State of Ohio General Obligation Highway Capital Improvement Bonds

Issuer: State of Ohio		
Assigned	**Rating**	**Outlook**
General Obligation Highway Capital Improvement Bonds, Series Y	AAA	Stable
Affirmed	**Rating**	**Outlook**
General Obligation Highway Capital Improvement Bonds	AAA	Stable

Methodology:

U.S. Special Tax Revenue Bond Rating Methodology

U.S. State General Obligation Rating Methodology

ESG Global Rating Methodology

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Rating Summary: The long-term rating for the General Obligation Highway Capital Improvement Bonds reflects the fundamental strength of the State's general obligation pledge, which is enhanced by a pledge of highway users fees that consist primarily of motor vehicle fuel taxes and vehicle registration fees levied state-wide. In KBRA's view, the constitutional provisions underpinning the bond authorization and pledge of the highway user fees provide stronger credit features to the HCIBs than would be present with solely a general obligation pledge. In KBRA's opinion, the structure effectively puts holders of these bonds as senior secured creditors of the State, in a superior position to general State general obligation bondholders and thus supports the AAA rating.

The currently offered bonds will be issued in the approximate notional amount of $121.2 million. Ohio's State constitution provides that the HCIBs be used solely for highway and road purposes and that no more than $1.2 billion in HCIBs may be outstanding any given time ($736 million are currently outstanding). The highway user fees that secure the bonds are also authorized by the State constitution, which specifies that such fees are only to be used for highway and road purposes, which includes debt service on the HCIBs.

The pledged revenues are designed to assess the users of roads and highways with the costs of building and maintaining them. The revenues pledged to pay debt service are motor vehicle fuel taxes and vehicle registration fees levied statewide. FY 2023 pledged revenue receipts provide pro forma MADS coverage of 25.5x. The debt structure is also very conservative with 57% of pro forma HCIB principal amortizing within 5 years (including estimated debt service on the currently offered bonds).

Ohio's economy is broad and diverse, ranking seventh among the states by both gross state product and population. Population and gross state product growth exceeded that of the Great Lakes region but trailed that of the nation over the last decade.

The State's low overall debt levels are also supportive of the rating. FY 2022 tax supported debt is equivalent to a very manageable $943 per capita and [1].6% of personal income. The State additionally has a history of full actuarial pension contributions and a low level of unfunded pension liabilities.

The State was awarded a total of $15.2 billion from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) including $8.7 billion for the State and $6.4 billion for local municipalities. The State recorded this activity separately from the General Fund, with such funds flowing primarily through the Pandemic Relief Funds. Funds were utilized for a range of purposes including to meet pandemic-related costs and to offset revenue reductions caused by the pandemic. The receipt of significant federal support and the State's strong economic recovery following the initial stages of the pandemic have supported favorable operating performance. The State reported an unassigned general fund balance equal to 17.8% of expenditures at FYE 2022, up from 7.1% at FYE 2019 (prior to the pandemic). Cash based reporting for the fiscal year ended June 30, 2023 indicates another year of strong performance, with the General Revenue Fund cash balance up 37.3% YoY to $9.0 billion. The separate Budget Stabilization Fund balance was additionally up 29.4% YoY to $3.5 billion or 8.2% of General Revenue Fund receipts. The enacted biennium budget for FY 2024-FY2025 is balanced with General Revenue Fund inflows exceeding outflows by 1.9% in FY 2024 and 0.4% in FY 2025.

The Stable Outlook reflects the strong coverage and favorable historical performance of the pledged revenues as well as the diversity and stability of the State's broad economic base.

Key Credit Considerations

The rating actions reflect the following key credit considerations:

Credit Positives

- Coverage from pledged revenues is exceptionally strong. Receipts in FY 2023 provide coverage of 25.5x pro forma maximum annual debt service.
- The bonds are secured by the State's general obligation pledge with additional credit protection provided by the pledged highway revenues. The security structure effectively puts HCIB bondholders in a priority position relative to GO bondholders.

Credit Challenges

- Socioeconomic indicators including population, employment and gross state product growth lag the U.S.

