

State of Ohio

General Obligation Highway Capital Improvement Bonds (HCIBs)

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

Methodology:

[U.S. Special Tax Revenue Bond Rating Methodology](#)

[U.S. State General Obligation Rating Methodology](#)

[ESG Global Rating Methodology](#)

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

The currently offered bonds will be issued in the approximate notional amount of \$82.2 million. Ohio's State constitution, which authorizes the HCIBs in an amount not to exceed \$1.2 billion (\$784 million now outstanding), provides that they be used solely for highway and road purposes. The highway user fees that secure the bonds are also authorized by the State constitution, which specifies that they are only to be used for highway and road purposes, which includes debt service on the HCIBs.

The pledged revenues are designed to assess the users of roads and highways with the costs of building and maintaining them. The revenues pledged to pay debt service are motor vehicle fuel taxes and vehicle registration fees levied statewide. FY 2021 pledged revenue receipts provide pro forma MADS coverage of 23.2x. The debt structure is also very conservative with 79% of pro forma HCIB principal amortizing within 10 years.

Ohio's economy is broad and diverse, ranking seventh among the states by both gross state product and population. Population and gross state product growth exceeded that of the Great Lakes¹ region but trailed that of the nation over the last decade. Ohio's economy, like the U.S. overall, continues to recover from the early months of the COVID-19 pandemic when strict public health measures resulted in broad job losses and reduced economic activity. As of March 2022 Ohio's unemployment rate has recovered to 4.4%, a level that is higher than that of the region and U.S. at 4.1% and 3.8%, respectively.

The State's overall debt levels are low which is another positive credit feature. Tax supported debt is equivalent to \$1,046 per capita and 2.0% of personal income. The State additionally has a history of full actuarial pension contributions and a low level of unfunded pension liabilities.

The State's financial position remains strong despite pandemic-related headwinds to receipts over the last several years. Budget adjustments, Federal aid, and a strong economic recovery were sufficient to produce a \$3.46 billion increase in ending General Fund balance to \$12.06 billion at FYE 2021 and budget surpluses are projected in each year of the FY 2022-FY2023 budget biennium.

The State was awarded a total of \$15.7 billion from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) including \$9.6 billion for the State and \$6.1 billion for locals. The State recorded this activity separately from the General Fund, with such funds flowing primarily through the Pandemic Relief Funds. Pandemic Relief Funds recorded spending of \$430 million in FY 2020 and \$2.7 billion in FY 2021. A balance of \$5.6 billion at FYE 2021 is available for future spending.

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

¹ Great Lakes region is comprised by Illinois, Indiana, Michigan, Ohio, and Wisconsin.



Key Credit Considerations

The rating actions reflect the following key credit considerations:

Credit Positives

- Coverage from pledged revenues is exceptionally strong. Receipts in FY 2021 provide coverage of 23.2x pro forma maximum annual debt service.
- The bonds are secured by the general obligation pledge of the State with additional credit protection provided by the pledged highway revenues, which in our opinion effectively puts them in a priority position relative to GO bondholders.

Credit Challenges

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

Rating Sensitivities

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

Pledged Revenue Details

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

License and registration taxes and fees: An initial and annual fee for passenger vehicle registration of \$31 per year. Registrations for trucks range from \$385 to \$1,370.

Petroleum activity tax: A wholesale tax levied on the suppliers at 0.65% of gross receipts upon the sale to retailers.

Key Ratios		
Pledged Revenues (In Millions)	2021	
Net Highway User Receipts	\$3,670.6	
Pro forma MADS (FY 2023)	\$158.1	
DSCR MADS (FY 2023)	23.2x	
Economic Data		
Population (2020)	11,693,217	
State Per Capita Personal Income (2021)	\$56,483	(89% of U.S.)
State Per Capita Real GSP (2021)	\$52,630	(89% of U.S.)
State % Change from 2010 in Real GSP per capita	15.9%	
U.S % Change from 2010 in Real GSP per capita	14.6%	

Source: State of Ohio, US Census, & Bureau of Economic Analysis



Rating Determinants (RD)

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

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

RD 1: Legal Framework

A detailed review of the legal framework underpinning the bonds can be found in KBRA's [report](#) dated May 13, 2021.

