STATE OF OHIO

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2014

Dave Yost • Auditor of State

STATE OF OHIO

SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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State of Ohio *Comprehensive Annual Financial Report*

NOTE:

The State of Ohio *Comprehensive Annual Financial Report* for fiscal year ended June 30, 2014, including the Independent Auditor's Report, has been issued under separate cover by the Ohio Office of Budget and Management. This report is included as an attachment herein and can also be viewed at the following website: http://obm.ohio.gov/

EXECUTIVE SUMMARY
2014 STATE OF OHIO SINGLE AUDIT

AUDIT OF BASIC FINANCIAL STATEMENTS

There are 10 separate opinion units included in the basic financial statements of the State of Ohio for the state fiscal year (FY) ended June 30, 2014. For five of the 10 opinion units, our opinion was based, in whole or in part, on audits performed by independent accounting firms under contract with the Auditor of State. The remaining five opinion unit audits were performed by audit staff of the Auditor of State. This information is described on page 1 in our Independent Auditor's Report included in the CAFR.

We audited the basic financial statements of the State of Ohio as of and for the period ended June 30, 2014, following 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*, and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The objective of our audit was to express our opinion concerning whether the financial statements present fairly, in all material respects, the respective financial position of the State of Ohio, and cash flows thereof and the respective budgetary comparisons, in accordance with accounting principles generally accepted in the United States of America. We issued unqualified opinions on the 10 opinion units. This opinion was provided to the Office of Budget and Management who released it, along with the CAFR, under separate cover. This document is included as an attachment to this report.

In addition to our opinions on the basic financial statements, we issued an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*. There was one significant deficiency, but no noncompliance or material weaknesses, required to be reported in this letter for the fiscal year ended June 30, 2014.

We also identified two findings for recovery that will be included in this document, but which do not have an impact on our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* or on the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133,* discussed below.

AUDIT RESPONSIBILITIES AND REPORTING UNDER OMB CIRCULAR A-133

The Single Audit Act requires an annual audit of the State's federal financial assistance programs. The specific audit and reporting requirements are set forth in U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule of Expenditures of Federal Awards (the Schedule) reports federal expenditures for each federal financial assistance program by federal agency, as identified by the Catalog of Federal Domestic Assistance (CFDA) number. As detailed on pages 9 through 22, the State administered 357 federal programs from 23 Federal agencies with total federal expenditures of $25.3 billion in fiscal year 2014. Of the $25.3 billion, the State disbursed $519 million in funding related to the American Recovery and Reinvestment Act (ARRA) of 2009. This compares to $1 billion of ARRA funds disbursed in FY 2013 and $1.6 billion disbursed in FY 2012.

The Schedule is used for identifying Type A and Type B programs. For fiscal year 2014, Type A federal programs for the State of Ohio were those programs with annual federal expenditures exceeding $37.8 million. There were 29 programs at or above this amount. Type B programs were those programs with annual federal expenditures exceeding $7.5 million, but less than $37.8 million. There were 35 programs meeting the criteria for Type B programs. The identification of Type A and B programs is utilized for determining which federal programs will be tested in detail for compliance with federal laws and regulations. Under OMB Circular A-133, the auditor uses a risk-based approach to testing.

Once programs are classified as Type A or B, they are then assessed as either high or low risk programs. All high-risk Type A programs are considered major programs and are tested in detail for compliance with federal regulations. Low-risk Type A programs must be tested at least once every three years. One high-risk Type B program is then selected for testing to replace each low-risk Type A program not required to be tested. The State of Ohio Single Audit included the testing of 25 Type A programs and four high-risk Type B programs as major programs in fiscal year 2014.

Included in the Schedule are monies paid by the Ohio Department of Job & Family Services and the Ohio Department of Medicaid to their subrecipient county agencies to administer applicable portions of the Medicaid, Children's Health Insurance Program, TANF, Foster Care, Adoption Assistance, Social Services Block Grant, Child Care Cluster, Child Support Enforcement, and SNAP federal programs. The related county federal schedules will report expenditures for all disbursements made at the county level. However, for the Medicaid, Children's Health Insurance Program, TANF (OWF portion), Adoption Assistance, Child Care Cluster, and SNAP federal programs, the counties performed limited functions and maintained case records to support benefits paid by the Ohio Department of Job & Family Services and the Ohio Department of Medicaid related to these programs. We selected five of 88 counties and performed testing related to the specific county level activities for these six major programs. The results of our county level audit procedures are included in the Schedule of Findings and Questioned Costs.

The State's colleges and universities' federal financial assistance, which was approximately $3.6 billion in fiscal year 2014, is excluded from the State's Schedule although their financial activities are included in the State's financial statements (Discretely Presented Component Units). The State's colleges and universities included in the State's reporting entity are subject to separate audits under OMB Circular A-133.

In accordance with A-133, we issued an *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133*. Our report on compliance includes our opinion on compliance with the 29 major federal financial assistance programs and describes instances of noncompliance with Federal requirements we detected that require reporting per Circular A-133. This report also describes any material weaknesses or significant deficiencies we identified related to controls used to administer Federal financial assistance programs. Due to the significance of five of our audit findings, we qualified our opinion on compliance related to Cash Management applicable to the SNAP Cluster, Employment Services Cluster, Unemployment Insurance, WIA Custer, TANF Cluster, Child Support Enforcement, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care, Adoption Assistance, and Social Services Block Grant major federal programs, and Reporting applicable to the Child Support Enforcement, CCDF Cluster, Foster Care, and Adoption Assistance major federal programs.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

The fiscal year 2014 Schedule of Findings and Questioned Costs contains 35 findings related to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* or on the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133,* of which 16 were repeated from the fiscal year 2013 State of Ohio Single Audit.

The 34 A-133 findings, beginning on page 43, relate to the federal programs at 10 state agencies. Of these federal findings, many of which were rated as more than one type, seven resulted in questioned costs (some also included control deficiencies), 19 were noncompliance (some also included control deficiencies), 18 were identified as material weaknesses, and 12 were significant deficiencies. Of the seven findings with questioned costs, five questioned amounts totaling approximately $35,600. Amounts could not be determined for the other two questioned cost findings.

The schedule below identifies the number of reportable items included in the State of Ohio Single Audit, by state agency, for fiscal year 2009 through 2014.

State Agency	2014	2013	2012	2011	2010	2009
Ohio Department. of Job & Family Services Note 1	9	16	20	28	27	26
Ohio Department of Medicaid Note 1	8	Note 1	Note 1	Note 1	Note 1	Note 1
Ohio Department of Education	5	1	4	7	2	2
Ohio Department of Health	0	0	1	4	7	4
Ohio Development Services Agency Note 2	2	4	1	4	1	0
Ohio Department of Developmental Disabilities	2	1	0	2	1	0
Ohio Department of Mental Health & Addiction Services Note 3	3	3	3	5	4	1
Opportunities for Ohioans with Disabilities Note 4	0	1	2	2	0	1
Ohio Department of Public Safety	2	2	3	1	0	0
Ohio Office of Budget and Management	1	1	0	1	0	0
Ohio Administrative Knowledge System	0	0	0	1	1	0
Ohio Department of Transportation	1	1	1	1	0	3
Ohio Environmental Protection Agency	2	2	2	1	0	0
Other State Agencies	0	1	0	2	1	3
Total	**35**	**33**	**37**	**59**	**44**	**40**

Note 1 – the Ohio Department of Medicaid was newly created in 2014. In prior years, this activity was included as part of the Ohio Department of Job & Family Services.

Note 2 – name changed in 2013; formerly Ohio Department of Development.

Note 3 – in 2014, the Ohio Department of Mental Health and the Ohio Department of Alcohol & Addiction Services merged into one agency. The prior years' comments represent the count for both agencies.

Note 4 – name changed in 2014; formerly Ohio Rehabilitation Services Commission.

In addition to the comments included in this report, the State of Ohio and each state agency may receive a management letter which would include internal control and compliance deficiencies that do not rise to the level required for inclusion in this report. Those management letters are not part of this report.

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INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROLS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

The Honorable John Kasich, Governor
State of Ohio
Columbus, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio (the State) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 22, 2014. Our report refers to other auditors who audited the financial statements of the following organizations, as described in our report on the State's financial statements:

Opinion Unit	Organization	Percent of Opinion Unit's Total	
		Assets	Expenditures /Expenses /Deductions
Governmental Activities	Treasurer of State Lease Revenue Bonds	0%	1%
Business-Type Activities (BTA)	Ohio Bureau of Workers' Compensation and Tuition Trust Authority	95%	39%
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; 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; Youngstown State University; Columbus State Community College; and JobsOhio.	87%	92%
Aggregate Remaining Fund Information	State Highway Patrol Retirement System, Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, School Employees Retirement, Treasurer of State Lease Revenue Bonds System, State Treasury Asset Reserve of Ohio, and Tuition Trust Authority.	97%	84%

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. In addition, the financial statements of JobsOhio, which represents six percent of the total assets and six percent of the total expenses of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent

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necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the State's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the State's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the State's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The State's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the State's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable John Kasich, Governor
State of Ohio
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited the State of Ohio's (the State) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the State's major federal programs for the year ended June 30, 2014. The *Summary of Auditors' Results* in the accompanying schedule of findings and questioned costs identifies the State's major federal programs.

Management's Responsibility

The State's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the State's compliance for each of the State's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the State's major programs. However, our audit does not provide a legal determination of the State's compliance.

The State of Ohio's basic financial statements include the operations of State Colleges and Universities, which received approximately $3.6 billion in federal awards which is not included in the State of Ohio's Schedule of Federal Awards Expenditures for the year, ended June 30, 2014. Our audit of Federal awards, described below, did not include the operations of State Colleges and Universities because the component units engaged other auditors to audit their Federal award programs in accordance with OMB Circular A-133.

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Basis for Qualified Opinion on the Major Federal Programs Listed in the Table

As identified in the findings listed in the table below, identified in the summary of findings and questioned costs on pages 38 and 39, and described in the accompanying schedule of findings and questioned costs, the State of Ohio did not comply with requirements regarding the following:

Finding #	State Agency	CFDA #	Program (or Cluster) Name	Compliance Requirement
2014-023	Ohio Department of Job & Family Services	10.551/10.561	SNAP Cluster	Cash Management
2014-023	Ohio Department of Job & Family Services	17.207/17.801/17.804	Employment Services Cluster	Cash Management
2014-023	Ohio Department of Job & Family Services	17.225	Unemployment Insurance	Cash Management
2014-023	Ohio Department of Job & Family Services	17.258/17.259/17.260/ 17.277/17.278	WIA Custer	Cash Management
2014-023	Ohio Department of Job & Family Services	93.558/93.714	TANF Cluster	Cash Management
2014-020 2014-021 2014-022	Ohio Department of Job & Family Services	93.563	Child Support Enforcement	Reporting
2014-023	Ohio Department of Job & Family Services	93.563	Child Support Enforcement	Cash Management
2014-006	Ohio Development Services Agency	93.568	Low-Income Home Energy Assistance	Cash Management
2014-021 2014-022	Ohio Department of Job & Family Services	93.575/93.596	CCDF Cluster	Reporting
2014-023	Ohio Department of Job & Family Services	93.575/93.596	CCDF Cluster	Cash Management
2014-020 2014-021 2014-022	Ohio Department of Job & Family Services	93.658	Foster Care	Reporting
2014-023	Ohio Department of Job & Family Services	93.658	Foster Care	Cash Management
2014-020 2014-021 2014-022	Ohio Department of Job & Family Services	93.659	Adoption Assistance	Reporting
2014-023	Ohio Department of Job & Family Services	93.659	Adoption Assistance	Cash Management
2014-023	Ohio Department of Job & Family Services	93.667	Social Services Block Grant	Cash Management

Compliance with these requirements is necessary, in our opinion, for the State to comply with the requirements applicable to each of these programs.

Qualified Opinion on Major Federal Programs

In our opinion, except for the noncompliance described for the major federal programs and compliance requirements identified in the *Basis for Qualified Opinion* paragraph, the State of Ohio complied, in all material respects, with the requirements referred to in the *Report on Compliance for Each Major Federal Program* paragraph that could directly and materially affect the SNAP Cluster, Employment Services Cluster, Unemployment Insurance, WIA Custer, TANF Cluster, Child Support Enforcement, Low-Income

Energy Assistance, CCDF Cluster, Foster Care, Adoption Assistance, and Social Services Block Grant major federal programs for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Ohio complied in all material respects with the requirements referred to in the *Report on Compliance for Each Major Federal Program* paragraph that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures also disclosed other instances of noncompliance which OMB Circular A-133 requires us to report. These instances of noncompliance are listed in the table below, identified in the summary of findings and questioned costs on pages 38 and 39, and described in the accompanying schedule of findings and questioned costs. These findings did not require us to modify our compliance opinion on each major federal program.

State Agency	Noncompliance Finding Numbers
Ohio Development Services Agency	2014-005
Ohio Department of Developmental Disabilities	2014-007 and 2014-008
Ohio Department of Education	2014-009 through 2014-012
Ohio Department of Job & Family Services	2014-016 through 2014-019
Ohio Department of Medicaid	2014-025 through 2014-028
Ohio Department of Mental Health & Addiction Services	2014-032 through 2014-034
Ohio Department of Public Safety	2014-035
Ohio Department of Transportation	2014-037

The State's responses to our noncompliance findings are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The State's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the State's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the items listed in the table below, identified in the summary of findings and questioned costs on pages 38 and 39, and described in the accompanying schedule of findings and questioned costs to be material weaknesses.

State Agency	Material Weakness Finding Numbers
Ohio Development Services Agency	2014-006
Ohio Department of Developmental Disabilities	2014-007 and 2014-008
Ohio Department of Education	2014-009 and 2014-010
Ohio Environmental Protection Agency	2014-014 and 2014-015
Ohio Department of Job & Family Services	2014-016 and 2014-019 through 2014-023
Ohio Department of Medicaid	2014-028
Ohio Department of Mental Health & Addiction Services	2014-032 and 2014-033
Ohio Department of Public Safety	2014-036
Ohio Department of Transportation	2014-037

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the items listed in the table below, identified in the summary of findings and questioned costs on pages 38 and 39, and described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

State Agency	Significant Deficiency Finding Numbers
Ohio Office of Budget & Management	2014-004
Ohio Development Education	2014-011 through 2014-013
Ohio Department of Job & Family Services	2014-018 and 2014-024
Ohio Department of Medicaid	2014-025, 2014-026, and 2014-029 through 2014-031
Ohio Department of Mental Health & Addiction Services	2014-034

The State of Ohio's responses to our internal control over compliance findings are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses and, accordingly, we express no opinion on them.

In addition, the State of Ohio's Schedule of Prior Audit Findings and Questioned Costs includes information about the status of comments subsequent to June 30, 2014, which we did not audit and, accordingly, express no opinion on.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Federal Awards Expenditures Schedules

We have also 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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our unmodified report thereon dated December 22, 2014. Our opinion also explained that the State of Ohio adopted the provisions of Governmental Accounting Standards No. 65, *Items Previously Reported as Assets and Liabilities* during the year. We conducted our audit to opine on the State's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 22, 2014. The accompanying Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program (schedules) present additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and are not a required part of the basic financial statements. The schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these schedules 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, these schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dave Yost
Auditor of State

February 20, 2015

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SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SUMMARIZED BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL AGENCY	
U.S. Department of Health and Human Services	$ 15,739,365,463
U.S. Department of Agriculture	3,629,149,354
U.S. Department of Labor	1,727,753,877
U.S. Department of Transportation	1,615,639,426
U.S. Department of Education	1,532,710,272
U.S. Environmental Protection Agency	599,782,514
U.S. Department of Housing and Urban Development	78,495,959
Social Security Administration	74,549,202
U.S. Department of Homeland Security	59,171,578
U.S. Department of Defense	45,075,132
U.S. Department of Justice	40,041,260
U.S. Department of the Interior	37,784,128
U.S. Department of Veterans Affairs	27,321,212
U.S. Department of Energy	25,624,203
U.S. Department of Commerce	10,352,930
Corporation for National and Community Service	5,617,264
National Endowment for the Arts	5,334,636
U.S. Small Business Administration	4,451,573
U.S. Equal Employment Opportunity Commission	1,323,604
Election Assistance Commission	783,373
U.S. Appalachian Regional Commission	73,259
U.S. Department of Treasury	10,709
General Services Administration	8,683
TOTAL EXPENDITURES	**$ 25,260,419,611**

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STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY AND FEDERAL PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE			
U.S. Department of Agriculture			
SNAP Cluster:			
10.551		Supplemental Nutrition Assistance Program	$ 2,682,763,506
10.561		State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	101,783,457
		Total SNAP Cluster	*2,784,546,963*
Child Nutrition Cluster:			
10.553		School Breakfast Program	103,026,394
10.555	(c)	National School Lunch Program	53,258,411
10.555		National School Lunch Program	334,429,333
10.556		Special Milk Program for Children	144,395
10.559		Summer Food Service Program for Children	9,857,400
		Total Child Nutrition Cluster	*500,715,933*
Food Distribution Cluster:			
10.565		Commodity Supplemental Food Program	1,561,631
10.568		Emergency Food Assistance Program (Administrative Costs)	1,677,725
		Total Food Distribution Cluster	*3,239,356*
Forest Service Schools and Roads Cluster:			
10.665		Schools and Roads - Grants to States	226,078
		Total Forest Service Schools and Roads Cluster	*226,078*
10.025		Plant and Animal Disease, Pest Control, and Animal Care	6,019,930
10.069		Conservation Reserve Program	79,584
10.072		Wetlands Reserve Program	22,283
10.163		Market Protection and Promotion	990,694
10.170		Specialty Crop Block Grant Program - Farm Bill	461,351
10.475		Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	4,443,991
10.479		Food Safety Cooperative Agreements	107,516
10.557		Special Supplemental Nutrition Program for Women, Infants, and Children	222,389,679
10.558		Child and Adult Care Food Program	89,985,846
10.560		State Administrative Expenses for Child Nutrition	7,036,725
10.572		WIC Farmers' Market Nutrition Program (FMNP)	370,969
10.574		Team Nutrition Grants	158,132
10.576		Senior Farmers Market Nutrition Program	1,563,015
10.579		ARRA -- Child Nutrition Discretionary Grants Limited Availability	131,687
10.580		Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	2,623
10.582		Fresh Fruit and Vegetable Program	3,775,953
10.589		Child Nutrition Direct Certification Performance Awards	12,988
10.664		Cooperative Forestry Assistance	1,416,116
10.675		Urban and Community Forestry Program	90,460
10.676		Forest Legacy Program	5,816
10.680		Forest Health Protection	212,324
10.687		ARRA -- Recovery Act of 2009: Capital Improvement and Maintenance	959,901
10.902		Soil and Water Conservation	39,718
10.912		Environmental Quality Incentives Program	79,999
10.913		Farm and Ranch Lands Protection Program	9,294
10.923		Emergency Watershed Protection Program	54,430
		Total U.S. Department of Agriculture	**3,629,149,354**
U.S. Department of Commerce			
11.407		Interjurisdictional Fisheries Act of 1986	8,327
11.419	(a)	Coastal Zone Management Administration Awards	29,626
11.419		Coastal Zone Management Administration Awards	4,745,910

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U.S. Department of Commerce (Continued)		
11.420	Coastal Zone Management Estuarine Research Reserves	528,351
11.549	State and Local Implementation Grant Program	200,020
11.558	ARRA -- State Broadband Data and Development Grant Program	1,609,067
11.611	Manufacturing Extension Partnership	3,231,629
	Total U.S. Department of Commerce	**10,352,930**
U.S. Department of Defense		
12	FUSRAP Oversight: Diamond Magnesium Site and Luckey Beryllium Site	27,893
12.002	Procurement Technical Assistance For Business Firms	468,126
12.005	(c) Donation of Federal Surplus Personal Property	2,297,546
12.112	Payments to States in Lieu of Real Estate Taxes	317,560
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	617,597
12.217	Electronic Absentee Systems for Elections	8,571
12.400	Military Construction, National Guard	3,580,405
12.401	National Guard Military Operations and Maintenance (O&M) Projects	37,757,434
	Total U.S. Department of Defense	**45,075,132**
U.S. Department of Housing and Urban Development		
CDBG -- State Administered CDBG Cluster:		
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	48,454,895
	Total CDBG -- State Administered CDBG Cluster	*48,454,895*
14.231	Emergency Solutions Grants Program	5,593,944
14.239	Home Investment Partnerships Program	20,803,514
14.241	Housing Opportunities for Persons with AIDS	1,307,580
14.256	ARRA -- Neighborhood Stabilization Program (Recovery Act Funded)	84,892
14.257	ARRA -- Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	108
14.261	Homeless Management Information Systems Technical Assistance	531,981
14.267	Continuum of Care Program	35,500
14.401	Fair Housing Assistance Program_State and Local	686,518
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	997,027
	Total U.S. Department of Housing and Urban Development	**78,495,959**
U.S. Department of the Interior		
Fish and Wildlife Cluster:		
15.605	(a) Sport Fish Restoration Program	610,087
15.605	Sport Fish Restoration Program	7,511,198
15.611	Wildlife Restoration and Basic Hunter Education	9,012,508
	Total Fish and Wildlife Cluster	*17,133,793*
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	2,582,920
15.252	Abandoned Mine Land Reclamation (AMLR) Program	11,127,359
15.608	Fish and Wildlife Management Assistance	37,012
15.615	Cooperative Endangered Species Conservation Fund	355,050
15.616	Clean Vessel Act Program	20,877
15.622	Sportfishing and Boating Safety Act	3,952,342
15.634	State Wildlife Grants	1,981,093
15.657	Endangered Species Conservation - Recovery Implementation Funds	40,667
15.662	Great Lakes Restoration	136,921
15.808	(a) U.S. Geological Survey_ Research and Data Collection	47,881
15.808	U.S. Geological Survey_ Research and Data Collection	50,584

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U.S. Department of the Interior (Continued)		
15.810	(a) National Cooperative Geologic Mapping Program	30,936
15.810	National Cooperative Geologic Mapping Program	32,172
15.814	(a) National Geological and Geophysical Data Preservation Program	1,778
15.814	National Geological and Geophysical Data Preservation Program	3,802
15.819	(a) Energy Cooperatives to Support National Coal Resources Data System (NCRDS)	1,960
15.819	Energy Cooperatives to Support National Coal Resources Data System (NCRDS)	2,210
15.916	(a) Outdoor Recreation_Acquisition, Development and Planning	14,000
15.916	Outdoor Recreation_Acquisition, Development and Planning	230,771
	Total U.S. Department of the Interior	**37,784,128**
U.S. Department of Justice		
JAG Program Cluster:		
16.738	(a) Edward Byrne Memorial Justice Assistance Grant Program	114,452
16.738	Edward Byrne Memorial Justice Assistance Grant Program	6,904,809
16.803	ARRA -- Recovery Act - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	1,781,613
	Total JAG Program Cluster	*8,800,874*
16.013	Violence Against Women Act Court Training and Improvement Grants	19,002
16.017	Sexual Assault Services Formula Program	159,935
16.2013107	Domestic Cannabis Eradication Program	475,313
16.2014106	Domestic Cannabis Eradication Program	1,854
16.320	Services for Trafficking Victims	141,991
16.321	Antiterrorism Emergency Reserve	48,746
16.523	Juvenile Accountability Block Grants	848,190
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States	1,372,243
16.550	(a) State Justice Statistics Program for Statistical Analysis Centers	17,021
16.550	State Justice Statistics Program for Statistical Analysis Centers	22,792
16.554	National Criminal History Improvement Program (NCHIP)	583,499
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	8,302
16.575	Crime Victim Assistance	14,453,476
16.576	Crime Victim Compensation	3,870,000
16.588	Violence Against Women Formula Grants	4,386,565
16.588	ARRA -- Violence Against Women Formula Grants	23,928
	Total Violence Against Women Formula Grants	4,410,493
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	73,323
16.593	Residential Substance Abuse Treatment for State Prisoners	457,181
16.606	State Criminal Alien Assistance Program	263,219
16.607	Bulletproof Vest Partnership Program	3,872
16.609	(a) Project Safe Neighborhoods	66,520
16.609	Project Safe Neighborhoods	207,218
16.710	Public Safety Partnership and Community Policing Grants	39,236
16.726	Juvenile Mentoring Program	188,031
16.727	Enforcing Underage Drinking Laws Program	87,109
16.735	PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	127,393
16.741	DNA Backlog Reduction Program	933,658
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	257,621
16.746	Capital Case Litigation Initiative	126,284
16.750	Support for Adam Walsh Act Implementation Grant Program	314,319
16.754	Harold Rogers Prescription Drug Monitoring Program	156,728
16.812	Second Chance Act Prisoner Reentry Initiative	717,166

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U.S. Department of Justice (Continued)		
16.816	John R. Justice Prosecutors and Defenders Incentive Act	1,001
16.922	(c) Equitable Sharing Program	12,075
16.922	Equitable Sharing Program	775,575
	Total U.S. Department of Justice	**40,041,260**
U.S. Department of Labor		
Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	22,796,094
17.801	Disabled Veterans' Outreach Program (DVOP)	5,559,178
17.804	Local Veterans' Employment Representative Program	432,214
	Total Employment Service Cluster	*28,787,486*
WIA Cluster:		
17.258	WIA Adult Program	31,960,192
17.259	WIA Youth Activities	23,681,275
17.260	WIA Dislocated Workers	72,389
17.277	Workforce Investment Act (WIA) National Emergency Grants	2,284,719
17.278	WIA Dislocated Worker Formula Grants	31,518,275
	Total WIA Cluster	*89,516,850*
17.002	Labor Force Statistics	2,808,980
17.005	Compensation and Working Conditions	152,374
17.225	Unemployment Insurance	1,321,733,542
17.225	ARRA -- Unemployment Insurance	234,192,730
	Total Unemployment Insurance	1,555,926,272
17.235	Senior Community Service Employment Program	3,827,075
17.245	Trade Adjustment Assistance	15,327,946
17.261	WIA Pilots, Demonstrations, and Research Projects	691,341
17.268	H-1B Job Training Grants	905,178
17.271	Work Opportunity Tax Credit Program (WOTC)	1,310,878
17.273	Temporary Labor Certification for Foreign Workers	333,242
17.277	Workforce Investment Act (WIA) National Emergency Grants	20,567,962
17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	14,600
17.283	Workforce Innovation Fund	4,468,039
17.504	Consultation Agreements	1,638,822
17.600	Mine Health and Safety Grants	468,032
17.802	Veterans' Employment Program	1,008,800
	Total U.S. Department of Labor	**1,727,753,877**
U.S. Department of Transportation		
Highway Planning and Construction Cluster: (b)		
20.205	(a) Highway Planning and Construction	5,493,426
20.205	Highway Planning and Construction	1,502,393,049
20.205	ARRA -- Highway Planning and Construction	25,844,330
	Total Highway Planning and Construction	1,533,730,805
20.219	Recreational Trails Program	1,147,303
23.003	Appalachian Development Highway System	8,471,855
	Total Highway Planning and Construction Cluster	*1,543,349,963*
Federal Transit Cluster:		
20.500	ARRA -- Federal Transit_Capital Investment Grants	85,909

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U.S. Department of Transportation (Continued)		
Federal Transit Cluster (Continued):		
20.507	Federal Transit_Formula Grants	1,975,265
20.507	ARRA -- Federal Transit_Formula Grants	1,924,930
	Total Federal Transit_Formula Grants	3,900,195
	Total Federal Transit Cluster	*3,986,104*
Transit Services Programs Cluster:		
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	6,453,908
	Total Transit Services Programs Cluster	*6,453,908*
Highway Safety Cluster:		
20.600	State and Community Highway Safety	9,966,501
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	2,932,670
20.610	State Traffic Safety Information System Improvement Grants	1,278,833
20.612	Incentive Grant Program to Increase Motorcyclist Safety	94,662
	Total Highway Safety Cluster	*14,272,666*
20.106	Airport Improvement Program	1,122,014
20.218	National Motor Carrier Safety	6,672,649
20.232	Commercial Driver's License Program Improvement Grant	329,330
20.237	Commercial Vehicle Information Systems and Networks	185,330
20.320	Rail Line Relocation and Improvement	475,000
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	1,692,812
20.509	Formula Grants for Rural Areas	22,669,805
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	729,566
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	126,987
20.616	National Priority Safety Programs	920,778
20.700	Pipeline Safety Program State Base Grants	593,942
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	448,524
20.UNKNOWN	Minimum Penalties for Repeat Offenders for Driving While Intoxicated (164HE)	11,610,048
	Total U.S. Department of Transportation	**1,615,639,426**
U.S. Department of Treasury		
21.000	Federal Equitable Share of Seized/Forfeited Assets	10,709
	Total U.S. Department of Treasury	**10,709**
U.S. Appalachian Regional Commission		
23.001	Appalachian Regional Development (See individual Appalachian Programs)	12,050
23.002	Appalachian Area Development	3,615
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	57,594
	Total U.S. Appalachian Regional Commission	**73,259**
U.S. Equal Employment Opportunity Commission		
30.002	Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	1,323,604
	Total U.S. Equal Employment Opportunity Commission	**1,323,604**
General Services Administration		
39.003	(c) Donation of Federal Surplus Personal Property	8,683
	Total General Services Administration	**8,683**
National Endowment for the Arts		
45.025	Promotion of the Arts -- Partnership Agreements	805,661
45.310	Grants to States	4,450,292

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National Endowment for the Arts (Continued)		
45.312	National Leadership Grants	78,683
	Total National Endowment for the Arts	**5,334,636**
U.S. Small Business Administration		
59.037	Small Business Development Centers	3,603,567
59.061	State Trade and Export Promotion Pilot Grant Program	848,006
	Total U.S. Small Business Administration	**4,451,573**
U.S. Department of Veterans Affairs		
64.005	Grants to States for Construction of State Home Facilities	564,103
64.014	Veterans State Domiciliary Care	2,518,419
64.015	Veterans State Nursing Home Care	22,661,720
64.203	State Cemetery Grants	780,294
64.V101(223C)P-5446	Contract with VA for State Approving Agency	796,676
	Total U.S. Department of Veterans Affairs	**27,321,212**
U.S. Environmental Protection Agency		
Clean Water State Revolving Fund Cluster:		
66.458	Capitalization Grants for Clean Water State Revolving Funds	432,147,736
66.458	ARRA -- Capitalization Grants for Clean Water State Revolving Funds	2,143,938
	Total Capitalization Grants for Clean Water State Revolving Funds	434,291,674
	Total Clean Water State Revolving Fund Cluster	*434,291,674*
Drinking Water State Revolving Fund Cluster:		
66.468	Capitalization Grants for Drinking Water State Revolving Funds	*126,459,996*
	Total Drinking Water State Revolving Fund Cluster	*126,459,996*
66.032	State Indoor Radon Grants	349,276
66.034	(c) Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	611,412
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	1,391,230
66.040	State Clean Diesel Grant Program	394,152
66.202	Congressionally Mandated Projects	238,476
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	524,552
66.432	State Public Water System Supervision	1,592,786
66.433	State Underground Water Source Protection	150,371
66.454	Water Quality Management Planning	1,118,112
66.460	Nonpoint Source Implementation Grants	5,525,700
66.461	Regional Wetland Program Development Grants	193,272
66.469	Great Lakes Program	2,593,932
66.472	Beach Monitoring and Notification Program Implementation Grants	216,705
66.474	Water Protection Grants to the States	128,490
66.500	Environmental Protection_Consolidated Research	64
66.605	Performance Partnership Grants	18,264,465
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	116,006
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	586,722
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	285,221
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	869,469
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	961,422
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,455,867

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U.S. Environmental Protection Agency (Continued)		
66.818	Brownfield Assessments and Cleanup Cooperative Agreements	1,351,996
66.818	ARRA -- Brownfield Assessments and Cleanup Cooperative Agreements	69,400
	Total Brownfield Assessments and Cleanup Cooperative Agreements	1,421,396
66.953	Building Capacity to Implement EPA National Guidelines for School Environmental Health Programs	41,746
	Total U.S. Environmental Protection Agency	**599,782,514**
U.S. Department of Energy		
81	Petroleum Violation Escrow Funds	92,017
81.041	State Energy Program	1,257,668
81.041	ARRA -- State Energy Program	12,145,717
	Total State Energy Program	13,403,385
81.042	Weatherization Assistance for Low-Income Persons	10,473,741
81.087	(a) Renewable Energy Research and Development	10,013
81.087	Renewable Energy Research and Development	7,324
81.104	Environmental Remediation and Waste Processing and Disposal	463,773
81.119	State Energy Program Special Projects	222,631
81.122	ARRA -- Electricity Delivery and Energy Reliability, Research, Development and Analysis	133,312
81.128	ARRA -- Energy Efficiency and Conservation Block Grant Program (EECBG)	620,250
81.136	Long-Term Surveillance and Maintenance	197,757
	Total U.S. Department of Energy	**25,624,203**
U.S. Department of Education		
Special Education Cluster:		
84.027	Special Education_Grants to States	405,026,995
84.173	Special Education_Preschool Grants	10,690,397
	Total Special Education Cluster	*415,717,392*
Statewide Data Systems Cluster:		
84.372	Statewide Longitudinal Data Systems	875,462
84.384	ARRA-- Statewide Data Systems, Recovery Act	539,135
	Total Statewide Data Systems Cluster	*1,414,597*
Teacher Incentive Fund Cluster:		
84.374	Teacher Incentive Fund	6,966,701
84.385	ARRA -- Teacher Incentive Fund, Recovery Act	1,991,391
	Total Teacher Incentive Fund Cluster	*8,958,092*
School Improvement Grants Cluster:		
84.377	School Improvement Grants	26,112,325
84.388	ARRA -- School Improvement Grants, Recovery Act	7,026,939
	Total School Improvement Grants Cluster	*33,139,264*
84.000	Consolidated Administrative Fund	5,893,079
84.002	(a) Adult Education - Basic Grants to States	1,977,528
84.002	Adult Education - Basic Grants to States	14,562,235
84.010	Title I Grants to Local Educational Agencies	567,357,932
84.011	Migrant Education_State Grant Program	2,678,076
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	1,557,654
84.048	Career and Technical Education -- Basic Grants to States	42,777,012
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States	122,378,785
84.144	Migrant Education_Coordination Program	2,980
84.169	Independent Living_State Grants	4,052,305

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U.S. Department of Education (Continued)		
84.177	Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	1,351,151
84.181	Special Education-Grants for Infants and Families	13,392,093
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	840,416
84.196	Education for Homeless Children and Youth	2,542,530
84.213	Even Start_State Educational Agencies	939,492
84.215	Fund for the Improvement of Education	122,000
84.235	Rehabilitation Services Demonstration and Training Programs	222,032
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	68,507
84.282	Charter Schools	407,085
84.287	Twenty-First Century Community Learning Centers	42,456,141
84.323	Special Education - State Personnel Development	1,800,413
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	360,567
84.358	Rural Education	3,057,857
84.365	English Language Acquisition State Grants	9,216,713
84.366	Mathematics and Science Partnerships	3,814,974
84.367	Improving Teacher Quality State Grants	83,661,685
84.369	Grants for State Assessments and Related Activities	10,666,361
84.395	ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	119,788,927
84.412	Race to the Top – Early Learning Challenge	7,448,122
84.412	ARRA -- Race to the Top – Early Learning Challenge	8,086,275
	Total Race to the Top – Early Learning Challenge	15,534,397
	Total U.S. Department of Education	**1,532,710,272**
Election Assistance Commission		
90.401	Help America Vote Act Requirements Payments	783,373
	Total Election Assistance Commission	**783,373**
U.S. Department of Health and Human Services		
Aging Cluster:		
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	15,436,131
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	23,890,705
93.053	Nutrition Services Incentive Program	7,683,021
	Total Aging Cluster	*47,009,857*
TANF Cluster:		
93.558	Temporary Assistance for Needy Families	519,014,196
93.714	ARRA -- Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	1,342,001
	Total TANF Cluster	*520,356,197*
CCDF Cluster:		
93.575	Child Care and Development Block Grant	67,017,085
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	162,615,100
	Total CCDF Cluster	*229,632,185*
Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	6,242,014

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U.S. Department of Health and Human Services (Continued)		
Medicaid Cluster (Continued):		
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	24,257,328
93.778	Medical Assistance Program	13,274,709,486
93.778	ARRA -- Medical Assistance Program	95,837,808
	Total Medical Assistance Program	13,370,547,294
	Total Medicaid Cluster	*13,401,046,636*
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	17,286
93.041	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	224,935
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	688,767
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	762,193
93.048	Special Programs for the Aging_Title IV and Title II_Discretionary Projects	914,489
93.051	Alzheimer's Disease Demonstration Grants to States	307,401
93.052	National Family Caregiver Support, Title III, Part E	5,727,457
93.069	Public Health Emergency Preparedness	458,344
93.070	Environmental Public Health and Emergency Response	373,515
93.071	Medicare Enrollment Assistance Program	420,153
93.072	Lifespan Respite Care Program	55,875
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	28,285,755
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research	285,915
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	36,811
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	1,998,000
93.110	Maternal and Child Health Federal Consolidated Programs	562,487
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,190,748
93.127	Emergency Medical Services for Children	110,200
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	388,858
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,642,208
93.150	Projects for Assistance in Transition from Homelessness (PATH)	1,861,617
93.165	Grants to State for Loan Repayment Program	134,167
93.197	Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	2,454
93.217	Family Planning_Services	6,671,350
93.234	Traumatic Brain Injury State Demonstration Grant Program	912
93.235	Affordable Care Act (ACA) Abstinence Education Program	1,782,246
93.236	Grants to States to Support Oral Health Workforce Activities	104,309
93.240	State Capacity Building	350,622
93.241	State Rural Hospital Flexibility Program	556,965
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	4,704,116
93.251	Universal Newborn Hearing Screening	208,285
93.268	Immunization Cooperative Agreements	7,124,542
93.270	Adult Viral Hepatitis Prevention and Control	125,950
93.275	Substance Abuse and Mental Health Services-Access to Recovery	3,731,325

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SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY AND FEDERAL PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE

U.S. Department of Health and Human Services (Continued)

93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	8,846,165
93.292	National Public Health Improvement Initiative	120,155
93.301	Small Rural Hospital Improvement Grant Program	225,883
93.414	ARRA -- State Primary Care Offices	56,517
93.448	Food Safety and Security Monitoring Project	879,525
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	5,479,413
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	697,701
93.507	PPHF National Public Health Improvement Initiative	261,674
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	900,618
93.520	Centers for Disease Control and Prevention –Affordable Care Act (ACA) – Communities Putting Prevention to Work	41,615
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	565,616
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	930,800
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program	514,775
93.556	Promoting Safe and Stable Families	12,448,651
93.563	Child Support Enforcement	119,001,859
93.564	(a) Child Support Enforcement Research	136,636
93.566	Refugee and Entrant Assistance_State Administered Programs	9,613,764
93.568	Low-Income Home Energy Assistance	195,950,377
93.569	Community Services Block Grant	27,046,116
93.576	Refugee and Entrant Assistance_Discretionary Grants	588,787
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants	474,856
93.586	State Court Improvement Program	715,709
93.590	Community-Based Child Abuse Prevention Grants	936,320
93.597	Grants to States for Access and Visitation Programs	298,513
93.599	Chafee Education and Training Vouchers Program (ETV)	987,495
93.600	Head Start	236,649
93.609	The Affordable Care Act - Medicaid Adult Quality Grants	696,365
93.617	Voting Access for Individuals with Disabilities_Grants to States	332,925
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	2,155,733
93.630	Developmental Disabilities Basic Support and Advocacy Grants	2,640,209
93.634	ACA Support for Demonstration Ombudsman Programs Serving Beneficiaries of State Demonstrations to Integrate Care for Medicare-Medicaid	68,597
93.643	Children's Justice Grants to States	357,225
93.645	Stephanie Tubbs Jones Child Welfare Services Program	11,234,342
93.658	Foster Care_Title IV-E	205,290,353
93.659	Adoption Assistance	168,475,834
93.667	Social Services Block Grant	105,914,705
93.669	Child Abuse and Neglect State Grants	311,623
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	2,581,030
93.674	Chafee Foster Care Independence Program	4,400,749

STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY AND FEDERAL PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		
U.S. Department of Health and Human Services (Continued)		
93.708	ARRA -- Head Start	2,823,804
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	670,447
93.744	PPHF: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by Prevention and Public Health Funds	11,081
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Funds	201,432
93.748	PPHF Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	113,102
93.767	Children's Health Insurance Program	367,130,370
93.773	Medicare_Hospital Insurance	11,850,446
93.774	Medicare_Supplementary Medical Insurance	1,464,662
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,594,672
93.791	Money Follows the Person Rebalancing Demonstration	32,601,908
93.913	Grants to States for Operation of Offices of Rural Health	140,218
93.917	HIV Care Formula Grants	25,675,881
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	35,424
93.940	HIV Prevention Activities_Health Department Based	4,891,118
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	876,023
93.945	Assistance Programs for Chronic Disease Prevention and Control	376,638
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiatives Programs	508,063
93.958	Block Grants for Community Mental Health Services	14,358,037
93.959	Block Grants for Prevention and Treatment of Substance Abuse	86,487,258
93.965	Coal Miners Respiratory Impairment Treatment Clinics and Services	613,576
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants	3,132,668
93.991	Preventative Health and Health Services Block Grant	3,037,359
93.994	Maternal and Child Health Services Block Grant to the States	18,465,046
93.HHSF223201210079C	Mammography Quality Standard Act Inspection	35,219
	Total U.S. Department of Health and Human Services	**15,739,365,463**
Corporation for National and Community Service		
94.003	State Commissions	258,779
94.006	AmeriCorps	5,354,724
94.007	Program Development and Innovation Grants	3,722
94.009	Training and Technical Assistance	39
	Total Corporation for National and Community Service	**5,617,264**
Social Security Administration		
Disability Insurance/SSI Cluster:		
96.001	Social Security_Disability Insurance	74,541,202
	Total Disability Insurance/SSI Cluster	*74,541,202*
96-200-2009-M-29348	National Death Index	8,000
	Total Social Security Administration	**74,549,202**
U.S. Department of Homeland Security		
97.012	Boating Safety Financial Assistance	3,918,414
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	227,539
97.029	Flood Mitigation Assistance	914
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	8,360,150

STATE OF OHIO
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY AND FEDERAL PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		
U.S. Department of Homeland Security (Continued)		
97.039	Hazard Mitigation Grant	2,434,560
97.041	National Dam Safety Program	175,751
97.042	Emergency Management Performance Grants	10,456,607
97.043	State Fire Training Systems Grants	22,000
97.045	Cooperating Technical Partners	1,215,659
97.047	Pre-Disaster Mitigation	1,264,624
97.052	Emergency Operations Centers	853,498
97.056	Port Security Grant Program	238,889
97.067	Homeland Security Grant Program	27,821,051
97.089	Driver's License Security Grant Program	794,803
97.091	Homeland Security Biowatch Program	711,123
97.092	Repetitive Flood Claims	159,316
97.120	Border Interoperability Demonstration Project	497,071
97.HSHQDC-12-P-00155	Bio Watch Laboratory Support	16,979
97.HSHQDC-13-P-00099	Bio Watch Laboratory Support	2,630
	Total U.S. Department of Homeland Security	**59,171,578**
	TOTAL EXPENDITURES	**$ 25,260,419,611**

(a) These programs are a part of the Research and Development Cluster, as defined by OMB Circular A-133. See Note 4 to the Supplementary Schedule of Expenditures of Federal Awards.

(b) This cluster encompasses the U.S. Department of Transportation's federal programs CFDA# 20.205 and CFDA# 20.219 and the U.S. Appalachian Regional Commission's federal program CFDA# 23.003. In accordance with OMB Circular A-133, CFDA# 23.003 has been included as part of the U.S. Department of Transportation's programs and excluded from the U.S. Appalachian Regional Commission's programs.

(c) These programs receive non-cash assistance, as defined by OMB Circular A-133. See Note 1 to the Supplementary Schedule Awards of Expenditures of Federal Awards.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, revised June 27, 2003, requires a Supplementary Schedule of Expenditures of Federal Awards (Supplementary Schedule). The State of Ohio reports this information using the following presentations:

- Supplementary Schedule of Expenditures of Federal Awards Summarized by Federal Agency
- Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program

The schedules must report total disbursements for each federal financial assistance program, as listed in the *Catalog of Federal Domestic Assistance* (CFDA). The State of Ohio reports each federal financial assistance program not officially assigned CFDA numbers with a two-digit number that identifies the federal grantor agency or with a two-digit federal grantor agency number followed by a federal contract number, when applicable.

A. Reporting Entity

The Supplementary Schedules include all federal programs the State of Ohio has administered for the fiscal year ended June 30, 2014. The State's financial reporting entity includes the primary government and its component units.

The State of Ohio's primary government includes all funds, account groups, 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.

Financial accountability is defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*. The financial accountability of a primary government for a legally separate organization is set forth in two ways as follows:

- the primary government appoints the voting majority of the organization's governing body, and the primary government is able to impose its will upon the component unit or there is a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- the component unit 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.

The State has excluded federal financial assistance reported in the Discretely Presented Component Units from the Supplementary Schedules. The respective schedules of expenditures of federal awards for the following organizations, which constitute component units of the State since they impose or potentially impose financial burdens on the primary government, are subject to separate audits under OMB Circular A-133.

Colleges and Universities:

State Universities*:*
Bowling Green State University
Central State University

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Universities (Continued)*:*
Cleveland State University
Kent State University
Miami University
Northeast Ohio Medical University
Ohio State University
Ohio University
Shawnee State University
University of Akron
University of Cincinnati
University of Toledo
Wright State University
Youngstown State University

State Community Colleges:
Cincinnati State Community College
Clark State Community College
Columbus State Community College
Edison State Community College
Northwest State Community College
Owens State Community College
Southern State Community College
Terra State Community College
Washington State Community College

Other Discretely Presented Component Units:
Ohio Air Quality Development Authority
Jobs Ohio
Ohio Turnpike and Infrastructure Commission

B. Basis of Accounting
The State prepares the Supplementary Schedules on the cash basis of accounting; therefore, the State recognizes expenditures when paid rather than when it incurs obligations.

C. Transfers of Federal Funds between State Agencies
The State excludes interagency disbursements of federal moneys among State agencies to avoid the overstatement of federal financial assistance reported on the Supplementary Schedules.

D. Indirect Costs
Indirect costs benefit more than one federal program and are not directly allocable to the programs receiving the benefits. The State recovers these costs from the federal government by applying federally approved indirect cost rates or by allocating the indirect costs among benefiting programs in accordance with federally approved plans. The State recognizes indirect costs as disbursements in the Supplementary Schedules.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Valuation of Non-Cash Federal Assistance

The State reports the following non-cash federal assistance programs on the Supplementary Schedules.

- *National School Lunch Program (CFDA# 10.555)*
  A portion of the federal assistance for this program represents the value of food the State distributes to subrecipients during the fiscal year. The U.S. Department of Agriculture assigns the prices at which the State values donated food commodities.

- *Donation of Federal Surplus Personal Property (CFDA# 12.005)*
  Federal assistance for this program represents the fair market value of donated federal surplus personal property the State distributes to subrecipients during the fiscal year. The State calculates fair value at 23.3 percent of the property's original costs, in conformity with guidelines the U.S. Department of Defense establishes.

- *Equitable Sharing Program (CFDA# 16.922)*
  A portion of the federal assistance for this program represents the fair market value of the State's portion of seized and forfeited assets.

- *Donation of Federal Surplus Personal Property (CFDA# 39.003)*
  Federal assistance for this program represents the fair market value of federal surplus personal property the State distributes to subrecipients during the fiscal year. The State calculates fair value at 23.3 percent of the property's original acquisition costs, in conformity with guidelines the U.S. General Services Administration establishes.

- *Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act (CFDA# 66.034)*
  A portion of the federal assistance for this program represents the value of in-kind assistance the State used during the fiscal year. The U.S. Environmental Protection Agency determines the cost of the in-kind services and supplies provided to the State. The in-kind services and supplies are for speciation lab analysis of particulate matter in air sampling filters, the auditing of the air sampling monitors, and the supplying of filters for air monitors.

Year-end balances of the State's non-cash federal assistance programs can be found in NOTE 3.

NOTE 2 CAPITALIZATION GRANTS FOR REVOLVING LOAN FUNDS

In fiscal year 2014, the capitalization grants for revolving loan funds comprised the Clean Water Revolving Fund (CFDA# 66.458) and the Drinking Water Revolving Fund (CFDA# 66.468) programs. As of June 30, 2014, outstanding loans for the Capitalization Grants for Revolving Loan Funds programs totaled approximately $1.335 billion.

NOTE 2 CAPITALIZATION GRANTS FOR REVOLVING LOAN FUNDS (Continued)

The calculation of federal assistance for the loan programs includes the following elements.

Capitalization Grant Loan Balance, as of 6/30/13	$1,246,050,680
Loans without Compliance Requirements	(662,484,328)
Loans transferred without Compliance Requirements	(115,775,203)
Net Loan Balance (Loans with Compliance Requirements)	467,791,149
New Loans Disbursed	101,971,524
Net Principal Repayments Received	(18,575,010)
Capitalized Interest Earned	5,314,537
Current Loan Activity	88,711,051
Ending Loan Balance (Loans with Compliance Requirements)	556,502,200
Administrative Costs	2,122,685
Small System Technical Assistant Costs	504,900
Public Water Systems Supervision	1,621,919
Administrative Interest Earned	(11)
Loan Account Interest Earned	(23)
Total Federal Assistance for FY 2014	$560,751,670

The total federal assistance for fiscal year 2014, as reported by the Ohio Environmental Protection Agency, for the Clean Water Revolving Fund and the Drinking Water Revolving Fund were $434,291,674 and $126,459,996 respectively.

NOTE 3 INVENTORY BALANCES FOR NON-CASH FEDERAL ASSISTANCE PROGRAMS

As of June 30, 2014, the outstanding inventory balances for the non-cash federal assistance programs are as follows:

CFDA#	Non-Cash Program	Outstanding Balance, as of 6/30/14
10.555	National School Lunch Program	$3,224,436
12.005	Donation of Federal Surplus Personal Property	16,895,984
	Total	$20,120,420

NOTE 4 RESEARCH AND DEVELOPMENT CLUSTER

The State has reported the following federal programs under the Research and Development Cluster on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

CFDA#	Program	Amount
11.419	Coastal Zone Management Administration Awards	$29,626
15.605	Sport Fish Restoration Program	610,087
15.808	U.S. Geological Survey_Research and Data Collection	47,881
15.810	National Cooperative Geologic Mapping Program	30,936
15.814	National Geological and Geophysical Data Preservation Program	1,778
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	1,960
15.916	Outdoor Recreation_Acquisition, Development and Planning	14,000
16.550	State Justice Statistics Programs for Statistical Analysis Centers	17,021
16.609	Project Safe Neighborhoods	66,520
16.738	Edward Byrne Memorial Justice Assistance Grant Program	114,452
20.205	Highway Planning and Construction	5,493,426
81.087	Renewable Energy Research and Development	10,013
84.002	Adult Education – Basic Grants to States	1,977,528
93.564	Child Support Enforcement Research	136,636
	Total Research and Development Cluster	**$8,551,864**

NOTE 5 TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2014, the State made allowable transfers of approximately $51.4 million from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The Supplementary Schedule shows the State spent approximately $519 million on the Temporary Assistance for Needy Families program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for this program. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during fiscal year 2014 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	$570,454,520
Social Services Block Grant	(51,440,324)
Total Temporary Assistance for Needy Families	**$519,014,196**

NOTE 6 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS

The State has reported the following federal ARRA programs on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

CFDA#	Program	Amount
10.579	ARRA – Child Nutrition Discretionary Grants Limited Availability	$131,687
10.687	ARRA – Recovery Act of 2009 - Capital Improvement and Maintenance	959,901
11.558	ARRA – State Broadband Data and Development Grant Program	1,609,067
14.256	ARRA – Neighborhood Stabilization Program (Recovery Act Funded)	84,892

NOTE 6 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS (Continued)

CFDA#	Program	Amount
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	108
16.588	ARRA – Violence Against Women Formula Grants	23,928
16.803	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	1,781,613
17.225	ARRA – Unemployment Insurance	234,192,730
20.205	ARRA – Highway Planning and Construction	25,844,330
20.500	ARRA – Federal Transit_Capital Investment Grants	85,909
20.507	ARRA – Federal Transit_Formula Grants	1,924,930
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds	2,143,938
66.818	ARRA – Brownfield Assessments and Cleanup Cooperative Agreements	69,400
81.041	ARRA – State Energy Program	12,145,717
81.122	ARRA – Electricity Delivery and Energy Reliability, Research, Development and Analysis	133,312
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)	620,250
84.384	ARRA – Statewide Data Systems, Recovery Act	539,135
84.385	ARRA – Teacher Incentive Fund, Recovery Act	1,991,391
84.388	ARRA – School Improvement Grants, Recovery Act	7,026,939
84.395	ARRA – State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	119,788,927
84.412	ARRA – Race to the Top – Early Learning Challenge	8,086,275
93.414	ARRA – State Primary Care Offices	56,517
93.708	ARRA – Head Start	2,823,804
93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	1,342,001
93.778	ARRA – Medical Assistance Program	95,837,808
	Total ARRA Grants	**$519,244,509**

Supplemental Nutrition Assistance Program (CFDA# 10.551) – The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions and assets. This condition prevents the U.S. Department of Agriculture (USDA) from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual state level. Therefore, the State of Ohio cannot validly disaggregate the regular and Recovery Act components of its reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 7.79 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2014.

NOTE 6 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS (Continued)

ARRA Capitalization Grants for Clean Water State Revolving Funds (CFDA# 66.458) – Listed below are the borrowers that received ARRA Clean Water State Revolving Loan Fund (SRF) assistance, the associated Data Universal Numbering System (DUNS) numbers, and the ARRA SRF loan amounts disbursed to each borrower for reimbursement of eligible expenditures.

Borrower	DUNS	Amount
Harrisburg	005412189	$170,549
Hillsboro	043936988	1,973,389
Total		$2,143,938

NOTE 7 WIA Cluster

Prior to July 1, 2010, CFDA 17.260 represented both the WIA Dislocated Worker formula grant and the National Emergency Grants (NEGs). As of July 1, 2010, the CFDA 17.260 was archived and replaced with two new CFDA numbers. The WIA Dislocated Worker Formula Grant is accounted for as CFDA 17.278 and NEGs is reported as CFDA 17.277.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OMB CIRCULAR A-133 § .505

1. SUMMARY OF AUDITORS' RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	Yes
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	Yes
(d)(1)(iv)	*Were there any other significant deficiencies in internal control reported for major federal programs?*	Yes
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Qualified and Unmodified
(d)(1)(vi)	*Are there any reportable findings under § .510?*	Yes
(d)(1)(vii)	*Major Programs (list):*	See pages 34 through 37
(d)(1)(viii)	*Dollar Threshold: Type A\Risk Assessed Type B Programs*	A: >$37,890,629 B: >$ 7,578,126
(d)(1)(ix)	*Low Risk Auditee?*	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2014-001
State Agency	Ohio Department of Medicaid
State Agency Number	MCD-05

SIGNIFICANT DEFICIENCY

Finding Number 2014-029, IT – LACK OF FORMAL PROGRAM CHANGE POLICIES AND PROCEDURES**,** detailed on page 106, describes deficiencies in the Ohio Department of Medicaid's (MCD) process for making program changes to the Medicaid Information Technology System (MITS). We believe this finding also represents a significant deficiency under auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Officials Response

The response for this finding is the same as the Corrective Action Plan included for Finding Number 2014-029, referenced above.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The findings and questioned costs are summarized by state agency and type on pages 38 and 39.

The questioned costs are summarized by federal agency, program, and amount on page 41.

The findings and questioned costs are detailed by state agency on pages 43 through 125.

4. OTHER - FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Federal Compliance and Controls reports.

1. FINDING FOR RECOVERY – SUNRISE ACADEMY

Finding Number	2014-002
State Agency	Ohio Department of Education
State Agency Number	EDU-006

Ohio Rev. Code chapter 3317 contains laws related to the School Foundation Program administered by the state board of education. The superintendent of public instruction, head of the Ohio Department of Education, is responsible for calculating the amounts paid from the program. Ohio Rev. Code §3317.024 (E) requires that amounts be disbursed to each school district, for each pupil attending a chartered nonpublic or high school within the district. Ohio Rev. Code §3317.06 further describes the types of materials and services (often referred to as auxiliary services) that are to be paid to school districts and provided to nonpublic schools

The Sunrise Academy is a chartered nonpublic school located within the Hilliard City School District (HCSD). At Leah Mohiuddin's (Director of Sunrise Academy) direction, the HCSD hired Casey Goleb as an English Language Learners (ELL) instructor assigned to Sunrise Academy for the period December 2010 through August 2013. Mr. Goleb's gross compensation for being the ELL instructor totaled $134,131. Additionally, costs of Mr. Goleb's employee benefits (State Teachers Retirement System, medical and dental insurance, Medicare, and workers compensation) paid by HCSD totaled $64,615. Both the gross compensation and benefits amounts were charged to HCSD's Auxiliary Services Fund, whose funding was provided by the Ohio Department of Education.

There was no evidence available to support that Sunrise Academy provided an ELL program or provided ELL services to its students for which the use of public Auxiliary Services monies was warranted or permitted by Ohio Rev. Code §3317.06.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a finding for recovery for public monies illegally expended is hereby issued against Mr. Goleb and Ms. Mohiuddin, jointly and severally, in the amount of $198,746 and in favor of the Ohio Department of Education.

2. FINDING FOR RECOVERY – DIRECTIONAL ACADEMY

Finding Number	2014-003
State Agency	Ohio Department of Education
State Agency Number	EDU-007

Ohio Rev. Code chapter 3314 contains laws related to community schools, including the creation, operating requirements, funding, and other responsibilities of these entities. Ohio Rev. Code §3314.01 (B) states, "A community school created under this chapter is a public school, independent of any school district, and is part of the state's program of education." Ohio Rev. Code §3314.08 (C)(8)(a) requires the Ohio Department of Education annually pay to each community school an amount of state education aid as determined by a specified formula based on enrollment data for the school.

Wendy Marshall applied for sponsorship from the North Central Ohio Educational Service Center (NCOESC) to open a community school, Directional Academy, for the 2013/2014 academic year. In anticipation of the school's opening, the Ohio Department of Education issued two payments to Directional Academy, totaling $88,750, for the months of August and September, 2013. These payments were made by electronic funds transfer into a bank account opened by Ms. Marshall. However, Directional Academy failed to launch and the Ohio Department of Education prepared a Suspension by Sponsor Notice, dated October 21, 2013, and effective September 12, 2013. The NCOESC also sent Ms. Marshall a Notice of Termination of Community School Contract, dated December 18, 2013, and effective one day earlier. As a result, neither Ms. Marshall nor Directional Academy was entitled to the funding provided by the Ohio Department of Education.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a finding for recovery for public monies illegally expended is hereby issued against Wendy Marshall and Directional Academy, jointly and severally, in the amount of $88,750 and in favor of the Ohio Department of Education.

STATE OF OHIO
JULY 1, 2013 THROUGH JUNE 30, 2014
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
U.S. Department of Agriculture			
SNAP Cluster			
10.551 / 10.561			
	Ohio Department of Job & Family Services	$ 2,783,760,085	
	Other Agencies (Not Tested as a Major Program)	786,878	
	Total SNAP Cluster	$ 2,784,546,963	11.02%
Child Nutrition Cluster			
10.553 / 10.555 / 10.556 / 10.559			
	Ohio Department of Education	$ 498,965,681	
	Other Agencies (Not Tested as a Major Program)	1,750,252	
	Total Child Nutrition Cluster	$ 500,715,933	1.98%
10.558	Child and Adult Care Food Program		
	Ohio Department of Education	$ 89,985,846	
	Total CFDA # 10.558	$ 89,985,846	0.36%
U.S. Department of Labor			
Employment Service Cluster			
17.207 / 17.801 / 17.804			
	Ohio Department of Job & Family Services	$ 28,782,107	
	Other Agencies (Not Tested as a Major Program)	5,379	
	Total ES Cluster	$ 28,787,486	0.11%
17.225	Unemployment Insurance		
	Ohio Department of Job & Family Services	$ 1,555,926,272	
	Total CFDA # 17.225	$ 1,555,926,272	6.16%
WIA Cluster			
17.258 / 17.259 / 17.260 / 17.277 / 17.278			
	Ohio Department of Job & Family Services	$ 88,703,671	
	Other Agencies (Not Tested as a Major Program)	813,179	
	Total WIA Cluster	$ 89,516,850	0.35%
U.S. Department of Transportation			
Highway Planning and Construction Cluster			
20.205 / 20.219 / 23.003			
	Ohio Department of Transportation	$ 1,542,202,660	
	Other Agencies (Not Tested as a Major Program)	1,147,303	
	Total Highway Planning and Construction Cluster	$ 1,543,349,963	6.11%

STATE OF OHIO
JULY 1, 2013 THROUGH JUNE 30, 2014
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
	Highway Safety Cluster		
20.600 / 20.601 / 20.610 / 20.612			
	Ohio Department of Public Safety	$ 13,846,637	
	Other Agencies (Not Tested as a Major Program)	426,209	
	Total Highway Safety Cluster	$ 14,272,666	0.06%
U.S. Environmental Protection Agency			
66.458	CAP Grants for Clean Water State Revolving Funds		
	Ohio Environmental Protection Agency	$ 434,291,674	
	Total CFDA # 66.458	$ 434,291,674	1.72%
66.468	CAP Grants for Drinking Water State Revolving Funds		
	Ohio Environmental Protection Agency	$ 126,459,996	
	Total CFDA # 66.468	$ 126,459,996	0.50%
U.S. Department of Energy			
81.042	Weatherization Assistance for Low-Income Persons		
	Ohio Development Services Agency	$ 10,473,741	
	Total CFDA # 81.042	$ 10,473,741	0.04%
U.S. Department of Education			
84.010	Title I Grants to Local Educational Agencies		
	Ohio Department of Education	$ 567,357,932	
	Total CFDA #84.010	$ 567,357,932	2.25%
	Special Education Cluster		
84.027 / 84.173			
	Ohio Department of Education	$ 411,943,781	
	Other Agencies (Not Tested as a Major Program)	3,773,611	
	Total Special Education Cluster	$ 415,717,392	1.65%
84.048	Career and Technical Education - Basic Grants to States		
	Ohio Department of Education	$ 41,302,397	
	Other Agencies (Not Tested as a Major Program)	1,474,615	
	Total CFDA # 84.048	$ 42,777,012	0.17%

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States		
	Opportunities for Ohioans with Disabilities	$ 122,378,785	
	Total CFDA # 84.126	$ 122,378,785	0.48%
84.287	Twenty-First Century Community Learning Centers		
	Ohio Department of Education	$ 42,456,141	
	Total CFDA # 84.287	$ 42,456,141	0.17%
84.367	Improving Teacher Quality State Grants		
	Ohio Department of Education	$ 81,321,682	
	Other Agencies (Not Tested as a Major Program)	2,340,003	
	Total Improving Teacher Quality State Grants	$ 83,661,685	0.33%
	School Improvement Grants Cluster		
84.377 / 84.388			
	Ohio Department of Education	$ 33,139,264	
	Total School Improvement Grants Cluster	$ 33,139,264	0.13%
U.S. Department of Health and Human Services			
	TANF Cluster		
93.558/93.714			
	Ohio Department of Job & Family Services	$ 520,356,197	
	Total TANF Cluster	$ 520,356,197	2.06%
93.563	Child Support Enforcement		
	Ohio Department of Job & Family Services	$ 119,001,859	
	Total CFDA # 93.563	$ 119,001,859	0.47%
93.568	Low-Income Home Energy Assistance		
	Ohio Development Services Agency	$ 195,694,899	
	Other Agencies (Not Tested as a Major Program)	$ 255,478	
	Total CFDA # 93.568	$ 195,950,377	0.78%
	CCDF Cluster		
93.575 / 93.596			
	Ohio Department of Job & Family Services	$ 229,632,185	
	Total CCDF Cluster	$ 229,632,185	0.91%
93.658	Foster Care - Title IV-E		
	Ohio Department of Job & Family Services	$ 201,506,401	
	Other Agencies (Not Tested as a Major Program)	3,783,952	
	Total CFDA # 93.658	$ 205,290,353	0.81%

STATE OF OHIO
JULY 1, 2013 THROUGH JUNE 30, 2014
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
93.659	Adoption Assistance		
	Ohio Department of Job & Family Services	$ 168,475,834	
	Total CFDA # 93.659	$ 168,475,834	0.67%
93.667	Social Services Block Grant		
	Ohio Department of Job & Family Services	$ 90,270,995	
	Ohio Department of Mental Health and Addiction Services	7,488,107	
	Other Agencies (Not Tested as a Major Program)	8,155,603	
	Total CFDA # 93.667	$ 105,914,705	0.42%
93.767	Children's Health Insurance Program		
	Ohio Department of Medicaid	$ 366,124,784	
	Other Agencies (Not Tested as a Major Program)	1,005,586	
	Total CFDA # 93.767	$ 367,130,370	1.45%
	Medicaid Cluster		
93.775 / 93.777 / 93.778			
	Ohio Department of Medicaid	$ 11,904,167,489	
	Ohio Department of Developmental Disabilities	1,473,854,788	
	Other Agencies (Not Tested as a Major Program)	23,024,359	
	Total Medicaid Cluster	$ 13,401,046,636	53.05%
93.959	Block Grants for Prevention and Treatment of Substance Abuse		
	Ohio Department of Mental Health and Addiction Services	$ 86,487,258	
	Total CFDA # 93.959	$ 86,487,258	0.34%
Social Security Administration			
	Disability Insurance/SSI Cluster		
96.001	Social Security - Disability Insurance		
	Opportunities for Ohioans with Disabilities	$ 74,541,202	
	Total Disability Insurance/SSI Cluster	$ 74,541,202	0.30%
Total Major Federal Programs		**$ 23,959,642,577**	**94.85%**
Other Federal Programs		**$ 1,300,777,034**	**5.15%**
Total Federal Awards Expenditures		**$ 25,260,419,611**	**100.00%**

STATE OF OHIO
JULY 1, 2013 THROUGH JUNE 30, 2014
SUMMARY OF FINDINGS AND QUESTIONED COSTS

The findings listed below represent items which are being reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance Required by OMB Circular A-133*.