Rating Sensitivities

▪ Not applicable at AAA rating level.	+
▪ Significant deterioration in socioeconomic indicators relative to the U.S.	-

Key Ratios		
Pledged Revenues (In Millions)		**2023**
Net Highway User Receipts		$3,935.3
Pro forma MADS (FY 2023)		$154.6
DSCR MADS (FY 2023)		25.5x
Economic Data		
Population (2022)	11,756,058	
State Per Capita Personal Income (2022)	$57,777	(88% of U.S.)
State Per Capita GSP (2022)	$70,261	(91% of U.S.)
State Real GSP Growth 2012 to 2022	17.1%	
U.S Real GSP Growth 2012 to 2022	23.1%	

Pledged Revenue Details

Motor Vehicle Fuel Tax: A tax of 38.5 cents per gallon of gasoline and 47.0 cents per gallon of diesel is paid by consumers and remitted to the Ohio Department of Taxation by the licensed dealer. A motor fuel tax at the same rate is imposed upon operators of trucks for fuel purchased outside the State and consumed in Ohio. The tax was increased fom 28 cents per gallon of gasoline and diesel on July 1, 2019.

License and Registration Taxes and Fees: An initial and annual fee for passenger vehicle registration of $31 per year and $385 to $1,370 for trucks.

Petroluem Activity Tax: A whoelsale tax levied on the suppliers at 0.65% of gross receipts upon the sale to retailers.

Rating Determinants (RD)	
1. Legal Framework	AAA
2. Nature of Special Tax Revenues	AAA
3. Economic Base and Demographics	AA-
4. Revenue Analysis	AA
5. Coverage and Bond Structure	AAA
6. Debt and Additional Continuing Obligations	AAA
7. Financial Performance and Liquidity Position	AA+

Determinants 1 to 5 are from KBRA's U.S. Special Tax Revenue Bond Rating Methodology. Determinants 6 and 7 are from KBRA's U.S. State General Obligation Rating Methodology.

RD 1: Legal Framework

Constitutional and Statutory Structure

KBRA has consulted outside counsel, and the following summarizes KBRA's understanding of the legal structure for authorization and payment of the HCIBs.

The HICB's are general obligations of the State. The full faith and credit, revenue, and taxing power of the State are pledged to the timely payment of the HCIBs. In addition, the HCIB's are "double-barreled bonds" because the Ohio Constitution, together with Ohio finance law, require, that the State pledge (i) all fees, excises, or license taxes relating to the registration, operation, or use of vehicles on the public highways or to fuels used for propelling those vehicles, but excluding statutory refunds and adjustments ("Highway User Receipts"), and (ii) moneys deposited in the State Highway Capital Improvements Bond Service Fund (the "Bond Service Fund") and the respective Cost of Issuance Funds, including all accounts in those funds and all moneys deposited therein and the investment earnings thereon (all collectively, together with the revenue and taxing power of the State (except for net State lottery proceeds), the "Pledged Excises and Taxes"). The structure effectively makes holders of these bonds senior secured creditors of the State, in a superior position to the generally unsecured position of State general obligation bondholders.

The State has fulfilled this State Constitutional mandate by enacting Ohio Revised Code Sections 151.01 and 151.06 (the "Act"). The Ohio Constitution does not require acts of further appropriation with respect to payment of the HCIBs. Through the Act, the State covenants that so long as any of the Highway Obligations are outstanding, the State and applicable officers and governmental agencies of the State, including the General Assembly, will maintain statutory authority for and cause to be levied, collected and applied an amount of pledged excises, taxes, and revenues of the State sufficient to make payment on the Bonds when due. The Pledged Excises and Taxes are not limited as to amount and are available to the extent required to pay the Bond Service Charges.

The HCIBs are authorized and issued on behalf of the State by its Treasurer and are issued pursuant to specific provisions of the Ohio Constitution and Ohio State law. There is no indenture or trustee in this structure, and thus the Treasurer, as Bond Registrar, is responsible for the payment of the principal and interest on the HCIBs.

State Constitutional Limitations on Use of Highway User Receipts

In addition to the above Constitutional and statutory mandates to levy, collect and apply funds to payment of the HCIBs, there are also parallel State Constitutional limits on the use of the Highway User Receipts. Since the 1940s, the Ohio Constitution has prohibited the use of Highway User Receipts for anything other than the costs of administration of the laws levying such taxes; statutory refunds and adjustments; payments of HCIBs; construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes; traffic enforcement by the State; and hospitalization of indigent persons injured in motor vehicle accidents on the public highways. Highway User Receipts are not and cannot be used for any other purpose or be pledged to the payment of bonds issued for other purposes.