Bankruptcy

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

ESG Management

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

Environmental Factors

Renewable Portfolio Standards (RPS): House Bill 6 effective October 22, 2019 establishes renewable portfolio standards for the State's electric utilities. The law requires utilities selling power within the state to increase the minimum amount of power sources from renewable sources from 5.5% in 2019 to 8.5% by 2026.

Infrastructure Resilience: The Ohio Department of Transportation (ODOT) released a long-range transportation plan in December 2020 known as Access Ohio 2045. The plan identifies resilience as an important long-range goal and points to increasing average temperatures, increasing heavy storms events, and the increasing frequency of droughts as likely to increase the maintenance costs and impact the reliability of existing infrastructure. The report suggests that adaptive strategies can provide proactive and cost-efficient approaches to these emerging challenges. The report also notes that Ohio is generally well positioned with respect to climate risks because its inland position protects it from coastal weather such as hurricanes, and more intense temperature gains experienced in the southern United States.

Social Factors

Transportation Planning: ODOT's aforementioned Access Ohio 2045 plan was developed with the input of a broad range of stakeholders under the oversight of a steering committee including 32 member organizations. The steering committee's input provided direction and guidance on key plan elements including vision, goals, and objectives, multi-modal system needs, and investment priorities. The plan identifies strategies and initiatives to guide, inform and support long-term transportation investments.

Governance Factors

Reliance on Oil Consumption: KBRA anticipates that the gasoline and diesel sales that currently underly about two thirds of the pledged revenues available for payment of the HCIBs will likely gradually decline in the coming decades due to the phase-in of alternative fuels and electric cars. Risk of a potentially declining revenue source however is balanced by the State's covenant in the Act authorizing the HCIBs to levy and collect pledged revenues sufficient to make payment when due. Also favorable in this context is the State's practice of limiting the tenure of HCIBs to 15 years which together with strong coverage exceeding 20x, mitigates longer-term uncertainty with respect to pledged revenues.

RD 2: Nature of Special Tax Revenues

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

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

RD 3: Economic Base and Demographics

Ohio's economic base is strong and diverse. It ranked 7th among the states by both population in 2020 and gross state product (GSP) in 2021. Growth in both metrics over the last decade exceeded that of the Great Lakes region² but trailed that of the U.S.

Population

State population increased 1.3% between 2010 and 2020 versus Great Lakes region growth of 0.9% and U.S. growth of 6.5%.

Figure 1

Change in Population			
	2010	2020	Growth (%)
Ohio	11,539,449	11,693,217	1.3%
Great Lakes	46,438,684	46,834,910	0.9%
United States	309,327,143	329,484,123	6.5%

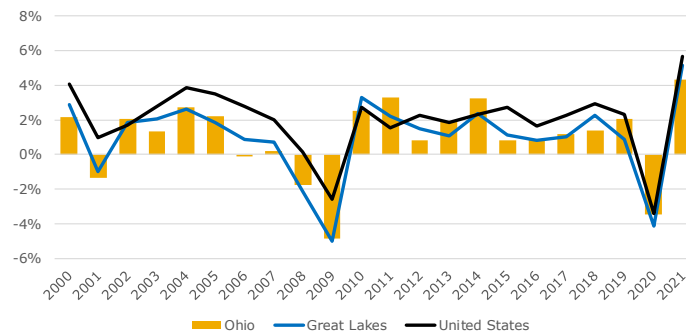
Source: U.S. Census Bureau

Real Gross State Product (GSP)

Real GSP growth from 2010 to 2021 of 17.5% surpassed that of the region (+15.0%) but trailed the nation overall (+24.1%). Ohio's GSP declined in 2020 reflecting the impact of the pandemic. The decline was somewhat smaller than that experienced by the region and U.S. overall. Recovery in real GSP growth in 2021 was pronounced but growth was modestly slower than the region and U.S.

