)	5,793	(14,825)	(181)	(7,233)	89,636
30,954	5,696	28,961	1,927	27,735	48,860
\$ (5,388)	\$ 11,489	\$ 14,136	\$ 1,746	\$ 20,502	\$ 138,496

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	<u>MARCS PROJECT</u>	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>
REVENUES:			
Licenses, Permits and Fees.....	\$ —	\$ —	\$ —
Investment Income (Loss).....	(6)	—	1
Other.....	—	—	—
TOTAL REVENUES.....	(6)	—	1
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	—	—	—
CAPITAL OUTLAY.....	18,874	4,935	15
TOTAL EXPENDITURES.....	18,874	4,935	15
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(18,880)	(4,935)	(14)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	56,235	—	—
Premiums/Discounts.....	6,565	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	62,800	—	—
NET CHANGE IN FUND BALANCES.....	43,920	(4,935)	(14)
FUND BALANCES (DEFICITS), July 1.....	—	6,070	12,580
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 43,920	\$ 1,135	\$ 12,566

TOTAL

\$ 7
868
54
929

121
320,921
321,042

(320,113)

423,050
56,771
479,821

159,708
222,778

\$ 382,486

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Licenses, Permits and Fees.....		\$ —	
Investment Income.....		256	
Other.....		—	
TOTAL REVENUES.....		256	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
CAPITAL OUTLAY.....	355,924	236,893	119,031
TOTAL BUDGETARY EXPENDITURES.....	\$ 355,924	236,893	\$ 119,031
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(236,637)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		200,000	
TOTAL OTHER FINANCING SOURCES (USES).....		200,000	
NET CHANGE IN FUND BALANCES.....		(36,637)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(112,801)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		148,515	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ (923)	

**MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES FACILITIES IMPROVEMENTS**

PARKS AND RECREATION IMPROVEMENTS

MENTAL HEALTH/DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS			PARKS AND RECREATION IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	30			39	
	19			—	
	<u>49</u>			<u>39</u>	
\$ —	—	\$ —	\$ —	—	\$ —
172,558	110,645	61,913	49,238	17,361	31,877
<u>\$ 172,558</u>	<u>110,645</u>	<u>\$ 61,913</u>	<u>\$ 49,238</u>	<u>17,361</u>	<u>\$ 31,877</u>
	<u>(110,596)</u>			<u>(17,322)</u>	
	26,031			—	
	<u>26,031</u>			<u>—</u>	
	<u>(84,565)</u>			<u>(17,322)</u>	
	(21,253)			12,878	
	<u>32,421</u>			<u>8,655</u>	
	<u>\$ (73,397)</u>			<u>\$ 4,211</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Licenses, Permits and Fees.....		\$ —	
Investment Income.....		64	
Other.....		—	
TOTAL REVENUES.....		64	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 510	128	\$ 382
CAPITAL OUTLAY.....	108,090	55,215	52,875
TOTAL BUDGETARY EXPENDITURES.....	\$ 108,600	55,343	\$ 53,257
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(55,279)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(55,279)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		22,298	
Outstanding Encumbrances at Beginning of Fiscal Year.....		9,591	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ (23,390)	

<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>			<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ —			\$ 7	
	19			61	
	<u>—</u>			<u>—</u>	
	<u>19</u>			<u>68</u>	
\$ —	—	\$ —	\$ —	—	\$ —
25,630	16,848	8,782	180,685	35,986	144,699
<u>\$ 25,630</u>	<u>16,848</u>	<u>\$ 8,782</u>	<u>\$ 180,685</u>	<u>35,986</u>	<u>\$ 144,699</u>
	<u>(16,829)</u>			<u>(35,918)</u>	
	15,990			—	
	<u>15,990</u>			<u>—</u>	
	<u>(839)</u>			<u>(35,918)</u>	
	(3,572)			13,492	
	<u>9,566</u>			<u>18,308</u>	
	<u>\$ 5,155</u>			<u>\$ (4,118)</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	HIGHWAY SAFETY BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	BUDGET POSITIVE/ (NEGATIVE)
REVENUES:			
Licenses, Permits and Fees.....		\$ —	
Investment Income.....		5	
Other.....		—	
TOTAL REVENUES.....		5	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
CAPITAL OUTLAY.....	1,910	664	1,246
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,910	664	\$ 1,246
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(659)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(659)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		1,901	
Outstanding Encumbrances at Beginning of Fiscal Year.....		25	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 1,267	

<u>OHIO PARKS AND NATURAL RESOURCES</u>			<u>HIGHWAY CAPITAL IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ —			\$ —	
	64			335	
	28			—	
	<u>92</u>			<u>335</u>	
\$ —	—	\$ —	\$ —	—	\$ —
51,208	19,090	32,118	660,380	318,764	341,616
<u>\$ 51,208</u>	<u>19,090</u>	<u>\$ 32,118</u>	<u>\$ 660,380</u>	<u>318,764</u>	<u>\$ 341,616</u>
	<u>(18,998)</u>			<u>(318,429)</u>	
	—			175,000	
	—			<u>175,000</u>	
	<u>(18,998)</u>			<u>(143,429)</u>	
	22,995			(106,584)	
	<u>4,949</u>			<u>159,797</u>	
	<u>\$ 8,946</u>			<u>\$ (90,216)</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	TOTAL		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	BUDGET POSITIVE/ (NEGATIVE)
REVENUES:			
Licenses, Permits and Fees.....		\$ 7	
Investment Income.....		873	
Other.....		47	
TOTAL REVENUES.....		927	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 510	128	\$ 382
CAPITAL OUTLAY.....	1,605,623	811,466	794,157
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,606,133	811,594	\$ 794,539
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(810,667)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		417,021	
TOTAL OTHER FINANCING SOURCES (USES).....		417,021	
NET CHANGE IN FUND BALANCES.....		(393,646)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(170,646)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		391,827	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (172,465)	

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

The **Tuition Trust Authority Fund** accounts for the operations of the Ohio Tuition Trust Authority, including the sale of tuition credits under its guaranteed return option program.

The **Liquor Control Fund** accounts for the State's liquor sales operations of the Ohio Department of Commerce's Division of Liquor Control.

The **Office of Auditor of State Fund** accounts for the operations of the Ohio Auditor of State's Office, which provides government audit and management advisory services to Ohio's public offices.

STATE OF OHIO

COMBINING STATEMENT OF NET POSITION NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE JUNE 30, 2013

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 831	\$ 25,954	\$ 26,785
Cash and Cash Equivalents.....	9,909	667	10,576
Collateral on Lent Securities.....	99	—	99
Restricted Assets:			
Investments.....	79,800	—	79,800
Intergovernmental Receivable.....	—	9,468	9,468
Interfund Receivable.....	—	1,243	1,243
Other Receivables.....	1,121	536	1,657
Other Assets.....	8	—	8
TOTAL CURRENT ASSETS.....	91,768	37,868	129,636
NONCURRENT ASSETS:			
Restricted Assets:			
Investments.....	306,362	—	306,362
Investments.....	114,778	—	114,778
Interfund Receivable.....	—	7,277	7,277
Capital Assets Being Depreciated, Net.....	86	1,891	1,977
TOTAL NONCURRENT ASSETS.....	421,226	9,168	430,394
TOTAL ASSETS.....	512,994	47,036	560,030
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	1,444	476	1,920
Accrued Liabilities.....	387	3,060	3,447
Obligations Under Securities Lending.....	99	—	99
Interfund Payable.....	—	114	114
Unearned Revenue.....	—	826	826
Benefits Payable.....	79,800	—	79,800
Refund and Other Liabilities.....	1,899	1,545	3,444
TOTAL CURRENT LIABILITIES.....	83,629	6,021	89,650
NONCURRENT LIABILITIES:			
Interfund Payable.....	—	7,277	7,277
Benefits Payable.....	389,900	—	389,900
Refund and Other Liabilities.....	—	6,734	6,734
TOTAL NONCURRENT LIABILITIES.....	389,900	14,011	403,911
TOTAL LIABILITIES.....	473,529	20,032	493,561
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	86	1,891	1,977
Unrestricted.....	39,379	25,113	64,492
TOTAL NET POSITION (DEFICITS).....	\$ 39,465	\$ 27,004	\$ 66,469

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

	TUITION TRUST AUTHORITY	LIQUOR CONTROL	OFFICE OF AUDITOR OF STATE
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ 12,710	\$ 484,998	\$ 47,081
Investment Income.....	34,323	—	—
Other.....	83,301	609	237
TOTAL OPERATING REVENUES.....	130,334	485,607	47,318
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	279,275	60,090
Administration.....	9,856	29,887	5,326
Benefits and Claims.....	70,653	—	—
Depreciation.....	51	—	429
Other.....	—	1,047	—
TOTAL OPERATING EXPENSES.....	80,560	310,209	65,845
OPERATING INCOME (LOSS).....	49,774	175,398	(18,527)
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	—	—	3
TOTAL NONOPERATING REVENUES (EXPENSES).....	—	—	3
INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....	49,774	175,398	(18,524)
Transfers-in.....	—	19	26,870
Transfers-out.....	—	(288,028)	—
TOTAL GAIN (LOSS) AND TRANSFERS.....	—	(288,009)	26,870
NET INCOME (LOSS).....	49,774	(112,611)	8,346
NET POSITION (DEFICITS), JULY 1 (as restated).....	(10,309)	112,611	18,658
NET POSITION (DEFICITS), JUNE 30.....	\$ 39,465	\$ —	\$ 27,004

TOTAL NONMAJOR
PROPRIETARY
FUNDS

\$ 544,789
34,323
84,147

663,259

339,365
45,069
70,653
480
1,047

456,614

206,645

3

3

206,648

26,889

(288,028)

(261,139)

(54,491)
120,960

\$ 66,469

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	TUITION TRUST AUTHORITY	LIQUOR CONTROL	OFFICE OF AUDITOR OF STATE
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	\$ 490,638	\$ 37,731
Cash Received from Interfund Services Provided.....	42	11	10,164
Other Operating Cash Receipts.....	13,250	597	1,363
Cash Payments to Suppliers for Goods and Services.....	(2,380)	(352,952)	(2,066)
Cash Payments to Employees for Services.....	(5,769)	(6,296)	(61,710)
Cash Payments for Interfund Services Used.....	(359)	(1,429)	(3,464)
Other Operating Cash Payments.....	(70,652)	(4)	(3)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(65,868)	130,565	(17,985)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	19	28,424
Transfers-out	—	(241,413)	—
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	—	(241,394)	28,424
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	—	—	(668)
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	—	—	(668)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(512,550)	—	—
Proceeds from the Sales and Maturities of Investments	576,091	—	—
Investment Income Received	9,193	—	3
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	72,734	—	3
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	6,866	(110,829)	9,774
CASH AND CASH EQUIVALENTS, JULY 1 (as restated).....	3,874	110,829	16,847
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 10,740	\$ —	\$ 26,621

**TOTAL NONMAJOR
PROPRIETARY
FUNDS**

\$ 528,369
10,217
15,210
(357,398)
(73,775)
(5,252)
(70,659)

46,712

28,443
(241,413)

(212,970)

(668)

(668)

(512,550)
576,091
9,196

72,737

(94,189)

131,550

\$ 37,361

(continued)

STATE OF OHIO
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)
 (continued)

	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>	<u>OFFICE OF AUDITOR OF STATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 49,774	\$ 175,398	\$ (18,527)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	(34,323)	—	—
Depreciation	51	—	429
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	—	(714)
Interfund Receivable.....	—	—	1,554
Other Receivables	581	12,540	(221)
Inventories	—	(2,647)	—
Other Assets	22	122	455
Increase (Decrease) in Liabilities:			
Accounts Payable	(211)	(44,470)	(238)
Accrued Liabilities.....	55	(426)	687
Interfund Payable.....	—	(4,415)	(1,319)
Unearned Revenue.....	—	—	81
Benefits Payable.....	(83,300)	—	—
Refund and Other Liabilities.....	1,483	(5,537)	(172)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	<u>\$ (65,868)</u>	<u>\$ 130,565</u>	<u>\$ (17,985)</u>

**TOTAL NONMAJOR
PROPRIETARY
FUNDS**

\$ 206,645

(34,323)
480

(714)
1,554
12,900
(2,647)
599

(44,919)
316
(5,734)
81
(83,300)
(4,226)

\$ 46,712

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AGENCY FUNDS

Agency Funds account for resources the State holds in a purely custodial capacity (assets equal liabilities) for individuals, private organizations, or other governments.

The **Holding and Distribution Fund** accounts for assets held until such time that a determination has been made to refund amounts to the individuals, private organizations, or other governments.

The **Centralized Child Support Collections Fund** accounts for assets temporarily held for custodial parents.

The **Retirement Systems Fund** accounts for assets held in the custody of the Treasurer of State for the Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, School Employees Retirement System of Ohio, and State Teachers Retirement System of Ohio. While legal custodian, the Treasurer of State does not manage or provide investment services to the foregoing retirement systems.

The **Payroll Withholding and Fringe Benefits Fund** primarily accounts for assets held to liquidate the State's payroll withholding obligations.

The **Other Fund** accounts for assets held for others, which are not accounted for in another agency fund.

STATE OF OHIO

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2013
 (dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
ASSETS:			
Cash Equity with Treasurer.....	\$ 20,786	\$ —	\$ —
Cash and Cash Equivalents.....	1,796	55,747	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	—	—	12,053,529
Common and Preferred Stock.....	—	—	43,509,428
Corporate Bonds and Notes.....	—	—	13,562,812
Foreign Stocks and Bonds.....	—	—	41,655,148
Commercial Paper.....	—	—	3,987,857
Repurchase Agreements.....	—	—	693,289
Mutual Funds.....	—	—	11,406,656
Real Estate.....	—	—	17,683,712
Venture Capital.....	—	—	14,790,900
Direct Mortgage Loans.....	—	—	9,321,047
Investment Contracts.....	—	—	—
Partnership and Hedge Funds.....	—	—	7,098,287
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	6,372	—
Collateral on Lent Securities.....	2,478	—	—
Employer Contributions Receivable.....	—	—	—
Employee Contributions Receivable.....	—	—	—
Interfund Receivable.....	—	—	—
Other Receivables.....	1,293	—	—
Other Assets.....	—	—	—
Capital Assets, Net.....	—	—	—
TOTAL ASSETS.....	\$ 26,353	\$ 62,119	\$ 175,762,665
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	\$ 26,353	\$ 62,119	\$ 175,762,665
LIABILITIES:			
Accounts Payable.....	\$ —	\$ —	\$ —
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	2,478	—	—
Investment Trade Payable.....	—	—	—
Deferred Retirement Option Plan.....	—	—	—
Intergovernmental Payable.....	13,610	—	—
Refund and Other Liabilities.....	10,265	62,119	175,762,665
TOTAL LIABILITIES.....	\$ 26,353	\$ 62,119	\$ 175,762,665
Deferred Inflows of Resources.....	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	\$ 26,353	\$ 62,119	\$ 175,762,665

PAYROLL WITHHOLDING AND FRINGE BENEFITS			OTHER	TOTAL	
\$	99,395	\$	146,162	\$	266,343
	26,414		97,882		181,839
	—		—		12,053,529
	—		—		43,509,428
	—		—		13,562,812
	—		—		41,655,148
	—		—		3,987,857
	—		—		693,289
	—		2,697		11,409,353
	—		—		17,683,712
	—		—		14,790,900
	—		—		9,321,047
	—		—		—
	—		—		7,098,287
	—		107,204		113,576
	11,305		17,425		31,208
	—		—		—
	—		—		—
	—		—		—
	—		—		1,293
	—		416,961		416,961
	—		—		—
\$	137,114	\$	788,331	\$	176,776,582
	—		—		—
\$	137,114	\$	788,331	\$	176,776,582
\$	—	\$	—	\$	—
	—		—		—
	11,305		17,425		31,208
	—		—		—
	—		—		—
	26,492		145,480		185,582
	99,317		625,426		176,559,792
\$	137,114	\$	788,331	\$	176,776,582
	—		—		—
\$	137,114	\$	788,331	\$	176,776,582