Given the clear duties imposed on the State through these provisions of the Ohio Constitution and related statutes, KBRA is advised that holders of the Bonds could readily access the Ohio courts (and in fact proceed directly to the Ohio Supreme Court, KBRA is informed) for mandamus relief against the Treasurer and the State in the case of non-payment.

It is also important to note that, as KBRA is advised, the State cannot easily change the Ohio Constitution. Proposed constitutional amendments relating to taxation, revenues, expenditures, debt or other subjects require initial approval by three-fifths of the members elected to each house of the General Assembly, or by initiative petition signed by electors numbering at least 10% of the total number of votes last cast for the office of Governor. The ultimate adoption of a proposed amendment requires approval by a majority of electors at a statewide election. Accordingly, KBRA is informed, Constitutional-level protections for bondholders are thus of a higher order than those granted only by statute.

Substitution and Non-impairment
There is a limited power of substitution. The General Assembly may from time to time repeal or reduce any excise, tax, or other source of revenue pledged to the payment of bonds, and may levy any new or increased excise, tax, or revenue source to meet the pledge of the State's full faith and credit, revenue, and taxing power to the payment of debt service on outstanding obligations. However, the General Assembly cannot impair the State's obligation to levy, charge, and collect sufficient pledged excises, taxes, and revenues to pay debt service on such obligations, as the Ohio Constitution expressly provides that the General Assembly has no power to pass laws impairing the obligation of contracts.

In the event that the State were to fail to perform its State Constitutional and Statutory obligations, KBRA is informed that bondholders would have claims for breach of contract, contractual impairment under the State Constitution, and, as stated, for mandamus relief. In addition, bondholders could also have Federal claims for constitutional impairment under the Contract Clause of the U.S. Constitution.

Debt Service Reserve Fund
There is no debt service reserve fund. However, the absence of a reserve fund is offset by the substantial coverage provided by pledged revenues and the requirement that monthly set asides of annual debt service requirements be deposited in the Debt Service Fund from September through February each year. The general obligation pledge also helps offset any concerns arising from the absence of a reserve fund.

Additional Bonds Test
There is no additional bonds test. However, the ability to issue additional bonds is limited by the overall limitation that the total amount of parity bonds outstanding not exceed $1.2 billion.

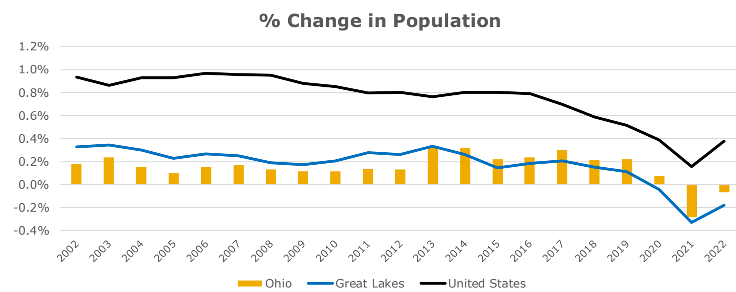
RD 2: Nature of Special Tax Revenues
The pledged revenues consist of motor vehicle fuel taxes, license and registration taxes and fees, and other motor vehicle and highway use taxes levied across the State of Ohio. Although motor fuel tax collections can be cyclical, they are levied on essential transportation activities.

KBRA views the nature of the special taxes as broad based and levied upon essential transportation activities and services.

RD 3: Economic Base and Demographics
Ohio's economic base is strong and diverse. It ranked 7th among the states by both population in 2022 and gross state product (GSP). Growth in both metrics over the last decade exceeded that of the Great Lakes region[1] but trailed that of the U.S.

Population Growth
State population growth has exceeded that of the Great Lakes Region but trailed the U.S. over the last decade. The U.S. Census estimates that Ohio's population declined slightly over the last two years.

