

# Comprehensive Annual Financial Report

The State of Ohio – Fiscal Year Ended June 30, 2017



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, 2017



Office of Budget and Management

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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, 2017**  
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# Introductory Section



**Summit Lake Trailhead**  
Akron, Ohio

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# Office of Budget and Management

John R. Kasich  
Governor

Timothy S. Keen  
Director

December 22, 2017

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, 2017, 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 2017**

The U.S. economy expanded for the eighth consecutive calendar year in 2017, extending to eight and a half years the expansion that began in mid-2009. At 102 months in length as of December, the current expansion is the third longest of the eleven expansions since the end of World War II. Economic growth, however, has been very slow compared with previous expansions.

Real Gross Domestic Product (GDP) increased at an annual rate of 2.2% during the thirty-three quarters ending in the third quarter of 2017, compared with an average growth rate of 4.4% during the first thirty-three quarters of the two other expansions that lasted as long. Real final sales increased at a 2.0% annual rate during the period, compared with the average of 4.3% during the two previous expansions. Nonfarm payroll employment has increased at an annual rate of 1.3% – about half the average rate of 2.7% in the prior two expansions. Real disposable personal income has increased at an annual rate of only 1.8%, compared with an average of 4.2% in the prior two expansions.

During 2017, real GDP growth accelerated from 1.2% in the first quarter to an average of approximately 3.0% in the middle two quarters. In addition, key monthly indicators suggest that growth continued at a similar pace in the fourth quarter. Real GDP has expanded at an annual rate of 2.5% during the first three quarters.

Personal consumption expenditures contributed 1.7 percentage points of the 2.5% growth rate in real GDP during the first three quarters. Nonresidential fixed investment contributed 0.8 points. Investment in equipment (+0.4), intellectual property (+0.2), and structures (+0.1) all made positive contributions. Net exports added 0.3 points. The change in business inventories subtracted 0.2 points. Government spending subtracted slightly, as did investment in residential structures.

Spending on services accounted for over half of growth in overall personal consumption expenditures. Health care purchases accounted for almost one-third of the contribution from services, with financial services and insurance accounting for over one-fifth. The contribution from durable goods was larger than that from nondurable goods. The largest contributor within durable goods was recreational goods and vehicles. Purchases of new light motor vehicles made essentially no contribution. The increase in nondurable goods spending was widely diffused across categories.

The 2.5% annualized rate of increase in real personal consumption expenditures during the first three quarters of 2017 was financed by a 2.0% rate of increase in real disposable personal income. The shortfall between the increase in consumption and in disposable personal income was made up by a small decrease in the saving rate from 3.6% of disposable personal income in the fourth quarter of 2016 to 3.3% in the third quarter of 2017.

Inflation remained low in 2017. The Consumer price index (CPI) increased at an annual rate of 1.6% from the fourth quarter of 2016 to the third quarter of 2017, little changed from 1.8% during the four quarters of 2016. The core rate of inflation is also low, judging by the 1.6% annualized rate of increase in the CPI excluding food and energy. But the 2.3% annualized rate of increase in the Median CPI from the Federal Reserve Bank of Cleveland during the first ten months of the year suggests that the underlying rate of inflation may be higher.

Monetary policy remained extraordinarily accommodative throughout 2017, even after the Federal Reserve increased its federal funds rate target by a quarter of a percentage point in March and again in September and despite a widely expected third increase in December. In light of recent improvements in labor markets, policy makers no longer view an extremely low rate target as necessary, and expect that additional rate increases during 2018 will be consistent with its objectives.

In addition, the Federal Reserve began in September the process of shrinking its balance sheet by not reinvesting a portion of maturing assets. The amount of maturing principal not reinvested is planned to rise

over time. The purpose is to gradually eliminate extraordinary support for the economy and financial markets that was put in place during and in the years immediately following the 2008-2009 financial crisis.

Fiscal policy continued to add directly to aggregate demand in Fiscal Year 2017, as the federal budget deficit increased by 7.3% to \$666 billion, or 3.5% of GDP. This was the first increase in the deficit as a percent of GDP since 2009 and the largest deficit since 2013, both in dollar terms and relative to GDP. The increase in the deficit resulted from a 3.3% increase in outlays and a 1.4% increase in receipts, both of which reached record highs.

In line with trends across the country, labor markets across Ohio strengthened further in 2017. Nonfarm payroll employment in Ohio increased by 47,200 jobs, or 1.0% annualized, from December 2016 to October 2017. The annual benchmark revisions to historical data released by the U.S. Bureau of Labor Statistics in early 2017 revealed modestly lower growth in employment during 2015-2016 than had been previously reported. Ohio employment growth during the two-year period was revised down by 11,900 jobs from 122,300 jobs to 110,400 jobs.

Employment activity was mixed across economic sectors during the year-to-date through October 2017. Growth was widespread, but especially strong in educational and health services (+16,100), leisure and hospitality (+13,200), and construction (+8,900). Employment increased by 46,200 jobs in the private sector. Employment declined through October only in trade, transportation, and utilities (-5,600) and information (-2,600).

The Ohio unemployment rate was trendless through October 2017, edging up by 0.1 percentage point from December 2016 to 5.1%. The increase reflected an increase of 63,900, or 1.2%, in total employment, an increase of 11,600, or 4.1%, in unemployed people, and an increase of 75,500, or 1.3%, in the labor force.

In response to the ongoing growth in labor markets, Ohio personal income increased at an annual rate of 2.8% from the second half of 2016 to the first half of 2017. In comparison, personal income increased at an annual rate of 3.5% across the country. Ohio wage and salary disbursements nearly kept pace with wage and salary disbursements across the nation, rising at an annual rate of 3.1%, compared with 3.3% for the U.S.

### **The Economic Outlook**

The economy is likely to continue expanding in 2018, despite uncertainty over domestic economic policy and apparent geopolitical threats. Past expansions have been ended by unexpected events that have typically included some mix of rising inflation, tightening monetary policy, and an upward spike in energy costs. Although the federal funds rate is expected to increase in 2018, the path of interest rates does not fit the pattern of monetary tightening that has led to prior recessions. Neither of the other two factors has recently occurred or appears likely in the near-term. Leading economic indicators that in the past have provided some warning of oncoming recessions are almost uniformly signaling growth at least at a moderate pace. In fact, some recent signs indicate that the economy might be accelerating.

The overall economy is projected to grow somewhat faster in 2018. Real GDP will expand by a projected 2.2% in 2017 and 2.5% in 2018, per the November 2017 forecast by IHS Markit. The Ohio economy is also expected to grow in 2017, according to the November 2017 IHS Markit forecast. Ohio employment is projected to grow 1.0% in 2018 after a projected 0.9% increase in 2017 on an annualized basis. Ohio personal income is projected to accelerate from 2.6% in 2017 to 5.2% in 2018. On the other hand, nominal Gross State Product is projected to decelerate from 4.5% in 2017 to 4.0% in 2018.

As always, unexpected events will influence future economic performance. Heightened political uncertainty has accompanied the change of administrations in Washington, D.C., so far without legislative action on major issues from the campaign, such as health care, taxes, trade, and immigration (although the Senate and House have each passed versions of a major tax reform bill).

The economy could benefit from the following:

- A health care reform that introduces competition into the market place for medical goods and services;
- Tax reform that includes reductions in marginal rates without offsetting disincentives through other changes;
- A large federal infrastructure spending program;
- Reductions in regulations that impede free market activity;
- A continuation in the rebound in economic growth overseas; and
- A continuation of accommodative monetary policy.

However, risks to the economic outlook include:

- Potential disruptions to international trade from changes to international agreements or military conflict;
- Continued substantial rise in the price of oil – recently up more than 100% from the daily low set in February 2016; and
- A more rapid than anticipated increase in interest rates by the Federal Reserve, which is currently expected to raise the target for the federal funds rate to the 2.00% to 2.25% range or higher by the end of 2018.

## **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.

Among major policy initiatives undertaken by the Kasich Administration in conjunction with 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. This budget continues the Kasich tradition of conservative budgeting and restrained spending that has served Ohio well for the past six years.

Strengthening Ohio's Jobs-Friendly Business Climate: Ohioans have enjoyed one of the biggest tax cuts in the nation over the past six 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. Despite this progress, many elements of Ohio's tax system remain irrational and align poorly with today's consumer-driven economy. That is why this budget builds upon the Kasich Administration's previously enacted reforms.

Shrinking the Number of Tax Brackets: This budget reduces 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 remain too complex and costly as businesses are forced to comply with hundreds of different tax systems. Provisions

in this budget streamline 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 will process those payments and distribute 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 has again 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 will be 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 recently 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 new 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 in the Knowledge Economy.

Strengthening Pathways to a Low-Cost Degree: The state's new 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 has been 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. Gov. Kasich continues to build on that progress with several new or expanded initiatives.

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 will create 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.

Using Innovation and New Technologies to Improve Transportation for Those Seeking Health Services: Ohio will modernize its existing non-emergency medical transportation system for Ohioans seeking medical treatment.

Supporting Our Most Vulnerable Ohioans: The new state budget 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 this budget includes an additional \$65

million that will continue 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 new budget maintains this strong funding commitment in order to provide continued access to health care for many Ohioans struggling with addiction, plus other necessary treatment and recovery supports.

Supporting Mental Health Services: The new budget maintains the Kasich Administration's strong 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 FYs 2018 and 2019 – passed earlier this year – include:

Continuing Ohio's Record-Breaking Pace for Highway Repairs and Improvement: Over the past seven 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 new transportation budget continues that progress by investing in 43 major projects, 446 bridge projects, 615 pavement projects and 356 safety projects over the next two years.

Creating Smart Highways as Testing Corridors for New Transportation Technologies: Ohio will create and instrument 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 is working 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 Test 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 can continue to provide job creators with a stable environment for growth. At the same time, embracing innovation and the jobs of tomorrow will keep Ohio economically competitive and at least one step ahead of others with emerging technologies that can help us reap the benefits and jobs that follow.

### **Interactive Budget and Transparency**

Following the launch of [Ohio's Interactive Budget website](#) in FY 2016, FY2017 was a year 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, 2016.

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 fluid and cursive, with the first name being the most prominent.

Timothy S. Keen  
Director

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# **STATE OF OHIO OFFICIALS**

As of June 30, 2017

## **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

Clifford Rosenberger  
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>		
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<b>LEGISLATIVE</b>  <b>Senate</b> (33 Members)  <b>House of Representatives</b> (99 Members)	<b>EXECUTIVE</b>  <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)	<b>JUDICIAL</b>  <b>Supreme Court</b> Chief Justice and 6 Justices
<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></p> <table border="0" style="width: 100%;"> <tr> <td>Bowling Green State University</td> <td>Ohio University</td> </tr> <tr> <td>Central State University</td> <td>Shawnee State University</td> </tr> <tr> <td>Cleveland State University</td> <td>University of Akron</td> </tr> <tr> <td>Kent State University</td> <td>University of Cincinnati</td> </tr> <tr> <td>Miami University</td> <td>University of Toledo</td> </tr> <tr> <td>Northeast Ohio Medical University</td> <td>Wright State University</td> </tr> <tr> <td>Ohio State University</td> <td>Youngstown State University</td> </tr> </table> <p><i>State Community Colleges:</i></p> <table border="0" style="width: 100%;"> <tr> <td>Cincinnati State</td> <td>Owens State</td> </tr> <tr> <td>Clark State</td> <td>Southern State</td> </tr> <tr> <td>Columbus State</td> <td>Terra State</td> </tr> <tr> <td>Edison State</td> <td>Washington State</td> </tr> <tr> <td>Northwest State</td> <td></td> </tr> </table>	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	Cincinnati State	Owens State	Clark State	Southern State	Columbus State	Terra State	Edison State	Washington State	Northwest State	
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																								
Cincinnati State	Owens State																								
Clark State	Southern State																								
Columbus State	Terra State																								
Edison State	Washington State																								
Northwest State																									

**FIDUCIARY**

Star Ohio  
 Variable College Savings Plan  
 Agency Funds

**JOINT VENTURES**

Great Lakes Protection Fund  
 Local Community Colleges Technical Colleges

**RELATED ORGANIZATIONS**

Higher Educational Facility Commission  
 Ohio Housing Finance Agency  
 Ohio Legal Assistance Foundation  
 Ohio Water Development Authority  
 Petroleum Underground Storage Tank  
 Release Compensation Board



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, 2016**

Executive Director/CEO

# Financial Section



**Pro Football Hall of Fame**  
Canton, Ohio

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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, 2017, 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	95%	39%
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.	90%	90%
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%	85%

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 seven percent of the total expenses of the aggregate discretely presented component units, in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

### ***Opinion***

In our opinion, based on our audit and the report 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, 2017, 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.

### ***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 Liabilities and Pension 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 of Ohio'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 22, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 22, 2017

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# State of Ohio

## Management's Discussion and Analysis

### For the Fiscal Year Ended June 30, 2017

(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, 2017. 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 2017, net position of the State's primary government increased by \$378.1 million, and ended fiscal year 2017 with a balance of \$29.71 billion. Net position of the State's component units increased by \$707.1 million, and ended fiscal year 2017 with a balance of \$10.04 billion. See additional discussion beginning on page 8.

##### *Fund Financial Statements*

Governmental funds reported a combined ending fund balance of \$13.84 billion that was comprised of \$137.8 million in nonspendable, \$8.87 billion restricted for specific purposes, \$1.6 billion committed, \$3 billion in assigned, and \$238.2 million in unassigned. See additional discussion beginning on page 11.

As of June 30, 2017, the General Fund's fund balance was approximately \$5.39 billion, including \$43.6 million in nonspendable, \$1.37 billion in restricted, \$739.7 million in committed, \$3 billion in assigned, and \$239.5 million in unassigned. The General Fund's fund balance decreased by \$265.1 million (exclusive of a \$615 thousand decrease in inventories) or 4.7 percent during fiscal year 2017. See additional discussion beginning on page 11.

Proprietary funds reported net position of \$10.73 billion, as of June 30, 2017, an increase of \$1.34 billion since June 30, 2016. This increase is largely due to the net increase of \$1 billion in the Workers' Compensation Fund. See additional discussion beginning on page 13.

##### *Capital Assets*

The carrying amount of capital assets for the State's primary government increased to \$27.75 billion at June 30, 2017. The majority of the \$340.4 million increase during fiscal year 2017 was from additions to construction-in-progress projects. See additional discussion beginning on page 13.

##### *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 \$280.4 million or 1.6 percent during fiscal year 2017, for an ending balance of \$17.95 billion. During the year, the State issued a par amount of \$1.39 billion in long-term debt. There were no advance 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				
	Fund Statements			
	Government-wide 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 161 through 239. The State has the following three kinds of funds:

*Governmental Funds* — Most of the State’s basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out (i.e., near-term inflows and outflows of spendable resources) and the balances remaining at year-end that are available for spending (i.e., balances of spendable resources). Consequently, the governmental fund financial statements provide a detailed short-term view that helps the financial statement reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the State’s programs. Because these statements do not encompass the long-term focus of the government-wide statements, a reconciliation schedule, which follows each of the governmental fund financial statements, explains the relationship (or differences) between them.

The State’s governmental funds include the General Fund, Job, Family and Other Human Services Special Revenue Fund, and the Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund, all of which are considered major funds. Data from the other governmental funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic governmental fund financial statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

For budgeted governmental funds, the State also presents budgetary comparison 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 responsible for ensuring the assets reported in these funds are used for their intended purposes. The State Highway Patrol Retirement System Pension Trust Fund, Variable College Savings Plan Private-Purpose Trust Fund, STAR Ohio Investment Trust Fund, and the agency funds are presented on two statements. Fiduciary information is excluded from the government-wide financial statements because the State cannot use these assets to finance its operations.

## **Discretely Presented Component Unit Statements (Component Unit)**

Following the fund financial statements, the State includes statements for its major discretely presented component units within the basic financial statements section. Nonmajor discretely presented component units are also presented in aggregation under a single column in the component unit financial statements and in combining statements elsewhere in this report.

## **Notes to the Financial Statements**

The basic financial statements section includes notes that more fully explain the information in the government-wide and fund financial statements; the notes provide more detailed data that are essential to a full understanding of the data presented in the financial statements. The notes can be found on pages 48 through 142 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 various schedules disclosing the State's share of pension obligation, employer contributions required as compared to employer contributions actually paid, and covered payroll, for the various retirement systems in which the State participates. 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 143 through 159 of this report.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

*Net Position.* During fiscal year 2017, as shown in the table below, the combined net position of the State's primary government increased by \$378.1 million or 1.3 percent. Net position reported for governmental activities decreased approximately \$965.2 million or 4.8 percent, compared to the net position on July 1, 2016, and business-type activities increased \$1.34 billion, or 14.3 percent. Condensed financial information derived from the Statement of Net Position for the primary government is presented in the following table.

	As of June 30, 2017			As of June 30, 2016		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current and Other Assets .....	\$ 19,854,708	\$ 30,114,503	\$ 49,969,211	\$ 18,098,974	\$ 28,596,642	\$ 46,695,616
Capital Assets.....	27,567,236	182,515	27,749,751	27,213,263	196,113	27,409,376
Total Assets.....	<u>47,421,944</u>	<u>30,297,018</u>	<u>77,718,962</u>	<u>45,312,237</u>	<u>28,792,755</u>	<u>74,104,992</u>
Deferred Outflows of Resources.....	6,040,976	138,487	6,179,463	5,757,784	94,360	5,852,144
Current and Other Liabilities.....	8,204,786	595,194	8,799,980	6,332,238	848,894	7,181,132
Noncurrent Liabilities.....	24,223,894	19,101,127	43,325,021	22,628,269	18,647,123	41,275,392
Total Liabilities.....	<u>32,428,680</u>	<u>19,696,321</u>	<u>52,125,001</u>	<u>28,960,507</u>	<u>19,496,017</u>	<u>48,456,524</u>
Deferred Inflows of Resources.....	2,051,745	14,181	2,065,926	2,161,787	9,397	2,171,184
Net Position:						
Net Investment in Capital Assets.....	24,140,366	176,237	24,316,603	23,925,328	186,037	24,111,365
Restricted.....	5,414,054	10,393,851	15,807,905	5,111,516	9,064,004	14,175,520
Unrestricted.....	(10,571,925)	154,915	(10,417,010)	(9,089,117)	131,660	(8,957,457)
Total Net Position.....	<u>\$ 18,982,495</u>	<u>\$ 10,725,003</u>	<u>\$ 29,707,498</u>	<u>\$ 19,947,727</u>	<u>\$ 9,381,701</u>	<u>\$ 29,329,428</u>

As of June 30, 2017, the primary government's net investment in capital assets (e.g., land, buildings, infrastructure, and construction-in-progress) was \$24.32 billion. Restricted net position was approximately \$15.81 billion, resulting in an unrestricted \$10.42 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, 2017, is included within unrestricted net position.

The government-wide Statement of Net Position reflects a \$10.57 billion deficit for unrestricted governmental activities, which is primarily attributable to the following two 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 \$11.31 billion of outstanding general obligation and special obligation debt at June 30, 2017, \$8.26 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 \$4.92 billion as of June 30, 2017, for its proportionate share of the net pension liability of the associated pension plans that provide benefits to State employees.



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 2017 and 2016 follows.

**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2017 and 2016**  
*(dollars in thousands)*

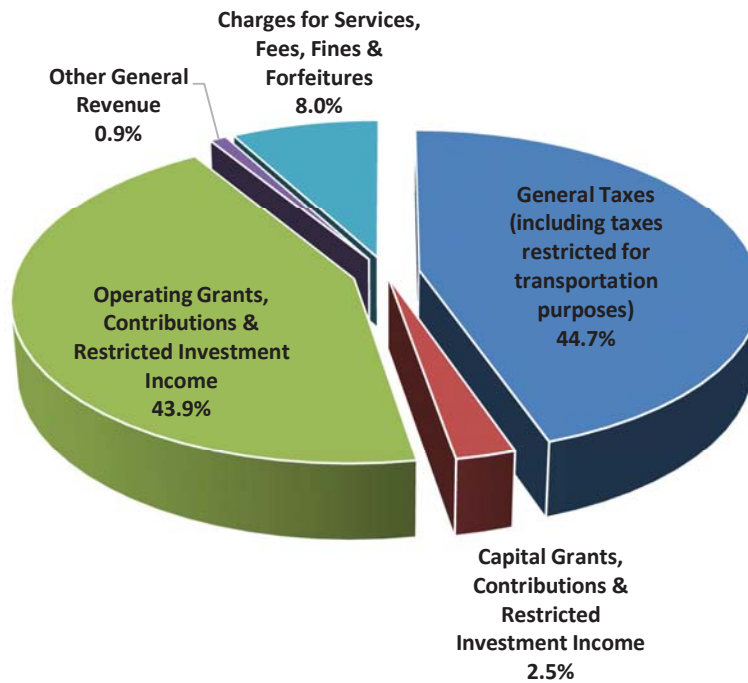
	Fiscal Year 2017			Fiscal Year 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Program Revenue:</b>						
Charges for Services, Fees, Fines and Forfeitures .....	\$ 4,556,648	\$ 6,854,130	\$ 11,410,778	\$ 4,927,671	\$ 6,674,159	\$ 11,601,830
Operating Grants, Contributions and Restricted Investment Income/ (loss).....	25,070,684	1,959,320	27,030,004	24,721,794	1,444,535	26,166,329
Capital Grants, Contributions and Restricted Investment Income/ (loss).....	1,442,906	-	1,442,906	1,430,936	-	1,430,936
<b>Total Program Revenues.....</b>	<b>31,070,238</b>	<b>8,813,450</b>	<b>39,883,688</b>	<b>31,080,401</b>	<b>8,118,694</b>	<b>39,199,095</b>
<b>General Revenues:</b>						
General Taxes.....	23,578,863	-	23,578,863	23,285,081	-	23,285,081
Taxes Restricted for Transportation.....	1,952,512	-	1,952,512	1,798,483	-	1,798,483
Tobacco Settlement.....	350,378	-	350,378	341,130	-	341,130
Escheat Property.....	159,585	-	159,585	161,904	-	161,904
Unrestricted Investment Income.....	2,975	12	2,987	70,897	8	70,905
Other.....	30	-	30	1,683	-	1,683
<b>Total General Revenues.....</b>	<b>26,044,343</b>	<b>12</b>	<b>26,044,355</b>	<b>25,659,178</b>	<b>8</b>	<b>25,659,186</b>
<b>Total Revenue.....</b>	<b>57,114,581</b>	<b>8,813,462</b>	<b>65,928,043</b>	<b>56,739,579</b>	<b>8,118,702</b>	<b>64,858,281</b>
<b>Expenses:</b>						
Primary, Secondary and Other Education.....	13,227,781	-	13,227,781	12,728,780	-	12,728,780
Higher Education Support.....	2,760,035	-	2,760,035	2,603,480	-	2,603,480
Public Assistance and Medicaid.....	29,873,408	-	29,873,408	29,103,304	-	29,103,304
Health and Human Services.....	1,636,753	-	1,636,753	1,656,750	-	1,656,750
Justice and Public Protection.....	3,883,836	-	3,883,836	3,587,845	-	3,587,845
Environmental Protection and Natural Resources.....	571,532	-	571,532	586,001	-	586,001
Transportation.....	2,860,338	-	2,860,338	2,602,708	-	2,602,708
General Government.....	946,923	-	946,923	948,796	-	948,796
Community and Economic Development.....	3,256,655	-	3,256,655	3,353,699	-	3,353,699
Interest on Long term Debt (excludes interest charged as program expense).....	94,290	-	94,290	99,819	-	99,819
Workers' Compensation.....	-	2,419,185	2,419,185	-	3,322,700	3,322,700
Lottery Commission.....	-	2,882,887	2,882,887	-	2,866,920	2,866,920
Unemployment Compensation.....	-	985,624	985,624	-	1,021,152	1,021,152
Tuition Trust Authority.....	-	63,711	63,711	-	67,385	67,385
Office of Auditor of State.....	-	91,100	91,100	-	78,917	78,917
<b>Total Expenses.....</b>	<b>59,111,551</b>	<b>6,442,507</b>	<b>65,554,058</b>	<b>57,271,182</b>	<b>7,357,074</b>	<b>64,628,256</b>
<b>Surplus/ (Deficiency) Before Gains (Losses) and Transfers.....</b>						
Gain (Loss) on Extinguishment of Debt.....	(1,996,970)	2,370,955	373,985	(531,603)	761,628	230,025
Transfers - Internal Activities.....	-	4,085	4,085	-	502,586	502,586
Change In Net Position.....	1,031,738	(1,031,738)	-	1,160,878	(1,160,878)	-
Net Position, July 1.....	(965,232)	1,343,302	378,070	629,275	103,336	732,611
<b>Net Position, June 30.....</b>	<b>\$ 18,947,727</b>	<b>\$ 9,381,701</b>	<b>\$ 29,329,428</b>	<b>\$ 19,318,452</b>	<b>\$ 9,278,365</b>	<b>\$ 28,596,817</b>
<b>Net Position, June 30.....</b>	<b>\$ 18,982,495</b>	<b>\$ 10,725,003</b>	<b>\$ 29,707,498</b>	<b>\$ 19,947,727</b>	<b>\$ 9,381,701</b>	<b>\$ 29,329,428</b>

**Governmental Activities**

Expenses exceeded revenues during fiscal year 2017 for governmental activities. Revenues of \$57.11 billion for fiscal year 2017 were \$375 million higher than those reported for fiscal year 2016. General taxes (including taxes restricted for transportation purposes) comprised 44.7 percent of fiscal year 2017 total revenues and increased by 1.8 percent compared to fiscal year 2016. Operating grants, contributions and restricted investment income, making up 43.9 percent of total revenues, increased by 1.4 percent compared to fiscal year 2016. Expenses for fiscal year 2017 increased \$1.84 billion or 3.2 percent from fiscal year 2016, as a result of additional school foundation funding and an overall increase in the Medicaid and health care service costs during fiscal year 2017. Fiscal year 2017 net transfers of \$1.03 billion reflect a decrease of 11.1 percent from fiscal year 2016.

The following chart illustrates revenues by source of governmental activities as percentages of total reported for the fiscal year ended June 30, 2017.

**Governmental Activities — Sources of Revenue  
Fiscal Year 2017**



**Total FY 17 Revenue for Governmental Activities = \$57.11 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, 2017, with comparative numbers from June 30, 2016. 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, 2017 and 2016**  
*(dollars in thousands)*

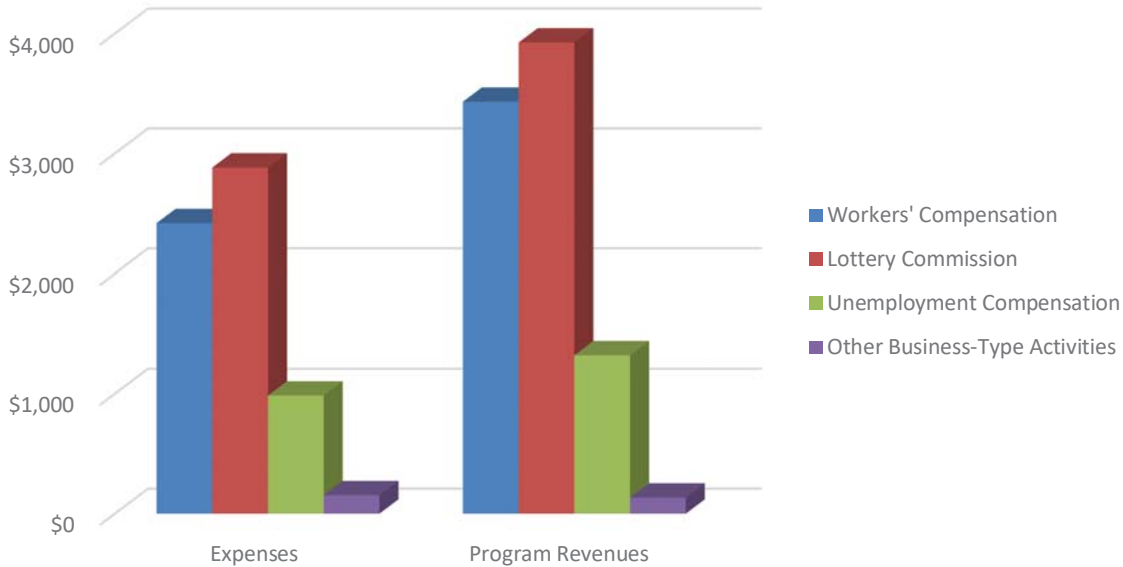
Program	Program Expenses		Net Cost of Program		Net Cost as Percentage of Total Expenses for Program		Net Cost as Percentage of Total Expenses — All Programs	
	2017	Percent of Total Expense 2017	2017	2016	2017	2016	2017	2016
Primary, Secondary and								
Other Education.....	\$ 13,227,781	22.4%	\$11,244,938	\$10,764,162	85.0%	84.6%	19.0%	18.8%
Higher Education Support.....	2,760,035	4.7%	2,731,262	2,578,498	99.0%	99.0%	4.6%	4.5%
Public Assistance and Medicaid.....	29,873,408	50.5%	6,588,884	5,889,767	22.1%	20.2%	11.1%	10.3%
Health and Human Services.....	1,636,753	2.8%	650,297	693,080	39.7%	41.8%	1.1%	1.2%
Justice and Public Protection.....	3,883,836	6.5%	2,548,008	2,315,895	65.6%	64.5%	4.3%	4.0%
Environmental Protection and Natural Resources.....	571,532	1.0%	263,790	283,266	46.2%	48.3%	0.4%	0.5%
Transportation.....	2,860,338	4.8%	1,108,391	780,051	38.8%	30.0%	1.9%	1.4%
General Government.....	946,923	1.6%	359,983	351,436	38.0%	37.0%	0.6%	0.6%
Community and Economic Development.....	3,256,655	5.5%	2,451,470	2,434,807	75.3%	72.6%	4.2%	4.2%
Interest on Long-Term Debt.....	94,290	0.2%	94,290	99,819	100.0%	100.0%	0.2%	0.2%
<b>Total Governmental Activities.....</b>	<b>\$ 59,111,551</b>	<b>100.0%</b>	<b>\$ 28,041,313</b>	<b>\$ 26,190,781</b>	<b>47.4%</b>	<b>45.7%</b>	<b>47.4%</b>	<b>45.7%</b>

**Business-Type Activities**

The State’s enterprise funds reported net position of \$10.73 billion, as of June 30, 2017, compared to \$9.38 billion, as of June 30, 2016, an increase of \$1.34 billion, or 14.3 percent. The Workers’ Compensation Fund reported a \$1 billion increase in net position during fiscal year 2017 primarily from higher returns on its investment portfolio and a significant reduction in expenses.

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 2017**  
(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, 2017 and June 30, 2016 (dollars in thousands).

	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

	As of and for the Fiscal Year Ended June 30, 2016			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit).....	\$ 863,925	\$ (280)	\$ (148)	\$ 863,497
Total Fund Balance.....	5,654,361	5,107,684	3,367,496	14,129,541
Total Revenues.....	36,736,582	10,771,971	9,480,690	56,989,243
Total Expenditures.....	34,842,685	10,822,717	13,043,152	58,708,554

### *General Fund*

The main operating fund of the State is the General Fund. During fiscal year 2017, General Fund revenue increased by \$569.8 million and expenditures increased by \$1.89 billion. Increases of \$284.8 million in federal government revenue related primarily to Medicaid spending and \$256.4 million in sales tax revenue primarily constituted the rise in revenue. The increase in expenditures is primarily due to increases in program spending for Primary, Secondary and Other Education and Public Assistance and Medicaid of \$460.1 million and \$1.21 billion, respectively. The Primary, Secondary and Other Education increase is primarily due to increased payments to school districts under the foundation funding formula. Increases in Medicaid spending constituted the largest portion of the increase in the Public Assistance and Medicaid category. Total fund balance at June 30, 2017, decreased by \$265.1 million (exclusive of a \$615 thousand decrease in inventories) or 4.7 percent. The State's Budget Stabilization Fund (BSF) balance of over \$2.03 billion is included within unassigned fund balance.

### *General Fund Budgetary Highlights*

The State ended the second year of its 2016-17 biennial budget on June 30, 2017, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$4.42 billion. Total budgetary sources for the General Fund (including \$993.1 million in transfers from other funds) in the amount of \$40.31 billion were below final estimates by \$775 million or 1.9 percent during fiscal year 2017. The majority of this shortfall was the result of lower federal revenue related to lower than estimated General Revenue Fund (GRF) Medicaid spending. Total tax receipts were above final estimates by \$52.4 million or 0.2 percent primarily due to higher than expected income and sales tax receipts.

Total budgetary uses for the General Fund (including \$1.42 billion in transfers to other funds) in the amount of \$41.72 billion were below final estimates by \$4.39 billion or 9.5 percent for fiscal year 2017. The majority of lower than appropriated spending came from Medicaid, economic development programs, and higher education. There was no budget stabilization designation at June 30, 2016, for use in balancing the final fiscal year 2017 budget.

The main appropriations act (Act) for the 2016-17 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, 2015. Reflecting a stated continuing focus on job creation and based on a conservative economic forecast, the Act provides for GRF appropriations of \$36.3 billion in fiscal year 2017, a 4.2 percent increase from fiscal year 2016 appropriations.

GRF appropriations for major program categories in fiscal year 2017, relative to 2016 appropriations, reflects the following increases: 5.1 percent in Medicaid in fiscal year 2017 (largely due to shifting funding to the GRF from non-GRF sources); 4.2 percent in fiscal year 2017 for primary and secondary education; 3.3 percent in fiscal year 2017 for higher education; 7.3 percent in fiscal year 2017 for mental health and developmental disabilities; and three percent in fiscal year 2017 for corrections and youth services.

The Act reflects tax reductions and related adjustments that are projected to reduce GRF revenues by approximately \$952 million in fiscal year 2017. These items include a 6.3 percent decrease in State personal income tax rates in calendar year 2015 and exemptions related to business net income.

As is customary in the second year of a biennium, the State revised fiscal year 2017 revenue forecasts to reflect updated economic assumptions, actual fiscal year 2016 revenues, and tax law adjustments since the Act's adoption. The revised fiscal year 2017 GRF tax revenue forecast is approximately \$874 million less than previously estimated. The reductions are primarily in the personal income, sales and use, and commercial activity taxes.

The 2016-17 Act also modifies the school funding formula to distribute new resources to districts with less capacity to raise revenues locally and freezes tuition and fees for two- and four-year higher education institutions. In addition, the Act created a health and human services fund to provide for public health programs and services and authorized a transfer from the GRF of \$150 million to the fund in fiscal year 2017.

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 2017 with a GRF cash balance of \$557.1 million and a GRF budgetary fund balance of \$170.9 million. The State continues to meet its statutory target to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2017 GRF revenues.

### *Other Major Governmental Funds*

The Job, Family and Other Human Services Fund had a fund balance of \$432.1 million at June 30, 2017, an increase of \$78.3 million, or 22.1 percent, compared to fiscal year 2016. Licenses, Permits and Fees revenue decreased \$184.7 million during fiscal year 2017, primarily due to a decrease in hospital assessments. A decrease of \$239.9 million in federal government revenue also contributed to the overall decrease of \$398.9 million. Public Assistance and Medicaid expenditures decreased \$463.5 million. The decrease is primarily related to hospital assessments and a caseload drop in the food assistance program.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2017, totaled approximately \$4.61 billion dollars, a decrease of \$144 million or three percent since June 30, 2016. Tobacco Settlement Receipts decreased \$26.9 million over the prior year. Additionally, the Primary, Secondary and Other Education expenditures increased \$16.6 million due to an increase in the amortization of the deferred charge set up for the amount of bond proceeds used to fund certain State capital projects related to education.

## **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 \$1 billion, or 11.5 percent, to \$9.76 billion at June 30, 2017. During the fiscal year, investment income increased \$512.2 million, largely due to a 1.7 percent increase in the net return on its investment portfolio. Additionally, Other expenses decreased nearly \$910 million or 44.6 percent. This expense reduction, primarily related to decreases of over \$2 billion in the DWRF (Disabled Workers' Relief Fund) assessments and unbilled receivable amounts, was partly offset by an increase in the premium rebate expense of \$1.1 billion. An increase in premium and assessment income also contributed to the net position increase.

For fiscal year 2017, the *Lottery Commission Fund* reported \$1.04 billion in net income before transfers of approximately \$1.04 billion to the Lottery Profits Education Fund. Net position at June 30, 2017, in the amount of \$242.7 million, rose a modest 0.1 percent over the prior year.

The Unemployment Compensation Fund's net position increased \$328.9 million over fiscal year 2016. A healthier beginning balance, aided by a \$127 million increase in premium and assessment income and a \$29.7 million decrease in benefits and claims expense contributed to the overall increase. The fund also reported a \$4.1 million gain on extinguishment of debt related to the payoff of federal advances early in fiscal year 2017 (for the Federal Unemployment Tax Act credit, see NOTE 2D).

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2017, and June 30, 2016, the State's primary government had invested \$27.75 billion and \$27.41 billion, respectively, net of accumulated depreciation of \$4.49 billion and \$4.14 billion, respectively, in a broad range of capital assets, as detailed in the table on the following page.

The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was 1.2 percent (a 1.3 percent increase for governmental activities and a 6.9 percent decrease for business-type activities). Depreciation expense increased 3.8 percent for governmental activities and 49.4 percent for business-type activities.

The State completed construction on a variety of projects at various state facilities during fiscal year 2017 totaling approximately \$200.6 million, as compared with \$350 million in the previous fiscal year. As is further detailed in NOTE 20D of the notes to the financial statements, the State had \$323.9 million in major construction commitments (unrelated to infrastructure), as of June 30, 2017, as compared with \$291.6 million for 2016.

**Capital Assets, Net of Accumulated Depreciation**

**As of June 30, 2017 and 2016**

*(dollars in thousands)*

	As of June 30, 2017			As of June 30, 2016		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land .....	\$ 2,391,230	\$ 9,466	\$ 2,400,696	\$ 2,358,859	\$ 9,466	\$ 2,368,325
Buildings .....	1,486,323	28,983	1,515,306	1,545,669	35,947	1,581,616
Land Improvements .....	172,947	-	172,947	169,168	-	169,168
Machinery and Equipment .....	426,855	34,133	460,988	535,745	42,213	577,958
Vehicles .....	195,571	1,917	197,488	186,917	1,650	188,567
Infrastructure:						
Highway Network:						
General Subsystem .....	8,647,678	-	8,647,678	8,630,137	-	8,630,137
Priority Subsystem .....	8,657,803	-	8,657,803	8,634,436	-	8,634,436
Bridge Network .....	2,798,045	-	2,798,045	2,838,264	-	2,838,264
Parks, Recreation, and Natural Resources System ....	108,426	-	108,426	116,576	-	116,576
	<u>24,884,878</u>	<u>74,499</u>	<u>24,959,377</u>	<u>25,015,771</u>	<u>89,276</u>	<u>25,105,047</u>
Construction-in-Progress .....	2,682,358	108,016	2,790,374	2,197,492	106,837	2,304,329
Total Capital Assets, Net .....	<u>\$ 27,567,236</u>	<u>\$ 182,515</u>	<u>\$ 27,749,751</u>	<u>\$ 27,213,263</u>	<u>\$ 196,113</u>	<u>\$ 27,409,376</u>

**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 43,193 lane miles of highway and approximately 107.5 million square feet of deck area that comprises 14,276 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 2017, indicates that 2.1 percent and 0.8 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating. Comparatively, 1.9 percent and 0.6 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating in fiscal year 2016.

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 2017, indicates that only 1.9 percent of the number of square feet of bridge deck area was considered to be in "fair" and "poor" conditions. In comparison, fiscal year 2016 had two percent of the number of square feet of bridge deck area considered to be in "fair" and "poor" conditions.

Fiscal year 2017 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. In the previous fiscal year, total actual maintenance and preservation costs for the pavement network were \$902.9 million, compared to estimated costs of \$902.4 million, while total actual maintenance and preservation costs for the bridge network was \$552 million, \$52.5 million above estimate. Overall, the State's costs for actual maintenance and preservation for highway infrastructure assets have exceeded estimates over the past two years due to steadily increasing underlying costs for the materials and labor associated with infrastructure projects.

More detailed information on the State's capital assets can be found in NOTE 8 to the financial statements and in the Required Supplementary Information 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 appropriations) that approximates interest and principal payments made by trustees to certificate holders.

During fiscal year 2017, the State issued a par amount of \$810 million in general obligation bonds, \$217.6 million in revenue bonds, \$290 million in special obligation bonds, and \$73.8 million in certificates of participation. There were no advance refunding bonds. The total increase in the State’s debt obligations for the current fiscal year, based on carrying amount, was 1.6 percent, all in governmental activities.

As of June 30, 2017, and June 30, 2016, the State had total debt of approximately \$17.95 billion and \$17.67 billion, respectively, as shown in the table below.

<b>Bonds and Notes Payable and Certificates of Participation</b>		
<b>As of June 30, 2017 and 2016</b>		
<i>(dollars in thousands)</i>		
	Governmental Activities	
	June 30, 2017	June 30, 2016
Bonds and Notes Payable:		
General Obligation Bonds.....	\$ 9,297,641	\$ 9,283,156
Revenue Bonds and Notes.....	6,394,647	6,261,882
Special Obligation Bonds.....	2,016,991	1,930,592
Certificates of Participation.....	241,627	194,899
Total Debt.....	<u>\$ 17,950,906</u>	<u>\$ 17,670,529</u>

**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 shown on the following page:

**Credit Ratings**  
**As of June 30, 2017**

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	Caa1 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 and 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 2017, leading economic indicators point toward uninterrupted growth into the next year. The Ohio unemployment rate in October 2017 was 5.1 percent. From October 2016 to October 2017, Ohio's nonfarm payroll employment increased by approximately 59 thousand jobs.

Nationally, real gross domestic product (GDP) expanded at an annual rate of three percent in the third quarter, after growing 3.1 percent in the second quarter of calendar year 2017, the strongest two-quarter period since the second half of 2014. The third quarter growth would likely have been higher if not for the effects of the hurricanes. Compared with a year earlier, the real GDP is approximately 0.1 percent higher.



The national labor market outlook strengthened further in October 2017, as the level of nonfarm payroll employment increased by 261 thousand jobs. The U.S. unemployment rate for October 2017 was 4.1 percent, its lowest level since December 2000.

#### *The 2018-19 Biennial Budget*

The main appropriations act (Act) for the 2018-19 biennium for the General Revenue Fund (GRF), the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund, was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2017. In consideration of lower GRF revenue estimates, the Act included spending cuts across most State agencies and programs. 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 actual expenditures, and \$33.3 billion in fiscal year 2019, a 3.5 percent increase over fiscal year 2018 appropriations.

GRF appropriations for major program categories in fiscal years 2018, relative to 2017 expenditures, and 2019, relative to 2018 appropriations, reflect the following changes: for Medicaid, 15 percent decrease in fiscal year 2018 (driven largely by the replacement of the Medicaid managed care organization sales tax that was deposited into the GRF, by a new health provider assessment that will be deposited into a dedicated non-GRF fund), and 5.7 percent increase in fiscal year 2019; for elementary and secondary education, 1.5 percent increase in fiscal year 2018, and 1.6 percent increase in fiscal year 2019; for higher education, 0.8 percent increase in fiscal year 2018, and 1.4 percent increase in fiscal year 2019; for mental health and developmental disabilities, 0.9 percent decrease in fiscal year 2018 (driven by the shift in funding of certain Medicaid expenditures to the Medicaid program category), and 2.1 percent increase in fiscal year 2019; for corrections and youth services, 4.2 percent increase in fiscal year 2018, and 1.6 percent increase in fiscal year 2019. The Act also modifies some 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.

The Act reflects certain tax law changes, resulting in an estimated net GRF revenue increase of \$12.8 million in fiscal year 2018 and a decrease of \$30.8 million in fiscal year 2019. Included in these changes are adjustments to the personal income tax brackets and deduction amount. In addition, the Act reflects potentially non-recurring sources of revenues including \$84.5 million in transfers to the GRF 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.

#### *General Revenue Fund*

For fiscal year 2018, total fiscal year-to-date GRF receipts collected through October 2017 are \$13.4 million below estimates and \$558.2 million lower than collections through October of the prior fiscal year. Total fiscal year-to-date GRF disbursements through October 2017 are \$120.3 million below estimates for the first four months of fiscal year 2018 and \$907.1 million below expenditures for the first four months of the prior fiscal year. As of October 2017, receipts were 0.1 percent below budget estimates and disbursements were one percent below budget estimates for fiscal year 2018. Fiscal year 2018 receipts are 4.9 percent behind receipts for the first four months of fiscal year 2017. Disbursements for fiscal year 2018 are seven percent below disbursements for the same time period of fiscal year 2017.

#### *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 maximum balance for the BSF can be up to 8.5 percent of the prior fiscal year's GRF revenues. The BSF continues to maintain a record-high balance of over \$2.03 billion, the strongest reserves in State history.

#### *Workers' Compensation Fund*

The Bureau of Workers' Compensation (BWC) has committed \$15 million in fiscal year 2018 to award grants to employers for safety intervention, wellness, and drug-free programs. In addition, BWC plans to spend approximately \$12 million on a health and wellness program that targets Ohioans in specific high risk industries, a statewide safety awareness and educational campaign, and programs to help firefighters and those who work with children and adults with disabilities. Since the Disabled Worker's Relief Fund II (DWRF II) had balances at the end of fiscal year 2017 that exceeded reserves for compensation, BWC has no need to assess employers in future periods to fund the current DWRF II estimated liabilities.

#### *Unemployment Compensation Fund*

During fiscal years 2009 and 2010, the State sought federal assistance in meeting its unemployment benefit costs and received repayable advances in the Unemployment Trust Fund of \$2.31 billion from the Federal Unemployment Account to cover the insufficient State funds for benefit claims during those fiscal years. In early fiscal year

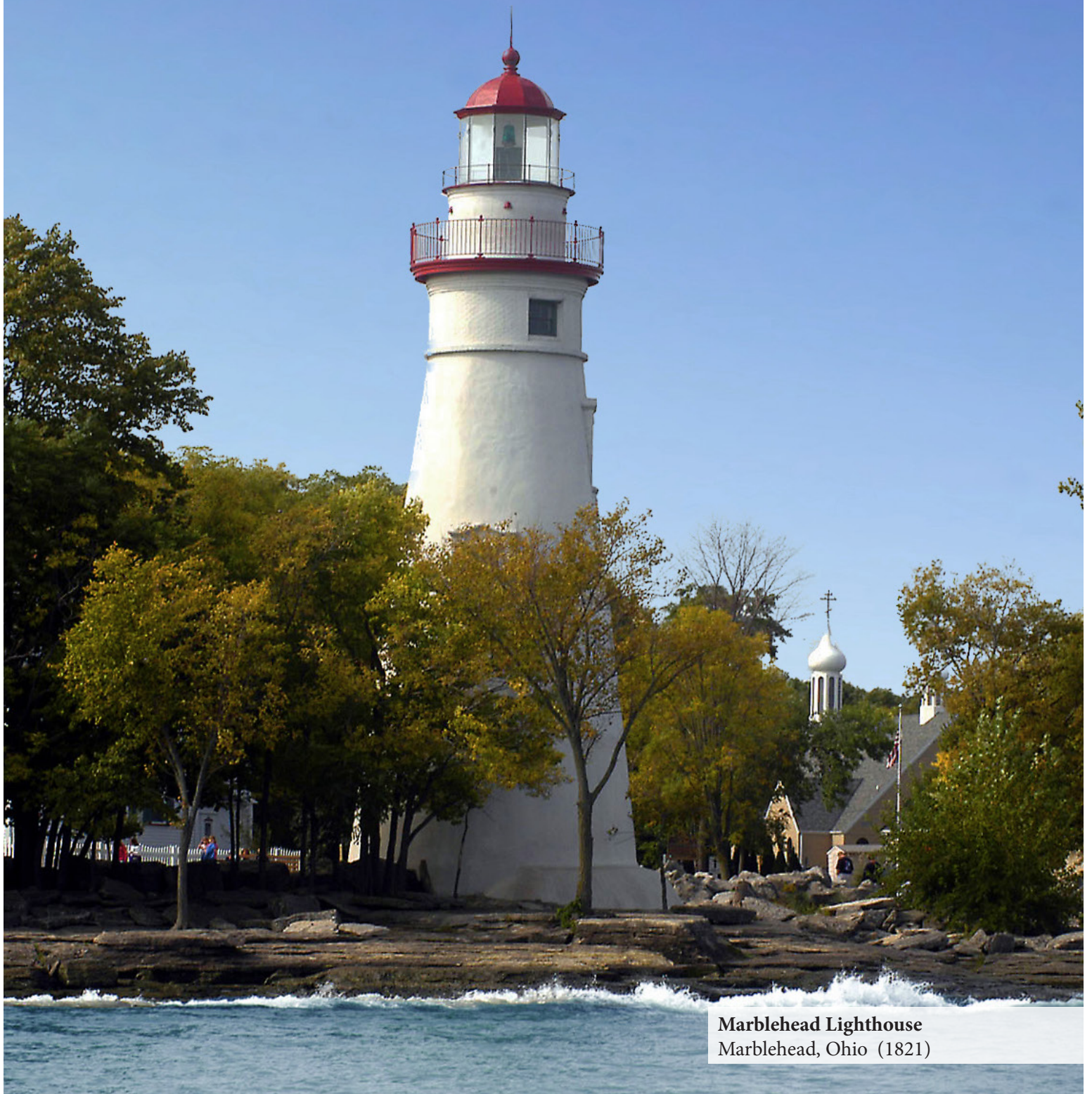
2017, the State paid off the outstanding balance through voluntary payments and Federal Unemployment Tax Act (FUTA) credits. More information relating to the voluntary payments and FUTA credits can be found in NOTE 2D.