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Office of Budget & Management (OBM)			
1. Federal Schedule – Various Programs	2014-004	Significant Deficiency	43
Ohio Development Services Agency (DEV)			
1. HEAP – Period of Availability	2014-005	Questioned Costs	46
2. HEAP – Cash Management	2014-006	Noncompliance/ Material Weakness	48
Ohio Department of Developmental Disabilities (DMR)			
1. Medicaid – Provider Certification and Reviews	2014-007	Noncompliance/ Material Weakness	50
2. Medicaid – Accreditation Reviews	2014-008	Noncompliance/ Material Weakness	52
Ohio Department of Education (EDU)			
1. Various Programs – Transparency Act Reporting	2014-009	Noncompliance/ Material Weakness	54
2. DUNS Numbers for Subawards	2014-010	Noncompliance/ Material Weakness	57
3. Cash Management	2014-011	Noncompliance/ Significant Deficiency	59
4. CACFP – Sponsor Reviews	2014-012	Noncompliance/ Significant Deficiency	61
5. Federal Schedule - Various Programs	2014-013	Significant Deficiency	63
Ohio Environmental Protection Agency (EPA)			
1. CWSRF & DWSRF – Invoice reviews	2014-014	Material Weakness	66
2. CWSRF & DWSRF – Cash Management Internal Controls	2014-015	Material Weakness	68
Ohio Department of Job and Family Services (JFS)			
1. IT – IEVS Due Dates and Result Code Errors	2014-016	Questioned Costs/ Noncompliance/ Material Weakness	70
2. SNAP Cluster – Incorrect Benefit Amount	2014-017	Questioned Costs	73
3. Child Care – Copayment Amounts	2014-018	Questioned Costs/ Significant Deficiency	75
4. Child Care Type B Homes – Various Counties	2014-019	Noncompliance/ Material Weakness	78
5. Reporting – CB-496 and OCSE-396A	2014-020	Noncompliance/ Material Weakness	81
6. SF-425 Reporting – Various Programs	2014-021	Noncompliance/ Material Weakness	84

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Job and Family Services (JFS) (Cont.)			
7. Various Programs – Transparency Act Reporting	2014-022	Noncompliance/ Material Weakness	86
8. Various Programs – Cash Management	2014-023	Noncompliance/ Material Weakness	89
9. CCDF Cluster – Fraud Detection and Repayment Monitoring	2014-024	Significant Deficiency	92
Ohio Department of Medicaid (MCD)			
1. Medicaid/CHIP – Ineligible Recipients	2014-025	Questioned Costs/ Significant Deficiency	95
2. Medicaid/CHIP – Incorrect Benefit Amount	2014-026	Questioned Costs/ Significant Deficiency	99
3. IT – MITS – Claims Reimbursed in Excess of OAC Limits	2014-027	Questioned Costs	101
4. Medicaid/CHIP – Incomplete Consumer Complaint Population	2014-028	Noncompliance/ Material Weakness	104
5. IT – Lack of Formal Program Change Policy and Procedures	2014-029	Significant Deficiency	106
6. Medicaid – Federal Schedule	2014-030	Significant Deficiency	109
7. Medicaid & CHIP - SUR Limited Scope Reviews	2014-031	Significant Deficiency	111
Ohio Department of Mental Health and Addiction Services (MHA)			
1. SSBG – Transparency Act Reporting	2014-032	Noncompliance/ Material Weakness	113
2. DUNS Numbers for Subawards	2014-033	Noncompliance/ Material Weakness	115
3. SAPT – Late Report Submission	2014-034	Noncompliance/ Significant Deficiency	118
Ohio Department of Public Safety (DPS)			
1. Subrecipient Monitoring	2014-035	Noncompliance	120
2. Federal Transparency Act - Subaward Reporting	2014-036	Material Weakness	122
Ohio Department of Transportation (DOT)			
1. Highway Planning & Construction Cluster – Transparency Act Reporting	2014-037	Noncompliance/ Material Weakness	124

The findings listed below are also reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*.

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Medicaid (MCD)			
1. IT – Lack of Formal Program Change Policy and Procedures	2014-001	Significant Deficiency	31

STATE OF OHIO
JULY 1, 2013 THROUGH JUNE 30, 2014
SUMMARY OF FINDINGS AND QUESTIONED COSTS

The findings listed below represent other issues related to Findings for Recovery (FFR). They do not impact the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standard*s or the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by *OMB Circular A-133*.

AGENCY/COMMENTS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Education (EDU)			
1. Finding For Recovery – Sunrise Academy	2014-002	FFR	32
2. Finding For Recovery – Directional Academy	2014-003	FFR	33

STATE OF OHIO
JULY 1, 2013 THROUGH JUNE 30, 2014
SUMMARY OF QUESTIONED COSTS BY FEDERAL AGENCY AND PROGRAM

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE	PAGE NUMBER(S)	QUESTIONED COSTS
U.S. DEPARTMENT OF AGRICULTURE		
10.551 / 10.561 – SNAP Cluster	73 *	$258
Total U.S. Department of Agriculture		$258
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.568 - Low-Income Home Energy Assistance	46	$2,977
93.575 / 93.596 – CCDF Cluster	75	$82
93.767 – Children's Health Insurance Program	95, 99, *	$31,705
93.775 / 93.777 / 93.778 – Medicaid Cluster	95, 99, *	$577
Total U.S. Department of Health and Human Services		$35,341
TOTAL QUESTIONED COSTS - STATE OF OHIO		**$35,599**

Note: * Finding number 2014-016 on page 70, and 2014-027 on page 101 reported questioned costs for which the amounts could not be determined.

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1. FEDERAL SCHEDULE – VARIOUS PROGRAMS

Finding Number	2014-004
State Agency/Number	OBM-01
CFDA Number and Title	10.553/10.555/10.556/10.559 – Child Nutrition Cluster 84.377/84.388 – School Improvement Grants Cluster 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Education Department of Health and Human Services
Compliance Requirement	Schedule of Expenditures of Federal Awards

SIGNIFICANT DEFICIENCY

It is management's responsibility to implement control policies and procedures to reasonably ensure the State of Ohio's Schedule of Expenditures of Federal Awards (Schedule) is complete and accurate. Sound internal controls require a review and analysis of the Schedule and agency Attachments be performed prior to submission to the federal government to verify the information reported is accurate and complete. This review and analysis must be documented in some manner.

During state fiscal year 2014, the Office of Budget and Management (OBM) provided each state agency that received federal funds a reporting package containing a template of the Schedule to be used and instructions for completing the reporting package. OBM used the information returned by the agencies to prepare the overall Schedule and related footnotes for the State of Ohio. OBM provided queries in Business Intelligence (BI), the State's data warehouse, that agencies can choose to use to obtain federal revenue and expenditure data from OAKS when the agencies do not have other OAKS reports and queries available with this data. These queries prompt the agency to enter certain fields (required and optional) to extract the necessary data. Some example fields include fiscal year, fund, department ID, CFDA number, and grant ID. The various agencies used the reporting packages to provide the information necessary to determine the expenditure amounts reported on the Schedule for each of their federal programs and the related footnotes based on the output from their reports and queries, the BI query, or a combination of both. Additionally, each state agency signed a certification form validating the accuracy and completeness of the information submitted.

OBM indicated they review the reporting packages for clerical and mathematical accuracy (i.e., proper CFDAs, footing, cross-footing, and the supporting amounts agree to the totals) in order to identify any discrepancies prior to preparation of the State of Ohio's Schedule. OBM also indicated they compare federal expenditures for the current year to the prior year Schedule in total by program and in total by agency to identify and research any significant or unusual changes (variances exceeding 10 percent of the program total and $20 million). However, no comparison is completed at the program level by agency.

As reported in finding number 2014-030, there were variances identified on the Schedule and Attachment A submitted to OBM by the Ohio Department of Medicaid (MCD) which resulted in an overstatement of $335,132,150 (2.5%) for the Medicaid Cluster (CFDA # 93.775/93.777/93.778) due to the following:

- MCD reported $394,536,698 in federal revenue in Funds 3A40 and 3G60 which was directly passed through to the Ohio Department of Developmental Disabilities (DDD). However, this amount should have been deducted from MCD's portion of the Schedule since DDD properly reported this same amount as federal revenue on its portion of the Schedule.
- MCD did not identify and report transactions within Fund 5DL0, account code 440300, totaling $59,404,548 which was earned federal revenue drawn for the Medicaid Cluster that was deposited into a state account.

1. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

Additionally, as reported in finding number 2014-013, the Schedule and Attachment A submitted to OBM by the Ohio Department of Education (EDU) contained the following variances:

- The School Improvement Grants Cluster (CFDA #84.377/84.388) was understated by $718,283 (2.2 %) due to the following:

  - The School Improvement Grants (CFDA #84.377) program did not include program related consolidated administrative disbursements of $658,880, which were incorrectly reported under CFDA #84.000 Consolidated Administrative Funds. Also, the program improperly included refunds from prior year disbursements of $28,125 as other adjustments in Attachment A.
  - The School Improvement Grants, Recovery Act (CFDA #84.388) improperly included $31,278 of refunds from prior year disbursements as other adjustments in Attachment A.

- Inventory Balances for Non-Cash Federal Assistance Programs for the National School Lunch Program (CFDA #10.555) as of June 30, 2014 was overstated by $500,000 (2.4% of total non-cash assistance; less than 0.1% for the Child Nutrition Cluster)on the Notes to the Schedule document within the Department's reporting package. The Department reported an outstanding balance of $3,724,436; however, support documentation showed this amount should have been $3,224,436.

OBM's review of the data submitted by MCD and EDU did not identify and correct these errors prior to completing the State of Ohio's Schedule. These errors were brought to OBM's attention by the auditor and the State's Schedule was adjusted prior to submission to the federal government.

Without adequate monitoring and completeness controls over the State of Ohio's Schedule, management cannot reasonably ensure the information reported on the Schedule is complete and accurate. If all expenditures are not accurately reported on the Schedule, the risk is increased that the State of Ohio's Schedule of Expenditures of Federal Awards may be materially misstated and those using it could be relying on inaccurate information.

According to OBM management, the errors in the Schedule were not identified in their review because the agencies' Schedules were found to be mathematically accurate and reasonable explanations were obtained for significant variances they identified. OBM relies on the state agencies to ensure the completeness and accuracy of the information reported because they do not have an active role in the grant process. Management also indicated these errors can be attributed to the lack of a centralized process or system, such as a grants management system or similar module within OAKS, which would allow OBM the ability to identify and monitor the activity of federal programs by CFDA number rather than fund to help ensure the Schedule is complete and accurate.

We recommend OBM management strengthen and improve its existing monitoring and oversight controls to help ensure all required expenditures and revenue are accurately reported by the state agencies prior to completing the State of Ohio's Schedule of Expenditures of Federal Awards. These procedures could include, but are not limited to, the following:

- Calculating estimated/expected total federal expenditures based on OAKS data and or other outside sources used to compile the cash basis financial statements and comparing these amounts to total federal expenditures reported on the draft Schedule to verify the amounts reported are within a reasonable percentage of the estimated amounts to help identify any errors or omissions that could be significant to the Schedule. This review should be documented in some manner and the documentation should be maintained.
- Requiring the agencies to provide information on significant financial changes to their programs, changes to their procedures for preparing the Schedule, and explanations for significant variance identified with their completed Schedule.

1. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

- Reevaluating the criteria used to identify significant variances that require further investigation based on the prior year to current year comparison, and completing this comparison at the program levels for individual agencies.
- Implementing a more centralized process and or system to provide a more focused and accurate monitoring tool for the compilation and preparation of the State of Ohio's Schedule of Expenditures of Federal Awards.
- Providing training for state agencies on how to complete the Schedule and Attachments. These topics may include, but are not limited to:
    - Only including current year activity since the Schedule is completed on a cash basis.
    - Allowable adjustments to be included on the Attachment A, Column E
    - Discussion and answer of common questions related to the Schedule

Official's Response and Corrective Action Plan

The Office of Budget and Management (OBM) acknowledges our responsibility to reasonably ensure the State of Ohio Schedule of Expenditures of Federal Awards (Schedule) provided to the Auditor of State as part of the State of Ohio Single Audit is complete and accurate. This role includes providing adequate monitoring and completeness controls relative to the Schedule.

Since the Schedule is produced outside the accounting system and involves a compilation of state agency federal schedules, there are limitations to the procedures OBM can perform. OBM does not code individual grant disbursements nor perform a supervisory review for accuracy as this is the role of the state agencies that administer these federal programs. The audit finding recommends OBM strengthen its controls to ensure all 32 major program disbursements are accurately reported within a two percent variance, regardless of dollar amount, which is appropriate for individual state agencies although a significant challenge from the central OBM perspective.

OBM will continue to strengthen its analytical procedures and further educate the state agencies to provide accurate and complete individual federal schedules. The OBM Office of Internal Audit recently performed a consulting engagement to identify additional methods for the OBM financial reporting team to deploy in order to identify potential errors in agency federal schedules. OBM will evaluate these tools when the Schedule preparation process begins in August 2015.

Anticipated Completion Date for Corrective Action

November 1, 2015

Contact Person Responsible for Corrective Action

Jim Kennedy, Senior Deputy Director, Services and Operations, Ohio Office of Budget and Management, 30 East Broad Street, Columbus, Ohio 43215, Phone: (614) 728-7665, E-Mail: james.kennedy@obm.state.oh.us.

1. HEAP – PERIOD OF AVAILABILITY

Finding Number	2014-005
State Agency/Number	DEV-01
CFDA Number and Title	93.568 – Low-Income Home Energy Assistance
Federal Agency	Department of Health and Human Services
Compliance Requirement	Period of Availability

QUESTIONED COSTS $2,977

45 CFR 92.3, the uniform administrative requirements for grants to state and local governments for the U.S. Department of Health and Human Services (HHS), defines obligations as:

> the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

45 CFR 96.14 relates to the period of availability (POA) for block grant funds provided by HHS, and states, in part:

> (a) *Obligations.* Amounts unobligated by the State at the end of the fiscal year in which they were first allotted shall remain available for obligation during the succeeding fiscal year for all block grants except:
>
> . . .
>
> (2) *Low-income home energy assistance.* Regular LIHEAP block grant funds authorized under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) are available only in accordance with section 2607(b)(2)(B) of Public Law 97-35 (42 U.S.C. 8626(b)(2)(B)), as follows… Beginning with allotments for fiscal year 1994, a maximum of 10 percent of the amount payable to a grantee may be held available for the next fiscal year. No funds may be obligated after the end of the fiscal year following the fiscal year for which they were allotted.

During state fiscal year 2014, the Agency disbursed approximately $184.6 million in federal funds for the Low-Income Home Energy Assistance Program (HEAP) which provides assistance to low-income individuals to help with their utility bills. The DEVFR016 grant award was effective October 1, 2011 through September 30, 2013 (the obligation date). The Agency processed 51 transactions, totaling approximately $541,000 after September 30, 2013. However, of seven vouchers selected for testing from these post-award payment, two, totaling $2,977, were obligated after the award's period of availability ended (projects to more than $10,000), resulting in questioned costs.

Failure by the Agency to adhere to the federal period of availability requirements could result in repayment of funds to the federal government or future funding being reduced. According to management, the period of availability errors were due to oversight.

We recommend the Agency evaluate and strengthen its current policies and procedures to reasonably ensure HEAP program funds are obligated within the required timeframes, as specified by 45 CFR 96.14. We also recommend the Agency review the grant award balances and regularly monitor invoices to ensure HEAP funds are obligated within the period of availability.

1. HEAP – PERIOD OF AVAILABILITY (Continued)

Official's Response and Corrective Action Plan

ODSA has two concurrent active LiHEAP grants during any period throughout the year. These grants have a two-year life and eligible expenses can be charged to either grant.

As a grant period is ending, expenses are coded or re-coded to ensure that the balance of the closing grant is depleted. This is completed by the Fiscal Section Supervisor by judgmentally selecting transactions.

While ODSA agrees that, in this instance, the Fiscal Section Supervisor inadvertently selected transactions to re-code that fell outside of the period of availability, there is no evidence that this mistake projected to more than $10,000.00. The error was one of judgment and not controls.

ODSA will more diligently review expenditure dates to ensure they fall within the period of availability.

Anticipated Completion Date for Corrective Action

N/A

Contact Person Responsible for Corrective Action

Randy Hunt, Deputy Chief, Office of Community Assistance, Ohio Department Services Agency, 77 S. High St. Columbus, Ohio 43215, Phone: (614) 644-6846, E-Mail: Randall.Hunt@development.ohio.gov

2. HEAP – CASH MANAGEMENT

Finding Number	2014-006
State Agency/Number	DEV-02
CFDA Number and Title	93.568 – Low-Income Home Energy Assistance
Federal Agency	Department of Health and Human Services
Compliance Requirement	Cash Management

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Cash Management Improvement Act (CMIA) Agreement between the State of Ohio and the U.S. Department of the Treasury requires the Agency to utilize the Pre-issuance Methodology when requesting federal funds for the HEAP program. Section 6.2.1 of the agreement regarding Pre-Issuance Methodology states, in part:

> The State shall request funds such that they are deposited in a State account not more than three days prior to the day the State makes a disbursement…The amount of the request shall be the amount the State expects to disburse…

During state fiscal year 2014, the Agency drew down approximately $191 million in federal funding for the HEAP program. The Agency received payment requests from utility companies monthly for the HEAP assistance and compiled a worksheet of all requested amounts to determine the amount of federal funds to draw. This evaluation included year-to-date expenditures, year-to-date revenues, and any refunds received and/or pending. However, the Agency's internal controls did not ensure compliance with the time limits established in the CMIA Agreement for all transactions. Of 47 disbursements tested from 17 draws/receipts, eight (17%) were not disbursed within three days as required by the CMIA Agreement. The number of days late ranged from four to 12.

Without timely disbursement of funds in accordance with federal requirements and the CMIA Agreement, interest penalties may be incurred by the State of Ohio. This could also subject the Agency to sanctions or other penalties by the federal grantor agency. According to management, these errors likely occurred due to delays in processing and approving disbursements because of the volume and frequency of disbursements.

We recommend the Agency reinforce and strengthen its existing controls to reasonably ensure all requests for HEAP federal funds are drawn down consistent with the Agency's immediate cash needs and disbursed timely in accordance with the guidelines set forth in the CMIA Agreement. We also recommend the Agency establish procedures to periodically monitor its compliance with the cash management requirements.

Official's Response and Corrective Action Plan

Due to the volume of LiHEAP transactions, the Accounting Manager in the Agency Fiscal Office downloads these on a daily basis. She then requests the corresponding dollars from the federal government based on the total provided from the Program office. Subsequently and periodically, the Program office has to recall vouchers due to the inclusion of incorrect information. Additionally, outside entities such as Ohio Shared Services cause similar delays. This results in a delay in the release of those dollars, causing ODSA to be out of compliance with the CMIA agreement.

ODSA will undertake a comprehensive review of its internal controls to identify where modifications to policies can be made to alleviate these situations.

2. HEAP – CASH MANAGEMENT (Continued)

Anticipated Completion Date for Corrective Action

In process; to be completed by June 30, 2015

Contact Person Responsible for Corrective Action

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1. MEDICAID – PROVIDER CERTIFICATIONS AND REVIEWS

Finding Number	2014-007
State Agency/Number	DMR-01
CFDA Number and Title	93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Special Tests and Provisions – Provider Eligibility

NONCOMPLIANCE AND MATERIAL WEAKNESS

42 CFR 456.22 states:

> To promote the most effective and appropriate use of available services and facilities the Medicaid agency must have procedures for the on-going evaluation, on a sample basis, of the need for and the quality and timeliness of Medicaid services.

An interagency agreement between the Ohio Department of Medicaid (MCD), the state Medicaid agency, and the Ohio Department of Developmental Disabilities (the Department) requires the Department to determine certification for and perform reviews of providers of Medicaid services administered by the Department. It is management's responsibility to implement control policies and procedures to reasonably ensure established procedures are operating as intended and reasonably ensure compliance with Medicaid rules and regulations. Controls must be adequately documented and periodically monitored by management to provide management with reasonable assurance the controls are performed timely and consistently.

During state fiscal year 2014, the Department disbursed approximately $1.74 billion in both Federal and State Medicaid funding to Medicaid waiver providers and intermediate care facilities and certified 1,497 providers and facilities. In order to obtain certification, providers send an application and necessary documentation to the Department through the Provider Certification Wizard (PCW), a system which performs edit checks to ensure all necessary documentation was received. Once accepted by PCW, the Certification Specialist reviews the application and documentation and either approves or disapproves the provider within PCW. The Certification Manager then reviews the applications and, if there are background check issues or other special circumstances, evidences her review within the history table in PCW. However, if there are no background check issues or other special circumstances, the Certification Manager does not evidence her review of the certification determinations made by the Certification Specialists. Once certified, the Office Assistants enter data from the applications into the Medicaid Information Technology System (MITS) housed at MCD to obtain a Medicaid billing number. However there is no supervisory review of the data entered into MITS to ensure accuracy and completeness of data input.

In addition, the Department completed 1,700 reviews of providers and intermediate care facilities for compliance with certification standards. For each review, a Compliance Summary Report is to be sent to the provider with the results, which includes citations noted and corrective actions required. Per the Department's policies and procedures, corrective action plans are to be verified for implementation by the Department within 90 days of receipt. However, one of 25 (4%) corrective action plans selected for testing was not verified within 90 days. The corrective action plan was verified 101 days late. In addition, similar errors were noted in which the lateness of the corrective action plan being verified was not significant.

1. MEDICAID – PROVIDER CERTIFICATIONS AND REVIEWS (Continued)

If supervisory reviews over certifications are not evidenced, there is an increased risk reviews are not being completed timely and certifications made by the Certification Specialists are improper. Without monitoring procedures over data entry by the Office Assistants, there is an increased risk that information entered into MITS is inaccurate, Medicaid billing numbers could be assigned to the wrong provider, and providers certified by the Department may not receive a billing number and bill for services provided. If verification of the corrective action plan is not made timely, the provider is not able to remedy citations noted in a timely manner. According to management, PCW does not have a feature to allow evidence of reviews unless there are issues with the certification, but edits are currently being made to the system to allow this. In addition, the Provider Certification Wizard has multiple edit checks so the Certification Specialist's role in the approval process is not as significant. Also, management indicated the Department is working towards implementing an interface between the PCW and MITS to remove this manual data entry process. According to management, the corrective action plan was verified late because a decision was made to put all verifications on hold for the provider until a plan to address a systemic issue at multiple locations could be developed and approved.

We recommend the Certification Manager evidence their review of the certification determinations made by the Certification Specialists to ensure they are proper. We also recommend the Department implement monitoring procedures over the data entry of provider applicant information into MITS to ensure it is complete and accurate. In addition, we recommend the Department strengthen existing procedures to help ensure corrective action plans for citations noted in the provider certification reviews are reviewed timely to reasonably ensure compliance with Department policies and procedures.

Official's Response and Corrective Action Plan

In March 2014, the Manager Audit Completed date field was added to the provider certification system to allow for the Certification Manager to indicate that a supervisory review was completed. These reviews are done for all applications where a background check or other special circumstance includes supervisory involvement; and a sampling of applications where no special circumstances existed. Upon completion of each review, the Certification Manager enters the date of the review into the Manager Audit Completed field.

With the support of OHT, DODD and ODM are jointly working to establish an interface between DODD's provider certification system and MITS, which will eliminate the data input into MITS. The data will be transferred electronically, which eliminates the need for supervisory review. This interface is scheduled to be utilized starting in spring 2015.

While we do not think the delay in this instance was a risk to the county board, we do endeavor to adhere to the established time frames. We believe that the new electronic compliance record system will support monitoring the time frames.

Anticipated Completion Date for Corrective Action

The Certification Manager is currently evidencing when reviews are completed by entering the date of the review into the Manager Audit Completed field on the Recommendations Tab in the certification system. The creation of the electronic interface between DODD's certification and MITS will eliminate the potential for data entry errors to occur starting in spring 2015 (March 31, 2015). May 1, 2015.

Contact Person Responsible for Corrective Action

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2. MEDICAID – ACCREDITATION REVIEWS

Finding Number	2014-008
State Agency/Number	DMR-02
CFDA Number and Title	93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Subrecipient Monitoring

NONCOMPLIANCE AND MATERIAL WEAKNESS

OMB Circular A-133 §__.400 (d) states, in part:

> Pass-through entity responsibilities. A pass-through entity shall perform the following for Federal awards it makes:
> . . .
>
> (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of the contacts or grant agreements and that performance goals are achieved.
>
> . . .

Furthermore, Ohio Administrative Code (OAC) Section 5123:2-4 outlines the procedures the Department is required to follow to implement an accreditation system of each County Board of Developmental Disabilities (county board). The accreditation system requires the Department conduct on-site reviews of the county boards and measure the board's compliance with federal and state statutes and rules. Furthermore, OAC Section 5123:2-4-01 (D)(6)(b) requires the Department provide written approval or disapproval of the county board's plan of correction to the board within 30 days of receipt of the plan.

The Department disbursed approximately $367 million in both Federal and State Medicaid funding to the 88 county boards during state fiscal year 2014 and conducted accreditation reviews for 25 of the county boards whose accreditations were set to expire during the coming year. During the accreditation review, each Reviewer is to complete their respective portion of the Compliance Review tool within the CMO Compliance software system, an electronic tool that assists the reviewer in determining if federal and state requirements were met. After the accreditation review is completed, the CMO system generates a Compliance Review Summary (the Summary) which is to be reviewed and approved by the Compliance Review Manager prior to it being sent to the county board. The county board is given an opportunity to challenge the findings in the Summary before becoming Final. Once final, the county board is required to submit a Plan of Corrections and the Department has 30 days to review and approve the plan. While the Department had implemented policies and procedures over the accreditation review process, these procedures were not operating effectively. One of five (20%) county board Plans of Correction selected for testing was not reviewed and approved by the Department within 30 days as required by OAC Section 5123:2-4-01(D)(6)(b). The Department's approval was 8 days late. In addition, similar errors were noted in which the lateness of the Plan of Corrective being reviewed and approved was not significant. According to management, the approval was late due to miscommunication.

If internal controls over accreditation reviews are not operating as intended, the Department risks not complying with rules and regulations related to these reviews. If Plans of Correction are not reviewed and approved timely, the county board is not able to take timely action to remedy the issues noted, which could lead to unnecessary sanctions.

2. MEDICAID – ACCREDITATION REVIEWS (Continued)

Official's Response and Corrective Action Plan

DODD endeavors to meet our established time lines. There are times however when additional investigation is needed for a particular site or for the provider as a whole to be sure that the plan of correction is as complete and thorough as it must be. The example here was one of those times.

More generally, we anticipate implementation of the electronic review and reporting system in July. This will assist us in meeting the timelines.

Anticipated Completion Date for Corrective Action

August 1, 2015

Contact Person Responsible for Corrective Action

Kathryn Haller, Chief Legal Counsel, Ohio Department of Developmental Disabilities, 30 E. Broad Street, Columbus, Ohio 43215, Phone: (614)-752-4744, E-Mail: kate.haller@dodd.ohio.gov.

1. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING

Finding Number	2014-009
State Agency/Number	EDU-01
CFDA Number and Title	10.553/10.555/10.556/10.559 – Child Nutrition Cluster 10.558 – Child and Adult Care Food Program 84.010 – Title I Grants to Local Educational Agencies 84.027/84.173 – Special Education Cluster 84.048 – Career and Technical Education - Basic Grants to States 84.287 – Twenty-First Century Community Learning Centers 84.367 – Improving Teacher Quality State Grants 84.377/84.388 – School Improvement Grants Cluster
Federal Agency	Department of Agriculture Department of Education
Compliance Requirement	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA (American Recovery and Reinvestment Act) federal awards who make first-tier subawards, report these subawards on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of $25,000 or more to an entity. Prime recipients must report this information by the end of the month following the month in which the obligation is made.

During state fiscal year (SFY) 2014, the Department disbursed approximately $1.69 billion in non-ARRA subawards for the following major federal programs, which were subject to Transparency Act reporting:

CFDA Number	Federal Program Name	Amount Disbursed
10.553/555/556/559	Child Nutrition Cluster	$446,017,793
10.558	Child and Adult Care Food Program	$89,239,105
84.010	Title I Grants to Local Education Agencies	$566,777,562
84.027/84.173	Special Education Cluster	$399,303,113
84.048	Career and Technical Education – Basic Grants to States	$36,660,635
84.287	Twenty-First Century Community Learning Centers	$42,232,076
84.367	Improving Teacher Quality State Grants	$80,450,061
84.377	School Improvement Grants	$25,449,654

However, during SFY 2014, the Department did not collect and report information on the FSRS website for all applicable subawards made during the year from the above listed grants received from the United States Department of Agriculture (USDA). In addition, the Department did not have any controls to gather data and comply with this reporting requirement. According to management, the Department is updating its USDA related grant computer system to provide a means to gather data for reporting. The expected implementation date is October 2015.

Beginning December 2013, the Department developed a spreadsheet to track information on United States Department of Education (USDE) grant subawards to be reported in the FSRS website and the report submission status of such subawards. However, the tracking sheet was not in place for the first five months of the year, when the majority of the USDE subawards were made, and the Department did not have any controls in place to ensure timely submission of subaward information into FSRS. In addition, the Department did not have procedures to ensure the accuracy and completeness of the

1. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

Transparency Act reporting data prior to submission in FSRS. Moreover, the Department only uploaded information into FSRS once for each federal grant and did not update FSRS for allocation changes that would cause an award to exceed the $25,000 reporting threshold or for changes in the subaward amounts already reported in FSRS. In addition, of 59 USDE subawards selected for testing that were made during SFY14:

- 24 (40.7%) had no subaward information entered into FSRS by the end of the fiscal year. The number of these subawards by federal program were:
    - Ten – Improving Teacher Quality State Grants
    - Six – Special Education Cluster (all for CFDA #84.173)
    - Four – School Improvement Grants
    - Two – Title I Grants to Local Educational Agencies
    - One – Twenty-First Century Community Learning Centers
    - One – Career and Technical Education - Basic Grants to States
- 35 (59%) were entered into FSRS late by 30 to 275 days, with an average of 134 days.
- 34 (57.6%) reported an incorrect subaward obligation or action date, with 24 of these listing a date different by at least a month. The Department always used July 1, 2013, as the subaward obligation or action date; however, federal guidelines require using the date the subaward agreement was signed.
- 31 (52.5%) reported an incorrect obligation amount in FSRS. The Department only performed one upload for each federal grant and did not change the amounts based on revised allocation amounts for the subawards. The variances ranged from $1,000 to $535,000.

By not complying with the federal Transparency Act reporting requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. Without proper controls in place the risk of noncompliance with the Transparency Act reporting requirements is increased. According to management, these errors were due to oversight and a lack of resources to complete the required Transparency Act reporting.

We recommend the Department focus on collecting and reporting on current subaward data for all programs subject to the Transparency Act. Once the Department has successfully submitted the current subaward data, previous years' subaward data can then be submitted to FSRS. In order to appropriately reflect new subawards and changes in allocation/obligated amounts during the life of the grants, the Department should enter subaward information in FSRS for each Federal award on a monthly basis and update prior subaward submissions as necessary. We also recommend the Department evaluate its current control procedures over the subaward reporting process and update them as necessary to help ensure compliance with the Transparency Act reporting requirements, including a supervisory review by management to help ensure the transparency act reports are accurate and complete prior to submission to FSRS. The Department should document these reviews in some manner to provide reasonable assurance the reviews were performed prior to data submission.

Official's Response and Corrective Action Plan

USDA

The Department contacted the USDA Midwest Regional Office to obtain clarification on meeting Transparency Act requirements. The Director is awaiting further direction.

1. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

USDE

The Department continues to upload reports to the FSRS website. The Department provided documentation of compliance to USDE in October 2014. The Department has not reported modifications to original allocations and will develop procedures to include adjustments to awards. Also, procedures are being developed to ensure the collection of DUNS numbers for all entities, which will increase completeness of reporting. Further, communication processes will be developed to ensure that Fiscal Services is aware of instances when program offices reallocate funds. Determinations will then be made on required additional reporting to the FSRS website

Anticipated Completion Date for Corrective Action

USDA

The completion date will be determined after additional guidance is received.

USDE

April 30, 2015.

Contact Person Responsible for Corrective Action

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2. DUNS NUMBERS FOR SUBAWARDS

Finding Number	2014-010
State Agency/Number	EDU-02
CFDA Number and Title	84.010 – Title I Grants to Local Educational Agencies 84.027/84.173 – Special Education Cluster 84.048 – Career and Technical Education - Basic Grants to States 84.287 – Twenty-First Century Community Learning Centers 84.367 – Improving Teacher Quality State Grants 84.377/84.388 – School Improvement Grants Cluster
Federal Agency	Department of Education
Compliance Requirement	Subrecipient Monitoring

NONCOMPLIANCE AND MATERIAL WEAKNESS (TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS)

MATERIAL WEAKNESS (ALL OTHER PROGRAMS LISTED ABOVE)

2 CFR part 25 established the Dun and Bradstreet Data Universal Numbering System (DUNS) number as a universal identifier for federal financial assistance applicants, as well as recipients and their direct subrecipients. 2 CFR 25.110 states that Part 25 applies to all entities, other than those listed exempted entities, which apply for/receive federal awards or receive subawards directly from recipients of those agency awards. Additionally, 2 CFR part 25, Appendix A, Section B states:

> If you are authorized to make subawards under this award, you:
> 1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
> 2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

It is management's responsibility to implement control policies and procedures to reasonably ensure compliance with the DUNS number requirements. Effective controls require award recipients to notify potential subrecipients about providing a DUNS number or obtain it via review of subaward application documents prior to approval of such subawards.

During state fiscal year 2014, the Department did not have a consistent method for obtaining a DUNS number from subrecipients before entering into subawards using federal funds from U.S. Department of Education (ED) grants. As part of the application process for the subawards, subrecipients entered various information in the Ohio Educational Directory System (OEDS) and the Comprehensive Continuous Improvement Plan (CCIP) systems. Applicants had the option of entering their DUNS number in OEDS; however, it was not a required field, was not entered or uploaded into CCIP, and was not readily visible to users. Moreover, Department employees within the program offices stated they did not obtain or review an entity's DUNS number during the application process or after approving the subaward. Although the Department did obtain DUNS numbers before awarding American Recovery and Reinvestment Act (ARRA) funds to subrecipients several years ago, not all subrecipients received ARRA awards and the entities that are subrecipients could change from year to year. For example, there were 40 new community school subrecipients in fiscal year 2014. In addition, for one of 25 (4%) Twenty-First Century Community Learning Center subawards tested, the Department could not provide evidence it had obtained, or the subrecipient had, a DUNS number.

2. DUNS NUMBERS FOR SUBAWARDS (Continued)

Without proper internal controls to ensure applicants provide a valid DUNS number prior to approval of the subaward, the Department is not complying with 2 CFR part 25. Noncompliance could result in federal funds being reduced, taken away, or other sanctions imposed by the federal grantor agency. According to management, they thought the applicants for ED subawards were required to enter a DUNS number in OEDS in order for the applications to be processed.

We recommend the Department evaluate its current control procedures over the subaward process for ED grants and update them as necessary to establish controls to reasonably ensure it obtains DUNS numbers from all subrecipients before approving subawards. Potential methods may be to inform subrecipients of the DUNS number requirement through newsletters, notes, and other means within CCIP or other communications to the subrecipients; make the DUNS number field in OEDS a required and readily readable field; or include a step (perhaps by checklist) in the subaward application review and approval process to document receipt of the DUNS numbers before the application can be approved. We also recommend the Department establish procedures to periodically monitor its compliance with the related requirements and initiate necessary actions to resolve any noncompliance that results.

Official's Response and Corrective Action Plan

Various efforts are occurring to bring the Department into full compliance. The DUNS number field will be a required field in OEDS. Also, the CCIP assurances have been updated, and local education agencies must certify an accurate DUNS number has been provided. DUNS number validations will go live in the CCIP during the week of February 9, and communications with the field will occur on the Department's home page and in the CCIP Document Library. Finally, the requirement for LEAs to have a DUNS number has been discussed with program personnel in two offices. Additional conversations will be held in February 2015. Program Consultants will not approve applications if the LEAs do not provide the DUNS number.

Anticipated Completion Date for Corrective Action

July 31, 2015.

Contact Person Responsible for Corrective Action

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3. CASH MANAGEMENT

Finding Number	2014-011
State Agency/Number	EDU-03
CFDA Number and Title	10.553/10.555/10.556/10.559 – Child Nutrition Cluster 10.558 – Child and Adult Care Food Program 84.010 – Title I Grants to Local Educational Agencies 84.027/84.173 – Special Education Cluster 84.367 – Improving Teacher Quality State Grants
Federal Agency	Department of Agriculture Department of Education
Compliance Requirement	Cash Management

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

U.S. Treasury regulations, 31 CFR part 205, which implemented the Cash Management Improvement Act of 1990 (CMIA), require state recipients enter into agreements which prescribe specific methods of drawing down federal funds (funding techniques) for selected large programs. The Department's Child Nutrition Cluster, Child and Adult Care Food Program, Title I Part A, Special Education Cluster, and Improving Teacher Quality State Grants are covered by such an agreement. The fiscal year 2014 Cash Management Improvement Act (CMIA) Agreement between the State of Ohio and the U.S. Department of Treasury required the Department utilize the Pre-Issuance technique when requesting funds for these federal programs. Paragraph 6.2.1 of the CMIA agreement requires the following for the Pre-Issuance funding technique:

> The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.

During the fiscal year, the Department drew down approximately $1.6 billion for the major federal programs tested for compliance with the CMIA Agreement and applied the same drawdown process to these programs. A Fiscal Specialist calculated the amount of funds to be drawn based on the Department's cash needs (payroll, administrative costs, subsidy payments, etc.) and the current cash on hand. In addition, the Fiscal Officer reviewed and approved these federal draws on a daily basis, and staff performed both daily and monthly reconciliations between OAKS and the applicable federal systems. However, the Department's controls did not prevent noncompliance with the cash management requirements. For one of 25 (4%) draws selected for testing, the Department did not disburse the revenue drawn for the Child and Adult Care Food Program until seven days after receipt of the federal funds, and four days later than required by the CMIA Agreement. Similar immaterial errors were also noted and are included in the Department's management letter.

Not limiting draws to the Department's immediate cash needs and the untimely expenditure of funds could result in noncompliance with the CMIA compliance requirements. This condition could subject the Department to sanctions or other penalties and a repayment of part of the grant award amount. In addition, noncompliance could subject the Department to paying interest charges on these draws. According to management, the late disbursements were caused by the federal draw methodology used at that time.

3. CASH MANAGEMENT (Continued)

We recommend the Department evaluate its existing cash management control procedures and update them as necessary to reasonably ensure all requests for federal funds are disbursed timely and are drawn only for immediate cash needs in accordance with the guidelines set forth in the CMIA Agreement. We also recommend the Department establish procedures to periodically monitor its compliance with the cash management requirements and initiate necessary actions to resolve any noncompliance that results.

Official's Response and Corrective Action Plan

In November 2013, Fiscal Services changed the method of drawing funds from USDA. Funds are drawn after approved invoices are posted to the State accounting system, the Ohio Administrative Knowledge System. This ensures that payments are processed when federal funds are received, minimizing the time between receipt of funds and the issuance of payments.

Anticipated Completion Date for Corrective Action

November 2013 and ongoing

Contact Person Responsible for Corrective Action

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4. CACFP – SPONSOR REVIEWS

Finding Number	2014-012
State Agency/Number	EDU-04
CFDA Number and Title	10.558 – Child and Adult Care Food Program
Federal Agency	Department of Agriculture
Compliance Requirement	Subrecipient Monitoring

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

As part of administering the Child and Adult Care Food Program (CACFP), 7CFR 226.6 requires the Department provide technical and supervisory assistance to institutions and facilities to facilitate effective program operations; monitor progress toward achieving program goals; ensure compliance with all requirements of the program; and maintain documentation of supervisory assistance activities, including reviews conducted, corrective actions prescribed, and follow-up efforts.

Specifically, 7 CFR 226.6 (m)(6) states, in part:

> The State agency must annually review at least 33.3 percent of all institutions. At least 15 percent of the total number of facility reviews required must be unannounced. The State agency must review institutions according to the following schedule:
>
> (i) Independent centers and sponsoring organizations of 1 to 100 facilities must be reviewed at least once every three years. A review of such a sponsoring organization must include reviews of 10 percent of the sponsoring organization's facilities;
>
> . . .

It is management's responsibility to implement control policies and procedures to reasonably ensure compliance with program requirements. Effective controls require the Department perform the reviews as frequently as needed and maintain documentation of the review and results.

During state fiscal year 2014, the Department completed reviews of approximately 350 sponsors that participated in the CACFP program. Program Consultants were responsible for visiting these institutions and performing the required reviews. The Consultant completed various documents as part of the review process to evidence what they reviewed and the results. The Assistant Director or Management Analyst then reviewed these documents and denoted acceptance of the reviews in the Claims Reimbursement Reporting System (CRRS). In addition, the Department maintained a CRRS tracking module that listed all the participants of the program and when they were reviewed or were scheduled for review. However, the Department's controls did not prevent noncompliance with the review requirements. For one of 25 (4%) reviews selected for testing, the Department could not provide documentation to show it had performed a review of the sponsor once in the last three years. The sponsor was last reviewed in March 2009, nearly five years ago.

Not properly monitoring CACFP sponsor reviews could result in proper documentation not being reviewed and/or maintained. Not being able to prove compliance with the review compliance requirements could subject the Department to sanctions or other penalties and a repayment of part of the grant award amount. According to management, the review was performed but the consultant purged her files before the documents were entered into CRRS.

4. CACFP – SPONSOR REVIEWS (Continued)

We recommend the Department evaluate its existing CACFP review control procedures and update them as necessary to reasonably ensure all reviews are performed when due. We also recommend the Department establish procedures to periodically monitor its compliance with the review requirements and initiate necessary actions to resolve any noncompliance that results. In addition, the Department should maintain all required documentation in an easily accessible manner, according to an approved records retention schedule.

Official's Response and Corrective Action Plan

Since that period of time, all corrective action is submitted via the online system. The Office for Child Nutrition no longer works with hard copy documentation.

Anticipated Completion Date for Corrective Action

Effective immediately

Contact Person Responsible for Corrective Action

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5. FEDERAL SCHEDULE – VARIOUS PROGRAMS

Finding Number	2014-013
State Agency/Number	EDU-05
CFDA Number and Title	10.553/10.555/10.556/10.559 – Child Nutrition Cluster 10.558 – Child and Adult Care Food Program 84.010 – Title I Grants to Local Educational Agencies 84.027/84.173 – Special Education Cluster 84.048 – Career and Technical Education - Basic Grants to States 84.287 – Twenty-First Century Community Learning Centers 84.367 – Improving Teacher Quality State Grants 84.377/84.388 – School Improvement Grants Cluster
Federal Agency	Department of Agriculture Department of Education
Compliance Requirement	Schedule of Expenditures of Federal Awards

SIGNIFICANT DEFICIENCY

OMB Circular A-133 §__.310 (b)(3) requires that auditees prepare a Schedule of Expenditures of Federal Awards (Schedule) that provides total federal awards expended for each federal program, along with the corresponding CFDA number or other identifying information. It is management's responsibility to implement control policies and procedures to reasonably ensure the Department's portion of the Schedule submitted to the Office of Budget and Management (OBM) is in compliance with OMB Circular A-133. Sound internal controls require a review of the Schedule and Attachments be performed and documented in some manner, prior to submission, to verify the information the Department reported is accurate and complete, and that all transactions and adjustments are appropriately reflected in the State's accounting system, the Ohio Administrative Knowledge System (OAKS).

During state fiscal year 2014, State agencies that received federal funds were provided by OBM a reporting package containing a template of the Schedule, detailed instructions for completing the reporting package, and step-by-step instructions for running queries in OAKS Business Intelligence (BI) for obtaining the Department's expenditure activity.

The Department's Fiscal Officer prepared the Schedule and Attachments based on OAKS data and information provided by the program areas. The Department's management was to review the draft Schedule and Attachments to reasonably ensure completeness and accuracy prior to submission to OBM. However, the Department did not provide any documentation of this review and approval prior to submitting the documents to OBM.

In addition, the following variances were noted:

- The School Improvement Grants Cluster (CFDA #84.377/84.388) was understated by $718,283 (2.2 %) due to the following:
  - The School Improvement Grants (CFDA #84.377) program did not include program related consolidated administrative disbursements of $658,880, which were incorrectly reported under CFDA #84.000 Consolidated Administrative Funds. Also, the program improperly included refunds from prior year disbursements of $28,125 as other adjustments in Attachment A.
  - The School Improvement Grants, Recovery Act (CFDA #84.388) improperly included $31,278 of refunds from prior year disbursements as other adjustments in Attachment A.

5. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

- Inventory Balances for Non-Cash Federal Assistance Programs for the National School Lunch Program (CFDA #10.555) as of June 30, 2014 was overstated by $500,000 (2.4% of total non-cash assistance; less than 0.1% for the Child Nutrition Cluster) on the Notes to the Schedule document within the Department's reporting package. The Department reported an outstanding balance of $3,724,436; however, support documentation showed this amount should have been $3,224,436.

These errors were brought to OBM's attention by the auditor and the State's Schedule was adjusted by OBM prior to submission to the federal government. In addition, similar errors were noted for several other major programs in which the variances were not significant or material to the program and did not require adjustment to the State's Schedule.

Without controls in place to review and approve the Schedule and Attachments the Department risks inaccurately identifying and reporting federal expenditures. By not accurately identifying and reporting federal expenditures, there is an increased risk that not only program activity but also the State of Ohio's Schedule of Expenditures of Federal Awards may be materially misstated. This, in turn, may result in a reduction in program funds and/or fines and penalties from the federal grantor agency.

According to management, the Schedule and Attachments were prepared based on the standard BI queries provided by OBM without adjusting the amounts for removal of prior year refunds and other items In addition, the Department's Chart of Accounts included incorrect information in some cases, causing expenditures to be reported under the wrong CFDA number on the Schedule. Finally, management indicated there was an error in transferring the amount on non-cash federal assistance for CFDA #10.555 from the handwritten copy to the electronic copy of the Notes document.

We recommend the Department prepare written procedures to document its process for compiling, reviewing, and approving the Schedule and Attachments to ensure a consistent methodology is applied to every federal program. In addition, management should strengthen their reviews and monitor the compilation of the Schedule and Attachments to ensure the amounts being reported reconcile to OAKS and program expenditures are properly classified on Attachment A and include only current year adjustments. Management should review the current chart of accounts to ensure its accuracy. Management should also analyze the BI reports and adjust the listed amounts to accurately report current program expenditures on the Schedule. Finally, we recommend management ensure someone other than the preparer review and approve the Department's Schedule and Attachments prior to submission to OBM. This review and approval should be documented in some manner and the documentation should be maintained.

Official's Response and Corrective Action Plan

The Chief Financial Officer (CFO) delegated responsibility to his direct report Fiscal Officer 3. The Fiscal Officer collected information from other fiscal staff and compiled the report. Once compiled, the Fiscal Officer reviewed the report with the CFO. The Department will refine the process to include a more formal review and approval of documentation, and will formalize the process for the Chief Financial Officer to review and approve the final documentation.

Historically, the Department has reported, on the Federal Schedule, administrative cost expenditures in total without issue. The State Auditor noted during this audit that the expenses should be attributed to the originating grant. The Department will begin reporting cost pool amounts at the grant level for the fiscal year 2015 federal schedule. The methodology must consider varying contribution rates based on various grant awards.

Finally, the Department will seek guidance from the Office of Budget and Management on the federal schedule preparation, and will obtain information from the Auditor's Office on data sources used to identify discrepancies.

5. FEDERAL SCHEDULE – VARIOUS PROGRAMS (Continued)

Anticipated Completion Date for Corrective Action

July 31, 2015

Contact Person Responsible for Corrective Action

Donna Jackson, Director of ODE Audits, Ohio Department of Education, 25 South Front Street, Columbus, Ohio 43215, Phone: (614) 644-7812, E-Mail: Donna.Jackson@education.ohio.gov

1. CWSRF & DWSRF – INVOICE REVIEWS

Finding Number	2014-014
State Agency/Number	EPA-01
CFDA Number and Title	66.458 – Capitalization Grants for Clean Water State Revolving Funds 66.468 – Capitalization Grants for Drinking Water State Revolving Funds
Federal Agency	Environmental Protection Agency
Compliance Requirement	Activities Allowed or Unallowed; Allowable Costs and Cost Principles

MATERIAL WEAKNESS

It is management's responsibility to design and implement an internal control structure capable of providing reasonable assurance that objectives are being achieved. As the prime recipient of the Capitalization Grants for Clean Water State Revolving Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF) programs, the Ohio Environmental Protection Agency (EPA) must implement internal controls that reasonably ensure amounts paid to borrowers (usually local government agencies), through the Ohio Water Development Authority (OWDA), are processed accurately, completely, and in compliance with the applicable federal laws and regulations.

During state fiscal year 2014, EPA expended approximately $76.4 million from the CWSRF program and $25.6 million from the DWSRF program for local government water construction projects. Ohio Rev. Code §6111.036 requires that EPA and OWDA share responsibility for the management of these programs. An interagency agreement between EPA and OWDA establishes the responsibilities to be performed by each agency.

Prior to providing funding for a project, EPA enters into a loan agreement with the borrower and prepares a disbursement protocol agreement, including the borrower, project name and identification number, eligible costs, source of funds, and the project contingency cost which is an amount that can only be disbursed after written authorization from EPA. After receiving invoices for construction projects, the borrower completes the electronic Fund Payment Request form (FPR) via OWDA's website. OWDA then reviews the FPR for reasonableness and compliance with the loan agreement; approves the FPR; disburses the funding to the borrower; and, forwards the documentation to EPA. EPA coordinators then review the documentation to ensure the disbursement was allowable and electronically save a copy of the FPR to the Financial Aid Management System (AIMS).The coordinators check the verification box in AIMS to evidence their review. However, six of 50 (12%) disbursements (three DWSRF and three CWSRF) selected for testing were not approved timely within AIMS. The disbursements were approved from 77 to 399 days after the payment date, with an average of 283 days.

Without performing timely reviews of the invoices and FPRs submitted for reimbursement by the borrower or performing other monitoring activities prior to the disbursement taking place, EPA cannot be reasonably assured OWDA's review process ensured payments made to borrowers were for allowable activities. In addition, if EPA does not perform timely reviews, there is an increased risk that noncompliance will not be identified in a timely manner. As a result, there is a risk federal funding will be reduced, taken away, or that other sanctions will be imposed by the federal grantor agency. Management indicated that EPA personnel were not notified of the disbursements completed by OWDA from December 2013 to January 2014 due to oversight. EPA is still working to identify and enter all of the affected disbursements in AIMS.

We recommend EPA reinforce and strengthen existing controls to ensure disbursements and related documentation are reviewed timely. We also recommend management perform periodic monitoring over the disbursement process to ensure the control procedures performed by EPA staff are operating effectively and performed timely and consistently.

1. CWSRF & DWSRF – INVOICE REVIEWS (Continued)

Official's Response and Corrective Action Plan

Utilizing the process that was initiated in January 2013, Ohio EPA improved from last year, going from 78% to 12% over the 30-day time limit. Ohio EPA will continue to follow the fund payment request (FPR) review process that was initiated in January 2013. Management will perform periodic monitoring to improve the timeliness of the FPR reviews. We will continue to focus on this aspect, and we anticipate improvement to continue by following our process established in January 2013.

Anticipated Completion Date for Corrective Action

Process implemented January 2014 and will continue to be followed.

Contact Person Responsible for Corrective Action

Jerry Rouch, Acting Assistant Chief, Division of Environmental and Financial Assistance, Ohio Environmental Protection Agency, 50 W. Town St, Columbus, Ohio 43216, Phone: (614) 644-3660, E-Mail: Jerome.Rouch@epa ohio.gov.

2. CWSRF & DWSRF – CASH MANAGEMENT INTERNAL CONTROLS

Finding Number	2014-015
State Agency/Number	EPA-02
CFDA Number and Title	66.458 – Capitalization Grants for Clean Water State Revolving Funds 66.468 – Capitalization Grants for Drinking Water State Revolving Funds
Federal Agency	Environmental Protection Agency
Compliance Requirement	Cash Management

MATERIAL WEAKNESS

It is management's responsibility to establish and maintain a system of internal controls over the revenue process to provide reasonable assurance objectives are being achieved. As the prime recipient of the Capitalization Grants for the Clean Water State Revolving Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF) programs, the Ohio Environmental Protection Agency (EPA) must implement internal controls to reasonably ensure federal revenue drawn by the Ohio Water Development Authority (OWDA) is processed accurately, completely, and in compliance with the applicable federal laws and regulations. To be effective, the performance of these controls must be documented to show they were executed in a timely and consistent manner.

Ohio Rev. Code §6111.036 requires that EPA and OWDA share responsibility for the management of the CWSRF and DWSRF programs which provide loans and other financial assistance to publicly or privately owned water systems. OWDA draws federal funds from the U.S. Environmental Protection Agency utilizing the Automated Standard Application for Payments (ASAP) system to cover disbursements made from each program. During state fiscal year 2014, OWDA drew approximately $77.4 million in revenue for the CWSRF program and $25.4 million for the DWSRF program. After OWDA requests the draw through the ASAP system, EPA receives a copy of the draw confirmation so they can monitor the federal cash draws and relevant cash balances for the programs. However, during the audit period, EPA did not maintain evidence of the ASAP draw confirmations for:

- Two of 23 (8.7%) draws selected for testing for the CWSRF program.
- Two of 16 (12.5%) draws selected for testing for the DWSRF program.

By not maintaining proper documentation to evidence controls are in place to monitor federal revenue drawn, management cannot be reasonably assured that controls are operating effectively and as intended. Additionally, the risk of noncompliance with federal cash management requirements, specifically Subpart B of 31 CFR Section 205.32, is increased. As the prime recipient of DWSRF and CWSRF federal funds, EPA is ultimately accountable for any resulting noncompliance and could have sanctions imposed by the federal grantor agency. According to management, the ASAP confirmations were not maintained and kept on file due to oversight.

We recommend EPA reinforce and strengthen existing controls over the revenue process to ensure adequate documentation is maintained pertaining to monitoring federal revenue drawn by OWDA. EPA should evidence the monitoring in some manner to help ensure control procedures are performed timely and consistently. In addition, management should periodically monitor the process to ensure control procedures are operating as intended.

2. CWSRF & DWSRF – CASH MANAGEMENT INTERNAL CONTROLS (Continued)

Official's Response and Corrective Action Plan

Ohio EPA's review of individual cash draws by OWDA is one of several internal controls over cash management. In addition to the review of individual draws, cash reconciliations are completed monthly by OWDA, quarterly by Ohio EPA and annually by Ohio EPA during the Federal Financial Reporting process.

Ohio EPA will continue with these controls. Staff responsible for receiving and reviewing the ASAP draw documentation from OWDA will be reminded to insure it includes the confirmation from ASAP. Also, a sample of FY 2015 draws will be reviewed to verify the ASAP confirmations are attached.

Anticipated Completion Date for Corrective Action

The corrective action was completed on 2/10/15.

Contact Person Responsible for Corrective Action

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1. IT – IEVS DUE DATES AND RESULT CODE ERRORS

Finding Number	2014-016
State Agency/Number	JFS-01
CFDA Number and Title	10.551/10.561 – SNAP Cluster 93.558/93.714 – TANF Cluster 93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Agriculture Department of Health and Human Services
Compliance Requirement	Activities Allowed or Unallowed, Allowable Costs, Eligibility, Special Tests and Provisions

QUESTIONED COSTS AND MATERIAL WEAKNESS (MEDICAID, SNAP) Undetermined Amount

NONCOMPLIANCE AND MATERIAL WEAKNESS (MEDICAID, SNAP, TANF)

MATERIAL WEAKNESS (CHIP)

7 CFR 272.8(c)(2) states the following regarding SNAP (formerly Food Stamps) IEVS alerts:

> State agencies must initiate and pursue the actions on recipient households specified in paragraph (c)(1) of this section so that the actions are completed within 45 days of receipt of the information items. Actions may be completed later than 45 days from the receipt of information if:
>
> > (i) The only reason that the actions cannot be completed is the nonreceipt of verification requested from collateral contacts; and
> >
> > (ii) The actions are completed as specified in § 273.12 of this chapter when verification from a collateral contact is received or in conjunction with the next case action when such verification is not received, whichever is earlier.

In addition, OAC 5101:4-7-09 (F)(4) outlines the following guidelines for SNAP IEVS alerts:

> County agencies shall initiate, pursue and complete the actions specified in this paragraph within ninety days from receipt of the information.

45 CFR 205.56(a)(1) (iv) states the following regarding TANF:

> For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary, except that: Completion of action may be delayed beyond forty-five (45) days on no more than twenty (20) percent of the information items targeted for follow-up, if:
>
> (A) The reason that the action cannot be completed within forty-five (45) days is the nonreceipt of requested third-party verification; and
> (B) Action is completed promptly, when third party verification is received or at the next time eligibility is redetermined, whichever is earlier. If action is completed when eligibility is redetermined and third party verification has not been received, the State agency shall make its decision based on information provided by the recipient and any other information in its possession.

1. IT – IEVS DUE DATES AND RESULT CODE ERRORS (Continued)

42 CFR 435.952 states the following regarding Medicaid IEVS alerts (CHIP follows these regulations as well):

(c) Except as specified in §435.953 of this subpart and paragraph (d) of this section, for beneficiaries, the agency must, within 45 days of receipt of an item of information, request verification (if appropriate), determine whether the information affects eligibility or the amount of medical assistance payment, and either initiate a notice of case action to advise the recipient of any adverse action the agency intends to take or make an entry in the case file that no further action is necessary.

(d) Subject to paragraph (e) of this section, if the agency does not receive requested third party verification with-in the 45-day period after receipt of information, the agency may determine whether the information affects eligibility or correct amount of medical assistance payment after the 45-day period. . . .

(e) The number of determinations delayed beyond 45 days from receipt of an item of information (as permitted by paragraph (d) of this section) must not exceed twenty percent of the number of items of information for which verification was requested.

The Department has implemented the Income and Eligibility Verification System (IEVS) which compares income, as reported by the recipients, to information maintained by outside (i.e. collateral) sources for the SNAP, TANF, CHIP, and Medicaid programs with total expenditures of approximately $2.7 billion, $841.7 million, $405.8 million, and $17.6 billion, respectively, in state fiscal year 2014. Information that does not appear to agree is communicated in the form of a CRIS-E alert, which is forwarded to the appropriate county for investigation.

During the state fiscal year 2014 audit, five counties were selected for testing for the timely completion of IEVS alerts in accordance with the federal regulations and ODJFS standards set forth in the IEVS CRIS-E Alert Processing Instruction Guide. These five counties (Cuyahoga, Franklin, Hamilton, Lucas, and Montgomery) represented approximately 43% of the nearly 2.5 million IEVS high priority alerts issued in state fiscal year 2014. However, 18 of 60 (30%) IEVS high priority alerts tested at these five counties were not resolved by the mandated timeframe and there was no documentation for all 18 alerts to indicate third-party verification was pending. These unresolved alerts were for TANF, SNAP, and Medicaid benefits. Of the 18 delinquent high priority alerts (two from Cuyahoga, eight from Franklin, seven from Hamilton, and one from Montgomery counties):

- Four were resolved one to 50 days beyond the due date; no additional recipient benefits appeared to be issued as a result of these errors.
- Nine were resolved 51 to 500 days beyond the due date; no additional recipient benefits appeared to be issued as a result of these errors.
- Five were not resolved. Additional investigation by the ODJFS Bureau of Program Integrity validated that three of the five unresolved alerts tested would not likely cause potential overpayments. However, two of the unresolved alerts could possibly result in potential overpayments. The Bureau indicated the amount could not be quantified at the time of testing. Therefore, an undetermined amount is questioned for the SNAP and Medicaid programs; however, we expect that this amount would project to at least $10,000.

In addition, six of 60 matches (10%) that were resolved after the due date did not have proper result codes and seven of 60 matches (11.7%) that were resolved timely did not have proper result codes. Result codes are entered by case workers to indicate the action taken to resolve the alert. No additional recipient benefits appeared to be issued as a result of these errors.

1. IT – IEVS DUE DATES AND RESULT CODE ERRORS (Continued)

Not completing the IEVS alerts within the established timelines increases the risk that benefits given to ineligible recipients or for inappropriate amounts will not be identified timely. This condition could adversely affect the Department's ability to comply with requirements of these Federal programs. Failure to comply with the requirements related to IEVS could also result in federal sanctions or penalties. Without adequate documentation and application of result codes, a reviewer cannot determine if an IEVS alert has been resolved in accordance with standards, which may lead to benefits being issued to ineligible recipients or benefits being paid in inappropriate amounts.

ODJFS management indicated the alert resolution delinquencies and result code assignments were caused by:

- A lack of staff to complete the alerts timely.
- A lack of time for existing staff to complete the alerts in conjunction with their other assigned duties.
- Human error and possible lack of training when assigning proper result codes to resolved alerts.

We recommend the Department work with the counties to implement control policies and procedures to reasonably ensure matches are completed by the due dates specified in the Federal regulations and IEVS CRIS-E Alert Processing Instruction Guide. These procedures must include reviews by the County IEVS Coordinator or other supervisory personnel (through CRIS-E) to monitor the status of IEVS alerts. Such requirements should be explicitly identified in the sub-grant agreements with the counties and include appropriate ramifications for noncompliance with the stated requirements. We also recommend the Department, as the pass-through entity, continue to monitor the activities of their county subrecipients during the award period to determine if they are following the established controls and are complying with the due date requirements. Finally, we recommend the Department take steps to ensure proper training be provided to case workers so that accurate result codes can be assigned as alerts are resolved.

Official's Response and Corrective Action Plan

The Bureau of Program Integrity Fraud Control Unit will closely monitor IEVS completion rates. Starting in January 2015, the Fraud Control Specialists will be required to report the counties that fall below the timeliness threshold on a monthly report to the Fraud Control Manager. Continuous Improvement Plans for delinquent timeliness rates will be completed with the assistance of the Fraud Control Unit.

The Bureau of Program Integrity Management Evaluation Unit will conduct annual IEVS reviews in the counties of Cuyahoga, Franklin, Hamilton, Lucas and Montgomery that will help detect improper coding of IEVS alerts.

The Bureau of Program Integrity Fraud Control Unit will begin annual IEVS Alert Processing training on March 3, 2015 available by videoconference to all county agencies. Those agencies with notable deficiencies in timeliness and coding will receive personal invitations by email to this training session. This training session will focus on issues of timeliness and coding.

Anticipated Completion Date for Corrective Action

The Corrective Action Plan as described above is already in place starting in January 2015

Contact Person Responsible for Corrective Action

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2. SNAP – INCORRECT BENEFIT AMOUNT

Finding Number	2014-017
State Agency/Number	JFS-02
CFDA Number and Title	10.551/10.561 – SNAP Cluster
Federal Agency	Department of Agriculture
Compliance Requirement	Eligibility

QUESTIONED COSTS $258

7 CFR 272.10(b)(1)(i), pertaining to the SNAP Cluster, states, in part, that a State's system should:

> Determine eligibility and calculate benefits or validate the eligibility worker's calculations by processing and storing all casefile information necessary for the eligibility determination and benefit computation (including but not limited to all household members' names, addresses, dates of birth, social security numbers, individual household members' earned and unearned income by source, deductions, resources and household size)…

When administering federal grant awards for the Department, management of each subrecipient County Department of Job and Family Services (CDJFS) is responsible for providing reasonable assurance only eligible individuals receive assistance and information reported to the Department is accurate, complete and recorded properly in the Client Registry Information System – Enhanced (CRIS-E) to ensure appropriate eligibility determinations. Department management is responsible for monitoring CDJFS activities to help ensure they are in compliance with federal requirements.

During state fiscal year 2014, the Department had expenditures of approximately $2.7 billion in SNAP benefits to recipients based on information provided by the 88 CDJFS. Under the current process, the CDJFS are responsible for processing the application and related information for eligibility determinations and entering the information into (CRIS-E). However, one of 40 (2.5%) cases tested (Cuyahoga CDJFS) did not have accurate income information in CRIS-E based on the earned and unearned income documents contained within the case file. The recipient was determined eligible for benefits, but the benefit amounts were calculated based on incorrect earned and unearned income information. As a result, the recipient was overpaid a total of $258, resulting in questioned costs (projected to an amount greater than $10,000).

By not properly entering correct recipient income information into CRIS-E, inaccurate eligibility determinations could be made or recipient benefit payment amounts may be miscalculated. This could result in questioned costs, reduction in federal funding, or sanctions imposed by the federal grantor agency. If the Department does not consistently review the required documentation on file and in CRIS-E, the Department may not be able to fully support or ensure payments were made only to or on behalf of eligible recipients and that the Department complied with all federal rules and regulations. According to CDJFS management, the error was due to oversight of the case worker.

We recommend the Department work with CDJFS management to ensure they have current policies and procedures to reasonably ensure recipient income information entered into CRIS-E is accurate and complete. The Department should communicate to CDJFS management and their staff the importance of these policies and procedures and ensure the procedures are carried out as intended. In addition, Department management should perform periodic reviews of the case files to reasonably ensure case file information was accurately entered into the system. We also recommend the Department investigate the cases where questioned costs were identified and take steps to recover any overpayments made on behalf of the recipient.

2. SNAP – INCORRECT BENEFIT AMOUNT (Continued)

Official's Response and Corrective Action Plan

The agency agrees with the finding and will make the necessary case corrections, and follow up with an investigation claim referral. The employee will be counseled on their eligibility determination error. The agency will provide the employee with eligibility training, and conduct target case reviews on their caseload to ensure payment accuracy is met.

Anticipated Completion Date for Corrective Action

February 27, 2015

Contact Person Responsible for Corrective Action

Eugene Walton, Cuyahoga County Interim Social Program Administrator #4, Ohio Department of Job & Family Services, 1641 Payne Ave., Cleveland, Ohio 44114, Phone: (216) 987-8647, E-Mail: Eugene.Walton@ jfs.ohio.gov

3. CHILD CARE – COPAYMENT AMOUNTS

Finding Number	2014-018
State Agency/Number	JFS-03
CFDA Number and Title	93.575/93.596 – CCDF Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Activities Allowed or Unallowed, Eligibility, Subrecipient Monitoring

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY $82

45 CFR 98.20(b) states:

> Pursuant to §98.16(g)(5), a grantee or other administering agency may establish eligibility conditions or priority rules in addition to those specified in this section and §98.44 so long as they do not:
>
> (1) Discriminate against children on the basis of race, national origin, ethnic background, sex, religious affiliation, or disability;
> (2) Limit parental rights provided under Subpart D; or
> (3) Violate the provisions of this section, §98.44, or the Plan. In particular, such conditions or priority rules may not be based on a parent's preference for a category of care or type of provider. In addition, such additional conditions or rules may not be based on a parent's choice of a child care certificate.

In addition, 45 CFR 98.42(a) states "Lead Agencies shall establish, and periodically revise, by rule, a sliding fee scale(s) that provides for cost sharing by families that receive CCDF child care services." 45 CFR 98.67(a) states "Lead Agencies shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds." The Department has incorporated its laws and procedures for administering the Child Care and Development Fund (CCDF) program, including caretaker application and copayment calculation provisions, within Ohio Administrative Code (OAC) 5101:2-16. It is management's responsibility to design and implement internal controls to reasonably ensure compliance with federal and state laws and regulations.

During state fiscal year 2014, the Department disbursed approximately $268.3 million in federal assistance from the CCDF Cluster program based on information provided by the 88 County Departments of Job and Family Services (CDJFS) subrecipients. The CDJFS case workers were to obtain and maintain a completed and signed application, determine the income and other key information from each applicant, and enter this information into the State's Child Care Information Data System (CCIDS) for eligibility and copay/benefit amount determinations. However, the controls did not prevent or detect the following errors noted during testing of 60 CCDF case files for eligibility and compliance with federal and state rules and regulations at five selected CDJFS:

- Five (8.3%) contained income information that did not agree to CCIDS, resulting in an incorrect copayment calculation as follows:
    - For one case (Montgomery County), the copayment amount for the parent/guardian's share of child care costs was less than it should have been and the child care provider received an overstated benefit amount of $82 for the state fiscal year, resulting in questioned costs (projected to be more than $10,000).

3. CHILD CARE – COPAYMENT AMOUNTS (Continued)

- For two cases (Franklin and Lucas Counties), the copayment amount for the parent/guardian's share of child care costs was more than it should have been. This resulted in the recipients receiving $142 less in federal assistance for the state fiscal year than what they were eligible for.

- For two cases (Franklin and Hamilton Counties), the copayment amount calculated by CCIDS based on income and family size was more than it should have been per OAC 5101:2-16. This resulted in the recipients receiving $157 less in federal assistance for the state fiscal year than what they were eligible for.

- Two (3.3%) (Lucas County) contained an application, but it was not signed by the applicant.

Under these conditions, the Department risks overpaying/underpaying federal monies to child care providers. This condition may also indicate that preventative controls of the subrecipients and/or monitoring controls of the Department require updating to assure compliance with federal regulations and benefit payments are made for the proper amounts to or on behalf of eligible recipients. This increases the risk the Department, which is responsible for the actions of its subrecipients, may be subject to sanctions or other penalties and a repayment of part of the grant award amount or reductions in future awards. According to CDJFS management, the errors were due to miss-keying during data entry and changes to the CCIDS system.

We recommend Department management evaluate the circumstances that allowed the overpayments to occur and the existing controls at both the State and CDJFS levels to identify where improvements should be made to minimize the risks of inaccurate copayment determinations, resulting in overpayments of federal funds. These controls may include:

- Enhancements or additional edit checks in the automated systems used to determine eligibility, benefits, and copayments.
- Additional training and technical assistance to subrecipients to help facilitate compliance with laws and regulations of the federal programs.
- Requiring the CDJFS randomly select cases throughout the year to help ensure the assessed copayments are accurate, especially those that are handled by inexperienced or new employees.