Figure 1



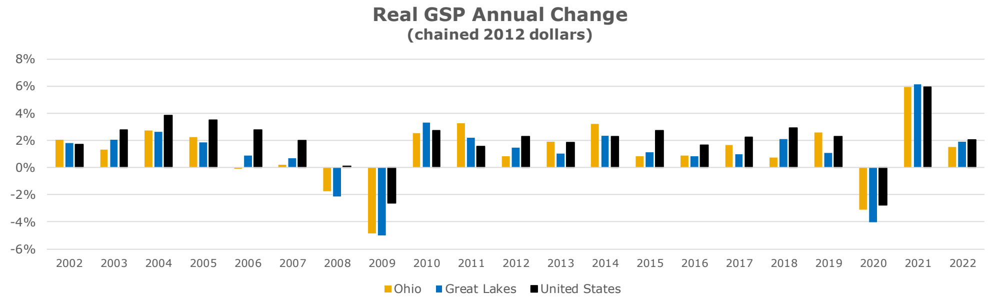
	2002	2012	2022	% Δ 2012 to 2022	10-Year CAGR (2022)
Ohio	11,407,900	11,573,000	11,756,100	1.6%	0.16%
Great Lakes	45,550,300	46,702,200	47,097,800	0.8%	0.08%
United States	287,625,000	314,344,000	333,288,000	6.0%	0.59%

Source: U.S. Bureau of Economic Analysis

Real Gross State Product (GSP)
Growth in real gross state product has exceeded that of the Great Lakes region but trailed that of the U.S. as a whole.

[1] The Great Lakes Region is comprised of Illinois, Indiana, Michigan, Ohio, and Wisconsin.

Figure 2



($ in Millions)	2002	2012	2022	% Δ 2012 to 2022	10-Year CAGR (2022)
Ohio	513,216	545,740	638,910	17.1%	1.6%
Great Lakes	2,103,977	2,272,451	2,591,533	14.0%	1.3%
United States	13,488,357	16,253,970	20,014,128	23.1%	2.1%

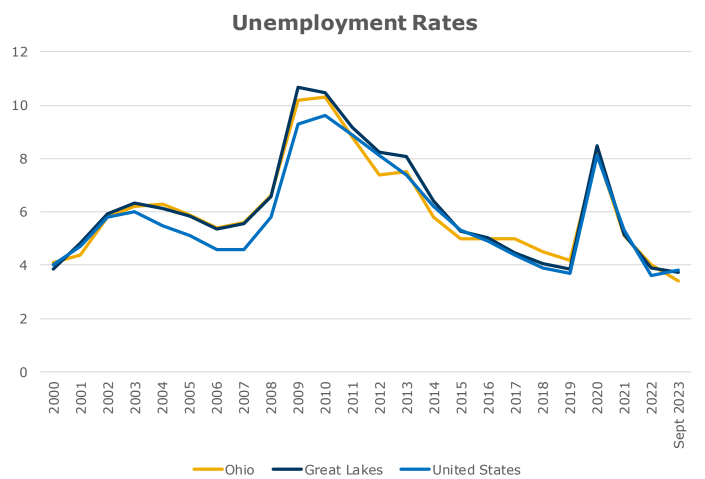
Source: U.S. Bureau of Economic Analysis

Note: Output for the "United States" represents GDP of the United States, not the sum of all 50 states.

Employment and Unemployment

State employment levels remain 0.2% below the 2019 pre-pandemic level as of September 2023 versus U.S. employment which was up 2.6%. Ohio's unemployment rate was 3.4% as of September 2023, slightly lower than the U.S. at 3.8%.

Figure 3



	Ohio	Great Lakes	United States
September 2023	3.4	3.7	3.8
August 2023	3.4	3.6	3.8
GFC Annualized Peak	10.3	10.7	9.6
Point Δ from GFC Annualized Peak	-6.9	-7.1	-5.8

Source: U.S. Bureau of Labor Statistics. Seasonally Adjusted.

