

# Comprehensive Annual Financial Report

The State of Ohio – Fiscal Year Ended June 30, 2018



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, 2018



Office of Budget and Management

OBM Director Timothy S. Keen

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Prepared by OBM State Accounting and Reporting

**STATE OF OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
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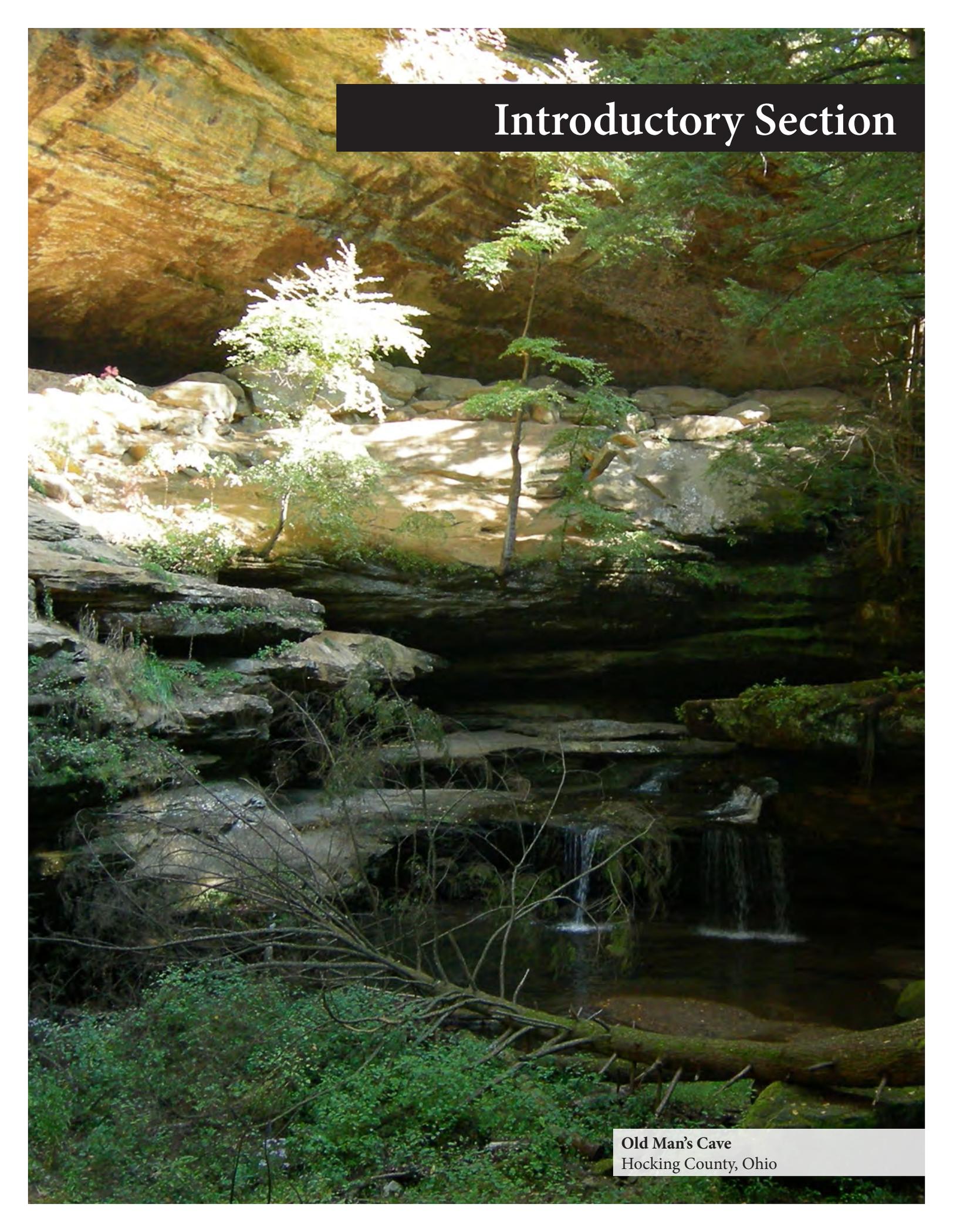
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# Introductory Section

Old Man's Cave  
Hocking County, Ohio

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# Office of Budget and Management

John R. Kasich  
Governor

Timothy S. Keen  
Director

December 21, 2018

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, 2018, 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 unmodified 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 accordance 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) Uniform Guidance. 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 xii and xiii.

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 consecutive four-year terms, and representatives are restricted to serving four consecutive 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 of GASB 14, Statement 61, the Financial Reporting Entity: Omnibus, an amendment of GASB 14 and Statement 80, Blending Requirements for Certain Component Units, an amendment of 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 1Q to the financial statements, the State's primary government is self-insured for claims under its traditional healthcare plan as well as its vehicle liability plan. Employee and public official fidelity bonding is placed with a private insurer. Tort liability is self-funded; however, several state agencies have also acquired private insurance. State owned buildings are covered under a catastrophic property policy for both real and personal property losses. All other liability risk to State property is self-funded on a pay-as-you-go basis. 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 schedules 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 required supplementary information. 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. Reconciliation between the GAAP basis and non-GAAP budgetary basis fund balances is presented in the CAFR as a note to the budgetary section of required supplementary information.

## **ECONOMIC OVERVIEW AND OUTLOOK**

### **The Economy in 2018**

The U.S. economy expanded for the ninth consecutive calendar year in 2018, extending to nine and a half years the expansion that began in mid-2009. At 114 months in length as of December, the current expansion is the second longest of the eleven expansions since the end of World War II. Economic growth, however, has been very slow compared with previous expansions, reflecting slower growth in both labor input and productivity.

Real GDP increased at an annual rate of 2.3% during the thirty-seven quarters ending in the third quarter of 2018, a much lower rate of growth than during previous long-lived expansions. Real final sales increased at a 2.1% annual rate during the period, also a much slower pace. Nonfarm payroll employment has increased at an annual rate of 1.4%, and real disposable personal income has increased at an annual rate of only 2.3%, both also slower than the historical norms.

During 2018, real GDP accelerated from 2.2% in the first quarter to an average of approximately 3.8% in the middle two quarters. In addition, key monthly indicators suggest that growth continued at a similar or somewhat slower pace in the fourth quarter. Real GDP expanded at an annual rate of 3.3% during the first three quarters of 2018.

Personal consumption expenditures contributed 1.8 percentage points of the 3.3% growth rate in real GDP during the first three quarters. Nonresidential fixed investment contributed 1.1 points, with investment in intellectual property (+0.4), equipment (+0.4), and structures (+0.2) all making positive contributions. The change in business inventories added 0.5 points and government spending added 0.4 points. Net exports subtracted slightly (-0.3), as did investment in residential structures (-0.1).

The 2.6% annualized rate of increase in real personal consumption expenditures during the first three quarters of 2018 was financed by a 2.8% rate of increase in real disposable personal income, with the saving rate unchanged at 6.3% from the fourth quarter of 2017 to the third quarter of 2018.

Inflation picked up during 2018 but remained modest. The Consumer price index increased at an annual rate of 2.4% from the fourth quarter of 2017 to the third quarter of 2018, up from a rate of 1.8% during the four quarters of 2017. The core rate of inflation also quickened, judging by the 2.3% annualized rate of increase in the CPI excluding food and energy, which was up from 1.6% during the four quarters of 2017. The Federal Reserve's preferred measure of inflation also increased from 1.6% in 2017 but to only 1.9% during the first three quarters of 2018 – in line with the Fed's stated target of 2%.

Monetary policy became progressively less accommodative throughout 2018, as the Federal Reserve raised its target for the federal funds rate by three-quarters of a percentage point, with an additional quarter-point increase widely expected at the December meeting. Considering the recent pickup in economic growth and improvements in labor markets, policy makers no longer view an extremely low rate target as necessary, but it is unclear how many more, if any, increases in the target rate during 2019 will be consistent with its objectives.

Fiscal policy continued to add directly to aggregate demand in (federal) Fiscal Year 2018, as the federal budget deficit increased by 17.0% to \$779 billion, or 3.8% of GDP. This was the second increase in a row as a percent of GDP and the largest deficit relative to GDP since 2013. The increase in the deficit resulted from a 3.2% increase in outlays compared to a 0.4% increase in receipts, both which reached record highs.

In line with trends across the country, labor markets across Ohio strengthened further in 2018. Nonfarm payroll employment in Ohio increased by 112,900 jobs, or 2.5% annualized, from December 2017 to an all-time high of 5.65 million in October 2018. The annual benchmark revisions to historical data released by the U.S. Bureau of Labor Statistics in early 2018 revealed modestly lower growth in employment during 2016-2017 than had been previously reported. Ohio employment growth during the two-year period was revised down by 64,400 jobs.

Employment activity was positive across economic sectors during the year-to-date through October 2018. Growth was widespread, but especially strong in trade, transportation and utilities (+25,600), educational and health services (+21,200), leisure and hospitality (+14,400), construction (+11,700), and manufacturing (+6,900). Employment increased by 103,600 jobs in the private sector. Employment declined through October only in the information sector (-100).

The Ohio unemployment rate trended down slightly through October 2018, falling by 0.3 percentage points from December 2017 to 4.6%. The decrease reflected an increase of 3,800, or 0.1%, in total employment, a decrease of 15,200, or 5.4%, in unemployed people, and a decrease of 11,400, or 0.2%, in the labor force. The much smaller increase in employment described here compared to the prior paragraph results from the use of employment figures from a different survey.

In response to the ongoing growth in labor markets, Ohio personal income increased at an annual rate of 3.6% from the second half of 2017 to the first half of 2018. In comparison, personal income increased at an annual rate of 4.7% across the country. Ohio wage and salary disbursements also lagged behind the national trend, rising at an annual rate of 3.4%, compared with 4.6% growth actually.

### **The Economic Outlook**

The economy is likely to continue expanding in 2019, despite the path toward tighter monetary policy and heightened uncertainty over foreign trade. Past expansions have been ended by unexpected events that have typically included some mix of rising inflation, an overly tight monetary policy, and an upward spike in energy costs. Today, inflation is up, but still modest. The Federal Reserve is tightening monetary policy, but credit remains widely available at moderate cost. The price of oil increased by a large percentage in recent years, but has fallen significantly since summer to a moderate level.

In addition, fiscal policy is expansionary, resulting from the corporate tax rate cut and increase in spending that widened the deficit. Leading economic indicators that in the past have provided some warning of oncoming recessions are now almost uniformly signaling growth at least at a moderate pace.

The national economy is projected to slow from the recent above-trend pace of an estimated 3.1% in 2018 to 2.4% in 2019, according to the November 2018 forecast by IHS Markit. The Ohio economy is also expected to grow, with employment growth remaining essentially stable at 1.4% in 2018 and 1.3% in 2019 on an average annual basis, according to IHS Markit. Personal income growth is projected to accelerate from an estimated 3.7% in 2018 to 4.3% in 2019. Real Gross State Product growth also is projected to accelerate from 1.8% in 2018 to 2.3% in 2019.

As always, unexpected events will influence future economic performance. In particular, heightened political uncertainty has accompanied the new administration in Washington, D.C. Corporate taxes were cut, and regulations have been pared back, but health care and immigration remain hotly contested and trade negotiations appear volatile.

The economy could do better than the baseline forecast due to the following:

- Ongoing effects of corporate tax rate cuts and fiscal policy stimulus;
- Additional reductions in regulations that impede free market activity;
- A rebound in economic growth overseas; and
- Wide availability of credit at affordable cost despite the ongoing process of tightening monetary policy.

However, risks to the economic outlook include:

- Potential disruptions to international trade and/or increased costs from changes to international agreements or trade patterns;
- Strong demand combined with limited excess capacity in labor and capital markets raises costs and reduces corporate profit margins and/or fuels higher inflation;
- A more rapid than anticipated increase in interest rates by the Federal Reserve in 2019 causes equity prices to drop and has negative effect on both consumer spending and business investment.

## MAJOR INITIATIVES AND PROJECTS

### **Building for Ohio's Next Generation – Fiscal Years 2018 and 2019**

Consistent with state law, the Governor's biennial Executive Budget for fiscal years 2018 and 2019 was released in late January 2017 and introduced in the General Assembly as H.B. 49. After extended hearings and review, the 2018-19 biennial appropriations budget was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2017.

Midway through the second year of the biennial budget, the Kasich Administration continues to pursue many of the major policy initiatives that were included in the biennial operating budget for fiscal years 2018 and 2019:

Maintaining Fiscal Discipline: The essential foundation of Ohio's economic turnaround and improved business climate is state government's fiscal stability. As a result, Governor John R. Kasich's budgets have been among the strongest in the nation, and world-class corporations and small business operators alike are realizing that Ohio's stable state finances make it a welcoming place to do business and to have that business succeed.

Preserving Ohio's Fiscal Stability: A climate of fiscal balance and stability continues to be the most important signal Ohio can send to job creators as they look to do business in a state that's on solid financial footing. The Kasich tradition of conservative budgeting and restrained spending has served Ohio well for the past seven years.

Strengthening Ohio's Jobs-Friendly Business Climate: Ohioans have enjoyed one of the biggest tax cuts in the nation over the past seven years with more than \$5 billion in tax relief. These tax cuts have helped spur our state's economic recovery and made Ohio one of the nation's top states for job creation. At the same time, Ohio has made regulatory reform a key priority within state government.

Shrinking the Number of Tax Brackets: The 2018-19 budget reduced the number of state income tax brackets from nine to just seven, making Ohio's tax system simpler.

Simplifying Tax Filing for Businesses to Encourage More Economic Growth: Despite significant progress to address long-standing problems in Ohio's municipal tax structure, some aspects of the system remained too complex and costly as businesses were forced to comply with hundreds of different tax systems. Provisions in this budget streamlined that process by giving businesses the option of filing just one form for their municipal taxes and make a single payment through the Ohio Business Gateway. The Ohio Department of Taxation processed those payments and distributed revenues back to the appropriate local government, just as it does for county sales taxes and school district income taxes.

Helping Ohioans Better Prepare for Career and College: Continual education and workforce training are crucial in today's economy if we are to help Ohioans be better prepared when technology forces profound changes for industries and their workforce needs.

Record Resources for K-12 Education: Gov. Kasich made K-12 education a priority by increasing base support to Ohio schools by more than \$166 million. As a result, under the governor's leadership, Ohio is spending \$1.5 billion more for K-12 education than in 2011 – the strongest level ever at nearly \$10.6 billion.

Awarding Degrees and Certificates Based on Competency Instead of Classroom Time: Ohio's community colleges partnered with Western Governors University to provide a flexible option for adult learners. The multi-state, online institution awards college credit and degrees based on a student's demonstrated knowledge instead of just the amount of time spent in the classroom. To build upon that relationship, Ohio will now formalize Western Governors University.

Offering Bachelor's Degrees at Community Colleges Where Demand Is Not Being Met: A budget provision allows applied bachelor's degree programs to be offered through Ohio's community colleges in areas where

Ohio's public and private universities do not offer specialized degree programs. This provides another low-cost pathway for students and strengthens Ohio's ability to meet workforce demands.

Strengthening Pathways to a Low-Cost Degree: The state's budget encourages more agreements between community colleges and four-year universities to allow students to complete three years of their coursework at a community college and finish their degree at a four-year university.

Taking Ohio to Where it Needs to Be in the 21<sup>st</sup> Century by Embracing Technology: Ohio state government continues working to stay ahead of the curve with advances in technology with innovative, forward-looking improvements in its programs and strategic investments in technologies that encourage economic growth.

Tackling Complex Problems through Data Analytics: By better connecting and correlating state government's data resources through applying advanced analytical technologies, the state can tackle complex problems – such as infant mortality and child welfare – with solutions that improve Ohioans' health, security and well-being.

Improving Cybersecurity: To ensure that Ohio's government, education and research infrastructure is protected against outside cybersecurity threats, Ohio is creating a "cyber range" – a virtual environment used for cybersecurity training and IT infrastructure testing. At the same time, Ohio will work with the business community to develop a program to increase the number of students who pursue certificates or degrees in cybersecurity.

Supporting Our Most Vulnerable Ohioans: The state continues to prioritize necessary support for Ohio's most vulnerable, including the mentally ill, drug addicted and developmentally disabled.

Better Choices for Ohioans with Developmental Disabilities: The last budget invested a historic \$286 million in additional dollars in Ohio's developmental disabilities system, and the 2018-19 budget included an additional \$65 million that continues the Kasich Administration's push to provide more opportunities for individuals with developmental disabilities to receive care in the community.

Strengthening Ohio's Fight Against Drug Abuse: Ohio invests nearly \$1 billion each year to help fight drug abuse and addiction. The 2018-19 budget maintained a strong funding commitment in order to provide continued access to health care to Ohioans struggling with addiction.

Supporting Mental Health Services: The 2018-19 budget maintains the Kasich Administration's commitment to support Ohioans with mental health needs, including the continued integration of Ohio's behavioral and physical health systems, support for children in crisis and mental health hospital bed capacity.

Getting a Jump on the Future of Transportation: The Kasich Administration is committed to embracing the future of transportation with new investments and forward-looking policies to ensure that Ohio maintains its leadership role within the automotive and aviation industries in order to benefit from the business investments and jobs that follow. Highlights of the state transportation budget for 2018 and 2019 include:

Continuing Ohio's Record-Breaking Pace for Highway Repairs and Improvement: Over the past eight years, at the same time many states have fallen behind in repairs and improvements to highway infrastructure, Ohio has invested an unprecedented \$14 billion on nearly 7,000 projects – an increase of \$3 billion. The state's transportation budget continues that progress by investing in 43 major projects, 446 bridge projects, 615 pavement projects and 356 safety projects during the biennium.

Creating Smart Highways as Testing Corridors for New Transportation Technologies: Ohio is creating and implementing two additional smart highway projects – on the Interstate 270 beltway in Columbus and Interstate 90 in northeast Ohio – for innovators to test and refine jobs-creating technologies. These will complement the state's other research corridors on a stretch of U.S. Route 33 in central Ohio and the Ohio Turnpike.

Investing in the Transportation Research Center, America's Foremost Independent Automotive Proving Ground: Funding in the transportation budget, together with commitments from other partners, invests \$45 million for expanded research capabilities at the independent Transportation Research Center in East Liberty – the continent's most advanced independent automotive test facility and an ideal environment for autonomous vehicle and smart highway research.

Developing the Nation's First "Sense and Avoid" Test Site for Drones: Ohio continues to work with the U.S. Air Force Research Laboratory to develop a ground-based "sense-and avoid-system" for unmanned aircraft and has already invested in a \$5 million cooperative effort. The state remains committed to advancing work underway at the Ohio Unmanned Aircraft System Center and Text Complex in Springfield for further research that gives Ohio a major advantage as drones become the basis for new industries and economic growth.

Bottom Line: By maintaining Ohio's fiscal strength through conservative budgeting and smart management, we continue to provide job creators with a stable environment for growth. At the same time, embracing innovation knowing the jobs of tomorrow will keep Ohio economically competitive and at least one step ahead of others with emerging technologies.

### **Capital Budget**

Fiscal Year 2018 also saw the passage of a capital budget for 2019 and 2020. The resulting legislation (H.B. 529) was enacted by the General Assembly and signed by the Governor on March 30, 2018. This Capital Budget allocates \$2.63 billion in fiscal year 2019 and 2020 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. Of the \$2.63 billion appropriation, the state will invest \$625 million in school construction, \$483.4 million in projects at Ohio's colleges and universities, \$439 million for local infrastructure projects, \$221.9 million for mental health, addition, developmental disabilities and youth services facilities, and \$220 million for construction and improvements at state prisons.

### **Interactive Budget and Transparency**

Following the launch of [Ohio's Interactive Budget website](#) in FY 2016, OBM continues to tweak and improve this transparency website. This website is a first of its kind, comprehensive open checkbook that enables visitors to see how state money is spent, but also how revenue is generated and allocated via the state budget. Ohio's Interactive Budget website - an extension of the state accounting system - provides the public with access to the financial and transactional data maintained in the state's accounting system.

## **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, 2017.

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 prominent initial 'T'.

Timothy S. Keen  
Director

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# STATE OF OHIO OFFICIALS

As of June 30, 2018

## **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**

Larry Obhof  
President of the Senate

Ryan Smith  
Speaker of the House

## **JUDICIAL**

Maureen O'Connor  
Chief Justice  
Supreme Court

# STATE OF OHIO ORGANIZATION CHART

<b>FINANCIAL REPORTING ENTITY</b>
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<b>PRIMARY GOVERNMENT</b>		
<p style="text-align: center;"><b>LEGISLATIVE</b></p> <p style="text-align: center;"><b>Senate</b> (33 Members)</p> <p style="text-align: center;"><b>House of Representatives</b> (99 Members)</p>	<p style="text-align: center;"><b>EXECUTIVE</b></p> <p style="text-align: center;"><b>Governor</b> <b>Lieutenant Governor</b> <b>Attorney General</b> <b>Auditor of State</b> <b>Secretary of State</b> <b>Treasurer of State</b> <b>State Board of Education</b> (11 Elected Members, and 8 At-Large Members)</p>	<p style="text-align: center;"><b>JUDICIAL</b></p> <p style="text-align: center;"><b>Supreme Court</b> Chief Justice and 6 Justices</p>
<p><b>Governmental Activities:</b> <i>General Government:</i> Senate House of Representatives Legislative Service Commission Legislative Committees</p>	<p><b>Governmental Activities:</b> <i>Primary, Secondary and Other Education:</i> Arts Council Broadcast Educational Media Commission Department of Education School for the Blind School for the Deaf State Library Board</p> <p><i>Higher Education Support:</i> Department of Higher Education State Board of Career Colleges and Schools</p> <p><i>Public Assistance and Medicaid:</i> Department of Job and Family Services Department of Medicaid</p> <p><i>Health and Human Services:</i> Commission on Hispanic/Latino Affairs Commission on Minority Health Department of Aging Department of Developmental Disabilities Department of Health Department of Mental Health and Addiction Services Department of Veteran Services Opportunities for Ohioans with Disabilities</p> <p><i>Justice and Public Protection:</i> Adjutant General's Department 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 Commission Lake Erie Commission</p> <p><i>Transportation:</i> Department of Transportation</p>	<p><b>Governmental Activities:</b> <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 &amp; 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                  Sinking Fund Commission                  State Racing 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 &amp; Community Development Foundation</p> <p><b>Business-Type Activities:</b>                  Bureau of Workers' Compensation and Industrial Commission                  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><b>Blended Component Units:</b>                  Buckeye Tobacco Settlement Financing Authority                  (included as Governmental Activities)</p> <p><b>Fiduciary Component Unit:</b>                  State Highway Patrol Retirement System</p> <p><b>Discretely Presented Component Units:</b>  <i>Financing Authorities and Commissions:</i>                  Ohio Air Quality Development Authority                  Ohio Capital Fund                  Ohio Facilities Construction Commission                  Ohio Turnpike and Infrastructure Commission</p> <p><i>Nonprofit Organizations:</i>                  Jobs Ohio</p>	<p><b>Discretely Presented Component Units (continued):</b>  <i>State Universities:</i>                  Bowling Green State University      Ohio University                  Central State University              Shawnee State University                  Cleveland State University          University of Akron                  Kent State University                  University of Cincinnati                  Miami University                          University of Toledo                  Northeast Ohio Medical University    Wright State University                  Ohio State University                  Youngstown State University</p> <p><i>State Community Colleges:</i>                  Cincinnati State                          Owens State                  Clark State                                  Southern State                  Columbus State                          Terra State                  Edison State                                Washington State                  Northwest State</p>
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**FIDUCIARY**

Star Ohio Variable College Savings Plan Agency Funds
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**JOINT VENTURES**

**RELATED ORGANIZATIONS**

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

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**State of Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morvill*

Executive Director/CEO

# Financial Section



Cuyahoga Valley  
Chippewa Rd. Bridge

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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, 2018, 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 (GA)	Treasurer of State Lease Revenue Bonds and Buckeye Tobacco Settlement Financing Authority (BTSFA)	2%	1%
Business-Type Activities (BTA)	Ohio Bureau of Workers' Compensation and Tuition Trust Authority	94%	36%
GA/BTSFA Revenue Bonds	Buckeye Tobacco Settlement Finance Authority	100%	100%
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; Columbus State Community College; JobsOhio; 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; and Youngstown State University.	91%	92%
Aggregate Remaining Fund Information	Police and Fire Pension Fund, Public Employees Retirement System, School Employees Retirement, State Highway Patrol Retirement System, State Teachers Retirement System, State Treasury Asset Reserve of Ohio, Treasurer of State Lease Revenue Bonds, and Tuition Trust Authority	97%	87%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for these independently audited organizations, is based solely on the report of other auditors. We audited 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 eight 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 such 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, 2018, and the respective changes in financial position and, where applicable, cash flows 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 2018, the State adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, Required Budgetary Comparison Schedules, Schedules for Infrastructure Assets Accounted for using the Modified Approach, and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions* 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 this information 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 21, 2018, 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 21, 2018

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# State of Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

(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, 2018. 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 2018, net position of the State's primary government increased by \$42.4 million, after prior year restatements, and ended fiscal year 2018 with a \$27.25 billion balance. Net position of the State's component units increased by \$2.6 billion, after prior year restatements, and ended fiscal year 2018 with a \$10.05 billion balance. See additional discussion beginning on page 8.

#### *Fund Financial Statements*

Governmental funds reported a combined ending fund balance of \$14.07 billion that was comprised of \$136.6 million in nonspendable, \$9.18 billion restricted for specific purposes, \$1.55 billion committed, \$2.54 billion in assigned, and \$666 million in unassigned. See additional discussion beginning on page 12.

As of June 30, 2018, the General Fund's fund balance was approximately \$5.5 billion, including \$52.3 million in nonspendable, \$1.47 billion in restricted, \$772.5 million in committed, \$2.54 billion in assigned, and \$667.9 million in unassigned. The General Fund's fund balance increased by \$108.2 million (exclusive of a \$733 thousand increase in inventories) or two percent during fiscal year 2018. See additional discussion beginning on page 12.

Proprietary funds reported net position of \$11.12 billion, as of June 30, 2018, an increase of \$549.5 million since June 30, 2017, after prior year restatements. This increase is largely due to the net increase of \$330.1 million in the Unemployment 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 \$28.17 billion at June 30, 2018. The majority of the \$421.4 million increase during fiscal year 2018 was from additions to construction-in-progress projects. 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 increased \$914.5 million or 5.1 percent during fiscal year 2018, for an ending balance of \$18.87 billion. During the year, the State issued a par amount of \$2.69 billion in long-term debt of which \$748.5 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
<b>Scope</b>	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
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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, 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 43 of this report while the combining fund statements and schedules can be found on pages 175 through 253. The State has three kinds of funds as follows:

*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 schedules in required supplementary information and combining statements 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 also fiduciary of some agency funds. 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 additional detail that is essential to a full understanding of the data presented in the financial statements. The notes can be found on pages 48 through 145 of this report.

## Required Supplementary Information

Following the notes is a section of required supplementary information in three parts. The first part 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. The second part presents schedules disclosing the following for the various retirement systems in which the State participates: the State's share of pension and other postemployment benefit (OPEB) obligations, required employer contributions for pension/actuarially determined employer contributions for OPEB as compared to employer contributions actually paid, and covered payroll. The final part is the budgetary comparison schedule for the General Fund and major special revenue fund and the accompanying note that explains the GAAP versus budgetary basis. Required supplementary information can be found on pages 147 through 173 of this report.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

**Net Position.** During fiscal year 2018, as shown in the table below, the combined net position of the State's primary government increased by \$42.4 million or 0.2 percent, after prior year restatements. Net position reported for governmental activities decreased approximately \$507.1 million or three percent, compared to the restated net position on July 1, 2017 (see Note 2), and business-type activities increased \$549.5 million, or 5.2 percent, after prior year restatements. Condensed financial information derived from the Statement of Net Position for the primary government is presented in the following table.

	<b>Net Position</b>					
	<b>As of June 30, 2018 and 2017</b>					
	<i>(dollars in thousands)</i>					
	As of June 30, 2018			As of June 30, 2017 (as restated)		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current and Other Assets .....	\$ 20,744,766	\$ 30,291,875	\$ 51,036,641	\$ 19,854,708	\$ 30,114,503	\$ 49,969,211
Capital Assets .....	28,005,589	165,529	28,171,118	27,567,236	182,515	27,749,751
Total Assets .....	<u>48,750,355</u>	<u>30,457,404</u>	<u>79,207,759</u>	<u>47,421,944</u>	<u>30,297,018</u>	<u>77,718,962</u>
Deferred Outflows of Resources .....	5,121,436	87,464	5,208,900	6,040,976	138,487	6,179,463
Current and Other Liabilities .....	8,738,490	620,237	9,358,727	8,204,786	595,194	8,799,980
Noncurrent Liabilities .....	26,176,978	18,704,730	44,881,708	26,566,350	19,257,464	45,823,814
Total Liabilities .....	<u>34,915,468</u>	<u>19,324,967</u>	<u>54,240,435</u>	<u>34,771,136</u>	<u>19,852,658</u>	<u>54,623,794</u>
Deferred Inflows of Resources .....	2,823,393	101,698	2,925,091	2,051,745	14,181	2,065,926
Net Position:						
Net Investment in Capital Assets .....	24,363,007	162,367	24,525,374	24,140,366	176,237	24,316,603
Restricted .....	4,557,063	10,891,404	15,448,467	5,414,054	10,289,305	15,703,359
Unrestricted .....	<u>(12,787,140)</u>	<u>64,432</u>	<u>(12,722,708)</u>	<u>(12,914,381)</u>	<u>103,124</u>	<u>(12,811,257)</u>
Total Net Position .....	<u>\$ 16,132,930</u>	<u>\$ 11,118,203</u>	<u>\$ 27,251,133</u>	<u>\$ 16,640,039</u>	<u>\$ 10,568,666</u>	<u>\$ 27,208,705</u>

As of June 30, 2018, the primary government's net investment in capital assets (e.g., land, buildings, infrastructure, and construction-in-progress) was \$24.53 billion. Restricted net position was approximately \$15.45 billion, resulting in an unrestricted \$12.72 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 State's Budget Stabilization Fund balance of over \$2.03 billion at June 30, 2018, is included within unrestricted net position.

The government-wide Statement of Net Position reflects a \$12.79 billion deficit for unrestricted governmental activities, which is primarily attributable to the following three factors:

1) 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 \$11.97 billion of outstanding general obligation and special obligation debt at June 30, 2018, \$8.52 billion is attributable to debt issued for state assistance to component units (Ohio Facilities Construction 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.

2) The State reported liabilities of \$3.51 billion as of June 30, 2018, for its proportionate share of the net pension liability of the associated pension plans that provide benefits to State employees. This liability amount was a 28.7 percent decrease from fiscal year 2017.

3) During fiscal year 2018, the State implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), related to the measurement and reporting of the annual costs and long-term obligations associated with the OPEB benefits provided to State employees. This new standard requires the State to record a proportionate share of the net OPEB liability of the associated pension plans. As a result of implementing this standard, the State is reporting a net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB. This implementation also had the effect of restating net position at June 30, 2017. The State reported OPEB liabilities of \$2.55 billion as of June 30, 2018. This liability amount was a nine percent increase from the restated amount for fiscal year 2017.

For more information related to pensions and OPEB see NOTES 2, 9, 14, 15, and 18.

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 2018 and 2017, as restated, follows.

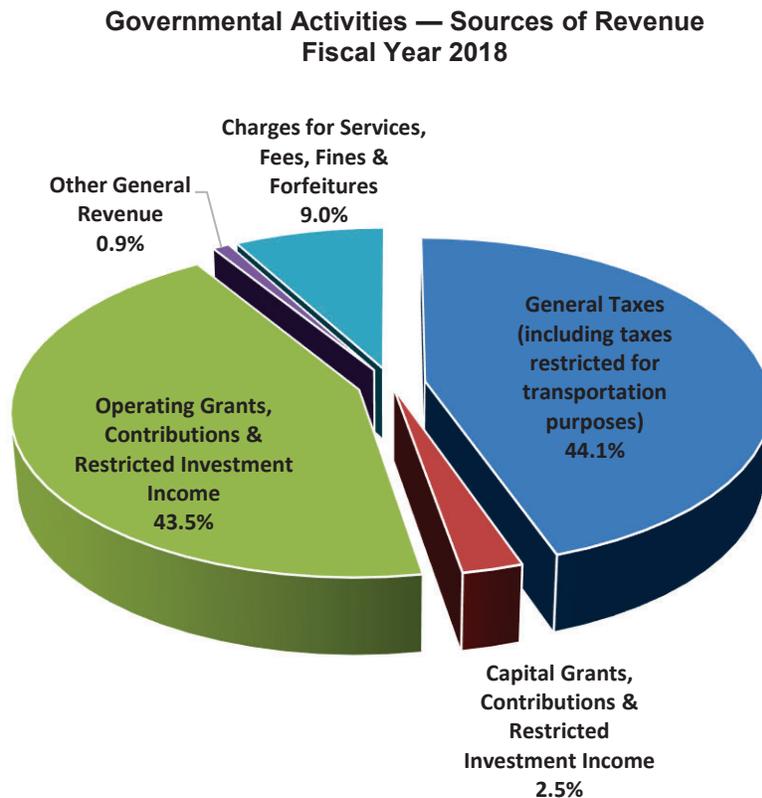
<b>Changes in Net Position</b>						
<b>For the Fiscal Years Ended June 30, 2018 and 2017</b>						
<i>(dollars in thousands)</i>						
	Fiscal Year 2018			Fiscal Year 2017 (as restated)		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
<b>Program Revenue:</b>						
Charges for Services, Fees, Fines and Forfeitures .....	\$ 5,229,708	\$ 6,633,679	\$ 11,863,387	\$ 4,556,648	\$ 6,854,130	\$ 11,410,778
Operating Grants, Contributions and Restricted Investment Income/ (loss).....	25,162,423	1,402,895	26,565,318	25,070,684	1,959,320	27,030,004
Capital Grants, Contributions and Restricted Investment Income/ (loss).....	1,424,697	-	1,424,697	1,442,906	-	1,442,906
Total Program Revenues.....	<u>31,816,828</u>	<u>8,036,574</u>	<u>39,853,402</u>	<u>31,070,238</u>	<u>8,813,450</u>	<u>39,883,688</u>
<b>General Revenues:</b>						
General Taxes.....	23,640,505	-	23,640,505	23,578,863	-	23,578,863
Taxes Restricted for Transportation.....	1,891,116	-	1,891,116	1,952,512	-	1,952,512
Tobacco Settlement.....	352,355	-	352,355	350,378	-	350,378
Escheat Property.....	158,770	-	158,770	159,585	-	159,585
Unrestricted Investment Income.....	24,741	15	24,756	2,975	12	2,987
Other.....	17	-	17	30	-	30
Total General Revenues.....	<u>26,067,504</u>	<u>15</u>	<u>26,067,519</u>	<u>26,044,343</u>	<u>12</u>	<u>26,044,355</u>
Total Revenue.....	<u>57,884,332</u>	<u>8,036,589</u>	<u>65,920,921</u>	<u>57,114,581</u>	<u>8,813,462</u>	<u>65,928,043</u>
<b>Expenses:</b>						
Primary, Secondary and Other Education.....	13,244,868	-	13,244,868	13,274,840	-	13,274,840
Higher Education Support.....	2,771,493	-	2,771,493	2,760,035	-	2,760,035
Public Assistance and Medicaid.....	30,454,468	-	30,454,468	30,086,505	-	30,086,505
Health and Human Services.....	1,744,243	-	1,744,243	1,869,222	-	1,869,222
Justice and Public Protection.....	3,670,780	-	3,670,780	5,132,155	-	5,132,155
Environmental Protection and Natural Resources.....	567,788	-	567,788	687,767	-	687,767
Transportation.....	2,598,688	-	2,598,688	3,073,435	-	3,073,435
General Government.....	951,063	-	951,063	1,179,392	-	1,179,392
Community and Economic Development.....	3,458,487	-	3,458,487	3,296,366	-	3,296,366
Interest on Long-term Debt (excludes interest charged as program expense).....	97,799	-	97,799	94,290	-	94,290
Workers' Compensation.....	-	2,227,977	2,227,977	-	2,522,500	2,522,500
Lottery Commission.....	-	3,022,690	3,022,690	-	2,899,052	2,899,052
Unemployment Compensation.....	-	929,460	929,460	-	985,624	985,624
Tuition Trust Authority.....	-	57,115	57,115	-	64,942	64,942
Office of Auditor of State.....	-	81,574	81,574	-	126,726	126,726
Total Expenses.....	<u>59,559,677</u>	<u>6,318,816</u>	<u>65,878,493</u>	<u>61,454,007</u>	<u>6,598,844</u>	<u>68,052,851</u>
<b>Surplus/ (Deficiency) Before Gains (Losses) and Transfers.....</b>						
	(1,675,345)	1,717,773	42,428	(4,339,426)	2,214,618	(2,124,808)
Gain (Loss) on Extinguishment of Debt.....	-	-	-	-	4,085	4,085
Transfers - Internal Activities.....	1,168,236	(1,168,236)	-	1,031,738	(1,031,738)	-
Change In Net Position.....	(507,109)	549,537	42,428	(3,307,688)	1,186,965	(2,120,723)
Net Position, July 1 (as restated).....	16,640,039	10,568,666	27,208,705	19,947,727	9,381,701	29,329,428
Net Position, June 30.....	<u>\$ 16,132,930</u>	<u>\$ 11,118,203</u>	<u>\$ 27,251,133</u>	<u>\$ 16,640,039</u>	<u>\$ 10,568,666</u>	<u>\$ 27,208,705</u>

### Governmental Activities

Expenses exceeded revenues during fiscal year 2018 for governmental activities. Revenues of \$57.88 billion for fiscal year 2018 were \$769.8 million higher than those reported for fiscal year 2017. General taxes (including taxes restricted for transportation purposes) comprised 44.1 percent of fiscal year 2018 total revenues and increased by a minimal percentage over the prior fiscal year. Operating grants, contributions and restricted investment income, making up 43.5 percent of total revenues, increased by 0.4 percent compared to fiscal year 2017. Fiscal year 2018 net transfers-in of \$1.17 billion reflect an increase of 13.2 percent from fiscal year 2017.

Expenses in the table on the previous page reflect GASB 75 OPEB restatement amounts for presentational and comparative purposes. This table shows a \$1.89 billion or 3.1 percent decrease compared to fiscal year 2017 expense, as restated. The \$2.34 billion OPEB restatement is spread across the expense functions with Justice and Public Protection absorbing 53.3 percent. Fiscal year 2018 expenses as compared to actual operations for fiscal year 2017 increased approximately \$448.1 million or a modest 0.8 percent, primarily in Medicaid spending.

The following chart illustrates revenues by source of governmental activities as percentages of total reported for the fiscal year ended June 30, 2018.



**Total FY 18 Revenue for Governmental Activities = \$57.88 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, 2018, with comparative numbers from June 30, 2017, as restated. 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, 2018 and 2017**

*(dollars in thousands)*

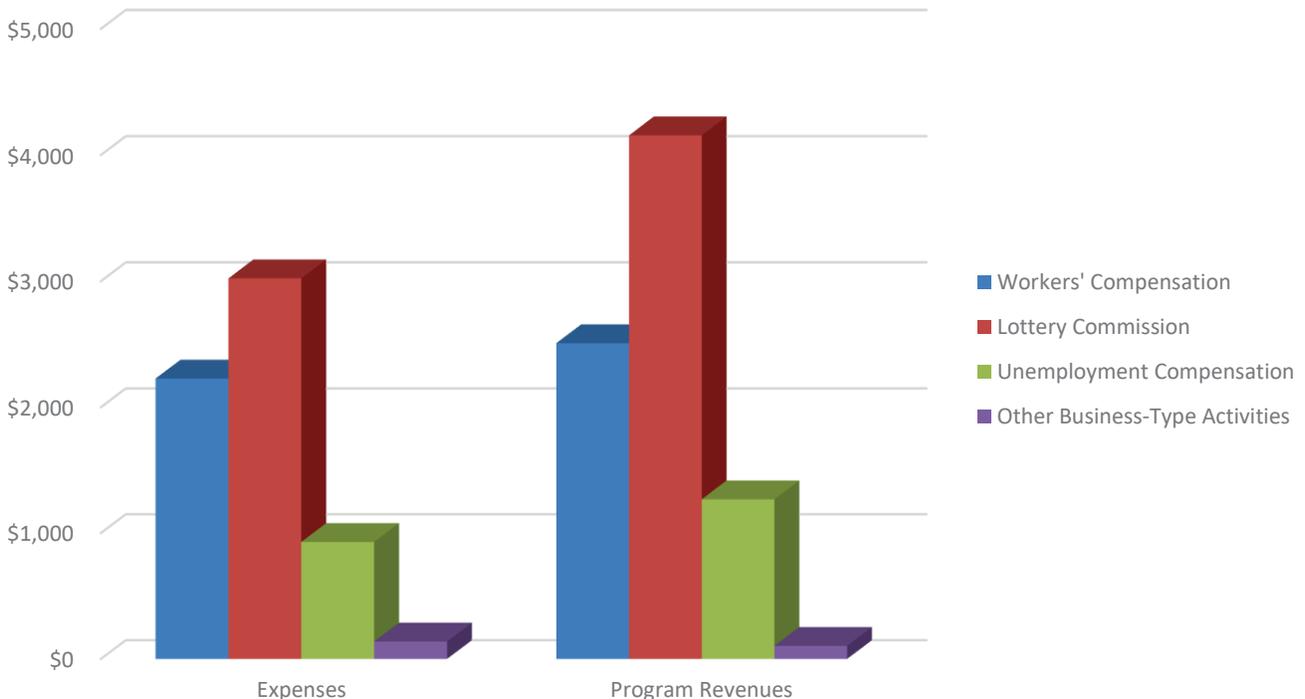
Program	Program Expenses	Percent of Total Expense	Net Cost of Program		Net Cost as Percentage of Total Expenses for Program		Net Cost as Percentage of Total Expenses — All Programs	
			2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Primary, Secondary and								
Other Education.....	\$ 13,244,868	22.2%	\$ 11,329,509	\$11,291,997	85.5%	85.1%	19.0%	18.4%
Higher Education Support.....	2,771,493	4.7%	2,742,360	2,731,262	98.9%	99.0%	4.6%	4.4%
Public Assistance and Medicaid.....	30,454,468	51.0%	6,137,025	6,801,981	20.2%	22.6%	10.3%	11.1%
Health and Human Services.....	1,744,243	2.9%	718,928	882,766	41.2%	47.2%	1.2%	1.4%
Justice and Public Protection.....	3,670,780	6.2%	2,321,432	3,796,327	63.2%	74.0%	3.9%	6.2%
Environmental Protection								
and Natural Resources.....	567,788	1.0%	213,817	380,025	37.7%	55.3%	0.4%	0.6%
Transportation.....	2,598,688	4.4%	965,423	1,321,488	37.2%	43.0%	1.6%	2.1%
General Government.....	951,063	1.6%	386,981	592,452	40.7%	50.2%	0.6%	1.0%
Community and								
Economic Development.....	3,458,487	5.8%	2,829,575	2,491,181	81.8%	75.6%	4.8%	4.0%
Interest on Long-Term Debt.....	97,799	0.2%	97,799	94,290	100.0%	100.0%	0.2%	0.2%
<b>Total Governmental Activities.....</b>	<b>\$ 59,559,677</b>	<b>100.0%</b>	<b>\$ 27,742,849</b>	<b>\$ 30,383,769</b>	<b>46.6%</b>	<b>49.4%</b>	<b>46.6%</b>	<b>49.4%</b>

**Business-Type Activities**

The State's enterprise funds reported net position of \$11.12 billion, as of June 30, 2018, compared to \$10.57 billion, as of June 30, 2017, after prior year restatements, an increase of \$549.5 million, or 5.2 percent. The Unemployment Compensation Fund reported a \$330.1 million increase in net position during fiscal year 2018 primarily due to a decline in Ohio's unemployment rate and a corresponding decline in benefit expense.

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 2018**  
*(dollars in millions)*



## 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, 2018 and June 30, 2017 (dollars in thousands).

As of and for the Fiscal Year Ended June 30, 2018				
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit).....	\$ 667,887	\$ (1,937)	\$ -	\$ 665,950
Total Fund Balance.....	5,497,549	4,788,937	3,782,356	14,068,842
Total Revenues.....	35,500,831	13,636,302	8,678,181	57,815,314
Total Expenditures.....	34,908,401	13,522,695	12,525,041	60,956,137

As of and for the Fiscal Year Ended June 30, 2017				
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit).....	\$ 239,478	\$ (1,318)	\$ -	\$ 238,160
Total Fund Balance.....	5,388,605	5,041,980	3,412,270	13,842,855
Total Revenues.....	37,306,374	10,356,340	9,296,313	56,959,027
Total Expenditures.....	36,730,447	10,366,646	12,772,716	59,869,809

### General Fund

The main operating fund of the State is the General Fund. During fiscal year 2018, General Fund revenue decreased by \$1.81 billion and expenditures decreased by \$1.82 billion. The decreases are primarily the result of shifts of Federal Government revenue and related Medicaid expenditures from the General Fund to the Job, Family and Other Human Services Fund. Additionally, in early fiscal year 2018, the sales tax on Medicaid managed care organizations that was reported in the General Fund was replaced with a franchise fee on all health insuring corporation plans that is reported in the Job, Family and Other Human Services Fund.

Income tax and licenses, permits and fees revenue collectively increased \$866.8 million or 9.9 percent over the prior year, contributing to the fiscal year 2018 fund balance increase of \$108.2 million (exclusive of a \$733 thousand increase in inventories) or two percent. The State's healthy Budget Stabilization Fund (BSF) balance of over \$2.03 billion is included within unassigned fund balance.

### General Fund Budgetary Highlights

The State ended the first year of its 2018-19 biennial budget on June 30, 2018, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$4.93 billion. Total budgetary sources for the General Fund (including \$1.12 billion in transfers from other funds) in the amount of \$39.29 billion were below final estimates by \$557.9 million or 1.4 percent during fiscal year 2018. The majority of this shortfall was the result of lower federal revenue related to lower than estimated General Revenue Fund (GRF) Medicaid spending and lower than expected transfers from other funds. Total tax receipts were above final estimates by \$574.2 million or 2.4 percent primarily due to higher than expected income and sales tax receipts.

Total budgetary uses for the General Fund (including \$1.2 billion in transfers to other funds) in the amount of \$39.76 billion were below final estimates by \$2.67 billion or 6.3 percent for fiscal year 2018. The majority of lower than appropriated spending came from economic development programs, Medicaid, and higher education. There was no budget stabilization designation at June 30, 2017, for use in balancing the final fiscal year 2018 budget.

The main appropriations act (Act) for the 2018-19 biennium for the 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, 2017. Reflecting a stated continuing focus on job creation and based on a conservative economic forecast, the Act provides for GRF appropriations of approximately \$32.2 billion in fiscal year 2018, a 6.7 percent decrease from fiscal year 2017 expenditures, and approximately \$33.3 billion in fiscal year 2019, a 3.5 percent increase from fiscal year 2018 appropriations.

GRF appropriations for major program categories in fiscal years 2018, relative to 2017 actual spending, and 2019, relative to 2018 appropriations, reflect the following changes: 15 percent decrease in Medicaid in fiscal year 2018 (largely due to shifting funding from the GRF to non-GRF sources) and 5.7 percent increase in fiscal year 2019;

increases of 1.5 percent in fiscal year 2018 and 1.6 percent in fiscal year 2019 for primary and secondary education; a 0.5 percent increase in fiscal year 2018 and 0.3 percent decrease in fiscal year 2019 for higher education; 0.9 percent decrease in fiscal year 2018 (driven by shift in funding certain Medicaid expenditures to the Medicaid program category) and 2.1 percent increase in fiscal year 2019 for mental health and developmental disabilities; and increases of 4.2 percent in fiscal year 2018 and 1.6 percent in fiscal year 2019 for corrections and youth services.

The Act reflects tax law changes that were projected to increase GRF revenues by approximately \$12.8 million in fiscal year 2018 and decrease revenues by approximately \$30.8 million in fiscal year 2019. These items include a reduction in the number of personal income tax brackets from nine to seven in tax year 2017, completely exempts the first \$10.5 thousand of taxable income for certain low-income taxpayers and increases the State personal income tax deduction amount for contributions to college savings and care for disabled individuals accounts. Also reflected in the 2018-19 Act are potentially non-recurring transfers to the GRF of \$84.5 million from non-GRF funds, \$200 million from unclaimed funds, \$31 million from the sale of prison farmland, and \$20 million from a tax amnesty program.

The 2018-19 Act also modifies certain components of the school funding formula to better distribute resources to districts with less capacity to raise revenues locally and limits increases in tuition and fees for two- and four-year higher education institutions. In addition, the newly created health insuring corporation provider assessment, which deposits revenue in a non-GRF fund, will replace the previous GRF sales tax, a revenue loss to GRF of approximately \$600 million in each of fiscal years 2018 and 2019.

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.

The State ended fiscal year 2018 with a GRF cash balance of \$1.22 billion and a GRF budgetary fund balance of \$849.9 million. In addition to meeting the State's statutory target to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2018 GRF revenues, the State transferred \$657.5 million into the Budget Stabilization Fund (BSF) and \$30 million into the Medicaid Local Sales Tax Transition Fund in early fiscal year 2019.

#### *Other Major Governmental Funds*

The *Job, Family and Other Human Services Fund* had a fund balance of \$273.5 million at June 30, 2018, a decrease of \$158.6 million, or 36.7 percent, compared to fiscal year 2017. During fiscal year 2018, licenses, permits and fees revenue increased \$850.6 million, primarily due to implementing the new franchise fee on all health insuring corporation plans. Increases of \$2.32 billion in Federal Government revenue and \$3.15 billion in Public Assistance and Medicaid expenditures primarily relate to the shift from the General Fund, as previously discussed (see General Fund section on page 12). Contributing to the decrease in fund balance was a \$313.7 million increase in transfers-out of cash.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2018, totaled approximately \$4.52 billion dollars, a decrease of \$94.5 million or two percent since June 30, 2017. Tobacco Settlement Receipts increased \$61.6 million over the prior year. Debt Service expenditures increased by \$3.6 million during fiscal year 2018 as a result of scheduled principal and interest payments on outstanding bonds. Overall expenditures exceeded revenues resulting in a net decrease in fund balance.

#### **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.

The *Workers' Compensation Fund's* net position increased \$272.1 million to \$9.93 billion at June 30, 2018, after prior year restatements. During the fiscal year, benefits and claims expense decreased \$395.3 million, or 33 percent. The healthy beginning net position and the decrease in overall expense primarily offset the decreases in premium and assessment income and investment income resulting in a 2.8 percent increase in net position.

For fiscal year 2018, the *Lottery Commission Fund* reported \$1.13 billion in net income before transfers of approximately \$1.17 billion to the Lottery Profits Education Fund. Net position at June 30, 2018, in the amount of \$186.2 million, decreased 17.7 percent from 2017, after considering prior year restatements. This decrease was largely attributable to increased expenses, including an increase of \$88.6 million in prizes expense, and a \$130.3 million increase in transfers-out. Partly offsetting the increases in expenses and transfers-out was a \$219 million in-

crease in charges for sales and services revenue, which was primarily due to increases in traditional, online, and instant ticket sales.

The \$330.1 million increase in net position in the *Unemployment Compensation Fund* is primarily due to a decline in the unemployment rate. The unemployment rate in Ohio dropped from an average of five percent in fiscal year 2017 to an average of 4.7 percent in fiscal year 2018. The decrease in the unemployment rate caused the State's benefits and claims expense to decrease by \$54.1 million or 5.5 percent from the previous fiscal year. While the benefits and claims expense decreased, the State also received less federal assistance. During fiscal year 2018, the State received \$9.3 million of federal funding compared to \$17.4 million in fiscal year 2017 resulting in a 46.7 percent decrease.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2018, and June 30, 2017, the State's primary government had invested \$28.17 billion and \$27.75 billion, respectively, net of accumulated depreciation of \$4.73 billion and \$4.49 billion, respectively, in a broad range of capital assets, as detailed in the table below.

The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was 1.5 percent (a 1.6 percent increase for governmental activities and a 9.3 percent decrease for business-type activities). Depreciation expense decreased 9.1 percent for governmental activities and increased 16.8 percent for business-type activities.

The State completed construction on a variety of projects at various state facilities during fiscal year 2018 totaling approximately \$315.6 million, as compared with \$200.6 million in the previous fiscal year. As further detailed in the notes to the financial statements (NOTE 20D), the State had \$431.4 million in major construction commitments (unrelated to infrastructure), as of June 30, 2018, as compared with \$323.9 million for 2017.

Capital Assets, Net of Accumulated Depreciation						
As of June 30, 2018 and 2017						
(dollars in thousands)						
	As of June 30, 2018			As of June 30, 2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land .....	\$ 2,432,987	\$ 9,466	\$ 2,442,453	\$ 2,391,230	\$ 9,466	\$ 2,400,696
Buildings .....	1,562,728	22,048	1,584,776	1,486,323	28,983	1,515,306
Land Improvements .....	169,767	-	169,767	172,947	-	172,947
Machinery and Equipment .....	351,535	35,601	387,136	426,855	34,133	460,988
Vehicles .....	202,771	1,816	204,587	195,571	1,917	197,488
Infrastructure:						
Highway Network:						
General Subsystem .....	8,661,898	-	8,661,898	8,647,678	-	8,647,678
Priority Subsystem .....	8,724,307	-	8,724,307	8,657,803	-	8,657,803
Bridge Network .....	2,836,116	-	2,836,116	2,798,045	-	2,798,045
Parks, Recreation, and						
Natural Resources System ....	103,930	-	103,930	108,426	-	108,426
	25,046,039	68,931	25,114,970	24,884,878	74,499	24,959,377
Construction-in-Progress .....	2,959,550	96,598	3,056,148	2,682,358	108,016	2,790,374
Total Capital Assets, Net .....	\$ 28,005,589	\$ 165,529	\$ 28,171,118	\$ 27,567,236	\$ 182,515	\$ 27,749,751

### 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 43,336 lane miles of highway and ap-

proximately 107.4 million square feet of deck area that comprises 14,305 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 2018, indicates that 3.1 percent and 1.4 percent of the priority and general subsystems, respectively, were assigned a “poor” condition rating. Comparatively, 2.1 percent and 0.8 percent of the priority and general subsystems, respectively, were assigned a “poor” condition rating in fiscal year 2017.

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 2018, indicates that only 1.7 percent of the number of square feet of bridge deck area was considered to be in “fair” and “poor” conditions. In comparison, fiscal year 2017 had 1.9 percent of the number of square feet of bridge deck area considered to be in “fair” and “poor” conditions.

Fiscal year 2018 total actual maintenance and preservation costs for the pavement network were \$909.6 million, compared to estimated costs of \$751.3 million, while total actual maintenance and preservation costs for the bridge network was \$452.3 million, \$10.5 million below estimate. In the previous fiscal year, total actual maintenance and preservation costs for the pavement network were \$918.8 million, compared to estimated costs of \$730.7 million, while total actual maintenance and preservation costs for the bridge network was \$526 million, \$56.2 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 Infrastructure section of this report.

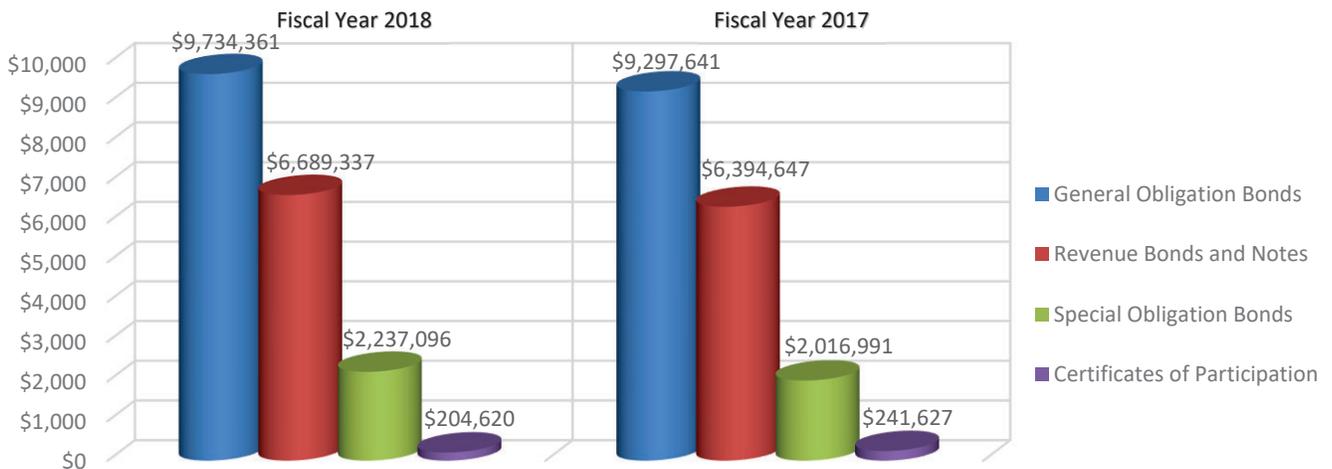
**Debt — Bonds and Notes Payable and Certificates of Participation Obligations**

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 pay base rent (subject to appropriation) that approximates interest and principal payments made by trustees to certificate holders.

During fiscal year 2018, the State issued a par amount of \$1.8 billion in general obligation bonds, \$370 million in revenue bonds, and \$522.9 million in special obligation bonds. Of the general obligation bonds and special obligation bonds issued, \$627.1 million and \$121.4 million, respectively, were refunding bonds. The total increase in the State’s debt for the current fiscal year, based on carrying amount, was 5.1 percent, all in governmental activities.

As of June 30, 2018, and June 30, 2017, the State had total debt, all in governmental activities, of approximately \$18.87 billion and \$17.95 billion, respectively, as shown in the chart below.

**Bonds and Notes Payable and Certificates of Participation  
As of June 30, 2018 and 2017  
(dollars in thousands)**



**Credit Ratings**

Both the State’s general and special obligation bonds carry a “stable” credit outlook from all three credit rating agencies. A credit outlook is an indication of the pressure on the rating over the near-to-intermediate term and should not be viewed as a precursor to a rating change.

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.

The State’s bonds and notes are rated as follows:

Credit Ratings As of June 30, 2018						
Bonds and Notes	Issuer	Fitch Inc.	Moody's Investor Services, Inc.	S & P Global Ratings Services	Security and Source of Funds	
<b>General Obligations Bonds:</b>						
Common Schools Capital Facilities ..	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Higher Education Capital Facilities ...	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Highway Capital Improvements .....	Treasurer of State	AA+	Aa1	AAA	Highway User Receipts	
Infrastructure Improvements .....	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Coal Research and Development .....	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Natural Resources Capital Facilities .	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Conservation Projects .....	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Third Frontier Research and Development .....	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Site Development .....	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
Veterans' Compensation .....	Ohio Public Facilities Commission	AA+	Aa1	AA+	General Revenue Funds	
<b>Revenue Bonds:</b>						
Major New State Infrastructure.....	Treasurer of State	N/A	Aa2	AA	Federal Transportation Grants	
Tobacco Settlement Asset-Backed...	Buckeye Tobacco Settlement Financing Authority	N/A	Caa3 to B3	B-	Pledged Receipts from the Tobacco Master Settlement Agreement	
<b>Special Obligation Bonds:</b>						
Mental Health Facilities.....	Treasurer of State	AA	Aa2	AA	General Revenue Funds	
Parks and Recreation Facilities.....	Treasurer of State	AA	Aa2	AA	General Revenue Funds	
Cultural and Sports Facilities.....	Treasurer of State	AA	Aa2	AA	General Revenue Funds	
Adult Correctional Facilities.....	Treasurer of State	AA	Aa2	AA	General Revenue Funds	
Administrative Facilities.....	Treasurer of State	AA	Aa2	AA	General Revenue Funds	
Juvenile Correctional Facilities.....	Treasurer of State	AA	Aa2	AA	General Revenue Funds	
Transportation Building Projects.....	Treasurer of State	AA	Aa2	AA	Highway User Receipts	
Highway Safety Facilities.....	Treasurer of State	AA	Aa2	AA	Highway User Receipts	

**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 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.

The State met the requirements of Section 17 of Article VIII of the Ohio Constitution. 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 2018, leading economic indicators remain consistent with uninterrupted growth into the next year. The Ohio unemployment rate in October 2018 was 4.6 percent. From October 2017 to October 2018, Ohio's nonfarm payroll employment increased by approximately 115 thousand jobs.