STATE OF OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	BALANCE July 1, 2012	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2013
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	\$ 26,480	\$ 907,430	\$ 913,124	\$ 20,786
Cash and Cash Equivalents	765	14,798	13,767	1,796
Collateral on Lent Securities	3,732	2,478	3,732	2,478
Other Receivables	1,288	1,293	1,288	1,293
Total Assets	<u>\$ 32,265</u>	<u>\$ 925,999</u>	<u>\$ 931,911</u>	<u>\$ 26,353</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 3,732	\$ 2,478	\$ 3,732	\$ 2,478
Intergovernmental Payable	16,839	40,184	43,413	13,610
Refund and Other Liabilities	11,694	883,337	884,766	10,265
Total Liabilities	<u>\$ 32,265</u>	<u>\$ 925,999</u>	<u>\$ 931,911</u>	<u>\$ 26,353</u>
CENTRALIZED CHILD SUPPORT COLLECTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 54,446	\$ 1,912,643	\$ 1,911,342	\$ 55,747
Investments.....	6,398	5	31	6,372
Total Assets	<u>\$ 60,844</u>	<u>\$ 1,912,648</u>	<u>\$ 1,911,373</u>	<u>\$ 62,119</u>
LIABILITIES				
Refund and Other Liabilities	\$ 60,844	\$ 1,912,648	\$ 1,911,373	\$ 62,119
Total Liabilities	<u>\$ 60,844</u>	<u>\$ 1,912,648</u>	<u>\$ 1,911,373</u>	<u>\$ 62,119</u>
RETIREMENT SYSTEMS				
ASSETS				
Investments.....	\$ 162,635,211	\$ 593,839,247	\$ 580,711,793	\$ 175,762,665
Total Assets	<u>\$ 162,635,211</u>	<u>\$ 593,839,247</u>	<u>\$ 580,711,793</u>	<u>\$ 175,762,665</u>
LIABILITIES				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System.....	\$ 73,941,794	\$ 508,865,747	\$ 502,522,693	\$ 80,284,848
Police and Fire Pension Fund.....	12,840,424	20,770,035	19,601,288	14,009,171
School Employees Retirement System.....	10,501,160	13,478,917	12,394,935	11,585,142
State Teachers Retirement System.....	65,351,833	50,724,548	46,192,877	69,883,504
Total Liabilities	<u>\$ 162,635,211</u>	<u>\$ 593,839,247</u>	<u>\$ 580,711,793</u>	<u>\$ 175,762,665</u>

	BALANCE		BALANCE	
	July 1, 2012	ADDITIONS	DEDUCTIONS	June 30, 2013
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	\$ 172,619	\$ 1,408,834	\$ 1,482,058	\$ 99,395
Cash and Cash Equivalents	2,626	470,250	446,462	26,414
Collateral on Lent Securities	23,930	11,305	23,930	11,305
Total Assets	<u>\$ 199,175</u>	<u>\$ 1,890,389</u>	<u>\$ 1,952,450</u>	<u>\$ 137,114</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 23,930	\$ 11,305	\$ 23,930	\$ 11,305
Intergovernmental Payable	111	28,553	2,172	26,492
Refund and Other Liabilities	175,134	1,350,607	1,426,424	99,317
Total Liabilities	<u>\$ 199,175</u>	<u>\$ 1,390,465</u>	<u>\$ 1,452,526</u>	<u>\$ 137,114</u>
OTHER				
ASSETS				
Cash Equity with Treasurer	\$ 137,210	\$ 2,524,333	\$ 2,515,381	\$ 146,162
Cash and Cash Equivalents	38,201	72,690,731	72,631,050	97,882
Investments.....	93,328	150,695	134,122	109,901
Collateral on Lent Securities	19,337	17,425	19,337	17,425
Other Assets.....	437,151	108,240	128,430	416,961
Total Assets	<u>\$ 725,227</u>	<u>\$ 75,491,424</u>	<u>\$ 75,428,320</u>	<u>\$ 788,331</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 19,337	\$ 17,425	\$ 19,337	\$ 17,425
Intergovernmental Payable	136,318	2,510,855	2,501,693	145,480
Refund and Other Liabilities	569,572	72,963,144	72,907,290	625,426
Total Liabilities	<u>\$ 725,227</u>	<u>\$ 75,491,424</u>	<u>\$ 75,428,320</u>	<u>\$ 788,331</u>
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	\$ 336,309	\$ 4,840,597	\$ 4,910,563	\$ 266,343
Cash and Cash Equivalents	96,038	75,088,422	75,002,621	181,839
Investments.....	162,734,937	593,989,947	580,845,946	175,878,938
Collateral on Lent Securities	46,999	31,208	46,999	31,208
Other Receivables	1,288	1,293	1,288	1,293
Other Assets.....	437,151	108,240	128,430	416,961
Total Assets	<u>\$ 163,652,722</u>	<u>\$ 674,059,707</u>	<u>\$ 660,935,847</u>	<u>\$ 176,776,582</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 46,999	\$ 31,208	\$ 46,999	\$ 31,208
Intergovernmental Payable	153,268	2,579,592	2,547,278	185,582
Refund and Other Liabilities	163,452,455	670,948,983	657,841,646	176,559,792
Total Liabilities	<u>\$ 163,652,722</u>	<u>\$ 673,559,783</u>	<u>\$ 660,435,923</u>	<u>\$ 176,776,582</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS

Nonmajor Discretely Presented Component Unit Funds account for the financial activities of the State of Ohio's component units, organizations that are legally separate from the State's primary government and for which the primary government is financially accountable.

The **Cultural Facilities Commission Fund** accounts for the Cultural Facilities Commission's operations, including construction of arts and sports facilities for state and local entities.

The **eTech Ohio Commission Fund** accounts for the eTech Ohio Commission's operations, including programs designed to assist Ohio's public schools in acquiring and maximizing the use of educational technology.

The **Ohio Air Quality Development Authority Fund** accounts for the Ohio Air Quality Development Authority's operations, including programs that assist Ohio's businesses, government agencies, and not-for-profit organizations with financing projects that increase energy efficiency and reduce air pollution. The Authority's financial statements are presented for the fiscal year ended December 31, 2011.

The **Ohio Capital Fund** accounts for the operations of the State's venture capital program.

The **Jobs Ohio Fund** accounts for the operations of the nonprofit corporation, Jobs Ohio, including promoting economic development, job creation, job retention, job training, and the recruitment of business to the State of Ohio.

The **University of Cincinnati Fund** accounts for the operations of University of Cincinnati and The University of Cincinnati Foundation. The university is located in Cincinnati, Ohio.

The **Ohio University Fund** accounts for the operations of Ohio University and the Ohio University Foundation. The university is located in Athens, Ohio.

The **Miami University Fund** accounts for the operations of Miami University and the Miami University Foundation. The university is located in Oxford, Ohio.

The **University of Akron Fund** accounts for the operations of the University of Akron, the University of Akron Foundation, and the University of Akron Research Foundation.

The **Bowling Green State University Fund** accounts for the operations of Bowling Green State University and the Bowling Green State University Foundation.

The **Kent State University Fund** accounts for the operations of Kent State University and the Kent State University Foundation.

The **University of Toledo Fund** accounts for the operations of the University of Toledo, the University of Toledo Foundation, and the University of Toledo Physicians, Clinical Faculty, Inc.

The **Cleveland State University Fund** accounts for the operations of Cleveland State University, the Cleveland State University Foundation, and the Euclid Avenue Housing Corporation.

The **Youngstown State University Fund** accounts for the operations of Youngstown State University and the Youngstown State University Foundation.

The **Wright State University Fund** accounts for the operations of Wright State University and the Wright State University Foundation. The university is located in Dayton, Ohio.

The **Shawnee State University Fund** accounts for the operations of Shawnee State University and the Shawnee State University Development Foundation. The university is located in Portsmouth, Ohio.

The **Central State University Fund** accounts for the operations of Central State University and the Central State University Foundation. The university is located in Wilberforce, Ohio with a branch campus in Dayton, Ohio.

The **Terra State Community College Fund** accounts for the operations of Terra State Community College and Terra College Foundation. The college is located in Fremont, Ohio.

The **Columbus State Community College Fund** accounts for the operations of Columbus State Community College and the Columbus State Community College Development Foundation, Inc.

The **Clark State Community College Fund** accounts for the operations of Clark State Community College and the Clark State Community College Foundation. The college is located in Springfield, Ohio.

The **Edison State Community College Fund** accounts for the operations of Edison State Community College and the Edison Foundation, Inc. The college is located in Piqua, Ohio.

The **Southern State Community College Fund** accounts for the operations of Southern State Community College and the Southern State Community College Foundation. The college is located in Hillsboro, Ohio.

The **Washington State Community College Fund** accounts for the operations of Washington State Community College and the Washington State Foundation. The college is located in Marietta, Ohio.

The **Cincinnati State Community College Fund** accounts for the operations of Cincinnati State Community College.

The **Northwest State Community College Fund** accounts for the operations of Northwest State Community College and the Northwest State Community College Foundation. The college is located in Archbold, Ohio.

The **Owens State Community College Fund** accounts for the operations of Owens State Community College and the Owens State Community College Foundation. The college is located in Toledo, Ohio with a branch campus in Findlay, Ohio.

STATE OF OHIO

COMBINING STATEMENT OF NET POSITION
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2013
 (dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/12)
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 22,472	\$ 2,857	\$ 30,297
Cash and Cash Equivalents.....	—	—	11,075
Investments.....	—	—	—
Collateral on Lent Securities.....	2,679	341	—
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	—	4,194
Receivable from Primary Government.....	—	—	—
Other Receivables.....	1	1	318
Inventories.....	—	—	—
Other Assets.....	—	—	6
TOTAL CURRENT ASSETS.....	25,152	3,199	45,890
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	569
Investments.....	—	—	—
Investments.....	—	—	—
Loans Receivable, Net.....	—	—	14,030
Other Receivables.....	—	—	—
Other Assets.....	—	—	—
Capital Assets Being Depreciated, Net.....	36,501	2,446	7
Capital Assets Not Being Depreciated.....	11,858	—	—
TOTAL NONCURRENT ASSETS.....	48,359	2,446	14,606
TOTAL ASSETS.....	73,511	5,645	60,496
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	73,511	5,645	60,496
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	1	1	75
Accrued Liabilities.....	8	44	10
Obligations Under Securities Lending.....	2,679	341	—
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	10	7	—
Bonds and Notes Payable.....	—	—	—
TOTAL CURRENT LIABILITIES.....	2,698	393	85
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	70	46	—
Payable to Primary Government.....	—	—	564
Bonds and Notes Payable.....	—	—	—
TOTAL NONCURRENT LIABILITIES.....	70	46	564
TOTAL LIABILITIES.....	2,768	439	649
Deferred Inflows of Resources.....	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	2,768	439	649
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	48,358	2,446	7
Restricted for:			
Primary, Secondary and Other Education.....	—	726	—
Community and Economic Development.....	21,394	—	48,511
Nonexpendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	—
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted.....	991	2,034	11,329
TOTAL NET POSITION (DEFICITS).....	\$ 70,743	\$ 5,206	\$ 59,847

OHIO CAPITALFUND	JOBSONIO	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
4,713	198,029	70,578	123,636	312,298	17,877
—	—	122,022	482,972	296,657	174,238
—	—	—	—	—	—
—	65,445	—	—	—	—
—	—	—	8,566	4,459	—
—	—	6,556	1,539	4,800	1,566
—	—	2,484	3,394	3,096	—
—	423	78,867	57,548	26,778	36,794
—	50,660	—	2,877	3,869	768
1	3,706	18,883	12,234	4,488	4,255
4,714	318,263	299,390	692,766	656,445	235,498
—	5,070	—	160,739	598	—
—	—	805,798	—	408,803	—
110,191	—	264,692	188,887	—	208,672
—	—	23,573	11,286	4,388	8,426
—	—	41,304	7,149	26,365	7,897
2,781	1,367,418	420,645	20,842	—	5,020
—	1,959	1,208,313	615,918	678,893	666,142
—	—	258,563	101,833	153,231	64,186
112,972	1,374,447	3,022,888	1,106,654	1,272,278	960,343
117,686	1,692,710	3,322,278	1,799,420	1,928,723	1,195,841
—	—	—	—	—	—
117,686	1,692,710	3,322,278	1,799,420	1,928,723	1,195,841
—	11,383	51,209	29,171	41,957	8,398
3,969	57,807	20,598	24,987	14,826	32,891
—	—	—	—	—	—
—	—	41,171	29,844	8,021	26,876
—	—	86,266	14,840	14,321	8,183
—	—	75,535	16,787	20,476	16,445
3,969	69,190	274,779	115,629	99,601	92,793
—	—	25,853	—	—	—
—	—	—	—	—	—
—	—	113,903	47,321	32,768	85,220
—	—	—	—	—	—
157,496	1,569,156	939,500	334,723	525,331	364,112
157,496	1,569,156	1,079,256	382,044	558,099	449,332
161,465	1,638,346	1,354,035	497,673	657,700	542,125
—	—	—	—	—	—
161,465	1,638,346	1,354,035	497,673	657,700	542,125
—	1,959	404,126	503,907	497,890	325,982
—	—	—	—	—	—
—	5,070	—	—	—	—
—	—	129,464	—	—	—
—	—	45,126	—	—	—
—	—	417,761	188,887	255,997	124,824
—	—	426,932	—	—	—
—	—	54,560	6,835	37,447	789
—	—	100,105	1,369	1,962	—
—	—	35,179	33,246	15,841	—
—	—	41,175	3,288	2,583	—
—	—	30,259	4,990	35,110	—
—	—	—	—	—	28
—	—	12,654	10,540	1,307	8,205
—	—	70,412	233,487	—	72,770
—	—	(1,350)	11,511	12,345	30,624
—	—	56,571	13,662	77,681	—
(43,779)	47,335	145,269	290,025	332,860	90,494
\$ (43,779)	\$ 54,364	\$ 1,968,243	\$ 1,301,747	\$ 1,271,023	\$ 653,716

(continued)

STATE OF OHIO

COMBINING STATEMENT OF NET POSITION
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2013
 (dollars in thousands)
 (continued)

	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	12,238	116,163	67,196
Investments.....	189,074	283,993	—
Collateral on Lent Securities.....	—	—	—
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Intergovernmental Receivable.....	—	3,606	23,021
Loans Receivable, Net.....	1,406	—	1,806
Receivable from Primary Government.....	32	3,229	6,344
Other Receivables.....	17,454	34,720	87,115
Inventories.....	1,979	1,994	8,573
Other Assets.....	2,079	8,372	8,345
TOTAL CURRENT ASSETS.....	224,262	452,077	202,400
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	189,556	—
Investments.....	35,410	—	294,835
Investments.....	120,572	212,502	186,129
Loans Receivable, Net.....	7,458	39,865	14,005
Other Receivables.....	4,012	5,358	17,182
Other Assets.....	4,637	8,956	9,102
Capital Assets Being Depreciated, Net.....	422,314	585,583	615,552
Capital Assets Not Being Depreciated.....	75,623	100,216	57,289
TOTAL NONCURRENT ASSETS.....	670,026	1,142,036	1,194,094
TOTAL ASSETS.....	894,288	1,594,113	1,396,494
Deferred Outflows of Resources.....	—	—	345
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	894,288	1,594,113	1,396,839
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	10,321	51,118	33,294
Accrued Liabilities.....	9,850	31,493	37,067
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	1,123
Unearned Revenue.....	11,724	26,540	42,431
Refund and Other Liabilities.....	9,459	20,980	31,043
Bonds and Notes Payable.....	12,424	18,771	13,797
TOTAL CURRENT LIABILITIES.....	53,778	148,902	158,755
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	8,319	—	—
Unearned Revenue.....	—	8,906	—
Refund and Other Liabilities.....	26,269	65,415	38,278
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	183,488	473,040	322,117
TOTAL NONCURRENT LIABILITIES.....	218,076	547,361	360,395
TOTAL LIABILITIES.....	271,854	696,263	519,150
Deferred Inflows of Resources.....	—	3,507	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	271,854	699,770	519,150
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	311,293	309,301	335,836
Restricted for:			
Primary, Secondary and Other Education.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	45,987	—	56,049
Research.....	1,138	—	7,678
Endowments and Quasi-Endowments.....	9,104	39,150	—
Loans, Grants and Other College and University Purposes.....	22,531	243	47,051
Expendable:			
Scholarships and Fellowships.....	19,062	—	76,413
Research.....	1,062	—	5,369
Instructional Department Uses.....	22,487	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	51,971
Debt Service.....	2,000	—	14,546
Capital Purposes.....	21,957	3,659	36,422
Endowments and Quasi-Endowments.....	3,184	—	—
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	134,907	71,857
Unrestricted.....	162,629	407,083	174,497
TOTAL NET POSITION (DEFICITS).....	\$ 622,434	\$ 894,343	\$ 877,689

CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
33,046	132,985	16,013	1,458	7,559	2,616
18,148	69,012	927	780	3,789	7,094
—	—	—	—	—	—
—	—	—	—	—	—
—	1,161	8,601	—	—	149
1,375	399	4,741	97	—	67
100	1,769	3,744	43	—	625
33,944	9,446	24,786	7,817	12,060	1,839
28	1,768	343	49	461	545
1,143	1,338	15,390	223	74	130
87,784	217,878	74,545	10,467	23,943	13,065
—	7,166	7,235	1,522	21,056	—
73,908	59,057	66,380	14,274	—	—
143,141	18,370	233,985	18,668	—	6,179
10,363	1,840	12,039	—	—	—
27,609	5,478	4,638	2,069	—	183
4,269	713	2,242	1,461	384	58
464,335	176,371	296,202	65,805	83,252	23,633
72,064	24,907	10,302	23,283	5,195	1,870
795,689	293,902	633,023	127,082	109,887	31,923
883,473	511,780	707,568	137,549	133,830	44,988
—	—	—	—	—	—
883,473	511,780	707,568	137,549	133,830	44,988
12,437	4,317	13,470	991	1,030	1,001
2,242	6,147	8,678	1,931	4,517	603
—	—	—	—	—	—
—	1,345	—	—	—	—
9,588	7,099	35,413	1,222	8,752	410
19,295	4,317	14,605	2,965	2,009	732
7,862	2,798	7,525	575	798	—
51,424	26,023	79,691	7,684	17,106	2,746
—	—	—	—	—	—
1,276	—	—	758	—	—
78,916	11,667	11,187	3,602	1,877	118
—	—	—	—	—	—
308,836	70,798	106,695	14,835	34,729	5,920
389,028	82,465	117,882	19,195	36,606	6,038
440,452	108,488	197,573	26,879	53,712	8,784
—	—	—	891	—	—
440,452	108,488	197,573	27,770	53,712	8,784
253,747	134,409	265,509	72,629	72,715	24,783
—	—	—	—	—	—
—	—	—	—	—	—
1,317	—	15,683	3,616	1,164	—
—	—	6,432	—	—	—
43,116	7,023	—	169	—	2,095
—	52,159	15,628	5,901	1,341	—
12,431	8,263	20,178	1,359	532	1,568
371	308	3,336	27	(346)	—
7,576	691	24,100	—	—	112
5,344	1,189	860	—	76	88
1,331	1,010	14,069	—	427	81
—	—	604	—	378	—
34	12,372	—	—	—	26
209	2,885	—	1,057	—	—
—	2,107	—	—	—	—
20,965	58	26,051	5,885	626	—
96,580	180,818	117,545	19,136	3,205	7,451
\$ 443,021	\$ 403,292	\$ 509,995	\$ 109,779	\$ 80,118	\$ 36,204

(continued)

STATE OF OHIO

COMBINING STATEMENT OF NET POSITION
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2013
 (dollars in thousands)
 (continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	12,155	14,851	3,312
Investments.....	120,833	14,604	754
Collateral on Lent Securities.....	—	—	—
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Intergovernmental Receivable.....	—	1,178	—
Loans Receivable, Net.....	—	79	—
Receivable from Primary Government.....	286	520	—
Other Receivables.....	29,375	2,516	2,321
Inventories.....	2,741	410	9
Other Assets.....	554	304	178
TOTAL CURRENT ASSETS.....	165,944	34,462	6,574
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	3,253	—	2,017
Investments.....	—	—	1,728
Loans Receivable, Net.....	—	—	—
Other Receivables.....	—	1,711	—
Other Assets.....	518	178	—
Capital Assets Being Depreciated, Net.....	128,779	40,869	16,503
Capital Assets Not Being Depreciated.....	30,505	3,511	688
TOTAL NONCURRENT ASSETS.....	163,055	46,269	20,936
TOTAL ASSETS.....	328,999	80,731	27,510
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	328,999	80,731	27,510
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	1,571	825	328
Accrued Liabilities.....	4,150	1,256	414
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	111	—
Unearned Revenue.....	26,791	363	710
Refund and Other Liabilities.....	4,950	437	360
Bonds and Notes Payable.....	1,465	610	165
TOTAL CURRENT LIABILITIES.....	38,927	3,602	1,977
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	952	632	318
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	9,995	15,065	3,025
TOTAL NONCURRENT LIABILITIES.....	10,947	15,697	3,343
TOTAL LIABILITIES.....	49,874	19,299	5,320
Deferred Inflows of Resources.....	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	49,874	19,299	5,320
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	147,824	28,593	14,168
Restricted for:			
Primary, Secondary and Other Education.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	3,691	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	9,196	134
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	1,834	3,077	—
Research.....	—	—	—
Instructional Department Uses.....	—	24	—
Student and Public Services.....	—	2,154	—
Academic Support.....	—	23	—
Debt Service.....	—	178	1,874
Capital Purposes.....	23,423	4,614	—
Endowments and Quasi-Endowments.....	—	—	659
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	225
Unrestricted.....	102,353	13,573	5,130
TOTAL NET POSITION (DEFICITS).....	\$ 279,125	\$ 61,432	\$ 22,190

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 55,626
7,586	6,101	3,012	4,119	6,022	1,184,638
—	—	5,531	1,737	2,940	1,795,105
—	—	—	—	—	3,020
—	—	—	—	—	65,445
—	—	2,295	653	798	54,487
—	—	—	—	8	28,633
6	953	12	403	174	27,214
2,935	3,258	9,847	2,606	25,433	508,202
353	169	194	506	1,580	79,876
123	107	1,662	39	3,882	87,516
11,003	10,588	22,553	10,063	40,837	3,889,762
10,299	—	—	—	—	403,810
2,477	—	—	—	—	1,766,212
—	644	16,068	7,161	—	1,737,589
—	—	—	—	75	147,348
—	—	1,318	29	—	152,302
—	—	390	—	—	1,849,614
18,362	13,441	81,289	15,565	78,957	6,336,991
4,560	980	6,579	1,506	11,158	1,019,907
35,698	15,065	105,644	24,261	90,190	13,413,773
46,701	25,653	128,197	34,324	131,027	17,303,535
—	—	—	—	—	345
46,701	25,653	128,197	34,324	131,027	17,303,880
317	335	1,082	2,567	6,408	283,607
307	876	4,427	425	5,116	274,639
—	—	—	—	—	3,020
—	—	—	—	—	2,579
1,761	2,334	5,347	574	18,948	305,919
220	53	4,772	362	2,396	242,582
390	—	1,872	—	1,556	199,851
2,995	3,598	17,500	3,928	34,424	1,312,197
—	—	—	—	—	34,172
—	—	—	—	—	10,940
989	318	3,287	658	2,533	526,344
—	—	—	—	—	564
18,320	—	41,946	—	4,407	5,503,534
19,309	318	45,233	658	6,940	6,075,554
22,304	3,916	62,733	4,586	41,364	7,387,751
—	—	—	—	—	4,398
22,304	3,916	62,733	4,586	41,364	7,392,149
13,121	14,421	41,591	17,072	84,152	3,925,839
—	—	—	—	—	726
—	—	—	—	—	74,975
—	316	—	1,054	1,341	259,682
—	—	—	—	—	60,374
1,948	—	—	—	—	1,099,404
—	—	—	—	298	572,084
51	285	30	3,823	604	249,141
—	—	—	—	—	113,563
—	—	—	—	—	139,256
4,529	—	—	—	—	61,286
—	—	—	—	—	139,271
—	—	3,332	—	—	22,940
—	1,178	—	388	—	136,779
—	—	—	—	—	384,663
—	—	—	—	—	55,237
—	—	—	140	445	409,073
4,748	5,537	20,511	7,261	2,823	2,207,438
\$ 24,397	\$ 21,737	\$ 65,464	\$ 29,738	\$ 89,663	\$ 9,911,731

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/12)
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ 13,182	\$ —
Community and Economic Development.....	13,398	—	4,311
Education and General:			
Instruction and Departmental Research.....	—	—	—
Separately Budgeted Research.....	—	—	—
Public Service.....	—	—	—
Academic Support.....	—	—	—
Student Services.....	—	—	—
Institutional Support.....	—	—	—
Operation and Maintenance of Plant.....	—	—	—
Scholarships and Fellowships.....	—	—	—
Auxiliary Enterprises.....	—	—	—
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	—	—	—
Depreciation.....	1,346	445	3
Other.....	—	—	—
TOTAL EXPENSES.....	14,744	13,627	4,314
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	796	1,286	1,043
Operating Grants, Contributions and Restricted Investment Income.....	39	107	424
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
TOTAL PROGRAM REVENUES.....	835	1,393	1,467
NET PROGRAM (EXPENSE) REVENUE	(13,909)	(12,234)	(2,847)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	—	68
State Assistance.....	19,526	11,530	—
Other.....	—	—	954
TOTAL GENERAL REVENUES.....	19,526	11,530	1,022
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	—
SPECIAL ITEM.....	—	—	—
CHANGE IN NET POSITION.....	5,617	(704)	(1,825)
NET POSITION (DEFICITS), JULY 1 (as restated).....	65,126	5,910	61,672
NET POSITION (DEFICITS), JUNE 30.....	\$ 70,743	\$ 5,206	\$ 59,847

OHIO CAPITAL FUND	JOB SOHIO	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1,765	278,624	—	—	—	—
—	—	283,151	261,700	162,874	167,595
—	—	166,667	46,722	15,207	40,545
—	—	60,673	28,347	1,975	13,911
—	—	92,059	68,731	56,732	38,665
—	—	56,581	33,135	22,539	14,507
—	—	96,287	50,851	39,274	53,797
—	—	55,073	61,505	33,259	25,639
—	—	37,876	15,193	21,644	28,081
—	—	91,530	70,564	104,539	68,037
—	—	—	—	—	—
9,652	23,783	44,334	6,084	20,430	20,440
—	194	101,324	36,660	37,874	42,025
—	—	2,197	7,638	3,667	751
11,417	302,601	1,087,752	687,130	520,014	513,993
—	361,638	795,151	306,402	430,476	294,951
—	—	230,468	62,346	55,689	69,750
—	—	13,451	3,869	7,462	208
—	361,638	1,039,070	372,617	493,627	364,909
(11,417)	59,037	(48,682)	(314,513)	(26,387)	(149,084)
9,004	—	—	57,261	38,603	—
—	—	200,536	146,288	74,804	99,497
—	—	2,736	193,933	—	45,821
9,004	—	203,272	397,482	113,407	145,318
—	—	—	5,016	6,450	2,083
—	(8,638)	—	—	—	—
(2,413)	50,399	154,590	87,985	93,470	(1,683)
(41,366)	3,965	1,813,653	1,213,762	1,177,553	655,399
\$ (43,779)	\$ 54,364	\$ 1,968,243	\$ 1,301,747	\$ 1,271,023	\$ 653,716

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	125,473	222,318	190,378
Separately Budgeted Research.....	7,748	18,553	54,324
Public Service.....	4,894	15,827	6,141
Academic Support.....	27,314	57,189	40,090
Student Services.....	16,712	31,798	19,608
Institutional Support.....	26,375	79,844	55,994
Operation and Maintenance of Plant.....	20,106	48,710	30,999
Scholarships and Fellowships.....	19,141	48,817	26,961
Auxiliary Enterprises.....	74,715	85,532	54,846
Hospitals.....	—	—	306,376
Interest on Long-Term Debt.....	8,080	18,410	14,848
Depreciation.....	29,493	39,998	54,294
Other.....	16,627	6,038	13,071
TOTAL EXPENSES.....	376,678	673,034	867,930
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	234,113	422,218	607,592
Operating Grants, Contributions and Restricted Investment Income.....	51,588	37,678	69,870
Capital Grants, Contributions and Restricted Investment Income.....	4,496	192	3,560
TOTAL PROGRAM REVENUES.....	290,197	460,088	681,022
NET PROGRAM (EXPENSE) REVENUE	(86,481)	(212,946)	(186,908)
GENERAL REVENUES:			
Unrestricted Investment Income.....	22,330	48,268	50,912
State Assistance.....	76,316	130,389	128,756
Other.....	5,046	89,191	43,035
TOTAL GENERAL REVENUES.....	103,692	267,848	222,703
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	1,443	—	—
SPECIAL ITEM.....	—	—	—
CHANGE IN NET POSITION.....	18,654	54,902	35,795
NET POSITION (DEFICITS), JULY 1 (as restated).....	603,780	839,441	841,894
NET POSITION (DEFICITS), JUNE 30.....	\$ 622,434	\$ 894,343	\$ 877,689

CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
97,048	68,183	137,826	21,751	11,992	7,628
13,175	2,877	32,379	—	1,973	—
7,696	4,951	16,341	2,332	2,855	988
23,890	14,015	80,811	2,834	7,356	764
19,921	8,526	19,278	4,245	3,402	1,772
39,712	27,902	34,107	12,697	9,466	5,123
28,223	15,356	23,836	5,286	5,708	1,224
15,560	19,442	22,301	7,038	4,092	255
32,105	28,357	26,363	6,480	11,057	1,944
—	—	—	—	—	—
7,862	3,192	3,723	771	1,020	116
29,494	10,447	21,431	3,539	4,570	1,025
—	2,694	255	26	—	88
314,686	205,942	418,651	66,999	63,491	20,927
205,056	123,462	173,426	26,993	21,532	5,964
28,910	34,305	109,767	6,187	16,669	1,237
—	1,686	2,202	—	—	—
233,966	159,453	285,395	33,180	38,201	7,201
(80,720)	(46,489)	(133,256)	(33,819)	(25,290)	(13,726)
9,395	23,486	13,716	3,121	350	296
68,931	41,384	93,140	19,436	17,552	6,400
22,186	366	26,829	13,301	471	6,728
100,512	65,236	133,685	35,858	18,373	13,424
—	262	—	—	496	—
—	—	—	—	—	—
19,792	19,009	429	2,039	(6,421)	(302)
423,229	384,283	509,566	107,740	86,539	36,506
\$ 443,021	\$ 403,292	\$ 509,995	\$ 109,779	\$ 80,118	\$ 36,204

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

(continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	77,705	11,819	6,793
Separately Budgeted Research.....	—	—	—
Public Service.....	5,651	2,700	665
Academic Support.....	6,906	1,273	1,024
Student Services.....	14,386	3,353	1,867
Institutional Support.....	29,772	5,243	4,144
Operation and Maintenance of Plant.....	14,534	2,482	1,497
Scholarships and Fellowships.....	30,089	2,729	192
Auxiliary Enterprises.....	15,657	3,667	12
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	426	611	160
Depreciation.....	6,996	1,920	1,005
Other.....	1,039	1	—
TOTAL EXPENSES.....	203,161	35,798	17,359
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	130,253	10,994	4,468
Operating Grants, Contributions and Restricted Investment Income.....	5,273	15,233	630
Capital Grants, Contributions and Restricted Investment Income.....	147	63	252
TOTAL PROGRAM REVENUES.....	135,673	26,290	5,350
NET PROGRAM (EXPENSE) REVENUE	(67,488)	(9,508)	(12,009)
GENERAL REVENUES:			
Unrestricted Investment Income.....	725	1,636	41
State Assistance.....	66,212	10,750	6,619
Other.....	—	13	5,320
TOTAL GENERAL REVENUES.....	66,937	12,399	11,980
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	261	—
SPECIAL ITEM.....	(2,631)	—	—
CHANGE IN NET POSITION.....	(3,182)	3,152	(29)
NET POSITION (DEFICITS), JULY 1 (as restated).....	282,307	58,280	22,219
NET POSITION (DEFICITS), JUNE 30.....	\$ 279,125	\$ 61,432	\$ 22,190

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,182
—	—	—	—	—	298,098
9,156	5,761	34,859	12,416	48,309	1,964,735
—	—	—	—	367	400,537
832	—	8,275	382	3,692	189,128
2,639	1,376	5,726	885	5,191	535,470
2,189	1,027	8,449	1,614	10,818	295,727
2,345	3,313	19,700	3,949	17,581	617,476
2,001	1,003	7,541	1,444	9,872	395,298
9,079	1,089	632	3,829	5,614	319,654
3,335	1,562	4,311	2,640	9,708	696,961
—	—	—	—	—	306,376
599	—	1,679	—	146	186,366
961	698	3,633	1,243	5,894	436,512
—	—	—	30	87	54,209
33,136	15,829	94,805	28,432	117,279	6,709,729
15,269	6,478	29,771	12,588	37,184	4,259,104
732	1,628	30,762	6,643	4,673	840,608
—	—	292	—	—	37,880
16,001	8,106	60,825	19,231	41,857	5,137,592
(17,135)	(7,723)	(33,980)	(9,201)	(75,422)	(1,572,137)
196	93	331	416	406	280,654
8,384	5,582	32,048	9,847	36,124	1,310,051
8,355	3,434	1,302	—	29,059	498,080
16,935	9,109	33,681	10,263	65,589	2,088,785
6	10	—	—	168	16,195
—	—	—	—	—	(11,269)
(194)	1,396	(299)	1,062	(9,665)	521,574
24,591	20,341	65,763	28,676	99,328	9,390,157
\$ 24,397	\$ 21,737	\$ 65,464	\$ 29,738	\$ 89,663	\$ 9,911,731

STATE OF OHIO
BALANCE SHEET
OHIO FACILITIES CONSTRUCTION COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2013
(dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
ASSETS:	
Cash Equity with Treasurer.....	\$ 217,106
Cash and Cash Equivalents.....	104
Investments.....	1,548
Collateral on Lent Securities.....	25,883
Loans Receivable, Net.....	2,914
Other Receivables.....	17
TOTAL ASSETS.....	\$ 247,572
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable.....	\$ 3,574
Accrued Liabilities.....	377
Obligations Under Securities Lending.....	25,883
Intergovernmental Payable.....	585,724
Payable to Primary Government.....	3,705,428
Refund and Other Liabilities.....	1,652
TOTAL LIABILITIES.....	4,322,638
FUND BALANCES (DEFICITS):	
Unassigned.....	(4,075,066)
TOTAL FUND BALANCES (DEFICITS).....	(4,075,066)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 247,572

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 JUNE 30, 2013
 (dollars in thousands)

**OHIO FACILITIES
 CONSTRUCTION
 COMMISSION**

Total Fund Balances (Deficits)..... **\$ (4,075,066)**

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

<i>Machinery and Equipment, net of \$1,788 accumulated depreciation.....</i>	2,442
<i>Construction-in-Progress.....</i>	38,642
	41,084

The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

<i>Refund and Other Liabilities-Compensated Absences.....</i>	(989)
---	-------

Total Net Position..... **\$ (4,034,971)**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
REVENUES:	
State Assistance.....	\$ 60,899
Licenses, Permits and Fees.....	6,520
Investment Income.....	5,098
Other.....	19,285
TOTAL REVENUES.....	<u>91,802</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	400,032
TOTAL EXPENDITURES.....	<u>400,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(308,230)</u>
OTHER FINANCING SOURCES (USES):	
Transfers-out.....	1
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1</u>
NET CHANGES IN FUND BALANCES.....	(308,229)
FUND BALANCES (DEFICITS), JULY 1 (as restated).....	<u>(3,766,837)</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u><u>\$ (4,075,066)</u></u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

**OHIO FACILITIES
 CONSTRUCTION
 COMMISSION**

Net Change in Fund Balances..... **\$ (308,229)**

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were in excess/deficient over depreciation in the current period.

