



State of Ohio

Popular Annual Financial Report

Fiscal Year Ending June 30, 2023



**Office of Budget
and Management**

Mike DeWine, Governor
Jon Husted, Lt. Governor

Kim Murnieks, Director

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Letter from the Director

Dear Fellow Ohioans,

It is my privilege to present the Fiscal Year 2023 Popular Annual Financial Report (PAFR) for the State of Ohio. The PAFR, covering July 1, 2022 through June 30, 2023, provides all Ohioans with a clear and concise overview of our state's financial situation, highlighting the key aspects of our budget and economic health.

As FY 2023 ended, Ohio's economy was resilient and surging despite global economic uncertainties. In the face of continued supply chain challenges and inflationary conditions, our state has achieved historic economic development milestones, with more businesses announcing locations and expansions. Multiple sectors of the Ohio economy continue to grow, and our workforce is advancing by upskilling and fostering innovation.

Key Highlights of Ohio's Economic Situation in 2023



Employment

Ohio witnessed a steady recovery in employment, and the unemployment rate decreased throughout the year. Job opportunities expanded in sectors such as healthcare, technology, and manufacturing.



Gross Domestic Product (GDP)

GDP serves as an indicator of economic health and productivity as it measures the total value of all goods and services produced. Ohio's GDP continued to grow, driven by a strong manufacturing base from a range of industries, coupled with emerging technology hubs.



Revenue and Budget

Ohio's fiscal management remained prudent, with responsible budgeting and financial planning. This approach enabled us to continue investing in essential public services, infrastructure, and education.

Ohio's outlook is bright and built on a strong and increasingly diversified economic foundation. Ohio is well-positioned to navigate challenges and to continue to move toward a more prosperous future. I encourage you to explore this report and gain insight into Ohio's financial landscape. By being informed, we can all contribute to the continued growth and prosperity of our great state.

Very respectfully yours,
 Kimberly A. Murnieks
 Director, Ohio Office of Budget and Management

Understanding the Popular Annual Financial Report (PAFR)

This report, known as the Popular Annual Financial Report (or commonly referred to as a PAFR), is intended to better inform the public about the state's financial condition, without excessive detail or the use of technical accounting terms.

The PAFR summarizes the state of Ohio's Annual Comprehensive Financial Report (ACFR), focusing on key indicators about the state's financial performance and priorities. Ohio's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and are independently audited by the Ohio Auditor of State.

Ohio seeks to highlight detailed information contained in the financial statements for fiscal year 2023. A copy of the ACFR is available on the state's website at: [ACFR* | Office of Budget and Management \(ohio.gov\)](#).

Commonly Used Terms

Bonds	A bond is a loan made by an investor to a borrower.
Bond Ratings	A bond rating is like a credit report that tells the investor how likely the borrower is to pay them back.
Business-type Activities	Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and are reported in the government-wide financial statements.
Component Unit	Legally separate organization for which the elected officials of the primary government are financially accountable.
Expenditures	Everything that a government spends money on.
Fiscal Year (FY)	A government or organization's 12-month financial budget and reporting period; the State of Ohio's fiscal year runs from July 1 through June 30.
Fund	A separate fiscal and accounting entity used to segregate and account for resources related to a specific activity.
General Revenue Fund	The main operating fund of a government.
Governmental Activities	Activities generally financed through taxes, intergovernmental revenues, federal grants, and other non-exchange revenues – general fund, special revenue funds, debt service funds, and capital project funds.
Net Position	The difference between what the State owns and what the State owes; positive net position indicates a measure of financial stability.
Primary Government	Government that is financially accountable for the organizations that make up its legal entity.
Rating Agencies	A rating agency evaluates the credit of an organization and helps investors decide how risky an investment is.
Revenues	Money received by a government either by taxes or other non-tax sources such as federal grants or user fees.

State Reporting and Services

For the purposes of official accounting reports like the ACFR, the State of Ohio includes all fund types of the departments, agencies, boards, commissions, and authorities governed and legally controlled by the State's executive, legislative, and judicial branches. In addition, official reporting includes legally separate component units for which the State is financially accountable. The component units are discretely presented in the government-wide financial statements. The State's discretely presented major component units are the Ohio Facilities Construction Commission and The Ohio State University. The State and its component units provide a broad range of services to citizens.