As of 2021, real GSP per capita is 0.98x that of the Great Lakes region and 0.89x the U.S.

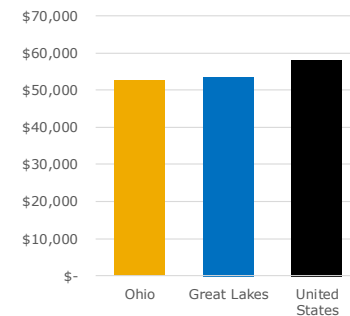
Figure 2
Real GSP Annual Change
(chained 2012 dollars)



(\$ millions)	2010	2021	Δ 2010 to 2021 (%)
Ohio	523,979	615,416	17.5%
Great Lakes	2,190,695	2,518,468	15.0%
United States	15,648,991	19,427,287	24.1%

Source: Bureau of Economic Analysis

Figure 3
Real GSP Per Capita
(chained 2012 dollars)



	2010	2021	Δ 2010 to 2021 (%)
Ohio	\$45,408	\$52,630	15.9%
Great Lakes	\$46,775	\$53,773	15.0%
United States	\$51,461	\$58,963	14.6%

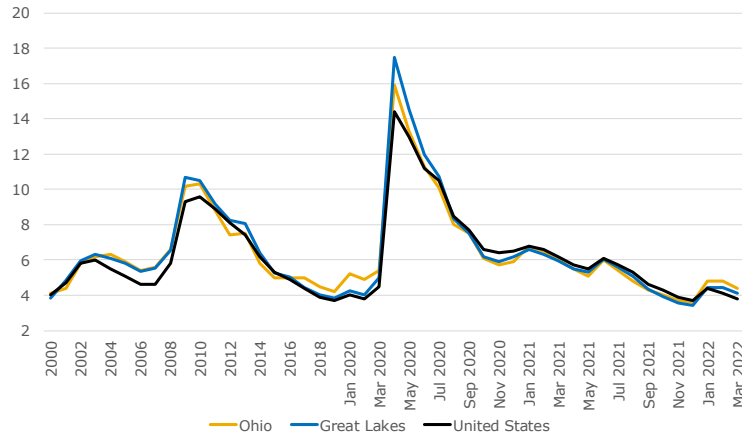
Source: U.S. Bureau of Economic Analysis

Employment

Unemployment in Ohio trended about one percentage point higher than the region and nation in the years preceding the pandemic. State unemployment rose sharply in the early months of the pandemic to level lower than the region but higher than the nation. Unemployment has receded as the virus has moved closer to an endemic status. Ohio's unemployment rate is 4.4% as of March 2022, higher than the region and nation at 4.1% and 3.8%, respectively.

² The Great Lakes Region is comprised by Illinois, Indiana, Michigan, Ohio, and Wisconsin.

Figure 4
Unemployment Rate (%)



	Ohio	Great Lakes	United States
March 2022	4.4	4.1	3.8
February 2022	4.8	4.5	4.1
2019 Average	4.2	3.8	3.7
Point Δ Since 2019 Average	-0.2	-0.3	-0.1