Figure 4

Total Employment
(Seasonally Adjusted) (in thousands)

	Ohio	Δ(%)	Great Lakes	Δ(%)	United States	Δ(%)
2000	5,544		22,635		136,891	
2001	5,566	0.4%	22,436	-0.9%	136,933	0.0%
2002	5,490	-1.4%	21,994	-2.0%	136,485	-0.3%
2003	5,499	0.2%	21,948	-0.2%	137,736	0.9%
2004	5,487	-0.2%	22,024	0.3%	139,252	1.1%
2005	5,531	0.8%	22,217	0.9%	141,730	1.8%
2006	5,636	1.9%	22,555	1.5%	144,427	1.9%
2007	5,679	0.8%	22,614	0.3%	146,047	1.1%
2008	5,609	-1.2%	22,344	-1.2%	145,362	-0.5%
2009	5,305	-5.4%	21,168	-5.3%	139,877	-3.8%
2010	5,267	-0.7%	21,035	-0.6%	139,064	-0.6%
2011	5,264	-0.1%	21,136	0.5%	139,869	0.6%
2012	5,290	0.5%	21,311	0.8%	142,469	1.9%
2013	5,281	-0.2%	21,392	0.4%	143,929	1.0%
2014	5,382	1.9%	21,797	1.9%	146,305	1.7%
2015	5,428	0.9%	22,106	1.4%	148,834	1.7%
2016	5,464	0.7%	22,419	1.4%	151,436	1.7%
2017	5,529	1.2%	22,710	1.3%	153,337	1.3%
2018	5,558	0.5%	22,876	0.7%	155,761	1.6%
2019	5,633	1.3%	23,000	0.5%	157,538	1.1%
2020	5,281	-6.2%	21,419	-6.9%	147,795	-6.2%
2021	5,435	2.9%	22,123	3.3%	152,581	3.2%
2022	5,510	1.4%	22,614	2.2%	158,291	3.7%
Sep 2023	5,619	2.0%	22,928	1.4%	161,570	2.1%
Δ 2019 Avg to Sep 2023	-0.2%		-0.3%		2.6%	

Source: U.S. Bureau of Labor Statistics. Seasonally adjusted.

RD 4: Revenue Analysis

KBRA views the pledged Highway User Receipts as providing a strong source of repayment for the State of Ohio's General Obligation Highway Capital Improvements Bonds. In FY 2022, approximately 66% of Highway User Receipts were generated from motor fuel and use taxes. The motor fuel and use tax consists of 38.5 cents per gallon of gasoline and 47.0 cents per gallon of diesel paid by consumers at the point of purchase and remitted to the Ohio Department of Taxation by the licensed dealers. The tax rate was increased from 28 cents per gallon of gasoline and diesel on July 1, 2019.

The next largest component of Highway User Receipts are vehicle registration fees which account for 29% of the total. Registration fees are paid initially upon acquisition and annually upon renewal. Also included in pledged revenues are the wholesale petroleum tax paid by wholesalers and a motor fuel tax imposed upon operators of trucks for fuel purchased outside of the State and consumed within the State.

Total Highway User Receipts recorded modest growth in 2023 increasing by 1.0%.

Figure 5

Highway User Receipts[1] FYE June 30 (dollars in millions)								
	Motor Vehicle Fuel Tax	Highway Use Tax Permits	Motor Vehicle Fuel Use Tax	Petroleum Activity Tax	License and Registration Taxes and Fees	Less: Tax Refunds and Reductions	**Net Highway User Receipts**	**Δ YOY**
2009	$ 1,732	$ 12	$ 85	$ -	$ 770	$ (23)	**$ 2,576**	
2010	1,729	22	68	-	785	(19)	**2,585**	**0.3%**
2011	1,760	25	67	-	811	(21)	**2,643**	**2.2%**
2012	1,687	28	72	-	826	(20)	**2,594**	**-1.9%**
2013	1,727	31	72	76	839	(19)	**2,727**	**5.1%**
2014	1,829	35	66	81	845	(21)	**2,835**	**4.0%**
2015	1,806	36	73	95	874	(23)	**2,861**	**0.9%**
2016	1,747	35	80	72	948	(25)	**2,858**	**-0.1%**
2017	1,815	38	73	56	938	(17)	**2,904**	**1.6%**
2018	1,800	45	71	66	968	(16)	**2,935**	**1.1%**
2019	1,843	41	102	84	1,001	(17)	**3,054**	**4.1%**
2020	2,395	41	103	74	974	(20)	**3,568**	**16.8%**
2021	2,439	38	89	38	1,111	(28)	**3,687**	**3.3%**
2022	2,568	42	118	74	1,119	(23)	**3,898**	**5.7%**
2023							**3,935**	**1.0%**

Source: State of Ohio

[1]Receipts for FY 2020 and FY 2021 include minor upward revisions to incorporate electric and hybrid vehicle registration fee

RD 5: Coverage and Bond Structure

The pledged Highway User Receipts provide strong coverage of HCIB debt service requirements. Coverage has exceeded 20.0x in each year since FY 2013 and was 24.9x in FY 2023. Coverage should remain strong given Constitutional restrictions on debt issuance.