Range of Services Provided to Citizens



Primary and Secondary Education



Higher Education



Public Assistance and Medicaid



Health and Human Services



Justice and Public Protection



Environmental Protection and Natural Resources



Transportation



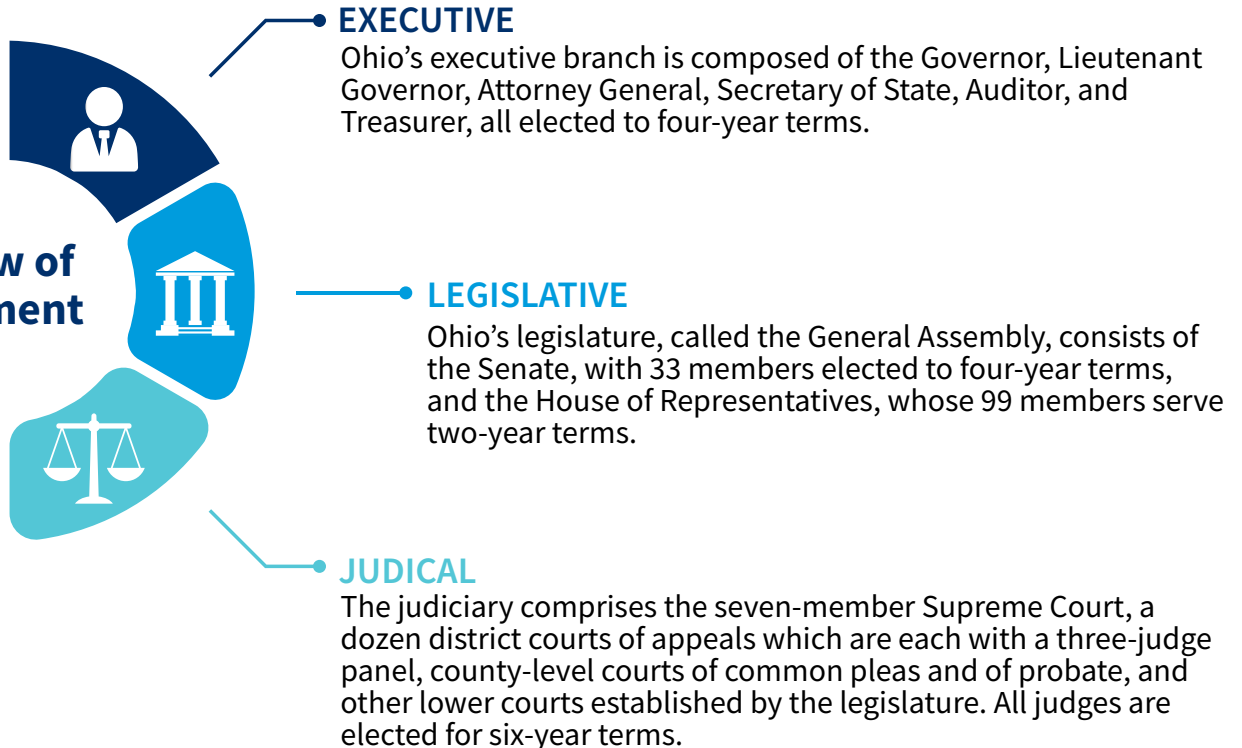
Community and Economic Development



General Government Services

Overview of Government

Overview of Government



History and Demographics

Of Ohio's early Native American inhabitants, the people of the Adena culture (800 B.C. – A.D. 1) were the first to build mounds throughout the area, and people of the Hopewell culture (A.D. 1 – 400) built vast earthworks. In 2023, the Hopewell Ceremonial Earthworks was inscribed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as the United States' 25th addition to the World Heritage List.

Marietta, established in 1788 by Revolutionary War veterans, was the first permanent non-Native settlement in the state. Ohio was admitted to the union as the 17th state in 1803 and was the first state created from the Northwest Territory.

Economy

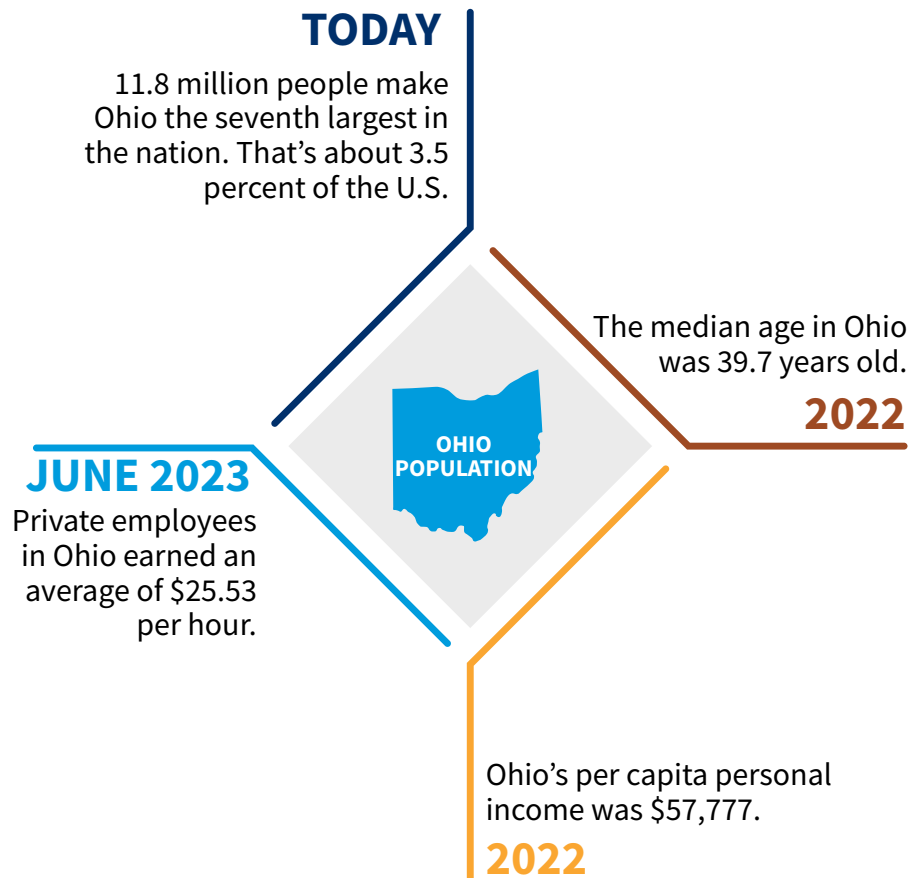
Ohio's 2022 Economy by the Numbers

1.5% 
Real GDP Growth

\$826 BILLION 
Gross Domestic Product

 **5.5 MILLION**
Nonfarm Employment

4% 
Unemployment Rate



Ohio's gross domestic product (GDP) serves as an indicator of economic health and productivity as it measures the total value of all goods and services produced. In 2022, Ohio's GDP was estimated at \$826 billion. Ohio's economy is the seventh largest in the country and represented 3.2 percent of the national GDP in 2022. The

largest contributing sectors to GDP included finance, insurance, rental and leasing (22.4%) manufacturing (16.5%), and professional and business services (13.5%) in 2022.