**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).

Financial Section

# Basic Financial Statements



**Marblehead Lighthouse**  
Marblehead, Ohio (1821)

**STATE OF OHIO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**  
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<b>ASSETS:</b>				
Cash Equity with Treasurer.....	\$ 9,451,645	\$ 212,229	\$ 9,663,874	\$ 406,693
Cash and Cash Equivalents.....	210,714	623,012	833,726	1,731,972
Deposit with Federal Government.....	—	592,918	592,918	—
Investments.....	1,367,432	26,226,927	27,594,359	11,231,429
Collateral on Lent Securities.....	2,603,873	46,802	2,650,675	107,778
Taxes Receivable.....	1,683,797	—	1,683,797	—
Intergovernmental Receivable.....	1,422,658	5,883	1,428,541	51,234
Premiums and Assessments Receivable.....	—	677,840	677,840	—
Investment Trade Receivable.....	—	270,946	270,946	—
Loans Receivable, Net.....	1,247,653	—	1,247,653	288,482
Receivable from Primary Government.....	—	—	—	19,460
Receivable from Component Units.....	23,857	—	23,857	—
Other Receivables.....	1,343,606	566,279	1,909,885	1,415,046
Inventories.....	114,985	—	114,985	146,126
Other Assets.....	10,279	8,642	18,921	1,734,470
Restricted Assets:				
Cash Equity with Treasurer.....	—	76	76	—
Cash and Cash Equivalents.....	800	—	800	976,110
Investments.....	373,409	796,649	1,170,058	2,377,819
Collateral on Lent Securities.....	—	86,244	86,244	—
Other Receivables.....	—	56	56	—
Capital Assets Being Depreciated, Net.....	2,326,219	65,033	2,391,252	13,890,711
Capital Assets Not Being Depreciated.....	25,241,017	117,482	25,358,499	1,455,473
<b>TOTAL ASSETS.....</b>	<b>47,421,944</b>	<b>30,297,018</b>	<b>77,718,962</b>	<b>35,832,803</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>6,040,976</b>	<b>138,487</b>	<b>6,179,463</b>	<b>2,360,291</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>53,462,920</b>	<b>30,435,505</b>	<b>83,898,425</b>	<b>38,193,094</b>
<b>LIABILITIES:</b>				
Accounts Payable.....	766,621	50,438	817,059	685,201
Accrued Liabilities.....	429,229	5,018	434,247	595,698
Medicaid Claims Payable.....	1,324,177	—	1,324,177	—
Obligations Under Securities Lending.....	2,603,873	133,046	2,736,919	107,778
Investment Trade Payable.....	—	377,981	377,981	—
Intergovernmental Payable.....	1,049,559	554	1,050,113	13,162
Internal Balances.....	590,981	(590,981)	—	—
Payable to Primary Government.....	—	—	—	22,538
Payable to Component Units.....	19,501	—	19,501	—
Unearned Revenue.....	494,749	537,902	1,032,651	424,133
Benefits Payable.....	—	7,707	7,707	—
Refund and Other Liabilities.....	926,096	73,529	999,625	145,133
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year.....	1,155,479	—	1,155,479	952,753
Due in More Than One Year.....	16,553,800	—	16,553,800	10,224,941
Certificates of Participation:				
Due in One Year.....	32,547	—	32,547	—
Due in More Than One Year.....	209,080	—	209,080	—
Other Noncurrent Liabilities:				
Due in One Year.....	161,961	3,131,878	3,293,839	650,934
Due in More Than One Year.....	6,111,027	15,969,249	22,080,276	10,284,732
<b>TOTAL LIABILITIES.....</b>	<b>32,428,680</b>	<b>19,696,321</b>	<b>52,125,001</b>	<b>24,107,003</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,051,745</b>	<b>14,181</b>	<b>2,065,926</b>	<b>4,049,830</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>34,480,425</b>	<b>19,710,502</b>	<b>54,190,927</b>	<b>28,156,833</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.....	24,140,366	176,237	24,316,603	7,957,909
Restricted for:				
Primary, Secondary and Other Education.....	95,110	—	95,110	—
Higher Education Support.....	25,999	—	25,999	—
Public Assistance and Medicaid.....	736,002	—	736,002	—
Health and Human Services.....	143,264	—	143,264	—
Justice and Public Protection.....	160,990	—	160,990	—
Environmental Protection and Natural Resources.....	191,591	—	191,591	—
Transportation.....	3,369,425	—	3,369,425	212,852
General Government.....	266,681	—	266,681	—
Community and Economic Development.....	424,992	—	424,992	74,396
Lottery Prizes.....	—	46,998	46,998	—
Workers Compensation.....	—	9,603,996	9,603,996	—
Unemployment Compensation.....	—	644,872	644,872	—
Tuition Trust Authority.....	—	97,985	97,985	—
Nonexpendable for				
Colleges and Universities.....	—	—	—	3,793,693
Expendable for				
Colleges and Universities.....	—	—	—	3,133,149
Unrestricted.....	(10,571,925)	154,915	(10,417,010)	(5,135,738)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 18,982,495</b>	<b>\$ 10,725,003</b>	<b>\$ 29,707,498</b>	<b>\$ 10,036,261</b>

**STATE OF OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(dollars in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES, FEES, FINES AND FORFEITURES	OPERATING GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	CAPITAL GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	NET (EXPENSE) REVENUE
<b>PRIMARY GOVERNMENT:</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
Primary, Secondary					
and Other Education.....	\$ 13,227,781	\$ 21,579	\$ 1,961,264	\$ —	\$ (11,244,938)
Higher Education Support .....	2,760,035	3,113	25,660	—	(2,731,262)
Public Assistance and Medicaid .....	29,873,408	1,746,969	21,537,555	—	(6,588,884)
Health and Human Services .....	1,636,753	142,645	843,811	—	(650,297)
Justice and Public Protection .....	3,883,836	1,135,411	200,417	—	(2,548,008)
Environmental Protection					
and Natural Resources.....	571,532	225,238	82,504	—	(263,790)
Transportation .....	2,860,338	248,438	64,901	1,438,608	(1,108,391)
General Government .....	946,923	532,489	54,360	91	(359,983)
Community and Economic					
Development.....	3,256,655	500,766	300,212	4,207	(2,451,470)
Interest on Long-Term Debt					
(excludes interest charged as					
program expense).....	94,290	—	—	—	(94,290)
<b>TOTAL GOVERNMENTAL ACTIVITIES.....</b>	<b>59,111,551</b>	<b>4,556,648</b>	<b>25,070,684</b>	<b>1,442,906</b>	<b>(28,041,313)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Workers' Compensation.....	2,419,185	1,554,566	1,877,645	—	1,013,026
Lottery Commission.....	2,882,887	3,933,361	(7,419)	—	1,043,055
Unemployment Compensation.....	985,624	1,311,094	10,118	—	335,588
Tuition Trust Authority.....	63,711	8,156	78,976	—	23,421
Office of Auditor of State.....	91,100	46,953	—	—	(44,147)
<b>TOTAL BUSINESS-TYPE ACTIVITIES.....</b>	<b>6,442,507</b>	<b>6,854,130</b>	<b>1,959,320</b>	<b>—</b>	<b>2,370,943</b>
<b>TOTAL PRIMARY GOVERNMENT.....</b>	<b>\$ 65,554,058</b>	<b>\$ 11,410,778</b>	<b>\$ 27,030,004</b>	<b>\$ 1,442,906</b>	<b>\$ (25,670,370)</b>
<b>COMPONENT UNITS:</b>					
Ohio Facilities Construction Commission.....	\$ 554,796	\$ 24,567	\$ 4,065	\$ —	\$ (526,164)
Ohio State University.....	6,409,669	4,790,531	737,060	26,761	(855,317)
Other Component Units.....	8,679,811	5,519,905	856,961	27,705	(2,275,240)
<b>TOTAL COMPONENT UNITS.....</b>	<b>\$ 15,644,276</b>	<b>\$ 10,335,003</b>	<b>\$ 1,598,086</b>	<b>\$ 54,466</b>	<b>\$ (3,656,721)</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.....	\$ (28,041,313)	\$ 2,370,943	\$ (25,670,370)	\$ (3,656,721)
<b>General Revenues:</b>				
Taxes:				
Income.....	8,021,202	—	8,021,202	—
Sales.....	10,804,340	—	10,804,340	—
Corporate and Public Utility .....	2,754,290	—	2,754,290	—
Cigarette.....	979,973	—	979,973	—
Other.....	1,019,058	—	1,019,058	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,952,512	—	1,952,512	—
Total Taxes.....	25,531,375	—	25,531,375	—
Tobacco Settlement.....	350,378	—	350,378	—
Escheat Property.....	159,585	—	159,585	—
Unrestricted Investment Income.....	2,975	12	2,987	999,468
State Assistance .....	—	—	—	2,582,172
Other.....	30	—	30	695,240
Gain (Loss) on Extinguishment of Debt.....	—	4,085	4,085	—
<b>Additions to Endowments</b>				
and Permanent Fund Principal.....	—	—	—	86,902
Transfers-Internal Activities.....	1,031,738	(1,031,738)	—	—
<b>TOTAL GENERAL REVENUES, GAINS (LOSSES), CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS.....</b>				
	<b>27,076,081</b>	<b>(1,027,641)</b>	<b>26,048,440</b>	<b>4,363,782</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(965,232)</b>	<b>1,343,302</b>	<b>378,070</b>	<b>707,061</b>
<b>NET POSITION (DEFICITS), JULY 1.....</b>	<b>19,947,727</b>	<b>9,381,701</b>	<b>29,329,428</b>	<b>9,329,200</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 18,982,495</b>	<b>\$ 10,725,003</b>	<b>\$ 29,707,498</b>	<b>\$ 10,036,261</b>

**STATE OF OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**  
(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.....	\$ 5,454,141	\$ 561,475	\$ —
Cash and Cash Equivalents.....	95,262	3,457	801
Investments.....	1,352,145	—	373,409
Collateral on Lent Securities.....	1,511,325	153,455	—
Taxes Receivable .....	1,577,136	—	—
Intergovernmental Receivable.....	741,084	202,758	—
Loans Receivable, Net .....	1,083,539	—	—
Interfund Receivable .....	—	—	—
Receivable from Component Units.....	—	—	—
Other Receivables .....	266,809	476,365	551,898
Inventories .....	20,744	—	—
Other Assets .....	62	—	—
<b>TOTAL ASSETS .....</b>	<b>12,102,247</b>	<b>1,397,510</b>	<b>926,108</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>—</b>	<b>—</b>	<b>4,235,667</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>\$ 12,102,247</b>	<b>\$ 1,397,510</b>	<b>\$ 5,161,775</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 290,728	\$ 132,328	\$ —
Accrued Liabilities.....	172,345	24,340	—
Medicaid Claims Payable.....	1,084,469	—	—
Obligations Under Securities Lending.....	1,511,325	153,455	—
Intergovernmental Payable.....	748,056	116,131	—
Interfund Payable.....	440,805	14,006	—
Payable to Component Units.....	19,501	—	—
Unearned Revenue.....	—	449,810	—
Refund and Other Liabilities.....	919,293	6,108	—
Liability for Escheat Property.....	276,034	—	—
<b>TOTAL LIABILITIES.....</b>	<b>5,462,556</b>	<b>896,178</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,251,086</b>	<b>69,250</b>	<b>551,877</b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable.....	43,576	—	—
Restricted.....	1,370,010	326,271	4,609,898
Committed.....	739,749	107,129	—
Assigned.....	2,995,792	—	—
Unassigned.....	239,478	(1,318)	—
<b>TOTAL FUND BALANCES (DEFICITS) .....</b>	<b>5,388,605</b>	<b>432,082</b>	<b>4,609,898</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b>\$ 12,102,247</b>	<b>\$ 1,397,510</b>	<b>\$ 5,161,775</b>

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



<b>NONMAJOR GOVERNMENTAL FUNDS</b>		<b>TOTAL</b>	
\$	3,436,029	\$	9,451,645
	111,994		211,514
	15,287		1,740,841
	939,093		2,603,873
	106,661		1,683,797
	478,816		1,422,658
	164,114		1,247,653
	1,370		1,370
	23,857		23,857
	48,534		1,343,606
	94,241		114,985
	—		62
	<u>5,419,996</u>		<u>19,845,861</u>
	—		<u>4,235,667</u>
<b>\$</b>	<b><u>5,419,996</u></b>	<b>\$</b>	<b><u>24,081,528</u></b>
\$	343,565	\$	766,621
	67,899		264,584
	239,708		1,324,177
	939,093		2,603,873
	185,372		1,049,559
	137,540		592,351
	—		19,501
	44,939		494,749
	695		926,096
	—		276,034
	<u>1,958,811</u>		<u>8,317,545</u>
	<u>48,915</u>		<u>1,921,128</u>
	94,241		137,817
	2,560,343		8,866,522
	757,686		1,604,564
	—		2,995,792
	—		238,160
	<u>3,412,270</u>		<u>13,842,855</u>
<b>\$</b>	<b><u>5,419,996</u></b>	<b>\$</b>	<b><u>24,081,528</u></b>

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**STATE OF OHIO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**  
*(dollars in thousands)*

**Total Fund Balances for Governmental Funds.....** **\$ 13,842,855**

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 10,217

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

Land.....	2,391,230
Buildings and Improvements, net of \$2,357,047 accumulated depreciation.....	1,486,323
Land Improvements, net of \$338,113 accumulated depreciation.....	172,947
Machinery and Equipment, net of \$1,174,846 accumulated depreciation.....	426,855
Vehicles, net of \$240,986 accumulated depreciation.....	195,571
Infrastructure, net of \$40,406 accumulated depreciation.....	20,211,952
Construction-in-Progress.....	<u>2,682,358</u>
	<u>27,567,236</u>

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

Hedging Derivatives.....	22,089
Loss on Debt Refundings.....	141,064
Net Pension Asset/Liability.....	1,642,156
Total Deferred Outflows of Resources.....	<u>1,805,309</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>	
Interest Payable.....	(164,645)
<i>Bonds and Notes Payable:</i>	
General Obligation Bonds.....	(9,297,641)
Revenue Bonds and Notes.....	(6,394,647)
Special Obligation Bonds.....	(2,016,991)
Certificates of Participation.....	(241,627)
<i>Other Noncurrent Liabilities:</i>	
Compensated Absences.....	(460,688)
Net Pension Liability.....	(4,920,398)
Net OPEB Obligation.....	(197,327)
Capital Leases Payable.....	(17,361)
Derivatives.....	(30,919)
Litigation Liabilities.....	(17,500)
Estimated Claims Payable.....	(1,201)
Pollution Remediation.....	(6,083)
Infrastructure Liabilities.....	<u>(345,477)</u>
	<u>(24,112,505)</u>

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

Resources from the Sale of Future Revenues.....	(1,170,853)
Net Pension Asset/Liability.....	(60,168)
Debt Refundings.....	<u>(60)</u>
Less Unavailable Resources Reported in the Funds.:	
Taxes Receivable.....	57,112
Intergovernmental Receivable.....	474,824
Other Receivables.....	568,528
	<u>1,100,464</u>
Total Deferred Inflows of Resources.....	<u>(130,617)</u>

**Total Net Position of Governmental Activities.....** **\$ 18,982,495**

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, 2017

(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
<b>REVENUES:</b>			
Income Taxes.....	\$ 8,034,901	\$ —	\$ —
Sales Taxes.....	10,804,340	—	—
Corporate and Public Utility Taxes.....	2,697,003	—	—
Motor Vehicle Fuel Taxes.....	1,175,285	—	—
Cigarette Taxes.....	979,973	—	—
Other Taxes.....	706,841	1,273	—
Licenses, Permits and Fees.....	748,344	1,294,718	—
Sales, Services and Charges.....	93,120	—	—
Federal Government.....	11,593,813	8,535,014	—
Tobacco Settlement.....	449	—	270,231
Escheat Property.....	159,585	—	—
Investment Income.....	41,986	5,206	3,808
Other.....	270,734	237,617	8,473
<b>TOTAL REVENUES.....</b>	<b>37,306,374</b>	<b>10,073,828</b>	<b>282,512</b>
<b>EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	9,705,555	219	77,892
Higher Education Support.....	2,592,636	120	—
Public Assistance and Medicaid.....	18,169,397	9,573,332	—
Health and Human Services.....	651,143	309,888	—
Justice and Public Protection.....	2,635,443	68,897	—
Environmental Protection and Natural Resources.....	80,460	—	—
Transportation.....	3,079	—	—
General Government.....	482,955	2,656	—
Community and Economic Development.....	2,409,779	—	—
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>2,038</b>	<b>—</b>
<b>DEBT SERVICE.....</b>	<b>—</b>	<b>—</b>	<b>331,604</b>
<b>TOTAL EXPENDITURES.....</b>	<b>36,730,447</b>	<b>9,957,150</b>	<b>409,496</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>575,927</b>	<b>116,678</b>	<b>(126,984)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	849,941	—	—
Premiums/Discounts.....	71,161	—	—
Capital Leases.....	540	—	—
Transfers-in.....	292,078	6,390	788
Transfers-out.....	(2,054,788)	(44,813)	(17,763)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(841,068)</b>	<b>(38,423)</b>	<b>(16,975)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(265,141)</b>	<b>78,255</b>	<b>(143,959)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>5,654,361</b>	<b>353,827</b>	<b>4,753,857</b>
Increase (Decrease) for Changes in Inventories.....	(615)	—	—
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 5,388,605</b>	<b>\$ 432,082</b>	<b>\$ 4,609,898</b>

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

<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL</b>
\$ 163	\$ 8,035,064
—	10,804,340
57,287	2,754,290
777,227	1,952,512
—	979,973
310,944	1,019,058
1,238,173	3,281,235
56,680	149,800
6,129,673	26,258,500
—	270,680
—	159,585
23,314	74,314
702,852	1,219,676
<b>9,296,313</b>	<b>56,959,027</b>
3,052,998	12,836,664
27,753	2,620,509
1,923,329	29,666,058
567,627	1,528,658
740,384	3,444,724
339,730	420,190
2,686,071	2,689,150
342,073	827,684
746,430	3,156,209
671,361	673,399
1,674,960	2,006,564
<b>12,772,716</b>	<b>59,869,809</b>
<b>(3,476,403)</b>	<b>(2,910,782)</b>
541,409	1,391,350
148,996	220,157
—	540
3,279,849	3,579,105
(430,003)	(2,547,367)
<b>3,540,251</b>	<b>2,643,785</b>
<b>63,848</b>	<b>(266,997)</b>
3,367,496	14,129,541
(19,074)	(19,689)
<b>\$ 3,412,270</b>	<b>\$ 13,842,855</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, 2017

(dollars in thousands)

<b>Net Change in Fund Balances -- Total Governmental Funds.....</b>	<b>\$ (266,997)</b>
Change in Inventories.....	(19,689)
	<u>(286,686)</u>

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.....	769,329	
Depreciation Expense.....	(415,356)	
	<u>353,973</u>	<u>353,973</u>
Excess of Capital Outlay Over Depreciation Expense.....		

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.....	(810,000)	
Revenue Bonds and Notes.....	(217,565)	
Special Obligation Bonds.....	(290,000)	
Certificates of Participation.....	(73,785)	
Premiums and Discounts, Net:		
General Obligation Bonds.....	(119,787)	
Revenue Bonds and Notes.....	(47,676)	
Special Obligation Bonds.....	(41,261)	
Certificates of Participation.....	(11,433)	
Capital Leases.....	(8,555)	
	<u>(1,620,062)</u>	<u>(1,620,062)</u>
Total Debt Proceeds.....		

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.....	795,680	
Revenue Bonds and Notes.....	163,275	
Special Obligation Bonds.....	216,720	
Certificates of Participation.....	34,190	
	<u>1,209,865</u>	<u>1,209,865</u>
Total Long-Term Debt Repayment.....		

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> .....	1,250	
<i>Increase in Accrued Interest and Other Accrued Liabilities</i> .....	(4,668)	
<i>Amortization of Bond Premiums/Accretion of Bond Discount, Net</i> .....	121,268	
<i>Decrease in Refunding Loss Included in Deferred Outflows of Resources</i> .....	(36,775)	
<i>Increase in Pension Related Balances Included in Deferred Outflows of Resources</i> .....	430,593	
<i>Increase in Compensated Absences</i> .....	(15,883)	
<i>Decrease in Derivative Liabilities (Excluding Hedging Derivatives)</i> .....	5,513	
<i>Decrease in Estimated Claims Payable</i> .....	499	
<i>Increase in Pollution Remediation</i> .....	(193)	
<i>Increase in Infrastructure Liability</i> .....	(149,715)	
<i>Increase in Net Pension Liability</i> .....	(1,120,052)	
<i>Increase in Liability for OPEB Obligation</i> .....	(25,979)	
<i>Increase in Litigation Liabilities</i> .....	(11,400)	
<i>Decrease in Deferred Inflow of Resources</i> .....	183,220	
	<hr/>	<hr/>
<i>Total additional revenues and expenditures</i> .....		(622,322)
<b>Change in Net Position of Governmental Activities</b> .....		<b>\$ (965,232)</b>

**STATE OF OHIO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS – ENTERPRISE**  
**JUNE 30, 2017**

(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.....	\$ 4,991	\$ 165,434	\$ —
Cash and Cash Equivalents.....	548,173	40,573	—
Deposit with Federal Government.....	—	—	592,918
Collateral on Lent Securities.....	1,364	45,214	—
Restricted Assets:			
Cash Equity with Treasurer.....	—	76	—
Investments.....	—	55,126	—
Collateral on Lent Securities.....	—	86,244	—
Other Receivables.....	—	56	—
Intergovernmental Receivable.....	—	—	45
Premiums and Assessments Receivable.....	29,917	—	37,881
Investment Trade Receivable.....	270,946	—	—
Interfund Receivable.....	50,149	2	—
Other Receivables.....	481,477	59,088	24,254
Other Assets.....	600	4,443	3,192
<b>TOTAL CURRENT ASSETS.....</b>	<b>1,387,617</b>	<b>456,256</b>	<b>658,290</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Investments.....	—	433,932	—
Investments.....	26,225,713	—	—
Premiums and Assessments Receivable.....	610,042	—	—
Interfund Receivable.....	540,463	—	—
Other Assets.....	322	73	—
Capital Assets Being Depreciated, Net.....	36,593	27,199	—
Capital Assets Not Being Depreciated.....	117,482	—	—
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>27,530,615</b>	<b>461,204</b>	<b>—</b>
<b>TOTAL ASSETS.....</b>	<b>28,918,232</b>	<b>917,460</b>	<b>658,290</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>90,259</b>	<b>18,384</b>	<b>—</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>29,008,491</b>	<b>935,844</b>	<b>658,290</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	34,036	14,301	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	1,364	131,458	—
Investment Trade Payable.....	377,981	—	—
Intergovernmental Payable.....	—	—	554
Prize Awards Payable.....	—	55,257	—
Interfund Payable.....	—	76	—
Unearned Revenue.....	535,320	1,537	—
Benefits Payable.....	1,503,463	—	7,707
Refund and Other Liabilities.....	1,548,255	50,268	5,157
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>4,000,419</b>	<b>252,897</b>	<b>13,418</b>
<b>NONCURRENT LIABILITIES:</b>			
Prize Awards Payable.....	—	393,912	—
Interfund Payable.....	—	1,300	—
Benefits Payable.....	13,581,447	—	—
Refund and Other Liabilities.....	1,658,777	43,105	—
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>15,240,224</b>	<b>438,317</b>	<b>—</b>
<b>TOTAL LIABILITIES.....</b>	<b>19,240,643</b>	<b>691,214</b>	<b>13,418</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>9,777</b>	<b>2,358</b>	<b>—</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>19,250,420</b>	<b>693,572</b>	<b>13,418</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	154,075	20,921	—
Restricted for Lottery Prizes.....	—	46,998	—
Unrestricted.....	9,603,996	174,353	644,872
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 9,758,071</b>	<b>\$ 242,272</b>	<b>\$ 644,872</b>

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



NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	41,804	\$	212,229
	34,266		623,012
	—		592,918
	224		46,802
	—		76
	41,200		96,326
	—		86,244
	—		56
	5,838		5,883
	—		67,798
	—		270,946
	1,847		51,998
	1,460		566,279
	—		8,235
	<u>126,639</u>		<u>2,628,802</u>
	266,391		700,323
	1,214		26,226,927
	—		610,042
	6,661		547,124
	12		407
	1,241		65,033
	—		117,482
	<u>275,519</u>		<u>28,267,338</u>
	<u>402,158</u>		<u>30,896,140</u>
	<u>29,844</u>		<u>138,487</u>
	<b><u>432,002</u></b>		<b><u>31,034,627</u></b>
	2,101		50,438
	5,018		5,018
	224		133,046
	—		377,981
	—		554
	—		55,257
	104		180
	1,045		537,902
	41,200		1,552,370
	1,807		1,605,487
	<u>51,499</u>		<u>4,318,233</u>
	—		393,912
	6,661		7,961
	202,300		13,783,747
	89,708		1,791,590
	<u>298,669</u>		<u>15,977,210</u>
	<u>350,168</u>		<u>20,295,443</u>
	<u>2,046</u>		<u>14,181</u>
	<b><u>352,214</u></b>		<b><u>20,309,624</u></b>
	1,241		176,237
	—		46,998
	78,547		10,501,768
\$	<b><u>79,788</u></b>	\$	<b><u>10,725,003</u></b>

# STATE OF OHIO

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS – ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
<b>OPERATING REVENUES:</b>			
Charges for Sales and Services.....	\$ —	\$ 3,928,492	\$ 27,372
Premium and Assessment Income.....	1,544,550	—	1,233,726
Federal Government.....	—	—	17,414
Investment Income.....	—	—	—
Other.....	10,016	4,869	32,582
<b>TOTAL OPERATING REVENUES.....</b>	<b>1,554,566</b>	<b>3,933,361</b>	<b>1,311,094</b>
<b>OPERATING EXPENSES:</b>			
Costs of Sales and Services.....	—	—	—
Administration.....	71,560	138,983	—
Bonuses and Commissions.....	—	801,959	—
Prizes.....	—	1,910,007	—
Benefits and Claims.....	1,199,363	—	982,824
Depreciation.....	16,844	10,694	—
Other.....	1,131,418	—	2,800
<b>TOTAL OPERATING EXPENSES.....</b>	<b>2,419,185</b>	<b>2,861,643</b>	<b>985,624</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(864,619)</b>	<b>1,071,718</b>	<b>325,470</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income.....	1,877,645	(7,419)	10,118
Interest Expense.....	—	(483)	—
Other.....	—	(20,761)	—
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>1,877,645</b>	<b>(28,663)</b>	<b>10,118</b>
<b>INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....</b>	<b>1,013,026</b>	<b>1,043,055</b>	<b>335,588</b>
Gain on Extinguishment of Debt.....	—	—	4,085
Transfers-in.....	—	—	—
Transfers-out.....	(8,840)	(1,042,720)	(10,781)
<b>TOTAL GAIN (LOSS) AND TRANSFERS.....</b>	<b>(8,840)</b>	<b>(1,042,720)</b>	<b>(6,696)</b>
<b>NET INCOME (LOSS).....</b>	<b>1,004,186</b>	<b>335</b>	<b>328,892</b>
<b>NET POSITION (DEFICITS), JULY 1.....</b>	<b>8,753,885</b>	<b>241,937</b>	<b>315,980</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 9,758,071</b>	<b>\$ 242,272</b>	<b>\$ 644,872</b>

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

<b>NONMAJOR PROPRIETARY FUNDS</b>		<b>TOTAL</b>	
\$	54,721	\$	4,010,585
	—		2,778,276
	—		17,414
	25,276		25,276
	54,088		101,555
	<b>134,085</b>		<b>6,933,106</b>
	83,139		83,139
	16,872		227,415
	—		801,959
	—		1,910,007
	54,488		2,236,675
	312		27,850
	—		1,134,218
	<b>154,811</b>		<b>6,421,263</b>
	<b>(20,726)</b>		<b>511,843</b>
	12		1,880,356
	—		(483)
	—		(20,761)
	<b>12</b>		<b>1,859,112</b>
	<b>(20,714)</b>		<b>2,370,955</b>
	—		4,085
	30,603		30,603
	—		(1,062,341)
	<b>30,603</b>		<b>(1,027,653)</b>
	<b>9,889</b>		<b>1,343,302</b>
	69,899		9,381,701
\$	<b>79,788</b>	\$	<b>10,725,003</b>

# STATE OF OHIO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS – ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (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.....	\$ —	\$ 3,920,277	\$ —
Cash Received from Multi-State Lottery for Grand Prize Winner.....	—	12,081	—
Cash Received from Premiums and Assessments.....	1,894,569	—	1,243,693
Cash Received from Interfund Services Provided.....	52,589	—	—
Other Operating Cash Receipts.....	27,705	5,016	78,119
Cash Payments to Suppliers for Goods and Services.....	(81,690)	(104,864)	—
Cash Payments to Employees for Services.....	(200,170)	(31,960)	—
Cash Payments for Benefits and Claims.....	(1,659,213)	—	(877,776)
Cash Payments for Lottery Prizes.....	—	(1,989,234)	—
Cash Payments for Bonuses and Commissions.....	—	(801,959)	—
Cash Payments for Premium Reductions and Refunds.....	(315,755)	—	—
Cash Payments for Interfund Services Used.....	(26,321)	(8,494)	—
Other Operating Cash Payments.....	—	—	(118,490)
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>(308,286)</b>	<b>1,000,863</b>	<b>325,546</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Federal Advance Payments .....	—	—	(271,788)
Interfund Loan Receipts.....	—	—	274,069
Interfund Loan Payments .....	—	—	(274,069)
Transfers-in .....	—	—	—
Transfers-out .....	(8,840)	(1,042,720)	(10,781)
<b>NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(8,840)</b>	<b>(1,042,720)</b>	<b>(282,569)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal Payments on Bonds, Notes and Capital Leases.....	—	(3,799)	—
Acquisition and Construction of Capital Assets .....	(13,251)	(1,084)	—
Proceeds from Sales of Capital Assets .....	216	31	—
<b>NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(13,035)</b>	<b>(4,852)</b>	<b>—</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Investments.....	(15,224,235)	(74,014)	—
Proceeds from the Sales and Maturities of Investments .....	14,919,775	116,069	—
Investment Income Received .....	729,687	3,685	10,119
Borrower Rebates and Agent Fees.....	(56,467)	(530)	—
<b>NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....</b>	<b>368,760</b>	<b>45,210</b>	<b>10,119</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS.....</b>	<b>38,599</b>	<b>(1,499)</b>	<b>53,096</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1 (as restated).....</b>	<b>514,565</b>	<b>207,582</b>	<b>539,822</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30 .....</b>	<b>\$ 553,164</b>	<b>\$ 206,083</b>	<b>\$ 592,918</b>

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

<b>NONMAJOR PROPRIETARY FUNDS</b>	<b>TOTAL</b>
\$ 38,210	\$ 3,958,487
—	12,081
—	3,138,262
9,968	62,557
8,399	119,239
(9,918)	(196,472)
(73,545)	(305,675)
—	(2,536,989)
—	(1,989,234)
—	(801,959)
—	(315,755)
(3,873)	(38,688)
(54,488)	(172,978)
<b>(85,247)</b>	<b>932,876</b>
—	(271,788)
—	274,069
—	(274,069)
31,171	31,171
—	(1,062,341)
<b>31,171</b>	<b>(1,302,958)</b>
—	(3,799)
(204)	(14,539)
2	249
<b>(202)</b>	<b>(18,089)</b>
(64,632)	(15,362,881)
115,957	15,151,801
4,420	747,911
—	(56,997)
<b>55,745</b>	<b>479,834</b>
<b>1,467</b>	<b>91,663</b>
74,603	1,336,572
<b>\$ 76,070</b>	<b>\$ 1,428,235</b>

(continued)

**STATE OF OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS – ENTERPRISE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(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 CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss).....	\$ (864,619)	\$ 1,071,718	\$ 325,470
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	—
Depreciation .....	16,844	10,694	—
Provision for Uncollectible Accounts.....	29,662	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	—	(21)
Premiums and Assessments Receivable.....	111,379	—	(7,805)
Interfund Receivable.....	24,759	(2)	—
Other Receivables .....	(106,775)	(7,146)	784
Other Assets .....	2,115	2,352	889
Increase (Decrease) in Liabilities:			
Accounts Payable .....	(4,624)	(9,781)	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	512
Prize Awards Payable.....	—	(43,206)	—
Interfund Payable.....	—	(70)	—
Unearned Revenue .....	22,231	(921)	—
Benefits Payable.....	(585,690)	—	7,169
Refund and Other Liabilities.....	1,046,432	(22,775)	(1,452)
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>\$ (308,286)</b>	<b>\$ 1,000,863</b>	<b>\$ 325,546</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Change in Fair Value of Investments.....	\$ 1,205,642	\$ (41,599)	\$ —
Gain on Extinguishment of Debt.....	—	—	4,085
Acquiring a Capital Asset through a Capital Lease.....	—	3,500	—

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

<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>
\$ (20,726)	\$ 511,843
(25,276)	(25,276)
312	27,850
—	29,662
11,772	11,751
—	103,574
567	25,324
(348)	(113,485)
—	5,356
999	(13,406)
874	874
—	512
—	(43,206)
(840)	(910)
52	21,362
(53,700)	(632,221)
1,067	1,023,272
<u>\$ (85,247)</u>	<u>\$ 932,876</u>

\$ —	\$ 1,164,043
—	4,085
—	3,500

**STATE OF OHIO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**  
(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/16)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	17,557	261,051	344,070
Investments (at fair value):			
U.S. Government and Agency Obligations.....	13,050	—	1,760,553
Common and Preferred Stock.....	77,560	—	—
Corporate Bonds and Notes.....	21,378	—	426,237
Foreign Stocks and Bonds.....	5,533	—	—
Commercial Paper.....	—	—	2,723,002
Repurchase Agreements.....	—	—	516,528
Mutual Funds.....	450,558	10,247,081	2,287,431
Real Estate.....	30,543	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
Partnership and Hedge Funds.....	204,311	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	—	—
Collateral on Lent Securities.....	—	—	—
Employer Contributions Receivable.....	1,744	—	—
Employee Contributions Receivable.....	1,598	—	—
Other Receivables.....	5,971	12,825	26,246
Other Assets.....	16	—	28
Capital Assets, Net.....	66	—	—
<b>TOTAL ASSETS.....</b>	<b>829,885</b>	<b>10,520,957</b>	<b>8,084,095</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>322</b>	<b>—</b>	<b>—</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>830,207</b>	<b>10,520,957</b>	<b>8,084,095</b>
<b>LIABILITIES:</b>			
Accounts Payable.....	681	—	—
Accrued Liabilities.....	4,648	3,368	597
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	816	8,278	427
<b>TOTAL LIABILITIES.....</b>	<b>6,145</b>	<b>11,646</b>	<b>1,024</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>47</b>	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>6,192</b>	<b>11,646</b>	<b>1,024</b>
<b>NET POSITION (DEFICITS):</b>			
Restricted for:			
Employees' Pension Benefits.....	721,643	—	—
Employees' Postemployment Healthcare Benefits.....	102,372	—	—
Individuals, Organizations and Other Governments.....	—	10,509,311	—
Pool Participants.....	—	—	8,083,071
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 824,015</b>	<b>\$ 10,509,311</b>	<b>\$ 8,083,071</b>

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



AGENCY

\$ 279,229  
106,920

15,381,609  
43,234,791  
12,047,774  
46,091,338  
1,579,649  
1,480,000  
10,024,025  
21,416,570  
20,070,522  
7,265,328  
17,515,877  
79,866  
76,316

—  
—  
—  
437,299  
—

197,087,113

—  
197,087,113

—  
—  
76,316  
195,958

196,814,839

197,087,113

—  
197,087,113

—  
—  
—  
—  
\$ —

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# STATE OF OHIO

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/16)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
<b>ADDITIONS:</b>			
Contributions from:			
Employer.....	\$ 29,895	\$ —	\$ —
Employees.....	14,101	—	—
Plan Participants.....	—	2,679,437	—
Other.....	5,125	—	—
<b>Total Contributions.....</b>	<b>49,121</b>	<b>2,679,437</b>	<b>—</b>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments.....	46,445	792,650	—
Interest, Dividends and Other.....	14,563	264,641	51,700
<b>Total Investment Income.....</b>	<b>61,008</b>	<b>1,057,291</b>	<b>51,700</b>
Less: Investment Expense.....	6,031	38,225	4,778
<b>Net Investment Income.....</b>	<b>54,977</b>	<b>1,019,066</b>	<b>46,922</b>
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	19,793,370
Reinvested Distributions.....	—	—	49,740
Shares Redeemed.....	—	—	(16,538,791)
<b>Net Capital Share and Individual Account Transactions.....</b>	<b>—</b>	<b>—</b>	<b>3,304,319</b>
<b>TOTAL ADDITIONS.....</b>	<b>104,098</b>	<b>3,698,503</b>	<b>3,351,241</b>
<b>DEDUCTIONS:</b>			
Pension Benefits Paid to Participants or Beneficiaries.....	67,439	—	—
Healthcare Benefits Paid to Participants or Beneficiaries....	14,595	—	—
Refunds of Employee Contributions.....	1,731	—	—
Administrative Expense.....	1,546	—	—
Transfers to Other Retirement Systems.....	417	—	—
Distributions to Shareholders and Plan Participants.....	—	2,538,491	46,922
<b>TOTAL DEDUCTIONS.....</b>	<b>85,728</b>	<b>2,538,491</b>	<b>46,922</b>
<b>CHANGE IN NET POSITION RESTRICTED FOR:</b>			
Employees' Pension Benefits.....	17,418	—	—
Employees' Postemployment Healthcare Benefits.....	952	—	—
Individuals, Organizations and Other Governments.....	—	1,160,012	—
Pool Participants.....	—	—	3,304,319
<b>TOTAL CHANGE IN NET POSITION.....</b>	<b>18,370</b>	<b>1,160,012</b>	<b>3,304,319</b>
<b>NET POSITION (DEFICITS), JULY 1.....</b>	<b>805,645</b>	<b>9,349,299</b>	<b>4,778,752</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 824,015</b>	<b>\$ 10,509,311</b>	<b>\$ 8,083,071</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, 2017**  
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 394,346	\$ —	\$ 12,347
Cash and Cash Equivalents.....	—	710,653	1,021,319
Investments.....	1,824	1,670,846	2,732,429
Collateral on Lent Securities.....	107,778	—	—
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	150,394
Investments.....	—	—	70,477
Intergovernmental Receivable.....	—	6,874	44,360
Loans Receivable, Net.....	295	25,315	39,791
Receivable from Primary Government.....	—	2,365	17,095
Other Receivables.....	3	668,148	473,858
Inventories.....	—	45,806	100,320
Other Assets.....	—	57,045	78,204
<b>TOTAL CURRENT ASSETS.....</b>	<b>504,246</b>	<b>3,187,052</b>	<b>4,740,594</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	—	666,032	159,684
Investments.....	—	—	2,307,342
Investments.....	—	4,398,647	2,427,683
Loans Receivable, Net.....	528	38,387	184,166
Other Receivables.....	—	72,350	200,687
Other Assets.....	—	—	1,599,221
Capital Assets Being Depreciated, Net.....	32,006	4,668,413	9,190,292
Capital Assets Not Being Depreciated.....	11,858	314,574	1,129,041
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>44,392</b>	<b>10,158,403</b>	<b>17,198,116</b>
<b>TOTAL ASSETS.....</b>	<b>548,638</b>	<b>13,345,455</b>	<b>21,938,710</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>—</b>	<b>1,013,092</b>	<b>1,347,199</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>548,638</b>	<b>14,358,547</b>	<b>23,285,909</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	1,696	365,776	317,729
Accrued Liabilities.....	214	184,182	411,302
Obligations Under Securities Lending.....	107,778	—	—
Intergovernmental Payable.....	391,779	—	2,589
Unearned Revenue.....	—	225,598	234,874
Refund and Other Liabilities.....	1,893	111,197	265,431
Bonds and Notes Payable.....	—	651,039	301,714
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>503,360</b>	<b>1,537,792</b>	<b>1,533,639</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	464,793	—	84,170
Unearned Revenue.....	—	—	3,360
Refund and Other Liabilities.....	282	4,020,957	5,711,171
Payable to Primary Government.....	—	—	22,538
Bonds and Notes Payable.....	—	2,649,223	7,575,718
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>465,075</b>	<b>6,670,180</b>	<b>13,396,957</b>
<b>TOTAL LIABILITIES.....</b>	<b>968,435</b>	<b>8,207,972</b>	<b>14,930,596</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,449,104</b>	<b>471,298</b>	<b>129,428</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>4,417,539</b>	<b>8,679,270</b>	<b>15,060,024</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	43,864	2,364,637	5,549,408
Restricted for:			
Transportation.....	—	—	212,852
Community and Economic Development.....	64,327	—	10,069
Nonexpendable:			
Scholarships and Fellowships.....	—	—	328,917
Research.....	—	—	79,278
Endowments and Quasi-Endowments.....	—	1,480,440	1,288,403
Loans, Grants and Other College and University Purposes.....	—	—	616,655
Expendable:			
Scholarships and Fellowships.....	—	—	312,853
Research.....	—	—	160,667
Instructional Department Uses.....	—	—	161,169
Student and Public Services.....	—	—	68,422
Academic Support.....	—	—	159,235
Debt Service.....	—	—	20,648
Capital Purposes.....	—	293	103,726
Endowments and Quasi-Endowments.....	—	382,131	441,137
Current Operations.....	—	813,091	35,710
Loans, Grants and Other College and University Purposes.....	—	—	474,067
Unrestricted.....	(3,977,092)	638,685	(1,797,331)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ (3,868,901)</b>	<b>\$ 5,679,277</b>	<b>\$ 8,225,885</b>

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

**TOTAL**

\$ 406,693  
1,731,972  
4,405,099  
107,778  
  
150,394  
70,477  
51,234  
65,401  
19,460  
1,142,009  
146,126  
135,249  

---

8,431,892

825,716  
2,307,342  
6,826,330  
223,081  
273,037  
1,599,221  
13,890,711  
1,455,473  

---

27,400,911  

---

35,832,803  

---

2,360,291  

---

**38,193,094**

685,201  
595,698  
107,778  
394,368  
460,472  
378,521  
952,753  

---

3,574,791

548,963  
3,360  
9,732,410  
22,538  
10,224,941  

---

20,532,212  

---

24,107,003  

---

4,049,830  

---

**28,156,833**

7,957,909

212,852  
74,396

328,917  
79,278  
2,768,843  
616,655

312,853  
160,667  
161,169  
68,422  
159,235  
20,648  
104,019  
823,268  
848,801  
474,067  
(5,135,738)

**\$ 10,036,261**

**STATE OF OHIO**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(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.....	\$ 524,543	\$ —	\$ —
Transportation.....	—	—	400,191
Community and Economic Development.....	28,519	—	963,822
Education and General:			
Instruction and Departmental Research.....	—	1,012,492	2,197,015
Separately Budgeted Research.....	—	519,074	394,536
Public Service.....	—	185,881	214,437
Academic Support.....	—	222,043	582,293
Student Services.....	—	108,041	364,135
Institutional Support.....	—	272,142	778,244
Operation and Maintenance of Plant.....	—	102,176	402,707
Scholarships and Fellowships.....	—	130,069	278,424
Auxiliary Enterprises.....	—	313,185	743,952
Hospitals.....	—	3,040,158	358,060
Interest on Long-Term Debt.....	—	122,655	330,371
Depreciation.....	1,734	381,753	596,406
Other.....	—	—	75,218
<b>TOTAL EXPENSES.....</b>	<b>554,796</b>	<b>6,409,669</b>	<b>8,679,811</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	24,567	4,790,531	5,519,905
Operating Grants, Contributions and Restricted Investment Income.....	4,065	737,060	856,961
Capital Grants, Contributions and Restricted Investment Income.....	—	26,761	27,705
<b>TOTAL PROGRAM REVENUES.....</b>	<b>28,632</b>	<b>5,554,352</b>	<b>6,404,571</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(526,164)</b>	<b>(855,317)</b>	<b>(2,275,240)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	—	601,182	398,286
State Assistance.....	481,565	541,331	1,559,276
Other.....	1,046	249,231	444,963
<b>TOTAL GENERAL REVENUES.....</b>	<b>482,611</b>	<b>1,391,744</b>	<b>2,402,525</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>52,458</b>	<b>34,444</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(43,553)</b>	<b>588,885</b>	<b>161,729</b>
<b>NET POSITION (DEFICITS), JULY 1 .....</b>	<b>(3,825,348)</b>	<b>5,090,392</b>	<b>8,064,156</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ (3,868,901)</b>	<b>\$ 5,679,277</b>	<b>\$ 8,225,885</b>

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

<b>TOTAL</b>	
\$	524,543
	400,191
	992,341
	3,209,507
	913,610
	400,318
	804,336
	472,176
	1,050,386
	504,883
	408,493
	1,057,137
	3,398,218
	453,026
	979,893
	75,218
	<b>15,644,276</b>
	10,335,003
	1,598,086
	54,466
	<b>11,987,555</b>
	<b>(3,656,721)</b>
	999,468
	2,582,172
	695,240
	<b>4,276,880</b>
	<b>86,902</b>
	707,061
	9,329,200
\$	<b>10,036,261</b>



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2017, and for the year then ended, conform with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are included in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The State's significant accounting policies are as follows.

### A. Financial Reporting Entity

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

GASB Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

#### 1. Blended Component Units

The Buckeye Tobacco Settlement Financing Authority (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 and GASB 61.

**B. Basis of Presentation**

*Government-wide Statements* — The Statement of Net Position and the Statement of Activities display information about the primary government (the State) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

Fiduciary funds of the primary government and component units that are fiduciary in nature are reported only in the statements of fiduciary net position and changes in fiduciary net position.

For the government-wide financial statements, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the State. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources using the economic resources measurement focus and the accrual basis of accounting. The State presents the statement in a format that displays *assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net position*. The *net position* section is displayed in three components:



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

- The *Net Investment in Capital Assets* component consists of 1) capital assets, net of accumulated depreciation, and deferred outflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt less 2) outstanding balances of any bonds or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt. The portion of debt and deferred inflows of resources attributable to significant unspent related debt proceeds at year-end is not included in the calculation of this net position component.
- The *Restricted Net Position* component represents the net position with constraints placed on its use that are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. For component units with permanent endowments, restricted net position is displayed in two additional components — nonexpendable and expendable. Nonexpendable net position is for those endowments that are required to be retained in perpetuity.
- The *Unrestricted Net Position* component consists of the net position that does not meet the definition of the preceding two components.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the State's governmental activities and for the different business-type activities of the State. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Centralized expenses have been included in direct expenses. Indirect expenses have not been allocated to the programs or functions reported in the Statement of Activities.

Program revenues include licenses, permits and other fees, fines, forfeitures, charges paid by the recipients of goods or services offered by the programs, and grants, contributions, and investment earnings that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all tax, tobacco settlement, escheat property revenues, unrestricted investment income, and state assistance, are presented as general revenues.

*Fund Financial Statements* — The fund financial statements provide information about the State's funds, including the fiduciary funds and blended component units. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Governmental fund types include the General, special revenue, debt service, and capital projects funds. The proprietary funds consist of enterprise funds. Fiduciary fund types include pension trust, private-purpose trust, investment trust, and agency funds.

Operating revenues for the State's proprietary funds mainly consist of charges for 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, 2016.

*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 in the enterprise funds.

Generally, the component unit funds hold assets in trust under bond covenants or other financing arrangements that legally restrict the use of these assets.

**K. Capital Assets**

*Primary Government*

The State reports capital assets purchased with governmental fund resources in the government-wide financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are 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.



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

Included in the compensated absences liability is an amount accrued for salary-related payments directly and incrementally associated with the payment of compensated absences upon termination. Such payments include the primary government's share of Medicare taxes.

For the colleges and universities, vacation and sick leave policies vary by institution.

**O. Pensions**

For purposes of measuring the net pension liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**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.



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

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.

**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.



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

**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).

**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**

There were no restatements of the July 1, 2016, fund balance/net position for the primary government, fiduciary funds nor the discretely presented component units.

The cash and cash equivalents balance on the Statement of Cash Flows for the Unemployment Compensation Fund was restated. The June 30, 2016, Statement of Cash Flows cash and cash equivalents balance of \$1.3 million was restated to \$539.8 million as of July 1, 2016. A change in policy to consider the Deposit with Federal Government in the Unemployment Compensation Fund as a cash equivalent for cash flow purposes resulted in the restatement. For more information on the Cash and Cash Equivalents policy, see NOTE 1E.

**B. Implementation of Recently Issued Accounting Pronouncements**

For the fiscal year ended June 30, 2017, the State implemented the provisions of:

- Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* (in part).
- Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*.
- Governmental Accounting Standards Board (GASB) Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*.
- Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants* (in part).



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

- Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*.
- Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 73 improves financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. Part of the Statement was implemented for the fiscal year ended June 30, 2016 and part will be implemented for fiscal year ending June 30, 2017.

GASB Statement No. 74 improves financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

GASB Statement No. 77 discloses information about the nature and magnitude of tax abatements and makes these transactions more transparent to financial statement users. As a result, users will be better equipped to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition.

GASB Statement No. 78 establishes recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions provided to employees of state or local governmental employers associated with certain cost-sharing multiple-employer defined benefit pension plans that are not state or local government pension plans.

GASB Statement No. 79 enhances comparability of financial statements by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement and with consistent application of an amortized cost-based measurement for financial reporting purposes. This Statement establishes additional note disclosure requirements to include information about any limitations or restrictions on participant withdrawals. Part of the Statement was implemented for the fiscal year ended June 30, 2016 and part will be implemented for fiscal year ending June 30, 2017.

GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units and requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**C. GASB Pronouncements for Future Implementation**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of GASB 75 are effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.



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

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The provisions of GASB 81 are effective for financial statements for fiscal years beginning after December 15, 2016. When receiving resources pursuant to an irrevocable split-interest agreement, a government must recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement and to recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The provisions of GASB 83 are effective for financial statements for fiscal years beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements by establishing 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 will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those ARO's.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The provisions of GASB 84 are effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The provisions of GASB 85 are effective for financial statements for periods beginning after June 15, 2017. The requirements of this Statement are to address practice issues identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The provisions of GASB 86 are effective for financial statements for fiscal years beginning after June 15, 2017. The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for extinguishing that debt was acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance.

In June 2017, the GASB issued Statement No. 87, *Leases*. The provisions of GASB 87 are effective for financial statements for fiscal years beginning after December 15, 2019. The requirements of this Statement establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement will enhance the relevance and consistency of information about a government's leasing activities, as well as, the decision-usefulness of the information provided to financial statement users by requiring notes to the financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

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



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

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

Extinguishments of debt reflected in the State's basic financial statements, as of June 30, 2017 (dollars in thousands) are as follows:

**Unemployment Compensation**

Gain on Extinguishment of Debt

The \$4.1 million gain on extinguishment of debt reported in the business-type activities relates to Unemployment Compensation. To assist the State in the repayment of outstanding advances owed to the federal government, the federal government implemented a reduction to the Federal Unemployment Tax Act (FUTA) credit it gives to employers. The additional tax paid by the employers and collected directly by the federal government as a result of the FUTA credit reduction is offset against the State's outstanding advance balance.

Voluntary Federal Advance Payments

In addition to the FUTA offset, the State made voluntary payments totaling \$271.8 million to pay the outstanding advance balance in full as of June 30, 2017.

**NOTE 3 TAX ABATEMENTS**

As of June 30, 2017, 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, 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 twelve 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.

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 one million five hundred thousand dollars 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.



**NOTE 3 TAX ABATEMENTS (Continued)**

**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 five hundred 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 thirty-five 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 twenty-five 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. 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.