Figure 6

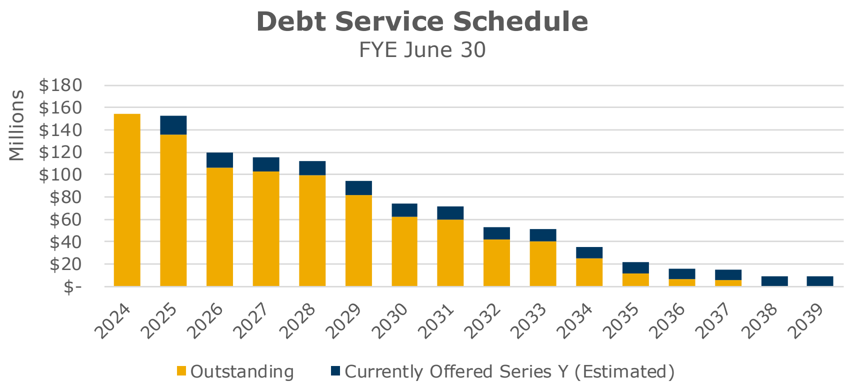
Historic Pledged Revenues, Debt Service, and Coverage[1] FYE June 30 (dollars in millions)			
	Historical Highway User Receipts	Total Fiscal Year Debt Service	**Coverage**
1998	$ 1,943.3	$ 24.6	**79.0x**
1999	2,018.5	52.2	**38.6x**
2000	2,061.9	79.9	**25.8x**
2001	1,985.6	113.7	**17.5x**
2002	2,046.6	141.3	**14.5x**
2003	2,123.6	136.6	**15.5x**
2004	2,326.2	149.4	**15.6x**
2005	2,483.8	168.3	**14.8x**
2006	2,669.1	181.1	**14.7x**
2007	2,577.0	198.7	**13.0x**
2008	2,703.7	206.0	**13.1x**
2009	2,576.4	197.5	**13.0x**
2010	2,585.5	170.3	**15.2x**
2011	2,642.7	149.3	**17.7x**
2012	2,593.9	140.9	**18.4x**
2013	2,726.7	135.5	**20.1x**
2014	2,835.1	132.5	**21.4x**
2015	2,860.6	140.2	**20.4x**
2016	2,857.8	119.8	**23.8x**
2017	2,904.2	127.4	**22.8x**
2018	2,934.6	114.6	**25.6x**
2019	3,053.9	137.2	**22.3x**
2020	3,567.7	152.7	**23.4x**
2021	3,687.5	156.4	**23.6x**
2022	3,898.0	153.6	**25.4x**
2023	3,935.3	158.1	**24.9x**

Source: POS and Continuing Disclosure Statements

[1]Receipts for FY 2020 and FY 2021 include minor upward revisions to incorporate electric and hybrid vehicle registration fees.

The structure of pro forma debt is conservative with declining annual debt service and 57% of pro forma principal (including estimated debt service on the currently offered bonds) to be amortized in five years and all principal scheduled to amortize by FY 2039.

Figure 7



Source: State of Ohio

RD 6: Debt Burden and Continuing Obligations

Debt Burden

The State has approximately $11.1 billion in tax-supported debt as of June 30, 2022 including $8.7 billion in general obligation bonds, $2.2 billion in special obligation bonds subject to appropriation, and $238 million in certificates of participation. Tax-supported debt at FYE 2022 was low at 1.6% of personal income and $942 per capita. Tax-supported debt service for FY 2022 is equivalent to 4.9% of FY 2022 governmental expenditures.