Source: U.S. Bureau of Labor Statistics

Figure 5

	Ohio		Great Lakes		United States	
	Employment	Δ YOY	Employment	Δ YOY	Employment	Δ YOY
2000	2,885		22,635		136,891	
2001	2,884	0.0%	22,436	-0.9%	136,933	0.0%
2002	2,856	-1.0%	21,994	-2.0%	136,485	-0.3%
2003	2,874	0.6%	21,948	-0.2%	137,736	0.9%
2004	2,884	0.3%	22,024	0.3%	139,252	1.1%
2005	2,886	0.1%	22,217	0.9%	141,730	1.8%
2006	2,924	1.3%	22,555	1.5%	144,427	1.9%
2007	2,939	0.5%	22,614	0.3%	146,047	1.1%
2008	2,946	0.2%	22,344	-1.2%	145,362	-0.5%
2009	2,833	-3.8%	21,168	-5.3%	139,877	-3.8%
2010	2,821	-0.4%	21,035	-0.6%	139,064	-0.6%
2011	2,840	0.7%	21,136	0.5%	139,869	0.6%
2012	2,857	0.6%	21,311	0.8%	142,469	1.9%
2013	2,872	0.5%	21,392	0.4%	143,929	1.0%
2014	2,914	1.5%	21,797	1.9%	146,305	1.7%
2015	2,947	1.1%	22,106	1.4%	148,834	1.7%
2016	2,989	1.4%	22,419	1.4%	151,436	1.7%
2017	3,039	1.7%	22,710	1.3%	153,337	1.3%
2018	3,036	-0.1%	22,876	0.7%	155,761	1.6%
2019	3,021	-0.5%	23,005	0.6%	157,538	1.1%
2020	2,909	-3.7%	21,398	-7.0%	147,795	-6.2%
2021	3,016	3.7%	22,093	3.2%	152,581	3.2%
Mar 2022	3,035	0.6%	22,624	2.4%	158,106	3.6%
Δ Great Recession Trough to 2019	7.1%		9.4%		13.3%	
Δ 2019 Avg to February 2022	0.4%		-1.7%		0.4%	

Source: U.S. Bureau of Labor Statistics

Employment in Ohio increased 7.1% between the Great Recession low and 2019, slower than Great Lakes region growth of 9.4% and U.S. growth of 13.3%. Total employment in Ohio increased 0.4% between the 2019 average level and March 2022 compared to Great Lakes employment (down 1.7%) and U.S. employment (up 0.4%).

Economic Development Update

The State announced in January 2022 that Intel Corporation plans to invest \$20 billion to construct a new semiconductor manufacturing plant in Ohio. The project is anticipated to produce 3,000 direct Intel jobs, 10,000 indirect and support jobs, and 7,000 construction jobs marking a significant addition to the State economy. The State plans to provide certain incentives to accommodate the project including \$691 million for infrastructure improvement, \$600 million for onshoring incentive grants, and \$650 million for 30-year job creation tax credits. The incentives are not yet finalized and will include performance benchmarks allowing the State to recover proceeds disbursed should Intel fail to meet certain milestones.

RD 4: Revenue Analysis

KBRA views the pledged Highway User Receipts as providing a strong source of repayment for the State of Ohio's General Obligation Highway Capital Improvements Bonds. Highway user receipts are collected as follows:

- Motor vehicle fuel tax: A tax of 38.5 cents per gallon of gasoline and 47.0 cents per gallon of diesel is paid by consumers at the point of purchase and remitted to the Ohio Department of Taxation by the licensed dealer. A motor fuel use tax at the same rate is imposed upon operators of trucks for fuel purchased outside the State and consumed in Ohio. The tax rate was increased from 28 cents per gallon of gasoline and diesel on July 1, 2019.
- License and registration taxes and fees: Initial and annual fee for passenger vehicle registration of \$31 per year. Registrations for trucks range from \$385 to \$1,370.
- Petroleum activity tax: A wholesale tax levied on the suppliers at 0.65% of gross receipts upon the sale to retailers.

In FY 2021, approximately 66% of Highway User Receipts were generated from motor fuel and use taxes. The remaining 33% consisted primarily of registration licenses and fees. The significant increase in motor vehicle fuel tax rates commencing July 1, 2019 of 37.5% for gasoline and 67.9% for diesel resulted in a 30.0% increase in motor vehicle fuel tax receipts, as the rate increases served to more than offset large declines in motor vehicle consumption associated with the pandemic.