We also recommend the Department periodically monitor the established controls to determine if they are working as intended by management. We further recommend the Department investigate the cases listed above and take whatever actions are necessary to recover inappropriately spent federal and state funds and any underpayments have been rectified.

Official's Response and Corrective Action Plan

The Ohio Department of Job and Family Services (ODJFS) staff conducts monthly video conferences with county agencies to ensure quality in county agency procedures statewide. County agency staff will be reminded of proper completion requirements for the eligibility application, the importance of keying all information on the application and will be encouraged to implement quality assurance checks within their agencies.

3. CHILD CARE – COPAYMENT AMOUNTS (Continued)

The ODJFS technical assistance team will contact the county agencies identified in the audit report to review procedures currently in place and to ensure understanding of the requirements for completion of the eligibility process including a completed and signed application as well as complete documentation. Additionally, technical assistance staff will review the audit findings and assist the identified county agencies in taking corrective action to reconcile payment issues.

Anticipated Completion Date for Corrective Action

ODJFS staff will address the necessity to ensure applications are complete at the county agency video conferences scheduled for March 25, 2015 and again on October 21, 2015.

The ODJFS Technical Assistance Unit will contact the specific county agencies identified in the audit to advise them of any corrective action that needs taken to reconcile payment issues and to review the requirements for ensuring a complete application and accurate entry into the Child Care Information Data System (CCIDS). This task will begin on February 23, 2015 and will end on February 27, 2015.

Contact Person Responsible for Corrective Action

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4. CHILD CARE – TYPE B HOMES

Finding Number	2014-019
State Agency/Number	JFS-04
CFDA Number and Title	93.575/93.596 – CCDF Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Special Tests and Provisions

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 CFR 98.67 (a) states "Lead Agencies [primary grantee] shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds." The Department has incorporated its laws and procedures for administering the certification of Type B homes within Ohio Administrative Code (OAC) 5101:2-14 which contains numerous requirements an applicant must meet to be certified as a Type B home.

OAC 5101:2-14-03 (A) (Revised January 2014) states, in part:

> Each licensed type B home provider shall comply with the following inspections:
>
> (1) At least one inspection prior to the initial issuance of a provisional license.
>
> (2) At least three inspections during the provisional period, including at least two unannounced.
>
> (3) At least two inspections each state fiscal year after the issuance of the continuous license, including at least one unannounced.

Prior to January 2014, OAC 5101:2-14-03(A)(1) stated, in part, "The county department of job and family services (CDJFS) shall… Inspect each type B home prior to the initial issuance of a certificate and at least twice within each twelve-month certification period whether or not children are enrolled. A minimum of one inspection shall be unannounced and all inspections may be unannounced."

When administering federal grant awards for the Department, management of each CDJFS is responsible for providing reasonable assurance only eligible entities are certified as a child care provider and information reported to the Department is accurate and complete. Department management is responsible for monitoring CDJFS activities to help ensure they are in compliance with federal and state requirements.

During state fiscal year 2014, the Department provided approximately $268.3 million in CCDF Cluster benefits to recipients based on information provided by the 88 CDJFS. However, the selected Type B home files at the five tested CDJFS did not contain sufficient documentation to support Type B home eligibility determinations. Therefore, we could not determine if the CDJFS complied with these requirements, as detailed below.

- For 11 of 60 (18.3%) Type B homes tested, the CDJFS did not document it performed the required number or type of inspections in accordance with OAC 5101:2-14-03 (A), as follows.
  - Six had two or more inspections, but did not document whether the inspection was unannounced (four at Cuyahoga and two at Lucas).
  - Two had two announced inspections, but no unannounced inspection (one at Franklin and one at Lucas).
  - Three had only one inspection which was unannounced (all at Lucas).

4. CHILD CARE – TYPE B HOMES (Continued)

- For one of eight (12.5%) new Type B homes tested, Cuyahoga CDJFS did not accept and approve the provider application for certification within 120 days of receipt. The county approved the application 218 days after receipt.

These errors did not result in any Type B Homes incorrectly being determined eligible; therefore, no costs will be questioned.

Insufficient case file documentation increases the risk that amounts and other information reported to the federal grantor agencies may not reflect actual program activities. Without consistently performing the required reviews, and obtaining, maintaining or reviewing the required documentation on file, the Department may not be able to fully support or ensure payments were made only to eligible providers and the Department complied with all federal rules and regulations, which could result in questioned payments. According to CDJFS management, the errors were due to staff oversight. In addition, the standard home inspection form does not include an area to designate whether the inspection was unannounced.

We recommend the Department update the standard home inspection form to include a section for designating the type of inspection. We also recommend the Department work with CDJFS management to ensure they have current policies and procedures and/or implement new control procedures to reasonably ensure the required number and type of reviews of Type B homes are performed and all eligibility determinations are made timely. The Department should communicate to CDJFS management and their staff the importance of these policies and procedures and ensure the procedures are carried out as intended. In addition, Department management should perform periodic reviews of the case files to reasonably ensure the required reviews are being performed and established controls and record retention procedures are being followed by CDJFS personnel.

Official's Response and Corrective Action Plan

In anticipation of Type B Homes becoming licensed on January 1, 2014 the Type B Home licensing unit was created in the Bureau of Licensing and Monitoring in July of 2013. This unit monitors county agency compliance with all aspects of the requirements outlined in section 5101:2-14 of the Ohio Administrative Code (OAC). There are two primary functions of this unit as it relates to county agency compliance. The first component is licensing action recommendation review and acceptance or denial. There are specific required documents that the county agency must submit prior to the acceptance of the recommendation of these licensing actions. Failure on the behalf of the county agency to meet these requirements will result in the submission being returned to the county agency for revision, resubmission or withdraw. The second component that this unit is responsible for is monitoring county agency inspection requirements and provider the maintenance of provider records.

When Type B Homes became licensed on January 1, 2014 a policy was implemented that each recommendation from the county agency to the Ohio Department of Job and Family Services (ODJFS) for the issuance of a provisional Type B Home license is required to include the documentation of a completed pre-licensing inspection on the prescribed form, as required by OAC. These recommendations and inspection forms are reviewed by an ODJFS application specialist for completeness, timeliness and accuracy prior to the issuance of a license. Additionally, any time a Type B Home provider has a change of address which would result in the issuance of a new license number the same process is followed. This policy eliminates the possibility of a license being issued without a pre-licensing inspection.

4. CHILD CARE – TYPE B HOMES (Continued)

As a component of the review process when a provisional license recommendation is received, ODJFS staff reviews the timeliness of the documents that were submitted by the applicant and the county agency. In the event that the required 90 day timeframe is not met on behalf of the Type B Home provider, the license will not be issued. However, in the event that timeframes, which is now 100 days to make a recommendation for licensing action, are not met on the behalf of the county agency the license will be issued. The ODJFS Type B Home licensing monitoring staff is notified and a finding of non-compliance is issued during the next monitoring visit with that particular county agency and a corrective action plan is required.

ODJFS Type B Home licensing specialists who are responsible for the monitoring of county agency inspection practices and provider maintenance of records review a random sampling of the licensed Type B Homes in each county. Each county agency has all provider files reviewed or a sampling of 20 files, whichever is more. As part of the review Non-conviction Statements are verified for each provider, resident of the Type B Home, emergency/substitute caregiver, employee and assistants of the licensed Type B Home provider. Any area of non-compliance is noted and a corrective action plan is required from the county agency to correct the missing information and to address the issue which led to the non-compliance.

Additionally, ODJFS Type B Home licensing specialists review inspections completed for the same random sample of licensed Type B Homes. The inspection forms are reviewed for accuracy, completeness and timeliness. Any area of non-compliance is noted and the county agency is required to submit a corrective action plan that includes a plan to prevent the non-compliance from occurring again in the future.

Each of the areas on non-compliance or material weakness found by the Auditor of State's audit team have been topics during monthly video conferences that is presented by ODJFS to county agency staff. These findings will be included in the March 2015 video conference and rule requirements will be reviewed.

Lastly, ODJFS is currently revising the Type B Home rules as well as building an automated system that will track and store inspection data. The policy and system will be rolled out in November 2015. The revised policy will state that all inspections may be unannounced. The system will produce an inspection report with an indication of "announced" or "unannounced."

Anticipated Completion Date for Corrective Action

With the formation of the Type B Home licensing unit and the implementation of formal county monitoring on July 1, 2014 ODJFS implemented a process to address each area of non-compliance or material weakness uncovered by the Auditor of State's audit team prior to this report. Ongoing monitoring of county agencies will continue with each county agency being monitored for compliance at least once annually. Additionally, ODJFS will address the findings with all county agencies in March 2015 via video conference.

Contact Person Responsible for Corrective Action

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5. REPORTING – CB-496 AND OCSE-396A

Finding Number	2014-020
State Agency/Number	JFS-05
CFDA Number and Title	93.563 Child Support Enforcement 93.658 Foster Care – Title IV-E 93.659 Adoption Assistance
Federal Agency	Department of Health & Human Services
Compliance Requirement	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

42 USC 655(d) states:

> State reports. Notwithstanding any other provision of law, no amount shall be paid to any State under this section for any quarter, prior to the close of such quarter, unless for the period consisting of all prior quarters for which payment is authorized to be made to such State under subsection (a) of this section, there shall have been submitted by the State to the Secretary, with respect to each quarter in such period (other than the last two quarters in such period), a full and complete report (in such form and manner and containing such information as the Secretary shall prescribe or require) as to the amount of child support collected and disbursed and all expenditures with respect to which payment is authorized under subsection (a) of this section.

45 CFR 201.5(a)(2) states, in part:

> . . .
>
> . . . State agency must also certify, on this form or otherwise, the amount of State funds (exclusive of any balance of advances received from the Federal Government) actually on hand and available for expenditure; this certification must be signed by the executive officer of the State agency submitting the estimate or a person officially designated by him, or by a fiscal officer of the State if required by State law or regulation. . .

It is management's responsibility to design and implement internal controls to reasonably ensure compliance with laws and regulations and to ensure management's objectives are achieved.

The Bureau of Grants Management and Federal Reporting Services within the Ohio Department of Job and Family Services is responsible for the preparation of various federal financial expenditure reports, including the quarterly Foster Care/Adoption Assistance CB-496 and Child Support Enforcement OCSE-396A reports. Normally, these reports are prepared by a Fiscal Specialist and then subjected to a detailed review by a supervisor and a final overall summary review by the Section Chief. However, during state fiscal year 2014 the two supervisory positions responsible for performing the detailed review of the reports were vacant for a large portion of the year. As such, during this time the Section Chief performed and signed off as having performed both the detailed and the summary reviews. Perhaps as a result of the increased workload placed on the Section Chief, the controls were not operating as effectively as possible, as indicated by the following errors:

5. REPORTING – CB-496 AND OCSE-396A (Continued)

- For the two (100%) Foster Care/Adoption Assistance CB-496 quarterly reports selected for testing:

  - In the September 30, 2013 quarterly report, the amount reported for Foster Care In-Placement Administrative Costs - Eligibility Determinations, did not agree to supporting documentation. The report inadvertently omitted $214,184 in FC-Eligibility Determination expenditures. As a result, the amount reported as the current quarter's federal share of claims in Column B for this same line was understated by $107,092.

  - In the September 30, 2013 quarterly report, the amount reported for Adoption Assistance Payments, did not agree to supporting documentation. The report incorrectly included an additional $1,272 in expenditures. As a result, the amount reported as the current quarter's federal share of claims for this same line was overstated by $809.

  - In the June 30, 2014 quarterly report, the amount reported for Foster Care Training Costs – Staff & Provider (75% FFP Rate), did not agree to supporting documentation. An expenditure totaling $240 was inadvertently omitted from the report. As a result, the amount reported as the current quarter's federal share of claims for this same line item was overstated by $180.

- For one of two (50%) Child Support Enforcement OCSE-396A quarterly reports selected for testing (September 30, 2013), the amount reported for "Admin Costs:IV-D Recovery Act" did not agree to supporting documentation. The report incorrectly included $175,374 of prior quarter expenditures in the column for the current quarter instead of including it in the column for the prior quarter. This error did not result in any over or understatement for the report in question.

A lack of adequate internal controls over federal reporting increases the risk the reports submitted to the federal grantor agency are inaccurate. These inaccuracies could affect current and future funding received by the Department since the information contained within them is used by the federal grantor agency in determining the types and amounts of funding for each state. According to management, these errors were due to oversight. Management indicated the open supervisory positions have been filled and the report errors identified in the OCSE-396A CB-496 reports will be corrected in the next reporting cycle.

We recommend the Department evaluate current procedures and implement additional policies and procedures as necessary to provide reasonable assurance the data being reported for the Child Support Enforcement, Foster Care, and Adoption Assistance programs is reasonable and accurate and agrees to supporting documentation. In addition, the Department should implement a procedure to ensure there are two levels of review for these reports, and that these reviews are evidenced in some manner.

Official's Response and Corrective Action Plan

The supervisory positions were filled during state fiscal year 2014, thus ensuring two levels of review for the reports.

The SharePoint workflow now used for the federal reporting process routes the reports and supporting documentation from fiscal specialists, to the supervisor, and then to the section chief. The SharePoint system captures and maintains historical documentation of each level of review and approval as completed by the supervisor and the section chief.

5. REPORTING – CB-496 AND OCSE-396A (Continued)

The CB-496 Adoption Assistance/Foster Care reporting errors were corrected in the October/December 2014 quarterly report. The OCSE 396-A Child Support supporting documentation was revised in the October/December 2014 quarterly report.

A grant reporting component (Financial Federal Reporting or FFR) is currently under development in the OFMS Centralized Accounting Planning Information System (CAPIS) which will automate the tracking of the grant draws and reporting. This system will automate the monitoring and processing to ensure we accurately track to the federal grant awards. The system is being phased in effective with the October/December 2014 quarterly reports.

Anticipated Completion Date for Corrective Action

The corrective actions are considered complete.

The supervisors were hired in June, 2014, and the SharePoint system has been used for the federal reporting workflow since the July/September 2014 reporting cycle. The CB-496 Adoption Assistance/Foster Care reports and the OCSE 396-A Child Support supporting documentation were revised in the October/December 2014 quarterly reports.

Contact Person Responsible for Corrective Action

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6. SF-425 REPORTING – VARIOUS PROGRAMS

Finding Number	2014-021
State Agency/Number	JFS-06
CFDA Number and Title	17.207/17.801/17.804 – Employment Service Cluster 93.558/93.714 – TANF Cluster 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.658 – Foster Care 93.659 – Adoption Assistance 93.775/93.777//93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 CFR 201.5 (a) states, in part:

> . . .
>
> (2) . . . State agency must also certify, on this form or otherwise, the amount of State funds (exclusive of any balance of advances received from the Federal Government) actually on hand and available for expenditure; this certification must be signed by the executive officer of the State agency submitting the estimate or a person officially designated by him, or by a fiscal officer of the State if required by State law or regulation. . .
>
> . . .
>
> (3) . . . The State agency must also submit a quarterly statement of expenditures for each of the public assistance programs under the Act. This is an accounting statement of the disposition of the Federal funds granted for past periods and provides the basis for making the adjustments necessary when the State's estimate for any prior quarter was greater or less than the amount the State actually expended in that quarter. . .

It is management's responsibility to design and implement internal controls to reasonably ensure compliance with laws and regulations and to ensure management's objectives are achieved.

The Department is required to submit a quarterly SF-425 report for the four Letters of Credit (LOC) used to draw funds for the Federal programs listed above: 3H27P, 4H86P, 7081G and U015P. During state fiscal year 2014, these reports were prepared and reconciled by a Fiscal Specialist in the Department's Grants Reporting Unit and then reviewed, approved, and submitted by the Unit Supervisor. However, for one of the two (50%) quarterly reports selected for testing, there were significant adjustments made to the report by the Unit Supervisor during the review process, but no evidence why these changes were made nor was there any review of these changes prior to submission to the federal grantor agency.

Perhaps because of this, controls might not have been operating as effectively as possible, as indicated by an error noted on one of the two (50%) SF-425 reports selected for testing. Specifically, in the September 2013 SF-425 quarterly report for LOC 7081G, the Department incorrectly reported $606,587 as cash on hand when it should have been included in the cash received amount. As such, cash on hand should have been reported as $0 and cash received should have been reported as $11,453,868 instead of $10,847,281.

6. SF-425 REPORTING – VARIOUS PROGRAMS (Continued)

Inadequate internal controls over the report review process increases the risk that reports submitted to the federal grantor agency are inaccurate or more funds could be drawn down than are available for open grants. These inaccuracies could affect current and future funding received by the Department since the information contained within them is used by the federal grantor agency in determining the types and amounts of funding for each state.

According to management, these errors occurred due to a misunderstanding of what the federal grantor agency required (i.e, only the grants pre-listed on the SF-425 versus all grants for which funds were drawn down), the inability to run a report by Federal grant for LOC 7081G due to the way the Federal grantor has set up the LOC, and the procedures put in place by the previous Section Chief, Management indicated they have since created a spreadsheet to track the activity of LOC 7081G by grant and the reports are now also reviewed, approved, and signed by the new Section Chief.

We recommend the Department evaluate current procedures and implement additional policies and procedures as necessary to provide reasonable assurance the data being reported on the SF-425 for the Letter of Credit is reasonable and accurate and agrees to supporting documentation. These procedures should be evidenced in some manner to provide management reasonable assurance they are performed timely, consistently, and as intended. In addition, we recommend the Department continue to develop a process that will allow them to track the funds on the LOC 7081G to ensure the funds that are available are used.

Official's Response and Corrective Action Plan

The desk procedure for Letter of Credit 7081G has been updated to include the Cash Draw staff (Fiscal Specialist 2's) reviewing the internal grant ledgers for grant balances prior to processing the draw to prevent overdraws.

The Management Analyst Supervisor 1 enters all draw information from Letter of Credit 7081G into the internal grant ledgers. The Management Analyst Supervisor 1 will inform the Cash Draw staff and Cash Draw supervisor when the grant is low and at risk of being overdrawn.

The desk procedure for the SF-425 is being updated to ensure the Cash Draw staff and Cash Draw supervisor know how to report the information and that it is completed prior to the deadline for management review. The Cash & Grant Management Section Chief currently reviews and signs the SF-425 for all letters of credit.

A grant reporting component (Financial Federal Reporting or FFR) is currently under development in the OFMS Centralized Accounting Planning Information System (CAPIS) which will automate the tracking of the grant draws and reporting. This system collects cash received during the quarter under a unique Agency Use Code, automating the monitoring and processing to ensure we accurately track to the federal grant awards. The system is being phased in effective with the October/December 2014 quarterly reports.

Anticipated Completion Date for Corrective Action

06/30/15

Contact Person Responsible for Corrective Action

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7. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING

Finding Number	2014-022
State Agency/Number	JFS-07
CFDA Number and Title	10.551/10.561 – SNAP Cluster 17.258/17.259/17.260/17.277/17.278 – WIA Cluster 93.558/93.714 – TANF Cluster 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.658 – Foster Care – Title IV-E 93.659 – Adoption Assistance 93.667 – Social Services Block Grant
Federal Agency	Department of Agriculture Department of Labor Department of Health and Human Services
Compliance Requirement	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA (American Recovery and Reinvestment Act) federal awards who make first-tier subawards to report the subaward on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of $25,000 or more to an entity. Prime recipients must report by the end of the month following the month in which the obligation is made. It is management's responsibility to design and implement internal controls to reasonably ensure compliance with laws and regulations and to ensure management's objectives are achieved.

During state fiscal year 2014, the Department disbursed approximately $1.9 billion in sub-awards for non-ARRA federal awards to its subrecipients under the following major programs, which were required to be reported under the Transparency Act.

CFDA Number	Federal Program Name	Amount Disbursed
10.551/10.561	SNAP Cluster	$106,943,348
17.258/17.259/17.260/17.277/17.278	WIA Cluster	$75,405,301
93.558	TANF Cluster	$841,725,373
93.563	Child Support Enforcement (CSE)	$148,635,057
93.575/93.596	CCDF Cluster	$286,754,223
93.658	Foster Care – Title IV-E	$175,209,382
93.659	Adoption Assistance	$167,782,011
93.667	Social Services Block Grant (SSBG)	$92,555,278

From July 2013 through March 2014, the Management Analyst provided each of the program contacts a listing of the purchase orders issued and processed in the Contracts and Acquisitions Tracking System (CATS) and finalized during the prior month, the FSRS awardees' work list which identifies all the awards the Department is responsible for as the prime recipient (including those processed through CFIS), and a blank FSRS Reporting Template. Each program contact compared the FSRS awardees' work list to the CATS purchase order listing and completed the FSRS Reporting Template for any awards required to be reported under the Transparency Act. The program contacts then forwarded either the completed FSRS Reporting template or a statement that there were no awards to report to the Management Analyst who, in turn, entered the information into the FSRS website. In April 2014, the Office of County Finance and

7. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

Technical Assistance (the Office) took over the responsibility for filing the report for the subsidy payments processed through CFIS, which makes up approximately 90% of the subaward reporting. The Office's runs a report in OAKS Business Intelligence (BI), compares the report to the CFIS system, and then enters the information into the FSRS website. During the audit period, the Department had 940 sub-awards from the SNAP Cluster, WIA Cluster, TANF Cluster, CSE, CCDF Cluster, Foster Care, Adoption Assistance, and SSBG programs that exceeded $25,000 and were required to be reported on the FSRS website in accordance with the Transparency Act. However, the Department's controls were not operating effectively to ensure compliance with reporting requirements and accuracy of reports, as indicated below for 60 subawards tested:

- Seven (11.7%) were not reported on the FSRS website by the end of the month following the month in which the obligation was made pursuant to 2 CFR part 170 Appendix A.

- Four (6.7%) sub-award numbers on FSRS did not agree with the subaward numbers in the subaward agreement

A lack of adequate internal controls over the preparation and review of these reports increases the risk the reports submitted to the federal grantor agency are inaccurate In addition, by not complying with federal Transparency Act reporting requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. If the subawards are not accurately and timely reported within FSRS, the risk exists that those using the Transparency Reports could be relying on inaccurate information. According to management, these errors were due to (1) data entry errors, (2) data transfer errors, and (3) their desire to ensure they were submitting complete and accurate information instead of submitting timely with inaccurate data In addition, management indicated they have corrected the amounts in FSRS.

We recommend the Department collect and report on the FSRS website complete and accurate information regarding subawards made for all programs subject to the Transparency Act. We also recommend the Department evaluate its Transparency Act reporting control procedures and update them as necessary to ensure they promote compliance with the Federal regulations, as well as accuracy and completeness of information submitted.

Official's Response and Corrective Action Plan

To ensure BCFTA sub award data is reported timely and accurately in the FSRS system the following measures will be put in place beginning with the March 2015 reporting period.

- *The Management Analyst Supervisor (MAS) 2 or the designated back-up will pull the BCFTA FFATA Sub award report from the COGNOS-BI Launch Application by the 5th of every month. The MAS2 will complete a review for the BCFTA FFATA Report by the 15th of the month. This new timeframe gives a 10 day window to review and verify the accuracy of information being reported in the FSRS. The report with back up documentation will then be sent to the Policy and Communications Section Chief or designee, for review. The section chief, or designee, will review and submit any requests for clarifications or adjustments to the MAS2 or designated back-up by the 20th of each month. The goal will be to have the MAS2 or designated back-up upload the Monthly FFATA Report in the FSRS by the 25th of each month. If issues are encountered that prevent a successful upload in the system (i.e. formatting and/or incorrect data), then there are 5 days to make the necessary corrections where the system will accept the report upload.*

7. VARIOUS PROGRAMS – TRANSPARENCY ACT REPORTING (Continued)

Anticipated Completion Date for Corrective Action

April 1, 2015

Contact Person Responsible for Corrective Action

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8. VARIOUS – PROGRAMS CASH MANAGEMENT

Finding Number	2014-023
State Agency/Number	JFS-08
CFDA Number and Title	10.551/10.561 – SNAP Cluster 17.207/17.801/17.804 – Employment Service Cluster 17.225 – Unemployment Insurance 17.258/17.259/17.260/17.277/17.278 – WIA Cluster 93.558/93.714 – TANF Cluster 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.658 – Foster Care 93.659 – Adoption Assistance 93.667 – Social Services Block Grant
Federal Agency	Department of Agriculture Department of Labor Department of Health and Human Services
Compliance Requirement	Cash Management

NONCOMPLIANCE AND MATERIAL WEAKNESS

U.S. Treasury regulations, 31 CFR part 205, which implemented the Cash Management Improvement Act of 1990 (CMIA), require state recipients to enter into agreements which prescribe specific methods of drawing down federal funds (funding techniques) for selected large programs. The Department's SNAP Cluster, Unemployment Insurance, TANF Cluster, Child Support Enforcement, CCDF Cluster, Foster Care, Adoption Assistance, and Social Service Block Grant programs are covered by such an agreement. The fiscal year 2014 CMIA Agreement between the State of Ohio and the United States Department of the Treasury specifically requires the State use the Pre-Issuance technique of drawing federal funds for certain types of draws related to these programs. Paragraph 6.2.1 of the CMIA agreement requires the following for the Pre-Issuance funding technique:

> The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.

Other types of draws for the federal programs listed above employ various other funding techniques described in the CMIA agreement. For portions of the SNAP and Unemployment Insurance programs, Paragraph 6.2.1 of the CMIA agreement requires the use of the following for the Actual Clearance funding technique:

> The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the amount of funds that clear the State's account on the settlement date. This funding technique is interest neutral.

Programs not listed in the CMIA agreement (including Employment Services and the WIA Cluster) are required to comply with 31 CFR 205.33 (a), which states:

8. VARIOUS PROGRAMS – CASH MANAGEMENT (Continued)

> A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).

During the fiscal year, the Department drew down approximately $1.5 billion for the major federal programs listed above and applied the same drawdown process to all of its federal programs. Generally, a Fiscal Specialist in the Federal Cash Draw Unit of the Bureau of Cash and Cost Reporting Services calculated the amount of funds to be drawn based on the Department's cash needs (payroll, administrative costs, county advances, etc.) and the current cash on hand. In addition, the Cash Management Section Supervisor reviewed and investigated any discrepancies on the Summary Tracking Report, which listed the grant activities (award amounts, revenue draws, expenditures, and remaining balances) for the federal programs monthly. This document provided a mechanism for the Department to monitor its draws with expenditures on a cumulative basis although it did not match up specific draws and expenditures. However, the Department's controls did not prevent noncompliance with the cash management requirements, as noted below.

The Department did not comply with the designated funding techniques to be used for the programs listed above and the draws tested. Similar immaterial errors were also noted and are included in the Department’s management letter. During the testing of transactions subject to the CMIA agreement, the following errors were noted:

- Of 126 disbursements tested from 46 draws, the Department did not disburse six payments (three CCDF Cluster, one Adoption Assistance, one Child Support Enforcement, and one Unemployment Insurance) from five draws (two Child Care Development, one Adoption Assistance, one Child Support Enforcement, and one Unemployment Insurance) within the designated timeframe of the receipt of the federal funds, as required by the CMIA agreement. The Department disbursed the funds from five to 23 days after the required disbursement date, with the average disbursement occurring 13.7 days late.

- The Department did not use the proper funding technique for two of the SNAP Cluster’s State Administrative Matching Grants tested: The Pre-Issuance funding technique was incorrectly used instead of the Actual Clearance funding technique.

In addition, of the 72 disbursements tested from 25 draws subject to the requirements of 31 CFR 205.33, the Department did not disburse five Employment Services payments from four draws within the designated timeframe of the receipt of the federal funds. The Department disbursed the funds from four to 29 days after the required disbursement date, with the average disbursement occurring 12 days late.

Not having effective controls over the timely disbursement of federal funds could lead to the Department not using the proper funding technique, not limiting draws to the Department's immediate cash needs, and the not expending funds timely. This could result in noncompliance with the CMIA compliance requirements and 31 CFR 205.33. These conditions could subject the Department to sanctions or other penalties and a repayment of part of the grant award amount. In addition, noncompliance could subject the Department to paying interest charges on these draws.

8. VARIOUS PROGRAMS – CASH MANAGEMENT (Continued)

According to management, a majority of the errors were due to vouchers not being approved timely within the Bureau of Accounting because of inadequate staffing levels. Management indicated that a system has since been implemented to avoid untimely approvals of vouchers. Additionally, a delay in the availability of Medicaid funds included on two vouchers prevented the voucher from being paid timely. Finally, the Department indicated they did not have the ability to process SNAP SSI cash-out payments utilizing the Actual Clearance funding technique.

We recommend the Department evaluate its existing cash management control procedures and update them as necessary to reasonably ensure all federal draw requests are disbursed timely and are drawn only for immediate cash needs, based on the funding technique established for each program in the CMIA agreement or 31 CFR 205. If delays in the disbursements are caused by external factors, we recommend the Department communicate with the other entities to develop reasonable solutions. The Department should immediately communicate with the Office of Budget and Management any restrictions on their ability to utilize a required funding technique with a subset of program expenditures. With this communication, the Department may have received a waiver for these types of expenditures and future CMIA agreements could have been revised to account for them. We also recommend the Department establish procedures to periodically monitor its compliance with the cash management requirements and initiate necessary actions to resolve any noncompliance that results.

Official's Response and Corrective Action Plan

We have reviewed the Cash Management Improvement Act (CMIA) funding techniques and have initiated contact with OBM to discuss our operations and any necessary modifications to the agreement.

The Voucher Error Report and the Unpaid Voucher report have been used during SFY 15 in cooperation with the Bureau of Accounting and the Bureau of Budget and Cost Management to identify vouchers requiring corrective action to resolve any held items promptly.

In addition, OFMS will undertake a study to identify existing reports available within the financial system to aid in the detection and prevention of instances that result in cash management exceptions.

Anticipated Completion Date for Corrective Action

June 30, 2015

Contact Person Responsible for Corrective Action

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9. CCDF CLUSTER – FRAUD DETECTION AND REPAYMENT MONITORING

Finding Number	2014-024
State Agency/Number	JFS-09
CFDA Number and Title	93.575/93.596 – CCDF Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Special Tests and Provisions

SIGNIFICANT DEFICIENCY

45 CFR 98.60(i) states:

> Lead Agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud.

In addition, the Department incorporated its rules and procedures for administering the Child Care and Development Fund Cluster (CCDF), including identification and recovery of improper payments, within the Ohio Administrative Code (OAC). OAC Section 5101:2-16-71 stated (prior to May 2014), in part:

…

(B) A child care improper payment includes:
  (1) Child care benefits received by a caretaker for which the caretaker was not eligible, and for which the child care provider has been paid.
  (2) Child care payments made to a child care provider for which the provider was not entitled. The provider is responsible for repayment of the overpayment.

(C) Child care overpayments may occur as a result of the following:
  (1) An error on the part of the caretaker and/or the provider or the caretaker's and/or the provider's intentional withholding or falsification of information or misuse of child care services.
  (2) Submitted or received inappropriate attendance data.
  (3) Misuse of the child care electronic swipe card.
  (4) Receipt of child care benefits by a caretaker pending the outcome of a state hearing or receipt of child care benefits by a provider pending the outcome of a county conference.
  (5) An error by the CDJFS [County Department of Job & Family Services].

…

It is management's responsibility to implement control policies and procedures to reasonably ensure fraud on the part of the child care provider and/or caretaker (child's parent/guardian) is identified and the corresponding improper payments are recovered in compliance with federal and state laws and regulations.

During state fiscal year (SFY) 2014, the Department disbursed approximately $268.3 million to providers for services to children eligible for the program. The Department conducted quality control reviews to ensure the caretaker's eligibility was properly determined and the copayment was accurate. The Department indicated the CDJFS were responsible for recovering the child care overpayments identified during these reviews. However, the Department did not have sufficient procedures in place to monitor the CDJFS to ensure their policies and processes for recovering overpayments were adequate. In addition, the Department did not perform adequate reviews or otherwise monitor child care providers to ensure attendance records were accurate, the Ohio Electronic Child Care (ECC) swipe cards and system were

9. CCDF CLUSTER – FRAUD DETECTION AND REPAYMENT MONITORING (Continued)

properly utilized, or that other errors or misuse due to fraud was identified and recouped. While the Department's Office of Fiscal and Monitoring Services administered investigations of potential program fund misuse by providers, these investigations were limited to the potential fraud identified and were not necessarily performed over attendance records and ECC card usage. The Department indicated that provider reviews over attendance data and ECC swipe card usage were implemented in SFY 2015 and OAC 5101:2-16-71 was updated in May 2014 to provide guidelines for the new processes. In addition, the Department indicated they have developed procedures to monitor the counties and the overpayment collection process.

By not performing provider reviews to verify attendance records were accurate and card usage was appropriate, the Department cannot be reasonably assured that attendance data and child records submitted by the providers, and used to claim child care payments, were accurate. In addition, if the CDJFS' child care payment recovery processes are not monitored, there is an increased risk of noncompliance that could go undetected by the Department or not be detected in a timely manner, which could impact future funding. According to management, the Department had determined the recipient overpayment collection process conducted by the counties was a lower risk than other areas, but recently developed procedures for reviewing the collection process. In addition, the Department developed procedures to review providers when the fraud risk pertaining to provider attendance data and swipe card usage was brought to their attention.

We recommend the Department establish policies and procedures for monitoring the CDJFS' recovery and collection of the child care overpayments. These procedures should include a review of the CDJFS policies to ensure their procedures for recovering fraudulent child care payments are adequate and in compliance with 45 CFR 98.60 and OAC 5101:2-16-71. The Department should review a sample of the child care repayments to ensure the CDJFS' procedures are accurate, consistently applied, and working as management intended. The Department should develop and implement provider review procedures to reasonably ensure attendance records agree to ECC swipe card information, swipe cards are being used appropriately, and other fraud or misuse is not occurring on the part of the provider. The Department should also formally document and communicate its monitoring of the child care providers and CDJFS overpayment policies and procedures to its employees. Lastly, management should periodically monitor these activities to help ensure their policies and procedures are functioning as intended.

Official's Response and Corrective Action Plan

The Fraud Control Unit in the Office of Fiscal and Monitoring Services, Bureau of Program Integrity (BPI) will include the identification and recovery of child care overpayments in its Claims Reviews of selected counties during SFY15 to ensure compliance with 45 CFR 98.60 and Ohio Administrative Code (OAC) 5101:2-16-71. BPI is coordinating monitoring efforts with staff working in the Bureau of Audit, Control and Claim Support (BACCS). Attendance records will be obtained from selected Providers and compared to Ohio Electronic Child Care (Ohio ECC) swipe data to verify the accuracy of billings. The BPI Child Care Investigative staff will continue to review referrals related to potential fraudulent provider billings and conduct investigations as appropriate. Effective lines of communication between the Office of Fiscal and Monitoring Services and the Office of Family Assistance are already in place.

When OAC policies are created or revised they are placed through a formal review process that is shared with county agencies, child care providers and public stakeholders. When these OAC policies are implemented training is provided by the Office of Family Assistance staff to affected staff.

9. CCDF CLUSTER – FRAUD DETECTION AND REPAYMENT MONITORING (Continued)

Anticipated Completion Date for Corrective Action

Inclusion of child care issues in Claims Reviews performed by the Fraud Control Unit will begin in the fourth quarter of SFY15. All of the other efforts noted above are currently in process. Training on the revised OAC 5101:2-16-71 rule was conducted with county staff and stakeholders prior to and during May 2014. Ongoing technical assistance is provided when a need is indicated.

Contact Person Responsible for Corrective Action

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1. MEDICAID / CHIP – INELIGIBLE RECIPIENTS

Finding Number	2014-025
State Agency/Number	MCD-001
CFDA Number and Title	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Activities Allowed or Unallowed, Eligibility

QUESTIONED COSTS AND SIGNIFICANT DEFICIENCY $32,064

42 CFR 435.10 Subpart A, State Plan requirements, states:

A State plan must---

(a) Provide that the requirements of this part are met; and
(b) Specify the groups to whom Medicaid is provided, as specified in subparts B, C, and D of this part, and the conditions of eligibility for individuals in those groups.

42 USC 1397bb(b), states, in part:

(1) Eligibility Standards

(A) In general the plan shall include a description of the standards used to determine the eligibility of targeted low-income children for child health assistance under the plan.

It is management's responsibility to implement policies and procedures to provide reasonable assurance that only persons who meet all eligibility criteria as specified in 42 CFR 435.10 and 42 USC 1397bb(b) are able to receive benefits.

During state fiscal year 2014, the Department disbursed approximately $17.6 billion in Medicaid funds and $405.8 million in Children's Health Insurance Program (CHIP) funds to or on behalf of recipients who were determined eligible. Under the current process, the County Departments of Job & Family Services (CDJFS) are responsible for processing the application related information for initial Medicaid and CHIP eligibility and eligibility redeterminations and entering the information into the State's Client Registry Information System – Enhanced (CRIS-E) for the majority of applicants. Beginning January 1, 2014, application information for certain Medicaid eligibility categories was entered into the State's Integrated Eligibility (IE) system to aid in the Medicaid expansion. The CRIS-E and IE systems are programmed with State Plan recipient eligibility requirements to determine whether the recipient is eligible to receive Medicaid or CHIP. Once the determination is made, the CRIS-E or IE system uploads the eligibility information to the Medicaid Information Technology System (MITS). The Department utilizes MITS to determine whether payments for medical services are allowable and to verify recipient and provider eligibility. At the request of the auditors, the Department's Bureau of Audit Performance completed manual eligibility redeterminations for 75 Medicaid and 75 CHIP recipients and identified several instances in which the original determination by CRIS-E or IE was not accurate. For one of 75 (1.3%) Medicaid recipients tested and four of 75 (5.3%) CHIP recipients tested, the recipient was not eligible to receive benefits on the date of service per IE and CRIS-E, respectively. Because IE and CRIS-E are the State's official eligibility determination systems, we will question costs for all claims paid for services provided to these individuals during the time they were ineligible, totaling $541 for Medicaid (projected to be more than $10,000) and $31,523 for CHIP.

1. MEDICAID / CHIP – INELIGIBLE RECIPIENTS (Continued)

Without proper controls for processing and entering the application information into CRIS-E and IE, thereby ensuring eligibility information in MITS is accurate and that MITS is only reimbursing allowable Medicaid and CHIP claims, there is an increased risk that Medicaid and CHIP claims processed and paid will not be accurate or allowable. Payments on behalf of ineligible recipients may subject the Department to penalties or sanctions which may jeopardize future funding and limit their ability to fulfill program requirements to provide benefits to those in need. According to management, the relationships for the Medicaid recipient were not correctly defined for the assistance group. For the CHIP recipients, incomplete or inaccurate income for the assistance group was included within CRIS-E.

We recommend the Department evaluate and seek reimbursement for all claims that were incorrectly paid. We also recommend the Department implement procedures to regularly evaluate selected Medicaid and CHIP payments to verify the recipient's eligibility and that reimbursements are properly computed within MITS based on CRIS-E and IE eligibility determinations, as well as the recipient information entered into IE and CRIS-E by the county caseworkers. Any problems noted should be promptly corrected to reduce the risk that payments will be made on behalf of ineligible individuals.

Official's Response and Corrective Action Plan

The Ohio Department of Medicaid (ODM), Bureau of Audit Performance (BAP), will forward the Auditor of State Single Audit findings to the appropriate county agencies. The bureau will use a quality assessment case finding form which includes the following information:

- *A summary of the recipient information to include case name, address, city, zip and county;*
- *Summary of the Auditor of State Single Audit comment;*
- *Request for response to finding, to include action taken;*
- *Date response should be received by ODM BAP;*
- *Medicaid Eligibility Quality Control (MEQC) supervisor name and telephone number (for questions).*

Based on the county's response the department will review the corrective action plan to determine if the appropriate action was taken for the AOS finding. OAC 5160:1-1-51.2 establishes the requirements for the administrative agency to identify fraud and erroneous payments made on behalf of an individual by Medicaid. If the erroneous payment was a result of an administrative error not caused by the individual then the department would not attempt to recover the erroneous payment.

Also, Ohio Department of Medicaid, County Eligibility Technical Assistance and Compliance Section will conduct monthly training video conferences with county staff throughout CY 2015. The agendas for video conference training are developed based on county worker requests, analysis of case reviews, analysis of technical assistance questions received into the section, and policy changes. Video conference sessions conducted in CY 2014 included the following topics:

- *Calculating income for retro-Medicaid months*
- *Temporary absence*
- *Supplemental tax questions for MAGI applicants (and newly created worksheet)*
- *Using unpaid past medical expenses to meet spenddown*
- *Adoption and Foster Care income*
- *Presumptive eligibility updates*
- *Pre-termination reviews*
- *Conditions of eligibility*
- *MAGI included and excluded income*
- *Non-Custodial/Residential Parents and MAGI Medicaid*
- *Calculating income for seasonal workers*
- *MAGI Adults turning 65*

1. MEDICAID / CHIP – INELIGIBLE RECIPIENTS (Continued)

Additionally, the County Eligibility Technical Assistance and Compliance Section will publish the Medicaid Matters Newsletter on a monthly basis throughout CY 2015. Medicaid Matters is maintained on-line and available to all county eligibility workers. Content in the newsletter is chosen based on video conference training, technical assistance questions received into the section, policy changes, and the results of case reviews by auditors.

The County Eligibility Technical Assistance and Compliance Section will continue to monitor and maintain the contents of the County Resources web page. Throughout CY 2014, section staff created various presentations and desk aids to assist county workers in making correct eligibility determinations. Following is a list of items added to the page which is available to all county workers:

Presentations:

- *From the 2014 Ohio Job and Family Services Directors Association Annual Training Conference*
  - *2014 Eligibility Updates*
  - *LTC 1 – So You Received an LTC Application…*
  - *LTC 2 – So Many Resources, So Little Time!*
  - *LTC 3 – And They're Married…*
  - *LTC 4 – So They're Eligible, Now What?*
  - *Do You Believe in MAGI?*

Desk Aids:

- *Citizenship, Immigration, Trafficking, and AEMA*
- *Non-Citizen Eligibility*
- *Conditions of Eligibility*
- *Pre-Termination Reviews*
- *ABD Deeming Calculator*
- *Buy-In vs. Buy-In 2014*
- *MAGI Core Policy 2014*
- *Individual Tax Status*
- *Who Is Eligible for Extension*
- *Supplemental Tax Questions*
- *MAGI Scenario Workbook*
- *Inclusion or Exclusion of Income – MAGI*
- *Medicare and MAGI – Helpful Hints*
- *MAGI Form 1040*
- *MAGI 2014 Budgeting*
- *MAGI Medicaid Household and Budget Worksheet*

The County Eligibility Technical Assistance and Compliance Section will continue to offer training to county workers and sister state agencies on Medicaid eligibility topics. Training sessions requested and delivered in CY 2014 include:

- *Medicaid Changes and Refugees*
- *ABD and MAGI Overview*
- *Medicaid 101*
- *Determining Eligibility for MAGI based Medicaid*
- *LTC 1 – So You Received an LTC Application…*
- *LTC 2 – So Many Resources, So Little Time!*
- *LTC 3 – And They're Married…*
- *LTC 4 – So They're Eligible, Now What?*
- *Former Foster Children – Medicaid Eligibility*

1. MEDICAID / CHIP – INELIGIBLE RECIPIENTS (Continued)

Anticipated Completion Date for Corrective Action

The MEQC staff can send out the quality assessment case finding form and have a response back in 30 days from the date of this corrective action plan. The policy updates and video conference trainings will be held on a monthly basis and these topics can be discussed within a 6 month time frame.

Contact Person Responsible for Corrective Action

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2. MEDICAID / CHIP – INCORRECT BENEFIT AMOUNT

Finding Number	2014-026
State Agency/Number	MCD-02
CFDA Number and Title	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Eligibility

QUESTIONED COSTS (CHIP AND MEDICAID) $218

SIGNIFICANT DEFICIENCY (CHIP)

45 CFR 206.10(a)(8), pertaining to the Medicaid Cluster and the Children's Health Insurance Program, states, in part:

> Each decision regarding eligibility or ineligibility will be supported by the facts in the applicant's or recipient's case record…

When administering federal grant awards, management is responsible for obtaining reasonable assurance only eligible individuals receive assistance and information reported to the Department is accurate, complete and recorded properly in CRIS-e to ensure appropriate eligibility determinations. Department management is responsible for monitoring activities performed by other state agencies to help ensure they are adhering to the requirements of the agreement which in turn, help the Department ensure they are in compliance with federal requirements.

During state fiscal year 2014, the Department had expenditures of approximately $17.6 billion in Medicaid benefits and $405.8 million in CHIP benefits to recipients based on information provided by the 88 County Departments of Job and Family Services (CDJFS). The Department has established protocols with the Ohio Department of Job and Family Services (ODJFS) to outline the roles and expectations of ODJFS for services it will provide for or on behalf of the Department for the Medicaid and CHIP programs. ODJFS performs monitoring activities of the CDJFS on behalf of the Department since they are subrecipients of ODJFS and use the same systems and processes to collect, enter, and update recipient income and eligibility information for some of the public assistance programs ODJFS administers. However, testing of eligibility and compliance with federal rules and regulations at five selected CDJFS, identified three of 40 (7.5%) cases tested (two from Franklin and one from Lucas) that did not have accurate income information in CRIS-e based on the earned and unearned income documents contained within the case files as detailed below:

- One CHIP recipient (Lucas CDJFS) was improperly determined eligible because of incorrect income information in CRIS-e. As a result, the recipient received benefits of $182, resulting in questioned costs (projected to an amount greater than $10,000).

- One Medicaid recipient (Franklin CDJFS) was determined eligible for benefits, but the patient liability and/or benefit amounts were calculated based on incorrect earned and unearned information. As a result the recipient was overpaid a total of $36 for the year, resulting in questioned costs (projected to an amount greater than $10,000).

- One Medicaid recipient (Franklin CDJFS) had a discrepancy between the income information in the case file and the information in CRIS-e, but did not result in an inaccurate eligibility determination or a variance in the patient liability or benefit amount.

2. MEDICAID / CHIP – INCORRECT BENEFIT AMOUNT (Continued).

Official's Response and Corrective Action Plan

Incorrect income was entered by a worker on a CHIP case by a Lucas County worker. Lucas County agrees with this finding and has proposed the following strategies:

Training regarding the calculation of income was held in January 2014 via state sponsored webinar. Every eligibility specialist was mandated to attend the webinar. This refresher training will help to reconfirm previous training on income calculations.

This particular error was caused by worker oversight. Eligibility workers are currently managing a caseload of approximately 1700 cases, and, in an attempt to meet all deadlines associated with such a massive case load, unintended errors are occurring. Lucas County is currently engaged in the following strategies to assist workers with the increased caseload to minimize the likelihood of any future errors.

- *A new eligibility unit is being created to decrease the staff size for all of the coordinators in on-going units. The decrease in staff size will allow for enhanced guidance from the team coordinators and team leaders. The capacity for additional oversight will allow the supervisory staff to perform more reviews to improve accuracy of cases. Unit size will have an average of 10 workers instead of 14. The new unit will be in place by May 31, 2015.*
- *Four Eligibility Specialists have been added to our Screening Unit. The Eligibility Specialists assist with processing cases and taking care of "walk-in" customer concerns instead of referring them to their on-going caseworker. This will allow for immediate action on cases when clients enter into the lobby with emergent issues and case concerns. This improvement was implemented in 08/2014.*
- *Eligibility Specialists will be added to our clerical pool to address customer concerns as they call in. This enhancement will assist in reducing e-mail messages sent to current Eligibility Specialists so that they can focus more on their cases, as well as lessen the length of case processing time.*
- *The agency is in the process of recruiting a Deputy Director of Program Integrity and Compliance who is charged with re-establishing the Quality Assurance function in the Agency and to design a program that promotes a culture of excellence. Additionally, when the unit is re-established, the unit will receive Six Sigma training that will help the agency create improved review processes.*

Anticipated Completion Date for Corrective Action

The additional unit is anticipated to be created by 05/01/2015. Additional Eligibility specialists added to our clerical pool is anticipated to begin 06/01/2015. New review practices are expected to start 07/2015.

Contact Person Responsible for Corrective Action

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3. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS

Finding Number	2014-027
State Agency/Number	MCD-03
CFDA Number and Title	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Activities Allowed or Unallowed, Allowable Costs

QUESTIONED COSTS Undetermined Amount

42 USC 1396-1 states:

> For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this subchapter. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for medical assistance.

The Federal Centers for Medicare and Medicaid Services (CMS) indicates the state Medicaid plan is the document that defines how each state will operate its Medicaid program. The state plan addresses the areas of state program administration, Medicaid eligibility criteria, service coverage, and provider reimbursement. The official plan is a hard-copy document that includes a variety of materials in different formats, ranging from federally-defined "preprint" pages on which states check program options to free-form narratives describing detailed aspects of state Medicaid policy. The state Medicaid plan for each state is an accumulation of plan pages approved by CMS since the inception of the Medicaid program.

Ohio Administrative Code (OAC) 5160-10-03, which is part of the Ohio state plan, states in part:

> (A) This rule sets forth in its appendix (the "Medicaid supply list") a table of medical/surgical supplies, durable medical equipment, and supplier services. Columns in the table display the following information:
>
> (1) "Current code": Alpha-numeric healthcare common procedure coding system (HCPCS) codes to be used on claims submitted to the department for medical supplier services. Each code is intended to encompass all trade names of the particular product represented. A "not otherwise specified (NOS)" code should be used only when an item is not adequately represented by a specific code.
>
> . . .
>
> (6) "Max Units" indicator: The greatest quantity of an item for which payment may be made without prior authorization for the time period specified. This quantity has been established as a guideline rather than a definitive amount. If no maximum quantity is indicated, the quantity authorized will be based on medical necessity as determined by the department. (Note: A provider may receive payment without prior authorization for up to thirty-one units per month of an item with an indicator of "one per day.").

3. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS (Continued)

The maximum amounts were contained in appendix A of OAC 5160-10-03. The Medicaid Information Technology System (MITS) was used to calculate the reimbursement to medical providers and managed care entities for services rendered to eligible recipients based on these limits. The vast majority of the programmed edits in MITS will automatically deny claims, or reduce the units allowed when a provider submits units that exceed the maximum unit limits defined in appendix A.

During state fiscal year 2014, 2,071,429 claims representing approximately $90.8 million in Medicaid and Children's Health Insurance Program (CHIP) benefits for Durable Medical Equipment (DME) were paid from MITS.

During fiscal year 2014, we followed up on errors noted in the prior year related to 15 procedure codes associated with nine OAC limit edits/audits. The Ohio Department of Medicaid implemented updates to the nine OAC limit edits/audits based on the errors noted in the prior year. Testing indicated these audits/edits were operating correctly to reject unit or price amounts submitted in excess of the OAC limits. However, the updates to these edits/audits did not occur until June 30, 2014 indicating the edits/audits were not operating correctly to reject unit or price amounts submitted in excess of the OAC limits for the entirety of fiscal year 2014. The following table lists these exceptions and related claim information with estimated amounts which are not material to the program:

	DME Procedure Code	Limit Category	Total Related Claims	Total Claim Amounts
1.	A4333	12/month	569	$4,525
2.	A6203 & A6204	12/month	495	$9,921
3.	A6209 & A6211	12/month	2,951	$229,387
4.	A4660 & A4670	1/8 Years	3,879	$140,992
5.	A6402 & A6403	$50/month	678	$7,450
6.	A6448, A6449 & A6450	18/3 months	2,853	$15,798
7.	A4562	1/year	153	$1,119
8.	A4565	2/year	1,246	$3,816
9.	A4384	4/year	3	$35
	TOTAL		12,027	$413,044

Programmed MITS edits to prevent Medicaid and CHIP provider payments above the unit or price limits established in the OAC were either not designed or not functioning properly for the 15 procedure codes tested. As a result, Medicaid and CHIP providers were potentially reimbursed in excess of the limits contained in the OAC in 12,027 instances. However, because we were unable to reliably determine accurate paid claim amounts for these claims, an undetermined amount of reimbursed claims is questioned for the Medicaid Cluster and Children's Health Insurance Program.

If programmed edit checks are not working as intended, the risk is increased that overpayments could occur. Overpayment of state and federal claims reduces funding available for other allowable services and could subject the Department to possible federal sanctions, further limiting the amount of funding available for program activities.

3. IT – MITS – CLAIMS REIMBURSED IN EXCESS OF OAC LIMITS (Continued)

Management's preliminary research into the MITS edits that did not function correctly indicates this condition stems from limited documentation of the relationships between procedures codes and associated audits during implementation of or changes to edits. With the advent of MITS release 13 and Change Order CCRB (Change Control Review Board) 22476, MITS is structured to maintain documentation of procedure codes in the groups and the application of effective and end dates. The 15 referenced audits/edits were corrected and implemented June 30, 2014.

We recommend management research and identify the claims and paid amounts for the procedure codes noted, determine which claims were actually paid in excess of the OAC limits, and seek reimbursement for any claims that were paid in excess of the limits established in the OAC. We also recommend management establish procedures to periodically review all the programmed MITS edits to ensure they are operating according to current state and federal standards, as well as to the OAC limits. At a minimum, specific edits should be reviewed and tested whenever edits are modified due to changes in the OAC limit definitions or other requirements.

Official's Response and Corrective Action Plan

The Department has reviewed the audits identified as potentially not functioning correctly and has implemented corrective action for 15 audits/edits on 6/30/2014. The Department will continue to monitor the functionality of claims system audits based on internal reviews, claims data and stakeholder feedback.

The Department has researched claims paid under these suspect codes to identify any claims paid over the quantity limitations without prior authorization. Those identified claims have been referred as questioned costs to the Surveillance and Utilization Review Section (SURS) for follow-up action and recoveries from providers affected by this issue.

Anticipated Completion Date for Corrective Action

N/A

Contact Person Responsible for Corrective Action

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4. MEDICAID / CHIP – INCOMPLETE CONSUMER COMPLAINT POPULATION

Finding Number	2014-028
State Agency/Number	MCD-04
CFDA Number and Title	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Activities Allowed or Unallowed, Allowable Costs/Cost Principles

NONCOMPLIANCE AND MATERIAL WEAKNESS

42 CFR 438.402, states:

(a) Each MCO [Managed Care Organization] and PIHP [Prepaid Inpatient Health Plan] must have a system in place for enrollees that includes a grievance process, an appeal process, and access to the State's fair hearing system.

During state fiscal year 2014, consumer complaints for Managed Care Plans were tracked using the Public Inquiry Tracking Database (PITD) from July 2013 through October 2013. In November 2013, the Department began utilizing the new HealthTrak system for tracking consumer complaints related to Managed Care Plans which totaled 199 complaints through June 30, 2014. A few of the complaints from July to October 2013 were entered into HealthTrak; however, due to the switch to the new system, the majority of the data on consumer complaints tracked using PITD was lost. As a result, the Department could not provide a complete population of consumer complaints for the entire audit period and we could not determine if complaints from the PITD system were properly documented and resolved. No errors were noted with the complaints tested from the HealthTrak system.

Without properly maintaining all consumer submitted complaints, the Department cannot effectively ensure all complaints are being resolved accurately and in a timely manner. Additionally, the Department may not have the data available to effectively analyze if Managed Care Plans are fulfilling the requirements of their agreements. According to management, the data from PITD could not be recovered when the Department switched to HealthTrak due to the data being corrupted and unreadable.

We recommend management review the data storage policies and procedures and automated system properties to ensure they are adequate to allow for sufficient protection and access to data maintained by the Department. Prior to switching to new systems, management should ensure they have all necessary information transferred from previously used systems.

Official's Response and Corrective Action Plan

ODM was moving from one vendor to another and needed data to be transferred from the old vendor to the new vendor. ODM requested a backup file from its vendor in order to preserve the data in the event the transfer was not successful. ODM failed to verify the integrity of the backup file upon receipt. A year later when ODM attempted to pull historical data from the backup, a portion of the information was found to be corrupt. ODM's corrective action plan is a simple one: moving forward, ODM will verify the integrity of any backup files before allowing a vendor to remove the database.

Anticipated Completion Date for Corrective Action

Action has been completed.

4. MEDICAID / CHIP – INCOMPLETE CONSUMER COMPLAINT POPULATION (Continued)

Contact Person Responsible for Corrective Action

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5. IT – LACK OF FORMAL PROGRAM CHANGE POLICIES AND PROCEDURES

Finding Number	2014-029
State Agency/Number	MCD-05
CFDA Number and Title	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirements	Activities Allowed or Unallowed, Eligibility

SIGNIFICANT DEFICIENCY

Formal application change management policies and procedures and controls must be in place to ensure changes to critical applications are properly approved, tested, implemented, and communicated to users of the application.

During state fiscal year 2014, the Ohio Department of Medicaid (ODM) disbursed approximately $17.6 billion in Medicaid and $405.8 million in Children's Health Insurance Program (CHIP) benefit payments. ODM administers the Medicaid Information Technology System (MITS) which is an automated application that uses recipient eligibility determinations from other automated applications to determine if the services provided to eligible recipients were by an eligible provider and allowable prior to payment. While ODM indicated it follows a set of procedures and guidelines for program changes, formalized policies and procedures were not in place guiding the change initiation, approvals, test planning, migration, and documentation of the MITS application program changes. Although no errors were found relating to creating, prioritizing, assigning, and tracking the tested program changes, the following deficiencies were noted for key steps in the sample of 60 MITS program changes:

- 31 (52%) were not approved prior to initiation of the change.
- 30 (50%) did not have management approval prior to the change being migrated to production.
- 30 (50%) did not include user notification of the substance and timing of the change.
- 20 (33%) did not have user acceptance testing (UAT) approvals.
- 18 (30%) did not have documented test results.
- 14 (23%) did not have documented test plans.

In the absence of formal and approved policies, procedures, and controls relating to the creation, remediation, and migration of application changes, inappropriate or unauthorized changes could be implemented into the production environment. As a result, the application controls within MITS could be compromised and lead to Medicaid and CHIP benefit payments to ineligible providers or for unallowable services. Furthermore, the accuracy and completeness of the State of Ohio's financial statements could be impacted. Lastly, this could also lead to unforeseen remediation costs or system downtime for the organization.

According to management, the prioritized processes in becoming a separate legal entity from the Ohio Department of Job and Family Services in state fiscal year 2013 did not allow time for the creation of new departmental application change management policies and procedures. Additionally, inadequate program change training was a contributing factor in the inconsistencies noted during testing.

We recommend ODM take steps to adopt formal procedures related to MITS program change management. Furthermore, we recommend ODM take steps to ensure that all relevant program changes are properly approved, documented, monitored, tracked, and communicated to users according to management's intent. We also recommend ODM provide proper training to those involved in the program change process to reduce the risk of control deficiencies.

5. IT – LACK OF FORMAL PROGRAM CHANGE POLICIES AND PROCEDURES (Continued)

Official's Response and Corrective Action Plan

The Ohio Department of Medicaid (ODM) has implemented the following process to establish a complete audit trail and chronological record of system activities for change management.

- *Establish an executive level approval for change requests:*
    - *The business area or Medicaid Information Technology System (MITS) Domain Lead creates an executive summary, including high level requirements, detailing the reason for the change and the scope of the system changes. Supporting documentation may be attached to the executive summary, including but not limited to screen shots, report layouts, etc.*
    - *A cover page, the System Change Request Routing & Approval Form (commonly known as the Pink Sheet), is attached to the executive summary and supporting documentation and routed to the Bureau chief and ODM executive management team for sign-off approval. Sign-off is required by all ODM Deputy Directors, the MITS Account Executive and the ODM Director.*
    - *Once sign-off is received, the change request is sent to the MITS Vendor to initiate the work.*
- *A project charter is initiated by the MITS Vendor and Joint Application Development Sessions (JAD) are held with ODM subject matter experts to develop business requirements and change orders.*
- *ODM and the MITS vendor determine in which release the change will be implemented.*
- *The change follows the established design process schedule by release.*
    - *Requirements checkpoint*
    - *Design checkpoint*
    - *Content Base-lined*
    - *Development complete*
    - *System Test*
    - *User Acceptance Testing*
    - *Production Readiness*
    - *Go/No Go Decision*
    - *Production Deployment*
    - *Production Implementation (Go Live)*
- *ODM approves requirements/design*
    - *Documents prior to 4/1/14 included the Requirements Specification Document (RSD) and Detailed System Design (DSD)*
    - *Documents after 4/1/14 contained the Business Requirements Design (BRD)*
- *MITS Vendor completes design, and change moved into vendor system test. This includes a design construction walk through by the vendor development team.*
- *ODM conducts user acceptance testing.*
- *The change is approved to move to production at the Go/No Go meeting.*
    - *The meeting is held with ODM and MITS Vendor executives.*
    - *Meeting Minutes are taken where the Go/No Go decisions are formalized and approved by ODM Release Manager.*
    - *Meeting Minutes with a copy of the Release Schedule are uploaded into the iTrace Document repository. (iTrace Home page; Release Build Notes and Promotion Schedule)*
- *This process began with Release 15.0 on 2/25/14.*

A separate process is used for changes to system Reference and Configuration due to changes in benefit management, reimbursement rates or periodic code/table updates. These changes happen on a regular basis due to state or federal changes and do not follow the same design process as a formal system change order. They are put into production weekly basis.

5. IT – LACK OF FORMAL PROGRAM CHANGE POLICIES AND PROCEDURES (Continued)

- *A change is requested through the Routine Work Queue.*
  - *This change request details the specific reference or configuration change that is needed.*
  - *No formal approval is done through ODM Executive Management as this type of change is regular system maintenance and expected to be performed as needed.*
- *A weekly Reference and Configuration meeting is held between ODM and MITS Vendor Reference and Configuration Domain Leads and ODM subject matter experts to review and approve change.*
  - *A spreadsheet documents the weekly Reference and Configuration items approved.*
- *The Reference and Configuration items are reviewed in system test and ODM User Acceptance Testing. Reference and Configuration changes often do not warrant formal test case creation as these changes are verified through a review of the appropriate tables and panels.*
- *The weekly Reference and Configuration spreadsheet becomes part of the weekly release meetings and changes are formally approved as part of the Go/No Go meetings. The documentation is added to the Release Build Notes and Promotion Schedule.*

Anticipated Completion Date for Corrective Action

06/01/15

Contact Person Responsible for Corrective Action

Lynn Boyle, ODM CSO MITS Domain Lead, Ohio Department of Medicaid, 50 W. Town Street, B4025, Columbus, Ohio 43215, Phone: (614) 752-3746, E-Mail, Lynn.Boyle@Medicaid.Ohio.Gov

6. MEDICAID – FEDERAL SCHEDULE

Finding Number	2014-030
State Agency/Number	MCD-06
CFDA Number and Title	93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Schedule of Expenditures of Federal Awards

SIGNIFICANT DEFICIENCY

OMB Circular A-133 §__.310 (b)(3) requires that auditees prepare a Schedule of Expenditures of Federal Awards (Schedule) that provides total federal awards expended for each federal program, along with the corresponding CFDA number or other identifying information. It is management's responsibility to implement control policies and procedures to reasonably ensure the Department's portion of the Schedule submitted to the Office of Budget and Management (OBM) is in compliance with OMB Circular A-133. Sound internal controls require a review of the Schedule and Attachments be performed and documented in some manner, prior to submission, to verify the information the Department reported is accurate and complete, and that all transactions and adjustments are appropriately reflected in the State's accounting system, the Ohio Administrative Knowledge System (OAKS).

During state fiscal year 2014, OBM provided state agencies that received federal funds a reporting package containing a template of the Schedule, detailed instructions for completing the reporting package, and step-by-step instructions for running queries in OAKS Business Intelligence (BI) for obtaining the Department's expenditure activity.

The Medicaid Cluster's reimbursed federal expenditures are calculated and reported on the Schedule on a revenue basis since this is a reimbursement program. The Fiscal Program area prepares the Schedule and Attachments based on OAKS revenue data and then they are reviewed by management, as evidenced by the signed transmittal letter, to reasonably ensure completeness and accuracy prior to submission to OBM. However, management's review did not prevent or detect the following errors on the Schedule and Attachment A which resulted in the Medicaid Cluster being overstated by $335,132,150 (2.5%), as detailed below:

- The Department reported $394,536,698 in federal revenue for Funds 3A40 and 3G60 which was directly passed through to the Ohio Department of Developmental Disabilities (DDD). However, this amount should have been deducted from the Department's portion of the Schedule since DDD properly reported this same amount as federal revenue on its portion of the Schedule.

- The Department did not identify and report transactions within Fund 5DL0, account code 440300, totaling $59,404,548 which was earned federal revenue drawn for the Medicaid Cluster that was deposited into a state account.

These errors were brought to OBM's attention by the auditor and the State's Schedule was adjusted prior to submission to the federal government. In addition, similar errors were noted for other programs in which the variances were not significant to the program and, therefore, did not require adjustment to the State's Schedule.

6. MEDICAID – FEDERAL SCHEDULE (Continued)

Without proper reviews of the Schedule and Attachments prior to submission to OBM, there is an increased risk that errors, such as those identified above, would not be detected resulting in inaccurate reporting federal expenditures for the individual programs and the State of Ohio's Schedule of Expenditures of Federal Awards, as a whole. This could lead to a reduction in program funds and/or fines and penalties from the federal grantor agency. According to management, the errors occurred because this was the first time they had to complete the Schedule and Attachments since becoming a separate state agency. Also management considered transactions within Fund 5DL0 as state funds, not federal.

We recommend the Department prepare written procedures to document their process for compiling the Schedule and Attachments to help ensure accuracy and completeness of the amounts reported. In addition, management should strengthen existing reviews and monitor the compilation of the Schedule and Attachments to verify the program revenues and/or expenditures are properly classified and recorded.

Official's Response and Corrective Action Plan

ODM initially reported the 3A40 and 3G60 funds on the SEFA since it was on a Medicaid grant and showed up on the OBM Cognos reports. This resulted in $394,536,698 being over reported. When learning that DODD reported it on their reports, we agreed we should take it off the SEFA. We will make note of these two funds in the procedures and make sure we do not report DODD receipts in the future. Starting in 2016 the funding will be at DODD so we will not act as a Pass-Thru.

ODM did not identify the receipts of $59,404,548 on 5DL0 since it is not traditionally a federal fund. However, in this case we did draw MCDFMP14 money into 5DL0. We located the information to back up this transaction, so we added it to the SEFA report. In the future, we will run additional Cognos reports to ensure we have identified all transactions with federal grant coding, as some may be missed on the OBM provided reports. We will update the procedures to reflect this change.

ODM initially reported the 3A40 and 3G60 funds on the SEFA since it was on a Medicaid grant and showed up on the OBM Cognos reports. When learning that DODD reported it on their reports, we agreed we should take it off the SEFA. This resulted in $135,718 overstated. We will make note of these two funds in the procedures and make sure we do not report DODD receipts in the future. Starting in 2016 the funding will be at DODD so we will not act as a Pass-Thru.

ODM initially reported the 3G60 fund on the SEFA since it was on a Medicaid grant and showed up on the OBM Cognos reports. When learning that DODD reported it on their reports, we agreed we should take it off the SEFA. T his resulted in $5,692 overstated. We will make note of these two funds in the procedures and make sure we do not report DODD receipts in the future. Starting in 2016 the funding will be at DODD so we will not act as a Pass-Thru.

Anticipated Completion Date for Corrective Action

Procedures are in the process of being updated and will be in place for the SFY 2015 SEFA report.

Contact Person Responsible for Corrective Action

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7. MEDICAID / CHIP – SUR LIMITED SCOPE REVIEWS

Finding Number	2014-031
State Agency/Number	MCD-07
CFDA Number and Title	93.767 – Children's Health Insurance Program 93.775/93.777/93.778 – Medicaid Cluster
Federal Agency	Department of Health and Human Services
Compliance Requirement	Special Tests and Provisions

SIGNIFICANT DEFICIENCY

42 CFR Part 456 requires states to have a program of control for the utilization of Medicaid services, including a continuous program of review of utilization of care and services. It is management's responsibility to design and implement internal control policies and procedures to reasonably ensure the utilization reviews are properly conducted and conclusions reached are appropriate. To be effective, the performance of internal controls must be evidenced in some manner to document the control is in place and functioning as intended.