Figure 8

Debt Ratios (in dollars)			
	Ohio	Average of U.S. States	Ohio Rank Among the 50 States
Tax-Supported Debt:			
Per Capita	$942	$1,754	Lowest 40%
as a % of Personal Income	1.6%	2.7%	Lowest 45%
as a % of GSP	1.4%	2.4%	Lowest 45%
Aggregate State and Local Debt:			
Per Capita	$8,016	$10,049	Lowest 50%
as a % of Personal Income	14.1%	15.7%	Lowest 50%
as a % of GSP	12.5%	14.3%	Lowest 40%

Source: U.S. Census Bureau, U.S. Bureau of Economic Activity, Credit Scope, and Annual Disclosures.

Pensions

All part-time and full-time employees along with elected officials are eligible for retirement benefits under the following three plans: Ohio Public Employees Retirement System (OPERS), State Teachers Retirement System of Ohio (STRS), and State Highway Patrol Retirement System (HPRS).

The State's reported proportionate share net pension liability (NPL) for the three plans is $2.07 billion, which KBRA considers manageable at 0.3% of personal income.

Figure 9

Net Pension Liability (NPL) Ratios (in dollars)			
	Ohio	Average of U.S. States	Ohio Rank Among the 50 States
Net Pension Liability:			
Per Capita	$176	$1,702	Lowest 40%
as a % of Personal Income	0.3%	2.5%	Lowest 20%
as a % of GSP	0.3%	2.3%	Lowest 20%

Source: U.S. Census Bureau, U.S. Bureau of Economic Activity, Credit Scope, and Annual Disclosures.

RD 7: Financial Performance and Liquidity Position

Governmental funds are reported in full compliance with modified accrual accounting standards while the State uses a modified cash basis of accounting for budgetary purposes. The State has a history of consistent and accurate revenue forecasting and balanced financial results.

Audited Financial Results for FY 2022

General Fund operating results were again favorable in FY 2022. Ending fund balance increased $3.6 billion (30%) to $15.6 billion. General Fund revenues for FY 2022 increased 3.2% YoY to $44.3 billion which exceeded the rate of growth of expenditures which increased 0.7% to $38.8 billion.

Figure 10

State of Ohio
General Fund Summary Statement of Income and Balance Sheet
FYE June 30 (audited, GAAP Basis) ($ in millions)

	2018	2019	2020	2021	2022
Statement of Income					
Revenues	$ 35,501	$ 37,653	$ 37,891	$ 42,950	$ 44,323
Expenditures	34,908	34,555	36,006	38,782	38,811
Excess (Deficiency) of Rev. Over Exp.	592	3,099	1,886	4,168	5,512
Other Financing Sources (Uses)	(484)	(879)	(1,240)	(699)	(1,937)
Net Change in Fund Balance	**108**	**2,219**	**646**	**3,469**	**3,575**
Beginning Fund Balance, Before Restatement	5,389	5,498	7,718	8,367	12,064
Restatement	-	-	-	234	3
Beginning Fund Balance	5,389	5,498	7,718	8,601	12,067
Change in Inventories	1	1	3	(6)	-
Ending Fund Balance	5,498	7,718	8,367	12,064	15,642
Statemenet of Assets					
Assets					
Cash and Cash Equivalents	$ 5,996	7,272	7,244	11,699	15,397
Investments and Collateral on Lent Securities	2,929	3,754	2,623	4,458	4,913
Receivables	3,684	3,531	4,086	3,612	3,801
Other	22	23	291	20	20
Total Assets	**12,631**	**14,579**	**14,245**	**19,790**	**24,131**
Liabilities					
Accounts Payable and Accrued Liabilities	431	409	456	499	514
Medicaid Claims Payable	1,065	627	511	420	475
Obligations Under Securities Lending	1,696	2,308	1,005	2,572	2,887
Intergovernmental, Interfund, and Component Unit Payables	1,172	1,113	1,168	1,571	1,871
Other	1,555	1,374	1,711	1,751	1,833
Total Liabilities	**5,919**	**5,832**	**4,851**	**6,812**	**7,580**
Deferred Inflows of Resources	1,214	1,029	1,026	914	908
Fund Balance					
Nonspendable	52	55	61	47	38
Restricted	1,465	1,593	1,411	1,605	1,410
Committed	773	729	764	838	864
Assigned	2,539	2,886	3,207	3,856	6,437
Unassigned	668	2,455	2,924	5,718	6,894
Total Fund Balance	**5,498**	**7,718**	**8,367**	**12,064**	**15,643**
Unassigned Fund Balance as % of Expenditures	*1.9%*	*7.1%*	*8.1%*	*14.7%*	*17.8%*

Source: State of Ohio ACFRs

Cash Basis FY 2023 Results and Enacted FY 2023 to FY 2025 Biennium Budget

The State's main operating fund for budgetary purposes is the General Revenue Fund (GRF), which comprises ~90% of GAAP basis General Fund revenues. The GRF ending balance increased $2.44 billion (37.3%) in FY 2023 to $8.99 billion.