<i>Capital Outlay Expenditures</i>	19,374
<i>Depreciation Expense</i>	(1,479)
<i>Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense</i>	17,895

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.

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Change in Net Position..... **\$ (290,135)**

STATE OF OHIO
BALANCE SHEET
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2013
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION
ASSETS:	
Cash Equity with Treasurer.....	\$ 22,472
Collateral on Lent Securities.....	2,679
Other Receivables.....	1
TOTAL ASSETS.....	\$ 25,152
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable.....	\$ 1
Accrued Liabilities.....	8
Obligations Under Securities Lending.....	2,679
TOTAL LIABILITIES.....	2,688
FUND BALANCES (DEFICITS):	
Restricted for:	
Community and Economic Development.....	21,473
Committed to:	
Community and Economic Development.....	991
TOTAL FUND BALANCES (DEFICITS).....	22,464
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 25,152

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 CULTURAL FACILITIES COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 JUNE 30, 2013
 (dollars in thousands)

	<u>CULTURAL FACILITIES COMMISSION</u>
Total Fund Balances	\$ 22,464
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
Land.....	11,858
Buildings and Machinery and Equipment, net of \$23,790 accumulated depreciation.....	36,501
	<u>48,359</u>
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Refund and Other Liabilities-Compensated Absences.....	(80)
Total Net Position	\$ 70,743

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION
REVENUES:	
State Assistance.....	\$ 19,526
Licenses, Permits and Fees.....	50
Sales, Services and Charges.....	46
Investment Income.....	39
Other.....	700
TOTAL REVENUES.....	<u>20,361</u>
EXPENDITURES:	
CURRENT OPERATING:	
Community and Economic Development.....	13,398
TOTAL EXPENDITURES.....	<u>13,398</u>
NET CHANGES IN FUND BALANCES.....	6,963
FUND BALANCES (DEFICITS), JULY 1.....	<u>15,501</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 22,464</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 CULTURAL FACILITIES COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (dollars in thousands)

**CULTURAL
 FACILITIES
 COMMISSION**

Net Change in Fund Balances..... **\$ 6,963**

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were in excess/deficient over depreciation in the current period.

<i>Capital Outlay Expenditures</i>	—
<i>Depreciation Expense</i>	<u>(1,346)</u>
<i>Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense</i>	<u>(1,346)</u>

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.

Change in Net Position..... **\$ 5,617**

STATE OF OHIO
BALANCE SHEET
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2013
(dollars in thousands)

	eTECH OHIO COMMISSION
ASSETS:	
Cash Equity with Treasurer.....	\$ 2,857
Collateral on Lent Securities.....	341
Other Receivables.....	1
TOTAL ASSETS.....	3,199
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable.....	\$ 1
Accrued Liabilities.....	44
Obligations Under Securities Lending.....	341
TOTAL LIABILITIES.....	386
FUND BALANCES (DEFICITS):	
Restricted for:	
Primary, Secondary and Other Education.....	491
Committed to:	
Primary, Secondary and Other Education.....	104
Assigned to:	
Primary, Secondary and Other Education.....	2,218
TOTAL FUND BALANCES (DEFICITS).....	2,813
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 3,199

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET

TO THE STATEMENT OF NET POSITION

eTECH OHIO COMMISSION

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT

JUNE 30, 2013

(dollars in thousands)

**eTECH
OHIO
COMMISSION**

Total Fund Balances..... **\$ 2,813**

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Machinery and Equipment and Vehicles, net of \$5,517 accumulated depreciation..... 2,446

The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

Refund and Other Liabilities-Compensated Absences..... (53)

Total Net Position..... **\$ 5,206**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(dollars in thousands)

	<u>eTECH OHIO COMMISSION</u>
REVENUES:	
State Assistance.....	\$ 11,530
Federal Government.....	107
Other.....	1,286
TOTAL REVENUES.....	<u>12,923</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	13,332
TOTAL EXPENDITURES.....	<u>13,332</u>
NET CHANGES IN FUND BALANCES.....	(409)
FUND BALANCES (DEFICITS), JULY 1.....	<u>3,222</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 2,813</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

eTECH OHIO COMMISSION

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(dollars in thousands)

**eTECH
OHIO
COMMISSION**

Net Change in Fund Balance..... **\$ (409)**

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were in excess/deficient over depreciation in the current period.

<i>Capital Outlay Expenditures</i>	118
<i>Depreciation Expense</i>	<u>(445)</u>
<i>Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense</i>	<u>(327)</u>

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.

	<u>32</u>
Change in Net Position	<u><u>\$ (704)</u></u>

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Statistical Section

UNITED STATES AIR FORCE MUSEUM

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STATISTICAL SECTION

This section of the State of Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

	<u>Pages</u>
Financial Trends	238-251
<p>These schedules contain trend information to assist the reader in understanding how the State's financial performance and condition have changed over time.</p>	
Revenue Capacity	252-265
<p>These schedules contain information to assist the reader in assessing the State's two most significant own-source revenues: income taxes and sales taxes.</p>	
Debt Capacity	266-274
<p>These schedules present information to assist the reader in assessing the affordability of the State's current levels of outstanding debt and its ability to issue additional debt in the future.</p>	
Economic and Demographic Information	276-279
<p>These schedules offer economic and demographic indicators to assist the reader in understanding the environment within which the State's financial activities take place.</p>	
Operating Information	280-287
<p>These schedules contain service and infrastructure data to assist the reader in understanding how the information in the State's financial report relates to the services the State provides and to the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATE OF OHIO
NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2013	2012	2011	2010
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets.....	\$ 22,489,929	\$ 22,147,262	\$ 23,157,156	\$ 22,578,727
Restricted for:				
Primary, Secondary and Other Education.....	236,391	129,353	99,169	38,495
Higher Education Support.....	—	—	5,936	—
Public Assistance and Medicaid.....	535,410	219,153	492,122	—
Health and Human Services.....	100,424	101,056	107,431	—
Justice and Public Protection.....	42,623	29,516	86,822	—
Environmental Protection and Natural Resources.....	147,955	148,200	140,229	—
Transportation.....	3,064,127	2,613,620	2,439,080	1,601,532
General Government.....	131,823	93,089	82,615	—
State and Local Highway Construction.....	—	—	—	117,769
Federal Programs.....	—	—	—	85,232
Clean Ohio Program.....	—	—	—	47,254
Community and Economic Development.....	250,797	245,631	403,151	1,001,840
Enterprise Bond Program.....	—	—	—	10,000
Total Restricted Net Position.....	<u>4,509,550</u>	<u>3,579,618</u>	<u>3,856,555</u>	<u>2,902,122</u>
Unrestricted.....	<u>(5,784,139)</u>	<u>(7,128,873)</u>	<u>(8,249,343)</u>	<u>(7,384,680)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION.....	<u>\$ 21,215,340</u>	<u>\$ 18,598,007</u>	<u>\$ 18,764,368</u>	<u>\$ 18,096,169</u>
BUSINESS-TYPE ACTIVITIES:				
Net Investment in Capital Assets.....	\$ 92,290	\$ 67,331	\$ 54,430	\$ 51,578
Restricted for:				
Workers' Compensation.....	6,690,414	7,760,634	5,728,951	—
Deferred Lottery Prizes.....	85,085	123,724	77,142	86,616
Unemployment Compensation.....	—	—	—	—
Ohio Building Authority.....	—	—	27,021	—
Tuition Trust Authority.....	39,379	—	11,838	—
Total Restricted Net Position.....	<u>6,814,878</u>	<u>7,884,358</u>	<u>5,844,952</u>	<u>86,616</u>
Unrestricted.....	<u>(1,085,302)</u>	<u>(1,383,125)</u>	<u>(1,820,494)</u>	<u>1,966,583</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION.....	<u>\$ 5,821,866</u>	<u>\$ 6,568,564</u>	<u>\$ 4,078,888</u>	<u>\$ 2,104,777</u>
PRIMARY GOVERNMENT:				
Net Investment in Capital Assets.....	\$ 22,582,219	\$ 22,214,593	\$ 23,211,586	\$ 22,630,305
Restricted.....	11,324,428	11,463,976	9,701,507	2,988,738
Unrestricted.....	<u>(6,869,441)</u>	<u>(8,511,998)</u>	<u>(10,069,837)</u>	<u>(5,418,097)</u>
TOTAL PRIMARY GOVERNMENT NET POSITION.....	<u>\$ 27,037,206</u>	<u>\$ 25,166,571</u>	<u>\$ 22,843,256</u>	<u>\$ 20,200,946</u>

Source:
Ohio Office of Budget and Management

Notes:

Beginning in fiscal year 2011, restricted net position categories have been revised to correspond with the categories presented for restricted fund balance.

Ohio Building Authority ceased operations December 31, 2011.

When practical, net position reported on the above table have been restated for prior period adjustments, corrections, and reclassifications. However, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expense activity reported for the applicable fiscal years on the "Changes in Net Position" table may not have been determined for presentation on that table.

2009	2008	2007	2006	2005	2004
\$ 22,325,346	\$ 21,983,900	\$ 21,477,381	\$ 20,889,063	\$ 20,285,186	\$ 19,941,259
37,174	41,842	34,019	9,607	8,200	15,862
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,031,932	844,666	1,032,112	921,993	744,913	698,428
—	—	—	—	—	—
113,009	118,011	126,323	127,121	129,299	126,517
61,929	76,396	81,639	75,776	38,656	32,858
44,060	90,485	85,209	93,682	41,673	80,530
1,045,542	1,420,180	991,094	883,385	935,842	924,533
10,000	10,000	10,000	10,000	10,000	10,000
<u>2,343,646</u>	<u>2,601,580</u>	<u>2,360,396</u>	<u>2,121,564</u>	<u>1,908,583</u>	<u>1,888,728</u>
<u>(6,110,855)</u>	<u>(4,006,732)</u>	<u>(4,315,273)</u>	<u>(4,067,042)</u>	<u>(3,988,883)</u>	<u>(4,331,377)</u>
<u>\$ 18,558,137</u>	<u>\$ 20,578,748</u>	<u>\$ 19,522,504</u>	<u>\$ 18,943,585</u>	<u>\$ 18,204,886</u>	<u>\$ 17,498,610</u>
\$ 37,059	\$ 32,068	\$ 19,322	\$ 10,363	\$ (1,839)	\$ 5,873
—	—	—	—	—	866,307
57,059	44,126	13,272	56,669	102,614	83,603
—	452,082	608,364	675,666	663,921	809,037
23,072	25,558	28,390	28,041	26,996	28,457
—	—	32,100	—	—	—
<u>80,131</u>	<u>521,766</u>	<u>682,126</u>	<u>760,376</u>	<u>793,531</u>	<u>1,787,404</u>
<u>1,789,789</u>	<u>2,582,265</u>	<u>2,425,083</u>	<u>(247,241)</u>	<u>(1,141,542)</u>	<u>(223,611)</u>
<u>\$ 1,906,979</u>	<u>\$ 3,136,099</u>	<u>\$ 3,126,531</u>	<u>\$ 523,498</u>	<u>\$ (349,850)</u>	<u>\$ 1,569,666</u>
\$ 22,362,405	\$ 22,015,968	\$ 21,496,703	\$ 20,899,426	\$ 20,283,347	\$ 19,947,132
2,423,777	3,123,346	3,042,522	2,881,940	2,702,114	3,676,132
(4,321,066)	(1,424,467)	(1,890,190)	(4,314,283)	(5,130,425)	(4,554,988)
<u>\$ 20,465,116</u>	<u>\$ 23,714,847</u>	<u>\$ 22,649,035</u>	<u>\$ 19,467,083</u>	<u>\$ 17,855,036</u>	<u>\$ 19,068,276</u>

STATE OF OHIO
CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2013	2012	2011	2010
EXPENSES:				
GOVERNMENTAL ACTIVITIES:				
Primary, Secondary and Other Education.....	\$ 11,463,579	\$ 12,340,848	\$ 12,126,435	\$ 12,259,233
Higher Education Support.....	2,404,369	2,348,154	2,726,016	2,771,611
Public Assistance and Medicaid.....	21,624,298	21,206,515	20,111,691	18,828,082
Health and Human Services.....	3,504,294	3,835,369	4,295,483	4,003,033
Justice and Public Protection.....	3,136,239	3,202,970	3,184,345	3,077,704
Environmental Protection and Natural Resources.....	437,322	407,379	350,870	416,071
Transportation.....	2,657,896	2,564,702	2,186,332	2,187,406
General Government.....	921,636	599,639	795,899	623,845
Community and Economic Development.....	3,516,001	3,867,888	4,479,010	4,491,643
Interest on Long-Term Debt (excludes interest charged as program expense).....	115,019	118,902	134,888	133,335
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES.....	49,780,653	50,492,366	50,390,969	48,791,963
BUSINESS-TYPE ACTIVITIES:				
Workers' Compensation.....	3,428,859	1,945,190	2,354,296	2,861,222
Lottery Commission.....	2,100,887	2,001,671	1,911,105	1,816,213
Unemployment Compensation.....	1,976,518	2,754,835	4,094,207	5,605,830
Ohio Building Authority.....	—	13,010	22,076	22,492
Tuition Trust Authority.....	80,560	80,157	79,671	81,119
Liquor Control.....	310,209	543,729	507,800	489,087
Office of Auditor of State.....	65,845	69,183	69,185	70,637
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES.....	7,962,878	7,407,775	9,038,340	10,946,600
TOTAL PRIMARY GOVERNMENT EXPENSES.....	\$ 57,743,531	\$ 57,900,141	\$ 59,429,309	\$ 59,738,563
PROGRAM REVENUES:				
GOVERNMENTAL ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Public Assistance and Medicaid.....	\$ 1,152,467	\$ 1,289,463	\$ 1,045,698	\$ 1,302,439
Justice and Public Protection.....	1,078,277	943,142	1,163,286	996,420
General Government.....	418,085	543,699	344,451	686,825
Community and Economic Development.....	594,030	406,022	504,275	479,727
Other Activities.....	950,819	852,501	722,459	652,449
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	20,189,757	20,053,479	22,041,874	20,839,257
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	1,695,846	1,573,765	1,465,484	1,241,422
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES.....	26,079,281	25,662,071	27,287,527	26,198,539
BUSINESS-TYPE ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Workers' Compensation.....	1,504,112	1,958,593	1,950,169	2,133,439
Lottery Commission.....	2,939,773	2,781,737	2,608,235	2,498,785
Unemployment Compensation.....	1,342,217	1,674,456	1,587,385	1,304,308
Liquor Control.....	485,607	791,454	733,573	706,736
Other Activities.....	60,028	73,707	74,657	76,158
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	1,697,735	3,568,089	5,002,792	5,403,777
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	—	—	—	—
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES.....	8,029,472	10,848,036	11,956,811	12,123,203
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....	\$ 34,108,753	\$ 36,510,107	\$ 39,244,338	\$ 38,321,742