**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 2017 is presented in the following table (dollars in thousands):

<b>Abatement Program</b>	<b>Amount of Taxes Abated</b>
Job Creation Credit .....	\$113,355
Job Retention Credit .....	54,251
Historic Preservation Tax Credit.....	34,695
Motion Picture Tax Credit .....	18,957
New Markets Tax Credit .....	4,359
Total of Tax Abatements .....	<u>\$225,617</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 recognized U.S. government securities dealer;
- No-load money market mutual funds;
- 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, 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.



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

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.

**1. Custodial Credit Risk**

Custodial credit risk for deposits exists when a government is unable to recover deposits or recover collateral securities that are in the possession of an outside party in the event of a failure of a depository financial institution.

Deposits of the primary government and its component units are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

In Ohio, legal requirements for depositor-governments are met when deposits are collateralized with securities held by the pledging financial institution, or by the pledging institution's trust department or agent but not in the government's name. The State's reporting entity has not established specific policies for managing custodial credit risk exposure for deposits.



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

The table below reports the carrying amount of deposits, as of June 30, 2017, 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</b>						
<b>Deposits—Custodial Credit Risk</b>						
<b>As of June 30, 2017</b>						
<i>(dollars in thousands)</i>						
	Carrying Amount	Bank Balance	Uncollateralized	Uninsured Portion of Reported Bank Balance		
				Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Depositor- Government's Name	Collateralized with Securities Held by the Pledging Institution	
<i>Primary Government</i> .....	\$ 1,301,929	\$ 1,214,691	\$ 834	\$ 71,697	\$ 12,233	
<i>Major Discretely Presented Component Unit:</i>						
Ohio State University.....	1,326,149	1,337,338	-	-	1,329,181	

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, 2017, 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, 2017 (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 .....	\$ 19,261,832	\$ -
U.S. Government Obligations—Strips .....	1,162,221	685,513
U.S. Agency Obligations .....	7,465,151	-
U.S. Agency Obligations—Strips .....	216,533	-
Common and Preferred Stock .....	49,010,997	-
Corporate Bonds and Notes .....	18,938,003	-
Corporate Bonds and Notes—Strips .....	644	-
Municipal Obligations .....	723,645	-
Negotiable Certificates of Deposit .....	466,719	-
Commercial Paper .....	5,221,466	-
Repurchase Agreements .....	2,290,391	-
Mortgage and Asset-Backed Securities .....	7,853,478	-
International Investments:		
Foreign Stocks .....	37,549,775	-
Foreign Bonds .....	3,281,513	-
High-Yield and Emerging Markets Fixed Income .....	6,881,649	-
Securities Lending Collateral:		
Corporate Bonds and Notes .....	43,992	-
Commercial Paper .....	284,353	-
Repurchase Agreements .....	1,981,834	-
Variable Rate Notes .....	613,969	-
		<u>\$ 685,513</u>
<i>Investments Not Subject to Custodial Credit Risk Exposure:</i>		
<i>Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:</i>		
U.S. Government Obligations .....	2,640,635	
U.S. Government Obligations—Strips .....	83,938	
U.S. Agency Obligations .....	142,572	
Corporate Bonds and Notes .....	21,629	
International Investments-Commingled Equity Funds .....	7,055,359	
Equity Mutual Funds .....	13,282,653	
Bond Mutual Funds .....	9,274,918	
Real Estate .....	24,237,538	
Venture Capital .....	20,070,522	
Partnerships and Hedge Funds .....	17,720,188	
Deposit with Federal Government .....	592,918	
Component Units' Equity in State Treasurer's Cash and Investment Pool .....	(514,471)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio .....	(350,458)	
Total Investments — Primary Government .....	<u>\$ 257,506,106</u>	



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

The following table reports investments with custodial credit risk exposure for the major discretely presented component units. The Ohio Facilities Construction Commission Component Unit 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 Units</b>		
<b>Investment Custodial Credit Risk</b>		
<b>As of June 30, 2017</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 .....	\$ 543,370	\$ 543,370
U.S. Agency Obligations .....	118,318	118,318
Common and Preferred Stock .....	214,328	214,328
Corporate Bonds and Notes .....	1,062,540	1,062,540
Municipal Obligations .....	21,237	21,237
Negotiable Certificates of Deposit.....	319,578	319,578
Commercial Paper.....	46,028	46,028
International Investments:		
Foreign Stocks .....	160,680	160,680
Foreign Bonds .....	43,042	43,042
Securities Lending Collateral:		
Commercial Paper .....	4,438	4,438
Repurchase Agreements .....	10,621	10,621
Variable Rate Notes .....	890	890
Total Ohio State University.....		\$ 2,545,070

**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;



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

- Bonds and notes of any other State or political subdivision thereof must be rated in the three highest categories by Standard & Poor's;
- 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, 2017**

(dollars in thousands)

Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations.....	\$ 120,470	\$ 7,466,281	\$ 382	\$ 6,267	\$ 2,438	\$ 2,562
U.S. Agency Obligations-Strips.....	99,136	117,397	-	-	-	-
Corporate Bonds and Notes.....	784,713	1,892,636	5,473,982	6,496,834	2,009,117	1,710,898
Corporate Bonds and Notes-Strips.....	598	-	-	-	-	-
Municipal Obligations.....	74,410	458,097	163,177	26,372	-	-
Negotiable Certificates of Deposit.....	450,308	-	-	-	-	-
Commercial Paper.....	1,007,846	1,331,334	2,452,359	13,684	-	-
Repurchase Agreements.....	1,080,000	100,000	200,000	-	-	-
Mortgage and Asset-Backed Securities.....	3,842,554	2,504,866	221,857	210,517	190,318	155,866
Bond Mutual Funds.....	5,558,389	1,727,894	731,896	10,589	557,522	71,738
International Investments:						
Foreign Bonds.....	138,796	691,791	747,347	1,048,339	374,249	192,821
High-Yield and Emerging Markets Fixed Income	17,577	22,773	820,464	1,730,552	1,700,930	1,835,434
Securities Lending Collateral:						
Corporate Bonds and Notes.....	-	43,992	-	-	-	-
Commercial Paper.....	-	-	284,353	-	-	-
Repurchase Agreements.....	-	-	-	1,091,834	-	-
Variable Rate Notes.....	-	292,534	291,169	30,266	-	-
Bond Mutual Funds.....	1,438	-	-	-	-	-
Total Primary Government.....	<u>\$13,176,235</u>	<u>\$16,649,595</u>	<u>\$12,276,986</u>	<u>\$10,665,254</u>	<u>\$ 4,834,574</u>	<u>\$ 3,969,319</u>

Investment Type	Credit Rating					Total
	CCC/Caa	CC/Ca	C	D	Unrated	
U.S. Agency Obligations.....	\$ -	\$ -	\$ -	\$ -	9,323	\$ 7,607,723
U.S. Agency Obligations-Strips.....	-	-	-	-	-	216,533
Corporate Bonds and Notes.....	473,163	4,359	2,422	15,426	96,082	18,959,632
Corporate Bonds and Notes-Strips.....	-	-	-	-	46	644
Municipal Obligations.....	-	44	-	563	982	723,645
Negotiable Certificates of Deposit.....	-	-	-	-	16,411	466,719
Commercial Paper.....	-	-	-	-	416,243	5,221,466
Repurchase Agreements.....	-	-	-	-	910,391	2,290,391
Mortgage and Asset-Backed Securities.....	134,268	77,307	5,255	55,584	455,086	7,853,478
Bond Mutual Funds.....	9,828	-	-	-	605,624	9,273,480
International Investments:						
Foreign Bonds.....	80,680	3,545	59	1,220	2,666	3,281,513
High-Yield and Emerging Markets Fixed Income	433,048	16,555	766	6,514	297,036	6,881,649
Securities Lending Collateral:						
Corporate Bonds and Notes.....	-	-	-	-	-	43,992
Commercial Paper.....	-	-	-	-	-	284,353
Repurchase Agreements.....	-	-	-	-	-	1,981,834
Variable Rate Notes.....	-	-	-	-	-	613,969
Bond Mutual Funds.....	-	-	-	-	-	1,438
Total Primary Government.....	<u>\$ 1,130,987</u>	<u>\$ 101,810</u>	<u>\$ 8,502</u>	<u>\$ 79,307</u>	<u>\$ 2,809,890</u>	<u>\$65,702,459</u>



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

<b>Major Discretely Presented Component Units</b>						
<b>Investment Credit Ratings</b>						
<b>As of June 30, 2017</b>						
<i>(dollars in thousands)</i>						
<i>Ohio State University:</i>	Credit Rating					
Investment Type	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B
U.S. Agency Obligations.....	\$ 4,109	\$ 75,433	\$ 33,253	\$ -	\$ -	\$ -
Corporate Bonds and Notes.....	63,784	188,132	368,115	326,394	19,966	5,249
Municipal Obligations.....	1,325	9,964	5,259	3,688	-	-
Negotiable Certificates of Deposit.....	-	-	-	-	-	-
Commercial Paper.....	-	-	10,949	-	-	-
Bond Mutual Funds.....	70,005	5,454	18,208	8,302	1,524	619
Foreign Bonds.....	14,184	2,126	12,724	3,831	-	-
Securities Lending Collateral:						
Commercial Paper.....	-	-	4,037	-	-	-
Repurchase Agreements.....	-	-	-	-	-	-
Variable Rate Notes.....	-	633	257	-	-	-
Total Ohio State University.....	<u>\$ 153,407</u>	<u>\$ 281,742</u>	<u>\$ 452,802</u>	<u>\$ 342,215</u>	<u>\$ 21,490</u>	<u>\$ 5,868</u>
<i>Ohio State University (continued):</i>	Credit Rating					
Investment Type	CCC/Caa	Unrated	Total			
U.S. Agency Obligations.....	\$ -	\$ 5,523	\$ 118,318			
Corporate Bonds and Notes.....	-	90,900	1,062,540			
Municipal Obligations.....	-	1,001	21,237			
Negotiable Certificates of Deposit.....	-	319,578	319,578			
Commercial Paper.....	-	35,079	46,028			
Bond Mutual Funds.....	1,272	17	105,401			
Foreign Bonds.....	-	10,177	43,042			
Securities Lending Collateral:						
Commercial Paper.....	-	401	4,438			
Repurchase Agreements.....	-	10,621	10,621			
Variable Rate Notes.....	-	-	890			
Total Ohio State University.....	<u>\$ 1,272</u>	<u>\$ 473,297</u>	<u>\$ 1,732,093</u>			

At June 30, 2017, the Ohio Facilities Construction Commission had \$1.8 million invested in Bond Mutual Funds that had 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 total average portfolio.

Investment policies of the Treasurer of State further restrict concentrations of investments. Maximum concentrations are as follows:

Investment Type	Maximum % of Total Average Portfolio
U.S. Treasury .....	100
Federal Agency (fixed rate) .....	100
Federal Agency (callable) .....	55
Federal Agency (variable rate) .	10
Repurchase Agreements .....	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 total average portfolio;
- Bankers’ Acceptances are further limited to no more than five percent of the total average 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 ten percent of the total average portfolio;
- Repurchase Agreements are limited in that any one counterparty may not exceed ten percent of the total average portfolio; and
- Municipal obligations are limited to no more than 2.5 percent of the total average 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, ten percent maximum.

*State Highway Patrol Retirement System Pension Trust Fund*

Policy prohibits the investment of more than ten percent of its fixed income portfolio in securities of any one issuer with the exception of U.S. government securities, or the investment of more than five percent of the Fund's total investments in any one issue with the exception of U.S. government securities.

*STAR Ohio Investment Trust Fund*

Investments in a single issuer are further limited to no more than five percent of the total average portfolio except as follows:

- U.S. Treasury obligations, limited at 100 percent;
- U.S. Agency obligations, limited to 100 percent with no single U.S. Agency exceeding 33 percent unless maturing in 30 days or less and rated AA- or higher;
- Repurchase agreements 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 ten percent of the total average portfolio invested in any single mutual fund and limited to STAR Ohio representing no more than ten 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 ten 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 ten 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 ten percent of the core Fixed Income Portfolio may be invested in the securities of any one issuer, and no more than five percent in any one issue on a dollar duration basis, with the exception of U.S. government or agency securities. For its High Yield Portfolio, no more than ten percent of the portfolio may be invested in securities of a single issue or issuer, unless approved by the Board of Trustees.

As of June 30, 2017, 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 .....	\$ 1,782,126	20%
<i>Ohio Facilities Construction Commission Component Unit Fund:</i>		
Federal Home Loan Bank .....	\$ 71,109	15%



## 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 two hundred seventy 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 an average effective duration of all defined benefit and health care assets to be within 20 percent of the option-adjusted duration of the Fixed Income asset class benchmarks.

As of June 30, 2017, 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 \$1.18 billion of investments with call dates during fiscal years 2018 through 2019 and maturity dates during fiscal years 2018 through 2022, while the Corporate Bonds and Notes investment type has \$310.7 million of investments with call dates during fiscal 2018 through 2022 and maturity dates during fiscal years 2018 through 2022.



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

In addition, several investments reported as “Investments” have terms that make their fair values highly sensitive to interest rate changes. U.S. agency obligations of \$2 million have call dates during fiscal year 2018, and maturity dates during fiscal year 2018, and corporate bonds of \$43.1 million have call dates during fiscal year 2018, and maturity dates during fiscal year 2018.

Also during fiscal year 2017, 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 tables 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, 2017, 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.



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

<b>Primary Government (including Fiduciary Activities)</b>					
<b>Investments Subject to Interest Rate Risk</b>					
<b>As of June 30, 2017</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.....	\$ 5,146,706	\$ 8,694,413	\$ 4,286,480	\$ 3,774,868	\$ 21,902,467
U.S. Government Obligations - strips.....	207,915	678,005	120,689	239,550	1,246,159
U.S. Agency Obligations.....	4,158,641	2,467,324	250,939	730,819	7,607,723
U.S. Agency Obligations-strips.....	25,660	144,983	36,864	9,026	216,533
Corporate Bonds and Notes.....	2,420,301	4,997,876	4,720,325	6,821,130	18,959,632
Corporate Bonds and Notes - Strips.....	-	-	-	644	644
Municipal Obligations.....	3,771	5,395	13,721	700,758	723,645
Negotiable Certificates of Deposit.....	450,644	16,075	-	-	466,719
Commercial Paper.....	5,221,466	-	-	-	5,221,466
Repurchase Agreements.....	2,290,391	-	-	-	2,290,391
Mortgage and Asset-Backed Securities.....	145,396	1,785,103	547,408	5,375,571	7,853,478
Bond Mutual Funds.....	7,191,748	1,228,194	344,772	508,766	9,273,480
International Investments:					
Foreign Bonds.....	131,056	698,253	705,915	1,746,289	3,281,513
High-Yield and Emerging Markets Fixed Income.....	308,280	1,815,078	3,101,531	1,656,760	6,881,649
Securities Lending Collateral:					
Corporate Bonds and Notes.....	43,992	-	-	-	43,992
Commercial Paper.....	284,353	-	-	-	284,353
Repurchase Agreements.....	1,981,834	-	-	-	1,981,834
Variable Rate Notes.....	613,969	-	-	-	613,969
Bond Mutual Funds.....	1,438	-	-	-	1,438
<b>Total Primary Government.....</b>	<b>\$ 30,627,561</b>	<b>\$ 22,530,699</b>	<b>\$ 14,128,644</b>	<b>\$ 21,564,181</b>	<b>\$ 88,851,085</b>

**Major Discretely Presented Component Units**

**Investments Subject to Interest Rate Risk**

**As of June 30, 2017**

*(dollars in thousands)*

<i>Ohio State University:</i>					
Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations.....	\$ 395,780	\$ 107,988	\$ 28,808	\$ 10,794	\$ 543,370
U.S. Agency Obligations.....	12,681	55,202	15,109	35,326	118,318
Corporate Bonds and Notes.....	294,192	661,584	53,446	53,318	1,062,540
Municipal Obligations.....	4,803	13,216	175	3,043	21,237
Negotiable Certificates of Deposit.....	319,578	-	-	-	319,578
Commercial Paper.....	46,028	-	-	-	46,028
Bond Mutual Funds.....	4,866	58,314	28,604	13,617	105,401
International Investments:					
Foreign Bonds.....	31,209	8,803	1,710	1,320	43,042
Securities Lending Collateral:					
Commercial Paper.....	4,438	-	-	-	4,438
Repurchase Agreements.....	10,621	-	-	-	10,621
Variable Rate Notes.....	890	-	-	-	890
<b>Total Ohio State University.....</b>	<b>\$ 1,125,086</b>	<b>\$ 905,107</b>	<b>\$ 127,852</b>	<b>\$ 117,418</b>	<b>\$ 2,275,463</b>

At June 30, 2017, the Ohio Facilities Construction Commission had \$1.8 million invested in Bond Mutual Funds that had 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, 2017, 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, 2017</b>					
<i>(dollars in thousands)</i>					
	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Commingled International Equity	Total
Argentinean Peso.....	\$ 1	\$ 294	\$ 43,123	\$ -	\$ 43,418
Australian Dollar.....	931,104	-	-	130,443	1,061,547
Bermudian Dollar.....	-	-	-	2,805	2,805
Brazilian Real.....	614,998	1,849	309,696	41,993	968,536
British Pound.....	3,013,523	2,754	21,789	361,313	3,399,379
Canadian Dollar.....	1,105,565	3,619	-	175,591	1,284,775
Chilean Peso.....	85,268	576	1,811	7,208	94,863
Chinese Renminbi.....	8,983	(743)	137	148,073	156,450
Colombian Peso.....	3,352	(893)	148,235	2,901	153,595
Czech Koruna.....	16,267	693	-	1,092	18,052
Danish Krone.....	329,592	10,662	-	33,570	373,824
Dominican Peso.....	-	-	11,734	-	11,734
Egyptian Pound.....	8,436	-	4,676	824	13,936
Euro.....	4,960,021	5,256	151,909	633,970	5,751,156
Ghana Cedi.....	-	-	38,700	-	38,700
Hong Kong Dollar.....	2,163,323	-	-	88,826	2,252,149
Hungarian Forint.....	40,676	-	46,459	2,049	89,184
Indian Rupee.....	719,635	828	57,060	55,873	833,396
Indonesian Rupiah.....	205,414	1,111	220,847	15,932	443,304
Israeli Shekel.....	50,392	-	117	12,962	63,471
Japanese Yen.....	3,898,290	(117)	-	436,243	4,334,416
Kenya Shilling.....	1,555	-	11,866	-	13,421
Macau Pataca.....	-	-	-	2,292	2,292
Malaysian Ringgit.....	103,408	-	162,756	14,966	281,130
Manx Pound.....	-	-	-	346	346
Mexican Peso.....	182,663	(3,233)	292,736	23,944	496,110
Morocan Dirham.....	1,439	-	-	-	1,439
New Zealand Dollar.....	60,353	-	-	3,256	63,609
Nigerian Naira.....	14,546	-	-	-	14,546
Norwegian Krone.....	143,877	1,464	-	11,453	156,794
Pakistani Rupee.....	-	-	-	911	911
Peruvian New Sol.....	374	(209)	32,723	656	33,544
Philippines Peso.....	62,740	-	9,080	7,411	79,231
Polish Zloty.....	108,638	-	210,812	8,454	327,904
Qatari Rial.....	14,305	-	-	4,326	18,631
Romanian Leu.....	983	-	29,061	-	30,044
Russian Ruble.....	39,491	(1,016)	190,921	20,054	249,450
Singapore Dollar.....	228,886	-	-	24,266	253,152
South African Rand.....	440,352	(721)	231,696	39,454	710,781
South Korean Won.....	1,449,728	58	9	98,923	1,548,718
Swedish Krona.....	438,380	-	365	53,860	492,605
Swiss Franc.....	1,416,452	-	638	168,478	1,585,568
Taiwan Dollar.....	884,737	(1,389)	-	79,057	962,405
Thailand Baht.....	246,738	907	77,690	13,780	339,115
Tunisian Dinar.....	689	-	-	-	689
Turkish Lira.....	205,523	906	190,891	7,428	404,748
Ugandan Shilling.....	-	-	8,633	-	8,633
United Arab Emirates Dirham.....	31,605	-	-	4,729	36,334
Uruguayan Peso.....	-	235	33,258	-	33,493
Vietnamese Dong.....	4,611	-	-	-	4,611
Investments Held in Foreign Currency.....	<u>\$24,236,913</u>	<u>\$ 22,891</u>	<u>\$ 2,539,428</u>	<u>\$ 2,739,712</u>	<u>\$29,538,944</u>
Foreign Investments Held in U.S. Dollars.....					<u>25,229,352</u>
Total Foreign Investments - Primary Government, including Fiduciary Activities.....					<u>\$54,768,296</u>



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

**Major Discretely Presented Component Units  
International Investments—Foreign Currency Risk  
As of June 30, 2017  
(dollars in thousands)**

<u>Ohio State University:</u>			
Currency	Stocks	Bonds	Total
Australian Dollar.....	\$ 1,557	\$ -	\$ 1,557
Brazilian Real.....	2,473	-	2,473
British Pound.....	27,369	2,638	30,007
Canadian Dollar.....	11,022	-	11,022
Chilean Peso.....	(1)	-	(1)
Czech Koruna.....	-	2,185	2,185
Danish Krone.....	2,891	8,543	11,434
Euro.....	49,766	4,023	53,789
Hong Kong Dollar.....	10,858	-	10,858
Indian Rupee.....	(5)	-	(5)
Indonesian Rupiah.....	(1)	-	(1)
Japanese Yen.....	28,717	15,099	43,816
Mexican Peso.....	(2)	(61)	(63)
Norwegian Krone.....	3,505	-	3,505
Polish Zloty.....	(7)	-	(7)
Russian Ruble.....	(2)	-	(2)
South African Rand.....	(4)	-	(4)
South Korean Won.....	3,284	-	3,284
Swedish Krona.....	773	-	773
Swiss Franc.....	18,495	-	18,495
Taiwan Dollar.....	(8)	-	(8)
Investments Held in Foreign Currency.....	<u>\$ 160,680</u>	<u>\$ 32,427</u>	<u>\$ 193,107</u>
Foreign Investments Held in U.S. Dollars.....			<u>10,615</u>
Total Foreign Currency Investments - Ohio State University.....			<u>\$ 203,722</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.

**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, 2017, 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.



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

The State invests cash collateral in short-term obligations, which have a weighted average maturity of 32 days while the weighted average maturity of securities loans is 6 days.

The State cannot sell securities received as collateral unless the borrower defaults. Consequently, these amounts are not reflected in the financial statements.

According to the lending contracts the Treasurer of State executes for the State's cash and investment pool and for the Ohio Lottery Commission Enterprise Fund, the securities lending agent is to indemnify the Treasurer of State for any losses resulting from the insolvency default of the lending counterparty.

During fiscal year 2017, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2017, 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, 2017, the State reports the following investment derivatives in its financial statements (dollars in thousands):

<b>Investment Derivatives</b>					
<b>As of June 30, 2017</b>					
<i>(dollars in thousands)</i>					
	Notional	Fair Value at 6/30/2017		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	\$ 92,650	\$ (8,830)	Other Noncurrent Liability	\$ 5,513	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
<b>Fiduciary Funds—Agency:</b>					
<b>Investment Derivatives:</b>					
Credit default sw aps	31,215	111	Investments	878	Investment Income
Equity sw aps	1,133,584	(1,171)	Investments	(8,264)	Investment Income
Foreign exchange forward currency contracts	10,226,499	(49,042)	Investments	(140,254)	Investment Income
Futures contracts	45,263	(554)	Investments	(1,711)	Investment Income
Interest rate sw ap	4,079,772	817	Investments	3,229	Investment Income
Options	3,299,182	(649)	Investments	2,658	Investment Income
Total return swaps	1,476,281	(5,458)	Investments	(6,748)	Investment Income
Warrants	21,654	1,178	Investments	(751)	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, 2017, and are reported as investment derivatives. The increases in the fair values for fiscal year 2017 of \$5.5 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, 2017. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2017. 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 4 DEPOSITS AND INVESTMENTS (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 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 ten 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.

**F. Fair Value Disclosures**

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



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

**Primary Government (including Fiduciary Activities)  
Investments - Fair Value Disclosures  
As of June 30, 2017  
(dollars in thousands)**

	Fair Value at June 30, 2017	Amount of Fair Value Measured Using:		
		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.....	\$ 21,643,255	\$ 4,159,952	\$ 17,483,303	\$ -
U.S. Government Obligations - Strips.....	560,646	187,229	373,417	-
U.S. Agency Obligations.....	7,608,037	-	7,608,037	-
U.S. Agency Obligations-Strips.....	902,046	685,513	216,533	-
Common and Preferred Stock.....	47,905,080	47,884,670	19,133	1,277
Corporate Bonds and Notes.....	18,618,860	38,730	18,413,061	167,069
Corporate Bonds and Notes - Strips.....	644	-	644	-
Municipal Obligations.....	723,645	1,533	722,112	-
Negotiable Certificates of Deposit.....	16,411	-	16,411	-
Commercial Paper.....	3,537,978	373,540	3,164,438	-
Repurchase Agreements.....	610,391	10,391	600,000	-
Mortgage and Asset-Backed Securities.....	7,853,478	-	7,535,754	317,724
Equity Mutual Funds.....	10,473,131	10,458,131	15,000	-
Bond Mutual Funds.....	4,403,879	4,385,676	18,203	-
Real Estate.....	8,795,980	1,095,194	-	7,700,786
Venture Capital.....	1,475,288	748,225	-	727,063
Partnerships and Hedge Funds.....	1,072,925	927,496	-	145,429
International Investments:				
Foreign Stocks.....	37,598,065	35,560,014	2,032,427	5,624
Foreign Bonds.....	2,818,975	15,058	2,522,280	281,637
High-Yield and Emerging Markets Fixed Income....	6,884,441	-	6,788,709	95,732
Commingled Equity Funds.....	50,485	50,485	-	-
Securities Lending Collateral:				
Corporate Bonds and Notes.....	43,992	-	43,992	-
Variable Rate Notes.....	613,969	-	613,969	-
Bond Mutual Funds.....	1,438	1,438	-	-
	<u>\$ 184,213,039</u>	<u>\$ 106,583,275</u>	<u>\$ 68,187,423</u>	<u>\$ 9,442,341</u>
<b>Investment Derivative Instruments</b>				
Pay Fixed Interest Rate Swaps.....	\$ (8,830)	\$ -	\$ (8,830)	\$ -
Credit Default Swaps.....	107	-	107	-
Equity Swaps.....	(1,171)	-	(1,171)	-
Foreign Exchange Forward Currency Contracts....	(49,042)	-	(49,042)	-
Futures Contracts.....	(553)	(553)	-	-
Interest Rate Swaps.....	866	-	866	-
Options.....	(763)	(1,108)	345	-
Total Return Swaps.....	(5,458)	-	(5,458)	-
Warrants.....	1,178	-	-	1,178
	<u>\$ (63,666)</u>	<u>\$ (1,661)</u>	<u>\$ (63,183)</u>	<u>\$ 1,178</u>



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

**Primary Government (including Fiduciary Activities)  
Investments—Fair Value Disclosures  
As of June 30, 2017  
(dollars in thousands)**

<i>Investments measured at the Net Asset Value Level</i>	Net Asset Value at June 30, 2017
Common and Preferred Stock.....	\$ 1,110,658
Equity Mutual Funds.....	2,794,867
Bond Mutual Funds.....	3,003,763
Real Estate.....	15,441,558
Venture Capital.....	20,368,157
Partnerships and Hedge Funds.....	14,874,715
International Investments:	
Foreign Bonds.....	461,788
Commingled Equity Funds.....	7,004,874
	<u>\$ 65,060,380</u>

For investments held by the Treasurer of State, \$363.9 million classified in Level 1 were valued using inputs based on published share price. Level 2 classifications in the amount of \$9.89 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, price basis as determined by the observed market data 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 \$147.1 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, \$2.66 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 \$6.3 billion 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 \$685.5 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 \$72.3 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 <http://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 <http://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 Investments - Fair Value Disclosures As of June 30, 2017 (dollars in thousands)</b>				
	Fair Value at June 30, 2017	Amount of Fair Value Measured Using:		
		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.....	\$ 543,370	\$ (138)	\$ 543,508	\$ -
U.S. Agency Obligations.....	118,318	-	118,318	-
Common and Preferred Stock.....	214,328	214,328	-	-
Corporate Bonds and Notes.....	1,062,540	-	1,061,545	995
Municipal Obligations.....	21,237	-	21,237	-
Negotiable Certificates of Deposit.....	319,578	319,578	-	-
Commercial Paper.....	46,028	-	46,028	-
Equity Mutual Funds.....	164,662	164,662	-	-
Bond Mutual Funds.....	105,401	105,401	-	-
Real Estate.....	111,088	18,592	-	92,496
Partnerships and Hedge Funds.....	28,324	-	-	28,324
Life Insurance.....	3,206	-	-	3,206
International Investments:				
Foreign Stocks.....	160,680	160,680	-	-
Foreign Bonds.....	43,042	-	43,042	-
Commingled Equity Funds.....	76,814	-	-	76,814
Securities Lending Collateral:				
Commercial Paper.....	4,438	-	4,438	-
Repurchase Agreements.....	10,621	-	10,621	-
Variable Rate Notes.....	890	-	890	-
	<u>\$ 3,034,565</u>	<u>\$ 983,103</u>	<u>\$ 1,849,627</u>	<u>\$ 201,835</u>
<i>Ohio State University</i>				
	Net Asset Value at June 30, 2017			
<b>Investments measured at the Net Asset Value Level</b>				
Equity Mutual Funds.....	\$ 480,635			
Real Estate.....	548,657			
Partnerships and Hedge Funds.....	1,937,078			
International Investments:				
Commingled Equity Funds.....	68,558			
	<u>\$ 3,034,928</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 \$1.8 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 are expected to be collected in the next fiscal year while noncurrent taxes receivable are not expected to be collected until more than one year from the balance sheet date. As of June 30, 2017, approximately \$57.1 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 \$918.2 million are reported as "Refund and Other Liabilities" for governmental activities on the Statement of Net Position and in the General Fund on the governmental funds' Balance Sheet.

The following table summarizes taxes receivable for the primary government (dollars in thousands):

	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
<b>Current-Due Within One Year:</b>			
Income Taxes .....	\$ 412,588	\$ -	\$ 412,588
Sales Taxes .....	510,478	-	510,478
Motor Vehicle Fuel Taxes .....	151,172	89,977	241,149
Commercial Activity Taxes .....	410,910	14,474	425,384
Public Utility Taxes .....	81,930	-	81,930
Casino Taxes .....	-	2,210	2,210
	<u>1,567,078</u>	<u>106,661</u>	<u>1,673,739</u>
<b>Noncurrent-Due in More Than One Year:</b>			
Income Taxes .....	10,058	-	10,058
Taxes Receivable, Net .....	<u>\$1,577,136</u>	<u>\$ 106,661</u>	<u>\$ 1,683,797</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, 2017 (dollars in thousands):

	From Nonexchange Programs		From Sales of Goods and Services		Total Primary
	Federal Government	Local Government	Other State Government	Local Government	
<b>Governmental Activities:</b>					
<b>Major Governmental Funds:</b>					
General .....	\$ 741,084	\$ -	\$ -	\$ -	\$ 741,084
Job, Family and Other Human Services .....	184,325	18,433	-	-	202,758
Nonmajor Governmental Funds .....	361,533	105,860	-	11,423	478,816
Total Governmental Activities .....	<u>1,286,942</u>	<u>124,293</u>	<u>-</u>	<u>11,423</u>	<u>1,422,658</u>
<b>Business-Type Activities:</b>					
<b>Major Proprietary Funds:</b>					
Unemployment Compensation .....	-	-	45	-	45
Nonmajor Proprietary Funds .....	-	-	-	5,838	5,838
Total Business-Type Activities .....	<u>-</u>	<u>-</u>	<u>45</u>	<u>5,838</u>	<u>5,883</u>
Intergovernmental Receivable .....	<u>\$ 1,286,942</u>	<u>\$ 124,293</u>	<u>\$ 45</u>	<u>\$ 17,261</u>	<u>\$ 1,428,541</u>



**NOTE 5 RECEIVABLES (Continued)**

**C. Loans Receivable**

Loans receivable for the primary government, as of June 30, 2017, are detailed in the following table (dollars in thousands):

<b>Primary Government - Loans Receivable</b>			
Loan Program	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Economic Development Office of Loan Administration.....	\$ 254,928	\$ -	\$ 254,928
Local Infrastructure Improvements .....	537,946	-	537,946
Housing Finance .....	289,000	-	289,000
Highway, Transit, & Aviation Infrastructure Bank.....	-	124,168	124,168
Third Frontier Program Loans.....	-	30,913	30,913
Wayne Trace Local School District .....	1,665	-	1,665
Rail Development .....	-	1,932	1,932
Capital Access Loan Program.....	-	5,947	5,947
OhioMeansJobs Workforce Development Revolving Loan Program...	-	1,154	1,154
Loans Receivable, Net .....	<u>\$ 1,083,539</u>	<u>\$ 164,114</u>	<u>\$ 1,247,653</u>
Current-Due Within One Year .....	\$ 154,159	\$ 18,388	\$ 172,547
Noncurrent-Due in More Than One Year .....	929,380	145,726	1,075,106
Loans Receivable, Net .....	<u>\$ 1,083,539</u>	<u>\$ 164,114</u>	<u>\$ 1,247,653</u>

The "Loans Receivable" balance reported in the major discretely presented component units, as of June 30, 2017, 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, 2017, 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	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Govern- mental Funds	Total
Manufacturers' Rebates .....	\$ 212,735	\$ 353,372	\$ -	\$ 5,198	\$ 571,305
Tobacco Settlement .....	-	-	551,898	34,100	585,998
Health Facility Bed Assessments .....	-	110,546	-	-	110,546
Interest .....	19,309	-	-	50	19,359
Accounts .....	13,134	12,447	-	9,186	34,767
Miscellaneous .....	21,631	-	-	-	21,631
Other Receivables, Net.....	<u>\$ 266,809</u>	<u>\$ 476,365</u>	<u>\$ 551,898</u>	<u>\$ 48,534</u>	<u>\$ 1,343,606</u>
Current-Due Within One Year .....	\$ 266,809	\$ 476,365	\$ -	\$ 14,434	\$ 757,608
Noncurrent-Due in More Than One Year.....	-	-	551,898	34,100	585,998
Other Receivables, Net.....	<u>\$ 266,809</u>	<u>\$ 476,365</u>	<u>\$ 551,898</u>	<u>\$ 48,534</u>	<u>\$ 1,343,606</u>
Business-Type Activities					
Major Proprietary Funds					
Types of Receivables	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	Total
Accounts.....	\$ 344,667	\$ -	\$ 42,348	\$ 171	\$ 387,186
Interest and Dividends (including restricted portion).....	137,961	56	-	1,289	139,306
Lottery Sales Agents.....	-	59,394	-	-	59,394
Other Receivables, Gross.....	482,628	59,450	42,348	1,460	585,886
Estimated Uncollectible.....	(1,151)	(306)	(18,094)	-	(19,551)
Other Receivables, Net-Due Within One Year.....	<u>\$ 481,477</u>	<u>\$ 59,144</u>	<u>\$ 24,254</u>	<u>\$ 1,460</u>	<u>\$ 566,335</u>
Total Primary Government.....					<u>\$ 1,909,941</u>

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2017, is comprised of interest due of approximately \$12.3 million and investment trade receivables of \$32.7 million.

In the major discretely presented component units, the "Other Receivables" balance reported, as of June 30, 2017, 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, 2017, 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.....	\$ 172,345	\$ -	\$ 172,345	
Job, Family and Other Human Services.....	24,340	-	24,340	
Nonmajor Governmental Funds.....	67,899	-	67,899	
	264,584	-	264,584	
Reconciliation of fund level statements to government- wide statements due to basis differences.....				
	-	164,645	164,645	
Total Governmental Activities.....	264,584	164,645	429,229	
<b>Business-Type Activities:</b>				
Nonmajor Proprietary Funds.....	5,018	-	5,018	
Total Primary Government.....	\$ 269,602	\$ 164,645	\$ 434,247	
<b>Fiduciary Activities:</b>				
	Wages and Employee Benefits	Health Benefit Claims	Management and Administrative Expenses	Total Accrued Liabilities
State Highway Patrol Retirement System Pension Trust (12/31/2016).....	\$ 4,467	\$ 181	\$ -	\$ 4,648
Variable College Savings Plan Private-Purpose Trust.....	-	-	3,368	3,368
STAR Ohio Investment Trust.....	-	-	597	597
Total Fiduciary Activities.....	\$ 4,467	\$ 181	\$ 3,965	\$ 8,613

The "Accrued Liabilities" balance reported in the major discretely presented component units, as of June 30, 2017, 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, 2017, are comprised of the following (dollars in thousands).

<b>Primary Government - Intergovernmental Payable</b>					
	Local Government				
	Shared Revenue and Local		Federal	Other States	Total
	Permissive Taxes	Subsidies and Other	Government		
<b>Governmental Activities:</b>					
Major Governmental Funds:					
General .....	\$ 632,934	\$ 70,952	\$ 44,170	\$ -	\$ 748,056
Job, Family and Other Human Services ...	-	116,131	-	-	116,131
Nonmajor Governmental Funds .....	87,884	97,488	-	-	185,372
Total Governmental Activities .....	<u>720,818</u>	<u>284,571</u>	<u>44,170</u>	<u>-</u>	<u>1,049,559</u>
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Unemployment Compensation .....	-	-	554	-	554
Total Business-Type Activities .....	<u>-</u>	<u>-</u>	<u>554</u>	<u>-</u>	<u>554</u>
Total Primary Government.....					<u>\$ 1,050,113</u>
<b>Fiduciary Activities:</b>					
Holding and Distribution Agency Fund .....	\$ -	\$ 834	\$ 3,818	\$ 2,857	\$ 7,509
Other Agency Fund .....	172,177	16,272	-	-	188,449
Total Fiduciary Activities .....	<u>\$ 172,177</u>	<u>\$ 17,106</u>	<u>\$ 3,818</u>	<u>\$ 2,857</u>	<u>\$ 195,958</u>

As of June 30, 2017, the Ohio Facilities Construction Commission, a major discretely presented component unit fund, reported an intergovernmental payable balance totaling approximately \$846.0 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, 2017, 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 .....				\$ 919,274	\$ 19	\$ 919,293
Job, Family and Other Human Services .....				-	6,108	6,108
Nonmajor Governmental Funds .....				-	695	695
Total Governmental Activities .....				<u>\$ 919,274</u>	<u>\$ 6,822</u>	<u>\$ 926,096</u>
<b>Business-Type Activities:</b>						
Major Proprietary Funds:						
Workers' Compensation .....	\$ 1,781,700	\$ 240,665	\$ -	\$ 27,396	\$1,157,271	\$ 3,207,032
Lottery Commission .....	-	36,541	44,216	3,746	8,870	93,373
Unemployment Compensation .....	-	-	5,157	-	-	5,157
Nonmajor Proprietary Funds .....	-	81,551	41	9,923	-	91,515
	<u>1,781,700</u>	<u>358,757</u>	<u>49,414</u>	<u>41,065</u>	<u>1,166,141</u>	<u>3,397,077</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	<u>(1,781,700)</u>	<u>(358,757)</u>	<u>-</u>	<u>(41,065)</u>	<u>(1,142,026)</u>	<u>(3,323,548)</u>
Total Business-Type Activities .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,414</u>	<u>\$ -</u>	<u>\$ 24,115</u>	<u>\$ 73,529</u>
Total Primary Government .....						<u>\$ 999,625</u>
<b>Fiduciary Activities:</b>						
State Highway Patrol Retirement System Pension Trust (12/31/2016).....	\$ -	\$ -	\$ -	\$ -	\$ 816	\$ 816
Variable College Savings Plan						
Private-Purpose Trust.....	-	-	-	-	8,278	8,278
STAR Ohio Investment Trust .....	-	-	-	-	427	427
Agency Funds:						
Holding and Distribution .....	-	11,878	-	-	-	11,878
Centralized Child Support Collections.....	66,048	-	-	-	-	66,048
Retirement Systems .....	-	-	-	196,107,133	-	196,107,133
Payroll Withholding and Fringe Benefits ..	-	-	80,801	-	-	80,801
Other .....	-	-	-	-	548,979	548,979
Total Fiduciary Activities .....	<u>\$ 66,048</u>	<u>\$ 11,878</u>	<u>\$ 80,801</u>	<u>\$ 196,107,133</u>	<u>\$ 558,500</u>	<u>\$ 196,824,360</u>

In the major discretely presented component units, the "Refunds and Other Liabilities" balance reported, as of June 30, 2017, 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, 2017, consist of the following (in thousands):

Due from	Due To	
	Governmental Activities	
	Nonmajor Governmental Funds	Total
Nonmajor Governmental Funds .....	\$ 1,370	\$ 1,370
Total Governmental Activities .....	1,370	1,370
Total Primary Government .....	\$ 1,370	\$ 1,370

Due from	Business-Type Activities				Total Primary Government
	Major Proprietary Funds		Nonmajor Proprietary Funds	Total	
	Workers' Compensation	Lottery Commission			
Major Governmental Funds:					
General .....	\$ 432,297	\$ -	\$ 8,508	\$ 440,805	\$ 440,805
Job, Family and Other Human Services ..	14,006	-	-	14,006	14,006
Nonmajor Governmental Funds .....	136,168	2	-	136,170	137,540
Total Governmental Activities .....	582,471	2	8,508	590,981	592,351
Business-Type Activities:					
Major Proprietary Funds:					
Lottery Commission .....	1,376	-	-	1,376	1,376
Nonmajor Proprietary Funds .....	6,765	-	-	6,765	6,765
Total Business-Type Activities .....	8,141	-	-	8,141	8,141
Total Primary Government .....	\$ 590,612	\$ 2	\$ 8,508	\$ 599,122	\$ 600,492

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 \$590.6 million as an interfund receivable for the unbilled premium due for the primary government's share of the Bureau's actuarially determined liability for compensation. In the Statement of Net Position, the State includes the liability in the internal balance reported for governmental activities.



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

**B. Interfund Transfers**

Interfund transfers, for the fiscal year ended of June 30, 2017, consist of the following (dollars in thousands):

Transferred from	Transferred to					Total
	Governmental Activities					
	Major Governmental Funds					
	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority	Nonmajor Governmental Funds		
<b>Major Governmental Funds:</b>						
General .....	\$ -	\$ 4,560	\$ -	\$ 2,019,625	\$2,024,185	
Job, Family and Other Human Services .....	-	-	-	44,813	44,813	
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....	17,763	-	-	-	17,763	
Nonmajor Governmental Funds .....	255,039	-	788	174,176	430,003	
Total Governmental Activities .....	<u>272,802</u>	<u>4,560</u>	<u>788</u>	<u>2,238,614</u>	<u>2,516,764</u>	
<b>Major Proprietary Funds:</b>						
Workers' Compensation .....	8,840	-	-	-	8,840	
Lottery Commission .....	1,485	-	-	1,041,235	1,042,720	
Unemployment Compensation .....	8,951	1,830	-	-	10,781	
Total Business-Type Activities .....	19,276	1,830	-	1,041,235	1,062,341	
Total Primary Government .....	<u>\$ 292,078</u>	<u>\$ 6,390</u>	<u>\$ 788</u>	<u>\$ 3,279,849</u>	<u>\$3,579,105</u>	
				Business-Type Activities		
				Nonmajor Proprietary Funds	Total Primary Government	
<b>Transferred from</b>						
<b>Major Governmental Funds:</b>						
General .....				\$ 30,603	\$2,054,788	
Job, Family and Other Human Services .....				-	44,813	
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....				-	17,763	
Nonmajor Governmental Funds .....				-	430,003	
Total Governmental Activities .....				<u>30,603</u>	<u>2,547,367</u>	
<b>Major Proprietary Funds:</b>						
Workers' Compensation .....				-	8,840	
Lottery Commission .....				-	1,042,720	
Unemployment Compensation .....				-	10,781	
Total Business-Type Activities .....				-	1,062,341	
Total Primary Government .....				<u>\$ 30,603</u>	<u>\$3,609,708</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 2017, the discretely presented component units reported \$2.58 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>							
Program Expenses for State Assistance to Component Units							
	Receivable from the Component Units	Payable to the Component Units	Primary, Secondary, and Other Education Function	Higher Education Support Function	Transportation Function	Community and Economic Development Function	Total State Assistance to the Component Units
Major Governmental Funds:							
General .....	\$ -	\$ 19,501	\$ 435,252	\$ 2,097,773	\$ 2,834	\$ 46,313	\$ 2,582,172
Nonmajor Governmental Funds .....	23,857	-	-	-	-	-	-
Total Governmental Activities.....	23,857	19,501	435,252	2,097,773	2,834	46,313	2,582,172
Total Primary Government .....	<u>\$ 23,857</u>	<u>\$ 19,501</u>	<u>\$ 435,252</u>	<u>\$ 2,097,773</u>	<u>\$ 2,834</u>	<u>\$ 46,313</u>	<u>\$ 2,582,172</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.....	\$ -	\$ -	\$ 481,565
Ohio State University .....	2,365	-	541,331
Nonmajor Discretely Presented Component Units .....	17,095	22,538	1,559,276
Total Discretely Presented Component Units .....	<u>\$ 19,460</u>	<u>\$ 22,538</u>	<u>\$ 2,582,172</u>



**NOTE 8 CAPITAL ASSETS**

**A. Primary Government**

Capital asset activity, for the year ended June 30, 2017, reported for the primary government was as follows (dollars in thousands):

	<b>Primary Government</b>			
	Balance	Increases	Decreases	Balance
	July 1, 2016			June 30, 2017
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land .....	\$ 2,358,859	\$ 32,607	\$ (236)	\$ 2,391,230
Buildings .....	62,464	-	-	62,464
Land Improvements .....	1,439	-	-	1,439
Construction-in-Progress .....	2,197,492	685,461	(200,595)	2,682,358
Infrastructure:				
Highway Network:				
General Subsystem .....	8,630,137	17,944	(403)	8,647,678
Priority Subsystem .....	8,634,436	25,921	(2,554)	8,657,803
Bridge Network .....	2,838,264	40,074	(80,293)	2,798,045
Total Capital Assets Not Being Depreciated.....	<u>24,723,091</u>	<u>802,007</u>	<u>(284,081)</u>	<u>25,241,017</u>
Other Capital Assets:				
Buildings .....	3,736,240	85,671	(41,005)	3,780,906
Land Improvements .....	488,150	27,917	(6,446)	509,621
Machinery and Equipment .....	1,506,272	131,086	(35,657)	1,601,701
Vehicles .....	422,288	52,205	(37,936)	436,557
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	152,161	(731)	(2,598)	148,832
Total Other Capital Assets at Historical Cost.....	<u>6,305,111</u>	<u>296,148</u>	<u>(123,642)</u>	<u>6,477,617</u>
Less Accumulated Depreciation for:				
Buildings .....	2,253,035	118,716	(14,704)	2,357,047
Land Improvements .....	320,421	20,606	(2,914)	338,113
Machinery and Equipment .....	970,527	232,834	(28,515)	1,174,846
Vehicles .....	235,371	38,379	(32,764)	240,986
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	35,585	4,821	-	40,406
Total Accumulated Depreciation .....	<u>3,814,939</u>	<u>415,356</u>	<u>(78,897)</u>	<u>4,151,398</u>
Other Capital Assets, Net .....	<u>2,490,172</u>	<u>(119,208)</u>	<u>(44,745)</u>	<u>2,326,219</u>
Governmental Activities - Capital Assets, Net.....	<u>\$ 27,213,263</u>	<u>\$ 682,799</u>	<u>\$ (328,826)</u>	<u>\$ 27,567,236</u>
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land .....	\$ 9,466	\$ -	\$ -	\$ 9,466
Construction-In Progress.....	106,837	1,179	-	108,016
Total Capital Assets Not Being Depreciated.....	<u>116,303</u>	<u>1,179</u>	<u>-</u>	<u>117,482</u>
Other Capital Assets:				
Buildings .....	209,410	-	-	209,410
Machinery and Equipment .....	187,266	4,840	(5,072)	187,034
Vehicles .....	3,357	856	(616)	3,597
Total Other Capital Assets at Historical Cost.....	<u>400,033</u>	<u>5,696</u>	<u>(5,688)</u>	<u>400,041</u>
Less Accumulated Depreciation for:				
Buildings .....	173,463	6,964	-	180,427
Machinery and Equipment .....	145,053	12,795	(4,947)	152,901
Vehicles .....	1,707	444	(471)	1,680
Total Accumulated Depreciation .....	<u>320,223</u>	<u>20,203</u>	<u>(5,418)</u>	<u>335,008</u>
Other Capital Assets, Net .....	<u>79,810</u>	<u>(14,507)</u>	<u>(270)</u>	<u>65,033</u>
Business-Type Activities - Capital Assets, Net.....	<u>\$ 196,113</u>	<u>\$ (13,328)</u>	<u>\$ (270)</u>	<u>\$ 182,515</u>



**NOTE 8 CAPITAL ASSETS (Continued)**

For fiscal year 2017, the State charged depreciation expense to the following functions (dollars in thousands):

<b>Governmental Activities:</b>	<b>Depreciation Expense</b>
Primary, Secondary and Other Education.....	\$ 3,267
Higher Education Support.....	5
Public Assistance and Medicaid.....	142,897
Health and Human Services.....	21,542
Justice and Public Protection.....	75,466
Environmental Protection and Natural Resources.....	19,365
Transportation.....	80,293
General Government.....	72,460
Community and Economic Development.....	8,068
Total Depreciation Expense for Governmental Activities.....	<u>423,363</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	(8,007)
Fiscal Year 2017 Increases to Accumulated Depreciation.....	<u>\$ 415,356</u>
<b>Business-Type Activities:</b>	
Workers' Compensation.....	\$ 16,844
Lottery Commission.....	10,694
Unemployment Compensation.....	-
Tuition Trust Authority.....	8
Office of Auditor of State.....	304
Total Depreciation Expense for Business-Type Activities.....	<u>27,850</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	(7,647)
Fiscal year 2017 Increase to Accumulated Depreciation.....	<u>\$ 20,203</u>

As of June 30, 2017, the State considered the following governmental capital asset balances as being impaired and removed from service (dollars in thousands).