Underpinning Ohio's robust economy is a strong labor force. In 2022 Ohio added 83,000 private jobs and saw the second highest levels of new business filings in state history. Unemployment rates in 2022 also decreased to historically low levels.

Sectors Contributing to GDP



16.5%
Manufacturing



13.5%
Professional and
Business Services



22.4%
Finance and
Insurance, and
Leasing Industry

Government-wide Financial Statements

Two financial statements, the Statement of Net Position and the Statement of Activities, help key stakeholders determine if the State is in a better or worse financial position than the previous fiscal year. These statements include activities of the primary government (the State of Ohio) and its component units. The total primary government includes both **Governmental Activities** and **Business-Type Activities**. This report will focus on the Primary Government only, excluding component units.

Total Primary Government

Governmental Activities

Encompass many of the State's core services such as transportation, rehabilitation and correction, health and human services, and education. These services are mainly funded by taxes, intergovernmental revenues, and federal grants.

Business-Type Activities

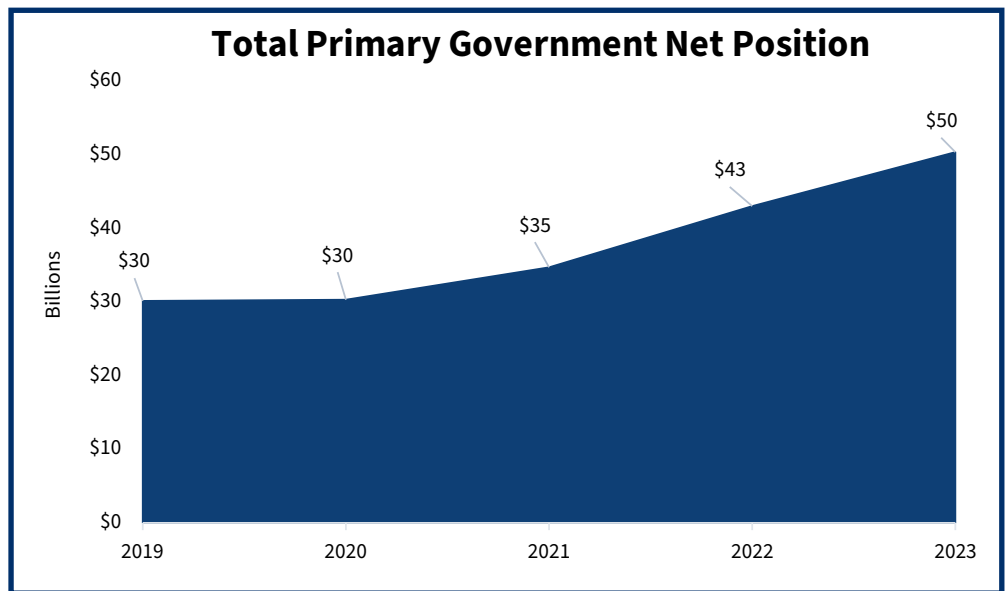
Services provided to the state or outside customers function similarly to private businesses and are mainly funded by user fees that cover all or most of the cost of the services provided.

The State's Net Position

Net position is the difference between what the State owns and what the State owes. Positive net position indicates a measure of financial stability. The State's net position increased from \$42.9 billion in 2022 to \$50.3 billion in 2023.

Statement of Net Position			
As of June 30, 2023 <i>(dollars in thousands)</i>			
	Primary Government		
	Governmental Activities	Business-Type Activities	FY 2023 Total
Assets and Deferred Outflows of Resources	83,019,061	25,096,579	108,115,640
Liabilities and Deferred Inflows of Resources	42,834,030	14,952,415	57,786,445
Net Position	40,185,031	10,144,164	50,329,195

The State's growing net position over the last five fiscal years demonstrates a strengthening State financial position.



Revenues & Expenditures

There are two main sources of revenue for the State: program revenues and general revenues.

Program Revenues

Charges for services, fees, fines, and forfeitures; operating grants, contributions, and restricted investment income; and capital grants, contributions, and restricted investment income.

General Revenues

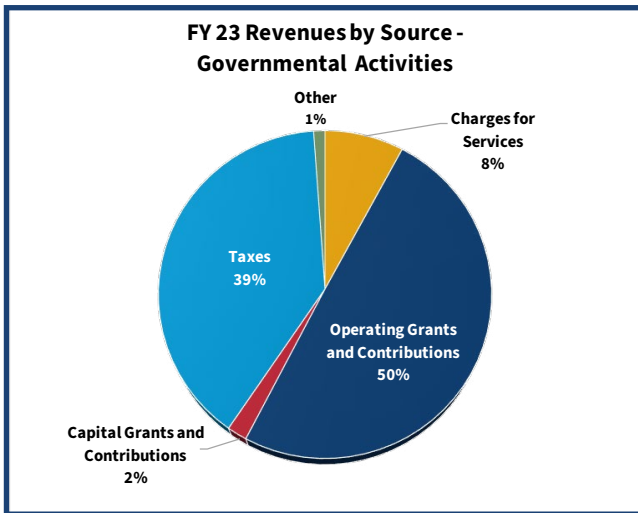
A variety of taxes (income, sales, corporate and public utility taxes, cigarette, motor vehicle fuel, etc.) and other revenues that are not generated through programming.