Nationally, real gross domestic product (GDP) expanded at an annual rate of 3.5 percent in the third quarter, down from 4.2 percent in the second quarter, but well ahead of the 2.3 percent average during this expansion. On a year-over-year basis, growth was three percent, the fastest in just over three years. Compared with a year earlier, the real GDP is approximately 0.5 percent higher.

The national labor market outlook strengthened further in October 2018, as the level of nonfarm payroll employment increased by 250 thousand jobs. The U.S. unemployment rate for October 2018 was 3.7 percent, its lowest level since December 1969.

### *General Revenue Fund*

For fiscal year 2019, total fiscal year-to-date GRF receipts collected through October 2018 are \$84.7 million below estimates and \$431.4 million higher than collections through October of the prior fiscal year. Total fiscal year-to-date GRF disbursements through October 2018 are \$296.5 million below estimates for the first four months of fiscal year 2019 and \$246.3 million above expenditures for the first four months of the prior fiscal year. As of October 2018, receipts were 0.8 percent below budget estimates and disbursements were 2.3 percent below budget estimates for fiscal year 2019. Fiscal year 2019 receipts are four percent ahead of receipts for the first four months of fiscal year 2018. Disbursements for fiscal year 2019 are two percent above disbursements for the same time period of fiscal year 2018.

### *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. By law, the target balance for the BSF can be up to 8.5 percent of the prior fiscal year's GRF revenues. In July 2018, the Office of Budget and Management authorized a \$657.5 million deposit into the BSF, bringing the balance to a new record-high of over \$2.69 billion, the strongest reserves in State history. After the deposit, the account now holds 8.3 percent of last year's GRF revenues.

### *Workers' Compensation Fund*

The Bureau of Workers' Compensation (BWC) has committed \$20 million in fiscal years 2019 and 2020 to continue the Safety Intervention Grant Program that awards grants for safety intervention, wellness, and drug-free programs. As part of that commitment, BWC has expanded the program and set aside \$8 million for Ohio schools and police departments and \$2 million for state agencies.

## **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, 34<sup>th</sup> Floor, Columbus, Ohio 43215-3457 or by e-mail at [Contact@obm.ohio.gov](mailto:Contact@obm.ohio.gov).

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Financial Section

# Basic Financial Statements

Red White & BOOM!  
Columbus, Ohio

**STATE OF OHIO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**  
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<b>ASSETS:</b>				
Cash Equity with Treasurer.....	\$ 10,085,088	\$ 148,378	\$ 10,233,466	\$ 357,058
Cash and Cash Equivalents.....	193,583	1,415,902	1,609,485	2,638,683
Deposit with Federal Government.....	—	932,190	932,190	—
Investments.....	1,281,949	25,749,013	27,030,962	12,426,732
Collateral on Lent Securities.....	2,893,140	31,987	2,925,127	100,566
Taxes Receivable.....	1,720,294	—	1,720,294	—
Intergovernmental Receivable.....	1,381,993	6,977	1,388,970	64,936
Premiums and Assessments Receivable.....	—	684,757	684,757	—
Investment Trade Receivable.....	—	85,124	85,124	—
Loans Receivable, Net.....	1,284,361	—	1,284,361	328,937
Receivable from Primary Government.....	—	—	—	20,358
Receivable from Component Units.....	4,960	—	4,960	—
Other Receivables.....	819,329	476,732	1,296,061	1,516,365
Inventories.....	105,808	—	105,808	160,679
Other Assets.....	25,092	8,551	33,643	1,701,286
<b>Restricted Assets:</b>				
Cash Equity with Treasurer.....	—	63	63	—
Cash and Cash Equivalents.....	390	—	390	861,879
Investments.....	376,237	697,769	1,074,006	2,278,193
Collateral on Lent Securities.....	—	54,429	54,429	—
Other Receivables.....	572,542	3	572,545	—
Capital Assets Being Depreciated, Net.....	2,326,828	59,465	2,386,293	14,049,697
Capital Assets Not Being Depreciated.....	25,678,761	106,064	25,784,825	1,587,994
<b>TOTAL ASSETS.....</b>	<b>48,750,355</b>	<b>30,457,404</b>	<b>79,207,759</b>	<b>38,093,363</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>5,121,436</b>	<b>87,464</b>	<b>5,208,900</b>	<b>1,956,039</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>53,871,791</b>	<b>30,544,868</b>	<b>84,416,659</b>	<b>40,049,402</b>
<b>LIABILITIES:</b>				
Accounts Payable.....	785,178	45,223	830,401	745,315
Accrued Liabilities.....	421,662	4,816	426,478	621,630
Medicaid Claims Payable.....	1,304,019	—	1,304,019	—
Obligations Under Securities Lending.....	2,893,140	86,416	2,979,556	100,566
Investment Trade Payable.....	—	311,908	311,908	—
Intergovernmental Payable.....	1,030,299	482	1,030,781	6,916
Internal Balances.....	546,632	(546,632)	—	—
Payable to Primary Government.....	—	—	—	8,466
Payable to Component Units.....	20,996	—	20,996	—
Unearned Revenue.....	491,720	501,997	993,717	486,793
Benefits Payable.....	—	6,466	6,466	—
Refund and Other Liabilities.....	1,244,844	209,561	1,454,405	161,343
<b>Noncurrent Liabilities:</b>				
<b>Bonds and Notes Payable:</b>				
Due in One Year.....	1,247,872	—	1,247,872	920,309
Due in More Than One Year.....	17,412,922	—	17,412,922	10,093,202
<b>Certificates of Participation:</b>				
Due in One Year.....	34,072	—	34,072	—
Due in More Than One Year.....	170,548	—	170,548	—
<b>Other Noncurrent Liabilities:</b>				
Due in One Year.....	154,103	3,410,194	3,564,297	739,801
Due in More Than One Year.....	7,157,461	15,294,536	22,451,997	11,128,028
<b>TOTAL LIABILITIES.....</b>	<b>34,915,468</b>	<b>19,324,967</b>	<b>54,240,435</b>	<b>25,012,369</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,823,393</b>	<b>101,698</b>	<b>2,925,091</b>	<b>4,983,674</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>37,738,861</b>	<b>19,426,665</b>	<b>57,165,526</b>	<b>29,996,043</b>

The notes to the financial statements are an integral part of this statement.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<b>NET POSITION (DEFICITS):</b>				
Net Investment in Capital Assets.....	24,363,007	162,367	24,525,374	8,111,711
Restricted for:				
Primary, Secondary and Other Education.....	139,583	—	139,583	—
Higher Education Support.....	23,579	—	23,579	—
Public Assistance and Medicaid.....	500,747	—	500,747	—
Health and Human Services.....	116,726	—	116,726	—
Justice and Public Protection.....	159,884	—	159,884	—
Environmental Protection and Natural Resources.....	275,626	—	275,626	—
Transportation.....	2,534,052	—	2,534,052	172,358
General Government.....	277,782	—	277,782	—
Community and Economic Development.....	529,084	—	529,084	25,294
Lottery Prizes.....	—	27,954	27,954	—
Workers Compensation.....	—	9,791,094	9,791,094	—
Unemployment Compensation.....	—	974,990	974,990	—
Tuition Trust Authority.....	—	97,366	97,366	—
Nonexpendable for				
Colleges and Universities.....	—	—	—	3,981,215
Expendable for				
Colleges and Universities.....	—	—	—	3,396,881
Unrestricted.....	(12,787,140)	64,432	(12,722,708)	(5,634,100)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 16,132,930</b>	<b>\$ 11,118,203</b>	<b>\$ 27,251,133</b>	<b>\$ 10,053,359</b>

**STATE OF OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(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)		
<b>PRIMARY GOVERNMENT:</b>						
<b>GOVERNMENTAL ACTIVITIES:</b>						
Primary, Secondary and Other Education.....	\$ 13,244,868	\$ 25,993	\$ 1,889,366	\$ —	\$ (11,329,509)	
Higher Education Support .....	2,771,493	4,987	24,146	—	(2,742,360)	
Public Assistance and Medicaid .....	30,454,468	2,680,920	21,636,523	—	(6,137,025)	
Health and Human Services .....	1,744,243	191,181	834,134	—	(718,928)	
Justice and Public Protection .....	3,670,780	1,129,008	220,079	261	(2,321,432)	
Environmental Protection and Natural Resources.....	567,788	244,673	109,298	—	(213,817)	
Transportation .....	2,598,688	148,490	70,513	1,414,262	(965,423)	
General Government .....	951,063	460,910	102,757	415	(386,981)	
Community and Economic Development.....	3,458,487	343,546	275,607	9,759	(2,829,575)	
Interest on Long-Term Debt (excludes interest charged as program expense).....	97,799	—	—	—	(97,799)	
<b>TOTAL GOVERNMENTAL ACTIVITIES.....</b>	<b>59,559,677</b>	<b>5,229,708</b>	<b>25,162,423</b>	<b>1,424,697</b>	<b>(27,742,849)</b>	
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Workers' Compensation.....	2,227,977	1,172,347	1,336,579	—	280,949	
Lottery Commission.....	3,022,690	4,153,363	2,465	—	1,133,138	
Unemployment Compensation.....	929,460	1,253,015	15,024	—	338,579	
Tuition Trust Authority.....	57,115	8,892	48,827	—	604	
Office of Auditor of State.....	81,574	46,062	—	—	(35,512)	
<b>TOTAL BUSINESS-TYPE ACTIVITIES.....</b>	<b>6,318,816</b>	<b>6,633,679</b>	<b>1,402,895</b>	<b>—</b>	<b>1,717,758</b>	
<b>TOTAL PRIMARY GOVERNMENT.....</b>	<b>\$ 65,878,493</b>	<b>\$ 11,863,387</b>	<b>\$ 26,565,318</b>	<b>\$ 1,424,697</b>	<b>\$ (26,025,091)</b>	
<b>COMPONENT UNITS:</b>						
Ohio Facilities Construction Commission.....	\$ 470,146	\$ 28,017	\$ 4,117	\$ —	\$ (438,012)	
Ohio State University.....	6,108,837	5,087,564	757,036	15,470	(248,767)	
Other Component Units.....	7,292,158	5,544,125	852,532	29,873	(865,628)	
<b>TOTAL COMPONENT UNITS.....</b>	<b>\$ 13,871,141</b>	<b>\$ 10,659,706</b>	<b>\$ 1,613,685</b>	<b>\$ 45,343</b>	<b>\$ (1,552,407)</b>	

The notes to the financial statements are an integral part of this statement.

**PRIMARY GOVERNMENT**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>COMPONENT UNITS</b>
<b>CHANGES IN NET POSITION:</b>				
Net (Expense) Revenue.....	\$ (27,742,849)	\$ 1,717,758	\$ (26,025,091)	\$ (1,552,407)
<b>General Revenues:</b>				
Taxes:				
Income.....	8,474,637	—	8,474,637	—
Sales.....	10,358,501	—	10,358,501	—
Corporate and Public Utility .....	2,843,017	—	2,843,017	—
Cigarette.....	939,953	—	939,953	—
Other.....	1,024,397	—	1,024,397	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,891,116	—	1,891,116	—
Total Taxes.....	25,531,621	—	25,531,621	—
Tobacco Settlement.....	352,355	—	352,355	—
Escheat Property.....	158,770	—	158,770	—
Unrestricted Investment Income.....	24,741	15	24,756	716,044
State Assistance .....	—	—	—	2,590,150
Other.....	17	—	17	724,616
Gain (Loss) on Extinguishment of Debt.....	—	—	—	(11)
Additions (Deductions) to Endowments				
and Permanent Fund Principal.....	—	—	—	117,958
Transfers-Internal Activities.....	1,168,236	(1,168,236)	—	—
<b>TOTAL GENERAL REVENUES, GAINS (LOSSES), CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS.....</b>				
	<b>27,235,740</b>	<b>(1,168,221)</b>	<b>26,067,519</b>	<b>4,148,757</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(507,109)</b>	<b>549,537</b>	<b>42,428</b>	<b>2,596,350</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated)....</b>	<b>16,640,039</b>	<b>10,568,666</b>	<b>27,208,705</b>	<b>7,457,009</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 16,132,930</b>	<b>\$ 11,118,203</b>	<b>\$ 27,251,133</b>	<b>\$ 10,053,359</b>

**STATE OF OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**  
*(dollars in thousands)*

	<b>MAJOR FUNDS</b>		
	<b>GENERAL</b>	<b>JOB, FAMILY AND OTHER HUMAN SERVICES</b>	<b>BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS</b>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 5,864,106	\$ 365,233	\$ —
Cash and Cash Equivalents.....	132,272	3,329	390
Investments.....	1,232,791	—	376,237
Collateral on Lent Securities.....	1,695,886	103,596	—
Taxes Receivable .....	1,591,195	—	—
Intergovernmental Receivable.....	729,206	187,555	—
Loans Receivable, Net .....	1,103,092	—	—
Interfund Receivable .....	—	—	—
Receivable from Component Units.....	—	—	—
Other Receivables .....	260,433	505,776	572,542
Inventories .....	21,478	—	—
Other Assets .....	82	—	—
<b>TOTAL ASSETS .....</b>	<b>12,630,541</b>	<b>1,165,489</b>	<b>949,169</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>—</b>	<b>—</b>	<b>4,138,761</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>\$ 12,630,541</b>	<b>\$ 1,165,489</b>	<b>\$ 5,087,930</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 266,181	\$ 161,703	\$ —
Accrued Liabilities.....	165,162	22,323	—
Medicaid Claims Payable.....	1,064,641	7,456	—
Obligations Under Securities Lending.....	1,695,886	103,596	—
Intergovernmental Payable.....	727,551	117,337	—
Interfund Payable.....	425,715	11,903	—
Payable to Component Units.....	19,174	538	—
Unearned Revenue.....	—	397,543	—
Refund and Other Liabilities.....	1,237,506	6,658	—
Liability for Escheat Property.....	317,173	—	—
<b>TOTAL LIABILITIES.....</b>	<b>5,918,989</b>	<b>829,057</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,214,003</b>	<b>62,943</b>	<b>572,482</b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable.....	52,267	—	—
Restricted.....	1,465,460	151,494	4,515,448
Committed.....	772,528	123,932	—
Assigned.....	2,539,407	—	—
Unassigned.....	667,887	(1,937)	—
<b>TOTAL FUND BALANCES (DEFICITS) .....</b>	<b>5,497,549</b>	<b>273,489</b>	<b>4,515,448</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b>\$ 12,630,541</b>	<b>\$ 1,165,489</b>	<b>\$ 5,087,930</b>

The notes to the financial statements are an integral part of this statement.

<b>NONMAJOR GOVERNMENTAL FUNDS</b>		<b>TOTAL</b>
\$ 3,855,749	\$ 10,085,088	
57,982	193,973	
49,158	1,658,186	
1,093,658	2,893,140	
129,099	1,720,294	
465,232	1,381,993	
181,269	1,284,361	
1,402	1,402	
4,960	4,960	
53,120	1,391,871	
84,330	105,808	
—	82	
<u>5,975,959</u>	<u>20,721,158</u>	
—	4,138,761	
<u><b>\$ 5,975,959</b></u>	<u><b>\$ 24,859,919</b></u>	
\$ 357,294	\$ 785,178	
61,796	249,281	
231,922	1,304,019	
1,093,658	2,893,140	
185,411	1,030,299	
110,416	548,034	
1,284	20,996	
94,177	491,720	
680	1,244,844	
—	317,173	
<u>2,136,638</u>	<u>8,884,684</u>	
<u>56,965</u>	<u>1,906,393</u>	
84,330	136,597	
3,044,928	9,177,330	
653,098	1,549,558	
—	2,539,407	
—	665,950	
<u>3,782,356</u>	<u>14,068,842</u>	
<u><b>\$ 5,975,959</b></u>	<u><b>\$ 24,859,919</b></u>	

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**STATE OF OHIO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**  
*(dollars in thousands)*

**Total Fund Balances for Governmental Funds.....** **\$ 14,068,842**

Total net position reported for governmental activities in the Statement of Net Position is different because:

Net Pension Assets Reported for Governmental Activities are not Financing Resources and therefore are not Reported in the Funds..... 25,010

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

<i>Land.....</i>	2,432,987
<i>Buildings and Improvements, net of \$2,470,869 accumulated depreciation.....</i>	1,562,728
<i>Land Improvements, net of \$352,108 accumulated depreciation.....</i>	169,767
<i>Machinery and Equipment, net of \$1,245,938 accumulated depreciation.....</i>	351,535
<i>Vehicles, net of \$262,932 accumulated depreciation.....</i>	202,771
<i>Infrastructure, net of \$45,457 accumulated depreciation.....</i>	20,326,251
<i>Construction-in-Progress.....</i>	2,959,550
	<u>28,005,589</u>

The following Deferred Outflows of Resources are not related to the current period and therefore, are not reported in the funds.

<i>Hedging Derivatives.....</i>	12,248
<i>Loss on Debt Refundings.....</i>	131,779
<i>Net Pension and OPEB Liability/Asset.....</i>	838,648
<i>Total Deferred Outflows of Resources.....</i>	<u>982,675</u>

The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

<i>Accrued Liabilities:</i>	
<i>Interest Payable.....</i>	(172,381)
<i>Bonds and Notes Payable:</i>	
<i>General Obligation Bonds.....</i>	(9,734,361)
<i>Revenue Bonds and Notes.....</i>	(6,689,337)
<i>Special Obligation Bonds.....</i>	(2,237,096)
<i>Certificates of Participation.....</i>	(204,620)
<i>Other Noncurrent Liabilities:</i>	
<i>Compensated Absences.....</i>	(479,706)
<i>Net Pension Liability.....</i>	(3,508,205)
<i>Net OPEB Liability.....</i>	(2,552,677)
<i>Capital Leases Payable.....</i>	(19,632)
<i>Derivatives.....</i>	(18,228)
<i>Estimated Claims Payable.....</i>	(679)
<i>Pollution Remediation.....</i>	(1,870)
<i>Infrastructure Liabilities.....</i>	(413,394)
	<u>(26,032,186)</u>

The following Deferred Inflows of Resources are not related to the current period and therefore, are not reported in the funds.

<i>Resources from the Sale of Future Revenues.....</i>	(1,112,313)
<i>Net Pension and OPEB Liability/Asset.....</i>	(905,980)
<i>Debt Refundings.....</i>	(2,431)
<i>Less Unavailable Resources Reported in the Funds:</i>	
<i>Taxes Receivable.....</i>	68,018
<i>Intergovernmental Receivable.....</i>	435,153
<i>Other Receivables.....</i>	600,553
	<u>1,103,724</u>
<i>Total Deferred Inflows of Resources.....</i>	<u>(917,000)</u>

**Total Net Position of Governmental Activities.....** **\$ 16,132,930**

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, 2018**  
(dollars in thousands)

	<b>MAJOR FUNDS</b>		
	<b>GENERAL</b>	<b>JOB, FAMILY AND OTHER HUMAN SERVICES</b>	<b>BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS</b>
<b>REVENUES:</b>			
Income Taxes.....	\$ 8,463,620	\$ —	\$ —
Sales Taxes.....	10,358,501	—	—
Corporate and Public Utility Taxes.....	2,776,908	—	—
Motor Vehicle Fuel Taxes.....	1,139,218	—	—
Cigarette Taxes.....	939,953	—	—
Other Taxes.....	694,845	1,276	—
Licenses, Permits and Fees.....	1,186,458	2,145,291	—
Sales, Services and Charges.....	121,708	—	—
Federal Government.....	9,239,529	10,854,781	—
Tobacco Settlement.....	117	—	331,794
Escheat Property.....	158,770	—	—
Investment Income.....	111,458	7,858	5,472
Other.....	309,746	289,322	508
<b>TOTAL REVENUES.....</b>	<b>35,500,831</b>	<b>13,298,528</b>	<b>337,774</b>
<b>EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	9,784,712	—	78,911
Higher Education Support.....	2,597,726	243	—
Public Assistance and Medicaid.....	15,498,497	12,719,268	—
Health and Human Services.....	670,208	312,939	—
Justice and Public Protection.....	3,096,084	70,957	—
Environmental Protection and Natural Resources.....	74,386	—	—
Transportation.....	7,211	—	—
General Government.....	536,812	2,981	—
Community and Economic Development.....	2,642,765	—	—
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>2,147</b>	<b>—</b>
<b>DEBT SERVICE.....</b>	<b>—</b>	<b>—</b>	<b>335,249</b>
<b>TOTAL EXPENDITURES.....</b>	<b>34,908,401</b>	<b>13,108,535</b>	<b>414,160</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>592,430</b>	<b>189,993</b>	<b>(76,386)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	855,000	—	—
Refunding Bonds and COPs Issued.....	—	—	—
Payment to Refunded Bond and COPs Escrow Agents.....	—	—	—
Premiums/Discounts.....	93,912	—	—
Capital Leases.....	198	—	—
Transfers-in.....	629,232	9,955	—
Transfers-out.....	(2,062,561)	(358,541)	(18,064)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(484,219)</b>	<b>(348,586)</b>	<b>(18,064)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>108,211</b>	<b>(158,593)</b>	<b>(94,450)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>5,388,605</b>	<b>432,082</b>	<b>4,609,898</b>
Increase (Decrease) for Changes in Inventories.....	733	—	—
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 5,497,549</b>	<b>\$ 273,489</b>	<b>\$ 4,515,448</b>

The notes to the financial statements are an integral part of this statement.

<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL</b>
\$ 111	\$ 8,463,731
—	10,358,501
66,109	2,843,017
751,898	1,891,116
—	939,953
328,276	1,024,397
672,659	4,004,408
31,283	152,991
6,200,262	26,294,572
—	331,911
—	158,770
32,384	157,172
595,199	1,194,775
<b>8,678,181</b>	<b>57,815,314</b>
3,018,150	12,881,773
29,923	2,627,892
2,110,059	30,327,824
660,167	1,643,314
328,909	3,495,950
367,618	442,004
2,511,726	2,518,937
358,944	898,737
702,206	3,344,971
769,650	771,797
1,667,689	2,002,938
<b>12,525,041</b>	<b>60,956,137</b>
<b>(3,846,860)</b>	<b>(3,140,823)</b>
1,082,489	1,937,489
748,540	748,540
(925,161)	(925,161)
360,427	454,339
—	198
3,416,162	4,055,349
(447,947)	(2,887,113)
<b>4,234,510</b>	<b>3,383,641</b>
<b>387,650</b>	<b>242,818</b>
3,412,270	13,842,855
(17,564)	(16,831)
<b>\$ 3,782,356</b>	<b>\$ 14,068,842</b>

# 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, 2018**  
(dollars in thousands)

<b>Net Change in Fund Balances -- Total Governmental Funds.....</b>	<b>\$ 242,818</b>
Change in Inventories.....	<u>(16,831)</u>
	225,987

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.....	818,341
Depreciation Expense.....	<u>(379,988)</u>
Excess of Capital Outlay Over Depreciation Expense.....	<u>438,353</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:

General Obligation Bonds.....	(1,166,420)
Revenue Bonds and Notes.....	(369,975)
Special Obligation Bonds.....	(401,490)
Refunding Bonds, including Bond Premium/Discount, Net.....	(928,707)
Premiums and Discounts, Net:	
General Obligation Bonds.....	(153,996)
Revenue Bonds and Notes.....	(51,900)
Special Obligation Bonds.....	(67,879)
Capital Leases.....	<u>(2,271)</u>
Total Debt Proceeds.....	<u>(3,142,638)</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 Position. In the current year, these amounts consist of:

<i>Debt Principal Retirement and Defeasements:</i>	
General Obligation Bonds.....	1,542,972
Revenue Bonds and Notes.....	162,145
Special Obligation Bonds.....	362,776
Certificates of Participation.....	<u>32,130</u>
Total Long-Term Debt Repayment.....	<u>2,100,023</u>

The notes to the financial statements are an integral part of this statement.

Some revenues and expenses reported in the Statement of Activities are not reported as revenue and 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, liabilities, and deferred resources 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>Increase in Other Assets</i> .....	14,793	
<i>Increase in Accrued Interest and Other Accrued Liabilities</i> .....	(7,736)	
<i>Amortization of Bond Premiums/Accretion of Bond Discount, Net</i> .....	125,836	
<i>Decrease in Refunding Loss Included in Deferred Outflows of Resources</i> .....	(9,285)	
<i>Decrease in Pension/OPEB Related Balances Included in Deferred Outflows of Resources</i> .....	(803,508)	
<i>Increase in Compensated Absences</i> .....	(19,018)	
<i>Decrease in Derivative Liabilities (Excluding Hedging Derivatives)</i> .....	2,850	
<i>Decrease in Estimated Claims Payable</i> .....	522	
<i>Decrease in Pollution Remediation</i> .....	4,213	
<i>Increase in Infrastructure Liability</i> .....	(67,917)	
<i>Decrease in Net Pension Liability</i> .....	1,412,193	
<i>Increase in OPEB Liability</i> .....	(12,894)	
<i>Decrease in Litigation Liabilities</i> .....	17,500	
<i>Increase in Deferred Inflow of Resources</i> .....	<u>(786,383)</u>	
<i>Total additional revenues and expenditures</i> .....		<u>(128,834)</u>
<b><i>Change in Net Position of Governmental Activities</i></b> .....		<b><u>\$ (507,109)</u></b>

**STATE OF OHIO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS – ENTERPRISE**  
**JUNE 30, 2018**  
(dollars in thousands)

	<b>MAJOR PROPRIETARY FUNDS</b>		
	<b>WORKERS' COMPENSATION</b>	<b>LOTTERY COMMISSION</b>	<b>UNEMPLOYMENT COMPENSATION</b>
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 5,549	\$ 106,290	\$ —
Cash and Cash Equivalents.....	1,311,347	69,076	—
Deposit with Federal Government.....	—	—	932,190
Collateral on Lent Securities.....	1,574	30,149	—
<b>Restricted Assets:</b>			
Cash Equity with Treasurer.....	—	63	—
Investments.....	—	52,834	—
Collateral on Lent Securities.....	—	54,429	—
Other Receivables.....	—	3	—
Intergovernmental Receivable.....	—	—	443
Premiums and Assessments Receivable.....	29,531	—	30,639
Investment Trade Receivable.....	85,124	—	—
Interfund Receivable.....	47,682	—	—
Other Receivables.....	391,957	60,940	21,929
Other Assets.....	600	3,354	3,572
<b>TOTAL CURRENT ASSETS.....</b>	<b>1,873,364</b>	<b>377,138</b>	<b>988,773</b>
<b>NONCURRENT ASSETS:</b>			
<b>Restricted Assets:</b>			
Investments.....	—	375,749	—
Investments.....	25,749,013	—	—
Premiums and Assessments Receivable.....	624,587	—	—
Interfund Receivable.....	498,577	—	—
Other Assets.....	819	171	—
Capital Assets Being Depreciated, Net.....	29,706	28,781	—
Capital Assets Not Being Depreciated.....	106,064	—	—
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>27,008,766</b>	<b>404,701</b>	<b>—</b>
<b>TOTAL ASSETS.....</b>	<b>28,882,130</b>	<b>781,839</b>	<b>988,773</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>66,462</b>	<b>6,380</b>	<b>—</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>28,948,592</b>	<b>788,219</b>	<b>988,773</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	33,816	10,311	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	1,574	84,578	—
Investment Trade Payable.....	311,908	—	—
Intergovernmental Payable.....	—	—	482
Prize Awards Payable.....	—	52,900	—
Interfund Payable.....	—	99	—
Unearned Revenue.....	500,082	1,147	—
Benefits Payable.....	1,477,596	—	6,466
Refund and Other Liabilities.....	2,003,748	39,661	6,835
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>4,328,724</b>	<b>188,696</b>	<b>13,783</b>
<b>NONCURRENT LIABILITIES:</b>			
Prize Awards Payable.....	—	356,678	—
Interfund Payable.....	—	1,036	—
Benefits Payable.....	12,676,113	—	—
Refund and Other Liabilities.....	1,939,518	48,187	—
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>14,615,631</b>	<b>405,901</b>	<b>—</b>
<b>TOTAL LIABILITIES.....</b>	<b>18,944,355</b>	<b>594,597</b>	<b>13,783</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>77,373</b>	<b>7,428</b>	<b>—</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>19,021,728</b>	<b>602,025</b>	<b>13,783</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	135,770	25,619	—
Restricted for Lottery Prizes.....	—	27,954	—
Unrestricted.....	9,791,094	132,621	974,990
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 9,926,864</b>	<b>\$ 186,194</b>	<b>\$ 974,990</b>

The notes to the financial statements are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	36,539	\$	148,378
	35,479		1,415,902
	—		932,190
	264		31,987
	—		63
	37,200		90,034
	—		54,429
	—		3
	6,534		6,977
	—		60,170
	—		85,124
	1,508		49,190
	1,906		476,732
	—		7,526
	<u>119,430</u>		<u>3,358,705</u>
	231,986		607,735
	—		25,749,013
	—		624,587
	—		498,577
	35		1,025
	978		59,465
	—		106,064
	<u>232,999</u>		<u>27,646,466</u>
	<u>352,429</u>		<u>31,005,171</u>
	<u>14,622</u>		<u>87,464</u>
	<u><b>367,051</b></u>		<u><b>31,092,635</b></u>
	1,096		45,223
	4,816		4,816
	264		86,416
	—		311,908
	—		482
	—		52,900
	—		99
	768		501,997
	37,200		1,521,262
	<u>1,815</u>		<u>2,052,059</u>
	<u>45,959</u>		<u>4,577,162</u>
	—		356,678
	—		1,036
	168,300		12,844,413
	<u>105,740</u>		<u>2,093,445</u>
	<u>274,040</u>		<u>15,295,572</u>
	<u>319,999</u>		<u>19,872,734</u>
	<u>16,897</u>		<u>101,698</u>
	<u><b>336,896</b></u>		<u><b>19,974,432</b></u>
	978		162,367
	—		27,954
	<u>29,177</u>		<u>10,927,882</u>
\$	<u><b>30,155</b></u>	\$	<u><b>11,118,203</b></u>

# STATE OF OHIO

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS – ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
<b>OPERATING REVENUES:</b>			
Charges for Sales and Services.....	\$ —	\$ 4,147,514	\$ 28,241
Premium and Assessment Income.....	1,162,940	—	1,189,318
Federal Government.....	—	—	9,279
Investment Income.....	—	—	—
Other.....	9,407	5,849	26,177
<b>TOTAL OPERATING REVENUES.....</b>	<b>1,172,347</b>	<b>4,153,363</b>	<b>1,253,015</b>
<b>OPERATING EXPENSES:</b>			
Costs of Sales and Services.....	—	—	—
Administration.....	70,593	120,921	—
Bonuses and Commissions.....	—	862,656	—
Prizes.....	—	1,998,654	—
Benefits and Claims.....	804,021	—	928,683
Depreciation.....	21,216	11,018	—
Other.....	1,332,147	8,587	777
<b>TOTAL OPERATING EXPENSES.....</b>	<b>2,227,977</b>	<b>3,001,836</b>	<b>929,460</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(1,055,630)</b>	<b>1,151,527</b>	<b>323,555</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income.....	1,336,579	2,465	15,024
Interest Expense.....	—	(1,010)	—
Other.....	—	(19,844)	—
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>1,336,579</b>	<b>(18,389)</b>	<b>15,024</b>
<b>INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS....</b>	<b>280,949</b>	<b>1,133,138</b>	<b>338,579</b>
Transfers-in.....	—	—	—
Transfers-out.....	(8,841)	(1,173,051)	(8,461)
<b>TOTAL GAIN (LOSS) AND TRANSFERS.....</b>	<b>(8,841)</b>	<b>(1,173,051)</b>	<b>(8,461)</b>
<b>NET INCOME (LOSS).....</b>	<b>272,108</b>	<b>(39,913)</b>	<b>330,118</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated).....</b>	<b>9,654,756</b>	<b>226,107</b>	<b>644,872</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 9,926,864</b>	<b>\$ 186,194</b>	<b>\$ 974,990</b>

The notes to the financial statements are an integral part of this statement.

<b>NONMAJOR PROPRIETARY FUNDS</b>		<b>TOTAL</b>	
\$	54,560	\$	4,230,315
	—		2,352,258
	—		9,279
	10,827		10,827
	38,394		79,827
	<b>103,781</b>		<b>6,682,506</b>
	75,973		75,973
	14,870		206,384
	—		862,656
	—		1,998,654
	47,545		1,780,249
	301		32,535
	—		1,341,511
	<b>138,689</b>		<b>6,297,962</b>
	<b>(34,908)</b>		<b>384,544</b>
	15		1,354,083
	—		(1,010)
	—		(19,844)
	<b>15</b>		<b>1,333,229</b>
	<b>(34,893)</b>		<b>1,717,773</b>
	22,117		22,117
	—		(1,190,353)
	<b>22,117</b>		<b>(1,168,236)</b>
	<b>(12,776)</b>		<b>549,537</b>
	42,931		10,568,666
\$	<b>30,155</b>	\$	<b>11,118,203</b>

**STATE OF OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS – ENTERPRISE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(dollars in thousands)

	<b>MAJOR PROPRIETARY FUNDS</b>		
	<b>WORKERS' COMPENSATION</b>	<b>LOTTERY COMMISSION</b>	<b>UNEMPLOYMENT COMPENSATION</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers.....	\$ —	\$ 4,145,166	\$ —
Cash Received from Multi-State Lottery for Grand Prize Winner.....	—	85,751	—
Cash Received from Premiums and Assessments.....	1,947,151	—	1,212,321
Cash Received from Interfund Services Provided.....	47,771	—	—
Other Operating Cash Receipts.....	32,484	5,957	65,607
Cash Payments to Suppliers for Goods and Services.....	(65,938)	(85,342)	—
Cash Payments to Employees for Services.....	(206,017)	(33,445)	—
Cash Payments for Benefits and Claims.....	(1,632,432)	—	(842,650)
Cash Payments for Lottery Prizes.....	—	(2,151,607)	—
Cash Payments for Bonuses and Commissions.....	—	(862,656)	—
Cash Payments for Premium Reductions and Refunds.....	(1,265,407)	—	—
Cash Payments for Interfund Services Used.....	(26,835)	(6,628)	—
Other Operating Cash Payments.....	—	(1,028)	(102,569)
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>(1,169,223)</b>	<b>1,096,168</b>	<b>332,709</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers-in .....	—	—	—
Transfers-out .....	(8,841)	(1,173,051)	(8,461)
<b>NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(8,841)</b>	<b>(1,173,051)</b>	<b>(8,461)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal Payments on Bonds, Notes and Capital Leases.....	—	(3,113)	—
Acquisition and Construction of Capital Assets .....	(3,105)	(12,602)	—
Proceeds from Sales of Capital Assets .....	194	—	—
<b>NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(2,911)</b>	<b>(15,715)</b>	<b>—</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Investments.....	(13,299,559)	(80,035)	—
Proceeds from the Sales and Maturities of Investments .....	14,564,688	138,199	—
Investment Income Received .....	733,408	4,827	15,024
Borrower Rebates and Agent Fees.....	(53,830)	(1,047)	—
<b>NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....</b>	<b>1,944,707</b>	<b>61,944</b>	<b>15,024</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS.....</b>	<b>763,732</b>	<b>(30,654)</b>	<b>339,272</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1 .....</b>	<b>553,164</b>	<b>206,083</b>	<b>592,918</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30 .....</b>	<b>\$ 1,316,896</b>	<b>\$ 175,429</b>	<b>\$ 932,190</b>

The notes to the financial statements are an integral part of this statement.

<b>NONMAJOR PROPRIETARY FUNDS</b>		<b>TOTAL</b>	
\$	35,843	\$	4,181,009
	—		85,751
	—		3,159,472
	8,952		56,723
	8,683		112,731
	(8,362)		(159,642)
	(76,851)		(316,313)
	—		(2,475,082)
	—		(2,151,607)
	—		(862,656)
	—		(1,265,407)
	(4,318)		(37,781)
	(47,546)		(151,143)
	<b>(83,599)</b>		<b>176,055</b>
	29,117		29,117
	—		(1,190,353)
	<b>29,117</b>		<b>(1,161,236)</b>
	—		(3,113)
	(34)		(15,741)
	—		194
	<b>(34)</b>		<b>(18,660)</b>
	(194,068)		(13,573,662)
	240,375		14,943,262
	4,157		757,416
	—		(54,877)
	<b>50,464</b>		<b>2,072,139</b>
	(4,052)		1,068,298
	76,070		1,428,235
<b>\$</b>	<b>72,018</b>	<b>\$</b>	<b>2,496,533</b>

(continued)

**STATE OF OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS – ENTERPRISE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	<b>MAJOR PROPRIETARY FUNDS</b>		
	<b>WORKERS' COMPENSATION</b>	<b>LOTTERY COMMISSION</b>	<b>UNEMPLOYMENT COMPENSATION</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>			
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss).....	\$ (1,055,630)	\$ 1,151,527	\$ 323,555
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	—
Depreciation .....	21,216	11,018	—
Provision for Uncollectible Accounts.....	39,577	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	—	(398)
Premiums and Assessments Receivable.....	(14,159)	—	7,242
Interfund Receivable.....	44,353	2	—
Other Receivables .....	42,681	(1,852)	2,325
Other Assets .....	—	1,089	(380)
Increase (Decrease) in Liabilities:			
Accounts Payable .....	(220)	(3,990)	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	(72)
Prize Awards Payable.....	—	(59,396)	—
Interfund Payable.....	—	(241)	—
Unearned Revenue .....	(35,238)	(390)	—
Benefits Payable.....	(931,201)	—	(1,241)
Refund and Other Liabilities.....	719,398	(1,599)	1,678
<b>NET CASH FLOWS PROVIDED (USED) BY</b>			
<b>  OPERATING ACTIVITIES.....</b>	<b>\$ (1,169,223)</b>	<b>\$ 1,096,168</b>	<b>\$ 332,709</b>
<b>NONCASH INVESTING,</b>			
<b>CAPITAL AND FINANCING ACTIVITIES:</b>			
Change in Fair Value of Investments.....	\$ 668,680	\$ 11,424	\$ —

The notes to the financial statements are an integral part of this statement.

<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>
\$ (34,908)	\$ 384,544
(10,827)	(10,827)
301	32,535
—	39,577
4,604	4,206
—	(6,917)
7,000	51,355
(446)	42,708
—	709
(4,619)	(8,829)
(202)	(202)
—	(72)
—	(59,396)
(6,765)	(7,006)
(277)	(35,905)
(38,000)	(970,442)
540	720,017
<u>\$ (83,599)</u>	<u>\$ 176,055</u>

\$ — \$ 680,104

**STATE OF OHIO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**  
(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/17)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	14,498	265,835	343,265
Investments (at fair value):			
U.S. Government and Agency Obligations.....	17,517	—	1,265,490
Common and Preferred Stock.....	77,086	—	—
Corporate Bonds and Notes.....	17,107	—	900,941
Foreign Stocks and Bonds.....	5,381	—	—
Commercial Paper.....	—	—	3,599,397
Repurchase Agreements.....	—	—	716,289
Mutual Funds.....	515,553	11,097,107	1,932,591
Real Estate.....	34,011	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
Partnership and Hedge Funds.....	213,806	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	—	—
Collateral on Lent Securities.....	—	—	—
Employer Contributions Receivable.....	1,859	—	—
Employee Contributions Receivable.....	1,446	—	—
Other Receivables.....	6,737	38,771	10,322
Other Assets.....	6	—	25
Capital Assets, Net.....	63	—	—
<b>TOTAL ASSETS.....</b>	<b>905,070</b>	<b>11,401,713</b>	<b>8,768,320</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>420</b>	<b>—</b>	<b>—</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>905,490</b>	<b>11,401,713</b>	<b>8,768,320</b>
<b>LIABILITIES:</b>			
Accounts Payable.....	774	—	—
Accrued Liabilities.....	5,461	4,441	800
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	1,074	12,349	460
<b>TOTAL LIABILITIES.....</b>	<b>7,309</b>	<b>16,790</b>	<b>1,260</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>26</b>	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>7,335</b>	<b>16,790</b>	<b>1,260</b>
<b>NET POSITION (DEFICITS):</b>			
Restricted for:			
Employees' Pension Benefits.....	786,356	—	—
Employees' Postemployment Healthcare Benefits.....	111,799	—	—
Individuals, Organizations and Other Governments.....	—	11,384,923	—
Pool Participants.....	—	—	8,767,060
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 898,155</b>	<b>\$ 11,384,923</b>	<b>\$ 8,767,060</b>

The notes to the financial statements are an integral part of this statement.

AGENCY

\$	344,893
	116,315
	17,577,465
	47,585,601
	11,552,349
	50,454,986
	2,114,840
	1,480,000
	10,612,922
	21,177,736
	22,656,673
	7,041,969
	18,891,388
	60,443
	97,826
	—
	—
	—
	449,477
	—
	<b>212,214,883</b>
	—
	<b>212,214,883</b>
	—
	—
	97,826
	210,040
	211,907,017
	<b>212,214,883</b>
	—
	<b>212,214,883</b>
	—
	—
	—
	—
\$	<b>—</b>

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# STATE OF OHIO

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/17)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
<b>ADDITIONS:</b>			
Contributions from:			
Employer.....	\$ 30,750	\$ —	\$ —
Employees.....	14,505	—	—
Plan Participants.....	—	7,885,656	—
Other.....	6,642	—	—
Total Contributions.....	<u>51,897</u>	<u>7,885,656</u>	<u>—</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments.....	105,056	368,241	—
Interest, Dividends and Other.....	17,285	420,066	121,597
Total Investment Income.....	<u>122,341</u>	<u>788,307</u>	<u>121,597</u>
Less: Investment Expense.....	6,389	41,984	4,967
Net Investment Income.....	<u>115,952</u>	<u>746,323</u>	<u>116,630</u>
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	22,722,508
Reinvested Distributions.....	—	—	129,043
Shares Redeemed.....	—	—	(22,167,562)
Net Capital Share and Individual Account Transactions.....	<u>—</u>	<u>—</u>	<u>683,989</u>
<b>TOTAL ADDITIONS.....</b>	<b><u>167,849</u></b>	<b><u>8,631,979</u></b>	<b><u>800,619</u></b>
<b>DEDUCTIONS:</b>			
Pension Benefits Paid to Participants or Beneficiaries.....	75,396	—	—
Healthcare Benefits Paid to Participants or Beneficiaries....	15,457	—	—
Refunds of Employee Contributions.....	1,075	—	—
Administrative Expense.....	1,641	—	—
Transfers to Other Retirement Systems.....	140	—	—
Distributions to Shareholders and Plan Participants.....	—	7,756,367	116,630
<b>TOTAL DEDUCTIONS.....</b>	<b><u>93,709</u></b>	<b><u>7,756,367</u></b>	<b><u>116,630</u></b>
<b>CHANGE IN NET POSITION RESTRICTED FOR:</b>			
Employees' Pension Benefits.....	64,713	—	—
Employees' Postemployment Healthcare Benefits.....	9,427	—	—
Individuals, Organizations and Other Governments.....	—	875,612	—
Pool Participants.....	—	—	683,989
<b>TOTAL CHANGE IN NET POSITION.....</b>	<b><u>74,140</u></b>	<b><u>875,612</u></b>	<b><u>683,989</u></b>
<b>NET POSITION (DEFICITS), JULY 1.....</b>	<b><u>824,015</u></b>	<b><u>10,509,311</u></b>	<b><u>8,083,071</u></b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b><u>\$ 898,155</u></b>	<b><u>\$ 11,384,923</u></b>	<b><u>\$ 8,767,060</u></b>

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, 2018**  
(dollars in thousands)

	<b>MAJOR COMPONENT UNITS</b>		
	<b>OHIO FACILITIES CONSTRUCTION COMMISSION</b>	<b>OHIO STATE UNIVERSITY</b>	<b>NONMAJOR COMPONENT UNITS</b>
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 354,550	\$ —	\$ 2,508
Cash and Cash Equivalents.....	—	1,548,826	1,089,857
Investments.....	1,081	1,655,181	3,035,199
Collateral on Lent Securities.....	100,566	—	—
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	155,740
Investments.....	—	—	57,023
Intergovernmental Receivable.....	—	21,191	43,745
Loans Receivable, Net.....	—	25,317	38,612
Receivable from Primary Government.....	—	5,344	15,014
Other Receivables.....	1	699,030	553,979
Inventories.....	—	57,908	102,771
Other Assets.....	—	71,973	77,175
<b>TOTAL CURRENT ASSETS.....</b>	<b>456,198</b>	<b>4,084,770</b>	<b>5,171,623</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	—	564,656	141,483
Investments.....	—	—	2,221,170
Investments.....	—	5,376,861	2,358,410
Loans Receivable, Net.....	—	43,666	221,342
Other Receivables.....	—	70,901	192,454
Other Assets.....	—	—	1,552,138
Capital Assets Being Depreciated, Net.....	472	4,640,963	9,408,262
Capital Assets Not Being Depreciated.....	—	513,840	1,074,154
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>472</b>	<b>11,210,887</b>	<b>17,169,413</b>
<b>TOTAL ASSETS.....</b>	<b>456,670</b>	<b>15,295,657</b>	<b>22,341,036</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>—</b>	<b>737,959</b>	<b>1,218,080</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>456,670</b>	<b>16,033,616</b>	<b>23,559,116</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	1,533	416,769	327,013
Accrued Liabilities.....	261	186,641	434,728
Obligations Under Securities Lending.....	100,566	—	—
Intergovernmental Payable.....	474,818	—	2,186
Unearned Revenue.....	—	276,496	246,530
Refund and Other Liabilities.....	1,193	133,041	260,589
Payable to Primary Government.....	—	—	8,466
Bonds and Notes Payable.....	—	637,230	283,079
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>578,371</b>	<b>1,650,177</b>	<b>1,562,591</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	333,439	—	70,320
Unearned Revenue.....	—	—	2,954
Refund and Other Liabilities.....	953	5,308,598	5,411,764
Bonds and Notes Payable.....	—	2,592,314	7,500,888
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>334,392</b>	<b>7,900,912</b>	<b>12,985,926</b>
<b>TOTAL LIABILITIES.....</b>	<b>912,763</b>	<b>9,551,089</b>	<b>14,548,517</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,370,193</b>	<b>972,275</b>	<b>641,206</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>4,282,956</b>	<b>10,523,364</b>	<b>15,189,723</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	472	2,488,574	5,622,665
Restricted for:			
Transportation.....	—	—	172,358
Community and Economic Development.....	23,583	—	1,711
Nonexpendable:			
Scholarships and Fellowships.....	—	—	395,976
Research.....	—	—	81,351
Endowments and Quasi-Endowments.....	—	1,551,278	1,407,148
Loans, Grants and Other College and University Purposes.....	—	—	545,462
Expendable:			
Scholarships and Fellowships.....	—	—	334,542
Research.....	—	—	166,052
Instructional Department Uses.....	—	—	161,255
Student and Public Services.....	—	—	76,946
Academic Support.....	—	—	167,458
Debt Service.....	—	—	20,668
Capital Purposes.....	—	2,006	155,690
Endowments and Quasi-Endowments.....	—	460,960	450,766
Current Operations.....	—	865,827	37,791
Loans, Grants and Other College and University Purposes.....	—	—	496,920
Unrestricted.....	(3,850,341)	141,607	(1,925,366)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ (3,826,286)</b>	<b>\$ 5,510,252</b>	<b>\$ 8,369,393</b>

The notes to the financial statements are an integral part of this statement.

**TOTAL**

\$ 357,058  
2,638,683  
4,691,461  
100,566  
  
155,740  
57,023  
64,936  
63,929  
20,358  
1,253,010  
160,679  
149,148  

---

9,712,591

706,139  
2,221,170  
7,735,271  
265,008  
263,355  
1,552,138  
14,049,697  
1,587,994  

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28,380,772  

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38,093,363  

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1,956,039  

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**40,049,402**

745,315  
621,630  
100,566  
477,004  
523,026  
394,823  
8,466  
920,309  

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3,791,139

403,759  
2,954  
10,721,315  
10,093,202  

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21,221,230  

---

25,012,369  
4,983,674  

---

**29,996,043**

8,111,711

172,358  
25,294

395,976  
81,351  
2,958,426  
545,462

334,542  
166,052  
161,255  
76,946  
167,458  
20,668  
157,696  
911,726  
903,618  
496,920  
(5,634,100)

**\$ 10,053,359**

**STATE OF OHIO**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(dollars in thousands)

	<b>MAJOR COMPONENT UNITS</b>		
	<b>OHIO FACILITIES CONSTRUCTION COMMISSION</b>	<b>OHIO STATE UNIVERSITY</b>	<b>NONMAJOR COMPONENT UNITS</b>
<b>EXPENSES:</b>			
Primary, Secondary and Other Education.....	\$ 394,365	\$ —	\$ —
Transportation.....	—	—	241,440
Community and Economic Development.....	75,387	—	1,067,474
Education and General:			
Instruction and Departmental Research.....	—	820,057	1,407,656
Separately Budgeted Research.....	—	320,283	343,662
Public Service.....	—	147,011	181,207
Academic Support.....	—	182,452	495,357
Student Services.....	—	105,760	298,101
Institutional Support.....	—	233,480	551,247
Operation and Maintenance of Plant.....	—	126,726	341,569
Scholarships and Fellowships.....	—	126,284	288,498
Auxiliary Enterprises.....	—	322,149	675,308
Hospitals.....	—	3,205,120	354,587
Interest on Long-Term Debt.....	—	117,380	324,162
Depreciation.....	394	402,135	620,036
Other.....	—	—	101,854
<b>TOTAL EXPENSES.....</b>	<b>470,146</b>	<b>6,108,837</b>	<b>7,292,158</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	28,017	5,087,564	5,544,125
Operating Grants, Contributions and Restricted Investment Income.....	4,117	757,036	852,532
Capital Grants, Contributions and Restricted Investment Income.....	—	15,470	29,873
<b>TOTAL PROGRAM REVENUES.....</b>	<b>32,134</b>	<b>5,860,070</b>	<b>6,426,530</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(438,012)</b>	<b>(248,767)</b>	<b>(865,628)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	—	440,393	275,651
State Assistance.....	480,201	558,810	1,551,139
Other.....	426	262,691	461,499
<b>TOTAL GENERAL REVENUES.....</b>	<b>480,627</b>	<b>1,261,894</b>	<b>2,288,289</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>55,579</b>	<b>62,379</b>
<b>GAIN (LOSS) ON EXTINGUISHMENT OF DEBT.....</b>	<b>—</b>	<b>—</b>	<b>(11)</b>
<b>CHANGE IN NET POSITION.....</b>	<b>42,615</b>	<b>1,068,706</b>	<b>1,485,029</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated).....</b>	<b>(3,868,901)</b>	<b>4,441,546</b>	<b>6,884,364</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ (3,826,286)</b>	<b>\$ 5,510,252</b>	<b>\$ 8,369,393</b>

The notes to the financial statements are an integral part of this statement.

<u>TOTAL</u>	
\$	394,365
	241,440
	1,142,861
	2,227,713
	663,945
	328,218
	677,809
	403,861
	784,727
	468,295
	414,782
	997,457
	3,559,707
	441,542
	1,022,565
	101,854
	<u>13,871,141</u>
	10,659,706
	1,613,685
	45,343
	<u>12,318,734</u>
	<u>(1,552,407)</u>
	716,044
	2,590,150
	724,616
	<u>4,030,810</u>
	117,958
	(11)
	<u>2,596,350</u>
	7,457,009
\$	<u><u>10,053,359</u></u>



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2018, 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 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations are Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus*, and GASB 80, *Blending Requirements for Certain Component Units*, 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 (BTSFA) is a legally separate organization for which the State has financial accountability through voting majority and the State has the potential to receive a financial benefit. The BTSFA provides services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, for the benefit of the State. Therefore, the State reports this organization's balances and transactions as though they were part of the primary government using the blending method.

#### 2. Fiduciary Component Units

The State Highway Patrol Retirement System is a legally separate organization that provides services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, for the benefit of the State. Therefore, the State reports this organization's balances and transactions separately in the fiduciary fund financial statements.

#### 3. 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  
Ohio Air Quality Development Authority  
Ohio Capital Fund  
JobsOhio

The Ohio Turnpike and Infrastructure Commission has the potential to provide a financial benefit to the primary government.



**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  
Northeast Ohio Medical 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, a governmental component unit, does 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.

**4. Joint Ventures and Related Organizations**

As discussed in more detail in NOTE 19, 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, GASB 61 and GASB 80.

**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 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 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, 2017.

*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 entities for the construction of school buildings. The fund also provides construction services for arts and sports facilities.

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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB 65, *Items Previously Reported as Assets and Liabilities*.

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 recognizes deferred inflows of resources 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 recognizes deferred inflows of resources 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
- Infrastructure Bank 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
- TMS Certificates of Participation
- EDCS Certificates of Participation
- BCIRS Certificates of Participation
- MARCS Project
- OAKS Project
- STARS Project
- TMS Project



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

EDCS Project  
BCIRS Project

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/StateAccounting/financialreporting](http://www.obm.ohio.gov/StateAccounting/financialreporting). This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

In the *Schedule 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 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, the budgetary required supplementary information notes present 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.

The Unemployment Compensation Enterprise Fund Trust Account 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, without prior notice or penalty. The balance in the account at fiscal year-end is reported by the State as "Deposit with Federal Government" and is considered a cash equivalent for cash flow purposes.

Cash equity with Treasurer and cash and cash equivalents, including the portions reported under "Restricted Assets" and the Deposit with Federal Government 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 primarily reports investments at fair value. STAR Ohio reports investments at amortized cost, which approximates fair value.



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

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.

**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 inflows of resources. 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 primarily for the payment of lottery prize awards payable, revenue bonds, and tuition benefits.

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 reported at acquisition value as of 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 reported at acquisition value as of the donation date. Capital assets, except for land and construction-in-progress, are reported net of accumulated depreciation.



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

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.

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.



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

*Discretely Presented Component Unit Funds*

The discretely presented component unit funds value capital assets at cost and donated capital assets at acquisition 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.

**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.



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

**O. Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension and net OPEB liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from each fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, pension benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Health care benefits are also recognized when due and payable, net of certain health care receipts, in accordance with benefit terms. The pension systems report investments at fair value. Additional disclosures on the pension systems can be found in NOTE 9.

**P. 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.

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.



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

**Q. 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 employee and public official fidelity bonding with a private insurer. The State self-funds tort liability although several agencies also choose to participate in private insurance programs. All State-owned buildings are covered under a catastrophic property policy that covers both real and personal property losses. All other liability risk to State property is self-funded on a pay-as-you-go basis.

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).

**R. 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.

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.

**S. 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).



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

**T. 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 and disclosed in NOTE 18.

Additional disclosures on the State's investment derivatives and its hedging derivatives can be found in NOTE 4 and NOTE 10, respectively.

**U. 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, 2017, 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 Discretely Presented Component Units
Net Position, as of June 30, 2017, as Previously Reported .....	\$ 18,982,495	\$ 10,725,003	\$ 10,036,261
<i>Implementation of a New Accounting Standard:</i>			
GASB Statement No. 75 .....	(2,342,456)	(156,337)	(2,576,787)
<i>Change in Reporting Entity:</i>			
University of Akron.....	-	-	78
<i>Correction of an Error:</i>			
Southern State Community College.....	-	-	63
Cincinnati State Community College.....	-	-	(2,606)
Total Changes in Net Position.....	<u>(2,342,456)</u>	<u>(156,337)</u>	<u>(2,579,252)</u>
Net Position, July 1, 2017, as Restated .....	<u>\$ 16,640,039</u>	<u>\$ 10,568,666</u>	<u>\$ 7,457,009</u>

**B. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

For the fiscal year ended June 30, 2018, the State implemented the provisions of:

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, improves accounting and reporting by state and local governments for postemployment benefits other than pensions (OPEB). Decision-usefulness and accountability will also be enhanced through new note disclosures and required supplementary information.

GASB 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.



**NOTE 2 RESTATEMENTS, CHANGES IN ACCOUNTING PRINCIPLES,  
EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS (Continued)**

GASB 85, *Omnibus 2017*, addresses practice issues identified during implementation and application of certain GASB Statements. A variety of topics are addressed including issues related to blending component units, fair value measurement and application, and pension and other postemployment benefits.

GASB 86, *Certain Debt Extinguishment Issues*, provides guidance for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources (resources other than refunding debt proceeds) are placed in an irrevocable trust for the sole purpose of extinguishing debt.

**C. GASB Pronouncements for Fiscal Year 2019 Implementation**

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The provisions of GASB 83 are effective for reporting periods beginning after June 15, 2018. This statement establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (ARO's), including obligations that may not have been previously reported. This Statement also requires disclosures related to those ARO's.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The provisions of GASB 88 are effective for reporting periods beginning after June 15, 2018. The objective of this statement is to improve note disclosures related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing debt related information.

Management is assessing the impact that the new GASB pronouncements will have on the State's financial statements.

**D. Extinguishments of Debt – Major Funds**

As of June 30, 2018, the State had no material extinguishments of debt to report.

**NOTE 3 TAX ABATEMENTS**

As of June 30, 2018, the State offers the following tax abatement programs – Job Creation Credit, Sales of Qualified Property Used in an Eligible Computer Data Center (Computer Data Center), Job Retention Credit, Historic Preservation Tax Credit, Motion Picture Tax Credit and New Markets Tax Credit. The programs are described below:

**Job Creation Credit**

As established in Ohio Revised Code 122.17, a taxpayer proposing a project to create new jobs in the state may be granted a refundable tax credit through an agreement with the Ohio Tax Credit Authority. This tax credit applies to nonretail projects or the nonretail portion of a project only. The credit equals an agreed upon percentage of the taxpayer's "excess payroll", which is the taxpayer's "Ohio employee payroll" less "baseline payroll." "Ohio employee payroll" is compensation paid by an employer that is subject to Ohio income tax withholding requirements. "Baseline payroll" is "Ohio employee payroll," for the 12 months immediately preceding the agreement. The Ohio Tax Credit Authority must determine that the project will increase payroll; is economically sound, will provide increasing opportunities for employment, and will strengthen the economy; and the tax credit was a major factor in the decision to go forward with the project. The taxpayer is required to maintain operations at the project location for at least the greater of seven years or the term of the credit plus three years. The types of taxes to be abated are insurance, financial institutions, foreign insurance, petroleum activity, income, and commercial activity.

The tax abatements are subject to recapture if the taxpayer fails to maintain operations at the project location, or has failed to meet its commitments, which information should be included in annual reports the taxpayer is required to file.



### **NOTE 3 TAX ABATEMENTS (Continued)**

The computer data center tax abatement, established in Ohio Revised Code 122.175, also requires job creation and is included in the job creation credit category on the following tax abatement table. Sales, storage, use or other consumption of computer data center equipment used or to be used at an eligible computer data center are exempt from the sales and use tax. To be eligible for this tax exemption, the Ohio Tax Credit Authority must determine: that the computer data center will increase payroll and the corresponding taxes withheld; the applicant is economically sound, can affect the completion of the capital investment project, and intends to maintain operations at the project site for the term of agreement; and the exemption was a major factor in the applicant's decision to be part of the capital investment project. The taxpayer operating a computer data center at the project site will, in the aggregate, pay annual compensation that is subject to the withholding obligation of at least \$1.5 million to employees at the eligible computer data center. If it is determined that a taxpayer who received the exemption no longer meets eligibility criteria, and/or is no longer in compliance with the agreement, the agreement may be terminated or the taxpayer may have to pay to the state all or a portion of the taxes the taxpayer would have owed.

#### ***Job Retention Credit***

The job retention credit, established in Ohio Revised Code 122.171, allows an eligible business to be granted a nonrefundable tax credit through an agreement with the Ohio Tax Credit Authority. The credit is equal to a designated percentage of the taxpayer's Ohio employee payroll. The taxpayer is required to maintain operations at the project location for at least the greater of seven years or the term of the credit plus three years. The taxpayer must also retain at least 500 full-time equivalent employees at the project site and within this state for the entire term of the credit, or the taxpayer must maintain an annual Ohio employee payroll of at least \$35 million dollars for the entire term of the credit. The types of taxes to be abated are insurance, financial institutions, foreign insurance, petroleum activity, income, and commercial activity.

The tax abatements are subject to recapture if the taxpayer fails to maintain operations at the project location, or has failed to meet its commitments, which information should be included in annual reports the taxpayer is required to file.