<b>Governmental Activities:</b>	<b>Net Book Value</b>
Temporarily Impaired Assets Removed from Service:	
Buildings.....	\$ 20
Total.....	<u>\$ 20</u>
Permanently Impaired Assets Removed from Service:	
Buildings.....	\$ 4,537
Land Improvements.....	225
Total.....	<u>\$ 4,762</u>



**NOTE 8 CAPITAL ASSETS (Continued)**

**B. Major Discretely Presented Component Units**

Capital asset activity, for the year ended June 30, 2017, 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, 2016	Increases	Decreases	June 30, 2017
<b><i>Ohio State University:</i></b>				
Capital Assets Not Being Depreciated:				
Land .....	\$ 106,457	\$ 9,828	\$ (2,052)	\$ 114,233
Construction-in-Progress .....	129,046	52,830	-	181,876
Patents and Trademarks.....	18,413	52	-	18,465
Total Capital Assets Not Being Depreciated.....	<u>253,916</u>	<u>62,710</u>	<u>(2,052)</u>	<u>314,574</u>
Other Capital Assets:				
Buildings .....	6,111,876	201,349	(19,868)	6,293,357
Land Improvements .....	820,565	22,037	(750)	841,852
Machinery, Equipment and Vehicles .....	1,424,480	141,084	(82,246)	1,483,318
Library Books and Publications .....	183,389	5,109	(492)	188,006
Total Other Capital Assets at Historical Cost.....	<u>8,540,310</u>	<u>369,579</u>	<u>(103,356)</u>	<u>8,806,533</u>
Less Accumulated Depreciation for:				
Buildings .....	2,409,018	218,131	(3,891)	2,623,258
Land Improvements .....	275,492	33,879	416	309,787
Machinery, Equipment and Vehicles .....	981,860	125,166	(63,495)	1,043,531
Library Books and Publications .....	157,458	4,577	(491)	161,544
Total Accumulated Depreciation .....	<u>3,823,828</u>	<u>381,753</u>	<u>(67,461)</u>	<u>4,138,120</u>
Other Capital Assets, Net .....	<u>4,716,482</u>	<u>(12,174)</u>	<u>(35,895)</u>	<u>4,668,413</u>
Total Capital Assets, Net .....	<u>\$ 4,970,398</u>	<u>\$ 50,536</u>	<u>\$ (37,947)</u>	<u>\$ 4,982,987</u>

For fiscal year 2017, Ohio State University reported approximately \$381.8 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, copies of 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.





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

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.

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 earliest that members of the Traditional and Combined Plans in Transition Groups A and B are eligible to retire is at age 55 with 25 years of credited service, or at or after age 60 with five years of credited service. The earliest that members in Transition Group C are eligible to retire is at age 57 with 25 years of service credit or at age 62 with 5 years of service credit. Regular employees retiring before meeting certain age and service credit eligibility requirements receive a percentage reduction in benefit amounts. The earliest that law enforcement employees in Transition Groups A and B may retire is at age 48 with 25 or more years of credited service, or at age 52 with 15 or more years of service credit, while the earliest that members in Transition Group C may retire is at age 48 with 25 or more years of credited service, or at age 56 with at least 15 years of service credit.

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 on the basis of 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, 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.



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

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, partial 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 2017, 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, 2016 through June 30, 2017.....	10.00%	14.00%
<u>Law Enforcement Employees:</u>		
July 1, 2016 through June 30, 2017.....	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 defined contribution plan, both the employee and employer share of the costs are used to finance the plan.

At June 30, 2017, the State reports a liability of \$4.74 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 \$10.6 million for the Combined Plan. Ohio State University discretely presented component unit reports liabilities of \$2.05 billion, for its proportionate share of the net pension liability for the Traditional Plan. The net pension asset/liability was measured as of December 31, 2016. The Plan's total pension asset/liability used to calculate the Plan's net pension asset/liability was determined by an actuarial valuation as of December 31, 2016. The State's proportion of the net pension asset/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 and non-employer contributing entities to the plan. At December 31, 2016, the State's proportion was 20.95 percent for the Traditional Plan based on employer contributions of \$299.9 million, as compared to the December 31, 2015, proportion of 20.65 percent. For the Combined Plan, the State's proportion at December 31, 2016 was 19.67 percent based on employer contributions of \$8.6 million, as compared to the December 31, 2015, proportion of 19.64 percent. The proportion for the Traditional Plan for Ohio State University discretely presented component unit was 9.1 percent based on employer contributions totaling \$188.8 million compared to 9 percent for the previous fiscal year. For purposes 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



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

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.

For the year ended June 30, 2017, the State recognized pension expense of \$986.6 million for the Traditional Plan, and \$7.4 million for the Combined Plan. Ohio State University discretely presented component unit, recognized \$298.9 million. At June 30, 2017, the State reports Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

	Primary Government	Ohio State University
<b>Traditional Plan</b>		
Deferred Outflow of Resources:		
Differences Between Expected and Actual Experience .....	\$ 6,369	\$ 3,296
Changes of Assumptions .....	745,578	329,038
Net Difference Between Projected and Actual Earnings		
on Pension Plan Investments .....	689,515	306,350
Differences Between Employers' Contributions and		
Proportionate Share of Contributions .....	18,338	-
Change in Employers' Proportionate share .....	36,313	1,163
Contributions Subsequent to the Measurement Date .....	153,334	94,003
Total .....	<u>\$ 1,649,447</u>	<u>\$ 733,850</u>
Deferred Inflow of Resources:		
Differences Between Employers' Contributions and		
Proportionate Share of Contributions .....	\$ (5,406)	\$ -
Change in Employers' Proportionate share .....	(4,969)	(63)
Differences Between Expected and Actual Experience .....	(28,626)	(16,279)
Total .....	<u>\$ (39,001)</u>	<u>\$ (16,342)</u>
<b>Combined Plan</b>		
Deferred Outflow of Resources:		
Change in Employers' Proportionate Share .....	\$ 229	
Net Difference between Projected and Actual Earnings		
on Pension Plan Investments .....	2,510	
Change in Assumptions .....	2,490	
Differences Between Employers' Contributions and		
Proportionate Share of Contributions .....	38	
Contributions Subsequent to the Measurement Date .....	4,089	
Total .....	<u>\$ 9,356</u>	
Deferred Inflow of Resources:		
Differences Between Expected and Actual Experience .....	\$ (5,336)	
Total .....	<u>\$ (5,336)</u>	

Deferred Outflows of Resources of \$153.3 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, 2018. Deferred Outflows of Resources of \$4.1 million for the combined plan will be recognized as an increase to the net pension asset in the year ended June 30, 2018. Ohio State University discretely presented component unit, will recognize \$94 million as a reduction of its net pension liability.



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

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	Primary	Ohio
	Government	State University
Year Ended June 30:		
2018.....	\$ 601,946	\$ 258,014
2019.....	627,051	266,590
2020.....	248,855	108,889
2021.....	(20,695)	(9,353)
2022.....	(16)	(277)
Thereafter.....	(29)	(358)

Combined Plan	Primary
	Government
Year Ended June 30:	
2018.....	\$ 514
2019.....	513
2020.....	401
2021.....	(499)
2022.....	(395)
Thereafter.....	(603)

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan	Combined Plan	
Wage Inflation.....	3.25	3.25	Percent
Salary Increases (including wage inflation)....	3.25-10.75	3.25-8.25	Percent
Investment Rate of Return.....	7.50	7.50	Percent
COLA or Ad Hoc COLA.....	3.00	3.00	Percent
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.

Mortality rates are based on the RP-2014 Healthy Annuitant 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, 2016 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 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:



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

Asset Class	Target Allocation	Weighted, Average Long- Term Expected Real Rate of Return*
Fixed Income.....	23.00%	2.75%
Domestic Equity.....	20.70%	6.34%
Real Estate.....	10.00%	4.75%
Private Equity.....	10.00%	8.97%
International Equities.....	18.30%	7.95%
Other Investments.....	18.00%	4.92%
Total Fund.....	100.00%	5.66%

\*Arithmetic.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent, a decrease from the 8 percent used in the prior year. 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 pension liability as of December 31, 2016.

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, 2016, calculated using the current period discount rate assumption of 7.5 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 (6.5 percent) or one percentage point higher (8.5 percent) than the current assumption (dollars in thousands):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<b>Traditional Plan</b>			
Net Pension Liability:			
Primary Government .....	\$ 7,236,295	\$ 4,736,652	\$ 2,652,576
Ohio State University .....	3,147,036	2,054,548	1,144,550
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<b>Combined Plan</b>			
Net Pension Asset:			
Primary Government .....	\$ (752)	\$ 10,623	\$ 19,468

**Other Postemployment Benefits (OPEB)**

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part A and B premium reimbursements, to qualifying members of both the Traditional Plan and Combined Plan. As part of plan changes, the Medicare Part B reimbursement ended in 2016, resulting in no reimbursements beginning in 2017. In 2016, retirees who did not qualify for premium-free Medicare Part A and select a plan through the Connector, began receiving 100 percent reimbursement of their premium and spouses will be reimbursed a portion of their premium, which is required by Ohio law. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment healthcare coverage, but qualify for a Retiree Medical Account.

To qualify for post-employment healthcare coverage, age-and-service retirees under the defined benefit and combined plans must have twenty years of qualifying Ohio service credit with a minimum age of 60, or 30 or more years of qualifying service at any age. An OPERS retiree, re-employed in an OPERS covered job, must enroll in



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

the employer’s health care plan if offered. The retiree may continue participation in the OPERS health care plan, after the two-month forfeiture period, as secondary coverage. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible recipients. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of covered payroll of active members. For fiscal year 2017, state employers contributed at a rate of 14 percent of covered payroll and law enforcement employers contributed at 18.1 percent. These are the maximum contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS’ Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The contribution rates for regular and law enforcement employees were as follows:

	Employer Share	
	Traditional Plan	Combined Plan
July 1, 2016 through June 30, 2017.....	1.0%	1.0%

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Spouses are being transitioned from the monthly allowance to zero by 2018. 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. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012. The changes were implemented in a phased-in manner from 2013, and continuing through 2018. With the passage of pension legislation under Senate Bill 343 and the approved healthcare changes, OPERS has continued efforts in 2016 to implement pension changes provided by the legislation.

Employer contributions required and made for the last three fiscal years for the defined benefit plan and the defined benefit portion of the Combined Plan were as follows (dollars in thousands):

	2017	2016	2015
<u>Primary Government:</u>			
Regular Employees .....	\$ 37,366	\$ 44,519	\$ 51,394
Law Enforcement Employees.....	508	616	608
Total .....	<u>\$ 37,874</u>	<u>\$ 45,135</u>	<u>\$ 52,002</u>
<u>Major Discretely Presented Component Units:</u>			
Ohio State University.....	\$ 19,434	\$ 24,104	\$ 23,400

Members of the defined contribution plan may access a Retiree Medical Account upon retirement. During fiscal year 2017, employers paid four percent of their share into members’ accounts. Currently, an employee’s interest in the medical account for qualifying healthcare expenses vests on the basis of length of service, with 100 percent vesting attained after five years of credited service for employees hired prior to July 1, 2015. Members who elect



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

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. Employers make no further contributions to a member’s medical account after retirement, nor do employers have any further obligation to provide postemployment healthcare benefits.

Employer contributions required and made for the last three fiscal years for the defined contribution plan were as follows (dollars in thousands):

	2017	2016	2015
Primary Government.....	\$ 2,775	\$ 3,886	\$ 1,684
<i>Major Discretely Presented Component Units:</i>			
Ohio State University.....	\$ 2,108	\$ 2,904	\$ 1,026

The number of active contributing participants for the primary government was 65,040 as of June 30, 2017.

**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, 2017, the State had no significant liability balances relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2017, 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, survivors’, disability, healthcare, and supplemental 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 Web site at <https://www.strsoh.org/>.

For retirement dates beginning on or after August 1, 2015, participants in the Defined Benefit Plan may retire after 31 years of credited service regardless of age, or at or after age 65 with five years of credited service. Members retiring before age 65 with less than 31 years of service credit receive a percentage reduction in benefit amounts. Eligibility requirements for an unreduced benefit are based on the final average salary based on the five highest



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

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 July 1, 2015, the annual retirement allowance is the greater of the benefit amount calculated upon retirement under the new benefit formula or the old benefit amount, which is frozen as of July 1, 2015. The old benefit amount 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 .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 .1 percent starting at 2.6 percent for the 32<sup>nd</sup> year.

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 9.5 percent of employer contributions are placed into individual member accounts (the remaining 4.5 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 defined benefit portion of the plan at 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 2 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 2017 were 14 percent for employers and 14 percent for employees for the Defined Benefit, Defined Contribution, and Combined Plans. For the Defined Benefit and Combined Plans, all employer contributions are used to fund pension obligations. For the Defined Contribution Plan, 9.5 percent of the employer’s share is deposited into individual employee accounts, while 4.5 percent is paid to the Defined Benefit Plan.





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

At June 30, 2017, the State reports a liability of \$126.9 million for its proportionate share of the net pension liability, as compared to \$107.5 million at June 30, 2016. Ohio State University discretely presented component unit reports a liability of \$1.51 billion for its proportionate share, as compared to \$ 1.24 billion at June 30, 2016. The net pension liability was measured as of June 30, 2016. The Plan's total pension liability used to calculate the Plan's net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016, the State's proportion was .379 percent based on employer contributions totaling \$5.7 million as compared to the State's proportion at June 30, 2015, of .389 percent. Ohio State University had a proportionate share of 4.5 percent based on employer contributions of \$70.4 million, as compared to 4.5 percent for June 30, 2015.

For purposes of measuring the net pension liability, deferred inflows and outflows 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 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, 2017, the State recognized pension expense of \$6.9 million and Ohio State University discretely presented component unit recognized \$49.9 million.

At June 30, 2017, the State and Ohio State University report Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

	Primary Government	Ohio State University
<b>Deferred Outflows of Resources</b>		
Differences Between Expected and Actual Experience .....	\$ 5,243	\$ 61,044
Differences Between Projected and Actual Investment Earnings ...	9,974	125,438
Change in employer proportionate share of NPL .....	-	921
Employer Contributions subsequent to measurement date .....	5,863	70,306
Total .....	<u>\$ 21,080</u>	<u>\$ 257,709</u>
<b>Deferred Inflows of Resources</b>		
Change in employer proportionate share of NPL .....	\$ (5,065)	\$ -
Total .....	<u>\$ (5,065)</u>	<u>\$ -</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, 2018. Ohio State University discretely presented component unit will recognize \$70.3 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):

	Primary Government	Ohio State University
<b>YEAR ENDED JUNE 30:</b>		
2018.....	\$ 719	\$ 30,189
2019.....	719	30,189
2020.....	5,079	77,142
2021.....	3,635	49,883



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

Actuarial Assumptions:

The Total Pension Liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.75 percent
Salary Increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of pension plan investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent simple applied as follows: members retired before August 1, 2013, two percent per year; members retiring August 1, 2013 or later, two percent COLA commences on the fifth anniversary of the retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments based on Projection 2022-Scale AA.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study dated July 1, 2012.

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	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity.....	31%	8.00%
International Equity.....	26%	7.85%
Alternatives.....	14%	8.00%
Fixed Income.....	18%	3.75%
Real Estate.....	10%	6.75%
Liquidity Reserves.....	1%	3.00%
Total Fund.....	100%	7.61%

\*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 7.75 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 7.75 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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, 2016, measurement date, calculated using the current period discount rate assumption of 7.75 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 (6.75 percent) or one percentage point higher (8.75 percent) than the current assumption (dollars in thousands):



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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Primary Government.....	\$ 168,665	\$ 126,919	\$ 91,704
Ohio State University Discretely Presented Component Unit.....	2,007,749	1,510,814	1,091,620

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the State's net pension liability is not expected to be significant.

**Other Postemployment Benefits (OPEB)**

Ohio law authorizes STRS to offer a cost-sharing, multiple-employer healthcare plan. STRS provides access to healthcare to eligible retirees who participate in the Defined Benefit Plan or Combined Plan. Benefits include hospitalization, physician's fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Retirees enrolled in the Defined Contribution Plan receive no post-employment healthcare benefits.

Chapter 3307, Ohio Revised Code, gives the STRS board discretionary authority over how much, if any, of associated healthcare costs are absorbed by the healthcare plan. All benefit recipients, for the most recent year, pay a portion of the healthcare costs in the form of a monthly premium. Medicare Part D allows STRS Ohio to recover part of the healthcare cost for providing prescription coverage through its health care plans which include creditable prescription drug coverage.

Under Ohio law, funding for the post-employment healthcare may be deducted from employer contributions. Of the 14 percent employer contribution rate, no covered payroll was allocable to postemployment healthcare for fiscal years 2015, 2016 and 2017. 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. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The Schedule of Funding Progress for OPEB, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits:

<b>STRS Schedule of Funding Progress Last Three Calendar Years – OPEB</b>						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	Percentage of Active Member Payroll (D)/(F)
2016	\$ 5,154,231	\$ 3,258,197	\$ 1,896,034	63.2%	\$ 10,268,859	18.5%
2015	4,676,223	3,454,371	1,221,852	73.9%	10,004,290	12.2%
2014	4,664,445	3,471,886	1,192,559	74.4%	9,972,923	12.0%

As of June 30, 2016 (the most recent information available), net position available for future healthcare benefits was \$3.2 billion.

The number of eligible benefit recipients for STRS as a whole was 175,565 as of June 30, 2016 (the most recent information available); a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 2017, is unavailable.



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

**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. A copy of the Comprehensive Annual Financial Report for the year ended December 31, 2016, may also be found at SHPRS's website: <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. In addition to providing pension benefits, SHPRS is authorized by Chapter 5505, Ohio Revised Code, to provide a post-employment healthcare plan, which is considered to be an other post-employment benefit.

Chapter 5505, Ohio Revised Code, requires contributions by active members and the Ohio State Highway Patrol. The employer and employee contribution rates are established by the General Assembly, and any change in the rates requires legislative action. By law, the employer rate may not exceed three times the employee contribution rate, nor be less than the employee rate paid by contributing members.

SHPRS' financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred and revenues are recorded when they are earned and become measurable.

All investments are reported at fair value. Fair value is "the amount that the plan can reasonably expect to receive for an investment in a current sale, between a willing buyer and a willing seller – that is, other than in a forced or liquidation sale.

Securities traded on a national exchange are valued at the last reported sales price at the current exchange rate. The fair value of real estate and private equity investments are based on information provided by the Fund's managers or by independent appraisals. For actuarial purposes, assets are valued with a method that amortizes the difference between actual and assumed return over a closed, four-year period.

Employees are eligible for pension and healthcare benefits upon reaching both an age and service requirement. Employees with at least 15 years of service credit, but less than 20 years of service credit, may retire at age 55, but are not eligible for health care benefits. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48. Membership data for SHPRS is presented in the table below:

**Membership Data as of December 31, 2016**

Active Members.....	1,670
Retirees Receiving Benefits.....	1,580
Retirees not Receiving Benefits.....	10
	3,260

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 at least 15 years of service credit, but less than 20 years of service credit, the percentage is determined by multiplying 1.5 percent times the number of years of service credit. For members with 20 or more years of service credit, the percentage is determined by multiplying 2.5 percent for the



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

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.

The SHPRS Board sets employee contribution rates and cost-of-living adjustment rates. Employee contribution rates may range between ten 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 2013.

The employer and employee contribution rates, as of December 31, 2016, were 26.5 percent and 12.5 percent, respectively.

During calendar year 2016, all of the employees' contributions funded pension benefits while 22.5 percent of the employer's contributions funded pension benefits. The difference in the total employer rates charged and the employer rates applicable to the funding of pension benefits is applied to the funding of postemployment healthcare benefits.

The State's net pension liability was determined by an actuarial valuation as of December 31, 2015, and update procedures were used to roll forward the total pension liability to December 31, 2016. The total pension liability at December 31, 2016, was 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 ten percent attributable to seniority and merit, and price inflation of 2.75 percent annually. Mortality rates were based on the RP-2014 Healthy Annuitant 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 to the above described tables.

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 2016 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, 2016.

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:



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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Cash .....	1.0%	0.1%
Domestic Equity - Large Cap .....	25.0%	5.7%
Domestic Equity - Small Cap .....	5.0%	6.5%
International Equity .....	15.0%	6.7%
Emerging Markets .....	8.0%	8.8%
Domestic Corporate Fixed Income .....	10.0%	1.4%
Domestic Government Fixed Income .....	3.0%	0.9%
Treasury Inflation Protected Securities .....	0.0%	1.0%
High Yield Bonds .....	3.0%	4.1%
Real Estate .....	0.0%	4.2%
Private Equity .....	10.0%	9.2%
Hedge Funds .....	10.0%	3.9%
Other Alternatives .....	10.0%	4.6%
Total Fund .....	100.0%	

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

Regarding 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, 2016, 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 or one percentage point higher than the current assumption (dollars in thousands):

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 540,753	\$ 415,584	\$ 311,868

Detailed information about SHPRS' pension plan fiduciary net position is available in the separately issued SHPRS financial report. The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. 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  
(Continued)**

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

<u>Fiscal year ending December 31, 2016</u>	
Total Pension Liability:	
Service Cost .....	\$ 18,094
Interest on the Total Pension Liability .....	84,195
Difference Between Expected and Actual Experience .....	(8,633)
Benefit Payments .....	(65,720)
Refunds .....	(1,731)
Net Change in Total Pension Liability .....	26,205
Total Pension Liability - Beginning .....	1,111,064
Total Pension Liability - Ending (a) .....	<u>\$ 1,137,269</u>
Plan Fiduciary Net Position:	
Employer Contributions .....	\$ 25,384
Employee Contributions .....	14,101
Pension Plan Net Investment Income .....	46,423
Benefit Payments .....	(65,721)
Refunds .....	(1,731)
Pension Plan Administrative Expense .....	(1,353)
Other .....	357
Net Change in Plan Fiduciary Net Position .....	17,460
Plan Fiduciary Net Position - Beginning .....	704,225
Plan Fiduciary Net Position - Ending (b) .....	<u>\$ 721,685</u>
Net Pension Liability - Ending (a) - (b) .....	\$ 415,584
Plan Fiduciary Net Position as a Percentage	
of Total Pension Liability .....	63.5%
Covered Employee Payroll* .....	108,789
Net Pension Liability as a Percentage	
of Covered Employee Payroll .....	382%
Notes to Schedule: .....	N/A

\*Includes members of the DROP.

For the year ended June 30, 2017, the State recognized pension expense of \$35.5 million. The amount of employer contributions from the State for the calendar year ended December 31, 2016, totaled \$ 25.4 million. At June 30, 2017, the State reports Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

**Deferred Outflows of Resources**

Net Difference Between Projected and Actual	
Earnings on Pension Plan Investments .....	\$ 48,611
Changes of Assumptions .....	25,224
Contributions Subsequent to Measurement Date .....	12,886
Total .....	<u>\$ 86,721</u>

**Deferred Inflows of Resources**

Difference Between Projected and Actual Experience .....	\$ (10,910)
Total .....	<u>\$ (10,910)</u>

Deferred Outflows of Resources of \$12.9 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, 2018. 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):



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

Year Ended June 30:

2018.....	\$ 21,427
2019.....	21,427
2020.....	19,052
2021.....	1,349
2022.....	(330)

**Other Postemployment Benefits (OPEB)**

The healthcare coverage provided by SHPRS is considered to be an OPEB as described in GASB Statement 45. Healthcare benefits are not guaranteed and are subject to change at any time. The OPEB valuation is based on the substantive plan as it is currently presented to plan members, including a historical pattern of cost-sharing between the plan and benefit recipients.

During calendar year 2016, 2 percent of the employer’s contributions funded healthcare benefits for the Traditional Plan and Combined Plan. The employer contribution was 4 percent, for participants of the Member-Directed Plan, which is deposited into the Retiree Medical Account. Active members do not make contributions to the OPEB plan. The cost of retiree healthcare benefits is recognized as claims are incurred and premiums are paid. The number of active contributing plan participants, as of December 31, 2016, was 1,670.

The State’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The components of the State’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the State’s net OPEB obligation to SHPRS were as follows (dollars in thousands):

Annual Required Contribution (ARC)	\$ 30,088
Interest on Net OPEB Obligation	8,567
Adjustment to ARC	(7,083)
Annual OPEB Cost	<u>31,572</u>
Contributions Made	<u>(5,593)</u>
Increase (Decrease) in Net OPEB Obligation	25,979
Net OPEB Obligation, Beginning of Year	171,348
Net OPEB Obligation, End of Year	<u>\$ 197,327</u>

The State’s annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016.....	\$ 31,572	17.7%	\$ 197,327
2015.....	27,427	18.9%	171,348
2014.....	26,002	19.1%	149,131

As of December 31, 2016, the most recent actuarial valuation, the plan was 26.8 percent funded. The actuarial accrued liability was \$403.7 million, and the actuarial value of assets was \$108.3 million, resulting in an unfunded actuarial liability (UAAL) of \$295.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$108.8 million, and the ratio of the UAAL to the covered payroll was 271.6 percent.

The Schedule of Funding Progress for OPEB, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.





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

SHPRS Schedule of Funding Progress Last Three Calendar Years – OPEB						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2016	\$ 403,703	\$ 108,282	\$ 295,421	26.8%	\$ 108,789	271.6%
2015	412,352	106,550	305,802	25.8%	99,983	305.9%
2014	376,683	103,813	272,870	27.6%	99,212	275.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Healthcare benefits are advance funded by the employer using the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2016, for OPEB. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a five percent rate of return on investments; projected salary increase of 3.5 percent attributable to inflation and additional projected salary increases ranging from 3.8 percent to 13.5 percent a year attributable to seniority and merit; and an annual healthcare cost increase of nine percent annually, reduced by declining percentages ranging from 8.25 percent to four percent through 2031 and later. There are no cost-of-living adjustments for OPEB benefits. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for OPEB benefits.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years.

**D. Alternative Retirement Plan (ARP)  
Pension Benefits**

The ARP is a defined contribution retirement plan that is authorized under Section 3305.02, Ohio Revised Code. The ARP provides at least 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.



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

Ohio law requires that employee contributions be made to the ARP in an amount equal to those that would otherwise have been required by the retirement system that applies to the employee’s position. For the fiscal year ended June 30, 2017, these contribution rates are ten percent for OPERS and 14 percent for STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2017, each public institution of higher education was required to contribute 0.77 percent of a participating employee’s salary to OPERS in cases when the employee would have otherwise been enrolled in OPERS.

Ohio law also requires each public institution of higher education to contribute 4.5 percent of a participating employee’s gross salary, for the year ended June 30, 2017, 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 healthcare benefits, or death benefits. Benefits are entirely dependent on the sum of the contributions and related investment income generated by each participant’s choice of investment options.

For the State’s major discretely presented component units, employer and employee contributions required and made for the year ended June 30, 2017, for the ARP follow (dollars in thousands):

<u>Major Component Unit:</u>	<u>OPERS</u>	<u>STRS</u>
Ohio State University:		
Employer Contributions .....	\$ 29,672	\$ 26,753
Employee Contributions .....	22,458	39,425

**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, 2017, the General Assembly had authorized the issuance of \$5.17 billion in Common Schools Capital Facilities Bonds, of which \$4.77 billion has been issued. As of June 30, 2017, the General Assembly had also authorized the issuance of \$4.02 billion in Higher Education Capital Facilities Bonds, of which \$3.53 billion has been issued.



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

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, 2017, the General Assembly has authorized the issuance of approximately \$3.68 billion in Highway Capital Improvements Bonds, of which \$2.92 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). In 2014, the annual issuance limitation increased from \$150 million to \$175 million in the first five fiscal years and will rise to \$200 million in each following fiscal year thereafter (plus any obligations unissued from previous fiscal years). As of June 30, 2017, the General Assembly had authorized \$4.1 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which \$3.75 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, 2017, the General Assembly had authorized the issuance of \$258 million in Coal Research and Development Bonds, of which \$234 million had been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$458 million, as of June 30, 2017, of which \$418.1 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, 2017, the General Assembly had authorized the issuance of approximately \$600 million in Conservation Projects Bonds of which \$450 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, 2017, the General Assembly had authorized the issuance of \$1.2 billion in Third Frontier Research and Development Bonds, of which \$761 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, 2017, 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, 2017, the General Assembly had authorized all \$200 million in Veterans' Compensation Bonds, of which \$83.9 million had been issued.

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2017, are presented in the table on the following page. 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, 2017. As rates vary, variable-rate bond interest payments and net swap payments vary.



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

**Primary Government-Governmental Activities  
Summary of General Obligation Bonds  
and Future Funding Requirements  
As of June 30, 2017  
(dollars in thousands)**

	Fiscal Years		Maturing	Outstanding	Authorized
	Issued	Interest Rates	Through Fiscal Year		
Common Schools Capital Facilities .....	2004-17	2.5%-5.5%	2037	\$3,098,232	\$ 400,000
Higher Education Capital Facilities .....	2009-17	1.2%-5.3%	2037	2,453,760	485,000
Highway Capital Improvements .....	2008-16	2.0%-5.0%	2031	904,446	761,590
Infrastructure Improvements .....	2002-17	2.0%-5.5%	2037	1,912,691	350,014
Coal Research and Development .....	2010-16	1.5%-5.0%	2026	35,287	24,000
Natural Resources Capital Facilities .....	2007-16	3.0%-5.0%	2030	140,050	39,870
Conservation Projects .....	2007-17	2.0%-5.0%	2032	269,185	150,000
Third Frontier Research and Development ....	2009-16	1.1%-5.5%	2026	384,073	439,000
Site Development .....	2010-14	2.5%-4.6%	2023	61,947	-
Veterans' Compensation .....	2011-12	2.3%-4.9%	2027	37,970	116,090
Total General Obligation Bonds .....				<u>\$9,297,641</u>	<u>\$ 2,765,564</u>

**Future Funding of Current Interest and Capital Appreciation Bonds:**

Year Ending June 30,	Principal	Interest	Total
2018.....	\$ 713,790	\$ 368,046	\$ 1,081,836
2019.....	740,650	334,180	1,074,830
2020.....	746,860	301,172	1,048,032
2021.....	736,580	267,491	1,004,071
2022.....	701,060	233,925	934,985
2023-2027.....	2,422,165	762,534	3,184,699
2028-2032.....	1,480,185	330,239	1,810,424
2033-2037.....	574,005	67,043	641,048
Total Current Interest and Capital Appreciation Bonds .....	<u>\$ 8,115,295</u>	<u>\$ 2,664,630</u>	<u>\$ 10,779,925</u>

**Future Funding of Variable-Rate Bonds:**

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2018.....	\$ 63,450	\$ 6,995	\$ 6,460	\$ 76,905
2019.....	46,335	5,779	5,771	57,885
2020.....	50,465	4,808	5,057	60,330
2021.....	52,305	3,999	4,013	60,317
2022.....	54,300	3,161	2,929	60,390
2023-2027.....	125,555	4,763	4,035	134,353
Total Variable-Rate Bonds.....	<u>\$ 392,410</u>	<u>\$ 29,505</u>	<u>\$ 28,265</u>	<u>\$ 450,180</u>
Total General Obligation Bonds .....	\$ 8,507,705			
Unamortized Premium/(Discount), Net.....	789,936			
Total.....	<u>\$ 9,297,641</u>			

For the year ended June 30, 2017, NOTE 15 summarizes changes in general obligation bonds.



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

**Hedging Derivatives**

As of June 30, 2017, approximately \$261.6 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of (\$22.1) 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 \$15 million during fiscal year 2017. 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, 2017</b>							
<i>(dollars in thousands)</i>							
Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Sw ap Rate at 06/30/2017	State's Sw ap Rate at 06/30/2017	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate sw ap	\$42,600	SIFMA Index	0.91%	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/AA-/AA Wells Fargo					
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate sw ap	\$46,755	LIBOR (See terms below)	1.02%	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/AA-/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)	1.05%	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/AA-/AA Wells Fargo					
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate sw ap	\$52,635	LIBOR (see terms below)	1.05%	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	\$52,635	LIBOR (see terms below)	1.05%	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, 2017. 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 2017, there were no advance refundings of general obligations bonds.

Proceeds of the refunding (new) bonds are placed in irrevocable trusts to provide for all future debt service payments of the refunded (old) bonds. These refunded amounts are considered defeased and no longer outstanding. The various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements.

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. For these prior year defeasances, Conservation Bonds of \$35.4 million, Common School Bonds of \$143.2 million, Higher Education Bonds of \$70.6 million, Infrastructure Improvement Bonds of \$179.9 million, Natural Resources Bonds of \$13.6 million, and Third Frontier Bonds of \$22.6 million are considered defeased and no longer outstanding as of June 30, 2017.



## **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 \$2.37 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 2029 are estimated at approximately \$888.7 million. For fiscal year 2017, principal and interest payments on the revenue bonds was \$162.9 million and pledged receipts was \$151.2 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, 2017, the total principal and interest payments remaining to be paid on the bonds were \$16.90 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2017 were \$331.6 million and \$273.5 million, respectively. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds. After the bonds and any related operating expenses have been fully paid, any remaining tobacco settlement receipts will become payable to the State. The bonds include fixed rate serial bonds, fixed rate current interest turbo term bonds, and capital appreciation turbo term bonds which will convert to fixed rate current interest turbo term bonds. They were issued to fund long-lived capital projects at state-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. Additional information on these bonds can be found in BTSFA's stand-alone financial report.



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

Revenue bonds and notes outstanding and future bond service requirements for the primary government, as of June 30, 2017, are presented in the following tables.

**Primary Government-Governmental Activities**  
**Summary of Revenue Bonds and Notes**  
**As of June 30, 2017**  
*(dollars in thousands)*

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Treasurer of State: State Infrastructure Bank .....	2007-17	2.0%-6.0%	2029	\$ 815,895
Buckeye Tobacco Settlement Financing Authority .....	2008	6.3%-7.5%	2052	5,578,752
Total Revenue Bonds and Notes .....				<u>\$ 6,394,647</u>

**Primary Government-Governmental Activities**  
**Future Funding Requirements for Revenue Bonds and Notes**  
**As of June 30, 2017**  
*(dollars in thousands)*

Year Ending June 30,	Principal	Interest	Total
2018.....	\$ 376,775	\$ 324,813	\$ 701,588
2019.....	225,095	304,967	530,062
2020.....	235,050	293,832	528,882
2021.....	215,875	282,905	498,780
2022.....	180,015	272,622	452,637
2023-2027.....	809,870	1,224,612	2,034,482
2028-2032.....	642,115	1,026,082	1,668,197
2033-2037.....	643,560	843,783	1,487,343
2038-2042.....	978,430	612,488	1,590,918
2043-2047.....	1,596,550	3,282,420	4,878,970
2048-2052.....	128,183	3,289,117	3,417,300
	<u>6,031,518</u>	<u>11,757,641</u>	<u>17,789,159</u>
Unamortized Premium/(Discount), Net...	363,129	-	363,129
Total .....	<u>\$ 6,394,647</u>	<u>\$ 11,757,641</u>	<u>\$ 18,152,288</u>

For the year ended June 30, 2017, NOTE 15 summarizes changes in revenue bonds and notes.

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. For these prior year defeasances, Economic Development Bonds of \$103.4 million, Revitalization Bonds of \$28.9 million and State Infrastructure Bonds of \$62.5 million are considered defeased and no longer outstanding as of June 30, 2017.





**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, 2017, 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, 2017</b>			
<i>(dollars in thousands)</i>			
Year Ending June 30,	Ohio State University		
	Principal	Interest	Total
2018.....	\$ 651,039	\$ 133,682	\$ 784,721
2019.....	48,713	126,403	175,116
2020.....	35,601	124,531	160,132
2021.....	35,665	122,884	158,549
2022.....	35,884	121,316	157,200
2023-2027.....	195,331	579,811	775,142
2028-2032.....	154,385	539,660	694,045
2033-2037.....	106,192	511,682	617,874
2038-2042.....	790,153	398,346	1,188,499
2043-2047.....	411,170	235,203	646,373
2048-2052.....	-	170,600	170,600
2053-2057.....	250,000	165,540	415,540
2058-2062.....	-	120,000	120,000
2063-2067.....	-	122,916	122,916
2068-2072.....	-	120,000	120,000
2073-2077.....	-	120,000	120,000
2078-2082.....	-	120,000	120,000
2083-2087.....	-	120,000	120,000
2088-2092.....	-	120,000	120,000
2093-2097.....	-	120,000	120,000
2098-2102.....	-	120,000	120,000
2103-2107.....	-	120,000	120,000
2108-2112.....	500,000	96,000	596,000
	<u>3,214,133</u>	<u>4,528,574</u>	<u>7,742,707</u>
Unamortized Premium/(Discount), Net..	86,129	-	86,129
Total .....	<u>\$3,300,262</u>	<u>\$ 4,528,574</u>	<u>\$7,828,836</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, 2017, are presented in the following tables.

<b>Primary Government-Governmental Activities</b>					
<b>Summary of Special Obligation Bonds</b>					
<b>As of June 30, 2017</b>					
<i>(dollars in thousands)</i>					
	Fiscal Years	Interest	Maturing	Outstanding	Authorized
	Issued	Rates	Through	Balance	but Unissued
			Fiscal Year		
Treasurer of State Lease Rental Bonds.....	2001-17	0.9%-5.6%	2037	\$ 2,016,991	\$ 837,825
Total Special Obligation Bonds.....				<u>\$ 2,016,991</u>	<u>\$ 837,825</u>
<b>Future Funding of Special Obligation Bonds:</b>					
Year Ending June 30,	Principal	Interest	Total		
2018.....	\$ 224,955	\$ 80,185	\$ 305,140		
2019.....	200,200	71,000	271,200		
2020.....	176,725	62,847	239,572		
2021.....	169,265	54,973	224,238		
2022.....	152,835	47,480	200,315		
2023-2027.....	555,165	140,083	695,248		
2028-2032.....	266,720	49,275	315,995		
2033-2037.....	96,535	8,488	105,023		
	<u>1,842,400</u>	<u>514,331</u>	<u>2,356,731</u>		
Unamortized Premium/(Discount), Net....	174,591	-	174,591		
Total .....	<u>\$2,016,991</u>	<u>\$ 514,331</u>	<u>\$2,531,322</u>		

For the year ended June 30, 2017, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2017, Treasurer of State Lease Rental had no current/advance refunding issues.

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. For these prior year defeasances, \$88.2 million of lease rental special obligations bonds are considered defeased and no longer outstanding as of June 30, 2017.

**NOTE 13 CERTIFICATES OF PARTICIPATION**

As of June 30, 2017, approximately \$241.6 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).



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

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.

Obligations outstanding and future commitments for the primary government under COP financing arrangements, as of June 30, 2017, 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, 2017</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	2.0%-5.0%	2027	\$ 21,957
<b>Department of Administrative Services:</b>				
Enterprise Data Center Solutions (EDCS).....	2015-17	5.0%	2027	61,893
Multi-Agency Radio Communications System (MARCS) .....	2013-15	3.0%-5.0%	2028	64,846
Ohio Administrative Knowledge System (OAKS) .....	2014-17	4.0%-5.0%	2027	47,881
State Taxation Accounting and Revenue System (STARS).....	2008-17	2.0%-5.0%	2027	36,786
<b>Treasurer of State:</b>				
Treasury Management Systems (TMS).....	2015	5.0%	2025	8,264
Total Certificates of Participation .....				<u>\$ 241,627</u>



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

Future Commitments for Certificate of Participation Obligations:			
Year Ending June 30,	Principal	Interest	Total
2018.....	\$ 32,130	\$ 9,581	\$ 41,711
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
2023-2027.....	91,875	12,248	104,123
2028-2032.....	6,625	141	6,766
	217,540	48,659	266,199
Unamortized Premium, Net.....	24,087	-	24,087
Total .....	<u>\$ 241,627</u>	<u>\$ 48,659</u>	<u>\$ 290,286</u>

For the year ended June 30, 2017, NOTE 15 summarizes changes in COP obligations.

**NOTE 14 OTHER NONCURRENT LIABILITIES**

As of June 30, 2017, in addition to bonds, notes, and certificates of participation obligations discussed in NOTES 10 through 13, the State reports the following noncurrent liabilities in its financial statements (dollars in thousands):

Non-Current Liabilities	
<b>Governmental Activities:</b>	
Compensated Absences .....	\$ 460,688
Net Pension Liability.....	4,920,398
Net OPEB Obligation.....	197,327
Capital Leases Payable .....	17,361
Derivatives.....	30,919
Pollution Remediation Liabilities.....	6,083
Infrastructure, Capital Assets.....	345,477
Litigation Liabilities.....	17,500
Estimated Claims Payable .....	1,201
Liability for Escheat Property .....	276,034
Total Governmental Activities .....	<u>6,272,988</u>
<b>Business-Type Activities:</b>	
Compensated Absences .....	41,065
Net Pension Liability.....	358,757
Capital Leases Payable .....	6,277
Workers' Compensation:	
Benefits Payable .....	15,084,910
Other .....	2,917,449
Prize Awards Payable .....	449,169
Tuition Benefits Payable .....	243,500
Total Business-Type Activities .....	<u>19,101,127</u>
Total Primary Government .....	<u>\$ 25,374,115</u>



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

For the year ended June 30, 2017, 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, 2017, was \$501.8 million, of which \$460.7 million is allocable to governmental activities and \$41.1 million is allocable to business-type activities.

As of June 30, 2017, major discretely presented component units reported a total of \$177.6 million in compensated absences liabilities, as detailed by major discretely presented component unit in NOTE 15.

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

The State recognizes a net pension liability in the amount of \$5.28 billion, as of June 30, 2017, for the primary government of which \$4.92 billion is allocable to governmental activities and \$358.8 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 obligation in the amount of \$197.3 million as of June 2017. The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the employer's contributions to the SHPRS. The SHPRS is a blended component unit reported as a fiduciary pension trust fund. See NOTE 9 for further details.

**C. Lease Agreements**

The State's primary government leases office buildings and computer and office equipment. Although the lease terms vary, most leases are renewable subject to biennial appropriations by the General Assembly. If the likelihood of the exercise of a fiscal funding clause in the lease agreement is, in the management's judgment, remote, then the lease is considered noncancelable for financial reporting purposes and is reported as a fund expenditure/expense for operating leases or as a liability for capital leases.

Operating leases (leases on assets not recorded in the Statement of Net Position) contain various renewable options as well as some purchase options. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The primary government's total operating lease expenditures/expenses for fiscal year 2017 were approximately \$80 million. Fiscal year 2018 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2017, 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, 2017, are as follows (dollars in thousands):



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

Year Ending June 30,	Capital Leases		
	Governmental Activities	Business-Type Activities	Total
2018.....	\$ 4,478	\$ 3,113	\$ 7,591
2019.....	4,236	-	4,236
2020.....	3,728	-	3,728
2021.....	2,945	3,164	6,109
2022.....	2,343	-	2,343
2023-2024.....	763	-	763
Total Minimum Lease Payments.....	18,493	6,277	24,770
Amount for Interest.....	(1,132)	-	(1,132)
Present Value of Net Minimum Lease Payments.....	\$ 17,361	\$ 6,277	\$ 23,638

As of June 30, 2017, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business- Type Activities	Total
Equipment .....	\$ 9,076	\$ 108,815	\$ 117,891
Vehicles .....	22,177	-	22,177
Total .....	\$ 31,253	\$ 108,815	\$ 140,068

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, 2017, are presented in the table below (dollars in thousands):

Capital Leases	
Major Discretely Presented Component Units	
Year Ending June 30,	Ohio State University
2018.....	\$ 2,031
2019.....	1,966
2020.....	1,901
2021.....	1,901
2022.....	1,125
Total Minimum Lease Payments.....	8,924
Amount for Interest.....	(376)
Present Value of Net Minimum Lease Payments.....	\$ 8,548
Equipment & Vehicles.....	\$ 17,523
Total .....	\$ 17,523



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

**D. Derivatives**

For governmental activities, the State has reported \$(30.9) million of investment and hedging derivatives as of June 30, 2017. 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 \$6.1 million, as of June 30, 2017. 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. Reimbursement payments will commence in State Fiscal Year 2019. As of June 30, 2017, the liability totaled approximately \$345.5 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, 2017, \$17.5 million in liabilities was reported in Noncurrent, Other Liabilities, Due in One Year. For more information on the State’s loss contingencies arising from pending litigation, see NOTE 20.

**H. Estimated Claims Payable**

The State reported \$1.2 million 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, 2017. 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, 2017 (dollars in thousands):

Year Ending June 30,	Principal Due
2018.....	\$ 522
2019.....	542
2020.....	137
Total .....	<u>\$ 1,201</u>

**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, 2017, the liability totaled approximately \$276 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, 2017, in the amount of approximately \$15.08 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.



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

**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, 2017, this payable totals \$449.2 million.

Future payments of prize awards, stated at present value, as of June 30, 2017, follow (dollars in thousands):

Year Ending June 30,	
2018.....	\$ 71,785
2019.....	63,069
2020.....	54,508
2021.....	49,208
2022.....	44,228
2023-2027.....	143,782
2028-2032.....	95,768
2033-2037.....	30,574
2038-2042.....	5,892
2043-2047.....	300
	559,114
Unamortized Discount .....	(109,945)
Net Prize Liability .....	\$ 449,169

**L. Tuition Benefits Payable**

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately \$243.5 million, as of June 30, 2017. 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: 4.5 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, 2017, the market value of actuarial net position available for the payment of the tuition benefits payable was \$307.6 million.

**M. Other Liabilities**

The Workers' Compensation Enterprise Fund reports approximately \$2.92 billion in other noncurrent liabilities, as of June 30, 2017, of which 1) \$1.78 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) \$1.09 billion consists of the premium rebate due to private employers and public taxing district employers, 3) \$4.5 million is contingent liabilities, and 4) \$36.4 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, 2017, are presented for the primary government in the following table.

**Primary Government**  
**Changes in Noncurrent Liabilities**  
**For the Fiscal Year Ended June 30, 2017**  
*(dollars in thousands)*

<b>Governmental Activities:</b>	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10) .....	\$ 9,283,156	\$ 929,797	\$ 915,312	\$ 9,297,641	\$ 783,542
Revenue Bonds and Notes (NOTE 11) .....	6,261,882	313,123	180,358	6,394,647	118,468
Special Obligation Bonds (NOTE 12) .....	1,930,592	331,261	244,862	2,016,991	253,469
Total Bonds and Notes Payable .....	<u>17,475,630</u>	<u>1,574,181</u>	<u>1,340,532</u>	<u>17,709,279</u>	<u>1,155,479</u>
Certificates of Participation (NOTE 13) .....	194,899	85,219	38,491	241,627	32,547
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences .....	444,805	345,524	329,641	460,688	56,093
Net Pension Liability .....	3,800,346	1,120,052	-	4,920,398	-
Net OPEB Obligation .....	171,348	31,572	5,593	197,327	-
Capital Leases Payable .....	8,806	8,555	-	17,361	4,059
Derivatives .....	51,403	-	20,484	30,919	-
Pollution Remediation Liabilities .....	5,890	364	171	6,083	365
Infrastructure, Capital Assets .....	195,762	149,715	-	345,477	-
Litigation Liabilities .....	6,100	17,500	6,100	17,500	17,500
Estimated Claims Payable .....	1,700	-	499	1,201	522
Liability for Escheat Property .....	271,580	92,648	88,194	276,034	83,422
Total Other Noncurrent Liabilities .....	<u>4,957,740</u>	<u>1,765,930</u>	<u>450,682</u>	<u>6,272,988</u>	<u>161,961</u>
Total Noncurrent Liabilities .....	<u>\$ 22,628,269</u>	<u>\$ 3,425,330</u>	<u>\$ 1,829,705</u>	<u>\$ 24,223,894</u>	<u>\$ 1,349,987</u>
<b>Business-Type Activities:</b>					
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences .....	\$ 38,163	\$ 28,462	\$ 25,560	\$ 41,065	\$ 4,123
Net Pension Liability .....	275,524	83,233	-	358,757	-
Capital Leases Payable .....	10,077	-	3,800	6,277	3,113
Workers' Compensation:					
Benefits Payable .....	15,670,600	1,120,737	1,706,427	15,084,910	1,503,463
Other:					
Adjustment Expenses Liability .....	1,822,600	78,263	119,163	1,781,700	388,973
Miscellaneous .....	61,300	1,187,175	112,726	1,135,749	1,135,749
Prize Awards Payable .....	471,659	52,892	75,382	449,169	55,257
Tuition Benefits Payable .....	297,200	-	53,700	243,500	41,200
Total Other Noncurrent Liabilities .....	<u>18,647,123</u>	<u>2,550,762</u>	<u>2,096,758</u>	<u>19,101,127</u>	<u>3,131,878</u>
Total Noncurrent Liabilities .....	<u>\$ 18,647,123</u>	<u>\$ 2,550,762</u>	<u>\$ 2,096,758</u>	<u>\$ 19,101,127</u>	<u>\$ 3,131,878</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 2017, 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.

	<i>(in 000s)</i>
<b>Governmental Activities:</b>	
Primary, Secondary and Other Education .....	\$ 394,291
Higher Education Support .....	155,874
Health and Human Services.....	1,916
Environmental Protection and Natural Resources .....	1,207
Transportation.....	38,571
Community and Economic Development.....	102,281
Total Interest Expense Charged to Governmental Functions .....	<u>\$ 694,140</u>

**B. Major Discretely Presented Component Units**

Changes in noncurrent liabilities, for the year ended June 30, 2017, 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, 2017  
(dollars in thousands)**

	Balance			Balance	Amount Due
	June 30,			June 30,	Within One
	2016	Additions	Reductions	2017	Year
<i>Ohio Facilities Construction Commission</i>					
Intergovernmental Payable .....	\$ 606,446	\$ 493,532	\$ 253,979	\$ 845,999	\$ 381,206
Compensated Absences* .....	274	778	701	351	69
Total .....	<u>\$ 606,720</u>	<u>\$ 494,310</u>	<u>\$ 254,680</u>	<u>\$ 846,350</u>	<u>\$ 381,275</u>
<i>Ohio State University:</i>					
Compensated Absences* .....	\$ 171,012	\$ 18,808	\$ 12,613	\$ 177,207	\$ 12,613
Capital Leases Payable* (NOTE 14).....	4,547	6,430	2,429	8,548	1,891
Net Pension Liability* .....	2,794,992	770,752	-	3,565,744	-
Other Liabilities* .....	395,028	341,168	371,490	364,706	80,744
Revenue Bonds & Notes Payable (NOTE 11) .	3,384,259	2,130	86,127	3,300,262	651,039
Total .....	<u>\$ 6,749,838</u>	<u>\$1,139,288</u>	<u>\$ 472,659</u>	<u>\$ 7,416,467</u>	<u>\$ 746,287</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.



**NOTE 16 CONDUIT DEBT (Continued)**

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, 2017, a liability of \$1.2 million 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 \$4.2 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, 2017.

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 that the State will be required to make any payments as a result of these guarantees.