The State maintains a Budgetary Stabilization Fund (BSF) which is a rainy-day savings account, included within the unassigned balance of the General Fund in the ACFR. By State law, the maximum balance of the BSF is up to 8.5% of the prior year's GRF revenues. As of FYE 2023, the BSF balance was $3.50 billion (8.2% of GRF revenue).

Figure 11

State of Ohio Summary Statement of General Revenue Fund Cash Basis Activity and Budget Stabilization Fund Balance FYE June 30 (unaudited, Cash Basis) (dollars in millions)	Actual					Enacted Biennium Budget	
	2019	2020	2021	2022	2023	2024	2025
Cash Receipts							
Taxes:							
Personal Income	$ 8,910	$ 7,881	$ 10,201	$ 10,752	$ 10,797		
Sales and Use	10,573	10,686	12,191	13,030	13,483		
Financial Institutions Tax	202	215	226	203	239		
Commercial Activity Tax	1,630	1,672	1,667	1,996	2,152		
Public Utilities and Kilowatt Hour	563	533	493	517	529		
Cigarette	918	913	927	885	827		
Domestic Insurance	276	303	310	313	387		
Foreign Insurance	296	305	324	328	363		
Other	121	116	128	130	138		
Total Taxes	23,490	22,623	26,467	28,153	28,916		
Federal Government	9,764	10,482	12,727	11,897	12,931		
Licenses, Permits and Fees	64	67	88	99	117		
Investment Income	114	131	57	53	305		
Other	88	121	109	401	226		
Total Cash Receipts	**33,520**	**33,425**	**39,448**	**40,603**	**42,494**	**42,300**	**45,000**
Cash Disbursements							
Primary, Secondary, and Other Education	$ 8,214	$ 7,929	$ 7,883	$ 8,298	$ 8,539		
Higher Education	2,293	2,282	2,369	2,418	2,448		
Public Assistance and Medicaid	15,053	15,472	18,094	17,079	18,484		
Health and Human Services	1,272	1,344	1,381	1,520	1,625		
Justice and Public Protection	2,223	2,386	2,387	2,653	2,759		
General Government	391	440	422	499	560		
Property Tax Reimbursement	1,801	1,801	1,806	1,818	1,821		
Debt Service	1,431	1,450	1,217	1,475	1,547		
Total Cash Disbursement, As Stated	**32,678**	**33,104**	**35,630**	**35,760**	**37,782**	**41,500**	**44,800**
Cash Transfers and Ending Fund Balance							
Transfers-In	$ 248	$ 81	$ 98	$ 57	$ 21		
Transfers-Out	(773)	(670)	(465)	(3,074)	(2,290)		
Beginning Cash Balance	1,221	1,538	1,270	4,721	6,547		
Ending Cash Balance	**1,538**	**1,270**	**4,721**	**6,547**	**8,991**		
Budget Stabilization Fund							
Ending Balance[1]	$ 2,692	$ 2,692	$ 2,692	$ 2,706	$ 3,501		
as a % of GRF Receipts	*8.0%*	*8.0%*	*6.8%*	*6.7%*	*8.2%*		

Source: POS and Draft Bond Appendix A dated September 30, 2023

[1]Reflects balance after year-end transfer into BSF; actual cash transfers into the BSF occur early in the following FY.

Bankruptcy Assessment

The United States Bankruptcy Code is not applicable to states. Because Ohio is a state, it is thus not eligible for relief under the U.S. Bankruptcy Code.

ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how issuers plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in public finance ratings can be found here. Over the medium-term, public finance issuers will likely need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

An assessment of ESG management can be found in KBRA's report dated May 2, 2023.