Figure 6

Highway User Receipts								
FYE June 30 (dollars in millions)								
	Motor Vehicle Fuel Tax	Highway Use Tax Permits	Motor Vehicle Fuel Use Tax	Petroleum Activity Tax	License and Registration Taxes and Fees	Less: Tax Refunds and Reductions	Net Highway User Receipts	Δ YOY
2009	\$ 1,732	\$ 12	\$ 85	\$ -	\$ 770	\$ (23)	\$ 2,576	
2010	1,729	22	68	-	785	(19)	2,585	0.3%
2011	1,760	25	67	-	811	(21)	2,643	2.2%
2012	1,687	28	72	-	826	(20)	2,594	-1.9%
2013	1,727	31	72	76	839	(19)	2,727	5.1%
2014	1,829	35	66	81	845	(21)	2,835	4.0%
2015	1,806	36	73	95	874	(23)	2,861	0.9%
2016	1,747	35	80	72	948	(25)	2,858	-0.1%
2017	1,815	38	73	56	938	(17)	2,904	1.6%
2018	1,800	45	71	66	968	(16)	2,935	1.1%
2019	1,843	41	102	84	1,001	(17)	3,054	4.1%
2020	2,395	41	103	74	969	(20)	3,562	16.6%
2021	2,439	38	89	38	1,094	(28)	3,671	3.1%

Source: State of Ohio

RD 5: Coverage and Bond Structure

The pledged Highway User Receipts provide strong coverage of HCIB debt service requirements. Coverage has exceeded 20.0x in each of the last nine years and more than 13.0x coverage each year since 1998. Coverage should remain strong given Constitutional restrictions on debt issuance.

Figure 7

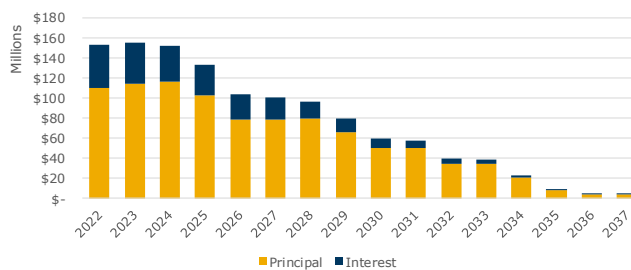
Historic Pledged Revenues, Debt Service, and Coverage			
FYE June 30 (dollars in millions)			
	Historical Highway User Receipts	Total Fiscal Year Debt Service	Coverage
1998	\$ 1,943.3	\$ 24.6	79.0x
1999	2,018.5	52.2	38.6x
2000	2,061.9	79.9	25.8x
2001	1,985.6	113.7	17.5x
2002	2,046.6	141.3	14.5x
2003	2,123.6	136.6	15.5x
2004	2,326.2	149.4	15.6x
2005	2,483.8	168.3	14.8x
2006	2,669.1	181.1	14.7x
2007	2,577.0	198.7	13.0x
2008	2,703.7	206.0	13.1x
2009	2,576.4	197.5	13.0x
2010	2,585.5	170.3	15.2x
2011	2,642.7	149.3	17.7x
2012	2,593.9	140.9	18.4x
2013	2,726.7	135.5	20.1x
2014	2,835.1	132.5	21.4x
2015	2,860.6	140.2	20.4x
2016	2,857.8	119.8	23.8x
2017	2,904.2	127.4	22.8x
2018	2,934.6	114.6	25.6x
2019	3,053.9	137.2	22.3x
2020	3,562.0	152.7	23.3x
2021	3,670.6	156.4	23.5x

Source: POS and Continuing Disclosure Statements

The structure of pro forma debt is conservative with declining annual debt service and all principal scheduled to amortize by FY 2037. FY 2021 revenues provide strong coverage of 23.2x pro forma MADS (\$158.1 million in FY 2023).