Statement of Activities			
For the Fiscal Year ended June 30, 2023 (dollars in thousands)			
Primary Government			
	Governmental Activities	Business-Type	FY 2023 Total
Program Revenues:			
Charges for Services	6,785,647	8,509,569	15,295,216
Operating Grants and Contributions	42,606,974	662,859	43,269,833
Capital Grants and Contributions	1,615,242	-	1,615,242
Total Program Revenues	51,007,863	9,172,428	60,180,291
Expenses			
	80,702,799	6,816,450	87,519,249
Net(Expenses) Revenues	(29,694,936)	2,355,978	(27,338,958)
General Revenues	36,143,188	(1,446,797)	34,696,391
Transfers and Other Items	-	-	-
Change in Net Position	6,448,252	909,181	7,357,433
Net Position - July 1, as restated	33,736,779	9,234,983	42,971,762
Net Position - June 30	40,185,031	10,144,164	50,329,195

The Statement of Activities summarizes revenue and expenditure activity showing how the state’s net position changed during the fiscal year

- Total net position increased by \$7.3 billion.
- The net position of the governmental activities increased \$6.4 billion, or 19 percent and business-type activities had an increase of \$909 million, or 10 percent.
- Ohio recognized \$60.2 billion in program revenues and \$34.7 billion in general revenues, which was used to pay \$87.5 billion of expenses.

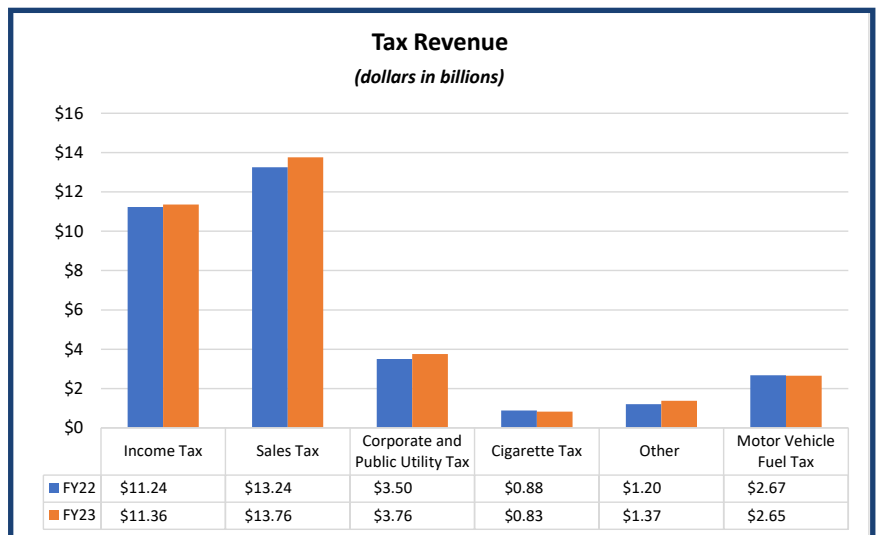
Where Does the Money Come From?



The largest contributor to the state’s revenue for FY 2023 was Operating Grants and Contributions, which is primarily composed of funding from the federal government. Federal funding continues to be a significant source of funding for Ohio. It is anticipated that federal funding will remain elevated in the next several years as funding from the American Rescue Plan Act, the Infrastructure Investment and Jobs Act, and other federal legislation continues.

Tax revenues account for the second largest revenue stream, accounting for 39 percent of governmental activities. Most taxes are considered general revenue, which means they can fund the general government; the motor vehicle fuel tax is restricted for transportation purposes only.

Of the tax revenues, state sales tax is the largest contributor. Ohio sales and use tax includes retail sales, leases, and rental of personal property as well as specific services provided in Ohio law. For more information about the sales and use tax, visit the [Ohio Department of Taxation](#).



Where Does the Money Go?

What Services are Delivered for Every \$100 Spent



\$8.69
General Government and Economic Development

\$9.68
Justice, Public and Environmental Protection, Natural Resources, and Transportation

\$57.09
Human and Health Services (Including Medicaid)

\$24.54
Education

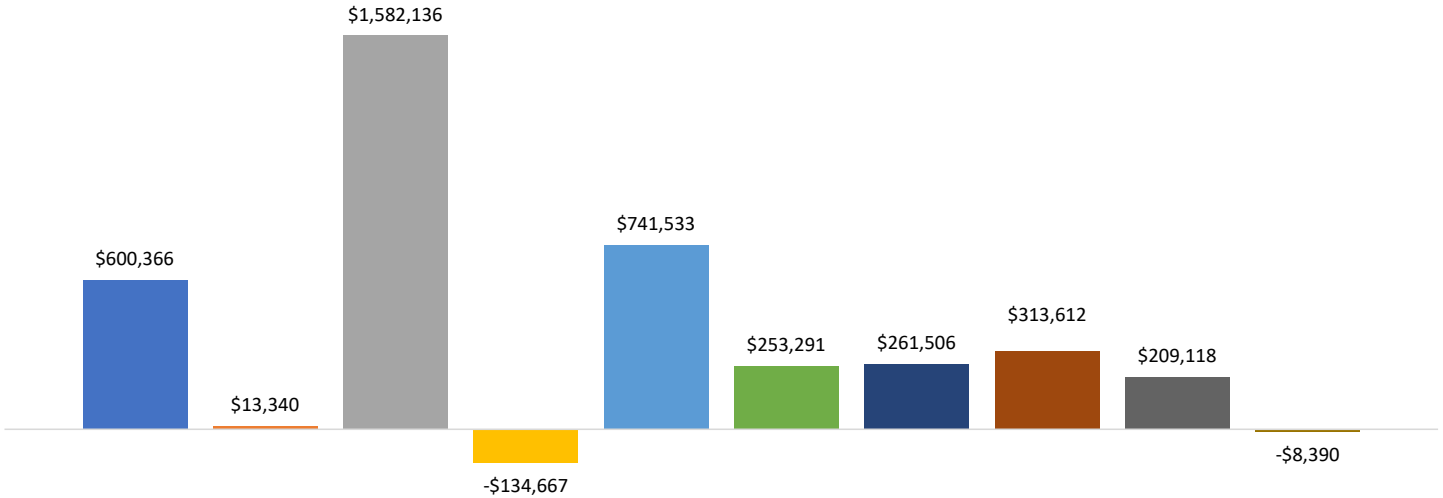
Expenses by Activity - Governmental Activities