#### ***Historic Preservation Tax Credit***

Ohio Revised Code section 149.311 establishes the historic preservation tax credit. The program provides a tax credit to leverage the private redevelopment of historically designated buildings. The State uses a cost-benefit analysis to determine whether rehabilitation of the historic building will result in a net revenue gain in state taxes once the building is placed into use. The analysis must be completed prior to eligibility approval. The credit shall equal 25 percent of the taxpayer's qualified rehabilitation expenditures. The credit claimed shall not exceed \$5 million for any calendar or tax year. Tax credits received by the applicant shall be deemed to be an unpaid tax assessment subject to collection if all required criteria are not met. The tax credit can be applied to the financial institution tax, foreign and domestic insurance taxes and individual income tax.

#### ***Motion Picture Tax Credit***

The motion picture tax credit is established by Ohio Revised Code 122.85. A refundable tax credit may be claimed for Ohio production expenditures by eligible motion picture productions. The credit equals 30 percent of eligible expenditures. The credit is based on the lesser of initially-budgeted production expenditures or actual production expenditures. No credits will be issued until a minimum of \$300 thousand in eligible expenditures have been made. The total amount of issued credits may not exceed \$40 million per fiscal year. The abated tax types are insurance, financial institutions, foreign insurance, and income tax.

No tax credits may be taken until the production is complete and a report has been filed showing the expenses that were incurred, which provides the basis for determining the amount of the tax credit. The Department of Taxation has the authority, under Ohio Revised Code 122.85(C)(3), to examine the claimed expenses for validity.



**NOTE 3 TAX ABATEMENTS (Continued)**

**New Markets Tax Credit**

Ohio Revised Code sections 5725.33, 5726.54, and 5729.16 establish the new markets tax credit. Taxpayers with an equity investment in a qualified community development entity may claim a nonrefundable tax credit equal to a designated percentage of the adjusted purchase price of qualified low-income community investments. The credit percentage is zero percent in the first two years of the investment, seven percent in the third year of the investment, and eight percent in the following four years. The taxes abated are insurance, financial institutions, and foreign insurance.

The foregone revenue through tax abatements for fiscal year 2018 is presented in the following table (dollars in thousands):

<u>Abatement Program</u>	<u>Amount of Taxes Abated</u>
Job Creation Credit .....	\$ 148,550
Job Retention Credit.....	52,801
Historic Preservation Tax Credit .....	26,740
Motion Picture Tax Credit .....	15,839
New Markets Tax Credit .....	5,051
Total of Tax Abatements .....	<u>\$ 248,981</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 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, the Ohio Housing Finance Agency, the Ohio Water Development Authority, and the Ohio Turnpike and Infrastructure Commission;
- 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 registered U.S. government securities dealer;
- No-load money market mutual funds;



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

- 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 of any domestic bank or federally chartered domestic branch office of a foreign bank;
- Certificates of deposit in the eligible institutions applying for interim moneys as provided in section 135.08 of the Ohio Revised Code, 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, business linked deposits as authorized under Sections 135.77 to 135.774, 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 interests, other than commercial paper as described above, of corporations incorporated under the laws of the United States or a state, or 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;
- Bonds, notes, and other obligations of any state or political subdivision thereof;
- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code; and
- Obligations of a political subdivision issued under Chapter 133, 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 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, 9<sup>th</sup> Floor, Columbus, Ohio 43215, by calling 1-800-648-7827, or by accessing the Treasurer of State's website at [www.tos.ohio.gov](http://www.tos.ohio.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.



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

**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 institution's trust department or agent in an account indicating the public depositor's security interest in the securities, 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, 2018, held by the primary government, including fiduciary activities, and its major discretely presented component units and the extent of exposure to custodial credit risk.

<b>Primary Government (including Fiduciary Activities) and Major Discretely Presented Component Unit Deposits—Custodial Credit Risk As of June 30, 2018 (dollars in thousands)</b>					
			<u>Uninsured Portion of Reported Bank Balance</u>		
	Carrying Amount	Bank Balance	Uncollateralized	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> .....	\$ 1,352,652	\$ 1,251,915	\$ 40,594	\$ 28,654	\$ -
<i>Major Discretely Presented Component Unit:</i>					
Ohio State University.....	1,921,297	1,903,577	-	-	1,895,933

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, 2018, of investments by type for the primary government, including fiduciary activities, and the extent of exposure to custodial credit risk (dollars in thousands):



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

Primary Government (including Fiduciary Activities) Investments—Fair Value and Custodial Credit Risk As of June 30, 2018 (dollars in thousands)		
	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 .....	\$ 22,547,591	\$ -
U.S. Government Obligations—Strips .....	1,163,931	793,977
U.S. Agency Obligations .....	5,273,330	-
U.S. Agency Obligations—Strips .....	180,328	-
Common and Preferred Stock .....	53,726,669	-
Corporate Bonds and Notes .....	18,537,392	-
Corporate Bonds and Notes—Strips .....	517	-
Municipal Obligations .....	585,974	-
Negotiable Certificates of Deposit .....	366,784	-
Commercial Paper .....	6,832,084	-
Repurchase Agreements .....	2,548,770	-
Mortgage and Asset-Backed Securities .....	7,658,917	-
International Investments:		
Foreign Stocks .....	40,208,420	-
Foreign Bonds .....	3,578,985	-
High-Yield and Emerging Markets Fixed Income .....	8,362,801	-
Securities Lending Collateral:		
Commercial Paper .....	241,544	-
Repurchase Agreements .....	2,091,361	-
Variable Rate Notes .....	791,128	-
		\$ 793,977
<i>Investments Not Subject to Custodial Credit Risk Exposure:</i>		
Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:		
U.S. Government Obligations .....	2,981,065	
U.S. Government Obligations—Strips .....	53,529	
U.S. Agency Obligations .....	57,441	
Corporate Bonds and Notes .....	63,415	
International Investments-Commingled Equity Funds .....	7,248,010	
Equity Mutual Funds .....	14,222,393	
Bond Mutual Funds .....	10,168,621	
Real Estate .....	24,461,559	
Venture Capital .....	22,656,673	
Partnerships and Hedge Funds .....	19,105,194	
Deposit with Federal Government .....	932,190	
Component Units' Equity in State Treasurer's Cash and Investment Pool .....	(457,624)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio .....	(777,395)	
Total Investments — Primary Government .....	\$ 275,411,597	



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

The following table reports investments with custodial credit risk exposure for the major discretely presented component unit. The Ohio Facilities Construction Commission Component Unit 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 State University’s policy is to hold investments in custodial accounts with the securities registered solely in the name of the university.

<b>Major Discretely Presented Component Unit</b>		
<b>Investment Custodial Credit Risk</b>		
<b>As of June 30, 2018</b>		
<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 .....	\$ 542,456	\$ 542,456
U.S. Agency Obligations .....	101,834	101,834
Common and Preferred Stock .....	319,135	319,135
Corporate Bonds and Notes .....	1,099,320	1,099,320
Municipal Obligations .....	13,813	13,813
Negotiable Certificates of Deposit.....	628,727	628,727
Commercial Paper.....	39,501	39,501
International Investments:		
Foreign Stocks .....	348,018	348,018
Foreign Bonds .....	14,526	14,526
Securities Lending Collateral:.....		
Commercial Paper .....	1,228	1,228
Repurchase Agreements .....	19,014	19,014
Variable Rate Notes .....	19,268	19,268
Total Ohio State University.....		<u>\$ 3,146,840</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;
- 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;
- No-load money market mutual funds must carry a rating of the highest category by one nationally recognized rating agency; and
- Bonds and notes of any other State or political subdivision thereof must be rated in the three highest categories by one nationally recognized rating agency.

Investment policies of the Treasurer of State’s Office further define required credit ratings as follows:

- Commercial paper must have a short-term debt rating of at least “A-1” by Standard & Poor’s and an equivalent rating by one other nationally recognized rating agency;
- Bonds and notes of any other State or political subdivision thereof must be rated in the three highest categories by Standard & Poor’s;



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

- Corporate bonds and notes must be rated in the three highest categories by two nationally recognized rating agencies;
- Banker acceptances must carry a minimum of “A+” for long-term debt (“AAA” for foreign issuers) by a majority of the nationally recognized rating agencies rating the issuer. For short-term debt, the rating must be at least “A-1” or equivalent by at least two nationally recognized rating agencies;
- Foreign debt, or the implicit rating of the issuer of the debt, must be rated in one of the three highest categories by at least two nationally recognized rating agencies;
- Repurchase agreements must, in the case when issued by a counterparty that is not either: an Ohio financial institution that is a member of the Federal Reserve System, or a Federal Home Loan Bank, or a recognized government securities dealer, then such counterparty must have a short-term debt rating of at least A-1 by Standard & Poor’s, or, if the counterparty is not explicitly rated A-1 by Standard & Poor’s, then the counterparty must possess a guarantee from a Standard & Poor’s-rated parent company; and
- Registered investment companies open-end, no-load money market mutual funds must be rated “AAA” or “AAAm” by Standard & Poor’s.

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 of the following nationally-recognized bond rating services: Moody’s, Fitch or Standard & Poor’s, for fixed income securities. If only one of the rating services rates a security, the rating must be investment grade.

*Variable College Savings Plan Private-Purpose Trust Fund*

The fixed income portfolio should consist primarily of domestic investment grade bonds and may be partially invested in below investment grade bonds. Any portion of the portfolio in below-investment grade securities should be mostly invested in “BB” and “B” rated securities.

*STAR Ohio Investment Trust Fund*

Investment policies governing the STAR Ohio external investment pool generally require that all securities must be rated the equivalent of “A-1+” or “A-1” by Standard & Poor’s rating agency. Exceptions to the general policy are: mutual funds must be rated AAA or AAAm by Standard and Poor’s, while commercial paper, corporate bonds and notes, and bankers’ acceptances must have a second equivalent rating from another nationally recognized rating agency, and municipal obligations must be rated in the three highest categories by Standard & Poor’s.

*Retirement Systems Agency Fund*

For the Ohio Public Employees Retirement System, the percentage by market value of non-investment grade securities in the Fixed Income Asset Class will be within 15 percentage points of the percentage by market value of non-investment grade securities in the Fixed Income Aggregate Benchmark.

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 in the portfolios mentioned above 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.



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

The Ohio Facilities Construction Commission Component Unit 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.

All investments, as categorized by credit ratings in the tables below and on the following page, meet the requirements of the State's laws and policies, when applicable.

**Primary Government (including Fiduciary Activities)**  
**Investment Credit Ratings**  
**As of June 30, 2018**  
*(dollars in thousands)*

Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations.....	\$ 348,016	\$ 4,948,217	\$ 3,413	\$ 1,755	\$ 322	\$ -
U.S. Agency Obligations-Strips.....	26,535	153,793	-	-	-	-
Corporate Bonds and Notes.....	770,542	1,648,574	6,082,482	6,042,526	2,000,791	1,458,335
Corporate Bonds and Notes-Strips.....	481	-	-	-	-	-
Municipal Obligations.....	70,951	367,771	124,605	19,643	1,398	445
Negotiable Certificates of Deposit.....	349,788	4,701	-	-	-	-
Commercial Paper.....	1,308,289	851,683	4,169,595	1,015	-	-
Repurchase Agreements.....	1,050,000	430,000	-	-	-	-
Mortgage and Asset-Backed Securities.....	3,808,164	2,668,312	192,787	237,593	120,131	47,629
Bond Mutual Funds.....	7,074,406	1,728,605	360,815	62,820	566,235	31,547
International Investments:						
Foreign Bonds.....	370,571	369,343	805,682	1,138,666	410,035	189,594
High-Yield and Emerging Markets Fixed Income	77,622	94,554	1,198,039	2,086,519	2,044,413	2,041,953
Securities Lending Collateral:						
Commercial Paper.....	-	-	241,544	-	-	-
Repurchase Agreements.....	-	-	1,257,500	833,861	-	-
Variable Rate Notes.....	-	14,989	776,139	-	-	-
Bond Mutual Funds.....	54,994	-	-	-	-	-
Total Primary Government.....	<u>\$15,310,359</u>	<u>\$13,280,542</u>	<u>\$15,212,601</u>	<u>\$ 10,424,398</u>	<u>\$5,143,325</u>	<u>\$ 3,769,503</u>

Investment Type	Credit Rating					Total
	CCC/Caa	CC/Ca	C	D	Unrated	
U.S. Agency Obligations.....	\$ -	\$ -	\$ -	\$ -	\$ 29,048	\$ 5,330,771
U.S. Agency Obligations-Strips.....	-	-	-	-	-	180,328
Corporate Bonds and Notes.....	274,458	4,811	991	9,159	308,138	18,600,807
Corporate Bonds and Notes-Strips.....	-	-	1	-	35	517
Municipal Obligations.....	-	438	-	34	689	585,974
Negotiable Certificates of Deposit.....	-	-	-	-	12,295	366,784
Commercial Paper.....	-	-	-	-	501,502	6,832,084
Repurchase Agreements.....	-	-	-	-	1,068,770	2,548,770
Mortgage and Asset-Backed Securities.....	71,700	70,519	3,044	45,529	393,509	7,658,917
Bond Mutual Funds.....	6,349	-	-	-	282,850	10,113,627
International Investments:						
Foreign Bonds.....	39,135	6,581	-	65	249,313	3,578,985
High-Yield and Emerging Markets Fixed Income	384,357	49,106	4,578	53,731	327,929	8,362,801
Securities Lending Collateral:						
Commercial Paper.....	-	-	-	-	-	241,544
Repurchase Agreements.....	-	-	-	-	-	2,091,361
Variable Rate Notes.....	-	-	-	-	-	791,128
Bond Mutual Funds.....	-	-	-	-	-	54,994
Total Primary Government.....	<u>\$ 775,999</u>	<u>\$ 131,455</u>	<u>\$ 8,614</u>	<u>\$ 108,518</u>	<u>\$3,174,078</u>	<u>\$67,339,392</u>



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

Major Discretely Presented Component Units							
Investment Credit Ratings							
As of June 30, 2018							
(dollars in thousands)							
Ohio State University:	Investment Type	Credit Rating					
		AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B
	U.S. Agency Obligations.....	\$ 3,303	\$ 49,377	\$ 41,579	\$ -	\$ -	\$ -
	Corporate Bonds and Notes.....	59,972	174,267	455,977	308,793	17,706	4,650
	Municipal Obligations.....	1,192	6,033	2,892	3,125	-	-
	Negotiable Certificates of Deposit.....	-	-	-	-	-	-
	Commercial Paper.....	-	-	37,507	1,994	-	-
	Bond Mutual Funds.....	76,825	5,131	16,332	8,223	1,457	739
	Foreign Bonds.....	2,873	3,029	5,236	3,331	-	-
	Securities Lending Collateral:						
	Commercial Paper.....	-	-	1,228	-	-	-
	Repurchase Agreements.....	-	-	-	-	-	-
	Variable Rate Notes.....	-	6,361	12,907	-	-	-
	Total Ohio State University.....	\$ 144,165	\$ 244,198	\$ 573,658	\$ 325,466	\$ 19,163	\$ 5,389

Ohio State University (continued):	Investment Type	Credit Rating		
		CCC/Caa	Unrated	Total
	U.S. Agency Obligations.....	\$ -	\$ 7,575	\$ 101,834
	Corporate Bonds and Notes.....	-	77,955	1,099,320
	Municipal Obligations.....	300	271	13,813
	Negotiable Certificates of Deposit.....	-	628,727	628,727
	Commercial Paper.....	-	-	39,501
	Bond Mutual Funds.....	1,010	20	109,737
	Foreign Bonds.....	-	57	14,526
	Securities Lending Collateral:			
	Commercial Paper.....	-	-	1,228
	Repurchase Agreements.....	-	19,014	19,014
	Variable Rate Notes.....	-	-	19,268
	Total Ohio State University.....	\$ 1,310	\$ 733,619	\$ 2,046,968

At June 30, 2018, the Ohio Facilities Construction Commission had \$1.1 million invested in Bond Mutual Funds with a credit rating of AAA.

Descriptions of the investment credit ratings shown in the tables 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)**

**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 40 percent of the State’s total average portfolio;
- Bankers acceptances cannot exceed ten percent of the State’s total average portfolio;
- Debt interest (other than commercial paper) shall not exceed 25 percent of the State’s total average portfolio, and when combined with commercial paper, the amount of a single issuer may not exceed five percent of the total average portfolio; and
- Debt interests in foreign nations may not exceed two percent of the State’s 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 .....	50
Bankers’ Acceptances .....	10
Commercial Paper .....	40
Corporate Notes .....	25
Foreign Notes .....	2
Certificates of Deposit .....	20
Municipal Obligations .....	20
STAR Ohio .....	25
Mutual Funds .....	100

The investment policies of the Treasurer of State’s Office also specify that:

- Commercial paper, when combined with investments in other corporate obligations of a single issuer, are further limited to no more than five percent of the book value of the portfolio;
- Bankers’ Acceptances are further limited to no more than five percent of the book value of the portfolio in any single issuer;
- Mutual funds are limited in that the Treasurer’s holdings in a single mutual fund cannot be more than ten percent of the total assets of that mutual fund, nor more than 10 percent of the book value of the portfolio;
- Repurchase Agreements are limited in that any one counterparty may not exceed 10 percent of the book value of the portfolio; and
- Municipal obligations are limited to no more than 2.5 percent of the book value of the portfolio in any single issuer.



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

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, 10 percent maximum.

*State Highway Patrol Retirement System Pension Trust Fund*

Policy prohibits the investment of more than 10 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 issue with the exception of U.S. government securities.

*STAR Ohio Investment Trust Fund*

Investments in a single issuer are limited to no more than five percent of the net assets 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 agreements with terms to maturity of five days or less, limited at 100 percent; investments with any one counterparty limited at a maximum of five percent for A-2 rated counterparties, 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; with no more than 10 percent of the total average portfolio invested in any single mutual fund and limited to STAR Ohio representing no more than 10 percent of the total assets under management of any single mutual fund;
- Corporate obligations, limited to 25 percent, and when added to investments in commercial paper, no more than five percent invested with any single issuer;
- Municipal bonds, limited at 10 percent and limited to no more than 2.5 percent with any single issuer;
- Commercial paper, limited to 40 percent, and when added to investments in other corporate obligations, no more than five percent invested with any single issuer; and
- Bankers’ acceptances, limited at 10 percent, with no more than five percent invested with any single issuer.

*Retirement Systems Agency Fund*

For the Ohio Police and Fire Pension Fund, no more than 10 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 issue on a dollar duration basis, with the exception of U.S. government or agency securities. For its High Yield Portfolio, no more than 10 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, 2018, 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>STAR Ohio Investment Trust Fund:</i>		
Federal Home Loan Bank .....	\$ 799,248	8%
Federal Farm Credit Bank.....	524,882	5%



## **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 laws and policies to mitigate this risk.

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 that Bankers Acceptances must mature in 270 days or less.

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:

- Corporate notes - five years;
- Commercial paper - 270 days;
- Repurchase agreements - 90 days; and
- Foreign debt - five years.

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 Bloomberg Barclay's 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.

#### *Variable College Savings Plan Private-Purpose Trust Fund*

Policy requires the fixed-income portfolio to be invested with duration characteristics that are within a range consistent with Barclay's Aggregate Index ranges.

#### *STAR Ohio Investment Trust Fund*

Investment policies limit maturities of investments to a final stated maturity of 397 days or less, with a 762 day limit for floating rate U.S. Treasury and U.S. Agency obligations. 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 Fixed Income Policy of the Ohio Public Employees Retirement System requires that the Fixed Income Asset Class duration will be within 20 percent of the option-adjusted duration of the aggregate market value weighted Fixed Income sub-asset class benchmarks.

As of June 30, 2018, investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to interest rate changes. The U.S. agency obligations investment type includes \$1.29 billion with call dates in fiscal years 2019 and 2020, and maturity dates from fiscal years 2019 through 2023. The Corporate Bonds and Notes investment type has \$352.4 million with call dates and maturity dates from fiscal years 2019 through 2023.



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

Additionally, several investments reported as “Investments” have terms that make their fair values highly sensitive to interest rate changes. U.S. agency obligations of \$8.7 million have call dates in fiscal year 2019, and maturity dates in fiscal years 2019 through 2022. Corporate bonds in the amount of \$272.5 million have call dates in fiscal year 2019, and maturity dates in fiscal years 2019 and 2020.

Also, during fiscal year 2018, the Treasurer of State acted as the custodian of the Retirement Systems Agency Fund’s investments. These investments may 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 table below and on the following page 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, 2018, 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.

<b>Primary Government (including Fiduciary Activities)</b>					
<b>Investments Subject to Interest Rate Risk</b>					
<b>As of June 30, 2018</b>					
<i>(dollars in thousands)</i>					
Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations.....	\$ 7,590,973	\$ 9,939,329	\$ 4,998,920	\$ 2,999,434	\$ 25,528,656
U.S. Government Obligations - strips.....	428,379	508,769	91,626	188,686	1,217,460
U.S. Agency Obligations.....	2,103,404	2,333,532	220,405	673,430	5,330,771
U.S. Agency Obligations-strips.....	50,637	101,532	21,692	6,467	180,328
Corporate Bonds and Notes.....	2,407,624	5,153,582	4,368,259	6,671,342	18,600,807
Corporate Bonds and Notes - Strips.....	-	-	-	517	517
Municipal Obligations.....	1,524	7,420	13,957	563,073	585,974
Negotiable Certificates of Deposit.....	356,234	10,550	-	-	366,784
Commercial Paper.....	6,832,084	-	-	-	6,832,084
Repurchase Agreements.....	2,548,770	-	-	-	2,548,770
Mortgage and Asset-Backed Securities.....	226,394	1,478,223	481,215	5,473,085	7,658,917
Bond Mutual Funds.....	6,625,673	700,847	1,333,834	1,453,273	10,113,627
International Investments:					
Foreign Bonds.....	340,317	1,039,973	880,561	1,318,134	3,578,985
High-Yield and Emerging Markets Fixed Income.....	523,986	2,373,015	3,258,383	2,207,417	8,362,801
Securities Lending Collateral:					
Commercial Paper.....	241,544	-	-	-	241,544
Repurchase Agreements.....	2,091,361	-	-	-	2,091,361
Variable Rate Notes.....	791,128	-	-	-	791,128
Bond Mutual Funds.....	54,994	-	-	-	54,994
Total Primary Government.....	<u>\$ 33,215,026</u>	<u>\$ 23,646,772</u>	<u>\$ 15,668,852</u>	<u>\$ 21,554,858</u>	<u>\$ 94,085,508</u>



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

**Major Discretely Presented Component Units  
Investments Subject to Interest Rate Risk  
As of June 30, 2018  
(dollars in thousands)**

Ohio State University: Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations.....	\$ 425,816	\$ 100,160	\$ 1,263	\$ 15,217	\$ 542,456
U.S. Agency Obligations.....	4,215	32,493	13,109	52,017	101,834
Corporate Bonds and Notes.....	269,053	735,521	41,510	53,236	1,099,320
Municipal Obligations.....	5,574	5,386	49	2,804	13,813
Negotiable Certificates of Deposit.....	628,727	-	-	-	628,727
Commercial Paper.....	39,501	-	-	-	39,501
Bond Mutual Funds.....	7,976	56,420	29,683	15,658	109,737
International Investments:					
Foreign Bonds.....	5,214	8,129	-	1,183	14,526
Securities Lending Collateral:					
Commercial Paper.....	1,228	-	-	-	1,228
Repurchase Agreements.....	19,014	-	-	-	19,014
Variable Rate Notes.....	19,268	-	-	-	19,268
Total Ohio State University.....	<u>\$ 1,425,586</u>	<u>\$ 938,109</u>	<u>\$ 85,614</u>	<u>\$ 140,115</u>	<u>\$ 2,589,424</u>

At June 30, 2018, the Ohio Facilities Construction Commission had \$1.1 million invested in Bond Mutual Funds with a maturity of less than one year.

**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.



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

As of June 30, 2018, investments denominated in the currency of foreign nations, as detailed in the following tables for the primary government, including fiduciary activities, and the Ohio State University major discretely presented component unit, meet the requirements of the State's laws and policies, when applicable.

<b>Primary Government (including Fiduciary Activities)</b>					
<b>International Investments—Foreign Currency Risk</b>					
<b>As of June 30, 2018</b>					
<i>(dollars in thousands)</i>					
	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Commingled International Equity	Total
Argentinean Peso.....	\$ 2,679	\$ 1,935	\$ 86,963	\$ -	\$ 91,577
Australian Dollar.....	963,517	-	-	133,893	1,097,410
Bermudian Dollar.....	-	-	-	3,157	3,157
Brazilian Real.....	598,183	256	385,418	41,608	1,025,465
British Pound.....	3,455,741	3,055	-	387,244	3,846,040
Canadian Dollar.....	1,222,486	4,355	-	190,024	1,416,865
Chilean Peso.....	73,182	863	85,565	7,990	167,600
Chinese Renminbi.....	34,731	(353)	144	210,195	244,717
Colombian Peso.....	6,119	-	218,126	3,416	227,661
Czech Koruna.....	25,000	521	98,277	1,186	124,984
Danish Krone.....	391,933	-	-	32,483	424,416
Dominican Peso.....	-	-	17,336	-	17,336
Egyptian Pound.....	10,831	-	67,834	985	79,650
Euro.....	5,234,277	(4,698)	23,547	687,765	5,940,891
Georgian Lari.....	-	-	10,482	-	10,482
Ghana Cedi.....	-	-	42,670	-	42,670
Hong Kong Dollar.....	2,636,844	-	-	91,623	2,728,467
Hungarian Forint.....	29,846	-	80,724	2,000	112,570
Indian Rupee.....	743,923	-	81,482	61,408	886,813
Indonesian Rupiah.....	208,937	1,626	309,580	13,594	533,737
Israeli Shekel.....	47,866	-	-	10,144	58,010
Japanese Yen.....	4,439,772	(94)	-	470,149	4,909,827
Kenya Shilling.....	1,698	-	16,030	-	17,728
Macau Pataca.....	-	-	-	2,778	2,778
Malaysian Ringgit.....	129,230	-	161,355	17,761	308,346
Manx Pound.....	-	-	-	1,501	1,501
Mexican Peso.....	126,768	(2,255)	381,322	21,365	527,200
Moroccan Dirham.....	1,603	-	-	-	1,603
New Zealand Dollar.....	49,345	-	-	4,132	53,477
Nigerian Naira.....	22,307	-	27,665	-	49,972
Norwegian Krone.....	266,137	-	-	14,486	280,623
Pakistani Rupee.....	-	-	-	568	568
Papua New Guinea Kina.....	-	-	-	1,289	1,289
Peruvian New Sol.....	964	-	70,498	375	71,837
Philippines Peso.....	61,227	(3,452)	4,137	6,900	68,812
Polish Zloty.....	118,942	365	316,070	7,996	443,373
Qatari Rial.....	12,099	-	-	5,905	18,004
Romanian Leu.....	1,596	330	18,515	-	20,441
Russian Ruble.....	57,498	582	334,578	25,152	417,810
Singapore Dollar.....	286,211	-	-	24,899	311,110
South African Rand.....	552,631	(1,761)	311,091	45,958	907,919
South Korean Won.....	1,525,940	-	-	104,043	1,629,983
Sri Lankan Rupee.....	-	-	10,236	-	10,236
Swedish Krona.....	377,794	-	-	49,805	427,599
Swiss Franc.....	1,330,798	-	-	165,462	1,496,260
Taiwan Dollar.....	927,506	(242)	-	82,979	1,010,243
Thailand Baht.....	287,369	-	84,742	15,413	387,524
Turkish Lira.....	209,370	423	242,079	5,436	457,308
Ugandan Shilling.....	-	-	8,902	-	8,902
United Arab Emirates Dirham.....	37,374	-	-	4,580	41,954
Uruguayan Peso.....	-	-	80,580	-	80,580
Vietnamese Dong.....	9,372	-	-	-	9,372
Zambian Kwacha.....	-	-	7,504	-	7,504
Investments Held in Foreign Currency.....	<u>\$ 26,519,646</u>	<u>\$ 1,456</u>	<u>\$ 3,583,452</u>	<u>\$ 2,957,647</u>	<u>\$ 33,062,201</u>
Foreign Investments Held in U.S. Dollars.....					26,336,015
Total Foreign Investments - Primary Government, including Fiduciary Activities.....					<u>\$ 59,398,216</u>



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

**Major Discretely Presented Component Unit**  
**International Investments—Foreign Currency Risk**  
**As of June 30, 2018**  
*(dollars in thousands)*

*Ohio State University*

Currency	Stocks	Bonds	Commingled International Equity	Total
Australian Dollar.....	\$ 2,933	\$ -	\$ -	\$ 2,933
Brazilian Real.....	4,477	-	-	4,477
British Pound.....	60,906	2,509	75,012	138,427
Canadian Dollar.....	10,755	-	-	10,755
Chilean Peso.....	287	-	-	287
Chinese Renminbi.....	77	-	-	77
Colombian Peso.....	116	-	-	116
Czech Koruna.....	42	-	-	42
Danish Krone.....	3,433	-	-	3,433
Egyptian Pound.....	46	-	-	46
Euro.....	104,881	1,672	98,131	204,684
Hong Kong Dollar.....	17,917	-	-	17,917
Hungarian Forint.....	62	-	-	62
Indian Rupee.....	2,318	-	-	2,318
Indonesian Rupiah.....	487	-	-	487
Israeli Shekel.....	166	-	-	166
Japanese Yen.....	81,496	-	-	81,496
Malaysian Ringgit.....	609	-	-	609
Mexican Peso.....	723	-	-	723
New Zealand Dollar.....	129	-	-	129
Norwegian Krone.....	5,380	-	-	5,380
Pakistani Rupee.....	41	-	-	41
Philippines Peso.....	233	-	-	233
Polish Zloty.....	268	-	-	268
Qatari Rial.....	196	-	-	196
Russian Ruble.....	447	-	-	447
Singapore Dollar.....	548	-	-	548
South African Rand.....	1,602	-	-	1,602
South Korean Won.....	4,846	-	-	4,846
Swedish Krona.....	3,028	-	-	3,028
Swiss Franc.....	31,142	-	24,863	56,005
Taiwan Dollar.....	3,149	-	-	3,149
Thailand Baht.....	576	-	-	576
Turkish Lira.....	197	-	-	197
United Arab Emirates Dirham.....	139	-	-	139
Investments Held in Foreign Currency.....	<u>\$ 343,652</u>	<u>\$ 4,181</u>	<u>\$ 198,006</u>	<u>\$ 545,839</u>
Foreign Investments Held in U.S. Dollars.....				14,711
Total Foreign Currency Investments - Ohio State University.....				<u>\$ 560,550</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, and provided that all denomination of principal and interest be in U.S. dollars.

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 40 percent of the Fixed Income assets may be from non-U.S. issuers.



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

**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.

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, with the exception of U.S. Treasury Bills, which are purchased at a discount and are collateralized at par. 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, 2018, 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 29 days while the weighted average maturity of securities loans is six days.

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 the insolvency default of the lending counterparty.

During fiscal year 2018, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2018, the Treasurer of State lent U.S. government and agency obligations and corporate notes in exchange for cash collateral.

**E. Investment Derivatives**

As of June 30, 2018, the State reports the following investment derivatives in its financial statements (dollars in thousands):



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

<b>Investment Derivatives</b>					
<b>As of June 30, 2018</b>					
<i>(dollars in thousands)</i>					
	Notional	Fair Value at 6/30/2018 or 12/31/2017		Increase (Decrease) in Fair Value	
		Amount	Reported as	Amount	Reported as
<b>Governmental Activities:</b>					
<b>Investment Derivatives:</b>					
Pay-fixed interest rate sw aps	\$ 82,350	\$ (5,979)	Other Noncurrent Liability	\$ 2,850	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
<b>Fiduciary Funds—Agency:</b>					
<b>Investment Derivatives:</b>					
Credit default sw aps	57,470	(391)	Investments	(502)	Investment Income
Equity sw aps	938,595	(6,970)	Investments	(5,799)	Investment Income
Foreign exchange forward currency contracts	8,607,136	54,379	Investments	103,421	Investment Income
Futures contracts	2,146,505	(3,225)	Investments	(2,671)	Investment Income
Interest rate sw ap	363,149	(740)	Investments	(1,557)	Investment Income
Options	6,696,665	2,702	Investments	3,351	Investment Income
Total return sw aps	1,587,978	(5,220)	Investments	238	Investment Income
Warrants	26,407	2,077	Investments	899	Investment Income

For governmental activities, the pay-fixed swaps included in the table above do not meet the criteria for hedging derivatives as of June 30, 2018 and are reported as investment derivatives. The increases in the fair values for fiscal year 2018 of \$2.9 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+/AA- as of June 30, 2018. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2018. 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 62 percent of the 10-year LIBOR. 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 4 DEPOSITS AND INVESTMENTS (Continued)**

**F. Fair Value Disclosures**

The State categorizes fair value measurements of its investments within the fair value hierarchy shown in the table below:

<b>Primary Government (including Fiduciary Activities)</b>				
<b>Investments - Fair Value Disclosures</b>				
<b>As of June 30, 2018</b>				
<i>(dollars in thousands)</i>				
	Fair Value at June 30, 2018	<b>Amount of Fair Value Measured Using:</b>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured By Fair Value Level</b>				
U.S. Government Obligations.....	\$ 25,176,608	\$ 3,105,079	\$ 22,071,529	\$ -
U.S. Government Obligations - Strips.....	1,217,460	955,003	262,457	-
U.S. Agency Obligations.....	5,330,476	-	5,330,476	-
U.S. Agency Obligations-Strips.....	180,328	-	180,328	-
Common and Preferred Stock.....	52,518,127	52,477,889	14,285	25,953
Corporate Bonds and Notes.....	18,146,677	110,978	17,916,872	118,827
Corporate Bonds and Notes - Strips.....	517	-	517	-
Municipal Obligations.....	585,974	1,154	584,820	-
Negotiable Certificates of Deposit.....	366,784	349,788	16,996	-
Commercial Paper.....	5,319,044	599,754	4,719,290	-
Repurchase Agreements.....	868,770	18,770	850,000	-
Mortgage and Asset-Backed Securities.....	7,658,917	-	7,485,941	172,976
Equity Mutual Funds.....	11,372,421	11,321,886	50,535	-
Bond Mutual Funds.....	5,300,763	5,266,135	34,628	-
Real Estate.....	8,907,247	1,229,655	-	7,677,592
Venture Capital.....	1,476,223	1,197,828	-	278,395
Partnerships and Hedge Funds.....	1,168,579	1,017,395	-	151,184
International Investments:				
Foreign Stocks.....	39,360,399	37,935,415	1,421,415	3,569
Foreign Bonds.....	3,579,533	-	3,038,497	541,036
High-Yield and Emerging Markets Fixed Income.....	8,365,028	56,344	8,216,724	91,960
Commingled Equity Funds.....	24,093	24,093	-	-
Securities Lending Collateral:				
Variable Rate Notes.....	791,128	-	791,128	-
Bond Mutual Funds.....	54,994	54,994	-	-
	<u>\$ 197,770,090</u>	<u>\$ 115,722,160</u>	<u>\$ 72,986,438</u>	<u>\$ 9,061,492</u>
<b>Investment Derivative Instruments</b>				
Pay Fixed Interest Rate Sw aps.....	\$ (5,979)	\$ -	\$ (5,979)	\$ -
Credit Default Sw aps.....	(391)	-	(391)	-
Equity Sw aps.....	(6,970)	-	(6,970)	-
Foreign Exchange Forward Currency Contracts.....	54,379	-	54,379	-
Futures Contracts.....	(3,225)	(3,225)	-	-
Interest Rate Sw ap.....	(740)	-	(740)	-
Options.....	2,702	(1,810)	4,512	-
Total Return Sw aps.....	(5,220)	-	(5,220)	-
Warrants.....	2,077	-	-	2,077
	<u>\$ 36,633</u>	<u>\$ (5,035)</u>	<u>\$ 39,591</u>	<u>\$ 2,077</u>



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

**Primary Government (including Fiduciary Activities)  
Investments—Fair Value Disclosures  
As of June 30, 2018  
(dollars in thousands)**

	Net Asset Value at June 30, 2018
<b>Investments measured at the Net Asset Value Level</b>	
Common and Preferred Stock.....	\$ 1,218,101
Corporate Bonds and Notes.....	130,779
Equity Mutual Funds.....	2,838,340
Bond Mutual Funds.....	3,437,957
Real Estate.....	15,554,312
Venture Capital.....	21,177,835
Partnerships and Hedge Funds.....	17,937,504
International Investments:	
Foreign Bonds.....	794,908
Commingled Equity Funds.....	7,223,917
	\$ 70,313,653

For investments held by the Treasurer of State, \$506.5 million classified in Level 1 were valued using inputs based on published share price. Level 2 classifications in the amount of \$10.37 billion were valued using either matrix pricing, or, in the case of variable rate notes, were valued by discounting the current and future coupons using a yield calculation or scale based on the characteristics of the security. For matrix pricing, inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications were used. Interactive Data pricing used by the Treasurer’s office also monitors market indicators, and industry and economic events. The Ohio Lottery Commission’s structured investments are included in the Treasurer of State’s Level 2 investments noted above. Investments in the amount of \$158.6 million, classified in Level 3, were bonds for which there is no secondary market, and were therefore, valued at the original principal.

For investments held by the STAR Ohio investment pool, \$2.29 billion in open-end investment companies, including money market funds, were classified in Level 1 and were valued using the daily redemption value as reported by the underlying fund, while the \$7.69 billion in short-term investments classified in Level 2 was valued using market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids and offers. Market indicators and industry and economic events were also monitored to see if further market data was needed.

Investments held by the Department of Commerce in the amount of \$794 million for escheat property classified in Level 1, were valued using quoted prices for identical securities in an active market. Investments held by other state agencies in the amount \$36.3 million classified in Level 1, were valued using quoted prices in a large and active market.

For investments held by independently audited organizations of the primary government, more information regarding investment valuations can be found in the organizations’ stand-alone financial reports. The stand-alone financial reports for the independently audited organizations included in the table above may be found as follows:

- STAR Ohio investment pool at the Treasurer of State’s Office, at <http://www.tos.ohio.gov/>;
- Development Services Agency-Office of Loan Administration, at <https://development.ohio.gov/>;
- Buckeye Tobacco Settlement Financing Authority, at <http://obm.ohio.gov/BondsInvestors/tobacco.aspx>;
- Southern Ohio Agricultural and Community Development Foundation, at <http://www.soacdf.net/>;
- Bureau of Workers’ Compensation/Industrial Commission of Ohio, at <https://www.bwc.ohio.gov/>;
- Tuition Trust Authority, at <https://www.collegeadvantage.com/>;
- State Highway Patrol Retirement System, at <https://www.statepatrol.ohio.gov/>;



**NOTE 4 DEPOSITS AND INVESTMENTS (Continued)**

- State Teachers Retirement System, at <https://www.strsoh.org/>;
- School Employees Retirement System, at <https://www.ohsers.org/>;
- Ohio Public Employees Retirement System, at <https://www.opers.org/>; and
- Ohio Police and Fire Pension Fund, at <https://www.op-f.org/>.

The fair value investment hierarchy for Ohio State University, a major discretely presented component unit, is reported in the table below:

<b>Major Discretely Presented Component Units</b>				
<b>Investments - Fair Value Disclosures</b>				
<b>As of June 30, 2018</b>				
<i>(dollars in thousands)</i>				
	Fair Value at June 30, 2018	<b>Amount of Fair Value Measured Using:</b>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Ohio State University</i>				
<b>Investments Measured by Fair Value Level</b>				
U.S. Government Obligations .....	\$ 542,456	\$ 3,313	\$ 539,143	\$ -
U.S. Agency Obligations .....	101,834	-	101,834	-
Common and Preferred Stock .....	319,135	319,135	-	-
Corporate Bonds and Notes .....	1,099,320	-	1,098,219	1,101
Municipal Obligations.....	13,813	-	13,813	-
Negotiable Certificates of Deposit .....	628,727	628,727	-	-
Commercial Paper .....	39,501	-	39,501	-
Equity Mutual Funds .....	196,832	196,832	-	-
Bond Mutual Funds .....	109,737	109,737	-	-
Real Estate .....	109,195	9,927	-	99,268
Partnerships and Hedge Funds .....	46,984	-	-	46,984
Life Insurance .....	3,284	-	-	3,284
International Investments:				
Foreign Stocks .....	348,018	348,018	-	-
Foreign Bonds .....	14,526	-	14,526	-
Commingled Equity Funds .....	135,951	-	-	135,951
Securities Lending Collateral:.....				
Commercial Paper .....	1,228	-	1,228	-
Repurchase Agreements .....	19,014	-	19,014	-
Variable Rate Notes .....	19,268	-	19,268	-
	<u>\$ 3,748,823</u>	<u>\$ 1,615,689</u>	<u>\$ 1,846,546</u>	<u>\$ 286,588</u>
<i>Ohio State University</i>				
	Net Asset Value at June 30, 2018			
<b>Investments measured at the Net Asset Value Level</b>				
Equity Mutual Funds .....	\$ 662,679			
Real Estate .....	536,025			
Partnerships and Hedge Funds .....	2,041,842			
International Investments:				
Commingled Equity Funds .....	62,055			
	<u>\$ 3,302,601</u>			

More information on Ohio State University's fair value investment valuations can be found in its audited stand-alone financial report at <https://www.osu.edu/>.

The Ohio Facilities Construction Commission's investments in the amount of \$1.1 million were classified in Level 1 based on their valuation using the market approach.



**NOTE 5 RECEIVABLES**

**A. Taxes Receivable – Primary Government**

Current taxes receivable is expected to be collected in the next fiscal year while noncurrent taxes receivable is not expected to be collected until more than one year from the balance sheet date. As of June 30, 2018, approximately \$68 million of the net taxes receivable balance is also reported as deferred inflows of resources on the governmental funds' balance sheet, all of which is reported in the General Fund.

Refund liabilities for income taxes, totaling approximately \$1.24 billion 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 .....	\$ 408,879	\$ -	\$ 408,879
Sales Taxes .....	484,177	-	484,177
Motor Vehicle Fuel Taxes .....	184,287	113,170	297,457
Commercial Activity Taxes .....	408,989	12,840	421,829
Public Utility Taxes .....	93,019	-	93,019
Casino Taxes .....	-	3,089	3,089
	<u>1,579,351</u>	<u>129,099</u>	<u>1,708,450</u>
Noncurrent-Due in More Than One Year:			
Income Taxes .....	11,844	-	11,844
Taxes Receivable, Net .....	<u>\$1,591,195</u>	<u>\$ 129,099</u>	<u>\$ 1,720,294</u>

**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, 2018 (dollars in thousands):

	From Nonexchange Programs		From Sales of Goods and Services		Total Primary Government
	Federal Government	Local Government	Other State Government	Local Government	
<b>Governmental Activities:</b>					
Major Governmental Funds:					
General .....	\$ 729,206	\$ -	\$ -	\$ -	\$ 729,206
Job, Family and Other Human Services ..	170,956	16,599	-	-	187,555
Nonmajor Governmental Funds .....	386,755	68,288	-	10,189	465,232
Total Governmental Activities .....	<u>1,286,917</u>	<u>84,887</u>	<u>-</u>	<u>10,189</u>	<u>1,381,993</u>
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Unemployment Compensation .....	-	-	443	-	443
Nonmajor Proprietary Funds .....	-	-	-	6,534	6,534
Total Business-Type Activities .....	<u>-</u>	<u>-</u>	<u>443</u>	<u>6,534</u>	<u>6,977</u>
Intergovernmental Receivable .....	<u>\$ 1,286,917</u>	<u>\$ 84,887</u>	<u>\$ 443</u>	<u>\$ 16,723</u>	<u>\$ 1,388,970</u>



**NOTE 5 RECEIVABLES (Continued)**

**C. Loans Receivable**

Loans receivable for the primary government, as of June 30, 2018, 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.....	\$ 219,155	\$ -	\$ 219,155
Local Infrastructure Improvements .....	559,312	-	559,312
Housing Finance .....	323,336	-	323,336
Highway, Transit, & Aviation Infrastructure Bank.....	-	127,488	127,488
Third Frontier Program Loans.....	-	44,479	44,479
Wayne Trace Local School District .....	1,289	-	1,289
Rail Development .....	-	1,496	1,496
Capital Access Loan Program.....	-	5,056	5,056
OhioMeansJobs Workforce Development Revolving Loan Program.....	-	2,750	2,750
Loans Receivable, Net .....	<u>\$ 1,103,092</u>	<u>\$ 181,269</u>	<u>\$ 1,284,361</u>
Current-Due Within One Year .....	\$ 151,244	\$ 21,511	\$ 172,755
Noncurrent-Due in More Than One Year .....	951,848	159,758	1,111,606
Loans Receivable, Net .....	<u>\$ 1,103,092</u>	<u>\$ 181,269</u>	<u>\$ 1,284,361</u>

The “Loans Receivable” balance reported in the major discretely presented component units, as of June 30, 2018, 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, 2018, consist of the following (dollars in thousands):

<b>Primary Government - Other Receivables</b>						
Governmental Activities						
Major Governmental Funds						
Types of Receivables	General	Job, Family & Other Human Services	Revenue Bonds	Buckeye Tobacco Settlement Financing Authority	Nonmajor Govern- mental Funds	Total
Manufacturers' Rebates .....	\$ 193,610	\$ 327,524	\$ -	\$ 4,706	\$ 525,840	
Tobacco Settlement .....	-	-	572,542	34,100	606,642	
Health Facility Bed Assessments .....	-	102,761	-	-	102,761	
Managed Care Franchise Fees.....	-	62,316	-	-	62,316	
Interest .....	24,732	-	-	24	24,756	
Accounts .....	12,129	13,175	-	14,290	39,594	
Miscellaneous .....	29,962	-	-	-	29,962	
Other Receivables, Net.....	<u>\$ 260,433</u>	<u>\$ 505,776</u>	<u>\$ 572,542</u>	<u>\$ 53,120</u>	<u>\$ 1,391,871</u>	
Current-Due Within One Year .....	\$ 260,433	\$ 505,776	\$ -	\$ 19,020	\$ 785,229	
Noncurrent-Due in More Than One Year.....	-	-	572,542	34,100	606,642	
Other Receivables, Net.....	<u>\$ 260,433</u>	<u>\$ 505,776</u>	<u>\$ 572,542</u>	<u>\$ 53,120</u>	<u>\$ 1,391,871</u>	
Business-Type Activities						
Major Proprietary Funds						
Types of Receivables	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	Total	
Accounts.....	\$ 262,444	\$ -	\$ 39,351	\$ 15	\$ 301,810	
Interest and Dividends (including restricted portion).....	130,699	3	-	1,891	132,593	
Lottery Sales Agents.....	-	61,481	-	-	61,481	
Other Receivables, Gross.....	393,143	61,484	39,351	1,906	495,884	
Estimated Uncollectible.....	(1,186)	(541)	(17,422)	-	(19,149)	
Other Receivables, Net-Due Within One Year.....	<u>\$ 391,957</u>	<u>\$ 60,943</u>	<u>\$ 21,929</u>	<u>\$ 1,906</u>	<u>\$ 476,735</u>	
Total Primary Government.....					<u>\$ 1,868,606</u>	

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2018, is comprised of interest due of approximately \$19.2 million and investment trade receivables of \$36.6 million.

In the major discretely presented component units, the "Other Receivables" balance reported, as of June 30, 2018, 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, 2018, follow (dollars in thousands):

<b>Primary Government - Accrued Liabilities</b>				
	Wages and Employee Benefits	Accrued Interest	Total Accrued Liabilities	
<b>Governmental Activities:</b>				
Major Governmental Funds:				
General.....	\$ 165,162	\$ -	\$ 165,162	
Job, Family and Other Human Services.....	22,323	-	22,323	
Nonmajor Governmental Funds.....	61,796	-	61,796	
	<u>249,281</u>	<u>-</u>	<u>249,281</u>	
Reconciliation of fund level statements to government- wide statements due to basis differences.....	-	172,381	172,381	
Total Governmental Activities.....	<u>249,281</u>	<u>172,381</u>	<u>421,662</u>	
<b>Business-Type Activities:</b>				
Nonmajor Proprietary Funds.....	4,816	-	4,816	
Total Primary Government.....	<u>\$ 254,097</u>	<u>\$ 172,381</u>	<u>\$ 426,478</u>	
	Wages and Employee Benefits	Health Benefit Claims	Management and Administrative Expenses	Total Accrued Liabilities
<b>Fiduciary Activities:</b>				
State Highway Patrol Retirement System				
Pension Trust (12/31/2017).....	\$ 4,777	\$ 684	\$ -	\$ 5,461
Variable College Savings Plan				
Private-Purpose Trust.....	-	-	4,441	4,441
STAR Ohio Investment Trust.....	-	-	800	800
Total Fiduciary Activities.....	<u>\$ 4,777</u>	<u>\$ 684</u>	<u>\$ 5,241</u>	<u>\$ 10,702</u>

The "Accrued Liabilities" balance reported in the major discretely presented component units, as of June 30, 2018, 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, 2018, are comprised of the following (dollars in thousands):

<b>Primary Government - Intergovernmental Payable</b>					
	<u>Local Government</u>				
	Shared				
	Revenue and				
	Local				
	Permissive	Subsidies	Federal	Other	
	Taxes	and Other	Government	States	Total
<b>Governmental Activities:</b>					
Major Governmental Funds:					
General .....	\$ 630,758	\$ 56,012	\$ 40,781	\$ -	\$ 727,551
Job, Family and Other Human Services ...	-	117,337	-	-	117,337
Nonmajor Governmental Funds .....	90,266	95,145	-	-	185,411
Total Governmental Activities .....	<u>\$ 721,024</u>	<u>\$ 268,494</u>	<u>\$ 40,781</u>	<u>\$ -</u>	<u>\$ 1,030,299</u>
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Unemployment Compensation .....	\$ -	\$ 130	\$ 352	\$ -	\$ 482
Total Business-Type Activities .....	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 482</u>
Total Primary Government.....					<u>\$ 1,030,781</u>
<b>Fiduciary Activities:</b>					
Holding and Distribution Agency Fund .....	\$ -	\$ 448	\$ 7,203	\$ 2,739	\$ 10,390
Other Agency Fund .....	184,255	15,395	-	-	199,650
Total Fiduciary Activities .....	<u>\$ 184,255</u>	<u>\$ 15,843</u>	<u>\$ 7,203</u>	<u>\$ 2,739</u>	<u>\$ 210,040</u>

As of June 30, 2018, the Ohio Facilities Construction Commission, a major discretely presented component unit fund, reported an intergovernmental payable balance totaling approximately \$803.5 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, 2018, consist of the balances, as follows (dollars in thousands):

<b>Primary Government - Refund and Other Liabilities</b>						
				Personal Income Tax Estimated Refund Claims	Other	Total
<b>Governmental Activities:</b>						
Major Governmental Funds:						
General .....				\$ 1,237,389	\$ 117	\$ 1,237,506
Job, Family and Other Human Services .....				-	6,658	6,658
Nonmajor Governmental Funds .....				-	680	680
Total Governmental Activities .....				<u>\$ 1,237,389</u>	<u>\$ 7,455</u>	<u>\$ 1,244,844</u>
	Reserve for Compensation Adjustment	Net Pension / OPEB Liability	Refund and Security Deposits	Compensated Absences	Other	Total
<b>Business-Type Activities:</b>						
Major Proprietary Funds:						
Workers' Compensation .....	\$ 1,758,600	\$ 273,796	\$ -	\$ 28,050	\$ 1,882,820	\$ 3,943,266
Lottery Commission .....	-	43,287	34,223	3,817	6,521	87,848
Unemployment Compensation .....	-	-	6,835	-	-	6,835
Nonmajor Proprietary Funds .....	-	97,632	51	9,872	-	107,555
	<u>1,758,600</u>	<u>414,715</u>	<u>41,109</u>	<u>41,739</u>	<u>1,889,341</u>	<u>4,145,504</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	(1,758,600)	(414,715)	-	(41,739)	(1,720,889)	(3,935,943)
Total Business-Type Activities .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,109</u>	<u>\$ -</u>	<u>\$ 168,452</u>	<u>\$ 209,561</u>
Total Primary Government .....						<u>\$ 1,454,405</u>
	Child Support Collections	Refund and Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
<b>Fiduciary Activities:</b>						
State Highway Patrol Retirement System Pension Trust (12/31/2017).....						
	\$ -	\$ -	\$ -	\$ -	\$ 1,074	\$ 1,074
Variable College Savings Plan Private-Purpose Trust.....						
	-	-	-	-	12,349	12,349
STAR Ohio Investment Trust .....						
	-	-	-	-	460	460
Agency Funds:						
Holding and Distribution .....	-	10,999	-	-	-	10,999
Centralized Child Support Collections.....	64,055	-	-	-	-	64,055
Retirement Systems .....	-	-	-	211,127,021	-	211,127,021
Payroll Withholding and Fringe Benefits ..	-	-	129,481	-	-	129,481
Other .....	-	-	-	-	575,461	575,461
Total Fiduciary Activities .....	<u>\$ 64,055</u>	<u>\$ 10,999</u>	<u>\$ 129,481</u>	<u>\$ 211,127,021</u>	<u>\$ 589,344</u>	<u>\$ 211,920,900</u>

In the major discretely presented component units, the "Refunds and Other Liabilities" balance reported, as of June 30, 2018, 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, 2018, consist of the following (in thousands):

Due from	Due To			Total
	Nonmajor Governmental Funds	Workers' Compensation	Nonmajor Proprietary Funds	
General .....	\$ -	\$ 424,207	\$ 1,508	\$ 425,715
Job, Family and Other Human Services .....	-	11,903	-	11,903
Nonmajor Governmental Funds .....	1,402	109,014	-	110,416
Lottery Commission .....	-	1,135	-	1,135
Total.....	<u>\$ 1,402</u>	<u>\$ 546,259</u>	<u>\$ 1,508</u>	<u>\$ 549,169</u>

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 \$546.3 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.

**B. Interfund Transfers**

Interfund transfers, for the fiscal year ended of June 30, 2018, consist of the following (dollars in thousands):

Transferred from	Transferred to				Total
	General	Job, Family & Other Human Services	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
General .....	\$ -	\$ 9,741	\$ 2,030,703	\$ 22,117	\$ 2,062,561
Job, Family and Other Human Services .....	335,146	-	23,395	-	358,541
Buckeye Tobacco Settlement Financing					
Authority Revenue Bonds.....	17,995	-	69	-	18,064
Nonmajor Governmental Funds .....	257,518	-	190,429	-	447,947
Workers' Compensation .....	8,841	-	-	-	8,841
Lottery Commission .....	1,485	-	1,171,566	-	1,173,051
Unemployment Compensation .....	8,247	214	-	-	8,461
Total.....	<u>\$ 629,232</u>	<u>\$ 9,955</u>	<u>\$ 3,416,162</u>	<u>\$ 22,117</u>	<u>\$ 4,077,466</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.



**NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS (Continued)**

**C. Discretely Presented Component Units**

For fiscal year 2018, the discretely presented component units reported \$2.59 billion in state assistance revenue from the primary government in the Statement of Activities.

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. 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.

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.

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:

<b>Primary Government</b> <i>(dollars in thousands)</i>							
	Receivable from the Component Units	Payable to the Component Units	Program Expenses for State Assistance to Component Units				Total State Assistance to the Component Units
			Primary, Secondary, and Other Education Function	Higher Education Support Function	Transportation Function	Community and Economic Development Function	
Major Governmental Funds:							
General .....	\$ -	\$ 19,174	\$ 445,849	\$ 2,106,926	\$ 3,023	\$ 34,352	\$ 2,590,150
Job, Family and Other Human Services .....	-	538	-	-	-	-	-
Nonmajor Governmental Funds .....	4,960	1,284	-	-	-	-	-
Total Primary Government .....	<u>\$ 4,960</u>	<u>\$ 20,996</u>	<u>\$ 445,849</u>	<u>\$ 2,106,926</u>	<u>\$ 3,023</u>	<u>\$ 34,352</u>	<u>\$ 2,590,150</u>
<b>Discretely Presented Component Units</b> <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 .....	\$ -	\$ -				\$ 480,201	
Ohio State University .....	5,344	-				558,810	
Nonmajor Discretely Presented Component Units .....	15,014	8,466				1,551,139	
Total Discretely Presented Component Units .....	<u>\$ 20,358</u>	<u>\$ 8,466</u>				<u>\$ 2,590,150</u>	



**NOTE 8 CAPITAL ASSETS**

**A. Primary Government**

Capital asset activity, for the year ended June 30, 2018, reported for the primary government was as follows (dollars in thousands):

	Primary Government			Balance June 30, 2018
	Balance July 1, 2017	Increases	Decreases	
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land .....	\$ 2,391,230	\$ 47,127	\$ (5,370)	\$ 2,432,987
Buildings .....	62,464	-	-	62,464
Land Improvements .....	1,439	-	-	1,439
Construction-in-Progress .....	2,682,358	581,347	(304,155)	2,959,550
Infrastructure:				
Highway Network:				
General Subsystem .....	8,647,678	15,393	(1,173)	8,661,898
Priority Subsystem .....	8,657,803	66,504	-	8,724,307
Bridge Network .....	2,798,045	70,610	(32,539)	2,836,116
Total Capital Assets Not Being Depreciated.....	25,241,017	780,981	(343,237)	25,678,761
Other Capital Assets:				
Buildings .....	3,780,906	234,214	(43,987)	3,971,133
Land Improvements .....	509,621	19,142	(8,327)	520,436
Machinery and Equipment .....	1,601,701	107,859	(112,087)	1,597,473
Vehicles .....	436,557	77,873	(48,727)	465,703
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	148,832	673	(118)	149,387
Total Other Capital Assets at Historical Cost.....	6,477,617	439,761	(213,246)	6,704,132
Less Accumulated Depreciation for:				
Buildings .....	2,357,047	140,391	(26,569)	2,470,869
Land Improvements .....	338,113	21,156	(7,161)	352,108
Machinery and Equipment .....	1,174,846	162,038	(90,946)	1,245,938
Vehicles .....	240,986	51,295	(29,349)	262,932
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	40,406	5,108	(57)	45,457
Total Accumulated Depreciation .....	4,151,398	379,988	(154,082)	4,377,304
Other Capital Assets, Net .....	2,326,219	59,773	(59,164)	2,326,828
Governmental Activities - Capital Assets, Net.....	\$ 27,567,236	\$ 840,754	\$ (402,401)	\$ 28,005,589
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land .....	\$ 9,466	\$ -	\$ -	\$ 9,466
Construction-In Progress.....	108,016	-	(11,418)	96,598
Total Capital Assets Not Being Depreciated.....	117,482	-	(11,418)	106,064
Other Capital Assets:				
Buildings .....	209,410	29	-	209,439
Machinery and Equipment .....	187,034	15,300	(4,874)	197,460
Vehicles .....	3,597	416	(327)	3,686
Total Other Capital Assets at Historical Cost.....	400,041	15,745	(5,201)	410,585
Less Accumulated Depreciation for:				
Buildings .....	180,427	6,964	-	187,391
Machinery and Equipment .....	152,901	13,462	(4,504)	161,859
Vehicles .....	1,680	441	(251)	1,870
Total Accumulated Depreciation .....	335,008	20,867	(4,755)	351,120
Other Capital Assets, Net .....	65,033	(5,122)	(446)	59,465
Business-Type Activities - Capital Assets, Net.....	\$ 182,515	\$ (5,122)	\$ (11,864)	\$ 165,529



**NOTE 8 CAPITAL ASSETS (Continued)**

For fiscal year 2018, the State charged depreciation expense to the following functions (dollars in thousands):

	<b>Depreciation Expense</b>
<b>Governmental Activities:</b>	
Primary, Secondary and Other Education.....	\$ 3,277
Public Assistance and Medicaid.....	93,514
Health and Human Services.....	13,383
Justice and Public Protection.....	75,846
Environmental Protection and Natural Resources.....	39,534
Transportation.....	50,714
General Government.....	100,532
Community and Economic Development.....	7,998
Total Depreciation Expense for Governmental Activities.....	<u>384,798</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	(4,810)
Fiscal Year 2018 Increases to Accumulated Depreciation.....	<u>\$ 379,988</u>
<b>Business-Type Activities:</b>	
Workers' Compensation.....	\$ 21,216
Lottery Commission.....	11,018
Tuition Trust Authority.....	9
Office of Auditor of State.....	293
Total Depreciation Expense for Business-Type Activities.....	<u>32,536</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	(11,669)
Fiscal year 2018 Increase to Accumulated Depreciation.....	<u>\$ 20,867</u>

As of June 30, 2018, the State considered the following governmental capital asset balances as being impaired and removed from service (dollars in thousands).