As of June 30, 2017, revenue bonds and notes outstanding that represent conduit debt for the State were as follows (dollars in thousands):

	Outstanding Amount
<b>Primary Government:</b>	
Development Services Agency:	
Ohio Enterprise Bond Program .....	\$ 133,225
Hospital Facilities Bonds .....	3,820
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program.....	40,660
Total Primary Government .....	<u>\$ 177,705</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, 2017, are presented by purpose in the table on the following page:



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

	Primary Government Fund Balance Constraints by Purpose (dollars in thousands)				
	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.....	\$ 20,744	\$ -	\$ -	\$ 94,241	\$ 114,985
Noncurrent Portion of Loans Receivable.....	1,664	-	-	-	1,664
Advances to Local Government.....	21,168	-	-	-	21,168
Total Nonspendable.....	43,576	-	-	94,241	137,817
<i>Restricted</i>					
Primary, Secondary and Other Education.....	19	54	-	87,128	87,201
Higher Education Support.....	272,663	-	-	26,731	299,394
Public Assistance and Medicaid.....	-	303,681	-	221,813	525,494
Health and Human Services.....	-	-	-	90,927	90,927
Justice and Public Protection.....	27,161	1,654	-	103,354	132,169
Environmental Protection and Natural Resources.....	9,619	-	-	134,978	144,597
Transportation.....	-	-	-	10,217	10,217
Transit Project Loans.....	-	-	-	229,681	229,681
Highway Construction/Preservation.....	-	-	-	737,340	737,340
General Government.....	7,773	20,873	-	94,702	123,348
Community and Economic Development.....	56,098	9	-	285,701	341,808
Grants/Loans-Local Government Capital Improvements..	777,957	-	-	-	777,957
State/Local Government Road/Bridge Improvements.....	218,720	-	-	-	218,720
Capital Outlay.....	-	-	-	512,771	512,771
Debt Service.....	-	-	4,609,898	25,000	4,634,898
Total Restricted.....	1,370,010	326,271	4,609,898	2,560,343	8,866,522
<i>Committed</i>					
Primary, Secondary and Other Education.....	2	-	-	84,296	84,298
Higher Education Support.....	-	-	-	1,358	1,358
Public Assistance and Medicaid.....	10,164	82,394	-	55,390	147,948
Health and Human Services.....	5,695	8,077	-	10,353	24,125
Justice and Public Protection.....	903	-	-	71,266	72,169
Environmental Protection and Natural Resources.....	-	-	-	181,919	181,919
Transportation.....	-	-	-	1,388	1,388
General Government.....	19,307	16,658	-	97,015	132,980
Community and Economic Development.....	-	-	-	254,701	254,701
Business Development Loans.....	703,678	-	-	-	703,678
Total Committed.....	739,749	107,129	-	757,686	1,604,564
<i>Assigned</i>					
Primary, Secondary and Other Education.....	74,703	-	-	-	74,703
Higher Education Support.....	26,425	-	-	-	26,425
Public Assistance and Medicaid.....	542,530	-	-	-	542,530
Health and Human Services.....	320,191	-	-	-	320,191
Justice and Public Protection.....	78,054	-	-	-	78,054
Environmental Protection and Natural Resources.....	28,714	-	-	-	28,714
General Government.....	473,989	-	-	-	473,989
Escheat Investments used for Mortgage Insurance/ Minority Contractor Bonding/Housing Finance Loans....	1,334,704	-	-	-	1,334,704
Community and Economic Development.....	116,482	-	-	-	116,482
Total Assigned.....	2,995,792	-	-	-	2,995,792
<i>Unassigned</i>	239,478	(1,318)	-	-	238,160
Total Fund Balance.....	\$ 5,388,605	\$ 432,082	\$ 4,609,898	\$ 3,412,270	\$ 13,842,855



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

As of June 30, 2017, 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, 2017 (dollars in thousands):

**Primary Government:**

Nonmajor Proprietary Funds:

Office of Auditor of State.....	\$ (18,245)
<i>Total Primary Government.....</i>	<u><u>\$ (18,245)</u></u>

**Discretely Presented Component Units:**

Major Component Units:

Ohio Facilities Construction Commission .....	\$ (3,868,901)
---	----------------

Nonmajor Component Units:

Ohio Capital Fund.....	(69,979)
Cincinnati State Community College.....	<u>(25,624)</u>
<i>Total Component Units.....</i>	<u><u>\$ (3,964,504)</u></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, 2017, follow (dollars in thousands):

<b>Primary Government - Deferred Outflows of Resources</b>					
	Net Pension Asset/Liability	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.....	\$ -	\$ -	\$ -	\$ 4,235,667	\$ 4,235,667
Total Governmental Activities .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,235,667</u>	<u>4,235,667</u>
Reconciliation of fund level statements to government-wide statements due to basis differences.....					
	1,642,156	22,089	141,064	-	1,805,309
Total Governmental Activities .....	<u>\$ 1,642,156</u>	<u>\$ 22,089</u>	<u>\$ 141,064</u>	<u>\$ 4,235,667</u>	<u>\$ 6,040,976</u>
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Workers' Compensation.....	\$ 90,259	\$ -	\$ -	\$ -	\$ 90,259
Lottery Commission.....	18,384	-	-	-	18,384
Nonmajor Proprietary Funds .....	29,844	-	-	-	29,844
Total Business-Type Activities .....	<u>\$ 138,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,487</u>
Total Primary Government.....					<u><u>\$ 6,179,463</u></u>

As of June 30, 2017, The Ohio State University, a major discretely presented component unit, reported deferred outflows of resources totaling approximately \$991.7 million for net pension asset/liability and \$21.4 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, 2017, are comprised of the following (dollars in thousands).

<b>Primary Government - Deferred Inflows of Resources</b>					
	Net Pension Asset/Liability	Resources from the Sale of Future Revenues	Unavailable Resources	Debt Refundings	Total
<b>Governmental Activities:</b>					
Major Governmental Funds:					
General .....	\$ -	\$ 786,564	\$ 464,522	\$ -	\$ 1,251,086
Job, Family and Other Human Services .....	-	-	69,250	-	69,250
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....	-	-	551,877	-	551,877
Nonmajor Governmental Funds .....	-	34,100	14,815	-	48,915
Total Governmental Activities .....	-	820,664	1,100,464	-	1,921,128
Reconciliation of fund level statements to government-wide statements due to basis differences.....					
	60,168	1,170,853	(1,100,464)	60	130,617
Total Governmental Activities .....	\$ 60,168	\$ 1,991,517	\$ -	\$ 60	2,051,745
<b>Business-Type Activities:</b>					
Major Proprietary Funds:					
Workers' Compensation.....	\$ 9,777	\$ -	\$ -	\$ -	\$ 9,777
Lottery Compensation.....	2,358	-	-	-	2,358
Nonmajor Proprietary Funds .....	2,046	-	-	-	2,046
Total Business-Type Activities .....	\$ 14,181	\$ -	\$ -	\$ -	\$ 14,181
Total Primary Government.....					\$ 2,065,926

As of June 30, 2017, the Ohio Facilities Construction Commission, a major discretely presented component unit, reported deferred inflows of resources totaling approximately \$3.45 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 \$16.4 million for net pension asset/liability, \$19.1 million for gains on debt-related transactions, and approximately \$435.8 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.

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.



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

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 \$197 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, 2016 (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, 2016, was as follows (dollars in thousands):

Cash and Investments .....	\$ 125,482
Other Assets .....	108
Total Assets .....	<u>\$ 125,590</u>
Total Liabilities .....	\$ 1,336
Total Net Position .....	124,254
Total Liabilities and Net Position .....	<u>\$ 125,590</u>
Total Revenues and Other Additions.....	\$ 7,219
Total Expenditures and Other Deductions.....	(6,281)
Change in Net Position .....	<u>\$ 938</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.

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.



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

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 2017 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 .....	\$ 71,092	\$ 10,576	\$ 81,668
Eastern Gateway.....	7,877	244	8,121
Lakeland .....	19,626	4,370	23,996
Lorain County .....	27,528	3,948	31,476
Rio Grande .....	6,422	1,989	8,411
Sinclair .....	50,050	7,573	57,623
Total Local Community Colleges.....	<u>182,595</u>	<u>28,700</u>	<u>211,295</u>
<b>Technical Colleges:</b>			
Belmont .....	5,112	493	5,605
Central Ohio .....	12,940	137	13,077
Hocking .....	13,412	451	13,863
James A. Rhodes .....	10,433	205	10,638
Marion .....	7,457	-	7,457
Zane .....	8,942	287	9,229
North Central .....	7,889	1,346	9,235
Stark .....	30,077	811	30,888
Total Technical Colleges .....	<u>96,262</u>	<u>3,730</u>	<u>99,992</u>
Total .....	<u>\$ 278,857</u>	<u>\$ 32,430</u>	<u>\$ 311,287</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.

During fiscal year 2017, the State had the following related-party transactions with its related organizations:

- The General Fund reports a \$289 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





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

- 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 \$4.2 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. Pending litigation affecting the Department of Natural Resources is discussed below. All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the State's financial position.

**Department of Natural Resources (DNR)**

All pending litigation related to floods in Mercer County against the Department of Natural Resources was resolved through a settlement. A court order in furtherance of the settlement was filed in Mercer County in July 2017, and the State paid the settlement amount of \$17.5 million in early fiscal year 2018. The State recognized a corresponding liability in the June 30, 2017, Statement of Net 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 2016 State of Ohio Single Audit (issued in February 2017), \$246 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, 2017.

**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



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

these adjustments, such as the inflation adjustment, result in BTSFA receiving higher payments. Other factors, such as the volume adjustment and the market share adjustment can work to reduce the amount of the State's annual payments.

In addition to the base payments, BTSFA will receive payments from the Strategic Contribution Fund. The Strategic Contribution Fund was established to reward states that played leadership roles in the tobacco litigation and settlement negotiations. Allocations from the fund are based on a state's contribution to the litigation and settlement with the tobacco companies. These payments are also subject to the adjustment factors outlined in the MSA.

During fiscal year 2017, Ohio received \$270.2 million, which is approximately \$135.8 million or 33.5 percent less than the pre-adjusted base payment for the year.

As of June 30, 2017, the estimated tobacco settlement receivable in the amount of \$586 million is included in "Other Receivables" reported for the governmental funds. The receivable includes \$370.5 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
2018.....	\$ 431,325
2019.....	436,331
2020.....	441,189
2021.....	446,563
2022.....	451,881
2023-2027.....	2,346,281
2028-2032.....	2,505,977
2033-2037.....	2,674,512
2038-2042.....	2,848,790
2043-2047.....	3,030,814
2048-2052.....	3,228,246
Total .....	<u>\$ 18,841,909</u>



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

**D. Construction Commitments**

As of June 30, 2017, the Ohio Department of Transportation had total contractual commitments of approximately \$2.6 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 \$1.49 billion, \$571.5 million, \$492 million, and \$54.6 million, respectively.

As of June 30, 2017, 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 .....	\$ 32,100
Parks and Recreation Improvements .....	116,788
Administrative Services Building Improvements .....	24,061
Youth Services Building Improvements .....	41,951
Adult Correctional Building Improvements .....	81,747
Ohio Parks and Natural Resources .....	20,288
Transportation Building Improvements.....	6,970
Total .....	<u>\$ 323,905</u>
<b>Major Discretely Presented Component Units</b>	
Ohio State University .....	\$ 262,286

**E. Pollution Remediation Activities**

During fiscal year 2017, 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).

As a result of the imminent danger to public health, the Ohio Environmental Protection Agency (EPA) has assumed responsibility for operating and maintaining the collection and treatment system at the Lincoln Fields contaminated water system in Mansfield. The liability at June 30 is estimated at \$4.3 million. Cost was estimated by the EPA site coordinator using actual invoices to date.

The Ohio Department of Transportation has been named as a responsible party to remediate pollution resulting from contaminated soil on the agency-owned property and contaminated groundwater on the surrounding properties. The June 30 liability to eliminate the pollution and continue monitoring activities is estimated to be \$1.8 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liabilities described above are 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 liabilities for these activities are an estimate and are subject to change over time. Variances in the final costs may result from changes in technology, changes in responsible parties, results of environmental studies, and changes in laws and regulations. Future recoveries from other responsible parties may also reduce the final cost paid by the State.

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, 2017, no capital assets were created nor reported as a result of any pollution remediation process.



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

**F. Encumbrances**

At June 30, 2017, the State has significant encumbrances of \$879.7 million in the General Fund, \$1.25 billion in the Job, Family and Other Human Services Special Revenue Fund, and \$3.78 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 \$15.08 billion is reported in the Fund as of June 30, 2017. 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 \$1.78 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 \$28.2 billion, as of June 30, 2017, and \$29.3 billion, as of June 30, 2016. For additional information, refer to the Fund's separately audited financial report, for the fiscal year ended June 30, 2017.

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.



**NOTE 21 RISK FINANCING (Continued)**

**Primary Government**  
**Changes in Workers' Compensation Benefits Payable**  
**and Compensation Adjustment Expenses Liability**  
**Last Two Fiscal Years**  
*(dollars in millions)*

	Fiscal Year 2017	Fiscal Year 2016
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of July 1 .....	\$ 17,493	\$ 18,195
Incurring Compensation		
and Compensation Adjustment Benefits.....	1,199	1,203
Incurring Compensation		
and Compensation Adjustment Benefit Payments		
and Other Adjustments .....	(1,826)	(1,905)
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of June 30 .....	<u>\$ 16,866</u>	<u>\$ 17,493</u>

**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, 2017, approximately \$30.2 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 2017	Fiscal Year 2016
Claims Liabilities, as of July 1 .....	\$ 53,990	\$ 48,214
Incurring Claims .....	534,804	530,252
Claims Payments .....	(528,856)	(524,476)
Claims Liabilities, as of June 30 .....	<u>\$ 59,938</u>	<u>\$ 53,990</u>



**NOTE 21 RISK FINANCING (Continued)**

As of June 30, 2017, the resources on deposit in the Agency Fund were less than the estimated claims liability by approximately \$29.7 million, thereby resulting in a funding deficit. Eighty-five percent or \$25.3 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**

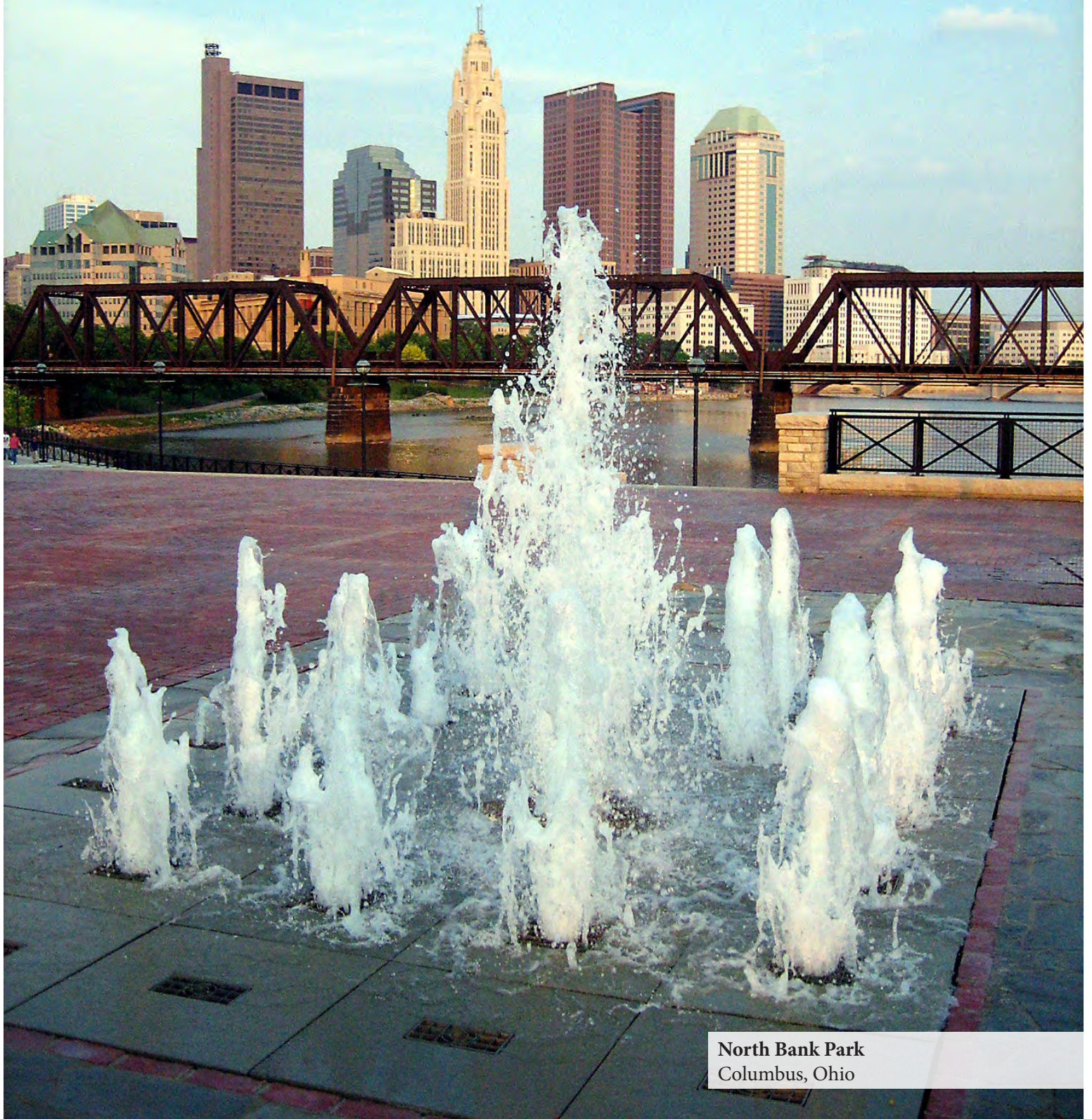
**Bond Issuances**

Subsequent to June 30, 2017, the State issued major debt as detailed in the table below:

<b>Debt Issuances</b>			
<b>Subsequent to June 30, 2017</b>			
<i>(dollars in thousands)</i>			
	Date Issued	Net Interest Rate or True Interest Cost	Amount
<b>Primary Government:</b>			
<i>Treasurer of State-General Obligation Bonds:</i>			
Highway Capital Improvement, Series T.....	09/19/17	2.40%	\$204,420
Highway Capital Improvement, Refunding Series U.....	09/19/17	2.00%	136,265
Total Treasurer of State-General Obligation Bonds.....			<u>340,685</u>
<i>Ohio Public Facilities Commission (OPFC)- General Obligation Bonds:</i>			
Infrastructure Improvements, Series 2017A.....	10/11/17	3.28%	175,000
Third Frontier Research and Development-Taxable, Series 2017A.....	10/11/17	2.52%	90,000
Common Schools Capital Facilities, Refunding Series 2017B.....	12/07/17	1.93%	203,535
Higher Education Capital Facilities, Refunding Series 2017C.....	12/07/17	1.93%	194,955
Infrastructure Improvements, Refunding Series 2017B.....	12/07/17	2.06%	68,630
Natural Resources, Refunding Series V.....	12/07/17	1.93%	23,765
Total OPFC-General Obligation Bonds.....			<u>755,885</u>
Total General Obligation Bonds.....			<u>1,096,570</u>
<i>Treasurer of State-Special Obligation Bonds:</i>			
Adult Correctional Facilities, Series 2017A.....	10/17/17	3.05%	100,000
Adult Correctional Facilities, Refunding Series 2017B.....	10/17/17	2.28%	62,320
State Facilities (Administrative Building), Refunding Series 2017B.....	10/17/17	2.16%	30,790
Mental Health Facilities Improvement, Refunding Series 2017A.....	10/17/17	1.75%	17,765
Cultural and Sports Capital Facilities, Series 2017A.....	12/04/17	2.24%	30,000
Parks and Recreation Facilities, Series 2017A.....	12/04/17	2.74%	100,000
Juvenile Correctional Facilities, Refunding Series 2017A.....	12/04/17	2.33%	10,515
Total Special Obligation Bonds.....			<u>351,390</u>
Total Primary Government.....			<u>\$1,447,960</u>
<b>Major Component Units:</b>			
<i>The Ohio State University:</i>			
General Receipts Bonds-Tax Exempt, Series 2017.....	12/20/17	1.90%	\$69,950
Total The Ohio State University.....			<u>\$69,950</u>

Financial Section

# Required Supplementary Information



North Bank Park  
Columbus, 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	%
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
2013	9,177	67.98	3,299	24.44	786	5.82	237	1.76	13,499	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	%
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
2013	14,841	50.15	8,038	27.16	6,403	21.64	309	1.05	29,591	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
2017	\$416,249	\$491,309
2016	619,382	533,788
2015	482,291	526,202
2014	504,669	482,849
2013	454,299	521,908

**General Subsystem**

Fiscal Year	Estimated	Actual
2017	\$314,433	\$427,531
2016	283,059	369,117
2015	287,411	361,582
2014	266,985	344,005
2013	285,563	352,769

**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	%
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
2013	58,649	55.49	43,129	40.81	3,908	3.70	4	0.00	105,690	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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<b>Fiscal Year</b>	<b>Estimated</b>	<b>Actual</b>
2017	\$469,804	\$526,003
2016	499,522	552,021
2015	534,578	571,689
2014	550,629	528,001
2013	484,103	513,637

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**STATE OF OHIO**

**SCHEDULE OF NET PENSION LIABILITY/ASSET**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

*(dollars in thousands)*

	2016	2015	2014
<b>Traditional Plan:</b>			
Employer's Proportion of the Collective Net Pension Liability.....	20.95%	20.65%	20.73%
Employer's Proportionate Share of the Collective Net Pension Liability.....	\$ 4,736,652	\$ 3,561,458	\$ 2,496,359
Covered Payroll.....	\$ 2,754,860	\$ 2,589,575	\$ 2,608,075
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll.....	171.94%	137.53%	95.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	77.25%	81.08%	86.45%
<b>Combined Plan:</b>			
Employer's Proportion of the Collective Net Pension Asset.....	19.67%	19.64%	20.23%
Employer's Proportionate Share of the Collective Net Pension Asset.....	\$ 10,623	\$ 9,355	\$ 7,577
Covered Payroll.....	\$ 77,885	\$ 72,010	\$ 69,383
Employer's Proportionate Share of the Collective Net Pension Asset as a Percentage of the Employer's Covered Payroll.....	13.64%	12.99%	10.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset.....	116.55%	116.90%	114.83%

**Notes:**

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



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

	2017	2016	2015
<b>Traditional Plan:</b>			
Statutorily Required Employer Contribution.....	\$ 343,330	\$ 314,599	\$ 308,797
Actual Employer Contributions Received.....	343,330	314,599	308,797
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 2,794,847	\$ 2,613,331	\$ 2,573,692
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	12.28%	12.04%	12.00%
<b>Combined Plan:</b>			
Statutorily Required Employer Contribution.....	\$ 9,977	\$ 9,366	\$ 8,587
Actual Employer Contributions Received.....	9,977	9,366	8,587
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 81,219	\$ 77,801	\$ 71,573
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	12.28%	12.04%	12.00%

**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.



**STATE OF OHIO**

**SCHEDULE OF NET PENSION LIABILITY**

**STATE TEACHERS RETIREMENT SYSTEM**

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

*(dollars in thousands)*

	2016	2015	2014
Employer's Proportion of the Collective Net Pension Liability.....	0.38%	0.39%	0.41%
Employer's Proportionate Share of the Collective Net Pension Liability.....	\$ 126,919	\$ 107,522	\$ 99,431
Covered Payroll.....	\$ 39,990	\$ 40,509	\$ 41,996
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll.....	317.38%	265.43%	236.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	66.78%	72.10%	74.71%

**Notes:**

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



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

	2017	2016	2015
Statutorily Required Employer Contribution.....	\$ 5,863	\$ 5,692	\$ 5,671
Actual Employer Contributions Received.....	5,863	5,692	5,671
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 41,881	\$ 39,990	\$ 40,509
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	14.00%	14.23%	14.00%

**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.

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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 THREE YEARS <sup>(A)</sup>**

(dollars in thousands)

	2016	2015	2014
<b>Total Pension Liability:</b>			
Service Cost.....	\$ 18,094	\$ 17,805	\$ 17,657
Interest on the Total Pension Liability.....	84,195	81,577	79,175
Benefit Changes.....	-	-	-
Difference between Expected and Actual Experience.....	(8,633)	(6,366)	-
Assumption Changes.....	-	40,773	-
Benefit Payments.....	(65,720)	(66,213)	(64,526)
Refunds.....	(1,731)	(858)	(2,177)
Net Change in Total Pension Liability.....	26,205	66,718	30,129
Total Pension Liability - Beginning.....	1,111,064	1,044,346	1,014,217
Total Pension Liability - Ending (a).....	<u>\$ 1,137,269</u>	<u>\$ 1,111,064</u>	<u>\$ 1,044,346</u>
<b>Plan Fiduciary Net Position:</b>			
Employer Contributions.....	\$ 25,384	\$ 22,895	\$ 22,325
Employee Contributions.....	14,101	13,686	11,577
Pension Plan Net Investment Income.....	46,423	(5,702)	45,105
Benefit Payments.....	(65,721)	(66,213)	(64,526)
Refunds.....	(1,731)	(858)	(2,177)
Pension Plan Administrative Expense.....	(1,353)	(1,084)	(1,031)
Other.....	357	839	421
Net Change in Plan Fiduciary Net Position.....	17,460	(36,437)	11,694
Plan Fiduciary Net Position - Beginning.....	704,225	740,662	728,968
Plan Fiduciary Net Position - Ending (b).....	<u>\$ 721,685</u>	<u>\$ 704,225</u>	<u>\$ 740,662</u>
Net Pension Liability - Ending (a) - (b).....	<u>\$ 415,584</u>	<u>\$ 406,839</u>	<u>\$ 303,684</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability.....	63.46%	63.38%	70.92%
Covered Employee Payroll..... <sup>(B)</sup>	\$ 108,789	\$ 99,983	\$ 99,212
Net Pension Liability as a Percentage of Covered Employee Payroll.....	382.01%	406.91%	306.10%

**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 CONTRIBUTIONS  
STATE HIGHWAY PATROL RETIREMENT SYSTEM  
FOR THE LAST TEN CALENDAR YEARS**  
*(dollars in thousands)*

	2016	2015	2014	2013	2012
Actuarially Determined Contribution.....	\$ 24,407	\$ 22,446	\$ 29,767	\$ 35,430	\$ 30,488
Actual Employer Contributions Received.....	25,383	22,895	22,325	22,908	23,766
Difference.....	<u>\$ (976)</u>	<u>\$ (449)</u>	<u>\$ 7,442</u>	<u>\$ 12,522</u>	<u>\$ 6,722</u>
Covered Payroll..... (A)	\$ 108,789	\$ 99,983	\$ 99,212	\$ 98,520	\$ 98,117
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	23.33%	22.90%	22.50%	23.25%	24.22%

**Notes:**

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

<b>Actuarial Assumptions</b>	
Valuation Date	December 31, 2015
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	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	7.75 percent
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 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 to the above described tables.
Other Information	There were no benefit changes during the year.



STATE OF OHIO  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

JUNE 30, 2017

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 26,956	\$ 22,872	\$ 19,978	\$ 21,221	\$ 21,666
22,966	21,212	20,454	20,302	19,957
<u>\$ 3,990</u>	<u>\$ 1,660</u>	<u>\$ (476)</u>	<u>\$ 919</u>	<u>\$ 1,709</u>
\$ 93,126	\$ 94,768	\$ 94,825	\$ 94,302	\$ 93,753
24.66%	22.38%	21.57%	21.53%	21.29%



**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, 2017**

(dollars in thousands)

	GENERAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Income Taxes.....	\$ 8,634,498	\$ 7,964,498	\$ 7,980,950	\$ 16,452
Sales Taxes.....	11,025,438	10,782,838	10,832,412	49,574
Corporate and Public Utility Taxes.....	2,683,685	2,668,485	2,676,140	7,655
Motor Vehicle Fuel Taxes.....	1,129,599	1,129,599	1,129,599	—
Cigarette Taxes.....	970,000	972,000	980,506	8,506
Other Taxes.....	712,270	736,670	706,861	(29,809)
Licenses, Permits and Fees.....	726,999	729,299	729,607	308
Sales, Services and Charges.....	119,094	119,094	119,237	143
Federal Government.....	12,840,031	12,036,851	11,918,234	(118,617)
Tobacco Settlement.....	3,296	3,296	3,296	—
Investment Income.....	47,328	59,628	61,060	1,432
Other.....	1,669,627	1,672,227	1,637,924	(34,303)
<b>TOTAL REVENUES.....</b>	<b>40,561,865</b>	<b>38,874,485</b>	<b>38,775,826</b>	<b>(98,659)</b>
<b>BUDGETARY EXPENDITURES:</b>				
<b>CURRENT OPERATING:</b>				
Primary, Secondary and Other Education.....	9,767,709	9,770,134	9,604,681	165,453
Higher Education Support.....	3,364,230	3,367,699	2,841,873	525,826
Public Assistance and Medicaid.....	20,583,943	20,452,565	19,013,840	1,438,725
Health and Human Services.....	844,386	860,294	791,181	69,113
Justice and Public Protection.....	2,699,263	2,794,927	2,701,824	93,103
Environmental Protection and Natural Resources.....	146,397	151,484	129,849	21,635
Transportation.....	24,374	24,386	23,899	487
General Government.....	1,273,631	1,579,797	1,305,491	274,306
Community and Economic Development.....	3,583,749	3,601,177	2,570,271	1,030,906
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>DEBT SERVICE.....</b>	<b>1,400,778</b>	<b>1,402,047</b>	<b>1,322,657</b>	<b>79,390</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>43,688,460</b>	<b>44,004,510</b>	<b>40,305,566</b>	<b>3,698,944</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>	<b>(3,126,595)</b>	<b>(5,130,025)</b>	<b>(1,529,740)</b>	<b>3,600,285</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds, Notes, and COPs Issued.....	544,264	544,264	544,264	—
Transfers-in.....	1,530,830	1,669,430	993,093	(676,337)
Transfers-out.....	(2,108,000)	(2,108,000)	(1,416,323)	691,677
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(32,906)</b>	<b>105,694</b>	<b>121,034</b>	<b>15,340</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ (3,159,501)</b>	<b>\$ (5,024,331)</b>	<b>(1,408,706)</b>	<b>\$ 3,615,625</b>
<b>BUDGETARY FUND BALANCES</b>				
(DEFICITS), JULY 1.....			4,822,253	
Outstanding Encumbrances at Beginning of Fiscal Year.....			1,005,500	
<b>BUDGETARY FUND BALANCES</b>				
(DEFICITS), JUNE 30.....			<b>\$ 4,419,047</b>	

**JOB, FAMILY AND OTHER HUMAN SERVICES**

<b>BUDGET</b>			<b>VARIANCE WITH FINAL BUDGET</b>
<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
		\$ —	
		—	
		—	
		—	
		1,273	
		1,298,245	
		—	
		4,942,122	
		—	
		5,206	
		1,635,798	
		<u>7,882,644</u>	
\$ 267	\$ 267	262	\$ 5
538	538	374	164
9,099,889	9,513,913	8,609,728	904,185
381,582	392,681	351,256	41,425
78,392	79,394	75,113	4,281
—	—	—	—
—	—	—	—
2,435	2,858	2,670	188
—	—	—	—
27,302	27,302	3,341	23,961
—	—	—	—
<u>\$ 9,590,405</u>	<u>\$ 10,016,953</u>	<u>9,042,744</u>	<u>\$ 974,209</u>

(1,160,100)

—  
4,560

(45,622)

(41,062)

(1,201,162)

(781,550)

1,252,727

\$ (729,985)



**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 2017. 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 2017, whenever signed into law or otherwise legally authorized.

For fiscal year 2017, 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, 2017**  
*(dollars in thousands)*

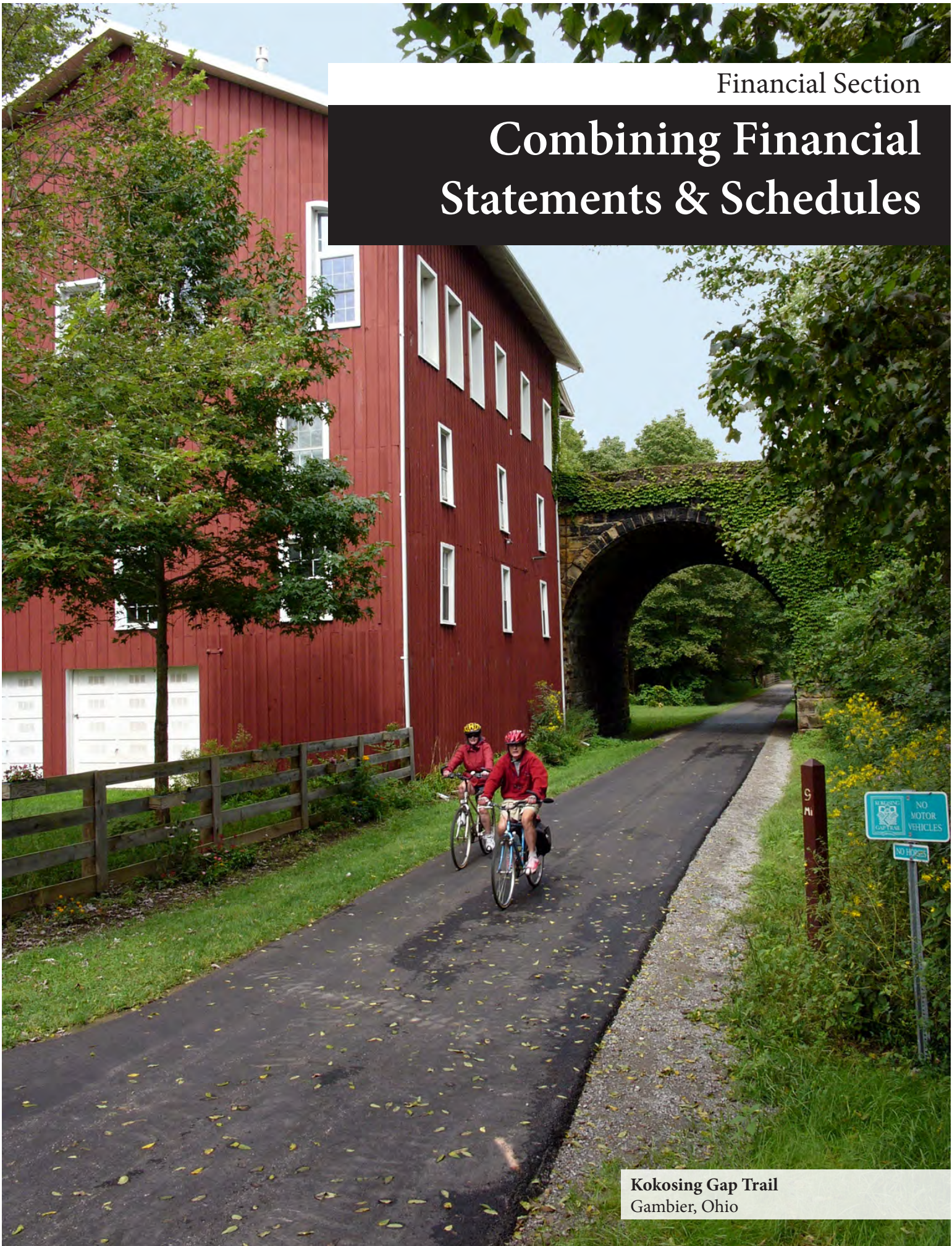
	General	Job, Family & Other Human Services
Total Fund Balances — GAAP Basis .....	\$ 5,388,605	\$ 432,082
Less: Nonspendable Fund Balances.....	43,576	-
Less: Restricted Fund Balances.....	1,370,010	326,271
Less: Committed Fund Balances.....	739,749	107,129
Less: Assigned Fund Balances.....	2,995,792	-
Unassigned Fund Balances — GAAP Basis .....	<u>239,478</u>	<u>(1,318)</u>
<b>BASIS DIFFERENCES</b>		
Revenue Accruals/Adjustments:		
Cash Equity with Treasurer .....	(26,564)	(5,910)
Taxes Receivable .....	(1,577,136)	-
Intergovernmental Receivable .....	(741,084)	(202,758)
Loans Receivable, Net .....	(1,083,539)	-
Other Receivables .....	(266,809)	(476,365)
Unearned Revenue .....	-	449,810
Total Revenue Accruals/Adjustments .....	<u>(3,695,132)</u>	<u>(235,223)</u>
Expenditure Accruals/Adjustments:		
Cash Equity with Treasurer .....	(29,032)	(4,418)
Inventories .....	(20,744)	-
Other Assets .....	(62)	-
Accounts Payable .....	290,728	132,328
Accrued Liabilities .....	172,345	24,340
Medicaid Claims Payable .....	1,084,469	-
Intergovernmental Payable .....	748,056	116,131
Interfund Payable .....	440,805	14,006
Payable to Component Units .....	19,501	-
Refund and Other Liabilities .....	919,293	6,108
Liability for Escheat Property .....	276,034	-
Total Expenditure Accruals/Adjustments .....	<u>3,901,393</u>	<u>288,495</u>
Deferred Inflows of Resources.....	<u>1,251,086</u>	<u>69,250</u>
Other Adjustments:		
Fund Balance Reclassifications:		
From Unassigned (Non-GAAP Budgetary Basis) to:		
Nonspendable .....	43,576	-
Restricted.....	1,370,010	326,271
Committed .....	739,749	107,129
Assigned.....	2,995,792	-
Cash and Investments Held Outside State Treasury .....	<u>(1,447,407)</u>	<u>(3,457)</u>
Total Other Adjustments .....	<u>3,701,720</u>	<u>429,943</u>
Total Basis Differences .....	<u>5,159,067</u>	<u>552,465</u>
<b>TIMING DIFFERENCES</b>		
Encumbrances .....	(979,498)	(1,281,132)
Budgetary Fund Balances (Deficits) — Non-GAAP Basis .....	<u>\$ 4,419,047</u>	<u>\$ (729,985)</u>

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Financial Section

# Combining Financial Statements & Schedules



Kokosing Gap Trail  
Gambier, Ohio

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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, 2017**

(dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 2,928,959	\$ 17,177	\$ 489,893
Cash and Cash Equivalents.....	38,001	956	73,037
Investments.....	7,644	7,643	—
Collateral on Lent Securities.....	800,507	4,695	133,891
Taxes Receivable .....	106,661	—	—
Intergovernmental Receivable.....	478,816	—	—
Loans Receivable, Net .....	164,114	—	—
Interfund Receivable .....	1,370	—	—
Receivable from Component Units.....	23,857	—	—
Other Receivables .....	48,534	—	—
Inventories .....	94,241	—	—
<b>TOTAL ASSETS .....</b>	<b><u>\$ 4,692,704</u></b>	<b><u>\$ 30,471</u></b>	<b><u>\$ 696,821</u></b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 293,325	\$ 81	\$ 50,159
Accrued Liabilities.....	67,899	—	—
Medicaid Claims Payable.....	239,708	—	—
Obligations Under Securities Lending.....	800,507	4,695	133,891
Intergovernmental Payable.....	185,372	—	—
Interfund Payable.....	137,540	—	—
Unearned Revenue.....	44,939	—	—
Refund and Other Liabilities.....	—	695	—
<b>TOTAL LIABILITIES.....</b>	<b><u>1,769,290</u></b>	<b><u>5,471</u></b>	<b><u>184,050</u></b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>48,915</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable.....	94,241	—	—
Restricted.....	2,022,572	25,000	512,771
Committed.....	757,686	—	—
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>2,874,499</u></b>	<b><u>25,000</u></b>	<b><u>512,771</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b><u>\$ 4,692,704</u></b>	<b><u>\$ 30,471</u></b>	<b><u>\$ 696,821</u></b>

**TOTAL**

\$	3,436,029
	111,994
	15,287
	939,093
	106,661
	478,816
	164,114
	1,370
	23,857
	48,534
	94,241
<b>\$</b>	<b>5,419,996</b>

\$	343,565
	67,899
	239,708
	939,093
	185,372
	137,540
	44,939
	695
	<u>1,958,811</u>
	<u>48,915</u>

	94,241
	2,560,343
	757,686
	<u>3,412,270</u>

<b>\$</b>	<b>5,419,996</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, 2017

(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
<b>REVENUES:</b>			
Income Taxes.....	\$ 163	\$ —	\$ —
Corporate and Public Utility Taxes.....	57,287	—	—
Motor Vehicle Fuel Taxes.....	777,227	—	—
Other Taxes.....	310,944	—	—
Licenses, Permits and Fees.....	1,238,173	—	—
Sales, Services and Charges.....	56,680	—	—
Federal Government.....	6,129,673	—	—
Investment Income (Loss).....	16,180	1,142	5,992
Other.....	702,688	92	72
<b>TOTAL REVENUES.....</b>	<b>9,289,015</b>	<b>1,234</b>	<b>6,064</b>
<b>EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	3,052,998	—	—
Higher Education Support.....	27,753	—	—
Public Assistance and Medicaid.....	1,923,329	—	—
Health and Human Services.....	567,627	—	—
Justice and Public Protection.....	740,384	—	—
Environmental Protection and Natural Resources.....	339,730	—	—
Transportation.....	2,686,071	—	—
General Government.....	342,073	—	—
Community and Economic Development.....	746,430	—	—
<b>CAPITAL OUTLAY.....</b>	<b>31,506</b>	<b>—</b>	<b>639,855</b>
<b>DEBT SERVICE.....</b>	<b>—</b>	<b>1,674,960</b>	<b>—</b>
<b>TOTAL EXPENDITURES.....</b>	<b>10,457,901</b>	<b>1,674,960</b>	<b>639,855</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,168,886)</b>	<b>(1,673,726)</b>	<b>(633,791)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	—	337	541,072
Premiums/Discounts.....	—	72,342	76,654
Transfers-in.....	1,664,127	1,615,713	9
Transfers-out.....	(429,994)	(9)	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,234,133</b>	<b>1,688,383</b>	<b>617,735</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>65,247</b>	<b>14,657</b>	<b>(16,056)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>2,828,326</b>	<b>10,343</b>	<b>528,827</b>
Increase (Decrease) for Changes in Inventories.....	(19,074)	—	—
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 2,874,499</b>	<b>\$ 25,000</b>	<b>\$ 512,771</b>

**TOTAL**

\$ 163  
57,287  
777,227  
310,944  
1,238,173  
56,680  
6,129,673  
23,314  
702,852  
9,296,313

3,052,998  
27,753  
1,923,329  
567,627  
740,384  
339,730  
2,686,071  
342,073  
746,430  
671,361  
1,674,960  
12,772,716

(3,476,403)

541,409  
148,996  
3,279,849  
(430,003)  
3,540,251

**63,848**

3,367,496  
(19,074)

\$ 3,412,270

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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, 2017**

(dollars in thousands)

	<u>EDUCATION</u>	<u>HIGHWAY OPERATING</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 226,228	\$ 887,205	\$ 817,417
Cash and Cash Equivalents.....	8	—	34,424
Investments.....	453	—	—
Collateral on Lent Securities.....	61,830	242,480	223,406
Taxes Receivable .....	—	86,881	17,386
Intergovernmental Receivable.....	89,189	127,538	13,887
Loans Receivable, Net .....	1,154	124,168	38,792
Interfund Receivable .....	—	—	—
Receivable from Component Units.....	—	23,857	—
Other Receivables .....	25	3,241	140
Inventories .....	8,066	66,562	—
<b>TOTAL ASSETS .....</b>	<b>\$ 386,953</b>	<b>\$ 1,561,932</b>	<b>\$ 1,145,452</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 15,094	\$ 200,437	\$ 47,914
Accrued Liabilities.....	1,807	28,346	10,042
Medicaid Claims Payable.....	—	—	—
Obligations Under Securities Lending.....	61,830	242,480	223,406
Intergovernmental Payable.....	65,331	—	90,393
Interfund Payable.....	1,626	54,845	6,262
Unearned Revenue.....	26,119	—	8,511
<b>TOTAL LIABILITIES.....</b>	<b>171,807</b>	<b>526,108</b>	<b>386,528</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>—</b>	<b>2,241</b>	<b>—</b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable.....	8,066	66,562	—
Restricted.....	121,624	967,021	396,689
Committed.....	85,456	—	362,235
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>215,146</b>	<b>1,033,583</b>	<b>758,924</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b>\$ 386,953</b>	<b>\$ 1,561,932</b>	<b>\$ 1,145,452</b>

<b>HEALTH</b>	<b>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</b>	<b>HIGHWAY SAFETY</b>	<b>NATURAL RESOURCES</b>	<b>WILDLIFE AND WATERWAYS SAFETY</b>	<b>TOBACCO SETTLEMENT</b>
\$ 79,483	\$ 394,463	\$ 162,132	\$ 298,361	\$ 59,078	\$ 4,592
45	—	40	3,014	4	466
—	—	—	—	—	7,191
21,723	107,810	44,312	81,544	16,147	1,255
44	—	—	—	2,350	—
59,397	188,805	—	—	—	—
—	—	—	—	—	—
1,370	—	—	—	—	—
—	—	—	—	—	—
5,264	112	352	5,194	56	34,150
19,613	—	—	—	—	—
<b>\$ 186,939</b>	<b>\$ 691,190</b>	<b>\$ 206,836</b>	<b>\$ 388,113</b>	<b>\$ 77,635</b>	<b>\$ 47,654</b>
\$ 6,518	\$ 10,058	\$ 5,296	\$ 4,850	\$ 2,571	\$ 587
4,192	5,555	5,023	9,406	3,472	56
—	239,708	—	—	—	—
21,723	107,810	44,312	81,544	16,147	1,255
14,435	15,213	—	—	—	—
1,918	39,428	22,746	5,756	4,957	2
—	—	—	10,309	—	—
48,786	417,772	77,377	111,865	27,147	1,900
12,540	—	—	—	—	34,134
19,613	—	—	—	—	—
97,958	214,871	85,893	120,758	17,595	163
8,042	58,547	43,566	155,490	32,893	11,457
125,613	273,418	129,459	276,248	50,488	11,620
<b>\$ 186,939</b>	<b>\$ 691,190</b>	<b>\$ 206,836</b>	<b>\$ 388,113</b>	<b>\$ 77,635</b>	<b>\$ 47,654</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

(dollars in thousands)  
(continued)

	<u>TOTAL</u>
<b>ASSETS:</b>	
Cash Equity with Treasurer.....	\$ 2,928,959
Cash and Cash Equivalents.....	38,001
Investments.....	7,644
Collateral on Lent Securities.....	800,507
Taxes Receivable .....	106,661
Intergovernmental Receivable.....	478,816
Loans Receivable, Net .....	164,114
Interfund Receivable .....	1,370
Receivable from Component Units.....	23,857
Other Receivables .....	48,534
Inventories .....	94,241
<b>TOTAL ASSETS .....</b>	<b><u>\$ 4,692,704</u></b>
<b>LIABILITIES:</b>	
Accounts Payable .....	\$ 293,325
Accrued Liabilities.....	67,899
Medicaid Claims Payable.....	239,708
Obligations Under Securities Lending.....	800,507
Intergovernmental Payable.....	185,372
Interfund Payable.....	137,540
Unearned Revenue.....	44,939
<b>TOTAL LIABILITIES.....</b>	<b><u>1,769,290</u></b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>48,915</u></b>
<b>FUND BALANCES (DEFICITS):</b>	
Nonspendable.....	94,241
Restricted.....	2,022,572
Committed.....	757,686
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>2,874,499</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b><u>\$ 4,692,704</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, 2017

(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
<b>REVENUES:</b>			
Income Taxes.....	\$ —	\$ —	\$ 163
Corporate and Public Utility Taxes.....	—	—	57,287
Motor Vehicle Fuel Taxes.....	—	751,764	6,433
Other Taxes.....	—	—	259,982
Licenses, Permits and Fees.....	36	42,681	527,557
Sales, Services and Charges.....	27	416	37,365
Federal Government.....	1,971,397	1,490,128	439,345
Investment Income.....	2,591	7,704	1,981
Other.....	10,897	208,443	41,766
<b>TOTAL REVENUES.....</b>	<b>1,984,948</b>	<b>2,501,136</b>	<b>1,371,879</b>
<b>EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	3,052,967	—	31
Higher Education Support.....	24,002	—	3,751
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	618	—	—
Justice and Public Protection.....	2,918	—	220,526
Environmental Protection and Natural Resources.....	—	—	479
Transportation.....	—	2,684,522	1,549
General Government.....	238	—	335,885
Community and Economic Development.....	—	—	731,244
<b>CAPITAL OUTLAY.....</b>	<b>—</b>	<b>—</b>	<b>14,518</b>
<b>TOTAL EXPENDITURES.....</b>	<b>3,080,743</b>	<b>2,684,522</b>	<b>1,307,983</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,095,795)</b>	<b>(183,386)</b>	<b>63,896</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers-in.....	1,041,492	539,632	29,179
Transfers-out.....	(104)	(335,427)	(39,513)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,041,388</b>	<b>204,205</b>	<b>(10,334)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(54,407)</b>	<b>20,819</b>	<b>53,562</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>269,553</b>	<b>1,030,740</b>	<b>705,362</b>
Increase (Decrease) for Changes in Inventories.....	—	(17,976)	—
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 215,146</b>	<b>\$ 1,033,583</b>	<b>\$ 758,924</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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	19,030	—
5,213	—	—	45,749	—	—
19,270	20,960	432,813	152,072	42,784	—
—	180	14,948	3,270	474	—
524,500	1,592,496	31,588	54,845	25,374	—
19	1,393	1,348	657	401	86
39,989	328,119	35,609	34,583	3,274	8
<u>588,991</u>	<u>1,943,148</u>	<u>516,306</u>	<u>291,176</u>	<u>91,337</u>	<u>94</u>
—	—	—	—	—	—
—	—	—	—	—	—
23,196	1,900,133	—	—	—	—
515,841	50,938	230	—	—	—
—	—	514,468	289	—	2,183
—	—	—	245,349	93,881	21
—	—	—	—	—	—
174	—	—	5,255	—	521
4,191	—	—	8,044	—	2,951
—	—	4,354	—	12,634	—
<u>543,402</u>	<u>1,951,071</u>	<u>519,052</u>	<u>258,937</u>	<u>106,515</u>	<u>5,676</u>
<u>45,589</u>	<u>(7,923)</u>	<u>(2,746)</u>	<u>32,239</u>	<u>(15,178)</u>	<u>(5,582)</u>
2,626	44,973	4,771	151	306	997
(8)	—	(12,815)	(40,000)	(3)	(2,124)
<u>2,618</u>	<u>44,973</u>	<u>(8,044)</u>	<u>(39,849)</u>	<u>303</u>	<u>(1,127)</u>
<u>48,207</u>	<u>37,050</u>	<u>(10,790)</u>	<u>(7,610)</u>	<u>(14,875)</u>	<u>(6,709)</u>
78,504	236,368	140,249	283,858	65,363	18,329
(1,098)	—	—	—	—	—
<u>\$ 125,613</u>	<u>\$ 273,418</u>	<u>\$ 129,459</u>	<u>\$ 276,248</u>	<u>\$ 50,488</u>	<u>\$ 11,620</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, 2017

(dollars in thousands)

(continued)