During state fiscal year 2014, the Department's Surveillance and Utilization Review (SUR) section performed 286 limited scope reviews of Medicaid (and related CHIP) cases with a direct violation of Medicaid rules (i.e., billing errors). The analyst, nurse, or auditor reviewed necessary documentation to ensure compliance with Medicaid rules and regulations and determine whether overpayments were made to providers. The staff documented their review by initialing each audit program step as it was completed. The Supervisor was to review the case file to evaluate whether the recommendation on the initial notification letter was accurate based on the supporting documentation and then initial the audit program step. However, two of 60 (3.3%) limited scope reviews selected for testing did not have the Supervisor's initials on the appropriate audit program step to indicate their review and approval.

Without consistent documentation of supervisory reviews, there is an increased risk that procedures may not be working as intended and are not consistently applied, or that management's objectives will not be achieved. There is also an increased risk that reviews will not be performed properly, invalid conclusions will be reached, and the monies collected based on the review will not be correct. According to management, these errors were due to oversight.

Management should monitor existing controls over the limited review process to reasonably ensure they are performed properly, timely, and as intended. We also recommend management periodically review and evaluate these control procedures to ensure they continue to meet the needs and objectives of management and the Department.

Official's Response and Corrective Action Plan

SURS will ensure that overpayment findings are thoroughly reviewed by a supervisor, as appropriate, before being issued. All supervisory reviews will be clearly denoted within the matter's audit program immediately upon completion of the review. In addition, we will add a step to our quality assurance process that specifically assesses if supervisory reviews are being documented. If issues are noted, we will reevaluate our current system and take the appropriate steps to correct any deficiencies.

Anticipated Completion Date for Corrective Action

July 1, 2014

7. MEDICAID / CHIP – SUR LIMITED SCOPE REVIEWS (Continued)

Contact Person Responsible for Corrective Action

Rachel Jones, Section Chief, Ohio Department of Medicaid, 50 W. Town Street, Columbus, Ohio 43215, Phone: (614) 752-2634, E-Mail: rachel.jones@medicaid.ohio.gov

1. SSBG – TRANSPARENCY ACT REPORTING

Finding Number	2014-032
State Agency/Number	MHA-01
CFDA Number and Title	93.667 – Social Services Block Grant
Federal Agency	Department of Health and Human Services
Compliance Requirement	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients, who receive non-ARRA (American Recovery and Reinvestment Act) federal awards and make subawards, report these first-tier subawards on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of $25,000 or more to an entity. Prime recipients must report this information by the end of the month following the month in which the obligation is made.

Ohio Rev. Code §5101.46 (B) and (C) require the Department of Job and Family Services, Department of Developmental Disabilities, and Department of Mental Health (now the Department of Mental Health and Addiction Services, and herein referred to as the Department) administer the Social Services Block Grant (SSBG) program according to the appropriations provided to each state agency. During state fiscal year (SFY) 2014, the Department disbursed approximately $7.4 million in non-ARRA federal funds from the SSBG program as subawards, which were required to be reported under the Transparency Act. At the beginning of the year, the Department contracted with 53 Alcohol, Drug Addiction, and Mental Health/Community Mental Health (ADAMH/CMH) Services Boards to oversee the SSBG program via subaward agreements, with quarterly allocations. However, during SFY 2014, the Department did not collect and report information on the FSRS website for subawards made during the year for any of the 53 ADAMH/CMH boards that received SSBG funding. In addition, the Department did not have any controls to gather data and comply with this reporting requirement.

By not complying with the federal Transparency Act reporting requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. Without proper controls in place, the risk of noncompliance is increased. According to management, they believed the Transparency Act reporting activity was performed by the Department of Job and Family Services, which served as the lead state agency for the SSBG program.

We recommend the Department evaluate its current control procedures over the subaward process and update them as necessary to help ensure compliance with the Transparency Act reporting requirements. We also recommend the Department focus on collecting and reporting on current subaward data and then submit previous years' subaward data into FSRS. In addition, we recommend the Department communicate with the Department of Job and Family Services and the Department of Developmental Disabilities to better understand and designate the responsibilities of each agency for administration of the SSBG grant. Lastly, we recommend the Department establish procedures to periodically monitor its compliance with the related requirements and initiate necessary actions to resolve any noncompliance that results.

1. SSBG – TRANSPARENCY ACT REPORTING (Continued)

Official's Response and Corrective Action Plan

OhioMHAS currently has a program that captures the required FFATA data from its internal funding system, but the program does not include funds distributed through the Department's allocation process. OhioMHAS technology staff will be asked to modify the program to include all sub-awarded funding, including funds awarded as an allocation.

Anticipated Completion Date for Corrective Action

The system modification should be ready for implementation beginning in State Fiscal Year 2016.

Contact Person Responsible for Corrective Action

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2. DUNS NUMBERS FOR SUBAWARDS

Finding Number	2014-033
State Agency/Number	MHA-02
CFDA Number and Title	93.667 – Social Services Block Grant 93.959 – Block Grants for Prevention and Treatment of Substance Abuse
Federal Agency	Department of Health and Human Services
Compliance Requirement	Subrecipient Monitoring

NONCOMPLIANCE AND MATERIAL WEAKNESS

2 CFR part 25 established the Dun and Bradstreet Data Universal Numbering System (DUNS) number as a universal identifier for federal financial assistance applicants, as well as recipients and their direct subrecipients. 2 CFR 25.110 states that part 25 applies to all entities, other than those listed exempted entities, which apply for/receive federal awards or receive subawards directly from recipients of those agency awards. In addition, 2 CFR part 25, Appendix A, Section B states:

> If you are authorized to make subawards under this award, you:
>
> 1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
>
> 2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

It is management's responsibility to implement control policies and procedures to reasonably ensure compliance with the DUNS number requirements. Effective controls require that award recipients notify potential subrecipients about providing a DUNS number or obtain it via review of subaward application documents prior to approval of such subawards.

During state fiscal year 2014, the Department disbursed approximately $7.4 million in federal funds from the Social Services Block Grant (SSBG) program and $82.6 million in federal funds from the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program as subawards. At the beginning of the year, the Department contracted with 53 Alcohol, Drug Addiction and Mental Health/Community Mental Health Services Boards via subaward agreements, with quarterly allocations. However, the Department did not obtain or ensure the subrecipients had a valid and current DUNS number for any of the 53 subrecipients before entering into subaward agreements for the SSBG or SAPT federal programs. Moreover, the Department did not have any controls in place to comply with this requirement. The former Ohio Department of Alcohol and Drug Addiction Services (ADA) had obtained DUNS numbers from these same subrecipients during its fiscal year 2011 audit prior to its merger with the Ohio Department of Mental Health to create the Ohio Department of Mental Health and Addiction Services, effective at the beginning of fiscal year 2014.

Without ensuring applicants provide a valid DUNS number prior to approval of the subaward, the Department is not complying with 2 CFR part 25. Noncompliance could result in federal funds being reduced, taken away, or other sanctions imposed by the federal grantor agency. According to management, they thought DUNS numbers previously obtained by ADA were sufficient since they are permanently assigned to entities and the subrecipients had not changed since fiscal year 2011.

2. DUNS NUMBERS FOR SUBAWARDS (Continued)

We recommend the Department evaluate its current control procedures over the subaward process for all grants and update them as necessary to establish controls to reasonably ensure it obtains DUNS numbers from all subrecipients before approving subawards. Potential methods may be to inform subrecipients of the DUNS number requirement through newsletters, notes, and other communications to the subrecipients; or include a step (perhaps by checklist) in the subaward application review and approval process to document receipt of the DUNS numbers before the application can be approved. We also recommend the Department establish procedures to periodically monitor its compliance with the related requirements and initiate necessary actions to resolve any noncompliance that results.

Official's Response and Corrective Action Plan

The Department understands that without ensuring applicants provide a valid DUNS number prior to approval of the subaward, compliance with 2 CFR part 25 is not maintained. This could possibly result in federal funds being reduced, taken away, or other sanctions imposed by the federal grantor agency, as communicated by the AOS.

In order to meet the compliance requirement the Department will notify potential subrecipients of the following:

- *No entity may receive a subaward unless the entity has provided its DUNS number and*
- *A subaward cannot be made to an entity unless the entity has provided its DUNS number.*

Prior to consolidation DUNS numbers were previously obtained from the Boards, by The Ohio Department of Alcohol and Drug Addiction Services (ODADAS). These Boards were believed sufficient since DUNS numbers are permanently assigned to entities and the subrecipients had not changed since fiscal year 2011.

During the past audit period, ODADAS and Ohio Department of Mental Health (ODMH) began consolidating both Departments' procedures to ensure efficiencies and compliance. In order to assure compliance in this area, the following two steps will be implemented.

1) *As part of the streamlining, the Department re-engineered the Subrecipient Monitoring program to include desktop reviews. These desktop review include an Annual Monitoring Questionnaire for ADA/ADAMH/CMH/MHRS Board. The questionnaire we be revised to include a request for the valid DUNS number and the required language regarding 2 CFR part 25.*

2) *In addition, the Department has re-engineered the Grant Application process for Subawards. The same request for DUNS information will be incorporated in the application process that applicants use to apply for grants before awards are approved.*

Anticipated Completion Date for Corrective Action

Step one is being implemented immediately. Each year the Department evaluates the Questionnaire and determines if revisions are necessary before send on 07/01/15. Currently under DRAFT, the Monitoring Questionnaire contains a change to include the DUNS number information. The questionnaire is sent to Boards on the first business day of each State Fiscal Year.

Step Two will be implemented with a revision to the coming SFY grant application process for SFY2016 Subawards/Grantees. This revision will be made for each continuation application, as well as all competitive bid grant applications.

2. DUNS NUMBERS FOR SUBAWARDS (Continued)

Contact Person Responsible for Corrective Action

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3. SAPT – LATE REPORT SUBMISSION

Finding Number	2014-034
State Agency/Number	MHA-03
CFDA Number and Title	93.959 – Block Grants for Prevention and Treatment of Substance Abuse
Federal Agency	Department of Health and Human Services
Compliance Requirement	Reporting

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

The Notice of Award for the Department's 2012 grant (with an award period of October 1, 2011 to September 30, 2013) for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT), Section III, (Terms and Conditions) Item 6, states:

> Grantees shall submit a Federal Financial Report (SF 425) by December 31, 2013 which is 90 days after the end of the obligation and expenditure period of this grant. The SF-425 shall report total funds obligated and total funds expended by the grantee. The grantee shall note the date of the last obligation and the date of the last expenditure in Remarks Section of the SF-425.

It is management's responsibility to design and implement internal controls to reasonably ensure compliance with laws and regulations and to ensure management's objectives are achieved.

During state fiscal year (SFY) 2014, the Department had controls over the SF 425 report preparation, review, and submission process. However, the controls did not prevent the Department from submitting the SF 425 report for the 2012 grant until June 23, 2014, nearly six months later than required and only in response to a delinquency letter, dated June 10, 2014, from the federal awarding agency.

By not complying with the timely submission requirements for federal reports, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. According to management, the late submission was due to an incomplete transference and communication of employee duties regarding the SF425 report when the Ohio Department of Mental Health began a merger with the Ohio Department of Alcohol and Drug Addiction Services to create the Ohio Department of Mental Health and Addiction Services in SFY 14.

We recommend the Department evaluate its current control procedures over the report submission process and update them as necessary to reasonably ensure compliance with the timely report submission requirements. We also recommend the Department clearly assign the task of the report preparation and submission to a designated employee and provide adequate training to the employee. The Department should consider the use of a tickler file to remind the responsible employee about the report submission due date. Lastly, we recommend the Department establish procedures to periodically monitor its compliance with the related requirements and initiate necessary actions to resolve any noncompliance that results.

3. SAPT – LATE REPORT SUBMISSION (Continued)

Official's Response and Corrective Action Plan

The Department will evaluate its current control procedures over the report submission process and update them as necessary to reasonably ensure compliance with the timely report submission requirements to include:

- *A procedure that clearly assign the task of the report preparation and submission to designated employees.*

- *Adequate training to the employee that has a role in reporting.*

In addition, the Department is in the process of designing a Access Database for the purpose of tracking all Federal Notice of Awards. This system will provide grant amount, issue dates, budget periods, reporting requirements and all other relevant information. The design will include advance notifications for reporting requirements due dates and have a responsible employee managing and maintain the data.

Lastly, the Department will establish a procedure to include periodic monitoring of its compliance which will initiate necessary actions to resolve any noncompliance.

Anticipated Completion Date for Corrective Action

The development of the Federal Grant Tracking System data base is currently underway and the following phrases are outlined as follows:

- *Phase I – design/development – Complete by March 2015*
- *Phase II – Testing and Use to store data – May 2015*
- *Phase III – Reporting and Upload capacity – June 2015*

Contact Person Responsible for Corrective Action

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1. SUBRECIPIENT MONITORING

Finding Number	2014-035
State Agency/Number	DPS-01
CFDA Number and Title	20.600 to 20.602/20.609 to 20.613 – Highway Safety Cluster
Federal Agency	Department of Transportation
Compliance Requirement	Subrecipient Monitoring

NONCOMPLIANCE

Pass-through entities are responsible for monitoring their subrecipients' activities to provide reasonable assurance that subrecipients are aware of federal requirements imposed on them and that subrecipients administer federal awards in compliance with those requirements. These regulations are defined in Office of Management and Budget's (OMB) Circular A-133, Subpart D § .400, which states, in part:

(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

. . .

3. Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

In addition, OBM Circular A-133, § _.300(b) requires recipients of federal awards "[m]aintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs." It is management's responsibility to design, implement, and monitor these controls to reasonably ensure compliance with the applicable requirements. It is imperative that control procedures be adequately documented to evidence they are performed timely; consistently; as intended, and by an appropriate level of management, enabling management to place reliance on them.

During fiscal year (FY) 2014, the Ohio Department of Public Safety (Department) administered the Highway Safety Cluster (HSC) federal program and distributed $7.7 million of the $14.8 million total spent of these funds directly to 189 subrecipients. The Department initially made the subrecipients aware the funds they received were federal HSC program funds, and that the subrecipients may be subject to the laws and regulations of OMB Circular A-133 as stated in grant agreements. As part of its subrecipient monitoring procedures, the Department performed 181 on-site reviews of the subrecipients and received and reviewed audit reports from the subrecipients as part of its responsibilities as a pass-through entity of federal funds. However, for eight of 16 applicable items (50%) tested, there was no documentation to verify this review identified the total amount provided to subrecipients from each Federal program. All eight of these exceptions occurred prior to the Department's implementation of a new procedure in February 2014 to support their review of the subrecipient's Schedule of Expenditures of Federal Awards (SEFA).

By not complying with subrecipient monitoring requirements, the risk exists that instances of subrecipient noncompliance will not be identified by the Department. Any noncompliance may cause federal funding to be reduced or taken away, or sanctions to be imposed by the federal grantor agency. Noncompliance could also result in the Department having to repay part or all of the grant awards to the federal government if questioned costs would be identified.

1. SUBRECIPIENT MONITORING (Continued)

According to management, the Department implemented a control procedure as soon as they were notified of the errors and weakness in January 2014. However, that left any reviews they had performed up to that date subject to the same error and weakness.

We recommend the Department implement new or evaluate and update existing specific policies and control procedures over the receipt and review of subrecipient audit reports, and utilize these controls on a consistent basis to help ensure compliance with its responsibilities as a pass-through entity per OMB Circular A-133. The Department should continue to determine if the subrecipients accurately included federal programs on their Schedule of Expenditures of Federal Awards (i.e. proper CFDA title, number, federal awarding agency, amounts) and the audits tested programs passed through by the Department as major federal programs.

Official's Response and Corrective Action Plan

The OTSO policies and procedures will include obtaining the sub-recipients most recent Schedule of Expenditures of Federal Awards (SEFA), a review of the SEFA and notation of any discrepancies. If discrepancies are notes, a follow-up along with any action that was taken will be noted to the file.

Anticipated Completion Date for Corrective Action

SEFA procedures were in place as of 03/15/2014.

Contact Person Responsible for Corrective Action

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2. FEDERAL TRANSPARENCY ACT – SUBAWARD REPORTING

Finding Number	2014-036
State Agency/Number	DPS-02
CFDA Number and Title	20.600 to 20.602/20.609 to 20.613 – Highway Safety Cluster
Federal Agency	Department of Transportation
Compliance Requirement	Reporting

MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA (American Recovery and Reinvestment Act) federal awards who make first-tier subawards to report the subaward on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. It is management's responsibility to implement control policies and procedures to reasonably ensure the federal reports they submit are accurate, complete, submitted timely, and in compliance with the Federal Transparency Act requirements for the Highway Safety Cluster (HSC).

During state fiscal year 2014, the Department disbursed approximately $7.7 million (52% of total expenditures) from the Highway Safety Cluster program to 180 subrecipients. Based on recommendations from the prior audit, the Grant Administrator for the Highway Safety Cluster began to maintain a spreadsheet which tracks the Department's HSC transactions for submission via FSRS, as well as the date the transactions were entered into FSRS, the date they were submitted to the Federal Agency, and the date the transactions were to be submitted to the Federal Agency. However, the Department has no policies or procedures requiring a supervisory review of this information to help verify it is accurate and complete prior to submission to the federal government.

Without adequate management reviews, the Department cannot reasonably ensure the information reported to the awarding agency is accurate and complete. If all subawards are not accurately and timely reported within FSRS, the risk exists that those using the Transparency Reports could be relying on inaccurate information. Based on discussions with Department management, when they implemented the recommendations from the state fiscal year 2013 audit they believed they had implemented sufficient controls to ensure the accuracy and completeness of the information entered into FSRS

We recommend management implement and document controls requiring supervisory reviews of all financial information entered into FSRS prior to its submission, as well as reviews of all monitoring information gathered to reasonably ensure compliance with the requirements of the Transparency Act. We also recommend the Department periodically monitor its consistent application of these controls.

Official's Response and Corrective Action Plan

Prior to state fiscal year 2014 audit, The Ohio Traffic Safery Office (OTSO) implemented the supervisory review step for FFY2015 entries. This step has been added to the above mentioned spreadsheet. The information entered into the system is reviewed for accuracy against the report and the GRANTS system prior to being submitted to the Federal Agency.

2. FEDERAL TRANSPARENCY ACT – SUBAWARD REPORTING (Continued)

Anticipated Completion Date for Corrective Action

This step was completed in December 2014.

Contact Person Responsible for Corrective Action

S/Lt. Steven Rine, Traffic Safety Commander, Ohio Department of Public Safety 1970 W. Broad Street, Columbus, Ohio 43223, Phone: (614) 466-3017, E-Mail: srrine@dps.state.oh.us

1. HIGHWAY PLANNING & CONSTRUCTION CLUSTER – TRANSPARENCY ACT REPORTING

Finding Number	2014-037
State Agency/Number	DOT-01
CFDA Number and Title	20.205/20.219/23.003 – Highway Planning & Construction Cluster
Federal Agency	Department of Transportation
Compliance Requirement	Reporting

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of non-ARRA federal awards who make first-tier subawards to report these subawards on the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. Pursuant to 2 CFR part 170 Appendix A, prime recipients of non-ARRA federal awards made on or after October 1, 2010, are required to report subawards of $25,000 or more to an entity. Prime recipients must report by the end of the month following the month in which the obligation is made. Additionally, 2 CFR part 25 requires entities to ensure applicants of non-ARRA subawards provide a valid Dun and Bradstreet Data Universal Numbering System (DUNS) number in its subaward application or, if not, prior to receiving the award.

During state fiscal year 2014, the Department disbursed approximately $262.2 million from the Highway Planning & Construction Cluster (HP&CC) in subawards for non-ARRA federal awards to its subrecipients which were required to be reported under the Transparency Act. However, the Department did not collect and report information on the FSRS website regarding applicable subawards made during the fiscal year. Due to the complexities many state departments of Transportation had in complying with the Transparency Act requirement, the U.S. Department of Transportation (USDOT) developed a computer program the departments could use in compiling the report. However, the program was not properly pulling in the data so a group of state departments of Transportation was formed in 2011 to work with USDOT to identify and fix the problems. Updates on the progress of these group meetings are sent to each department; however, the Department did not maintain the supporting documentation or any other documentation to demonstrate a good faith effort was being made to comply with the Transparency Act requirements during the audit period. In addition, the Department did not ensure applicants of subawards under the HP&CC program possessed a valid DUNS number either in their application for the subaward or prior to issuance of the subaward.

By not maintaining sufficient documentation that a good faith effort is being made to comply with federal Transparency Act requirements and not complying with certain provisions of the Transparency Act, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. Additionally, without requiring subrecipients to provide a valid DUNS number for the Department to include in Transparency Act reports, the federal government cannot use the number to better identify organizations that are receiving federal funds and to provide consistent name and address data for other electronic grant application systems.

According to management, the Department has been having issues addressing the Transparency Act requirement since its release back in 2010. This was due to the complexity of reporting for the various projects administered by the Department as well as technical problems with software provided by USDOT to assist in reporting. There was also a misunderstanding regarding the maintenance of a good faith effort to comply with Transparency Act reporting requirements as well as the Department's obligation to collect DUNS numbers for new applicants during the fiscal year.

1. HIGHWAY PLANNING & CONSTRUCTION CLUSTER – TRANSPARENCY ACT REPORTING (Continued)

We recommend the Department stay current on any developments made in resolving the reporting issues preventing the Department from complying with the Transparency Act reporting requirements and maintain documentation of communications from the USDOT and the group of state departments. Once the issues have been resolved, the Department should collect and report the required information regarding subawards made for all programs subject to the Transparency Act on the FSRS website. The Department should work with subrecipients to ensure they are providing valid DUNS numbers prior to the issuance of the subaward, or as part of the subaward application review and approval process. In addition, the Department should develop and maintain a system of internal controls over the reporting process to help ensure the reports are accurate and complete prior to submission to FSRS. These reviews should be documented in some manner to provide reasonable assurance the reviews were performed prior to submission.

Official's Response and Corrective Action Plan

ODOT will become current on any developments made in resolving the reporting issues preventing the Department from complying with the Transparency Act reporting requirements and maintain documentation of communications from the USDOT and the group of state departments.

Once the issues have been resolved, ODOT will collect and report the required information regarding subawards made for all programs subject to the Transparency Act on the FSRS website.

ODOT will develop and maintain a system of internal controls over the reporting process to help ensure the reports are accurate and complete prior to submission to FSRS.

The Department will work with subrecipients to ensure they are providing valid DUNS numbers prior to the issuance of the subaward, or as part of the subaward application review and approval process.

Anticipated Completion Date for Corrective Action

October 1, 2015. Our ability to meet the deadline will be based on whether or not the federal process has been streamlined enough to allow for fast data recovery and analysis.

Contact Person Responsible for Corrective Action

Matthew C. Downs, Administrator, Project Accounting, Ohio Department of Transportation, 1980 West Broad St., Columbus, Ohio 43223, Phone: (614) 644-6395, E-Mail: matt.downs@dot.state.oh.us

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SUPPLEMENTAL INFORMATION

STATE OF OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JULY 1, 2013 THROUGH JUNE 30, 2014

AGENCY/FINDING	CURRENT STATUS [1]
Ohio Office of Budget and Management	
2013-001 Finding for Recovery-Incorrect Leave Payout	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
Ohio Department of Insurance	
2013-002 Finding for Recovery-Incorrect Leave Payout	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
Ohio Department of Alcohol and Drug Addiction Services	
2013-003 SAPT – Subrecipient Monitoring	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-004 SAPT – Independent Peer Reviews	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-005 SAPT – Cash Management	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
Ohio Attorney General	
2013-006 Medicaid Fraud Control Unit – Various Programs	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
Ohio Office of Budget and Management	
2013-007 Federal Schedule – Various Programs	The finding was repeated for fiscal year 2014. The Office of Budget and Management (OBM) enhanced its review procedures beyond analytical procedures during its compilation of the statewide fiscal year 2014 SEFA. For fiscal year 2015, OBM will evaluate additional methods to identify potential errors beyond its current procedures and further educate the state agencies regarding processes to ensure an accurate and complete agency-level federal schedule. Full remediation is expected by November 2015; finding first reported in fiscal year 2013.
Ohio Development Services Agency	
2013-008 HEAP – Period of Availability	The finding was repeated for fiscal year 2014. The Ohio Development Services Agency reports that it will continue to more diligently review expenditure dates to ensure that they fall within the period of availability. Full remediation is currently in place; finding first reported in fiscal year 2013.

AGENCY/FINDING	CURRENT STATUS [1]
Ohio Development Services Agency (Continued)	
2013-009 HEAP - Eligibility	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-010 Suspension and Debarment	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-011 Inspections – HWAP Program	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
Ohio Department of Developmental Disabilities	
2013-012 Medicaid – Provider Certification and Reviews	The finding was repeated for fiscal year 2014. The Ohio Department of Developmental Disabilities (DODD) indicates that a new electronic compliance record system has been created to aid in the monitoring process. In addition, an interface between DODD's certification system and the Medicaid Information Technology System (MITS) is scheduled for deployment in spring 2015 and should eliminate the potential for data entry errors. Full remediation is expected by May 2015; finding first reported in fiscal year 2013.
Ohio Department of Education	
2013-013 Various Programs – Transparency Act Reporting	The finding was repeated for fiscal year 2014. The Ohio Department of Education (ODE) is currently modifying its processes to ensure completeness of reporting to the U.S. Department of Education. ODE is awaiting clarification from the U.S. Department of Agriculture on reporting requirements. Full remediation is expected by April 2015; finding first reported in fiscal year 2011.
Ohio Environmental Protection Agency	
2013-014 CWSRF &DWSRF - Invoice Reviews	The finding was repeated for fiscal year 2014. The Ohio Environmental Protection Agency indicates that they will continue to improve on review timelines using the new process implemented in January 2014. Full remediation is currently in place; finding first reported in fiscal year 2011.
2013-015 CWSRF &DWSRF – Subrecipient Monitoring	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.

Ohio Department of Job and Family Services

AGENCY/FINDING	CURRENT STATUS [1]
2013-016 Medicaid/CHIP – Managed Care	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-017 Medicaid – Ineligible Recipients – CRIS-E/MITS Variance	The finding was repeated in fiscal year 2014 for Ohio Department of Medicaid (ODM.) ODM indicates that they are reviewing corrective action plans of counties with findings. On a monthly basis, ODM staff also issue policy updates and hold video conference trainings with the counties and state sister agencies. Full remediation is currently in place; finding first reported in fiscal year 2010.
2013-018 Medicaid – Claim Service Date	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-019 Medicaid/CHIP – Prior Authorization	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-020 Child Care – Copayment Amounts	The finding was repeated for fiscal year 2014. The Ohio Department of Job and Family Services (ODJFS) indicates that it will address completeness of applications during its quality assurance conferences with county staff and will contact the individual county agencies identified during the audit to discuss necessary corrective actions. ODJFS expects full remediation by October 2015; finding first reported in fiscal year 2012.
2013-021 Missing Eligibility Documentation – Various Counties	The finding was repeated in fiscal year 2014 for both ODJFS and ODM. ODJFS will continue providing employees with eligibility training and will conduct targeted reviews for payment accuracy. ODM indicates that it is in the process of creating a new unit devoted to eligibility oversight and reestablishing the quality assurance function. Full remediation is expected by July 2015; finding first reported in fiscal year 2006.
2013-022 IEVS – Due Dates and Result Code Errors	The finding was repeated for fiscal year 2014. ODJFS continues to provide training and technical assistance to county staff to resolve this long reported issue. The Department will monitor counties for timeliness and will require continuous improvement plans for delinquent timeliness rates. Full remediation is currently in place as of January 2015; finding first reported in fiscal year 1997.
2013-023 MITS – Claims Reimbursement in Excess of OAC Limits	The finding was repeated in fiscal year 2014 for ODM. ODM will continue to monitor the functionality of claims system audits based on internal reviews, claims data, and stakeholder feedback to identify errors reported by the auditor. The Department has researched and referred claims identified as outside of limitations and paid without prior authorization for follow up action and recovery. Full remediation is currently in place; finding was first reported in fiscal year 2006.

Ohio Department of Job and Family Services (Continued)

AGENCY/FINDING	CURRENT STATUS [1]
2013-024 Medicaid/CHIP – Provider Eligibility	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-025 CCDF – Type B Homes – Various Counties	The finding was repeated for fiscal year 2014. ODJFS has created a new unit within the Department for monitoring of each county agency at least once annually. It will continue monthly video conferences with county staff and plans to implement revised licensing processes, including an automated system to store and track inspection data, during fiscal year 2016. Full remediation is expected by November 2015; finding first reported in fiscal year 2012.
2013-026 Reporting – TANF ACF-196 and Foster Care CB-496	The TANF ACF-196 component of the finding is no longer reportable. The finding was repeated for the Foster Care CB-496 component in fiscal year 2014. ODJFS has indicated that it is implementing a grant reporting system which will automate the monitoring and processing of grant draws and reporting. Full remediation is currently in place as of December 2014; finding first reported in fiscal year 2013.
2013-027 Various Programs – Transparency Act Reporting	The finding was repeated for fiscal year 2014. ODJFS will implement additional internal control measures to improve timeliness and address the errors detected by the auditor. Full remediation is expected by April 2015; finding first reported in fiscal year 2012.
2013-028 Federal Schedule	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-029 Various Programs – Cash Management	The finding was repeated for fiscal year 2014. ODJFS will research existing reports available within the financial system and implement additional internal control measures to improve timeliness and address the errors detected by the auditor. Full remediation is expected by June 2015; finding first reported in fiscal year 2013.
2013-030 Medicaid/CHIP – Long Term Care Provider Eligibility	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
2013-031 Federal Revenue Controls	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.

AGENCY/FINDING	CURRENT STATUS [1]
Ohio Department of Public Safety	
2013-032 Subrecipient Monitoring	The finding was repeated for fiscal year 2014. The Ohio Department of Public Safety has implemented procedures to document the results of reviews of subrecipient reports including discrepancies noted during the review and further actions taken. Full remediation is currently in place as of March 2014; finding first reported in fiscal year 2011.
2013-033 Federal Transparency Act – Subaward Reporting	The finding was repeated for fiscal year 2014. The Ohio Department of Public Safety has implemented supervisory review steps to verify accuracy of reported transactions in the FFATA Subaward Reporting System (FSRS) prior to submission to the federal agency. Full remediation is currently in place as of December 2014; finding first reported in fiscal year 2012.
Ohio Rehabilitation Services Commission	
2013-034 Vocational Rehabilitation – Determination of Eligibility	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.
Ohio Department of Transportation	
2013-035 Federal Schedule – Highway Safety Cluster	This finding is no longer reportable in the 2014 State of Ohio Single Audit Report.

[1] The State of Ohio's Schedule of Prior Audit Findings and Questioned Costs includes information about the status of comments subsequent to June 30, 2014, which we did not audit and, accordingly, express no opinion on.

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ATTACHMENTS

Comprehensive Annual Financial Report

The State of Ohio – Fiscal Year Ended June 30, 2014

Governor John R. Kasich

Office of Budget and Management
Director Timothy S. Keen

ACKNOWLEDGMENTS

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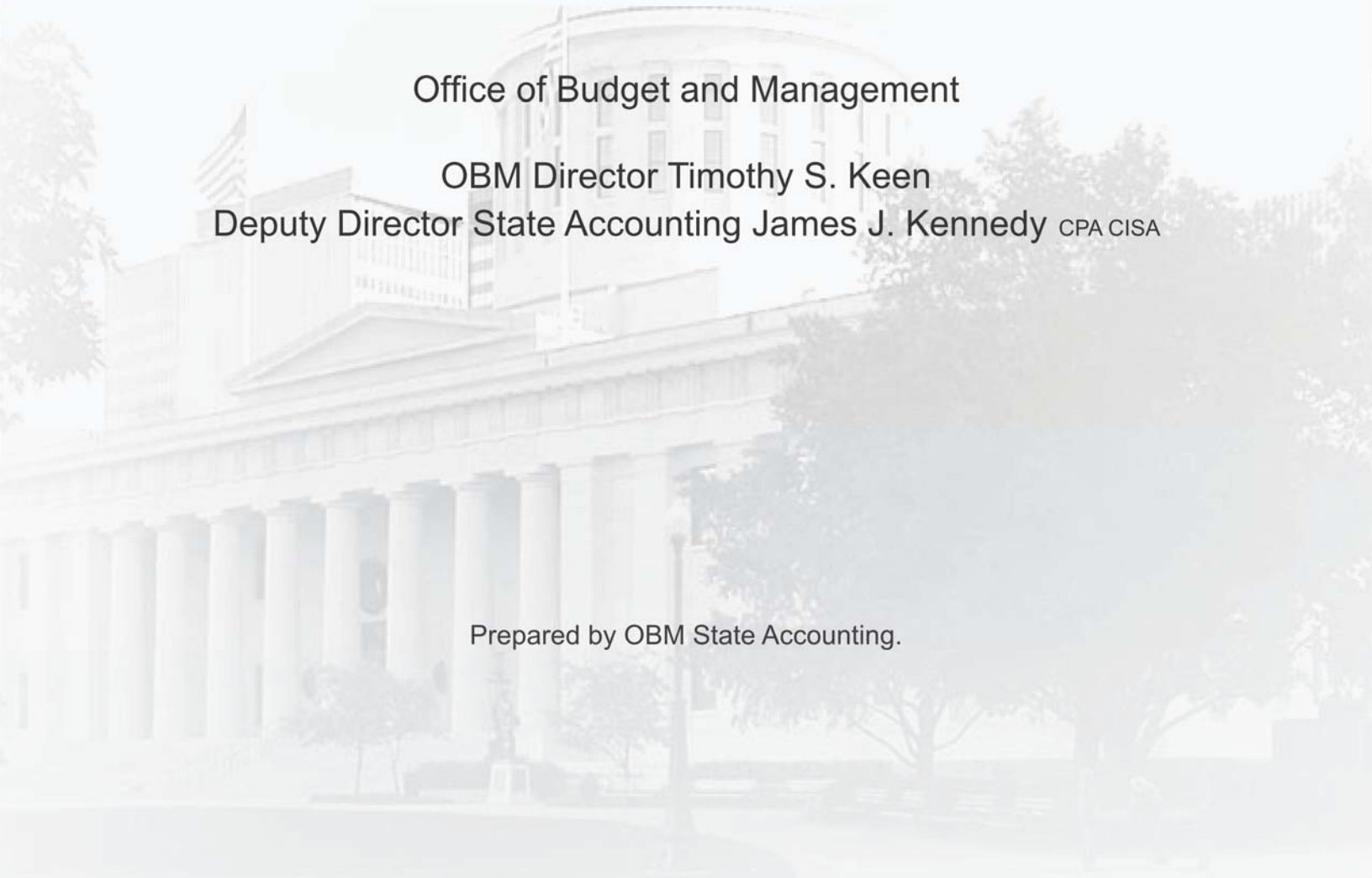
Special appreciation is given to all fiscal and accounting personnel throughout the State whose extra efforts to contribute accurate, timely financial data for their agencies made this report possible.

State of Ohio
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014



Office of Budget and Management

OBM Director Timothy S. Keen
Deputy Director State Accounting James J. Kennedy CPA CISA

Prepared by OBM State Accounting.

STATE OF OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Introductory Section

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Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

December 22, 2014

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, 2014, 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) Circular A-133. 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 four-year terms, and representatives are restricted to serving four 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 to GASB 14 and Statement 61, The Financial Reporting Entity: Omnibus, an amendment to 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 1P. 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 biennial 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 financial statements 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 basic financial statements. 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. A reconciliation between the GAAP basis and non-GAAP budgetary basis fund balances is presented in NOTE 3 to the financial statements.

ECONOMIC OVERVIEW AND OUTLOOK

The Economy in 2014

The U.S. economy expanded for the fifth consecutive calendar year in 2014, extending to five and one-half years the expansion that began in mid-2009. At 66 months in length as of December, the current expansion is the fifth longest of the eleven expansions since the end of World War II. By a number of important measures, however, this expansion is the weakest of the five expansions that have lasted at least as long.

Real GDP increased at an annual rate of 2.3 percent during the 21 quarters ending in the third quarter of 2014, compared with an average growth rate of 4.3 percent during the first 21 quarters of the four other expansions that lasted as long. Real final sales increased at a 1.9 percent annual rate during the period, compared with the average of 4.0 percent during the four previous expansions. Nonfarm payroll employment has increased at an annual rate of 1.1 percent – up from 0.9 percent during the previous expansion, but less than one-half of the average of 2.3 percent. Real disposable personal income has increased at an annual rate of only 1.6 percent, compared with an average of 3.9 percent in the prior expansions.

Researchers believe that both structural and cyclical factors are behind slower growth during the current episode. A primary structural factor is the aging of the U.S. population. Potential cyclical factors include new taxes and regulations that might be affecting decisions about saving and consuming and regarding the choice between work and leisure that have resulted in slower overall economic growth. The difficulty in disentangling structural and cyclical factors has complicated efforts to prescribe corrective economic policies.

During 2014, real GDP has been volatile, falling at an annual rate of 2.1 percent in the first quarter and then rising 4.6 percent in the second quarter and 3.9 percent in the third quarter. Major monthly indicators point to continued growth in the fourth quarter at a somewhat slower pace. Personal consumption expenditures contributed 1.3 percentage points of the growth in real GDP from the fourth quarter of 2013 through the third quarter of 2014. Growth in personal consumption expenditures was concentrated in durable goods, largely reflecting a 7.0 percent increase in light motor vehicle sales from the fourth quarter of 2013 to the third quarter of 2014.

Inflation remained tame in 2014. The Consumer price index increased at an annual rate of 2.0 percent from the fourth quarter of 2013 to the third quarter of 2014. The increase is at the high end of the range of fourth-quarter to fourth-quarter increases of 1.2 percent to 1.9 percent during the previous five years. The last time that inflation was consistently this low for this length of time was in the 1960s. The recent large decrease in the price of oil is likely to extend this period of very low inflation at least well into 2015.

Monetary policy was extraordinarily accommodative throughout 2014. The Federal Reserve continued to peg short-term interest rates near zero and made substantial purchases of Treasury and Mortgage-Backed Securities each month through October. The bond-buying program, known as Quantitative Easing, was an effort to promote confidence in the economy and financial markets and encourage investing, hiring, and spending.

In light of recent improvements in labor markets, Quantitative Easing was deemed no longer necessary. Employment growth picked up to the fastest pace of this expansion in 2014, averaging 241,000 per month through November, and the unemployment rate fell to 5.8 percent. The decline in the unemployment rate in part resulted from an unexpectedly large decrease in the labor force participation rate. In short, many more people than predicted under the circumstances, who would otherwise have been counted as unemployed, instead left the labor force.

A much broader measure than the unemployment rate – the Labor Market Conditions Index (LMCI) from the Federal Reserve Board – indicates that improvements in labor markets during the current expansion have been typical. The difference in the current case is that typical improvements have followed an atypically severe downturn, leaving greater slack in labor markets than would be usual at this point in an expansion. The Federal Reserve is monitoring all 19 components of the LMCI, which include the labor force participation rate, the number of people working part-time for economic reasons, average weekly hours, and average hourly earnings.

Fiscal policy continued to add directly to aggregate demand in fiscal year 2014, as federal outlays amounted to an estimated 21.1 percent of GDP, compared with receipts amounting to an estimated 17.3 percent of GDP. The budget deficit as a percent of GDP declined for the fifth straight year, reaching an estimated 3.7 percent of GDP, but remained among the largest in history during peace time. The mix of the outlays and the high level of uncertainty about pending tax rate increases, the implementation of the Affordable Care Act, and the volume of other regulations might offset to some degree any positive effects of deficit spending on aggregate demand.

The Ohio Economy

In line with trends across the country, labor markets across Ohio strengthened further in 2014. Nonfarm payroll employment in Ohio increased by 38,400 jobs, or 0.9 percent annualized, from December 2013 to October 2014. In addition, the annual benchmark revisions to 2013 data released by the U.S. Bureau of Labor Statistics in early 2014 revealed much stronger growth in employment during 2013 than had been previously reported. The increase in Ohio employment from December 2012 to December 2013 was revised up from 25,600 jobs, or 0.5 percent, to 68,300 jobs, or 1.3 percent – more than doubling reported job growth in Ohio during 2013. The revisions primarily reflected adjustments to estimates of jobs created or lost due to new business formation or business closures and other methodological improvements.

The Ohio unemployment rate decreased 1.8 percentage points from 7.1 percent in December 2013 to 5.3 percent in October 2014 – down by one half from the peak of 10.6 percent reached in February 2010. The decrease during 2014 reflected an increase of 84,949, or 1.6 percent, in total employment, a decrease of 105,456, or 25.7 percent, in unemployed people, and a decrease of 20,507, or 0.4 percent, in the labor force. As is the case across the country, at least a portion of the decrease in the labor force is attributable to demographic changes that affect decisions to retire or pursue higher education.

In response to the strengthening in labor markets, Ohio personal income continued to grow in the first half of 2014, outpacing growth across the country. Ohio personal income increased at an annual rate of 5.7 percent from the fourth quarter of 2013 to the second quarter of 2014, compared with an increase of 4.9 percent across the country. Wage and salary disbursements increased at an annual rate of 6.9 percent, compared with 5.1 percent across the country. In fact, income growth in Ohio has kept pace with income growth across the country since the end of the recession in the second quarter of 2009. Ohio personal income has expanded at an annual rate of 3.7 percent, compared with 3.9 percent across the country. Wage and salary disbursements increased at an annual rate of 3.4 percent, matching the rate of increase across the country.

The five and a half year long economic expansion has produced rising state tax revenue in Ohio. The increase in total revenues exceeded the estimate for the fourth year in a row in fiscal year 2014. Sales tax revenue essentially matched the estimate, after adjusting for a one-time refund of $32 million. Auto sales tax was somewhat higher than estimated and non-auto sales tax was slightly lower than expected. Income tax revenues were well above the estimate in fiscal year 2014, reflecting stronger-than-anticipated growth in employment and earnings. The positive performance in absolute terms and relative to estimates has continued into fiscal year 2015.

The Economic Outlook

The economy is likely to continue expanding in 2015. Past expansions have been cut short by unexpected events that have often included some mix of rising inflation, tightening monetary policy, and an upward spike in energy costs – none of which 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.

The pace of overall economic growth is projected to increase in 2015. Real GDP will accelerate from a projected 2.2 percent in 2014 to 2.7 percent in 2015, according to the December 2014 forecast by IHS Global Insight. The Ohio economy is also expected to grow in 2015, according to the November 2014 IHS Global Insight forecast. Employment is projected to accelerate from 0.8 percent in 2014 to 1.2 percent in 2015 on an average annual basis. Personal income is projected to increase 3.8 percent in 2015, compared with a 4.0 percent increase in 2014. Nominal Gross State Product is projected to accelerate from 2.5 percent in 2014 to 3.8 percent in 2015.

As always, unexpected events will shape future economic performance. In the near-term, U.S. economic growth could be stronger than previously anticipated for a time before ultimately giving way to more moderate growth longer-term. The economy could benefit more than anticipated in the near-term from the following:

- Extraordinarily accommodative monetary policy, even though the bond-buying program has ended and the Fed might begin to slowly raise short-term interest rates sometime in 2015;
- Strong growth in corporate profits and strong corporate balance sheets;
- Further improvements in consumer confidence and household balance sheets; and

- The substantial decrease in the price of oil, which on balance will enhance productivity and boost spending on non-energy goods and services.

However, risks to the economic outlook include:

- An abrupt reversal of the extraordinarily monetary policy that has been associated with historically low interest rates;
- The inability of federal lawmakers to enact a budget and foster policies consistent with long-term economic growth;
- An economic slowdown overseas; and
- Large direct and indirect costs related to recent and pending regulations in health care, energy, and financial services.

MAJOR INITIATIVES AND PROJECTS

The "Jobs Budget 2.0" – Fiscal Years 2014 and 2015

Consistent with state law, the Governor's biennial Executive Budget for fiscal years 2014 and 2015 was released in February 2013 and introduced in the General Assembly as H.B. 59. After extended hearings and review, the 2014-15 biennial appropriations budget was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2013.

Among major policy initiatives undertaken by the Kasich Administration in conjunction with the biennial operating budget for fiscal years 2014 and 2015:

- Maintaining Fiscal Stability and Restraining Spending***:*** Following the closure of an historic $7.7 billion budget gap that had been projected for fiscal years 2012-2013, H.B. 59 continued the practice of conservative fiscal management by maintaining the spending reforms enacted in H.B. 153 while continuing the contain costs in the State's most expensive budget program, Medicaid. As a result of these policies, in conjunction with the reforms enacted in H.B. 153, the State converted a situation in which it had only 89 cents was in the Budget Stabilization Fund while facing an estimated $7.7 billion gap into a surplus at the end of fiscal year 2013 that resulted in a deposit to the Budget Stabilization Fund of $995.9 million early in fiscal year 2014. With that deposit, the balance of the Budget Stabilization Fund was increased to $1.48 billion, an amount equal to its statutory target amount of five percent of the previous year's GRF revenue. As a result, Ohio now had the flexibility to undertake additional reforms in taxation, education and workforce development, and health care to make it more competitive and support economic growth. .

- Reforming Ohio's System of Taxation**:** The conservative fiscal management in place since 2011 has not only allowed the State to address its fiscal challenges, but also to undertake reforms to its system of taxation in order to make Ohio more economically competitive. In 2014, these reforms included a nine percent across the board income tax reduction that was part of an overall reduction of ten percent. Additionally, to encourage economic growth and job creation, H.B. 59 also included a small business tax deduction that allows owners of most small businesses to deduct 50 percent of the first $250,000 in business income. Without the conservative policies adopted in H.B. 153 and continued in H.B. 59, these tax reductions would not have been possible.

- Transforming State Healthcare Programs to Achieve Cost Savings and Improve Their Operation: Governor Kasich created the Office of Health Transformation (OHT) in January 2011 in order to immediately address Medicaid spending issues, plan for the long-term, efficient administration of Ohio's Medicaid program and improve overall healthcare system performance in Ohio

  As part of H.B. 59, the reform efforts that began in 2011 continued for fiscal years 2014 and 2015 including, reducing Medicaid fraud and abuse, capping Medicaid managed care spending at three percent annual growth, reducing avoidable hospital readmissions, targeting direct medical education funds toward workforce priorities, helping individuals with mental illness who live in nursing facilities to transition into home- and community- based settings, increasing provider rates for home and community-based services, and committing Ohio to spend 50 percent of its Medicaid long-term care budget on non-institutional care.

Medicaid is Ohio's largest budgetary program, consuming nearly 47 percent of total fiscal year 2014 General Revenue Fund spending. Without the efforts in the area of health transformation, this program would likely grow at an even greater rate and reduce the budget flexibility Ohio needs in order to improve its competitiveness.

- Improving Educational Opportunities for Ohio Students: H.B. 59 allocated $1.1 billion in new state funds to put more dollars into the classroom in ways that help teachers respond to students' learning needs. As a result, state funding for education in fiscal year 2015 will exceed fiscal year 2011 actual state spending by $1.39 billion. Additionally, to encourage innovation, a new $250 million Straight A Fund is providing one-time grants to those districts with the will to take on ambitious new strategies for helping their students improve their achievement levels and increase their operational efficiency. Any savings generated through these transformations can be used by districts as they see fit, including efforts to improve classroom instruction or to make locally generated property tax revenues go further. Further, in fiscal year 2014 Ohio expanded EdChoice vouchers, including a pilot program providing scholarships for children entering Kindergarten whose families are under 200 percent of the poverty level. If a student's school is failing on the state's new 3rd Grade Reading Guarantee, parents can now receive a voucher scholarship to have their child attend another school.

- Improving Workforce Development and Reforming Higher Education Funding: To fill a gap in the current workforce development programs, Ohio invested $30 million to allow companies in Ohio's growth sectors to increase their competitive edge by providing training to their existing workforce. Ohio's Incumbent Workforce Training Voucher Program helps Ohioans who have jobs upgrade their skills so they can keep their positions and their employers can become more competitive.

  Also contributing to Ohio's qualified workforce was support for Ohio veterans by ensuring they receive the appropriate credit and credentialing for their military training and service in order to assist them with education and employment opportunities. As a result, in fiscal year 2014, Ohio continued to take steps to streamline and simplify the State's licensure process for military service men and women to ensure their relevant military experience, training and education is taken into account when determining equivalency for issuing professional licenses and certifications.

  The Kasich Administration engaged Ohio's state university presidents to propose ways to help increase the number of Ohioans with college degrees. As a result of this collaboration, more state higher education funding is now based on how many students successfully complete their degrees, while the share of state funding tied to student graduation was increased from 20 to 50 percent. Additionally, in order to keep college affordable, tuition and general fee increases on in-state undergraduate students is limited to no more than two percent at Ohio's four-year public institutions and $100 at the two-year community colleges.

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Mid-Biennium Review

Soon after passage of the fiscal year 2014 and 2015 biennial operating budget in June 2013, the Kasich Administration embarked on a second Mid-Biennium Review (MBR), a top-to-bottom analysis of state agency budgets, operations and programs.

This effort, led by the Office of Budget and Management, produced hundreds of recommendations for reforms designed to reduce the cost of government and revitalize Ohio's ability to keep and attract jobs.

Proposals generated by the MBR included efficiencies and reform initiatives affecting education, energy policy, healthcare, tax reform, and workforce development and higher education reform. While the primary MBR bill was H.B. 483, which was enacted in June 2014, a number of other MBR bills were enacted as well. Among the enacted MBR's initiatives were those aimed at:

- Reducing the Cost of State Agency Operations: Among its achievements, the MBR identified ways to cut more than $50.2 million from agency budgets in fiscal years 2014 and 2015, while making significant changes that streamline government operations and improve delivery of services. Many reductions and reforms – including those focused on continuing to reform the State's system of taxation – were enacted by the General Assembly in House Bill 483, which was signed by Governor Kasich on June 16, 2014.

- Advancing Education, Workforce Training, and Higher Education Reform in Ohio: High-quality education and training programs help ensure that Ohioans can take advantage of our state's ever-expanding economic opportunities and that job-creators have the workforce they need to compete and succeed. Highlights of new MBR help achieve these goals by providing new efforts to help prevent students from dropping out of high school, mentorship strategies to boost community support for schools and help students get motivated about careers, permitting students as young as the 7th grade to begin learning about careers via our high-quality vocational education schools, providing more students an early start on college credits while they are still in high school, focusing our colleges more on successful student outcomes rather than just enrollment rates, and giving our veterans an easier transition to the home front with academic credit for military training and experience.

  The MBR also provided incentives to colleges to graduate students, by extending the new higher education funding formula enacted in H.B. 59 for four-year colleges and universities to community colleges. Not Just Enroll Them: To help increase the number of Ohioans with degrees, the state budget for fiscal year 2014-As a result, state funding for community and technical colleges will also be based on successful course, degree, and certificate completions, rather than course enrollments. The MBR provided the final piece of this policy for two-year schools, completing the transition for all public colleges and universities. As a result, in a period of just two years (fiscal year 2013 to fiscal year 2015), Ohio's community colleges have gone from being funded almost entirely based on earmarks and student enrollment to being funded 100 percent based on successful student outcomes. Furthermore, although the new community college formula rewards student success, it also protects access to higher education by providing schools with greater payments for older, low income, and minority students that are successful.

- Accelerating Income Tax Reductions, Providing Tax Relief for middle and low income tax payers, and Expanding the Small Business Deduction: Made possible by continued conservative management in fiscal year 2014, in the MBR, Ohio was able to both accelerate the ten percent income tax rate reduction with the entirety (as opposed to the nine percent originally enacted) took effect for taxable year 2014. Additionally, H.B. 483, the main MBR bill expanded the state's Earned Income Tax Credit and targeted new increases to the income tax's personal exemption for low and middle-income families to help ensure that all Ohioans share in our state's on-going economic recovery. Furthermore, due to the combination of revenues above estimate and spending below estimate in fiscal year 2014, a portion of the fiscal year 2014 surplus was applied to provide a temporary, one year increase in the small business tax deduction for taxable year 2014 as the deduction will apply in that year to 75 percent of the first $250,000 in business income.

Capital Budgets

Fiscal year 2014 also saw the continuation of implementation of the Kasich Administration's capital budget proposal for the 2013 and 2014 fiscal biennium – the state's first capital budget in four years as well as the passage of a capital budget proposal for 2015 and 2016. The resulting legislation (H.B. 497) was enacted by the General Assembly and signed by the Governor on April 1, 2014. Focusing on schools, higher education, technological research and workforce development, this capital budget will invest more than $2.38billion in fiscal years 2015 and 2016 to maintain and improve the state's educational and public service infrastructure in ways that help keep Ohio a leader in the competitive world economy.

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, 2013. 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,

Timothy S. Keen
Director

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STATE OF OHIO OFFICIALS

As of June 30, 2014

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

Keith Faber
President of the Senate

William G. Batchelder
Speaker of the House

JUDICIAL

Maureen O'Connor
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT		
LEGISLATIVE	**EXECUTIVE**	**JUDICIAL**
Senate (33 Members) **House of Representatives** (99 Members)	**Governor** **Lieutenant Governor** **Attorney General** **Auditor of State** **Secretary of State** **Treasurer of State** **State Board of Education** (11 Elected Members, and 6 At-Large Members)	**Supreme Court** Chief Justice and 6 Justices
Governmental Activities: *General Government:* Senate House of Representatives Legislative Service Commission Legislative Committees	**Governmental Activities:** *Primary, Secondary and Other Education:* Arts Council Broadcast Educational Media Commission Department of Education Educational Telecommunications School for the Blind School for the Deaf State Library Board *Higher Education Support:* Board of Regents Career Colleges and Schools Board *Public Assistance and Medicaid:* Department of Job and Family Services Department of Medicaid *Health and Human Services:* Department of Aging Department of Health Department of Mental Health and Addiction Services Department of Developmental Disabilities Department of Veteran Services Hispanic-Latino Affairs Commission Minority Health Commission Opportunities for Ohioans with Disabilities *Justice and Public Protection:* Adjutant General 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 *Environmental Protection and Natural Resources:* Department of Natural Resources Environmental Protection Agency Environmental Review Appeals Lake Erie Commission *Transportation:* Department of Transportation	**Governmental Activities:** *Justice and Public Protection:* Supreme Court Judicial Conference Judiciary Court of Claims

PRIMARY GOVERNMENT (Continued)

General Government:
Capitol Square Review & 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
Racing Commission
Sinking Fund Commission
Other Boards and Commissions

Community and Economic Development:
Department of Agriculture
Development Services Agency
Expositions Commission
Public Works Commission
Southern Ohio Agricultural & Community Development Foundation

Business-Type Activities:
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

COMPONENT UNITS

Blended Component Units:
Buckeye Tobacco Settlement Financing Authority (included as Governmental Activities)

Fiduciary Component Unit:
State Highway Patrol Retirement System

Discretely Presented Component Units:
Financing Authorities and Commissions:
Ohio Air Quality Development Authority
Ohio Capital Fund
Ohio Facilities Construction Commission
Ohio Turnpike and Infrastructure Commission

Nonprofit Organizations:
Jobs Ohio

Discretely Presented Component Units (continued):
State Universities:
Bowling Green State University
Central State University
Cleveland State University
Kent State University
Miami University
Northeast Ohio Medical University
Ohio State University
Ohio University
Shawnee State University
University of Akron
University of Cincinnati
University of Toledo
Wright State University
Youngstown State University

State Community Colleges:
Cincinnati State
Clark State
Columbus State
Edison State
Northwest State
Owens State
Southern State
Terra State
Washington State

JOINT VENTURES
Great Lakes Protection Fund
Local Community Colleges Technical Colleges

RELATED ORGANIZATIONS
Higher Education 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

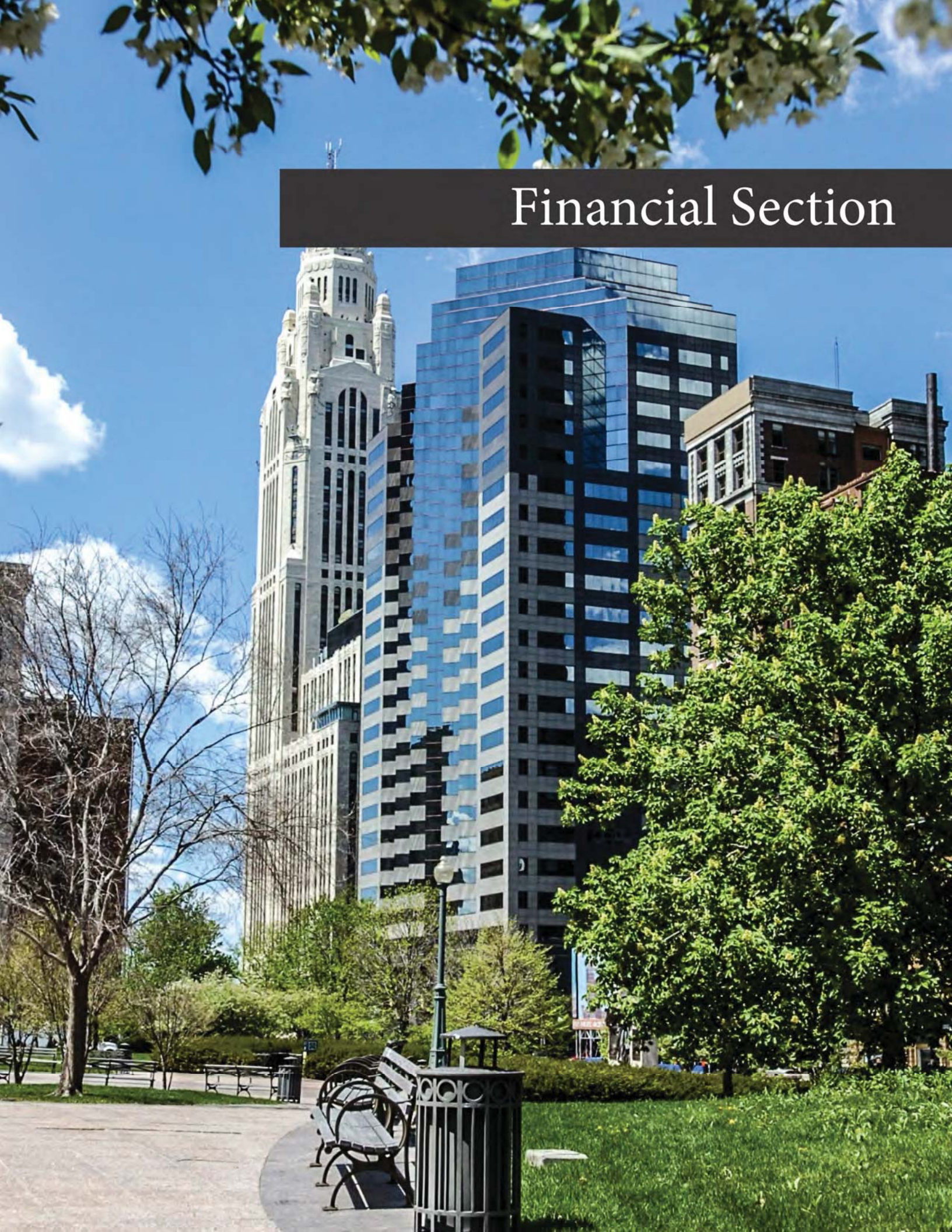
State of Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section



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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, 2014, 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	Treasurer of State Lease Revenue Bonds	0%	1%
Business-Type Activities (BTA)	Ohio Bureau of Workers' Compensation and Tuition Trust Authority	95%	39%
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, 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, Youngstown State University, Columbus State Community College, and JobsOhio.	87%	92%
Aggregate Remaining Fund Information	State Highway Patrol Retirement System, Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, School Employees Retirement, Treasurer of State Lease Revenue Bonds System, State Treasury Asset Reserve of Ohio, and Tuition Trust Authority.	97%	84%

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Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these independently audited organizations, is based solely on the report of the other auditors. We conducted our audit 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 six 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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Job, Family and Other Human Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2014, the State adopted the provisions of Governmental Accounting Standards No. 65, *Items Previously Reported as Assets and Liabilities.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and *Schedules for Infrastructure Assets Accounted for Using the Modified Approach*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the State's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these statements and schedules 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, 2014, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2014

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State of Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

(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, 2014. 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 2014, net position of the State's primary government increased by $3.22 billion, after prior year restatements, and ended fiscal year 2014 with a balance of $30.2 billion. Net position of the State's component units increased by $1.82 billion, after prior year restatements, and ended fiscal year 2014 with a balance of $14.7 billion. See additional discussion beginning on page 8.

Fund Financial Statements

Governmental funds reported a combined ending fund balance of $14.56 billion that was comprised of $146.8 million in nonspendable, $9.39 billion restricted for specific purposes, $1.4 billion committed, $2.37 billion in assigned, and $1.26 billion in unassigned. See additional discussion beginning on page 11.

As of June 30, 2014, the General Fund's fund balance was approximately $5.93 billion, including $69.8 million in nonspendable, $1.46 billion in restricted, $773.7 million in committed, $2.37 billion in assigned, and $1.26 billion in unassigned. The General Fund's fund balance increased by $687.7 million (exclusive of a $732 thousand increase in inventories) or 13.1 percent during fiscal year 2014. See additional discussion beginning on page 11.

Proprietary funds reported net position of $8.94 billion, as of June 30, 2014, an increase of $3.12 billion since June 30, 2013. This increase is largely due to the net increase of $2.68 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 $25.98 billion at June 30, 2014. The majority of the $32.8 million increase during fiscal year 2014 was from the acquisition of land and highway network infrastructure. 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 $293 million or 1.7 percent during fiscal year 2014, considering prior year restatements, for an ending balance of $17.73 billion. During the year, the State issued, at par, $1.75 billion of long-term debt of which $407.5 million was refunding bonds and certificates of participation. See additional discussion beginning on page 14.

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
Scope	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
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	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
Type of asset/liability information	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
Type of inflow/outflow information	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 45 of this report while the combining fund statements and schedules can be found on pages 135 through 203. 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 statements and schedules in the basic financial statements and combining statements, respectively, 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 50 through 128 of this report.

Required Supplementary Information
Following the notes is a section of required supplementary information that 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. Required supplementary information can be found on pages 129 through 132 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position. During fiscal year 2014, as shown in the table below, the combined net position of the State's primary government increased $3.22 billion or 11.9 percent, after prior year restatements. Net position reported for governmental activities increased approximately $100.7 million or .5 percent, compared to the restated net position on July 1, 2013 (see NOTE 2), and business-type activities increased $3.12 billion, or 53.6 percent. Condensed financial information derived from the Statement of Net Position for the primary government is presented in the following table.

Net Position
As of June 30, 2014 and 2013
(dollars in thousands)

	As of June 30, 2014			As of June 30, 2013 (as restated)		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	$ 19,472,327	$ 31,711,462	$ 51,183,789	$ 21,263,575	$ 29,375,395	$ 50,638,970
Capital Assets	25,830,292	145,162	25,975,454	25,801,905	140,708	25,942,613
Total Assets	45,302,619	31,856,624	77,159,243	47,065,480	29,516,103	76,581,583
Deferred Outflows of Resources	$ 4,689,267	$ -	$ 4,689,267	$ 226,275	$ -	$ 226,275
Current and Other Liabilities	7,901,435	41,297	7,942,732	6,439,713	171,188	6,610,901
Noncurrent Liabilities	18,623,285	22,874,605	41,497,890	19,703,042	23,523,049	43,226,091
Total Liabilities	26,524,720	22,915,902	49,440,622	26,142,755	23,694,237	49,836,992
Deferred Inflows of Resources	$ 2,212,211	$ -	$ 2,212,211	$ -	$ -	$ -
Net Position:						
Net Investment in Capital Assets	22,627,911	129,804	22,757,715	22,489,929	92,290	22,582,219
Restricted	4,455,723	9,481,597	13,937,320	4,443,210	6,814,878	11,258,088
Unrestricted	(5,828,679)	(670,679)	(6,499,358)	(5,784,139)	(1,085,302)	(6,869,441)
Total Net Position	$ 21,254,955	$ 8,940,722	$ 30,195,677	$ 21,149,000	$ 5,821,866	$ 26,970,866

As of June 30, 2014, the primary government's net investment in capital assets (e.g., land, buildings, infrastructure, and construction-in-progress) was $22.76 billion. Restricted net position was approximately $13.94 billion, resulting in a $6.5 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 (BSF) balance is included within unrestricted net position.

After depositing $995.9 million into the BSF during fiscal year 2014, the State has reached its target level within the BSF for the first time in more than a decade. The balance of $1.48 billion at June 30, 2014, is equal to five percent of the preceding year's General Revenue Fund revenues. The money set aside in the BSF during good economic times will protect the State's budget from cyclical changes in revenues and expenditures should the economy become weakened unexpectedly.

The government-wide Statement of Net Position reflects a $5.83 billion deficit for unrestricted governmental activities. 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 $11.2 billion of outstanding general obligation and special obligation debt at June 30, 2014, $8.29 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.

In fiscal year 2014, the State implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* reclassifying certain items that were previously reported as assets or liabilities to deferred inflows or outflows of resources. As a result, governmental activities reported $4.69 billion of deferred outflows of resources and $2.21 billion of deferred inflows of resources as of June 30, 2014 (see NOTE 18).

Condensed financial information derived from the Statement of Activities, which reports how the net position of the State's primary government changed during fiscal years 2014 and 2013, as restated, follows.

Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013
(dollars in thousands)

	Fiscal Year 2014			Fiscal Year 2013 (as restated)		
	Govern-mental Activities	Business-Type Activities	Total Primary Government	Govern-mental Activities	Business-Type Activities	Total Primary Government
Program Revenue:						
Charges for Services, Fees, Fines and Forfeitures	$ 4,225,067	$ 6,709,764	$ 10,934,831	$ 4,193,678	$ 6,331,737	$ 10,525,415
Operating Grants, Contributions and Restricted Investment Income/ (loss)	21,454,316	3,398,375	24,852,691	20,189,757	1,697,735	21,887,492
Capital Grants, Contributions and Restricted Investment Income/ (loss)	1,523,237	-	1,523,237	1,695,846	-	1,695,846
Total Program Revenues	27,202,620	10,108,139	37,310,759	26,079,281	8,029,472	34,108,753
General Revenues:						
General Taxes	22,126,159	-	22,126,159	22,843,622	-	22,843,622
Taxes Restricted for Transportation	1,782,437	-	1,782,437	1,774,781	-	1,774,781
Tobacco Settlement	362,472	-	362,472	336,255	-	336,255
Escheat Property	192,184	-	192,184	167,140	-	167,140
Unrestricted Investment Income	1,733	3	1,736	25,881	3	25,884
Other	839	11	850	239,435	-	239,435
Total General Revenues	24,465,824	14	24,465,838	25,387,114	3	25,387,117
Total Revenue	51,668,444	10,108,153	61,776,597	51,466,395	8,029,475	59,495,870
Expenses:						
Primary, Secondary and Other Education	12,287,325	-	12,287,325	11,461,600	-	11,461,600
Higher Education Support	2,474,851	-	2,474,851	2,403,149	-	2,403,149
Public Assistance and Medicaid	25,283,157	-	25,283,157	21,624,298	-	21,624,298
Health and Human Services	1,579,156	-	1,579,156	3,504,235	-	3,504,235
Justice and Public Protection	3,385,337	-	3,385,337	3,136,239	-	3,136,239
Environmental Protection and Natural Resources	419,539	-	419,539	437,297	-	437,297
Transportation	2,706,248	-	2,706,248	2,657,961	-	2,657,961
General Government	835,785	-	835,785	921,636	-	921,636
Community and Economic Development	3,448,735		3,448,735	3,510,004		3,510,004
Interest on Long term Debt (excludes interest charged as program expense)	103,283	-	103,283	114,859	-	114,859
Workers' Compensation	-	2,417,674	2,417,674	-	3,428,859	3,428,859
Lottery Commission	-	2,310,169	2,310,169	-	2,100,887	2,100,887
Unemployment Compensation	-	1,444,870	1,444,870	-	1,976,518	1,976,518
Tuition Trust Authority	-	72,215	72,215	-	80,560	80,560
Liquor Control	-	-	-	-	310,209	310,209
Office of Auditor of State	-	70,586	70,586	-	65,845	65,845
Total Expenses	52,523,416	6,315,514	58,838,930	49,771,278	7,962,878	57,734,156
Surplus/ (Deficiency) Before Gains (Losses) and Transfers	(854,972)	3,792,639	2,937,667	1,695,117	66,597	1,761,714
Gain (Loss) on Extinguishment of Debt	-	281,938	281,938	(154,607)	273,851	119,244
Transfers - Internal Activities	955,721	(955,721)	-	1,082,887	(1,082,887)	-
Change In Net Position	100,749	3,118,856	3,219,605	2,623,397	(742,439)	1,880,958
Net Position, July 1 (as restated)	21,154,206	5,821,866	26,976,072	18,525,603	6,564,305	25,089,908
Net Position, June 30	$ 21,254,955	$ 8,940,722	$ 30,195,677	$ 21,149,000	$ 5,821,866	$ 26,970,866

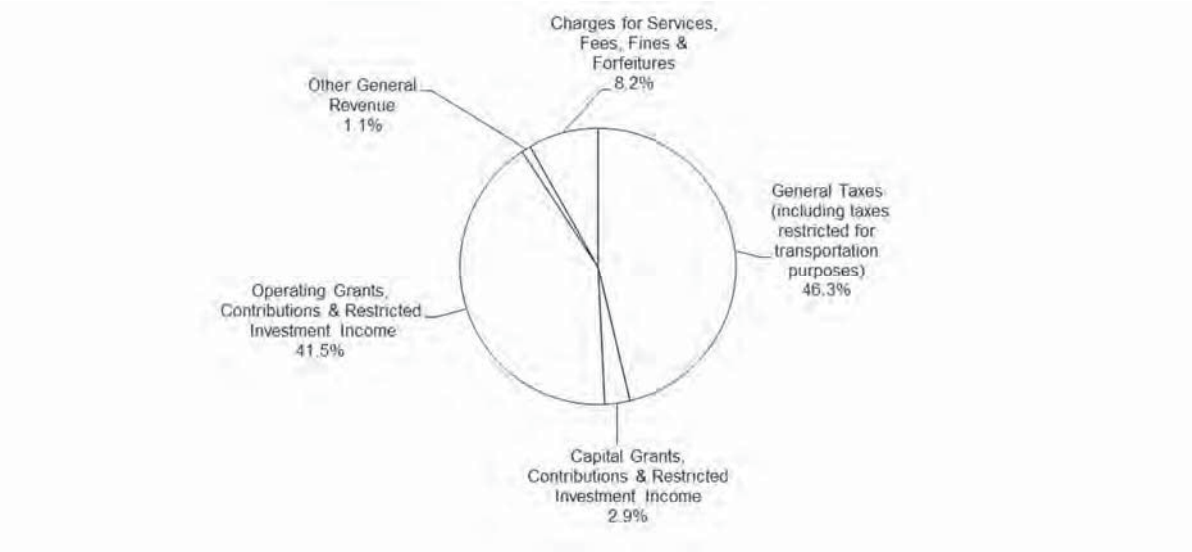
Governmental Activities

Expenses exceeded revenues during fiscal year 2014 for governmental activities. Revenues of $51.67 billion for fiscal year 2014 were $202 million higher than those reported for fiscal year 2013. General taxes (including taxes restricted for transportation purposes) comprised 46.3 percent of fiscal year 2014 total revenues and decreased by 2.9 percent compared to fiscal year 2013. Operating grants, contributions and restricted investment income, making up 41.5 percent of total revenues, increased by 6.3 percent compared to fiscal year 2013. Expenses for fiscal year 2014 increased $2.75 billion or 5.5 percent from fiscal year 2013, after restatements, as a result of additional school foundation funding and an overall increase in the Medicaid caseload and programmatic costs dur-

ing fiscal year 2014. Fiscal year 2014 net transfers of $955.7 million reflect a decrease of 11.7 percent over fiscal year 2013.

The following chart illustrates revenues by source of governmental activities as percentages of total reported for the fiscal year ended June 30, 2014.

Governmental Activities — Sources of Revenue
Fiscal Year 2014



Total FY 14 Revenue for Governmental Activities = $51.67 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, 2014, with comparative numbers from June 30, 2013, as restated. The net cost (total program expenses less revenues generated by the program) represents the financial burden that was placed on the State's taxpayers by each of these programs. This cost is essentially funded with the State's general revenues from taxes, tobacco settlement, and escheat property.

Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Years Ended June 30, 2014 and 2013
(dollars in thousands)

	Program Expenses	Percent of Total Expense	Net Cost of Program		Net Cost as Percentage of Total Expenses for Program		Net Cost as Percentage of Total Expenses — All Programs	
Program	2014	2014	2014	2013 (as restated)	2014	2013 (as restated)	2014	2013 (as restated)
Primary, Secondary and Other Education	$ 12,287,325	23.4%	$ 10,268,939	$ 9,391,076	83.6%	81.9%	19.6%	18.9%
Higher Education Support	2,474,851	4.7%	2,450,561	2,376,773	99.0%	98.9%	4.7%	4.8%
Public Assistance and Medicaid	25,283,157	48.1%	5,979,517	5,258,004	23.7%	24.3%	11.4%	10.6%
Health and Human Services	1,579,156	3.0%	418,003	835,834	26.5%	23.9%	0.8%	1.7%
Justice and Public Protection	3,385,337	6.4%	2,174,618	1,839,823	64.2%	58.7%	4.1%	3.7%
Environmental Protection and Natural Resources	419,539	0.8%	120,837	113,806	28.8%	26.0%	0.2%	0.2%
Transportation	2,706,248	5.2%	998,487	795,222	36.9%	29.9%	1.9%	1.6%
General Government	835,785	1.6%	259,367	471,800	31.0%	51.2%	0.5%	0.9%
Community and Economic Development	3,448,735	6.6%	2,547,184	2,494,800	73.9%	71.1%	4.8%	5.0%
Interest on Long-Term Debt	103,283	0.2%	103,283	114,859	100.0%	100.0%	0.2%	0.2%
Total Governmental Activities	$ 52,523,416	100.0%	$ 25,320,796	$ 23,691,997	48.2%	47.6%	48.2%	47.6%

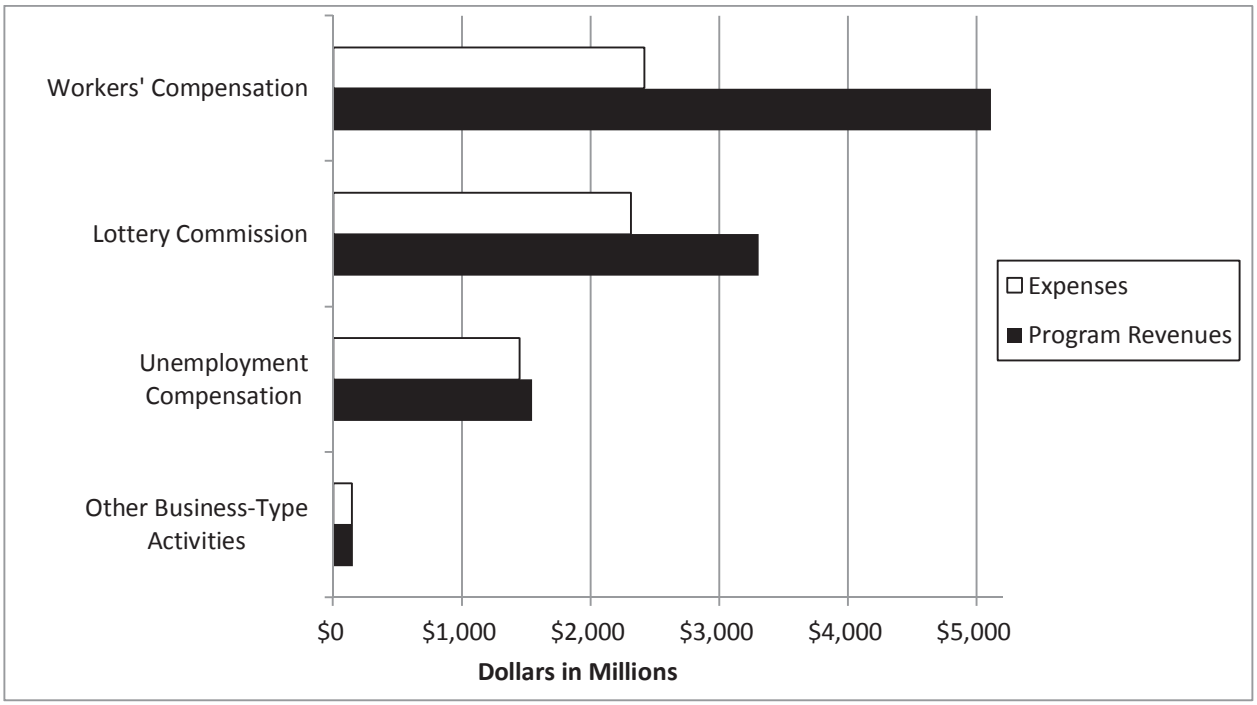
Business-Type Activities

The State's enterprise funds reported net position of $8.94 billion, as of June 30, 2014, as compared to $5.82 billion in net position, as of June 30, 2013, an increase of $3.12 billion, or 53.6 percent. The Workers' Compensa-

tion Fund reported a $2.68 billion increase in net position during fiscal year 2014 as a result of higher returns on its investment portfolio.

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 2014



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, 2014 and June 30, 2013 (dollars in thousands).

	As of and for the Fiscal Year Ended June 30, 2014			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit)	$ 1,255,489	$ (163)	$ -	$ 1,255,326
Total Fund Balance	5,928,956	5,308,443	3,324,419	14,561,818
Total Revenues	32,633,543	9,998,925	9,106,010	51,738,478
Total Expenditures	30,971,219	10,273,103	12,445,942	53,690,264

	As of and for the Fiscal Year Ended June 30, 2013			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit)	$ 1,259,670	$ (344)	$ (5,439)	$ 1,253,887
Total Fund Balance	5,240,113	5,612,048	3,203,451	14,055,612
Total Revenues	32,243,038	9,723,036	9,198,001	51,164,075
Total Expenditures	29,451,916	9,417,817	12,006,338	50,876,071

General Fund

The main operating fund of the State is the General Fund. During fiscal year 2014, General Fund revenue increased by $390.5 million and expenditures increased by $1.52 billion. Increases of $1.09 billion in federal government revenue, related to Medicaid spending, and $743.3 million in sales tax revenue are partially offset by the decrease of $1.4 billion in personal income tax revenue. In 2014, sales and use tax rates increased from 5.5 per-

cent to 5.75 percent while personal income tax rates reflect an 8.5 percent reduction. The increase in expenditures is primarily due to increases in program spending for Primary, Secondary and Other Education and Public Assistance and Medicaid of $599.5 million and $1.24 billion, respectively. In fiscal year 2014, for greater transparency of Medicaid spending, Ohio House Bill 59 instituted line item restructuring in which all Medicaid line items are grouped together in Public Assistance and Medicaid. This restructuring resulted in increases in Public Assistance and Medicaid and decreases in Health and Human Services expenditures. Other sources and uses showed an increase of net sources of $1.22 billion primarily from a fiscal year 2014 increase in bond issuance proceeds and a fiscal year 2013 substantial transfer-out associated with the defeasement of bonds. Total fund balance at June 30, 2014 increased by $687.7 million (exclusive of a $732 thousand increase in inventories) or 13.1 percent. The State's Budget Stabilization Fund (BSF) balance of $1.48 billion is included within unassigned fund balance.

General Fund Budgetary Highlights

The State ended the first year of its 2014-15 biennial budget on June 30, 2014, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of $4.81 billion. Total budgetary sources for the General Fund (including $1.19 billion in transfers from other funds) in the amount of $35.51 billion were below final estimates by $232.5 million or .7 percent during fiscal year 2014. 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 $175.5 million or .8 percent primarily as a result of the positive performance of the personal income tax quarterly estimated payments.

Total budgetary uses for the General Fund (including $1.77 billion in transfers to other funds) in the amount of $36.26 billion were below final estimates by $2.82 billion or 7.2 percent for fiscal year 2014. The majority of lower than appropriated spending came from Medicaid, economic development, revitalization, and public works programs. There was no budget stabilization designation at June 30, 2013, for use in balancing the final fiscal year 2014 budget.

The main appropriations act (Act) for the 2014-15 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, 2013. Reflecting a stated focus on job creation and continued spending restraint, and based on a conservative economic forecast, the Act provides for GRF appropriations of approximately $30.3 billion in fiscal year 2014, a 10.3 percent increase from fiscal year 2013 GRF expenditures, and approximately $31.7 billion in fiscal year 2015, a 4.7 percent increase from fiscal year 2014 appropriations.

GRF appropriations for major program categories in fiscal years 2014 and 2015 reflect the following increases: 16.8 percent in Medicaid in fiscal year 2014 relative to fiscal year 2013 actual spending and 6.2 percent in fiscal year 2015 relative to fiscal year 2014 Medicaid appropriations; 5 percent in fiscal year 2014 and 5.8 percent in fiscal year 2015 for primary and secondary education; 1.8 percent in fiscal year 2014 and 2.1 percent in fiscal year 2015 for higher education; 8.9 percent in fiscal year 2014 and .3 percent in fiscal year 2015 for mental health and addiction services and developmental disabilities; and .1 percent in fiscal year 2014 and .2 percent in fiscal year 2015 for corrections and youth services. The Act also implements a new school funding formula and allocates a portion of State public higher education funding to institutions based on their graduation rates.

The Act reflects tax reductions and related adjustments of major State taxes, primarily in personal income and sales and use taxes. These reductions and adjustments are projected to reduce GRF revenues by approximately $1.16 billion in fiscal year 2014 and by approximately $771 million in fiscal year 2015.

Subsequent to the passage of the Act, the State Controlling Board approved an increase to federal Medicaid appropriations by approximately $562 million in fiscal year 2014 and $2 billion in fiscal year 2015. These additional federal appropriations were authorized to support the federally-authorized expansion of the Medicaid program to cover those with incomes up to 138 percent of the federal poverty level using 100 percent federal funds in fiscal years 2014 and 2015.

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 2014 with a GRF cash balance of $1.7 billion and a GRF budgetary fund balance of $1.28 billion. In addition to meeting the State's statutory target to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2014 GRF revenues, the State transferred $300 million into the Medicaid Reserve Fund and $229 million into the Small Business Deduction Augmentation Fund in early fiscal year 2015.

Other Major Governmental Funds
The Job, Family and Other Human Services Fund had a fund balance of $340.4 million at June 30, 2014, a decrease of $204 million, or 37.5 percent, compared to fiscal year 2013. Federal Government revenue increased by $529.9 million, largely attributable to an overall increase in the Medicaid caseload and programmatic costs. Partially offsetting this increase is a decrease of $227.5 million in Other revenue. The decrease in fund balance is due to expenditures exceeding revenues by $188.2 million.

The increase in Public Assistance and Medicaid expenditures of $849.4 million is primarily attributable to an overall increase in Medicaid category enrollment and a fiscal year 2013 delay in the collection of certain assessments that resulted in the General Fund covering those expenditures. As discussed in the General Fund section on page 12, H.B.59 restructured Medicaid line items from Health and Human Services to Public Assistance and Medicaid expenditures. Health and Human Services decreased $14.6 million during the year.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2014, totaled approximately $4.97 billion dollars, a decrease of $99.6 million or 2 percent since June 30, 2013. Debt Service expenditures increased by $22.9 million during fiscal year 2014 as a result of scheduled principal and interest payments on outstanding bonds. The ending fund balance decreased at June 30, 2014, due to total expenditures being in excess of revenue collected during the fiscal year.

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 $2.68 billion to $9.46 billion at June 30, 2014. During the fiscal year, investment income increased $2.11 billion, largely due to an almost ten percent increase in the net return on its investment portfolio, as well as, from changes in investment policies. In addition, other expenses were approximately $966 million higher in fiscal year 2013 due to a one-time premium rebate to employers.

For fiscal year 2014, the *Lottery Commission Fund* reported $994.8 million in net income before transfers of approximately $958.6 million to the Education Fund. The $35.9 million increase in the fund's net position to approximately $302 million, as of June 30, 2014, was predominately due to increased video lottery terminal revenues from operations at four relatively new racinos. Video Lottery operations accounted for most of the $347.3 million increase in charges for sales and service revenues from $2.93 billion in fiscal year 2013 to $3.28 billion in fiscal year 2014. An increase in bonuses and commission expenses of $183.9 million partly offset the overall increase.

The $363.5 million increase in net position in the *Unemployment Compensation Fund* is primarily due to a continued decline in the unemployment rate. The unemployment rate in Ohio dropped from an average of 7.1 percent in fiscal year 2013 to an average of 6.6 percent in fiscal year 2014. The decrease in the unemployment rate caused the State's benefits and claims expense to decrease by $532.1 million or 26.9 percent from the previous fiscal year. While the benefits and claims expense decreased, the State also received less money from the federal government. During fiscal year 2014, the State received $293.9 million of federal funding compared to $719.4 million in fiscal year 2013 resulting in a 59.1 percent decrease. Contributing to the overall increase in net position is a $281.9 million gain on extinguishment of debt (for the Federal Unemployment Tax Act credit, see NOTE 2).

Capital Asset and Debt Administration

Capital Assets
As of June 30, 2014, and June 30, 2013, the State had invested $25.98 billion and $25.94 billion, respectively, net of accumulated depreciation of $3.63 billion and $3.45 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 less than one percent (approximately a .1 percent increase for governmental activities and a 3.2 percent increase for business-type activities). Depreciation expense increased 19.5 percent for governmental activities.

The State completed construction on a variety of projects at various state facilities during fiscal year 2014 totaling approximately $481.9 million, as compared with $248.4 million in the previous fiscal year. As is further detailed in NOTE 20D of the notes to the financial statements, the State had $172.3 million in major construction commitments (unrelated to infrastructure), as of June 30, 2014, as compared with $170.2 million for 2013.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2014 and 2013
(dollars in thousands)

	As of June 30, 2014			As of June 30, 2013		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	$ 2,283,721	$ 11,994	$ 2,295,715	$ 2,241,945	$ 11,994	$ 2,253,939
Buildings	1,567,898	49,778	1,617,676	1,642,747	56,742	1,699,489
Land Improvements	168,251	7	168,258	179,988	8	179,996
Machinery and Equipment	240,356	20,906	261,262	240,860	40,186	281,046
Vehicles	173,840	1,363	175,203	162,360	1,065	163,425
Infrastructure:						
Highway Network:						
General Subsystem	8,568,626	-	8,568,626	8,567,374	-	8,567,374
Priority Subsystem	8,455,171	-	8,455,171	8,297,960	-	8,297,960
Bridge Network	2,893,240	-	2,893,240	2,931,984	-	2,931,984
Parks, Recreation, and Natural Resources System	89,310	-	89,310	85,497	-	85,497
	24,440,413	84,048	24,524,461	24,350,715	109,995	24,460,710
Construction-in-Progress	1,389,879	61,114	1,450,993	1,451,190	30,713	1,481,903
Total Capital Assets, Net	$ 25,830,292	$ 145,162	$25,975,454	$ 25,801,905	$ 140,708	$25,942,613

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 43,162 lane miles of highway and approximately 106.5 million square feet of deck area that comprises 14,236 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 2014, indicates that only 1.1 percent and .8 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating. For fiscal year 2013, only 1.8 percent and 1.1 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating.

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 2014, indicates that only 3.4 percent of the number of square feet of bridge deck area was considered to be in "fair" and "poor" conditions. For fiscal year 2013, 3.7 percent of the number of square feet of bridge deck area was considered to be in "fair" and "poor" conditions.

For fiscal year 2014, total actual maintenance and preservation costs for the pavement network were $826.9 million, compared to estimated costs of $771.7 million, while total actual maintenance and preservation costs for the bridge network was $528 million, $22.6 million below estimate. For the previous fiscal year, total actual maintenance and preservation costs for the pavement network were $874.7 million, compared to estimated costs of $739.9 million, while total actual maintenance and preservation costs for the bridge network was $513.6 million, $29.5 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 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 make rental payments

(subject to appropriations) that approximate interest and principal payments made by trustees to certificate holders.

During fiscal year 2014, the State issued, at par, $1.54 billion in general obligation bonds, $148.8 million in special obligation bonds, and $65.2 million in certificates of participation. Of the general obligation bonds, special obligation bonds, and certificates of participation issued, at par, $338.6 million, $3.8 million, and $65.1 million, respectively, were refunding bonds and certificates. The total increase in the State's debt obligations for the current fiscal year, as based on carrying amount and considering prior year restatements, was 1.7 percent (a 1.8 percent increase for governmental activities and a 100 percent decrease for business-type activities).

As of June 30, 2014, and June 30, 2013, as restated, the State had total debt of approximately $17.73 billion and $17.44 billion, respectively, as shown in the table below.

Bonds and Notes Payable and Certificates of Participation
As of June 30, 2014 and 2013
(dollars in thousands)

	As of June 30, 2014			As of June 30, 2013 (as restated)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds and Notes Payable:						
General Obligation Bonds	$ 9,366,348	$ -	$ 9,366,348	$ 8,812,499	$ -	$ 8,812,499
Revenue Bonds and Notes	6,355,222	-	6,355,222	6,486,884	15,422	6,502,306
Special Obligation Bonds	1,836,136	-	1,836,136	1,925,252	-	1,925,252
Certificates of Participation	173,603	-	173,603	198,266	-	198,266
Total Debt	$17,731,309	$ -	$17,731,309	$17,422,901	$15,422	$17,438,323

Credit Ratings

Ohio's general obligation debt credit ratings are Aa1 by Moody's Investors Service, Inc. (Moody's) and AA+ by Fitch Inc. (Fitch). Standard & Poor's Ratings Services (S&P) rates the State's general obligation debt as AA+, other than Highway Capital Improvement Obligations, which are rated AAA.

The State's special obligation debt, which is secured by and subject to General Revenue Fund appropriations, is rated one notch below the State's general obligation debt, with Moody's assigning an Aa2 rating and Fitch and S&P assigning an AA rating.

The State's revenue bonds and notes are rated as follows:

Revenue Bonds and Notes	Fitch	Moody's	S&P	Source of State Payment
Governmental Activities (Treasurer of State):				
State Infrastructure Bank	A+*	Aa2	AA	Federal Transportation Grants and Loan Receipts
Buckeye Tobacco Settlement Financing Authority (ratings are in a range)	B- to BBB	B3 to Aaa	B- to BBB	Pledged Receipts from the Tobacco Master Settlement Agreement

*This rating applies to GARVEE bond issuances Series 2010 and earlier.

Both the State's general and special obligation bonds carry a "stable" credit outlook from all three crediting 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.

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.

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 2014, leading economic indicators have softened somewhat recently but remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio. The Ohio unemployment rate in October 2014 was 5.3 percent, .5 percentage points below the national unemployment rate. From October 2013 to October 2014, Ohio's nonfarm payroll employment increased by 38 thousand jobs.

Nationally, real gross domestic product (GDP) increased by 3.5 percent in the third quarter of calendar year 2014 according to the advance estimate. The GDP growth rate has matched or exceeded 3.5 percent in four of the last five quarters. Year-over-year growth was only 2.3 percent due to a decrease of 2.1 percent in the first quarter of 2014. *(Please note: Some analysts expect the revised estimate to be less than 3.5 percent because the September report on international trade showed a drop in U.S. exports that was not factored into the initial GDP estimate.)*

The national labor market picture strengthened further in October 2014, as the level of nonfarm payroll employment increased by 214 thousand jobs and the August and September 2014 increases were revised upward by a total of 31 thousand jobs. The U.S. unemployment rate for October 2014 was 5.8 percent, down from 5.9 percent in September 2014, and down from 7.2 percent in October 2013.

The 2014 Mid-Biennium Review (MBR)
On March 12, 2014, the Governor announced a series of initiatives resulting from a "mid-biennium review" of the 2014 and 2015 biennium with the stated purpose of keeping Ohio moving forward. The Governor's 2014 MBR included a range of proposals in elementary and secondary education, higher education, income tax reductions and other tax adjustments, workforce, and human services. It also proposed adjustments to appropriations for the Department of Rehabilitation and Correction, local property tax reimbursement, and debt service. These proposals were introduced in the General Assembly in March as fourteen separate pieces of legislation. Seven of the fourteen bills were enacted by the General Assembly in May and June 2014 and addressed elementary and secondary education, higher education, personal income tax reductions and adjustments, workforce, human services, and a Medicaid reserve fund. Please see the Letter of Transmittal within the Introductory Section for additional information regarding the MBR.

General Revenue Fund
For fiscal year 2015, total fiscal year-to-date GRF receipts collected through October 2014 are $45.4 million below estimates and $272.1 million higher than collections through October of the prior fiscal year. Total fiscal year-to-date GRF disbursements through October 2014 are $114.7 million below estimates for the first four months of fiscal year 2015 and $1.27 billion above expenditures for the first four months of the prior fiscal year. As of October 2014, receipts were .4 percent below budget estimates and disbursements were one percent below budget estimates for fiscal year 2015. Fiscal year 2015 receipts are 2.7 percent ahead of receipts for the first four months of fiscal year 2014. Disbursements for fiscal year 2015 are 11.9 percent above disbursements for the same time period of fiscal year 2014.

Workers' Compensation Fund
The Bureau of Workers' Compensation (BWC) is in the process of transitioning its premium collection model to a prospective payment system that will provide more flexibility for employers while reducing overall systems costs. The change will align BWC with standard industry practice and will enable BWC to collect premiums before extending coverage. The transition becomes effective July, 1, 2015, for private employers and January 1, 2016, for public employers. The prospective billing system will create an overall base rate reduction of two percent for pri-

vate employers and four percent for public employers and provide for increased ability to detect employer non-compliance and fraud. Transitional one-time premium credits are planned to eliminate any double payment by employers.

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. The State continues to make principal and interest payments on these advances. During fiscal year 2014, Federal Unemployment Tax Act (FUTA) credits of $281.9 million also offset the outstanding repayable advances. As of June 30, 2014, $1.38 billion of the repayable advances remains. More information relating to the FUTA credits and remaining advances can be found in NOTE 2D and NOTE 14, respectively.

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, 34th Floor, Columbus, Ohio 43215-3457 or by e-mail at obm@obm.state.oh.us.

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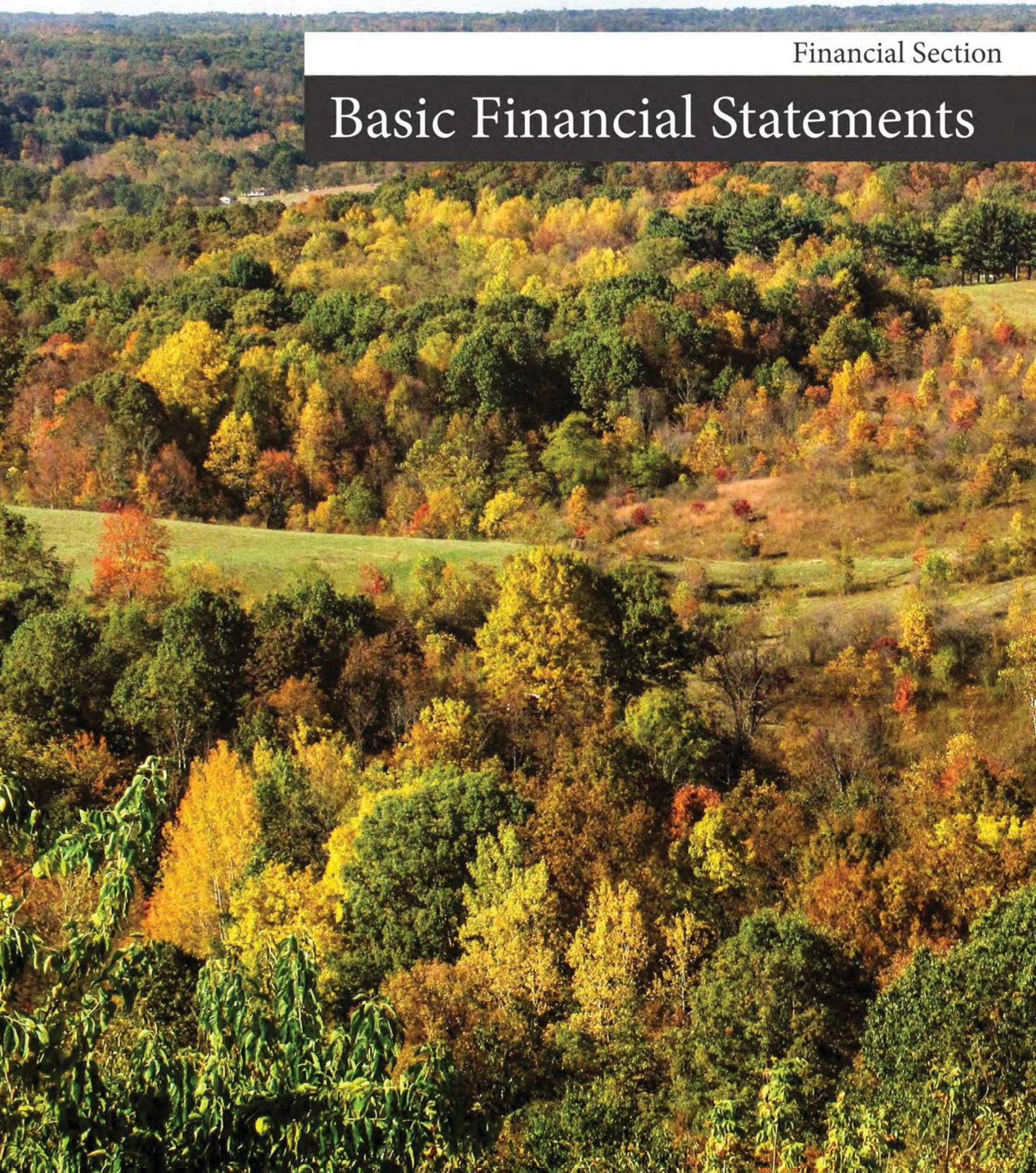
Financial Section

Basic Financial Statements



STATE OF OHIO
STATEMENT OF NET POSITION
JUNE 30, 2014
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash Equity with Treasurer	$ 10,011,885	$ 201,175	$ 10,213,060	$ 353,720
Cash and Cash Equivalents	139,212	658,270	797,482	1,587,033
Investments	969,865	24,909,612	25,879,477	9,112,908
Collateral on Lent Securities	2,798,424	48,590	2,847,014	94,997
Deposit with Federal Government	—	388,959	388,959	—
Taxes Receivable	1,569,850	—	1,569,850	—
Intergovernmental Receivable	1,185,931	10,758	1,196,689	50,482
Premiums and Assessments Receivable	—	3,645,440	3,645,440	—
Investment Trade Receivable	—	217,563	217,563	7,971
Loans Receivable, Net	1,099,474	—	1,099,474	256,281
Receivable from Primary Government	—	—	—	42,044
Receivable from Component Units	8,437	—	8,437	—
Other Receivables	1,058,592	358,880	1,417,472	1,288,543
Inventories	102,410	—	102,410	125,742
Other Assets	23	30,964	30,987	1,930,283
Restricted Assets:				
Cash Equity with Treasurer	—	38	38	—
Cash and Cash Equivalents	58	—	58	1,190,151
Investments	528,166	1,071,919	1,600,085	3,009,758
Collateral on Lent Securities	—	168,146	168,146	—
Other Receivables	—	1,148	1,148	—
Capital Assets Being Depreciated, Net	2,176,867	72,054	2,248,921	11,507,096
Capital Assets Not Being Depreciated	23,653,425	73,108	23,726,533	2,351,301
TOTAL ASSETS	45,302,619	31,856,624	77,159,243	32,908,310
DEFERRED OUTFLOWS OF RESOURCES	4,689,267	—	4,689,267	97,512
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**49,991,886**	**31,856,624**	**81,848,510**	**33,005,822**
LIABILITIES:				
Accounts Payable	701,076	27,360	728,436	590,317
Accrued Liabilities	365,581	3,766	369,347	460,471
Medicaid Claims Payable	1,062,529	—	1,062,529	—
Obligations Under Securities Lending	2,798,424	216,736	3,015,160	94,997
Investment Trade Payable	—	337,625	337,625	—
Intergovernmental Payable	1,170,349	500	1,170,849	1,398
Internal Balances	658,294	(658,294)	—	—
Payable to Primary Government	—	—	—	2,355
Payable to Component Units	41,531	—	41,531	—
Unearned Revenue	368,737	2,136	370,873	508,868
Benefits Payable	—	5,704	5,704	—
Refund and Other Liabilities	734,914	105,764	840,678	135,402
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year	1,137,433	—	1,137,433	791,558
Due in More Than One Year	16,420,273	—	16,420,273	9,668,333
Certificates of Participation:				
Due in One Year	26,446	—	26,446	—
Due in More Than One Year	147,157	—	147,157	—
Other Noncurrent Liabilities:				
Due in One Year	138,022	4,105,894	4,243,916	646,426
Due in More Than One Year	753,954	18,768,711	19,522,665	1,262,291
TOTAL LIABILITIES	26,524,720	22,915,902	49,440,622	14,162,416
DEFERRED INFLOWS OF RESOURCES	2,212,211	—	2,212,211	4,140,749
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**28,736,931**	**22,915,902**	**51,652,833**	**18,303,165**

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION (DEFICITS):				
Net Investment in Capital Assets	22,627,911	129,804	22,757,715	7,250,366
Restricted for:				
Primary, Secondary and Other Education	137,427	—	137,427	—
Higher Education Support	26,320	—	26,320	—
Public Assistance and Medicaid	508,588	—	508,588	—
Health and Human Services	54,834	—	54,834	—
Justice and Public Protection	30,570	—	30,570	—
Environmental Protection and Natural Resources	160,607	—	160,607	—
Transportation	3,238,716	—	3,238,716	252,232
General Government	133,877	—	133,877	—
Community and Economic Development	164,784	—	164,784	29,963
Lottery Prizes	—	73,751	73,751	—
Workers Compensation	—	9,334,215	9,334,215	—
Tuition Trust Authority	—	73,631	73,631	—
Nonexpendable for Colleges and Universities	—	—	—	3,400,946
Expendable for Colleges and Universities	—	—	—	2,951,779
Unrestricted	(5,828,679)	(670,679)	(6,499,358)	817,371
TOTAL NET POSITION (DEFICITS)	**$ 21,254,955**	**$ 8,940,722**	**$ 30,195,677**	**$ 14,702,657**

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(dollars in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES, FEES, FINES AND FORFEITURES	PROGRAM REVENUES: OPERATING GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	PROGRAM REVENUES: CAPITAL GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	NET (EXPENSE) REVENUE
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
Primary, Secondary and Other Education	$ 12,287,325	$ 33,196	$ 1,985,190	$ —	$ (10,268,939)
Higher Education Support	2,474,851	2,463	21,827	—	(2,450,561)
Public Assistance and Medicaid	25,283,157	1,506,096	17,797,544	—	(5,979,517)
Health and Human Services	1,579,156	259,451	901,702	—	(418,003)
Justice and Public Protection	3,385,337	1,030,928	179,709	82	(2,174,618)
Environmental Protection and Natural Resources	419,539	205,776	92,885	41	(120,837)
Transportation	2,706,248	131,997	58,190	1,517,574	(998,487)
General Government	835,785	548,649	27,472	297	(259,367)
Community and Economic Development	3,448,735	506,511	389,797	5,243	(2,547,184)
Interest on Long-Term Debt (excludes interest charged as program expense)	103,283	—	—	—	(103,283)
TOTAL GOVERNMENTAL ACTIVITIES	**52,523,416**	**4,225,067**	**21,454,316**	**1,523,237**	**(25,320,796)**
BUSINESS-TYPE ACTIVITIES:					
Workers' Compensation	2,417,674	2,093,962	3,013,608	—	2,689,896
Lottery Commission	2,310,169	3,288,039	16,931	—	994,801
Unemployment Compensation	1,444,870	1,270,232	272,024	—	97,386
Tuition Trust Authority	72,215	10,678	95,812	—	34,275
Office of Auditor of State	70,586	46,853	—	—	(23,733)
TOTAL BUSINESS-TYPE ACTIVITIES	**6,315,514**	**6,709,764**	**3,398,375**	**—**	**3,792,625**
TOTAL PRIMARY GOVERNMENT	**$ 58,838,930**	**$ 10,934,831**	**$ 24,852,691**	**$ 1,523,237**	**$ (21,528,171)**
COMPONENT UNITS:					
Ohio Facilities Construction Commission	$ 380,366	$ 11,724	$ 1,832	$ —	$ (366,810)
Ohio State University	5,073,290	3,738,428	662,916	5,486	(666,460)
Other Component Units	7,433,732	5,127,465	931,498	48,092	(1,326,677)
TOTAL COMPONENT UNITS	**$ 12,887,388**	**$ 8,877,617**	**$ 1,596,246**	**$ 53,578**	**$ (2,359,947)**

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

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
CHANGES IN NET POSITION:				
Net (Expense) Revenue	$ (25,320,796)	$ 3,792,625	$ (21,528,171)	$ (2,359,947)
General Revenues:				
Taxes:				
Income	8,356,216	—	8,356,216	—
Sales	9,386,554	—	9,386,554	—
Corporate and Public Utility	2,682,274	—	2,682,274	—
Cigarette	813,056	—	813,056	—
Other	888,059	—	888,059	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes	1,782,437	—	1,782,437	—
Total Taxes	23,908,596	—	23,908,596	—
Tobacco Settlement	362,472	—	362,472	—
Escheat Property	192,184	—	192,184	—
Unrestricted Investment Income	1,733	3	1,736	1,104,656
State Assistance	—	—	—	2,369,977
Other	839	11	850	630,004
Gain (Loss) on Extinguishment of Debt	—	281,938	281,938	(8,925)
Additions to Endowments and Permanent Fund Principal	—	—	—	85,368
Transfers-Internal Activities	955,721	(955,721)	—	—
TOTAL GENERAL REVENUES, GAINS (LOSSES), CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS	**25,421,545**	**(673,769)**	**24,747,776**	**4,181,080**
CHANGE IN NET POSITION	**100,749**	**3,118,856**	**3,219,605**	**1,821,133**
NET POSITION (DEFICITS), JULY 1 (as restated)	21,154,206	5,821,866	26,976,072	12,881,524
NET POSITION (DEFICITS), JUNE 30	**$ 21,254,955**	**$ 8,940,722**	**$ 30,195,677**	**$ 14,702,657**

STATE OF OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
ASSETS:			
Cash Equity with Treasurer	$ 5,874,538	$ 441,654	$ —
Cash and Cash Equivalents	81,410	2,672	58
Investments	947,151	—	528,166
Collateral on Lent Securities	1,647,305	122,880	—
Taxes Receivable	1,490,819	—	—
Intergovernmental Receivable	494,651	300,781	—
Loans Receivable, Net	1,017,469	—	—
Interfund Receivable	38,620	—	—
Receivable from Component Units	1,100	—	—
Other Receivables	209,058	376,082	394,157
Inventories	25,424	—	—
Other Assets	23	—	—
TOTAL ASSETS	11,827,568	1,244,069	922,381
DEFERRED OUTFLOWS OF RESOURCES	—	—	4,478,388
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 11,827,568**	**$ 1,244,069**	**$ 5,400,769**
LIABILITIES:			
Accounts Payable	$ 186,026	$ 127,802	$ —
Accrued Liabilities	116,273	18,455	—
Medicaid Claims Payable	780,366	113,791	—
Obligations Under Securities Lending	1,647,305	122,880	—
Intergovernmental Payable	870,200	65,057	—
Interfund Payable	478,522	14,620	38,620
Payable to Component Units	34,757	183	—
Unearned Revenue	—	322,873	—
Refund and Other Liabilities	730,046	4,173	—
Liability for Escheat Property	9,328	—	—
TOTAL LIABILITIES	4,852,823	789,834	38,620
DEFERRED INFLOWS OF RESOURCES	1,045,789	113,813	394,128
FUND BALANCES (DEFICITS):			
Nonspendable	69,787	—	—
Restricted	1,462,971	284,769	4,968,021
Committed	773,730	55,816	—
Assigned	2,366,979	—	—
Unassigned	1,255,489	(163)	—
TOTAL FUND BALANCES (DEFICITS)	5,928,956	340,422	4,968,021
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 11,827,568**	**$ 1,244,069**	**$ 5,400,769**

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

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 3,695,693	$ 10,011,885
55,130	139,270
22,714	1,498,031
1,028,239	2,798,424
79,031	1,569,850
390,499	1,185,931
82,005	1,099,474
1,364	39,984
7,337	8,437
79,295	1,058,592
76,986	102,410
—	23
5,518,293	19,512,311
—	4,478,388
$ 5,518,293	**$ 23,990,699**
$ 387,248	$ 701,076
67,909	202,637
168,372	1,062,529
1,028,239	2,798,424
235,092	1,170,349
166,516	698,278
6,591	41,531
45,864	368,737
695	734,914
—	9,328
2,106,526	7,787,803
87,348	1,641,078
76,987	146,774
2,672,162	9,387,923
575,270	1,404,816
—	2,366,979
—	1,255,326
3,324,419	14,561,818
$ 5,518,293	**$ 23,990,699**

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STATE OF OHIO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2014

(dollars in thousands)

Total Fund Balances for Governmental Funds		***$ 14,561,818***
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:		
Land		*2,283,721*
Buildings and Improvements, net of $2,112,998 accumulated depreciation		*1,567,898*
Land Improvements, net of $298,474 accumulated depreciation		*168,251*
Machinery and Equipment, net of $703,256 accumulated depreciation		*240,356*
Vehicles, net of $191,668 accumulated depreciation		*173,840*
Infrastructure, net of $27,332 accumulated depreciation		*20,006,347*
Construction-in-Progress		*1,389,879*
		25,830,292
The following Deferred Outflows of Resources are not related to the current period, and therefore, are not reported in the funds.		
Hedging Derivatives		*38,035*
Loss on Debt Refundings		*172,844*
		210,879
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Accrued Liabilities:		
Interest Payable		*(162,944)*
Bonds and Notes Payable:		
General Obligation Bonds		*(9,366,348)*
Revenue Bonds and Notes		*(6,355,222)*
Special Obligation Bonds		*(1,836,136)*
Certificates of Participation		*(173,603)*
Other Noncurrent Liabilities:		
Compensated Absences		*(426,695)*
Net Pension Obligation		*(28,183)*
Net OPEB Obligation		*(128,101)*
Capital Leases Payable		*(3,055)*
Derivatives		*(49,888)*
Estimated Claims Payable		*(11,731)*
Pollution Remediation		*(1,550)*
Liability for Escheat Property		*(233,445)*
		(18,776,901)
The following Deferred Inflows of Resources are not related to the current period, and therefore, are not reported in the funds.		
Resources from the Sale of Future Revenues	*(1,307,855)*	
Less Unavailable Resources Reported in the Funds.:		
Taxes Receivable	*82,399*	
Intergovernmental Receivable	*204,075*	
Other Receivables	*450,248*	
	736,722	
		(571,133)
Total Net Position of Governmental Activities		***$ 21,254,955***

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, 2014

(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
REVENUES:			
Income Taxes	$ 8,398,840	$ —	$ —
Sales Taxes	9,380,762	—	—
Corporate and Public Utility Taxes	2,680,923	—	—
Motor Vehicle Fuel Taxes	1,091,123	—	—
Cigarette Taxes	813,056	—	—
Other Taxes	661,870	1,230	—
Licenses, Permits and Fees	722,403	1,135,503	—
Sales, Services and Charges	68,918	1,065	—
Federal Government	8,313,226	8,348,153	—
Tobacco Settlement	38,620	—	292,509
Escheat Property	208,508	—	—
Investment Income	8,662	3,363	1,064
Other	246,632	216,038	—
TOTAL REVENUES	**32,633,543**	**9,705,352**	**293,573**
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	8,838,772	204	58,676
Higher Education Support	2,313,084	547	—
Public Assistance and Medicaid	13,908,783	9,500,541	—
Health and Human Services	652,310	317,765	—
Justice and Public Protection	2,333,187	69,285	—
Environmental Protection and Natural Resources	76,494	—	—
Transportation	12,874	—	—
General Government	443,074	2,689	—
Community and Economic Development	2,391,907	—	—
CAPITAL OUTLAY	734	2,509	—
DEBT SERVICE	—	—	320,887
TOTAL EXPENDITURES	**30,971,219**	**9,893,540**	**379,563**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**1,662,324**	**(188,188)**	**(85,990)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued	800,000	18,000	—
Refunding Bonds and COPs Issued	—	—	—
Payment to Refunded Bond and COPs Escrow Agents	—	—	—
Premiums/Discounts	28,310	—	—
Capital Leases	2,196	—	—
Transfers-in	221,697	16,564	—
Transfers-out	(2,026,789)	(50,420)	(13,571)
TOTAL OTHER FINANCING SOURCES (USES)	**(974,586)**	**(15,856)**	**(13,571)**
NET CHANGE IN FUND BALANCES	**687,738**	**(204,044)**	**(99,561)**
FUND BALANCES (DEFICITS), July 1 (as restated)	5,240,486	544,466	5,067,582
Increase (Decrease) for Changes in Inventories	732	—	—
FUND BALANCES (DEFICITS), JUNE 30	**$ 5,928,956**	**$ 340,422**	**$ 4,968,021**

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

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 12,854	$ 8,411,694
5,792	9,386,554
1,351	2,682,274
691,314	1,782,437
—	813,056
224,959	888,059
1,200,315	3,058,221
37,693	107,676
6,259,376	22,920,755
—	331,129
—	208,508
8,267	21,356
664,089	1,126,759
9,106,010	**51,738,478**
3,011,324	11,908,976
21,878	2,335,509
1,893,336	25,302,660
616,157	1,586,232
689,317	3,091,789
326,625	403,119
2,635,063	2,647,937
349,222	794,985
937,298	3,329,205
376,455	379,698
1,589,267	1,910,154
12,445,942	**53,690,264**
(3,339,932)	**(1,951,786)**
529,005	1,347,005
407,540	407,540
(479,249)	(479,249)
179,062	207,372
—	2,196
3,187,775	3,426,036
(379,535)	(2,470,315)
3,444,598	**2,440,585**
104,666	**488,799**
3,205,892	14,058,426
13,861	14,593
$ 3,324,419	**$ 14,561,818**

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, 2014

(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds		***$ 488,799***
Change in Inventories		*14,593*
		503,392
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	*255,021*	
Depreciation Expense	*(229,080)*	
Excess of Capital Outlay Over Depreciation Expense		*25,941*
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:		
General Obligation Bonds	*(1,202,005)*	
Special Obligation Bonds	*(145,000)*	
Refunding Bonds, including Bond Premium/Discount, Net	*(409,577)*	
Refunding Certificates of Participation, including Premium	*(71,173)*	
Premiums and Discounts, Net:		
General Obligation Bonds	*(120,631)*	
Special Obligation Bonds	*(13,533)*	
Capital Leases	*(2,196)*	
Total Debt Proceeds		*(1,964,115)*
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:		
Debt Principal Retirement and Defeasements:		
General Obligation Bonds	*1,078,687*	
Revenue Bonds and Notes	*160,410*	
Special Obligation Bonds	*230,775*	
Certificates of Participation	*94,139*	
Capital Lease Payments	*1,435*	
Total Long-Term Debt Repayment		*1,565,446*

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

Some expenses reported in the Statement of Activities are not reported as 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:

Decrease in Other Assets		
Decrease in Accrued Interest and Other Accrued Liabilities	*6,277*	
Amortization of Bond Premiums/Accretion of Bond Discount, Net	*89,500*	
Decrease in Refunding Loss Included in Deferred Outflows of Resources	*(11,542)*	
Increase in Compensated Absences	*(1,400)*	
Decrease in Derivative Liabilities (Excluding Hedging Derivatives)	*2,051*	
Increase in Estimated Claims Payable	*(9,021)*	
Decrease in Pollution Remediation	*2,999*	
Increase in Net Pension Obligation	*(12,877)*	
Increase in Liability for OPEB Obligation	*(21,415)*	
Increase in Liability for Escheat Property	*(16,324)*	
Increase in Deferred Inflow of Resources	*(58,163)*	
Total additional expenditures		*(29,915)*
Change in Net Position of Governmental Activities		***$ 100,749***

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	GENERAL			
	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:				
Income Taxes	$ 8,197,038	$ 8,197,038	$ 8,412,260	$ 215,222
Sales Taxes	9,391,024	9,391,024	9,360,126	(30,898)
Corporate and Public Utility Taxes	2,630,782	2,630,782	2,612,471	(18,311)
Motor Vehicle Fuel Taxes	1,140,100	1,140,100	1,140,100	—
Cigarette Taxes	818,400	818,400	813,984	(4,416)
Other Taxes	640,685	640,685	654,601	13,916
Licenses, Permits and Fees	725,928	725,928	724,220	(1,708)
Sales, Services and Charges	93,875	93,875	93,995	120
Federal Government	8,931,507	8,931,507	8,644,066	(287,441)
Investment Income	15,182	15,182	25,229	10,047
Other	1,333,797	1,333,797	1,312,174	(21,623)
TOTAL REVENUES	**33,918,318**	**33,918,318**	**33,793,226**	**(125,092)**
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education	8,712,792	8,712,792	8,659,453	53,339
Higher Education Support	2,330,853	2,856,644	2,480,476	376,168
Public Assistance and Medicaid	16,133,575	16,105,466	14,954,338	1,151,128
Health and Human Services	830,756	830,765	745,260	85,505
Justice and Public Protection	2,549,608	2,552,004	2,459,072	92,932
Environmental Protection and Natural Resources	127,404	138,932	118,114	20,818
Transportation	17,182	17,182	17,077	105
General Government	1,159,143	1,165,917	1,058,420	107,497
Community and Economic Development	2,936,193	3,574,100	2,771,525	802,575
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE	1,231,489	1,231,489	1,226,413	5,076
TOTAL BUDGETARY EXPENDITURES	**36,028,995**	**37,185,291**	**34,490,148**	**2,695,143**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	**(2,110,677)**	**(3,266,973)**	**(696,922)**	**2,570,051**
OTHER FINANCING SOURCES (USES):				
Bonds Issued	526,134	899,747	526,159	(373,588)
Transfers-in	2,550,747	919,765	1,185,906	266,141
Transfers-out	(3,152,383)	(1,895,014)	(1,768,243)	126,771
TOTAL OTHER FINANCING SOURCES (USES)	**(75,502)**	**(75,502)**	**(56,178)**	**19,324**
NET CHANGE IN FUND BALANCES	**$ (2,186,179)**	**$ (3,342,475)**	**(753,100)**	**$ 2,589,375**
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)			4,603,203	
Outstanding Encumbrances at Beginning of Fiscal Year			963,062	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			**$ 4,813,165**	

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

JOB, FAMILY AND OTHER HUMAN SERVICES			
BUDGET			VARIANCE WITH FINAL BUDGET
ORIGINAL	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
		$ —	
		—	
		—	
		—	
		—	
		1,230	
		1,179,707	
		1,065	
		5,233,151	
		3,363	
		789,499	
		7,208,015	
$ 270	$ 270	251	$ 19
2,129	2,129	656	1,473
8,515,888	9,038,648	7,777,765	1,260,883
398,509	398,509	359,224	39,285
81,693	81,718	72,440	9,278
—	—	—	—
—	—	—	—
2,788	2,788	2,507	281
—	—	—	—
2,272	30,086	18,535	11,551
—	—	—	—
$ 9,003,549	**$ 9,554,148**	**8,231,378**	**$ 1,322,770**
		(1,023,363)	
		17,955	
		61,782	
		(101,051)	
		(21,314)	
		(1,044,677)	
		(704,465)	
		1,027,479	
		$ (721,663)	

STATE OF OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2014
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ 4,456	$ 164,187	$ —
Cash and Cash Equivalents	558,797	72,473	731
Collateral on Lent Securities	2,747	45,681	—
Restricted Assets:			
Cash Equity with Treasurer	—	38	—
Investments	—	55,841	—
Collateral on Lent Securities	—	168,146	—
Other Receivables	—	1,148	—
Deposit with Federal Government	—	—	388,959
Intergovernmental Receivable	—	—	1,800
Premiums and Assessments Receivable	861,373	—	32,154
Investment Trade Receivable	217,563	—	—
Interfund Receivable	76,369	1,518	1,216
Other Receivables	251,570	67,308	38,894
Other Assets	7,534	17,692	5,730
TOTAL CURRENT ASSETS	1,980,409	594,032	469,484
NONCURRENT ASSETS:			
Restricted Assets:			
Investments	—	550,669	—
Investments	24,903,899	—	—
Premiums and Assessments Receivable	2,751,913	—	—
Interfund Receivable	579,489	—	—
Capital Assets Being Depreciated, Net	52,890	17,469	—
Capital Assets Not Being Depreciated	73,108	—	—
TOTAL NONCURRENT ASSETS	28,361,299	568,138	—
TOTAL ASSETS	30,341,708	1,162,170	469,484
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	14,109	11,221	—
Accrued Liabilities	—	—	—
Obligations Under Securities Lending	2,747	213,827	—
Investment Trade Payable	337,625	—	—
Intergovernmental Payable	—	—	500
Prize Awards Payable	—	57,028	—
Interfund Payable	—	45	—
Unearned Revenue	—	1,447	—
Benefits Payable	1,826,129	—	5,704
Refund and Other Liabilities	1,686,498	78,831	8,551
TOTAL CURRENT LIABILITIES	3,867,108	362,399	14,755
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	1,381,022
Prize Awards Payable	—	483,210	—
Interfund Payable	—	1,754	—
Benefits Payable	15,042,071	—	—
Refund and Other Liabilities	1,972,316	12,852	—
TOTAL NONCURRENT LIABILITIES	17,014,387	497,816	1,381,022
TOTAL LIABILITIES	20,881,495	860,215	1,395,777
NET POSITION (DEFICITS):			
Net Investment in Capital Assets	125,998	2,111	—
Restricted for Lottery Prizes	—	73,751	—
Unrestricted	9,334,215	226,093	(926,293)
TOTAL NET POSITION (DEFICITS)	**$ 9,460,213**	**$ 301,955**	**$ (926,293)**

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 32,532	$ 201,175
26,269	658,270
162	48,590
—	38
81,100	136,941
—	168,146
—	1,148
—	388,959
8,958	10,758
—	893,527
—	217,563
1,612	80,715
1,108	358,880
8	30,964
151,749	3,195,674
384,309	934,978
5,713	24,909,612
—	2,751,913
7,130	586,619
1,695	72,054
—	73,108
398,847	29,328,284
550,596	32,523,958
2,030	27,360
3,766	3,766
162	216,736
—	337,625
—	500
—	57,028
112	157
689	2,136
81,100	1,912,933
1,521	1,775,401
89,380	4,333,642
—	1,381,022
—	483,210
7,129	8,883
342,100	15,384,171
7,140	1,992,308
356,369	19,249,594
445,749	23,583,236
1,695	129,804
—	73,751
103,152	8,737,167
$ 104,847	**$ 8,940,722**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services	$ —	$ 3,280,827	$ 28,547
Premium and Assessment Income	2,085,821	—	1,163,634
Federal Government	—	—	293,901
Investment Income	—	—	—
Other	8,141	7,212	55,695
TOTAL OPERATING REVENUES	**2,093,962**	**3,288,039**	**1,541,777**
OPERATING EXPENSES:			
Costs of Sales and Services	—	—	—
Administration	55,822	96,535	—
Bonuses and Commissions	—	460,856	—
Prizes	—	1,698,001	—
Benefits and Claims	1,519,175	—	1,444,165
Depreciation	8,697	23,597	—
Other	833,980	498	467
TOTAL OPERATING EXPENSES	**2,417,674**	**2,279,487**	**1,444,632**
OPERATING INCOME (LOSS)	**(323,712)**	**1,008,552**	**97,145**
NONOPERATING REVENUES (EXPENSES):			
Investment Income	3,013,608	16,931	479
Interest Expense	—	(667)	—
Other	—	(30,015)	(238)
TOTAL NONOPERATING REVENUES (EXPENSES)	**3,013,608**	**(13,751)**	**241**
INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS	**2,689,896**	**994,801**	**97,386**
Gain on Extinguishment of Debt	—	—	281,938
Transfers-in	—	—	—
Transfers-out	(8,760)	(958,919)	(15,864)
TOTAL GAIN (LOSS) AND TRANSFERS	**(8,760)**	**(958,919)**	**266,074**
NET INCOME (LOSS)	**2,681,136**	**35,882**	**363,460**
NET POSITION (DEFICITS), JULY 1	6,779,077	266,073	(1,289,753)
NET POSITION (DEFICITS), JUNE 30	**$ 9,460,213**	**$ 301,955**	**$ (926,293)**

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 57,234	$ 3,366,608
—	3,249,455
—	293,901
49,312	49,312
46,797	117,845
153,343	**7,077,121**
63,245	63,245
16,591	168,948
—	460,856
—	1,698,001
62,508	3,025,848
457	32,751
—	834,945
142,801	**6,284,594**
10,542	**792,527**
3	3,031,021
—	(667)
11	(30,242)
14	**3,000,112**
10,556	**3,792,639**
—	281,938
27,822	27,822
—	(983,543)
27,822	**(673,783)**
38,378	**3,118,856**
66,469	5,821,866
$ 104,847	**$ 8,940,722**

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ —	3,163,354	—
Cash Received from Premiums and Assessments	2,045,599	—	1,190,751
Cash Received from Interfund Services Provided	72,378	1,326	—
Other Operating Cash Receipts	37,932	105,992	66,949
Cash Payments to Suppliers for Goods and Services	(50,695)	(61,791)	—
Cash Payments to Employees for Services	(196,793)	(27,122)	—
Cash Payments for Benefits and Claims	(1,855,158)	—	(1,316,146)
Cash Payments for Lottery Prizes	—	(1,760,236)	—
Cash Payments for Bonuses and Commissions	—	(460,856)	—
Cash Payments for Premium Reductions and Refunds	(1,105,218)	—	—
Cash Payments for Interfund Services Used	(21,763)	(6,272)	—
Other Operating Cash Payments	—	(498)	(139,559)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**(1,073,718)**	**953,897**	**(198,005)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	—	—
Transfers-out	(8,760)	(958,919)	(15,864)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**(8,760)**	**(958,919)**	**(15,864)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases	(15,200)	(23,341)	—
Interest Paid	(751)	(597)	—
Acquisition and Construction of Capital Assets	(30,685)	(770)	—
Proceeds from Sales of Capital Assets	62	53	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(46,574)**	**(24,655)**	**—**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments	(22,334,098)	(69,397)	(1,172,374)
Proceeds from the Sales and Maturities of Investments	22,497,355	132,567	1,386,974
Investment Income Received	696,200	6,549	—
Borrower Rebates and Agent Fees	(28,614)	(97)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	**830,843**	**69,622**	**214,600**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**(298,209)**	**39,945**	**731**
CASH AND CASH EQUIVALENTS, JULY 1	861,462	196,753	—
CASH AND CASH EQUIVALENTS, JUNE 30	**$ 563,253**	**$ 236,698**	**$ 731**

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 36,834	$ 3,200,188
—	3,236,350
10,258	83,962
12,019	222,892
(11,239)	(123,725)
(66,354)	(290,269)
—	(3,171,304)
—	(1,760,236)
—	(460,856)
—	(1,105,218)
(4,071)	(32,106)
(62,507)	(202,564)
(85,060)	**(402,886)**
27,600	27,600
—	(983,543)
27,600	**(955,943)**
—	(38,541)
—	(1,348)
(242)	(31,697)
10	125
(232)	**(71,461)**
(410,796)	(23,986,665)
482,144	24,499,040
7,784	710,533
—	(28,711)
79,132	**1,194,197**
21,440	**(236,093)**
37,361	1,095,576
$ 58,801	**$ 859,483**

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(dollars in thousands)
(continued)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (323,712)	$ 1,008,552	$ 97,145
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	—	—	—
Depreciation	8,697	23,597	—
Provision for Uncollectible Accounts	56,728	—	—
Amortization of Premiums and Discounts	(232)	—	—
Interest on Bonds, Notes and Capital Leases	751	—	—
Decrease (Increase) in Assets:			
Deposit with Federal Government	—	—	(301,369)
Intergovernmental Receivable	—	—	(1,551)
Premiums and Assessments Receivable	(184,447)	—	8,145
Interfund Receivable	18,702	—	(1,216)
Other Receivables	(32,776)	(9,611)	12,447
Other Assets	(163)	(9,681)	25
Increase (Decrease) in Liabilities:			
Accounts Payable	4,488	3,981	—
Accrued Liabilities	—	—	—
Intergovernmental Payable	—	—	(929)
Deferred Prize Awards Payable	—	(69,361)	—
Interfund Payable	—	(5)	—
Unearned Revenue	—	245	—
Benefits Payable	(435,957)	—	(11,244)
Refund and Other Liabilities	(185,797)	6,180	542
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**$ (1,073,718)**	**$ 953,897**	**$ (198,005)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in Fair Value of Investments	$ 2,348,938	$ 27,305	$ —
Gain on Extinguishment of Debt	—	—	281,938

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
$ 10,542	$ 792,527
(49,312)	(49,312)
457	32,751
—	56,728
—	(232)
—	751
—	(301,369)
732	(819)
—	(176,302)
162	17,648
166	(29,774)
3	(9,816)
174	8,643
320	320
—	(929)
—	(69,361)
(151)	(156)
(137)	108
(46,500)	(493,701)
(1,516)	(180,591)
$ (85,060)	**$ (402,886)**
$ —	$ 2,376,243
—	281,938

STATE OF OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014
(dollars in thousands)

	PENSION TRUST	PRIVATE-PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/13)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	12,037	241,727	89,221
Investments (at fair value):			
U.S. Government and Agency Obligations	17,495	—	1,055,381
Common and Preferred Stock	114,546	—	—
Corporate Bonds and Notes	38,335	—	86,216
Foreign Stocks and Bonds	6,669	—	—
Commercial Paper	—	—	593,927
Repurchase Agreements	—	—	306,659
Mutual Funds	467,672	8,473,870	156,455
Real Estate	33,078	—	—
Venture Capital	—	—	—
Direct Mortgage Loans	—	—	—
Partnership and Hedge Funds	147,084	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio)	—	—	—
Collateral on Lent Securities	—	—	—
Employer Contributions Receivable	1,225	—	—
Employee Contributions Receivable	842	—	—
Other Receivables	887	10,454	800
Other Assets	52	—	5
Capital Assets, Net	22	—	—
TOTAL ASSETS	**839,944**	**8,726,051**	**2,288,664**
LIABILITIES:			
Accounts Payable	826	—	—
Accrued Liabilities	25,093	3,064	1
Obligations Under Securities Lending	—	—	—
Intergovernmental Payable	—	—	—
Refund and Other Liabilities	73	7,624	167
TOTAL LIABILITIES	**25,992**	**10,688**	**168**
NET POSITION (DEFICITS):			
Held in Trust for:			
Employees' Pension Benefits	706,198	—	—
Employees' Postemployment Healthcare Benefits	107,754	—	—
Individuals, Organizations and Other Governments	—	8,715,363	—
Pool Participants	—	—	2,288,496
TOTAL NET POSITION (DEFICITS)	**$ 813,952**	**$ 8,715,363**	**$ 2,288,496**

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

AGENCY
$ 273,154
173,751
11,538,416
44,739,365
13,894,317
49,428,253
3,293,742
640,000
10,575,642
18,765,702
17,131,685
9,120,777
12,708,085
77,817
74,491
—
—
1,468
417,333
—
192,853,998
—
—
74,491
222,422
192,557,085
192,853,998
—
—
—
—
$ —

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STATE OF OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(dollars in thousands)

	PENSION TRUST	PRIVATE-PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/13)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ADDITIONS:			
Contributions from:			
Employer	$ 26,566	$ —	$ —
Employees	9,083	—	—
Plan Participants	—	2,198,275	—
Other	3,985	—	—
Total Contributions	39,634	2,198,275	—
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	118,632	803,021	—
Interest, Dividends and Other	20,621	320,031	2,590
Total Investment Income	139,253	1,123,052	2,590
Less: Investment Expense	5,682	35,511	2,053
Net Investment Income	133,571	1,087,541	537
Capital Share and Individual Account Transactions:			
Shares Sold	—	—	10,594,288
Reinvested Distributions	—	—	537
Shares Redeemed	—	—	(10,976,195)
Net Capital Share and Individual Account Transactions	—	—	(381,370)
TOTAL ADDITIONS	**173,205**	**3,285,816**	**(380,833)**
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries	60,956	—	—
Healthcare Benefits Paid to Participants or Beneficiaries	13,704	—	—
Refunds of Employee Contributions	942	—	—
Administrative Expense	1,051	—	—
Transfers to Other Retirement Systems	467	—	—
Distributions to Shareholders and Plan Participants	—	1,934,022	536
TOTAL DEDUCTIONS	**77,120**	**1,934,022**	**536**
CHANGE IN NET POSITION HELD FOR:			
Employees' Pension Benefits	85,755	—	—
Employees' Postemployment Healthcare Benefits	10,330	—	—
Individuals, Organizations and Other Governments	—	1,351,794	—
Pool Participants	—	—	(381,369)
TOTAL CHANGE IN NET POSITION	96,085	1,351,794	(381,369)
NET POSITION (DEFICITS), JULY 1 (as restated)	717,867	7,363,569	2,669,865
NET POSITION (DEFICITS), JUNE 30	**$ 813,952**	**$ 8,715,363**	**$ 2,288,496**

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, 2014
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ 341,439	$ —	$ 12,281
Cash and Cash Equivalents	—	382,770	1,204,263
Investments	696	1,088,654	2,347,891
Collateral on Lent Securities	94,997	—	—
Restricted Assets:			
Cash and Cash Equivalents	—	—	123,648
Investments	—	—	184,376
Intergovernmental Receivable	—	7,334	43,148
Loans Receivable, Net	529	23,246	28,170
Investment Trade Receivable	—	—	7,971
Receivable from Primary Government	—	4,712	37,332
Other Receivables	14	522,699	522,193
Inventories	—	40,200	85,542
Other Assets	—	77,565	82,788
TOTAL CURRENT ASSETS	437,675	2,147,180	4,679,603
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	—	435,293	631,210
Investments	—	—	2,825,382
Investments	—	3,699,609	1,976,058
Loans Receivable, Net	1,830	50,621	151,885
Other Receivables	—	69,824	173,813
Other Assets	—	—	1,769,930
Capital Assets Being Depreciated, Net	78,271	3,264,447	8,164,378
Capital Assets Not Being Depreciated	11,858	1,304,795	1,034,648
TOTAL NONCURRENT ASSETS	91,959	8,824,589	16,727,304
TOTAL ASSETS	529,634	10,971,769	21,406,907
DEFERRED OUTFLOWS OF RESOURCES	—	8,650	88,862
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**529,634**	**10,980,419**	**21,495,769**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	3,285	287,647	299,385
Accrued Liabilities	383	124,533	335,555
Obligations Under Securities Lending	94,997	—	—
Intergovernmental Payable	419,608	—	1,398
Unearned Revenue	—	230,745	278,123
Refund and Other Liabilities	807	67,868	293,545
Bonds and Notes Payable	—	503,011	288,547
TOTAL CURRENT LIABILITIES	519,080	1,213,804	1,496,553
NONCURRENT LIABILITIES:			
Intergovernmental Payable	199,300	—	29,521
Unearned Revenue	—	—	12,946
Refund and Other Liabilities	720	443,009	576,795
Payable to Primary Government	—	—	2,355
Bonds and Notes Payable	—	2,111,325	7,557,008
TOTAL NONCURRENT LIABILITIES	200,020	2,554,334	8,178,625
TOTAL LIABILITIES	719,100	3,768,138	9,675,178
DEFERRED INFLOWS OF RESOURCES	3,646,752	484,450	9,547
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**4,365,852**	**4,252,588**	**9,684,725**
NET POSITION (DEFICITS):			
Net Investment in Capital Assets	90,129	2,374,426	4,785,811
Restricted for:			
Transportation	—	—	252,232
Community and Economic Development	—	—	29,963
Nonexpendable:			
Scholarships and Fellowships	—	—	284,800
Research	—	—	64,234
Endowments and Quasi-Endowments	—	1,281,640	1,180,364
Loans, Grants and Other College and University Purposes	—	—	589,908
Expendable:			
Scholarships and Fellowships	—	—	313,106
Research	—	—	124,918
Instructional Department Uses	—	—	161,011
Student and Public Services	—	—	63,148
Academic Support	—	—	160,783
Debt Service	—	—	19,822
Capital Purposes	—	4,712	151,203
Endowments and Quasi-Endowments	—	375,858	460,483
Current Operations	—	618,459	59,085
Loans, Grants and Other College and University Purposes	—	—	439,191
Unrestricted	(3,926,347)	2,072,736	2,670,982
TOTAL NET POSITION (DEFICITS)	**$ (3,836,218)**	**$ 6,727,831**	**$ 11,811,044**

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

	TOTAL
$	353,720
	1,587,033
	3,437,241
	94,997
	123,648
	184,376
	50,482
	51,945
	7,971
	42,044
	1,044,906
	125,742
	160,353
	7,264,458
	1,066,503
	2,825,382
	5,675,667
	204,336
	243,637
	1,769,930
	11,507,096
	2,351,301
	25,643,852
	32,908,310
	97,512
	33,005,822
	590,317
	460,471
	94,997
	421,006
	508,868
	362,220
	791,558
	3,229,437
	228,821
	12,946
	1,020,524
	2,355
	9,668,333
	10,932,979
	14,162,416
	4,140,749
	18,303,165
	7,250,366
	252,232
	29,963
	284,800
	64,234
	2,462,004
	589,908
	313,106
	124,918
	161,011
	63,148
	160,783
	19,822
	155,915
	836,341
	677,544
	439,191
	817,371
$	**14,702,657**

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
EXPENSES:			
Primary, Secondary and Other Education	$ 369,320	$ —	$ —
Transportation	—	—	116,694
General Government	244	—	—
Community and Economic Development	9,005	—	749,023
Education and General:			
Instruction and Departmental Research	—	943,542	1,964,579
Separately Budgeted Research	—	460,031	389,343
Public Service	—	137,474	193,486
Academic Support	—	188,641	536,165
Student Services	—	96,892	309,364
Institutional Support	—	284,951	638,247
Operation and Maintenance of Plant	—	105,337	380,344
Scholarships and Fellowships	—	110,601	285,016
Auxiliary Enterprises	—	241,915	692,472
Hospitals	—	2,182,210	318,179
Interest on Long-Term Debt	—	54,789	280,108
Depreciation	1,797	266,907	516,722
Other	—	—	63,990
TOTAL EXPENSES	**380,366**	**5,073,290**	**7,433,732**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	11,724	3,738,428	5,127,465
Operating Grants, Contributions and Restricted Investment Income	1,832	662,916	931,498
Capital Grants, Contributions and Restricted Investment Income	—	5,486	48,092
TOTAL PROGRAM REVENUES	**13,556**	**4,406,830**	**6,107,055**
NET PROGRAM (EXPENSE) REVENUE	**(366,810)**	**(666,460)**	**(1,326,677)**
GENERAL REVENUES:			
Unrestricted Investment Income	—	620,787	483,869
State Assistance	494,500	495,732	1,379,745
Other	319	207,937	421,748
TOTAL GENERAL REVENUES	**494,819**	**1,324,456**	**2,285,362**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	**—**	**54,309**	**31,059**
GAIN (LOSS) ON EXTINGUISHMENT OF DEBT	**—**	**—**	**(8,925)**
CHANGE IN NET POSITION	**128,009**	**712,305**	**980,819**
NET POSITION (DEFICITS), JULY 1 (as restated)	(3,964,227)	6,015,526	10,830,225
NET POSITION (DEFICITS), JUNE 30	**$ (3,836,218)**	**$ 6,727,831**	**$ 11,811,044**

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

	TOTAL
$	369,320
	116,694
	244
	758,028
	2,908,121
	849,374
	330,960
	724,806
	406,256
	923,198
	485,681
	395,617
	934,387
	2,500,389
	334,897
	785,426
	63,990
	12,887,388
	8,877,617
	1,596,246
	53,578
	10,527,441
	(2,359,947)
	1,104,656
	2,369,977
	630,004
	4,104,637
	85,368
	(8,925)
	1,821,133
	12,881,524
$	**14,702,657**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2014, 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 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 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 Turnpike and Infrastructure Commission
Ohio Air Quality Development Authority
Ohio Capital Fund
JobsOhio

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, 2013.