Figure 8

Pro Forma Debt Service Schedule
FYE June 30



Source: State of Ohio



Based on \$3.67 billion in pledged revenues in FY 2021 and FY 2023 MADS at \$158.1 million, pledged revenues would need to decline by more than 97% for the 1.0x debt service coverage threshold to be breached, which KBRA views as exceedingly unlikely given the nature of the pledged revenues and their history of stability.

RD 6: Debt Burden and Continuing Obligations

Debt Burden

The State has approximately \$12.3 billion in tax-supported debt as of June 30, 2021 including \$9.4 billion in general obligation bonds, \$2.6 billion in special obligation bonds subject to annual appropriation, and \$273 million in certificates of participation. Tax-supported debt at FYE 2021 is low at 2.0% of personal income or \$1,046 per capita. Tax-supported debt service for FY 2021 is equivalent to 2.0% of FY 2021 governmental expenditures.

Figure 9

Debt Ratios (in dollars)			
	Ohio	Average of U.S. States	Ohio Rank Among the 50 States
Tax-Supported Debt:			
Per Capita	\$1,046	\$1,624	Highest 50%
as a % of Personal Income	2.0%	2.7%	Highest 50%
as a % of GSP	1.8%	2.6%	Lowest 50%
Aggregate State and Local Debt:			
Per Capita	\$7,464	\$9,600	Lowest 50%
as a % of Personal Income	15.0%	17.2%	Lowest 50%
as a % of GSP	12.7%	14.8%	Lowest 40%

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

Pensions

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

OPERS is a cost sharing multiple employer retirement system. The plan's fiduciary net position is equivalent to 87.2% of the total pension liability and the State's proportionate share NPL is \$3.1 billion on a GASB 68 basis. The State has paid 100% of the required contribution to the plan in each of the last five years. STRS is also a multiple employer retirement system. The plan's fiduciary net position is equivalent to 75.5% of the total pension liability and the State's proportionate share NPL is \$88 million. The State paid the full actuarially determined contribution to the plan in each of the last five years. Lastly, HPRS is a single employer defined benefit plan that is administered by the State. The plan is 69.8% funded and the State's NPL is \$391.9 million.

The State's reported proportionate share net pension liability (NPL) for the three plans per the FY 2021 ACFR is \$3.4 billion, which KBRA considers manageable at 0.5% of personal income.

Figure 10

Net Pension Liability (NPL) Ratios (in dollars)			
	Ohio	Average of U.S. States	Ohio Rank Among the 50 States
Net Pension Liability:			
Per Capita	\$290	\$1,953	Lowest 20%
as a % of Personal Income	0.5%	3.2%	Lowest 20%
as a % of GSP	0.5%	3.2%	Lowest 25%

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

In FY 2021 fixed costs totaling \$1.92 billion including \$1.45 billion for debt service, \$468 million in pension contributions (100% of ADC) and no contribution toward OPEB. Fixed costs were equivalent to a manageable 2.6% of governmental expenditures, down from 3.5% in the prior year.



RD 7: Financial Performance and Liquidity Position

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

Financial results are shown for the General Fund on a GAAP basis and for the General Revenue Fund on a budgetary basis. Both presentations reflect generally balanced operations over the past several years. The Budget Stabilization Fund balance was \$2.7 billion at year end 2021 or 6.8% of General Revenue Fund receipts, a level viewed by KBRA as strong.

FY 2021 General Fund Results (Audited, GAAP Basis)

General Fund operating results were favorable in FY 2021 despite the continuing impact of the pandemic. Ending fund balance increased \$3.7 billion (44.2%) to \$12.1 billion.

Revenues increased \$5.1 billion (13.4%) YoY to \$43.0 billion.