	<b>Net Book Value</b>
<b>Governmental Activities:</b>	
Permanently Impaired Assets Removed from Service:	
Buildings.....	\$ 4,198
Land Improvements.....	225
Total.....	<u>\$ 4,423</u>



**NOTE 8 CAPITAL ASSETS (Continued)**

**B. Major Discretely Presented Component Units**

Capital asset activity, for the year ended June 30, 2018, reported for major discretely presented component unit funds with significant capital asset balance was as follows (dollars in thousands):

	<b>Major Discretely Presented Component Units</b>			
	Balance			Balance
	July 1, 2017	Increases	Decreases	June 30, 2018
<b>Ohio State University:</b>				
Capital Assets Not Being Depreciated:				
Land .....	\$ 114,233	\$ 1,201	\$ (211)	\$ 115,223
Construction-in-Progress .....	181,876	216,741	-	398,617
Patents and Trademarks.....	18,465	-	(6)	18,459
Total Capital Assets Not Being Depreciated.....	<u>314,574</u>	<u>217,942</u>	<u>(217)</u>	<u>532,299</u>
Other Capital Assets:				
Buildings .....	6,293,357	178,310	(8,337)	6,463,330
Land Improvements .....	841,852	37,156	(30,793)	848,215
Machinery, Equipment and Vehicles .....	1,483,318	149,916	(51,946)	1,581,288
Library Books and Publications .....	188,006	4,295	(1,026)	191,275
Total Other Capital Assets at Historical Cost.....	<u>8,806,533</u>	<u>369,677</u>	<u>(92,102)</u>	<u>9,084,108</u>
Less Accumulated Depreciation for:				
Buildings .....	2,623,258	219,974	(3,959)	2,839,273
Land Improvements .....	309,787	34,749	(29,256)	315,280
Machinery, Equipment and Vehicles .....	1,043,531	142,723	(44,410)	1,141,844
Library Books and Publications .....	161,544	4,689	(1,026)	165,207
Total Accumulated Depreciation .....	<u>4,138,120</u>	<u>402,135</u>	<u>(78,651)</u>	<u>4,461,604</u>
Other Capital Assets, Net .....	<u>4,668,413</u>	<u>(32,458)</u>	<u>(13,451)</u>	<u>4,622,504</u>
Total Capital Assets, Net .....	<u>\$ 4,982,987</u>	<u>\$ 185,484</u>	<u>\$ (13,668)</u>	<u>\$ 5,154,803</u>

For fiscal year 2018, Ohio State University reported approximately \$402.1 million in depreciation expense.

**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

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 – the Traditional Pension Plan (Traditional Plan) which is a defined benefit plan, the Member-Directed Plan which is a defined contribution plan, and the Combined Plan with features of both the defined benefit plan and the defined contribution plan.

OPERS issues a stand-alone financial report, which may be obtained by visiting <https://www.opers.org> or by making a written request to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or calling (800) 222-7377.

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.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

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 re-employed OPERS retirees.

Senate Bill 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members eligible to retire under the law in effect prior to Senate Bill 343 or who will be eligible to retire no later than five years after January 7, 2013, comprise Transition Group A. Members with 20 years of service credit prior to January 7, 2013, or who will be eligible to retire no later than 10 years after January 7, 2013, are included in Transition Group B. Those members who are not in Group A or B or were hired after January 7, 2013, are in Transition Group C.

The age and service requirements for State and Law Enforcement employees in all transition groups are shown in the table below:

Unreduced Benefit	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
State	Any	30	52	31	55	32
	N/A	N/A	Any	32	N/A	N/A
	65	5	66	5	67	5
Law Enforcement	48	25	50	25	52	25
	62	15	64	15	64	15

Reduced Benefit	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
State	55	25	55	25	57	25
	60	5	60	5	62	5
Law Enforcement	52	15	52	15	56	15
	N/A	N/A	48	25	48	25

The retirement allowance for the Traditional Plan (defined benefit) is calculated based on age, years of credited service, and the final average salary. The annual allowance for regular employees for members in Transition Groups A and B 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 regular employees for members in Transition Group C is determined by multiplying the final average salary by 2.2 percent for each year of Ohio contributing service up to 35 years and by 2.5 percent for all other years in excess of 35 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 for those who retired prior to January 7, 2013. For those retiring after January 7, 2013, beginning in calendar year 2019, the increase will be based on the average increase in the Consumer Price Index, capped at three percent.

The retirement allowance for the Combined Plan (defined benefit portion) is calculated based on age, years of credited service, and the final average salary. The annual allowance for regular employees for members in Transition Groups A and B 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. The annual allowance for regular employees for members in Transition Group C is determined by multiplying the final average salary by one percent for each year of Ohio contributing service up to 35 years and by 1.25 percent for all other years in excess of 35 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, for those who retired prior to January 7, 2013. For those retiring after January 7, 2013, beginning in calendar year 2019, the increase will be based on the average increase in the Consumer Price Index,



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

capped at three percent. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Retirees covered under the Traditional and Combined Plans 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.

Regular employees who participate in the Member-Directed Plan (defined contribution) 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, a PLOP, rollovers to another eligible retirement plan, or made payable to the member, or various combinations of these options. Participants direct the investment of their accounts by selecting from professionally managed OPERS investment options.

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.

Contribution rates for fiscal year 2018, 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, 2017 through June 30, 2018.....	10.00%	14.00%
<u>Law Enforcement Employees:</u>		
July 1, 2017 through June 30, 2018.....	13.00%	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 Member Directed defined contribution plan, both the employee and employer share of the costs are used to finance the plan.

At June 30, 2018, the State reports a liability of \$3.27 billion for its proportionate share of the net pension liability for the Traditional Plan and an asset for its proportionate share of the net pension asset of \$26 million for the Combined Plan. Ohio State University discretely presented component unit reports liabilities of \$1.47 billion, for its proportionate share of the net pension liability for the Traditional Plan. The net pension liability/asset was measured as of December 31, 2017. The Plan's total pension liability/asset used to calculate the Plan's net pension liability/asset was determined by an actuarial valuation as of December 31, 2017. The State's proportion of the net pension liability/asset is determined by a measure of the State's proportionate relationship of employer contributions made to OPERS to the total contributions made to OPERS by all employers and non-employer contributing entities to the plan. At December 31, 2017, the State's proportion was 20.85 percent for the Traditional Plan based on employer contributions of \$362.3 million, as compared to the December 31, 2016, proportion of 20.95 percent. For the Combined Plan, the State's proportion at December 31, 2017 was 19.13 percent based on employer contributions of \$9.8 million, as compared to the December 31, 2016, proportion of 19.67 percent. The proportion for the Traditional Plan for Ohio State University discretely presented component unit was 9.4 percent based on employer contributions totaling \$201.1 million compared to 9.1 percent for the previous fiscal year. For purposes



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

of measuring the net pension liability/asset, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, deductions are recorded when the liability is incurred, and revenues are recognized when earned. Refunds are payable two months after termination of the member's employment. All investments are reported at fair value.

For the year ended June 30, 2018, the State recognized pension expense of \$690.2 million for the Traditional Plan, and \$4 million for the Combined Plan. Ohio State University discretely presented component unit, recognized \$219.1 million in pension expense.

At June 30, 2018, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

	Pension	
	Primary Government	Ohio State University
<b>Traditional Plan</b>		
Deferred Outflow of Resources:		
Differences Between Expected and Actual Experience .....	\$ 3,344	\$ 2,277
Changes of Assumptions .....	391,421	171,962
Change in Employers' Proportionate share .....	17,708	4,061
Contributions Subsequent to the Measurement Date .....	195,207	99,914
Total .....	<u>\$ 607,680</u>	<u>\$ 278,214</u>
Deferred Inflow of Resources:		
Net Difference Between Projected and Actual Earnings		
on Pension Plan Investments .....	\$ (701,472)	\$ (332,347)
Change in Employers' Proportionate share .....	(6,098)	(54)
Differences Between Expected and Actual Experience .....	(64,720)	(34,978)
Total .....	<u>\$ (772,290)</u>	<u>\$ (367,379)</u>
<b>Combined Plan</b>		
Deferred Outflow of Resources:		
Change in Employers' Proportionate Share .....	\$ 157	
Change in Assumptions .....	2,200	
Contributions Subsequent to the Measurement Date .....	5,455	
Total .....	<u>\$ 7,812</u>	
Deferred Inflow of Resources:		
Change in Employers' Proportionate Share .....	\$ (10)	
Net Difference between Projected and Actual Earnings		
on Pension Plan Investments .....	(3,974)	
Differences Between Expected and Actual Experience .....	(7,502)	
Total .....	<u>\$ (11,486)</u>	

Deferred Outflows of Resources of \$195.2 million related to pensions resulting from State contributions subsequent to the measurement date for the Traditional Plan will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Deferred Outflows of Resources of \$5.5 million resulting from State contributions subsequent to the measurement period for the Combined Plan will be recognized as an increase to the net pension asset in the year ended June 30, 2019. Ohio State University, a discretely presented component unit, will recognize \$99.9 million resulting from contributions subsequent to the measurement period as a reduction of its net pension liability.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Traditional Plan	Pension	
	Primary Government	Ohio State University
Year Ended June 30:		
2019.....	\$ 304,838	\$ 121,921
2020.....	(66,523)	(35,226)
2021.....	(309,367)	(141,775)
2022.....	(288,672)	(132,700)
2023.....	(30)	(503)
Thereafter.....	(63)	(796)

Combined Plan	Primary Government
Year Ended June 30:	
2019.....	\$ (1,240)
2020.....	(1,349)
2021.....	(2,239)
2022.....	(2,145)
2023.....	(750)
Thereafter.....	(1,406)

**OPEB Benefits**

In addition to the pension plan, OPERS maintains a cost-sharing, multiple-employer postemployment health care plan for the Traditional Plan and Combined Plan, which includes hospitalization, medical expenses and prescription drugs for non-Medicare retirees and eligible dependents. Medicare Eligible retirees must select coverage through the OPERS Medicare Connector and may receive an allowance to offset a portion of the monthly premium to retirees and eligible dependents. The allowance is deposited into a Health Retirement Account to be used to reimburse eligible health care expenses. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage, but qualify for a Retiree Medical Account.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible recipients, with one exception. Ohio law currently requires OPERS to provide a Medicare Part A equivalent plan or reimbursement for members and dependents who do qualify for Medicare Part A. Authority to establish and amend OPEB benefits is provided in Chapter 145 of the Ohio Revised Code as well.

To qualify for postemployment health care coverage, age-and-service retirees under the Traditional and Combined plans must have 20 years of qualifying Ohio service credit with a minimum age of 60, or 30 or more years of qualifying service at any age. The Member Directed Plan participants can use vested retiree medical account funds upon retirement for reimbursement of qualified medical expenses. Currently, an employee’s interest in the medical account for qualifying health care expenses vests based on length of service, with 100 percent vesting attained after five years of credited service for employees hired prior to July 1, 2015. Members who elect the Member-Directed Plan after July 1, 2015, will vest at 15 years of service at a rate of 10 percent each year starting with the sixth year of participation.



## **NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Medicare-eligible retirees who choose to become re-employed in an OPERS covered position must enroll in the employer's health care plan if the employer offers a plan. After the two-month forfeiture period, the retiree may continue participation in an OPERS health care plan. The coverage provided by the employer plan is primary coverage and the OPERS health care plan is secondary coverage. OPERS provides a monthly allowance to offset a portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan if the retiree is enrolled. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Spouses eligible for Medicare will have access to OPERS Medicare Connector and, if not yet eligible for Medicare, will have access to OPERS group coverage at full cost to the spouse through 2020.

The Ohio Revised Code provides the statutory authority which allows public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside for the funding of post-retirement health care benefits. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The OPEB contribution rates for regular and law enforcement employees for 2017 and 2018 were one and zero percent, respectively, for the Traditional and Combined Plans. The employer contribution to the Member Directed Plan participants health care accounts for 2017 was four percent (last year available). Employers make no further contributions to a member's health care account after retirement, nor do employers have any further obligation to provide postemployment health care benefits.

A new accounting pronouncement, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), was implemented for the year ended June 30, 2017. GASB Statement No. 74 uses terminology such as the total OPEB liability and net OPEB liability which has been modeled after GASB Statement No. 67 for pensions. GASB Statement No. 75, Postemployment Benefit Plans Other Than Pensions was effective for periods beginning after June 15, 2017 and has an impact on the financial statements of contributing employer systems by requiring employers to record a net OPEB liability based on their proportionate share of total net OPEB liability.

At June 30, 2018, the State reports a liability of \$2.25 billion for its proportionate share of the net OPEB liability. Ohio State University discretely presented component unit reports liabilities of \$1.06 billion, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017. The Plan's total OPEB liability used to calculate the Plan's net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The State's proportion of the net OPEB liability is determined by a measure of the State's proportionate relationship of employer contributions made to OPERS to the total contributions made to OPERS by all employers. At December 31, 2017, the State's proportion was 20.74 percent based on employer contributions of \$411.2 million, of which \$31.9 million was contributed to OPEB. The proportion for the Ohio State University discretely presented component unit was 9.7 percent based on employer contributions totaling \$201.1 million. For purposes of measuring the net OPEB liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB, and OPEB expense, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, deductions are recorded when the liability is incurred, and revenues are recognized when earned.

For the year ended June 30, 2018, the State recognized OPEB expense of \$190.2 million. Ohio State University discretely presented component unit, recognized \$74.7 million in OPEB expense. At June 30, 2018, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

	OPEB	
	Primary Government	Ohio State University
Deferred Outflow of Resources:		
Differences Between Expected and Actual Experience .....	\$ 1,755	\$ 822
Changes of Assumptions .....	164,001	76,832
Change in Employers' Proportionate share .....	330	-
Total .....	<u>\$ 166,086</u>	<u>\$ 77,654</u>
Deferred Inflow of Resources:		
Net Difference Between Projected and Actual Earnings		
on OPEB Plan Investments .....	\$ (167,791)	\$ (78,608)
Change in Employers' Proportionate share .....	(219)	-
Total .....	<u>\$ (168,010)</u>	<u>\$ (78,608)</u>

There were no State contributions related to OPEB subsequent to the measurement date and therefore, there will be no reduction of the net OPEB liability resulting from state contributions subsequent to the measurement date recognized in the year ended June 30, 2019.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

	OPEB	
	Primary Government	Ohio State University
Year Ended June 30:		
2019.....	\$ 37,352	\$ 17,475
2020.....	37,352	17,475
2021.....	(34,683)	(16,251)
2022.....	(41,945)	(19,653)

**Actuarial Assumptions for Pension and OPEB Liabilities**

The total pension and OPEB liabilities were determined using the following actuarial assumptions listed in the individual tables below, applied to all periods included in the measurement:

	Pension	
	Traditional Plan	Combined Plan
Wage Inflation .....	3.25%	3.25%
Salary Increases (including wage inflation) .....	3.25-10.75%	3.25-8.25%
Investment Rate of Return .....	7.50%	7.50%
COLA or Ad Hoc COLA * .....	3.00%	3.00%
Actuarial Cost Method .....	Individual Entry Age	

\*The COLA, for both the Traditional and Combined Plans, for retirees prior to January 7, 2013, is three percent simple. For retirees after that date, the COLA is three percent simple through 2018, and then becomes 2.15 percent simple.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

	OPEB	
Wage Inflation .....		3.25%
Salary Increases (including wage inflation) .....	3.25%-10.75%	
Single Discount Rate .....		3.85%
Investment Rate of Return .....		6.50%
Municipal Bond Rate .....		3.31%
Health Care Cost Trend Rate .....	7.5% initial, 3.25% ultimate in 2028	
Actuarial Cost Method .....		Individual Entry Age

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at statutory contribution rates. In each period of the projection, employer contributions were assumed to be applied first to the service cost of all members, with any remaining amount included in projected employer contributions for current members. Therefore, the long-term expected rate of return of 7.5 percent was applied to all periods of projected benefit payments to determine the total liability.

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects a long-term expected rate of return on OPEB plan investments and tax-exempt municipal bond rates based on an index of 20-year general obligation bonds with an average AA credit rating. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.5 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined rate; therefore, the contributions were sufficient for health care costs to 2034. The health care investment rate was applied to projected costs to 2034, and the municipal bond rate applied thereafter.

For both tables, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For disabled retirees, mortality rates are based on the PR-2014 Disabled mortality table. The Healthy Annuitant Mortality tables were adjusted for mortality improvements back to the observation period base year of 2006, and then established the base year as 2010 for females, and 2015 for males.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2016, for the five-year period 2011 through 2015.

An estimate range for investment return assumption for pension and OPEB is developed and based on the target allocation adopted by the OPERS Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Pension		OPEB	
	Target Allocation	Weighted, Average Long-Term Expected Real Rate of Return*	Target Allocation	Weighted, Average Long-Term Expected Real Rate of Return*
Fixed Income .....	23%	2.20%	34%	1.88%
Domestic Equity .....	19%	6.37%	21%	6.37%
Real Estate .....	10%	5.26%	6%	5.91%
Private Equity .....	10%	8.97%	0%	0.00%
International Equities .....	20%	7.88%	22%	7.88%
Other Investments .....	18%	5.26%	17%	5.39%
<b>Total Fund .....</b>	<b>100%</b>	<b>5.66%</b>	<b>100%</b>	<b>4.98%</b>

\*Arithmetic.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table represents the net pension liability/(asset) as of December 31, 2017, calculated using the current period discount rate assumption of 7.5 percent. Also shown is what the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current assumption (dollars in thousands):

	Pension		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<u>Traditional Plan</u>			
Net Pension Liability:			
Primary Government .....	\$ 5,809,143	\$ 3,271,382	\$ 1,155,657
Ohio State University .....	2,621,235	1,466,955	505,528
<u>Combined Plan</u>			
Net Pension (Asset):			
Primary Government .....	\$ (14,154)	\$ (26,038)	\$ (34,236)

The table below represents sensitivity of the State's proportionate share of the net OPEB liability to changes in the current period single discount rate assumption of 3.85 percent, as of December 31, 2017. The table below shows the expected net OPEB liability if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current single discount rate (dollars in thousands):

	OPEB		
	1% Decrease (2.85%)	Current Single Discount Rate (3.85%)	1% Increase (4.85%)
Net OPEB Liability:			
Primary Government .....	\$ 2,992,448	\$ 2,252,428	\$ 1,653,758
Ohio State University .....	1,401,965	1,055,239	774,788

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. The actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation. The following table represents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate assumption (dollars in thousands):

	OPEB		
	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Net OPEB Liability:			
Primary Government .....	\$ 2,155,093	\$ 2,252,428	\$ 2,352,972
Ohio State University .....	1,009,663	1,055,239	1,102,370



## **NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

### **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 the terminations equal or exceed 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 or 20 percent of the total service credited to any participant. The ERI agreements establish an obligation to pay specific amounts on fixed dates.

As of June 30, 2018, the State had no significant liability balances relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2018, the State did not incur any significant expenditures/expenses related to ERI agreements.

### **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 – the Defined Benefit Plan, the Defined Contribution Plan, and the 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, survivor, and disability benefits to members in the Defined Benefit and Combined Plans.

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 Website at <https://www.strsoh.org>.

For retirement dates between August 1, 2017 and July 1, 2019, participants in the Defined Benefit Plan may retire with an unreduced benefit after 32 years of credited service regardless of age, or age 65 with five years of credited service. Participants may also retire with a percentage reduction in benefit amounts at any age with 30 years of credited service, or at age 55 with 27 years of credited service, or at age 60 with 5 years of credited service. Benefits are based on the final average salary based on the five highest years of earnings, and by multiplying 2.2 percent times the number of years of service credit. Retirees are entitled to a maximum annual retirement benefit, payable in monthly installments for life, equal to the "formula benefit" calculation.

For members who were eligible to retire on August 1, 2015, or later, the annual benefit amount will be the greater of either the benefit amount calculated under the current benefit formula as described above, or the benefit amount calculated as of July 1, 2015, under the previous benefit formula, as described below.

For members who were eligible to retire on or before July 1, 2015, the annual retirement allowance is the greater of the benefit amount calculated upon retirement under the current benefit formula or the previous benefit formula, which is frozen as of July 1, 2015. The previous benefit formula was 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 0.1 percent, starting at 2.5 percent for the 31<sup>st</sup> 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 0.1 percent starting at 2.6 percent for the 32<sup>nd</sup> year.



## **NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Retirees choose from one of four payment options, including annuity options and a “partial lump-sum” option. 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, 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. All employee contributions and 9.53 percent of employer contributions are placed into individual member accounts (the remaining 4.47 percent of employer contributions is allocated to the defined benefit unfunded liability), and members direct the investment of their accounts by selecting from various professionally managed investment options. Members vest 20 percent per year in employer contributions, including associated gains and losses on those contributions. Employee contributions vest immediately. Retirees may select from various annuity payment plans or a lump-sum payment option.

Participants in the Combined Plan may start to collect the unreduced defined benefit portion of the plan at age 60 with five years of service, or participants may collect a reduced defined benefit portion of the plan before age 60 with five years of service. Of employee contributions, 12 percent are deposited into the defined contribution portion of the plan, while the remaining two percent is deposited into the defined benefit portion of the plan. The annual allowance for the defined benefit portion of the Plan 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.

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 an annuity 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 are based on percentages of covered employees’ gross salaries, which are calculated annually by the retirement system’s actuary.

Contribution rates for fiscal year 2018 were 14 percent for employers and 14 percent for employees for the Defined Benefit, Defined Contribution, and Combined Plans.

At June 30, 2018, the State reports a liability of \$90.4 million for its proportionate share of the net pension liability, as compared to \$126.9 million at June 30, 2017. Ohio State University discretely presented component unit reports a net pension liability of \$1.08 billion for its proportionate share, as compared to \$1.51 billion at June 30, 2017. The net pension liability was measured as of June 30, 2017. The Plan’s total pension liability was used to calculate the net pension liability, as determined by an actuarial valuation as of July 1, 2017. The State’s proportion of the net pension liability is determined by a measure of the State’s proportionate relationship of employer contributions made to STRS to the total contributions made to STRS by all employers and non-employer contributing entities to the plan. At June 30, 2018, the State’s proportion was .381 percent based on employer contributions totaling \$5.9 million as compared to the State’s proportion at June 30, 2017, of .379 percent. Ohio State University had a proportionate share of 4.6 percent based on employer contributions of \$74.4 million as compared to 4.5 percent for June 30, 2017.

For purposes of measuring the net pension liability, and related deferred inflows and outflows of resources and pension expenses, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

For the year ended June 30, 2018, the State recognized pension expense of \$(36.3) million and Ohio State University discretely presented component unit recognized pension expense of \$(481.1) million.

At June 30, 2018, the State and Ohio State University reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

	Pension	
	Primary Government	Ohio State University
<b>Deferred Outflows of Resources</b>		
Differences Between Expected and Actual Experience .....	\$ 3,492	\$ 41,745
Changes of Assumptions .....	19,775	236,438
Change in Employer Proportionate Share of NPL .....	305	1,036
Employer Contributions Subsequent to the Measurement Date .....	5,888	74,173
Total .....	<u>\$ 29,460</u>	<u>\$ 353,392</u>
<b>Deferred Inflows of Resources</b>		
Differences Between Expected and Actual Experience .....	\$ (729)	\$ (8,713)
Change in Employer Proportionate Share of NPL .....	(4,028)	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments .....	(2,984)	(35,676)
Total .....	<u>\$ (7,741)</u>	<u>\$ (44,389)</u>

Deferred Outflows of Resources of \$5.9 million related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Ohio State University discretely presented component unit will recognize \$74.2 million as a reduction of its net pension liability. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

YEAR ENDED JUNE 30:	Pension	
	Primary Government	Ohio State University
2019.....	\$ 2,421	\$ 49,592
2020.....	6,481	96,547
2021.....	5,273	69,287
2022.....	1,656	19,404

**OPEB Benefits**

Additionally, STRS offers a cost-sharing, multiple employer health care plan which provides access to health care to eligible retirees who participate in the Defined Benefit Plan or Combined Plan. Benefits include hospitalization, physician's fees, prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Medicare part B premium reimbursements will be discontinued effective January 1, 2019. Retirees enrolled in the Defined Contribution Plan receive no postemployment health care benefits.

Ohio Revised Code Chapter 3307 gives the STRS board discretionary authority over how much, if any, of associated health care costs are absorbed by the health care plan. All benefit recipients of the health care plan, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Medicare Part D allows STRS Ohio to recover part of the health care cost for providing prescription coverage through its health care plans which include creditable prescription drug coverage. For the Defined Benefit and Combined Plans, all employer contributions are used to fund pension obligations, and none was allocable to postemployment health care benefits for 2018. Under Ohio law, funding for the postemployment health care may be deducted from employer



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

contributions. This action will reduce the amortization period for the pension fund. The Board has authority to direct part of the employer contribution back to the Health Care Fund in the future.

At June 30, 2018, the State reports a net OPEB liability of \$14.9 million for its proportionate share. Ohio State University discretely presented component unit reports a net OPEB liability of \$177.6 million. The net OPEB liability was measured as of June 30, 2017. The Plan's total OPEB liability was used to calculate the net OPEB liability, respectively, determined by an actuarial valuation as of June 30, 2017. The State's proportion of the net OPEB liability is determined by a measure of the State's proportionate relationship of employer contributions made to STRS to the total contributions made to STRS by all employers to the plan. At June 30, 2018, the State's proportion was .381 percent based on employer contributions totaling \$5.9 million. Ohio State University had a proportionate share of 4.6 percent based on employer contributions of \$74.4 million.

For purposes of measuring the net OPEB liability, related deferred inflows and outflows of resources and expenses, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

For the year ended June 30, 2018, the State recognized OPEB expense of \$(4.5) million and Ohio State University discretely presented component unit recognized OPEB expense of \$(54.2) million.

At June 30, 2018, the State and Ohio State University reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (dollars in thousands):

	OPEB	
	Primary Government	Ohio State University
<b>Deferred Outflows of Resources</b>		
Differences Between Expected and Actual Experience .....	\$ 857	\$ 10,250
Change in Employer Proportionate Share of NOL .....	67	-
Total .....	<u>\$ 924</u>	<u>\$ 10,250</u>
<b>Deferred Inflows of Resources</b>		
Changes of Assumptions .....	\$ (1,196)	\$ (14,303)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments .....	(635)	(7,589)
Total .....	<u>\$ (1,831)</u>	<u>\$ (21,892)</u>

There were no State contributions to OPEB subsequent to the measurement date and therefore, there will be no reduction of the net OPEB liability resulting from subsequent contributions recognized in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

YEAR ENDED JUNE 30:	OPEB	
	Primary	Ohio
	Government	State University
2019.....	\$ (204)	\$ (2,573)
2020.....	(204)	(2,573)
2021.....	(204)	(2,573)
2022.....	(204)	(2,573)
2023.....	(45)	(675)
Thereafter.....	(46)	(675)

**Actuarial Assumptions for Pension and OPEB Liabilities**

The total pension liability in the July 1, 2017 actuarial valuation, and total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, respectively, applied to all periods included in the measurement:

	Pension
Actuarial Cost Method	Entry Age Normal
Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of pension plan investment expense, including inflation
COLA or Ad Hoc COLA	0 percent

	OPEB
Actuarial Cost Method	Entry Age Normal
Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll Increases	3.00 percent
Blended Discount Rate of Return	4.13 percent
Investment Rate of Return	7.45 percent, net of OPEB plan investment expense, including inflation
COLA or Ad Hoc COLA	0 percent
Health Care Cost Trends	6-11 percent initial, 4.5 percent ultimate

Pension and OPEB mortality rates were based on the RP-2014 Annuitant mortality table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. The disabled rates are based on the RP-2014 Disabled mortality table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. The actuarial assumptions used in the valuation were adopted by the board based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

Certain changes to the pension actuarial assumptions since the prior measurement date were approved in 2017. The long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. The inflation assumption was lowered from 2.75 percent to 2.50 percent. The total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

In addition, benefit terms were changed since the prior measurement date. Effective July 1, 2017, the COLA was reduced to zero.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

An estimate range for investment return assumption is developed and based on the target allocation adopted by the STRS Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Pension and OPEB	
	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity .....	28%	7.35%
International Equity .....	23%	7.55%
Alternatives .....	17%	7.09%
Fixed Income .....	21%	3.00%
Real Estate .....	10%	6.00%
Liquidity Reserves .....	1%	2.25%
<b>Total Fund .....</b>	<b>100%</b>	

\*10-year annualized geometric nominal returns, which include the real rate of return and inflation, and does not include investment expenses.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at statutory contribution rates. Only employer contributions that are intended to fund benefits of current plan members and beneficiaries are included. Projected employer contributions that are intended to fund the costs of future plan members and beneficiaries, and projected contributions from future plan members, are not included. In each period of the projection, employer contributions are assumed to be applied first to the service cost of all members, with any remaining amount included in projected employer contributions for current members. Therefore, the long-term expected rate of return of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table represents the net pension liability as of the June 30, 2017, measurement date, calculated using the current period discount rate assumption of 7.45 percent. Also shown in the table below is what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption (dollars in thousands):

	Pension		
	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Net Pension Liability:			
Primary Government .....	\$ 129,611	\$ 90,418	\$ 57,404
Ohio State University Discretely Presented Component Unit .....	1,549,653	1,081,053	686,328

The projection of cash flows used to determine the net OPEB liability discount rates assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, a blended discount rate of 4.13 percent which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2017. Shown in the table below is what the net OPEB liability would be if it were calculated using a single discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

	OPEB		
	1% Decrease (3.13%)	Current Single Discount Rate (4.13%)	1% Increase (5.13%)
Net OPEB Liability:			
Primary Government .....	\$ 19,937	\$ 14,850	\$ 10,831
Ohio State University .....	238,366	177,556	129,496

Sensitivity of the net OPEB liability to changes in the health care cost trend rates calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher is presented below (dollars in thousands):

	OPEB		
	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Net OPEB Liability:			
Primary Government .....	\$ 10,317	\$ 14,850	\$ 20,816
Ohio State University .....	123,358	177,556	248,886

Assumptions changes updated were the valuation year per capita health care costs and the salary scale, since the prior measurement date for the current health care cost trend rate. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. In addition, the discount rate increased from 3.26 percent and the long term expected rate of return was reduced from 7.75 percent.

**C. State Highway Patrol Retirement System (SHPRS)**

**Pension Benefits**

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 covers all employees of the State Highway Patrol.

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, 1900 Polaris Parkway, Suite 201, Columbus, Ohio 43240-4037, or by calling (614) 431-0781 or (800) 860-2268. SHPRS's Comprehensive Annual Financial Report for the year ended December 31, 2017, may also be found at <https://www.ohprs.org>.

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.

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 the employee rate paid by contributing members.

SHPRS' 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.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

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 an age and service pension, and health care benefits, upon reaching both an age and service requirement. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 with unreduced benefits, or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48 with unreduced benefits. The pension benefit is a percentage of the member's final average salary, which is the average of the member's five highest salary years. 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.

Employees who left SHPRS prior to meeting the requirements for receiving an age and service pension, but who have at least 15 years of service credit, are eligible for a deferred pension. Such employees who have less than 20 years of service credit, may collect a pension at age 55, at a percentage of their final average salary determined by multiplying 1.5 percent times the number of years of service credit. These employees are not eligible for health care benefits. Employees who are eligible for the deferred pension and who have at least 20 years of service credit, may receive a pension once they meet the age requirements for the age and service pension, calculated in the same manner as the age and service pension described above.

Membership data for SHPRS is presented in the table below:

**Membership Data as of December 31, 2017**

Active Members .....	1,650
Retirees receiving benefits .....	1,637
Retirees not receiving benefits .....	11
	3,298

The SHPRS Board sets employee contribution rates and cost-of-living adjustment rates. Employee contribution rates may range between 10 and 14 percent and cost-of-living adjustments range between zero and three percent. The Board may set the cost-of-living adjustments annually, but in no case shall it exceed three percent. The cost-of-living adjustment eligibility is 60 years of age, or age 53 for members retired prior to January 7, 2013.

The employer and employee contribution rates, as of December 31, 2017, were 26.5 percent and 12.5 percent, respectively. During calendar year 2017, employer's contributions funded 22.5 percent of pension benefits and all the employees' contributions funded pension benefits.

The State's net pension liability was determined by an actuarial valuation as of December 31, 2016, and update procedures were used to roll forward the total pension liability to December 31, 2017. Detailed information about SHPRS' pension plan fiduciary net position and the OPEB plan fiduciary net position is available in the separately issued SHPRS financial report. SHPRS uses the accrual basis of accounting, under which expenses are recorded when incurred and revenues are recorded when earned and measurable. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded at the trade date.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

The Schedule of Changes in Net Pension Liability is presented below (dollars in thousands):

Fiscal year ending December 31, 2017	Pension
<b>Total Pension Liability:</b>	
Service Cost .....	\$ 19,635
Interest on the Total Pension Liability .....	85,936
Benefit Changes .....	(5,681)
Difference Between Expected and Actual Experience .....	17,854
Benefit Payments .....	(75,393)
Refunds .....	(1,075)
Net Change in Total Pension Liability .....	41,276
Total Pension Liability - Beginning .....	1,137,269
Total Pension Liability - Ending (a) .....	<u>\$ 1,178,545</u>
<b>Plan Fiduciary Net Position:</b>	
Employer Contributions .....	\$ 26,110
Employee Contributions .....	14,505
Pension Plan Net Investment Income .....	101,482
Benefit Payments .....	(75,393)
Refunds .....	(1,075)
Pension Plan Administrative Expense .....	(1,437)
Other .....	479
Net Change in Plan Fiduciary Net Position .....	64,671
Plan Fiduciary Net Position - Beginning .....	721,685
Plan Fiduciary Net Position - Ending (b) .....	<u>\$ 786,356</u>
Net Pension Liability - Ending (a) - (b) .....	\$ 392,189
Plan Fiduciary Net Position as a Percentage of Total Pension Liability .....	66.72%
Covered Employee Payroll* .....	112,705
Net Pension Liability as a Percentage of Covered Employee Payroll .....	347.98%
Notes to Schedule: .....	N/A

\*Includes members of the DROP.

For the year ended June 30, 2018, the State recognized pension expense of \$47.3 million. The amount of employer contributions from the State for the calendar year ended December 31, 2017, totaled \$26.1 million for pension. At June 30, 2018, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

<b>Deferred Outflows of Resources</b>	Pension
Differences Between Expected and Actual Experience ....	\$ 14,436
Changes of Assumptions .....	17,449
Contributions subsequent to measurement date .....	15,432
Total .....	<u>\$ 47,317</u>
 <b>Deferred Inflows of Resources</b>	
Difference between Expected and Actual experience .....	\$ (8,036)
Net difference between projected and actual earnings on Pension plan investments .....	(5,498)
Total .....	<u>\$ (13,534)</u>



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Deferred Outflows of Resources of \$15.4 million related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

YEAR ENDED June 30:	Pension
2019.....	\$ 15,449
2020.....	13,074
2021.....	(4,628)
2022.....	(6,308)
2023.....	764

**OPEB Benefits**

In addition to providing pension benefits, SHPRS, a single employer plan, is authorized by Chapter 5505, Ohio Revised Code, to provide a postemployment health care plan which includes medical, hospitalization and prescription drug coverage. Health care benefits are not guaranteed and are subject to change at any time, as determined by the Board and certified by the Office of Budget and Management. 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. Qualifications for postemployment health care coverage are described along with pension qualifications under the Pension Plan section.

During calendar year 2017, four percent of the employer’s contributions funded postemployment health care benefits. Beginning January 1, 2018, the portion of employer contributions allocated to postemployment health care decreased to zero. None of the employees’ contributions funded postemployment health care. The cost of retiree health care benefits is recognized as claims are incurred and premiums are paid.

The pension and OPEB plans’ fiduciary net position has been determined on the same basis used by the pension plan.

The Schedule of Changes in Net OPEB Liability is presented as follows (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Fiscal year ending December 31, 2017	OPEB
<b>Total OPEB Liability:</b>	
Service Cost .....	\$ 23,657
Interest on the Total OPEB Liability .....	19,243
Benefit Changes .....	709
Difference Between Expected and Actual Experience .....	(1,204)
Assumption Changes .....	46,862
Benefit Payments .....	(9,434)
Net Change in Total OPEB Liability .....	79,833
Total OPEB Liability - Beginning .....	486,297
Total OPEB Liability - Ending (a) .....	<u>\$ 566,130</u>
<b>Plan Fiduciary Net Position:</b>	
Employer Contributions .....	\$ 4,640
Net Investment Income .....	14,467
Benefit Payments (includes refunds of employee contributions) .....	(9,433)
OPEB Plan Administrative Expense .....	(204)
Net Change in Plan Fiduciary Net Position .....	9,470
Plan Fiduciary Net Position - Beginning .....	102,329
Plan Fiduciary Net Position - Ending (b) .....	<u>\$ 111,799</u>
Net OPEB Liability - Ending (a) - (b) .....	\$ 454,331
Plan Fiduciary Net Position as a Percentage	
of Total OPEB Liability .....	19.8%
Covered Employee Payroll* .....	112,705
Net OPEB Liability as a Percentage	
of Covered Employee Payroll .....	403.1%
Notes to Schedule: .....	N/A

For the year ended June 30, 2018, the State recognized OPEB expense of \$41.7 million. The amount of employer contributions from the State for the calendar year ended December 31, 2017, totaled \$4.6 million to OPEB. At June 30, 2018, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (dollars in thousands):

<b>Deferred Outflows of Resources</b>	
Changes of Assumptions .....	<u>\$ 39,676</u>
Total .....	<u>\$ 39,676</u>
<b>Deferred Inflows of Resources</b>	
Difference between Expected and Actual experience .....	\$ (1,019)
Net difference between projected and actual earnings on OPEB plan investments .....	(5,384)
Total .....	<u>\$ (6,403)</u>

There were no State contributions to OPEB subsequent to the measurement date and therefore, there will be no reduction of the net OPEB liability resulting from subsequent state contributions recognized in the year ended June 30, 2019. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

YEAR ENDED June 30:	OPEB
2019.....	\$ 5,655
2020.....	5,655
2021.....	5,655
2022.....	5,655
2023.....	7,002
Thereafter.....	3,651

**Actuarial Assumptions for Pension and OPEB Liabilities**

The total pension and OPEB liabilities at December 31, 2017, were determined using the following actuarial assumptions, applied to all periods included in the measurement: an investment rate of return of 7.75 percent compounded annually, projected salary increase of 3.5 percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to 10 percent attributable to seniority and merit, and price inflation of 2.75 percent annually. The actuarial assumptions were based off a December 31, 2016 actuarial valuation date and rolled forward to December 31, 2017. A five-year experience study covering the five-year period ending December 31, 2014 was the basis for the assumptions.

Mortality rates were based on the RP-2014 Healthy Annuitant mortality and the RP-2014 Disabled mortality tables for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for females was then established to be 2012. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.

An estimate range for investment return assumptions is developed and based on the target allocation adopted by the SHPRS' Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Pension and OPEB	
	Target Allocation	Long-Term Expected Real Rate of Return*
Cash .....	1%	-0.21%
Domestic Equity - Large Cap .....	25%	5.62%
Domestic Equity - Small Cap .....	5%	5.78%
International Equity .....	15%	6.00%
Emerging Markets .....	8%	8.78%
Domestic Corporate Fixed Income .....	10%	1.11%
Domestic Government Fixed Income .....	3%	0.43%
Treasury Inflation Protected Securities .....	0%	0.77%
High Yield Bonds .....	3%	2.92%
Real Estate .....	0%	4.32%
Private Equity .....	10%	8.21%
Hedge Funds .....	10%	4.22%
Other Alternatives .....	10%	4.18%
Total Fund .....	100%	

\*Long-Term expected rates of return as shown were calculated arithmetically.

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumes employer contribution rates allocated to pensions will be 22.5 percent in 2017 and 26.5 percent for each year thereafter, and employee contribution rates of 12.5 percent in each year. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members and beneficiaries. Therefore, the long-term expected rate of return of 7.75 percent was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2017.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of December 31, 2017, calculated using the current period discount rate assumption of 7.75 percent. Also shown is what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current assumption (dollars in thousands):

Pension		
1% Decrease	Current Discount	1% Increase
6.75%	Rate	8.75%
7.75%		
\$ 523,822	\$ 392,189	\$ 282,395

Net OPEB Liability uses a single discount rate of 3.42 percent. This Single Discount Rate was based on an expected rate of return on OPEB plan investments of 7.75 percent and a municipal (fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds) bond rate of 3.31 percent. The projection of cash flows used to determine this Single Discount Rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate; if these assumptions were met, the net position and contributions were sufficient through 2027. Therefore, the long-term expected rate of return was applied through 2027 and the municipal rate was applied thereafter. Shown in the table below is what the net OPEB liability would be if it were calculated using a single discount rate that is one percentage point lower (2.42 percent) or one percentage point higher (4.42 percent) than the current assumption (dollars in thousands):

OPEB		
1% Decrease	Current Discount	1% Increase
2.42%	Rate	4.42%
3.42%		
\$ 573,757	\$ 454,331	\$ 362,441

It is expected that health care premium rates will continue to exceed wage inflation for the next 10 years leveling off at an ultimate rate of four percent. This information is determined from historical trends. The sensitivity of the net OPEB liability to changes in the health care cost trend rates calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher is presented below (dollars in thousands):

OPEB		
1% Decrease	Current Health	1% Increase
	Care Cost Trend	
	Rate Assumption	
\$ 367,873	\$ 454,331	\$ 555,494



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

**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 four 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 Higher Education has designated the companies that are eligible to serve as plan providers for the ARP.

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, 2018, these contribution rates are 10 percent for OPERS and 14 percent for STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2018, each public institution of higher education was required to contribute 2.44 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 4.47 percent of a participating employee's gross salary, for the year ended June 30, 2018, to STRS in cases when the employee would have otherwise been enrolled in STRS.

The employer contribution amount is subject to actuarial review every fifth 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 vesting of all contributions made on behalf of participants is based on the employer's vesting requirements. 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 health care 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 unit, employer and employee contributions required and made for the year ended June 30, 2018, for the ARP follow (dollars in thousands):

<u>Major Component Unit:</u>	<u>OPERS</u>	<u>STRS</u>
Ohio State University:		
Employer Contributions .....	\$ 27,707	\$ 28,762
Employee Contributions .....	23,972	42,252



## **NOTE 10 GENERAL OBLIGATION BONDS**

At various times since 1921, Ohio voters, by 20 constitutional amendments (the last adopted May 2014 for a ten-year extension of the local government infrastructure program adopted in 2005), 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, 2018, the General Assembly had authorized the issuance of \$5.55 billion in Common Schools Capital Facilities Bonds, of which \$5.07 billion has been issued. As of June 30, 2018, the General Assembly had also authorized the issuance of \$4.45 billion in Higher Education Capital Facilities Bonds, of which \$3.83 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, 2018, the General Assembly has authorized the issuance of approximately \$3.68 billion in Highway Capital Improvements Bonds, of which \$3.13 billion has been issued.

Constitutional amendments in 1995, 2005, and 2014 allowed for the issuance of \$5.63 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Not more than \$175 million of Infrastructure Bonds may be issued in each fiscal year beginning in 2018 through fiscal year 2022 and \$200 million in each fiscal year beginning in fiscal year 2023 through fiscal year 2027, plus any obligations unissued from previous fiscal years. As of June 30, 2018, the General Assembly had authorized \$4.43 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which \$3.92 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. Not more than \$50 million of Natural Resources Bonds may be issued in any fiscal year. As of June 30, 2018, the General Assembly had authorized the issuance of \$260 million in Coal Research and Development Bonds, of which \$246 million had been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$482 million, as of June 30, 2018, of which \$453.1 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 (plus any obligations unissued from previous fiscal years). As of June 30, 2018, the General Assembly had authorized the issuance of approximately \$700 million in Conservation Projects Bonds of which \$500 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 \$175 million in any fiscal year (plus any obligations unissued from previous fiscal years). As of June 30, 2018, the General Assembly had authorized the issuance of \$1.2 billion in Third Frontier Research and Development Bonds, of which \$851 million had been issued.

The issuance of \$150 million of Site Development Bonds were 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, 2018, of which all \$150 million had been issued.

A 2009 constitutional amendment provided 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, 2018, the General Assembly had authorized all \$200 million in Veterans' Compensation Bonds, of which \$83.9 million had been issued.



**NOTE 10 GENERAL OBLIGATION BONDS (Continued)**

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2018, are presented in the table below. 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, 2018. As rates vary, variable-rate bond interest payments and net swap payments vary.

**Primary Government-Governmental Activities  
Summary of General Obligation Bonds  
and Future Funding Requirements  
As of June 30, 2018  
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Common Schools Capital Facilities .....	2004-18	2.5%-5.5%	2038	\$3,154,673	\$ 475,000
Higher Education Capital Facilities .....	2009-18	1.4%-5.3%	2038	2,610,855	615,000
Highway Capital Improvements .....	2010-18	1.3%-5.0%	2033	1,057,684	557,170
Infrastructure Improvements .....	2002-18	2.0%-5.5%	2038	1,936,145	500,014
Coal Research and Development .....	2010-18	1.5%-5.0%	2028	43,371	14,000
Natural Resources Capital Facilities .....	2010-18	2.0%-5.0%	2033	158,321	28,870
Conservation Projects .....	2010-18	2.0%-5.0%	2032	294,021	200,000
Third Frontier Research and Development ....	2009-18	1.1%-5.0%	2028	399,072	349,000
Site Development .....	2010-14	2.5%-4.6%	2023	47,789	-
Veterans' Compensation .....	2011-12	3.2%-4.9%	2027	32,430	116,090
Total General Obligation Bonds .....				<u>\$9,734,361</u>	<u>\$2,855,144</u>

Future Funding of Fixed-Rate Bonds:

Year Ending June 30,	Principal	Interest	Total
2019.....	\$ 797,105	\$ 382,784	\$ 1,179,889
2020.....	799,880	349,339	1,149,219
2021.....	791,050	313,560	1,104,610
2022.....	757,060	277,873	1,034,933
2023.....	708,870	243,598	952,468
2024-2028.....	2,372,150	822,871	3,195,021
2029-2033.....	1,618,015	371,495	1,989,510
2034-2038.....	665,775	79,129	744,904
Total Fixed-Rate Bonds .....	<u>\$ 8,509,905</u>	<u>\$ 2,840,649</u>	<u>\$11,350,554</u>

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2019.....	\$ 46,335	\$ 7,175	\$ 4,457	\$ 57,967
2020.....	50,465	6,048	3,890	60,403
2021.....	52,305	5,000	3,072	60,377
2022.....	54,300	3,916	2,222	60,438
2023.....	46,560	2,864	1,490	50,914
2024-2028.....	78,995	2,989	1,524	83,508
Total Variable-Rate Bonds.....	<u>\$ 328,960</u>	<u>\$ 27,992</u>	<u>\$ 16,655</u>	<u>\$ 373,607</u>

Total General Obligation Bonds .....	\$ 8,838,865
Unamortized Premium/(Discount), Net.....	895,496
Total.....	<u>\$ 9,734,361</u>

For the year ended June 30, 2018, NOTE 15 summarizes changes in general obligation bonds.



**NOTE 10 GENERAL OBLIGATION BONDS (Continued)**

**Hedging Derivatives**

As of June 30, 2018, approximately \$236.7 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of (\$12.2) 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 \$9.8 million during fiscal year 2018. 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. For information on the State's Deferred Outflows of Resources and Deferred Inflows of Resources, see NOTE 18.

Terms and objectives of the State's hedging derivatives are provided in the following table:

<b>Hedging Derivatives</b>							
<b>As of June 30, 2018</b>							
<i>(dollars in thousands)</i>							
Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Sw ap Rate at 06/30/2018	State's Sw ap Rate at 06/30/2018	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate sw ap	\$34,800	SIFMA Index	1.51%	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: JPMorgan Chase may elect to terminate its portion of the sw ap if the SIFMA index averages 7 percent or higher over a 180-day period.							
Credit Quality Ratings of Counterparty:		50% Aa3/A+/AA- JPMorgan Chase; 50% Aa2/A+/AA- Wells Fargo					
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate sw ap	\$39,660	LIBOR (See terms below )	1.57%	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:		Aa2/A+/AA- Wells Fargo					
Terms: 63% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2003D	Pay-fixed interest rate sw ap	\$67,000	LIBOR (see terms below )	1.61%	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+/AA- JPMorgan Chase; 50% Aa2/A+/AA- Wells Fargo					
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate sw ap	\$47,610	LIBOR (see terms below )	1.61%	3.20%	11/21/2014	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:		A1/AA-/AA- US Bank National Association					
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006C	Pay-fixed interest rate sw ap	\$47,610	LIBOR (see terms below )	1.61%	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:		A1/AA-/AA Royal Bank of Canada					
Terms: 65% of 1-month LIBOR + 25 basis points							

The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2018. 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.



**NOTE 10 GENERAL OBLIGATION BONDS (Continued)**

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. 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 third-party custodian. Net payments are made on the same date, as specified in the agreements.

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.

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 2018, there were five advance refundings of general obligations bonds. Proceeds of the refunding (new) bonds were 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. Details on the advance refundings are presented in the table on the following page.

In prior years, the 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. At June 30, 2018, Conservation Bonds of \$22.6 million, Common School Bonds of \$143.2 million, Higher Education Bonds of \$70.6 million, Infrastructure Improvement Bonds of \$55.2 million, Natural Resources Bonds of \$13.6 million, and Third Frontier Bonds of \$22.6 million are outstanding and considered defeased.



**NOTE 10 GENERAL OBLIGATION BONDS (Continued)**

**Primary Government — Governmental Activities**  
**General Obligation Bonds**  
**Details of Advance Refundings**  
**For the Year Ended June 30, 2018**  
*(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
Highway Capital, Series U.....	10/3/2017	\$ 136,265	1.98%	\$ 142,950	\$ 168,470	\$ 12,033/11 yrs	\$ 10,851
Common Schools, Series 2017B .....	12/21/2017	203,535	1.92%	227,570	253,577	34,857/12 yrs	28,158
Higher Education, Series 2017C.....	12/21/2017	194,955	1.92%	210,840	243,468	31,381/12 yrs	25,435
Infrastructure, Series 2017B.....	12/21/2017	68,630	2.05%	77,990	86,905	16,260/14 yrs	13,682
Natural Resources, Series V.....	12/21/2017	23,765	1.90%	25,820	29,393	3,484 / 11 yrs	2,835
Total .....		<u>\$ 627,150</u>		<u>\$ 685,170</u>	<u>\$ 781,813</u>		<u>\$ 80,961</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 Department of Transportation. The Ohio State University issues revenue bonds and notes as a major discretely presented component unit.

**A. Primary Government**

The Treasurer of State, since fiscal year 1998, has issued a total of \$2.74 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 2030 are estimated at approximately \$1.23 billion. For fiscal year 2018, principal and interest payments on the revenue bonds was \$151.7 million and pledged receipts was \$149.2 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, 2018, the total principal and interest payments remaining to be paid on the bonds were \$16.58 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2018 were \$335.2 million and \$337.2 million, respectively. In the event the assets of BTSFA have been exhausted, no amounts thereafter will 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-



**NOTE 11 REVENUE BONDS AND NOTES (Continued)**

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 and notes outstanding and future bond service requirements for the primary government, as of June 30, 2018, are presented in the following tables:

<b>Primary Government-Governmental Activities</b>				
<b>Summary of Revenue Bonds and Notes</b>				
<b>As of June 30, 2018</b>				
<i>(dollars in thousands)</i>				
	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Treasurer of State: State Infrastructure Bank .....	2007-18	2.0%-6.0%	2030	\$1,104,627
Buckeye Tobacco Settlement Financing Authority.....	2008	6.3%-7.5%	2052	5,584,710
Total Revenue Bonds and Notes .....				<u>\$6,689,337</u>

<b>Primary Government-Governmental Activities</b>			
<b>Future Funding Requirements for Revenue Bonds and Notes</b>			
<b>As of June 30, 2018</b>			
<i>(dollars in thousands)</i>			
Year Ending June 30,	Principal	Interest	Total
2019.....	\$ 460,250	\$ 336,816	\$ 797,066
2020.....	259,595	310,568	570,163
2021.....	241,550	298,508	540,058
2022.....	207,010	286,908	493,918
2023.....	214,065	276,328	490,393
2024-2028.....	929,520	1,222,713	2,152,233
2029-2033.....	710,425	993,594	1,704,019
2034-2038.....	690,520	804,899	1,495,419
2039-2043.....	1,050,840	553,092	1,603,932
2044-2048.....	1,347,390	3,196,772	4,544,162
2049-2052.....	128,183	3,289,117	3,417,300
	<u>6,239,348</u>	<u>11,569,315</u>	<u>17,808,663</u>
Unamortized Premium/(Discount), Net.....	449,989	-	449,989
Total .....	<u>\$6,689,337</u>	<u>\$11,569,315</u>	<u>\$18,258,652</u>

For the year ended June 30, 2018, NOTE 15 summarizes changes in revenue bonds and notes.

In prior years, the Treasurer of State defeased certain bond issues by placing cash and other monetary assets and 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. At June 30, 2018, \$87.6 million of Economic Development Bonds and \$3.3 million of Revitalization Bonds outstanding are considered defeased.



**NOTE 11 REVENUE BONDS AND NOTES (Continued)**

**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, 2018, are shown in the following table:

<b>Major Discretely Presented Component Units</b>			
<b>Future Funding Requirements for Revenue Bonds and Notes</b>			
<b>As of June 30, 2018</b>			
<i>(dollars in thousands)</i>			
Year Ending June 30,	Ohio State University		
	Principal	Interest	Total
2019.....	\$ 637,230	\$ 134,456	\$ 771,686
2020.....	36,761	123,783	160,544
2021.....	35,157	122,181	157,338
2022.....	35,317	120,626	155,943
2023.....	44,304	119,148	163,452
2024-2028.....	186,215	568,194	754,409
2029-2033.....	140,919	532,720	673,639
2034-2038.....	100,559	507,086	607,645
2039-2043.....	794,705	348,686	1,143,391
2044-2048.....	387,166	219,355	606,521
2049-2053.....	-	170,600	170,600
2054-2058.....	250,000	155,420	405,420
2059-2063.....	-	120,000	120,000
2064-2068.....	-	122,589	122,589
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>3,148,333</u>	<u>4,396,844</u>	<u>7,545,177</u>
Unamortized Premium/(Discount), Net.....	81,211	-	81,211
Total .....	<u>\$ 3,229,544</u>	<u>\$ 4,396,844</u>	<u>\$ 7,626,388</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 mental health and developmental disabilities institutions, parks and recreation, cultural and sports facilities, correctional facilities, office buildings for state departments and agencies, transportation, 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, 2018, are presented in the following tables:

**Primary Government-Governmental Activities  
Summary of Special Obligation Bonds  
As of June 30, 2018  
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Treasurer of State Lease Rental Bonds.....	2001-18	1.2%-5.4%	2038	\$ 2,237,096	\$ 1,173,135
Total Special Obligation Bonds.....				<u>\$ 2,237,096</u>	<u>\$ 1,173,135</u>

**Future Funding of Special Obligation Bonds:**

Year Ending June 30,	Principal	Interest	Total
2019.....	\$ 220,820	\$ 91,126	\$ 311,946
2020.....	196,710	81,437	278,147
2021.....	190,905	72,569	263,474
2022.....	174,825	63,867	238,692
2023.....	173,135	55,715	228,850
2024-2028.....	600,865	172,751	773,616
2029-2033.....	349,495	62,898	412,393
2034-2038.....	104,555	9,674	114,229
	<u>2,011,310</u>	<u>610,037</u>	<u>2,621,347</u>
Unamortized Premium/(Discount), Net.....	225,786	-	225,786
Total .....	<u>\$ 2,237,096</u>	<u>\$ 610,037</u>	<u>\$ 2,847,133</u>

For the year ended June 30, 2018, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2018, Treasury of State Lease Rental had four current/advance refunding issues. 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. Details on advanced refunding for fiscal year 2018 are presented in the following table.



**NOTE 12 SPECIAL OBLIGATION BONDS (Continued)**

**Primary Government — Governmental Activities**

**Special Obligation Bonds**

**Details of Advance Refundings**

**For the Year Ended June 30, 2018**

*(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
Treasurer of State Lease Rental Bonds:							
Adult Correctional Facilities, Series 2017B..	11/7/2017	\$ 62,320	2.25%	\$ 67,125	\$ 74,805	\$ 8,334/14 yrs	\$ 6,720
Administrative Facilities, Series 2017B.....	11/7/2017	30,790	2.11%	32,935	36,330	3,768/13 yrs	2,996
Mental Health Facilities, Series 2017A.....	11/7/2017	17,765	1.65%	18,315	20,421	1,182 / 7 yrs	1,104
Juvenile Correctional, Series 2017A.....	12/14/2017	10,515	2.20%	10,640	11,785	500 / 10 yrs	391
Total .....		<u>\$121,390</u>		<u>\$129,015</u>	<u>\$143,341</u>		<u>\$ 11,211</u>

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. At June 30, 2018, \$196.7 million of lease rental special obligations bonds outstanding are considered defeased.

**NOTE 13 CERTIFICATES OF PARTICIPATION**

As of June 30, 2018, approximately \$204.6 million in certificate of participation (COP) obligations were reported in governmental activities.

Beginning in fiscal year 2015, the Ohio Department of Administrative Services participated in the issuance of \$59.6 million of COP obligations to finance the cost of acquisition of the Enterprise Data Center Solutions (EDCS).

Beginning in fiscal year 2013, the Ohio Department of Administrative Services participated in the issuance of \$72 million of COP obligations to finance the upgrade of the Ohio Multi-Agency Radio Communications System (MARCS).

Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of \$204.3 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.

Beginning in fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of \$67.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue System (STARS).

In fiscal year 2015, the Ohio Treasurer of State's Office participated in the issuance of \$8.8 million of COP obligations to finance the cost of acquisition of the Treasury Management System (TMS).

In fiscal year 2017, the Ohio Attorney General's Office participated in the issuance of \$19.6 million of COP obligations to finance the cost of acquisition of the Bureau of Criminal Investigation Records System (BCIRS).

Under the COP financing arrangements, the State is required to make rental payments from the General Fund (subject to biennial appropriations) that approximate the interest and principal payments made by trustees to certificate holders.



**NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)**

Obligations outstanding and future commitments for the primary government under COP financing arrangements, as of June 30, 2018, are presented in the following tables:

<b>Primary Government — Governmental Activities</b>				
<b>Summary of Certificate of Participation Obligations</b>				
<b>As of June 30, 2018</b>				
<i>(dollars in thousands)</i>				
	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
<b>Attorney General:</b>				
Bureau of Criminal Investigation Records System (BCIRS) ..	2017	4.0%-5.0%	2027	\$ 19,942
<b>Department of Administrative Services:</b>				
Enterprise Data Center Solutions (EDCS).....	2015-17	5.0%	2027	55,366
Multi-Agency Radio Communications System (MARCS) .....	2013-15	3.0%-5.0%	2028	59,670
Ohio Administrative Knowledge System (OAKS) .....	2014-17	4.0%-5.0%	2027	33,117
State Taxation Accounting and Revenue System (STARS).....	2008-17	3.0%-5.0%	2027	29,229
<b>Treasurer of State:</b>				
Treasury Management Systems (TMS).....	2015	5.0%	2025	7,296
Total Certificates of Participation .....				<u>\$ 204,620</u>

Future Commitments for Certificate of Participation Obligations:			
Year Ending June 30,	Principal	Interest	Total
2019.....	\$ 33,615	\$ 8,194	\$ 41,809
2020.....	16,900	7,030	23,930
2021.....	17,755	6,176	23,931
2022.....	18,640	5,289	23,929
2023.....	19,570	4,363	23,933
2024-2028.....	78,930	8,022	86,952
	<u>185,410</u>	<u>39,074</u>	<u>224,484</u>
Unamortized Premium, Net.....	19,210	-	19,210
Total .....	<u>\$ 204,620</u>	<u>\$ 39,074</u>	<u>\$ 243,694</u>

For the year ended June 30, 2018, NOTE 15 summarizes changes in COP obligations.