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 and arts and sports facilities. The fund also accounts for the construction of the State's 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
MARCS Project
OAKS Project
STARS Project

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

In the *Statement 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 financial statement and 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, NOTE 3 presents 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.

Cash equity with Treasurer and cash and cash equivalents, including the portions reported under "Restricted Assets," 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 reports investments at fair value based on quoted market prices. STAR Ohio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940; investments in the 2a7-like pool are reported at amortized cost (which approximates fair value).

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 valued at their estimated fair value on 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 valued at their estimated fair value on the donation date. Capital assets, except for land and construction-in-progress, are reported net of accumulated depreciation.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Discretely Presented Component Unit Funds
The discretely presented component unit funds value all capital assets at cost and donated capital assets at estimated fair 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Noncurrent Liabilities

Government-wide Financial Statements — Liabilities whose average maturities are greater than one year are reported in two components — the amount due in one year and the amount due in more than one year. Additional disclosures as to the specific liabilities included in noncurrent liabilities can be found in NOTES 10 through 15.

Fund Financial Statements — Governmental funds recognize noncurrent liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

The proprietary funds and discretely presented component unit funds report noncurrent liabilities expected to be financed from their operations.

N. Compensated Absences

Employees of the State's primary government earn vacation leave, sick leave, and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first four years of employment, up to a maximum rate of 9.2 hours every two weeks after 24 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, the State pays employees, at their full rate, 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 to 55 percent of unused sick leave.

Such leave is liquidated in cash, under certain restrictions, either annually in December, or at the time of termination from employment.

For the governmental funds, the State reports the matured compensated absences liability as a fund liability (included in the "Accrued Liabilities" account as a component of wages payable) to the extent it will be liquidated with expendable, available financial resources. For the primary government's proprietary funds and its discretely presented component unit funds, the State reports the compensated absences liability as a fund liability included in the "Refund and Other Liabilities" account.

The State's primary government accrues vacation, compensatory time, and personal leaves as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as at termination or retirement.

Sick leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The State's primary government accrues sick leave using the vesting method. Under this method, the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

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

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

O. 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:

<u>Nonspendable</u>

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted
Fund balance amounts should be *restricted* when constraints placed on the use of resources are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 2.) imposed by law through constitutional provisions or enabling legislation.

Unrestricted
Committed
Amounts constrained for specific purposes by formal action (i.e., legislation) of the government's highest level of decision-making authority (i.e., General Assembly) should be reported as *committed* fund balance. Committed amounts cannot be used for other purposes unless the General Assembly passes legislation to remove the constraints.

Assigned
Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as *assigned* fund balance, except for stabilization arrangements. The intent should be conveyed by the governing body itself or through delegation to a body or official authorized on behalf of the government to assign amounts to be used for specific purposes. The Controlling Board, created under Chapter 127, Ohio Revised Code, is an example of a body delegated by the government to make assignments. The Director of the Office of Budget and Management is an example of an authorized official granted assignment authority through legislative language, including enacted budget bills. While both the committed and assigned fund balance classifications include amounts constrained for specific use by actions taken by the government itself, the authority for making an assignment is not required to be the government's highest level of decision-making authority. Amounts should not be reported as assigned if the assignment would result in a deficit in unassigned fund balance.

Unassigned
Unassigned fund balance is the residual classification for the General Fund. This classification represents spendable fund balance that has not been otherwise restricted, committed or assigned to specific purposes within the General Fund. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance due to overspending amounts that are restricted or committed.

Fund balance in the State's Budget Stabilization Fund, as discussed in Sections 131.43 and 131.44, Ohio Revised Code, does not meet the criteria to be classified as restricted or committed and is, therefore, reported as unassigned in the General Fund.

For reporting purposes, restricted amounts are generally considered to have been spent first, followed by unrestricted amounts. Within the unrestricted fund balance amounts, the spending order is generally committed, followed by assigned, and then unassigned when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

P. 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).

Q. 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

R. 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).

S. 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.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 RESTATEMENTS, CHANGES IN ACCOUNTING PRINCIPLES, EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS

A. Restatements

Restatements of net position, as of June 30, 2014, for the primary government and discretely presented component units are presented in the following table (dollars in thousands).

Government-Wide Financial Statements:

	Governmental Activities	Total Discretely Presented Component Units
Net Position, as of June 30, 2013, As Previously Reported	$21,215,340	$11,892,286
Change in Reporting Entity:		
Ohio Facilities Construction Commission		70,743
Ohio Turnpike and Infrastructure Commission		907,751
Cultural Facilities Commission (Previously a Component Unit)*		(70,743)
eTech Ohio Commission (Previously a Component Unit)**	$5,206	(5,206)
Northeast Ohio Medical University Component Unit		122,239
Cincinnati State Community College Component Unit		4,778
Implementation of a New Accounting Standard:		
GASB Statement No. 65	($66,340)	(43,142)
Correction of an Error:		
Youngstown State University Component Unit		(1,377)
Southern State Community College Component Unit		1,416
Cincinnati State Community College Component Unit		2,779
Total Changes in Net Position	($61,134)	$989,238
Net Position, July 1, 2013, As Restated	$21,154,206	$12,881,524

Governmental Fund and Fiduciary Fund Financial Statements:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Investment Trust Funds
Net Position, as of June 30, 2013, As Previously Reported	$5,240,113	$3,203,451	$14,055,612	$2,556,605
Change in Reporting Entity:				
STAR OHIO				$113,260
eTech Ohio Commission (Previously a Component Unit)**	$373	$2,441	$2,814	
Total Changes in Net Position	$373	$2,441	$2,814	$113,260
Net Position, July 1, 2013, As Restated	$5,240,486	$3,205,892	$14,058,426	$2,669,865

Discretely Presented Component Units Fund Financial Statements:

	Ohio Facilities Construction Commission
Fund Balance, as of June 30, 2013, As Previously Reported	($4,075,066)
Change in Reporting Entity:	
Cultural Facilities Commission (Previously a Component Unit)*	$22,464
Total Changes in Fund Balance	$22,464
Fund Balance, July 1, 2013, As Restated	($4,052,602)

*Effective July 1, 2013, the Cultural Facilities Commission was abolished and the net position/fund balance was moved to the Ohio Facilities Construction Commission.

** Effective July 1, 2013, the eTech Ohio Commission was reconstituted and renamed Broadcast Educational Media Commission (BEMC). Most of the net position/fund balance was moved to the Nonmajor Governmental Funds while the BEMC activity was moved to the General Fund.

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

B. Implementation of Recently Issued Accounting Pronouncements
For the fiscal year ended June 30, 2014, the State implemented the provisions of

- Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities.*
- Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections–2012.*
- Governmental Accounting Standards Board (GASB) Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It also provides other financial reporting guidance related to the impact of deferred outflows and inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. Please see NOTE 2A. for "Change in Accounting Principle" showing restatements of beginning net position and beginning fund balance as a result of the implementation of this standard.

GASB Statement No. 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by providing guidance on (1) accounting for operating lease payments that vary from a straight-line basis, (2) accounting for the difference between the initial investment and the principal amount of a purchased loan or group of loans, and (3) recognition by a transferor for servicing fees related to mortgage loans. The implementation of this standard did not result in any change to the State's financial statements or note disclosures.

GASB Statement No. 70 enhances comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also enhances the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. Please see NOTE 16 for a discussion of the State's nonexchange financial guarantees and NOTE 14G.,"Estimated Claims Payable," for nonexchange financial guarantee liabilities associated with the Ohio Enterprise Bond Fund.

C. Recently Issued GASB Pronouncements
In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans.* The provisions of GASB 67 are effective for financial statements for fiscal years beginning after June 15, 2013. This Statement amends GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* by establishing financial reporting standards for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements. Additionally, for defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan. The State's implementation of GASB 67 is based on the year-end of the State Highway Patrol Retirement System. Please see NOTE 9C. for more information.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27).* The provisions of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2014. This statement amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project and discount benefit payments.

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

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* The provisions of GASB 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68).* The provisions of this Statement are required to be applied simultaneously with the provisions of GASB 68. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the accrual-basis financial statements of employer and nonemployer contributing entities in the first year of implementation of GASB 68.

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

D. Extinguishments of Debt

Extinguishments of debt reflected in the State's basic financial statements, as of June 30, 2014 (dollars in thousands) are as follows:

Gain on Extinguishment of Debt

The $281.9 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.

NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS

In the accompanying *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Funds*, 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 statements have been taken from the first complete appropriated budget for fiscal year 2014. 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 2014, whenever signed into law or otherwise legally authorized.

For fiscal year 2014, 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 3 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, 2014
(dollars in thousands)

	General	Job, Family & Other Human Services
Total Fund Balances — GAAP Basis	$ 5,928,956	$ 340,422
Less: Nonspendable Fund Balances	69,787	-
Less: Restricted Fund Balances	1,462,971	284,769
Less: Committed Fund Balances	773,730	55,816
Less: Assigned Fund Balances	2,366,979	-
Unassigned Fund Balances — GAAP Basis	1,255,489	(163)
BASIS DIFFERENCES		
Revenue Accruals/Adjustments:		
Cash Equity with Treasurer	(100,318)	(61,820)
Taxes Receivable	(1,490,819)	-
Intergovernmental Receivable	(494,651)	(300,781)
Loans Receivable, Net	(1,017,469)	-
Interfund Receivable	(38,620)	-
Receivables from Component Units	(1,100)	-
Other Receivables	(209,058)	(376,082)
Unearned Revenue	-	322,873
Total Revenue Accruals/Adjustments	(3,352,035)	(415,810)
Expenditure Accruals/Adjustments:		
Cash Equity with Treasurer	(16,693)	(3,243)
Inventories	(25,424)	-
Other Assets	(23)	-
Accounts Payable	186,026	127,802
Accrued Liabilities	116,273	18,455
Medicaid Claims Payable	780,366	113,791
Intergovernmental Payable	870,200	65,057
Interfund Payable	478,522	14,620
Payable to Component Units	34,757	183
Refund and Other Liabilities	730,046	4,173
Liability for Escheat Property	9,328	-
Total Expenditure Accruals/Adjustments	3,163,378	340,838
Deferred Inflows of Resources	1,045,789	113,813
Other Adjustments:		
Fund Balance Reclassifications:		
From Unassigned (Non-GAAP Budgetary Basis) to:		
Nonspendable	69,787	-
Restricted	1,462,971	284,769
Committed	773,730	55,816
Assigned	2,366,979	-
Cash and Investments Held Outside State Treasury	(1,028,561)	(2,672)
Other	(1)	-
Total Other Adjustments	3,644,905	337,913
Total Basis Differences	4,502,037	376,754
TIMING DIFFERENCES		
Encumbrances	(944,361)	(1,098,254)
Budgetary Fund Balances (Deficits) — Non-GAAP Basis	$ 4,813,165	$ (721,663)

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, and the Ohio Housing Finance Agency;
- 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 in the securities enumerated above;
- No-load money market mutual funds consisting exclusively of securities and repurchase agreements enumerated above;
- 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 maturing in 270 days or less;
- Certificates of deposit in the eligible institutions applying for interim moneys, 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 interest, other than commercial paper as enumerated above, of corporations incorporated under the laws of the United States or a state, of 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; and
- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code.

The reporting entity's deposits must be held in insured depositories approved by the State Board of Deposit and must be fully collateralized. However, in the case of foundations and other component units of the colleges and universities, deposits of these entities are not subject to the legal requirements for deposits of governmental entities.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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, 9th Floor, Columbus, Ohio 43215, by calling (614) 466-2160, or by accessing the Treasurer of State's website at 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.

The table below reports the carrying amount of deposits, as of June 30, 2014, held by the primary government, including fiduciary activities, and its major discretely presented component units and the extent of exposure to custodial credit risk.

Primary Government (including Fiduciary Activities) and Major Discretely Presented Component Units
Deposits—Custodial Credit Risk
As of June 30, 2014
(dollars in thousands)

			Uninsured Portion of Reported Bank Balance		
	Carrying Amount	Bank Balance	Uncollateralized	Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Depositor-Government's Name	Collateralized with Securities Held by the Pledging Institution
Primary Government	$ 1,132,385	$ 1,035,574	$ 19,763	$ 67,730	$ 10,182
Major Discretely Presented Component Units:					
Ohio State University	818,063	802,426	-	-	779,659

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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, 2014, of investments by type for the primary government, including fiduciary activities, and the extent of exposure to custodial credit risk (dollars in thousands).

Primary Government (including Fiduciary Activities)
Investments—Fair Value and Custodial Credit Risk
As of June 30, 2014
(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
Investments Subject to Custodial Credit Risk Exposure:		
U.S. Government Obligations	$ 15,137,090	$ -
U.S. Government Obligations—Strips	716,090	449,330
U.S. Agency Obligations	8,195,913	-
U.S. Agency Obligations—Strips	320,183	-
Common and Preferred Stock	50,915,527	-
Corporate Bonds and Notes	19,335,481	-
Corporate Bonds and Notes—Strips	154	-
Municipal Obligations	828,348	-
Negotiable Certificates of Deposit	2,724	-
Commercial Paper	6,231,653	-
Repurchase Agreements	1,052,005	-
Mortgage and Asset-Backed Securities	9,198,956	-
International Investments:		
Foreign Stocks	42,297,570	-
Foreign Bonds	3,555,609	-
High-Yield and Emerging Markets Fixed Income	5,404,308	-
Securities Lending Collateral:		
Commercial Paper	720,990	-
Repurchase Agreements	967,000	50,000
Variable Rate Notes	1,130,451	-
Bond Mutual Funds	369,400	-
		$ 499,330
Investments Not Subject to Custodial Credit Risk Exposure:		
Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:		
U.S. Government Obligations	1,100,555	
U.S. Government Obligations—Strips	83,725	
U.S. Agency Obligations	1,909,032	
U.S. Agency Obligations—Strips	3,337	
Corporate Bonds and Notes	25,204	
International Investments-Commingled Equity Funds	6,334,633	
Equity Mutual Funds	12,136,362	
Bond Mutual Funds	7,462,998	
Real Estate	19,986,755	
Venture Capital	17,131,685	
Partnerships and Hedge Funds	12,855,169	
Deposit with Federal Government	388,959	
Component Units' Equity in State Treasurer's Cash and Investment Pool	(448,717)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio	(110,843)	
Total Investments — Primary Government	$ 245,238,306	

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 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.

Major Discretely Presented Component Units
Investment Custodial Credit Risk
As of June 30, 2014
(dollars in thousands)

	Fair Value	Uninsured, Unregistered, and Held by the Counterparty but not in the Component Unit's Name
Ohio State University:		
U.S. Government Obligations	$ 124,003	$ 124,003
U.S. Agency Obligations	104,363	104,363
Common and Preferred Stock	234,547	234,547
Corporate Bonds and Notes	683,072	683,072
Municipal Obligations	18,051	18,051
Negotiable Certificates of Deposit	92,211	92,211
Commercial Paper	8,541	8,541
Repurchase Agreements	800	800
International Investments:		
Foreign Stocks	170,128	170,128
Foreign Bonds	17,391	17,391
Total Ohio State University		$ 1,453,107

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; and
- 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.

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 "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Banker acceptances must carry a minimum of "AA" for long-term debt ("AAA" for foreign issuers) by a majority of the agencies rating the issuer. For short-term debt, the rating must be "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Foreign debt must be guaranteed as to principal and interest by the United States or be rated in one of the three highest categories by at least two rating agencies; and
- For Registered Investment Companies (Mutual Funds), no-load money market mutual funds must carry a rating of "AAA" or "AAAm" by Standard & Poor's.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investment policies regarding credit risk that are in addition to Ohio Revised Code requirements and are specific to certain 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 nationally-recognized bond rating services for fixed income securities.

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 invested in "BB" and "B" rated securities.

STAR Ohio Investment Trust Fund
Investment policies governing the STAR Ohio external investment pool require that all securities must be rated the equivalent of "A-1" or higher. Mutual funds must be rated AAA or AAAm by Standard and Poor's.

Retirement Systems Agency Fund
For the Ohio Public Employees Retirement System, non-investment grade securities are limited to 35 percent of the total Public Fixed Income portfolio assets. Limitations on the holdings of non-investment grade securities are included in the portfolio's guidelines.

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 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.

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.

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)

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

Primary Government (including Fiduciary Activities)
Investment Credit Ratings
As of June 30, 2014
(dollars in thousands)

Investment Type	Credit Rating AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	$ 3,356,743	$ 3,689,328	$ 3,048,888	$ -	$ -	$ -
U.S. Agency Obligations—Strips	292,133	31,387	-	-	-	-
Corporate Bonds and Notes	538,943	1,564,379	5,515,644	6,184,879	2,370,015	2,208,262
Corporate Bonds and Notes—Strips	102	38	-	-	-	-
Municipal Obligations	99,180	435,737	286,993	4,738	1,062	-
Negotiable Certificates of Deposit	-	2,000	-	-	-	-
Commercial Paper	667,916	2,732,130	2,831,607	-	-	-
Repurchase Agreements	200,000	440,000	-	-	-	-
Mortgage and Asset-Backed Securities	1,842,712	6,016,090	249,049	150,518	227,791	198,903
International Investments:						
Foreign Bonds	897,441	431,434	798,081	1,222,758	111,654	41,593
High-Yield & Emerging Markets Fixed Income	25,564	42,649	703,506	1,298,015	1,234,522	1,300,610
Bond Mutual Funds	3,763,210	833,774	213,927	74,297	53,188	28,712
Securities Lending Collateral:						
Commercial Paper	-	-	720,990	-	-	-
Repurchase Agreements	-	121,000	342,000	504,000	-	-
Variable Rate Notes	-	392,505	737,946	-	-	-
Bond Mutual Funds	369,400	-	-	-	-	-
Total Primary Government	$ 12,053,344	$ 16,732,451	$ 15,448,631	$ 9,439,205	$ 3,998,232	$ 3,778,080

Investment Type	Credit Rating CCC/Caa	CC/Ca	C	D	Unrated	Total
U.S. Agency Obligations	$ -	$ -	$ -	$ -	$ 9,986	$10,104,945
U.S. Agency Obligations—Strips	-	-	-	-	-	323,520
Corporate Bonds and Notes	923,333	10,831	154	22,179	22,066	19,360,685
Corporate Bonds and Notes—Strips	-	-	-	-	14	154
Municipal Obligations	-	-	-	-	638	828,348
Negotiable Certificates of Deposit	-	-	-	-	724	2,724
Commercial Paper	-	-	-	-	-	6,231,653
Repurchase Agreements	-	-	-	-	412,005	1,052,005
Mortgage and Asset-Backed Securities	205,079	67,322	12,802	64,689	164,001	9,198,956
International Investments:						
Foreign Bonds	39,328	4,276	1	-	9,043	3,555,609
High-Yield & Emerging Markets Fixed Income	514,938	-	1,353	4,309	278,842	5,404,308
Bond Mutual Funds	6,505	-	-	-	2,489,385	7,462,998
Securities Lending Collateral:						
Commercial Paper	-	-	-	-	-	720,990
Repurchase Agreements	-	-	-	-	-	967,000
Variable Rate Notes	-	-	-	-	-	1,130,451
Bond Mutual Funds	-	-	-	-	-	369,400
Total Primary Government	$ 1,689,183	$ 82,429	$ 14,310	$ 91,177	$ 3,386,704	$66,713,746

Major Discretely Presented Component Units
Investment Credit Ratings
As of June 30, 2014
(dollars in thousands)

Ohio State University:	Credit Rating AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	$ -	$ 103,558	$ 805	$ -	$ -	$ -
Corporate Bonds and Notes	78,011	109,281	295,614	162,954	27,538	4,922
Municipal Obligations	2,507	7,599	7,166	779	-	-
Negotiable Certificates of Deposit	92,211	-	-	-	-	-
Commercial Paper	-	-	7,941	600	-	-
Repurchase Agreements	-	-	800	-	-	-
International Investments-Foreign Bonds	2,293	1,728	10,240	3,115	-	-
Bond Mutual Funds	50,742	5,421	35,949	12,012	958	1,678
Total Ohio State University	$ 225,764	$ 227,587	$ 358,515	$ 179,460	$ 28,496	$ 6,600

Ohio State University (continued):	Credit Rating CCC/Caa	CC/Ca	C	D	Unrated	Total
U.S. Agency Obligations	$ -	$ -	$ -	$ -	$ -	$ 104,363
Corporate Bonds and Notes	217	-	-	44	4,491	683,072
Municipal Obligations	-	-	-	-	-	18,051
Negotiable Certificates of Deposit	-	-	-	-	-	92,211
Commercial Paper	-	-	-	-	-	8,541
Repurchase Agreements	-	-	-	-	-	800
International Investments-Foreign Bonds	-	-	-	-	15	17,391
Bond Mutual Funds	6,011	1,222	56	2,799	37,900	154,748
Total Ohio State University	$ 6,228	$ 1,222	$ 56	$ 2,843	$ 42,406	$ 1,079,177

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 25 percent of the State's total average portfolio;
- Bankers acceptances cannot exceed ten percent of the State's total average portfolio;
- Corporate notes cannot exceed 25 percent of the State's total average portfolio;
- Corporate notes of a single issuer may not exceed one-half of one percent of the State's total average portfolio; and
- Debt interests in foreign nations may not exceed one 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	25
Bankers' Acceptances	10
Commercial Paper	25
Corporate Notes	5
Foreign Notes	1
Certificates of Deposit	20
Municipal Obligations	10
STAR Ohio	25
Mutual Funds	25

The investment policies of the Treasurer of State's Office also specify that commercial paper is limited to no more than five percent of the issuing corporation's total outstanding commercial paper, and investments in a single issuer are further limited to no more than two percent of the total average portfolio except for the U.S. government obligations, limited at 100 percent; repurchase agreement counterparties, limited at the lesser of five percent or $250 million; and mutual funds, limited at ten percent. Bankers' Acceptances are limited to no more than five percent of the total average portfolio in any single issuer. Mutual funds are further 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.

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 issuer with the exception of U.S. government securities.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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 agreement counterparties, limited at 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 no more than ten percent of the total assets of any single mutual fund;
- corporate obligations, limited to 25 percent, with no more than one-half of one percent invested with any single issuer and limited to no more than five percent of any issuer's obligations;
- municipal bonds, limited at ten percent and limited to no more than 2.5 percent with any single issuer;
- commercial paper, limited to 25 percent, with no more than five percent invested with any single issuer; and
- bankers' acceptances, limited at ten percent.

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 issuer 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, 2014, 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
Governmental and Business-Type Activities:		
Federal Home Loan Bank	2,944,891	7%
STAR Ohio Investment Trust Fund:		
Federal Home Loan Bank	872,394	30%
Federal Farm Credit Bank.....	250,131	9%
Ohio Facilities Construction Commission Component Unit Fund:		
Federal National Mortgage Association	30,484	7%
Federal Home Loan Bank	97,289	23%
Federal Home Loan Mortgage Corporation	37,982	9%
Federal Farm Credit Bank.....	28,529	7%

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 policies to mitigate this risk.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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: five years for corporate notes, 180 days for commercial paper, 90 days for repurchase agreements, 270 days for bankers' acceptances, and five years for foreign debt.

Variable rate notes are permitted if they meet the following criteria:

- the note has an ultimate maturity of less than three years;
- the rate resets frequently to follow money market rates;
- the note is indexed to a money market rate that correlates (by at least 95 percent) with overall money market rate changes, even during wide swings in interest rates, e.g., federal funds, 3-month treasury bill, LIBOR; and
- any cap on the interest rate is at least 15 percent (1500 basis points) higher than the coupon at purchase.

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 Barclay's Capital 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 each 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. 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 Public 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 Public Fixed Income asset class, excluding Liquidity Funds. Liquidity Funds duration must be within a range of zero to 120 percent of the average option-adjusted duration.

As of June 30, 2014, investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to the interest rate changes. The U.S. agency obligations investment type includes $2.34 billion of investments with call dates during fiscal years 2015 through 2019. All of these investments have maturities between fiscal years 2015 through 2019 and are reported in the table on the following page as maturing in one to five years.

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 $442.4 million and corporate bonds of $15.5 million have daily, weekly, monthly, and quarterly reset dates. Commercial paper of $87.6 million has a 31-day put notice. U.S. Treasury Floating Rate Notes of $15 million have quarterly reset dates. For "Collateral on Lent Securities," variable rate notes of $850 million, $83.5 million, and $135.1 million have quarterly, monthly, and daily reset rates, respectively. Commercial paper of $67 million and $15 million have quarterly and monthly reset dates, respectively. Repurchase agreements of $234 million have daily reset rates.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The Lottery Commission Enterprise Fund has "Collateral on Lent Securities" with reset dates. Variable rate notes of $48.9 million, $5 million, and $8 million have quarterly, monthly, and daily reset dates, respectively. Commercial paper of $7 million has quarterly reset dates. Repurchase agreements of $18 million have daily reset dates.

Also during fiscal year 2014, the Treasurer of State acted as the custodian of the Retirement Systems Agency Fund's investments. These investments 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 following tables 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, 2014, 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.

Primary Government (including Fiduciary Activities)
Investments Subject to Interest Rate Risk
As of June 30, 2014
(dollars in thousands)

Investment Type	Investment Maturities (in years) Less than 1	1-5	6-10	More than 10	Total
U.S. Government Obligations	$ 1,913,400	$ 7,231,934	$ 3,104,296	$ 3,988,015	$ 16,237,645
U.S. Government Obligations—Strips	240,796	251,769	49,435	257,815	799,815
U.S. Agency Obligations	5,741,917	3,211,069	109,113	1,042,846	10,104,945
U.S. Agency Obligations—Strips	49,051	139,983	104,812	29,674	323,520
Corporate Bonds and Notes	1,242,182	5,508,965	6,387,084	6,222,454	19,360,685
Corporate Bonds and Notes—Strips	-	13	1	140	154
Municipal Obligations	3,883	19,272	8,858	796,335	828,348
Negotiable Certificates of Deposit	2,000	724	-	-	2,724
Commercial Paper	6,231,653	-	-	-	6,231,653
Repurchase Agreements	1,052,005	-	-	-	1,052,005
Mortgage and Asset-Backed Securities	200	920,879	407,512	7,870,365	9,198,956
International Investments:					
Foreign Bonds	296,548	869,627	458,908	1,930,526	3,555,609
High-Yield & Emerging Markets Fixed Income	135,336	1,466,330	2,858,713	943,929	5,404,308
Bond Mutual Funds	4,884,375	115,137	1,376,131	1,087,355	7,462,998
Securities Lending Collateral:					
Commercial Paper	720,990	-	-	-	720,990
Repurchase Agreements	967,000	-	-	-	967,000
Variable Rate Notes	1,130,451	-	-	-	1,130,451
Bond Mutual Funds	369,400	-	-	-	369,400
Total Primary Government	$ 24,981,187	$ 19,735,702	$ 14,864,863	$ 24,169,454	$ 83,751,206

Major Discretely Presented Component Units
Investments Subject to Interest Rate Risk
As of June 30, 2014
(dollars in thousands)

Ohio State University:	Investment Maturities (in years) Less than 1	1-5	6-10	More than 10	Total
U.S. Government Obligations	$ 21,246	$ 89,100	$ 2,617	$ 11,040	$ 124,003
U.S. Agency Obligations	6,859	67,667	18,609	11,228	104,363
Corporate Bonds and Notes	123,972	485,176	24,525	49,399	683,072
Municipal Obligations	2,050	13,533	897	1,571	18,051
Negotiable Certificates of Deposit	92,211	-	-	-	92,211
Commercial Paper	8,541	-	-	-	8,541
Repurchase Agreements	800	-	-	-	800
International Investments-Foreign Bonds	3,493	13,170	301	427	17,391
Bond Mutual Funds	21,253	45,402	23,149	64,944	154,748
Total Ohio State University	$ 280,425	$ 714,048	$ 70,098	$ 138,609	$ 1,203,180

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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.

As of June, 30, 2014, 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.

Primary Government (including Fiduciary Activities)
International Investments—Foreign Currency Risk
As of June 30, 2014
(dollars in thousands)

	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Commingled International Equity	
Argentinean Peso	$ 1	$ -	$ -	$ -	$ 1
Australian Dollar	816,021	2,095	-	142,792	960,908
Brazilian Real	684,355	(5,632)	173,811	60,074	912,608
British Pound	4,095,446	188	51,724	637,479	4,784,837
Canadian Dollar	1,405,175	-	82	197,500	1,602,757
Chilean Peso	76,569	2,012	12,816	8,384	99,781
Chinese Yuan	-	-	49,552	424	49,976
Costa Rican Colon	-	-	13,104	-	13,104
Colombian Peso	9,384	798	14,101	5,725	30,008
Czech Koruna	25,137	-	-	1,330	26,467
Danish Krone	383,600	-	-	27,583	411,183
Dominican Peso	-	-	12,148	-	12,148
Egyptian Pound	14,822	-	-	1,086	15,908
Euro	5,711,497	131	228,838	629,590	6,570,056
Ghana Cedi	-	-	4,995	-	4,995
Hong Kong Dollar	2,199,408	-	-	229,878	2,429,286
Hungarian Forint	14,204	573	22,825	1,236	38,838
Indian Rupee	665,017	-	16,057	37,773	718,847
Indonesian Rupiah	149,081	374	61,943	13,600	224,998
Israeli Shekel	54,095	-	-	9,665	63,760
Japanese Yen	3,726,696	-	-	373,451	4,100,147
Kenya Shilling	-	-	6,596	-	6,596
Malaysian Ringgit	194,110	975	64,071	21,442	280,598
Mexican Peso	265,758	(3,181)	191,529	28,284	482,390
New Zealand Dollar	238,043	2,205	-	2,540	242,788
Nigerian Naira	9,636	744	57,726	-	68,106
Norwegian Krone	263,785	-	-	16,180	279,965
Omani Rial	5,011	-	-	-	5,011
Peruvian New Sol	1,714	-	16,404	-	18,118
Philippines Peso	59,338	766	34,200	8,860	103,164
Polish Zloty	68,366	-	103,581	9,167	181,114
Qatari Rial	25,445	-	-	2,209	27,654
Romanian Leu	-	-	5,831	-	5,831
Russian Ruble	13,377	49	122,125	23,765	159,316
Singapore Dollar	305,753	-	-	26,247	332,000
South African Rand	571,962	-	116,365	41,413	729,740
South Korean Won	1,339,208	-	(118)	85,877	1,424,967
Swedish Krona	598,597	-	516	60,266	659,379
Swiss Franc	1,536,036	-	1,304	167,054	1,704,394
Taiwan Dollar	749,620	-	-	67,547	817,167
Thailand Baht	355,503	(5)	32,992	12,128	400,618
Turkish Lira	214,297	(2)	87,820	13,932	316,047
Uganda Shilling	-	-	7,003	-	7,003
United Arab Emirates Dirham	16,797	-	-	2,623	19,420
Uruguayan Peso	-	-	20,888	-	20,888
Investments Held in Foreign Currency	$26,862,864	$ 2,090	$ 1,530,829	$ 2,967,104	$31,362,887
Foreign Investments Held in U.S. Dollars					26,229,233
Total Foreign Investments-Primary Government, including Fiduciary Activities					$57,592,120

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Discretely Presented Component Units
International Investments—Foreign Currency Risk
As of June 30, 2014
(dollars in thousands)

Ohio State University:

Currency	Stocks	Bonds	Total
Brazilian Real	$ 7,011	$ -	$ 7,011
British Pound	33,353	45	33,398
Czech Koruna	1,035	-	1,035
Danish Krone	-	1,290	1,290
Egyptian Pound	1,163	-	1,163
Euro	39,013	2,172	41,185
Hong Kong Dollar	8,900	-	8,900
Indian Rupee	4,248	-	4,248
Indonesian Rupiah	2,020	-	2,020
Japanese Yen	18,213	-	18,213
Mexican Peso	656	-	656
Norwegian Krone	1,061	-	1,061
South African Rand	5,193	-	5,193
South Korean Won	9,371	-	9,371
Swedish Krona	3,291	-	3,291
Swiss Franc	14,859	-	14,859
Taiwan Dollar	5,097	-	5,097
Turkish Lira	1,249	-	1,249
United Arab Emirates Dirham	1,640	-	1,640
Investments Held in Foreign Currency	$ 157,373	$ 3,507	$ 160,880
Foreign Investments Held in U.S. Dollars			26,639
Total Foreign Investments - Ohio State University			$ 187,519

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.

Investment policies of the Treasurer of State's Office further limit the types of authorized investments. These requirements include maturity limitations of five years at the date of purchase and denomination of principal and interest in U.S. dollars. Other limitations are noted in the previous sections of this note that discuss credit risk and concentration of credit risk.

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 30 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. At no point in time can the value of the collateral be less than 100 percent of the underlying securities.

NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Consequently, as of June 30, 2014, the State had no credit exposure since the amount the State owed to the borrowers at least equaled or exceeded the amount borrowers owed to the State.

The State invests cash collateral in short-term obligations, which have a weighted average maturity of 23 days or less while the weighted average maturity of securities loans is eight days or less.

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 either the default of a borrower or any violations of the security lending policy.

During fiscal year 2014, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2014, 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, 2014, the State reports the following investment derivatives in its financial statements (dollars in thousands):

Investment Derivatives
As of June 30, 2014
(dollars in thousands)

		Fair Value at 6/30/2014		Increase (Decrease) in Fair Value	
	Notional	Amount	Reported as	Amount	Reported as
Governmental Activities:					
Investment Derivatives:					
Pay-fixed interest rate swaps	$ 121,850	$ (11,852)	Other Noncurrent Liability	$ 2,051	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
Fiduciary Funds—Agency:					
Investment Derivatives:					
Call options	-	-	Investments	157	Investment Income
Credit default swaps	20,435	52	Investments	363	Investment Income
Credit linked notes	2,726	2,899	Investments	1,403	Investment Income
Equity swaps	1,224,096	12,281	Investments	53,913	Investment Income
Foreign exchange forward currency contracts	8,610,176	(42,451)	Investments	(175,843)	Investment Income
Futures contracts	(15,145)	334	Investments	1,612	Investment Income
Interest rate swap	4,590,035	(1,414)	Investments	(938)	Investment Income
Options	49,011	(2,646)	Investments	(10,020)	Investment Income
Put options	-	-	Investments	(60)	Investment Income
Total return swaps	1,311,572	11,718	Investments	11,649	Investment Income
Warrants	29,092	8,979	Investments	8,188	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, 2014, and are reported as investment derivatives. The increases in the fair values for fiscal year 2014 of $2.1 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+/A+ as of June 30, 2014. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2014. 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 65 percent of the 1 month LIBOR rate plus 20 basis points. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, School Employees Retirement System of Ohio, and State Teachers Retirement System of Ohio have entered into the derivatives reported in the Agency Fund. All derivatives of these retirement systems are categorized as investment derivatives. The fair values and associated risks of the investment derivatives for the Agency Fund are included in the balances and risks disclosed in the previous sections of this note disclosure.

NOTE 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, 2014, approximately $82.4 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 $717.3 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
Current-Due Within One Year:			
Income Taxes	$ 338,049	$ -	$ 338,049
Sales Taxes	489,747	-	489,747
Motor Vehicle Fuel Taxes	99,092	75,822	174,914
Commercial Activity Taxes	439,968	-	439,968
Public Utility Taxes	111,832	-	111,832
Casino Taxes	-	3,209	3,209
	1,478,688	79,031	1,557,719
Noncurrent-Due in More Than One Year:			
Income Taxes	12,131	-	12,131
Taxes Receivable, Net	$ 1,490,819	$ 79,031	$ 1,569,850

NOTE 5 RECEIVABLES (Continued)

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, 2014 (dollars in thousands):

	From Nonexchange Programs		From Sales of Goods and Services		
	Federal Government	Local Government	Other State Governments	Local Government	Total Primary Government
Governmental Activities:					
Major Governmental Funds:					
General	$ 494,651	$ -	$ -	$ -	$ 494,651
Job, Family and Other Human Services	258,869	41,912	-	-	300,781
Nonmajor Governmental Funds	332,600	47,664	-	10,235	390,499
Total Governmental Activities	1,086,120	89,576	-	10,235	1,185,931
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	-	1,800	-	1,800
Nonmajor Proprietary Funds	-	-	-	8,958	8,958
Total Business-Type Activities	-	-	1,800	8,958	10,758
Intergovernmental Receivable	$ 1,086,120	$ 89,576	$ 1,800	$ 19,193	$ 1,196,689

C. Loans Receivable

Loans receivable for the primary government, as of June 30, 2014, are detailed in the following table (dollars in thousands):

Primary Government - Loans Receivable

	Governmental Activities		
Loan Program	General	Nonmajor Governmental Funds	Total Primary Government
Economic Development			
Office of Loan Administration	$ 411,604	$ -	$ 411,604
Local Infrastructure Improvements	457,061	-	457,061
Housing Finance	146,147	-	146,147
Highway, Transit, & Aviation Infrastructure Bank	-	76,847	76,847
Brownfield Revolving Loan	-	3,315	3,315
Wayne Trace Local School District	2,657	-	2,657
Rail Development	-	1,843	1,843
Loans Receivable, Net	1,017,469	82,005	1,099,474
Current-Due Within One Year	74,479	13,866	88,345
Noncurrent-Due in More Than One Year	942,990	68,139	1,011,129
Loans Receivable, Net	$ 1,017,469	$ 82,005	$ 1,099,474

The “Loans Receivable” balance reported in the major discretely presented component units, as of June 30, 2014, 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, 2014, consist of the following (dollars in thousands):

Primary Government - Other Receivables

	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	$ 149,458	$ 255,175	$ -	$ 65	$ 404,698
Tobacco Settlement	-	-	394,157	72,720	466,877
Health Facility Bed Assessments	-	108,070	-	-	108,070
Interest	8,733	-	-	83	8,816
Accounts	4,538	12,164	-	2,209	18,911
Environmental Legal Settlements	-	-	-	1,877	1,877
Miscellaneous	46,329	673	-	2,341	49,343
Other Receivables, Net	209,058	376,082	394,157	79,295	1,058,592
Current-Due Within One Year	209,058	376,082	-	6,575	591,715
Noncurrent-Due in More Than One Year	-	-	394,157	72,720	466,877
Other Receivables, Net	$ 209,058	$ 376,082	$ 394,157	$ 79,295	$ 1,058,592

	Business-Type Activities				
	Major Proprietary Funds				
Types of Receivables	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	Total
Accounts	$ 109,766	$ -	$ 71,998	$ 370	$ 182,134
Interest and Dividends (including restricted portion)	142,937	1,148	-	738	144,823
Lottery Sales Agents	-	67,653	-	-	67,653
Other Receivables, Gross	252,703	68,801	71,998	1,108	394,610
Estimated Uncollectible	(1,133)	(345)	(33,104)	-	(34,582)
Other Receivables, Net-Due Within One Year	$ 251,570	$ 68,456	$ 38,894	$ 1,108	$ 360,028
Total Primary Government					$ 1,418,620

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2014, is comprised of interest due of approximately $3.2 million, investment trade receivables of $9 million, and miscellaneous receivables of $1.5 million.

In the major discretely presented component units, the "Other Receivables" balance reported, as of June 30, 2014, 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, 2014, follow (dollars in thousands):

Primary Government - Accrued Liabilities

	Wages and Employee Benefits	Accrued Interest	Total Accrued Liabilities
Governmental Activities:			
Major Governmental Funds:			
General	$ 116,273	$ -	$ 116,273
Job, Family and Other Human Services	18,455	-	18,455
Nonmajor Governmental Funds	67,909	-	67,909
	202,637	-	202,637
Reconciliation of fund level statements to government-wide statements due to basis differences	-	162,944	162,944
Total Governmental Activities	202,637	162,944	365,581
Business-Type Activities:			
Nonmajor Proprietary Funds	3,766	-	3,766
Total Primary Government	$ 206,403	$ 162,944	$ 369,347

	Wages and Employee Benefits	Health Benefit Claims	Management and Administrative Expenses	Total Accrued Liabilities
Fiduciary Activities:				
State Highway Patrol Retirement System Pension Trust (12/31/2013)	$ 24,276	$ 817	$ -	$ 25,093
Variable College Savings Plan Private-Purpose Trust	-	-	3,064	3,064
STAR Ohio Investment Trust	-	-	1	1
Total Fiduciary Activities	$ 24,276	$ 817	$ 3,065	$ 28,158

The “Accrued Liabilities” balance reported in the major discretely presented component units, as of June 30, 2014, 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, 2014, are comprised of the following (dollars in thousands).

Primary Government - Intergovernmental Payable					
	Local Government				
	Shared Revenue and Local Permissive Taxes	Subsidies and Other	Federal Government	Other States	Total
Governmental Activities:					
Major Governmental Funds:					
General	$ 736,587	$ 100,168	$ 31,220	$ 2,225	$ 870,200
Job, Family and Other Human Services	-	65,057	-	-	65,057
Nonmajor Governmental Funds	86,837	148,255	-	-	235,092
Total Governmental Activities	823,424	313,480	31,220	2,225	1,170,349
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	143	1,381,379	-	1,381,522
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the business-type financial statements	-	-	(1,381,022)	-	(1,381,022)
Total Business-Type Activities	-	143	357	-	500
Total Primary Government					$ 1,170,849
Fiduciary Activities:					
Holding and Distribution Agency Fund	$ -	$ -	$ 1,395	$ 25,610	$ 27,005
Payroll Withholding and Fringe Benefits Agency Fund	-	27,784	-	-	27,784
Other Agency Fund	153,693	13,940	-	-	167,633
Total Fiduciary Activities	$ 153,693	$ 41,724	$ 1,395	$ 25,610	$ 222,422

As of June 30, 2014, the Ohio Facilities Construction Commission, a major discretely presented component unit fund, reported an intergovernmental payable balance totaling approximately $618.9 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, 2014, consist of the balances, as follows (dollars in thousands):

Primary Government - Refund and Other Liabilities

	Personal Income Tax Estimated Refund Claims	Other	Total
Governmental Activities:			
Major Governmental Funds:			
General	$ 719,046	$ 11,000	$ 730,046
Job, Family and Other Human Services	-	4,173	4,173
Nonmajor Governmental Funds	-	695	695
Total Governmental Activities	$ 719,046	$ 15,868	$ 734,914

	Reserve for Compensation Adjustment	Refund and Security Deposits	Compensated Absences	Capital Leases	Other	Total
Business-Type Activities:						
Major Proprietary Funds:						
Workers' Compensation	$1,853,500	$86,481	$25,394	$ -	$1,693,439	$3,658,814
Lottery Commission	-	70,944	3,539	15,357	1,843	91,683
Unemployment Compensation	-	8,551	-	-	-	8,551
Nonmajor Proprietary Funds	-	29	8,632	-	-	8,661
	1,853,500	166,005	37,565	15,357	1,695,282	3,767,709
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements	(1,853,500)	(86,481)	(37,565)	(15,357)	(1,669,042)	(3,661,945)
Total Business-Type Activities	$ -	$ 79,524	$ -	$ -	$ 26,240	$ 105,764
Total Primary Government						$ 840,678

	Child Support Collections	Refund and Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
Fiduciary Activities:						
State Highway Patrol Retirement System Pension Trust (12/31/2013)	$ -	$ -	$ -	$ -	$ 73	$ 73
Variable College Savings Plan Private-Purpose Trust	-	-	-	-	7,624	7,624
STAR Ohio Investment Trust	-	-	-	-	167	167
Agency Funds:						
Holding and Distribution	-	9,631	-	-	-	9,631
Centralized Child Support Collections	63,738	-	-	-	-	63,738
Retirement Systems	-	-	-	191,832,980	-	191,832,980
Payroll Withholding and Fringe Benefits	-	-	82,797	-	-	82,797
Other	-	395,470	-	56,661	115,808	567,939
Total Fiduciary Activities	$ 63,738	$ 405,101	$ 82,797	$ 191,889,641	$ 123,672	$ 192,564,949

In the major discretely presented component units, the "Refunds and Other Liabilities" balance reported, as of June 30, 2014, 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, 2014, consist of the following (in thousands):

	Due To		
	Governmental Activities		
Due from	General	Nonmajor Governmental Funds	Total
Major Governmental Funds:			
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	$ 38,620	$ -	$ 38,620
Nonmajor Governmental Funds	-	1,364	1,364
Total Primary Government	$ 38,620	$ 1,364	$ 39,984

	Business-Type Activities					
	Major Proprietary Funds					
Due from	Workers' Compensation	Lottery Commission	Unemployment Funds	Nonmajor Proprietary Funds	Total	Total Primary Government
Major Governmental Funds:						
General	$ 469,780	$ -	$ -	$ 8,742	$478,522	$ 478,522
Job, Family and Other Human Services	14,620	-	-	-	14,620	14,620
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	-	-	-	-	38,620
Nonmajor Governmental Funds	162,418	1,518	1,216	-	165,152	166,516
Total Governmental Activities	646,818	1,518	1,216	8,742	658,294	698,278
Business-Type Activities:						
Major Proprietary Funds:						
Lottery Commission	1,799	-	-	-	1,799	1,799
Nonmajor Proprietary Funds	7,241	-	-	-	7,241	7,241
Total Business-Type Activities	9,040	-	-	-	9,040	9,040
Total Primary Government	$ 655,858	$ 1,518	$ 1,216	$ 8,742	$667,334	$ 707,318

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 $655.9 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, 2014, consist of the following (dollars in thousands):

	Transferred to Governmental Activities			
	Major Governmental Funds			
Transferred from	General	Job, Family & Other Human Services	Nonmajor Governmental Funds	Total
Major Governmental Funds:				
General	$ -	$ 16,564	$ 1,982,403	$1,998,967
Job, Family and Other Human Services	-	-	50,420	50,420
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	-	13,571	13,571
Nonmajor Governmental Funds	221,697	-	157,838	379,535
Total Governmental Activities	221,697	16,564	2,204,232	2,442,493
Major Proprietary Funds:				
Workers' Compensation	-	-	8,760	8,760
Lottery Commission	-	-	958,919	958,919
Unemployment Compensation	-	-	15,864	15,864
Total Business-Type Activities	-	-	983,543	983,543
Total Primary Government	$ 221,697	$ 16,564	$ 3,187,775	$3,426,036

	Business-Type Activities	
Transferred from	Nonmajor Proprietary Funds	Total Primary Government
Major Governmental Funds:		
General	$ 27,822	$2,026,789
Job, Family and Other Human Services	-	50,420
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	13,571
Nonmajor Governmental Funds	-	379,535
Total Governmental Activities	27,822	2,470,315
Major Proprietary Funds:		
Workers' Compensation	-	8,760
Lottery Commission	-	958,919
Unemployment Compensation	-	15,864
Total Business-Type Activities	-	983,543
Total Primary Government	$ 27,822	$3,453,858

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 2014, the discretely presented component units reported $2.37 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.

Primary Government
(dollars in thousands)

			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	Total State Assistance to the Component Units
Major Governmental Funds:						
General	$ 1,100	$ 34,757	$ 494,500	$1,711,222	$ 2,292	$2,208,014
Job, Family and Other Human Services	-	183	-	-	-	-
Nonmajor Governmental Funds	7,337	6,591	-	161,963	-	161,963
Total Governmental Activities	8,437	41,531	494,500	1,873,185	2,292	2,369,977
Total Primary Government	$ 8,437	$ 41,531	$ 494,500	$1,873,185	$ 2,292	$2,369,977

Discretely Presented Component Units
(dollars in thousands)

	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	$ -	$ -	$ 494,500
Ohio State University	4,712	-	495,732
Nonmajor Discretely Presented Component Units	37,332	2,355	1,379,745
	42,044	2,355	2,369,977
Variance Due to Year-End Differences (June 30 versus December 31)	(513)	6,082	-
Total Discretely Presented Component Units	$ 41,531	$ 8,437	$2,369,977

NOTE 8 CAPITAL ASSETS

A. Primary Government

Capital asset activity, for the year ended June 30, 2014, reported for the primary government was as follows (dollars in thousands):

	Primary Government			
	Balance July 1, 2013 (as Restated)	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,241,945	$ 43,246	$ (1,470)	$ 2,283,721
Buildings	61,372	-	-	61,372
Land Improvements	1,416	-	-	1,416
Construction-in-Progress	1,451,190	420,602	(481,913)	1,389,879
Infrastructure:				
Highway Network:				
General Subsystem	8,567,374	9,966	(8,714)	8,568,626
Priority Subsystem	8,297,960	159,556	(2,345)	8,455,171
Bridge Network	2,931,984	64,724	(103,468)	2,893,240
Total Capital Assets Not Being Depreciated	23,553,241	698,094	(597,910)	23,653,425
Other Capital Assets:				
Buildings	3,608,444	39,711	(28,631)	3,619,524
Land Improvements	463,275	4,022	(1,988)	465,309
Machinery and Equipment	902,119	75,045	(33,552)	943,612
Vehicles	349,441	48,702	(32,635)	365,508
Infrastructure:				
Parks, Recreation and Natural Resources Network	108,487	8,155	-	116,642
Total Other Capital Assets at Historical Cost	5,431,766	175,635	(96,806)	5,510,595
Less Accumulated Depreciation for:				
Buildings	2,027,069	104,899	(18,970)	2,112,998
Land Improvements	284,703	15,221	(1,450)	298,474
Machinery and Equipment	658,824	73,002	(28,570)	703,256
Vehicles	187,071	31,616	(27,019)	191,668
Infrastructure:				
Parks, Recreation and Natural Resources Network	22,990	4,342	-	27,332
Total Accumulated Depreciation	3,180,657	229,080	(76,009)	3,333,728
Other Capital Assets, Net	2,251,109	(53,445)	(20,797)	2,176,867
Governmental Activities - Capital Assets, Net	$ 25,804,350	$ 644,649	$ (618,707)	$ 25,830,292
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 11,994	$ -	$ -	$ 11,994
Construction-In Progress	30,713	30,401	-	61,114
Total Capital Assets Not Being Depreciated	42,707	30,401	-	73,108
Other Capital Assets:				
Buildings	209,313	-	-	209,313
Land Improvements	66	-	-	66
Machinery and Equipment	153,741	6,296	(1,750)	158,287
Vehicles	2,777	624	(220)	3,181
Total Other Capital Assets at Historical Cost	365,897	6,920	(1,970)	370,847
Less Accumulated Depreciation for:				
Buildings	152,571	6,964	-	159,535
Land Improvements	58	1	-	59
Machinery and Equipment	113,555	25,552	(1,726)	137,381
Vehicles	1,712	303	(197)	1,818
Total Accumulated Depreciation	267,896	32,820	(1,923)	298,793
Other Capital Assets, Net	98,001	(25,900)	(47)	72,054
Business-Type Activities - Capital Assets, Net	$ 140,708	$ 4,501	$ (47)	$ 145,162

NOTE 8 CAPITAL ASSETS (Continued)

For fiscal year 2014, the State charged depreciation expense to the following functions (dollars in thousands):

	Depreciation Expense
Governmental Activities:	
Primary, Secondary and Other Education	$ 1,149
Higher Education Support	102
Public Assistance and Medicaid	5,901
Health and Human Services	19,409
Justice and Public Protection	96,508
Environmental Protection and Natural Resources	21,175
Transportation	172,709
General Government	55,163
Community and Economic Development	5,714
Total Depreciation Expense for Governmental Activities	377,830
Gains (Losses) on Capital Asset Disposals Included in Depreciation	(148,750)
Fiscal Year 2014 Increases to Accumulated Depreciation	$ 229,080
Business-Type Activities:	
Workers' Compensation	$ 8,697
Lottery Commission	23,597
Tuition Trust Authority	50
Office of Auditor of State	407
Total Depreciation Expense for Business-Type Activities	32,751
Gains (Losses) on Capital Asset Disposals Included in Depreciation	69
Fiscal year 2014 Increase to Accumulated Depreciation	$ 32,820

As of June 30, 2014, the State considered the following governmental capital asset balances as being temporarily impaired and removed from service (dollars in thousands).

	Net Book Value
Governmental Activities:	
Temporarily Impaired Assets Removed from Service:	
Buildings	$ 63,969
Land Improvements	2,179
Construction-In-Progress	2,280
Total	$ 68,428

NOTE 8 CAPITAL ASSETS (Continued)

B. Major Discretely Presented Component Units

Capital asset activity, for the year ended June 30, 2014, reported for major discretely presented component unit funds with significant capital asset balance was as follows (dollars in thousands):

	Major Discretely Presented Component Units			
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Ohio State University:				
Capital Assets Not Being Depreciated:				
Land	$ 74,985	$ -	$ (265)	$ 74,720
Construction-in-Progress	862,620	578,415	(229,373)	1,211,662
Patents and Trademarks	18,413	-	-	18,413
Total Capital Assets Not Being Depreciated	956,018	578,415	(229,638)	1,304,795
Other Capital Assets:				
Buildings	4,493,469	175,946	(28,473)	4,640,942
Land Improvements	506,540	12,589	(2,519)	516,610
Machinery, Equipment and Vehicles	1,098,548	93,249	(27,472)	1,164,325
Library Books and Publications	165,973	5,945	(249)	171,669
Total Other Capital Assets at Historical Cost	6,264,530	287,729	(58,713)	6,493,546
Less Accumulated Depreciation for:				
Buildings	1,887,493	147,138	(15,764)	2,018,867
Land Improvements	204,607	19,095	(2,487)	221,215
Machinery, Equipment and Vehicles	764,810	97,237	(23,302)	838,745
Library Books and Publications	147,084	3,437	(249)	150,272
Total Accumulated Depreciation	3,003,994	266,907	(41,802)	3,229,099
Other Capital Assets, Net	3,260,536	20,822	(16,911)	3,264,447
Total Capital Assets, Net	$ 4,216,554	$ 599,237	$ (246,549)	$ 4,569,242

For fiscal year 2014, Ohio State University reported approximately $266.9 million in depreciation expense.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

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 – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan.

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.

Most employees who are members of OPERS and who have fewer than five total years of service credit as of December 31, 2002, and 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. Participants may change their selection once prior to attaining five years of service credit, once after attaining five years of service credit but prior to attaining ten years of service credit, and once after attaining ten years of service credit.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Senate Bill 343 was enacted into law with an effective date of January 7, 2013. The pension changes included in the bill modify the retirement eligibility criteria and benefits to provide for longer life expectancies of members. The pension plan design changes also include updated benefits to the disability program, which addresses eligibility for members to return to work. Other changes include updated provisions such as the cost of purchasing service credit and the impact of retiring early with a reduced retirement benefit.

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 who have 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 either Group A or B or were hired after January 7, 2013, are in Transition Group C.

Members in Transition Groups A and B are eligible to retire at age 55 with 25 years of credited service, or at or after age 60 with 60 contributing months of credited service. Members in Transition Group C are eligible to retire at age 57 with 25 years of service credit or at age 62 with 5 years of service credit. Regular employees retiring before meeting age and service credit eligibility requirements receive a percentage reduction in benefit amounts. Law enforcement employees may retire at age 52 with 15 or more years of credited service.

The retirement allowance for the defined benefit plan is calculated on the basis of age, years of credited service, and the final average salary. The annual allowance for regular employees 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 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.

The retirement allowance for the defined benefit portion of the combined plan is calculated on the basis of age, years of credited service, and the final average salary. The annual allowance for regular employees 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. 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. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Regular employees who participate in the defined contribution plan 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 lump-sum payments, payments for a guaranteed period, payments for a specific monthly amount, or various combinations of these options. Participants direct the investment of their accounts by selecting from professionally managed OPERS investment options.

Retirees covered under any one of the three OPERS plan options 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.

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.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contribution rates for fiscal year 2014, which are the same for the defined benefit, defined contribution, and combined plans, were as follows:

	Contribution Rates	
	Employee Share	Employer Share
Regular Employees:		
July 1, 2013 through June 30, 2014	10.00%	14.00%
Law Enforcement Employees:		
July 1, 2013 through December 31, 2013	12.60%	18.10%
January 1, 2014 through June 30, 2014	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.

Employer contributions required and made for the last three years for the defined benefit plan and the defined benefit part of the combined plan were as follows (dollars in thousands):

	2014	2013	2012
Primary Government:			
Regular Employees	$ 327,109	$ 297,367	$ 266,051
Law Enforcement Employees	4,944	4,460	4,277
Total	$ 332,053	$ 301,827	$ 270,328
Major Discretely Presented Component Units:			
Ohio Facilities Construction Commission	$ 682	$ 612	$ 429
Ohio State University	142,178	125,745	104,451

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

	2014	2013	2012
Primary Government:			
Employer Contributions	$ 9,581	$ 8,130	$ 6,343
Employee Contributions	14,683	13,873	13,251
Major Discretely Presented Component Units:			
Ohio State University:			
Employer Contributions	5,757	4,614	3,439
Employee Contributions	9,804	8,726	7,915

OPERS issues a stand-alone financial report, copies of which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, making a written request to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or calling (800) 222-7377 or (614) 222-5601.

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 B premium reimbursement, to qualifying members of both the defined benefit and combined plans. Members of the defined contribution plan do not qualify for ancillary benefits, including post-employment healthcare coverage.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the defined benefit and combined plans must have ten or more years of qualifying Ohio service credit. 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 members and beneficiaries. 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 2014, 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	
	Defined Benefit Plan	Combined Plan
July 1, 2013 through December 31, 2013	1.00%	1.00%
January 1, 2014 through June 30, 2014	2.00%	2.00%

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. 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, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under Senate Bill 343 and the approved healthcare changes, OPERS expects to be able to consistently allocate four percent of the employer contributions toward the healthcare fund after the end of the transition period.

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):

	2014	2013	2012
Primary Government:			
Regular Employees	$ 38,693	$ 69,437	$ 108,138
Law Enforcement Employees	447	757	1,213
Total	$ 39,140	$ 70,194	$ 109,351
Major Discretely Presented Component Units:			
Ohio Facilities Construction Commission	$ 81	$ 136	$ 176
Ohio State University	17,016	27,816	42,800

Members of the defined contribution plan may access a Retiree Medical Account upon retirement. During fiscal year 2014, employers paid 4.5 percent of their share into members' accounts. 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. 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.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	2014	2013	2012
Primary Government	$ 1,208	$ 2,011	$ 3,270
Major Discretely Presented Component Units:			
Ohio State University	736	1,075	1,773

The number of active contributing participants for the primary government was 51,616 as of June 30, 2014.

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 terminating a number of employees that equals or exceeds 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.

The ERI agreements establish an obligation to pay specific amounts on fixed dates. State agencies that implement an ERI must pay their obligation to OPERS within a maximum of two years after the agreement is finalized, so the State does not discount the amount of the liability incurred under the agreement.

As of June 30, 2014, the State had no significant liability balances relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2014, no employees entered into ERI agreements with the State and the State did not incur 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 – a defined benefit plan, a defined contribution plan, and a 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.

The Ohio Legislature passed Substitute Senate Bill 342 in September 2012. The pension reform bill went into effect January 2013 with most plan changes starting July 1, 2013 or later. Provisions in the new law are projected to reduce accrued liabilities, preserve the defined benefit plan, and allow STRS to maintain a one percent employer contribution rate to its healthcare fund. Changes to the pension plan include increasing the age and service requirements for retirement, increasing the period for determining final average salary, changing to a lower fixed benefit formula, increasing the member contributions to the system, and reducing the cost-of-living adjustment.

Currently, participants in the defined benefit plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years of credited service. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Retirees are entitled to a maximum annual retirement benefit, payable in monthly installments for life, equal to the greater of the "formula benefit" calculation or the "money-purchase benefit" calculation.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Under the "formula benefit" calculation, the retirement allowance is 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 31st 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 32nd year.

Under the "money-purchase benefit" calculation, a member's lifetime contributions, plus interest at specified rates, are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by three percent of the original base amount.

Retirees can also choose a "partial lump-sum" option plan. 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, and those with less than five years of service credit at that date, 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. Employee and employer contributions are placed into individual member accounts, and members direct the investment of their accounts by selecting from various professionally managed investment options. Retirees may choose to receive either a lump-sum distribution or a monthly annuity for life. Employer contributions become vested after one year of service, while employee contributions vest immediately.

Participants in the combined plan may start to collect the defined benefit portion of the plan at age 60. The annual allowance 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 at age 50.

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 2014 were 14 percent for employers and 11 percent for employees for the defined benefit, defined contribution, and combined plans. For the defined benefit and combined plans, 13 percent of the employer rate is 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.

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

	2014	2013	2012
Primary Government	$ 5,379	$ 5,616	$ 6,006
Major Discretely Presented Component Units:			
Ohio State University	44,026	44,795	42,973

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan follow (dollars in thousands):

	2014	2013	2012
Primary Government:			
Employer Contributions	$ 80	$ 101	$ 96
Employee Contributions	193	146	124
Major Discretely Presented Component Units:			
Ohio State University:			
Employer Contributions	4,547	5,061	4,106
Employee Contributions	6,822	5,880	4,836

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 www.strsoh.org/publications/annualreports/cafrs.html .

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.

Under Ohio law, funding for the post-employment healthcare may be deducted from employer contributions. Of the 14 percent employer contribution rate, one percent of the covered payroll was allocated to post-employment healthcare. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 2013 (the most recent information available), net position available for future healthcare benefits were $3.26 billion. Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2014	2013	2012
Primary Government	$ 414	$ 432	$ 462
Major Discretely Presented Component Units:			
Ohio State University	3,387	3,446	3,306

The number of eligible benefit recipients for STRS as a whole was 166,302, as of June 30, 2013 (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, 2014, is unavailable.

C. State Highway Patrol Retirement System (SHPRS)

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 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, 6161 Busch Blvd., Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 430-3558.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 nine percent of the total salaries of contributing members.

Substitute Senate Bill 345 was signed into law in September 2012. The main components of the bill grant the SHPRS Board authority to set employee contribution rates and cost-of-living adjustment rates. Employee contribution rates will range between ten and 14 percent and cost-of-living adjustments will range between zero and three percent. The bill also increases the final average salary period from three years to five years for members retiring after 2014. The cost-of-living adjustment eligibility age increases from 53 years to 60 years of age.

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 measureable.

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. 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.

The pension benefit is a percentage of the member's final average salary, which is the average of the member's three 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 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.

Pension Benefits

The employer and employee contribution rates, as of December 31, 2013, were 26.5 percent and 11.5 percent, respectively.

During calendar year 2013, all of the employees' contributions funded pension benefits while 22.85 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.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The State's annual pension cost and net pension obligation to SHPRS for the current year were as follows (dollars in thousands):

Annual Required Contribution (ARC)	$ 35,430
Interest on Net Pension Obligation	1,224
Adjustment to ARC	(869)
Annual Pension Cost	35,785
Contributions Made	(22,908)
Increase (Decrease) in Net Pension Obligation	12,877
Net Pension Obligation, Beginning of Year	15,306
Net Pension Obligation, End of Year	$ 28,183

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

For the Year Ended December 31,	Annual Pension Cost	Percentage of Employer's Annual Pension Cost Contributed	Net Pension Obligation
2013	35,786	64.0%	28,183
2012	30,683	77.5%	15,306
2011	27,056	84.9%	8,389

As of December 31, 2013, the most recent actuarial valuation date, the plan was 69.8 percent funded. The actuarial accrued liability was $989.1 million, and the actuarial value of assets was $690.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of $298.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $98.5 million, and the ratio of the UAAL to the covered payroll was 303 percent.

The Schedule of Funding Progress for Pension Benefits, 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.

SHPRS Schedule of Funding Progress Last Three Calendar Years-Pension
(dollars in thousands)

(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)
2013	$ 989,101	$ 690,606	$ 298,495	69.8%	$ 98,520	303.0%
2012	966,310	658,429	307,881	68.1%	98,117	313.8%
2011	1,047,700	623,360	424,340	59.5%	93,126	455.7%

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

SHPRS used the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2013. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: an eight-percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to ten percent attributable to seniority and merit; price inflation was assumed to be at least four percent a year; and postretirement increases each year equal to three percent after the retiree reaches age 60 (or 53 for members who retired prior to January 7, 2013). Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for pension benefits. 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.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years. In August 2013, the SHPRS Board exercised authority granted by the legislature to set the employee contribution rate at 11.5 percent and the cost-of-living adjustment for retirees at 1.5 percent, both to begin in 2014. The changes have brought SHPRS into compliance with the 30 year amortization requirement.