- Public Assistance and Medicaid
- Primary, Secondary and Other Education
- Community and Economic Development
- Justice and Public Protection
- Higher Education
- Health and Human Services
- Transportation
- General Government
- Environmental Protection and Natural Resources
- Interest on Long-term Debt

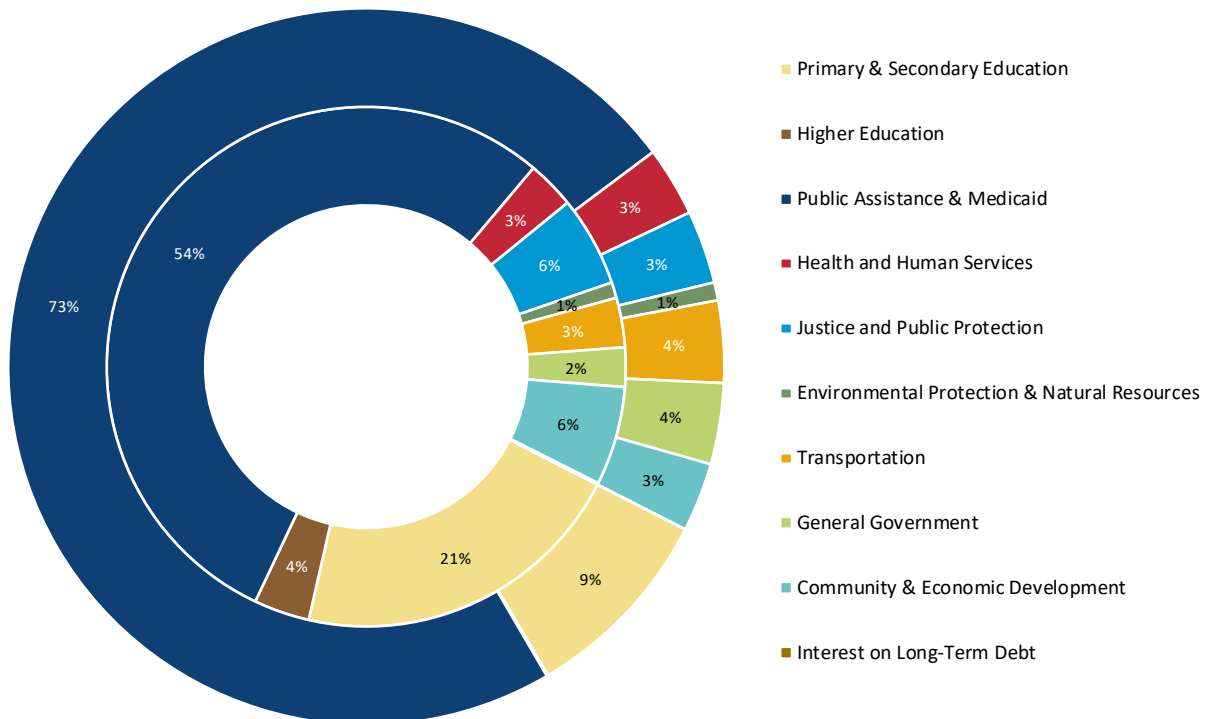


Dollar Change in Expenses from FY22 to FY23 (dollars in thousands)

- Primary & Secondary Education
- Higher Education
- Public Assistance & Medicaid
- Health and Human Services
- Justice and Public Protection
- Environmental Protection & Natural Resources
- Transportation
- General Government
- Community & Economic Development
- Interest on Long-Term Debt