2009	2008	2007	2006	2005	2004
\$ 11,888,145	\$ 11,304,014	\$ 11,467,076	\$ 11,157,283	\$ 10,500,807	\$ 10,234,524
2,967,485	2,729,423	2,546,530	2,608,007	2,475,281	2,494,828
17,903,102	16,003,345	15,782,074	14,909,149	14,247,598	13,557,787
4,061,765	3,651,313	3,538,858	3,526,763	3,333,997	2,950,880
3,251,316	3,128,087	3,102,172	3,111,577	2,972,666	2,809,295
413,398	393,704	435,235	406,632	397,852	397,884
2,171,475	2,078,732	1,998,166	1,925,841	2,080,958	1,433,439
645,271	749,150	887,109	955,241	672,838	609,575
4,265,827	4,017,838	3,789,404	3,618,550	3,432,302	3,493,357
165,908	173,934	169,776	175,732	175,700	189,583
47,733,692	44,229,540	43,716,400	42,394,775	40,289,999	38,171,152
2,158,753	2,675,254	2,760,313	2,011,480	3,232,669	3,072,477
1,774,308	1,704,848	1,696,881	1,625,309	1,581,100	1,575,279
3,485,942	1,333,180	1,175,682	1,161,776	1,194,040	1,639,014
26,837	28,117	28,188	25,797	27,327	27,524
94,888	121,673	91,416	67,162	30,214	118,834
479,919	460,398	444,119	423,373	401,187	374,507
85,575	73,225	74,487	71,729	73,501	75,758
8,106,222	6,396,695	6,271,086	5,386,626	6,540,038	6,883,393
\$ 55,839,914	\$ 50,626,235	\$ 49,987,486	\$ 47,781,401	\$ 46,830,037	\$ 45,054,545
\$ 966,010	\$ 1,021,341	\$ 832,275	\$ 639,821	\$ 612,629	\$ 556,006
938,297	879,534	929,689	912,421	850,032	832,787
594,532	697,274	458,424	477,565	408,443	415,598
388,895	362,388	338,337	288,490	313,724	295,078
763,620	582,208	545,050	494,550	372,243	432,251
18,225,838	15,123,489	14,964,123	14,336,582	13,774,639	12,979,609
1,198,200	1,070,309	1,286,426	1,288,100	1,088,146	890,650
23,075,392	19,736,543	19,354,324	18,437,529	17,419,856	16,401,979
2,378,127	2,160,649	4,288,636	2,118,571	2,213,121	2,138,634
2,425,832	2,332,866	2,267,134	2,227,386	2,164,857	2,166,512
1,172,554	1,174,979	1,112,423	1,163,397	1,044,500	61,033
689,283	663,830	639,664	606,905	556,213	520,161
81,291	83,545	78,925	78,965	74,776	108,250
1,028,750	877,474	1,339,862	882,961	1,183,474	2,455,753
—	—	—	—	—	126
7,775,837	7,293,343	9,726,644	7,078,185	7,236,941	7,450,469
\$ 30,851,229	\$ 27,029,886	\$ 29,080,968	\$ 25,515,714	\$ 24,656,797	\$ 23,852,448

(continued)

STATE OF OHIO
CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS

(accrual basis of accounting)
(dollars in thousands)
(continued)

	2013	2012	2011	2010
NET (EXPENSE) REVENUE:				
Governmental Activities.....	\$ (23,701,372)	\$ (24,830,295)	\$ (23,103,442)	\$ (22,593,424)
Business-Type Activities.....	66,594	3,440,261	2,918,471	1,176,603
TOTAL PRIMARY GOVERNMENT NET (EXPENSE).....	\$ (23,634,778)	\$ (21,390,034)	\$ (20,184,971)	\$ (21,416,821)
GENERAL REVENUES AND				
OTHER CHANGES IN NET POSITION:				
GOVERNMENTAL ACTIVITIES:				
TAXES:				
Income.....	\$ 9,826,097	\$ 9,017,760	\$ 8,815,468	\$ 7,760,084
Sales.....	8,635,076	8,304,263	7,793,045	7,295,428
Corporate and Public Utility.....	2,560,420	2,501,140	2,462,681	2,351,084
Cigarette.....	828,812	843,180	855,610	886,875
Other.....	993,217	708,041	699,907	647,999
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,774,781	1,800,473	1,759,421	1,766,204
TOTAL TAXES.....	24,618,403	23,174,857	22,386,132	20,707,674
Tobacco Settlement.....	336,255	333,148	334,665	336,259
Escheat Property.....	167,140	153,556	101,289	160,755
Unrestricted Investment Income.....	25,881	3,702	2,688	(52,677)
Federal.....	—	—	—	—
Other.....	239,435	48,078	1,323	592
Loss on Extinguishment of Debt.....	(154,607)	—	—	—
Transfers-Internal Activities.....	1,082,887	949,952	945,551	978,327
TOTAL GOVERNMENTAL ACTIVITIES.....	26,315,394	24,663,293	23,771,648	22,130,930
BUSINESS-TYPE ACTIVITIES:				
Unrestricted Investment Income.....	3	3	1,184	—
Federal.....	—	—	—	—
Other.....	—	5	—	48
Gain on Extinguishment of Debt.....	273,851	—	—	—
Transfers-Internal Activities.....	(1,082,887)	(949,952)	(945,551)	(978,327)
TOTAL BUSINESS-TYPE ACTIVITIES.....	(809,033)	(949,944)	(944,367)	(978,279)
TOTAL PRIMARY GOVERNMENT.....	\$ 25,506,361	\$ 23,713,349	\$ 22,827,281	\$ 21,152,651
CHANGE IN NET POSITION:				
Governmental Activities.....	\$ 2,614,022	\$ (167,002)	\$ 668,206	\$ (462,494)
Business-Type Activities.....	(742,439)	2,490,317	1,974,104	198,324
TOTAL PRIMARY GOVERNMENT	\$ 1,871,583	\$ 2,323,315	\$ 2,642,310	\$ (264,170)

Source:

Ohio Office of Budget and Management

Notes:

Ohio Building Authority ceased operations December 31, 2011.

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

2009	2008	2007	2006	2005	2004
\$ (24,658,300)	\$ (24,492,997)	\$ (24,362,076)	\$ (23,957,246)	\$ (22,870,143)	\$ (21,769,173)
(330,385)	896,648	3,455,558	1,691,559	696,903	567,076
\$ (24,988,685)	\$ (23,596,349)	\$ (20,906,518)	\$ (22,265,687)	\$ (22,173,240)	\$ (21,202,097)
\$ 8,228,349	\$ 9,887,502	\$ 9,630,983	\$ 9,854,803	\$ 9,450,119	\$ 8,526,572
7,276,288	7,863,969	7,755,604	7,623,513	8,135,552	7,915,493
2,443,059	1,610,629	2,615,648	2,359,338	1,838,882	1,755,736
924,764	950,646	986,546	1,084,143	577,699	557,543
648,284	1,732,034	672,598	645,856	651,646	641,273
1,743,151	1,820,336	1,835,478	1,850,939	1,753,390	1,631,631
21,263,895	23,865,116	23,496,857	23,418,592	22,407,288	21,028,248
366,197	362,897	361,552	336,044	321,335	316,799
117,172	185,016	31,009	93,782	91,867	74,268
(8,765)	250,293	206,414	128,772	46,797	18,159
—	2	—	—	—	193,033
134	200	383	295	287	1,940
—	—	—	—	—	—
899,385	885,842	853,171	818,636	807,653	781,149
22,638,018	25,549,366	24,949,386	24,796,121	23,675,227	22,413,596
—	—	—	—	2,040	622
—	—	—	—	—	12
321	19	372	932	5,837	—
—	—	—	—	—	—
(899,385)	(885,842)	(853,171)	(818,636)	(807,653)	(781,149)
(899,064)	(885,823)	(852,799)	(817,704)	(799,776)	(780,515)
\$ 21,738,954	\$ 24,663,543	\$ 24,096,587	\$ 23,978,417	\$ 22,875,451	\$ 21,633,081
\$ (2,020,282)	\$ 1,056,369	\$ 587,310	\$ 838,875	\$ 805,084	\$ 644,423
(1,229,449)	10,825	2,602,759	873,855	(102,873)	(213,439)
\$ (3,249,731)	\$ 1,067,194	\$ 3,190,069	\$ 1,712,730	\$ 702,211	\$ 430,984

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010	2009
REVENUES:					
Income Taxes.....	\$ 9,811,982	\$ 9,076,284	\$ 8,785,047	\$ 7,818,405	\$ 8,404,218
Sales Taxes.....	8,643,468	8,304,705	7,791,128	7,299,285	7,265,514
Corporate and Public Utility Taxes.....	2,555,959	2,500,905	2,463,512	2,348,948	2,449,060
Motor Vehicle Fuel Taxes.....	1,774,781	1,800,473	1,759,421	1,766,204	1,743,151
Cigarette Taxes.....	828,812	843,180	855,610	886,875	924,764
Other Taxes.....	993,217	708,041	699,907	647,999	648,284
Licenses, Permits and Fees.....	3,207,414	3,002,172	2,796,122	2,887,560	2,419,459
Sales, Services and Charges.....	95,686	96,982	96,717	92,600	88,089
Federal Government.....	21,537,101	21,395,852	23,301,445	21,969,544	18,905,780
Tobacco Settlement.....	295,086	295,736	289,293	306,144	366,895
Escheat Property.....	175,284	151,601	124,026	113,131	102,347
Investment Income.....	38,255	30,121	44,207	18,925	284,400
Other	1,207,030	1,091,765	970,999	1,145,925	1,132,565
TOTAL REVENUES.....	51,164,075	49,297,817	49,977,434	47,301,545	44,734,526
EXPENDITURES:					
Current Operating:					
Primary, Secondary and					
Other Education.....	11,029,898	11,928,522	11,711,365	11,849,154	11,474,274
Higher Education Support.....	2,263,026	2,210,547	2,589,416	2,635,983	2,815,624
Public Assistance and Medicaid.....	21,660,378	21,211,351	20,207,348	18,872,273	17,882,194
Health and Human Services.....	3,369,506	3,723,084	4,166,075	3,899,232	3,974,954
Justice and Public Protection.....	3,062,006	3,073,862	3,004,953	3,022,427	3,177,545
Environmental Protection and					
Natural Resources.....	416,875	390,474	375,810	369,124	396,812
Transportation.....	2,637,989	2,510,742	2,369,967	1,995,280	2,077,597
General Government.....	821,512	525,706	527,377	533,326	579,457
Community and Economic					
Development.....	3,376,928	3,717,160	4,331,441	4,337,066	4,139,904
Capital Outlay.....	352,670	377,983	503,314	542,529	565,799
Debt service:					
Principal.....	1,813,180	702,345	693,006	703,380	1,108,850
Interest.....	72,103	805,399	775,491	735,721	794,302
TOTAL EXPENDITURES.....	50,876,071	51,177,175	51,255,563	49,495,495	48,987,312
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	288,004	(1,879,358)	(1,278,129)	(2,193,950)	(4,252,786)

2008	2007	2006	2005	2004
\$ 9,766,337	\$ 9,700,901	\$ 9,726,268	\$ 9,398,979	\$ 8,479,900
7,863,969	7,755,605	7,623,513	8,135,552	7,915,493
2,679,751	2,615,649	2,359,337	1,838,883	1,755,736
1,820,336	1,835,477	1,850,940	1,753,389	1,631,632
950,646	986,546	1,084,143	577,698	557,543
662,913	672,598	645,857	651,647	641,274
2,289,420	2,261,667	2,137,549	1,851,739	1,804,291
83,167	78,807	77,071	83,846	85,547
15,740,008	15,663,148	15,421,095	14,640,717	13,893,741
334,270	308,488	294,725	321,050	316,322
137,125	83,991	145,695	118,719	103,767
605,935	619,645	440,623	228,186	110,876
1,198,425	762,191	627,312	640,076	577,637
<u>44,132,302</u>	<u>43,344,713</u>	<u>42,434,128</u>	<u>40,240,481</u>	<u>37,873,759</u>
10,962,026	11,300,752	11,026,085	10,377,748	10,127,804
2,587,466	2,437,150	2,499,074	2,369,279	2,386,570
16,003,057	15,774,452	14,907,511	14,240,939	13,617,263
3,592,273	3,465,552	3,461,571	3,276,589	3,098,669
3,126,680	3,049,826	3,055,124	2,903,061	2,522,823
409,643	419,324	395,016	379,273	365,511
2,080,166	2,186,036	2,185,928	2,077,669	1,807,912
648,774	754,441	792,645	585,161	493,237
3,906,709	3,664,551	3,549,065	3,362,574	3,380,557
547,825	453,761	485,904	466,913	458,118
1,154,719	1,061,912	962,443	1,162,970	877,116
719,856	545,172	496,822	253,260	458,330
<u>45,739,194</u>	<u>45,112,929</u>	<u>43,817,188</u>	<u>41,455,436</u>	<u>39,593,910</u>
<u>(1,606,892)</u>	<u>(1,768,216)</u>	<u>(1,383,060)</u>	<u>(1,214,955)</u>	<u>(1,720,151)</u>

(continued)

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(dollars in thousands)

(continued)

	2013	2012	2011	2010	2009
OTHER FINANCING SOURCES (USES):					
Bonds, Notes, and Certificates of					
Participation Issued.....	\$ 712,470	\$ 1,357,640	\$ 1,332,425	\$ 1,008,029	\$ 1,000,770
Refunding Bonds Issued.....	470,520	1,374,660	544,775	1,154,210	506,480
Payment to Refunded Bond					
Escrow Agents.....	(1,465,468)	(1,604,658)	(621,223)	(1,319,366)	(555,025)
Premiums.....	209,381	379,506	123,831	162,697	74,345
Discounts.....	—	—	—	—	(2,732)
Capital Leases.....	108	560	915	708	600
Transfers-in.....	4,448,253	2,803,070	3,030,096	3,497,705	3,470,851
Transfers-out.....	(3,365,366)	(1,853,118)	(2,084,545)	(2,519,378)	(2,571,466)
TOTAL OTHER FINANCING SOURCES (USES).....	1,009,898	2,457,660	2,326,274	1,984,605	1,923,823
SPECIAL ITEMS.....	1,463,506	-	-	-	-
NET CHANGE IN FUND BALANCES.....	\$ 2,761,408	\$ 578,302	\$ 1,048,145	\$ (209,345)	\$ (2,328,963)
Debt Service as a Percentage of Noncapital Expenditures.....	3.7%	3.0%	2.9%	2.9%	3.9%
Additional Information:					
Increase (Decrease) for Changes in Inventories.....	\$ (21,245)	\$ 14,982	\$ 126	\$ (1,699)	\$ 19,833

Source:

Ohio Office of Budget and Management

Notes:

Revenues, expenditures, and other financing sources (uses) have been restated for prior period adjustments, corrections, and reclassifications, when practical.

2008	2007	2006	2005	2004
\$ 6,214,699	\$ 1,482,830	\$ 1,524,269	\$ 1,347,285	\$ 1,574,566
—	259,205	156,240	706,835	247,297
—	(279,651)	(172,770)	(768,952)	(260,146)
24,139	87,878	71,475	142,926	111,270
(66,884)	—	—	(94)	(7,923)
1,533	18,942	4,959	335	400
3,663,030	3,548,419	3,319,821	3,323,250	3,246,329
(2,777,188)	(2,695,248)	(2,501,185)	(2,515,597)	(2,465,180)
7,059,329	2,422,375	2,402,809	2,235,988	2,446,613
-	-	-	-	-
\$ 5,452,437	\$ 654,159	\$ 1,019,749	\$ 1,021,033	\$ 726,462
4.1%	3.6%	3.4%	3.5%	3.4%
\$ 24,571	\$ (3,216)	\$ 12,636	\$ (1,102)	\$ 1,710

STATE OF OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(dollars in thousands)

	2013	2012	2011
GENERAL FUND:			
Nonspendable.....	\$ 59,896	\$ 86,982	\$ 65,080
Restricted.....	1,126,686	1,027,885	1,078,652
Committed.....	751,615	824,607	671,210
Assigned.....	2,042,246	1,666,177	1,616,695
Unassigned.....	1,259,670	(415,658)	(1,208,029)
TOTAL GENERAL FUND.....	5,240,113	3,189,993	2,223,608
ALL OTHER GOVERNMENTAL FUNDS:			
Nonspendable, reported in:			
Special Revenue Funds.....	59,902	86,691	99,806
Restricted, reported in:			
Special Revenue Funds.....	2,671,751	2,039,390	2,091,135
Debt Service Funds.....	5,087,771	5,216,312	5,295,937
Capital Projects Funds.....	387,874	222,778	490,806
Committed, reported in:			
Special Revenue Funds.....	613,984	561,849	521,915
Unassigned, reported in:			
Special Revenue Funds.....	(395)	(547)	(25)
Capital Projects Funds.....	(5,388)	—	—
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	8,815,499	8,126,473	8,499,574
TOTAL GOVERNMENTAL FUNDS.....	\$ 14,055,612	\$ 11,316,466	\$ 10,723,182

	2010	2009	2008	2007	2006
GENERAL FUND:					
Reserved	\$ 634,254	\$ 560,762	\$ 744,371	\$ 687,131	\$ 617,733
Unreserved.....	(141,212)	213,054	1,857,001	1,568,395	1,291,950
TOTAL GENERAL FUND.....	493,042	773,816	2,601,372	2,255,526	1,909,683
ALL OTHER GOVERNMENTAL FUNDS:					
Reserved.....	12,975,477	11,549,682	11,237,699	5,391,969	6,371,192
Unreserved, reported in:					
Special Revenue Funds.....	(3,599,509)	(2,289,388)	(1,387,802)	(688,422)	(2,048,150)
Debt Service Funds.....	—	—	140	(20)	—
Capital Projects Funds.....	(194,099)	(148,155)	(256,324)	(240,976)	(165,591)
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	9,181,869	9,112,139	9,593,713	4,462,551	4,157,451
TOTAL GOVERNMENTAL FUNDS.....	\$ 9,674,911	\$ 9,885,955	\$ 12,195,085	\$ 6,718,077	\$ 6,067,134

Source:
Ohio Office of Budget and Management

Notes:

As a result of implementing GASB Statement 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances have been classified in new categories beginning in fiscal year 2011.