Other Post Employment 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 2013, 3.65 percent of the employer's contributions funded healthcare benefits. 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, 2013, was 1,613.

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)	$ 24,297
Interest on Net OPEB Obligation	5,334
Adjustment to ARC	(4,111)
Annual OPEB Cost	25,520
Contributions Made	(4,105)
Increase (Decrease) in Net OPEB Obligation	21,415
Net OPEB Obligation, Beginning of Year	106,686
Net OPEB Obligation, End of Year	$ 128,101

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
2013	$ 25,520	16.1%	$ 128,102
2012	24,955	8.7%	106,686
2011	19,364	10.6%	83,911

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

As of December 31, 2013, the most recent actuarial valuation, the plan was 23.3 percent funded. The actuarial accrued liability was $438.6 million, and the actuarial value of assets was $102.1 million, resulting in an unfunded actuarial liability (UAAL) of $336.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $98.5 million, and the ratio of the UAAL to the covered payroll was 341.5 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.

SHPRS Schedule of Funding Progress Last Three Calendar Years – OPEB
(dollars in thousands)

(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)
2013	$ 438,562	$ 102,084	$ 336,478	23.3%	$ 98,520	341.5%
2012	411,468	99,818	311,650	24.3%	98,117	317.6%
2011	424,144	99,002	325,142	23.3%	93,126	349.1%

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, 2013, 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 four percent attributable to inflation and additional projected salary increases ranging from .3 percent to ten 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 2024. 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 three 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.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 Board of Regents has designated the companies that are eligible to serve as plan providers for the ARP.

Ohio law requires that employee contributions be made to the ARP in an amount equal to those that would otherwise have been required by the retirement system that applies to the employee's position. For the fiscal year ended June 30, 2014, these contribution rates are ten percent for OPERS and 11 percent for STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2014, each public institution of higher education was required to contribute .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, 2014, to STRS in cases when the employee would have otherwise been enrolled in STRS.

The employer contribution amount is subject to actuarial review every third 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 provides full and immediate vesting of all contributions made on behalf of participants. 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, 2014, for the ARP follow (dollars in thousands):

Major Component Units:	OPERS	STRS
Ohio State University:		
Employer Contributions	$ 27,199	$ 32,726
Employee Contributions	19,428	25,714

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.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

A 1999 constitutional amendment provided for the issuance of Common School Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2014, the General Assembly had authorized the issuance of $4.77 billion in Common Schools Capital Facilities Bonds, of which $4.17 billion has been issued. As of June 30, 2014, the General Assembly had also authorized the issuance of $3.54 billion in Higher Education Capital Facilities Bonds, of which $2.91 billion has been issued.

Through the approval of the November 1995 amendment, voters authorized the issuance of Highway Capital Improvements Bonds in amounts up to $220 million in any fiscal year (plus any prior fiscal years' principal amounts not issued under the new authorization), with no more than $1.2 billion outstanding at any time. As of June 30, 2014, the General Assembly has authorized the issuance of approximately $3.12 billion in Highway Capital Improvements Bonds, of which $2.69 billion has been issued.

Constitutional amendments in 1995 and 2005 allowed for the issuance of $3.75 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Issuances are limited to $150 million in any fiscal year (plus any obligations unissued from previous fiscal years). As of June 30, 2014, the General Assembly had authorized $3.75 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which $3.3 billion had been issued (net of $214 million in unaccreted discounts at issuance). Voters in May 2014 approved a constitutional amendment for an additional $1.88 billion of debt as a ten-year extension of the program authorized in 2005. The annual issuance amount increased to $175 million in the first five fiscal years and $200 million in each following year.

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. As of June 30, 2014, the General Assembly had authorized the issuance of $251 million in Coal Research and Development Bonds, of which $210 million had been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled $443 million, as of June 30, 2014, of which $348 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. As of June 30, 2014, the General Assembly had authorized the issuance of approximately $500 million in Conservation Projects Bonds of which $350 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, 2014, the General Assembly had authorized the issuance of $1.2 billion in Third Frontier Research and Development Bonds, of which $661 million had been issued.

The issuance of $150 million of Site Development Bonds was 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, 2014, of which all $150 million had been issued.

A 2009 constitutional amendment provides 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, 2014, 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, 2014, are presented in the following table. 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, 2014. 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, 2014
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Common Schools Capital Facilities	2004-14	2.0%-5.5%	2033	$3,206,551	$ 600,000
Higher Education Capital Facilities	2003-14	2.0%-5.5%	2034	2,270,371	625,000
Highway Capital Improvements	2005-14	1.5%-5.0%	2029	934,064	421,590
Infrastructure Improvements	1995-14	2.0%-5.5%	2034	1,898,274	450,014
Coal Research and Development	2008-12	2.0%-4.3%	2022	20,720	41,000
Natural Resources Capital Facilities	2005-12	2.0%-5.0%	2027	120,894	95,000
Conservation Projects	2007-14	2.0%-5.3%	2028	240,351	150,000
Third Frontier Research and Development	2007-14	.3%-5.5%	2024	492,546	539,000
Site Development	2007-14	2.0%-4.6%	2023	109,192	-
Veterans' Compensation	2011-14	.4%-4.9%	2027	73,385	116,090
Total General Obligation Bonds				$9,366,348	$ 3,037,694

Future Funding of Current Interest and Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	$ 693,510	$ 356,984	$ 1,050,494
2016	675,900	331,202	1,007,102
2017	660,565	301,814	962,379
2018	624,820	273,512	898,332
2019	647,955	245,005	892,960
2020-2024	2,880,005	791,561	3,671,566
2025-2029	1,327,100	290,374	1,617,474
2030-2034	585,595	59,547	645,142
Total Current Interest and Capital Appreciation Bonds	$ 8,095,450	$ 2,649,999	$ 10,745,449

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2015	$ 51,895	$ 8,992	$ 10,338	$ 71,225
2016	62,410	7,677	9,746	79,833
2017	70,600	6,193	9,133	85,926
2018	63,450	4,804	8,301	76,555
2019	46,335	3,802	7,427	57,564
2020-2024	242,945	10,386	19,662	272,993
2025-2029	39,680	555	1,149	41,384
Total Variable-Rate Bonds	$ 577,315	$ 42,409	$ 65,756	$ 685,480

Total General Obligation Bonds	$ 8,672,765
Unamortized Premium/(Discount), Net	693,583
Total	$ 9,366,348

For the year ended June 30, 2014, NOTE 15 summarizes changes in general obligation bonds.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Hedging Derivatives

As of June 30, 2014, approximately $318.6 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of ($38) 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 $3.9 million during fiscal year 2014. 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.

Hedging Derivatives
As of June 30, 2014
(dollars in thousands)

Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Swap Rate at 06/30/2014	State's Swap Rate at 06/30/2014	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate swap	$63,900	SIFMA Index	0.06%	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 swap if the SIFMA index averages 7 percent or higher over a 180-day period. Credit Quality Ratings of Counterparty: 50% Aa3/A+/A+ JPMorgan Chase; 50% Aa3/AA-/AA- Wells Fargo							
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate swap	$54,165	LIBOR (See terms below)	0.35%	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: Aa3/AA-/AA- Wells Fargo Terms: 63% of LIBOR + 25 basis points							
Common Schools, Series 2003D	Pay-fixed interest rate swap	$67,000	LIBOR (see terms below)	0.35%	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+/A+ JPMorgan Chase; 50% Aa3/AA-/AA- Wells Fargo Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate swap	$66,775	LIBOR (see terms below)	0.35%	3.20%	6/15/2006	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: 50% A2/A/A UBS AG; 50% Aa3/AA-/AA Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006C	Pay-fixed interest rate swap	$66,775	LIBOR (see terms below)	0.35%	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: 50% A2/A/A UBS AG; 50% Aa3/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, 2014. 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 2014, there were three advance refundings of general obligations bonds. Details on the advanced refundings are presented in the following table.

Primary Government — Governmental Activities
General Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2014
(dollars in thousands)

Refunding Bond Issue	Date of Refunding	Amount of Refunding Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds Refunded (in substance)	Refunding Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Common Schools, Series 2014A....	5/29/2014	$ 162,415	1.97%	$ 176,900	$ 193,789	$20,339/11 yrs	$ 16,928
Higher Education, Series 2014B.....	5/29/2014	116,290	2.07%	127,510	139,212	19,041/11 yrs	15,674
Infrastructure, Series 2014B.....	5/29/2014	59,870	1.98%	64,910	71,331	8,537/11 yrs	7,259
Total		$ 338,575		$ 369,320	$ 404,332		$ 39,861

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.

NOTE 10 GENERAL OBLIGATION BONDS (Continued)

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, Common School Bonds of $278.9 million, Higher Education Bonds of $195.1 million, and Infrastructure Improvement Bonds of $90.1 million are considered defeased and no longer outstanding as of June 30, 2014.

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 $1.94 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 2025 are estimated at approximately $916.2 million. For fiscal year 2014, principal and interest payments on the revenue bonds was $177.9 million and pledged receipts was $167.7 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, 2014, the total principal and interest payments remaining to be paid on the bonds were $17.86 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2014 were $320.9 million and $293.4 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.

Revenue bonds accounted for in business-type activities matured during fiscal year 2014. These bonds financed the construction costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus. The debt issuance for the William Green Building was used for the acquisition and construction of capital assets. For fiscal year 2014, both the total lease rental payments and the principal and interest payments on the revenue bonds were $16 million.

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, 2014, are presented in the following tables.

Primary Government-Governmental Activities
Summary of Revenue Bonds and Notes
As of June 30, 2014
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Treasurer of State: State Infrastructure Bank	2006-13	2.0%-6.0%	2025	$ 807,762
Buckeye Tobacco Settlement Financing Authority	2008	4.8%-7.5%	2052	5,547,460
Total Revenue Bonds and Notes				$ 6,355,222

Primary Government-Governmental Activities
Future Funding Requirements for Revenue Bonds and Notes
As of June 30, 2014
(dollars in thousands)

Year Ending June 30,	Principal	Interest	Total
2015	$ 264,875	$ 331,261	$ 596,136
2016	192,980	318,263	511,243
2017	180,180	309,510	489,690
2018	184,935	300,654	485,589
2019	195,240	291,320	486,560
2020-2024	855,615	1,316,889	2,172,504
2025-2029	584,820	1,125,720	1,710,540
2030-2034	627,300	953,747	1,581,047
2035-2039	736,840	762,749	1,499,589
2040-2044	1,131,275	489,241	1,620,516
2045-2049	1,082,665	3,126,310	4,208,975
2050-2052	128,183	3,289,117	3,417,300
	6,164,908	12,614,781	18,779,689
Unamortized Premium/(Discount), Net	190,314	-	190,314
Total	$ 6,355,222	$ 12,614,781	$ 18,970,003

For the year ended June 30, 2014, 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 $181.2 million and Revitalization Bonds of $74.1 million are considered defeased and no longer outstanding as of June 30, 2014.

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, 2014, are shown in the following table.

Major Discretely Presented Component Units
Future Funding Requirements for Revenue Bonds and Notes
As of June 30, 2014
(dollars in thousands)

	Ohio State University		
Year Ending June 30,	Principal	Interest	Total
2015	$ 503,011	$ 96,279	$ 599,290
2016	56,282	93,488	149,770
2017	59,111	90,983	150,094
2018	60,543	88,315	148,858
2019	46,323	86,078	132,401
2020-2024	177,836	406,841	584,677
2025-2029	171,083	366,892	537,975
2030-2034	110,924	335,355	446,279
2035-2039	93,963	314,136	408,099
2040-2044	744,840	290,986	1,035,826
2045-2049	-	120,000	120,000
2050-2054	-	120,000	120,000
2055-2059	-	120,000	120,000
2060-2064	-	120,000	120,000
2065-2069	-	120,000	120,000
2070-2074	-	120,000	120,000
2075-2079	-	120,000	120,000
2080-2084	-	120,000	120,000
2085-2089	-	120,000	120,000
2090-2094	-	120,000	120,000
2095-2099	-	120,000	120,000
2100-2104	-	120,000	120,000
2105-2109	-	120,000	120,000
2110-2114	500,000	48,000	548,000
	2,523,916	3,777,353	6,301,269
Unamortized Premium/(Discount), Net.	90,420	-	90,420
Total	$2,614,336	$ 3,777,353	$6,391,689

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 state-supported institutions of higher education, mental health and developmental disabilities institutions, parks and recreation, cultural and sports facilities, correctional facilities, office buildings for state departments and agencies, 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, 2014, are presented in the following tables.

Primary Government-Governmental Activities
Summary of Special Obligation Bonds
As of June 30, 2014
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Treasurer of State Lease Rental Bonds	2001-14	1.3%-5.6%	2034	$ 1,836,136	$ 803,440
Total Special Obligation Bonds				$ 1,836,136	$ 803,440

Future Funding of Special Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	$ 229,470	$ 76,231	$ 305,701
2016	213,060	66,672	279,732
2017	191,005	57,324	248,329
2018	183,790	48,511	232,301
2019	157,600	40,825	198,425
2020-2024	545,680	115,207	660,887
2025-2029	159,760	27,118	186,878
2030-2034	46,000	5,356	51,356
	1,726,365	437,244	2,163,609
Unamortized Premium/(Discount), Net	109,771	-	109,771
Total	$1,836,136	$ 437,244	$2,273,380

For the year ended June 30, 2014, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2014, Treasurer of State Lease Rental issued approximately $3.8 million in Highway Safety current refunding bonds (Series 2014A) with a true interest cost rate of 1.3 percent to defease approximately $4 million (in substance). Net refunding bond proceeds of $4 million were deposited with escrow agents to pay when due, the principle, interest, and redemption premium on the bonds being refunded. As a result of the refunding, the debt service payments will be reduced by $181 thousand over the next five years. The net economic gain from the refunding was $169 thousand.

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 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, $134.1 million of lease rental special obligations bonds are considered defeased and no longer outstanding as of June 30, 2014.

NOTE 13 CERTIFICATES OF PARTICIPATION

As of June 30, 2014, approximately $173.6 million in certificate of participation (COP) obligations were reported in governmental activities.

NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of $185.2 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.

In fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of $40.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue System (STARS).

In fiscal year 2013, the Ohio Department of Administrative Services participated in the issuance of $56.2 million of COP obligations to finance the upgrade of the Ohio Multi-Agency Radio Communications System (MARCS).

Under the COP financing arrangements, the State is required to make rental payments from the OAKS Certificates of Participation Debt Service Fund, the STARS Certificates of Participation Debt Service Fund, the MARCS Certificates of Participation Debt Service Fund, and 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, 2014, are presented in the following tables.

Primary Government — Governmental Activities
Summary of Certificate of Participation Obligations
As of June 30, 2014
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Department of Administrative Services:				
Multi-Agency Radio Communications System (MARCS)	2013	4.0%-5.0%	2028	$ 60,518
Ohio Administrative Knowledge System (OAKS)	2005-14	3%-5.3%	2019	90,761
State Taxation Accounting and Revenue System (STARS)	2008	4.0%-5.0%	2019	22,324
Total Certificates of Participation				$ 173,603

Future Commitments for Certificate of Participation Obligations:

Year Ending June 30,	Principal	Interest	Total
2015	$ 26,330	$ 5,948	$ 32,278
2016	26,855	5,490	32,345
2017	28,140	4,183	32,323
2018	19,830	3,077	22,907
2019	20,825	2,184	23,009
2020-2024	19,355	6,311	25,666
2025-2029	18,975	1,555	20,530
	160,310	28,748	189,058
Unamortized Premium, Net	13,293	-	13,293
Total	$ 173,603	$ 28,748	$ 202,351

For the year ended June 30, 2014, NOTE 15 summarizes changes in COP obligations.

During fiscal year 2014, the Department of Administrative Services issued approximately $65.2 million in OAKS refunding certificates of participation (Series 2014A) with a true interest cost rate of .8 percent to defease approximately $67.9 million (in substance). Net refunding bond proceeds of $70.9 million were deposited with escrow agents to pay when due, the principle, interest, and redemption premium on the bonds being refunded. As a result of the refunding, the debt service payments will be reduced by $3.7 million over the next five years. The net economic gain from the refunding was $3.6 million.

These refunded amounts are considered defeased and no longer outstanding. The various trust accounts' assets and liabilities for the defeased certificates are not included in the State's financial statements.

NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2014, 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	
Governmental Activities:	
Compensated Absences	$426,695
Net Pension Obligation	28,183
Net OPEB Obligation	128,101
Capital Leases Payable	3,055
Derivatives	49,888
Pollution Remediation Liabilities	1,550
Estimated Claims Payable	11,731
Liability for Escheat Property	242,773
Total Governmental Activities	$891,976
Business-Type Activities:	
Compensated Absences	37,564
Capital Leases Payable	15,357
Workers' Compensation:	
Benefits Payable	16,868,200
Other	3,609,024
Unemployment Compensation:	
Intergovernmental Payable	1,381,022
Prize Awards Payable	540,238
Tuition Benefits Payable	423,200
Total Business-Type Activities	22,874,605
Total Primary Government	$23,766,581

For the year ended June 30, 2014, 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, 2014, was $464.3 million, of which $426.7 million is allocable to governmental activities and $37.6 million is allocable to business-type activities.

As of June 30, 2014, major discretely presented component units reported a total of $161.1 million in compensated absences liabilities, as detailed by major discretely presented component unit in NOTE 15.

B. Net Pension Obligation and Net OPEB Obligation

The State recognizes a net pension obligation and a net OPEB obligation in the amount of $28.2 million and $128.1 million, respectively, as of June 30, 2014. The net pension obligation represents the cumulative difference between the annual pension cost and the employer's contributions to the State Highway Patrol Retirement System (SHPRS). 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.

NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

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 2014 were approximately $75.4 million. Fiscal year 2015 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2014, were $3.8 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, 2014, are below (dollars in thousands):

	Capital Leases		
Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2015	$ 1,172	$ 5,556	$ 6,728
2016	679	-	679
2017	492	-	492
2018	402	9,801	10,203
2019	328	-	328
2020-2024	187	-	187
Total Minimum Lease Payments	3,260	15,357	18,617
Amount for Interest	(205)	-	(205)
Present Value of Net Minimum Lease Payments	$ 3,055	$ 15,357	$ 18,412

As of June 30, 2014, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business-Type Activities	Total
Equipment	$ 9,985	$ 107,103	$ 117,088
Vehicles	4,380	-	4,380
Total	$ 14,365	$ 107,103	$ 121,468

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, 2014, are presented in the table below (dollars in thousands):

Capital Leases	
Major Discretely Presented Component Units	
Year Ending June 30,	Ohio State University
2015	$ 2,197
2016	1,965
2017	1,789
2018	690
2019	625
2020-2024	1,681
Total Minimum Lease Payments	8,947
Amount for Interest	(501)
Present Value of Net Minimum Lease Payments	$ 8,446
Equipment & Vehicles	$ 32,288
Total	$ 32,288

NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

D. Derivatives
For governmental activities, the State has reported $(49.9) million of investment and hedging derivatives as of June 30, 2014. Additional information regarding the State's derivatives is included in NOTE 4, NOTE 10, and NOTE 18.

E. 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, 2014, no noncurrent liabilities ultimately payable from various governmental funds have been recorded for this purpose. For information on the State's loss contingencies arising from pending litigation, see NOTE 20.

F. Pollution Remediation Liabilities
The State recognizes a liability for pollution remediation in the amount $1.6 million, as of June 30, 2014. 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.

G. Estimated Claims Payable
The State reported $11.7 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, 2014. The program is included in governmental activities and is accounted for in the nonmajor governmental funds. See NOTE 16 for additional information.

The following table reflects the Ohio Enterprise Bond Fund future debt service obligations as of June 30, 2014 (dollars in thousands):

Year Ending June 30,	Principal Due
2015	2,492
2016	2,413
2017	2,087
2018	2,135
2019	1,873
2020-2023	731
Total	$ 11,731

H. 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, 2014, the liability totaled approximately $242.8 million.

I. 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, 2014, in the amount of approximately $16.87 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.

J. Unemployment Compensation
As of June 30, 2014, the State's Unemployment Compensation Fund is recognizing an intergovernmental payable liability for repayable advances from the Federal government of $1.38 billion. These advances were used for the payment of compensation benefits.

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 9 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, 2014, this payable totals $540.2 million.

Future payments of prize awards, stated at present value, as of June 30, 2014, follow (dollars in thousands):

Year Ending June 30,		
2015	$	81,127
2016		79,044
2017		71,555
2018		64,961
2019		58,342
2020-2024		193,991
2025-2029		91,718
2030-2034		51,154
2035-2039		3,155
2040-2044		400
		695,447
Unamortized Discount		(155,209)
Net Prize Liability	$	540,238

L. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately $423.2 million, as of June 30, 2014. 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: five percent rate of return, compounded annually, on the investment of current and future assets, a projected annual tuition increase of six percent, as well as a 2.5 percent Consumer Price Index inflation rate.

As of June 30, 2014, the market value of actuarial net position available for the payment of the tuition benefits payable was $465.4 million.

M. Other Liabilities

The Workers' Compensation Enterprise Fund reports approximately $3.61 billion in other noncurrent liabilities, as of June 30, 2014, of which 1.) $1.85 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.) $1.23 billion relates to transition credit liabilities, 3.) $420 million is contingent liabilities, 4.) $86.5 million represents premium payment security deposits collected in advance from private employers to reduce credit risk for premiums collected in subsequent periods, and 5.) $20 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, 2014, are presented for the primary government in the following table.

Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2014
(dollars in thousands)

Governmental Activities:	Balance June 30, 2013 (as restated)	Additions	Reductions	Balance June 30, 2014	Amount Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10)	$ 8,812,499	$ 1,728,838	$ 1,174,989	$ 9,366,348	$ 750,144
Revenue Bonds and Notes (NOTE 11)	6,486,884	39,256	170,918	6,355,222	164,794
Special Obligation Bonds (NOTE 12)	1,925,252	162,638	251,754	1,836,136	222,495
Total Bonds and Notes Payable	17,224,635	1,930,732	1,597,661	17,557,706	1,137,433
Certificates of Participation (NOTE 13)	198,266	71,197	95,860	173,603	26,446
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	425,242	343,348	341,895	426,695	61,784
Net Pension Obligation	15,306	35,785	22,908	28,183	-
Net OPEB Obligation	106,686	25,520	4,105	128,101	-
Capital Leases Payable	2,294	2,196	1,435	3,055	1,090
Derivatives	55,792	-	5,904	49,888	-
Pollution Remediation Liabilities	4,549	113	3,112	1,550	75
Estimated Claims Payable	2,710	9,371	350	11,731	2,492
Liability for Escheat Property	228,447	83,123	68,797	242,773	72,581
Total Other Noncurrent Liabilities	841,026	499,456	448,506	891,976	138,022
Total Noncurrent Liabilities	$ 18,263,927	$ 2,501,385	$ 2,142,027	$ 18,623,285	$ 1,301,901
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11)	$ 15,422	$ -	$ 15,422	$ -	$ -
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	36,927	25,510	24,873	37,564	4,145
Capital Leases Payable	33,009	5,689	23,341	15,357	5,556
Workers' Compensation:					
Benefits Payable	17,304,157	1,411,126	1,847,083	16,868,200	1,826,129
Other:					
Adjustment Expenses Liability	1,885,900	104,874	137,274	1,853,500	388,893
Premium Payment Security Deposits	86,486	1,350	1,355	86,481	-
Miscellaneous	1,557,538	1,294,702	1,183,197	1,669,043	1,271,043
Unemployment Compensation:					
Intergovernmental Payable	1,554,298	208,661	381,937	1,381,022	472,000
Prize Awards Payable	579,612	40,178	79,552	540,238	57,028
Tuition Benefits Payable	469,700	-	46,500	423,200	81,100
Total Other Noncurrent Liabilities	23,507,627	3,092,090	3,725,112	22,874,605	4,105,894
Total Noncurrent Liabilities	$ 23,523,049	$ 3,092,090	$ 3,740,534	$ 22,874,605	$ 4,105,894

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 2014, 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. 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. None of the financing provided under these programs benefits the general operations of the primary government, and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt.

	(in 000s)
Governmental Activities:	
Primary, Secondary and Other Education	$ 377,074
Higher Education Support	143,628
Health and Human Services	2,106
Environmental Protection and Natural Resources	1,126
Transportation	41,511
Community and Economic Development	111,612
Total Interest Expense Charged to Governmental Functions	$ 677,057

B. Major Discretely Presented Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2014, 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, 2014
(dollars in thousands)

	Balance June 30, 2013 (as restated)	Additions	Reductions	Balance June 30, 2014	Amount Due Within One Year
Ohio Facilities Construction Commission					
Intergovernmental Payable	$ 585,724	$ 402,696	$ 369,512	$ 618,908	$ 419,608
Compensated Absences*	1,010	681	860	831	111
Total	$ 586,734	$ 403,377	$ 370,372	$ 619,739	$ 419,719
Ohio State University:					
Compensated Absences*	$ 149,820	$ 20,730	$ 10,254	$ 160,296	$ 10,254
Capital Leases Payable* (NOTE 14)	11,429	620	3,603	8,446	2,046
Derivatives*	-	-	-	-	-
Other Liabilities*	295,672	360,970	314,507	342,135	55,568
Revenue Bonds & Notes Payable (NOTE 11)	2,675,141	80	60,885	2,614,336	503,011
Certificates of Participation (NOTE 13)	2,845	-	2,845	-	-
Total	$ 3,134,907	$ 382,400	$ 392,094	$ 3,125,213	$ 570,879

*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, 2014, a liability of $11.7 million has been recorded in the accompanying financial statements for guarantees extended to defaulted organizations. See NOTE 14G. for additional information. The cumulative guarantee payments made for defaulted organizations with bonds currently outstanding is $2.5 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, 2014.

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 2032, 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, 2014, revenue bonds and notes outstanding that represent conduit debt for the State were as follows (dollars in thousands):

	Outstanding Amount
Primary Government:	
Development Services Agency:	
Ohio Enterprise Bond Program	$ 232,505
Hospital Facilities Bonds	5,380
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program	23,575
Total Primary Government	$ 261,460

NOTE 17 FUND BALANCE REPORTING AND FUND DEFICITS

A. Fund Balance Reporting-Constraints by Purpose

Fund balance constraints reported in the governmental funds, as of June 30, 2014, are presented by purpose in the following table:

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
Fund Balance:					
Nonspendable					
Inventories	$ 25,424	$ -	$ -	$ 76,987	$ 102,411
Noncurrent Portion of Loans Receivable	2,657	-	-	-	2,657
Advances to Local Government	41,706	-	-	-	41,706
Total Nonspendable	69,787	-	-	76,987	146,774
Restricted					
Primary, Secondary and Other Education	1,078	60	-	133,787	134,925
Higher Education Support	351,343	-	-	27,068	378,411
Public Assistance and Medicaid	-	258,473	-	200	258,673
Health and Human Services	-	9,440	-	105,356	114,796
Justice and Public Protection	13,447	1,141	-	120,293	134,881
Environmental Protection and Natural Resources	8,222	-	-	120,534	128,756
Transportation	-	-	-	1,274,007	1,274,007
General Government	7,154	15,646	-	28,838	51,638
Community and Economic Development	1,081,727	9	-	365,925	1,447,661
Capital Outlay	-	-	-	474,896	474,896
Debt Service	-	-	4,968,021	21,258	4,989,279
Total Restricted	1,462,971	284,769	4,968,021	2,672,162	9,387,923
Committed					
Primary, Secondary and Other Education	3,687	-	-	84,405	88,092
Higher Education Support	-	-	-	1,636	1,636
Public Assistance and Medicaid	42,641	28,406	-	-	71,047
Health and Human Services	4,509	5,190	-	22,551	32,250
Justice and Public Protection	519	4,352	-	93,888	98,759
Environmental Protection and Natural Resources	-	-	-	182,918	182,918
Transportation	-	-	-	755	755
General Government	16,862	17,868	-	83,027	117,757
Community and Economic Development	705,512	-	-	106,090	811,602
Total Committed	773,730	55,816	-	575,270	1,404,816
Assigned					
Primary, Secondary and Other Education	62,872	-	-	-	62,872
Higher Education Support	4,981	-	-	-	4,981
Public Assistance and Medicaid	354,831	-	-	-	354,831
Health and Human Services	74,025	-	-	-	74,025
Justice and Public Protection	109,320	-	-	-	109,320
Environmental Protection and Natural Resources	28,220	-	-	-	28,220
General Government	1,578,616	-	-	-	1,578,616
Community and Economic Development	154,114	-	-	-	154,114
Total Assigned	2,366,979	-	-	-	2,366,979
Unassigned	1,255,489	(163)	-	-	1,255,326
Total Fund Balance	$ 5,928,956	$ 340,422	$ 4,968,021	$ 3,324,419	$ 14,561,818

Please refer to the State of Ohio Organizational Chart in the Introductory Section for a list of the primary agencies impacting the various constraint purposes shown above. For fiscal year 2014, significant fund balance restrictions, commitments, and assignments are constrained for the following purposes:

- Transportation fund balances are restricted for financing of state and local government highway and bridge projects;

NOTE 17 FUND BALANCE REPORTING AND FUND DEFICITS (Continued)

- Community and Economic Development fund balances are restricted for grants and loans for local government projects including roads, bridges, economic development, and conservation;
- Community and Economic Development fund balances are committed for loans to qualified businesses for the purpose of stimulating jobs and business within the State; and
- General Government fund balances are assigned for future distributions of escheat property and interest on Unemployment Compensation advances repayable to the Federal government.

As of June 30, 2014, the Budget Stabilization Fund had a fund balance of $1.48 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, 2014 (dollars in thousands):

Primary Government:	
Major Proprietary Funds:	
Unemployment Compensation	$ (926,293)
Total Primary Government	$ (926,293)
Discretely Presented Component Units:	
Major Component Units:	
Ohio Facilities Construction Commission	$ (3,836,218)
Nonmajor Component Units:	
Ohio Capital Fund	(53,591)
Total Component Units	$ (3,889,809)

The Unemployment Compensation Fund deficit disclosed above is due to high levels of benefit claims and a reduction in State revenues as a result of continued economic recovery. Federal loans have been required to maintain current benefit levels.

Deficits for the other funds 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, 2014, follow (dollars in thousands):

Primary Government - Deferred Outflows of Resources

	Hedging Derivatives	Loss on Debt Refundings	Resources of a Future Period	Total
Governmental Activities:				
Major Governmental Funds:				
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	$ -	$ -	$ 4,478,388	$ 4,478,388
Total Governmental Activities	-	-	4,478,388	4,478,388
Reconciliation of fund level statements to government-wide statements due to basis differences	38,035	172,844	-	210,879
Total Governmental Activities	38,035	172,844	4,478,388	4,689,267
Total Primary Government				$ 4,689,267

As of June 30, 2014, the Ohio State University, a major discretely presented component unit fund, reported deferred outflows of resources totaling approximately $8.7 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, 2014, are comprised of the following (dollars in thousands).

Primary Government - Deferred Inflows of Resources	Resources from the Sale of Future Revenues	Unavailable Resources	Total
Governmental Activities:			
Major Governmental Funds:			
General	$ 831,637	$ 214,152	$ 1,045,789
Job, Family and Other Human Services	-	113,813	113,813
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	394,128	394,128
Nonmajor Governmental Funds	72,719	14,629	87,348
Total Governmental Activities	904,356	736,722	1,641,078
Reconciliation of fund level statements to government-wide statements due to basis differences	1,307,855	(736,722)	571,133
Total Governmental Activities	2,212,211	-	2,212,211
Total Primary Government			$ 2,212,211

As of June 30, 2014, the Ohio Facilities Construction Commission, a major discretely presented component unit fund, reported deferred inflows of resources totaling approximately $3.65 billion pertaining to resources from the sale of future revenues. In addition, the Ohio State University, another major discretely presented component unit fund, reported deferred inflows of resources of $20 million for gains on debt-related transactions and approximately $464.5 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.

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 $229 thousand) to operations of its own protection program, known as the Lake Erie Protection Program, which is modeled after the GLPF.

NOTE 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Required contributions and contributions received from the states, which border the Great Lakes, as of December 31, 2013 (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	$97,000	$81,000	100.00%

*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, 2013, was as follows (dollars in thousands):

Cash and Investments	$ 131,201
Other Assets	145
Total Assets	$ 131,346
Total Liabilities	$ 1,930
Total Net Position	129,416
Total Liabilities and Net Position	$ 131,346
Total Revenues and Other Additions	$ 20,111
Total Expenditures and Other Deductions	(5,666)
Change in Net Position	$ 14,445

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.

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.

NOTE 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Fiscal year 2014 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
Local Community Colleges:			
Cuyahoga	$ 60,327	$ 5,531	$ 65,858
Eastern Gateway	5,392	1,303	6,695
Lakeland	17,597	2,045	19,642
Lorain County	25,884	693	26,577
Rio Grande	5,047	2,458	7,505
Sinclair	46,699	1,943	48,642
Total Local Community Colleges	160,946	13,973	174,919
Technical Colleges:			
Belmont	5,708	976	6,684
Central Ohio	10,740	47	10,787
Hocking	14,028	94	14,122
James A. Rhodes	10,080	1,541	11,621
Marion	6,279	21	6,300
Zane	6,911	4,452	11,363
North Central	7,012	529	7,541
Stark	28,088	1,325	29,413
Total Technical Colleges	88,846	8,985	97,831
Total	$ 249,792	$ 22,958	$ 272,750

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 2014, the State had the following related-party transactions with its related organizations:

- The General Fund reports a $146.1 million loans receivable balance due from the Ohio Housing Finance Agency. The State made the loans to finance and support the agency's housing programs.
- Separate funds, established for the Ohio Housing Finance Agency, the Petroleum Underground Storage Tank Release Compensation Board, and the Higher Education Facility Commission, were accounted for on the primary government's Ohio Administrative Knowledge System. The primary purpose of the funds is to streamline payroll and other administrative disbursement processing for these organizations. The financial activities of the funds, which do not receive any funding support from the primary government, have been included in the agency funds.
- From the Job, Family and Other Human Services Fund, the Public Defender's Office paid the Ohio Legal Assistance Foundation approximately $3.1 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.

NOTE 20 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations. Pending litigation affecting the Department of Natural Resources and the Bureau of Workers' Compensation/Industrial Commission 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)

Kuhn v. Zehringer (Kuhn), filed in Mercer County Common Pleas Court on November 17, 2014, is the most recent litigation pending in conjunction with the Grand Lake St. Mary's spillway case, formerly *Doner v. Zody* (Doner). In the original action, Doner, landowners sought a writ of mandamus ordering DNR to appropriate their lands based on the allegation that such lands had been "taken" as a result of a 1997 change to the spillway at Grand Lake St. Marys in Mercer County. On December 1, 2011, the Ohio Supreme Court ruled in favor of the plaintiffs, holding that the actions of DNR to modify the spillway and to cease adjusting water levels at Grand Lake St. Marys constituted a taking of the plaintiffs' property because those decisions caused intermittent, recurrent flooding on the properties in question. The Court did not specify how much property was taken or what the dollar value was of the impact to the property. This case was ordered to separate appropriation proceedings to determine the amount of each landowner's "taking." Settlement negotiations between the parties ultimately proved unsuccessful. DNR filed the appropriation cases by landowner as separate actions in Mercer County Common Pleas Court. The plaintiffs in Kuhn are the 27 landowners of the pending appropriations cases who seek a writ of mandamus to compel DNR to make a cash deposit in the amount of DNR's good faith offer in each appropriation case pending in Mercer County. In addition, plaintiffs seek attorney fees associated in connection with the case. DNR intends to vigorously defend its position on this issue. The ultimate outcome of the litigation cannot be presently determined. Accordingly, no provision for any liability has been reported in the financial statements for this matter.

In *State ex rel. Merrill v. Ohio Dept. of Natural Resources*, a class action case brought by owners of property bordering Lake Erie, the plaintiffs sought declaratory relief as to title for shoreline land consistent with their deeds (that the phrase "natural shoreline" is not synonymous with "ordinary high-water mark" and therefore the legal boundary of their properties extends beyond the point claimed by DNR). Plaintiffs also sought a writ of mandamus to compel appropriations from the State and DNR for taking of this land. On December 11, 2007, the Lake County Common Pleas Court granted plaintiffs' Motion for Summary Judgment as to the plaintiff's declaratory judgment count. The count seeking a writ of mandamus was stayed pending resolution of the declaratory judgment action. On appeal, the Eleventh District issued its opinion substantially affirming the trial court's granting of Summary Judgment to Plaintiffs-Appellees. The State and other defendants subsequently sought review and on September 14, 2011, the Ohio Supreme Court reversed the lower court holdings that the phrase "natural shoreline" means "a moveable boundary consisting of the water's edge." Instead, the Court held the phrase to mean the "line at which water usually stands when free from disturbing causes." While the Court did not provide as to how to apply this definition, it did reject the various definitions litigated in the lower courts. Specifically, the Supreme Court rejected the various contentions that "natural shoreline" meant "ordinary high water mark," "ordinary low water mark" or "a moveable boundary consisting of the water's edge."

Upon remand, the Lake County Common Pleas Court issued an order that, among other things: 1) established the "natural shoreline" as a factual matter; 2) voided and invalidated all leases between DNR and the plaintiff landowners consistent with the Court's ruling as to the "natural shoreline;" 3) required DNR to return all submerged land lease fees collected since 1998 that were predicated on the voided leases; and 4) certified a class with regard to the previously stayed mandamus action. The State appealed the trial court's order to the Eleventh District. The Eleventh District affirmed the trial court's ruling, and on May 15, 2014, the State appealed to the Ohio Supreme Court. On September 3, 2014, the Ohio Supreme Court refused to accept the State's appeal. A status conference is scheduled for December 22, 2014. The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)

Bureau of Workers' Compensation/Industrial Commission (BWC/IC)
In the San Allen, Inc. dba Corky and Lenny's v. BWC class action case, plaintiffs alleged that non-group-rated employers subsidize group-rated employers, and that this bias in premiums violated various provisions of the Ohio Constitution. Plaintiffs asked the court to declare the group rating plan unconstitutional and require BWC to repay to the class members all excessive premiums collected by BWC, with interest and attorney fees. In December 2008, the Cuyahoga County Common Pleas Court issued a preliminary injunction requested by plaintiffs that restrained BWC from continuing its current group rating plan for the policy year beginning July 1, 2009. At the same time, the Court ordered that BWC enact a group retrospective rating plan for the policy year beginning July 1, 2009. BWC filed an appeal and a motion for stay with the Court. On January 7, 2009, following legislation enacted by the General Assembly clarifying that Ohio's group rating program was not intended to be retrospective only, the BWC filed a motion to dissolve the preliminary injunction and in March 2009 the Court issued an order vacating the preliminary injunction. Plaintiff filed a motion for class certification which was granted by the Court on January 12, 2010. Following trial, the Court found in favor of the class plaintiffs and on March 20, 2013, ordered that the class was entitled to $859 million in restitution. On April 15, 2013, BWC appealed the decision of the trial court in the 8th District Court of Appeals. On May 15, 2014, the Appeals court remanded to the trial court a portion of the restitution award for recalculation and potential offset of damages, which reduced the amount of judgment against BWC. The parties agreed to settle this global class-action on July 23, 2014, with payment from BWC in the amount of $420 million. On July 24, 2014, the parties filed a motion requesting the courts approval of the terms of the settlement. Accordingly, the judgment amount is included as noncurrent "Refund and Other Liabilities" for the Workers' Compensation fund in the proprietary fund's Statement of Net Position and as "Other Noncurrent Liabilities-Due in One Year" for business-type activities in the government-wide 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.

As a result of the fiscal year 2013 State of Ohio Single Audit (issued in March 2014), $859 thousand 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 the questioned costs in the state's financial statements for the fiscal year ended June 30, 2014.

C. Tobacco Settlement
In November 1998, the Attorneys General of 46 states, five U.S. territories, and the District of Columbia signed the Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers. This signaled the end of litigation brought by the Attorneys General against the manufacturers in 1996 for state healthcare expenses attributed to smoking–related claims. The remaining four states (Florida, Minnesota, Mississippi, and Texas) settled separately.

According to the MSA, participating tobacco manufacturers are required to adhere to a variety of new marketing and lobbying restrictions and provide payments to the states in perpetuity.

As of October 23, 2007, the State transferred future rights to the Master Settlement Agreement revenue to the Buckeye Tobacco Settlement Financing Authority (BTSFA).

While BTSFA's share of the total base payments to the states through 2052 will not change over time, estimating the amount of annual payments that actually will be received in any given year can be complex, since under the terms of the MSA, payments are subject to a number of adjustment factors, including an inflation adjustment, a volume adjustment, and a potential adjustment for market share losses of participating manufacturers. Some of these adjustments, such as the inflation adjustment, result in BTSFA receiving higher payments. Other factors, such as the volume adjustment and the market share adjustment can work to reduce the amount of the State's annual payments.

NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)

In addition to the base payments, 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 2014, Ohio received $292.5 million, which is approximately $99.5 million or 25.4 percent less than the pre-adjusted base payment for the year.

As of June 30, 2014, the estimated tobacco settlement receivable in the amount of $466.8 million is included in "Other Receivables" reported for the governmental funds. The receivable includes $221.4 million for payments withheld from BTSFA beginning fiscal year 2008 and $72.7 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 and payments from the Strategic Contribution Fund for the State of Ohio in future years follows (dollars in thousands):

Year Ending June 30,	Pre-adjusted MSA Base Payments	Pre-Adjusted Payments from the Strategic Contribution Fund	Total
2015	$ 371,684	$ 24,486	$ 396,170
2016	376,306	24,791	401,097
2017	380,940	25,096	406,036
2018	431,325	—	431,325
2019	436,331	—	436,331
2020-2024	2,260,082	—	2,260,082
2025-2029	2,408,257	—	2,408,257
2030-2034	2,573,239	—	2,573,239
2035-2039	2,742,919	—	2,742,919
2040-2044	2,920,625	—	2,920,625
2045-2049	3,107,378	—	3,107,378
2050-2052	1,961,754	—	1,961,754
Total	$ 19,970,840	$ 74,373	$ 20,045,213

D. Construction Commitments

As of June 30, 2014, the Ohio Department of Transportation had total contractual commitments of approximately $3.11 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 $1.42 billion, $1.2 billion, $401.7 million, and $86.6 million, respectively.

NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)

As of June 30, 2014, other major non-highway construction commitments for the primary government's budgeted capital projects funds and major discretely presented component unit funds included (dollars in thousands):

Primary Government		
Mental Health/Developmental Disabilities Facilities Improvements	$	69,146
Parks and Recreation Improvements		5,332
Administrative Services Building Improvements		17,561
Youth Services Building Improvements		7,227
Adult Correctional Building Improvements		27,623
Highway Safety Building Improvements		207
Ohio Parks and Natural Resources		45,252
Total	$	172,348
Major Discretely Presented Component Units		
Ohio State University	$	364,678

E. Pollution Remediation Activities

During fiscal year 2014, the State was involved in remediation activities for pollution as described in the following paragraph. These activities include site investigation, cleanup, and monitoring. The associated estimated cost of remediation activities is shown below (in general, projects with a liability of less than $1 million at June 30 are not listed).

The Ohio Department of Transportation has been named as a responsible party to remediate pollution resulting from contaminated soil on the agency-owned property and contaminated groundwater on the surrounding properties. The June 30 liability to eliminate the pollution and continue monitoring activities is estimated to be $1.6 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liability described above is reported as "Other Noncurrent Liabilities-Due in One Year" and "Other Noncurrent Liabilities-Due in More Than One Year" for governmental activities in the government-wide Statement of Net Position. The reported liability for these activities is an estimate and is 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, 2014, no capital assets were created nor reported as a result of any pollution remediation process.

F. Encumbrances

At June 30, 2014, the State has significant encumbrances of $530.9 million in the General Fund, $949.8 million in the Job, Family and Other Human Services Special Revenue Fund, and $3.72 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 $16.87 billion is reported in the Fund as of June 30, 2014. 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 $1.85 billion, is an estimate of future expenses to be incurred in the settlement of claims. The

NOTE 21 RISK FINANCING (Continued)

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 $31.7 billion, as of June 30, 2014, and $30.7 billion, as of June 30, 2013. For additional information, refer to the Fund's separate audited financial report, for the fiscal year ended June 30, 2014.

Changes in the balance of benefits payable and the compensation adjustment expenses liability for the Workers' Compensation Program during the past two fiscal years are presented in the table below.

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

	Fiscal Year 2014	Fiscal Year 2013
Benefits Payable and Compensation Adjustment Expenses Liability, as of July 1	$ 19,190	$ 19,705
Incurred Compensation and Compensation Adjustment Benefits	1,516	1,491
Incurred Compensation and Compensation Adjustment Benefit Payments and Other Adjustments	(1,984)	(2,006)
Benefits Payable and Compensation Adjustment Expenses Liability, as of June 30	$ 18,722	$ 19,190

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 two third party administrators (TPAs), Medical Mutual of Ohio (MMO) and United Healthcare (UHC). The two 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 or UHC 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.

NOTE 21 RISK FINANCING (Continued)

As of June 30, 2014, approximately $161.9 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):

Ohio Med PPO	Fiscal Year 2014	Fiscal Year 2013
Claims Liabilities, as of July 1	$ 45,843	$ 38,610
Incurred Claims	455,827	450,190
Claims Payments	(453,454)	(442,957)
Claims Liabilities, as of June 30	$ 48,216	$ 45,843

As of June 30, 2014, the resources on deposit in the Agency Fund exceeded the estimated claims liability by approximately $113.7 million, thereby resulting in a funding surplus. Eighty-five percent or $96.6 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction 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

A. Bond Issuances

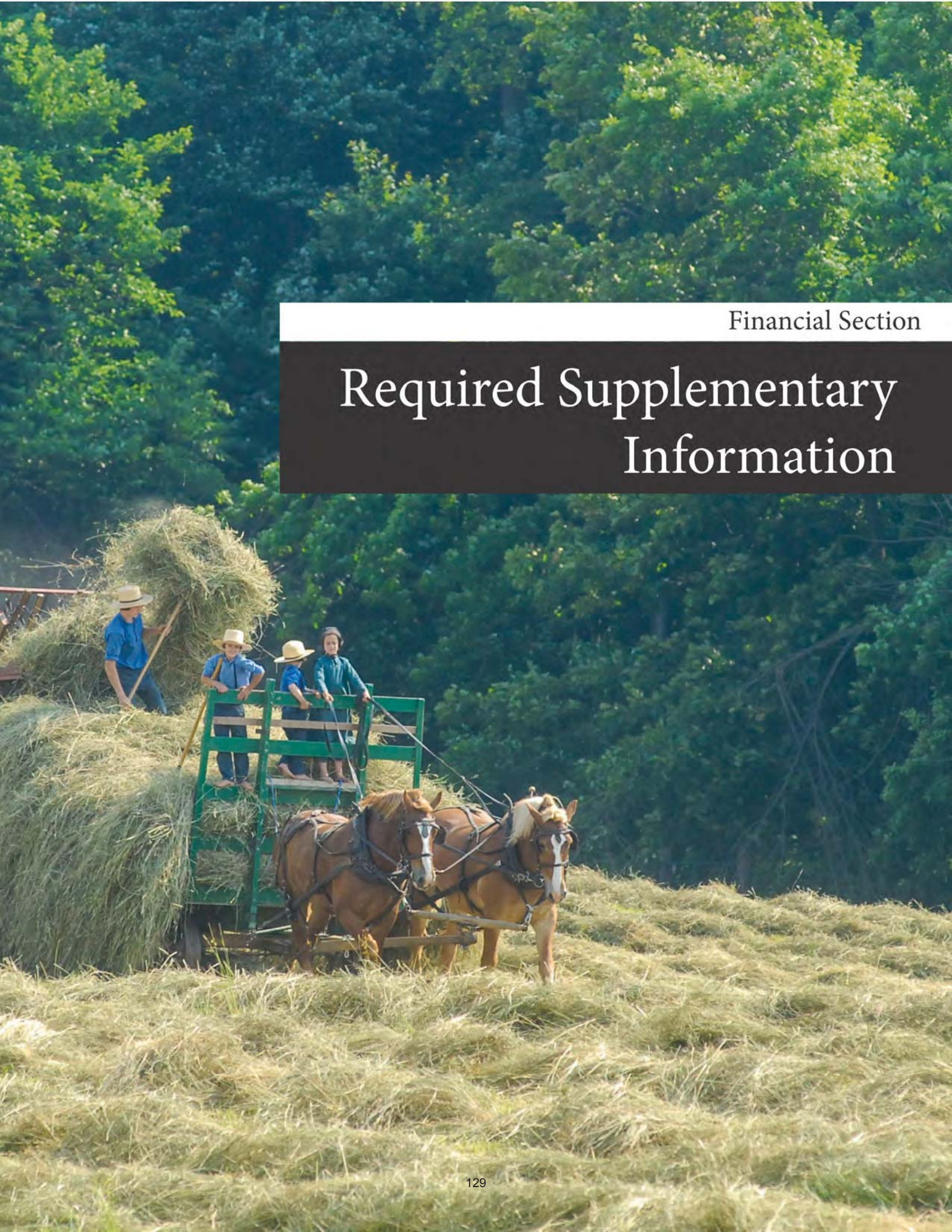
Subsequent to June 30, 2014, the State issued major debt as detailed in the table below:

Debt Issuances
Subsequent to June 30, 2014
(dollars in thousands)

	Date Issued	Net Interest Rate or True Interest Cost	Amount
Primary Government:			
Ohio Public Facilities Commission - General Obligation Bonds:			
Infrastructure Improvements, Series 2014C	09/30/14	3.13%	$150,000
Natural Resources, Series S	09/30/14	2.65%	35,000
Coal Development, Series M	09/30/14	1.81%	12,000
Total General Obligation Bonds			197,000
Treasurer of State-Revenue Bonds:			
State Infrastructure Project, Series 2014-1A	12/03/14	1.91%	155,875
State Infrastructure Project, Refunding Series 2014-1B	12/03/14	1.33%	62,265
Total Revenue Bonds			218,140
Treasurer of State - Certificates of Participation:			
Treasury Management System, Series 2014	09/23/14	2.03%	8,775
Department of Administrative Services - Certificates of Participation:			
Multi-Agency Radio Communication System, Series 2014	09/23/14	2.66%	15,795
Enterprise Data Center Solutions, Series 2014	09/23/14	1.97%	33,595
Total Certificates of Participation			58,165
Total Primary Government			$473,305
Major Component Units:			
The Ohio State University:			
General Receipts Bonds-Tax Exempt, Series 2014A	10/09/14	2.00% - 5.00%	$135,985
General Receipts Bonds-Tax Exempt, Series 2014B-1	10/09/14	Variable	75,000
General Receipts Bonds-Tax Exempt, Series 2014B-2	10/09/14	Variable	75,000
Total The Ohio State University			$285,985

B. Workers' Compensation Rebate

In September 2014, the Bureau of Workers' Compensation Board of Directors approved another one-time cash rebate for public and private employers. Approximately $1.1 billion of rebates will be distributed to these employers during fiscal year 2015.



Financial Section

Required Supplementary Information

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

	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 65-74		Poor PCR = Below 65		Total	
Fiscal Year	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
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
2012	9,145	69.76	2,828	21.57	971	7.41	165	1.26	13,109	100.00
2011	9,009	68.99	2,897	22.18	863	6.61	290	2.22	13,059	100.00
2010	8,662	66.98	2,948	22.80	1,066	8.24	256	1.98	12,932	100.00

General Subsystem

	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 55-74		Poor PCR = Below 55		Total	
Fiscal Year	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
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
2012	14,610	48.83	8,415	28.13	6,600	22.06	293	0.98	29,918	100.00
2011	15,198	50.78	8,062	26.93	6,292	21.02	380	1.27	29,932	100.00
2010	15,064	50.28	7,480	24.97	7,008	23.39	407	1.36	29,959	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
2014	$504,669	$482,849
2013	454,299	521,908
2012	403,829	438,510
2011	406,058	419,955
2010	357,393	394,017

General Subsystem

Fiscal Year	Estimated	Actual
2014	$266,985	$344,005
2013	285,563	352,769
2012	211,210	357,337
2011	258,410	342,202
2010	209,775	299,450

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)

	General Appraisal Condition Ratings (GACR)									
	Excellent GACR = 7-9		Good GACR = 5-6		Fair GACR = 3-4		Poor GACR = 0-2		Total	
Fiscal Year	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%
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
2012	56,082	53.25	45,029	42.76	4,156	3.95	42	0.04	105,309	100.00
2011	52,590	49.74	49,064	46.41	4,024	3.81	43	0.04	105,721	100.00
2010	51,605	48.95	49,745	47.19	3,433	3.26	630	0.60	105,413	100.00

Infrastructure Assets Accounted for Using the Modified Approach (Continued)

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

Fiscal Year	Estimated	Actual
2014	$550,629	$ 528,001
2013	484,103	513,637
2012	508,955	511,486
2011	433,593	409,690
2010	330,580	330,262

Financial Section

Combining Financial Statements & Schedules

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NONMAJOR GOVERNMENTAL FUNDS

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, 2014
(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
ASSETS:			
Cash Equity with Treasurer	$ 3,196,634	$ 10,382	$ 488,677
Cash and Cash Equivalents	31,441	3,725	19,964
Investments	14,818	7,896	—
Collateral on Lent Securities	889,387	2,889	135,963
Taxes Receivable	79,031	—	—
Intergovernmental Receivable	390,499	—	—
Loans Receivable, Net	82,005	—	—
Interfund Receivable	1,364	—	—
Receivable from Component Units	7,337	—	—
Other Receivables	79,295	—	—
Inventories	76,986	—	—
TOTAL ASSETS	**$ 4,848,797**	**$ 24,892**	**$ 644,604**
LIABILITIES:			
Accounts Payable	$ 353,453	$ 51	$ 33,744
Accrued Liabilities	67,909	—	—
Medicaid Claims Payable	168,372	—	—
Obligations Under Securities Lending	889,387	2,889	135,963
Intergovernmental Payable	235,092	—	—
Interfund Payable	166,516	—	—
Payable to Component Units	6,591	—	—
Unearned Revenue	45,864	—	—
Refund and Other Liabilities	—	695	—
TOTAL LIABILITIES	1,933,184	3,635	169,707
DEFERRED INFLOWS OF RESOURCES	87,348	—	—
FUND BALANCES (DEFICITS):			
Nonspendable	76,987	—	—
Restricted	2,176,008	21,257	474,897
Committed	575,270	—	—
TOTAL FUND BALANCES (DEFICITS)	2,828,265	21,257	474,897
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 4,848,797**	**$ 24,892**	**$ 644,604**

	TOTAL
$	3,695,693
	55,130
	22,714
	1,028,239
	79,031
	390,499
	82,005
	1,364
	7,337
	79,295
	76,986
$	**5,518,293**

$	387,248
	67,909
	168,372
	1,028,239
	235,092
	166,516
	6,591
	45,864
	695
	2,106,526
	87,348
	76,987
	2,672,162
	575,270
	3,324,419
$	**5,518,293**

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
REVENUES:			
Income Taxes	$ 12,854	$ —	$ —
Sales Taxes	5,792	—	—
Corporate and Public Utility Taxes	1,351	—	—
Motor Vehicle Fuel Taxes	691,314	—	—
Other Taxes	224,959	—	—
Licenses, Permits and Fees	1,200,315	—	—
Sales, Services and Charges	37,693	—	—
Federal Government	6,259,376	—	—
Investment Income (Loss)	6,917	389	961
Other	663,906	46	137
TOTAL REVENUES	**9,104,477**	**435**	**1,098**
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	3,011,324	—	—
Higher Education Support	21,878	—	—
Public Assistance and Medicaid	1,893,336	—	—
Health and Human Services	616,157	—	—
Justice and Public Protection	689,317	—	—
Environmental Protection and Natural Resources	326,625	—	—
Transportation	2,635,063	—	—
General Government	349,222	—	—
Community and Economic Development	937,298	—	—
CAPITAL OUTLAY	27,686	—	348,769
DEBT SERVICE	—	1,589,267	—
TOTAL EXPENDITURES	**10,507,906**	**1,589,267**	**348,769**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(1,403,429)**	**(1,588,832)**	**(347,671)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued	135,000	—	394,005
Refunding Bonds and COPs Issued	—	407,540	—
Payment to Refunded Bond and COPs Escrow Agents	—	(479,249)	—
Premiums/Discounts	463	132,522	46,077
Transfers-in	1,658,688	1,529,087	—
Transfers-out	(379,535)	—	—
TOTAL OTHER FINANCING SOURCES (USES)	**1,414,616**	**1,589,900**	**440,082**
NET CHANGE IN FUND BALANCES	**11,187**	**1,068**	**92,411**
FUND BALANCES (DEFICITS), July 1 (as restated)	2,803,217	20,189	382,486
Increase (Decrease) for Changes in Inventories	13,861	—	—
FUND BALANCES (DEFICITS), JUNE 30	**$ 2,828,265**	**$ 21,257**	**$ 474,897**

	TOTAL
$	12,854
	5,792
	1,351
	691,314
	224,959
	1,200,315
	37,693
	6,259,376
	8,267
	664,089
	9,106,010
	3,011,324
	21,878
	1,893,336
	616,157
	689,317
	326,625
	2,635,063
	349,222
	937,298
	376,455
	1,589,267
	12,445,942
	(3,339,932)
	529,005
	407,540
	(479,249)
	179,062
	3,187,775
	(379,535)
	3,444,598
	104,666
	3,205,892
	13,861
$	**3,324,419**

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NONMAJOR SPECIAL REVENUE FUNDS

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 Ohio Board of Regents, 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 Department of Development 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 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, 2014

(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
ASSETS:			
Cash Equity with Treasurer	$ 301,353	$ 1,285,144	$ 775,423
Cash and Cash Equivalents	7	602	24,622
Investments	448	—	—
Collateral on Lent Securities	83,844	357,561	215,743
Taxes Receivable	—	73,557	3,712
Intergovernmental Receivable	70,569	118,342	14,789
Loans Receivable, Net	—	76,847	5,158
Interfund Receivable	—	—	—
Receivable from Component Units	—	7,337	—
Other Receivables	72	2,865	320
Inventories	3,223	48,485	—
TOTAL ASSETS	**$ 459,516**	**$ 1,970,740**	**$ 1,039,767**
LIABILITIES:			
Accounts Payable	$ 20,554	$ 206,795	$ 84,250
Accrued Liabilities	1,792	21,155	8,127
Medicaid Claims Payable	—	—	—
Obligations Under Securities Lending	83,844	357,561	215,743
Intergovernmental Payable	80,608	—	91,908
Interfund Payable	1,993	69,651	8,199
Payable to Component Units	1,833	1,069	2,939
Unearned Revenue	9,517	—	16,886
TOTAL LIABILITIES	200,141	656,231	428,052
DEFERRED INFLOWS OF RESOURCES	—	1,571	—
FUND BALANCES (DEFICITS):			
Nonspendable	3,224	48,485	—
Restricted	170,033	1,264,453	407,162
Committed	86,118	—	204,553
TOTAL FUND BALANCES (DEFICITS)	259,375	1,312,938	611,715
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 459,516**	**$ 1,970,740**	**$ 1,039,767**

HEALTH	MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES	HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	TOBACCO SETTLEMENT
$ 62,065	$ 220,153	$ 202,425	$ 274,093	$ 68,469	$ 7,509
41	—	3,379	2,249	5	536
—	—	—	—	—	14,370
17,268	61,252	56,320	76,260	19,050	2,089
64	—	—	—	1,698	—
24,835	161,964	—	—	—	—
—	—	—	—	—	—
1,364	—	—	—	—	—
—	—	—	—	—	—
216	212	573	2,145	89	72,803
25,278	—	—	—	—	—
$ 131,131	**$ 443,581**	**$ 262,697**	**$ 354,747**	**$ 89,311**	**$ 97,307**
$ 13,559	$ 9,078	$ 11,531	$ 6,078	$ 1,560	$ 48
3,667	5,841	16,548	8,109	2,644	26
—	168,372	—	—	—	—
17,268	61,252	56,320	76,260	19,050	2,089
17,871	44,705	—	—	—	—
3,045	52,768	20,422	5,476	4,961	1
115	116	—	24	495	—
—	9,589	—	9,872	—	—
55,525	351,721	104,821	105,819	28,710	2,164
—	13,013	—	—	—	72,764
25,278	—	—	—	—	—
38,224	67,480	104,128	107,071	11,325	6,132
12,104	11,367	53,748	141,857	49,276	16,247
75,606	78,847	157,876	248,928	60,601	22,379
$ 131,131	**$ 443,581**	**$ 262,697**	**$ 354,747**	**$ 89,311**	**$ 97,307**

(continued)

STATE OF OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

(dollars in thousands)

(continued)

		TOTAL
ASSETS:		
Cash Equity with Treasurer	$	3,196,634
Cash and Cash Equivalents		31,441
Investments		14,818
Collateral on Lent Securities		889,387
Taxes Receivable		79,031
Intergovernmental Receivable		390,499
Loans Receivable, Net		82,005
Interfund Receivable		1,364
Receivable from Component Units		7,337
Other Receivables		79,295
Inventories		76,986
TOTAL ASSETS	**$**	**4,848,797**
LIABILITIES:		
Accounts Payable	$	353,453
Accrued Liabilities		67,909
Medicaid Claims Payable		168,372
Obligations Under Securities Lending		889,387
Intergovernmental Payable		235,092
Interfund Payable		166,516
Payable to Component Units		6,591
Unearned Revenue		45,864
TOTAL LIABILITIES		1,933,184
DEFERRED INFLOWS OF RESOURCES		87,348
FUND BALANCES (DEFICITS):		
Nonspendable		76,987
Restricted		2,176,008
Committed		575,270
TOTAL FUND BALANCES (DEFICITS)		2,828,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$**	**4,848,797**

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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, 2014

(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
REVENUES:			
Income Taxes	$ —	$ —	$ 12,854
Sales Taxes	—	—	5,792
Corporate and Public Utility Taxes	—	—	1,351
Motor Vehicle Fuel Taxes	—	667,647	6,046
Other Taxes	—	—	209,920
Licenses, Permits and Fees	377	69,806	543,095
Sales, Services and Charges	612	3,211	17,775
Federal Government	2,016,202	1,568,644	521,298
Investment Income	979	3,707	980
Other	17,598	94,010	107,055
TOTAL REVENUES	**2,035,768**	**2,407,025**	**1,426,166**
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	3,011,324	—	—
Higher Education Support	21,878	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	810	—	—
Justice and Public Protection	10,086	—	222,958
Environmental Protection and Natural Resources	—	—	464
Transportation	—	2,632,705	2,358
General Government	—	—	343,781
Community and Economic Development	—	—	929,909
CAPITAL OUTLAY	—	—	18,153
TOTAL EXPENDITURES	**3,044,098**	**2,632,705**	**1,517,623**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(1,008,330)**	**(225,680)**	**(91,457)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued	—	—	135,000
Premiums/Discounts	—	—	463
Transfers-in	1,002,438	540,432	23,295
Transfers-out	(2)	(357,955)	(7,623)
TOTAL OTHER FINANCING SOURCES (USES)	**1,002,436**	**182,477**	**151,135**
NET CHANGE IN FUND BALANCES	**(5,894)**	**(43,203)**	**59,678**
FUND BALANCES (DEFICITS), July 1 (as restated)	265,269	1,353,402	552,037
Increase (Decrease) for Changes in Inventories	—	2,739	—
FUND BALANCES (DEFICITS), JUNE 30	**$ 259,375**	**$ 1,312,938**	**$ 611,715**

HEALTH	MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES	HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	TOBACCO SETTLEMENT
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	17,621	—
—	—	—	15,039	—	—
19,473	18,455	369,684	132,908	46,517	—
21	93	10,690	4,628	663	—
532,433	1,510,247	23,585	60,790	26,177	—
9	—	574	214	163	291
44,932	335,445	33,862	27,703	3,208	93
596,868	**1,864,240**	**438,395**	**241,282**	**94,349**	**384**
—	—	—	—	—	—
—	—	—	—	—	—
20,425	1,872,911	—	—	—	—
571,669	43,592	86	—	—	—
—	—	455,515	260	—	498
—	—	—	238,936	87,220	5
—	—	—	—	—	—
1,104	—	—	4,173	—	164
4,706	—	—	96	—	2,587
—	—	4,920	—	4,613	—
597,904	**1,916,503**	**460,521**	**243,465**	**91,833**	**3,254**
(1,036)	**(52,263)**	**(22,126)**	**(2,183)**	**2,516**	**(2,870)**
—	—	—	—	—	—
—	—	—	—	—	—
12,674	48,494	27,343	3,686	136	190
—	—	(11,508)	—	(8)	(2,439)
12,674	**48,494**	**15,835**	**3,686**	**128**	**(2,249)**
11,638	**(3,769)**	**(6,291)**	**1,503**	**2,644**	**(5,119)**
52,846	82,616	164,167	247,425	57,957	27,498
11,122	—	—	—	—	—
$ 75,606	**$ 78,847**	**$ 157,876**	**$ 248,928**	**$ 60,601**	**$ 22,379**

(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, 2014

(dollars in thousands)

(continued)

	TOTAL
REVENUES:	
Income Taxes	$ 12,854
Sales Taxes	5,792
Corporate and Public Utility Taxes	1,351
Motor Vehicle Fuel Taxes	691,314
Other Taxes	224,959
Licenses, Permits and Fees	1,200,315
Sales, Services and Charges	37,693
Federal Government	6,259,376
Investment Income	6,917
Other	663,906
TOTAL REVENUES	**9,104,477**
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education	3,011,324
Higher Education Support	21,878
Public Assistance and Medicaid	1,893,336
Health and Human Services	616,157
Justice and Public Protection	689,317
Environmental Protection and Natural Resources	326,625
Transportation	2,635,063
General Government	349,222
Community and Economic Development	937,298
CAPITAL OUTLAY	27,686
TOTAL EXPENDITURES	**10,507,906**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(1,403,429)**
OTHER FINANCING SOURCES (USES):	
Bonds, Notes, and COPs Issued	135,000
Premiums/Discounts	463
Transfers-in	1,658,688
Transfers-out	(379,535)
TOTAL OTHER FINANCING SOURCES (USES)	**1,414,616**
NET CHANGE IN FUND BALANCES	11,187
FUND BALANCES (DEFICITS), July 1 (as restated)	2,803,217
Increase (Decrease) for Changes in Inventories	13,861
FUND BALANCES (DEFICITS), JUNE 30	**$ 2,828,265**

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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, 2014

(dollars in thousands)

	EDUCATION		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ —	
Sales Taxes		—	
Corporate and Public Utility Taxes		—	
Motor Vehicle Fuel Taxes		—	
Other Taxes		—	
Licenses, Permits and Fees		377	
Sales, Services and Charges		619	
Federal Government		1,951,022	
Investment Income		978	
Other		25,236	
TOTAL REVENUES		**1,978,232**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ 3,360,807	3,050,467	$ 310,340
Higher Education Support	62,514	29,560	32,954
Public Assistance and Medicaid	—	—	—
Health and Human Services	3,570	853	2,717
Justice and Public Protection	20,778	14,313	6,465
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	—	—	—
Community and Economic Development	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	**$ 3,447,669**	**3,095,193**	**$ 352,476**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(1,116,961)**	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued		250	
Transfers-in		1,077,467	
Transfers-out		(75,020)	
TOTAL OTHER FINANCING SOURCES (USES)		**1,002,697**	
NET CHANGE IN FUND BALANCES		**(114,264)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		201,071	
Outstanding Encumbrances at Beginning of Fiscal Year		89,102	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 175,909**	

HIGHWAY OPERATING			COMMUNITY AND ECONOMIC DEVELOPMENT		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ 12,854	
	—			5,792	
	—			1,351	
	677,610			6,240	
	—			210,236	
	70,521			548,538	
	3,211			17,783	
	1,592,602			500,246	
	3,707			1,123	
	160,542			43,454	
	2,508,193			**1,347,617**	
$ —	—	$ —	$ 775	144	$ 631
—	—	—	16,000	—	16,000
—	—	—	—	—	—
—	—	—	290	41	249
—	—	—	397,782	285,528	112,254
—	—	—	642	480	162
7,186,229	5,632,295	1,553,934	7,412	6,273	1,139
—	—	—	442,011	376,471	65,540
—	—	—	1,646,720	1,465,728	180,992
—	—	—	104,904	63,971	40,933
181,802	167,653	14,149	—	—	—
$ 7,368,031	**5,799,948**	**$ 1,568,083**	**$ 2,616,536**	**2,198,636**	**$ 417,900**
	(3,291,755)			**(851,019)**	
	—			135,255	
	554,743			299,451	
	(204,651)			(282,803)	
	350,092			**151,903**	
	(2,941,663)			**(699,116)**	
	(1,093,368)			66,139	
	2,371,860			674,765	
	$ (1,663,171)			**$ 41,788**	

(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, 2014

(dollars in thousands)

(continued)

	HEALTH		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ —	
Sales Taxes		—	
Corporate and Public Utility Taxes		—	
Motor Vehicle Fuel Taxes		—	
Other Taxes		—	
Licenses, Permits and Fees		19,513	
Sales, Services and Charges		21	
Federal Government		425,748	
Investment Income		9	
Other		106,190	
TOTAL REVENUES		**551,481**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ —	—	$ —
Higher Education Support	—	—	—
Public Assistance and Medicaid	24,820	20,466	4,354
Health and Human Services	704,324	611,929	92,395
Justice and Public Protection	—	—	—
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	2,071	1,186	885
Community and Economic Development	7,392	7,159	233
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	**$ 738,607**	**640,740**	**$ 97,867**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(89,259)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		13,500	
Transfers-out		(832)	
TOTAL OTHER FINANCING SOURCES (USES)		**12,668**	
NET CHANGE IN FUND BALANCES		**(76,591)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		(40,449)	
Outstanding Encumbrances at Beginning of Fiscal Year		93,645	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (23,395)**	

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES			HIGHWAY SAFETY		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ —	
	—			—	
	—			—	
	—			—	
	—			—	
	18,455			371,431	
	120			10,688	
	2,638,092			27,920	
	—			574	
	333,944			35,365	
	2,990,611			**445,978**	
$ —	—	$ —	$ —	—	$ —
—	—	—	—	—	—
4,896,328	4,078,224	818,104	—	—	—
626,834	112,325	514,509	365	208	157
—	—	—	554,477	521,750	32,727
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	8,402	7,177	1,225
—	—	—	2,472	2,455	17
$ 5,523,162	**4,190,549**	**$ 1,332,613**	**$ 565,716**	**531,590**	**$ 34,126**
	(1,199,938)			**(85,612)**	
	—			—	
	48,494			29,499	
	—			(11,209)	
	48,494			**18,290**	
	(1,151,444)			**(67,322)**	
	(801,679)			147,097	
	1,025,979			47,896	
	$ (927,144)			**$ 127,671**	

(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, 2014

(dollars in thousands)

(continued)

	NATURAL RESOURCES		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ —	
Sales Taxes		—	
Corporate and Public Utility Taxes		—	
Motor Vehicle Fuel Taxes		—	
Other Taxes		10,195	
Licenses, Permits and Fees		134,407	
Sales, Services and Charges		3,479	
Federal Government		64,782	
Investment Income		214	
Other		31,215	
TOTAL REVENUES		**244,292**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ —	—	$ —
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	325	262	63
Environmental Protection and Natural Resources	333,108	283,359	49,749
Transportation	—	—	—
General Government	5,608	4,545	1,063
Community and Economic Development	566	105	461
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	**$ 339,607**	**288,271**	**$ 51,336**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(43,979)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		16,871	
Transfers-out		(13,178)	
TOTAL OTHER FINANCING SOURCES (USES)		**3,693**	
NET CHANGE IN FUND BALANCES		**(40,286)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		206,805	
Outstanding Encumbrances at Beginning of Fiscal Year		49,226	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 215,745**	

WILDLIFE AND WATERWAYS SAFETY			TOBACCO SETTLEMENT		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ —			$ —	
	—			—	
	—			—	
	18,326			—	
	—			—	
	42,532			—	
	662			—	
	26,177			—	
	163			—	
	3,381			289	
	91,241			**289**	
$ —	—	$ —	$ —	—	$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	1,012	619	393
105,803	97,530	8,273	803	802	1
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	2,075	621	1,454
22,993	10,134	12,859	—	—	—
—	—	—	—	—	—
$ 128,796	**107,664**	**$ 21,132**	**$ 3,890**	**2,042**	**$ 1,848**
	(16,423)			**(1,753)**	
	—			—	
	1,796			15	
	(1,668)			(2,454)	
	128			**(2,439)**	
	(16,295)			**(4,192)**	
	48,704			8,931	
	14,952			2,704	
	$ 47,361			**$ 7,443**	

(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, 2014

(dollars in thousands)

(continued)

	TOTAL		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes		$ 12,854	
Sales Taxes		5,792	
Corporate and Public Utility Taxes		1,351	
Motor Vehicle Fuel Taxes		702,176	
Other Taxes		220,431	
Licenses, Permits and Fees		1,205,774	
Sales, Services and Charges		36,583	
Federal Government		7,226,589	
Investment Income		6,768	
Other		739,616	
TOTAL REVENUES		**10,157,934**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	$ 3,361,582	3,050,611	$ 310,971
Higher Education Support	78,514	29,560	48,954
Public Assistance and Medicaid	4,921,148	4,098,690	822,458
Health and Human Services	1,335,383	725,356	610,027
Justice and Public Protection	974,374	822,472	151,902
Environmental Protection and Natural Resources	440,356	382,171	58,185
Transportation	7,193,641	5,638,568	1,555,073
General Government	449,690	382,202	67,488
Community and Economic Development	1,656,753	1,473,613	183,140
CAPITAL OUTLAY	136,299	81,282	55,017
DEBT SERVICE	184,274	170,108	14,166
TOTAL BUDGETARY EXPENDITURES	**$ 20,732,014**	**16,854,633**	**$ 3,877,381**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(6,696,699)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		135,505	
Transfers-in		2,041,836	
Transfers-out		(591,815)	
TOTAL OTHER FINANCING SOURCES (USES)		**1,585,526**	
NET CHANGE IN FUND BALANCES		**(5,111,173)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated)		(1,256,749)	
Outstanding Encumbrances at Beginning of Fiscal Year		4,370,129	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (1,997,793)**	

NONMAJOR DEBT SERVICE FUNDS

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.