**NOTE 14 OTHER NONCURRENT LIABILITIES**

As of June 30, 2018, 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):

<b>Non-Current Liabilities</b>	
<b>Governmental Activities:</b>	
Compensated Absences.....	\$ 479,706
Net Pension Liability.....	3,508,205
Net OPEB Liability.....	2,552,677
Capital Leases Payable.....	19,632
Derivatives.....	18,228
Pollution Remediation Liabilities.....	1,870
Infrastructure, Capital Assets.....	413,394
Estimated Claims Payable.....	679
Liability for Escheat Property.....	317,173
Total Governmental Activities .....	7,311,564
<b>Business-Type Activities:</b>	
Compensated Absences .....	41,739
Net Pension Liability.....	245,784
Net OPEB Liability.....	168,931
Capital Leases Payable.....	3,164
Workers' Compensation:	
Benefits Payable.....	14,153,709
Other.....	3,476,325
Prize Awards Payable.....	409,578
Tuition Benefits Payable.....	205,500
Total Business-Type Activities.....	18,704,730
Total Primary Government.....	\$ 26,016,294

For the year ended June 30, 2018, 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, 2018, was \$521.4 million, of which \$479.7 million is allocable to governmental activities and \$41.7 million is allocable to business-type activities.

As of June 30, 2018, major discretely presented component units reported a total of \$186.1 million in compensated absences liabilities, as detailed by major discretely presented component unit in NOTE 15.

**B. Net Pension Liability and Net OPEB Liability**

The State recognizes a net pension liability in the amount of \$3.76 billion, as of June 30, 2018, for the primary government of which \$3.51 billion is allocable to governmental activities and \$245.8 million is allocable to business-type activities. The net pension liability represents the State's proportionate share of the difference between the total pension liability and the fiduciary net position for OPERS, STRS, and SHPRS.

For the primary government, the State recognizes a net OPEB liability in the amount of \$2.72 billion as of June 30, 2018, of which \$2.55 billion is allocable to government activities and \$168.9 million is allocable to business-type activities. The net OPEB liability represents the State's proportionate share of the difference between the total OPEB liability and the fiduciary net position for OPERS, STRS and SHPRS. See NOTE 9 for further details.



**NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)**

**C. Lease Agreements**

The State's primary government leases office buildings, computers 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 2018 were approximately \$108.4 million. Fiscal year 2019 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2018, were \$4.1 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, 2018, are as follows (dollars in thousands):

Year Ending June 30,	Capital Leases		
	Governmental Activities	Business-Type Activities	Total
2019.....	\$ 5,740	\$ 1,552	\$ 7,292
2020.....	5,213	1,612	6,825
2021.....	4,380	-	4,380
2022.....	3,526	-	3,526
2023.....	1,721	-	1,721
2024-2025.....	401	-	401
Total Minimum Lease Payments.....	20,981	3,164	24,145
Amount for Interest.....	(1,349)	-	(1,349)
Present Value of Net Minimum Lease Payments.....	\$ 19,632	\$ 3,164	\$ 22,796

As of June 30, 2018, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business- Type Activities	Total
Equipment.....	\$ 8,985	\$ 108,815	\$ 117,800
Vehicles.....	28,806	-	28,806
Total.....	\$ 37,791	\$ 108,815	\$ 146,606

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, 2018, are presented in the table on the following page (dollars in thousands):



**NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)**

<b>Capital Leases</b>	
Major Discretely Presented Component Units	
Year Ending June 30,	Ohio State University
2019.....	\$ 5,065
2020.....	4,918
2021.....	5,131
2022.....	1,125
Total Minimum Lease Payments.....	16,239
Amount for Interest.....	(813)
Present Value of Net Minimum Lease Payments.....	<u>\$ 15,426</u>
Equipment & Vehicles.....	\$ 22,903
Total .....	<u>\$ 22,903</u>

**D. Derivatives**

For governmental activities, the State has reported \$(18.2) million of investment and hedging derivatives as of June 30, 2018. Additional information regarding the State's derivatives is included in NOTE 4, NOTE 10, and NOTE 18.

**E. Pollution Remediation Liabilities**

The State recognizes a liability for pollution remediation in the amount of \$1.9 million, as of June 30, 2018. 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 20 for further detail.

**F. Infrastructure, Capital Assets**

The State records a liability for the Portsmouth Bypass Highway. This road infrastructure construction in progress cost is being incurred by the developer, but not yet reimbursed by the State. As of June 30, 2018, the liability totaled approximately \$413.4 million.

**G. 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, 2018, no noncurrent liabilities ultimately payable from various governmental funds have been recorded for this purpose. For more information on the State's loss contingencies arising from pending litigation, see NOTE 20.

**H. Estimated Claims Payable**

The State reported \$679 thousand in estimated claims for defaulted loans under the Ohio Enterprise Bond Programs at the Development Services Agency, Office of Loan Administration, as of June 30, 2018. The program is included in governmental activities and is accounted for in the General fund. See NOTE 16 for additional information.

The following table reflects the Ohio Enterprise Bond Fund future debt service obligations as of June 30, 2018 (dollars in thousands):

Year Ending June 30,	Principal Due
2019.....	\$ 542
2020.....	137
Total .....	<u>\$ 679</u>



**NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)**

**I. 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, 2018, the liability totaled approximately \$317.2 million.

**J. Worker’s Compensation**

*Benefits Payable*

As discussed in NOTE 21, 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, 2018, in the amount of approximately \$14.15 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. Prize Awards Payable**

Future installment payments for the 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 to 8 percent, represent the expected long-term rate of return on the assets restricted for the payment of prize awards. Once established for a particular 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, 2018, the prize awards payable totals \$409.6 million.

Future payments of prize awards, stated at present value, as of June 30, 2018, follow (dollars in thousands):

<u>Year Ending June 30,</u>	
2019.....	\$ 67,277
2020.....	54,967
2021.....	49,838
2022.....	44,861
2023.....	37,645
2024-2028.....	131,333
2029-2033.....	92,219
2034-2038.....	21,265
2039-2043.....	6,311
2044-2048.....	200
	<u>505,916</u>
Unamortized Discount .....	(96,338)
Net Prize Liability .....	<u>\$ 409,578</u>

**L. Tuition Benefits Payable**

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately \$205.5 million, as of June 30, 2018. 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: 3.5 percent rate of return, compounded annually, on the investment of current and future assets, a tuition inflation assumption equal to the maximum amount of tuition and mandatory fee increases permitted by the State of Ohio biennial budget of 5.5 percent.

As of June 30, 2018, the market value of actuarial net position available for the payment of the tuition benefits payable was \$269.2 million.



**NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)**

**M. Other Liabilities**

The Workers' Compensation Enterprise Fund reports approximately \$3.48 billion in other noncurrent liabilities, as of June 30, 2018, of which 1) \$1.76 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 21, 2) \$1.24 billion consists of the premium rebate due to private employers and public taxing district employers, 3) \$437.1 million consists of retrospective rating adjustments for employers within similar industries that are enrolled in group experience rating plans, 4) \$4.5 million is contingent liabilities, and 5) \$39.9 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, 2018, are presented for the primary government in the following table:

<b>Primary Government</b>					
<b>Changes in Noncurrent Liabilities</b>					
<b>For the Fiscal Year Ended June 30, 2018</b>					
<i>(dollars in thousands)</i>					
<b>Governmental Activities:</b>	Balance June 30, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
<b>Bonds and Notes Payable:</b>					
General Obligation Bonds (NOTE 10) .....	\$ 9,297,641	\$ 2,104,794	\$ 1,668,074	\$ 9,734,361	\$ 850,904
Revenue Bonds and Notes (NOTE 11) .....	6,394,647	473,115	178,425	6,689,337	140,998
Special Obligation Bonds (NOTE 12) .....	2,016,991	613,704	393,599	2,237,096	255,970
Total Bonds and Notes Payable .....	<u>17,709,279</u>	<u>3,191,613</u>	<u>2,240,098</u>	<u>18,660,794</u>	<u>1,247,872</u>
Certificates of Participation (NOTE 13) .....	241,627	-	37,007	204,620	34,072
<b>Other Noncurrent Liabilities (NOTE 14):</b>					
Compensated Absences .....	460,688	361,854	342,836	479,706	57,975
Net Pension Liability .....	4,920,398	-	1,412,193	3,508,205	-
Net OPEB Obligation (Prior to GASB 75) .....	197,327	-	197,327	-	-
Net OPEB Liability .....	2,342,456	210,498	277	2,552,677	-
Capital Leases Payable .....	17,361	2,271	-	19,632	5,203
Derivatives .....	30,919	-	12,691	18,228	-
Pollution Remediation Liabilities .....	6,083	115	4,328	1,870	120
Infrastructure, Capital Assets .....	345,477	67,917	-	413,394	-
Litigation Liabilities .....	17,500	-	17,500	-	-
Estimated Claims Payable .....	1,201	-	522	679	542
Liability for Escheat Property .....	276,034	130,747	89,608	317,173	90,263
Total Other Noncurrent Liabilities .....	<u>8,615,444</u>	<u>773,402</u>	<u>2,077,282</u>	<u>7,311,564</u>	<u>154,103</u>
Total Noncurrent Liabilities .....	<u>\$ 26,566,350</u>	<u>\$ 3,965,015</u>	<u>\$ 4,354,387</u>	<u>\$ 26,176,978</u>	<u>\$ 1,436,047</u>
<b>Business-Type Activities:</b>					
<b>Other Noncurrent Liabilities (NOTE 14):</b>					
Compensated Absences .....	\$ 41,065	\$ 28,096	\$ 27,422	\$ 41,739	\$ 4,085
Net Pension Liability .....	358,757	-	112,973	245,784	-
Net OPEB Liability .....	156,637	12,294	-	168,931	-
Capital Leases Payable .....	6,277	-	3,113	3,164	1,552
Workers' Compensation:					
Benefits Payable .....	15,084,910	784,538	1,715,739	14,153,709	1,477,596
Other:					
Adjustment Expenses Liability .....	1,781,700	19,462	42,562	1,758,600	399,521
Miscellaneous .....	1,135,749	668,651	86,675	1,717,725	1,437,340
Prize Awards Payable .....	449,169	32,307	71,898	409,578	52,900
Tuition Benefits Payable .....	243,500	-	38,000	205,500	37,200
Total Other Noncurrent Liabilities .....	<u>19,257,764</u>	<u>1,545,348</u>	<u>2,098,382</u>	<u>18,704,730</u>	<u>3,410,194</u>
Total Noncurrent Liabilities .....	<u>\$ 19,257,764</u>	<u>\$ 1,545,348</u>	<u>\$ 2,098,382</u>	<u>\$ 18,704,730</u>	<u>\$ 3,410,194</u>

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.



**NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)**

For fiscal year 2018, 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 and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt. 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.

	<u>(in 000s)</u>
<b>Governmental Activities:</b>	
Primary, Secondary and Other Education .....	\$ 400,176
Higher Education Support .....	162,088
Health and Human Services.....	1,576
Environmental Protection and Natural Resources .....	1,330
Transportation.....	34,154
Community and Economic Development.....	101,348
Total Interest Expense Charged to Governmental Functions .....	<u>\$ 700,672</u>

**B. Major Discretely Presented Component Units**

Changes in noncurrent liabilities, for the year ended June 30, 2018, 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, 2018  
(dollars in thousands)**

	Balance June 30, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
<i>Ohio Facilities Construction Commission:</i>					
Intergovernmental Payable .....	\$ 845,999	\$ 368,691	\$ 411,163	\$ 803,527	\$ 470,088
Compensated Absences* .....	351	941	226	1,066	113
Total .....	<u>\$ 846,350</u>	<u>\$ 369,632</u>	<u>\$ 411,389</u>	<u>\$ 804,593</u>	<u>\$ 470,201</u>
<i>Ohio State University:</i>					
Compensated Absences* .....	\$ 177,207	\$ 22,576	\$ 14,779	\$ 185,004	\$ 14,779
Capital Leases Payable* (NOTE 14).....	8,548	10,660	3,782	15,426	4,681
Net Pension Liability* .....	3,565,744	-	1,017,499	2,548,245	-
Net OPEB Liability* .....	1,225,012	24,662	-	1,249,674	-
Advance from Concessionaire* .....	-	1,046,342	-	1,046,342	-
Other Liabilities* .....	364,706	375,339	382,607	357,438	74,071
Revenue Bonds & Notes Payable (NOTE 11) .	3,300,262	89,169	159,887	3,229,544	637,230
Total .....	<u>\$ 8,641,479</u>	<u>\$ 1,568,748</u>	<u>\$ 1,578,554</u>	<u>\$ 8,631,673</u>	<u>\$ 730,761</u>

\*Liability is reported under the "Refund and Other Liabilities" account.



**NOTE 16 CONDUIT 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 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.

Ohio Enterprise Bond Fund bonds are issued through the Treasurer of State for the purpose of financing eligible projects of private industry organizations. The actual bonds are sold through private placement. These bonds are not general obligations of the State of Ohio or of any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payments of amounts due are limited solely to the pledged receipts deposited into the Ohio Enterprise Bond Fund Accounts. The bonds represent conduit debt and are not reflected in the accompanying financial statements. The scheduled payment of the bonds currently outstanding is, however, guaranteed through the Development Services Agency, Office of Loan Administration, under Chapter 166, Ohio Revised Code. As of June 30, 2018, a liability of \$679 thousand has been recorded in the accompanying financial statements for guarantees extended to defaulted organizations. See NOTE 14H for additional information. The cumulative guarantee payments made for defaulted organizations with bonds currently outstanding is \$4.8 million. Recoveries for guarantee payments are submitted to the Attorney General's Office for collection; however, no amounts are expected to be recovered from guarantee payments made through June 30, 2018.

The Development Services Agency also participates in the issuance of Hospital Facilities Bonds, as authorized under Chapter 140, Ohio Revised Code. These revenue bonds are payable solely from payments made by the borrowing entities and are secured by the property financed. This debt is not deemed to 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.

Under Chapter 5531, Ohio Revised Code, the Ohio Department of Transportation is authorized to issue State Infrastructure Bond Program debt issuances through the Treasurer of State for highway and transit capital projects of eligible Ohio political subdivisions. These bonds are not general obligations of the State of Ohio or of any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payments of amounts due are limited to the pledged receipts and those special funds pledged by each debt issuance. The bonds represent conduit debt and are not reflected in the accompanying financial statements. The scheduled payment of the bonds currently outstanding is, however, guaranteed through the State Infrastructure Bank program of the Ohio Department of Transportation. In the event of a borrower's default, amounts recovered from the secured capital project would be used to replenish any reserve funds and any remaining amounts would be transferred to the State Infrastructure Bank accounts. Any amounts provided to repay bonds using appropriations of the Ohio Department of Transportation would be submitted to the Attorney General's Office for collection. Currently, guarantees are outstanding through fiscal year 2041, when the bonds mature, and no circumstances presently exist that indicate the State will be required to make any payments as a result of these guarantees.

As of June 30, 2018, revenue bonds and notes outstanding that represent conduit debt for the State were as follows (dollars in thousands):

	<u>Outstanding Amount</u>
<b>Primary Government:</b>	
Development Services Agency:	
Ohio Enterprise Bond Program .....	\$ 114,445
Hospital Facilities Bonds .....	3,250
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program.....	<u>37,310</u>
Total Primary Government .....	<u>\$ 155,005</u>



**NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING**

**A. Fund Balance Reporting-Constraints by Purpose**

Fund balance constraints reported in the governmental funds, as of June 30, 2018, are presented by purpose in the table on the following page:



**NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING (Continued)**

<b>Primary Government</b>					
<b>Fund Balance Constraints by Purpose</b>					
<i>(dollars in thousands)</i>					
Major Funds					
	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total
<b>Fund Balance:</b>					
<i>Nonspendable</i>					
Inventories.....	\$ 21,478	\$ -	\$ -	\$ 84,330	\$ 105,808
Noncurrent Portion of Loans Receivable.....	1,288	-	-	-	1,288
Advances to Local Government.....	29,501	-	-	-	29,501
Total Nonspendable.....	<u>52,267</u>	<u>-</u>	<u>-</u>	<u>84,330</u>	<u>136,597</u>
<i>Restricted</i>					
Primary, Secondary and Other Education.....	19	67	-	123,899	123,985
Higher Education Support.....	325,682	-	-	24,315	349,997
Public Assistance and Medicaid.....	-	128,745	-	217,212	345,957
Health and Human Services.....	-	-	-	55,826	55,826
Justice and Public Protection.....	33,133	1,343	-	60,179	94,655
Environmental Protection and Natural Resources.....	12,083	-	-	153,921	166,004
Transportation.....	-	-	-	10,119	10,119
Transit Project Loans.....	-	-	-	233,124	233,124
Highway Construction/Preservation.....	-	-	-	801,307	801,307
General Government.....	5,889	21,330	-	113,694	140,913
Community and Economic Development.....	74,025	9	-	332,602	406,636
Grants/Loans-Local Government Capital Improvements	794,948	-	-	-	794,948
Local Government Road/Bridge Improvements.....	219,681	-	-	-	219,681
Capital Outlay.....	-	-	-	910,051	910,051
Debt Service.....	-	-	4,515,448	8,679	4,524,127
Total Restricted.....	<u>1,465,460</u>	<u>151,494</u>	<u>4,515,448</u>	<u>3,044,928</u>	<u>9,177,330</u>
<i>Committed</i>					
Primary, Secondary and Other Education.....	2	-	-	84,149	84,151
Higher Education Support.....	-	-	-	1,808	1,808
Public Assistance and Medicaid.....	-	107,885	-	68,991	176,876
Health and Human Services.....	1,144	-	-	13,150	14,294
Justice and Public Protection.....	996	-	-	83,409	84,405
Environmental Protection and Natural Resources.....	-	-	-	192,520	192,520
Transportation.....	-	-	-	1,324	1,324
General Government.....	20,010	16,047	-	95,068	131,125
Community and Economic Development.....	21,998	-	-	112,679	134,677
Business Development Loans.....	728,378	-	-	-	728,378
Total Committed.....	<u>772,528</u>	<u>123,932</u>	<u>-</u>	<u>653,098</u>	<u>1,549,558</u>
<i>Assigned</i>					
Primary, Secondary and Other Education.....	50,737	-	-	-	50,737
Higher Education Support.....	9,267	-	-	-	9,267
Public Assistance and Medicaid.....	483,696	-	-	-	483,696
Health and Human Services.....	92,428	-	-	-	92,428
Justice and Public Protection.....	102,492	-	-	-	102,492
Environmental Protection and Natural Resources.....	27,707	-	-	-	27,707
General Government.....	449,349	-	-	-	449,349
Escheat Investments used for Mortgage Insurance/ Minority Contractor Bonding/Housing Finance Loans...	1,242,482	-	-	-	1,242,482
Community and Economic Development.....	81,249	-	-	-	81,249
Total Assigned.....	<u>2,539,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,539,407</u>
<i>Unassigned</i>					
	667,887	(1,937)	-	-	665,950
Total Fund Balance.....	<u>\$ 5,497,549</u>	<u>\$ 273,489</u>	<u>\$ 4,515,448</u>	<u>\$ 3,782,356</u>	<u>\$ 14,068,842</u>



**NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING (Continued)**

As of June 30, 2018, the Budget Stabilization Fund had a fund balance of \$2.03 billion which was included as a part of the unassigned fund balance in the General Fund.

**B. Fund Deficits**

The following individual funds reported deficits that are reflected in the State's basic financial statements, as of June 30, 2018 (dollars in thousands):

**Primary Government:**

Nonmajor Proprietary Funds:	
Office of Auditor of State.....	\$ (67,251)
<i>Total Primary Government.....</i>	<u>\$ (67,251)</u>

**Discretely Presented Component Units:**

Major Component Units:	
Ohio Facilities Construction Commission .....	\$ (3,826,286)
Nonmajor Component Units:	
Ohio Capital Fund.....	(72,525)
Cincinnati State Community College.....	(21,766)
<i>Total Component Units.....</i>	<u>\$ (3,920,577)</u>

Deficits are due to the timing of revenue recognition and the accrual of expenses not recorded under the cash basis of accounting.

**NOTE 18 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

**A. Deferred Outflows of Resources**

Details on deferred outflows of resources for the primary government, as of June 30, 2018, follow (dollars in thousands):

<b>Primary Government - Deferred Outflows of Resources</b>					
	Net Pension and OPEB Liability/Asset	Hedging Derivatives	Loss on Debt Refundings	Resources of a Future Period	Total
<b>Governmental Activities:</b>					
Major Governmental Funds:					
Buckeye Tobacco Settlement Financing					
Authority Revenue Bonds.....	\$ -	\$ -	\$ -	\$4,138,761	\$ 4,138,761
Total Governmental Activities .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,138,761</u>	<u>4,138,761</u>
Reconciliation of fund level statements					
to government-wide statements due					
to basis differences.....	838,648	12,248	131,779	-	982,675
Total Governmental Activities .....	<u>\$ 838,648</u>	<u>\$ 12,248</u>	<u>\$ 131,779</u>	<u>\$4,138,761</u>	<u>\$ 5,121,436</u>
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Workers' Compensation.....	\$ 66,462	\$ -	\$ -	\$ -	\$ 66,462
Lottery Commission.....	6,380	-	-	-	6,380
Nonmajor Proprietary Funds .....	14,622	-	-	-	14,622
Total Business-Type Activities .....	<u>\$ 87,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,464</u>
Total Primary Government.....					<u>\$ 5,208,900</u>

As of June 30, 2018, The Ohio State University, a major discretely presented component unit, reported Deferred Outflows of Resources totaling approximately \$719.6 million for net pension and OPEB liability/asset and \$18.4 million for losses on debt-related transactions.



**NOTE 18 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (Continued)**

**B. Deferred Inflows of Resources**

The deferred inflows of resources for the primary government, as of June 30, 2018, are comprised of the following (dollars in thousands):

<b>Primary Government - Deferred Inflows of Resources</b>					
	Net Pension and OPEB Liability/Asset	Resources from the Sale of Future Revenues	Unavailable Resources	Debt Refundings	Total
<b>Governmental Activities:</b>					
Major Governmental Funds:					
General .....	\$ -	\$ 768,569	\$ 445,434	\$ -	\$ 1,214,003
Job, Family and Other Human Services .....	-	-	62,943	-	62,943
Buckeye Tobacco Settlement Financing					
Authority Revenue Bonds .....	-	-	572,482	-	572,482
Nonmajor Governmental Funds .....	-	34,100	22,865	-	56,965
Total Governmental Activities .....	<u>-</u>	<u>802,669</u>	<u>1,103,724</u>	<u>-</u>	<u>1,906,393</u>
Reconciliation of fund level statements					
to government-wide statements due					
to basis differences .....					
	905,980	1,112,313	(1,103,724)	2,431	917,000
Total Governmental Activities .....	<u>\$ 905,980</u>	<u>\$ 1,914,982</u>	<u>\$ -</u>	<u>\$ 2,431</u>	<u>\$ 2,823,393</u>
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Workers' Compensation .....	\$ 77,373	\$ -	\$ -	\$ -	\$ 77,373
Lottery Compensation .....	7,428	-	-	-	7,428
Nonmajor Proprietary Funds .....	16,897	-	-	-	16,897
Total Business-Type Activities .....	<u>\$ 101,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,698</u>
Total Primary Government .....					<u>\$2,925,091</u>

As of June 30, 2018, the Ohio Facilities Construction Commission, a major discretely presented component unit, reported Deferred Inflows of Resources totaling approximately \$3.37 billion pertaining to resources from the sale of future revenues. In addition, the Ohio State University, another major discretely presented component unit, reported Deferred Inflows of Resources of \$512.3 million for net pension and OPEB liability/asset, \$18.9 million for gains on debt-related transactions, \$14.8 million for irrevocable split-interest agreements, and \$426.2 million related to service concession arrangements.

**NOTE 19 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.



**NOTE 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)**

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 \$199 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, 2017 (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>100.0%</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, 2017, was as follows (dollars in thousands):

Cash and Investments .....	\$ 138,331
Other Assets .....	94
Total Assets .....	<u>\$ 138,425</u>
Total Liabilities .....	\$ 1,280
Total Net Position .....	137,145
Total Liabilities and Net Position .....	<u>\$ 138,425</u>
Total Revenues and Other Additions.....	\$ 18,482
Total Expenditures and Other Deductions.....	(5,591)
Change in Net Position .....	<u>\$ 12,891</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.

**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.



**NOTE 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)**

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 2018 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
<b>Local Community Colleges:</b>			
Cuyahoga .....	\$ 72,106	\$ 11,794	\$ 83,900
Eastern Gateway.....	8,837	1,318	10,155
Lakeland .....	20,433	4,128	24,561
Lorain County .....	28,824	2,698	31,522
Rio Grande .....	6,359	798	7,157
Sinclair .....	50,293	4,466	54,759
Total Local Community Colleges.....	<u>186,852</u>	<u>25,202</u>	<u>212,054</u>
<b>Technical Colleges:</b>			
Belmont .....	4,740	2,620	7,360
Central Ohio .....	12,430	336	12,766
Hocking .....	12,500	1,111	13,611
James A. Rhodes .....	10,382	1,549	11,931
Marion .....	7,461	1,022	8,483
Zane .....	8,395	1,873	10,268
North Central .....	7,990	1,604	9,594
Stark .....	29,499	6,140	35,639
Total Technical Colleges .....	<u>93,397</u>	<u>16,255</u>	<u>109,652</u>
Total .....	<u>\$ 280,249</u>	<u>\$ 41,457</u>	<u>\$ 321,706</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 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 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)**

During fiscal year 2018, the State had the following related-party transactions with its related organizations:

- The General Fund reports a \$323.3 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.
- 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 \$4.1 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.

## **NOTE 20 CONTINGENCIES AND COMMITMENTS**

### **A. Litigation**

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations. There are no legal proceedings, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the State's financial position.

### **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 of 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.

#### **Federal Single Audit**

As a result of the fiscal year 2017 State of Ohio Single Audit (issued in February 2018), \$78 thousand plus an undetermined amount 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 these questioned costs in the state's financial statements for the fiscal year ended June 30, 2018.

### **C. 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.



**NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)**

In addition to the base payments in 2008 through 2017, BTSFA received 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. Strategic contribution payments ended in 2017. Beginning in 2018, payments consist solely of the base payment plus amounts, if any, paid by participating manufacturers relating to prior years and amounts, if any, released from the disputed payment account.

During fiscal year 2018, Ohio received \$331.8 million, which is approximately \$99.5 million or 23.08 percent less than the pre-adjusted base payment for the year.

As of June 30, 2018, the estimated tobacco settlement receivable in the amount of \$606.4 million is included in "Other Receivables" reported for the governmental funds. The receivable includes \$390.9 million for payments withheld from BTSFA beginning fiscal year 2008 and \$34.1 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.

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, BTFSA may not have adequate financial resources to make payment on the bonds.

A schedule of pre-adjusted base payments for the State of Ohio in future years follows (dollars in thousands):

Year Ending June 30,	Pre-adjusted MSA Base Payments
2019.....	\$ 436,331
2020.....	441,189
2021.....	446,563
2022.....	451,881
2023.....	457,447
2024-2028.....	2,376,767
2029-2033.....	2,539,413
2034-2038.....	2,708,501
2039-2043.....	2,884,757
2044-2048.....	3,068,685
2049-2052.....	2,599,051
Total .....	<u>\$ 18,410,585</u>



**NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)**

**D. Construction Commitments**

As of June 30, 2018, the Ohio Department of Transportation had total contractual commitments of approximately \$2.91 billion for highway construction projects. Funding for future projects is expected to be provided from federal, primary government, general obligation and revenue bonds, and local government sources in amounts of \$1.38 billion, \$734.3 million, \$719.5 million, and \$80.3 million, respectively.

As of June 30, 2018, 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):

<b>Primary Government</b>	
Mental Health/Developmental Disabilities Facilities Improvements .....	\$ 29,760
Parks and Recreation Improvements .....	42,129
Administrative Services Building Improvements .....	45,536
Youth Services Building Improvements .....	23,753
Adult Correctional Building Improvements .....	171,797
Ohio Parks and Natural Resources .....	14,669
Transportation Building Improvements.....	103,750
Total .....	<u>\$ 431,394</u>
<b>Major Discretely Presented Component Units</b>	
Ohio State University .....	\$ 330,460

**E. Pollution Remediation Activities**

During fiscal year 2018, the State was involved in remediation activities for pollution as described in the following paragraph. These activities include site investigation, cleanup, and monitoring. The associated estimated cost of remediation activities is shown below (in general, projects with a liability of less than \$1 million at June 30 are not listed).

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 \$1.9 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liability described above is reported as “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 liability for this activity is an estimate and 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.

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, 2018, no capital assets were created nor reported as a result of any pollution remediation process.

**F. Encumbrances**

At June 30, 2018, the State has significant encumbrances of \$735.3 million in the General Fund, \$999.1 million in the Job, Family and Other Human Services Special Revenue Fund, and \$4.26 billion in the nonmajor governmental funds.



**NOTE 21 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 \$14.15 billion is reported in the Fund as of June 30, 2018. 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 \$1.76 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.

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 \$26.6 billion, as of June 30, 2018, and \$28.2 billion, as of June 30, 2017. For additional information, refer to the Fund's separately audited financial report, for the fiscal year ended June 30, 2018.

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 2018	Fiscal Year 2017
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of July 1 .....	\$ 16,866	\$ 17,493
Incurring Compensation		
and Compensation Adjustment Benefits .....	804	1,199
Incurring Compensation		
and Compensation Adjustment Benefit Payments		
and Other Adjustments .....	(1,758)	(1,826)
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of June 30 .....	<u>\$ 15,912</u>	<u>\$ 16,866</u>



**NOTE 21 RISK FINANCING (Continued)**

**B. State Employee Healthcare Plan**

Employees of the State’s primary government have the option of participating in the Ohio Med PPO Plan (Plan). The Plan is managed by three third party administrators (TPAs), Medical Mutual of Ohio (MMO), Aetna and Anthem. The three TPAs are responsible for processing claims for separate regions throughout the State.

When it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, liabilities are reported in the governmental and proprietary funds for claims that have been incurred but not reported. The Plan’s 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 accumulated resources are distributed to MMO, Aetna or Anthem for claims settlement.

For governmental funds, claims are recognized 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, 2018, approximately \$68.5 million in total assets was available in the Agency Fund to cover healthcare claims. Changes in the balance of claims liabilities for the Plan during the past two fiscal years were as follows (dollars in thousands):

<b>Ohio Med PPO</b>		
	Fiscal Year 2018	Fiscal Year 2017
Claims Liabilities, as of July 1 .....	\$ 59,938	\$ 53,990
Incurred Claims .....	591,261	534,804
Claims Payments .....	(576,123)	(528,856)
Claims Liabilities, as of June 30 .....	<u>\$ 75,076</u>	<u>\$ 59,938</u>

As of June 30, 2018, the resources on deposit in the Agency Fund were less than the estimated claims liability by approximately \$6.6 million, thereby resulting in a funding deficit. Eighty-five percent or \$5.6 million of the deficit, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting increase in expenditures/expenses.

**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 22 SUBSEQUENT EVENTS**

**Bond Issuances**

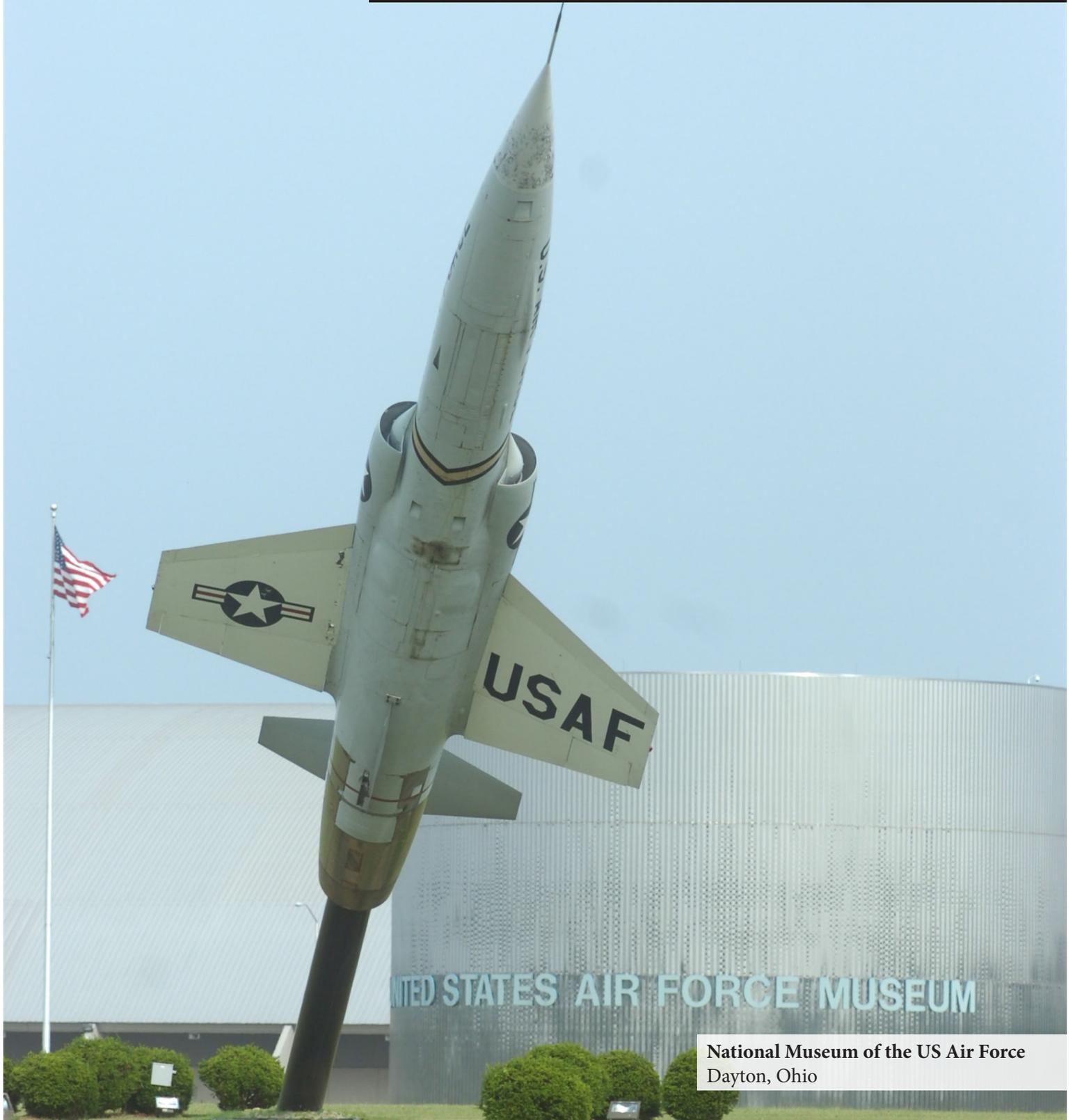
Subsequent to June 30, 2018, the State issued major debt as detailed in the table below:

<b>Debt Issuances</b>			
<b>Subsequent to June 30, 2018</b>			
<i>(dollars in thousands)</i>			
	Date Issued	Net Interest Rate or True Interest Cost	Amount
<b>Primary Government:</b>			
<i>Ohio Public Facilities Commission (OPFC)- General Obligation Bonds:</i>			
Infrastructure Improvements, Series 2018A.....	10/23/18	3.47%	\$160,000
<i>Treasurer of State-General Obligation Bonds:</i>			
Highway Capital Improvement, Series V.....	11/28/18	3.02%	187,125
Total General Obligation Bonds.....			<u>347,125</u>
<i>Treasurer of State-Special Obligation Bonds:</i>			
State Facilities (Administrative Building), Series 2018A.....	10/30/18	3.68%	63,000
State Facilities (Administrative Building)-Taxable, Series 2018B.....	10/30/18	3.49%	7,000
Parks and Recreation Facilities, Series 2018A.....	10/30/18	3.65%	100,000
Total Special Obligation Bonds .....			<u>170,000</u>
<i>Department of Administrative Services - Certificates of Participation:</i>			
Enterprise Data Center Solutions, Series 2018.....	11/14/18	2.72%	26,815
<i>Secretary of State - Certificates of Participation:</i>			
Voting Systems Acquisition, Series 2018.....	11/14/18	2.71%	72,435
Total Certificates of Participation .....			<u>99,250</u>
Total Primary Government.....			<u><u>\$616,375</u></u>

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Financial Section

# Required Supplementary Information



National Museum of the US Air Force  
Dayton, Ohio



**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.

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.

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.

**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	%
2018	8,236	59.47	3,856	27.85	1,331	9.61	426	3.07	13,849	100.00
2017	8,103	59.06	4,345	31.67	990	7.22	282	2.05	13,720	100.00
2016	8,245	59.97	4,309	31.34	933	6.79	261	1.90	13,748	100.00
2015	8,724	63.51	3,944	28.71	901	6.56	168	1.22	13,737	100.00
2014	9,172	67.19	3,528	25.85	797	5.84	153	1.12	13,650	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	%
2018	15,589	52.87	7,395	25.08	6,090	20.65	413	1.40	29,487	100.00
2017	14,022	47.58	8,472	28.74	6,755	22.92	224	0.76	29,473	100.00
2016	12,940	43.91	8,884	30.15	7,480	25.38	166	0.56	29,470	100.00
2015	14,213	48.25	8,556	29.04	6,506	22.08	186	0.63	29,461	100.00
2014	15,341	51.98	7,838	26.56	6,087	20.63	246	0.83	29,512	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**

Fiscal Year	Estimated	Actual
2018	\$447,590	\$504,877
2017	416,249	491,309
2016	619,382	533,788
2015	482,291	526,202
2014	504,669	482,849

**General Subsystem**

Fiscal Year	Estimated	Actual
2018	\$303,715	\$404,677
2017	314,433	427,531
2016	283,059	369,117
2015	287,411	361,582
2014	266,985	344,005

**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)*

Fiscal Year	General Appraisal Condition Ratings (GACR)									
	Excellent GACR = 7-9		Good GACR = 5-6		Fair GACR = 3-4		Poor GACR = 0-2		Total	
	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%
2018	70,768	65.91	34,831	32.44	1,772	1.65	0	0.00	107,371	100.00
2017	69,581	64.73	35,891	33.39	2,017	1.88	0	0.00	107,489	100.00
2016	67,201	63.05	37,216	34.92	2,163	2.03	0	0.00	106,580	100.00
2015	64,945	61.15	38,702	36.44	2,541	2.39	18	0.02	106,206	100.00
2014	62,239	58.46	40,626	38.15	3,609	3.39	0	0.00	106,474	100.00



***Infrastructure Assets Accounted for Using the Modified Approach (Continued)***

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**Bridge Network**  
**Comparison of Estimated-to-Actual Maintenance and Preservation Costs**  
*(dollars in thousands)*

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Fiscal Year	Estimated	Actual
2018	\$462,821	\$452,276
2017	469,804	526,003
2016	499,522	552,021
2015	534,578	571,689
2014	550,629	528,001

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**STATE OF OHIO**

**SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY/ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST FOUR YEARS <sup>(A)</sup>**

(dollars in thousands)

	2017	2016	2015
<b>Traditional Plan:</b>			
Employer's Proportion of the Collective Net Pension Liability.....	20.85%	20.95%	20.65%
Employer's Proportionate Share of the Collective Net Pension Liability.....	\$ 3,271,382	\$ 4,736,652	\$ 3,561,458
Covered Payroll.....	\$ 2,791,773	\$ 2,754,860	\$ 2,589,575
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll.....	117.18%	171.94%	137.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	84.66%	77.25%	81.08%
<b>Combined Plan:</b>			
Employer's Proportion of the Collective Net Pension (Asset).....	19.13%	19.67%	19.64%
Employer's Proportionate Share of the Collective Net Pension (Asset).....	\$ (26,038)	\$ (10,623)	\$ (9,355)
Covered Payroll.....	\$ 81,048	\$ 77,885	\$ 72,010
Employer's Proportionate Share of the Collective Net Pension (Asset) as a Percentage of the Employer's Covered Payroll.....	32.13%	13.64%	12.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset.....	137.28%	116.55%	116.90%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.



---

2014
20.73%
\$ 2,496,359
\$ 2,608,075
95.72%
86.45%
20.23%
\$ (7,577)
\$ 69,383
10.92%
114.83%

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**STATE OF OHIO**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR THE LAST FOUR FISCAL YEARS <sup>(A)(B)</sup>**  
*(dollars in thousands)*

	2018	2017	2016
<b>Traditional Plan:</b>			
Statutorily Required Employer Contribution.....	\$ 383,973	\$ 343,330	\$ 314,599
Actual Employer Contributions Received.....	383,973	343,330	314,599
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 2,834,015	\$ 2,794,847	\$ 2,613,331
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	13.55%	12.28%	12.04%
<b>Combined Plan:</b>			
Statutorily Required Employer Contribution.....	\$ 11,345	\$ 9,977	\$ 9,366
Actual Employer Contributions Received.....	11,345	9,977	9,366
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 83,734	\$ 81,219	\$ 77,801
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	13.55%	12.28%	12.04%

**Notes:**

- <sup>(A)</sup> This table will present ten years of information as it becomes available.
- <sup>(B)</sup> Starting in fiscal year 2017, the 2015 and 2016 data presented was adjusted to reflect fiscal year rather than measurement date.



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2015
<u>\$ 308,797</u>
308,797
<u>\$ -</u>
\$ 2,573,692
12.00%
\$ 8,587
8,587
<u>\$ -</u>
\$ 71,573
12.00%

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**STATE OF OHIO**

**SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY**

**STATE TEACHERS RETIREMENT SYSTEM**

**AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST FOUR YEARS <sup>(A)</sup>**

*(dollars in thousands)*

	2017	2016	2015
Employer's Proportion of the Collective Net Pension Liability.....	0.38%	0.38%	0.39%
Employer's Proportionate Share of the Collective Net Pension Liability.....	\$ 90,418	\$ 126,919	\$ 107,522
Covered Payroll.....	\$ 41,881	\$ 39,990	\$ 40,509
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll.....	215.89%	317.38%	265.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	75.29%	66.78%	72.10%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.



2014

0.41%

\$ 99,431

\$ 41,996

236.76%

74.71%

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**STATE OF OHIO**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**STATE TEACHERS RETIREMENT SYSTEM**  
**FOR THE LAST FOUR FISCAL YEARS** <sup>(A)(B)</sup>  
*(dollars in thousands)*

	2018	2017	2016
Statutorily Required Employer Contribution.....	\$ 5,888	\$ 5,863	\$ 5,692
Actual Employer Contributions Received.....	5,888	5,863	5,692
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 42,066	\$ 41,881	\$ 39,990
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	14.00%	14.00%	14.23%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.

<sup>(B)</sup> Starting in fiscal year 2017, the 2015 and 2016 data presented was adjusted to reflect the State's fiscal reporting year rather than measurement date.



	2015
\$	5,671
	5,671
\$	-
\$	40,509
	14.00%

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**STATE OF OHIO**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

**STATE HIGHWAY PATROL RETIREMENT SYSTEM**

**AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST FOUR YEARS <sup>(A)</sup>**

(dollars in thousands)

	2017	2016	2015
<b>Total Pension Liability:</b>			
Service Cost.....	\$ 19,635	\$ 18,094	\$ 17,805
Interest on the Total Pension Liability.....	85,936	84,195	81,577
Benefit Changes.....	(5,681)	-	-
Difference between Expected and Actual Experience.....	17,854	(8,633)	(6,366)
Assumption Changes.....	-	-	40,773
Benefit Payments.....	(75,393)	(65,720)	(66,213)
Refunds.....	(1,075)	(1,731)	(858)
Net Change in Total Pension Liability.....	41,276	26,205	66,718
Total Pension Liability - Beginning.....	1,137,269	1,111,064	1,044,346
Total Pension Liability - Ending (a).....	<u>\$ 1,178,545</u>	<u>\$ 1,137,269</u>	<u>\$ 1,111,064</u>
<b>Plan Fiduciary Net Position:</b>			
Employer Contributions.....	\$ 26,110	\$ 25,384	\$ 22,895
Employee Contributions.....	14,505	14,101	13,686
Pension Plan Net Investment Income.....	101,482	46,423	(5,702)
Benefit Payments.....	(75,393)	(65,721)	(66,213)
Refunds.....	(1,075)	(1,731)	(858)
Pension Plan Administrative Expense.....	(1,437)	(1,353)	(1,084)
Other.....	479	357	839
Net Change in Plan Fiduciary Net Position.....	64,671	17,460	(36,437)
Plan Fiduciary Net Position - Beginning.....	721,685	704,225	740,662
Plan Fiduciary Net Position - Ending (b).....	<u>\$ 786,356</u>	<u>\$ 721,685</u>	<u>\$ 704,225</u>
Net Pension Liability - Ending (a) - (b).....	<u>\$ 392,189</u>	<u>\$ 415,584</u>	<u>\$ 406,839</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability.....	66.72%	63.46%	63.38%
Covered Employee Payroll..... <sup>(B)</sup>	\$ 112,705	\$ 108,789	\$ 99,983
Net Pension Liability as a Percentage of Covered Employee Payroll.....	347.98%	382.01%	406.91%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.

<sup>(B)</sup> Covered payroll includes Deferred Retirement Option Program (DROP) employees.



---

2014

\$ 17,657  
79,175  
-  
-  
-  
(64,526)  
(2,177)  

---

30,129  
1,014,217  

---

\$ 1,044,346

\$ 22,325  
11,577  
45,105  
(64,526)  
(2,177)  
(1,031)  
421  

---

11,694  
728,968  

---

\$ 740,662

\$ 303,684

70.92%  
\$ 99,212  
306.10%

---



**STATE OF OHIO**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**STATE HIGHWAY PATROL RETIREMENT SYSTEM**  
**FOR THE LAST TEN CALENDAR YEARS**  
*(dollars in thousands)*

	2017	2016	2015	2014	2013
Actuarially Determined Contribution.....	\$ 25,349	\$ 24,407	\$ 22,446	\$ 29,767	\$ 35,430
Actual Employer Contributions Received.....	26,110	25,383	22,895	22,325	22,908
Difference.....	<u>\$ (761)</u>	<u>\$ (976)</u>	<u>\$ (449)</u>	<u>\$ 7,442</u>	<u>\$ 12,522</u>
Covered Payroll..... (A)	\$ 112,705	\$ 108,789	\$ 99,983	\$ 99,212	\$ 98,520
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	23.17%	23.33%	22.90%	22.50%	23.25%

**Notes:**

(A) Covered payroll includes Deferred Retirement Option Program (DROP) employees.

<b>Actuarial Assumptions</b>	
Valuation Date	December 31, 2016
Notes	Actuarially determined contribution rates are calculated as of December 31, which is one day prior to the beginning of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level-Percentage Closed
Remaining Amortization Period	29 years
Asset Valuation Method	Four-year smoothed market
Inflation	3.5 percent wage inflation; 2.75 percent price inflation
Salary Increases	3.8 percent to 13.5 percent including inflation
Investment Rate of Return	7.75 percent
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Mortality Table and RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for females was then established to be 2012. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other Information	There were no assumption changes during the year.  There were benefit changes beginning with the December 31, 2017 annual actuarial valuation, which include changes to age and service pension eligibility, off-duty disability, and survivor benefits.



<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 30,488	\$ 26,956	\$ 22,872	\$ 19,978	\$ 21,221
23,766	22,966	21,212	20,454	20,302
<u>\$ 6,722</u>	<u>\$ 3,990</u>	<u>\$ 1,660</u>	<u>\$ (476)</u>	<u>\$ 919</u>
\$ 98,117	\$ 93,126	\$ 94,768	\$ 94,825	\$ 94,302
24.22%	24.66%	22.38%	21.57%	21.53%



**STATE OF OHIO**

**SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY/ASSET  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 AS OF THE CURRENT MEASUREMENT DATE <sup>(A)</sup>**

*(dollars in thousands)*

<b>All Plans:</b>	2017
Employer's Proportion of the Collective Net OPEB Liability.....	20.74%
Employer's Proportionate Share of the Collective Net OPEB Liability.....	\$ 2,252,428
Covered Payroll.....	\$ 2,915,630
Employer's Proportionate Share of the Collective Net OPEB Liability as a Percentage of the Employer's Covered Payroll.....	77.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	54.14%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.



**STATE OF OHIO**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR THE CURRENT FISCAL YEAR <sup>(A)</sup>**

*(dollars in thousands)*

	2018
Actuarially Determined Employer Contribution.....	\$ 153,362
Actual Employer Contributions Received.....	18,802
Difference.....	<u>\$ 134,560</u>
Covered Payroll.....	\$ 2,994,040
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	0.63%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.



**STATE OF OHIO**

**SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY**

**STATE TEACHERS RETIREMENT SYSTEM**

**AS OF THE CURRENT MEASUREMENT DATE <sup>(A)</sup>**

*(dollars in thousands)*

	2017
Employer's Proportion of the Collective Net OPEB Liability.....	0.38%
Employer's Proportionate Share of the Collective Net OPEB Liability.....	\$ 14,850
Covered Payroll.....	\$ 40,918
Employer's Proportionate Share of the Collective Net OPEB Liability as a Percentage of the Employer's Covered Payroll.....	36.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	47.11%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.



**STATE OF OHIO**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**  
**STATE TEACHERS RETIREMENT SYSTEM**  
**FOR THE CURRENT FISCAL YEAR <sup>(A)</sup>**

*(dollars in thousands)*

	2018
Actuarially Determined Employer Contribution.....	\$ 910
Actual Employer Contributions Received.....	-
Difference.....	<u>\$ 910</u>
Covered Payroll.....	\$ 42,066
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	0.00%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.



**STATE OF OHIO**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

**STATE HIGHWAY PATROL RETIREMENT SYSTEM**

**AS OF THE CURRENT MEASUREMENT DATE <sup>(A)</sup>**

(dollars in thousands)

	2017
<b>Total OPEB Liability:</b>	
Service Cost.....	\$ 23,657
Interest on the Total OPEB Liability.....	19,243
Benefit Changes.....	709
Difference between Expected and Actual Experience.....	(1,204)
Assumption Changes.....	46,862
Benefit Payments, including refunds of employee contributions.....	(9,434)
Net Change in Total OPEB Liability.....	79,833
Total OPEB Liability - Beginning.....	486,297
Total OPEB Liability - Ending (a).....	\$ 566,130
 <b>Plan Fiduciary Net Position:</b>	
Employer Contributions.....	\$ 4,640
Employee Contributions.....	-
Net Investment Income.....	14,467
Benefit Payments, including refunds of employee contributions.....	(9,433)
Administrative Expense.....	(204)
Net Change in Plan Fiduciary Net Position.....	9,470
Plan Fiduciary Net Position - Beginning.....	102,329
Plan Fiduciary Net Position - Ending (b).....	\$ 111,799
 Net OPEB Liability - Ending (a) - (b).....	\$ 454,331
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability.....	19.75%
Covered Employee Payroll.....	<sup>(B)</sup> \$ 112,705
Net OPEB Liability as a Percentage of Covered Employee Payroll.....	403.11%

**Notes:**

<sup>(A)</sup> This table will present ten years of information as it becomes available.

<sup>(B)</sup> Covered payroll includes Deferred Retirement Option Program (DROP) employees.



**STATE OF OHIO**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**  
**STATE HIGHWAY PATROL RETIREMENT SYSTEM**  
**AS OF THE CURRENT CALENDAR YEAR <sup>(A)</sup>**  
*(dollars in thousands)*

	2017
Actuarially Determined Contribution.....	\$ 30,774
Actual Employer Contributions Received.....	4,640
Difference.....	<u>\$ 26,134</u>
Covered Payroll..... <sup>(B)</sup>	\$ 112,705
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	4.12%

**Notes:**

- <sup>(A)</sup> This table will present ten years of information as it becomes available.
- <sup>(B)</sup> Covered payroll includes Deferred Retirement Option Program (DROP) employees.

<b>Actuarial Assumptions</b>	
Valuation Date	December 31, 2015 and December 31, 2016
Notes	Actuarially determined contribution rate for the period July 1, 2016 through June 30, 2017 was based upon the December 31, 2015 valuation. The actuarially determined contribution rate for the period July 1, 2017 through June 30, 2018 was based upon the December 31, 2016 valuation. The calendar year actuarially determined contribution is an average
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of pay - open
Remaining Amortization Period	30 years
Asset Valuation Method	Four-year smoothed market
Inflation	3.5 percent wage inflation; 2.75 percent price inflation
Salary Increases	3.8 percent to 13.5 percent including inflation
Investment Rate of Return	5.00 percent, net of OPEB plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Mortality Table and RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for females was then established to be 2012. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.



**STATE OF OHIO**

**SCHEDULE 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, 2018**

(dollars in thousands)

	GENERAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Income Taxes.....	\$ 8,362,165	\$ 8,362,165	\$ 8,795,985	\$ 433,820
Sales Taxes.....	10,248,155	10,248,155	10,368,428	120,273
Corporate and Public Utility Taxes.....	2,720,224	2,720,224	2,767,784	47,560
Motor Vehicle Fuel Taxes.....	1,121,304	1,121,304	1,121,415	111
Cigarette Taxes.....	944,400	944,400	939,757	(4,643)
Other Taxes.....	717,724	717,724	694,837	(22,887)
Licenses, Permits and Fees.....	1,182,615	1,182,615	1,184,666	2,051
Sales, Services and Charges.....	143,637	143,637	162,993	19,356
Federal Government.....	9,819,350	9,819,350	9,545,226	(274,124)
Tobacco Settlement.....	117	117	117	—
Investment Income.....	78,053	78,053	82,516	4,463
Other.....	2,011,325	2,011,325	1,931,752	(79,573)
<b>TOTAL REVENUES.....</b>	<b>37,349,069</b>	<b>37,349,069</b>	<b>37,595,476</b>	<b>246,407</b>
<b>BUDGETARY EXPENDITURES:</b>				
<b>CURRENT OPERATING:</b>				
Primary, Secondary and Other Education.....	9,657,550	9,658,123	9,604,279	53,844
Higher Education Support.....	3,228,371	3,231,929	2,797,419	434,510
Public Assistance and Medicaid.....	16,552,926	16,843,333	16,406,094	437,239
Health and Human Services.....	834,345	840,855	800,798	40,057
Justice and Public Protection.....	3,276,758	3,294,612	3,228,986	65,626
Environmental Protection and Natural Resources.....	137,072	139,850	121,440	18,410
Transportation.....	27,207	27,207	26,896	311
General Government.....	1,431,568	1,549,415	1,388,962	160,453
Community and Economic Development.....	3,340,751	3,554,037	2,830,444	723,593
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>DEBT SERVICE.....</b>	<b>1,378,350</b>	<b>1,378,350</b>	<b>1,346,339</b>	<b>32,011</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>39,864,898</b>	<b>40,517,711</b>	<b>38,551,657</b>	<b>1,966,054</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>	<b>(2,515,829)</b>	<b>(3,168,642)</b>	<b>(956,181)</b>	<b>2,212,461</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds, Notes, and COPs Issued.....	575,007	575,007	574,981	(26)
Transfers-in.....	1,921,957	1,921,957	1,117,711	(804,246)
Transfers-out.....	(1,912,719)	(1,912,719)	(1,204,999)	707,720
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>584,245</b>	<b>584,245</b>	<b>487,693</b>	<b>(96,552)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ (1,931,584)</b>	<b>\$ (2,584,397)</b>	<b>(468,488)</b>	<b>\$ 2,115,909</b>
<b>BUDGETARY FUND BALANCES</b>				
(DEFICITS), JULY 1.....			4,419,047	
Outstanding Encumbrances at Beginning of Fiscal Year...			979,498	
<b>BUDGETARY FUND BALANCES</b>				
(DEFICITS), JUNE 30.....			<b>\$ 4,930,057</b>	

The notes to the financial statements are an integral part of this statement.

**JOB, FAMILY AND OTHER HUMAN SERVICES**

<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
<b>ORIGINAL</b>	<b>FINAL</b>		<b>WITH FINAL BUDGET</b>
			<b>POSITIVE/ (NEGATIVE)</b>
		\$ —	
		—	
		—	
		—	
		1,276	
		2,098,411	
		—	
		7,374,149	
		—	
		7,858	
		<u>1,638,897</u>	
		<b><u>11,120,591</u></b>	
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
38	38	37	1
628	628	618	10
12,628,167	12,737,267	11,635,482	1,101,785
390,264	396,472	334,001	62,471
73,619	73,968	72,130	1,838
—	—	—	—
—	—	—	—
3,226	3,227	2,686	541
—	—	—	—
26,072	26,072	2,688	23,384
—	—	—	—
<b>\$ 13,122,014</b>	<b>\$ 13,237,672</b>	<b>12,047,642</b>	<b>\$ 1,190,030</b>

(927,051)

—

10,741

(360,677)

**(349,936)**

**(1,276,987)**

(729,985)

1,281,132

**\$ (725,840)**



**Note: GAAP versus NON-GAAP BUDGETARY BASIS**

In the accompanying *Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Fund*, 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 resources, 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 schedules have been taken from the first complete appropriated budget for fiscal year 2018. 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 2018, whenever signed into law or otherwise legally authorized.

For fiscal year 2018, 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 on the following page.



**Note: GAAP versus NON-GAAP BUDGETARY BASIS (Continued)**

**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, 2018**  
*(dollars in thousands)*

	General	Job, Family & Other Human Services
Total Fund Balances — GAAP Basis .....	\$ 5,497,549	\$ 273,489
Less: Nonspendable Fund Balances.....	52,267	-
Less: Restricted Fund Balances.....	1,465,460	151,494
Less: Committed Fund Balances.....	772,528	123,932
Less: Assigned Fund Balances.....	2,539,407	-
Unassigned Fund Balances — GAAP Basis .....	<u>667,887</u>	<u>(1,937)</u>
<b>BASIS DIFFERENCES</b>		
Revenue Accruals/Adjustments:		
Cash Equity with Treasurer .....	16,926	(47,782)
Taxes Receivable .....	(1,591,195)	-
Intergovernmental Receivable .....	(729,206)	(187,555)
Loans Receivable, Net .....	(1,103,092)	-
Other Receivables .....	(260,433)	(505,776)
Unearned Revenue .....	-	397,543
Total Revenue Accruals/Adjustments .....	<u>(3,667,000)</u>	<u>(343,570)</u>
Expenditure Accruals/Adjustments:		
Cash Equity with Treasurer .....	(32,877)	(4,365)
Inventories .....	(21,478)	-
Other Assets .....	(82)	-
Accounts Payable .....	266,181	161,703
Accrued Liabilities .....	165,162	22,323
Medicaid Claims Payable .....	1,064,641	7,456
Intergovernmental Payable .....	727,551	117,337
Interfund Payable .....	425,715	11,903
Payable to Component Units .....	19,174	538
Refund and Other Liabilities .....	1,237,506	6,658
Liability for Escheat Property .....	317,173	-
Total Expenditure Accruals/Adjustments .....	<u>4,168,666</u>	<u>323,553</u>
Deferred Inflows of Resources.....	<u>1,214,003</u>	<u>62,943</u>
Other Adjustments:		
Fund Balance Reclassifications:		
From Unassigned (Non-GAAP Budgetary Basis) to:		
Nonspendable .....	52,267	-
Restricted.....	1,465,460	151,494
Committed .....	772,528	123,932
Assigned.....	2,539,407	-
Cash and Investments Held Outside State Treasury .....	(1,365,063)	(3,329)
Other .....	(1)	-
Total Other Adjustments .....	<u>3,464,598</u>	<u>272,097</u>
Total Basis Differences .....	<u>5,180,267</u>	<u>315,023</u>
<b>TIMING DIFFERENCES</b>		
Encumbrances .....	<u>(918,097)</u>	<u>(1,038,926)</u>
Budgetary Fund Balances (Deficits) — Non-GAAP Basis .....	<u>\$ 4,930,057</u>	<u>\$ (725,840)</u>

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# Combining Financial Statements & Schedules



WILLIAM  
MCKINLEY

TWENTY-FIFTH  
PRESIDENT OF  
THE UNITED STATES.