When practical, fund balances reported on the above table have been restated for prior period adjustments, corrections, and reclassifications; however, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expenditure activity reported for the applicable fiscal years on the "Changes in Fund Balances for Governmental Funds" table and the "Condensed Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund" table may not have been determined for presentation on each of the two respective tables.

<u>2005</u>	<u>2004</u>
\$ 627,395	\$ 661,238
<u>649,420</u>	<u>105,333</u>
<u>1,276,815</u>	<u>766,571</u>
6,194,524	5,240,145
(2,369,192)	(1,614,473)
<u>—</u>	<u>—</u>
<u>33,139</u>	<u>(178,063)</u>
<u>3,858,471</u>	<u>3,447,609</u>
<u>\$ 5,135,286</u>	<u>\$ 4,214,180</u>

STATE OF OHIO

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE GENERAL FUND FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)

	2013	2012	2011	2010	2009
REVENUES:					
Income Taxes.....	\$ 9,798,658	\$ 9,063,827	\$ 8,771,965	\$ 7,172,356	\$ 7,705,081
Sales Taxes.....	8,637,501	8,297,544	7,785,452	7,108,573	7,062,149
Corporate and Public Utility Taxes	2,554,965	2,499,601	2,462,363	549,596	814,415
Motor Vehicle Fuel Tax.....	1,087,748	1,104,127	1,070,014	-	-
Cigarette Taxes	828,812	843,180	855,610	886,875	924,764
Other Taxes	747,882	670,831	682,637	589,121	587,806
Licenses, Permits and Fees	816,564	781,717	657,629	237,690	435,849
Sales, Services and Charges	59,839	64,025	63,323	51,811	51,653
Federal Government	7,225,992	7,131,978	8,122,729	6,753,767	6,848,974
Tobacco Settlement.....	-	-	-	-	-
Escheat Property	175,284	151,601	124,026	113,131	102,347
Investment Income	26,454	19,654	20,997	(12,331)	170,371
Other	283,339	300,150	297,932	498,261	455,254
TOTAL REVENUES	32,243,038	30,928,235	30,914,677	23,948,850	25,158,663
EXPENDITURES:					
Current Operating	29,451,874	29,972,837	29,837,914	23,719,349	26,290,239
Capital Outlay	42	-	-	-	67
Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	29,451,916	29,972,837	29,837,914	23,719,349	26,290,306
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	2,791,122	955,398	1,076,763	229,501	(1,131,643)
OTHER FINANCING SOURCES					
(USES):					
Bonds, Notes and Certificates of					
Participation Issued.....	178,000	1,109,228	624,890	97,739	30,000
Premiums	7,911	60,983	1,200	3,560	500
Capital Leases	108	560	915	708	600
Transfers-in	545,356	314,048	477,418	373,807	446,576
Transfers-out	(2,928,231)	(1,472,254)	(1,574,293)	(990,195)	(1,173,439)
TOTAL OTHER FINANCING					
SOURCES (USES).....	(2,196,856)	12,565	(469,870)	(514,381)	(695,763)
SPECIAL ITEMS.....	1,463,506	-	-	-	-
NET CHANGE IN					
FUND BALANCES.....	2,057,772	967,963	606,893	(284,880)	(1,827,406)
FUND BALANCES, JULY 1	3,188,956	2,223,608	1,612,899	773,816	2,601,372
Increase (Decrease)					
for Changes in Inventories	(6,615)	(1,578)	3,816	4,106	(150)
FUND BALANCES, JUNE 30	\$ 5,240,113	\$ 3,189,993	\$ 2,223,608	\$ 493,042	\$ 773,816

Source:

Ohio Office of Budget and Management

Notes:

As a result of implementing GASB Statement 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund is reporting balances and activities previously reported within special revenue funds beginning in fiscal year 2011.

The July 1 fund balances, revenues, and expenditures have been restated for prior period adjustments, corrections, and reclassifications, when practical.

	2008	2007	2006	2005	2004
\$	8,955,642	\$ 8,863,302	\$ 8,889,463	\$ 8,563,376	\$ 7,645,597
	7,556,034	7,432,423	7,302,441	7,816,395	7,596,254
	1,198,202	1,583,791	1,774,113	1,468,576	1,381,752
	-	-	-	-	-
	950,644	986,546	1,084,142	577,671	557,532
	601,557	612,304	584,689	591,998	580,143
	328,260	288,648	209,054	148,877	121,953
	51,351	48,876	46,067	41,911	44,233
	5,626,381	5,362,256	5,526,049	5,724,597	5,904,388
	1,135	-	-	-	-
	137,125	83,991	145,695	118,719	103,767
	395,408	416,563	305,425	140,891	43,029
	582,672	252,599	177,066	259,019	240,020
	26,384,411	25,931,299	26,044,204	25,452,030	24,218,668
	25,122,530	25,129,616	25,215,213	24,439,150	23,696,295
	10	114	204	-	-
	-	14,575	536	543	541
	25,122,540	25,144,305	25,215,953	24,439,693	23,696,836
	1,261,871	786,994	828,251	1,012,337	521,832
	7,998	525,000	629,392	419,349	613,000
	-	-	921	26	-
	1,533	9,999	4,959	122	260
	496,538	346,399	365,326	366,376	543,443
	(1,424,672)	(1,322,012)	(1,201,618)	(1,216,051)	(1,019,566)
	(918,603)	(440,614)	(201,020)	(430,178)	137,137
	-	-	-	-	-
	343,268	346,380	627,231	582,159	658,969
	2,255,526	1,909,683	1,276,815	695,788	105,147
	2,578	(537)	5,637	(1,132)	2,455
\$	2,601,372	2,255,526	1,909,683	1,276,815	766,571

STATE OF OHIO

TAX REVENUES OF GOVERNMENTAL FUNDS BY MAJOR SOURCE AND EFFECTIVE STATE INCOME TAX RATE FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(dollars in millions)

INCOME TAX	2013	2012	2011	2010	2009
Personal Income Tax Revenue.....	\$9,812	\$9,076	\$8,785	\$7,818	\$8,404
Personal Income(A).....	\$462,424	\$436,818	\$417,376	\$408,395	\$407,874
Average Effective State Income Tax Rate.....	<u>2.12%</u>	<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>
SALES TAX	2013	2012	2011	2010	2009
State Sales Tax Revenue.....	\$8,643	\$8,305	\$7,791	\$7,299	\$7,266

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management

Note:

(A)-Data presented is as of December 31 of the given fiscal year.

2008	2007	2006	2005	2004
\$9,766	\$9,701	\$9,726	\$9,399	\$8,480
\$395,710	\$381,260	\$365,319	\$356,774	\$342,533
<u>2.48%</u>	<u>2.54%</u>	<u>2.66%</u>	<u>2.63%</u>	<u>2.48%</u>

2008	2007	2006	2005	2004
\$7,864	\$ 7,756	\$ 7,624	\$ 8,136	\$ 7,915

STATE OF OHIO

PERSONAL INCOME BY INDUSTRY, EFFECTIVE TAX RATE, EXEMPTIONS, AND INCOME TAX RATES FOR THE LAST TEN CALENDAR YEARS

STATE INCOME TAX BY INDUSTRY

(dollars in millions)

	2012	2011	2010	2009	2008
Services.....	\$ 132,344	\$ 123,939	\$ 118,820	\$ 115,300	\$ 112,598
Manufacturing.....	50,024	48,612	47,291	43,948	54,155
Government.....	53,886	49,969	49,452	49,779	47,866
Wholesale and Retail Trade.....	38,687	37,048	35,684	35,015	36,065
Finance, Insurance, and Real Estate.....	25,873	24,116	22,307	21,526	22,440
Construction.....	16,341	15,473	14,244	14,279	14,742
Transportation and Public Utilities.....	14,837	13,813	13,229	13,558	14,056
Other	130,432	123,848	116,349	114,990	105,952
Total Personal Income.....	<u>\$ 462,424</u>	<u>\$ 436,818</u>	<u>\$ 417,376</u>	<u>\$ 408,395</u>	<u>\$ 407,874</u>
Average Effective State Income Tax Rate.....	<u>2.12%</u>	<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>

EXEMPTIONS BY CALENDAR YEAR

Exemptions	2012	2011	2010	2009	2008
Personal Exemption for Taxpayer and Spouse.....	\$ 1,700	\$ 1,650	\$ 1,600	\$ 1,550	\$ 1,500
Dependent Exemption.....	1,700	1,650	1,600	1,550	1,500
Exemption Credit per Taxpayer, Spouse, and Dependent.....	20	20	20	20	20

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management
Ohio Department of Taxation

2007	2006	2005	2004	2003
\$ 107,901	\$ 102,092	\$ 97,988	\$ 93,224	\$ 82,694
55,365	55,876	55,000	54,686	55,520
45,811	44,563	43,648	42,545	38,966
35,563	34,343	34,049	33,379	32,395
22,906	22,522	22,251	22,179	20,850
15,499	15,790	15,459	14,730	14,110
13,655	13,420	12,055	11,164	10,725
99,010	92,654	84,869	84,867	87,273
<u>\$ 395,710</u>	<u>\$ 381,260</u>	<u>\$ 365,319</u>	<u>\$ 356,774</u>	<u>\$ 342,533</u>
<u>2.48%</u>	<u>2.54%</u>	<u>2.66%</u>	<u>2.63%</u>	<u>2.48%</u>

2007	2006	2005	2004	2003
\$ 1,450	\$ 1,400	\$ 1,350	\$ 1,300	\$ 1,250
1,450	1,400	1,350	1,300	1,250
20	20	20	20	20

STATE OF OHIO

PERSONAL INCOME BY INDUSTRY, EFFECTIVE TAX RATE, EXEMPTIONS, AND INCOME TAX RATES FOR THE LAST TEN CALENDAR YEARS

(continued)

INCREMENTAL TAX RATES BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2012	2011	2010	2009
Tax Bracket 1.....	0.587%	0.587%	0.618%	0.618%
Tax Bracket 2.....	1.174%	1.174%	1.236%	1.236%
Tax Bracket 3.....	2.348%	2.348%	2.473%	2.473%
Tax Bracket 4.....	2.935%	2.935%	3.091%	3.091%
Tax Bracket 5.....	3.521%	3.521%	3.708%	3.708%
Tax Bracket 6.....	4.109%	4.109%	4.327%	4.327%
Tax Bracket 7.....	4.695%	4.695%	4.945%	4.945%
Tax Bracket 8.....	5.451%	5.451%	5.741%	5.741%
Tax Bracket 9.....	5.925%	5.925%	6.240%	6.240%

TAX BRACKETS BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2012	2011	2010	2009-2002
Tax Bracket 1.....	\$0- \$5,200	\$0- \$5,100	\$0- \$5,050	\$0 - \$5,000
Tax Bracket 2.....	5,200- 10,400	5,101- 10,200	5,050- 10,100	5,001 - 10,000
Tax Bracket 3.....	10,400- 15,650	10,201- 15,350	10,100- 15,150	10,001 - 15,000
Tax Bracket 4.....	15,650- 20,900	15,351- 20,450	15,150- 20,200	15,001 - 20,000
Tax Bracket 5.....	20,900- 41,700	20,451- 40,850	20,200- 40,350	20,001 - 40,000
Tax Bracket 6.....	41,700- 83,350	40,851- 81,650	40,350- 80,700	40,001 - 80,000
Tax Bracket 7.....	83,350- 104,250	81,651- 102,100	80,700- 100,900	80,001 - 100,000
Tax Bracket 8.....	104,250- 208,500	102,101- 204,200	100,900- 201,800	100,001 - 200,000
Tax Bracket 9.....	208,500 & above	204,200 & above	201,800 & above	200,001 & above

Note:

(A) - Beginning in 2010, O.R.C. 5747.02 (A) directed that the Tax Commission will adjust the income brackets for inflation.

2008	2007	2006	2005	2004	2003
0.618%	0.649%	0.681%	0.712%	0.743%	0.743%
1.236%	1.299%	1.361%	1.424%	1.486%	1.486%
2.473%	2.598%	2.722%	2.847%	2.972%	2.972%
3.091%	3.247%	3.403%	3.559%	3.715%	3.715%
3.708%	3.895%	4.083%	4.270%	4.457%	4.457%
4.327%	4.546%	4.764%	4.983%	5.201%	5.201%
4.945%	5.194%	5.444%	5.693%	5.943%	5.943%
5.741%	6.031%	6.320%	6.610%	6.900%	6.900%
6.240%	6.555%	6.870%	7.185%	7.500%	7.500%

STATE OF OHIO

STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2011 WITH COMPARATIVES FOR TAX YEAR 2003 (NINE YEARS AGO)

2011 TAX YEAR (most recent information available)			
Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$122,536,312	138,825	2.63%
\$100,001-\$200,000	55,424,857	397,440	7.52%
\$80,001-\$100,000	27,999,270	291,269	5.51%
\$40,001-\$80,000	76,688,023	1,208,593	22.87%
\$20,001-\$40,000	42,978,185	1,234,042	23.35%
\$15,001-\$20,000	8,881,503	404,881	7.66%
\$10,001-\$15,000	7,340,930	442,118	8.37%
\$5,001-\$10,000	5,530,549	485,909	9.19%
\$5,000 & Under	5,356,528	681,818	12.90%
	<u>\$352,736,157</u>	<u>5,284,895</u>	<u>100.00%</u>

2003 TAX YEAR			
Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$68,263,241	90,918	1.72%
\$100,001-\$200,000	36,916,445	283,017	5.34%
\$80,001-\$100,000	24,052,346	270,765	5.11%
\$40,001-\$80,000	76,047,350	1,345,945	25.40%
\$20,001-\$40,000	42,758,888	1,460,565	27.56%
\$15,001-\$20,000	7,822,220	447,227	8.44%
\$10,001-\$15,000	5,660,073	453,135	8.55%
\$5,001-\$10,000	3,533,586	473,644	8.94%
\$5,000 & Under	1,295,483	473,934	8.94%
	<u>\$266,349,632</u>	<u>5,299,150</u>	<u>100.00%</u>

Source:

Ohio Department of Taxation

Note:

(A) The effective tax rate is calculated by dividing Ohio income tax receipts by federal adjusted gross income.