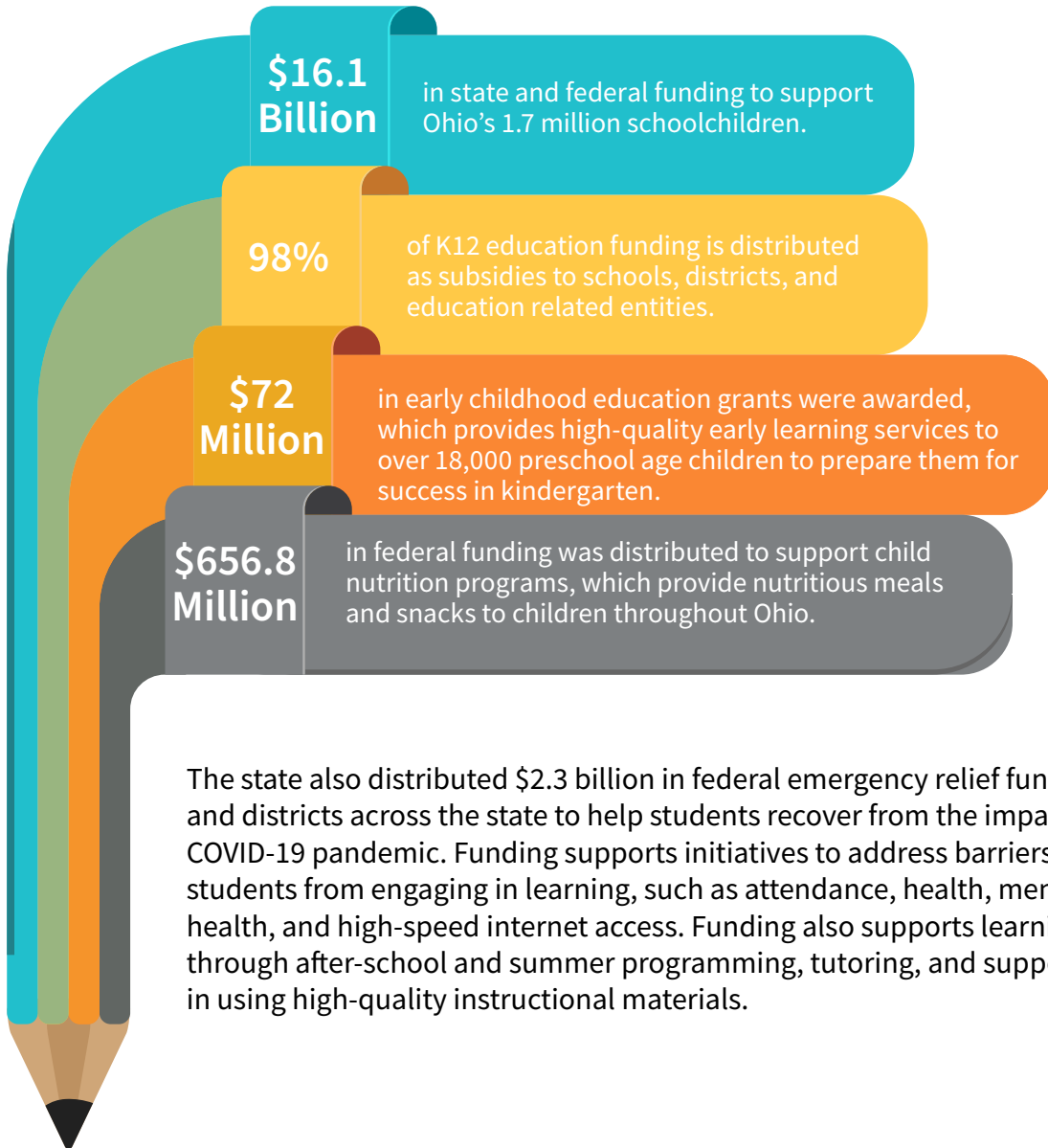


Program Expenses (Outer Ring) and Program Revenues (Inner Ring) Governmental Activities - For the Fiscal Year Ended June 30, 2023



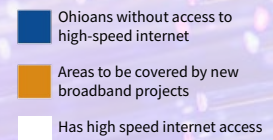
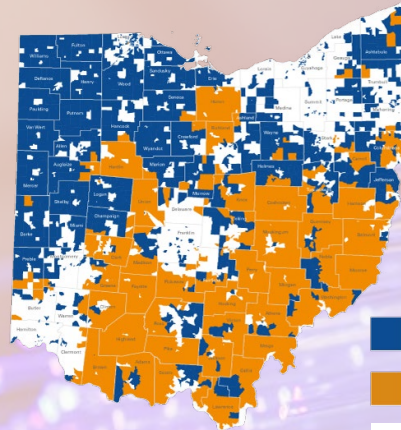
Spotlighting: Primary and Secondary Education

In FY 2023, Ohio spent more on primary and secondary education than at any other time in state history.



Spotlighting: Community and Economic Development

BroadbandOhio will bring high-speed internet access to every Ohioan and build a best-in-class broadband network in Ohio.



BroadbandOhio

In 2023, BroadbandOhio spent \$99.5 million on the Ohio Residential Broadband Expansion Grant Program which has provided funding for several projects:

\$600,000

for a one-year pilot program to provide broadband access for up to 500 residents with developmental disabilities so they can access critical remote support services.

\$95,000

grant that was used to bring high-speed internet to K-12 students living in an underserved Butler County community.

\$500,000

grant to bring fast, reliable connectivity to nearly 90 percent of rural Darke County.