OUR EARNEST PRAYER IS THAT GOD  
WILL GRACIOUSLY VOUCHSAFE PROS-  
PERITY, HAPPINESS  
OUR NEIGHBORS, AND LIKE

President William McKinley Memorial  
Columbus, Ohio (1901)

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## ***NONMAJOR GOVERNMENTAL FUNDS***

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### **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, 2018**  
(dollars in thousands)

	<b>SPECIAL REVENUE FUNDS</b>	<b>DEBT SERVICE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 2,895,986	\$ 481	\$ 959,282
Cash and Cash Equivalents.....	56,481	904	597
Investments.....	4,771	8,057	36,330
Collateral on Lent Securities.....	821,428	137	272,093
Taxes Receivable .....	129,099	—	—
Intergovernmental Receivable.....	465,232	—	—
Loans Receivable, Net .....	181,269	—	—
Interfund Receivable .....	1,402	—	—
Receivable from Component Units.....	4,960	—	—
Other Receivables .....	53,120	—	—
Inventories .....	84,330	—	—
<b>TOTAL ASSETS .....</b>	<b>\$ 4,698,078</b>	<b>\$ 9,579</b>	<b>\$ 1,268,302</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 271,052	\$ 81	\$ 86,161
Accrued Liabilities.....	61,796	—	—
Medicaid Claims Payable.....	231,922	—	—
Obligations Under Securities Lending.....	821,428	137	272,093
Intergovernmental Payable.....	185,411	—	—
Interfund Payable.....	110,416	—	—
Payable to Component Units.....	1,284	—	—
Unearned Revenue.....	94,177	—	—
Refund and Other Liabilities.....	—	680	—
<b>TOTAL LIABILITIES.....</b>	<b>1,777,486</b>	<b>898</b>	<b>358,254</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>56,965</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable.....	84,330	—	—
Restricted.....	2,126,199	8,681	910,048
Committed.....	653,098	—	—
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>2,863,627</b>	<b>8,681</b>	<b>910,048</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b>\$ 4,698,078</b>	<b>\$ 9,579</b>	<b>\$ 1,268,302</b>

**TOTAL**

\$	3,855,749
	57,982
	49,158
	1,093,658
	129,099
	465,232
	181,269
	1,402
	4,960
	53,120
	84,330
<b>\$</b>	<b>5,975,959</b>

\$	357,294
	61,796
	231,922
	1,093,658
	185,411
	110,416
	1,284
	94,177
	680
	2,136,638
	56,965

	84,330
	3,044,928
	653,098
	3,782,356

<b>\$</b>	<b>5,975,959</b>
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**STATE OF OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>
<b>REVENUES:</b>			
Income Taxes.....	\$ 111	\$ —	\$ —
Corporate and Public Utility Taxes.....	66,109	—	—
Motor Vehicle Fuel Taxes.....	751,898	—	—
Other Taxes.....	328,276	—	—
Licenses, Permits and Fees.....	672,659	—	—
Sales, Services and Charges.....	31,283	—	—
Federal Government.....	6,200,262	—	—
Investment Income.....	21,426	1,882	9,076
Other.....	595,125	5	69
<b>TOTAL REVENUES.....</b>	<b>8,667,149</b>	<b>1,887</b>	<b>9,145</b>
<b>EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	3,018,150	—	—
Higher Education Support.....	29,923	—	—
Public Assistance and Medicaid.....	2,110,059	—	—
Health and Human Services.....	660,167	—	—
Justice and Public Protection.....	328,909	—	—
Environmental Protection and Natural Resources.....	367,618	—	—
Transportation.....	2,511,726	—	—
General Government.....	358,944	—	—
Community and Economic Development.....	702,206	—	—
<b>CAPITAL OUTLAY.....</b>	<b>25,049</b>	<b>—</b>	<b>744,601</b>
<b>DEBT SERVICE.....</b>	<b>—</b>	<b>1,667,689</b>	<b>—</b>
<b>TOTAL EXPENDITURES.....</b>	<b>10,112,751</b>	<b>1,667,689</b>	<b>744,601</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,445,602)</b>	<b>(1,665,802)</b>	<b>(735,456)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	101,604	—	980,885
Refunding Bonds and COPs Issued.....	—	724,775	23,765
Payment to Refunded Bond and COPs Escrow Agents.....	—	(895,768)	(29,393)
Premiums/Discounts.....	1,710	201,250	157,467
Transfers-in.....	1,796,918	1,619,235	9
Transfers-out.....	(447,938)	(9)	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,452,294</b>	<b>1,649,483</b>	<b>1,132,733</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>6,692</b>	<b>(16,319)</b>	<b>397,277</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>2,874,499</b>	<b>25,000</b>	<b>512,771</b>
Increase (Decrease) for Changes in Inventories.....	(17,564)	—	—
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 2,863,627</b>	<b>\$ 8,681</b>	<b>\$ 910,048</b>

**TOTAL**

\$ 111  
66,109  
751,898  
328,276  
672,659  
31,283  
6,200,262  
32,384  
595,199  
**8,678,181**

3,018,150  
29,923  
2,110,059  
660,167  
328,909  
367,618  
2,511,726  
358,944  
702,206  
769,650  
1,667,689  
**12,525,041**

**(3,846,860)**

1,082,489  
748,540  
(925,161)  
360,427  
3,416,162  
(447,947)  
**4,234,510**

**387,650**

3,412,270  
(17,564)

**\$ 3,782,356**

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## ***NONMAJOR SPECIAL REVENUE FUNDS***

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Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

### **Education Fund**

The Education Fund accounts for programs administered by the Department of Education, the Department of Higher Education, 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.

### **Highway Operating Fund**

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.

### **Community and Economic Development Fund**

The Community and Economic Development Fund accounts for programs administered by the Development Services Agency 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.

### **Health Fund**

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.

### **Mental Health and Developmental Disabilities Fund**

The Mental Health and Developmental Disabilities Fund accounts for mental health care and developmental disabilities programs primarily administered by the Department of Mental Health and Addiction Services and the Department of Developmental Disabilities, which provide assistance, services, and medical care to those individuals with mental health and developmental disability problems.

### **Highway Safety Fund**

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.

### **Natural Resources Fund**

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.

### **Wildlife and Waterways Safety Fund**

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.

### **Tobacco Settlement Fund**

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, 2018**  
(dollars in thousands)

	<u>EDUCATION</u>	<u>HIGHWAY OPERATING</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 256,779	\$ 903,002	\$ 742,150
Cash and Cash Equivalents.....	8	7	50,287
Investments.....	459	—	—
Collateral on Lent Securities.....	72,834	256,131	210,506
Taxes Receivable .....	—	109,091	16,904
Intergovernmental Receivable.....	90,887	145,931	13,290
Loans Receivable, Net .....	2,750	127,488	51,031
Interfund Receivable .....	—	—	—
Receivable from Component Units.....	—	4,960	—
Other Receivables .....	5	7,192	28
Inventories .....	15,718	49,152	—
<b>TOTAL ASSETS .....</b>	<b><u>\$ 439,440</u></b>	<b><u>\$ 1,602,954</u></b>	<b><u>\$ 1,084,196</u></b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 14,182	\$ 172,070	\$ 49,227
Accrued Liabilities.....	1,552	26,723	9,010
Medicaid Claims Payable.....	—	—	—
Obligations Under Securities Lending.....	72,834	256,131	210,506
Intergovernmental Payable.....	63,599	—	93,083
Interfund Payable.....	1,416	57,799	7,455
Payable to Component Units.....	184	60	758
Unearned Revenue.....	30,770	—	17,603
<b>TOTAL LIABILITIES.....</b>	<b><u>184,537</u></b>	<b><u>512,783</u></b>	<b><u>387,642</u></b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>—</u></b>	<b><u>6,588</u></b>	<b><u>—</u></b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable.....	15,718	49,152	—
Restricted.....	153,067	1,034,431	456,380
Committed.....	86,118	—	240,174
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>254,903</u></b>	<b><u>1,083,583</u></b>	<b><u>696,554</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b><u>\$ 439,440</u></b>	<b><u>\$ 1,602,954</u></b>	<b><u>\$ 1,084,196</u></b>

<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>
\$ 83,481	\$ 431,580	\$ 98,375	\$ 313,533	\$ 64,998	\$ 2,088
41	—	104	5,671	4	359
—	—	—	—	—	4,312
23,679	122,415	27,903	88,932	18,436	592
62	—	—	—	3,042	—
14,717	200,407	—	—	—	—
—	—	—	—	—	—
1,402	—	—	—	—	—
—	—	—	—	—	—
4,721	19	9	7,010	12	34,124
19,460	—	—	—	—	—
<b>\$ 147,563</b>	<b>\$ 754,421</b>	<b>\$ 126,391</b>	<b>\$ 415,146</b>	<b>\$ 86,492</b>	<b>\$ 41,475</b>
\$ 8,477	\$ 17,308	\$ 2,122	\$ 5,174	\$ 2,300	\$ 192
4,026	5,733	2,477	8,761	3,423	91
—	231,922	—	—	—	—
23,679	122,415	27,903	88,932	18,436	592
13,036	15,693	—	—	—	—
2,273	30,607	2,356	4,269	4,232	9
103	56	—	50	73	—
—	35,132	—	10,672	—	—
51,594	458,866	34,858	117,858	28,464	884
—	16,264	—	—	—	34,113
19,460	—	—	—	—	—
66,124	206,954	51,958	135,867	20,840	578
10,385	72,337	39,575	161,421	37,188	5,900
95,969	279,291	91,533	297,288	58,028	6,478
<b>\$ 147,563</b>	<b>\$ 754,421</b>	<b>\$ 126,391</b>	<b>\$ 415,146</b>	<b>\$ 86,492</b>	<b>\$ 41,475</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	<u>TOTAL</u>
<b>ASSETS:</b>	
Cash Equity with Treasurer.....	\$ 2,895,986
Cash and Cash Equivalents.....	56,481
Investments.....	4,771
Collateral on Lent Securities.....	821,428
Taxes Receivable .....	129,099
Intergovernmental Receivable.....	465,232
Loans Receivable, Net .....	181,269
Interfund Receivable .....	1,402
Receivable from Component Units.....	4,960
Other Receivables .....	53,120
Inventories .....	84,330
<b>TOTAL ASSETS .....</b>	<b><u>\$ 4,698,078</u></b>
<b>LIABILITIES:</b>	
Accounts Payable .....	\$ 271,052
Accrued Liabilities.....	61,796
Medicaid Claims Payable.....	231,922
Obligations Under Securities Lending.....	821,428
Intergovernmental Payable.....	185,411
Interfund Payable.....	110,416
Payable to Component Units.....	1,284
Unearned Revenue.....	94,177
<b>TOTAL LIABILITIES.....</b>	<b><u>1,777,486</u></b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>56,965</u></b>
<b>FUND BALANCES (DEFICITS):</b>	
Nonspendable.....	84,330
Restricted.....	2,126,199
Committed.....	653,098
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>2,863,627</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b><u>\$ 4,698,078</u></b>

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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, 2018

(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
<b>REVENUES:</b>			
Income Taxes.....	\$ —	\$ —	\$ 111
Corporate and Public Utility Taxes.....	—	—	66,109
Motor Vehicle Fuel Taxes.....	—	726,758	6,364
Other Taxes.....	—	—	270,767
Licenses, Permits and Fees.....	316	47,888	342,119
Sales, Services and Charges.....	16	452	18,627
Federal Government.....	1,906,291	1,465,661	430,061
Investment Income.....	2,788	10,969	2,454
Other.....	11,006	97,978	36,105
<b>TOTAL REVENUES.....</b>	<b>1,920,417</b>	<b>2,349,706</b>	<b>1,172,717</b>
<b>EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	3,018,138	—	12
Higher Education Support.....	23,002	—	6,921
Public Assistance and Medicaid.....	9	—	—
Health and Human Services.....	855	—	—
Justice and Public Protection.....	7,112	—	246,503
Environmental Protection and Natural Resources.....	—	—	395
Transportation.....	—	2,509,813	1,913
General Government.....	275	—	353,128
Community and Economic Development.....	—	—	685,708
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>—</b>	<b>13,080</b>
<b>TOTAL EXPENDITURES.....</b>	<b>3,049,391</b>	<b>2,509,813</b>	<b>1,307,660</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,128,974)</b>	<b>(160,107)</b>	<b>(134,943)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	—	—	101,604
Premiums/Discounts.....	—	—	1,710
Transfers-in.....	1,172,646	564,711	20,163
Transfers-out.....	(3,915)	(337,194)	(50,904)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,168,731</b>	<b>227,517</b>	<b>72,573</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>39,757</b>	<b>67,410</b>	<b>(62,370)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>215,146</b>	<b>1,033,583</b>	<b>758,924</b>
Increase (Decrease) for Changes in Inventories.....	—	(17,410)	—
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 254,903</b>	<b>\$ 1,083,583</b>	<b>\$ 696,554</b>

<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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	18,776	—
5,458	—	—	52,051	—	—
18,655	48,137	14,364	158,848	42,332	—
—	461	4,199	7,072	456	—
520,758	1,743,968	28,685	57,537	47,301	—
34	2,633	1,194	768	486	100
41,938	338,775	31,988	34,776	2,545	14
<u>586,843</u>	<u>2,133,974</u>	<u>80,430</u>	<u>311,052</u>	<u>111,896</u>	<u>114</u>
—	—	—	—	—	—
—	—	—	—	—	—
24,084	2,085,966	—	—	—	—
594,350	64,734	228	—	—	—
—	—	72,336	201	—	2,757
—	—	—	269,370	95,944	1,909
—	—	—	—	—	—
327	—	—	5,141	—	73
4,536	—	—	9,032	—	2,930
—	—	3,295	—	8,674	—
<u>623,297</u>	<u>2,150,700</u>	<u>75,859</u>	<u>283,744</u>	<u>104,618</u>	<u>7,669</u>
<u>(36,454)</u>	<u>(16,726)</u>	<u>4,571</u>	<u>27,308</u>	<u>7,278</u>	<u>(7,555)</u>
—	—	—	—	—	—
—	—	—	—	—	—
6,964	23,526	124	6,076	295	2,413
—	(927)	(42,621)	(12,344)	(33)	—
<u>6,964</u>	<u>22,599</u>	<u>(42,497)</u>	<u>(6,268)</u>	<u>262</u>	<u>2,413</u>
<u>(29,490)</u>	<u>5,873</u>	<u>(37,926)</u>	<u>21,040</u>	<u>7,540</u>	<u>(5,142)</u>
125,613	273,418	129,459	276,248	50,488	11,620
(154)	—	—	—	—	—
<u>\$ 95,969</u>	<u>\$ 279,291</u>	<u>\$ 91,533</u>	<u>\$ 297,288</u>	<u>\$ 58,028</u>	<u>\$ 6,478</u>

(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, 2018

(dollars in thousands)

(continued)

	<u>TOTAL</u>
<b>REVENUES:</b>	
Income Taxes.....	\$ 111
Corporate and Public Utility Taxes.....	66,109
Motor Vehicle Fuel Taxes.....	751,898
Other Taxes.....	328,276
Licenses, Permits and Fees.....	672,659
Sales, Services and Charges.....	31,283
Federal Government.....	6,200,262
Investment Income.....	21,426
Other.....	595,125
<b>TOTAL REVENUES.....</b>	<b><u>8,667,149</u></b>
<b>EXPENDITURES:</b>	
<b>CURRENT OPERATING:</b>	
Primary, Secondary and Other Education.....	3,018,150
Higher Education Support.....	29,923
Public Assistance and Medicaid.....	2,110,059
Health and Human Services.....	660,167
Justice and Public Protection.....	328,909
Environmental Protection and Natural Resources.....	367,618
Transportation.....	2,511,726
General Government.....	358,944
Community and Economic Development.....	702,206
<b>CAPITAL OUTLAY.....</b>	<b>25,049</b>
<b>TOTAL EXPENDITURES.....</b>	<b><u>10,112,751</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b><u>(1,445,602)</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>	
Bonds, Notes, and COPs Issued.....	101,604
Premiums/Discounts.....	1,710
Transfers-in.....	1,796,918
Transfers-out.....	(447,938)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b><u>1,452,294</u></b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>6,692</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>2,874,499</b>
Increase (Decrease) for Changes in Inventories.....	(17,564)
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b><u>\$ 2,863,627</u></b>

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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, 2018

(dollars in thousands)

	EDUCATION		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Income Taxes.....		\$ —	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		—	
Licenses, Permits and Fees.....		316	
Sales, Services and Charges.....		16	
Federal Government.....		1,861,601	
Investment Income.....		2,782	
Other.....		21,867	
<b>TOTAL REVENUES.....</b>		<b>1,886,582</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$ 3,222,697	3,013,319	\$ 209,378
Higher Education Support.....	34,768	29,081	5,687
Public Assistance and Medicaid.....	750	9	741
Health and Human Services.....	2,128	1,049	1,079
Justice and Public Protection.....	15,043	12,781	2,262
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	15,168	2,048	13,120
Community and Economic Development.....	—	—	—
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>DEBT SERVICE.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 3,290,554</b>	<b>3,058,287</b>	<b>\$ 232,267</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(1,171,705)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		1,173,076	
Transfers-out.....		(4,415)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>1,168,661</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(3,044)</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>178,634</b>	
<b>Outstanding Encumbrances at Beginning of Fiscal Year..</b>		<b>47,203</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 222,793</b>	

HIGHWAY OPERATING			COMMUNITY AND ECONOMIC DEVELOPMENT		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ 111	
	—			67,521	
	691,916			6,177	
	—			269,935	
	47,888			325,508	
	452			18,620	
	1,447,851			444,906	
	10,969			2,454	
	214,136			49,764	
	<u>2,413,212</u>			<u>1,184,996</u>	
\$ —	—	\$ —	\$ 500	120	\$ 380
—	—	—	12,264	8,512	3,752
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	403,313	293,589	109,724
—	—	—	597	389	208
6,341,821	5,041,860	1,299,961	7,349	5,226	2,123
—	—	—	387,420	370,377	17,043
—	—	—	1,470,161	1,150,140	320,021
—	—	—	60,299	35,499	24,800
175,755	157,368	18,387	—	—	—
<u>\$ 6,517,576</u>	<u>5,199,228</u>	<u>\$ 1,318,348</u>	<u>\$ 2,341,903</u>	<u>1,863,852</u>	<u>\$ 478,051</u>
	<u>(2,786,016)</u>			<u>(678,856)</u>	
	—			103,314	
	564,888			131,066	
	<u>(188,158)</u>			<u>(161,796)</u>	
	<u>376,730</u>			<u>72,584</u>	
	<u>(2,409,286)</u>			<u>(606,272)</u>	
	(1,430,587)			181,900	
	<u>2,289,008</u>			<u>564,748</u>	
	<u>\$ (1,550,865)</u>			<u>\$ 140,376</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, 2018

(dollars in thousands)

(continued)

	<b>HEALTH</b>		
	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>
	<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>
<b>REVENUES:</b>			
Income Taxes.....	\$	—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		5,410	
Licenses, Permits and Fees.....		18,685	
Sales, Services and Charges.....		—	
Federal Government.....		396,658	
Investment Income.....		34	
Other.....		105,493	
<b>TOTAL REVENUES.....</b>		<b>526,280</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$	—	\$ —
Higher Education Support.....		—	—
Public Assistance and Medicaid.....	26,539	26,235	304
Health and Human Services.....	626,065	557,494	68,571
Justice and Public Protection.....		—	—
Environmental Protection and Natural Resources.....		—	—
Transportation.....		—	—
General Government.....	645	465	180
Community and Economic Development.....	7,710	7,612	98
<b>CAPITAL OUTLAY.....</b>		<b>—</b>	<b>—</b>
<b>DEBT SERVICE.....</b>		<b>—</b>	<b>—</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 660,959</b>	<b>591,806</b>	<b>\$ 69,153</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(65,526)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		6,963	
Transfers-out.....		(31)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>6,932</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(58,594)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		8,014	
Outstanding Encumbrances at Beginning of Fiscal Year...		70,528	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$</b>	<b>19,948</b>	

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES			HIGHWAY SAFETY		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	—			—	
	—			—	
	—			—	
	48,137			14,199	
	461			4,199	
	1,808,401			28,685	
	2,633			1,194	
	440,591			32,540	
	<u>2,300,223</u>			<u>80,817</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
2,500,235	2,417,036	83,199	—	—	—
156,185	141,883	14,302	300	228	72
—	—	—	160,584	125,842	34,742
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	13,306	6,915	6,391
—	—	—	—	—	—
<u>\$ 2,656,420</u>	<u>2,558,919</u>	<u>\$ 97,501</u>	<u>\$ 174,190</u>	<u>132,985</u>	<u>\$ 41,205</u>
	<u>(258,696)</u>			<u>(52,168)</u>	
	—			—	
	72,878			127	
	<u>(52,911)</u>			<u>(40,218)</u>	
	<u>19,967</u>			<u>(40,091)</u>	
	<u>(238,729)</u>			<u>(92,259)</u>	
	228,894			114,336	
	<u>164,183</u>			<u>43,465</u>	
	<u>\$ 154,348</u>			<u>\$ 65,542</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, 2018

(dollars in thousands)

(continued)

	NATURAL RESOURCES		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Income Taxes.....	\$	—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		66,119	
Licenses, Permits and Fees.....		154,779	
Sales, Services and Charges.....		7,271	
Federal Government.....		58,182	
Investment Income.....		768	
Other.....		37,057	
<b>TOTAL REVENUES.....</b>		<b>324,176</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$	—	\$ —
Higher Education Support.....		—	—
Public Assistance and Medicaid.....		—	—
Health and Human Services.....		—	—
Justice and Public Protection.....	332	198	134
Environmental Protection and Natural Resources.....	357,385	330,733	26,652
Transportation.....		—	—
General Government.....	5,983	5,893	90
Community and Economic Development.....	10,002	9,779	223
<b>CAPITAL OUTLAY.....</b>		<b>—</b>	<b>—</b>
<b>DEBT SERVICE.....</b>		<b>—</b>	<b>—</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 373,702</b>	<b>346,603</b>	<b>\$ 27,099</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(22,427)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		17,228	
Transfers-out.....		(21,997)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>(4,769)</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(27,196)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		237,090	
Outstanding Encumbrances at Beginning of Fiscal Year...		42,891	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$</b>	<b>252,785</b>	

WILDLIFE AND WATERWAYS SAFETY			TOBACCO SETTLEMENT		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	—			—	
	18,099			—	
	—			—	
	42,307			—	
	456			—	
	47,301			—	
	486			—	
	2,879			191	
	<u>111,528</u>			<u>191</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3,282	3,086	196
120,710	112,676	8,034	2,344	1,874	470
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	353	257	96
51,445	10,432	41,013	—	—	—
—	—	—	—	—	—
<u>\$ 172,155</u>	<u>123,108</u>	<u>\$ 49,047</u>	<u>\$ 5,979</u>	<u>5,217</u>	<u>\$ 762</u>
	<u>(11,580)</u>			<u>(5,026)</u>	
	—			—	
	295			2,344	
	(33)			—	
	<u>262</u>			<u>2,344</u>	
	(11,318)			(2,682)	
	31,925			3,953	
	<u>22,503</u>			<u>632</u>	
	<u>\$ 43,110</u>			<u>\$ 1,903</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, 2018

(dollars in thousands)

(continued)

	TOTAL		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL	ACTUAL	
<b>REVENUES:</b>			
Income Taxes.....		\$ 111	
Corporate and Public Utility Taxes.....		67,521	
Motor Vehicle Fuel Taxes.....		716,192	
Other Taxes.....		341,464	
Licenses, Permits and Fees.....		651,819	
Sales, Services and Charges.....		31,475	
Federal Government.....		6,093,585	
Investment Income.....		21,320	
Other.....		904,518	
<b>TOTAL REVENUES.....</b>		<b>8,828,005</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$ 3,223,197	3,013,439	\$ 209,758
Higher Education Support.....	47,032	37,593	9,439
Public Assistance and Medicaid.....	2,527,524	2,443,280	84,244
Health and Human Services.....	784,678	700,654	84,024
Justice and Public Protection.....	582,554	435,496	147,058
Environmental Protection and Natural Resources.....	481,036	445,672	35,364
Transportation.....	6,349,170	5,047,086	1,302,084
General Government.....	409,216	378,783	30,433
Community and Economic Development.....	1,488,226	1,167,788	320,438
<b>CAPITAL OUTLAY.....</b>	<b>125,050</b>	<b>52,846</b>	<b>72,204</b>
<b>DEBT SERVICE.....</b>	<b>175,755</b>	<b>157,368</b>	<b>18,387</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 16,193,438</b>	<b>13,880,005</b>	<b>\$ 2,313,433</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(5,052,000)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		103,314	
Transfers-in.....		1,968,865	
Transfers-out.....		(469,559)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>1,602,620</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(3,449,380)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		(445,841)	
Outstanding Encumbrances at Beginning of Fiscal Year....		3,245,161	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JUNE 30.....		<b>\$ (650,060)</b>	

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## ***NONMAJOR DEBT SERVICE FUNDS***

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Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

### **Coal Research/Development General Obligations Fund**

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.

### **Improvements General Obligations Fund**

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.

### **Highway Improvements General Obligations Fund**

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.

### **Development General Obligations Fund**

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.

### **Highway General Obligations Fund**

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.

### **Public Improvements General Obligations Fund**

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.

### **Vietnam Conflict Compensation General Obligations Fund**

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.

### **Local Infrastructure Improvements General Obligations Fund**

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.

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### **State Projects General Obligations Fund**

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.

### **Highway Capital Improvements General Obligations Fund**

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.

### **Higher Education Capital Facilities General Obligations Fund**

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.

### **Common Schools Capital Facilities General Obligations Fund**

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.

### **Conservation Projects General Obligations Fund**

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.

### **Third Frontier Research/Development General Obligations Fund**

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.

### **Job Ready Site Development General Obligations Fund**

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.

### **Persian Gulf Conflict Compensation General Obligations Fund**

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.

### **Infrastructure Bank Revenue Bonds Fund**

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.

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### **Lease Rental Special Obligations Fund**

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 Ohio Facilities Construction Commission projects.

### **MARCS Certificates of Participation Fund**

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).

### **OAKS Certificates of Participation Fund**

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).

### **STARS Certificates of Participation Fund**

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.

### **TMS Certificates of Participation Fund**

The TMS Certificates of Participation Fund accounts for the payment of certificates of participation related obligations that finance the State's Treasury Management System, known as TMS.

### **EDCS Certificates of Participation Fund**

The EDCS Certificates of Participation Fund accounts for the payment of certificates of participation related obligations that finance the Enterprise Data Center Solutions, known as EDCS.

### **BCIRS Certificates of Participation Fund**

The BCIRS Certificates of Participation Fund accounts for the payment of certificates of participation related obligations that finance the State's Bureau of Criminal Investigation Records System, known as BCIRS.

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**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2018**  
*(dollars in thousands)*

	<b>COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS</b>	<b>IMPROVEMENTS GENERAL OBLIGATIONS</b>	<b>HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS</b>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 6	\$ —	\$ —
Cash and Cash Equivalents.....	—	115	55
Investments.....	—	—	—
Collateral on Lent Securities.....	2	—	—
<b>TOTAL ASSETS .....</b>	<b>\$ 8</b>	<b>\$ 115</b>	<b>\$ 55</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	2	—	—
Refund and Other Liabilities.....	—	115	55
<b>TOTAL LIABILITIES.....</b>	<b>2</b>	<b>115</b>	<b>55</b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	6	—	—
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>6</b>	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 8</b>	<b>\$ 115</b>	<b>\$ 55</b>

<b>DEVELOPMENT GENERAL OBLIGATIONS</b>	<b>HIGHWAY GENERAL OBLIGATIONS</b>	<b>PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS</b>	<b>VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS</b>	<b>LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS</b>	<b>STATE PROJECTS GENERAL OBLIGATIONS</b>
\$ —	\$ —	\$ —	\$ —	\$ 41	\$ 3
224	170	91	28	—	—
—	—	—	—	—	—
—	—	—	—	11	1
<b>\$ 224</b>	<b>\$ 170</b>	<b>\$ 91</b>	<b>\$ 28</b>	<b>\$ 52</b>	<b>\$ 4</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	11	1
224	170	91	25	—	—
224	170	91	25	11	1
—	—	—	3	41	3
—	—	—	3	41	3
<b>\$ 224</b>	<b>\$ 170</b>	<b>\$ 91</b>	<b>\$ 28</b>	<b>\$ 52</b>	<b>\$ 4</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	<b>HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS</b>	<b>HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS</b>	<b>COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS</b>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 379	\$ 13	\$ 17
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	107	4	5
<b>TOTAL ASSETS .....</b>	<b>\$ 486</b>	<b>\$ 17</b>	<b>\$ 22</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	107	4	5
Refund and Other Liabilities.....	—	—	—
<b>TOTAL LIABILITIES.....</b>	<b>107</b>	<b>4</b>	<b>5</b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	379	13	17
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>379</b>	<b>13</b>	<b>17</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 486</b>	<b>\$ 17</b>	<b>\$ 22</b>

<b>CONSERVATION PROJECTS GENERAL OBLIGATIONS</b>	<b>THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS</b>	<b>JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS</b>	<b>INFRASTRUCTURE BANK REVENUE BONDS</b>	<b>LEASE RENTAL SPECIAL OBLIGATIONS</b>	<b>MARCS CERTIFICATES OF PARTICIPATION</b>
\$ 6	\$ 14	\$ 2	\$ —	\$ —	\$ —
—	—	—	—	210	—
—	—	—	8,052	—	1
2	4	1	—	—	—
<b>\$ 8</b>	<b>\$ 18</b>	<b>\$ 3</b>	<b>\$ 8,052</b>	<b>\$ 210</b>	<b>\$ 1</b>
\$ —	\$ —	\$ —	\$ 21	\$ 60	\$ —
2	4	1	—	—	—
—	—	—	—	—	—
2	4	1	21	60	—
6	14	2	8,031	150	1
6	14	2	8,031	150	1
<b>\$ 8</b>	<b>\$ 18</b>	<b>\$ 3</b>	<b>\$ 8,052</b>	<b>\$ 210</b>	<b>\$ 1</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	OAKS CERTIFICATES OF PARTICIPATION	STARS CERTIFICATES OF PARTICIPATION	EDCS CERTIFICATES OF PARTICIPATION
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	—	8	—
Investments.....	2	—	2
Collateral on Lent Securities.....	—	—	—
<b>TOTAL ASSETS .....</b>	<b>\$ 2</b>	<b>\$ 8</b>	<b>\$ 2</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	—	—	—
Refund and Other Liabilities.....	—	—	—
<b>TOTAL LIABILITIES.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	2	8	2
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>2</b>	<b>8</b>	<b>2</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 2</b>	<b>\$ 8</b>	<b>\$ 2</b>

<b>BCIRS CERTIFICATES OF PARTICIPATION</b>		<b>TOTAL</b>	
\$	—	\$	481
	3		904
	—		8,057
	—		137
<b>\$</b>	<b>3</b>	<b>\$</b>	<b>9,579</b>
<hr/>			
\$	—	\$	81
	—		137
	—		680
	—		898
<hr/>			
	3		8,681
	3		8,681
<b>\$</b>	<b>3</b>	<b>\$</b>	<b>9,579</b>

# STATE OF OHIO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### NONMAJOR DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
<b>REVENUES:</b>			
Investment Income.....	\$ 2	\$ —	\$ 95
Other.....	5	—	—
<b>TOTAL REVENUES.....</b>	<b>7</b>	<b>—</b>	<b>95</b>
<b>EXPENDITURES:</b>			
DEBT SERVICE.....	6,422	—	228,917
<b>TOTAL EXPENDITURES.....</b>	<b>6,422</b>	<b>—</b>	<b>228,917</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(6,415)</b>	<b>—</b>	<b>(228,822)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Refunding Bonds and COPs Issued.....	—	—	68,630
Payment to Refunded Bond and COPs Escrow Agents.....	—	—	(86,905)
Premiums/Discounts.....	102	—	31,089
Transfers-in.....	6,318	—	216,031
Transfers-out.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>6,420</b>	<b>—</b>	<b>228,845</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>5</b>	<b>—</b>	<b>23</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>1</b>	<b>3</b>	<b>18</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 6</b>	<b>\$ 3</b>	<b>\$ 41</b>

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
\$ 8	\$ 511	\$ 90	\$ 48	\$ 9	\$ 29
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>8</u>	<u>511</u>	<u>90</u>	<u>48</u>	<u>9</u>	<u>29</u>
<u>25,346</u>	<u>116,681</u>	<u>265,261</u>	<u>373,396</u>	<u>38,037</u>	<u>84,891</u>
<u>25,346</u>	<u>116,681</u>	<u>265,261</u>	<u>373,396</u>	<u>38,037</u>	<u>84,891</u>
<u>(25,338)</u>	<u>(116,170)</u>	<u>(265,171)</u>	<u>(373,348)</u>	<u>(38,028)</u>	<u>(84,862)</u>
—	136,265	194,955	203,535	—	—
—	(168,470)	(243,468)	(253,577)	—	—
193	36,997	49,811	51,666	3,312	396
25,146	111,450	248,856	369,936	34,719	84,472
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>25,339</u>	<u>116,242</u>	<u>250,154</u>	<u>371,560</u>	<u>38,031</u>	<u>84,868</u>
1	72	(15,017)	(1,788)	3	6
2	307	15,030	1,805	3	8
<u>\$ 3</u>	<u>\$ 379</u>	<u>\$ 13</u>	<u>\$ 17</u>	<u>\$ 6</u>	<u>\$ 14</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, 2018

(dollars in thousands)

(continued)

	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	INFRASTRUCTURE BANK REVENUE BONDS
<b>REVENUES:</b>			
Investment Income.....	\$ 6	\$ —	\$ 1,075
Other.....	—	—	—
<b>TOTAL REVENUES.....</b>	<b>6</b>	<b>—</b>	<b>1,075</b>
<b>EXPENDITURES:</b>			
DEBT SERVICE.....	15,657	7,118	151,764
<b>TOTAL EXPENDITURES.....</b>	<b>15,657</b>	<b>7,118</b>	<b>151,764</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(15,651)</b>	<b>(7,118)</b>	<b>(150,689)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Refunding Bonds and COPs Issued.....	—	—	—
Payment to Refunded Bond and COPs Escrow Agents.....	—	—	—
Premiums/Discounts.....	—	—	1,875
Transfers-in.....	15,650	7,118	149,213
Transfers-out.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>15,650</b>	<b>7,118</b>	<b>151,088</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1)</b>	<b>—</b>	<b>399</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>3</b>	<b>—</b>	<b>7,632</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 8,031</b>

<u>LEASE RENTAL SPECIAL OBLIGATIONS</u>	<u>MARCS CERTIFICATES OF PARTICIPATION</u>	<u>OAKS CERTIFICATES OF PARTICIPATION</u>	<u>STARS CERTIFICATES OF PARTICIPATION</u>	<u>TMS CERTIFICATES OF PARTICIPATION</u>	<u>EDCS CERTIFICATES OF PARTICIPATION</u>
\$ —	\$ 1	\$ 2	\$ 1	\$ —	\$ 2
—	—	—	—	—	—
<u>—</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>2</u>
312,487	6,764	15,242	8,517	1,113	7,564
<u>312,487</u>	<u>6,764</u>	<u>15,242</u>	<u>8,517</u>	<u>1,113</u>	<u>7,564</u>
<u>(312,487)</u>	<u>(6,763)</u>	<u>(15,240)</u>	<u>(8,516)</u>	<u>(1,113)</u>	<u>(7,562)</u>
121,390	—	—	—	—	—
(143,348)	—	—	—	—	—
25,809	—	—	—	—	—
308,629	6,764	15,238	8,516	1,113	7,558
—	—	—	—	—	(9)
<u>312,480</u>	<u>6,764</u>	<u>15,238</u>	<u>8,516</u>	<u>1,113</u>	<u>7,549</u>
(7)	1	(2)	—	—	(13)
157	—	4	8	—	15
<u>\$ 150</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 2</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, 2018

(dollars in thousands)

(continued)

	BCIRS CERTIFICATES OF PARTICIPATION	TOTAL
<b>REVENUES:</b>		
Investment Income.....	\$ 3	\$ 1,882
Other.....	—	5
<b>TOTAL REVENUES.....</b>	<b>3</b>	<b>1,887</b>
<b>EXPENDITURES:</b>		
DEBT SERVICE.....	2,512	1,667,689
<b>TOTAL EXPENDITURES.....</b>	<b>2,512</b>	<b>1,667,689</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(2,509)</b>	<b>(1,665,802)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Refunding Bonds and COPs Issued.....	—	724,775
Payment to Refunded Bond and COPs Escrow Agents.....	—	(895,768)
Premiums/Discounts.....	—	201,250
Transfers-in.....	2,508	1,619,235
Transfers-out.....	—	(9)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,508</b>	<b>1,649,483</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1)</b>	<b>(16,319)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>4</b>	<b>25,000</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 3</b>	<b>\$ 8,681</b>

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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, 2018

(dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	<u>BUDGET</u>		VARIANCE WITH FINAL BUDGET
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
<b>REVENUES:</b>			
Investment Income.....		\$ 2	
Other.....		6,322	
<b>TOTAL REVENUES.....</b>		<b>6,324</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>DEBT SERVICE.....</b>	<b>\$ 6,320</b>	<b>6,319</b>	<b>\$ 1</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 6,320</b>	<b>6,319</b>	<b>\$ 1</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>5</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		—	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>—</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>5</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>1</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 6</b>	

LOCAL INFRASTRUCTURE IMPROVEMENTS

GENERAL OBLIGATIONS

STATE PROJECTS GENERAL OBLIGATIONS

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS 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>
	\$ 95			\$ 8	
	216,031			25,145	
	<u>216,126</u>			<u>25,153</u>	
\$ 232,380	228,191	\$ 4,189	\$ 25,450	25,153	\$ 297
<u>\$ 232,380</u>	<u>228,191</u>	<u>\$ 4,189</u>	<u>\$ 25,450</u>	<u>25,153</u>	<u>\$ 297</u>
	<u>(12,065)</u>			<u>—</u>	
	12,087			—	
	<u>—</u>			<u>—</u>	
	<u>12,087</u>			<u>—</u>	
	22			—	
	<u>18</u>			<u>2</u>	
	<u>\$ 40</u>			<u>\$ 2</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, 2018**

(dollars in thousands)

(continued)

	<b>HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS</b>		
	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
<b>REVENUES:</b>			
Investment Income.....		\$ 511	
Other.....		—	
<b>TOTAL REVENUES.....</b>		<b>511</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>DEBT SERVICE.....</b>	<b>\$ 117,607</b>	<b>114,658</b>	<b>\$ 2,949</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 117,607</b>	<b>114,658</b>	<b>\$ 2,949</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(114,147)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		2,769	
Transfers-in.....		111,450	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>114,219</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>72</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>307</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 379</b>	

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>
	\$ 90			\$ 48	
	248,856			369,935	
	<u>248,946</u>			<u>369,983</u>	
\$ 268,158	263,962	\$ 4,196	\$ 376,083	371,772	\$ 4,311
<u>\$ 268,158</u>	<u>263,962</u>	<u>\$ 4,196</u>	<u>\$ 376,083</u>	<u>371,772</u>	<u>\$ 4,311</u>
	<u>(15,016)</u>			<u>(1,789)</u>	
	—			—	
	—			—	
	—			—	
	<u>(15,016)</u>			<u>(1,789)</u>	
	15,030			1,805	
	<u>\$ 14</u>			<u>\$ 16</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, 2018**

(dollars in thousands)

(continued)

	<b>CONSERVATION PROJECTS GENERAL OBLIGATIONS</b>		
	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>
	<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>
<b>REVENUES:</b>			
Investment Income.....		\$ 9	
Other.....		34,719	
<b>TOTAL REVENUES.....</b>		<b>34,728</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>DEBT SERVICE.....</b>	<b>\$ 37,708</b>	<b>37,705</b>	<b>\$ 3</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 37,708</b>	<b>37,705</b>	<b>\$ 3</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(2,977)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		2,980	
Transfers-in.....		—	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>2,980</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>3</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>3</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 6</b>	

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</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>
	\$ 29			\$ 6	
	84,471			11,086	
	<u>84,500</u>			<u>11,092</u>	
\$ 85,574	84,495	\$ 1,079	\$ 15,657	15,657	\$ —
<u>\$ 85,574</u>	<u>84,495</u>	<u>\$ 1,079</u>	<u>\$ 15,657</u>	<u>15,657</u>	<u>\$ —</u>
	<u>5</u>			<u>(4,565)</u>	
	—			—	
	—			4,564	
	—			<u>4,564</u>	
	5			(1)	
	<u>8</u>			<u>3</u>	
	<u>\$ 13</u>			<u>\$ 2</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, 2018**

(dollars in thousands)

(continued)

	<b>PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS</b>		
	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>
	<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>
<b>REVENUES:</b>			
Investment Income.....		\$ —	
Other.....		7,118	
<b>TOTAL REVENUES.....</b>		<b>7,118</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>DEBT SERVICE.....</b>	<b>\$ 7,118</b>	<b>7,118</b>	<b>\$ —</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 7,118</b>	<b>7,118</b>	<b>\$ —</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>—</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		—	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>—</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>—</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>—</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ —</b>	

<u>TOTAL</u>		
<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>
	\$ 798	
	1,003,683	
	<u>1,004,481</u>	
\$ 1,172,055	1,155,030	\$ 17,025
<u>\$ 1,172,055</u>	<u>1,155,030</u>	<u>\$ 17,025</u>
	<u>(150,549)</u>	
	17,836	
	116,014	
	<u>133,850</u>	
	<u>(16,699)</u>	
	17,177	
	<u>\$ 478</u>	

## ***NONMAJOR CAPITAL PROJECTS FUNDS***

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Capital Projects Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

### **Infrastructure Bank Obligations Fund**

The Infrastructure Bank Obligations Fund accounts for revenue bond proceeds that finance various highway construction projects sponsored by the Department of Transportation.

### **Mental Health/Developmental Disabilities Facilities Improvements Fund**

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.

### **Parks and Recreation Improvements Fund**

The Parks and Recreation Improvements Fund accounts for special obligation bond proceeds that finance the capital improvement of parks and recreation facilities.

### **Administrative Services Building Improvements Fund**

The Administrative Services Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Administrative Services.

### **Youth Services Building Improvements Fund**

The Youth Services Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Youth Services.

### **Adult Correctional Building Improvements Fund**

The Adult Correctional Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Rehabilitation and Correction.

### **Ohio Parks and Natural Resources Fund**

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.

### **Highway Capital Improvement Fund**

The Highway Capital Improvement Fund accounts for general obligation bond proceeds that finance capital improvements to the state highway system.

### **Transportation Building Improvements Fund**

The Transportation Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Transportation.

### **OAKS Project Fund**

The OAKS Project Fund accounts for certificates of participation proceeds that finance the costs of the Ohio Administrative Knowledge System (OAKS) project for the statewide enterprise resource planning system.

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**STARS Project Fund**

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.

**TMS Project Fund**

The TMS Project Fund accounts for certificate of participation proceeds that finance the costs of the State's Treasury Management System (TMS) technology project.

**EDCS Project Fund**

The EDCS Project Fund accounts for certificate of participation proceeds that finance the costs of the State's Enterprise Data Center Solutions (EDCS) technology project.

**BCIRS Project Fund**

The BCIRS Project Fund accounts for certificate of participation proceeds that finance the costs of the State's Bureau of Criminal Investigation Records System (BCIRS) technology project.

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**  
*(dollars in thousands)*

	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 383,781	\$ 59,393	\$ 74,240
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	108,857	16,846	21,058
<b>TOTAL ASSETS</b> .....	<b><u>\$ 492,638</u></b>	<b><u>\$ 76,239</u></b>	<b><u>\$ 95,298</u></b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 26,152	\$ 2,252	\$ 13,959
Obligations Under Securities Lending.....	108,857	16,846	21,058
<b>TOTAL LIABILITIES</b> .....	<b><u>135,009</u></b>	<b><u>19,098</u></b>	<b><u>35,017</u></b>
<b>FUND BALANCES (DEFICITS):</b> .....			
Restricted.....	357,629	57,141	60,281
<b>TOTAL FUND BALANCES (DEFICITS)</b> .....	<b><u>357,629</u></b>	<b><u>57,141</u></b>	<b><u>60,281</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b> .....	<b><u>\$ 492,638</u></b>	<b><u>\$ 76,239</u></b>	<b><u>\$ 95,298</u></b>

<b>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</b>	<b>YOUTH SERVICES BUILDING IMPROVEMENTS</b>	<b>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</b>	<b>OHIO PARKS AND NATURAL RESOURCES</b>	<b>HIGHWAY CAPITAL IMPROVEMENT</b>	<b>TRANSPORTATION BUILDING IMPROVEMENTS</b>
\$ 34,073	\$ 31,806	\$ 93,628	\$ 34,914	\$ 141,622	\$ 105,825
—	—	—	—	—	—
—	—	—	—	—	—
9,665	9,021	26,557	9,903	40,170	30,016
<b>\$ 43,738</b>	<b>\$ 40,827</b>	<b>\$ 120,185</b>	<b>\$ 44,817</b>	<b>\$ 181,792</b>	<b>\$ 135,841</b>
\$ 4,108	\$ 4,193	\$ 5,074	\$ 1,935	\$ 18,818	\$ 2,604
9,665	9,021	26,557	9,903	40,170	30,016
13,773	13,214	31,631	11,838	58,988	32,620
29,965	27,613	88,554	32,979	122,804	103,221
29,965	27,613	88,554	32,979	122,804	103,221
<b>\$ 43,738</b>	<b>\$ 40,827</b>	<b>\$ 120,185</b>	<b>\$ 44,817</b>	<b>\$ 181,792</b>	<b>\$ 135,841</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>	<u>TMS PROJECT</u>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	—	54	254
Investments.....	10,355	490	—
Collateral on Lent Securities.....	—	—	—
<b>TOTAL ASSETS .....</b>	<b><u>\$ 10,355</u></b>	<b><u>\$ 544</u></b>	<b><u>\$ 254</u></b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 2,917	\$ 514	\$ 133
Obligations Under Securities Lending.....	—	—	—
<b>TOTAL LIABILITIES.....</b>	<b><u>2,917</u></b>	<b><u>514</u></b>	<b><u>133</u></b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	7,438	30	121
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>7,438</u></b>	<b><u>30</u></b>	<b><u>121</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b><u>\$ 10,355</u></b>	<b><u>\$ 544</u></b>	<b><u>\$ 254</u></b>

<u>EDCS PROJECT</u>	<u>BCIRS PROJECT</u>	<u>TOTAL</u>
\$ —	\$ —	\$ 959,282
—	289	597
7,706	17,779	36,330
—	—	272,093
<u>\$ 7,706</u>	<u>\$ 18,068</u>	<u>\$ 1,268,302</u>

\$ 3,502	\$ —	\$ 86,161
—	—	272,093
<u>3,502</u>	<u>—</u>	<u>358,254</u>

<u>4,204</u>	<u>18,068</u>	<u>910,048</u>
<u>4,204</u>	<u>18,068</u>	<u>910,048</u>
<u>\$ 7,706</u>	<u>\$ 18,068</u>	<u>\$ 1,268,302</u>

# STATE OF OHIO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
<b>REVENUES:</b>			
Investment Income.....	\$ 1,963	\$ 403	\$ 998
Other.....	—	—	—
<b>TOTAL REVENUES.....</b>	<b>1,963</b>	<b>403</b>	<b>998</b>
<b>EXPENDITURES:</b>			
CAPITAL OUTLAY.....	192,989	34,562	104,790
<b>TOTAL EXPENDITURES.....</b>	<b>192,989</b>	<b>34,562</b>	<b>104,790</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(191,026)</b>	<b>(34,159)</b>	<b>(103,792)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	369,975	50,000	100,000
Refunding Bonds and COPs Issued.....	—	—	—
Payment to Refunded Bond and COPs Escrow Agents.....	—	—	—
Premiums/Discounts.....	50,025	6,667	17,264
Transfers-in.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>420,000</b>	<b>56,667</b>	<b>117,264</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>228,974</b>	<b>22,508</b>	<b>13,472</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>128,655</b>	<b>34,633</b>	<b>46,809</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 357,629</b>	<b>\$ 57,141</b>	<b>\$ 60,281</b>

<b>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</b>	<b>YOUTH SERVICES BUILDING IMPROVEMENTS</b>	<b>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</b>	<b>OHIO PARKS AND NATURAL RESOURCES</b>	<b>HIGHWAY CAPITAL IMPROVEMENT</b>	<b>TRANSPORTATION BUILDING IMPROVEMENTS</b>
\$ 771	\$ 186	\$ 1,113	\$ 272	\$ 1,986	\$ 707
68	—	—	1	—	—
<u>839</u>	<u>186</u>	<u>1,113</u>	<u>273</u>	<u>1,986</u>	<u>707</u>
49,512	27,653	61,420	17,381	194,833	24,034
<u>49,512</u>	<u>27,653</u>	<u>61,420</u>	<u>17,381</u>	<u>194,833</u>	<u>24,034</u>
<u>(48,673)</u>	<u>(27,467)</u>	<u>(60,307)</u>	<u>(17,108)</u>	<u>(192,847)</u>	<u>(23,327)</u>
—	35,000	100,000	35,000	204,420	86,490
—	—	—	23,765	—	—
—	—	—	(29,393)	—	—
—	5,192	18,029	11,200	35,580	13,510
—	—	—	—	—	—
<u>—</u>	<u>40,192</u>	<u>118,029</u>	<u>40,572</u>	<u>240,000</u>	<u>100,000</u>
<u>(48,673)</u>	<u>12,725</u>	<u>57,722</u>	<u>23,464</u>	<u>47,153</u>	<u>76,673</u>
78,638	14,888	30,832	9,515	75,651	26,548
<u>\$ 29,965</u>	<u>\$ 27,613</u>	<u>\$ 88,554</u>	<u>\$ 32,979</u>	<u>\$ 122,804</u>	<u>\$ 103,221</u>

(continued)

# STATE OF OHIO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(dollars in thousands)

(continued)

	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>	<u>TMS PROJECT</u>
<b>REVENUES:</b>			
Investment Income.....	\$ 176	\$ 49	\$ 1
Other.....	—	—	—
<b>TOTAL REVENUES.....</b>	<b><u>176</u></b>	<b><u>49</u></b>	<b><u>1</u></b>
<b>EXPENDITURES:</b>			
<b>CAPITAL OUTLAY.....</b>	<b>10,344</b>	<b>5,784</b>	<b>632</b>
<b>TOTAL EXPENDITURES.....</b>	<b><u>10,344</u></b>	<b><u>5,784</u></b>	<b><u>632</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b><u>(10,168)</u></b>	<b><u>(5,735)</u></b>	<b><u>(631)</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	—	—	—
Refunding Bonds and COPs Issued.....	—	—	—
Payment to Refunded Bond and COPs Escrow Agents.....	—	—	—
Premiums/Discounts.....	—	—	—
Transfers-in.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(10,168)</b>	<b>(5,735)</b>	<b>(631)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b><u>17,606</u></b>	<b><u>5,765</u></b>	<b><u>752</u></b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b><u>\$ 7,438</u></b>	<b><u>\$ 30</u></b>	<b><u>\$ 121</u></b>

<u>EDCS PROJECT</u>	<u>BCIRS PROJECT</u>	<u>TOTAL</u>
\$ 190	\$ 261	\$ 9,076
—	—	69
<u>190</u>	<u>261</u>	<u>9,145</u>
16,668	3,999	744,601
<u>16,668</u>	<u>3,999</u>	<u>744,601</u>
<u>(16,478)</u>	<u>(3,738)</u>	<u>(735,456)</u>
—	—	980,885
—	—	23,765
—	—	(29,393)
—	—	157,467
9	—	9
<u>9</u>	<u>—</u>	<u>1,132,733</u>
<u>(16,469)</u>	<u>(3,738)</u>	<u>397,277</u>
<u>20,673</u>	<u>21,806</u>	<u>512,771</u>
<u>\$ 4,204</u>	<u>\$ 18,068</u>	<u>\$ 910,048</u>

# 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, 2018

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Investment Income.....		\$ 1,963	
Other.....		—	
<b>TOTAL REVENUES.....</b>		<b>1,963</b>	
<b>BUDGETARY EXPENDITURES:</b>			
CAPITAL OUTLAY.....	\$ 720,340	697,941	\$ 22,399
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 720,340</b>	<b>697,941</b>	<b>\$ 22,399</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(695,978)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		420,000	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>420,000</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(275,978)</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>(125,833)</b>	
<b>Outstanding Encumbrances at Beginning of Fiscal Year..</b>		<b>261,813</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ (139,998)</b>	

**MENTAL HEALTH/DEVELOPMENTAL  
DISABILITIES FACILITIES IMPROVEMENTS**

**PARKS AND RECREATION IMPROVEMENTS**

<b>MENTAL HEALTH/DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS</b>			<b>PARKS AND RECREATION IMPROVEMENTS</b>		
<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>
<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>
	\$ 403			\$ 999	
	<u>403</u>			<u>999</u>	
\$ 138,967	65,183	\$ 73,784	\$ 337,466	140,006	\$ 197,460
<u>\$ 138,967</u>	<u>65,183</u>	<u>\$ 73,784</u>	<u>\$ 337,466</u>	<u>140,006</u>	<u>\$ 197,460</u>
	<u>(64,780)</u>			<u>(139,007)</u>	
	56,667			117,264	
	<u>56,667</u>			<u>117,264</u>	
	<u>(8,113)</u>			<u>(21,743)</u>	
	5,578			(62,934)	
	<u>32,134</u>			<u>116,788</u>	
	<u>\$ 29,599</u>			<u>\$ 32,111</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, 2018

(dollars in thousands)

(continued)

	<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
<b>REVENUES:</b>			
Investment Income.....		\$ 771	
Other.....		68	
<b>TOTAL REVENUES.....</b>		<b>839</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CAPITAL OUTLAY.....</b>	<b>\$ 178,653</b>	<b>93,633</b>	<b>\$ 85,020</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 178,653</b>	<b>93,633</b>	<b>\$ 85,020</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(92,794)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>—</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(92,794)</b>	
<b>BUDGETARY FUND BALANCES</b>			
<b>(DEFICITS), JULY 1.....</b>		56,977	
<b>Outstanding Encumbrances at Beginning of Fiscal Year..</b>		24,207	
<b>BUDGETARY FUND BALANCES</b>			
<b>(DEFICITS), JUNE 30.....</b>		<b>\$ (11,610)</b>	

<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>	
	\$ 187			\$ 1,114	
	<u>—</u>			<u>—</u>	
	<u>187</u>			<u>1,114</u>	
\$ 78,111	47,218	\$ 30,893	\$ 322,821	231,038	\$ 91,783
<u>\$ 78,111</u>	<u>47,218</u>	<u>\$ 30,893</u>	<u>\$ 322,821</u>	<u>231,038</u>	<u>\$ 91,783</u>
	<u>(47,031)</u>			<u>(229,924)</u>	
	40,192			118,029	
	<u>40,192</u>			<u>118,029</u>	
	<u>(6,839)</u>			<u>(111,895)</u>	
	(27,058)			(48,020)	
	<u>41,950</u>			<u>81,747</u>	
	<u>\$ 8,053</u>			<u>\$ (78,168)</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, 2018**

(dollars in thousands)  
(continued)

<b>HIGHWAY SAFETY BUILDING IMPROVEMENTS</b>			
<b>BUDGET</b>			<b>VARIANCE WITH FINAL BUDGET</b>
<b>FINAL</b>	<b>ACTUAL</b>		<b>POSITIVE/ (NEGATIVE)</b>
<b>REVENUES:</b>			
Investment Income.....	\$ —		
Other.....	—		
<b>TOTAL REVENUES.....</b>	<b>—</b>		
<b>BUDGETARY EXPENDITURES:</b>			
CAPITAL OUTLAY.....	\$ 311	—	\$ 311
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 311</b>	<b>—</b>	<b>\$ 311</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>			
		—	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>—</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>			
		—	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		(1)	
Outstanding Encumbrances at Beginning of Fiscal Year..		1	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JUNE 30.....		<b>\$ —</b>	

**OHIO PARKS AND NATURAL RESOURCES**

**HIGHWAY CAPITAL IMPROVEMENTS**

<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>
	\$ 272			\$ 1,987	
	2			—	
	<u>274</u>			<u>1,987</u>	
\$ 57,274	31,466	\$ 25,808	\$ 410,240	387,055	\$ 23,185
<u>\$ 57,274</u>	<u>31,466</u>	<u>\$ 25,808</u>	<u>\$ 410,240</u>	<u>387,055</u>	<u>\$ 23,185</u>
	<u>(31,192)</u>			<u>(385,068)</u>	
	40,452			240,000	
	<u>40,452</u>			<u>240,000</u>	
	9,260			(145,068)	
	(9,307)			(139,293)	
	<u>20,290</u>			<u>230,234</u>	
	<u>\$ 20,243</u>			<u>\$ (54,127)</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, 2018

(dollars in thousands)

(continued)

	TRANSPORTATION BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Investment Income.....		\$ 707	
Other.....		—	
<b>TOTAL REVENUES.....</b>		<b>707</b>	
<b>BUDGETARY EXPENDITURES:</b>			
CAPITAL OUTLAY.....	\$ 129,254	129,251	\$ 3
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 129,254</b>	<b>129,251</b>	<b>\$ 3</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(128,544)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		100,000	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>100,000</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(28,544)</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		23,649	
<b>Outstanding Encumbrances at Beginning of Fiscal Year..</b>		6,970	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 2,075</b>	

<b>TOTAL</b>		
<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>
<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>
	\$ 8,403	
	70	
	<u>8,473</u>	
<u>\$ 2,373,437</u>	<u>1,822,791</u>	<u>\$ 550,646</u>
<u><b>\$ 2,373,437</b></u>	<u><b>1,822,791</b></u>	<u><b>\$ 550,646</b></u>
	<u><b>(1,814,318)</b></u>	
	1,132,604	
	<u>1,132,604</u>	
	<b>(681,714)</b>	
	(326,242)	
	<u>816,134</u>	
	<u><b>\$ (191,822)</b></u>	

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## ***NONMAJOR ENTERPRISE FUNDS***

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Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

### **Tuition Trust Authority Fund**

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.