- Income taxes increased \$727 million (7.6%) to \$9.84 billion due in part to a return to work for more individuals as public health measures implemented early in the pandemic were eased and economic recovery progressed.
- Sales taxes increased \$1.34 billion (12.2%) to \$12.34 billion as easing public health restrictions and the economic recovery drove increased consumer spending.
- Motor fuel taxes increased \$38 million (2.7%) to \$1.43 billion reflecting stable motor fuel tax rates and modest growth in consumption YoY.
- Federal aid increased \$2.27 billion (21.9%) to \$12.27 billion due to increases in Medicaid and COVID-19 related assistance.

Expenditures increased \$2.78 billion (7.7%) YoY to \$38.78 billion.

- Public assistance and Medicaid spending increased \$2.27 billion (4.0%) to \$18.27 billion due to increased COVID-19 related spending.
- Primary, secondary, and other education spending increased \$175 million (1.7%) to \$10.19 billion reflecting increases spending for student wellness and success.

Net other financing sources and uses outflows of \$699 million comprised largely of recurring transfers out to debt service and special revenue funds reduced the net increase in fund balance to \$3.47 billion, which together with a \$234 million restatement pushed ending fund balance \$12.06 billion.

Figure 11

State of Ohio					
General Fund Summary Statement of Income and Balance Sheet					
FYE June 30 (audited, GAAP Basis) (\$ in millions)					
	2017	2018	2019	2020	2021
Statement of Income					
Revenues	\$ 37,306	\$ 35,501	\$ 37,653	\$ 37,891	\$ 42,950
Expenditures	36,730	34,908	34,555	36,006	38,782
Excess (Deficiency) of Rev. Over Exp.	576	592	3,099	1,886	4,168
Other Financing Sources (Uses)	(841)	(484)	(879)	(1,240)	(699)
Net Change in Fund Balance	(265)	108	2,219	646	3,469
Beginning Fund Balance	5,654	5,389	5,498	7,718	8,367
Restatement	-	-	-	-	234
Beginning Fund Balance, Restated					8,601
Change in Inventories	(1)	1	1	3	(6)
Ending Fund Balance	5,389	5,498	7,718	8,367	12,064
Statement of Assets					
Assets					
Cash and Cash Equivalents	\$ 5,549	\$ 5,996	7,272	7,244	11,699
Investments and Collateral on Lent Securities	2,863	2,929	3,754	2,623	4,458
Receivables	3,669	3,684	3,531	4,086	3,612
Other	21	22	23	291	20
Total Assets	12,102	12,631	14,579	14,245	19,790
Liabilities					
Accounts Payable and Accrued Liabilities	463	431	409	456	499
Medicaid Claims Payable	1,084	1,065	627	511	420
Obligations Under Securities Lending	1,511	1,696	2,308	1,005	2,572
Intergovernmental, Interfund, and Component Unit Payables	1,208	1,172	1,113	1,168	1,571
Other	1,195	1,555	1,374	1,711	1,751
Total Liabilities	5,463	5,919	5,832	4,851	6,812
Deferred Inflows of Resources	1,251	1,214	1,029	1,026	914
Fund Balance					
Nonspendable	44	52	55	61	47
Restricted	1,370	1,465	1,593	1,411	1,605
Committed	740	773	729	764	838
Assigned	2,996	2,539	2,886	3,207	3,856
Unassigned	239	668	2,455	2,924	5,718
Total Fund Balance	5,389	5,498	7,718	8,367	12,064
<i>Unassigned Fund Balance as % of Expenditures</i>	<i>0.7%</i>	<i>1.9%</i>	<i>7.1%</i>	<i>8.1%</i>	<i>14.7%</i>

Source: State of Ohio ACFRs

The State was awarded a total of \$15.7 billion from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) including \$9.6 billion for the State and \$6.1 billion for locals. The State recorded this activity separately from the General Fund, with such funds flowing primarily through the Pandemic Relief Funds. Pandemic Relief Funds recorded spending of \$430 million FY 2020 and \$2.7 billion in FY 2021 and a balance of \$5.6 billion at FYE 2021 available for future spending.