	<u>TOTAL</u>
<b>REVENUES:</b>	
Income Taxes.....	\$ 163
Corporate and Public Utility Taxes.....	57,287
Motor Vehicle Fuel Taxes.....	777,227
Other Taxes.....	310,944
Licenses, Permits and Fees.....	1,238,173
Sales, Services and Charges.....	56,680
Federal Government.....	6,129,673
Investment Income.....	16,180
Other.....	702,688
<b>TOTAL REVENUES.....</b>	<b><u>9,289,015</u></b>
<b>EXPENDITURES:</b>	
<b>CURRENT OPERATING:</b>	
Primary, Secondary and Other Education.....	3,052,998
Higher Education Support.....	27,753
Public Assistance and Medicaid.....	1,923,329
Health and Human Services.....	567,627
Justice and Public Protection.....	740,384
Environmental Protection and Natural Resources.....	339,730
Transportation.....	2,686,071
General Government.....	342,073
Community and Economic Development.....	746,430
<b>CAPITAL OUTLAY.....</b>	<b>31,506</b>
<b>TOTAL EXPENDITURES.....</b>	<b><u>10,457,901</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b><u>(1,168,886)</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers-in.....	1,664,127
Transfers-out.....	<u>(429,994)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b><u>1,234,133</u></b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>65,247</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>2,828,326</b>
Increase (Decrease) for Changes in Inventories.....	<u>(19,074)</u>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b><u>\$ 2,874,499</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, 2017

(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.....		36	
Sales, Services and Charges.....		27	
Federal Government.....		1,928,235	
Investment Income.....		2,586	
Other.....		23,160	
<b>TOTAL REVENUES.....</b>		<b>1,954,044</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$ 3,258,069	3,062,651	\$ 195,418
Higher Education Support.....	37,894	32,044	5,850
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	3,736	913	2,823
Justice and Public Protection.....	12,918	9,134	3,784
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	23,951	1,130	22,821
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>\$ 3,336,568</b>	<b>3,105,872</b>	<b>\$ 230,696</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(1,151,828)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers-in.....		1,041,551	
Transfers-out.....		(174)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>1,041,377</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(110,451)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		205,396	
Outstanding Encumbrances at Beginning of Fiscal Year.....		83,689	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JUNE 30.....		<b>\$ 178,634</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)
	\$ —			\$ 163	
	—			57,629	
	702,340			6,230	
	—			261,932	
	42,690			535,401	
	416			37,373	
	1,476,712			444,130	
	7,704			2,054	
	340,180			53,984	
	<u>2,570,042</u>			<u>1,398,896</u>	
\$ —	—	\$ —	\$ 500	83	\$ 417
—	—	—	8,015	8,015	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	397,135	265,829	131,306
—	—	—	568	459	109
6,706,589	5,126,915	1,579,674	4,855	4,437	418
—	—	—	385,133	355,051	30,082
—	—	—	1,577,734	1,242,002	335,732
—	—	—	69,013	36,069	32,944
193,958	159,324	34,634	—	—	—
<u>\$ 6,900,547</u>	<u>5,286,239</u>	<u>\$ 1,614,308</u>	<u>\$ 2,442,953</u>	<u>1,911,945</u>	<u>\$ 531,008</u>
	<u>(2,716,197)</u>			<u>(513,049)</u>	
	544,592			26,708	
	<u>(189,257)</u>			<u>(45,419)</u>	
	<u>355,335</u>			<u>(18,711)</u>	
	<u>(2,360,862)</u>			<u>(531,760)</u>	
	(1,710,319)			102,261	
	<u>2,640,594</u>			<u>611,399</u>	
	<u>\$ (1,430,587)</u>			<u>\$ 181,900</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, 2017

(dollars in thousands)  
(continued)

	HEALTH		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL	ACTUAL	
<b>REVENUES:</b>			
Income Taxes.....		\$ —	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		5,239	
Licenses, Permits and Fees.....		19,292	
Sales, Services and Charges.....		—	
Federal Government.....		378,582	
Investment Income.....		19	
Other.....		97,430	
<b>TOTAL REVENUES.....</b>		<b>500,562</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	25,671	24,795	876
Health and Human Services.....	616,306	532,157	84,149
Justice and Public Protection.....	—	—	—
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	625	337	288
Community and Economic Development.....	7,210	7,098	112
<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>\$ 649,812</b>	<b>564,387</b>	<b>\$ 85,425</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(63,825)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers-in.....		2,626	
Transfers-out.....		(26)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>2,600</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(61,225)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		19,253	
Outstanding Encumbrances at Beginning of Fiscal Year.....		49,986	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JUNE 30.....		<b>\$ 8,014</b>	

<u>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>			<u>HIGHWAY SAFETY</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ —	
	—			—	
	—			—	
	—			—	
	20,960			438,601	
	180			14,953	
	1,709,118			31,588	
	1,393			1,348	
	394,326			36,326	
	<u>2,125,977</u>			<u>522,816</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
2,591,433	2,173,789	417,644	—	—	—
163,367	126,535	36,832	359	307	52
—	—	—	605,970	576,044	29,926
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	16,412	6,425	9,987
—	—	—	2,433	2,433	—
<u>\$ 2,754,800</u>	<u>2,300,324</u>	<u>\$ 454,476</u>	<u>\$ 625,174</u>	<u>585,209</u>	<u>\$ 39,965</u>
	<u>(174,347)</u>			<u>(62,393)</u>	
	48,538			4,844	
	(4,958)			(10,412)	
	<u>43,580</u>			<u>(5,568)</u>	
	<u>(130,767)</u>			<u>(67,961)</u>	
	212,945			126,786	
	146,716			55,511	
	<u>\$ 228,894</u>			<u>\$ 114,336</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, 2017

(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.....		45,257	
Licenses, Permits and Fees.....		146,401	
Sales, Services and Charges.....		2,890	
Federal Government.....		55,238	
Investment Income.....		657	
Other.....		37,117	
<b>TOTAL REVENUES.....</b>		<b>287,560</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.....	350	298	52
Environmental Protection and Natural Resources.....	325,338	289,205	36,133
Transportation.....	—	—	—
General Government.....	7,934	5,519	2,415
Community and Economic Development.....	8,807	8,624	183
<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>\$ 342,429</b>	<b>303,646</b>	<b>\$ 38,783</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(16,086)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers-in.....		2,459	
Transfers-out.....		(42,303)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>(39,844)</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(55,930)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		255,632	
Outstanding Encumbrances at Beginning of Fiscal Year.....		37,388	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JUNE 30.....		<b>\$ 237,090</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)
	\$ —			\$ —	
	—			—	
	18,290			—	
	—			—	
	42,944			—	
	476			—	
	25,374			—	
	401			—	
	3,395			312	
	<u>90,880</u>			<u>312</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	2,903	2,546	357
119,228	113,120	6,108	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	427	271	156
62,137	16,221	45,916	—	—	—
—	—	—	—	—	—
<u>\$ 181,365</u>	<u>129,341</u>	<u>\$ 52,024</u>	<u>\$ 3,330</u>	<u>2,817</u>	<u>\$ 513</u>
	<u>(38,461)</u>			<u>(2,505)</u>	
	306			997	
	(3)			(1,336)	
	<u>303</u>			<u>(339)</u>	
	<u>(38,158)</u>			<u>(2,844)</u>	
	55,190			6,544	
	<u>14,893</u>			<u>253</u>	
	<u>\$ 31,925</u>			<u>\$ 3,953</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, 2017

(dollars in thousands)  
(continued)

	TOTAL		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL	ACTUAL	
<b>REVENUES:</b>			
Income Taxes.....		\$ 163	
Corporate and Public Utility Taxes.....		57,629	
Motor Vehicle Fuel Taxes.....		726,860	
Other Taxes.....		312,428	
Licenses, Permits and Fees.....		1,246,325	
Sales, Services and Charges.....		56,315	
Federal Government.....		6,048,977	
Investment Income.....		16,162	
Other.....		986,230	
<b>TOTAL REVENUES.....</b>		<b>9,451,089</b>	
<b>BUDGETARY EXPENDITURES:</b>			
<b>CURRENT OPERATING:</b>			
Primary, Secondary and Other Education.....	\$ 3,258,569	3,062,734	\$ 195,835
Higher Education Support.....	45,909	40,059	5,850
Public Assistance and Medicaid.....	2,617,104	2,198,584	418,520
Health and Human Services.....	783,768	659,912	123,856
Justice and Public Protection.....	1,019,276	853,851	165,425
Environmental Protection and Natural Resources.....	445,134	402,784	42,350
Transportation.....	6,711,444	5,131,352	1,580,092
General Government.....	417,643	362,037	55,606
Community and Economic Development.....	1,594,178	1,257,995	336,183
<b>CAPITAL OUTLAY.....</b>	<b>147,562</b>	<b>58,715</b>	<b>88,847</b>
<b>DEBT SERVICE.....</b>	<b>196,391</b>	<b>161,757</b>	<b>34,634</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 17,236,978</b>	<b>14,189,780</b>	<b>\$ 3,047,198</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(4,738,691)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers-in.....		1,672,621	
Transfers-out.....		(293,888)	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>1,378,733</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(3,359,958)</b>	
<b>BUDGETARY FUND BALANCES</b>			
(DEFICITS), JULY 1.....		(726,312)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		3,640,429	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ (445,841)</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, 2017**  
(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.....	\$ 1	\$ —	\$ —
Cash and Cash Equivalents.....	—	130	55
Investments.....	—	—	—
Collateral on Lent Securities.....	—	—	—
<b>TOTAL ASSETS .....</b>	<b><u>\$ 1</u></b>	<b><u>\$ 130</u></b>	<b><u>\$ 55</u></b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	—	—	—
Refund and Other Liabilities.....	—	130	55
<b>TOTAL LIABILITIES.....</b>	<b><u>—</u></b>	<b><u>130</u></b>	<b><u>55</u></b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	1	—	—
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>1</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b><u>\$ 1</u></b>	<b><u>\$ 130</u></b>	<b><u>\$ 55</u></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>
\$ —	\$ —	\$ —	\$ —	\$ 18	\$ 2
224	170	91	28	—	—
—	—	—	—	—	—
—	—	—	—	5	1
<b>\$ 224</b>	<b>\$ 170</b>	<b>\$ 91</b>	<b>\$ 28</b>	<b>\$ 23</b>	<b>\$ 3</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	5	1
224	170	91	25	—	—
<u>224</u>	<u>170</u>	<u>91</u>	<u>25</u>	<u>5</u>	<u>1</u>
—	—	—	3	18	2
—	—	—	3	18	2
<b>\$ 224</b>	<b>\$ 170</b>	<b>\$ 91</b>	<b>\$ 28</b>	<b>\$ 23</b>	<b>\$ 3</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2017**

(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.....	\$ 307	\$ 15,030	\$ 1,805
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	84	4,108	493
<b>TOTAL ASSETS .....</b>	<b>\$ 391</b>	<b>\$ 19,138</b>	<b>\$ 2,298</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	84	4,108	493
Refund and Other Liabilities.....	—	—	—
<b>TOTAL LIABILITIES.....</b>	<b>84</b>	<b>4,108</b>	<b>493</b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	307	15,030	1,805
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>307</b>	<b>15,030</b>	<b>1,805</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 391</b>	<b>\$ 19,138</b>	<b>\$ 2,298</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>OAKS CERTIFICATES OF PARTICIPATION</b>
\$ 3	\$ 8	\$ 3	\$ —	\$ —	\$ —
—	—	—	—	227	4
—	—	—	7,643	—	—
1	2	1	—	—	—
<b>\$ 4</b>	<b>\$ 10</b>	<b>\$ 4</b>	<b>\$ 7,643</b>	<b>\$ 227</b>	<b>\$ 4</b>
\$ —	\$ —	\$ —	\$ 11	\$ 70	\$ —
1	2	1	—	—	—
—	—	—	—	—	—
1	2	1	11	70	—
3	8	3	7,632	157	4
3	8	3	7,632	157	4
<b>\$ 4</b>	<b>\$ 10</b>	<b>\$ 4</b>	<b>\$ 7,643</b>	<b>\$ 227</b>	<b>\$ 4</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2017**

(dollars in thousands)

(continued)

	STARS CERTIFICATES OF PARTICIPATION	EDCS CERTIFICATES OF PARTICIPATION	BCIRS CERTIFICATES OF PARTICIPATION
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	8	15	4
Investments.....	—	—	—
Collateral on Lent Securities.....	—	—	—
<b>TOTAL ASSETS .....</b>	<b>\$ 8</b>	<b>\$ 15</b>	<b>\$ 4</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.....	8	15	4
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>8</b>	<b>15</b>	<b>4</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 8</b>	<b>\$ 15</b>	<b>\$ 4</b>

**TOTAL**

\$	17,177
	956
	7,643
	4,695
<b>\$</b>	<b>30,471</b>

\$	81
	4,695
	695
	5,471

	25,000
	25,000

<b>\$</b>	<b>30,471</b>
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# STATE OF OHIO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
<b>REVENUES:</b>			
Investment Income.....	\$ 1	\$ —	\$ 54
Other.....	5	—	—
<b>TOTAL REVENUES.....</b>	<b>6</b>	<b>—</b>	<b>54</b>
<b>EXPENDITURES:</b>			
DEBT SERVICE.....	6,307	—	230,822
<b>TOTAL EXPENDITURES.....</b>	<b>6,307</b>	<b>—</b>	<b>230,822</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(6,301)</b>	<b>—</b>	<b>(230,768)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	—	—	—
Premiums/Discounts.....	—	—	10,504
Transfers-in.....	6,302	—	220,270
Transfers-out.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>6,302</b>	<b>—</b>	<b>230,774</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1</b>	<b>—</b>	<b>6</b>
<b>FUND BALANCES (DEFICITS), July 1 .....</b>	<b>—</b>	<b>3</b>	<b>12</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 1</b>	<b>\$ 3</b>	<b>\$ 18</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
\$ 4	\$ 393	\$ 63	\$ 91	\$ 8	\$ 10
<u>4</u>	<u>393</u>	<u>63</u>	<u>178</u>	<u>8</u>	<u>10</u>
25,235	127,497	253,836	361,919	38,167	87,653
<u>25,235</u>	<u>127,497</u>	<u>253,836</u>	<u>361,919</u>	<u>38,167</u>	<u>87,653</u>
<u>(25,231)</u>	<u>(127,104)</u>	<u>(253,773)</u>	<u>(361,741)</u>	<u>(38,159)</u>	<u>(87,643)</u>
—	—	59	—	—	—
—	—	23,233	17,963	3,241	—
25,232	127,201	245,507	345,578	34,917	87,647
<u>25,232</u>	<u>127,201</u>	<u>268,799</u>	<u>363,541</u>	<u>38,158</u>	<u>87,647</u>
1	97	15,026	1,800	(1)	4
1	210	4	5	4	4
<u>\$ 2</u>	<u>\$ 307</u>	<u>\$ 15,030</u>	<u>\$ 1,805</u>	<u>\$ 3</u>	<u>\$ 8</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, 2017

(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.....	\$ 21	\$ —	\$ 496
Other.....	—	—	—
<b>TOTAL REVENUES.....</b>	<b>21</b>	<b>—</b>	<b>496</b>
<b>EXPENDITURES:</b>			
DEBT SERVICE.....	15,732	23,343	162,006
<b>TOTAL EXPENDITURES.....</b>	<b>15,732</b>	<b>23,343</b>	<b>162,006</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(15,711)</b>	<b>(23,343)</b>	<b>(161,510)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	—	—	—
Premiums/Discounts.....	—	—	10,241
Transfers-in.....	15,713	23,343	151,170
Transfers-out.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>15,713</b>	<b>23,343</b>	<b>161,411</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2</b>	<b>—</b>	<b>(99)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>1</b>	<b>—</b>	<b>7,731</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ 7,632</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	\$ —	\$ —	\$ —	\$ —
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
299,340	6,763	22,752	7,434	1,116	4,885
<u>299,340</u>	<u>6,763</u>	<u>22,752</u>	<u>7,434</u>	<u>1,116</u>	<u>4,885</u>
<u>(299,340)</u>	<u>(6,762)</u>	<u>(22,752)</u>	<u>(7,434)</u>	<u>(1,116)</u>	<u>(4,885)</u>
278	—	—	—	—	—
5,742	—	535	82	—	644
291,117	6,763	22,221	7,360	1,116	4,256
—	(9)	—	—	—	—
<u>297,137</u>	<u>6,754</u>	<u>22,756</u>	<u>7,442</u>	<u>1,116</u>	<u>4,900</u>
<u>(2,203)</u>	<u>(8)</u>	<u>4</u>	<u>8</u>	<u>—</u>	<u>15</u>
2,360	8	—	—	—	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ 157</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 15</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, 2017

(dollars in thousands)

(continued)

	BCIRS CERTIFICATES OF PARTICIPATION	TOTAL
<b>REVENUES:</b>		
Investment Income.....	\$ —	\$ 1,142
Other.....	—	92
<b>TOTAL REVENUES.....</b>	<b>—</b>	<b>1,234</b>
<b>EXPENDITURES:</b>		
DEBT SERVICE.....	153	1,674,960
<b>TOTAL EXPENDITURES.....</b>	<b>153</b>	<b>1,674,960</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(153)</b>	<b>(1,673,726)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Bonds, Notes, and COPs Issued.....	—	337
Premiums/Discounts.....	157	72,342
Transfers-in.....	—	1,615,713
Transfers-out.....	—	(9)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>157</b>	<b>1,688,383</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>4</b>	<b>14,657</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>—</b>	<b>10,343</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 4</b>	<b>\$ 25,000</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, 2017  
 (dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
<b>REVENUES:</b>			
Investment Income.....		\$ 1	
Other.....		6,307	
<b>TOTAL REVENUES.....</b>		<b>6,308</b>	
<b>BUDGETARY EXPENDITURES:</b>			
DEBT SERVICE.....	\$ 6,308	6,307	\$ 1
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 6,308</b>	<b>6,307</b>	<b>\$ 1</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>			
		1	
<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>			
		1	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>			
		—	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>			
		<b>\$ 1</b>	

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
<u>BUDGET</u>		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	<u>BUDGET</u>		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
FINAL	ACTUAL		FINAL	ACTUAL	
	\$ 54			\$ 4	
	220,269			25,233	
	<u>220,323</u>			<u>25,237</u>	
\$ 235,303	230,221	\$ 5,082	\$ 26,074	25,236	\$ 838
<u>\$ 235,303</u>	<u>230,221</u>	<u>\$ 5,082</u>	<u>\$ 26,074</u>	<u>25,236</u>	<u>\$ 838</u>
	<u>(9,898)</u>			<u>1</u>	
	9,904			—	
	—			—	
	<u>9,904</u>			<u>—</u>	
	6			1	
	12			1	
	<u>\$ 18</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, 2017

(dollars in thousands)  
 (continued)

	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Investment Income.....		\$ 393	
Other.....		—	
<b>TOTAL REVENUES.....</b>		<b>393</b>	
<b>BUDGETARY EXPENDITURES:</b>			
DEBT SERVICE.....	\$ 134,102	127,497	\$ 6,605
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 134,102</b>	<b>127,497</b>	<b>\$ 6,605</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(127,104)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		127,201	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>127,201</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>97</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>210</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 307</b>	

HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ 63			\$ 91	
	245,507			345,666	
	<u>245,570</u>			<u>345,757</u>	
<u>\$ 261,790</u>	<u>253,294</u>	<u>\$ 8,496</u>	<u>\$ 386,755</u>	<u>361,040</u>	<u>\$ 25,715</u>
<u>\$ 261,790</u>	<u>253,294</u>	<u>\$ 8,496</u>	<u>\$ 386,755</u>	<u>361,040</u>	<u>\$ 25,715</u>
	<u>(7,724)</u>			<u>(15,283)</u>	
	22,750			17,083	
	—			—	
	<u>22,750</u>			<u>17,083</u>	
	15,026			1,800	
	4			5	
	<u>\$ 15,030</u>			<u>\$ 1,805</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, 2017

(dollars in thousands)  
(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Investment Income.....		\$ 8	
Other.....		34,918	
<b>TOTAL REVENUES.....</b>		<b>34,926</b>	
<b>BUDGETARY EXPENDITURES:</b>			
DEBT SERVICE.....	\$ 39,226	37,895	\$ 1,331
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 39,226</b>	<b>37,895</b>	<b>\$ 1,331</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(2,969)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		2,968	
Transfers-in.....		—	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>2,968</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(1)</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>4</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ 3</b>	

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ 10			\$ 21	
	<u>87,647</u>			<u>11,138</u>	
	<u>87,657</u>			<u>11,159</u>	
<u>\$ 98,712</u>	<u>87,653</u>	<u>\$ 11,059</u>	<u>\$ 15,736</u>	<u>15,732</u>	<u>\$ 4</u>
<u>\$ 98,712</u>	<u>87,653</u>	<u>\$ 11,059</u>	<u>\$ 15,736</u>	<u>15,732</u>	<u>\$ 4</u>
	<u>4</u>			<u>(4,573)</u>	
	—			—	
	<u>—</u>			<u>4,575</u>	
	<u>—</u>			<u>4,575</u>	
	<u>4</u>			<u>2</u>	
	<u>4</u>			<u>1</u>	
	<u>\$ 8</u>			<u>\$ 3</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, 2017

(dollars in thousands)  
 (continued)

	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Investment Income.....		\$ —	
Other.....		23,343	
<b>TOTAL REVENUES.....</b>		<b>23,343</b>	
<b>BUDGETARY EXPENDITURES:</b>			
DEBT SERVICE.....	\$ 23,343	23,343	\$ —
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 23,343</b>	<b>23,343</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>	



<b>TOTAL</b>		
<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET</b>
<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE/ (NEGATIVE)</b>
	\$ 645	
	<u>1,000,028</u>	
	<u>1,000,673</u>	
\$ 1,227,349	1,168,218	\$ 59,131
<u>\$ 1,227,349</u>	<u>1,168,218</u>	<u>\$ 59,131</u>
	 <u>(167,545)</u>	
	 52,705	
	<u>131,776</u>	
	<u>184,481</u>	
	 16,936	
	 <u>241</u>	
	 <u>\$ 17,177</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.

### **MARCS Project Fund**

The MARCS Project Fund accounts for certificates of participation proceeds that finance the costs of the Multi Agency Radio Communications (MARCS) project for the statewide, secure, reliable public service wireless communication for public safety and first responders.

### **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, 2017**  
(dollars in thousands)

	<b>INFRASTRUCTURE BANK OBLIGATIONS</b>	<b>MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS</b>	<b>PARKS AND RECREATION IMPROVEMENTS</b>
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 135,980	\$ 37,712	\$ 53,854
Cash and Cash Equivalents.....	—	—	—
Collateral on Lent Securities.....	37,164	10,307	14,719
<b>TOTAL ASSETS .....</b>	<b>\$ 173,144</b>	<b>\$ 48,019</b>	<b>\$ 68,573</b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 7,325	\$ 3,079	\$ 7,045
Obligations Under Securities Lending.....	37,164	10,307	14,719
<b>TOTAL LIABILITIES.....</b>	<b>44,489</b>	<b>13,386</b>	<b>21,764</b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	128,655	34,633	46,809
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>128,655</b>	<b>34,633</b>	<b>46,809</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 173,144</b>	<b>\$ 48,019</b>	<b>\$ 68,573</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>
\$ 81,184	\$ 14,892	\$ 33,727	\$ 10,983	\$ 90,942	\$ 30,619
—	—	—	—	—	—
22,188	4,070	9,218	3,002	24,855	8,368
<b>\$ 103,372</b>	<b>\$ 18,962</b>	<b>\$ 42,945</b>	<b>\$ 13,985</b>	<b>\$ 115,797</b>	<b>\$ 38,987</b>
\$ 2,546	\$ 4	\$ 2,895	\$ 1,468	\$ 15,291	\$ 4,071
22,188	4,070	9,218	3,002	24,855	8,368
24,734	4,074	12,113	4,470	40,146	12,439
78,638	14,888	30,832	9,515	75,651	26,548
78,638	14,888	30,832	9,515	75,651	26,548
<b>\$ 103,372</b>	<b>\$ 18,962</b>	<b>\$ 42,945</b>	<b>\$ 13,985</b>	<b>\$ 115,797</b>	<b>\$ 38,987</b>

(continued)

**STATE OF OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2017**

(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.....	19,274	7,277	792
Collateral on Lent Securities.....	—	—	—
<b>TOTAL ASSETS .....</b>	<b><u>\$ 19,274</u></b>	<b><u>\$ 7,277</u></b>	<b><u>\$ 792</u></b>
<b>LIABILITIES:</b>			
Accounts Payable .....	\$ 1,668	\$ 1,512	\$ 40
Obligations Under Securities Lending.....	—	—	—
<b>TOTAL LIABILITIES.....</b>	<b><u>1,668</u></b>	<b><u>1,512</u></b>	<b><u>40</u></b>
<b>FUND BALANCES (DEFICITS):</b>			
Restricted.....	17,606	5,765	752
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b><u>17,606</u></b>	<b><u>5,765</u></b>	<b><u>752</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b><u>\$ 19,274</u></b>	<b><u>\$ 7,277</u></b>	<b><u>\$ 792</u></b>

<u>EDCS PROJECT</u>	<u>BCIRS PROJECT</u>	<u>TOTAL</u>
\$ —	\$ —	\$ 489,893
23,888	21,806	73,037
—	—	133,891
<u>\$ 23,888</u>	<u>\$ 21,806</u>	<u>\$ 696,821</u>
\$ 3,215	\$ —	\$ 50,159
—	—	133,891
<u>3,215</u>	<u>—</u>	<u>184,050</u>
20,673	21,806	512,771
<u>20,673</u>	<u>21,806</u>	<u>512,771</u>
<u>\$ 23,888</u>	<u>\$ 21,806</u>	<u>\$ 696,821</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, 2017

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
<b>REVENUES:</b>			
Investment Income (Loss).....	\$ 1,574	\$ 491	\$ 683
Other.....	—	13	21
<b>TOTAL REVENUES.....</b>	<b>1,574</b>	<b>504</b>	<b>704</b>
<b>EXPENDITURES:</b>			
CAPITAL OUTLAY.....	136,670	28,133	102,766
<b>TOTAL EXPENDITURES.....</b>	<b>136,670</b>	<b>28,133</b>	<b>102,766</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>			
	<b>(135,096)</b>	<b>(27,629)</b>	<b>(102,062)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	217,565	—	100,000
Premiums/Discounts.....	37,435	—	17,793
Transfers-in.....	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>255,000</b>	<b>—</b>	<b>117,793</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>119,904</b>	<b>(27,629)</b>	<b>15,731</b>
<b>FUND BALANCES (DEFICITS), July 1 .....</b>	<b>8,751</b>	<b>62,262</b>	<b>31,078</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ 128,655</b>	<b>\$ 34,633</b>	<b>\$ 46,809</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>
\$ 304	\$ 159	\$ 394	\$ 212	\$ 1,601	\$ 483
9	—	29	—	—	—
<b>313</b>	<b>159</b>	<b>423</b>	<b>212</b>	<b>1,601</b>	<b>483</b>
33,045	3,899	67,746	22,092	159,642	44,005
<b>33,045</b>	<b>3,899</b>	<b>67,746</b>	<b>22,092</b>	<b>159,642</b>	<b>44,005</b>
<b>(32,732)</b>	<b>(3,740)</b>	<b>(67,323)</b>	<b>(21,880)</b>	<b>(158,041)</b>	<b>(43,522)</b>
70,000	—	79,722	—	—	—
10,497	—	914	—	—	—
—	—	—	—	—	—
<b>80,497</b>	<b>—</b>	<b>80,636</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>47,765</b>	<b>(3,740)</b>	<b>13,313</b>	<b>(21,880)</b>	<b>(158,041)</b>	<b>(43,522)</b>
30,873	18,628	17,519	31,395	233,692	70,070
<b>\$ 78,638</b>	<b>\$ 14,888</b>	<b>\$ 30,832</b>	<b>\$ 9,515</b>	<b>\$ 75,651</b>	<b>\$ 26,548</b>

(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, 2017

(dollars in thousands)

(continued)

	<u>MARCS PROJECT</u>	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>
<b>REVENUES:</b>			
Investment Income (Loss).....	\$ —	\$ 22	\$ 13
Other.....	—	—	—
<b>TOTAL REVENUES.....</b>	<b>—</b>	<b>22</b>	<b>13</b>
<b>EXPENDITURES:</b>			
CAPITAL OUTLAY.....	242	4,416	14,535
<b>TOTAL EXPENDITURES.....</b>	<b>242</b>	<b>4,416</b>	<b>14,535</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>			
	<b>(242)</b>	<b>(4,394)</b>	<b>(14,522)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....	—	19,145	8,975
Premiums/Discounts.....	—	2,855	1,025
Transfers-in.....	9	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>9</b>	<b>22,000</b>	<b>10,000</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(233)</b>	<b>17,606</b>	<b>(4,522)</b>
<b>FUND BALANCES (DEFICITS), July 1.....</b>	<b>233</b>	<b>—</b>	<b>10,287</b>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<b>\$ —</b>	<b>\$ 17,606</b>	<b>\$ 5,765</b>

<u>TMS PROJECT</u>	<u>EDCS PROJECT</u>	<u>BCIRS PROJECT</u>	<u>TOTAL</u>
\$ —	\$ 50	\$ 6	\$ 5,992
—	—	—	72
<u>—</u>	<u>50</u>	<u>6</u>	<u>6,064</u>
1,309	21,355	—	639,855
<u>1,309</u>	<u>21,355</u>	<u>—</u>	<u>639,855</u>
<u>(1,309)</u>	<u>(21,305)</u>	<u>6</u>	<u>(633,791)</u>
—	26,035	19,630	541,072
—	3,965	2,170	76,654
—	—	—	9
<u>—</u>	<u>30,000</u>	<u>21,800</u>	<u>617,735</u>
<u>(1,309)</u>	<u>8,695</u>	<u>21,806</u>	<u>(16,056)</u>
<u>2,061</u>	<u>11,978</u>	<u>—</u>	<u>528,827</u>
<u>\$ 752</u>	<u>\$ 20,673</u>	<u>\$ 21,806</u>	<u>\$ 512,771</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, 2017  
 (dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE
	FINAL	ACTUAL	WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES:</b>			
Investment Income.....		\$ 1,574	
Other.....		—	
<b>TOTAL REVENUES.....</b>		<b>1,574</b>	
<b>BUDGETARY EXPENDITURES:</b>			
CAPITAL OUTLAY.....	\$ 456,208	402,642	\$ 53,566
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 456,208</b>	<b>402,642</b>	<b>\$ 53,566</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		<b>(401,068)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>			
Bonds, Notes, and COPs Issued.....		255,000	
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>		<b>255,000</b>	
<b>NET CHANGE IN FUND BALANCES.....</b>		<b>(146,068)</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		<b>(182,691)</b>	
<b>Outstanding Encumbrances at Beginning of Fiscal Year.</b>		<b>202,926</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		<b>\$ (125,833)</b>	

MENTAL HEALTH/DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS			PARKS AND RECREATION IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ 491			\$ 683	
	14			20	
	<u>505</u>			<u>703</u>	
\$ 122,542	59,495	\$ 63,047	\$ 342,236	223,353	\$ 118,883
<u>\$ 122,542</u>	<u>59,495</u>	<u>\$ 63,047</u>	<u>\$ 342,236</u>	<u>223,353</u>	<u>\$ 118,883</u>
	<u>(58,990)</u>			<u>(222,650)</u>	
	—			117,793	
	<u>—</u>			<u>117,793</u>	
	<u>(58,990)</u>			<u>(104,857)</u>	
	42,942			(28,480)	
	<u>21,626</u>			<u>70,403</u>	
	<u>\$ 5,578</u>			<u>\$ (62,934)</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, 2017

(dollars in thousands)  
 (continued)

			<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	
			VARIANCE WITH FINAL BUDGET	
			<u>BUDGET</u>	<u>ACTUAL</u>
			<u>FINAL</u>	<u>ACTUAL</u>
			POSITIVE/ (NEGATIVE)	
<b>REVENUES:</b>				
Investment Income.....				\$ 304
Other.....				10
<b>TOTAL REVENUES.....</b>				<b>314</b>
<b>BUDGETARY EXPENDITURES:</b>				
<b>CAPITAL OUTLAY.....</b>	\$ 191,907		55,732	\$ 136,175
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 191,907</b>		<b>55,732</b>	<b>\$ 136,175</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>				
				<b>(55,418)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds, Notes, and COPs Issued.....				80,497
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>				<b>80,497</b>
<b>NET CHANGE IN FUND BALANCES.....</b>				<b>25,079</b>
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>				
				11,289
<b>Outstanding Encumbrances at Beginning of Fiscal Year.</b>				<b>20,609</b>
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>				
			<b>\$</b>	<b>56,977</b>

<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>			<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 159			\$ 394	
	—			29	
	<u>159</u>			<u>423</u>	
\$ 65,225	46,335	\$ 18,890	\$ 331,230	153,899	\$ 177,331
<u>\$ 65,225</u>	<u>46,335</u>	<u>\$ 18,890</u>	<u>\$ 331,230</u>	<u>153,899</u>	<u>\$ 177,331</u>
	<u>(46,176)</u>			<u>(153,476)</u>	
	—			80,637	
	—			<u>80,637</u>	
	<u>(46,176)</u>			<u>(72,839)</u>	
	(9,081)			(54,378)	
	<u>28,199</u>			<u>79,197</u>	
	<u>\$ (27,058)</u>			<u>\$ (48,020)</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, 2017

(dollars in thousands)  
(continued)

<b>HIGHWAY SAFETY BUILDING IMPROVEMENTS</b>		
<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</b>
<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES:</b>		
Investment Income.....	\$ —	
Other.....	—	
<b>TOTAL REVENUES.....</b>	<b>—</b>	
<b>BUDGETARY EXPENDITURES:</b>		
<b>CAPITAL OUTLAY.....</b>	<b>\$ 326</b>	<b>1</b>
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 326</b>	<b>\$ 325</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>		
		<b>(1)</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>(1)</b>
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>		
Outstanding Encumbrances at Beginning of Fiscal Year.		(16)
		16
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>		
	<b>\$</b>	<b>(1)</b>



<u>OHIO PARKS AND NATURAL RESOURCES</u>			<u>HIGHWAY CAPITAL IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 212			\$ 1,600	
	<u>—</u>			<u>—</u>	
	<u>212</u>			<u>1,600</u>	
<u>\$ 68,048</u>	<u>41,330</u>	<u>\$ 26,718</u>	<u>\$ 416,061</u>	<u>383,281</u>	<u>\$ 32,780</u>
<u>\$ 68,048</u>	<u>41,330</u>	<u>\$ 26,718</u>	<u>\$ 416,061</u>	<u>383,281</u>	<u>\$ 32,780</u>
	<u>(41,118)</u>			<u>(381,681)</u>	
	<u>—</u>			<u>—</u>	
	<u>(41,118)</u>			<u>(381,681)</u>	
	7,567			33,263	
	<u>24,244</u>			<u>209,125</u>	
	<u>\$ (9,307)</u>			<u>\$ (139,293)</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, 2017

(dollars in thousands)  
(continued)

	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>		
			VARIANCE WITH FINAL BUDGET
	<u>BUDGET</u>		<u>POSITIVE/ (NEGATIVE)</u>
	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>			
Investment Income.....		\$ 482	
Other.....		—	
<b>TOTAL REVENUES.....</b>		<b>482</b>	
<b>BUDGETARY EXPENDITURES:</b>			
CAPITAL OUTLAY.....	\$ 173,594	51,288	\$ 122,306
<b>TOTAL BUDGETARY EXPENDITURES.....</b>	<b>\$ 173,594</b>	<b>51,288</b>	<b>\$ 122,306</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....</b>			
		<b>(50,806)</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>(50,806)</b>	
<b>BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....</b>			
		26,952	
<b>Outstanding Encumbrances at Beginning of Fiscal Year.</b>			
		47,503	
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....</b>			
		<b>\$ 23,649</b>	

<u>TOTAL</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>BUDGET</u>	<u>ACTUAL</u>	
<u>FINAL</u>		
	\$ 5,899	
	73	
	<u>5,972</u>	
<u>\$ 2,167,377</u>	<u>1,417,356</u>	<u>\$ 750,021</u>
<u>\$ 2,167,377</u>	<u>1,417,356</u>	<u>\$ 750,021</u>
	<u>(1,411,384)</u>	
	533,927	
	<u>533,927</u>	
	(877,457)	
	(152,633)	
	<u>703,848</u>	
	<u>\$ (326,242)</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, 2017**  
(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.....	\$ 819	\$ 40,985	\$ 41,804
Cash and Cash Equivalents.....	34,266	—	34,266
Collateral on Lent Securities.....	224	—	224
Restricted Assets:			
Investments.....	41,200	—	41,200
Intergovernmental Receivable.....	—	5,838	5,838
Interfund Receivable.....	—	1,847	1,847
Other Receivables.....	1,289	171	1,460
<b>TOTAL CURRENT ASSETS.....</b>	<b>77,798</b>	<b>48,841</b>	<b>126,639</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Investments.....	266,391	—	266,391
Investments.....	1,214	—	1,214
Interfund Receivable.....	—	6,661	6,661
Other Assets.....	12	—	12
Capital Assets Being Depreciated, Net.....	48	1,193	1,241
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>267,665</b>	<b>7,854</b>	<b>275,519</b>
<b>TOTAL ASSETS.....</b>	<b>345,463</b>	<b>56,695</b>	<b>402,158</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>767</b>	<b>29,077</b>	<b>29,844</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>346,230</b>	<b>85,772</b>	<b>432,002</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	1,831	270	2,101
Accrued Liabilities.....	346	4,672	5,018
Obligations Under Securities Lending.....	224	—	224
Interfund Payable.....	—	104	104
Unearned Revenue.....	—	1,045	1,045
Benefits Payable.....	41,200	—	41,200
Refund and Other Liabilities.....	—	1,807	1,807
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>43,601</b>	<b>7,898</b>	<b>51,499</b>
<b>NONCURRENT LIABILITIES:</b>			
Interfund Payable.....	—	6,661	6,661
Benefits Payable.....	202,300	—	202,300
Refund and Other Liabilities.....	2,116	87,592	89,708
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>204,416</b>	<b>94,253</b>	<b>298,669</b>
<b>TOTAL LIABILITIES.....</b>	<b>248,017</b>	<b>102,151</b>	<b>350,168</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>180</b>	<b>1,866</b>	<b>2,046</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>248,197</b>	<b>104,017</b>	<b>352,214</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	48	1,193	1,241
Unrestricted.....	97,985	(19,438)	78,547
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 98,033</b>	<b>\$ (18,245)</b>	<b>\$ 79,788</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, 2017

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
<b>OPERATING REVENUES:</b>			
Charges for Sales and Services.....	\$ 8,156	\$ 46,565	\$ 54,721
Investment Income.....	25,276	—	25,276
Other.....	53,700	388	54,088
<b>TOTAL OPERATING REVENUES.....</b>	<b>87,132</b>	<b>46,953</b>	<b>134,085</b>
<b>OPERATING EXPENSES:</b>			
Costs of Sales and Services.....	—	83,139	83,139
Administration.....	9,215	7,657	16,872
Benefits and Claims.....	54,488	—	54,488
Depreciation.....	8	304	312
<b>TOTAL OPERATING EXPENSES.....</b>	<b>63,711</b>	<b>91,100</b>	<b>154,811</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>23,421</b>	<b>(44,147)</b>	<b>(20,726)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income.....	—	12	12
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>—</b>	<b>12</b>	<b>12</b>
<b>INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....</b>	<b>23,421</b>	<b>(44,135)</b>	<b>(20,714)</b>
Transfers-in.....	—	30,603	30,603
<b>TOTAL GAIN (LOSS) AND TRANSFERS.....</b>	<b>—</b>	<b>30,603</b>	<b>30,603</b>
<b>NET INCOME (LOSS).....</b>	<b>23,421</b>	<b>(13,532)</b>	<b>9,889</b>
<b>NET POSITION (DEFICITS), JULY 1 .....</b>	<b>74,612</b>	<b>(4,713)</b>	<b>69,899</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 98,033</b>	<b>\$ (18,245)</b>	<b>\$ 79,788</b>

# STATE OF OHIO

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS – ENTERPRISE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers.....	\$ —	\$ 38,210	\$ 38,210
Cash Received from Interfund Services Provided.....	—	9,968	9,968
Other Operating Cash Receipts.....	7,955	444	8,399
Cash Payments to Suppliers for Goods and Services.....	(5,734)	(4,184)	(9,918)
Cash Payments to Employees for Services.....	(2,332)	(71,213)	(73,545)
Cash Payments for Interfund Services Used.....	(360)	(3,513)	(3,873)
Other Operating Cash Payments.....	(54,488)	—	(54,488)
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>(54,959)</b>	<b>(30,288)</b>	<b>(85,247)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers-in .....	—	31,171	31,171
<b>NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>—</b>	<b>31,171</b>	<b>31,171</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets .....	(2)	(202)	(204)
Proceeds from Sales of Capital Assets .....	—	2	2
<b>NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(2)</b>	<b>(200)</b>	<b>(202)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Investments.....	(64,632)	—	(64,632)
Proceeds from the Sales and Maturities of Investments .....	115,957	—	115,957
Investment Income Received .....	4,408	12	4,420
<b>NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....</b>	<b>55,733</b>	<b>12</b>	<b>55,745</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS.....</b>	<b>772</b>	<b>695</b>	<b>1,467</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1 .....</b>	<b>34,313</b>	<b>40,290</b>	<b>74,603</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30 .....</b>	<b>\$ 35,085</b>	<b>\$ 40,985</b>	<b>\$ 76,070</b>



**STATE OF OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS – ENTERPRISE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
*(dollars in thousands)*

	<b>TUITION TRUST AUTHORITY</b>	<b>OFFICE OF AUDITOR OF STATE</b>	<b>TOTAL NONMAJOR PROPRIETARY FUNDS</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>			
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss).....	\$ 23,421	\$ (44,147)	\$ (20,726)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	(25,276)	—	(25,276)
Depreciation .....	8	304	312
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	11,772	11,772
Interfund Receivable.....	—	567	567
Other Receivables .....	(200)	(148)	(348)
Increase (Decrease) in Liabilities:			
Accounts Payable .....	258	741	999
Accrued Liabilities.....	61	813	874
Interfund Payable.....	—	(840)	(840)
Unearned Revenue.....	—	52	52
Benefits Payable.....	(53,700)	—	(53,700)
Refund and Other Liabilities.....	469	598	1,067
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....</b>	<b>\$ (54,959)</b>	<b>\$ (30,288)</b>	<b>\$ (85,247)</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, 2017**  
(dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
<b>ASSETS:</b>			
Cash Equity with Treasurer.....	\$ 17,226	\$ —	\$ —
Cash and Cash Equivalents.....	2,161	59,884	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	—	—	15,381,609
Common and Preferred Stock.....	—	—	43,234,791
Corporate Bonds and Notes.....	—	—	12,047,774
Foreign Stocks and Bonds.....	—	—	46,091,338
Commercial Paper.....	—	—	1,579,649
Repurchase Agreements.....	—	—	1,480,000
Mutual Funds.....	—	—	10,023,675
Real Estate.....	—	—	21,416,570
Venture Capital.....	—	—	20,070,522
Direct Mortgage Loans.....	—	—	7,265,328
Partnership and Hedge Funds.....	—	—	17,515,877
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	6,164	—
Collateral on Lent Securities.....	4,708	—	—
Other Assets.....	—	—	—
<b>TOTAL ASSETS.....</b>	<b>\$ 24,095</b>	<b>\$ 66,048</b>	<b>\$ 196,107,133</b>
<b>LIABILITIES:</b>			
Obligations Under Securities Lending.....	\$ 4,708	\$ —	\$ —
Intergovernmental Payable.....	7,509	—	—
Refund and Other Liabilities.....	11,878	66,048	196,107,133
<b>TOTAL LIABILITIES.....</b>	<b>\$ 24,095</b>	<b>\$ 66,048</b>	<b>\$ 196,107,133</b>

<b>PAYROLL WITHHOLDING AND FRINGE BENEFITS</b>	<b>OTHER</b>	<b>TOTAL</b>
\$ 80,801	\$ 181,202	\$ 279,229
—	44,875	106,920
—	—	15,381,609
—	—	43,234,791
—	—	12,047,774
—	—	46,091,338
—	—	1,579,649
—	—	1,480,000
—	350	10,024,025
—	—	21,416,570
—	—	20,070,522
—	—	7,265,328
—	—	17,515,877
—	73,702	79,866
22,084	49,524	76,316
—	437,299	437,299
<b>\$ 102,885</b>	<b>\$ 786,952</b>	<b>\$ 197,087,113</b>
\$ 22,084	\$ 49,524	\$ 76,316
—	188,449	195,958
80,801	548,979	196,814,839
<b>\$ 102,885</b>	<b>\$ 786,952</b>	<b>\$ 197,087,113</b>

# STATE OF OHIO

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(dollars in thousands)

	BALANCE July 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2017
<b>HOLDING AND DISTRIBUTION</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 26,473	\$ 4,512,369	\$ 4,521,616	\$ 17,226
Cash and Cash Equivalents .....	959	16,189	14,987	2,161
Collateral on Lent Securities .....	2,380	4,708	2,380	4,708
Total Assets .....	<u>\$ 29,812</u>	<u>\$ 4,533,266</u>	<u>\$ 4,538,983</u>	<u>\$ 24,095</u>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 2,380	\$ 4,708	\$ 2,380	\$ 4,708
Intergovernmental Payable .....	5,172	41,030	38,693	7,509
Refund and Other Liabilities .....	22,260	4,487,528	4,497,910	11,878
Total Liabilities .....	<u>\$ 29,812</u>	<u>\$ 4,533,266</u>	<u>\$ 4,538,983</u>	<u>\$ 24,095</u>
<b>CENTRALIZED CHILD SUPPORT COLLECTIONS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 60,392	\$ 1,879,919	\$ 1,880,427	\$ 59,884
Investments.....	6,267	47	150	6,164
Total Assets .....	<u>\$ 66,659</u>	<u>\$ 1,879,966</u>	<u>\$ 1,880,577</u>	<u>\$ 66,048</u>
<b>LIABILITIES</b>				
Refund and Other Liabilities .....	\$ 66,659	\$ 1,879,966	\$ 1,880,577	\$ 66,048
Total Liabilities .....	<u>\$ 66,659</u>	<u>\$ 1,879,966</u>	<u>\$ 1,880,577</u>	<u>\$ 66,048</u>
<b>RETIREMENT SYSTEMS</b>				
<b>ASSETS</b>				
Investments.....	\$ 185,155,392	\$ 574,456,457	\$ 563,504,716	\$ 196,107,133
Total Assets .....	<u>\$ 185,155,392</u>	<u>\$ 574,456,457</u>	<u>\$ 563,504,716</u>	<u>\$ 196,107,133</u>
<b>LIABILITIES</b>				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System.....	\$ 86,637,987	\$ 474,702,597	\$ 471,344,889	\$ 89,995,695
Police and Fire Pension Fund.....	13,853,261	21,434,140	20,689,154	14,598,247
School Employees Retirement System.....	12,588,151	37,910,485	36,632,478	13,866,158
State Teachers Retirement System.....	72,075,993	40,409,235	34,838,195	77,647,033
Total Liabilities .....	<u>\$ 185,155,392</u>	<u>\$ 574,456,457</u>	<u>\$ 563,504,716</u>	<u>\$ 196,107,133</u>

	BALANCE July 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2017
<b>PAYROLL WITHHOLDING AND FRINGE BENEFITS</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 117,516	\$ 1,594,236	\$ 1,630,951	\$ 80,801
Cash and Cash Equivalents .....	21,325	526,505	547,830	—
Collateral on Lent Securities .....	10,566	22,084	10,566	22,084
Total Assets .....	<u>\$ 149,407</u>	<u>\$ 2,142,825</u>	<u>\$ 2,189,347</u>	<u>\$ 102,885</u>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 10,566	\$ 22,084	\$ 10,566	\$ 22,084
Intergovernmental Payable .....	29,301	—	29,301	—
Refund and Other Liabilities .....	109,540	1,605,098	1,633,837	80,801
Total Liabilities .....	<u>\$ 149,407</u>	<u>\$ 1,627,182</u>	<u>\$ 1,673,704</u>	<u>\$ 102,885</u>
<b>OTHER</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 176,081	\$ 3,349,823	\$ 3,344,702	\$ 181,202
Cash and Cash Equivalents .....	54,007	74,433,893	74,443,025	44,875
Investments.....	68,579	49,682	44,209	74,052
Collateral on Lent Securities .....	15,832	49,524	15,832	49,524
Other Assets.....	425,290	130,706	118,697	437,299
Total Assets .....	<u>\$ 739,789</u>	<u>\$ 78,013,628</u>	<u>\$ 77,966,465</u>	<u>\$ 786,952</u>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 15,832	\$ 49,524	\$ 15,832	\$ 49,524
Intergovernmental Payable .....	181,630	3,345,780	3,338,961	188,449
Refund and Other Liabilities .....	542,327	74,618,324	74,611,672	548,979
Total Liabilities .....	<u>\$ 739,789</u>	<u>\$ 78,013,628</u>	<u>\$ 77,966,465</u>	<u>\$ 786,952</u>
<b>TOTAL AGENCY</b>				
<b>ASSETS</b>				
Cash Equity with Treasurer .....	\$ 320,070	\$ 9,456,428	\$ 9,497,269	\$ 279,229
Cash and Cash Equivalents .....	136,683	76,856,506	76,886,269	106,920
Investments.....	185,230,238	574,506,186	563,549,075	196,187,349
Collateral on Lent Securities .....	28,778	76,316	28,778	76,316
Other Assets.....	425,290	130,706	118,697	437,299
Total Assets .....	<u>\$ 186,141,059</u>	<u>\$ 661,026,142</u>	<u>\$ 650,080,088</u>	<u>\$ 197,087,113</u>
<b>LIABILITIES</b>				
Obligations Under Securities Lending.....	\$ 28,778	\$ 76,316	\$ 28,778	\$ 76,316
Intergovernmental Payable .....	216,103	3,386,810	3,406,955	195,958
Refund and Other Liabilities .....	185,896,178	657,047,373	646,128,712	196,814,839
Total Liabilities .....	<u>\$ 186,141,059</u>	<u>\$ 660,510,499</u>	<u>\$ 649,564,445</u>	<u>\$ 197,087,113</u>

## ***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 excess 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, 2017

(dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/16)	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/16)	OHIO CAPITAL FUND
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash Equity with Treasurer.....	\$ —	\$ 12,347	\$ —
Cash and Cash Equivalents.....	38,324	1,956	3,566
Investments.....	79,893	563	—
Restricted Assets:			
Cash and Cash Equivalents.....	21,446	—	—
Investments.....	70,477	—	—
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	1,972	—
Receivable from Primary Government.....	484	—	—
Other Receivables.....	16,786	47	6
Inventories.....	5,771	—	—
Other Assets.....	2,505	7	—
<b>TOTAL CURRENT ASSETS.....</b>	<b>235,686</b>	<b>16,892</b>	<b>3,572</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	13,449	351	—
Investments.....	313,248	—	—
Investments.....	—	5,169	94,760
Loans Receivable, Net.....	—	308	—
Other Receivables.....	—	—	—
Other Assets.....	178	—	—
Capital Assets Being Depreciated, Net.....	1,405,232	3	—
Capital Assets Not Being Depreciated.....	56,372	—	—
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>1,788,479</b>	<b>5,831</b>	<b>94,760</b>
<b>TOTAL ASSETS.....</b>	<b>2,024,165</b>	<b>22,723</b>	<b>98,332</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>42,584</b>	<b>100</b>	<b>—</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>2,066,749</b>	<b>22,823</b>	<b>98,332</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	5,025	147	—
Accrued Liabilities.....	27,383	8	3,138
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	35,639	—	—
Bonds and Notes Payable.....	32,520	—	13,155
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>100,567</b>	<b>155</b>	<b>16,293</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	74,632	198	7,466
Payable to Primary Government.....	22,195	343	—
Bonds and Notes Payable.....	1,588,489	—	144,552
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>1,685,316</b>	<b>541</b>	<b>152,018</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,785,883</b>	<b>696</b>	<b>168,311</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,885</b>	<b>39</b>	<b>—</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,787,768</b>	<b>735</b>	<b>168,311</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	930,174	3	—
Restricted for:			
Transportation.....	212,852	—	—
Community and Economic Development.....	—	10,069	—
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.....	(864,045)	12,016	(69,979)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 278,981</b>	<b>\$ 22,088</b>	<b>\$ (69,979)</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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
274,020	68,817	83,779	107,881	14,528	10,518
393,331	202,557	321,841	632,802	177,473	198,432
128,948	—	—	—	—	—
—	—	—	—	—	—
—	—	5,544	2,227	—	—
4,500	5,305	1,281	5,055	1,748	11,966
—	1,671	2,886	315	—	—
1,562	80,135	72,630	26,633	31,471	4,512
73,533	—	2,881	1,872	574	1,486
4,826	21,796	11,069	5,727	3,122	2,292
<b>880,720</b>	<b>380,281</b>	<b>501,911</b>	<b>782,512</b>	<b>228,916</b>	<b>229,206</b>
—	—	75,075	13,283	245	—
—	973,875	—	480,046	5,358	61,363
—	349,806	748,985	—	245,838	168,412
43,778	21,792	11,076	3,782	7,515	7,277
—	76,515	6,579	43,077	13,637	8,828
1,136,137	420,645	20,627	370	—	2,402
1,310	1,405,471	904,061	1,119,484	663,876	518,649
—	188,257	125,964	146,822	81,216	111,190
<b>1,181,225</b>	<b>3,436,361</b>	<b>1,892,367</b>	<b>1,806,864</b>	<b>1,017,685</b>	<b>878,121</b>
<b>2,061,945</b>	<b>3,816,642</b>	<b>2,394,278</b>	<b>2,589,376</b>	<b>1,246,601</b>	<b>1,107,327</b>
—	209,273	139,933	102,572	113,516	64,799
<b>2,061,945</b>	<b>4,025,915</b>	<b>2,534,211</b>	<b>2,691,948</b>	<b>1,360,117</b>	<b>1,172,126</b>
17,175	75,406	35,849	41,365	5,406	12,936
124,742	29,632	39,864	16,352	31,683	9,788
—	—	—	—	—	—
—	32,080	33,574	13,287	18,970	12,118
10	86,553	11,359	14,120	5,075	8,179
44,870	58,885	18,357	32,194	23,369	9,034
<b>186,797</b>	<b>282,556</b>	<b>139,003</b>	<b>117,318</b>	<b>84,503</b>	<b>52,055</b>
—	21,702	—	—	—	8,318
—	—	—	—	—	—
18	916,687	574,834	440,619	491,402	291,258
—	—	—	—	—	—
1,382,532	1,009,920	636,314	691,021	414,837	292,778
<b>1,382,550</b>	<b>1,948,309</b>	<b>1,211,148</b>	<b>1,131,640</b>	<b>906,239</b>	<b>592,354</b>
1,569,347	2,230,865	1,350,151	1,248,958	990,742	644,409
—	1,987	4,605	3,414	39,021	4,421
<b>1,569,347</b>	<b>2,232,852</b>	<b>1,354,756</b>	<b>1,252,372</b>	<b>1,029,763</b>	<b>648,830</b>
1,310	530,550	653,683	682,581	318,702	375,303
—	—	—	—	—	—
—	—	—	—	—	—
—	158,949	—	—	—	55,925
—	61,688	—	—	—	471
—	460,267	236,665	300,875	135,802	8,689
—	427,916	—	—	—	28,282
—	59,096	11,552	39,684	850	27,099
—	106,982	2,168	1,727	37,799	699
—	35,481	37,659	19,807	—	34,409
—	52,336	4,074	3,040	—	—
—	30,357	5,602	41,658	—	—
—	—	—	—	649	—
—	39,042	2,261	(29,778)	880	21,650
—	70,898	252,357	—	91,607	2,875
—	(4,726)	15,464	15,413	—	—
—	116,350	12,402	79,121	—	—
491,288	(352,123)	(54,432)	285,448	(255,935)	(32,106)
<b>\$ 492,598</b>	<b>\$ 1,793,063</b>	<b>\$ 1,179,455</b>	<b>\$ 1,439,576</b>	<b>\$ 330,354</b>	<b>\$ 523,296</b>

(continued)

# STATE OF OHIO

## COMBINING STATEMENT OF NET POSITION NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS JUNE 30, 2017

(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.....	103,617	50,326	140,235
Investments.....	331,682	—	18,537
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Intergovernmental Receivable.....	4,192	10,378	—
Loans Receivable, Net.....	—	1,823	1,327
Receivable from Primary Government.....	721	2,959	31
Other Receivables.....	30,807	87,096	28,082
Inventories.....	1,119	9,175	379
Other Assets.....	5,503	6,856	1,439
<b>TOTAL CURRENT ASSETS.....</b>	<b>477,641</b>	<b>168,613</b>	<b>190,030</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	28,319	2,620	—
Investments.....	—	339,667	—
Investments.....	260,748	199,667	101,215
Loans Receivable, Net.....	49,621	11,085	12,937
Other Receivables.....	6,179	15,485	11,948
Other Assets.....	4,373	10,703	—
Capital Assets Being Depreciated, Net.....	770,498	567,885	454,554
Capital Assets Not Being Depreciated.....	167,569	48,415	90,502
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>1,287,307</b>	<b>1,195,527</b>	<b>671,156</b>
<b>TOTAL ASSETS.....</b>	<b>1,764,948</b>	<b>1,364,140</b>	<b>861,186</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>149,622</b>	<b>185,773</b>	<b>63,269</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>1,914,570</b>	<b>1,549,913</b>	<b>924,455</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	62,138	22,525	6,800
Accrued Liabilities.....	38,126	50,430	2,791
Intergovernmental Payable.....	—	415	—
Unearned Revenue.....	26,571	32,139	9,407
Refund and Other Liabilities.....	11,905	30,388	22,437
Bonds and Notes Payable.....	22,918	14,656	8,869
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>161,658</b>	<b>150,553</b>	<b>50,304</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	1,126
Refund and Other Liabilities.....	683,283	657,803	315,207
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	429,782	289,813	250,943
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>1,113,065</b>	<b>947,616</b>	<b>567,276</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,274,723</b>	<b>1,098,169</b>	<b>617,580</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>5,754</b>	<b>12,122</b>	<b>826</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,280,477</b>	<b>1,110,291</b>	<b>618,406</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	438,185	330,424	252,071
Restricted for:			
Transportation.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	65,461	9,424
Research.....	—	10,859	382
Endowments and Quasi-Endowments.....	56,312	—	50,396
Loans, Grants and Other College and University Purposes.....	—	58,288	2,282
Expendable:			
Scholarships and Fellowships.....	—	94,723	21,328
Research.....	—	6,995	1,087
Instructional Department Uses.....	—	—	5,804
Student and Public Services.....	—	—	5,114
Academic Support.....	—	64,874	—
Debt Service.....	—	17,557	—
Capital Purposes.....	—	14,948	34
Endowments and Quasi-Endowments.....	—	—	230
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	152,217	37,074	36,061
Unrestricted.....	(12,621)	(261,581)	(78,164)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 634,093</b>	<b>\$ 439,622</b>	<b>\$ 306,049</b>

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
19,664	27,319	394	6,753	7,128	346
212,826	8,656	7,112	26,592	—	1,174
—	—	—	—	—	—
—	—	—	—	—	—
1,600	12,745	—	4,357	—	63
449	3,707	81	389	—	67
2,647	2,924	136	212	—	232
10,186	20,423	5,020	3,175	6,342	2,280
134	131	36	168	—	14
1,551	4,117	323	1,669	180	423
<u>249,057</u>	<u>80,022</u>	<u>13,102</u>	<u>43,315</u>	<u>13,650</u>	<u>4,599</u>
2,392	12,850	778	1,665	5,340	—
68,244	—	18,324	44,067	—	—
16,055	128,889	17,959	—	3,694	6,230
1,070	8,507	—	5,372	—	—
7,141	8,192	505	1,051	—	8
4	2,621	1,117	—	—	—
194,177	370,920	70,829	194,281	129,777	29,435
24,735	5,217	21,826	2,819	4,659	535
<u>313,818</u>	<u>537,196</u>	<u>131,338</u>	<u>249,255</u>	<u>143,470</u>	<u>36,208</u>
<u>562,875</u>	<u>617,218</u>	<u>144,440</u>	<u>292,570</u>	<u>157,120</u>	<u>40,807</u>
<u>42,454</u>	<u>77,678</u>	<u>12,940</u>	<u>16,651</u>	<u>8,271</u>	<u>4,720</u>
<u>605,329</u>	<u>694,896</u>	<u>157,380</u>	<u>309,221</u>	<u>165,391</u>	<u>45,527</u>
4,395	14,739	973	1,791	394	12
6,000	10,403	2,306	1,409	2,906	376
2,160	—	—	—	—	—
5,760	23,135	1,660	4,944	2,744	406
4,359	17,511	1,998	1,029	459	622
3,227	7,421	854	2,779	2,123	135
<u>25,901</u>	<u>73,209</u>	<u>7,791</u>	<u>11,952</u>	<u>8,626</u>	<u>1,551</u>
—	—	—	54,150	—	—
—	1,601	633	—	—	—
185,312	362,673	57,729	9,904	34,177	23,590
—	—	—	—	—	—
82,224	78,312	24,086	148,806	38,249	5,400
<u>267,536</u>	<u>442,586</u>	<u>82,448</u>	<u>212,860</u>	<u>72,426</u>	<u>28,990</u>
<u>293,437</u>	<u>515,795</u>	<u>90,239</u>	<u>224,812</u>	<u>81,052</u>	<u>30,541</u>
9,366	3,957	2,051	185	2,006	2,526
<u>302,803</u>	<u>519,752</u>	<u>92,290</u>	<u>224,997</u>	<u>83,058</u>	<u>33,067</u>
135,403	293,276	67,208	48,901	97,174	24,585
—	—	—	—	—	—
—	—	—	—	—	—
—	19,119	4,104	7,731	996	—
—	5,878	—	—	—	—
5,174	—	132	13,219	—	2,744
72,220	19,541	6,074	—	1,601	—
10,903	22,758	1,715	—	1,075	1,671
305	3,265	21	—	(381)	—
3,376	23,686	—	—	—	876
1,791	1,294	—	—	—	40
985	15,278	—	—	481	—
—	—	—	—	381	—
10,561	1,726	—	—	—	59
17,006	—	132	—	—	—
1,324	—	—	8,235	—	—
1,107	29,152	6,638	—	1,168	—
42,371	(259,829)	(20,934)	6,138	(20,162)	(17,515)
<u>\$ 302,526</u>	<u>\$ 175,144</u>	<u>\$ 65,090</u>	<u>\$ 84,224</u>	<u>\$ 82,333</u>	<u>\$ 12,460</u>

(continued)

**STATE OF OHIO**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2017**

(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.....	12,588	11,247	7,368
Investments.....	68,862	20,307	3,046
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Intergovernmental Receivable.....	—	1,606	—
Loans Receivable, Net.....	—	113	—
Receivable from Primary Government.....	161	1,007	—
Other Receivables.....	15,398	3,849	2,256
Inventories.....	2,387	85	4
Other Assets.....	2,029	170	117
<b>TOTAL CURRENT ASSETS.....</b>	<b>101,425</b>	<b>38,384</b>	<b>12,791</b>
<b>NONCURRENT ASSETS:</b>			
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	880
Investments.....	61,231	—	1,772
Loans Receivable, Net.....	—	—	—
Other Receivables.....	100	1,186	—
Other Assets.....	—	44	—
Capital Assets Being Depreciated, Net.....	125,104	44,769	15,197
Capital Assets Not Being Depreciated.....	28,354	2,442	1,002
<b>TOTAL NONCURRENT ASSETS.....</b>	<b>214,789</b>	<b>48,441</b>	<b>18,851</b>
<b>TOTAL ASSETS.....</b>	<b>316,214</b>	<b>86,825</b>	<b>31,642</b>
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>46,893</b>	<b>8,532</b>	<b>4,018</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>363,107</b>	<b>95,357</b>	<b>35,660</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable.....	3,238	1,414	495
Accrued Liabilities.....	3,298	1,602	734
Intergovernmental Payable.....	—	14	—
Unearned Revenue.....	7,795	307	544
Refund and Other Liabilities.....	6,175	173	38
Bonds and Notes Payable.....	855	710	235
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>21,361</b>	<b>4,220</b>	<b>2,046</b>
<b>NONCURRENT LIABILITIES:</b>			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	242,533	45,066	17,712
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	4,465	12,531	2,414
<b>TOTAL NONCURRENT LIABILITIES.....</b>	<b>246,998</b>	<b>57,597</b>	<b>20,126</b>
<b>TOTAL LIABILITIES.....</b>	<b>268,359</b>	<b>61,817</b>	<b>22,172</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>5,023</b>	<b>695</b>	<b>766</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<b>273,382</b>	<b>62,512</b>	<b>22,938</b>
<b>NET POSITION (DEFICITS):</b>			
Net Investment in Capital Assets.....	148,138	33,975	13,980
Restricted for:			
Transportation.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	4,138	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	9,809	127
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	5,959	8,135	—
Research.....	—	—	—
Instructional Department Uses.....	—	50	—
Student and Public Services.....	—	733	—
Academic Support.....	—	—	—
Debt Service.....	—	162	880
Capital Purposes.....	36,676	4,145	—
Endowments and Quasi-Endowments.....	—	—	2,908
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	28
Unrestricted.....	(105,186)	(24,164)	(5,201)
<b>TOTAL NET POSITION (DEFICITS).....</b>	<b>\$ 89,725</b>	<b>\$ 32,845</b>	<b>\$ 12,722</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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12,347
5,153	8,690	3,649	2,581	10,872	1,021,319
—	—	13,171	3,001	10,571	2,732,429
—	—	—	—	—	150,394
—	—	—	—	—	70,477
—	—	826	494	328	44,360
—	—	—	—	8	39,791
—	—	—	311	398	17,095
3,733	3,571	11,132	2,666	4,060	473,858
13	—	127	431	—	100,320
610	151	185	37	1,500	78,204
<u>9,509</u>	<u>12,412</u>	<u>29,090</u>	<u>9,521</u>	<u>27,737</u>	<u>4,740,594</u>
728	—	2,589	—	—	159,684
2,270	—	—	—	—	2,307,342
—	965	7,373	6,942	1,973	2,427,683
—	—	—	—	46	184,166
—	—	220	—	36	200,687
—	—	—	—	—	1,599,221
25,064	13,662	78,811	17,705	69,538	9,190,292
4,069	980	2,321	2,260	11,515	1,129,041
<u>32,131</u>	<u>15,607</u>	<u>91,314</u>	<u>26,907</u>	<u>83,108</u>	<u>17,198,116</u>
<u>41,640</u>	<u>28,019</u>	<u>120,404</u>	<u>36,428</u>	<u>110,845</u>	<u>21,938,710</u>
4,912	2,844	21,051	6,563	18,231	1,347,199
<u>46,552</u>	<u>30,863</u>	<u>141,455</u>	<u>42,991</u>	<u>129,076</u>	<u>23,285,909</u>
—	1,348	1,565	640	1,953	317,729
347	87	4,209	337	3,351	411,302
—	—	—	—	—	2,589
—	1,989	3,885	612	2,947	234,874
2,719	37	2,342	317	1,987	265,431
975	—	2,688	—	885	301,714
<u>4,041</u>	<u>3,461</u>	<u>14,689</u>	<u>1,906</u>	<u>11,123</u>	<u>1,533,639</u>
—	—	—	—	—	84,170
—	—	—	—	—	3,360
22,251	15,793	107,830	29,447	103,747	5,711,171
—	—	—	—	—	22,538
14,550	—	33,390	—	310	7,575,718
<u>36,801</u>	<u>15,793</u>	<u>141,220</u>	<u>29,447</u>	<u>104,057</u>	<u>13,396,957</u>
<u>40,842</u>	<u>19,254</u>	<u>155,909</u>	<u>31,353</u>	<u>115,180</u>	<u>14,930,596</u>
3,154	1,300	11,170	262	12,893	129,428
<u>43,996</u>	<u>20,554</u>	<u>167,079</u>	<u>31,615</u>	<u>128,073</u>	<u>15,060,024</u>
14,204	14,643	45,118	19,958	79,859	5,549,408
—	—	—	—	—	212,852
—	—	—	—	—	10,069
—	434	—	998	1,638	328,917
—	—	—	—	—	79,278
2,300	—	5,892	—	—	1,288,403
—	—	—	—	451	616,655
123	494	—	4,833	855	312,853
—	—	—	—	—	160,667
—	—	—	21	—	161,169
—	—	—	—	—	68,422
—	—	—	—	—	159,235
—	—	1,019	—	—	20,648
—	1,124	—	398	—	103,726
—	—	3,124	—	—	441,137
—	—	—	—	—	35,710
2,078	—	—	100	571	474,067
(16,149)	(6,386)	(80,777)	(14,932)	(82,371)	(1,797,331)
<u>\$ 2,556</u>	<u>\$ 10,309</u>	<u>\$ (25,624)</u>	<u>\$ 11,376</u>	<u>\$ 1,003</u>	<u>\$ 8,225,885</u>

# STATE OF OHIO

## COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/16)	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/16)	OHIO CAPITAL FUND
<b>EXPENSES:</b>			
Transportation.....	\$ 400,191	\$ —	\$ —
Community and Economic Development.....	—	4,436	1,012
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.....	79,108	—	7,135
Depreciation.....	71,663	1	—
Other.....	—	—	—
<b>TOTAL EXPENSES.....</b>	<b>550,962</b>	<b>4,437</b>	<b>8,147</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	313,167	543	—
Operating Grants, Contributions and Restricted Investment Income.....	—	349	—
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
<b>TOTAL PROGRAM REVENUES.....</b>	<b>313,167</b>	<b>892</b>	<b>—</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(237,795)</b>	<b>(3,545)</b>	<b>(8,147)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	4,617	79	1,611
State Assistance.....	2,834	—	—
Other.....	—	38	—
<b>TOTAL GENERAL REVENUES.....</b>	<b>7,451</b>	<b>117</b>	<b>1,611</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(230,344)</b>	<b>(3,428)</b>	<b>(6,536)</b>
<b>NET POSITION (DEFICITS), JULY 1 .....</b>	<b>509,325</b>	<b>25,516</b>	<b>(63,443)</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 278,981</b>	<b>\$ 22,088</b>	<b>\$ (69,979)</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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
958,374	—	—	—	—	—
—	346,803	291,104	202,296	162,843	139,217
—	160,767	43,496	13,230	31,479	7,620
—	74,300	30,866	3,396	6,552	5,053
—	117,280	87,368	60,593	33,898	29,771
—	69,577	58,113	31,974	14,443	17,767
—	159,095	67,622	55,746	36,489	36,104
—	55,958	52,130	33,344	22,747	20,554
—	39,906	15,925	21,639	28,074	17,065
—	127,962	86,673	113,921	44,945	72,808
—	—	—	—	—	—
55,650	47,515	26,316	26,455	19,533	8,650
506	121,048	50,063	54,027	45,474	33,501
—	609	13,880	9,349	905	27,910
<b>1,014,530</b>	<b>1,320,820</b>	<b>823,556</b>	<b>625,970</b>	<b>447,382</b>	<b>416,020</b>
1,104,670	873,910	339,822	532,161	238,927	245,280
—	243,244	46,171	55,453	44,778	61,937
—	10,607	2,889	4,627	203	2,259
<b>1,104,670</b>	<b>1,127,761</b>	<b>388,882</b>	<b>592,241</b>	<b>283,908</b>	<b>309,476</b>
<b>90,140</b>	<b>(193,059)</b>	<b>(434,674)</b>	<b>(33,729)</b>	<b>(163,474)</b>	<b>(106,544)</b>
1,837	9,452	96,971	60,766	28,916	28,946
—	242,552	175,519	81,667	127,136	98,027
1,016	1,753	222,898	—	32,351	10,167
<b>2,853</b>	<b>253,757</b>	<b>495,388</b>	<b>142,433</b>	<b>188,403</b>	<b>137,140</b>
—	1,082	8,442	12,165	2,134	2,498
<b>92,993</b>	<b>61,780</b>	<b>69,156</b>	<b>120,869</b>	<b>27,063</b>	<b>33,094</b>
399,605	1,731,283	1,110,299	1,318,707	303,291	490,202
<b>\$ 492,598</b>	<b>\$ 1,793,063</b>	<b>\$ 1,179,455</b>	<b>\$ 1,439,576</b>	<b>\$ 330,354</b>	<b>\$ 523,296</b>

(continued)

# STATE OF OHIO

## COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(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.....	268,008	206,033	116,372
Separately Budgeted Research.....	15,632	37,402	10,693
Public Service.....	16,892	9,412	7,642
Academic Support.....	71,831	44,030	31,809
Student Services.....	39,151	23,420	21,321
Institutional Support.....	81,370	112,483	40,605
Operation and Maintenance of Plant.....	47,639	37,091	31,379
Scholarships and Fellowships.....	43,291	22,565	17,416
Auxiliary Enterprises.....	96,436	60,007	40,961
Hospitals.....	—	358,060	—
Interest on Long-Term Debt.....	17,652	12,755	9,167
Depreciation.....	51,701	58,437	29,760
Other.....	—	15,424	—
<b>TOTAL EXPENSES.....</b>	<b>749,603</b>	<b>997,119</b>	<b>357,125</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	446,900	651,037	200,134
Operating Grants, Contributions and Restricted Investment Income.....	81,015	54,503	42,761
Capital Grants, Contributions and Restricted Investment Income.....	—	3,009	—
<b>TOTAL PROGRAM REVENUES.....</b>	<b>527,915</b>	<b>708,549</b>	<b>242,895</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(221,688)</b>	<b>(288,570)</b>	<b>(114,230)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	54,945	48,580	15,805
State Assistance.....	189,169	140,378	87,558
Other.....	17,104	62,997	21,206
<b>TOTAL GENERAL REVENUES.....</b>	<b>261,218</b>	<b>251,955</b>	<b>124,569</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CHANGE IN NET POSITION.....</b>	<b>39,530</b>	<b>(36,615)</b>	<b>10,339</b>
<b>NET POSITION (DEFICITS), JULY 1 .....</b>	<b>594,563</b>	<b>476,237</b>	<b>295,710</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 634,093</b>	<b>\$ 439,622</b>	<b>\$ 306,049</b>

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
66,003	157,545	21,417	21,729	9,508	5,489
4,037	53,323	—	14,890	1,641	—
6,489	19,835	2,577	5,693	3,316	703
16,082	46,244	3,050	9,338	5,803	593
11,177	23,341	4,441	2,823	3,838	1,959
26,388	46,192	13,237	12,467	4,982	4,541
15,534	21,604	5,261	8,599	5,461	1,374
19,678	20,211	6,084	721	3,246	145
28,063	23,553	6,641	8,342	8,684	1,207
—	—	—	—	—	—
3,855	3,088	1,081	8,295	1,497	186
11,988	20,925	3,607	11,372	6,276	1,337
2,262	561	214	190	764	—
<b>211,556</b>	<b>436,422</b>	<b>67,610</b>	<b>104,459</b>	<b>55,016</b>	<b>17,534</b>
116,193	173,708	25,400	34,402	17,385	5,893
30,853	95,039	3,982	25,150	18,307	1,231
2,447	1,464	—	—	—	—
<b>149,493</b>	<b>270,211</b>	<b>29,382</b>	<b>59,552</b>	<b>35,692</b>	<b>7,124</b>
<b>(62,063)</b>	<b>(166,211)</b>	<b>(38,228)</b>	<b>(44,907)</b>	<b>(19,324)</b>	<b>(10,410)</b>
27,930	2,584	3,971	4,998	455	633
48,616	100,711	19,276	27,932	22,957	6,452
362	19,860	12,566	12,219	193	2,439
<b>76,908</b>	<b>123,155</b>	<b>35,813</b>	<b>45,149</b>	<b>23,605</b>	<b>9,524</b>
<b>7,193</b>	—	—	<b>351</b>	—	—
<b>22,038</b>	<b>(43,056)</b>	<b>(2,415)</b>	<b>593</b>	<b>4,281</b>	<b>(886)</b>
280,488	218,200	67,505	83,631	78,052	13,346
<b>\$ 302,526</b>	<b>\$ 175,144</b>	<b>\$ 65,090</b>	<b>\$ 84,224</b>	<b>\$ 82,333</b>	<b>\$ 12,460</b>

(continued)

# STATE OF OHIO

## COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(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.....	73,958	14,007	6,022
Separately Budgeted Research.....	—	—	—
Public Service.....	10,531	3,188	413
Academic Support.....	9,247	1,251	530
Student Services.....	16,740	3,937	1,876
Institutional Support.....	30,069	6,153	4,919
Operation and Maintenance of Plant.....	22,753	2,767	1,495
Scholarships and Fellowships.....	12,445	2,159	230
Auxiliary Enterprises.....	12,998	3,549	7
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	114	471	83
Depreciation.....	7,980	2,045	1,070
Other.....	1,542	718	—
<b>TOTAL EXPENSES.....</b>	<b>198,377</b>	<b>40,245</b>	<b>16,645</b>
<b>PROGRAM REVENUES:</b>			
Charges for Services, Fees, Fines and Forfeitures.....	108,562	11,729	4,932
Operating Grants, Contributions and Restricted Investment Income.....	7,777	12,240	3,223
Capital Grants, Contributions and Restricted Investment Income.....	—	1	27
<b>TOTAL PROGRAM REVENUES.....</b>	<b>116,339</b>	<b>23,970</b>	<b>8,182</b>
<b>NET PROGRAM (EXPENSE) REVENUE .....</b>	<b>(82,038)</b>	<b>(16,275)</b>	<b>(8,463)</b>
<b>GENERAL REVENUES:</b>			
Unrestricted Investment Income.....	1,318	1,928	27
State Assistance.....	71,189	14,471	8,572
Other.....	—	—	3,035
<b>TOTAL GENERAL REVENUES.....</b>	<b>72,507</b>	<b>16,399</b>	<b>11,634</b>
<b>ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....</b>	<b>—</b>	<b>489</b>	<b>—</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(9,531)</b>	<b>613</b>	<b>3,171</b>
<b>NET POSITION (DEFICITS), JULY 1 .....</b>	<b>99,256</b>	<b>32,232</b>	<b>9,551</b>
<b>NET POSITION (DEFICITS), JUNE 30.....</b>	<b>\$ 89,725</b>	<b>\$ 32,845</b>	<b>\$ 12,722</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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 400,191
—	—	—	—	—	963,822
7,250	5,036	30,484	15,394	30,497	2,197,015
38	—	—	—	288	394,536
892	—	3,981	505	2,201	214,437
2,467	1,308	6,412	1,038	2,350	582,293
2,051	1,252	7,358	1,473	6,103	364,135
1,354	3,510	16,275	4,177	14,466	778,244
1,596	1,225	5,580	1,536	7,080	402,707
3,018	765	1,032	1,710	1,099	278,424
1,554	1	3,351	1,792	497	743,952
—	—	—	—	—	358,060
523	—	1,208	—	34	330,371
1,306	1,026	4,237	1,464	5,592	596,406
—	—	707	143	40	75,218
<b>22,049</b>	<b>14,123</b>	<b>80,625</b>	<b>29,232</b>	<b>70,247</b>	<b>8,679,811</b>
7,672	6,275	22,753	11,088	27,362	5,519,905
505	1,497	17,784	5,339	3,823	856,961
162	—	10	—	—	27,705
<b>8,339</b>	<b>7,772</b>	<b>40,547</b>	<b>16,427</b>	<b>31,185</b>	<b>6,404,571</b>
<b>(13,710)</b>	<b>(6,351)</b>	<b>(40,078)</b>	<b>(12,805)</b>	<b>(39,062)</b>	<b>(2,275,240)</b>
266	168	293	664	526	398,286
8,325	5,733	32,637	12,143	35,422	1,559,276
5,011	—	7,276	—	12,472	444,963
<b>13,602</b>	<b>5,901</b>	<b>40,206</b>	<b>12,807</b>	<b>48,420</b>	<b>2,402,525</b>
15	—	—	—	75	34,444
<b>(93)</b>	<b>(450)</b>	<b>128</b>	<b>2</b>	<b>9,433</b>	<b>161,729</b>
2,649	10,759	(25,752)	11,374	(8,430)	8,064,156
<b>\$ 2,556</b>	<b>\$ 10,309</b>	<b>\$ (25,624)</b>	<b>\$ 11,376</b>	<b>\$ 1,003</b>	<b>\$ 8,225,885</b>

# STATE OF OHIO

## BALANCE SHEET

### OHIO FACILITIES CONSTRUCTION COMMISSION

#### DISCRETELY PRESENTED COMPONENT UNIT

JUNE 30, 2017

(dollars in thousands)

	<b>OHIO FACILITIES CONSTRUCTION COMMISSION</b>
<b>ASSETS:</b>	
Cash Equity with Treasurer.....	\$ 394,346
Investments.....	1,824
Collateral on Lent Securities.....	107,778
Loans Receivable, Net.....	823
Other Receivables.....	3
<b>TOTAL ASSETS.....</b>	<b>\$ 504,774</b>
<b>LIABILITIES:</b>	
Accounts Payable.....	\$ 1,696
Accrued Liabilities.....	214
Obligations Under Securities Lending.....	107,778
Intergovernmental Payable.....	856,572
Refund and Other Liabilities.....	1,824
<b>TOTAL LIABILITIES.....</b>	<b>968,084</b>
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,449,104</b>
<b>FUND BALANCES (DEFICITS):</b>	
Restricted for:	
Community and Economic Development.....	21,329
Unassigned.....	(3,933,743)
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>(3,912,414)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES .....</b>	<b>\$ 504,774</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, 2017**

(dollars in thousands)

	<u>OHIO FACILITIES CONSTRUCTION COMMISSION</u>
<b>Total Fund Balances (Deficits).....</b>	<b>\$ (3,912,414)</b>
<p>Total net position reported for governmental activities in the Statement of Net Position is different because:</p> <p>Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:</p>	
<i>Land.....</i>	<i>11,858</i>
<i>Buildings and Improvements, net of \$29,131 accumulated depreciation.....</i>	<i>31,140</i>
<i>Machinery and Equipment, net of \$3,050 accumulated depreciation.....</i>	<i>866</i>
	<u>43,864</u>
<p>The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.</p>	
<i>Refund and Other Liabilities-Compensated Absences.....</i>	<i>(351)</i>
<b>Total Net Position.....</b>	<b>\$ (3,868,901)</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, 2017

(dollars in thousands)

	<u>OHIO FACILITIES CONSTRUCTION COMMISSION</u>
<b>REVENUES:</b>	
State Assistance.....	\$ 481,565
Investment Income.....	4,065
Other.....	25,613
<b>TOTAL REVENUES.....</b>	<u><b>511,243</b></u>
<b>EXPENDITURES:</b>	
<b>CURRENT OPERATING:</b>	
Primary, Secondary and Other Education.....	524,466
Community and Economic Development.....	28,519
<b>TOTAL EXPENDITURES.....</b>	<u><b>552,985</b></u>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(41,742)</b>
<b>FUND BALANCES (DEFICITS), JULY 1.....</b>	<u><b>(3,870,672)</b></u>
<b>FUND BALANCES (DEFICITS), JUNE 30.....</b>	<u><u><b>\$ (3,912,414)</b></u></u>

# STATE OF OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
OHIO FACILITIES CONSTRUCTION COMMISSION  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
*(dollars in thousands)*

	<u>OHIO FACILITIES CONSTRUCTION COMMISSION</u>
<b>Net Change in Fund Balances</b> .....	<b>\$ (41,742)</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>(1,734)</u>
<i>Excess / (Deficiency) of Capital Outlay Over Depreciation Expense</i> .....	<u>(1,734)</u>
<p>Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.</p>	
	<u>(77)</u>
<b>Change in Net Position</b> .....	<b>\$ (43,553)</b>

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An aerial photograph of the Gateway Bridge in Columbus, Ohio, during the Columbus Arts Festival at night. The bridge is illuminated with warm yellow lights, and a large crowd of people is walking across it. On the left side of the bridge, there are several white tents and stalls. The bridge's unique design, featuring a large white arch and a walkway with a glass railing, is clearly visible. The water of the river is visible on both sides of the bridge.

# Statistical Section

Columbus Arts Festival  
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> .....	264-277
<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> .....	278-291
<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> .....	292-301
<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> .....	302-305
<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> .....	306-313
<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)*

	2017	2016	2015	2014
<b>GOVERNMENTAL ACTIVITIES:</b>				
Net Investment in Capital Assets.....	\$ 24,140,366	\$ 23,925,328	\$ 23,396,447	\$ 22,627,911
Restricted for:				
Primary, Secondary and Other Education.....	95,110	148,740	110,978	137,427
Higher Education Support.....	25,999	26,255	25,974	26,320
Public Assistance and Medicaid.....	736,002	810,132	746,730	508,588
Health and Human Services.....	143,264	103,534	81,982	54,834
Justice and Public Protection.....	160,990	132,257	122,305	30,570
Environmental Protection and Natural Resources.....	191,591	199,490	199,409	160,607
Transportation.....	3,369,425	3,191,913	3,370,828	3,238,716
General Government.....	266,681	169,286	200,748	133,877
State and Local Highway Construction.....	—	—	—	—
Federal Programs.....	—	—	—	—
Clean Ohio Program.....	—	—	—	—
Community and Economic Development.....	424,992	329,909	243,166	164,784
Enterprise Bond Program.....	—	—	—	—
Total Restricted Net Position.....	<u>5,414,054</u>	<u>5,111,516</u>	<u>5,102,120</u>	<u>4,455,723</u>
Unrestricted.....	(10,571,925)	(9,089,117)	(9,180,751)	(5,828,679)
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION.....</b>	<b><u>\$ 18,982,495</u></b>	<b><u>\$ 19,947,727</u></b>	<b><u>\$ 19,317,816</u></b>	<b><u>\$ 21,254,955</u></b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Net Investment in Capital Assets.....	\$ 176,237	\$ 186,037	\$ 159,466	\$ 129,804
Restricted for:				
Workers' Compensation.....	9,603,996	8,596,001	9,125,985	9,334,215
Lottery Prizes.....	46,998	77,464	66,332	73,751
Unemployment Compensation.....	644,872	315,980	—	—
Ohio Building Authority.....	—	—	—	—
Tuition Trust Authority.....	97,985	74,559	89,896	73,631
Total Restricted Net Position.....	<u>10,393,851</u>	<u>9,064,004</u>	<u>9,282,213</u>	<u>9,481,597</u>
Unrestricted.....	154,915	131,660	(163,314)	(670,679)
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION.....</b>	<b><u>\$ 10,725,003</u></b>	<b><u>\$ 9,381,701</u></b>	<b><u>\$ 9,278,365</u></b>	<b><u>\$ 8,940,722</u></b>
<b>PRIMARY GOVERNMENT:</b>				
Net Investment in Capital Assets.....	\$ 24,316,603	\$ 24,111,365	\$ 23,555,913	\$ 22,757,715
Restricted.....	15,807,905	14,175,520	14,384,333	13,937,320
Unrestricted.....	(10,417,010)	(8,957,457)	(9,344,065)	(6,499,358)
<b>TOTAL PRIMARY GOVERNMENT NET POSITION.....</b>	<b><u>\$ 29,707,498</u></b>	<b><u>\$ 29,329,428</u></b>	<b><u>\$ 28,596,181</u></b>	<b><u>\$ 30,195,677</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.



2013	2012	2011	2010	2009	2008
\$ 22,489,929	\$ 22,147,262	\$ 23,157,156	\$ 22,578,727	\$ 22,325,346	\$ 21,983,900
236,391	129,353	99,169	38,495	37,174	41,842
—	—	5,936	—	—	—
535,410	219,153	492,122	—	—	—
100,424	101,056	107,431	—	—	—
42,623	29,516	86,822	—	—	—
147,955	148,200	140,229	—	—	—
3,064,127	2,613,620	2,439,080	1,601,532	1,031,932	844,666
131,823	93,089	82,615	—	—	—
—	—	—	117,769	113,009	118,011
—	—	—	85,232	61,929	76,396
—	—	—	47,254	44,060	90,485
250,797	245,631	403,151	1,001,840	1,045,542	1,420,180
—	—	—	10,000	10,000	10,000
<u>4,509,550</u>	<u>3,579,618</u>	<u>3,856,555</u>	<u>2,902,122</u>	<u>2,343,646</u>	<u>2,601,580</u>
<u>(5,784,139)</u>	<u>(7,128,873)</u>	<u>(8,249,343)</u>	<u>(7,384,680)</u>	<u>(6,110,855)</u>	<u>(4,006,732)</u>
<u>\$ 21,215,340</u>	<u>\$ 18,598,007</u>	<u>\$ 18,764,368</u>	<u>\$ 18,096,169</u>	<u>\$ 18,558,137</u>	<u>\$ 20,578,748</u>
\$ 92,290	\$ 67,331	\$ 54,430	\$ 51,578	\$ 37,059	\$ 32,068
6,690,414	7,760,634	5,728,951	—	—	—
85,085	123,724	77,142	86,616	57,059	44,126
—	—	—	—	—	452,082
—	—	27,021	—	23,072	25,558
39,379	—	11,838	—	—	—
<u>6,814,878</u>	<u>7,884,358</u>	<u>5,844,952</u>	<u>86,616</u>	<u>80,131</u>	<u>521,766</u>
<u>(1,085,302)</u>	<u>(1,383,125)</u>	<u>(1,820,494)</u>	<u>1,966,583</u>	<u>1,789,789</u>	<u>2,582,265</u>
<u>\$ 5,821,866</u>	<u>\$ 6,568,564</u>	<u>\$ 4,078,888</u>	<u>\$ 2,104,777</u>	<u>\$ 1,906,979</u>	<u>\$ 3,136,099</u>
\$ 22,582,219	\$ 22,214,593	\$ 23,211,586	\$ 22,630,305	\$ 22,362,405	\$ 22,015,968
11,324,428	11,463,976	9,701,507	2,988,738	2,423,777	3,123,346
(6,869,441)	(8,511,998)	(10,069,837)	(5,418,097)	(4,321,066)	(1,424,467)
<u>\$ 27,037,206</u>	<u>\$ 25,166,571</u>	<u>\$ 22,843,256</u>	<u>\$ 20,200,946</u>	<u>\$ 20,465,116</u>	<u>\$ 23,714,847</u>

**STATE OF OHIO**  
**CHANGES IN NET POSITION**  
**FOR THE LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(dollars in thousands)

	2017	2016	2015
<b>EXPENSES:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
Primary, Secondary and Other Education.....	\$ 13,227,781	\$ 12,728,780	\$ 12,767,328
Higher Education Support.....	2,760,035	2,603,480	2,536,850
Public Assistance and Medicaid.....	29,873,408	29,103,304	28,265,942
Health and Human Services.....	1,636,753	1,656,750	1,576,185
Justice and Public Protection.....	3,883,836	3,587,845	3,210,965
Environmental Protection and Natural Resources.....	571,532	586,001	507,889
Transportation.....	2,860,338	2,602,708	2,660,362
General Government.....	946,923	948,796	921,426
Community and Economic Development.....	3,256,655	3,353,699	3,518,678
Interest on Long-Term Debt (excludes interest charged as program expense).....	94,290	99,819	102,980
<b>TOTAL GOVERNMENTAL ACTIVITIES EXPENSES.....</b>	<b>59,111,551</b>	<b>57,271,182</b>	<b>56,068,605</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Workers' Compensation.....	2,419,185	3,322,700	2,533,883
Lottery Commission.....	2,882,887	2,866,920	2,724,306
Unemployment Compensation.....	985,624	1,021,152	1,034,060
Ohio Building Authority.....	—	—	—
Tuition Trust Authority.....	63,711	67,385	71,801
Liquor Control.....	—	—	—
Office of Auditor of State.....	91,100	78,917	70,032
<b>TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES.....</b>	<b>6,442,507</b>	<b>7,357,074</b>	<b>6,434,082</b>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES.....</b>	<b>\$ 65,554,058</b>	<b>\$ 64,628,256</b>	<b>\$ 62,502,687</b>
<b>PROGRAM REVENUES:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
Charges for Services, Fees, Fines and Forfeitures:			
Public Assistance and Medicaid.....	\$ 1,746,969	\$ 1,946,102	\$ 1,438,860
Justice and Public Protection.....	1,135,411	1,103,131	1,071,484
General Government.....	532,489	557,775	480,796
Community and Economic Development.....	500,766	571,317	519,685
Other Activities.....	641,013	749,346	709,606
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	25,070,684	24,721,794	23,965,473
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	1,442,906	1,430,936	1,398,463
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			
<b>PROGRAM REVENUES.....</b>	<b>31,070,238</b>	<b>31,080,401</b>	<b>29,584,367</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Charges for Services, Fees, Fines and Forfeitures:			
Workers' Compensation.....	1,554,566	1,451,585	1,962,587
Lottery Commission.....	3,933,361	3,987,235	3,776,450
Unemployment Compensation.....	1,311,094	1,178,304	1,228,403
Liquor Control.....	—	—	—
Other Activities.....	55,109	57,035	52,811
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	1,959,320	1,444,535	609,269
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>			
<b>PROGRAM REVENUES.....</b>	<b>8,813,450</b>	<b>8,118,694</b>	<b>7,629,520</b>
<b>TOTAL PRIMARY GOVERNMENT</b>			
<b>PROGRAM REVENUES.....</b>	<b>\$ 39,883,688</b>	<b>\$ 39,199,095</b>	<b>\$ 37,213,887</b>

	2014	2013	2012	2011	2010	2009	2008
\$	12,287,325	\$ 11,461,600	\$ 12,340,848	\$ 12,126,435	\$ 12,259,233	\$ 11,888,145	\$ 11,304,014
	2,474,851	2,403,149	2,348,154	2,726,016	2,771,611	2,967,485	2,729,423
	25,283,157	21,624,298	21,206,515	20,111,691	18,828,082	17,903,102	16,003,345
	1,579,156	3,504,235	3,835,369	4,295,483	4,003,033	4,061,765	3,651,313
	3,385,337	3,136,239	3,202,970	3,184,345	3,077,704	3,251,316	3,128,087
	419,539	437,297	407,379	350,870	416,071	413,398	393,704
	2,706,248	2,657,961	2,564,702	2,186,332	2,187,406	2,171,475	2,078,732
	835,785	921,636	599,639	795,899	623,845	645,271	749,150
	3,448,735	3,510,004	3,867,888	4,479,010	4,491,643	4,265,827	4,017,838
	103,283	114,859	118,902	134,888	133,335	165,908	173,934
	<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>	<b>44,229,540</b>
	2,417,674	3,428,859	1,945,190	2,354,296	2,861,222	2,158,753	2,675,254
	2,310,169	2,100,887	2,001,671	1,911,105	1,816,213	1,774,308	1,704,848
	1,444,870	1,976,518	2,754,835	4,094,207	5,605,830	3,485,942	1,333,180
	—	—	13,010	22,076	22,492	26,837	28,117
	72,215	80,560	80,157	79,671	81,119	94,888	121,673
	—	310,209	543,729	507,800	489,087	479,919	460,398
	70,586	65,845	69,183	69,185	70,637	85,575	73,225
	<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>6,396,695</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>	<b>50,626,235</b>
\$	1,506,096	\$ 1,152,467	\$ 1,289,463	\$ 1,045,698	\$ 1,302,439	\$ 966,010	\$ 1,021,341
	1,030,928	1,078,277	943,142	1,163,286	996,420	938,297	879,534
	548,649	418,085	543,699	344,451	686,825	594,532	697,274
	506,511	594,030	406,022	504,275	479,727	388,895	362,388
	632,883	950,819	852,501	722,459	652,449	763,620	582,208
	21,454,316	20,189,757	20,053,479	22,041,874	20,839,257	18,225,838	15,123,489
	1,523,237	1,695,846	1,573,765	1,465,484	1,241,422	1,198,200	1,070,309
	<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>	<b>19,736,543</b>
	2,093,962	1,504,112	1,958,593	1,950,169	2,133,439	2,378,127	2,160,649
	3,288,039	2,939,773	2,781,737	2,608,235	2,498,785	2,425,832	2,332,866
	1,270,232	1,342,217	1,674,456	1,587,385	1,304,308	1,172,554	1,174,979
	—	485,607	791,454	733,573	706,736	689,283	663,830
	57,531	60,028	73,707	74,657	76,158	81,291	83,545
	3,398,375	1,697,735	3,568,089	5,002,792	5,403,777	1,028,750	877,474
	<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>7,293,343</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>	<b>27,029,886</b>

(continued)

**STATE OF OHIO**  
**CHANGES IN NET POSITION**  
**FOR THE LAST TEN FISCAL YEARS**

(accrual basis of accounting)  
(dollars in thousands)  
(continued)

	2017	2016	2015
<b>NET (EXPENSE) REVENUE:</b>			
Governmental Activities.....	\$ (28,041,313)	\$ (26,190,781)	\$ (26,484,238)
Business-Type Activities.....	2,370,943	761,620	1,195,438
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE).....</b>	<b>\$ (25,670,370)</b>	<b>\$ (25,429,161)</b>	<b>\$ (25,288,800)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
<b>TAXES:</b>			
Income.....	\$ 8,021,202	\$ 7,984,708	\$ 8,906,476
Sales.....	10,804,340	10,548,038	10,170,995
Corporate and Public Utility.....	2,754,290	2,737,316	2,687,540
Cigarette.....	979,973	1,008,677	808,270
Other.....	1,019,058	1,006,342	953,339
Restricted for Transportation Purposes:			
Motor Vehicle Fuel Taxes.....	1,952,512	1,798,483	1,827,134
<b>TOTAL TAXES.....</b>	<b>25,531,375</b>	<b>25,083,564</b>	<b>25,353,754</b>
Tobacco Settlement.....	350,378	341,130	284,267
Escheat Property.....	159,585	161,904	220,486
Unrestricted Investment Income.....	2,975	70,897	36,462
Federal.....	—	—	—
Other.....	30	1,683	275
Loss on Extinguishment of Debt.....	-	-	1,276
Transfers-Internal Activities.....	1,031,738	1,160,878	1,082,061
<b>TOTAL GOVERNMENTAL ACTIVITIES.....</b>	<b>27,076,081</b>	<b>26,820,056</b>	<b>26,978,581</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Unrestricted Investment Income.....	12	8	5
Other.....	—	—	—
Gain on Extinguishment of Debt.....	4,085	502,586	402,562
Transfers-Internal Activities.....	(1,031,738)	(1,160,878)	(1,082,061)
<b>TOTAL BUSINESS-TYPE ACTIVITIES.....</b>	<b>(1,027,641)</b>	<b>(658,284)</b>	<b>(679,494)</b>
<b>TOTAL PRIMARY GOVERNMENT.....</b>	<b>\$ 26,048,440</b>	<b>\$ 26,161,772</b>	<b>\$ 26,299,087</b>
<b>CHANGE IN NET POSITION:</b>			
Governmental Activities.....	\$ (965,232)	\$ 629,275	\$ 494,343
Business-Type Activities.....	1,343,302	103,336	515,944
<b>TOTAL PRIMARY GOVERNMENT .....</b>	<b>\$ 378,070</b>	<b>\$ 732,611</b>	<b>\$ 1,010,287</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.