### **Office of Auditor of State Fund**

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, 2018**  
(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 933	\$ 35,606	\$ 36,539
Cash and Cash Equivalents.....	35,479	—	35,479
Collateral on Lent Securities.....	264	—	264
Restricted Assets:			
Investments.....	37,200	—	37,200
Intergovernmental Receivable.....	—	6,534	6,534
Interfund Receivable.....	—	1,508	1,508
Other Receivables.....	1,891	15	1,906
<b>TOTAL CURRENT ASSETS.....</b>	<b>75,767</b>	<b>43,663</b>	<b>119,430</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Investments.....	231,986	—	231,986
Other Assets.....	35	—	35
Capital Assets Being Depreciated, Net.....	40	938	978
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>232,061</b>	<b>938</b>	<b>232,999</b>
<b>TOTAL ASSETS.....</b>	<b>307,828</b>	<b>44,601</b>	<b>352,429</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>597</b>	<b>14,025</b>	<b>14,622</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>308,425</b>	<b>58,626</b>	<b>367,051</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	927	169	1,096
Accrued Liabilities.....	365	4,451	4,816
Obligations Under Securities Lending.....	264	—	264
Unearned Revenue.....	—	768	768
Benefits Payable.....	37,200	—	37,200
Refund and Other Liabilities.....	—	1,815	1,815
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>38,756</b>	<b>7,203</b>	<b>45,959</b>
<b>NONCURRENT LIABILITIES:</b>			
Benefits Payable.....	168,300	—	168,300
Refund and Other Liabilities.....	3,005	102,735	105,740
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>171,305</b>	<b>102,735</b>	<b>274,040</b>
<b>TOTAL LIABILITIES.....</b>	<b>210,061</b>	<b>109,938</b>	<b>319,999</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>958</b>	<b>15,939</b>	<b>16,897</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>211,019</b>	<b>125,877</b>	<b>336,896</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	40	938	978
Unrestricted.....	97,366	(68,189)	29,177
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 97,406</b>	<b>\$ (67,251)</b>	<b>\$ 30,155</b>

# 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, 2018

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
<b>OPERATING REVENUES:</b>			
Charges for Sales and Services.....	\$ 8,892	\$ 45,668	\$ 54,560
Investment Income.....	10,827	—	10,827
Other.....	38,000	394	38,394
<b>TOTAL OPERATING REVENUES.....</b>	<b>57,719</b>	<b>46,062</b>	<b>103,781</b>
<b>OPERATING EXPENSES:</b>			
Costs of Sales and Services.....	—	75,973	75,973
Administration.....	9,561	5,309	14,870
Benefits and Claims.....	47,545	—	47,545
Depreciation.....	9	292	301
<b>TOTAL OPERATING EXPENSES.....</b>	<b>57,115</b>	<b>81,574</b>	<b>138,689</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>604</b>	<b>(35,512)</b>	<b>(34,908)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income.....	—	15	15
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>—</b>	<b>15</b>	<b>15</b>
<b>INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....</b>	<b>604</b>	<b>(35,497)</b>	<b>(34,893)</b>
Transfers-in.....	—	22,117	22,117
<b>TOTAL GAIN (LOSS) AND TRANSFERS.....</b>	<b>—</b>	<b>22,117</b>	<b>22,117</b>
<b>NET INCOME (LOSS).....</b>	<b>604</b>	<b>(13,380)</b>	<b>(12,776)</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated).....</b>	<b>96,802</b>	<b>(53,871)</b>	<b>42,931</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 97,406</b>	<b>\$ (67,251)</b>	<b>\$ 30,155</b>

**STATE OF OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS – ENTERPRISE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
*(dollars in thousands)*

	<u>TUITION TRUST AUTHORITY</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers.....	\$ —	\$ 35,843	\$ 35,843
Cash Received from Interfund Services Provided.....	—	8,952	8,952
Other Operating Cash Receipts.....	8,290	393	8,683
Cash Payments to Suppliers for Goods and Services.....	(7,037)	(1,325)	(8,362)
Cash Payments to Employees for Services.....	(2,466)	(74,385)	(76,851)
Cash Payments for Interfund Services Used.....	(361)	(3,957)	(4,318)
Other Operating Cash Payments.....	(47,546)	—	(47,546)
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>(49,120)</b>	<b>(34,479)</b>	<b>(83,599)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers-in .....	—	29,117	29,117
<b>NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>—</b>	<b>29,117</b>	<b>29,117</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets .....	(1)	(33)	(34)
<b>NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(1)</b>	<b>(33)</b>	<b>(34)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Investments.....	(194,068)	—	(194,068)
Proceeds from the Sales and Maturities of Investments .....	240,375	—	240,375
Investment Income Received .....	4,141	16	4,157
<b>NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....</b>	<b>50,448</b>	<b>16</b>	<b>50,464</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS.....</b>	<b>1,327</b>	<b>(5,379)</b>	<b>(4,052)</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1 .....</b>	<b>35,085</b>	<b>40,985</b>	<b>76,070</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30 .....</b>	<b>\$ 36,412</b>	<b>\$ 35,606</b>	<b>\$ 72,018</b>

**STATE OF OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(dollars in thousands)

	<u>TUITION TRUST AUTHORITY</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss).....	\$ 604	\$ (35,512)	\$ (34,908)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	(10,827)	—	(10,827)
Depreciation .....	9	292	301
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	4,604	4,604
Interfund Receivable.....	—	7,000	7,000
Other Receivables .....	(602)	156	(446)
Increase (Decrease) in Liabilities:			
Accounts Payable .....	(904)	(3,715)	(4,619)
Accrued Liabilities.....	19	(221)	(202)
Interfund Payable.....	—	(6,765)	(6,765)
Unearned Revenue.....	—	(277)	(277)
Benefits Payable.....	(38,000)	—	(38,000)
Refund and Other Liabilities.....	581	(41)	540
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b><u>\$ (49,120)</u></b>	<b><u>\$ (34,479)</u></b>	<b><u>\$ (83,599)</u></b>

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## ***AGENCY FUNDS***

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Agency Funds account for resources the State holds in a purely custodial capacity (assets equal liabilities) for individuals, private organizations, or other governments.

### **Holding and Distribution Fund**

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.

### **Centralized Child Support Collections Fund**

The Centralized Child Support Collections Fund accounts for assets temporarily held for custodial parents.

### **Retirement Systems Fund**

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.

### **Payroll Withholding and Fringe Benefits Fund**

The Payroll Withholding and Fringe Benefits Fund primarily accounts for assets held to liquidate the State's payroll withholding obligations.

### **Other Fund**

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, 2018**  
(dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 19,119	\$ —	\$ —
Cash and Cash Equivalents.....	2,270	57,801	—
Investments (at fair value):.....			
U.S. Government and Agency Obligations.....	—	—	17,561,553
Common and Preferred Stock.....	—	—	47,585,601
Corporate Bonds and Notes.....	—	—	11,552,349
Foreign Stocks and Bonds.....	—	—	50,454,986
Commercial Paper.....	—	—	2,114,840
Repurchase Agreements.....	—	—	1,480,000
Mutual Funds.....	—	—	10,609,926
Real Estate.....	—	—	21,177,736
Venture Capital.....	—	—	22,656,673
Direct Mortgage Loans.....	—	—	7,041,969
Partnership and Hedge Funds.....	—	—	18,891,388
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	6,254	—
Collateral on Lent Securities.....	5,423	—	—
Other Assets.....	—	—	—
<b>TOTAL ASSETS.....</b>	<b>\$ 26,812</b>	<b>\$ 64,055</b>	<b>\$ 211,127,021</b>
<b>LIABILITIES:</b>			
Obligations Under Securities Lending.....	\$ 5,423	\$ —	\$ —
Intergovernmental Payable.....	10,399	—	—
Refund and Other Liabilities.....	10,999	64,055	211,127,021
<b>TOTAL LIABILITIES.....</b>	<b>\$ 26,812</b>	<b>\$ 64,055</b>	<b>\$ 211,127,021</b>

PAYROLL WITHHOLDING AND FRINGE BENEFITS			OTHER	TOTAL
\$	129,481	\$	196,293	\$ 344,893
	—		56,244	116,315
	—		15,912	17,577,465
	—		—	47,585,601
	—		—	11,552,349
	—		—	50,454,986
	—		—	2,114,840
	—		—	1,480,000
	—		2,996	10,612,922
	—		—	21,177,736
	—		—	22,656,673
	—		—	7,041,969
	—		—	18,891,388
	—		54,189	60,443
	36,726		55,677	97,826
	—		449,477	449,477
<b>\$</b>	<b>166,207</b>	<b>\$</b>	<b>830,788</b>	<b>\$ 212,214,883</b>
\$	36,726	\$	55,677	\$ 97,826
	—		199,650	210,040
	129,481		575,461	211,907,017
<b>\$</b>	<b>166,207</b>	<b>\$</b>	<b>830,788</b>	<b>\$ 212,214,883</b>

# STATE OF OHIO

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(dollars in thousands)

	BALANCE July 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2018
<b>HOLDING AND DISTRIBUTION</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 17,226	\$ 4,823,560	\$ 4,821,667	\$ 19,119
Cash and Cash Equivalents .....	2,161	16,327	16,218	2,270
Collateral on Lent Securities .....	4,708	5,423	4,708	5,423
<b>Total Assets .....</b>	<b>\$ 24,095</b>	<b>\$ 4,845,310</b>	<b>\$ 4,842,593</b>	<b>\$ 26,812</b>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 4,708	\$ 5,423	\$ 4,708	\$ 5,423
Intergovernmental Payable .....	7,509	45,397	42,516	10,390
Refund and Other Liabilities .....	11,878	4,794,490	4,795,369	10,999
<b>Total Liabilities .....</b>	<b>\$ 24,095</b>	<b>\$ 4,845,310</b>	<b>\$ 4,842,593</b>	<b>\$ 26,812</b>
<b>CENTRALIZED CHILD SUPPORT COLLECTIONS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 59,884	\$ 1,826,706	\$ 1,828,789	\$ 57,801
Investments.....	6,164	90	—	6,254
<b>Total Assets .....</b>	<b>\$ 66,048</b>	<b>\$ 1,826,796</b>	<b>\$ 1,828,789</b>	<b>\$ 64,055</b>
<b>LIABILITIES</b>				
Refund and Other Liabilities .....	\$ 66,048	\$ 1,826,796	\$ 1,828,789	\$ 64,055
<b>Total Liabilities .....</b>	<b>\$ 66,048</b>	<b>\$ 1,826,796</b>	<b>\$ 1,828,789</b>	<b>\$ 64,055</b>
<b>RETIREMENT SYSTEMS</b>				
<b>ASSETS</b>				
Investments.....	\$ 196,107,133	\$ 679,086,869	\$ 664,066,981	\$ 211,127,021
<b>Total Assets .....</b>	<b>\$ 196,107,133</b>	<b>\$ 679,086,869</b>	<b>\$ 664,066,981</b>	<b>\$ 211,127,021</b>
<b>LIABILITIES</b>				
Liability to:				
Public Employees Retirement System.....	\$ 89,995,695	\$ 563,958,276	\$ 553,077,245	\$ 100,876,726
Police and Fire Pension Fund.....	14,598,247	34,469,096	33,201,846	15,865,497
School Employees Retirement System.....	13,866,158	41,527,826	40,883,367	14,510,617
State Teachers Retirement System.....	77,647,033	39,131,671	36,904,523	79,874,181
<b>Total Liabilities .....</b>	<b>\$ 196,107,133</b>	<b>\$ 679,086,869</b>	<b>\$ 664,066,981</b>	<b>\$ 211,127,021</b>

	BALANCE July 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2018
<b>PAYROLL WITHHOLDING AND FRINGE BENEFITS</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 80,801	\$ 1,709,381	\$ 1,660,701	\$ 129,481
Cash and Cash Equivalents .....	—	593,063	593,063	—
Collateral on Lent Securities .....	22,084	36,726	22,084	36,726
<b>Total Assets .....</b>	<b>\$ 102,885</b>	<b>\$ 2,339,170</b>	<b>\$ 2,275,848</b>	<b>\$ 166,207</b>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 22,084	\$ 36,726	\$ 22,084	\$ 36,726
Refund and Other Liabilities .....	80,801	1,716,773	1,668,093	129,481
<b>Total Liabilities .....</b>	<b>\$ 102,885</b>	<b>\$ 1,753,499</b>	<b>\$ 1,690,177</b>	<b>\$ 166,207</b>
<b>OTHER</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 181,202	\$ 3,328,883	\$ 3,313,792	\$ 196,293
Cash and Cash Equivalents .....	44,875	81,061,869	81,050,500	56,244
Investments.....	74,052	63,735	64,690	73,097
Collateral on Lent Securities .....	49,524	55,677	49,524	55,677
Other Assets.....	437,299	72,464	60,286	449,477
<b>Total Assets .....</b>	<b>\$ 786,952</b>	<b>\$ 84,582,628</b>	<b>\$ 84,538,792</b>	<b>\$ 830,788</b>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 49,524	\$ 55,677	\$ 49,524	\$ 55,677
Intergovernmental Payable .....	188,449	3,320,687	3,309,486	199,650
Refund and Other Liabilities .....	548,979	81,206,264	81,179,782	575,461
<b>Total Liabilities .....</b>	<b>\$ 786,952</b>	<b>\$ 84,582,628</b>	<b>\$ 84,538,792</b>	<b>\$ 830,788</b>
<b>TOTAL AGENCY</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 279,229	\$ 9,861,824	\$ 9,796,160	\$ 344,893
Cash and Cash Equivalents .....	106,920	83,497,965	83,488,570	116,315
Investments.....	196,187,349	679,150,694	664,131,671	211,206,372
Collateral on Lent Securities .....	76,316	97,826	76,316	97,826
Other Assets.....	437,299	72,464	60,286	449,477
<b>Total Assets .....</b>	<b>\$ 197,087,113</b>	<b>\$ 772,680,773</b>	<b>\$ 757,553,003</b>	<b>\$ 212,214,883</b>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 76,316	\$ 97,826	\$ 76,316	\$ 97,826
Intergovernmental Payable .....	195,958	3,366,084	3,352,002	210,040
Refund and Other Liabilities .....	196,814,839	768,631,192	753,539,014	211,907,017
<b>Total Liabilities .....</b>	<b>\$ 197,087,113</b>	<b>\$ 772,095,102</b>	<b>\$ 756,967,332</b>	<b>\$ 212,214,883</b>

## ***NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS***

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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.

### **Ohio Turnpike and Infrastructure Commission Fund**

The Ohio Turnpike and Infrastructure Commission Fund accounts for the operations of the Ohio Turnpike and Infrastructure Commission, including its projects to construct, maintain and operate public roadways, express or limited access highways, superhighways, or motorways necessary for safe movement of traffic including bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, and toll booths. The Commission's Financial Statements are presented for the fiscal year end December 31, 2016. The Commission is located in Berea, Ohio.

### **Ohio Air Quality Development Authority Fund**

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, 2016.

### **Ohio Capital Fund**

The Ohio Capital Fund accounts for the operations of the State's venture capital program.

### **JobsOhio Fund**

The JobsOhio Fund accounts for the operations of the nonprofit corporation, JobsOhio, including promoting economic development, job creation, job retention, job training, and the recruitment of business to the State of Ohio.

### **University of Cincinnati Fund**

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.

### **Ohio University Fund**

The Ohio University Fund accounts for the operations of Ohio University and the Ohio University Foundation. The university is located in Athens, Ohio.

### **Miami University Fund**

The Miami University Fund accounts for the operations of Miami University and the Miami University Foundation. The university is located in Oxford, Ohio.

### **University of Akron Fund**

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.

### **Bowling Green State University Fund**

The Bowling Green State University Fund accounts for the operations of Bowling Green State University and the Bowling Green State University Foundation.

### **Kent State University Fund**

The Kent State University Fund accounts for the operations of Kent State University and the Kent State University Foundation.

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**University of Toledo Fund**

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.

**Cleveland State University Fund**

The Cleveland State University Fund accounts for the operations of Cleveland State University, the Cleveland State University Foundation, and the Euclid Avenue Housing Corporation.

**Youngstown State University Fund**

The Youngstown State University Fund accounts for the operations of Youngstown State University and the Youngstown State University Foundation.

**Wright State University Fund**

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.

**Shawnee State University Fund**

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.

**Northeast Ohio Medical University Fund**

The Northeast Ohio Medical University Fund accounts for the operations of Northeast Ohio Medical University and NEOMED Foundation. The college is located in Rootstown, Ohio.

**Central State University Fund**

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.

**Terra State Community College Fund**

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.

**Columbus State Community College Fund**

The Columbus State Community College Fund accounts for the operations of Columbus State Community College and the Columbus State Community College Development Foundation, Inc.

**Clark State Community College Fund**

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.

**Edison State Community College Fund**

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.

**Southern State Community College Fund**

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.

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**Washington State Community College Fund**

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.

**Cincinnati State Community College Fund**

The Cincinnati State Community College Fund accounts for the operations of Cincinnati State Technical and Community College.

**Northwest State Community College Fund**

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.

**Owens State Community College Fund**

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.

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**STATE OF OHIO**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2018**  
(dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/17)	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/17)	OHIO CAPITAL FUND
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ 2,508	\$ —
Cash and Cash Equivalents.....	103,631	2,264	1,708
Investments.....	89,308	2,097	—
Restricted Assets:			
Cash and Cash Equivalents.....	12,276	—	—
Investments.....	57,023	—	—
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	1,701	—
Receivable from Primary Government.....	—	—	—
Other Receivables.....	18,547	23	12
Inventories.....	4,428	—	—
Other Assets.....	2,081	8	—
<b>TOTAL CURRENT ASSETS.....</b>	<b>287,294</b>	<b>8,601</b>	<b>1,720</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	—	119	—
Investments.....	177,255	—	—
Investments.....	—	3,703	92,252
Loans Receivable, Net.....	—	—	—
Other Receivables.....	—	—	—
Other Assets.....	204	—	—
Capital Assets Being Depreciated, Net.....	1,417,771	1	—
Capital Assets Not Being Depreciated.....	61,675	—	—
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>1,656,905</b>	<b>3,823</b>	<b>92,252</b>
<b>TOTAL ASSETS.....</b>	<b>1,944,199</b>	<b>12,424</b>	<b>93,972</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>53,540</b>	<b>150</b>	<b>—</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>1,997,739</b>	<b>12,574</b>	<b>93,972</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	14,772	186	—
Accrued Liabilities.....	26,059	9	3,467
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	27,609	—	—
Payable to Primary Government.....	8,354	112	—
Bonds and Notes Payable.....	34,775	—	13,677
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>111,569</b>	<b>307</b>	<b>17,144</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	98,430	286	22,816
Bonds and Notes Payable.....	1,574,659	—	126,537
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>1,673,089</b>	<b>286</b>	<b>149,353</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,784,658</b>	<b>593</b>	<b>166,497</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>896</b>	<b>20</b>	<b>—</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,785,554</b>	<b>613</b>	<b>166,497</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	981,297	1	—
Restricted for:			
Transportation.....	172,358	—	—
Community and Economic Development.....	—	1,711	—
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.....	(941,470)	10,249	(72,525)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 212,185</b>	<b>\$ 11,961</b>	<b>\$ (72,525)</b>

	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY
\$	\$	\$	\$	\$	\$
—	—	—	—	—	—
274,322	99,867	99,051	110,456	17,115	11,714
460,682	158,237	339,028	609,414	186,317	221,474
143,464	—	—	—	—	—
—	—	—	—	—	—
—	—	6,433	2,967	—	—
6,401	5,791	1,198	4,669	1,454	9,821
—	1,212	1,679	427	—	—
6,061	105,304	65,862	27,280	37,544	4,567
75,997	2,120	2,728	2,104	516	1,549
2,322	24,153	10,244	5,952	2,015	3,388
<b>969,249</b>	<b>396,684</b>	<b>526,223</b>	<b>763,269</b>	<b>244,961</b>	<b>252,513</b>
—	—	69,732	38,891	312	—
—	1,025,260	—	479,129	6,166	30,417
—	392,231	768,368	—	262,829	183,351
84,543	21,884	11,210	3,425	8,136	6,740
—	77,259	6,683	34,650	13,109	9,121
1,080,940	429,276	20,386	932	—	2,486
2,233	1,438,798	968,200	1,143,035	665,877	551,794
—	269,890	84,689	212,691	57,237	63,691
<b>1,167,716</b>	<b>3,654,598</b>	<b>1,929,268</b>	<b>1,912,753</b>	<b>1,013,666</b>	<b>847,600</b>
<b>2,136,965</b>	<b>4,051,282</b>	<b>2,455,491</b>	<b>2,676,022</b>	<b>1,258,627</b>	<b>1,100,113</b>
—	187,502	117,929	92,676	119,155	55,991
<b>2,136,965</b>	<b>4,238,784</b>	<b>2,573,420</b>	<b>2,768,698</b>	<b>1,377,782</b>	<b>1,156,104</b>
19,013	89,979	30,733	43,240	4,782	9,458
154,022	23,243	44,120	16,834	29,464	10,918
—	—	—	—	—	—
—	38,043	39,356	12,719	16,800	11,399
10	87,909	10,501	15,412	6,060	7,755
—	—	—	—	—	—
45,845	35,595	18,352	31,450	26,679	10,177
<b>218,890</b>	<b>274,769</b>	<b>143,062</b>	<b>119,655</b>	<b>83,785</b>	<b>49,707</b>
—	21,705	—	—	—	8,062
—	—	—	—	—	—
8	870,313	539,303	417,759	486,030	271,488
1,333,921	1,142,795	618,030	659,571	392,750	287,431
<b>1,333,929</b>	<b>2,034,813</b>	<b>1,157,333</b>	<b>1,077,330</b>	<b>878,780</b>	<b>566,981</b>
1,552,819	2,309,582	1,300,395	1,196,985	962,565	616,688
—	87,233	62,288	43,215	68,418	31,205
<b>1,552,819</b>	<b>2,396,815</b>	<b>1,362,683</b>	<b>1,240,200</b>	<b>1,030,983</b>	<b>647,893</b>
2,233	529,188	673,005	710,249	308,972	359,364
—	—	—	—	—	—
—	—	—	—	—	—
—	171,652	—	—	—	58,630
—	62,961	—	—	—	486
—	478,401	246,876	318,051	163,447	8,796
—	428,179	—	—	—	28,710
—	63,375	12,826	43,277	854	30,719
—	110,702	3,028	1,852	38,279	726
—	36,516	35,239	20,221	—	34,968
—	60,661	3,660	3,259	—	—
—	29,172	5,699	44,749	—	—
—	—	—	—	684	—
—	34,007	1,842	—	2,532	29,111
—	71,977	258,613	—	88,893	3,202
—	—	12,568	13,756	—	—
—	134,275	14,830	74,737	—	—
581,913	(369,097)	(57,449)	298,347	(256,862)	(46,501)
<b>\$ 584,146</b>	<b>\$ 1,841,969</b>	<b>\$ 1,210,737</b>	<b>\$ 1,528,498</b>	<b>\$ 346,799</b>	<b>\$ 508,211</b>

(continued)

**STATE OF OHIO**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	37,255	41,994	154,897
Investments.....	551,303	—	19,840
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Intergovernmental Receivable.....	3,198	10,312	—
Loans Receivable, Net.....	—	1,834	1,434
Receivable from Primary Government.....	326	2,155	—
Other Receivables.....	36,675	124,537	30,534
Inventories.....	963	8,669	975
Other Assets.....	6,586	6,225	1,295
<b>TOTAL CURRENT ASSETS.....</b>	<b>636,306</b>	<b>195,726</b>	<b>208,975</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	12,834	986	—
Investments.....	—	352,987	—
Investments.....	89,807	215,233	89,874
Loans Receivable, Net.....	51,028	9,991	11,546
Other Receivables.....	11,006	11,749	11,784
Other Assets.....	6,275	9,304	—
Capital Assets Being Depreciated, Net.....	846,119	547,732	479,747
Capital Assets Not Being Depreciated.....	85,615	43,898	72,898
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>1,102,684</b>	<b>1,191,880</b>	<b>665,849</b>
<b>TOTAL ASSETS.....</b>	<b>1,738,990</b>	<b>1,387,606</b>	<b>874,824</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>133,385</b>	<b>137,335</b>	<b>56,157</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>1,872,375</b>	<b>1,524,941</b>	<b>930,981</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	44,243	29,245	6,377
Accrued Liabilities.....	36,200	46,837	2,638
Intergovernmental Payable.....	—	104	—
Unearned Revenue.....	26,850	35,071	9,010
Refund and Other Liabilities.....	11,956	30,721	20,093
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	23,297	10,215	9,269
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>142,546</b>	<b>152,193</b>	<b>47,387</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	1,089
Refund and Other Liabilities.....	636,244	640,873	292,044
Bonds and Notes Payable.....	406,484	281,830	241,271
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>1,042,728</b>	<b>922,703</b>	<b>534,404</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,185,274</b>	<b>1,074,896</b>	<b>581,791</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>65,538</b>	<b>89,762</b>	<b>28,124</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,250,812</b>	<b>1,164,658</b>	<b>609,915</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	453,102	302,144	267,434
Restricted for:			
Transportation.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	67,368	55,785
Research.....	—	11,080	887
Endowments and Quasi-Endowments.....	65,533	—	5,752
Loans, Grants and Other College and University Purposes.....	—	58,447	2,285
Expendable:			
Scholarships and Fellowships.....	—	98,434	21,312
Research.....	—	6,939	666
Instructional Department Uses.....	—	—	8,726
Student and Public Services.....	—	—	5,187
Academic Support.....	—	70,585	—
Debt Service.....	—	17,782	—
Capital Purposes.....	—	29,838	—
Endowments and Quasi-Endowments.....	—	—	234
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	166,209	33,758	36,236
Unrestricted.....	(63,281)	(336,092)	(83,438)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 621,563</b>	<b>\$ 360,283</b>	<b>\$ 321,066</b>

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
27,397	41,474	1,147	7,643	4,526	1,066
219,051	768	—	27,649	—	477
—	—	—	—	—	—
—	—	—	—	—	—
1,466	13,916	—	3,428	—	93
479	3,135	81	454	—	66
2,544	3,084	481	253	—	250
11,010	19,298	4,958	3,228	6,929	2,324
211	127	32	173	—	13
1,593	4,041	139	1,629	217	94
<b>263,751</b>	<b>85,843</b>	<b>6,838</b>	<b>44,457</b>	<b>11,672</b>	<b>4,383</b>
25	5,450	791	1,929	5,607	—
74,710	—	24,552	46,877	—	—
14,027	135,227	13,836	—	3,856	6,080
778	7,353	—	4,666	—	—
7,119	5,180	544	828	—	—
1	1,307	988	—	—	—
194,667	357,942	68,990	188,256	131,551	28,518
21,594	5,165	22,486	2,635	10,432	1,083
<b>312,921</b>	<b>517,624</b>	<b>132,187</b>	<b>245,191</b>	<b>151,446</b>	<b>35,681</b>
<b>576,672</b>	<b>603,467</b>	<b>139,025</b>	<b>289,648</b>	<b>163,118</b>	<b>40,064</b>
<b>38,026</b>	<b>69,553</b>	<b>11,254</b>	<b>15,798</b>	<b>7,713</b>	<b>4,309</b>
<b>614,698</b>	<b>673,020</b>	<b>150,279</b>	<b>305,446</b>	<b>170,831</b>	<b>44,373</b>
3,522	13,532	1,994	1,631	1,307	681
6,896	10,358	2,418	2,290	2,785	56
2,058	—	—	—	—	—
5,342	22,955	1,832	5,973	2,748	482
4,417	17,359	2,118	18	1,841	331
—	—	—	—	—	—
3,195	7,678	880	2,951	2,159	196
<b>25,430</b>	<b>71,882</b>	<b>9,242</b>	<b>12,863</b>	<b>10,840</b>	<b>1,746</b>
—	—	—	40,553	—	—
—	1,281	584	—	—	—
168,303	296,591	50,084	30,826	34,143	20,447
78,413	70,634	23,674	145,968	35,814	5,510
<b>246,716</b>	<b>368,506</b>	<b>74,342</b>	<b>217,347</b>	<b>69,957</b>	<b>25,957</b>
<b>272,146</b>	<b>440,388</b>	<b>83,584</b>	<b>230,210</b>	<b>80,797</b>	<b>27,703</b>
<b>26,870</b>	<b>42,938</b>	<b>8,208</b>	<b>6,858</b>	<b>5,648</b>	<b>4,774</b>
<b>299,016</b>	<b>483,326</b>	<b>91,792</b>	<b>237,068</b>	<b>86,445</b>	<b>32,477</b>
136,184	285,233	66,291	48,788	106,342	24,016
—	—	—	—	—	—
—	—	—	—	—	—
—	20,272	4,363	7,548	997	2,765
—	5,937	—	—	—	—
86,841	—	137	13,700	—	—
—	19,667	6,223	—	1,500	—
10,859	23,078	1,944	—	1,078	1,686
287	3,551	22	—	—	—
2,605	22,910	—	—	—	—
1,855	1,313	—	—	—	72
1,490	15,205	—	—	558	—
—	—	—	—	—	—
9,383	2,357	—	—	—	773
20,310	—	777	—	—	—
1,581	—	—	8,949	—	—
2,349	25,597	6,647	—	1,430	135
41,938	(235,426)	(27,917)	(10,607)	(27,519)	(17,551)
<b>\$ 315,682</b>	<b>\$ 189,694</b>	<b>\$ 58,487</b>	<b>\$ 68,378</b>	<b>\$ 84,386</b>	<b>\$ 11,896</b>

(continued)

**STATE OF OHIO**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2018**  
(dollars in thousands)  
(continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	8,385	11,630	6,856
Investments.....	82,699	22,062	3,087
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Intergovernmental Receivable.....	—	644	—
Loans Receivable, Net.....	—	94	—
Receivable from Primary Government.....	103	1,748	—
Other Receivables.....	16,770	3,884	1,742
Inventories.....	1,517	78	4
Other Assets.....	1,994	469	90
<b>TOTAL CURRENT ASSETS.....</b>	<b>111,468</b>	<b>40,609</b>	<b>11,779</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	1,631	—	—
Investments.....	—	—	1,334
Investments.....	64,069	—	2,090
Loans Receivable, Net.....	—	—	—
Other Receivables.....	2,388	877	—
Other Assets.....	—	39	—
Capital Assets Being Depreciated, Net.....	120,647	44,171	14,787
Capital Assets Not Being Depreciated.....	32,371	3,690	1,414
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>221,106</b>	<b>48,777</b>	<b>19,625</b>
<b>TOTAL ASSETS.....</b>	<b>332,574</b>	<b>89,386</b>	<b>31,404</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>48,769</b>	<b>8,463</b>	<b>3,969</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>381,343</b>	<b>97,849</b>	<b>35,373</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	3,877	2,609	173
Accrued Liabilities.....	3,182	1,466	775
Intergovernmental Payable.....	—	24	—
Unearned Revenue.....	7,882	193	556
Refund and Other Liabilities.....	6,654	162	—
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	1,665	730	235
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>23,260</b>	<b>5,184</b>	<b>1,739</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	230,612	41,760	16,235
Bonds and Notes Payable.....	17,448	11,780	2,170
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>248,060</b>	<b>53,540</b>	<b>18,405</b>
<b>TOTAL LIABILITIES.....</b>	<b>271,320</b>	<b>58,724</b>	<b>20,144</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>15,642</b>	<b>3,693</b>	<b>2,529</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>286,962</b>	<b>62,417</b>	<b>22,673</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	148,553	34,931	14,219
Restricted for:			
Transportation.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	3,362	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	10,174	126
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	9,417	8,940	—
Research.....	—	—	—
Instructional Department Uses.....	—	55	—
Student and Public Services.....	—	939	—
Academic Support.....	—	—	—
Debt Service.....	—	145	532
Capital Purposes.....	40,345	4,191	—
Endowments and Quasi-Endowments.....	—	—	2,941
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	87
Unrestricted.....	(107,296)	(23,943)	(5,205)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 94,381</b>	<b>\$ 35,432</b>	<b>\$ 12,700</b>

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,508
6,111	8,368	1,930	3,945	5,105	1,089,857
—	—	18,349	2,836	20,521	3,035,199
—	—	—	—	—	155,740
—	—	—	—	—	57,023
—	—	663	310	315	43,745
—	—	—	—	—	38,612
—	—	615	134	3	15,014
3,825	3,997	11,260	3,341	4,467	553,979
9	—	143	415	—	102,771
672	191	482	39	1,256	77,175
<u>10,617</u>	<u>12,556</u>	<u>33,442</u>	<u>11,020</u>	<u>31,667</u>	<u>5,171,623</u>
546	—	2,630	—	—	141,483
2,483	—	—	—	—	2,221,170
—	1,069	4,754	7,392	8,362	2,358,410
—	—	—	—	42	221,342
—	—	130	—	27	192,454
—	—	—	—	—	1,552,138
24,194	13,437	73,049	17,092	69,654	9,408,262
4,569	980	2,273	2,117	11,061	1,074,154
<u>31,792</u>	<u>15,486</u>	<u>82,836</u>	<u>26,601</u>	<u>89,146</u>	<u>17,169,413</u>
<u>42,409</u>	<u>28,042</u>	<u>116,278</u>	<u>37,621</u>	<u>120,813</u>	<u>22,341,036</u>
<u>4,699</u>	<u>3,344</u>	<u>24,427</u>	<u>6,214</u>	<u>17,722</u>	<u>1,218,080</u>
<u>47,108</u>	<u>31,386</u>	<u>140,705</u>	<u>43,835</u>	<u>138,535</u>	<u>23,559,116</u>
—	1,355	1,201	968	2,135	327,013
350	36	6,484	315	3,506	434,728
—	—	—	—	—	2,186
—	2,073	3,213	595	3,438	246,530
4,559	40	2,613	323	2,128	260,589
—	—	—	—	—	8,466
1,000	—	2,749	—	310	283,079
<u>5,909</u>	<u>3,504</u>	<u>16,260</u>	<u>2,201</u>	<u>11,517</u>	<u>1,562,591</u>
—	—	—	—	—	70,320
—	—	—	—	—	2,954
20,287	14,317	100,866	25,826	85,873	5,411,764
13,550	—	30,648	—	—	7,500,888
<u>33,837</u>	<u>14,317</u>	<u>131,514</u>	<u>25,826</u>	<u>85,873</u>	<u>12,985,926</u>
<u>39,746</u>	<u>17,821</u>	<u>147,774</u>	<u>28,027</u>	<u>97,390</u>	<u>14,548,517</u>
<u>4,865</u>	<u>1,984</u>	<u>14,697</u>	<u>2,757</u>	<u>23,044</u>	<u>641,206</u>
<u>44,611</u>	<u>19,805</u>	<u>162,471</u>	<u>30,784</u>	<u>120,434</u>	<u>15,189,723</u>
14,837	14,417	42,251	19,209	80,405	5,622,665
—	—	—	—	—	172,358
—	—	—	—	—	1,711
—	475	—	1,024	1,735	395,976
—	—	—	—	—	81,351
2,469	—	6,845	—	—	1,407,148
—	—	—	—	451	545,462
107	544	—	5,118	974	334,542
—	—	—	—	—	166,052
—	—	—	15	—	161,255
—	—	—	—	—	76,946
—	—	—	—	—	167,458
—	—	1,525	—	—	20,668
—	916	—	395	—	155,690
—	—	3,819	—	—	450,766
924	—	—	13	—	37,791
—	—	—	100	530	496,920
<u>(15,840)</u>	<u>(4,771)</u>	<u>(76,206)</u>	<u>(12,823)</u>	<u>(65,994)</u>	<u>(1,925,366)</u>
<u>\$ 2,497</u>	<u>\$ 11,581</u>	<u>\$ (21,766)</u>	<u>\$ 13,051</u>	<u>\$ 18,101</u>	<u>\$ 8,369,393</u>

**STATE OF OHIO**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(dollars in thousands)

	<b>OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/17)</b>	<b>OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/17)</b>	<b>OHIO CAPITAL FUND</b>
<b>EXPENSES:</b>			
Transportation.....	\$ 241,440	\$ —	\$ —
Community and Economic Development.....	—	11,407	937
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.....	78,848	—	7,247
Depreciation.....	76,095	1	—
Other.....	—	—	—
<b>TOTAL EXPENSES.....</b>	<b>396,383</b>	<b>11,408</b>	<b>8,184</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	321,907	725	—
Operating Grants, Contributions and Restricted Investment Income.....	—	320	—
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
<b>TOTAL PROGRAM REVENUES.....</b>	<b>321,907</b>	<b>1,045</b>	<b>—</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(74,476)</b>	<b>(10,363)</b>	<b>(8,184)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	4,657	141	5,649
State Assistance.....	3,023	—	—
Other.....	—	95	—
<b>TOTAL GENERAL REVENUES.....</b>	<b>7,680</b>	<b>236</b>	<b>5,649</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>GAIN (LOSS) ON EXTINGUISHMENT OF DEBT.....</b>	<b>—</b>	<b>—</b>	<b>(11)</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(66,796)</b>	<b>(10,127)</b>	<b>(2,546)</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated).....</b>	<b>278,981</b>	<b>22,088</b>	<b>(69,979)</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 212,185</b>	<b>\$ 11,961</b>	<b>\$ (72,525)</b>

<b>JOB</b>	<b>UNIVERSITY OF CINCINNATI</b>	<b>OHIO UNIVERSITY</b>	<b>MIAMI UNIVERSITY</b>	<b>UNIVERSITY OF AKRON</b>	<b>BOWLING GREEN STATE UNIVERSITY</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1,055,130	—	—	—	—	—
—	188,813	214,963	109,922	66,187	108,144
—	136,914	42,949	11,822	21,091	7,740
—	84,178	22,884	2,590	3,455	3,964
—	123,378	68,372	61,539	21,083	22,832
—	72,435	38,079	30,232	9,849	13,345
—	148,104	50,861	62,775	28,942	26,276
—	52,858	34,777	34,253	19,323	17,692
—	46,305	16,478	20,400	28,978	17,440
—	123,056	79,813	117,314	43,124	68,021
—	—	—	—	—	—
54,771	43,995	27,683	26,725	18,957	8,314
322	121,510	54,260	59,810	47,773	37,806
—	793	12,684	10,460	499	54,455
<b>1,110,223</b>	<b>1,142,339</b>	<b>663,803</b>	<b>547,842</b>	<b>309,261</b>	<b>386,029</b>
1,195,912	900,419	338,879	537,884	223,502	239,060
—	229,949	42,184	56,710	34,693	64,188
—	15,435	1,285	4,895	1,563	850
<b>1,195,912</b>	<b>1,145,803</b>	<b>382,348</b>	<b>599,489</b>	<b>259,758</b>	<b>304,098</b>
<b>85,689</b>	<b>3,464</b>	<b>(281,455)</b>	<b>51,647</b>	<b>(49,503)</b>	<b>(81,931)</b>
2,569	9,855	60,183	34,449	18,082	22,737
—	237,147	185,640	96,250	119,103	84,372
3,290	—	198,152	—	34,630	24,238
<b>5,859</b>	<b>247,002</b>	<b>443,975</b>	<b>130,699</b>	<b>171,815</b>	<b>131,347</b>
—	534	9,690	14,990	22,627	3,690
—	—	—	—	—	—
<b>91,548</b>	<b>251,000</b>	<b>172,210</b>	<b>197,336</b>	<b>144,939</b>	<b>53,106</b>
492,598	1,590,969	1,038,527	1,331,162	201,860	455,105
<b>\$ 584,146</b>	<b>\$ 1,841,969</b>	<b>\$ 1,210,737</b>	<b>\$ 1,528,498</b>	<b>\$ 346,799</b>	<b>\$ 508,211</b>

(continued)

**STATE OF OHIO**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(dollars in thousands)

(continued)

	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY
<b>EXPENSES:</b>			
Transportation.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	201,517	208,039	86,911
Separately Budgeted Research.....	13,753	37,675	7,418
Public Service.....	11,162	6,421	5,411
Academic Support.....	52,107	42,852	22,661
Student Services.....	30,326	23,386	15,187
Institutional Support.....	52,706	—	31,969
Operation and Maintenance of Plant.....	39,278	36,845	22,920
Scholarships and Fellowships.....	44,951	23,208	18,561
Auxiliary Enterprises.....	59,072	64,394	30,218
Hospitals.....	—	354,587	—
Interest on Long-Term Debt.....	16,561	12,747	9,152
Depreciation.....	52,178	57,257	30,877
Other.....	—	14,610	—
<b>TOTAL EXPENSES.....</b>	<b>573,611</b>	<b>882,021</b>	<b>281,285</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	396,885	634,931	193,858
Operating Grants, Contributions and Restricted Investment Income.....	81,327	88,248	35,117
Capital Grants, Contributions and Restricted Investment Income.....	—	555	—
<b>TOTAL PROGRAM REVENUES.....</b>	<b>478,212</b>	<b>723,734</b>	<b>228,975</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(95,399)</b>	<b>(158,287)</b>	<b>(52,310)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	41,803	30,856	8,587
State Assistance.....	171,799	137,674	102,293
Other.....	14,383	88,993	23,257
<b>TOTAL GENERAL REVENUES.....</b>	<b>227,985</b>	<b>257,523</b>	<b>134,137</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>GAIN (LOSS) ON EXTINGUISHMENT OF DEBT.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CHANGE IN NET POSITION.....</b>	<b>132,586</b>	<b>99,236</b>	<b>81,827</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated).....</b>	<b>488,977</b>	<b>261,047</b>	<b>239,239</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 621,563</b>	<b>\$ 360,283</b>	<b>\$ 321,066</b>

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
22,382	61,819	8,891	17,370	9,956	166
4,694	43,129	—	13,589	2,779	—
6,716	10,782	2,077	2,076	4,506	527
16,037	31,022	2,677	9,665	5,841	471
11,388	17,025	4,287	2,874	4,245	1,674
27,425	34,437	12,525	14,003	1,700	3,945
18,137	17,045	4,794	7,456	6,211	1,309
21,409	18,947	5,331	855	2,695	219
30,419	20,080	6,526	9,120	8,618	539
—	—	—	—	—	—
3,812	3,145	438	8,202	1,463	184
12,745	21,760	3,651	11,036	6,973	1,304
15	1,375	1,635	101	946	633
<b>175,179</b>	<b>280,566</b>	<b>52,832</b>	<b>96,347</b>	<b>55,933</b>	<b>10,971</b>
116,521	156,081	24,899	34,563	21,332	4,507
29,500	89,405	3,524	22,220	21,470	1,144
3,308	1,207	—	—	—	—
<b>149,329</b>	<b>246,693</b>	<b>28,423</b>	<b>56,783</b>	<b>42,802</b>	<b>5,651</b>
<b>(25,850)</b>	<b>(33,873)</b>	<b>(24,409)</b>	<b>(39,564)</b>	<b>(13,131)</b>	<b>(5,320)</b>
22,248	1,624	2,189	4,006	439	329
49,921	99,708	17,080	27,321	24,170	7,488
383	20,298	11,261	12,353	193	2,951
<b>72,552</b>	<b>121,630</b>	<b>30,530</b>	<b>43,680</b>	<b>24,802</b>	<b>10,768</b>
9,962	—	—	419	—	—
—	—	—	—	—	—
<b>56,664</b>	<b>87,757</b>	<b>6,121</b>	<b>4,535</b>	<b>11,671</b>	<b>5,448</b>
259,018	101,937	52,366	63,843	72,715	6,448
<b>\$ 315,682</b>	<b>\$ 189,694</b>	<b>\$ 58,487</b>	<b>\$ 68,378</b>	<b>\$ 84,386</b>	<b>\$ 11,896</b>

(continued)

**STATE OF OHIO**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(dollars in thousands)

(continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
<b>EXPENSES:</b>			
Transportation.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	47,572	6,945	6,287
Separately Budgeted Research.....	—	—	—
Public Service.....	7,713	2,114	424
Academic Support.....	5,703	828	636
Student Services.....	10,669	2,338	1,937
Institutional Support.....	21,125	4,702	1,368
Operation and Maintenance of Plant.....	9,807	2,481	1,413
Scholarships and Fellowships.....	11,151	4,192	282
Auxiliary Enterprises.....	7,548	900	8
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	96	436	77
Depreciation.....	8,177	1,909	1,026
Other.....	2,205	281	—
<b>TOTAL EXPENSES.....</b>	<b>131,766</b>	<b>27,126</b>	<b>13,458</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	109,378	11,025	4,564
Operating Grants, Contributions and Restricted Investment Income.....	11,721	11,579	888
Capital Grants, Contributions and Restricted Investment Income.....	—	2	26
<b>TOTAL PROGRAM REVENUES.....</b>	<b>121,099</b>	<b>22,606</b>	<b>5,478</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(10,667)</b>	<b>(4,520)</b>	<b>(7,980)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	1,567	1,563	61
State Assistance.....	71,283	16,164	8,784
Other.....	—	—	3,438
<b>TOTAL GENERAL REVENUES.....</b>	<b>72,850</b>	<b>17,727</b>	<b>12,283</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>365</b>	<b>—</b>
<b>GAIN (LOSS) ON EXTINGUISHMENT OF DEBT.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CHANGE IN NET POSITION.....</b>	<b>62,183</b>	<b>13,572</b>	<b>4,303</b>
<b>NET POSITION (DEFICITS), JULY 1 (as restated).....</b>	<b>32,198</b>	<b>21,860</b>	<b>8,397</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 94,381</b>	<b>\$ 35,432</b>	<b>\$ 12,700</b>

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 241,440
—	—	—	—	—	1,067,474
4,367	1,110	11,659	10,704	13,932	1,407,656
8	—	—	—	101	343,662
618	—	2,190	78	1,321	181,207
1,563	884	3,662	558	986	495,357
1,577	932	2,851	763	2,702	298,101
1,435	3,172	12,688	2,444	8,645	551,247
1,377	1,205	5,971	1,937	4,480	341,569
2,749	899	864	1,550	1,034	288,498
1,150	101	3,229	1,407	651	675,308
—	—	—	—	—	354,587
501	—	791	—	17	324,162
1,308	852	4,064	1,593	5,749	620,036
—	—	1,039	78	45	101,854
<b>16,653</b>	<b>9,155</b>	<b>49,008</b>	<b>21,112</b>	<b>39,663</b>	<b>7,292,158</b>
7,143	6,251	23,638	12,355	27,906	5,544,125
1,274	1,808	16,903	4,272	4,088	852,532
747	—	—	—	—	29,873
<b>9,164</b>	<b>8,059</b>	<b>40,541</b>	<b>16,627</b>	<b>31,994</b>	<b>6,426,530</b>
<b>(7,489)</b>	<b>(1,096)</b>	<b>(8,467)</b>	<b>(4,485)</b>	<b>(7,669)</b>	<b>(865,628)</b>
287	169	424	487	690	275,651
8,007	5,723	31,575	11,969	34,645	1,551,139
4,440	—	7,121	—	12,023	461,499
<b>12,734</b>	<b>5,892</b>	<b>39,120</b>	<b>12,456</b>	<b>47,358</b>	<b>2,288,289</b>
5	—	—	—	97	62,379
—	—	—	—	—	(11)
<b>5,250</b>	<b>4,796</b>	<b>30,653</b>	<b>7,971</b>	<b>39,786</b>	<b>1,485,029</b>
(2,753)	6,785	(52,419)	5,080	(21,685)	6,884,364
<b>\$ 2,497</b>	<b>\$ 11,581</b>	<b>\$ (21,766)</b>	<b>\$ 13,051</b>	<b>\$ 18,101</b>	<b>\$ 8,369,393</b>

**STATE OF OHIO**  
**BALANCE SHEET**  
**OHIO FACILITIES CONSTRUCTION COMMISSION**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**JUNE 30, 2018**  
(dollars in thousands)

	<b>OHIO FACILITIES CONSTRUCTION COMMISSION</b>
<b>ASSETS:</b>	
Cash Equity with Treasurer.....	\$ 354,550
Investments.....	1,081
Collateral on Lent Securities.....	100,566
Other Receivables.....	1
<b>TOTAL ASSETS.....</b>	<b>\$ 456,198</b>
<b>LIABILITIES:</b>	
Accounts Payable.....	\$ 1,533
Accrued Liabilities.....	261
Obligations Under Securities Lending.....	100,566
Intergovernmental Payable.....	808,257
Refund and Other Liabilities.....	1,080
<b>TOTAL LIABILITIES.....</b>	<b>911,697</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,370,193</b>
<b>FUND BALANCES (DEFICITS):</b>	
Restricted for:	
Community and Economic Development.....	23,583
Unassigned.....	(3,849,275)
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>(3,825,692)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b>\$ 456,198</b>

**STATE OF OHIO**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**OHIO FACILITIES CONSTRUCTION COMMISSION**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**JUNE 30, 2018**  
*(dollars in thousands)*

**OHIO FACILITIES  
CONSTRUCTION  
COMMISSION**

<b>Total Fund Balances (Deficits).....</b>	<b>\$ (3,825,692)</b>
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 \$3,443 accumulated depreciation.....</i>	<u>472</u>
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>	<u>(1,066)</u>
<b>Total Net Position.....</b>	<b>\$ (3,826,286)</b>

**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, 2018**  
*(dollars in thousands)*

	<b>OHIO FACILITIES CONSTRUCTION COMMISSION</b>
<b>REVENUES:</b>	
State Assistance.....	\$ 480,201
Investment Income.....	4,117
Other.....	28,443
<b>TOTAL REVENUES.....</b>	<b><u>512,761</u></b>
<b>EXPENDITURES:</b>	
<b>CURRENT OPERATING:</b>	
Primary, Secondary and Other Education.....	393,650
Community and Economic Development.....	32,389
<b>TOTAL EXPENDITURES.....</b>	<b><u>426,039</u></b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>86,722</b>
<b>FUND BALANCES (DEFICITS), JULY 1 .....</b>	<b><u>(3,912,414)</u></b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b><u><u>\$ (3,825,692)</u></u></b>

# 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 COMPONENT UNIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
*(dollars in thousands)*

	<u>OHIO FACILITIES CONSTRUCTION COMMISSION</u>
<b>Net Change in Fund Balances</b> .....	<b>\$ 86,722</b>
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p> <p>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.</p>	
<i>Depreciation Expense</i> .....	<u>(394)</u>
<i>Effects of Capital Asset Transfer to Primary Government</i> .....	<u>(42,998)</u>
Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.....	<u>(715)</u>
<b>Change in Net Position</b> .....	<b><u>\$ 42,615</u></b>

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# Statistical Section



**The Scioto Mile**  
Downtown Columbus, Ohio

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## ***STATISTICAL SECTION***

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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>
<b>Financial Trends</b> .....	278-291
<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>	
<b>Revenue Capacity</b> .....	292-305
<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>	
<b>Debt Capacity</b> .....	306-313
<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>	
<b>Economic and Demographic Information</b> .....	314-317
<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>	
<b>Operating Information</b> .....	318-325
<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>	

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**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)*

	2018	2017	2016	2015
<b>GOVERNMENTAL ACTIVITIES:</b>				
Net Investment in Capital Assets.....	\$ 24,363,007	\$ 24,140,366	\$ 23,925,328	\$ 23,396,447
Restricted for:				
Primary, Secondary and Other Education.....	139,583	95,110	148,740	110,978
Higher Education Support.....	23,579	25,999	26,255	25,974
Public Assistance and Medicaid.....	500,747	736,002	810,132	746,730
Health and Human Services.....	116,726	143,264	103,534	81,982
Justice and Public Protection.....	159,884	160,990	132,257	122,305
Environmental Protection and Natural Resources.....	275,626	191,591	199,490	199,409
Transportation.....	2,534,052	3,369,425	3,191,913	3,370,828
General Government.....	277,782	266,681	169,286	200,748
State and Local Highway Construction.....	—	—	—	—
Federal Programs.....	—	—	—	—
Clean Ohio Program.....	—	—	—	—
Community and Economic Development.....	529,084	424,992	329,909	243,166
Enterprise Bond Program.....	—	—	—	—
Total Restricted Net Position.....	<u>4,557,063</u>	<u>5,414,054</u>	<u>5,111,516</u>	<u>5,102,120</u>
Unrestricted.....	<u>(12,787,140)</u>	<u>(10,571,925)</u>	<u>(9,089,117)</u>	<u>(9,180,751)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION.....</b>	<b><u>\$ 16,132,930</u></b>	<b><u>\$ 18,982,495</u></b>	<b><u>\$ 19,947,727</u></b>	<b><u>\$ 19,317,816</u></b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Net Investment in Capital Assets.....	\$ 162,367	\$ 176,237	\$ 186,037	\$ 159,466
Restricted for:				
Workers' Compensation.....	9,791,094	9,603,996	8,596,001	9,125,985
Lottery Prizes.....	27,954	46,998	77,464	66,332
Unemployment Compensation.....	974,990	644,872	315,980	—
Ohio Building Authority.....	—	—	—	—
Tuition Trust Authority.....	97,366	97,985	74,559	89,896
Total Restricted Net Position.....	<u>10,891,404</u>	<u>10,393,851</u>	<u>9,064,004</u>	<u>9,282,213</u>
Unrestricted.....	<u>64,432</u>	<u>154,915</u>	<u>131,660</u>	<u>(163,314)</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION.....</b>	<b><u>\$ 11,118,203</u></b>	<b><u>\$ 10,725,003</u></b>	<b><u>\$ 9,381,701</u></b>	<b><u>\$ 9,278,365</u></b>
<b>PRIMARY GOVERNMENT:</b>				
Net Investment in Capital Assets.....	\$ 24,525,374	\$ 24,316,603	\$ 24,111,365	\$ 23,555,913
Restricted.....	15,448,467	15,807,905	14,175,520	14,384,333
Unrestricted.....	<u>(12,722,708)</u>	<u>(10,417,010)</u>	<u>(8,957,457)</u>	<u>(9,344,065)</u>
<b>TOTAL PRIMARY GOVERNMENT NET POSITION.....</b>	<b><u>\$ 27,251,133</u></b>	<b><u>\$ 29,707,498</u></b>	<b><u>\$ 29,329,428</u></b>	<b><u>\$ 28,596,181</u></b>

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 or material, net position reported on the above table has 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.

2014	2013	2012	2011	2010	2009
\$ 22,627,911	\$ 22,489,929	\$ 22,147,262	\$ 23,157,156	\$ 22,578,727	\$ 22,325,346
137,427	236,391	129,353	99,169	38,495	37,174
26,320	—	—	5,936	—	—
508,588	535,410	219,153	492,122	—	—
54,834	100,424	101,056	107,431	—	—
30,570	42,623	29,516	86,822	—	—
160,607	147,955	148,200	140,229	—	—
3,238,716	3,064,127	2,613,620	2,439,080	1,601,532	1,031,932
133,877	131,823	93,089	82,615	—	—
—	—	—	—	117,769	113,009
—	—	—	—	85,232	61,929
—	—	—	—	47,254	44,060
164,784	250,797	245,631	403,151	1,001,840	1,045,542
—	—	—	—	10,000	10,000
4,455,723	4,509,550	3,579,618	3,856,555	2,902,122	2,343,646
(5,828,679)	(5,784,139)	(7,128,873)	(8,249,343)	(7,384,680)	(6,110,855)
\$ 21,254,955	\$ 21,215,340	\$ 18,598,007	\$ 18,764,368	\$ 18,096,169	\$ 18,558,137
\$ 129,804	\$ 92,290	\$ 67,331	\$ 54,430	\$ 51,578	\$ 37,059
9,334,215	6,690,414	7,760,634	5,728,951	—	—
73,751	85,085	123,724	77,142	86,616	57,059
—	—	—	—	—	—
—	—	—	27,021	—	23,072
73,631	39,379	—	11,838	—	—
9,481,597	6,814,878	7,884,358	5,844,952	86,616	80,131
(670,679)	(1,085,302)	(1,383,125)	(1,820,494)	1,966,583	1,789,789
\$ 8,940,722	\$ 5,821,866	\$ 6,568,564	\$ 4,078,888	\$ 2,104,777	\$ 1,906,979
\$ 22,757,715	\$ 22,582,219	\$ 22,214,593	\$ 23,211,586	\$ 22,630,305	\$ 22,362,405
13,937,320	11,324,428	11,463,976	9,701,507	2,988,738	2,423,777
(6,499,358)	(6,869,441)	(8,511,998)	(10,069,837)	(5,418,097)	(4,321,066)
\$ 30,195,677	\$ 27,037,206	\$ 25,166,571	\$ 22,843,256	\$ 20,200,946	\$ 20,465,116

**STATE OF OHIO**  
**CHANGES IN NET POSITION**  
**FOR THE LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
*(dollars in thousands)*

	2018	2017	2016
<b>EXPENSES:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
Primary, Secondary and Other Education.....	\$ 13,244,868	\$ 13,227,781	\$ 12,728,780
Higher Education Support.....	2,771,493	2,760,035	2,603,480
Public Assistance and Medicaid.....	30,454,468	29,873,408	29,103,304
Health and Human Services.....	1,744,243	1,636,753	1,656,750
Justice and Public Protection.....	3,670,780	3,883,836	3,587,845
Environmental Protection and Natural Resources.....	567,788	571,532	586,001
Transportation.....	2,598,688	2,860,338	2,602,708
General Government.....	951,063	946,923	948,796
Community and Economic Development.....	3,458,487	3,256,655	3,353,699
Interest on Long-Term Debt (excludes interest charged as program expense).....	97,799	94,290	99,819
<b>TOTAL GOVERNMENTAL ACTIVITIES EXPENSES.....</b>	<b>59,559,677</b>	<b>59,111,551</b>	<b>57,271,182</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Workers' Compensation.....	2,227,977	2,419,185	3,322,700
Lottery Commission.....	3,022,690	2,882,887	2,866,920
Unemployment Compensation.....	929,460	985,624	1,021,152
Ohio Building Authority.....	—	—	—
Tuition Trust Authority.....	57,115	63,711	67,385
Liquor Control.....	—	—	—
Office of Auditor of State.....	81,574	91,100	78,917
<b>TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES.....</b>	<b>6,318,816</b>	<b>6,442,507</b>	<b>7,357,074</b>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES.....</b>	<b>\$ 65,878,493</b>	<b>\$ 65,554,058</b>	<b>\$ 64,628,256</b>
<b>PROGRAM REVENUES:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
Charges for Services, Fees, Fines and Forfeitures:			
Public Assistance and Medicaid.....	\$ 2,680,920	\$ 1,746,969	\$ 1,946,102
Justice and Public Protection.....	1,129,008	1,135,411	1,103,131
General Government.....	460,910	532,489	557,775
Community and Economic Development.....	343,546	500,766	571,317
Other Activities.....	615,324	641,013	749,346
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	25,162,423	25,070,684	24,721,794
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	1,424,697	1,442,906	1,430,936
<b>TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES.....</b>	<b>31,816,828</b>	<b>31,070,238</b>	<b>31,080,401</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Charges for Services, Fees, Fines and Forfeitures:			
Workers' Compensation.....	1,172,347	1,554,566	1,451,585
Lottery Commission.....	4,153,363	3,933,361	3,987,235
Unemployment Compensation.....	1,253,015	1,311,094	1,178,304
Liquor Control.....	—	—	—
Other Activities.....	54,954	55,109	57,035
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	1,402,895	1,959,320	1,444,535
<b>TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES.....</b>	<b>8,036,574</b>	<b>8,813,450</b>	<b>8,118,694</b>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....</b>	<b>\$ 39,853,402</b>	<b>\$ 39,883,688</b>	<b>\$ 39,199,095</b>

	2015	2014	2013	2012	2011	2010	2009
\$	12,767,328	\$ 12,287,325	\$ 11,461,600	\$ 12,340,848	\$ 12,126,435	\$ 12,259,233	\$ 11,888,145
	2,536,850	2,474,851	2,403,149	2,348,154	2,726,016	2,771,611	2,967,485
	28,265,942	25,283,157	21,624,298	21,206,515	20,111,691	18,828,082	17,903,102
	1,576,185	1,579,156	3,504,235	3,835,369	4,295,483	4,003,033	4,061,765
	3,210,965	3,385,337	3,136,239	3,202,970	3,184,345	3,077,704	3,251,316
	507,889	419,539	437,297	407,379	350,870	416,071	413,398
	2,660,362	2,706,248	2,657,961	2,564,702	2,186,332	2,187,406	2,171,475
	921,426	835,785	921,636	599,639	795,899	623,845	645,271
	3,518,678	3,448,735	3,510,004	3,867,888	4,479,010	4,491,643	4,265,827
	102,980	103,283	114,859	118,902	134,888	133,335	165,908
	<b>56,068,605</b>	<b>52,523,416</b>	<b>49,771,278</b>	<b>50,492,366</b>	<b>50,390,969</b>	<b>48,791,963</b>	<b>47,733,692</b>
	2,533,883	2,417,674	3,428,859	1,945,190	2,354,296	2,861,222	2,158,753
	2,724,306	2,310,169	2,100,887	2,001,671	1,911,105	1,816,213	1,774,308
	1,034,060	1,444,870	1,976,518	2,754,835	4,094,207	5,605,830	3,485,942
	—	—	—	13,010	22,076	22,492	26,837
	71,801	72,215	80,560	80,157	79,671	81,119	94,888
	—	—	310,209	543,729	507,800	489,087	479,919
	70,032	70,586	65,845	69,183	69,185	70,637	85,575
	<b>6,434,082</b>	<b>6,315,514</b>	<b>7,962,878</b>	<b>7,407,775</b>	<b>9,038,340</b>	<b>10,946,600</b>	<b>8,106,222</b>
\$	<b>62,502,687</b>	<b>58,838,930</b>	<b>57,734,156</b>	<b>57,900,141</b>	<b>59,429,309</b>	<b>59,738,563</b>	<b>55,839,914</b>
\$	1,438,860	\$ 1,506,096	\$ 1,152,467	\$ 1,289,463	\$ 1,045,698	\$ 1,302,439	\$ 966,010
	1,071,484	1,030,928	1,078,277	943,142	1,163,286	996,420	938,297
	480,796	548,649	418,085	543,699	344,451	686,825	594,532
	519,685	506,511	594,030	406,022	504,275	479,727	388,895
	709,606	632,883	950,819	852,501	722,459	652,449	763,620
	23,965,473	21,454,316	20,189,757	20,053,479	22,041,874	20,839,257	18,225,838
	1,398,463	1,523,237	1,695,846	1,573,765	1,465,484	1,241,422	1,198,200
	<b>29,584,367</b>	<b>27,202,620</b>	<b>26,079,281</b>	<b>25,662,071</b>	<b>27,287,527</b>	<b>26,198,539</b>	<b>23,075,392</b>
	1,962,587	2,093,962	1,504,112	1,958,593	1,950,169	2,133,439	2,378,127
	3,776,450	3,288,039	2,939,773	2,781,737	2,608,235	2,498,785	2,425,832
	1,228,403	1,270,232	1,342,217	1,674,456	1,587,385	1,304,308	1,172,554
	—	—	485,607	791,454	733,573	706,736	689,283
	52,811	57,531	60,028	73,707	74,657	76,158	81,291
	609,269	3,398,375	1,697,735	3,568,089	5,002,792	5,403,777	1,028,750
	<b>7,629,520</b>	<b>10,108,139</b>	<b>8,029,472</b>	<b>10,848,036</b>	<b>11,956,811</b>	<b>12,123,203</b>	<b>7,775,837</b>
\$	<b>37,213,887</b>	<b>37,310,759</b>	<b>34,108,753</b>	<b>36,510,107</b>	<b>39,244,338</b>	<b>38,321,742</b>	<b>30,851,229</b>

(continued)

**STATE OF OHIO**  
**CHANGES IN NET POSITION**  
**FOR THE LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(dollars in thousands)

(continued)

	2018	2017	2016
<b>NET (EXPENSE) REVENUE:</b>			
Governmental Activities.....	\$ (27,742,849)	\$ (28,041,313)	\$ (26,190,781)
Business-Type Activities.....	1,717,758	2,370,943	761,620
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE).....</b>	<b>\$ (26,025,091)</b>	<b>\$ (25,670,370)</b>	<b>\$ (25,429,161)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
<b>TAXES:</b>			
Income.....	\$ 8,474,637	\$ 8,021,202	\$ 7,984,708
Sales.....	10,358,501	10,804,340	10,548,038
Corporate and Public Utility.....	2,843,017	2,754,290	2,737,316
Cigarette.....	939,953	979,973	1,008,677
Other.....	1,024,397	1,019,058	1,006,342
Restricted for Transportation Purposes:			
Motor Vehicle Fuel Taxes.....	1,891,116	1,952,512	1,798,483
<b>TOTAL TAXES.....</b>	<b>25,531,621</b>	<b>25,531,375</b>	<b>25,083,564</b>
Tobacco Settlement.....	352,355	350,378	341,130
Escheat Property.....	158,770	159,585	161,904
Unrestricted Investment Income.....	24,741	2,975	70,897
Other.....	17	30	1,683
Gain (Loss) on Extinguishment of Debt.....	—	—	—
Transfers-Internal Activities.....	1,168,236	1,031,738	1,160,878
<b>TOTAL GOVERNMENTAL ACTIVITIES.....</b>	<b>27,235,740</b>	<b>27,076,081</b>	<b>26,820,056</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Unrestricted Investment Income.....	15	12	8
Other.....	—	—	—
Gain on Extinguishment of Debt.....	—	4,085	502,586
Transfers-Internal Activities.....	(1,168,236)	(1,031,738)	(1,160,878)
<b>TOTAL BUSINESS-TYPE ACTIVITIES.....</b>	<b>(1,168,221)</b>	<b>(1,027,641)</b>	<b>(658,284)</b>
<b>TOTAL PRIMARY GOVERNMENT.....</b>	<b>\$ 26,067,519</b>	<b>\$ 26,048,440</b>	<b>\$ 26,161,772</b>
<b>CHANGE IN NET POSITION:</b>			
Governmental Activities.....	\$ (507,109)	\$ (965,232)	\$ 629,275
Business-Type Activities.....	549,537	1,343,302	103,336
<b>TOTAL PRIMARY GOVERNMENT .....</b>	<b>\$ 42,428</b>	<b>\$ 378,070</b>	<b>\$ 732,611</b>

Source:

Ohio Office of Budget and Management

**Notes:**

During fiscal year 2014, Ohio House Bill 59 line item restructuring resulted in increases to Public Assistance and Medicaid expenses and decreases to Health and Human Services expenses.