Liquidity

The State maintains \$21.7 billion in cash and cash equivalents across governmental funds as of FY 2021 which provides a strong 106 day's cash on hand relative to annual governmental expenditures. The State currently has \$436 million in outstanding variable rate debt with the liquidity support provided by the State for all these issues.

Budgetary Basis 2021 Results and Projections (Unaudited, Cash Basis)

The State's main operating fund for budgetary purposes in the General Revenue Fund (GRF), which comprised ~90% of the GAAP basis General Fund revenues. The GRF ending cash balance increased \$3.45 billion (272%) in FY 2021 to \$4.72 billion.

The State maintains a Budgetary Stabilization Fund (BSF) which is a rainy-day savings account, included within the unassigned balance of the General Fund in the ACFR. By State law, the maximum balance of the BSF is up to 8.5% of the prior fiscal year's GFR revenues. As of FY 2021, the BSF was \$2.69 billion (6.8% of GRF revenue).

The State did not draw on the BSF per the COVID-19 pandemic and no draws are proposed in the FY 2022 to FY 2023 Biennium.

Figure 12

State of Ohio							
Summary Statement of General Revenue Fund Cash Basis Activity and Budget Stabilization Fund Balance							
FYE June 30 (unaudited, Cash Basis) (dollars in millions)							
	Actual					Enacted Biennium Budget	
	2017	2018	2019	2020	2021	2022	2023
Cash Receipts							
Taxes:							
Personal Income	\$ 7,607	\$ 8,411	\$ 8,910	\$ 7,881	\$ 10,201		
Sales and Use	10,615	10,148	10,573	10,686	12,191		
Financial Institutions Tax	187	201	202	215	226		
Commercial Activity Tax	1,302	1,523	1,630	1,672	1,667		
Public Utilities and Kilowatt Hour	516	531	563	533	493		
Cigarette	981	940	918	913	927		
Domestic Insurance	269	278	276	303	310		
Foreign Insurance	302	277	296	305	324		
Other	109	114	121	116	128		
Total Taxes	21,886	22,423	23,490	22,623	26,467		
Federal Government	11,761	9,470	9,764	10,482	12,727		
Licenses, Permits and Fees	57	59	64	67	88		
Investment Income	49	64	114	131	57		
Other	69	266	88	121	109		
Total Cash Receipts	33,822	32,283	33,520	33,425	39,448	36,600	39,900
Cash Disbursements							
Primary, Secondary, and Other Education	\$ 7,946	\$ 8,064	\$ 8,214	\$ 7,929	\$ 7,883		
Higher Education	2,295	2,305	2,293	2,282	2,369		
Public Assistance and Medicaid	17,437	14,483	15,053	15,472	18,094		
Health and Human Services	1,290	1,252	1,272	1,344	1,381		
Justice and Public Protection	2,053	2,130	2,223	2,386	2,387		
General Government	248	244	391	440	422		
Property Tax Reimbursement	1,790	1,802	1,801	1,801	1,806		
Debt Service	1,323	1,344	1,431	1,450	1,217		
Total Cash Disbursement, As Stated	34,504	31,727	32,678	33,104	35,630	34,900	39,300
Cash Transfers and Ending Fund Balance							
Transfers-In	\$ 356	\$ 189	\$ 248	\$ 81	\$ 98		
Transfers-Out	(311)	(80)	(773)	(670)	(465)		
Beginning Cash Balance	1,193	557	1,221	1,538	1,270		
Ending Cash Balance	557	1,221	1,538	1,270	4,721		
Budget Stabilization Fund							
Ending Balance ¹	\$ 2,034	\$ 2,692	\$ 2,692	\$ 2,692	\$ 2,692		
as a % of GRF Receipts	6.0%	8.3%	8.0%	8.0%	6.8%		

Source: State of Ohio FY 2021 Continuing Disclosure and Bond Appendix A dated April 10, 2022.

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

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