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$2,872,191	34.84%	2.34%
1,884,907	22.86%	3.40%
820,772	9.95%	2.93%
1,859,365	22.55%	2.42%
692,647	8.40%	1.61%
73,802	0.90%	0.83%
35,453	0.43%	0.48%
441	0.01%	0.01%
4,804	0.06%	0.09%
<u>\$8,244,382</u>	<u>100.00%</u>	2.34%

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$2,231,591	27.70%	3.27%
1,576,817	19.57%	4.27%
883,279	10.96%	3.67%
2,320,321	28.80%	3.05%
915,391	11.36%	2.14%
83,878	1.04%	1.07%
34,599	0.43%	0.61%
10,336	0.13%	0.29%
414	0.01%	0.03%
<u>\$8,056,626</u>	<u>100.00%</u>	3.02%

STATE OF OHIO

SALES TAX REVENUE BY TYPE, TAX REVENUES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(cash basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010	2009
Vendors' Sales.....	\$ 7,485,702	\$ 7,190,870	\$ 6,752,244	\$ 6,349,058	\$ 6,430,446
Motor Vehicles and Watercraft.....	1,110,055	1,066,141	988,447	894,332	885,234
Alcoholic Beverages.....	41,683	38,814	36,218	35,051	33,676
Delinquencies and Assessments.....	63,708	74,956	63,582	62,046	52,204
Permissive Taxes:					
County Levies.....	16,046	14,970	14,249	13,644	13,763
Transit Authorities.....	4,008	3,845	3,635	3,383	3,436
Total Sales Tax Revenue.....	<u>\$ 8,721,202</u>	<u>\$ 8,389,596</u>	<u>\$ 7,858,375</u>	<u>\$ 7,357,514</u>	<u>\$ 7,418,759</u>
Base State Sales Tax Rates.....	<u>5.75%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>

Source:

Ohio Department of Taxation
Ohio Office of Budget and Management

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 6,794,114	\$ 6,677,060	\$ 6,621,450	\$ 6,957,051	\$ 6,601,482
975,833	978,029	994,121	1,122,538	1,183,196
31,435	29,132	27,118	26,878	24,918
64,293	46,366	30,354	24,867	25,099
14,250	13,921	13,044	12,157	11,984
3,088	2,940	2,929	2,907	2,835
<u>\$ 7,883,013</u>	<u>\$ 7,747,448</u>	<u>\$ 7,689,016</u>	<u>\$ 8,146,398</u>	<u>\$ 7,849,514</u>
<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>6.00%</u>	<u>6.00%</u>

STATE OF OHIO

WORKERS' COMPENSATION ENTERPRISE FUND ACTIVE EMPLOYERS, PREMIUM AND ASSESSMENT INCOME AND ACTUAL AVERAGE COLLECTED PREMIUM RATE FOR THE LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009
Active Employers by Type					
Private.....	249,085	249,668	250,432	251,009	257,012
Public (Local).....	3,794	3,801	3,802	3,790	3,791
Public (State).....	129	122	125	124	124
Self-Insured.....	1,205	1,196	1,203	1,202	1,188
Black Lung.....	36	35	39	37	38
Marine Fund.....	139	132	120	106	98
Total.....	254,388	254,954	255,721	256,268	262,251
Premium & Assessment Income <i>(dollars in thousands)</i>					
Premium & Assessment Income.....	\$ 1,533,153	\$ 1,992,018	\$ 1,983,255	\$ 2,148,280	\$ 2,469,550
Provision for Uncollectibles.....	(40,764)	(47,540)	(48,075)	(29,859)	(108,620)
Total Premium & Assessment Income.....	\$ 1,492,389	\$ 1,944,478	\$ 1,935,180	\$ 2,118,421	\$ 2,360,930
Average Published Rate per \$100 of Payroll:					
Private Employers.....	\$1.43	\$1.43	\$1.49	\$1.49	\$1.55
Public Employers-Taxing Districts.....	1.24	1.31	1.38	1.46	1.76

Sources:

Ohio Bureau of Workers' Compensation Year-End Statistics Report
Ohio Bureau of Workers' Compensation Actuarial Report

Note:

In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a \$1.9 billion increase in assessment income during fiscal year 2007.

2008	2007	2006	2005	2004
264,870	270,499	283,038	283,733	283,620
3,810	3,783	3,771	3,765	3,733
125	126	126	129	126
1,174	1,139	1,136	1,127	1,104
39	37	36	37	36
92	95	91	82	90
<u>270,110</u>	<u>275,679</u>	<u>288,198</u>	<u>288,873</u>	<u>288,709</u>

\$ 2,235,092	\$ 4,329,362	\$ 2,173,327	\$ 2,269,204	\$ 2,232,655
<u>(96,690)</u>	<u>(58,429)</u>	<u>(70,038)</u>	<u>(68,070)</u>	<u>(105,873)</u>
<u>\$ 2,138,402</u>	<u>\$ 4,270,933</u>	<u>\$ 2,103,289</u>	<u>\$ 2,201,134</u>	<u>\$ 2,126,782</u>

\$1.76	\$1.85	\$1.85	\$1.76	\$1.98
1.85	1.84	1.87	1.89	1.84

STATE OF OHIO

LOTTERY COMMISSION ENTERPRISE FUND TICKET SALES BY MAJOR GAME TYPE FOR THE LAST TEN FISCAL YEARS (dollars in millions)

	2013	2012	2011	2010	2009
Online Games:					
Pick 3.....	\$ 345.2	\$ 357.4	\$ 364.4	\$ 366.7	\$ 382.5
Pick 4.....	189.8	207.9	209.0	201.3	205.9
Pick 5 (H).....	28.0	-	-	-	-
Buckeye 5/Rolling Cash 5	61.5	63.8	62.4	67.1	67.2
Super Lotto/Classic Lotto(A).....	-	-	-	-	-
Classic Lotto(A).....	41.5	42.3	42.7	42.8	43.9
Raffle(B).....	9.1	10.0	10.0	9.1	9.3
Kicker(G).....	5.1	0.9	10.3	24.1	21.4
Mega Millions/Megaplier(G).....	102.8	179.3	165.0	215.8	193.0
EZ Play(C).....	68.0	46.5	30.9	30.4	34.3
Ten-OH!(D)(H).....	0.8	8.3	9.2	9.7	11.0
Keno(E).....	251.5	209.8	157.9	120.6	99.8
Power Ball/Power Play(F).....	166.6	105.3	76.4	23.6	-
Total Online Games.....	1,269.9	1,231.5	1,138.2	1,111.2	1,068.3
Instant Games.....	1,428.0	1,507.5	1,462.8	1,379.0	1,349.4
Total Ticket Sales.....	\$ 2,697.9	\$ 2,739.0	\$ 2,601.0	\$ 2,490.2	\$ 2,417.7

Source:

Ohio Lottery Commission

Notes:

- (A) - In January 2007, the Classic Lotto game replaced the Super Lotto game.
 (B) - Raffle to Riches was a new game started in 2007.
 (C) - In April 2008, the new EZ Play game was introduced.
 (D) - In August 2007, the game Ten-OH! was introduced.
 (E) - In 2009, the Keno game was introduced.
 (F) - In fiscal year 2010, the Power Ball / Power Play was introduced.
 (G) - In fiscal year 2011, the Kicker was retired and the Megaplier was added.
 Kicker was reintroduced in 2012 as an add-on to Classic Lotto.
 (H) - August 2012, the Ten-Oh game was replaced by Pick 5.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	387.1	\$ 370.9	\$ 377.3	\$ 387.7	\$ 396.8
	198.8	183.0	175.7	170.1	165.2
	-	-	-	-	-
	70.5	72.9	72.6	74.8	66.6
	-	21.8	76.3	113.0	143.8
	41.2	21.8	-	-	-
	10.0	17.8	-	-	-
	21.4	21.3	21.6	19.9	24.5
	201.0	196.1	223.4	176.4	191.8
	12.3	-	-	-	-
	18.0	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>960.3</u>	<u>905.6</u>	<u>946.9</u>	<u>941.9</u>	<u>988.7</u>
	<u>1,364.8</u>	<u>1,353.8</u>	<u>1,274.0</u>	<u>1,217.2</u>	<u>1,166.0</u>
\$	<u><u>2,325.1</u></u>	<u><u>2,259.4</u></u>	<u><u>2,220.9</u></u>	<u><u>2,159.1</u></u>	<u><u>2,154.7</u></u>

STATE OF OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

Governmental Activities

As of June 30,	General Obligation Bonds	Revenue Bonds and Notes	Special Obligation Bonds	Certificates of Participation	Capital Leases
2013	\$ 8,667,232	\$ 6,486,884	\$ 1,886,134	\$ 198,266	\$ 2,294
2012	8,888,085	7,129,786	2,090,889	156,664	4,199
2011	7,872,276	7,156,025	2,260,853	179,935	6,530
2010	7,343,289	6,891,331	2,338,094	200,428	8,624
2009	7,138,051	6,646,593	2,427,556	216,537	9,929
2008	7,310,376	6,413,182	2,585,319	187,336	9,804
2007	7,583,266	811,910	2,966,105	122,182	18,737
2006	6,893,521	720,675	3,317,325	90,389	3,366
2005	6,039,203	591,888	3,699,936	92,142	2,471
2004	5,420,711	607,958	3,914,168	6,480	3,460

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis

Ohio Office of Budget and Management

Note:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

(dollars in thousands)

Business-Type Activities

Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 15,422	\$ 33,009	\$ 17,289,241	3.74%	1,498
31,633	45,289	18,346,545	4.21%	1,589
47,889	58,007	17,581,515	4.21%	1,524
64,200	66,757	16,912,723	4.12%	1,465
80,657	3	16,519,326	4.05%	1,438
97,286	12	16,603,315	4.20%	1,448
115,740	22	11,617,962	3.05%	1,012
135,215	12	11,160,503	3.06%	974
151,063	205	10,576,908	2.96%	923
158,578	30,368	10,141,723	2.96%	887

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STATE OF OHIO

RATIOS OF GENERAL AND SPECIAL OBLIGATION BONDED DEBT OUTSTANDING FOR THE LAST TEN FISCAL YEARS

As of June 30,	Bonded Debt (dollars in thousands)			Net Bonded Debt	Percentage of Personal Income	Per Capita Net Bonded Debt
	General Obligation Bonds	Special Obligation Bonds	Less Amount Restricted for Bond Repayment			
2013	\$8,667,232	\$1,886,134	\$4,856	\$10,548,510	2.28%	914
2012	8,888,085	2,090,889	34,923	10,944,051	2.51%	948
2011	7,872,276	2,260,853	16,857	10,116,272	2.42%	877
2010	7,343,289	2,338,094	1,124	9,680,259	2.36%	839
2009	7,138,051	2,427,556	931	9,564,676	2.35%	833
2008	7,310,376	2,585,319	8,954	9,886,741	2.50%	862
2007	7,583,266	2,966,105	11,680	10,537,691	2.76%	918
2006	6,893,521	3,317,325	10,994	10,199,852	2.79%	890
2005	6,039,203	3,699,936	39,877	9,699,262	2.72%	846
2004	5,420,711	3,914,168	71,736	9,263,143	2.70%	810

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management

Note:

This table includes general and special obligation bonds for which debt service payments have been made from the following combining funds in the Debt Service and Capital Projects Funds. Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

Debt Service Fund:

- Coal Research/Development General Obligations
- Highway General Obligations
- Local Infrastructure Improvements General Obligations
- State Projects General Obligations
- Highway Capital Improvements General Obligations
- Higher Education Capital Facilities General Obligations
- Common Schools Capital Facilities General Obligations
- Conservation Projects General Obligations
- Third Frontier Research/Development General Obligations
- Persian Gulf Conflict Compensation General Obligation
- Job Ready Site Development General Obligations
- School Building Program Special Obligation
- Lease Rental Special Obligations*

Capital Projects Fund:

- Mental Health/Developmental Disabilities Facilities Improvements
- Parks and Recreation Improvements
- Adult Correctional Building Improvements
- Administrative Service Building Improvements
- Youth Services Building Improvements
- Ohio Parks and Natural Resources

* - As of fiscal year 2012, Lease Rental Special Obligations encompasses Chapter 154 Special Obligations, Higher Education Facilities Special Obligations, Mental Health Facilities Special Obligations, Parks and Recreation Facilities Special Obligations, and Ohio Building Authority Special Obligations.

STATE OF OHIO

ANNUAL LIMITATION ON DEBT SERVICE EXPENDITURES (BUDGETARY BASIS)

FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

	2013(A)	2012(A)	2011(A)	2010(A)	2009(A)
Debt Service Expenditures.....	\$ 1,204,776	\$ 692,776	\$ 755,023	\$ 710,284	\$ 1,075,938
General Revenue Fund (GRF) Revenues and Transfers from the Lottery Enterprise Fund.....	\$ 30,362,815	\$ 27,956,513	\$ 26,777,100	\$ 24,108,466	\$ 27,386,792
Calculation of Annual 5% Debt Service Cap.....	\$ 1,518,141	\$ 1,397,826	\$ 1,338,855	\$ 1,205,423	\$ 1,369,340
Amount Under the Debt Service Expenditure Cap.....	\$ 313,365	\$ 705,050	\$ 583,832	\$ 495,139	\$ 293,402
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	3.97%	2.48%	2.82%	2.95%	3.93%

Limitations on Debt

A 1999 amendment to the Ohio Constitution provides an annual debt service "cap" on general obligation bonds and other direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, such bonds may not be issued if the future fiscal year debt service on the new bonds and previously issued bonds exceeds five percent of total estimated GRF revenues plus net state lottery proceeds during the fiscal year of issuance. Application of the cap may be waived in a particular instance by a three-fifths vote of each house of the General Assembly and may be changed by future constitutional amendments. Direct obligations of the State include, for example, special obligation bonds issued by the Ohio Building Authority and the Treasurer of State that are paid from GRF appropriations, but exclude bonds such as highway bonds that are paid from highway user receipts.

Source:

Ohio Office of Budget and Management

Note:

(A) Debt Service Expenditures reflect the restructuring of net debt service payments into later fiscal years.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 1,231,640	\$ 1,216,382	\$ 1,128,592	\$ 1,097,800	\$ 1,013,200
\$ 27,331,442	\$ 26,447,719	\$ 26,492,278	\$ 26,195,600	\$ 24,678,900
\$ 1,366,572	\$ 1,322,386	\$ 1,324,614	\$ 1,309,780	\$ 1,233,945
\$ 134,932	\$ 106,004	\$ 196,022	\$ 211,980	\$ 220,745
4.51%	4.60%	4.26%	4.19%	4.11%

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)

Economic Development and Revitalization Project Revenue Bonds and Notes
Issuer: Treasurer of State

Fiscal Year	Liquor Control Enterprise Fund			Debt Service Requirements			Coverage
	Gross Liquor Revenues	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	
2013 (A)	\$485,607	\$310,209	\$175,398	\$26,440	\$15,168	\$41,608	4.22
2012 (B)	791,454	543,375	248,079	119,625	31,613	151,238	1.64
2011	733,573	507,417	226,156	24,710	31,682	56,392	4.01
2010	706,736	488,730	218,006	21,940	25,447	47,387	4.60
2009	689,283	479,412	209,871	21,470	23,853	45,323	4.63
2008	663,830	459,638	204,192	16,480	23,094	39,574	5.16
2007	639,664	443,708	195,956	15,445	23,810	39,255	4.99
2006	606,905	422,577	184,328	10,950	20,914	31,864	5.78
2005	556,213	400,878	155,335	9,130	19,170	28,300	5.49
2004	520,161	374,275	145,886	8,195	15,627	23,822	6.12

Infrastructure Bank Revenue Bonds
Issuer: Treasurer of State

Fiscal Year	Highway Operating Fund			Debt Service Requirements			Coverage
	Gross Revenues (C)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	
2013	\$160,339	N/A	\$160,339	\$123,685	\$44,357	\$168,042	0.95
2012	152,561	N/A	152,561	123,235	50,338	173,573	0.88
2011	147,045	N/A	147,045	114,095	40,395	154,490	0.95
2010	145,094	N/A	145,094	111,080	36,632	147,712	0.98
2009	150,609	N/A	150,609	123,240	34,716	157,956	0.95
2008	119,077	N/A	119,077	104,960	23,092	128,052	0.93
2007	92,167	N/A	92,167	80,520	18,876	99,396	0.93
2006	73,373	N/A	73,373	60,840	13,628	74,468	0.99
2005	66,592	N/A	66,592	53,045	14,020	67,065	0.99
2004	65,542	N/A	65,542	38,380	11,459	49,839	1.32

(continued)

Notes:

- (A) On February 1, 2013, the State granted a 25-year franchise on its spirituous liquor system. Activity of the Liquor Control Enterprise Fund ceased as of January 31, 2013.
- (B) Fiscal year 2012 debt service requirements includes payments for Bond Anticipation Notes (BANS), the term of which is no longer than one year.
- (C) The gross revenue for Infrastructure Bank Revenue Bonds includes GARVEE receipts, which stands for Grant Anticipation Revenue Vehicles, and other revenue. GARVEE receipts are capital market borrowings repaid by federal transportation funds deposited in the State's Highway Operating Fund.

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)
(continued)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (D)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2013	\$296,261	N/A	\$296,261	\$12,320	\$285,700	\$298,020	0.99
2012	295,259	N/A	295,259	20,295	274,874	295,169	1.00
2011	291,908	N/A	291,908	23,760	275,967	299,727	0.97
2010	305,096	N/A	305,096	28,695	277,323	306,018	1.00
2009	374,674	N/A	374,674	98,585	282,012	380,597	0.98
2008	348,028	N/A	348,028	33,285	167,255	200,540	1.74

Ohio Building Authority Revenue Bonds

Ohio Building Authority Enterprise Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (E)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2008 (F)	\$27,527	\$28,078	(\$551)	\$2,686	\$30	\$2,716	N/A
2007	27,581	27,923	(342)	4,653	149	4,802	N/A
2006	27,980	25,165	2,815	2,047	298	2,345	1.20
2005	27,257	26,562	695	1,691	408	2,099	0.33
2004	26,484	26,881	(397)	3,730	5,544	9,274	N/A
2003	27,388	29,330	(1,942)	3,531	1,394	4,925	N/A

(continued)

Notes (continued):

(D) The Buckeye Tobacco Settlement Financing Authority revenue bonds were first issued in fiscal year 2008.

Gross revenues consist of tobacco settlement receipts (TSRs) and investment income.

(E) Gross revenues consist of operating revenues and investment income.

(F) The final debt service payments on the Ohio Building Authority Revenue Bonds were made during fiscal year 2008.