\$3,000,000

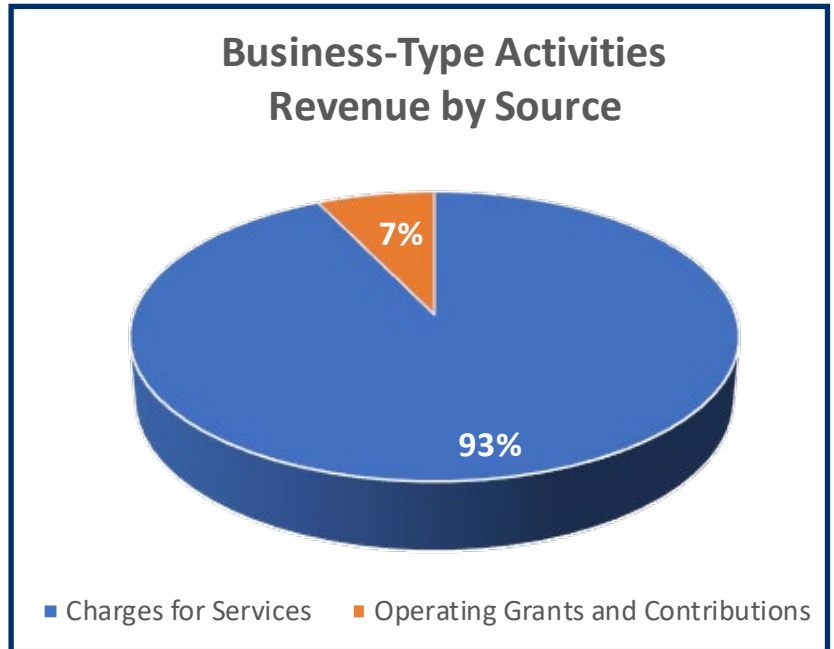
to provide rural Seneca County with fiber broadband with a minimum capable speed of 100/100 Mbps and Gig/10G capability.

\$125,000

in funding to The Ohio State University's College of Food, Agricultural, and Environmental Sciences (CFAES) Molly Caren Agricultural Center in London, Ohio to build a high-speed connectivity site as a demonstration area and proving grounds for autonomous farming equipment.

Business-Type Activities

Separate from Governmental Activities, the State of Ohio also has business type activities which are like the concept of a “business” in the private sector in which fees are charged to customers to 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, and the Auditor of State’s governmental and auditing and accounting services. Revenues from business-type activities mainly come from charges for services, fees, fines, and forfeitures. In FY 2023, business-type activities accounted for \$9.2 billion in program revenue.



Spotlighting: Ohio Lottery

During FY 2023, the Ohio Lottery transferred nearly \$1.5 billion to K-12 education, representing an increase of \$58.9 million over the last fiscal year. This increase is attributed to increased sales revenue. Total traditional lottery sales increased \$166.0 million, or 3.86 percent from FY 2022, resulting in overall sales of \$4.5 billion. While operating expenses increased by \$20.2 million compared to FY 2022 due to expenses to provide operating support and inflationary pressures, total net position increased \$66.2 million, or 18 percent, due to the increase in operating revenue. In FY 2022, Ohio ranked seventh of all states in the amount of funds transferred to governmental programs.



\$1.5 Billion

to education, representing an increase of \$58.9 million over the last fiscal year.



\$160 Million

or 3.86 percent from fiscal year 2022, resulting in overall sales of \$4.5 billion.

Managing the State's Debt

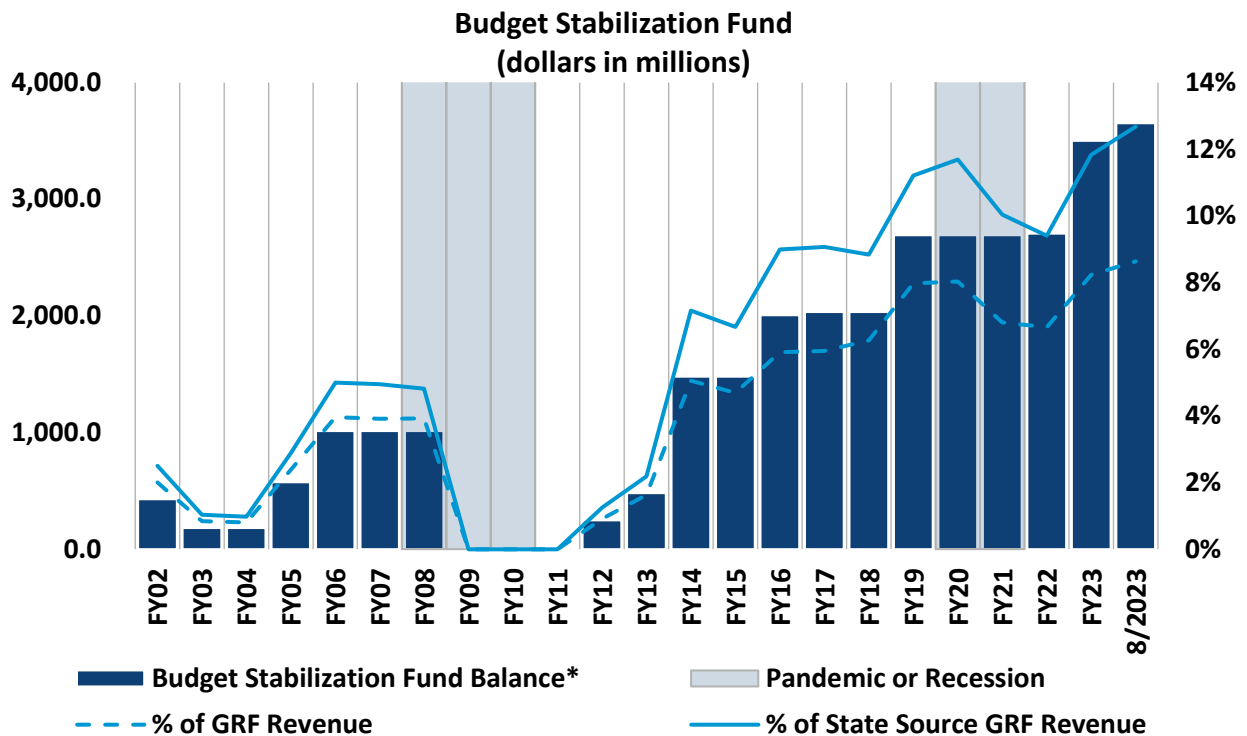
Thanks to strong fiscal stewardship, in just over a year, S&P Global Ratings, Moody's Investors Service, and Fitch Ratings upgraded Ohio's default and general obligation bond ratings to the highest ratings possible: AAA/Aaa/AAA. This is the first time that Ohio has achieved these ratings by all three ratings agencies. The higher ratings allow Ohio to achieve a lower cost of borrowing which ultimately saves Ohio's taxpayers money.