Ohio Building Authority ceased operations December 31, 2011.

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.

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical or material.

2015	2014	2013	2012	2011	2010	2009
\$ (26,484,238)	\$ (25,320,796)	\$ (23,691,997)	\$ (24,830,295)	\$ (23,103,442)	\$ (22,593,424)	\$ (24,658,300)
1,195,438	3,792,625	66,594	3,440,261	2,918,471	1,176,603	(330,385)
<b>\$ (25,288,800)</b>	<b>\$ (21,528,171)</b>	<b>\$ (23,625,403)</b>	<b>\$ (21,390,034)</b>	<b>\$ (20,184,971)</b>	<b>\$ (21,416,821)</b>	<b>\$ (24,988,685)</b>
\$ 8,906,476	\$ 8,356,216	\$ 9,826,097	\$ 9,017,760	\$ 8,815,468	\$ 7,760,084	\$ 8,228,349
10,170,995	9,386,554	8,635,076	8,304,263	7,793,045	7,295,428	7,276,288
2,687,540	2,682,274	2,560,420	2,501,140	2,462,681	2,351,084	2,443,059
808,270	813,056	828,812	843,180	855,610	886,875	924,764
953,339	888,059	993,217	708,041	699,907	647,999	648,284
1,827,134	1,782,437	1,774,781	1,800,473	1,759,421	1,766,204	1,743,151
<b>25,353,754</b>	<b>23,908,596</b>	<b>24,618,403</b>	<b>23,174,857</b>	<b>22,386,132</b>	<b>20,707,674</b>	<b>21,263,895</b>
284,267	362,472	336,255	333,148	334,665	336,259	366,197
220,486	192,184	167,140	153,556	101,289	160,755	117,172
36,462	1,733	25,881	3,702	2,688	(52,677)	(8,765)
275	839	239,435	48,078	1,323	592	134
1,276	—	(154,607)	—	—	—	—
1,082,061	955,721	1,082,887	949,952	945,551	978,327	899,385
<b>26,978,581</b>	<b>25,421,545</b>	<b>26,315,394</b>	<b>24,663,293</b>	<b>23,771,648</b>	<b>22,130,930</b>	<b>22,638,018</b>
5	3	3	3	1,184	—	—
—	11	—	5	—	48	321
402,562	281,938	273,851	—	—	—	—
(1,082,061)	(955,721)	(1,082,887)	(949,952)	(945,551)	(978,327)	(899,385)
<b>(679,494)</b>	<b>(673,769)</b>	<b>(809,033)</b>	<b>(949,944)</b>	<b>(944,367)</b>	<b>(978,279)</b>	<b>(899,064)</b>
<b>\$ 26,299,087</b>	<b>\$ 24,747,776</b>	<b>\$ 25,506,361</b>	<b>\$ 23,713,349</b>	<b>\$ 22,827,281</b>	<b>\$ 21,152,651</b>	<b>\$ 21,738,954</b>
\$ 494,343	\$ 100,749	\$ 2,623,397	\$ (167,002)	\$ 668,206	\$ (462,494)	\$ (2,020,282)
515,944	3,118,856	(742,439)	2,490,317	1,974,104	198,324	(1,229,449)
<b>\$ 1,010,287</b>	<b>\$ 3,219,605</b>	<b>\$ 1,880,958</b>	<b>\$ 2,323,315</b>	<b>\$ 2,642,310</b>	<b>\$ (264,170)</b>	<b>\$ (3,249,731)</b>

# STATE OF OHIO

## CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)  
(dollars in thousands)

	2018	2017	2016	2015	2014
<b>REVENUES:</b>					
Income Taxes.....	\$ 8,463,731	\$ 8,035,064	\$ 7,996,349	\$ 8,906,259	\$ 8,411,694
Sales Taxes.....	10,358,501	10,804,340	10,548,038	10,170,995	9,386,554
Corporate and Public Utility Taxes.....	2,843,017	2,754,290	2,737,316	2,687,540	2,682,274
Motor Vehicle Fuel Taxes.....	1,891,116	1,952,512	1,798,483	1,827,134	1,782,437
Cigarette Taxes.....	939,953	979,973	1,008,677	808,270	813,056
Other Taxes.....	1,024,397	1,019,058	1,006,342	953,339	888,059
Licenses, Permits and Fees.....	4,004,408	3,281,235	3,498,903	3,000,470	3,058,221
Sales, Services and Charges.....	152,991	149,800	145,147	115,672	107,676
Federal Government.....	26,294,572	26,258,500	26,281,700	24,533,971	22,920,755
Tobacco Settlement.....	331,911	270,680	300,051	285,916	331,129
Escheat Property.....	158,770	159,585	161,904	220,486	208,508
Investment Income.....	157,172	74,314	113,375	62,431	21,356
Other .....	1,194,775	1,219,676	1,392,958	1,307,559	1,126,759
<b>TOTAL REVENUES.....</b>	<b>57,815,314</b>	<b>56,959,027</b>	<b>56,989,243</b>	<b>54,880,042</b>	<b>51,738,478</b>
<b>EXPENDITURES:</b>					
Current Operating:					
Primary, Secondary and					
Other Education.....	12,881,773	12,836,664	12,383,787	12,385,866	11,908,976
Higher Education Support.....	2,627,892	2,620,509	2,467,060	2,400,039	2,335,509
Public Assistance and Medicaid.....	30,327,824	29,666,058	28,937,506	28,632,189	25,302,660
Health and Human Services.....	1,643,314	1,528,658	1,560,412	1,519,151	1,586,232
Justice and Public Protection.....	3,495,950	3,444,724	3,324,692	3,195,731	3,091,789
Environmental Protection and					
Natural Resources.....	442,004	420,190	411,046	413,028	403,119
Transportation.....	2,518,937	2,689,150	2,841,556	2,835,705	2,647,937
General Government.....	898,737	827,684	875,371	782,777	794,985
Community and Economic					
Development.....	3,344,971	3,156,209	3,226,354	3,431,424	3,329,205
Capital Outlay.....	771,797	673,399	678,594	510,109	379,698
Debt service:					
Principal.....	1,196,470	1,209,865	1,199,620	1,229,971	1,177,305
Interest.....	806,468	796,699	802,556	729,002	732,849
<b>TOTAL EXPENDITURES.....</b>	<b>60,956,137</b>	<b>59,869,809</b>	<b>58,708,554</b>	<b>58,064,992</b>	<b>53,690,264</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(3,140,823)</b>	<b>(2,910,782)</b>	<b>(1,719,311)</b>	<b>(3,184,950)</b>	<b>(1,951,786)</b>

	2013	2012	2011	2010	2009
\$	9,811,982	\$ 9,076,284	\$ 8,785,047	\$ 7,818,405	\$ 8,404,218
	8,643,468	8,304,705	7,791,128	7,299,285	7,265,514
	2,555,959	2,500,905	2,463,512	2,348,948	2,449,060
	1,774,781	1,800,473	1,759,421	1,766,204	1,743,151
	828,812	843,180	855,610	886,875	924,764
	993,217	708,041	699,907	647,999	648,284
	3,207,414	3,002,172	2,796,122	2,887,560	2,419,459
	95,686	96,982	96,717	92,600	88,089
	21,537,101	21,395,852	23,301,445	21,969,544	18,905,780
	295,086	295,736	289,293	306,144	366,895
	175,284	151,601	124,026	113,131	102,347
	38,255	30,121	44,207	18,925	284,400
	1,207,030	1,091,765	970,999	1,145,925	1,132,565
	<u>51,164,075</u>	<u>49,297,817</u>	<u>49,977,434</u>	<u>47,301,545</u>	<u>44,734,526</u>
	11,029,898	11,928,522	11,711,365	11,849,154	11,474,274
	2,263,026	2,210,547	2,589,416	2,635,983	2,815,624
	21,660,378	21,211,351	20,207,348	18,872,273	17,882,194
	3,369,506	3,723,084	4,166,075	3,899,232	3,974,954
	3,062,006	3,073,862	3,004,953	3,022,427	3,177,545
	416,875	390,474	375,810	369,124	396,812
	2,637,989	2,510,742	2,369,967	1,995,280	2,077,597
	821,512	525,706	527,377	533,326	579,457
	3,376,928	3,717,160	4,331,441	4,337,066	4,139,904
	352,670	377,983	503,314	542,529	565,799
	1,813,180	702,345	693,006	703,380	1,108,850
	72,103	805,399	775,491	735,721	794,302
	<u>50,876,071</u>	<u>51,177,175</u>	<u>51,255,563</u>	<u>49,495,495</u>	<u>48,987,312</u>
	<u>288,004</u>	<u>(1,879,358)</u>	<u>(1,278,129)</u>	<u>(2,193,950)</u>	<u>(4,252,786)</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)

	2018	2017	2016	2015	2014
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds, Notes and COPs Issued.....	\$ 1,937,489	\$ 1,391,350	\$ 1,070,000	\$ 1,110,591	\$ 1,347,005
Refunding Bonds and COPs Issued.....	748,540	-	473,270	254,590	407,540
Payment to Refunded Bond and COPs					
Escrow Agents.....	(925,161)	-	(584,504)	(382,933)	(479,249)
Premiums.....	454,339	220,157	273,422	219,999	207,372
Discounts.....	-	-	-	-	-
Capital Leases.....	198	540	-	-	2,196
Transfers-in.....	4,055,349	3,579,105	3,751,704	3,673,216	3,426,036
Transfers-out.....	(2,887,113)	(2,547,367)	(2,590,826)	(2,591,155)	(2,470,315)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,383,641</b>	<b>2,643,785</b>	<b>2,393,066</b>	<b>2,284,308</b>	<b>2,440,585</b>
<b>SPECIAL ITEMS.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ 242,818</b>	<b>\$ (266,997)</b>	<b>\$ 673,755</b>	<b>\$ (900,642)</b>	<b>\$ 488,799</b>
Debt Service as a Percentage of Noncapital Expenditures.....	3.3%	3.4%	3.5%	3.4%	3.6%
<b>Additional Information:</b>					
Increase (Decrease) for Changes in Inventories.....	\$ (16,831)	\$ (19,689)	\$ 26,495	\$ 924	\$ 14,593

Source:  
Ohio Office of Budget and Management

**Notes:**

During fiscal year 2014, Ohio House Bill 59 line item restructuring resulted in increases to Public Assistance and Medicaid expenditures and decreases to Health and Human Services expenditures.

Revenues, expenditures, and other financing sources (uses) have been restated for prior period adjustments, corrections, and reclassifications, when practical or material.

2013	2012	2011	2010	2009
\$ 712,470	\$ 1,357,640	\$ 1,332,425	\$ 1,008,029	\$ 1,000,770
470,520	1,374,660	544,775	1,154,210	506,480
(1,465,468)	(1,604,658)	(621,223)	(1,319,366)	(555,025)
209,381	379,506	123,831	162,697	74,345
—	—	—	—	(2,732)
108	560	915	708	600
4,448,253	2,803,070	3,030,096	3,497,705	3,470,851
(3,365,366)	(1,853,118)	(2,084,545)	(2,519,378)	(2,571,466)
1,009,898	2,457,660	2,326,274	1,984,605	1,923,823
1,463,506	-	-	-	-
\$ 2,761,408	\$ 578,302	\$ 1,048,145	\$ (209,345)	\$ (2,328,963)
3.7%	3.0%	2.9%	2.9%	3.9%
\$ (21,245)	\$ 14,982	\$ 126	\$ (1,699)	\$ 19,833

**STATE OF OHIO**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FOR THE LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*  
*(dollars in thousands)*

	2018	2017	2016	2015	2014
<b>GENERAL FUND:</b>					
Nonspendable.....	\$ 52,267	\$ 43,576	\$ 45,953	\$ 49,655	\$ 69,787
Restricted.....	1,465,460	1,370,010	1,270,315	1,153,828	1,462,971
Committed.....	772,528	739,749	820,878	803,551	773,730
Assigned.....	2,539,407	2,995,792	2,653,290	2,585,575	2,366,979
Unassigned.....	667,887	239,478	863,925	411,190	1,255,489
<b>TOTAL GENERAL FUND.....</b>	<b>5,497,549</b>	<b>5,388,605</b>	<b>5,654,361</b>	<b>5,003,799</b>	<b>5,928,956</b>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>					
Nonspendable, reported in:					
Special Revenue Funds.....	84,330	94,241	109,665	80,141	76,987
Restricted, reported in:					
Special Revenue Funds.....	2,277,693	2,348,843	2,326,231	2,197,584	2,460,777
Debt Service Funds.....	4,524,129	4,634,898	4,764,200	4,869,269	4,989,278
Capital Projects Funds.....	910,048	512,771	528,827	672,113	474,897
Committed, reported in:					
Special Revenue Funds.....	777,030	864,815	746,685	606,055	631,086
Unassigned, reported in:					
Special Revenue Funds.....	(1,937)	(1,318)	(428)	(306)	(163)
Capital Projects Funds.....	-	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS.....</b>	<b>8,571,293</b>	<b>8,454,250</b>	<b>8,475,180</b>	<b>8,424,856</b>	<b>8,632,862</b>
<b>TOTAL GOVERNMENTAL FUNDS.....</b>	<b>\$ 14,068,842</b>	<b>\$ 13,842,855</b>	<b>\$ 14,129,541</b>	<b>\$ 13,428,655</b>	<b>\$ 14,561,818</b>

	2010	2009
<b>GENERAL FUND:</b>		
Reserved .....	\$ 634,254	\$ 560,762
Unreserved.....	(141,212)	213,054
<b>TOTAL GENERAL FUND.....</b>	<b>493,042</b>	<b>773,816</b>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>		
Reserved.....	12,975,477	11,549,682
Unreserved, reported in:		
Special Revenue Funds.....	(3,599,509)	(2,289,388)
Capital Projects Funds.....	(194,099)	(148,155)
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS.....</b>	<b>9,181,869</b>	<b>9,112,139</b>
<b>TOTAL GOVERNMENTAL FUNDS.....</b>	<b>\$ 9,674,911</b>	<b>\$ 9,885,955</b>

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 or material, 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.

2013	2012	2011
\$ 59,896	\$ 86,982	\$ 65,080
1,126,686	1,027,885	1,078,652
751,615	824,607	671,210
2,042,246	1,666,177	1,616,695
1,259,670	(415,658)	(1,208,029)
<b>5,240,113</b>	<b>3,189,993</b>	<b>2,223,608</b>
59,902	86,691	99,806
2,671,751	2,039,390	2,091,135
5,087,771	5,216,312	5,295,937
387,874	222,778	490,806
613,984	561,849	521,915
(395)	(547)	(25)
(5,388)	—	—
<b>8,815,499</b>	<b>8,126,473</b>	<b>8,499,574</b>
<b>\$ 14,055,612</b>	<b>\$ 11,316,466</b>	<b>\$ 10,723,182</b>

# 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)

	2018	2017	2016	2015	2014
<b>REVENUES:</b>					
Income Taxes.....	\$ 8,463,620	\$ 8,034,901	\$ 7,995,959	\$ 8,895,192	\$ 8,398,840
Sales Taxes.....	10,358,501	10,804,340	10,547,926	10,166,332	9,380,762
Corporate and Public Utility Taxes .....	2,776,908	2,697,003	2,670,854	2,597,993	2,680,923
Motor Vehicle Fuel Tax.....	1,139,218	1,175,285	1,109,241	1,114,542	1,091,123
Cigarette Taxes .....	939,953	979,973	1,008,677	808,270	813,056
Other Taxes .....	694,845	706,841	691,250	648,099	661,870
Licenses, Permits and Fees .....	1,186,458	748,344	706,064	734,839	722,403
Sales, Services and Charges .....	121,708	93,120	85,579	76,208	68,918
Federal Government .....	9,239,529	11,593,813	11,309,010	8,942,561	8,313,226
Tobacco Settlement.....	117	449	2,953	94	38,620
Escheat Property .....	158,770	159,585	161,904	220,486	208,508
Investment Income .....	111,458	41,986	93,014	47,438	8,662
Other .....	309,746	270,734	354,151	244,296	246,632
<b>TOTAL REVENUES .....</b>	<b>35,500,831</b>	<b>37,306,374</b>	<b>36,736,582</b>	<b>34,496,350</b>	<b>32,633,543</b>
<b>EXPENDITURES:</b>					
Current Operating .....	34,908,401	36,730,447	34,842,685	33,941,965	30,970,485
Capital Outlay .....	-	-	-	-	734
<b>TOTAL EXPENDITURES .....</b>	<b>34,908,401</b>	<b>36,730,447</b>	<b>34,842,685</b>	<b>33,941,965</b>	<b>30,971,219</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES .....</b>					
	<b>592,430</b>	<b>575,927</b>	<b>1,893,897</b>	<b>554,385</b>	<b>1,662,324</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds, Notes and COPs Issued.....	855,000	849,941	530,000	460,000	800,000
Premiums .....	93,912	71,161	56,696	48,536	28,310
Capital Leases .....	198	540	-	-	2,196
Transfers-in .....	629,232	292,078	286,624	321,156	221,697
Transfers-out .....	(2,062,561)	(2,054,788)	(2,116,780)	(2,072,234)	(2,026,789)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(484,219)</b>	<b>(841,068)</b>	<b>(1,243,460)</b>	<b>(1,242,542)</b>	<b>(974,586)</b>
<b>SPECIAL ITEMS.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>108,211</b>	<b>(265,141)</b>	<b>650,437</b>	<b>(688,157)</b>	<b>687,738</b>
<b>FUND BALANCES, JULY 1 (as restated).....</b>	<b>5,388,605</b>	<b>5,654,361</b>	<b>5,004,435</b>	<b>5,695,511</b>	<b>5,240,486</b>
Increase (Decrease) for Changes in Inventories .....	733	(615)	(511)	(3,555)	732
<b>FUND BALANCES, JUNE 30 .....</b>	<b>\$ 5,497,549</b>	<b>\$ 5,388,605</b>	<b>\$ 5,654,361</b>	<b>\$ 5,003,799</b>	<b>\$ 5,928,956</b>

**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 or material.

	2013	2012	2011	2010	2009
\$	9,798,658	\$ 9,063,827	\$ 8,771,965	\$ 7,172,356	\$ 7,705,081
	8,637,501	8,297,544	7,785,452	7,108,573	7,062,149
	2,554,965	2,499,601	2,462,363	549,596	814,415
	1,087,748	1,104,127	1,070,014	-	-
	828,812	843,180	855,610	886,875	924,764
	747,882	670,831	682,637	589,121	587,806
	816,564	781,717	657,629	237,690	435,849
	59,839	64,025	63,323	51,811	51,653
	7,225,992	7,131,978	8,122,729	6,753,767	6,848,974
	-	-	-	-	-
	175,284	151,601	124,026	113,131	102,347
	26,454	19,654	20,997	(12,331)	170,371
	283,339	300,150	297,932	498,261	455,254
	<b>32,243,038</b>	<b>30,928,235</b>	<b>30,914,677</b>	<b>23,948,850</b>	<b>25,158,663</b>
	29,451,874	29,972,837	29,837,914	23,719,349	26,290,239
	42	-	-	-	67
	<b>29,451,916</b>	<b>29,972,837</b>	<b>29,837,914</b>	<b>23,719,349</b>	<b>26,290,306</b>
	<b>2,791,122</b>	<b>955,398</b>	<b>1,076,763</b>	<b>229,501</b>	<b>(1,131,643)</b>
	178,000	1,109,228	624,890	97,739	30,000
	7,911	60,983	1,200	3,560	500
	108	560	915	708	600
	545,356	314,048	477,418	373,807	446,576
	(2,928,231)	(1,472,254)	(1,574,293)	(990,195)	(1,173,439)
	<b>(2,196,856)</b>	<b>12,565</b>	<b>(469,870)</b>	<b>(514,381)</b>	<b>(695,763)</b>
	<b>1,463,506</b>	-	-	-	-
	<b>2,057,772</b>	<b>967,963</b>	<b>606,893</b>	<b>(284,880)</b>	<b>(1,827,406)</b>
	3,188,956	2,223,608	1,612,899	773,816	2,601,372
	(6,615)	(1,578)	3,816	4,106	(150)
\$	<b>5,240,113</b>	<b>3,189,993</b>	<b>2,223,608</b>	<b>493,042</b>	<b>773,816</b>

# 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	2018	2017	2016	2015	2014
Personal Income Tax Revenue.....	\$8,464	\$8,035	\$7,996	\$8,906	\$8,412
Personal Income(A).....	\$544,828	\$517,918	\$505,950	\$489,695	\$472,846
Average Effective State Income Tax Rate.....	1.55%	1.55%	1.58%	1.82%	1.78%
SALES TAX	2018	2017	2016	2015	2014
State Sales Tax Revenue.....	\$10,359	\$10,804	\$10,548	\$10,171	\$9,387

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.

2013	2012	2011	2010	2009
\$9,812	\$9,076	\$8,785	\$7,818	\$8,404
\$462,424	\$436,818	\$417,376	\$408,395	\$407,874
<u>2.12%</u>	<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>

2013	2012	2011	2010	2009
\$8,643	\$8,305	\$7,791	\$7,299	\$7,266

# 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)

	2017	2016	2015	2014	2013
Services.....	\$ 157,563	\$ 149,264	\$ 147,288	\$ 142,532	\$ 137,541
Manufacturing.....	55,478	54,677	54,536	52,490	50,541
Government.....	58,272	57,702	56,281	54,715	53,485
Wholesale and Retail Trade.....	43,680	42,530	42,141	40,997	39,565
Finance, Insurance, and Real Estate.....	30,219	27,024	26,349	28,766	27,397
Construction.....	23,727	20,997	19,967	18,837	17,523
Transportation and Public Utilities.....	19,090	19,605	17,363	15,129	15,207
Other .....	156,799	146,119	142,025	136,229	131,587
Total Personal Income.....	<u>\$ 544,828</u>	<u>\$ 517,918</u>	<u>\$ 505,950</u>	<u>\$ 489,695</u>	<u>\$ 472,846</u>
Average Effective State Income Tax Rate.....	<u>1.55%</u>	<u>1.55%</u>	<u>1.58%</u>	<u>1.82%</u>	<u>1.78%</u>

### EXEMPTIONS BY CALENDAR YEAR

Exemptions	2017	2016	2015	2014	2013
Personal/Dependent Exemption:					
\$0-\$40,000.....	2,300	2,250	2,200	2,200	1,700
\$40,001-80,000.....	2,050	2,000	1,950	1,950	1,700
\$80,001 and above.....	1,800	1,750	1,700	1,700	1,700
Exemption Credit per Taxpayer, Spouse, and Dependent(A).....	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

(A) The \$20 personal and dependent exemption credit is only available to taxpayers with Ohio income of less than \$30,000.

2012	2011	2010	2009	2008
\$ 132,344	\$ 123,939	\$ 118,820	\$ 115,300	\$ 112,598
50,024	48,612	47,291	43,948	54,155
53,886	49,969	49,452	49,779	47,866
38,687	37,048	35,684	35,015	36,065
25,873	24,116	22,307	21,526	22,440
16,341	15,473	14,244	14,279	14,742
14,837	13,813	13,229	13,558	14,056
130,432	123,848	116,349	114,990	105,952
<u>\$ 462,424</u>	<u>\$ 436,818</u>	<u>\$ 417,376</u>	<u>\$ 408,395</u>	<u>\$ 407,874</u>
<u>2.12%</u>	<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>

2012	2011	2010	2009	2008
1,700	1,650	1,600	1,550	1,500
1,700	1,650	1,600	1,550	1,500
1,700	1,650	1,600	1,550	1,500
20	20	20	20	20

(continued)

# 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)	2017 (B)	2016	2015	2014
Tax Bracket 1.....	0.000%	0.495%	0.495%	0.528%
Tax Bracket 2.....	1.980%	0.990%	0.990%	1.057%
Tax Bracket 3.....	2.476%	1.980%	1.980%	2.113%
Tax Bracket 4.....	2.969%	2.476%	2.476%	2.642%
Tax Bracket 5.....	3.465%	2.969%	2.969%	3.169%
Tax Bracket 6.....	3.960%	3.465%	3.465%	3.698%
Tax Bracket 7.....	4.597%	3.960%	3.960%	4.226%
Tax Bracket 8.....	4.997%	4.597%	4.597%	4.906%
Tax Bracket 9.....	(C)	4.997%	4.997%	5.333%

### TAX BRACKETS BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2017 (B)	2016	2015	2014
Tax Bracket 1.....	\$0- \$10,650	\$0- \$5,250	\$0- \$5,200	\$0- \$5,200
Tax Bracket 2.....	10,651- 16,000	5,250- 10,500	5,200- 10,400	5,200- 10,400
Tax Bracket 3.....	16,000- 21,350	10,500- 15,800	10,400- 15,650	10,400- 15,650
Tax Bracket 4.....	21,350- 42,650	15,800- 21,100	15,650- 20,900	15,650- 20,900
Tax Bracket 5.....	42,650- 85,300	21,100- 42,100	20,900- 41,700	20,900- 41,700
Tax Bracket 6.....	85,300- 106,650	42,100- 84,200	41,700- 83,350	41,700- 83,350
Tax Bracket 7.....	106,650- 213,350	84,200- 105,300	83,350- 104,250	83,350- 104,250
Tax Bracket 8.....	213,350 & above	105,300- 210,600	104,250- 208,500	104,250- 208,500
Tax Bracket 9.....	(C)	210,600 & above	208,500 & above	208,500 & above

Source:

Ohio Department of Taxation

Note:

(A) - O.R.C. 5747.02 (A) directs that the Tax Commission will adjust the income brackets for inflation.

(B) - Calendar year 2017 is most recent year for which data available.

(C) - Calendar year 2017 had only eight tax brackets.

2013	2012	2011	2010	2009	2008
0.537%	0.587%	0.587%	0.618%	0.618%	0.618%
1.074%	1.174%	1.174%	1.236%	1.236%	1.236%
2.148%	2.348%	2.348%	2.473%	2.473%	2.473%
2.686%	2.935%	2.935%	3.091%	3.091%	3.091%
3.222%	3.521%	3.521%	3.708%	3.708%	3.708%
3.760%	4.109%	4.109%	4.327%	4.327%	4.327%
4.296%	4.695%	4.695%	4.945%	4.945%	4.945%
4.988%	5.451%	5.451%	5.741%	5.741%	5.741%
5.421%	5.925%	5.925%	6.240%	6.240%	6.240%

2013	2012	2011	2010	2009-2008
\$0- \$5,200	\$0- \$5,200	\$0- \$5,100	\$0- \$5,050	\$0 - \$5,000
5,200- 10,400	5,200- 10,400	5,101- 10,200	5,050- 10,100	5,001 - 10,000
10,400- 15,650	10,400- 15,650	10,201- 15,350	10,100- 15,150	10,001 - 15,000
15,650- 20,900	15,650- 20,900	15,351- 20,450	15,150- 20,200	15,001 - 20,000
20,900- 41,700	20,900- 41,700	20,451- 40,850	20,200- 40,350	20,001 - 40,000
41,700- 83,350	41,700- 83,350	40,851- 81,650	40,350- 80,700	40,001 - 80,000
83,350- 104,250	83,350- 104,250	81,651- 102,100	80,700- 100,900	80,001 - 100,000
104,250- 208,500	104,250- 208,500	102,101- 204,200	100,900- 201,800	100,001 - 200,000
208,500 & above	208,500 & above	204,200 & above	201,800 & above	200,001 & above

# STATE OF OHIO

## STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2016 WITH COMPARATIVES FOR TAX YEAR 2007 (NINE YEARS PRIOR)

2016 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	\$185,701,371	220,381	4.03%
\$100,001-\$200,000	83,735,155	630,427	11.54%
\$80,001-\$100,000	35,217,112	393,841	7.21%
\$40,001-\$80,000	81,902,298	1,432,273	26.21%
\$20,001-\$40,000	37,970,135	1,286,705	23.55%
\$15,001-\$20,000	6,465,063	370,146	6.77%
\$10,001-\$15,000	4,863,521	388,471	7.11%
\$5,001-\$10,000	2,882,902	384,161	7.03%
\$5,000 & Under	948,297	357,426	6.54%
	<u>\$439,685,854</u>	<u>5,463,831</u>	<u>100.00%</u>

2007 TAX YEAR			
Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$149,337,302	144,642	2.63%
\$100,001-\$200,000	56,802,090	433,452	7.88%
\$80,001-\$100,000	31,103,082	348,908	6.34%
\$40,001-\$80,000	80,866,143	1,418,885	25.78%
\$20,001-\$40,000	40,440,543	1,374,389	24.97%
\$15,001-\$20,000	7,281,775	416,741	7.57%
\$10,001-\$15,000	5,466,148	437,711	7.95%
\$5,001-\$10,000	3,482,907	467,370	8.49%
\$5,000 & Under	1,234,072	461,073	8.38%
	<u>\$376,014,062</u>	<u>5,503,171</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)
\$2,658,964	36.14%	1.43%
2,059,569	28.00%	2.46%
748,527	10.18%	2.13%
1,464,859	19.91%	1.79%
386,120	5.25%	1.02%
27,590	0.38%	0.43%
10,597	0.14%	0.22%
210	0.00%	0.01%
93	0.00%	0.01%
<u>\$7,356,529</u>	<u>100.00%</u>	1.67%

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$3,504,709	37.14%	2.35%
2,078,930	22.03%	3.66%
967,273	10.25%	3.11%
2,088,329	22.13%	2.58%
715,004	7.58%	1.77%
62,747	0.66%	0.86%
19,871	0.21%	0.36%
75	0.00%	0.00%
196	0.00%	0.02%
<u>\$9,437,134</u>	<u>100.00%</u>	2.51%

# 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)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Vendors' Sales.....	\$ 8,865,860	\$ 9,370,739	\$ 9,128,017	\$ 8,816,637
Motor Vehicles and Watercraft.....	1,461,660	1,413,448	1,363,324	1,332,239
Alcoholic Beverages.....	61,751	58,688	55,005	50,285
Delinquencies and Assessments.....	64,119	65,500	90,158	60,793
Permissive Taxes:				
County Levies.....	20,862	21,288	20,848	19,221
Transit Authorities.....	4,592	4,789	4,691	4,474
Total Sales Tax Revenue.....	<u>\$ 10,478,844</u>	<u>\$ 10,934,452</u>	<u>\$ 10,662,043</u>	<u>\$ 10,283,649</u>
Base State Sales Tax Rates.....	<u>5.75%</u>	<u>5.75%</u>	<u>5.75%</u>	<u>5.75%</u>

Source:

Ohio Department of Taxation  
Ohio Office of Budget and Management

2014	2013	2012	2011	2010	2009
\$ 8,132,482	\$ 7,485,702	\$ 7,190,870	\$ 6,752,244	\$ 6,349,058	\$ 6,430,446
1,224,236	1,110,055	1,066,141	988,447	894,332	885,234
46,087	41,683	38,814	36,218	35,051	33,676
62,726	63,708	74,956	63,582	62,046	52,204
17,163	16,046	14,970	14,249	13,644	13,763
4,180	4,008	3,845	3,635	3,383	3,436
<u>\$ 9,486,874</u>	<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>
5.75%	5.75%	5.50%	5.50%	5.50%	5.50%

# 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

	2018	2017	2016	2015	2014
<b>Active Employers by Type</b>					
Private.....	236,591	237,249	239,331	247,829	249,602
Public (Local).....	3,784	3,796	3,796	3,807	3,815
Public (State).....	115	121	121	121	121
Self-Insured.....	1,173	1,166	1,178	1,180	1,197
Black Lung.....	28	28	31	34	36
Marine Fund.....	121	114	138	135	146
<b>Total.....</b>	<b>241,812</b>	<b>242,474</b>	<b>244,595</b>	<b>253,106</b>	<b>254,917</b>
<b>Premium &amp; Assessment Income</b> <i>(dollars in thousands)</i>					
Premium & Assessment Income.....	\$ 1,202,517	\$ 1,574,212	\$ 1,456,855	\$ 1,993,706	\$ 2,142,549
Provision for Uncollectibles.....	(39,577)	(29,662)	(17,712)	(39,532)	(56,728)
<b>Total Premium &amp; Assessment Income.....</b>	<b>\$ 1,162,940</b>	<b>\$ 1,544,550</b>	<b>\$ 1,439,143</b>	<b>\$ 1,954,174</b>	<b>\$ 2,085,821</b>
<b>Average Published Rate</b> per \$100 of Payroll:					
Private Employers.....	\$0.95	\$1.10	\$1.07	\$1.17	\$1.30
Public Employers-Taxing Districts.....	0.97	1.03	1.03	1.12	1.23

Sources:

Ohio Bureau of Workers' Compensation Year-End Statistics Report

2013	2012	2011	2010	2009
249,085	249,668	250,432	251,009	257,012
3,794	3,801	3,802	3,790	3,791
129	122	125	124	124
1,205	1,196	1,203	1,202	1,188
36	35	39	37	38
139	132	120	106	98
<u>254,388</u>	<u>254,954</u>	<u>255,721</u>	<u>256,268</u>	<u>262,251</u>

\$ 1,533,153	\$ 1,992,018	\$ 1,983,255	\$ 2,148,280	\$ 2,469,550
<u>(40,764)</u>	<u>(47,540)</u>	<u>(48,075)</u>	<u>(29,859)</u>	<u>(108,620)</u>
<u>\$ 1,492,389</u>	<u>\$ 1,944,478</u>	<u>\$ 1,935,180</u>	<u>\$ 2,118,421</u>	<u>\$ 2,360,930</u>

\$1.43	\$1.43	\$1.49	\$1.49	\$1.55
1.24	1.31	1.38	1.46	1.76

**STATE OF OHIO**  
**LOTTERY COMMISSION ENTERPRISE FUND**  
**TICKET SALES BY MAJOR GAME TYPE**  
**FOR THE LAST TEN FISCAL YEARS**  
*(dollars in millions)*

	2018	2017	2016	2015	2014
Online Games:					
Pick 3.....	\$ 340.1	\$ 340.0	\$ 343.0	\$ 338.0	\$ 339.0
Pick 4.....	205.1	201.0	200.3	192.8	185.8
Pick 5 (C).....	40.8	38.1	36.4	33.3	27.9
Rolling Cash 5.....	53.0	55.5	60.3	62.6	63.4
Classic Lotto/Kicker(B).....	34.4	30.9	35.8	31.0	54.1
Raffle.....	-	3.6	-	7.0	1.0
Kicker(B).....	-	-	-	4.7	6.0
Mega Millions/Megaplier(B).....	120.1	93.3	102.2	113.3	133.4
EZPLAY.....	113.2	120.2	115.2	99.8	84.8
Ten-OH!(C).....	-	-	-	-	-
Keno.....	421.1	396.3	365.9	329.5	298.1
Power Ball/Power Play(A).....	148.1	129.8	193.5	105.0	122.8
EZPLAY TAP(D).....	31.8	30.0	31.5	24.0	-
EZPLAY Touch & Win(E)(F).....	19.5	16.0	0.7	-	-
Lucky for Life(E).....	20.7	19.9	14.1	-	-
The Lucky One(G).....	11.6	-	-	-	-
Total Online Games.....	1,559.5	1,474.6	1,498.9	1,341.0	1,316.3
Instant Games.....	1,600.6	1,527.1	1,560.7	1,551.0	1,426.8
Total Ticket Sales.....	\$ 3,160.1	\$ 3,001.7	\$ 3,059.6	\$ 2,892.0	\$ 2,743.1

Source:  
Ohio Lottery Commission

**Notes:**

- (A) - In fiscal year 2010, the Power Ball / Power Play was introduced.
- (B) - 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.
- (C) - August 2012, the Ten-Oh game was replaced by Pick 5.
- (D) - In fiscal year 2015, the EZPLAY TAP game was introduced.
- (E) - In fiscal year 2016, the EZPLAY QUICKENO and Lucky for Life was introduced.
- (F) - In fiscal year 2018, EZPLAY QUICKENO was rebranded to EZPLAY Touch & Win.
- (G) - In fiscal year 2018, the Lucky One was introduced.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	345.2	\$ 357.4	\$ 364.4	\$ 366.7	\$ 382.5
	189.8	207.9	209.0	201.3	205.9
	28.0	-	-	-	-
	61.5	63.8	62.4	67.1	67.2
	41.5	42.3	42.7	42.8	43.9
	9.1	10.0	10.0	9.1	9.3
	5.1	0.9	10.3	24.1	21.4
	102.8	179.3	165.0	215.8	193.0
	68.0	46.5	30.9	30.4	34.3
	0.8	8.3	9.2	9.7	11.0
	251.5	209.8	157.9	120.6	99.8
	166.6	105.3	76.4	23.6	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>1,269.9</u>	<u>1,231.5</u>	<u>1,138.2</u>	<u>1,111.2</u>	<u>1,068.3</u>
	<u>1,428.0</u>	<u>1,507.5</u>	<u>1,462.8</u>	<u>1,379.0</u>	<u>1,349.4</u>
\$	<u><u>2,697.9</u></u>	<u><u>2,739.0</u></u>	<u><u>2,601.0</u></u>	<u><u>2,490.2</u></u>	<u><u>2,417.7</u></u>

**STATE OF OHIO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FOR THE LAST TEN FISCAL YEARS**

(dollars in thousands)

As of June 30,	Governmental Activities				
	General Obligation Bonds	Revenue Bonds and Notes	Special Obligation Bonds	Certificates of Participation	Capital Leases
2018	\$ 9,734,361	\$ 6,689,337	\$ 2,237,096	\$ 204,620	\$ 19,632
2017	9,297,641	6,394,647	2,016,991	241,627	17,361
2016	9,283,156	6,261,882	1,930,592	194,899	8,806
2015	9,149,055	6,409,774	1,906,844	231,837	2,072
2014	9,366,348	6,355,222	1,836,136	173,603	3,055
2013	8,812,499	6,486,884	1,925,252	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

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
\$ -	\$ 3,164	\$ 18,888,210	3.47%	1,620
-	6,277	17,974,544	3.47%	1,548
-	10,077	17,689,412	3.50%	1,523
-	13,094	17,712,676	3.62%	1,528
-	15,357	17,749,721	3.75%	1,534
15,422	33,009	17,473,626	3.78%	1,514
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

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# STATE OF OHIO

## RATIOS OF GENERAL AND SPECIAL OBLIGATION BONDED DEBT OUTSTANDING FOR THE LAST TEN FISCAL YEARS

Bonded Debt (dollars in thousands)					
As of June 30,	General Obligation Bonds	Special Obligation Bonds	Total Bonded Debt	Percentage of Personal Income	Per Capita Total Bonded Debt
2018	\$9,734,361	\$2,237,096	\$11,971,457	2.20%	1,027
2017	9,297,641	2,016,991	11,314,632	2.18%	974
2016	9,283,156	1,930,592	11,213,748	2.22%	966
2015	9,149,055	1,906,844	11,055,899	2.26%	954
2014	9,366,348	1,836,136	11,202,484	2.37%	968
2013	8,812,499	1,925,252	10,737,751	2.32%	930
2012	8,888,085	2,090,889	10,978,974	2.52%	951
2011	7,872,276	2,260,853	10,133,129	2.43%	878
2010	7,343,289	2,338,094	9,681,383	2.36%	839
2009	7,138,051	2,427,556	9,565,607	2.35%	833

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.

In fiscal year 2018, the table was restated to reflect Total Bonded Debt rather than Net Bonded Debt for the ten year period. The Total Bonded Debt, Percentage of Personal Income, and Per Capita Total Bonded Debt were restated accordingly.

**Debt Service Fund:**

- Coal Research/Development 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
- Job Ready Site Development General Obligations
- Persian Golf Conflict Compensation General Obligations
- Lease Rental Special Obligations\*

**Capital Projects Fund:**

- Mental Health/Developmental Disabilities Facilities Improvements
- Parks and Recreation Improvements
- Adult Correctional 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)

	2018	2017	2016	2015	2014
Debt Service Expenditures.....	\$ 1,338,396	\$ 1,328,277	\$ 1,314,513	\$ 1,278,259	\$ 1,237,701
General Revenue Fund (GRF)					
Revenues and Transfers from the Lottery Enterprise Fund.....	\$ 33,642,813	\$ 35,218,700	\$ 34,997,700	\$ 32,463,100	\$ 30,137,140
Calculation of Annual 5% Debt Service Cap.....	\$ 1,682,141	\$ 1,760,935	\$ 1,749,885	\$ 1,623,155	\$ 1,506,857
Amount Under the Debt Service Expenditure Cap.....	\$ 343,745	\$ 432,658	\$ 435,372	\$ 344,896	\$ 269,156
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	3.98%	3.77%	3.76%	3.94%	4.11%

#### 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

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#### Note:

(A) Debt Service Expenditures reflect the restructuring of net debt service payments into later fiscal years.

(B) Revenues and Transfers from the Lottery enterprise Fund excludes federal funds from the American Recovery Act of 2009.

2013	2012(A)	2011(A)(B)	2010(A)(B)	2009
\$ 1,204,776	\$ 692,776	\$ 755,023	\$ 710,284	\$ 1,075,938
\$ 30,362,815	\$ 27,956,513	\$ 26,777,100	\$ 24,108,466	\$ 27,386,792
\$ 1,518,141	\$ 1,397,826	\$ 1,338,855	\$ 1,205,423	\$ 1,369,340
\$ 313,365	\$ 705,050	\$ 583,832	\$ 495,139	\$ 293,402
3.97%	2.48%	2.82%	2.95%	3.93%

**STATE OF OHIO**  
**REVENUE BOND AND NOTE COVERAGE**  
**FOR THE LAST TEN FISCAL YEARS**  
*(dollars in thousands)*

**Buckeye Tobacco Settlement Financing Authority Revenue Bonds**

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (A)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2018	\$337,774	N/A	\$337,774	\$44,590	\$290,659	\$335,249	1.01
2017	282,512	N/A	282,512	38,995	292,609	331,604	0.85
2016	299,239	N/A	299,239	35,000	294,359	329,359	0.91
2015	286,914	N/A	286,914	26,640	295,691	322,331	0.89
2014	293,573	N/A	293,573	23,995	296,892	320,887	0.91
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

**Infrastructure Bank Revenue Bonds**  
**Issuer: Treasurer of State**

Highway Operating Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (B)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2018	\$149,213	N/A	\$149,213	\$117,555	\$34,154	\$151,709	0.98
2017	151,170	N/A	151,170	124,280	38,571	162,851	0.93
2016	176,933	N/A	176,933	144,405	35,414	179,819	0.98
2015	170,368	N/A	170,368	200,801	38,699	239,500	0.71
2014	167,653	N/A	167,653	136,415	41,511	177,926	0.94
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

(continued)

**Notes:**

- (A) 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.
- (B) 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)

**Economic Development and Revitalization Project Revenue Bonds and Notes**  
**Issuer: Treasurer of State**

Fiscal Year	Liquor Control Enterprise Fund			Debt Service Requirements			
	Gross Liquor Revenues	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2013 (C)	\$485,607	\$310,209	\$175,398	\$26,440	\$15,168	\$41,608	4.22
2012 (D)	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

**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
2014 (F)	\$5,107,570	\$2,408,977	\$2,698,593	\$15,200	\$751	\$15,951	169.18
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

Source:  
Ohio Office of Budget and Management

**Notes (continued):**

- (C) 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. The final debt service payments on the Economic Development and Revitalization Project Revenue Bonds and Notes were made during fiscal year 2013.
- (D) Fiscal year 2012 debt service requirements includes payments for Bond Anticipation Notes (BANS), the term of which is no longer than one year.
- (E) Gross revenues consist of operating revenues and investment income.
- (F) The final debt service payments on the Bureau of Workers' Compensation Revenue Bonds were made during fiscal year 2014.
- (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.

**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.
2017	325,719	2,591	11,659	45	\$51,640	\$46,732	90.5%
2016	323,128	1,709	11,614	1	\$49,246	\$44,593	90.6%
2015	321,419	2,562	11,613	19	48,112	43,566	90.6%
2014	318,857	2,728	11,594	23	46,049	42,236	91.7%
2013	316,129	2,215	11,571	27	44,543	40,865	91.7%
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%

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>
6,995	5.0%	1,791	13,127
6,958	4.9%	1,790	13,157
6,886	4.9%	1,784	13,039
6,753	5.7%	1,799	11,443
6,663	7.4%	1,845	11,998
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

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**STATE OF OHIO**  
**PRINCIPAL EMPLOYERS**  
**FOR CALENDAR YEARS 2017 AND 2008**

Employer	2017			2008		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	78,517	1	1.12%	78,070	1	1.16%
Wal-Mart	50,500	2	0.72%	54,200	3	0.81%
Cleveland Clinic	49,050	3	0.70%	37,800	5	0.56%
State of Ohio	48,769	4	0.70%	57,273	2	0.85%
Kroger Company	43,850	5	0.63%	38,000	4	0.57%
The Ohio State University	32,100	6	0.46%	26,800	7	0.40%
Mercy Health	32,035	7	0.46%			0.00%
University Hospitals Health System	26,000	8	0.37%	21,800	8	0.32%
OhioHealth	22,340	9	0.32%			0.00%
JP Morgan Chase & Co	21,000	10	0.30%	17,500	9	0.26%
Catholic Healthcare Partners				28,200	6	0.42%
Giant Eagle				17,000	10	0.25%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis  
Ohio Development Services Agency, Office of Strategic Research  
State of Ohio Comprehensive Annual Report for Fiscal Year 2017 and 2008

# 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	2018	2017	2016	2015
Primary, Secondary and Other Education.....	982	997	1,014	950
Higher Education Support.....	68	69	72	71
Public Assistance and Medicaid.....	2,209	2,229	2,202	2,259
Health and Human Services.....	8,195	8,273	8,303	8,128
Justice and Public Protection.....	20,189	20,285	20,194	20,114
Environmental Protection and Natural Resources.....	2,630	2,662	2,606	2,651
Transportation.....	4,874	4,917	4,873	4,884
General Government.....	4,635	4,705	4,705	4,739
Community and Economic Development.....	861	990	870	853
Workers' Compensation.....	1,721	1,744	1,778	1,784
Lottery Commission.....	375	378	378	376
Unemployment Compensation.....	636	703	744	786
Other.....	821	817	818	805
Total.....	<u>48,196</u>	<u>48,769</u>	<u>48,557</u>	<u>48,400</u>

Source:

Ohio Department of Administrative Services  
Ohio Department of Job and Family Services

Number of Employees

2014	2013	2012	2011	2010	2009
971	971	970	1,034	1,045	1,122
73	70	70	77	76	92
2,638	2,621	2,769	2,811	2,880	2,772
8,290	8,301	8,604	9,018	9,401	9,671
19,827	19,974	20,196	21,477	21,906	22,465
2,700	2,712	2,745	2,796	2,900	3,004
4,913	4,964	5,218	5,507	5,562	5,549
4,826	4,839	4,984	5,183	5,305	5,214
870	860	820	852	902	924
1,842	1,847	1,882	2,019	2,231	2,335
355	335	326	330	353	346
524	587	611	599	622	554
806	799	818	896	922	959
48,635	48,880	50,013	52,599	54,105	55,007

**STATE OF OHIO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**FOR THE LAST TEN FISCAL YEARS**

Function/Program	2018	2017	2016	2015	2014
<i>Primary, Secondary and Other Education</i>					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools).....	1,791,218	1,790,089	1,784,397	1,799,107	1,845,441
Public School Districts (A).....	610	610	611	612	612
Community School Districts (A).....	340	362	372	382	393
Vocational School Districts.....	49	49	49	49	49
High School Graduation Rate (by School year).....	(B)	84.1%	83.5%	83.0%	82.2%
<i>Higher Education Support</i>					
Ohio Department of Higher Education (K):					
Student Enrollment at State-Assisted Institutions.....	490,243	491,402	492,555	498,276	510,794
State-Assisted Institutions.....	37	37	37	37	37
Ohio Instructional Grant Recipients (C)(D).....	—	—	—	—	—
Ohio College Opportunity Grant Recipients.....	69,454	68,495	76,171	80,344	86,435
Student Choice Grant Program Recipients (D).....	—	—	—	—	—
<i>Public Assistance and Medicaid</i>					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage (I)(L).....	—	—	—	—	—
Individuals Receiving Cash Assistance (OWF).....	101,602	103,900	108,262	114,913	124,033
Individuals on Medicaid Waiver (I)(L).....	—	—	—	—	—
Ohio Department of Medicaid:					
Individuals with Medicaid Coverage (I).....	3,007,745	3,083,568	3,024,213	2,960,279	2,509,360
Individuals on Medicaid Waiver (I).....	5,819	5,503	5,630	6,896	10,715
Ohio Department of Aging:					
Individuals on PASSPORT Waiver (L).....	25,083	23,111	23,106	21,492	38,771
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver.....	39,627	38,487	36,627	35,119	34,411
<i>Health and Human Services</i>					
Ohio Department of Aging:					
Clients Served-PASSPORT (J).....	28,215	28,048	28,064	27,513	43,593
Clients Served-Congregate Meals (G).....	45,085	45,435	46,473	47,225	47,384
Clients Served-Home Delivered Meals.....	39,546	38,781	38,130	37,441	35,298
Clients Served-Transportation Provided.....	18,968	19,691	20,818	20,058	20,095
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children.....	212,420	224,816	237,987	246,142	252,253
Ohio Department of Mental Health & Addiction Services:					
Clients Served (Addiction Services) (H).....	139,464	154,870	112,777	97,673	94,685
Facilities' Admissions.....	5,948	6,542	6,933	7,282	7,761
Facilities' Average Daily Residence Population.....	1,068	1,050	1,028	1,027	1,021
Individuals Served-Community Facilities(F).....	535,022	415,639	417,963	—	—
Ohio Department of Developmental Disabilities:					
Individuals Served-Community Facilities(F).....	92,980	93,892	94,056	514,579	546,041
Facilities' Average Daily Residence Population.....	661	701	806	926	942
<i>Justice and Public Protection</i>					
Ohio Department of Public Safety:					
Crashes Investigated.....	66,485	65,726	66,027	68,967	70,170
Total Arrests.....	634,084	578,579	642,268	606,888	603,094
Ohio Department of Rehabilitation and Correction:					
Inmate Population.....	49,379	50,174	51,001	50,407	50,420
<i>Environmental Protection and Natural Resources</i>					
Ohio Department of Natural Resources:					
Licenses and Registrations (E).....	2,299,572	2,308,438	2,346,769	2,345,788	2,426,968

2013	2012	2011	2010	2009
1,850,281	1,859,821	1,872,370	1,895,768	1,881,631
612	612	612	612	612
369	341	295	310	318
49	49	49	49	49
82.2%	81.3%	79.7%	84.3%	83.0%
521,368	539,058	543,468	522,913	478,376
37	37	37	37	37
—	—	—	—	51,138
94,479	98,751	78,334	66,779	77,481
—	—	—	—	58,562
2,382,381	2,213,104	2,151,760	2,035,693	1,878,345
140,368	181,934	224,647	227,657	187,878
10,941	13,410	13,146	12,897	12,102
—	—	—	—	—
—	—	—	—	—
38,379	42,060	41,443	38,185	36,273
29,066	28,077	26,416	24,023	21,429
42,521	42,060	41,443	38,188	36,273
48,541	50,347	63,453	60,264	67,653
35,960	36,056	39,037	44,735	47,036
20,273	21,702	20,144	27,413	29,665
267,011	277,379	283,997	301,587	301,684
104,058	99,605	103,763	107,547	109,069
7,089	6,756	5,753	5,756	6,084
1,013	1,008	977	989	1,011
—	—	—	—	—
466,634	451,907	446,939	429,132	412,341
1,000	1,184	1,228	1,335	1,462
63,599	64,519	69,113	68,222	68,861
576,700	554,794	508,418	497,915	556,635
50,153	49,774	50,561	50,807	50,919
2,387,225	2,506,036	2,434,183	2,520,192	2,592,488

(continued)

**STATE OF OHIO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**FOR THE LAST TEN FISCAL YEARS**  
*(continued)*

Function/Program	2018	2017	2016	2015	2014
<i>Transportation</i>					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane.....	3,103	4,029	3,347	2,843	2,362
Four-Lane.....	1,236	1,112	1,018	1,048	892
Interstate.....	980	1,145	1,147	680	1,024
<i>Workers' Compensation</i>					
Ohio Bureau of Workers' Compensation:					
Claims Filed.....	97,185	97,931	99,082	104,997	108,549
Open Claims.....	672,188	704,756	752,312	791,638	858,773
<i>Lottery</i>					
Ohio Lottery Commission:					
Prize Awards Paid (in billions).....	\$ 2.00	\$ 1.91	\$ 1.93	\$ 1.88	\$ 1.70
Bonuses and Commissions Paid (in millions).....	\$ 206.1	\$ 185.7	\$ 188.6	\$ 179.2	\$ 169.9
Transfers to					
Lottery Profits Education Fund (in millions).....	\$ 794.7	\$ 739.4	\$ 784.1	\$ 990.0	\$ 904.3
<i>Unemployment Compensation</i>					
Ohio Department of Job and Family Services:					
Initial Claims.....	384,578	414,766	440,484	472,813	548,361
Continuing Claims.....	3,009,916	3,250,737	3,400,000	3,647,400	4,492,364

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) Prior to fiscal year 2016, the clients served by both the Department of Mental Health & Addiction Services and Department of Developmental Disabilities were reported as one total.
- (G) Department of Aging began using a new reporting system in fiscal year 2012, resulting in lower count for Congregate Meals served.
- (H) Beginning in fiscal year 2014, the Department of Mental Health and the Department of Alcohol & Drug Addiction Services merged to form the Department of Mental Health & Addiction Services (MHAS).
- (I) In fiscal year 2014 the Ohio Department of Medicaid was formed and the Medicaid and Medicaid Waiver operations were transferred to the new agency from the Ohio Department of Job and Family Services.
- (J) In fiscal year 2015 a number of clients transferred from the PASSPORT program to the MyCare Ohio program.
- (K) In fiscal year 2016, the Ohio Board of Regents was renamed the Ohio Department of Higher Education.
- (L) Average total.

2013	2012	2011	2010	2009
2,296	2,683	2,237	3,551	2,673
624	1,098	942	1,220	1,076
1,589	1,417	703	897	921
108,090	112,613	116,378	116,042	132,549
958,625	1,070,056	1,129,873	1,221,302	1,321,214
\$ 1.67	\$ 1.68	\$ 1.60	\$ 1.51	\$ 1.50
\$ 166.9	\$ 172.0	\$ 161.3	\$ 153.4	\$ 150.1
\$ 803.1	\$ 771.0	\$ 738.8	\$ 728.6	\$ 702.3
629,525	635,733	717,775	877,640	1,184,136
4,942,305	5,388,767	6,784,230	9,682,672	10,168,422

**STATE OF OHIO**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**FOR THE LAST TEN FISCAL YEARS**

Function/Program	2018	2017	2016	2015	2014
<i>Primary, Secondary and Other Education</i>					
Historical Sites Owned by the State.....	38	33	32	33	34
Historical Sites Jointly Owned by the State and the Ohio Historical Society.....	9	12	12	11	9
<i>Health and Human Services</i>					
Developmental Disabilities Institutions.....	10	10	10	10	10
Mental Health Institutions.....	6	6	6	6	6
<i>Justice and Public Protection</i>					
Rehabilitation and Correction Institutions.....	25	25	25	25	25
Youth Services Institutions.....	3	3	3	3	3
State Highway Patrol Structures.....	75	75	75	75	76
Number of Readiness Centers (B).....	48	48	48	49	48
<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).....	342,795	333,727	333,525	333,196	332,903
Area of State Forest Lands (in acres).....	200,183	200,185	199,344	204,247	204,054
<i>Transportation</i>					
Buildings.....	805	819	809	818	828
Number of Rest Stops.....	88	89	91	96	96
Licensed Vehicles.....	4,987	4,265	4,247	4,029	4,428
Infrastructure Assets(A):					
Pavement (in lane-miles):					
Priority Subsystem.....	13,849	13,720	13,748	13,737	13,650
General Subsystem.....	29,487	29,473	29,470	29,461	29,512
Bridges:					
Number of Bridges.....	14,305	14,276	14,266	14,229	14,236
Deck Area (in thousand square feet).....	107,372	107,489	106,580	106,206	106,474
<i>General Government</i>					
State Office Buildings (C).....	10	5	5	5	5
<i>Community and Economic Development</i>					
Permanent Agricultural Easement Land (in acres).....	71,420	65,860	62,942	56,761	54,214

Sources:

- Ohio Department of Developmental Disabilities
- Ohio Department of Mental Health and Addiction Services
- 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
- Ohio Adjutant General's Department

**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.
- (B) Three buildings were previously classified as armories/readiness centers.  
In 2013 changes in federal regulation have changed the classifications of the three buildings.
- (C) Prior to fiscal year 2018, State Office Buildings consisted of state owned office towers.  
Starting in fiscal year 2018, State Office Building includes state owned office towers and buildings.

2013	2012	2011	2010	2009
35	35	35	35	35
8	8	8	8	8
10	10	10	10	10
6	6	9	9	9
26	26	29	29	30
4	4	4	5	6
76	77	81	79	79
51	50	50	50	52
74	74	74	74	74
332,754	332,106	327,906	324,421	323,835
203,736	203,078	191,155	191,143	191,144
830	830	825	830	827
96	116	109	110	116
4,475	4,604	4,530	4,524	4,482
13,499	13,109	13,059	12,932	12,826
29,591	29,918	29,932	29,959	29,991
14,223	14,182	14,234	14,253	14,230
105,690	105,309	105,721	105,413	104,852
5	5	5	5	5
52,452	47,424	40,726	36,124	31,694



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State Accounting and Reporting



**Lorain Harbor Lighthouse**  
Lorain, Ohio