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)
(continued)

Bureau of Workers' Compensation Revenue Bonds
Issuer: Ohio Building Authority

Fiscal Year	Workers' Compensation Enterprise Fund			Debt Service Requirements			
	Gross Revenues (E)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2013 (G)	\$2,404,966	\$3,419,204	(\$1,014,238)	\$15,915	\$1,543	\$17,458	N/A
2012	4,002,237	1,934,524	2,067,713	15,890	2,326	18,216	113.51
2011	4,314,528	2,343,117	1,971,411	15,865	3,110	18,975	103.90
2010 (H)	4,183,060	2,849,661	1,333,399	15,930	3,866	19,796	67.36
2009	2,183,392	2,145,947	37,445	16,005	4,596	20,601	1.82
2008	2,880,519	2,663,456	217,063	15,055	5,291	20,346	10.67
2007 (I)	5,200,066	2,749,217	2,450,849	14,150	5,901	20,051	122.23
2006	2,882,383	2,002,722	879,661	13,190	6,472	19,662	44.74
2005	3,201,561	3,229,197	(27,636)	5,300	6,578	11,878	N/A
2004	3,388,523	3,056,227	332,296	—	6,183	6,183	53.74

Source:
Ohio Office of Budget and Management

Notes (continued):

- (E) Gross revenues consist of operating revenues and investment income.
- (G) During fiscal year 2013, the Bureau of Workers' Compensation (BWC) adjusted its premium rates and recorded a premium rebate.
- (H) Investment income for fiscal year 2010 increased by approximately \$2 billion as a result of the implementation of a strategy to diversify fixed and equity investments, a comprehensive update to BWC's investment policy, and the selection of investment managers to execute its passive investment strategy.
- (I) In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a \$1.9 billion increase in operating revenues during fiscal year 2007.

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STATE OF OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Population (in thousands)				Per Capita Personal Income		
	U.S.	Change from Prior Period	Ohio	Change from Prior Period	U.S.	Ohio	Ohio as a Percentage of U.S.
2012	313,914	2,322	11,544	(1)	\$42,693	\$40,057	93.8%
2011	311,592	2,242	11,545	9	41,663	37,791	90.7%
2010	309,350	2,343	11,536	(7)	39,945	36,180	90.6%
2009	307,007	2,947	11,543	57	39,138	35,381	90.4%
2008	304,060	2,439	11,486	19	39,751	35,511	89.3%
2007	301,621	2,223	11,467	(11)	38,611	34,874	90.3%
2006	299,398	2,988	11,478	14	36,276	33,338	91.9%
2005	296,410	2,755	11,464	5	34,495	31,867	92.4%
2004	293,655	2,866	11,459	21	33,041	31,135	94.2%
2003	290,789	2,848	11,438	28	31,487	29,947	95.1%

Sources:

- U.S. Department of Commerce, Bureau of Economic Analysis for Population, Income, and Employment
- Ohio Department of Job and Family Services for unemployment rates
- Ohio Department of Education for school enrollment
- Ohio Department of Public Safety for motor vehicle registrations

Civilian Labor Force

(in thousands)

<u>Ohioans Employed</u>	<u>Ohio's Unemployment Rate</u>	<u>Public School Enrollment in Ohio (in thousands)</u>	<u>Motor Vehicles Registered in Ohio (in thousands)</u>
6,617	7.2%	1,850	11,840
6,521	8.6%	1,860	11,788
6,454	10.1%	1,872	12,027
6,469	10.2%	1,893	11,792
6,819	6.6%	1,882	11,945
6,829	5.6%	1,890	12,022
6,894	5.5%	1,835	12,128
6,792	5.9%	1,845	12,018
6,733	6.1%	1,844	12,192
6,669	6.1%	1,838	12,084

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STATE OF OHIO
PRINCIPAL EMPLOYERS
FOR CALENDAR YEARS 2012 AND 2004

Employer	2012			2004(A)		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	78,452	1	1.19%	78,509	1	1.18%
Wal-Mart Stores	50,625	2	0.77%	42,800	3	0.64%
State of Ohio	50,013	3	0.76%	58,965	2	0.89%
Cleveland Clinic Health System	39,300	4	0.59%	28,950	5	0.43%
Kroger Company	39,000	5	0.59%	32,700	4	0.49%
Catholic Healthcare Partners	31,300	6	0.47%			
The Ohio State University	28,300	7	0.43%	22,100	7	0.33%
University Hospitals Health System	21,000	8	0.32%	25,000	6	0.38%
JP Morgan Chase & Co	20,500	9	0.31%			
Giant Eagle, Inc	19,500	10	0.29%			
General Motors Corporation				21,900	8	0.33%
General Electric Company				20,000	9	0.30%
Ford Motor Company				20,000	10	0.30%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
 Ohio Department Services Agency, Office of Strategic Research
 State of Ohio Comprehensive Annual Report for Fiscal Year 2012 and 2004

Note:

(A) Calendar year 2004 was the most recent year for which data was available for the required nine year comparison.

STATE OF OHIO

FULL-TIME AND PART-TIME PERMANENT STATE EMPLOYEES DURING THE MONTH OF JUNE BY FUNCTION/PROGRAM FOR THE LAST TEN FISCAL YEARS

Function/Program	Number of Employees				
	2013	2012	2011	2010	2009
Primary, Secondary and Other Education.....	971	970	1,034	1,045	1,122
Higher Education Support.....	70	70	77	76	92
Public Assistance and Medicaid.....	2,621	2,769	2,811	2,880	2,772
Health and Human Services.....	8,301	8,604	9,018	9,401	9,671
Justice and Public Protection.....	19,974	20,196	21,477	21,906	22,465
Environmental Protection and Natural Resources.....	2,712	2,745	2,796	2,900	3,004
Transportation.....	4,964	5,218	5,507	5,562	5,549
General Government.....	4,839	4,984	5,183	5,305	5,214
Community and Economic Development.....	860	820	852	902	924
Workers' Compensation.....	1,847	1,882	2,019	2,231	2,335
Lottery Commission.....	335	326	330	353	346
Unemployment Compensation.....	587	611	599	622	554
Other.....	799	818	896	922	959
Total.....	48,880	50,013	52,599	54,105	55,007

Source:

Ohio Department of Administrative Services

2008	2007	2006	2005	2004
1,174	1,207	1,194	1,186	1,201
93	98	91	81	83
3,108	3,314	3,299	3,272	3,115
10,312	10,549	10,665	11,037	11,144
23,410	23,682	23,599	23,683	23,319
3,058	3,086	3,095	3,146	3,232
5,624	5,711	5,831	5,808	5,819
5,338	5,294	5,419	5,362	5,400
902	914	955	1,029	1,007
2,382	2,549	2,548	2,668	2,675
339	329	331	335	339
552	535	564	590	613
981	958	979	972	1,018
<u>57,273</u>	<u>58,226</u>	<u>58,570</u>	<u>59,169</u>	<u>58,965</u>

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2013	2012	2011	2010	2009
<i>Primary, Secondary and Other Education</i>					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools).....	1,850,281	1,859,821	1,872,370	1,895,768	1,881,631
Public School Districts (A).....	612	612	612	612	612
Community School Districts (A).....	369	341	295	310	318
Vocational School Districts.....	49	49	49	49	49
High School Graduation Rate (by School year).....	(B)	81.3%	79.7%	84.3%	83.0%
<i>Higher Education Support</i>					
Ohio Board of Regents:					
Student Enrollment at State-Assisted Institutions.....	521,368	539,058	543,468	522,913	478,376
State-Assisted Institutions.....	37	37	37	37	37
Ohio Instructional Grant Recipients (C)(D).....	—	—	—	—	51,138
Ohio College Opportunity Grant Recipients (C).....	94,479	98,751	78,334	66,779	77,481
Student Choice Grant Program Recipients (D).....	—	—	—	—	58,562
<i>Public Assistance and Medicaid</i>					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage.....	2,382,381	2,213,104	2,151,760	2,035,693	1,878,345
Individuals Receiving Cash Assistance (OWF).....	140,368	181,934	224,647	227,657	187,878
Individuals on ODJFS Medicaid Waiver.....	10,941	13,410	13,146	12,897	12,102
Ohio Department of Aging:					
Individuals on PASSPORT Waiver.....	38,379	42,060	41,443	38,185	36,273
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver.....	29,066	28,077	26,416	24,023	21,429
<i>Health and Human Services</i>					
Ohio Department of Alcohol & Drug Addiction Services:					
Clients Treated	95,956	91,841	97,033	100,802	103,469
Ohio Department of Aging:					
Clients Served-PASSPORT.....	42,521	42,060	41,443	38,188	36,273
Clients Served-Congregate Meals (G).....	48,541	50,347	63,453	60,264	67,653
Clients Served-Home Delivered Meals.....	35,960	36,056	39,037	44,735	47,036
Clients Served-Transportation Provided.....	20,273	21,702	20,144	27,413	29,665
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children.....	267,011	277,379	283,997	301,587	301,684
Ohio Department of Mental Health:					
Clients Served.....	8,102	7,764	6,730	6,745	5,600
Facilities' Admissions.....	7,089	6,756	5,753	5,756	6,084
Facilities' Average Daily Residence Population.....	1,013	1,008	977	989	1,011
Ohio Department of Developmental Disabilities:					
Individuals Served (F).....	466,634	451,907	446,939	429,132	412,341
Facilities' Average Daily Residence Population.....	1,000	1,184	1,228	1,335	1,462
<i>Justice and Public Protection</i>					
Ohio Department of Public Safety:					
Crashes Investigated.....	63,599	64,519	69,113	68,222	68,861
Total Arrests.....	576,700	554,794	508,418	497,915	556,635
Ohio Department of Rehabilitation and Correction:					
Inmate Population.....	50,153	49,774	50,561	50,807	50,919
<i>Environmental Protection and Natural Resources</i>					
Ohio Department of Natural Resources:					
Licenses and Registrations (E).....	2,387,225	2,506,036	2,434,183	2,520,192	2,592,488

2008	2007	2006	2005	2004
1,890,154	1,835,188	1,842,943	1,845,351	1,843,898
612	611	610	612	611
312	309	293	248	164
49	49	49	49	49
84.6%	86.9%	86.1%	86.2%	85.9%
465,856	457,322	455,786	457,333	457,281
37	37	38	38	37
63,601	83,942	106,310	104,512	102,227
52,130	25,567	—	—	—
58,499	59,400	58,656	57,621	55,859
1,761,529	1,736,971	1,730,544	1,687,465	1,618,900
170,570	169,135	180,253	190,265	193,943
12,029	11,606	10,135	10,391	10,066
35,872	33,943	33,279	31,656	29,242
18,264	16,533	14,978	12,438	10,828
100,270	99,314	95,081	93,919	89,389
35,751	33,943	33,042	31,499	29,093
66,132	65,366	71,522	70,817	75,279
46,432	44,607	52,317	39,926	46,304
30,798	29,800	32,558	29,756	30,517
289,593	279,735	276,757	272,632	267,300
5,859	7,419	7,728	7,669	7,486
6,111	6,424	6,715	6,584	6,399
1,036	1,053	1,050	1,034	1,046
354,004	343,955	319,930	319,965	335,814
1,517	1,603	1,605	1,659	2,826
68,974	67,850	70,904	79,359	83,740
582,282	555,587	554,570	500,036	460,305
50,191	49,199	46,356	43,928	43,889
2,452,929	2,481,574	2,417,488	2,436,105	2,497,563

(continued)

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS
(continued)

Function/Program	2013	2012	2011	2010	2009
<i>Transportation</i>					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane.....	2,296	2,683	2,237	3,551	2,673
Four-Lane.....	624	1,098	942	1,220	1,076
Interstate.....	1,589	1,417	703	897	921
<i>Workers' Compensation</i>					
Ohio Bureau of Workers' Compensation:					
Claims Filed.....	108,090	112,613	116,378	116,042	132,549
Open Claims.....	958,625	1,070,056	1,129,873	1,221,302	1,321,214
<i>Lottery</i>					
Ohio Lottery Commission:					
Prize Awards Paid (in billions).....	\$ 1.67	\$ 1.68	\$ 1.60	\$ 1.51	\$ 1.50
Bonuses and Commissions Paid (in millions).....	\$ 166.90	\$ 172.0	\$ 161.3	\$ 153.4	\$ 150.1
Transfers to					
Lottery Profits Education Fund (in millions).....	\$ 803.10	\$ 771.0	\$ 738.8	\$ 728.6	\$ 702.3
<i>Unemployment Compensation</i>					
Ohio Department of Job and Family Services:					
Initial Claims.....	629,525	635,733	717,775	877,640	1,184,136
Continuing Claims.....	4,942,305	5,388,767	6,784,230	9,682,672	10,168,422

Sources: Various state agencies, as noted above.

Notes:

- (A) The number of school districts include only those with enrollment.
- (B) Data for the year indicated was not readily available.
- (C) In fiscal year 2007, the Ohio Instructional Grant began to be phased out and was replaced by the Ohio College Opportunity Grant.
- (D) The Ohio Instructional Grant and Student Choice Grant were eliminated at the end of fiscal year 2009.
- (E) Data includes hunting licenses, fishing licenses, permits, and boating licenses.
- (F) Represents clients served by the Department of Mental Health and Department of Developmental Disabilities.
- (G) Department of Aging began using a new reporting system in fiscal year 12, resulting in lower count for Congregate Meals served.

2008	2007	2006	2005	2004
2,521	1,673	1,502	2,535	1,280
871	506	252	563	234
1,302	428	229	371	134
159,611	171,692	185,232	197,083	207,847
1,415,491	1,540,543	1,664,368	1,792,944	1,930,550
\$ 1.40	\$ 1.34	\$ 1.31	\$ 1.28	\$ 1.28
\$ 143.9	\$ 140.0	\$ 139.8	\$ 133.8	\$ 132.8
\$ 672.2	\$ 669.3	\$ 646.2	\$ 645.1	\$ 655.6
685,090	591,614	636,722	689,412	750,783
5,604,605	4,709,523	5,094,129	5,352,206	6,395,391

STATE OF OHIO
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2013	2012	2011	2010	2009
<i>Primary, Secondary and Other Education</i>					
Historical Sites Owned by the State.....	35	35	35	35	35
Historical Sites Jointly Owned by the State and the Ohio Historical Society.....	8	8	8	8	8
<i>Health and Human Services</i>					
Developmental Disabilities Institutions.....	10	10	10	10	10
Mental Health Institutions.....	6	6	9	9	9
<i>Justice and Public Protection</i>					
Rehabilitation and Correction Institutions.....	26	26	29	29	30
Youth Services Institutions.....	4	4	4	5	6
State Highway Patrol Structures.....	76	77	81	79	79
Number of Readiness Centers.....	51	50	50	50	52
<i>Environmental Protection and Natural Resources</i>					
Number of State Parks.....	74	74	74	74	74
Area of State Parks, Natural & Wildlife Lands (in acres).....	332,754	332,106	327,906	324,421	323,835
Area of State Forest Lands (in acres).....	203,736	203,078	191,155	191,143	191,144
<i>Transportation</i>					
Buildings.....	830	830	825	830	827
Number of Rest Stops.....	96	116	109	110	116
Licensed Vehicles.....	4,475	4,604	4,530	4,524	4,482
Infrastructure Assets(A):					
Pavement (in lane-miles):					
Priority Subsystem.....	13,499	13,109	13,059	12,932	12,826
General Subsystem.....	29,591	29,917	29,932	29,960	29,991
Bridges:					
Number of Bridges.....	14,223	14,182	14,234	14,253	14,230
Deck Area (in thousand square feet).....	105,690	105,309	105,721	105,413	104,852
<i>General Government</i>					
State Office Buildings.....	5	5	5	5	5
<i>Community and Economic Development</i>					
Permanent Agricultural Easement Land (in acres).....	52,452	47,424	40,726	36,124	31,694

Sources:

Ohio Department of Developmental Disabilities
Ohio Department of Mental Health
Ohio Department of Rehabilitation and Correction
Ohio Department of Youth Services
Ohio Department of Natural Resources
Ohio Department of Transportation
Ohio Department of Agriculture
Ohio Department of Administrative Services
Ohio Department of Public Safety
Ohio Historical Society

Notes:

(A) The Priority Subsystem includes the interstate highways, freeways, and multi-lane portions of the National Highway System. The General Subsystem consists of two-lane routes outside of cities.

2008	2007	2006	2005	2004
35	35	36	36	36
8	8	8	8	8
10	10	10	12	12
9	9	9	9	9
30	30	28	28	28
8	8	8	8	9
79	86	91	79	85
53	58	60	63	63
74	74	74	74	74
323,133	315,381	315,611	314,646	310,964
191,144	191,142	191,142	191,117	185,838
816	822	830	810	793
116	114	108	126	126
4,579	4,739	4,701	4,626	4,741
12,718	12,655	12,500	12,355	12,225
30,063	30,118	30,168	30,207	30,246
14,242	12,793	12,531	12,544	12,416
104,084	84,447	83,443	82,684	82,260
5	5	5	5	5
29,168	24,012	20,186	15,155	12,514



Dave Yost • Auditor of State

STATE OF OHIO SINGLE AUDIT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 4, 2014