Furthermore, strategic and innovative cash management positioned the state to fund capital projects with cash reserves in place of traditional long-term state debt. Because of this historic opportunity, during FY 2023, the state saved an estimated \$376 million in future debt service costs.

Budget Stabilization Fund

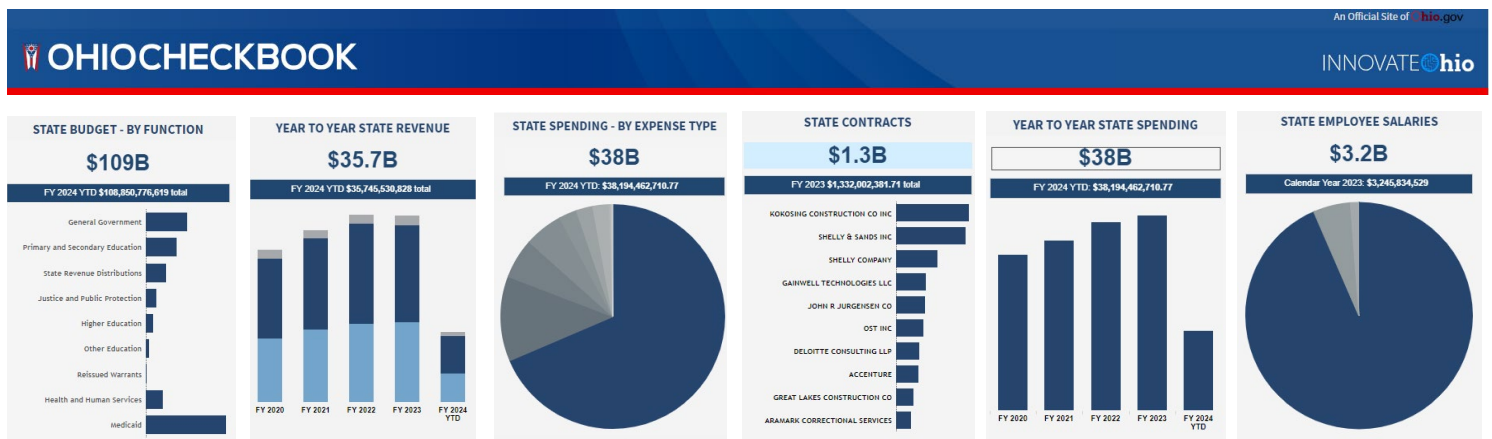
The Budget Stabilization Fund (BSF) is Ohio's rainy-day savings account, a reserve balance set aside in good economic times to protect the state's budget from cyclical changes in revenues and expenditures should the economy become weakened unexpectedly. A threshold for the target balance of the BSF is established by the legislature, thus House Bill 33 of the 135th General Assembly increased the threshold from 8.5 percent to 10 percent of the prior fiscal year's general revenue fund revenues. The state continued to maintain historic budget reserves as the BSF grew to a record balance in excess \$3.5 billion. These reserves reflect the strong financial management driving Ohio's economy as our state competes for continued regional, national, and international investment, development, and innovation.

Due to this stability, as well as the State of Ohio's reputation for responsible fiscal management, several notable corporations selected sites in Ohio for development and expansion. In FY 2023, Ohio finalized the largest economic development investment in state history when Intel broke ground on its semiconductor facility in Licking County on September 9, 2022, an investment of more than \$20 billion. Honda and LG Energy Solutions also announced a combined investment of \$4.2 billion in the Ohio automotive manufacturing industry.



Transparency: Beyond the Statements

While providing the details surrounding the State of Ohio's financial statements is the focus of this report, it is imperative to highlight Ohio's constant commitment to transparency. [The Ohio Checkbook provides](#) real-time state financial and transactional data. Ohioans can view online government spending, as well as how revenue is allocated.



Ohio, like many states, received increased federal funds to address the various challenges resulting from the COVID-19 pandemic. The largest pandemic program received by the state is the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), authorized by the American Rescue Plan Act (ARPA). For more details, see Ohio's [ARPA Recovery Plan](#), located on the Ohio Office of Budget and Management's website. Also, visit the [Ohio Open Checkbook's](#) COVID-19 dashboard to see COVID funding awarded and expended.

In April of 2019, Governor DeWine signed the [InnovateOhio Platform](#) Executive Order (2019-15D) allowing for the development of the [DataOhio Portal](#). The DataOhio Portal provides access to over 330 datasets collected by 106 program areas within the state. Because the DataOhio portal has an accessible user interface, the Portal provides transparent access to program data. Transparent datasets combined with the ability to compare program data provides state leadership, policymakers, and communities with new insights to create innovative solutions to the complex problems that Ohioans face.

 **333**

Datasets currently available

 **106**

Programs contributing data

 **437,707**

Total dataset views



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30 E. Broad Street, 34th Floor | Columbus, Ohio 43215
www.obm.ohio.gov