2014	2013	2012	2011	2010	2009	2008
\$ (25,320,796)	\$ (23,691,997)	\$ (24,830,295)	\$ (23,103,442)	\$ (22,593,424)	\$ (24,658,300)	\$ (24,492,997)
3,792,625	66,594	3,440,261	2,918,471	1,176,603	(330,385)	896,648
<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>	<b>\$ (23,596,349)</b>
\$ 8,356,216	\$ 9,826,097	\$ 9,017,760	\$ 8,815,468	\$ 7,760,084	\$ 8,228,349	\$ 9,887,502
9,386,554	8,635,076	8,304,263	7,793,045	7,295,428	7,276,288	7,863,969
2,682,274	2,560,420	2,501,140	2,462,681	2,351,084	2,443,059	1,610,629
813,056	828,812	843,180	855,610	886,875	924,764	950,646
888,059	993,217	708,041	699,907	647,999	648,284	1,732,034
1,782,437	1,774,781	1,800,473	1,759,421	1,766,204	1,743,151	1,820,336
<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>	<b>23,865,116</b>
362,472	336,255	333,148	334,665	336,259	366,197	362,897
192,184	167,140	153,556	101,289	160,755	117,172	185,016
1,733	25,881	3,702	2,688	(52,677)	(8,765)	250,293
—	—	—	—	—	—	2
839	239,435	48,078	1,323	592	134	200
—	(154,607)	—	—	—	—	—
955,721	1,082,887	949,952	945,551	978,327	899,385	885,842
<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>	<b>25,549,366</b>
3	3	3	1,184	—	—	—
11	—	5	—	48	321	19
281,938	273,851	—	—	—	—	—
(955,721)	(1,082,887)	(949,952)	(945,551)	(978,327)	(899,385)	(885,842)
<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>(885,823)</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>	<b>\$ 24,663,543</b>
\$ 100,749	\$ 2,623,397	\$ (167,002)	\$ 668,206	\$ (462,494)	\$ (2,020,282)	\$ 1,056,369
3,118,856	(742,439)	2,490,317	1,974,104	198,324	(1,229,449)	10,825
<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>	<b>\$ 1,067,194</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)

	2017	2016	2015	2014	2013
<b>REVENUES:</b>					
Income Taxes.....	\$ 8,035,064	\$ 7,996,349	\$ 8,906,259	\$ 8,411,694	\$ 9,811,982
Sales Taxes.....	10,804,340	10,548,038	10,170,995	9,386,554	8,643,468
Corporate and Public Utility Taxes.....	2,754,290	2,737,316	2,687,540	2,682,274	2,555,959
Motor Vehicle Fuel Taxes.....	1,952,512	1,798,483	1,827,134	1,782,437	1,774,781
Cigarette Taxes.....	979,973	1,008,677	808,270	813,056	828,812
Other Taxes.....	1,019,058	1,006,342	953,339	888,059	993,217
Licenses, Permits and Fees.....	3,281,235	3,498,903	3,000,470	3,058,221	3,207,414
Sales, Services and Charges.....	149,800	145,147	115,672	107,676	95,686
Federal Government.....	26,258,500	26,281,700	24,533,971	22,920,755	21,537,101
Tobacco Settlement.....	270,680	300,051	285,916	331,129	295,086
Escheat Property.....	159,585	161,904	220,486	208,508	175,284
Investment Income.....	74,314	113,375	62,431	21,356	38,255
Other .....	1,219,676	1,392,958	1,307,559	1,126,759	1,207,030
<b>TOTAL REVENUES.....</b>	<b>56,959,027</b>	<b>56,989,243</b>	<b>54,880,042</b>	<b>51,738,478</b>	<b>51,164,075</b>
<b>EXPENDITURES:</b>					
Current Operating:					
Primary, Secondary and					
Other Education.....	12,836,664	12,383,787	12,385,866	11,908,976	11,029,898
Higher Education Support.....	2,620,509	2,467,060	2,400,039	2,335,509	2,263,026
Public Assistance and Medicaid.....	29,666,058	28,937,506	28,632,189	25,302,660	21,660,378
Health and Human Services.....	1,528,658	1,560,412	1,519,151	1,586,232	3,369,506
Justice and Public Protection.....	3,444,724	3,324,692	3,195,731	3,091,789	3,062,006
Environmental Protection and					
Natural Resources.....	420,190	411,046	413,028	403,119	416,875
Transportation.....	2,689,150	2,841,556	2,835,705	2,647,937	2,637,989
General Government.....	827,684	875,371	782,777	794,985	821,512
Community and Economic					
Development.....	3,156,209	3,226,354	3,431,424	3,329,205	3,376,928
Capital Outlay.....	673,399	678,594	510,109	379,698	352,670
Debt service:					
Principal.....	1,209,865	1,199,620	1,229,971	1,177,305	1,813,180
Interest.....	796,699	802,556	729,002	732,849	72,103
<b>TOTAL EXPENDITURES.....</b>	<b>59,869,809</b>	<b>58,708,554</b>	<b>58,064,992</b>	<b>53,690,264</b>	<b>50,876,071</b>
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES.....</b>	<b>(2,910,782)</b>	<b>(1,719,311)</b>	<b>(3,184,950)</b>	<b>(1,951,786)</b>	<b>288,004</b>

	2012	2011	2010	2009	2008
\$	9,076,284	\$ 8,785,047	\$ 7,818,405	\$ 8,404,218	\$ 9,766,337
	8,304,705	7,791,128	7,299,285	7,265,514	7,863,969
	2,500,905	2,463,512	2,348,948	2,449,060	2,679,751
	1,800,473	1,759,421	1,766,204	1,743,151	1,820,336
	843,180	855,610	886,875	924,764	950,646
	708,041	699,907	647,999	648,284	662,913
	3,002,172	2,796,122	2,887,560	2,419,459	2,289,420
	96,982	96,717	92,600	88,089	83,167
	21,395,852	23,301,445	21,969,544	18,905,780	15,740,008
	295,736	289,293	306,144	366,895	334,270
	151,601	124,026	113,131	102,347	137,125
	30,121	44,207	18,925	284,400	605,935
	1,091,765	970,999	1,145,925	1,132,565	1,198,425
	<u>49,297,817</u>	<u>49,977,434</u>	<u>47,301,545</u>	<u>44,734,526</u>	<u>44,132,302</u>
	11,928,522	11,711,365	11,849,154	11,474,274	10,962,026
	2,210,547	2,589,416	2,635,983	2,815,624	2,587,466
	21,211,351	20,207,348	18,872,273	17,882,194	16,003,057
	3,723,084	4,166,075	3,899,232	3,974,954	3,592,273
	3,073,862	3,004,953	3,022,427	3,177,545	3,126,680
	390,474	375,810	369,124	396,812	409,643
	2,510,742	2,369,967	1,995,280	2,077,597	2,080,166
	525,706	527,377	533,326	579,457	648,774
	3,717,160	4,331,441	4,337,066	4,139,904	3,906,709
	377,983	503,314	542,529	565,799	547,825
	702,345	693,006	703,380	1,108,850	1,154,719
	805,399	775,491	735,721	794,302	719,856
	<u>51,177,175</u>	<u>51,255,563</u>	<u>49,495,495</u>	<u>48,987,312</u>	<u>45,739,194</u>
	<u>(1,879,358)</u>	<u>(1,278,129)</u>	<u>(2,193,950)</u>	<u>(4,252,786)</u>	<u>(1,606,892)</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)

	2017	2016	2015	2014	2013
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds, Notes and COPs Issued.....	\$ 1,391,350	\$ 1,070,000	\$ 1,110,591	\$ 1,347,005	\$ 712,470
Refunding Bonds and COPs Issued.....	-	473,270	254,590	407,540	470,520
Payment to Refunded Bond and COPs					
Escrow Agents.....	-	(584,504)	(382,933)	(479,249)	(1,465,468)
Premiums.....	220,157	273,422	219,999	207,372	209,381
Discounts.....	-	-	-	-	-
Capital Leases.....	540	-	-	2,196	108
Transfers-in.....	3,579,105	3,751,704	3,673,216	3,426,036	4,448,253
Transfers-out.....	(2,547,367)	(2,590,826)	(2,591,155)	(2,470,315)	(3,365,366)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,643,785</b>	<b>2,393,066</b>	<b>2,284,308</b>	<b>2,440,585</b>	<b>1,009,898</b>
<b>SPECIAL ITEMS.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,463,506</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ (266,997)</b>	<b>\$ 673,755</b>	<b>\$ (900,642)</b>	<b>\$ 488,799</b>	<b>\$ 2,761,408</b>
Debt Service as a Percentage of Noncapital Expenditures.....	3.4%	3.5%	3.4%	3.6%	3.7%
<b>Additional Information:</b>					
Increase (Decrease) for Changes in Inventories.....	\$ (19,689)	\$ 26,495	\$ 924	\$ 14,593	\$ (21,245)

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.



	2012	2011	2010	2009	2008
\$	1,357,640	\$ 1,332,425	\$ 1,008,029	\$ 1,000,770	\$ 6,214,699
	1,374,660	544,775	1,154,210	506,480	—
	(1,604,658)	(621,223)	(1,319,366)	(555,025)	—
	379,506	123,831	162,697	74,345	24,139
	—	—	—	(2,732)	(66,884)
	560	915	708	600	1,533
	2,803,070	3,030,096	3,497,705	3,470,851	3,663,030
	(1,853,118)	(2,084,545)	(2,519,378)	(2,571,466)	(2,777,188)
	<u>2,457,660</u>	<u>2,326,274</u>	<u>1,984,605</u>	<u>1,923,823</u>	<u>7,059,329</u>
	-	-	-	-	-
\$	<u>578,302</u>	<u>\$ 1,048,145</u>	<u>\$ (209,345)</u>	<u>\$ (2,328,963)</u>	<u>\$ 5,452,437</u>
	3.0%	2.9%	2.9%	3.9%	4.1%
\$	14,982	\$ 126	\$ (1,699)	\$ 19,833	\$ 24,571

# STATE OF OHIO

## FUND BALANCES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)  
(dollars in thousands)

	2017	2016	2015	2014	2013
<b>GENERAL FUND:</b>					
Nonspendable.....	\$ 43,576	\$ 45,953	\$ 49,655	\$ 69,787	\$ 59,896
Restricted.....	1,370,010	1,270,315	1,153,828	1,462,971	1,126,686
Committed.....	739,749	820,878	803,551	773,730	751,615
Assigned.....	2,995,792	2,653,290	2,585,575	2,366,979	2,042,246
Unassigned.....	239,478	863,925	411,190	1,255,489	1,259,670
<b>TOTAL GENERAL FUND.....</b>	<b>5,388,605</b>	<b>5,654,361</b>	<b>5,003,799</b>	<b>5,928,956</b>	<b>5,240,113</b>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>					
Nonspendable, reported in:					
Special Revenue Funds.....	94,241	109,665	80,141	76,987	59,902
Restricted, reported in:					
Special Revenue Funds.....	2,348,843	2,326,231	2,197,584	2,460,777	2,671,751
Debt Service Funds.....	4,634,898	4,764,200	4,869,269	4,989,278	5,087,771
Capital Projects Funds.....	512,771	528,827	672,113	474,897	387,874
Committed, reported in:					
Special Revenue Funds.....	864,815	746,685	606,055	631,086	613,984
Unassigned, reported in:					
Special Revenue Funds.....	(1,318)	(428)	(306)	(163)	(395)
Capital Projects Funds.....	-	-	-	-	(5,388)
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS.....</b>	<b>8,454,250</b>	<b>8,475,180</b>	<b>8,424,856</b>	<b>8,632,862</b>	<b>8,815,499</b>
<b>TOTAL GOVERNMENTAL FUNDS.....</b>	<b>\$ 13,842,855</b>	<b>\$ 14,129,541</b>	<b>\$ 13,428,655</b>	<b>\$ 14,561,818</b>	<b>\$ 14,055,612</b>

	2010	2009	2008
<b>GENERAL FUND:</b>			
Reserved .....	\$ 634,254	\$ 560,762	\$ 744,371
Unreserved.....	(141,212)	213,054	1,857,001
<b>TOTAL GENERAL FUND.....</b>	<b>493,042</b>	<b>773,816</b>	<b>2,601,372</b>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>			
Reserved.....	12,975,477	11,549,682	11,237,699
Unreserved, reported in:			
Special Revenue Funds.....	(3,599,509)	(2,289,388)	(1,387,802)
Debt Service Funds.....	-	-	140
Capital Projects Funds.....	(194,099)	(148,155)	(256,324)
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS.....</b>	<b>9,181,869</b>	<b>9,112,139</b>	<b>9,593,713</b>
<b>TOTAL GOVERNMENTAL FUNDS.....</b>	<b>\$ 9,674,911</b>	<b>\$ 9,885,955</b>	<b>\$ 12,195,085</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.

2012	2011
\$ 86,982	\$ 65,080
1,027,885	1,078,652
824,607	671,210
1,666,177	1,616,695
(415,658)	(1,208,029)
<b>3,189,993</b>	<b>2,223,608</b>
86,691	99,806
2,039,390	2,091,135
5,216,312	5,295,937
222,778	490,806
561,849	521,915
(547)	(25)
—	—
<b>8,126,473</b>	<b>8,499,574</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)

	2017	2016	2015	2014	2013
<b>REVENUES:</b>					
Income Taxes.....	\$ 8,034,901	\$ 7,995,959	\$ 8,895,192	\$ 8,398,840	\$ 9,798,658
Sales Taxes.....	10,804,340	10,547,926	10,166,332	9,380,762	8,637,501
Corporate and Public Utility Taxes .....	2,697,003	2,670,854	2,597,993	2,680,923	2,554,965
Motor Vehicle Fuel Tax.....	1,175,285	1,109,241	1,114,542	1,091,123	1,087,748
Cigarette Taxes .....	979,973	1,008,677	808,270	813,056	828,812
Other Taxes .....	706,841	691,250	648,099	661,870	747,882
Licenses, Permits and Fees .....	748,344	706,064	734,839	722,403	816,564
Sales, Services and Charges .....	93,120	85,579	76,208	68,918	59,839
Federal Government .....	11,593,813	11,309,010	8,942,561	8,313,226	7,225,992
Tobacco Settlement.....	449	2,953	94	38,620	-
Escheat Property .....	159,585	161,904	220,486	208,508	175,284
Investment Income .....	41,986	93,014	47,438	8,662	26,454
Other .....	270,734	354,151	244,296	246,632	283,339
<b>TOTAL REVENUES .....</b>	<b>37,306,374</b>	<b>36,736,582</b>	<b>34,496,350</b>	<b>32,633,543</b>	<b>32,243,038</b>
<b>EXPENDITURES:</b>					
Current Operating .....	36,730,447	34,842,685	33,941,965	30,970,485	29,451,874
Capital Outlay .....	-	-	-	734	42
<b>TOTAL EXPENDITURES .....</b>	<b>36,730,447</b>	<b>34,842,685</b>	<b>33,941,965</b>	<b>30,971,219</b>	<b>29,451,916</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES .....</b>					
	<b>575,927</b>	<b>1,893,897</b>	<b>554,385</b>	<b>1,662,324</b>	<b>2,791,122</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds, Notes and COPs Issued.....	849,941	530,000	460,000	800,000	178,000
Premiums .....	71,161	56,696	48,536	28,310	7,911
Capital Leases .....	540	-	-	2,196	108
Transfers-in .....	292,078	286,624	321,156	221,697	545,356
Transfers-out .....	(2,054,788)	(2,116,780)	(2,072,234)	(2,026,789)	(2,928,231)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(841,068)</b>	<b>(1,243,460)</b>	<b>(1,242,542)</b>	<b>(974,586)</b>	<b>(2,196,856)</b>
<b>SPECIAL ITEMS.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,463,506</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(265,141)</b>	<b>650,437</b>	<b>(688,157)</b>	<b>687,738</b>	<b>2,057,772</b>
<b>FUND BALANCES, JULY 1 (as restated).....</b>	<b>5,654,361</b>	<b>5,004,435</b>	<b>5,695,511</b>	<b>5,240,486</b>	<b>3,188,956</b>
Increase (Decrease) for Changes in Inventories .....	(615)	(511)	(3,555)	732	(6,615)
<b>FUND BALANCES, JUNE 30 .....</b>	<b>\$ 5,388,605</b>	<b>\$ 5,654,361</b>	<b>\$ 5,003,799</b>	<b>\$ 5,928,956</b>	<b>\$ 5,240,113</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.

2012	2011	2010	2009	2008
\$ 9,063,827	\$ 8,771,965	\$ 7,172,356	\$ 7,705,081	\$ 8,955,642
8,297,544	7,785,452	7,108,573	7,062,149	7,556,034
2,499,601	2,462,363	549,596	814,415	1,198,202
1,104,127	1,070,014	-	-	-
843,180	855,610	886,875	924,764	950,644
670,831	682,637	589,121	587,806	601,557
781,717	657,629	237,690	435,849	328,260
64,025	63,323	51,811	51,653	51,351
7,131,978	8,122,729	6,753,767	6,848,974	5,626,381
-	-	-	-	1,135
151,601	124,026	113,131	102,347	137,125
19,654	20,997	(12,331)	170,371	395,408
300,150	297,932	498,261	455,254	582,672
<b>30,928,235</b>	<b>30,914,677</b>	<b>23,948,850</b>	<b>25,158,663</b>	<b>26,384,411</b>
29,972,837	29,837,914	23,719,349	26,290,239	25,122,530
-	-	-	67	10
<b>29,972,837</b>	<b>29,837,914</b>	<b>23,719,349</b>	<b>26,290,306</b>	<b>25,122,540</b>
<b>955,398</b>	<b>1,076,763</b>	<b>229,501</b>	<b>(1,131,643)</b>	<b>1,261,871</b>
1,109,228	624,890	97,739	30,000	7,998
60,983	1,200	3,560	500	-
560	915	708	600	1,533
314,048	477,418	373,807	446,576	496,538
(1,472,254)	(1,574,293)	(990,195)	(1,173,439)	(1,424,672)
<b>12,565</b>	<b>(469,870)</b>	<b>(514,381)</b>	<b>(695,763)</b>	<b>(918,603)</b>
-	-	-	-	-
<b>967,963</b>	<b>606,893</b>	<b>(284,880)</b>	<b>(1,827,406)</b>	<b>343,268</b>
2,223,608	1,612,899	773,816	2,601,372	2,255,526
(1,578)	3,816	4,106	(150)	2,578
<b>\$ 3,189,993</b>	<b>\$ 2,223,608</b>	<b>\$ 493,042</b>	<b>\$ 773,816</b>	<b>\$ 2,601,372</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	2017	2016	2015	2014	2013
Personal Income Tax Revenue.....	\$8,035	\$7,996	\$8,906	\$8,412	\$9,812
Personal Income(A).....	<u>\$517,918</u>	<u>\$505,950</u>	<u>\$489,695</u>	<u>\$472,846</u>	<u>\$462,424</u>
Average Effective State Income Tax Rate.....	<u>1.55%</u>	<u>1.58%</u>	<u>1.82%</u>	<u>1.78%</u>	<u>2.12%</u>
SALES TAX	2017	2016	2015	2014	2013
State Sales Tax Revenue.....	\$10,804	\$10,548	\$10,171	\$9,387	\$8,643

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis  
Ohio Office of Budget and Management

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**Note:**

(A)-Data presented is as of December 31 of the given fiscal year.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$9,076	\$8,785	\$7,818	\$8,404	\$9,766
<u>\$436,818</u>	<u>\$417,376</u>	<u>\$408,395</u>	<u>\$407,874</u>	<u>\$395,710</u>
<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>	<u>2.48%</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$8,305	\$7,791	\$7,299	\$7,266	\$7,864

# 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

<i>(dollars in millions)</i>	2016	2015	2014	2013	2012
Services.....	\$ 149,264	\$ 147,288	\$ 142,532	\$ 137,541	\$ 132,344
Manufacturing.....	54,677	54,536	52,490	50,541	50,024
Government.....	57,702	56,281	54,715	53,485	53,886
Wholesale and Retail Trade.....	42,530	42,141	40,997	39,565	38,687
Finance, Insurance, and Real Estate.....	27,024	26,349	28,766	27,397	25,873
Construction.....	20,997	19,967	18,837	17,523	16,341
Transportation and Public Utilities.....	19,605	17,363	15,129	15,207	14,837
Other .....	146,119	142,025	136,229	131,587	130,432
Total Personal Income.....	<u>\$ 517,918</u>	<u>\$ 505,950</u>	<u>\$ 489,695</u>	<u>\$ 472,846</u>	<u>\$ 462,424</u>
Average Effective State Income Tax Rate.....	<u>1.55%</u>	<u>1.58%</u>	<u>1.82%</u>	<u>1.78%</u>	<u>2.12%</u>

### EXEMPTIONS BY CALENDAR YEAR

Exemptions	2016	2015	2014	2013	2012
Personal/Dependent Exemption:					
\$0-\$40,000.....	2,250	2,200	2,200	1,700	1,700
\$40,001-80,000.....	2,000	1,950	1,950	1,700	1,700
\$80,001 and above.....	1,750	1,700	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.



2011	2010	2009	2008	2007
\$ 123,939	\$ 118,820	\$ 115,300	\$ 112,598	\$ 107,901
48,612	47,291	43,948	54,155	55,365
49,969	49,452	49,779	47,866	45,811
37,048	35,684	35,015	36,065	35,563
24,116	22,307	21,526	22,440	22,906
15,473	14,244	14,279	14,742	15,499
13,813	13,229	13,558	14,056	13,655
123,848	116,349	114,990	105,952	99,010
<u>\$ 436,818</u>	<u>\$ 417,376</u>	<u>\$ 408,395</u>	<u>\$ 407,874</u>	<u>\$ 395,710</u>
<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>	<u>2.48%</u>

2011	2010	2009	2008	2007
1,650	1,600	1,550	1,500	1,450
1,650	1,600	1,550	1,500	1,450
1,650	1,600	1,550	1,500	1,450
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)	2016 (B)	2015	2014	2013
Tax Bracket 1.....	0.495%	0.495%	0.528%	0.537%
Tax Bracket 2.....	0.990%	0.990%	1.057%	1.074%
Tax Bracket 3.....	1.980%	1.980%	2.113%	2.148%
Tax Bracket 4.....	2.476%	2.476%	2.642%	2.686%
Tax Bracket 5.....	2.969%	2.969%	3.169%	3.222%
Tax Bracket 6.....	3.465%	3.465%	3.698%	3.760%
Tax Bracket 7.....	3.960%	3.960%	4.226%	4.296%
Tax Bracket 8.....	4.597%	4.597%	4.906%	4.988%
Tax Bracket 9.....	4.997%	4.997%	5.333%	5.421%

### TAX BRACKETS BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2016 (B)	2015	2014	2013
Tax Bracket 1.....	\$0- \$5,250	\$0- \$5,200	\$0- \$5,200	\$0- \$5,200
Tax Bracket 2.....	5,250- 10,500	5,200- 10,400	5,200- 10,400	5,200- 10,400
Tax Bracket 3.....	10,500- 15,800	10,400- 15,650	10,400- 15,650	10,400- 15,650
Tax Bracket 4.....	15,800- 21,100	15,650- 20,900	15,650- 20,900	15,650- 20,900
Tax Bracket 5.....	21,100- 42,100	20,900- 41,700	20,900- 41,700	20,900- 41,700
Tax Bracket 6.....	42,100- 84,200	41,700- 83,350	41,700- 83,350	41,700- 83,350
Tax Bracket 7.....	84,200- 105,300	83,350- 104,250	83,350- 104,250	83,350- 104,250
Tax Bracket 8.....	105,300- 210,600	104,250- 208,500	104,250- 208,500	104,250- 208,500
Tax Bracket 9.....	210,600 & above	208,500 & 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 2016 is most recent year for which data available.

2012	2011	2010	2009	2008	2007
0.587%	0.587%	0.618%	0.618%	0.618%	0.649%
1.174%	1.174%	1.236%	1.236%	1.236%	1.299%
2.348%	2.348%	2.473%	2.473%	2.473%	2.598%
2.935%	2.935%	3.091%	3.091%	3.091%	3.247%
3.521%	3.521%	3.708%	3.708%	3.708%	3.895%
4.109%	4.109%	4.327%	4.327%	4.327%	4.546%
4.695%	4.695%	4.945%	4.945%	4.945%	5.194%
5.451%	5.451%	5.741%	5.741%	5.741%	6.031%
5.925%	5.925%	6.240%	6.240%	6.240%	6.555%

2012	2011	2010	2009-2006
\$0- \$5,200	\$0- \$5,100	\$0- \$5,050	\$0 - \$5,000
5,200- 10,400	5,101- 10,200	5,050- 10,100	5,001 - 10,000
10,400- 15,650	10,201- 15,350	10,100- 15,150	10,001 - 15,000
15,650- 20,900	15,351- 20,450	15,150- 20,200	15,001 - 20,000
20,900- 41,700	20,451- 40,850	20,200- 40,350	20,001 - 40,000
41,700- 83,350	40,851- 81,650	40,350- 80,700	40,001 - 80,000
83,350- 104,250	81,651- 102,100	80,700- 100,900	80,001 - 100,000
104,250- 208,500	102,101- 204,200	100,900- 201,800	100,001 - 200,000
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 2015 WITH COMPARATIVES FOR TAX YEAR 2006 (NINE YEARS PRIOR)

2015 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	\$173,180,417	207,846	3.88%
\$100,001-\$200,000	80,969,821	610,351	11.40%
\$80,001-\$100,000	34,569,189	386,665	7.22%
\$40,001-\$80,000	79,836,832	1,394,805	26.04%
\$20,001-\$40,000	36,897,314	1,251,660	23.37%
\$15,001-\$20,000	6,481,506	371,065	6.93%
\$10,001-\$15,000	4,900,748	391,258	7.31%
\$5,001-\$10,000	2,907,193	387,434	7.23%
\$5,000 & Under	964,846	354,816	6.62%
	<u>\$420,707,866</u>	<u>5,355,900</u>	<u>100.00%</u>

2006 TAX YEAR

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$122,799,421	128,986	2.41%
\$100,001-\$200,000	50,489,027	385,999	7.22%
\$80,001-\$100,000	29,550,211	331,699	6.20%
\$40,001-\$80,000	79,252,062	1,391,730	26.02%
\$20,001-\$40,000	40,513,779	1,377,901	25.76%
\$15,001-\$20,000	7,249,288	414,712	7.75%
\$10,001-\$15,000	5,328,513	426,571	7.98%
\$5,001-\$10,000	3,340,830	448,276	8.38%
\$5,000 & Under	865,832	442,855	8.28%
	<u>\$339,388,963</u>	<u>5,348,729</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)
\$2,670,261	36.51%	1.54%
2,036,689	27.84%	2.52%
746,512	10.21%	2.16%
1,441,850	19.71%	1.81%
379,134	5.18%	1.03%
28,328	0.39%	0.44%
11,134	0.15%	0.23%
147	0.00%	0.01%
370	0.01%	0.04%
<u>\$7,314,425</u>	<u>100.00%</u>	<u>1.74%</u>

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$3,222,436	35.25%	2.62%
1,939,922	21.22%	3.84%
971,099	10.62%	3.29%
2,160,206	23.63%	2.73%
760,173	8.32%	1.88%
66,723	0.73%	0.92%
21,023	0.23%	0.39%
88	0.00%	0.00%
259	0.00%	0.03%
<u>\$9,141,929</u>	<u>100.00%</u>	<u>2.69%</u>

# 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)

	2017	2016	2015	2014
Vendors' Sales.....	\$ 9,370,739	\$ 9,128,017	\$ 8,816,637	\$ 8,132,482
Motor Vehicles and Watercraft.....	1,413,448	1,363,324	1,332,239	1,224,236
Alcoholic Beverages.....	58,688	55,005	50,285	46,087
Delinquencies and Assessments.....	65,500	90,158	60,793	62,726
Permissive Taxes:				
County Levies.....	21,288	20,848	19,221	17,163
Transit Authorities.....	4,789	4,691	4,474	4,180
Total Sales Tax Revenue.....	<u>\$ 10,934,452</u>	<u>\$ 10,662,043</u>	<u>\$ 10,283,649</u>	<u>\$ 9,486,874</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

2013	2012	2011	2010	2009	2008
\$ 7,485,702	\$ 7,190,870	\$ 6,752,244	\$ 6,349,058	\$ 6,430,446	\$ 6,794,114
1,110,055	1,066,141	988,447	894,332	885,234	975,833
41,683	38,814	36,218	35,051	33,676	31,435
63,708	74,956	63,582	62,046	52,204	64,293
16,046	14,970	14,249	13,644	13,763	14,250
4,008	3,845	3,635	3,383	3,436	3,088
<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>	<u>\$ 7,883,013</u>
<u>5.75%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>

# STATE OF OHIO

## WORKERS' COMPENSATION ENTERPRISE FUND ACTIVE EMPLOYERS, PREMIUM AND ASSESSMENT INCOME AND ACTUAL AVERAGE COLLECTED PREMIUM RATE FOR THE LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013
<b>Active Employers by Type</b>					
Private.....	237,249	239,331	247,829	249,602	249,085
Public (Local).....	3,796	3,796	3,807	3,815	3,794
Public (State).....	121	121	121	121	129
Self-Insured.....	1,166	1,178	1,180	1,197	1,205
Black Lung.....	28	31	34	36	36
Marine Fund.....	114	138	135	146	139
<b>Total.....</b>	<b>242,474</b>	<b>244,595</b>	<b>253,106</b>	<b>254,917</b>	<b>254,388</b>
<b>Premium &amp; Assessment Income</b> <i>(dollars in thousands)</i>					
Premium & Assessment Income.....	\$ 1,574,212	\$ 1,456,855	\$ 1,993,706	\$ 2,142,549	\$ 1,533,153
Provision for Uncollectibles.....	(29,662)	(17,712)	(39,532)	(56,728)	(40,764)
<b>Total Premium &amp; Assessment Income.....</b>	<b>\$ 1,544,550</b>	<b>\$ 1,439,143</b>	<b>\$ 1,954,174</b>	<b>\$ 2,085,821</b>	<b>\$ 1,492,389</b>
<b>Average Published Rate</b> <b>per \$100 of Payroll:</b>					
Private Employers.....	\$1.10	\$1.07	\$1.17	\$1.30	\$1.43
Public Employers-Taxing Districts.....	1.03	1.03	1.12	1.23	1.24

Sources:

Ohio Bureau of Workers' Compensation Year-End Statistics Report



2012	2011	2010	2009	2008
249,668	250,432	251,009	257,012	264,870
3,801	3,802	3,790	3,791	3,810
122	125	124	124	125
1,196	1,203	1,202	1,188	1,174
35	39	37	38	39
132	120	106	98	92
<u>254,954</u>	<u>255,721</u>	<u>256,268</u>	<u>262,251</u>	<u>270,110</u>

\$ 1,992,018	\$ 1,983,255	\$ 2,148,280	\$ 2,469,550	\$ 2,235,092
<u>(47,540)</u>	<u>(48,075)</u>	<u>(29,859)</u>	<u>(108,620)</u>	<u>(96,690)</u>

<u>\$ 1,944,478</u>	<u>\$ 1,935,180</u>	<u>\$ 2,118,421</u>	<u>\$ 2,360,930</u>	<u>\$ 2,138,402</u>
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\$1.43	\$1.49	\$1.49	\$1.55	\$1.76
1.31	1.38	1.46	1.76	1.85

# STATE OF OHIO

## LOTTERY COMMISSION ENTERPRISE FUND

### TICKET SALES BY MAJOR GAME TYPE

#### FOR THE LAST TEN FISCAL YEARS

(dollars in millions)

	2017	2016	2015	2014	2013
Online Games:					
Pick 3.....	\$ 340.0	\$ 343.0	\$ 338.0	\$ 339.0	\$ 345.2
Pick 4.....	201.0	200.3	192.8	185.8	189.8
Pick 5 (D).....	38.1	36.4	33.3	27.9	28.0
Rolling Cash 5.....	55.5	60.3	62.6	63.4	61.5
Classic Lotto/Kicker(C).....	30.9	35.8	31.0	54.1	41.5
Raffle.....	3.6	-	7.0	1.0	9.1
Kicker(C).....	-	-	4.7	6.0	5.1
Mega Millions/Megaplier(C).....	93.3	102.2	113.3	133.4	102.8
EZPLAY.....	120.2	115.2	99.8	84.8	68.0
Ten-OH!(D).....	-	-	-	-	0.8
Keno(A).....	396.3	365.9	329.5	298.1	251.5
Power Ball/Power Play(B).....	129.8	193.5	105.0	122.8	166.6
EZPLAY TAP(E).....	30.0	31.5	24.0	-	-
EZPLAY QUICKENO(F).....	16.0	0.7	-	-	-
Lucky for Life(F).....	19.9	14.1	-	-	-
Total Online Games.....	1,474.6	1,498.9	1,341.0	1,316.3	1,269.9
Instant Games.....	1,527.1	1,560.7	1,551.0	1,426.8	1,428.0
Total Ticket Sales.....	\$ 3,001.7	\$ 3,059.6	\$ 2,892.0	\$ 2,743.1	\$ 2,697.9

Source:

Ohio Lottery Commission

#### Notes:

(A) - In 2009, the Keno game was introduced.

(B) - In fiscal year 2010, the Power Ball / Power Play was introduced.

(C) - 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.

(D) - August 2012, the Ten-Oh game was replaced by Pick 5.

(E) - In fiscal year 2015, the EZPLAY TAP game was introduced.

(F) - In fiscal year 2016, the EZPLAY QUICKENO and Lucky for Life was introduced.

	2012	2011	2010	2009	2008
\$	357.4	\$ 364.4	\$ 366.7	\$ 382.5	\$ 387.1
	207.9	209.0	201.3	205.9	198.8
	-	-	-	-	-
	63.8	62.4	67.1	67.2	70.5
	42.3	42.7	42.8	43.9	41.2
	10.0	10.0	9.1	9.3	10.0
	0.9	10.3	24.1	21.4	21.4
	179.3	165.0	215.8	193.0	201.0
	46.5	30.9	30.4	34.3	12.3
	8.3	9.2	9.7	11.0	18.0
	209.8	157.9	120.6	99.8	-
	105.3	76.4	23.6	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>1,231.5</u>	<u>1,138.2</u>	<u>1,111.2</u>	<u>1,068.3</u>	<u>960.3</u>
	<u>1,507.5</u>	<u>1,462.8</u>	<u>1,379.0</u>	<u>1,349.4</u>	<u>1,364.8</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>	<u><u>2,325.1</u></u>

**STATE OF OHIO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FOR THE LAST TEN FISCAL YEARS**

(dollars in thousands)

Governmental Activities					
As of June 30,	General Obligation Bonds	Revenue Bonds and Notes	Special Obligation Bonds	Certificates of Participation	Capital Leases
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
2008	7,310,376	6,413,182	2,585,319	187,336	9,804

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
\$ -	\$ 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
97,286	12	16,603,315	4.20%	1,448

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# STATE OF OHIO

## RATIOS OF GENERAL AND SPECIAL OBLIGATION BONDED DEBT OUTSTANDING FOR THE LAST TEN FISCAL YEARS

As of June 30,	Bonded Debt ( <i>dollars in thousands</i> )					
	General Obligation Bonds	Special Obligation Bonds	Less Amount Restricted for Bond Repayment	Net Bonded Debt	Percentage of Personal Income	Per Capita Net Bonded Debt
2017	\$9,297,641	\$2,016,991	\$17,337	\$11,297,295	2.18%	973
2016	9,283,156	1,930,592	2,604	11,211,144	2.22%	965
2015	9,149,055	1,906,844	656	11,055,243	2.26%	954
2014	9,366,348	1,836,136	13,556	11,188,928	2.37%	967
2013	8,812,499	1,925,252	4,856	10,732,895	2.32%	930
2012	8,888,085	2,090,889	34,923	10,944,051	2.51%	948
2011	7,872,276	2,260,853	16,857	10,116,272	2.42%	877
2010	7,343,289	2,338,094	1,124	9,680,259	2.36%	839
2009	7,138,051	2,427,556	931	9,564,676	2.35%	833
2008	7,310,376	2,585,319	8,954	9,886,741	2.50%	862

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis  
Ohio Office of Budget and Management

**Note:**

This table includes general and special obligation bonds for which debt service payments have been made from the following combining funds in the Debt Service and Capital Projects Funds. Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

**Debt Service Fund:**

- Coal Research/Development General Obligations
- 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\*
- School Building Program Special Obligations

**Capital Projects Fund:**

- Mental Health/Developmental Disabilities Facilities Improvements
- Parks and Recreation Improvements
- Adult Correctional Building Improvements
- Ohio Parks and Natural Resources
- Transportation Building Improvements

\* 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

# STATE OF OHIO

## ANNUAL LIMITATION ON DEBT SERVICE EXPENDITURES (BUDGETARY BASIS) FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

	2017	2016	2015	2014
Debt Service Expenditures.....	\$ 1,328,277	\$ 1,314,513	\$ 1,278,259	\$ 1,237,701
General Revenue Fund (GRF) Revenues and Transfers from the Lottery Enterprise Fund.....	\$ 35,218,700	\$ 34,997,700	\$ 32,463,100	\$ 30,137,140
Calculation of Annual 5% Debt Service Cap.....	\$ 1,760,935	\$ 1,749,885	\$ 1,623,155	\$ 1,506,857
Amount Under the Debt Service Expenditure Cap.....	\$ 432,658	\$ 435,372	\$ 344,896	\$ 269,156
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	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	2008
\$ 1,204,776	\$ 692,776	\$ 755,023	\$ 710,284	\$ 1,075,938	\$ 1,231,640
\$ 30,362,815	\$ 27,956,513	\$ 26,777,100	\$ 24,108,466	\$ 27,386,792	\$ 27,331,442
\$ 1,518,141	\$ 1,397,826	\$ 1,338,855	\$ 1,205,423	\$ 1,369,340	\$ 1,366,572
\$ 313,365	\$ 705,050	\$ 583,832	\$ 495,139	\$ 293,402	\$ 134,932
3.97%	2.48%	2.82%	2.95%	3.93%	4.51%

**STATE OF OHIO**  
**REVENUE BOND AND NOTE COVERAGE**  
**FOR THE LAST TEN FISCAL YEARS**

(dollars in thousands)

**Buckeye Tobacco Settlement Financing Authority Revenue Bonds**

Fiscal Year	Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund			Debt Service Requirements			Coverage
	Gross Revenues (A)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	
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
2008	348,028	N/A	348,028	33,285	167,255	200,540	1.74

**Infrastructure Bank Revenue Bonds**

**Issuer: Treasurer of State**

Fiscal Year	Highway Operating Fund			Debt Service Requirements			Coverage
	Gross Revenues (B)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	
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
2008	119,077	N/A	119,077	104,960	23,092	128,052	0.93

(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
2008	663,830	459,638	204,192	16,480	23,094	39,574	5.16

**Ohio Building Authority Revenue Bonds**

Fiscal Year	Ohio Building Authority Enterprise Fund			Debt Service Requirements			
	Gross Revenues (E)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2008 (F)	\$27,527	\$28,078	(\$551)	\$2,686	\$30	\$2,716	N/A

(continued)

**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 Ohio Building Authority Revenue Bonds were made during fiscal year 2008.

**STATE OF OHIO**  
**REVENUE BOND AND NOTE COVERAGE**  
**FOR THE LAST TEN FISCAL YEARS**

(dollars in thousands)

(continued)

**Bureau of Workers' Compensation Revenue Bonds**  
**Issuer: Ohio Building Authority**

Fiscal Year	Workers' Compensation Enterprise Fund			Debt Service Requirements			
	Gross Revenues (E)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2014 (G)	\$5,107,570	\$2,408,977	\$2,698,593	\$15,200	\$751	\$15,951	169.18
2013 (H)	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 (I)	4,183,060	2,849,661	1,333,399	15,930	3,866	19,796	67.36
2009	2,183,392	2,145,947	37,445	16,005	4,596	20,601	1.82
2008	2,880,519	2,663,456	217,063	15,055	5,291	20,346	10.67

Source:  
Ohio Office of Budget and Management

**Notes (continued):**

- (E) Gross revenues consist of operating revenues and investment income.
- (G) The final debt service payments on the Bureau of Workers' Compensation Revenue Bonds were made during fiscal year 2014.
- (H) During fiscal year 2013, the Bureau of Workers' Compensation (BWC) adjusted its premium rates and recorded a premium rebate.
- (I) 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.

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**STATE OF OHIO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**FOR THE LAST TEN CALENDAR YEARS**

Calendar Year	Population (in thousands)				Per Capita Personal Income		
	U.S.	Change from Prior Period	Ohio	Change from Prior Period	U.S.	Ohio	Ohio as a Percentage of U.S.
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%
2007	301,621	2,223	11,467	(11)	38,611	34,874	90.3%

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)

Ohioans Employed	Ohio's Unemployment Rate	Public School Enrollment in Ohio (in thousands)	Motor Vehicles Registered in Ohio (in thousands)
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
6,829	5.6%	1,890	12,022

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**STATE OF OHIO**  
**PRINCIPAL EMPLOYERS**  
**FOR CALENDAR YEARS 2016 AND 2007**

Employer	2016			2007		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	77,791	1	1.12%	77,002	1	1.13%
State of Ohio	48,557	2	0.70%	58,226	2	0.85%
Cleveland Clinic	48,200	3	0.69%	29,000	5	0.43%
Wal-Mart	46,600	4	0.67%	52,000	3	0.76%
Kroger Company	41,900	5	0.60%	36,500	4	0.54%
Mercy Health	31,300	6	0.45%			0.00%
The Ohio State University	31,000	7	0.45%	24,400	6	0.36%
University Hospitals Health System	26,000	8	0.37%	21,800	8	0.32%
JP Morgan Chase & Co	21,000	9	0.30%	17,100	10	0.25%
Giant Eagle	20,000	10	0.29%			0.00%
Catholic Healthcare Partners				23,000	7	0.34%
Bob Evans Farms				17,500	9	0.26%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis  
Ohio Department Services Agency, Office of Strategic Research  
State of Ohio Comprehensive Annual Report for Fiscal Year 2016 and 2007

# 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	2017	2016	2015	2014
Primary, Secondary and Other Education.....	997	1,014	950	971
Higher Education Support.....	69	72	71	73
Public Assistance and Medicaid.....	2,229	2,202	2,259	2,638
Health and Human Services.....	8,273	8,303	8,128	8,290
Justice and Public Protection.....	20,285	20,194	20,114	19,827
Environmental Protection and Natural Resources.....	2,662	2,606	2,651	2,700
Transportation.....	4,917	4,873	4,884	4,913
General Government.....	4,705	4,705	4,739	4,826
Community and Economic Development.....	990	870	853	870
Workers' Compensation.....	1,744	1,778	1,784	1,842
Lottery Commission.....	378	378	376	355
Unemployment Compensation.....	703	744	786	524
Other.....	817	818	805	806
Total.....	<u>48,769</u>	<u>48,557</u>	<u>48,400</u>	<u>48,635</u>

Source:

Ohio Department of Administrative Services  
Ohio Department of Job and Family Services

Number of Employees

2013	2012	2011	2010	2009	2008
971	970	1,034	1,045	1,122	1,174
70	70	77	76	92	93
2,621	2,769	2,811	2,880	2,772	3,108
8,301	8,604	9,018	9,401	9,671	10,312
19,974	20,196	21,477	21,906	22,465	23,410
2,712	2,745	2,796	2,900	3,004	3,058
4,964	5,218	5,507	5,562	5,549	5,624
4,839	4,984	5,183	5,305	5,214	5,338
860	820	852	902	924	902
1,847	1,882	2,019	2,231	2,335	2,382
335	326	330	353	346	339
587	611	599	622	554	552
799	818	896	922	959	981
<u>48,880</u>	<u>50,013</u>	<u>52,599</u>	<u>54,105</u>	<u>55,007</u>	<u>57,273</u>

**STATE OF OHIO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**FOR THE LAST TEN FISCAL YEARS**

Function/Program	2017	2016	2015	2014	2013
<i>Primary, Secondary and Other Education</i>					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools).....	1,790,089	1,784,397	1,799,107	1,845,441	1,850,281
Public School Districts (A).....	610	611	612	612	612
Community School Districts (A).....	362	372	382	393	369
Vocational School Districts.....	49	49	49	49	49
High School Graduation Rate (by School year).....	(B)	83.5%	83.0%	82.2%	82.2%
<i>Higher Education Support</i>					
Ohio Department of Higher Education (K):					
Student Enrollment at State-Assisted Institutions.....	491,402	492,555	498,276	510,794	521,368
State-Assisted Institutions.....	37	37	37	37	37
Ohio Instructional Grant Recipients (C)(D).....	—	—	—	—	—
Ohio College Opportunity Grant Recipients.....	68,495	76,171	80,344	86,435	94,479
Student Choice Grant Program Recipients (D).....	—	—	—	—	—
<i>Public Assistance and Medicaid</i>					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage (I).....	—	—	—	—	2,382,381
Individuals Receiving Cash Assistance (OWF).....	103,900	108,262	114,913	124,033	140,368
Individuals on Medicaid Waiver (I).....	—	—	—	—	10,941
Ohio Department of Medicaid:					
Individuals with Medicaid Coverage (I).....	3,083,568	3,024,213	2,960,279	2,509,360	—
Individuals on Medicaid Waiver (I).....	5,503	5,630	6,896	10,715	—
Ohio Department of Aging:					
Individuals on PASSPORT Waiver.....	23,111	23,106	21,492	38,771	38,379
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver.....	38,487	36,627	35,119	34,411	29,066
<i>Health and Human Services</i>					
Ohio Department of Aging:					
Clients Served-PASSPORT (J).....	28,048	28,064	27,513	43,593	42,521
Clients Served-Congregate Meals (G).....	45,435	46,473	47,225	47,384	48,541
Clients Served-Home Delivered Meals.....	38,781	38,130	37,441	35,298	35,960
Clients Served-Transportation Provided.....	19,691	20,818	20,058	20,095	20,273
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children.....	224,816	237,987	246,142	252,253	267,011
Ohio Department of Mental Health & Addiction Services:					
Clients Served (Addiction Services) (H).....	154,870	112,777	97,673	94,685	104,058
Facilities' Admissions.....	6,542	6,933	7,282	7,761	7,089
Facilities' Average Daily Residence Population.....	1,050	1,028	1,027	1,021	1,013
Individuals Served-Community Facilities(F).....	415,639	417,963	—	—	—
Ohio Department of Developmental Disabilities:					
Individuals Served-Community Facilities(F).....	93,892	94,056	514,579	546,041	466,634
Facilities' Average Daily Residence Population.....	701	806	926	942	1,000
<i>Justice and Public Protection</i>					
Ohio Department of Public Safety:					
Crashes Investigated.....	65,726	66,027	68,967	70,170	63,599
Total Arrests.....	578,579	642,268	606,888	603,094	576,700
Ohio Department of Rehabilitation and Correction:					
Inmate Population.....	50,174	51,001	50,407	50,420	50,153
<i>Environmental Protection and Natural Resources</i>					
Ohio Department of Natural Resources:					
Licenses and Registrations (E).....	2,308,438	2,346,769	2,345,788	2,426,968	2,387,225

2012	2011	2010	2009	2008
1,859,821	1,872,370	1,895,768	1,881,631	1,890,154
612	612	612	612	612
341	295	310	318	312
49	49	49	49	49
81.3%	79.7%	84.3%	83.0%	84.6%
539,058	543,468	522,913	478,376	465,856
37	37	37	37	37
—	—	—	51,138	63,601
98,751	78,334	66,779	77,481	52,130
—	—	—	58,562	58,499
2,213,104	2,151,760	2,035,693	1,878,345	1,761,529
181,934	224,647	227,657	187,878	170,570
13,410	13,146	12,897	12,102	12,029
—	—	—	—	—
—	—	—	—	—
42,060	41,443	38,185	36,273	35,872
28,077	26,416	24,023	21,429	18,264
42,060	41,443	38,188	36,273	35,751
50,347	63,453	60,264	67,653	66,132
36,056	39,037	44,735	47,036	46,432
21,702	20,144	27,413	29,665	30,798
277,379	283,997	301,587	301,684	289,593
99,605	103,763	107,547	109,069	106,129
6,756	5,753	5,756	6,084	6,111
1,008	977	989	1,011	1,036
—	—	—	—	—
451,907	446,939	429,132	412,341	354,004
1,184	1,228	1,335	1,462	1,517
64,519	69,113	68,222	68,861	68,974
554,794	508,418	497,915	556,635	582,282
49,774	50,561	50,807	50,919	50,191
2,506,036	2,434,183	2,520,192	2,592,488	2,452,929

(continued)

**STATE OF OHIO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**FOR THE LAST TEN FISCAL YEARS**

(continued)

Function/Program	2017	2016	2015	2014	2013
<i>Transportation</i>					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane.....	4,029	3,347	2,843	2,362	2,296
Four-Lane.....	1,112	1,018	1,048	892	624
Interstate.....	1,145	1,147	680	1,024	1,589
<i>Workers' Compensation</i>					
Ohio Bureau of Workers' Compensation:					
Claims Filed.....	97,931	99,082	104,997	108,549	108,090
Open Claims.....	704,756	752,312	791,638	858,773	958,625
<i>Lottery</i>					
Ohio Lottery Commission:					
Prize Awards Paid (in billions).....	\$ 1.91	\$ 1.93	\$ 1.88	\$ 1.70	\$ 1.67
Bonuses and Commissions Paid (in millions).....	\$ 185.7	\$ 188.6	\$ 179.2	\$ 169.9	\$ 166.9
Transfers to					
Lottery Profits Education Fund (in millions).....	\$ 739.4	\$ 784.1	\$ 990.0	\$ 904.3	\$ 803.1
<i>Unemployment Compensation</i>					
Ohio Department of Job and Family Services:					
Initial Claims.....	414,766	440,484	472,813	548,361	629,525
Continuing Claims.....	3,250,737	3,400,000	3,647,400	4,492,364	4,942,305

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.

2012	2011	2010	2009	2008
2,683	2,237	3,551	2,673	2,521
1,098	942	1,220	1,076	871
1,417	703	897	921	1,302
112,613	116,378	116,042	132,549	159,611
1,070,056	1,129,873	1,221,302	1,321,214	1,415,491
\$ 1.68	\$ 1.60	\$ 1.51	\$ 1.50	\$ 1.40
\$ 172.0	\$ 161.3	\$ 153.4	\$ 150.1	\$ 143.9
\$ 771.0	\$ 738.8	\$ 728.6	\$ 702.3	\$ 672.2
635,733	717,775	877,640	1,184,136	685,090
5,388,767	6,784,230	9,682,672	10,168,422	5,604,605

**STATE OF OHIO**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**FOR THE LAST TEN FISCAL YEARS**

Function/Program	2017	2016	2015	2014	2013
<i>Primary, Secondary and Other Education</i>					
Historical Sites Owned by the State.....	33	32	33	34	35
Historical Sites Jointly Owned by the State and the Ohio Historical Society.....	12	12	11	9	8
<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	26
Youth Services Institutions.....	3	3	3	3	4
State Highway Patrol Structures.....	75	75	75	76	76
Number of Readiness Centers (B).....	48	48	49	48	51
<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).....	333,727	333,525	333,196	332,903	332,754
Area of State Forest Lands (in acres).....	200,185	199,344	204,247	204,054	203,736
<i>Transportation</i>					
Buildings.....	819	809	818	828	830
Number of Rest Stops.....	89	91	96	96	96
Licensed Vehicles.....	4,265	4,247	4,029	4,428	4,475
Infrastructure Assets(A):					
Pavement (in lane-miles):					
Priority Subsystem.....	13,720	13,748	13,737	13,650	13,499
General Subsystem.....	29,473	29,470	29,461	29,512	29,591
Bridges:					
Number of Bridges.....	14,276	14,266	14,229	14,236	14,223
Deck Area (in thousand square feet).....	107,489	106,580	106,206	106,474	105,690
<i>General Government</i>					
State Office Buildings.....	5	5	5	5	5
<i>Community and Economic Development</i>					
Permanent Agricultural Easement Land (in acres).....	65,860	62,942	56,761	54,214	52,452

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.



2012	2011	2010	2009	2008
35	35	35	35	35
8	8	8	8	8
10	10	10	10	10
6	9	9	9	9
26	29	29	30	30
4	4	5	6	8
77	81	79	79	79
50	50	50	52	53
74	74	74	74	74
332,106	327,906	324,421	323,835	323,133
203,078	191,155	191,143	191,144	191,144
830	825	830	827	816
116	109	110	116	116
4,604	4,530	4,524	4,482	4,579
13,109	13,059	12,932	12,826	12,718
29,918	29,932	29,959	29,991	30,063
14,182	14,234	14,253	14,230	14,242
105,309	105,721	105,413	104,852	104,084
5	5	5	5	5
47,424	40,726	36,124	31,694	29,168



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