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.

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 Cultural Facilities 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.

STATE OF OHIO

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2014

(dollars in thousands)

	IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS	DEVELOPMENT GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	130	55	224
Investments	—	—	—
Collateral on Lent Securities	—	—	—
TOTAL ASSETS	**$ 130**	**$ 55**	**$ 224**
LIABILITIES:			
Accounts Payable	$ —	$ —	$ —
Obligations Under Securities Lending	—	—	—
Refund and Other Liabilities	130	55	224
TOTAL LIABILITIES	130	55	224
FUND BALANCES (DEFICITS):			
Restricted	—	—	—
TOTAL FUND BALANCES (DEFICITS)	—	—	—
TOTAL LIABILITIES AND FUND BALANCES	**$ 130**	**$ 55**	**$ 224**

HIGHWAY GENERAL OBLIGATIONS	PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS
$ —	$ —	$ —	$ 9	$ 110	$ 10,023
170	91	28	—	—	—
—	—	—	—	—	—
—	—	—	3	31	2,789
$ 170	**$ 91**	**$ 28**	**$ 12**	**$ 141**	**$ 12,812**
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	3	31	2,789
170	91	25	—	—	—
170	91	25	3	31	2,789
—	—	3	9	110	10,023
—	—	3	9	110	10,023
$ 170	**$ 91**	**$ 28**	**$ 12**	**$ 141**	**$ 12,812**

(continued)

STATE OF OHIO

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2014

(dollars in thousands)

(continued)

	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer	$ 9	$ 5	$ 4
Cash and Cash Equivalents	—	—	—
Investments	—	—	—
Collateral on Lent Securities	2	1	1
TOTAL ASSETS	**$ 11**	**$ 6**	**$ 5**
LIABILITIES:			
Accounts Payable	$ —	$ —	$ —
Obligations Under Securities Lending	2	1	1
Refund and Other Liabilities	—	—	—
TOTAL LIABILITIES	2	1	1
FUND BALANCES (DEFICITS):			
Restricted	9	5	4
TOTAL FUND BALANCES (DEFICITS)	9	5	4
TOTAL LIABILITIES AND FUND BALANCES	**$ 11**	**$ 6**	**$ 5**

JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	INFRASTRUCTURE BANK REVENUE BONDS	LEASE RENTAL SPECIAL OBLIGATIONS	MARCS CERTIFICATES OF PARTICIPATION	TOTAL
$ 222	$ —	$ —	$ —	$ 10,382
—	—	3,019	8	3,725
—	7,693	203	—	7,896
62	—	—	—	2,889
$ 284	**$ 7,693**	**$ 3,222**	**$ 8**	**$ 24,892**
$ —	$ —	$ 51	$ —	$ 51
62	—	—	—	2,889
—	—	—	—	695
62	—	51	—	3,635
222	7,693	3,171	8	21,257
222	7,693	3,171	8	21,257
$ 284	**$ 7,693**	**$ 3,222**	**$ 8**	**$ 24,892**

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
REVENUES:			
Investment Income	$ —	$ —	$ 5
Other	5	—	—
TOTAL REVENUES	**5**	**—**	**5**
EXPENDITURES:			
DEBT SERVICE	2,837	—	222,029
TOTAL EXPENDITURES	**2,837**	**—**	**222,029**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(2,832)**	**—**	**(222,024)**
OTHER FINANCING SOURCES (USES):			
Refunding Bonds and COPs Issued	—	—	59,870
Payment to Refunded Bond and COPs Escrow Agents	—	—	(71,331)
Premiums/Discounts	—	—	22,848
Transfers-in	2,832	—	210,644
TOTAL OTHER FINANCING SOURCES (USES)	**2,832**	**—**	**222,031**
NET CHANGE IN FUND BALANCES	**—**	**—**	**7**
FUND BALANCES (DEFICITS), July 1	—	3	2
FUND BALANCES (DEFICITS), JUNE 30	**$ —**	**$ 3**	**$ 9**

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
$ —	$ 139	$ 19	$ 23	$ 3	$ 10
—	10	—	31	—	—
—	**149**	**19**	**54**	**3**	**10**
24,277	134,102	220,944	347,016	29,752	66,203
24,277	**134,102**	**220,944**	**347,016**	**29,752**	**66,203**
(24,277)	**(133,953)**	**(220,925)**	**(346,962)**	**(29,749)**	**(66,193)**
—	—	116,290	162,415	—	—
—	—	(139,212)	(193,789)	—	—
—	1,454	39,642	48,337	3,153	—
24,277	132,521	214,106	330,001	26,601	61,781
24,277	**133,975**	**230,826**	**346,964**	**29,754**	**61,781**
—	**22**	**9,901**	**2**	**5**	**(4,412)**
—	88	122	7	—	4,416
$ —	**$ 110**	**$ 10,023**	**$ 9**	**$ 5**	**$ 4**

(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, 2014

(dollars in thousands)

(continued)

	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	INFRASTRUCTURE BANK REVENUE BONDS
REVENUES:			
Investment Income	$ 4	$ —	$ 186
Other	—	—	—
TOTAL REVENUES	**4**	**—**	**186**
EXPENDITURES:			
DEBT SERVICE	15,466	7,195	175,471
TOTAL EXPENDITURES	**15,466**	**7,195**	**175,471**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(15,462)**	**(7,195)**	**(175,285)**
OTHER FINANCING SOURCES (USES):			
Refunding Bonds and COPs Issued	—	—	—
Payment to Refunded Bond and COPs Escrow Agents	—	—	—
Premiums/Discounts	2,335	—	—
Transfers-in	13,349	7,195	167,653
TOTAL OTHER FINANCING SOURCES (USES)	**15,684**	**7,195**	**167,653**
NET CHANGE IN FUND BALANCES	**222**	**—**	**(7,632)**
FUND BALANCES (DEFICITS), July 1	—	—	15,325
FUND BALANCES (DEFICITS), JUNE 30	**$ 222**	**$ —**	**$ 7,693**

LEASE RENTAL SPECIAL OBLIGATIONS	MARCS CERTIFICATES OF PARTICIPATION	OAKS CERTIFICATES OF PARTICIPATION	STARS CERTIFICATES OF PARTICIPATION	TOTAL
$ —	$ —	$ —	$ —	$ 389
—	—	—	—	46
—	**—**	**—**	**—**	**435**
310,638	5,131	23,235	4,971	1,589,267
310,638	**5,131**	**23,235**	**4,971**	**1,589,267**
(310,638)	**(5,131)**	**(23,235)**	**(4,971)**	**(1,588,832)**
3,815	—	65,150	—	407,540
(3,991)	—	(70,926)	—	(479,249)
8,730	—	6,023	—	132,522
305,037	5,131	22,988	4,971	1,529,087
313,591	**5,131**	**23,235**	**4,971**	**1,589,900**
2,953	**—**	**—**	**—**	1,068
218	8	—	—	20,189
$ 3,171	**$ 8**	**$ —**	**$ —**	**$ 21,257**

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, 2014

(dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ —	
Other		2,837	
TOTAL REVENUES		**2,837**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 2,859	2,837	$ 22
TOTAL BUDGETARY EXPENDITURES	**$ 2,859**	**2,837**	**$ 22**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**—**	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued		—	
Transfers-in		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**—**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ —**	

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 5			$ —	
	210,644			24,277	
	210,649			**24,277**	
$ 227,810	221,402	$ 6,408	$ 24,325	24,277	$ 48
$ 227,810	**221,402**	**$ 6,408**	**$ 24,325**	**24,277**	**$ 48**
	(10,753)			**—**	
	10,760			—	
	—			—	
	10,760			**—**	
	7			**—**	
	2			—	
	$ 9			**$ —**	

(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, 2014

(dollars in thousands)

(continued)

	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 139	
Other		—	
TOTAL REVENUES		**139**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 132,648	132,648	$ —
TOTAL BUDGETARY EXPENDITURES	**$ 132,648**	**132,648**	**$ —**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(132,509)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		132,521	
TOTAL OTHER FINANCING SOURCES (USES)		**132,521**	
NET CHANGE IN FUND BALANCES		**12**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		88	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 100**	

HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 19			$ 23	
	214,106			330,031	
	214,125			**330,054**	
$ 221,169	219,781	$ 1,388	$ 351,806	345,678	$ 6,128
$ 221,169	**219,781**	**$ 1,388**	**$ 351,806**	**345,678**	**$ 6,128**
	(5,656)			**(15,624)**	
	15,558			15,625	
	—			—	
	15,558			**15,625**	
	9,902			**1**	
	122			7	
	$ 10,024			**$ 8**	

(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, 2014

(dollars in thousands)

(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 3	
Other		26,601	
TOTAL REVENUES		**26,604**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 33,377	29,454	$ 3,923
TOTAL BUDGETARY EXPENDITURES	**$ 33,377**	**29,454**	**$ 3,923**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(2,850)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		2,854	
Transfers-in		—	
TOTAL OTHER FINANCING SOURCES (USES)		**2,854**	
NET CHANGE IN FUND BALANCES		**4**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 4**	

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 10			$ 4	
	61,781			13,349	
	61,791			**13,353**	
$ 66,512	66,203	$ 309	$ 15,498	15,284	$ 214
$ 66,512	**66,203**	**$ 309**	**$ 15,498**	**15,284**	**$ 214**
	(4,412)			**(1,931)**	
	—			2,153	
	—			—	
	—			**2,153**	
	(4,412)			**222**	
	4,416			—	
	$ 4			**$ 222**	

(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, 2014

(dollars in thousands)

(continued)

	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ —	
Other		7,195	
TOTAL REVENUES		**7,195**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
DEBT SERVICE	$ 7,543	7,195	$ 348
TOTAL BUDGETARY EXPENDITURES	**$ 7,543**	**7,195**	**$ 348**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**—**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
Transfers-in		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**—**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ —**	

TOTAL		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 203	
	890,821	
	891,024	
$ 1,083,547	1,064,759	$ 18,788
$ 1,083,547	**1,064,759**	**$ 18,788**
	(173,735)	
	46,950	
	132,521	
	179,471	
	5,736	
	4,635	
	$ 10,371	

NONMAJOR CAPITAL PROJECTS FUNDS

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.

Highway Safety Building Improvements Fund

The Highway Safety Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Public Safety.

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.

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 certificate of participation proceeds that finance the costs of the Ohio Administrative Knowledge System (OAKS) project for the statewide enterprise resource planning system.

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.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014
(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
ASSETS:			
Cash Equity with Treasurer	$ 45,509	$ 38,325	$ 5,329
Cash and Cash Equivalents	—	—	—
Collateral on Lent Securities	12,662	10,663	1,483
TOTAL ASSETS	**$ 58,171**	**$ 48,988**	**$ 6,812**
LIABILITIES:			
Accounts Payable	$ 7,314	$ 2,557	$ 257
Obligations Under Securities Lending	12,662	10,663	1,483
TOTAL LIABILITIES	19,976	13,220	1,740
FUND BALANCES (DEFICITS):			
Restricted	38,195	35,768	5,072
TOTAL FUND BALANCES (DEFICITS)	38,195	35,768	5,072
TOTAL LIABILITIES AND FUND BALANCES	**$ 58,171**	**$ 48,988**	**$ 6,812**

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
$ 27,954	$ 6,603	$ 48,938	$ 703	$ 3,882	$ 311,434
—	—	—	—	—	—
7,777	1,837	13,616	196	1,080	86,649
$ 35,731	**$ 8,440**	**$ 62,554**	**$ 899**	**$ 4,962**	**$ 398,083**
$ 4,015	$ 774	$ 1,762	$ 55	$ 1,878	$ 13,671
7,777	1,837	13,616	196	1,080	86,649
11,792	2,611	15,378	251	2,958	100,320
23,939	5,829	47,176	648	2,004	297,763
23,939	5,829	47,176	648	2,004	297,763
$ 35,731	**$ 8,440**	**$ 62,554**	**$ 899**	**$ 4,962**	**$ 398,083**

(continued)

STATE OF OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014

(dollars in thousands)

(continued)

	MARCS PROJECT	STARS PROJECT	TOTAL
ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ 488,677
Cash and Cash Equivalents	6,455	13,509	19,964
Collateral on Lent Securities	—	—	135,963
TOTAL ASSETS	**$ 6,455**	**$ 13,509**	**$ 644,604**
LIABILITIES:			
Accounts Payable	$ —	$ 1,461	$ 33,744
Obligations Under Securities Lending	—	—	135,963
TOTAL LIABILITIES	—	1,461	169,707
FUND BALANCES (DEFICITS):			
Restricted	6,455	12,048	474,897
TOTAL FUND BALANCES (DEFICITS)	6,455	12,048	474,897
TOTAL LIABILITIES AND FUND BALANCES	**$ 6,455**	**$ 13,509**	**$ 644,604**

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
REVENUES:			
Investment Income (Loss)	$ 257	$ 82	$ 22
Other	—	—	—
TOTAL REVENUES	**257**	**82**	**22**
EXPENDITURES:			
CAPITAL OUTLAY	81,306	33,035	4,029
TOTAL EXPENDITURES	**81,306**	**33,035**	**4,029**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(81,049)**	**(32,953)**	**(4,007)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued	—	50,000	—
Premiums/Discounts	—	3,160	—
TOTAL OTHER FINANCING SOURCES (USES)	**—**	**53,160**	**—**
NET CHANGE IN FUND BALANCES	**(81,049)**	**20,207**	**(4,007)**
FUND BALANCES (DEFICITS), July 1	119,244	15,561	9,079
FUND BALANCES (DEFICITS), JUNE 30	**$ 38,195**	**$ 35,768**	**$ 5,072**

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
$ 112	$ 29	$ 49	$ 4	$ 41	$ 284
18	—	9	—	110	—
130	**29**	**58**	**4**	**151**	**284**
20,803	5,689	13,940	1,102	18,649	131,017
20,803	**5,689**	**13,940**	**1,102**	**18,649**	**131,017**
(20,673)	**(5,660)**	**(13,882)**	**(1,098)**	**(18,498)**	**(130,733)**
50,000	—	45,000	—	—	249,005
—	—	1,922	—	—	40,995
50,000	**—**	**46,922**	**—**	**—**	**290,000**
29,327	**(5,660)**	**33,040**	**(1,098)**	**(18,498)**	**159,267**
(5,388)	11,489	14,136	1,746	20,502	138,496
$ 23,939	**$ 5,829**	**$ 47,176**	**$ 648**	**$ 2,004**	**$ 297,763**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

(continued)

	MARCS PROJECT	OAKS PROJECT	STARS PROJECT
REVENUES:			
Investment Income (Loss)	$ 80	$ —	$ 1
Other	—	—	—
TOTAL REVENUES	**80**	**—**	**1**
EXPENDITURES:			
CAPITAL OUTLAY	37,545	1,135	519
TOTAL EXPENDITURES	**37,545**	**1,135**	**519**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(37,465)**	**(1,135)**	**(518)**
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued	—	—	—
Premiums/Discounts	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	**—**	**—**	**—**
NET CHANGE IN FUND BALANCES	**(37,465)**	**(1,135)**	**(518)**
FUND BALANCES (DEFICITS), July 1	43,920	1,135	12,566
FUND BALANCES (DEFICITS), JUNE 30	**$ 6,455**	**$ —**	**$ 12,048**

	TOTAL
$	961
	137
	1,098
	348,769
	348,769
	(347,671)
	394,005
	46,077
	440,082
	92,411
	382,486
$	**474,897**

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, 2014

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 257	
Other		—	
TOTAL REVENUES		**257**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 305,568	197,943	$ 107,625
TOTAL BUDGETARY EXPENDITURES	**$ 305,568**	**197,943**	**$ 107,625**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(197,686)**	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**(197,686)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(923)	
Outstanding Encumbrances at Beginning of Fiscal Year		128,579	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (70,030)**	

MENTAL HEALTH/DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS			PARKS AND RECREATION IMPROVEMENTS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 82			$ 22	
	—			—	
	82			**22**	
$ 226,105	105,510	$ 120,595	$ 39,458	9,181	$ 30,277
$ 226,105	**105,510**	**$ 120,595**	**$ 39,458**	**9,181**	**$ 30,277**
	(105,428)			**(9,159)**	
	53,160			—	
	53,160			**—**	
	(52,268)			**(9,159)**	
	(73,397)			4,211	
	94,845			4,944	
	$ (30,820)			**$ (4)**	

(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, 2014

(dollars in thousands)

	ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 112	
Other		18	
TOTAL REVENUES		**130**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 109,937	46,511	$ 63,426
TOTAL BUDGETARY EXPENDITURES	**$ 109,937**	**46,511**	**$ 63,426**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(46,381)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		50,000	
TOTAL OTHER FINANCING SOURCES (USES)		**50,000**	
NET CHANGE IN FUND BALANCES		**3,619**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(23,390)	
Outstanding Encumbrances at Beginning of Fiscal Year		30,017	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 10,246**	

YOUTH SERVICES BUILDING IMPROVEMENTS			ADULT CORRECTIONAL BUILDING IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	$ 29			$ 49	
	—			9	
	29			**58**	
$ 21,912	13,133	$ 8,779	$ 176,059	41,548	$ 134,511
$ 21,912	**13,133**	**$ 8,779**	**$ 176,059**	**41,548**	**$ 134,511**
	(13,104)			**(41,490)**	
	—			46,922	
	—			**46,922**	
	(13,104)			**5,432**	
	5,155			(4,118)	
	7,325			20,001	
	$ (624)			**$ 21,315**	

(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, 2014

(dollars in thousands)

	HIGHWAY SAFETY BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 4	
Other		—	
TOTAL REVENUES		**4**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 2,457	1,394	$ 1,063
TOTAL BUDGETARY EXPENDITURES	**$ 2,457**	**1,394**	**$ 1,063**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(1,390)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		—	
TOTAL OTHER FINANCING SOURCES (USES)		**—**	
NET CHANGE IN FUND BALANCES		**(1,390)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		1,267	
Outstanding Encumbrances at Beginning of Fiscal Year		618	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ 495**	

OHIO PARKS AND NATURAL RESOURCES			HIGHWAY CAPITAL IMPROVEMENTS		
BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	$ 41			$ 284	
	110			—	
	151			**284**	
$ 86,049	62,922	$ 23,127	$ 457,540	414,057	$ 43,483
$ 86,049	**62,922**	**$ 23,127**	**$ 457,540**	**414,057**	**$ 43,483**
	(62,771)			**(413,773)**	
	—			290,000	
	—			**290,000**	
	(62,771)			**(123,773)**	
	8,946			(90,216)	
	12,453			239,305	
	$ (41,372)			**$ 25,316**	

(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, 2014

(dollars in thousands)

	TOTAL		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income		$ 880	
Other		137	
TOTAL REVENUES		**1,017**	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
CAPITAL OUTLAY	$ 1,425,085	892,199	$ 532,886
TOTAL BUDGETARY EXPENDITURES	**$ 1,425,085**	**892,199**	**$ 532,886**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES		**(891,182)**	
OTHER FINANCING SOURCES (USES):			
Bonds Issued		440,082	
TOTAL OTHER FINANCING SOURCES (USES)		**440,082**	
NET CHANGE IN FUND BALANCES		**(451,100)**	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(172,465)	
Outstanding Encumbrances at Beginning of Fiscal Year		538,087	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		**$ (85,478)**	

NONMAJOR ENTERPRISE FUNDS

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, 2014

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ 583	$ 31,949	$ 32,532
Cash and Cash Equivalents	26,269	—	26,269
Collateral on Lent Securities	162	—	162
Restricted Assets:			
Investments	81,100	—	81,100
Intergovernmental Receivable	—	8,958	8,958
Interfund Receivable	—	1,612	1,612
Other Receivables	738	370	1,108
Other Assets	8	—	8
TOTAL CURRENT ASSETS	108,860	42,889	151,749
NONCURRENT ASSETS:			
Restricted Assets:			
Investments	384,309	—	384,309
Investments	5,713	—	5,713
Interfund Receivable	—	7,130	7,130
Capital Assets Being Depreciated, Net	109	1,586	1,695
TOTAL NONCURRENT ASSETS	390,131	8,716	398,847
TOTAL ASSETS	498,991	51,605	550,596
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	1,466	564	2,030
Accrued Liabilities	423	3,343	3,766
Obligations Under Securities Lending	162	—	162
Interfund Payable	—	112	112
Unearned Revenue	—	689	689
Benefits Payable	81,100	—	81,100
Refund and Other Liabilities	—	1,521	1,521
TOTAL CURRENT LIABILITIES	83,151	6,229	89,380
NONCURRENT LIABILITIES:			
Interfund Payable	—	7,129	7,129
Benefits Payable	342,100	—	342,100
Refund and Other Liabilities	—	7,140	7,140
TOTAL NONCURRENT LIABILITIES	342,100	14,269	356,369
TOTAL LIABILITIES	425,251	20,498	445,749
NET POSITION (DEFICITS):			
Net Investment in Capital Assets	109	1,586	1,695
Unrestricted	73,631	29,521	103,152
TOTAL NET POSITION (DEFICITS)	**$ 73,740**	**$ 31,107**	**$ 104,847**

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, 2014

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
OPERATING REVENUES:			
Charges for Sales and Services	$ 10,678	$ 46,556	$ 57,234
Investment Income	49,312	—	49,312
Other	46,500	297	46,797
TOTAL OPERATING REVENUES	**106,490**	**46,853**	**153,343**
OPERATING EXPENSES:			
Costs of Sales and Services	—	63,245	63,245
Administration	9,657	6,934	16,591
Benefits and Claims	62,508	—	62,508
Depreciation	50	407	457
TOTAL OPERATING EXPENSES	**72,215**	**70,586**	**142,801**
OPERATING INCOME (LOSS)	**34,275**	**(23,733)**	**10,542**
NONOPERATING REVENUES (EXPENSES):			
Investment Income	—	3	3
Other	—	11	11
TOTAL NONOPERATING REVENUES (EXPENSES)	**—**	**14**	**14**
INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS	**34,275**	**(23,719)**	**10,556**
Transfers-in	—	27,822	27,822
TOTAL GAIN (LOSS) AND TRANSFERS	**—**	**27,822**	**27,822**
NET INCOME (LOSS)	**34,275**	**4,103**	**38,378**
NET POSITION (DEFICITS), JULY 1	39,465	27,004	66,469
NET POSITION (DEFICITS), JUNE 30	**$ 73,740**	**$ 31,107**	**$ 104,847**

STATE OF OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ —	$ 36,834	$ 36,834
Cash Received from Interfund Services Provided	—	10,258	10,258
Other Operating Cash Receipts	11,061	958	12,019
Cash Payments to Suppliers for Goods and Services	(8,064)	(3,175)	(11,239)
Cash Payments to Employees for Services	(2,891)	(63,463)	(66,354)
Cash Payments for Interfund Services Used	(541)	(3,530)	(4,071)
Other Operating Cash Payments	(62,507)	—	(62,507)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**(62,942)**	**(22,118)**	**(85,060)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	27,600	27,600
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**—**	**27,600**	**27,600**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(75)	(167)	(242)
Proceeds from Sales of Capital Assets	—	10	10
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(75)**	**(157)**	**(232)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments	(410,796)	—	(410,796)
Proceeds from the Sales and Maturities of Investments	482,144	—	482,144
Investment Income Received	7,781	3	7,784
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	**79,129**	**3**	**79,132**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**16,112**	**5,328**	**21,440**
CASH AND CASH EQUIVALENTS, JULY 1	10,740	26,621	37,361
CASH AND CASH EQUIVALENTS, JUNE 30	**$ 26,852**	**$ 31,949**	**$ 58,801**

(continued)

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

(continued)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ 34,275	$ (23,733)	$ 10,542
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	(49,312)	—	(49,312)
Depreciation	50	407	457
Decrease (Increase) in Assets:			
Intergovernmental Receivable	—	732	732
Interfund Receivable	383	(221)	162
Other Receivables	—	166	166
Other Assets	3	—	3
Increase (Decrease) in Liabilities:			
Accounts Payable	21	153	174
Accrued Liabilities	37	283	320
Interfund Payable	—	(151)	(151)
Unearned Revenue	—	(137)	(137)
Benefits Payable	(46,500)	—	(46,500)
Refund and Other Liabilities	(1,899)	383	(1,516)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**$ (62,942)**	**$ (22,118)**	**$ (85,060)**

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AGENCY FUNDS

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, 2014
(dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
ASSETS:			
Cash Equity with Treasurer	$ 34,494	$ —	$ —
Cash and Cash Equivalents	674	57,366	—
Investments (at fair value):			
U.S. Government and Agency Obligations	—	—	11,538,416
Common and Preferred Stock	—	—	44,739,365
Corporate Bonds and Notes	—	—	13,894,317
Foreign Stocks and Bonds	—	—	49,428,253
Commercial Paper	—	—	3,293,742
Repurchase Agreements	—	—	640,000
Mutual Funds	—	—	10,572,638
Real Estate	—	—	18,765,702
Venture Capital	—	—	17,131,685
Direct Mortgage Loans	—	—	9,120,777
Partnership and Hedge Funds	—	—	12,708,085
State Treasury Asset Reserve of Ohio (STAR Ohio)	—	6,372	—
Collateral on Lent Securities	9,597	—	—
Other Receivables	1,468	—	—
Other Assets	—	—	—
TOTAL ASSETS	**$ 46,233**	**$ 63,738**	**$ 191,832,980**
LIABILITIES:			
Obligations Under Securities Lending	$ 9,597	$ —	$ —
Intergovernmental Payable	27,005	—	—
Refund and Other Liabilities	9,631	63,738	191,832,980
TOTAL LIABILITIES	**$ 46,233**	**$ 63,738**	**$ 191,832,980**

PAYROLL WITHHOLDING AND FRINGE BENEFITS	OTHER	TOTAL
$ 77,341	$ 161,319	$ 273,154
33,240	82,471	173,751
—	—	11,538,416
—	—	44,739,365
—	—	13,894,317
—	—	49,428,253
—	—	3,293,742
—	—	640,000
—	3,004	10,575,642
—	—	18,765,702
—	—	17,131,685
—	—	9,120,777
—	—	12,708,085
—	71,445	77,817
20,011	44,883	74,491
—	—	1,468
—	417,333	417,333
$ 130,592	**$ 780,455**	**$ 192,853,998**

$ 20,011	$ 44,883	$ 74,491
27,784	167,633	222,422
82,797	567,939	192,557,085
$ 130,592	**$ 780,455**	**$ 192,853,998**

STATE OF OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	BALANCE July 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2014
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	$ 20,786	$ 989,769	$ 976,061	$ 34,494
Cash and Cash Equivalents	1,796	16,328	17,450	674
Collateral on Lent Securities	2,478	9,597	2,478	9,597
Other Receivables	1,293	1,468	1,293	1,468
Total Assets	**$ 26,353**	**$ 1,017,162**	**$ 997,282**	**$ 46,233**
LIABILITIES				
Obligations Under Securities Lending	$ 2,478	$ 9,597	$ 2,478	$ 9,597
Intergovernmental Payable	13,610	53,345	39,950	27,005
Refund and Other Liabilities	10,265	954,220	954,854	9,631
Total Liabilities	**$ 26,353**	**$ 1,017,162**	**$ 997,282**	**$ 46,233**
CENTRALIZED CHILD SUPPORT COLLECTIONS				
ASSETS				
Cash and Cash Equivalents	$ 55,747	$ 1,927,304	$ 1,925,685	$ 57,366
Investments	6,372	5	5	6,372
Total Assets	**$ 62,119**	**$ 1,927,309**	**$ 1,925,690**	**$ 63,738**
LIABILITIES				
Refund and Other Liabilities	$ 62,119	$ 1,927,309	$ 1,925,690	$ 63,738
Total Liabilities	**$ 62,119**	**$ 1,927,309**	**$ 1,925,690**	**$ 63,738**
RETIREMENT SYSTEMS				
ASSETS				
Investments	$ 175,762,665	$ 559,565,727	$ 543,495,412	$ 191,832,980
Total Assets	**$ 175,762,665**	**$ 559,565,727**	**$ 543,495,412**	**$ 191,832,980**
LIABILITIES				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System	$ 80,284,848	$ 445,193,584	$ 437,429,535	$ 88,048,897
Police and Fire Pension Fund	14,009,171	25,953,609	25,814,565	14,148,215
School Employees Retirement System	11,585,142	43,926,264	42,423,816	13,087,590
State Teachers Retirement System	69,883,504	44,492,270	37,827,496	76,548,278
Total Liabilities	**$ 175,762,665**	**$ 559,565,727**	**$ 543,495,412**	**$ 191,832,980**

	BALANCE July 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2014
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	$ 99,395	$ 1,454,419	$ 1,476,473	$ 77,341
Cash and Cash Equivalents	26,414	486,364	479,538	33,240
Collateral on Lent Securities	11,305	20,011	11,305	20,011
Total Assets	**$ 137,114**	**$ 1,960,794**	**$ 1,967,316**	**$ 130,592**
LIABILITIES				
Obligations Under Securities Lending	$ 11,305	$ 20,011	$ 11,305	$ 20,011
Intergovernmental Payable	26,492	27,784	26,492	27,784
Refund and Other Liabilities	99,317	1,434,136	1,450,656	82,797
Total Liabilities	**$ 137,114**	**$ 1,481,931**	**$ 1,488,453**	**$ 130,592**
OTHER				
ASSETS				
Cash Equity with Treasurer	$ 146,162	$ 2,830,823	$ 2,815,666	$ 161,319
Cash and Cash Equivalents	97,882	88,461,418	88,476,829	82,471
Investments	109,901	25,861	61,313	74,449
Collateral on Lent Securities	17,425	44,883	17,425	44,883
Other Assets	416,961	88,459	88,087	417,333
Total Assets	**$ 788,331**	**$ 91,451,444**	**$ 91,459,320**	**$ 780,455**
LIABILITIES				
Obligations Under Securities Lending	$ 17,425	$ 44,883	$ 17,425	$ 44,883
Intergovernmental Payable	145,480	2,824,672	2,802,519	167,633
Refund and Other Liabilities	625,426	88,581,889	88,639,376	567,939
Total Liabilities	**$ 788,331**	**$ 91,451,444**	**$ 91,459,320**	**$ 780,455**
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	$ 266,343	$ 5,275,011	$ 5,268,200	$ 273,154
Cash and Cash Equivalents	181,839	90,891,414	90,899,502	173,751
Investments	175,878,938	559,591,593	543,556,730	191,913,801
Collateral on Lent Securities	31,208	74,491	31,208	74,491
Other Receivables	1,293	1,468	1,293	1,468
Other Assets	416,961	88,459	88,087	417,333
Total Assets	**$ 176,776,582**	**$ 655,922,436**	**$ 639,845,020**	**$ 192,853,998**
LIABILITIES				
Obligations Under Securities Lending	$ 31,208	$ 74,491	$ 31,208	$ 74,491
Intergovernmental Payable	185,582	2,905,801	2,868,961	222,422
Refund and Other Liabilities	176,559,792	652,463,281	636,465,988	192,557,085
Total Liabilities	**$ 176,776,582**	**$ 655,443,573**	**$ 639,366,157**	**$ 192,853,998**

NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS

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, 2013. 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, 2013.

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.

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.

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, 2014
(dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/13)	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/13)	OHIO CAPITALFUND
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ —	$ 12,281	$ —
Cash and Cash Equivalents	74,945	1,570	5,710
Investments	10,103	534	—
Restricted Assets:			
Cash and Cash Equivalents	17,843	—	—
Investments	184,376	—	—
Intergovernmental Receivable	—	—	—
Loans Receivable, Net	—	4,713	—
Investment Trade Receivable	—	—	7,971
Receivable from Primary Government	395	—	—
Other Receivables	13,492	263	4
Inventories	4,337	—	—
Other Assets	3,378	6	—
TOTAL CURRENT ASSETS	308,869	19,367	13,685
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	274,499	1,298	—
Investments	735,584	—	—
Investments	—	4,235	114,415
Loans Receivable, Net	—	12,056	—
Other Receivables	—	—	—
Other Assets	—	—	—
Capital Assets Being Depreciated, Net	1,343,471	7	—
Capital Assets Not Being Depreciated	—	—	—
TOTAL NONCURRENT ASSETS	2,353,554	17,596	114,415
TOTAL ASSETS	2,662,423	36,963	128,100
DEFERRED OUTFLOWS OF RESOURCES	21,349	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2,683,772**	**36,963**	**128,100**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	1,457	60	—
Accrued Liabilities	14,403	15	3,617
Intergovernmental Payable	—	—	—
Unearned Revenue	—	—	—
Refund and Other Liabilities	40,586	—	—
Bonds and Notes Payable	28,145	—	10,687
TOTAL CURRENT LIABILITIES	84,591	75	14,304
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	—
Unearned Revenue	—	—	—
Refund and Other Liabilities	12,854	—	—
Payable to Primary Government	1,871	484	—
Bonds and Notes Payable	1,627,121	—	167,387
TOTAL NONCURRENT LIABILITIES	1,641,846	484	167,387
TOTAL LIABILITIES	1,726,437	559	181,691
DEFERRED INFLOWS OF RESOURCES	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**1,726,437**	**559**	**181,691**
NET POSITION (DEFICITS):			
Net Investment in Capital Assets	721,951	7	—
Restricted for:			
Transportation	252,232	—	—
Community and Economic Development	—	24,915	—
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	(16,848)	11,482	(53,591)
TOTAL NET POSITION (DEFICITS)	**$ 957,335**	**$ 36,404**	**$ (53,591)**

JOBSOHIO	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY
$ —	$ —	$ —	$ —	$ —	$ —
262,715	108,485	124,862	252,343	16,753	9,464
101,985	232,180	586,479	486,453	158,345	207,696
105,805	—	—	—	—	—
—	—	—	—	—	—
—	—	4,649	3,539	—	—
—	5,157	1,297	4,658	1,564	1,561
—	—	—	—	—	—
—	998	4,307	7,304	—	—
403	69,447	55,713	27,812	34,433	14,644
52,107	—	2,886	4,143	787	1,978
1,858	23,990	12,488	4,540	4,305	1,415
524,873	440,257	792,681	790,792	216,187	236,758
5,048	—	104,506	1,236	2,753	—
—	921,122	—	456,423	46,707	54,349
—	263,130	201,694	—	248,112	145,196
382	24,308	11,858	4,914	8,885	7,216
—	63,142	7,634	25,246	7,002	3,456
1,301,728	420,645	22,159	—	—	4,743
1,736	1,313,067	677,460	821,001	687,003	471,050
—	173,815	118,160	122,645	60,293	39,441
1,308,894	3,179,229	1,143,471	1,431,465	1,060,755	725,451
1,833,767	3,619,486	1,936,152	2,222,257	1,276,942	962,209
—	20,727	3,128	277	18,861	—
1,833,767	**3,640,213**	**1,939,280**	**2,222,534**	**1,295,803**	**962,209**
3,316	72,404	34,728	34,418	5,043	15,542
82,646	30,438	37,782	14,457	32,164	10,298
—	—	—	—	—	—
—	38,599	34,332	7,770	25,746	10,773
—	86,335	18,480	14,699	7,969	9,573
42,955	65,035	19,180	23,324	22,054	13,073
128,917	292,811	144,502	94,668	92,976	59,259
—	21,203	—	—	—	8,318
—	—	—	—	—	—
—	159,184	24,533	34,242	82,774	26,003
—	—	—	—	—	—
1,523,341	1,030,550	341,122	655,613	438,604	211,763
1,523,341	1,210,937	365,655	689,855	521,378	246,084
1,652,258	1,503,748	510,157	784,523	614,354	305,343
—	—	—	967	—	—
1,652,258	**1,503,748**	**510,157**	**785,490**	**614,354**	**305,343**
1,736	433,115	542,670	529,299	312,229	322,199
—	—	—	—	—	—
5,048	—	—	—	—	—
—	141,064	—	—	—	50,146
—	47,782	—	—	—	361
—	444,886	201,694	272,972	123,324	7,983
—	427,558	—	—	—	23,204
—	58,471	7,633	46,504	818	29,014
—	109,003	1,856	1,911	—	359
—	37,054	38,298	17,787	—	21,637
—	40,554	3,227	3,682	—	—
—	32,345	4,826	43,943	—	—
—	—	—	—	37	—
—	36,231	8,542	(402)	8,741	18,669
—	75,586	280,102	—	97,937	2,796
—	(3,183)	13,603	15,769	32,316	—
—	69,343	10,533	81,068	—	—
174,725	186,656	316,139	424,511	106,047	180,498
$ 181,509	**$ 2,136,465**	**$ 1,429,123**	**$ 1,437,044**	**$ 681,449**	**$ 656,866**

(Continued)

STATE OF OHIO
COMBINING STATEMENT OF NET POSITION
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014
(dollars in thousands)
(continued)

	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	144,160	68,527	33,531
Investments	271,552	—	22,876
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Investments	—	—	—
Intergovernmental Receivable	3,626	16,912	—
Loans Receivable, Net	—	1,959	1,595
Investment Trade Receivable	—	—	—
Receivable from Primary Government	1,804	7,434	337
Other Receivables	32,408	84,232	43,636
Inventories	1,822	8,437	271
Other Assets	8,847	5,122	1,113
TOTAL CURRENT ASSETS	464,219	192,623	103,359
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	172,760	—	—
Investments	—	338,507	65,181
Investments	252,852	190,175	164,635
Loans Receivable, Net	40,345	12,861	11,044
Other Receivables	5,399	18,852	29,491
Other Assets	2,909	9,371	2,736
Capital Assets Being Depreciated, Net	605,985	618,287	450,603
Capital Assets Not Being Depreciated	131,467	52,131	86,124
TOTAL NONCURRENT ASSETS	1,211,717	1,240,184	809,814
TOTAL ASSETS	1,675,936	1,432,807	913,173
DEFERRED OUTFLOWS OF RESOURCES	1,678	20,201	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**1,677,614**	**1,453,008**	**913,173**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	39,054	30,797	9,779
Accrued Liabilities	31,085	37,560	2,063
Intergovernmental Payable	—	311	—
Unearned Revenue	26,281	37,909	9,803
Refund and Other Liabilities	11,763	29,345	20,145
Bonds and Notes Payable	20,349	14,229	8,172
TOTAL CURRENT LIABILITIES	128,532	150,151	49,962
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	—
Unearned Revenue	9,308	—	1,239
Refund and Other Liabilities	66,285	52,750	78,644
Payable to Primary Government	—	—	—
Bonds and Notes Payable	483,263	307,888	300,669
TOTAL NONCURRENT LIABILITIES	558,856	360,638	380,552
TOTAL LIABILITIES	687,388	510,789	430,514
DEFERRED INFLOWS OF RESOURCES	2,529	2,281	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**689,917**	**513,070**	**430,514**
NET POSITION (DEFICITS):			
Net Investment in Capital Assets	335,129	345,291	254,047
Restricted for:			
Transportation	—	—	—
Community and Economic Development	—	—	—
Nonexpendable:			
Scholarships and Fellowships	—	57,638	1,497
Research	—	7,747	—
Endowments and Quasi-Endowments	42,716	—	50,476
Loans, Grants and Other College and University Purposes	—	54,142	—
Expendable:			
Scholarships and Fellowships	—	94,822	18,132
Research	—	6,404	1,173
Instructional Department Uses	—	—	7,820
Student and Public Services	—	—	5,787
Academic Support	—	62,972	314
Debt Service	—	14,634	—
Capital Purposes	4,029	28,612	34
Endowments and Quasi-Endowments	—	—	238
Current Operations	—	—	—
Loans, Grants and Other College and University Purposes	148,873	64,094	29,161
Unrestricted	456,950	203,582	113,980
TOTAL NET POSITION (DEFICITS)	**$ 987,697**	**$ 939,938**	**$ 482,659**

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
$ —	$ —	$ —	$ —	$ —	$ —
21,852	17,199	1,571	1,912	6,115	1,970
96,405	1,950	537	52,319	—	3,790
—	—	—	—	—	—
—	—	—	—	—	—
998	7,224	—	1,706	—	236
436	4,581	91	407	—	66
—	—	—	—	—	—
1,369	10,018	—	926	—	569
8,177	19,836	9,162	3,684	9,907	1,845
1,658	238	46	150	375	345
1,939	4,762	190	1,627	93	174
132,834	65,808	11,597	62,731	16,490	8,995
3,656	30,430	192	24,317	7,691	—
172,472	13,754	16,842	—	—	—
17,057	240,342	19,712	18,690	4,655	7,329
2,040	11,409	—	4,497	—	—
2,994	5,895	315	1,554	—	115
205	778	1,421	2,618	—	35
178,272	302,028	72,260	120,650	89,797	25,310
22,999	33,541	21,763	79,512	13,162	4,475
399,695	638,177	132,505	251,838	115,305	37,264
532,529	703,985	144,102	314,569	131,795	46,259
—	443	—	—	—	—
532,529	**704,428**	**144,102**	**314,569**	**131,795**	**46,259**
4,029	17,206	906	2,060	1,965	921
5,832	9,478	2,181	2,759	3,359	631
1,039	—	—	34	—	—
5,419	23,903	1,210	2,486	7,064	514
4,172	14,552	2,425	15,740	2,047	740
2,891	6,787	525	2,455	1,637	—
23,382	71,926	7,247	25,534	16,072	2,806
—	—	—	—	—	—
—	1,692	707	—	—	—
11,542	10,952	3,280	3,473	1,224	122
—	—	—	—	—	—
67,848	99,910	18,821	156,481	33,272	5,795
79,390	112,554	22,808	159,954	34,496	5,917
102,772	184,480	30,055	185,488	50,568	8,723
383	—	714	—	—	—
103,155	**184,480**	**30,769**	**185,488**	**50,568**	**8,723**
133,639	272,518	68,651	45,097	75,032	26,179
—	—	—	—	—	—
—	—	—	—	—	—
—	16,598	3,648	6,009	1,186	—
—	8,344	—	—	—	—
8,028	—	191	11,209	—	2,412
60,837	16,519	5,925	84	1,341	—
9,727	22,785	1,599	—	660	1,936
315	4,159	27	—	(289)	—
3,100	26,777	—	7,893	—	621
1,801	1,082	—	—	85	100
639	15,247	—	—	435	62
—	—	—	—	380	—
11,432	—	—	—	—	56
2,129	—	1,094	—	—	—
580	—	—	—	—	—
875	26,501	6,974	—	1,051	—
196,272	109,418	25,224	58,789	1,346	6,170
$ 429,374	**$ 519,948**	**$ 113,333**	**$ 129,081**	**$ 81,227**	**$ 37,536**

(Continued)

STATE OF OHIO
COMBINING STATEMENT OF NET POSITION
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014
(dollars in thousands)
(continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer	$ —	$ —	$ —
Cash and Cash Equivalents	7,623	15,848	2,109
Investments	80,641	16,821	2,204
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Investments	—	—	—
Intergovernmental Receivable	—	1,375	—
Loans Receivable, Net	—	78	—
Investment Trade Receivable	—	—	—
Receivable from Primary Government	165	439	—
Other Receivables	47,177	2,872	3,110
Inventories	2,391	404	9
Other Assets	545	563	170
TOTAL CURRENT ASSETS	138,542	38,400	7,602
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Investments	—	—	1,710
Investments	57,927	—	1,921
Loans Receivable, Net	—	2	—
Other Receivables	—	1,464	—
Other Assets	67	169	—
Capital Assets Being Depreciated, Net	122,519	40,095	16,087
Capital Assets Not Being Depreciated	34,107	6,622	780
TOTAL NONCURRENT ASSETS	214,620	48,352	20,498
TOTAL ASSETS	353,162	86,752	28,100
DEFERRED OUTFLOWS OF RESOURCES	371	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**353,533**	**86,752**	**28,100**
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable	15,692	1,600	501
Accrued Liabilities	3,463	1,202	513
Intergovernmental Payable	—	14	—
Unearned Revenue	24,448	147	689
Refund and Other Liabilities	5,578	473	345
Bonds and Notes Payable	1,520	625	175
TOTAL CURRENT LIABILITIES	50,701	4,061	2,223
NONCURRENT LIABILITIES:			
Intergovernmental Payable	—	—	—
Unearned Revenue	—	—	—
Refund and Other Liabilities	926	817	254
Payable to Primary Government	—	—	—
Bonds and Notes Payable	8,475	14,440	2,850
TOTAL NONCURRENT LIABILITIES	9,401	15,257	3,104
TOTAL LIABILITIES	60,102	19,318	5,327
DEFERRED INFLOWS OF RESOURCES	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**60,102**	**19,318**	**5,327**
NET POSITION (DEFICITS):			
Net Investment in Capital Assets	146,631	31,474	14,078
Restricted for:			
Transportation	—	—	—
Community and Economic Development	—	—	—
Nonexpendable:			
Scholarships and Fellowships	3,926	—	—
Research	—	—	—
Endowments and Quasi-Endowments	—	9,455	141
Loans, Grants and Other College and University Purposes	—	—	—
Expendable:			
Scholarships and Fellowships	8,851	4,372	—
Research	—	—	—
Instructional Department Uses	—	24	—
Student and Public Services	—	2,847	—
Academic Support	—	—	—
Debt Service	—	169	1,710
Capital Purposes	26,602	4,672	—
Endowments and Quasi-Endowments	—	—	601
Current Operations	—	—	—
Loans, Grants and Other College and University Purposes	—	—	40
Unrestricted	107,421	14,421	6,203
TOTAL NET POSITION (DEFICITS)	**$ 293,431**	**$ 67,434**	**$ 22,773**

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
$ —	$ —	$ —	$ —	$ —	$ 12,281
6,118	6,728	4,710	5,517	1,926	1,204,263
—	—	10,209	2,526	2,286	2,347,891
—	—	—	—	—	123,648
—	—	—	—	—	184,376
—	—	1,907	238	738	43,148
—	—	—	—	7	28,170
—	—	—	—	—	7,971
—	954	12	236	65	37,332
3,019	2,791	10,023	3,203	20,900	522,193
335	169	134	594	1,926	85,542
115	172	2,017	43	3,316	82,788
9,587	10,814	29,012	12,357	31,164	4,679,603
2,824	—	—	—	—	631,210
2,731	—	—	—	—	2,825,382
—	790	15,411	7,024	756	1,976,058
—	—	—	—	68	151,885
—	—	1,138	19	97	173,813
—	—	346	—	—	1,769,930
17,414	13,285	85,040	14,607	77,344	8,164,378
12,515	1,263	4,577	4,510	10,746	1,034,648
35,484	15,338	106,512	26,160	89,011	16,727,304
45,071	26,152	135,524	38,517	120,175	21,406,907
—	—	1,827	—	—	88,862
45,071	**26,152**	**137,351**	**38,517**	**120,175**	**21,495,769**
299	437	1,890	2,485	2,796	299,385
327	952	3,219	183	4,928	335,555
—	—	—	—	—	1,398
—	—	4,561	547	15,922	278,123
232	45	5,988	268	2,045	293,545
905	—	2,643	—	1,181	288,547
1,763	1,434	18,301	3,483	26,872	1,496,553
—	—	—	—	—	29,521
—	—	—	—	—	12,946
657	331	2,601	811	2,536	576,795
—	—	—	—	—	2,355
17,415	—	41,152	—	3,228	7,557,008
18,072	331	43,753	811	5,764	8,178,625
19,835	1,765	62,054	4,294	32,636	9,675,178
662	2,011	—	—	—	9,547
20,497	**3,776**	**62,054**	**4,294**	**32,636**	**9,684,725**
11,517	14,548	45,976	19,116	83,682	4,785,811
—	—	—	—	—	252,232
—	—	—	—	—	29,963
—	368	—	1,296	1,424	284,800
—	—	—	—	—	64,234
2,135	—	2,742	—	—	1,180,364
—	—	—	—	298	589,908
44	377	2,260	4,236	865	313,106
—	—	—	—	—	124,918
—	—	—	—	—	161,011
3,983	—	—	—	—	63,148
—	—	—	—	—	160,783
—	—	2,892	—	—	19,822
2,136	1,491	—	358	—	151,203
—	—	—	—	—	460,483
—	—	—	—	—	59,085
—	—	—	157	521	439,191
4,759	5,592	21,427	9,060	749	2,670,982
$ 24,574	**$ 22,376**	**$ 75,297**	**$ 34,223**	**$ 87,539**	**$ 11,811,044**

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/13)	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/13)	OHIO CAPITAL FUND
EXPENSES:			
Transportation	$ 116,694	$ —	$ —
Community and Economic Development	—	24,908	2,337
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	51,455	—	8,678
Depreciation	62,707	2	—
Other	—	—	—
TOTAL EXPENSES	**230,856**	**24,910**	**11,015**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	275,627	883	—
Operating Grants, Contributions and Restricted Investment Income	—	385	—
Capital Grants, Contributions and Restricted Investment Income	—	—	—
TOTAL PROGRAM REVENUES	**275,627**	**1,268**	**—**
NET PROGRAM (EXPENSE) REVENUE	**44,771**	**(23,642)**	**(11,015)**
GENERAL REVENUES:			
Unrestricted Investment Income	2,521	8	12,910
State Assistance	2,292	—	—
Other	—	191	—
TOTAL GENERAL REVENUES	**4,813**	**199**	**12,910**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	**—**	**—**	**—**
GAIN (LOSS) ON EXTINGUISHMENT OF DEBT	**—**	**—**	**(8,925)**
CHANGE IN NET POSITION	**49,584**	**(23,443)**	**(7,030)**
NET POSITION (DEFICITS), JULY 1 (as restated)	907,751	59,847	(46,561)
NET POSITION (DEFICITS), JUNE 30	**$ 957,335**	**$ 36,404**	**$ (53,591)**

JOBSOHIO	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY
$ —	$ —	$ —	$ —	$ —	$ —
721,778	—	—	—	—	—
—	280,723	258,446	168,593	166,553	125,685
—	154,381	45,611	14,227	40,608	6,804
—	65,537	28,891	2,659	9,478	4,929
—	97,771	78,608	56,333	35,058	30,349
—	59,829	41,936	21,638	13,921	16,270
—	107,102	56,696	43,819	55,544	26,150
—	53,418	48,950	33,034	23,574	20,763
—	34,557	14,722	17,976	25,279	18,387
—	94,539	72,783	104,988	66,367	68,216
—	—	—	—	—	—
57,078	45,369	9,994	21,326	21,828	8,635
403	104,515	38,461	41,000	39,882	30,134
—	4,220	6,968	6,470	793	24,844
779,259	**1,101,961**	**702,066**	**532,063**	**498,885**	**381,166**
916,809	784,788	310,136	464,498	289,719	232,489
—	258,097	57,827	61,755	51,580	57,589
—	9,813	9,893	11,794	281	2,377
916,809	**1,052,698**	**377,856**	**538,047**	**341,580**	**292,455**
137,550	**(49,263)**	**(324,210)**	**5,984**	**(157,305)**	**(88,711)**
88	7,700	94,864	64,045	45,083	39,415
—	214,212	158,594	89,848	101,058	75,310
—	—	188,460	—	41,746	5,485
88	**221,912**	**441,918**	**153,893**	**187,887**	**120,210**
—	**1,371**	**9,668**	9,738	2,427	2,933
—	**—**	**—**	—	—	—
137,638	**174,020**	**127,376**	**169,615**	**33,009**	**34,432**
43,871	1,962,445	1,301,747	1,267,429	648,440	622,434
$ 181,509	**$ 2,136,465**	**$ 1,429,123**	**$ 1,437,044**	**$ 681,449**	**$ 656,866**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

(continued)

	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY
EXPENSES:			
Transportation	$ —	$ —	$ —
Community and Economic Development	—	—	—
Education and General:			
Instruction and Departmental Research	227,721	183,059	99,509
Separately Budgeted Research	17,539	47,700	16,642
Public Service	16,040	6,937	8,504
Academic Support	61,003	40,781	25,165
Student Services	32,227	21,406	19,693
Institutional Support	74,500	55,483	37,665
Operation and Maintenance of Plant	40,484	34,053	28,700
Scholarships and Fellowships	45,981	25,652	14,515
Auxiliary Enterprises	89,128	54,596	32,653
Hospitals	—	318,179	—
Interest on Long-Term Debt	17,945	14,025	7,971
Depreciation	42,320	57,050	28,851
Other	—	17,988	—
TOTAL EXPENSES	**664,888**	**876,909**	**319,868**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	434,643	605,852	213,328
Operating Grants, Contributions and Restricted Investment Income	97,207	68,694	43,557
Capital Grants, Contributions and Restricted Investment Income	1,768	812	—
TOTAL PROGRAM REVENUES	**533,618**	**675,358**	**256,885**
NET PROGRAM (EXPENSE) REVENUE	**(131,270)**	**(201,551)**	**(62,983)**
GENERAL REVENUES:			
Unrestricted Investment Income	67,092	70,138	11,851
State Assistance	142,862	134,979	69,730
Other	18,312	62,572	22,423
TOTAL GENERAL REVENUES	**228,266**	**267,689**	**104,004**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	—	—	—
GAIN (LOSS) ON EXTINGUISHMENT OF DEBT	—	—	—
CHANGE IN NET POSITION	**96,996**	**66,138**	**41,021**
NET POSITION (DEFICITS), JULY 1 (as restated)	890,701	873,800	441,638
NET POSITION (DEFICITS), JUNE 30	**$ 987,697**	**$ 939,938**	**$ 482,659**

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
67,123	138,327	20,100	17,137	11,007	6,997
1,934	32,453	—	9,723	1,430	—
4,658	16,547	2,407	2,894	2,207	1,121
14,979	52,294	3,016	8,761	7,202	615
9,019	21,019	3,728	1,855	2,930	1,646
27,573	37,020	10,966	11,009	6,678	4,928
16,412	23,954	5,273	5,921	5,310	1,335
18,329	20,715	6,834	482	4,409	302
30,108	21,053	6,427	3,651	10,032	1,680
—	—	—	—	—	—
3,378	3,402	753	3,550	1,400	—
11,248	21,547	3,576	6,000	4,897	1,082
1,460	1,042	2	—	—	—
206,221	**389,373**	**63,082**	**70,983**	**57,502**	**19,706**
120,626	169,218	26,863	29,584	19,478	6,120
36,740	90,282	6,796	12,805	15,369	1,894
2,482	4,727	—	—	—	—
159,848	**264,227**	**33,659**	**42,389**	**34,847**	**8,014**
(46,373)	**(125,146)**	**(29,423)**	**(28,594)**	**(22,655)**	**(11,692)**
28,493	15,959	4,720	10,852	661	650
41,908	96,886	20,200	22,973	21,965	7,554
398	23,054	12,614	550	1,499	4,820
70,799	**135,899**	**37,534**	**34,375**	**24,125**	**13,024**
3,523	—	—	1,061	22	—
—	—	—	—	—	—
27,949	**10,753**	**8,111**	**6,842**	**1,492**	**1,332**
401,425	509,195	105,222	122,239	79,735	36,204
$ 429,374	**$ 519,948**	**$ 113,333**	**$ 129,081**	**$ 81,227**	**$ 37,536**

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

(continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
EXPENSES:			
Transportation	$ —	$ —	$ —
Community and Economic Development	—	—	—
Education and General:			
Instruction and Departmental Research	70,986	12,228	6,247
Separately Budgeted Research	—	—	—
Public Service	4,458	2,872	554
Academic Support	5,690	1,313	1,024
Student Services	15,604	3,518	1,837
Institutional Support	25,034	5,913	4,117
Operation and Maintenance of Plant	15,323	2,503	1,500
Scholarships and Fellowships	21,549	2,272	181
Auxiliary Enterprises	13,244	3,764	9
Hospitals	—	—	—
Interest on Long-Term Debt	257	598	150
Depreciation	6,984	1,807	1,014
Other	31	—	—
TOTAL EXPENSES	**179,160**	**36,788**	**16,633**
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures	117,770	11,330	4,230
Operating Grants, Contributions and Restricted Investment Income	13,032	14,125	460
Capital Grants, Contributions and Restricted Investment Income	—	2	393
TOTAL PROGRAM REVENUES	**130,802**	**25,457**	**5,083**
NET PROGRAM (EXPENSE) REVENUE	**(48,358)**	**(11,331)**	**(11,550)**
GENERAL REVENUES:			
Unrestricted Investment Income	1,653	2,246	39
State Assistance	61,011	14,824	7,410
Other	—	4	4,740
TOTAL GENERAL REVENUES	**62,664**	**17,074**	**12,189**
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL	—	259	—
GAIN (LOSS) ON EXTINGUISHMENT OF DEBT	—	—	—
CHANGE IN NET POSITION	**14,306**	**6,002**	**639**
NET POSITION (DEFICITS), JULY 1 (as restated)	279,125	61,432	22,134
NET POSITION (DEFICITS), JUNE 30	**$ 293,431**	**$ 67,434**	**$ 22,773**

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
$ —	$ —	$ —	$ —	$ —	$ 116,694
—	—	—	—	—	749,023
8,057	5,297	35,670	12,463	42,651	1,964,579
—	—	—	—	291	389,343
941	—	9,162	181	2,509	193,486
2,386	1,265	6,739	1,566	4,247	536,165
2,013	972	8,657	1,659	7,987	309,364
2,074	3,341	21,428	3,791	17,416	638,247
1,570	1,132	7,176	1,401	8,558	380,344
5,951	914	800	2,717	2,492	285,016
3,389	1,344	4,348	2,174	7,979	692,472
—	—	—	—	—	318,179
623	—	1,588	—	105	280,108
992	776	4,067	1,196	6,211	516,722
—	—	—	140	32	63,990
27,996	**15,041**	**99,635**	**27,288**	**100,478**	**7,433,732**
10,962	5,782	33,043	11,761	31,926	5,127,465
980	1,671	30,479	6,062	4,112	931,498
—	—	3,750	—	—	48,092
11,942	**7,453**	**67,272**	**17,823**	**36,038**	**6,107,055**
(16,054)	**(7,588)**	**(32,363)**	**(9,465)**	**(64,440)**	**(1,326,677)**
259	144	1,329	702	447	483,869
8,108	5,494	31,398	13,248	37,881	1,379,745
6,474	2,589	1,912	—	23,905	421,748
14,841	**8,227**	**34,639**	**13,950**	**62,233**	**2,285,362**
(26)	—	—	—	83	31,059
—	—	—	—	—	(8,925)
(1,239)	**639**	**2,276**	**4,485**	**(2,124)**	**980,819**
25,813	21,737	73,021	29,738	89,663	10,830,225
$ 24,574	**$ 22,376**	**$ 75,297**	**$ 34,223**	**$ 87,539**	**$ 11,811,044**

STATE OF OHIO
BALANCE SHEET
OHIO FACILITIES CONSTRUCTION COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2014
(dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
ASSETS:	
Cash Equity with Treasurer	$ 341,439
Investments	696
Collateral on Lent Securities	94,997
Loans Receivable, Net	2,359
Other Receivables	14
TOTAL ASSETS	439,505
LIABILITIES:	
Accounts Payable	3,285
Accrued Liabilities	383
Obligations Under Securities Lending	94,997
Intergovernmental Payable	618,908
Refund and Other Liabilities	696
TOTAL LIABILITIES	718,269
DEFERRED INFLOWS OF RESOURCES	3,646,752
FUND BALANCES (DEFICITS):	
Restricted for:	
Community and Economic Development	14,358
Unassigned	(3,939,874)
TOTAL FUND BALANCES (DEFICITS)	(3,925,516)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 439,505**

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
OHIO FACILITIES CONSTRUCTION COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2014

(dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
Total Fund Balances (Deficits)	***$ (3,925,516)***
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
Machinery and Equipment, net of $2,246 accumulated depreciation	*78,271*
Construction-in-Progress	*11,858*
	90,129
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Refund and Other Liabilities-Compensated Absences	*(831)*
Total Net Position	***$ (3,836,218)***

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, 2014

(dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
REVENUES:	
State Assistance	$ 494,500
Investment Income	1,832
Other	12,043
TOTAL REVENUES	**508,375**
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education	372,470
General Government	567
Community and Economic Development	8,251
TOTAL EXPENDITURES	**381,288**
NET CHANGES IN FUND BALANCES	**127,087**
FUND BALANCES (DEFICITS), JULY 1 (as restated)	(4,052,602)
FUND BALANCES (DEFICITS), JUNE 30	**$ (3,925,515)**

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 GOVERNMENTAL COMPONENT UNIT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
Net Change in Fund Balances	***$ 127,087***
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 were in excess/deficient over depreciation in the current period.	
Capital Outlay Expenditures	*2,541*
Depreciation Expense	*(1,797)*
Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense	*744*
Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	*178*
Change in Net Position	***$ 128,009***

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Statistical Section

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STATISTICAL SECTION

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.

	Pages
Financial Trends	226-239
These schedules contain trend information to assist the reader in understanding how the State's financial performance and condition have changed over time.	
Revenue Capacity	240-253
These schedules contain information to assist the reader in assessing the State's two most significant own-source revenues: income taxes and sales taxes.	
Debt Capacity	254-263
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.	
Economic and Demographic Information	264-267
These schedules offer economic and demographic indicators to assist the reader in understanding the environment within which the State's financial activities take place.	
Operating Information	268-275
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.	

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)

	2014	2013	2012	2011
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets	$ 22,627,911	$ 22,489,929	$ 22,147,262	$ 23,157,156
Restricted for:				
Primary, Secondary and Other Education	137,427	236,391	129,353	99,169
Higher Education Support	26,320	—	—	5,936
Public Assistance and Medicaid	508,588	535,410	219,153	492,122
Health and Human Services	54,834	100,424	101,056	107,431
Justice and Public Protection	30,570	42,623	29,516	86,822
Environmental Protection and Natural Resources	160,607	147,955	148,200	140,229
Transportation	3,238,716	3,064,127	2,613,620	2,439,080
General Government	133,877	131,823	93,089	82,615
State and Local Highway Construction	—	—	—	—
Federal Programs	—	—	—	—
Clean Ohio Program	—	—	—	—
Community and Economic Development	164,784	250,797	245,631	403,151
Enterprise Bond Program	—	—	—	—
Total Restricted Net Position	4,455,723	4,509,550	3,579,618	3,856,555
Unrestricted	(5,828,679)	(5,784,139)	(7,128,873)	(8,249,343)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	$ 21,254,955	$ 21,215,340	$ 18,598,007	$ 18,764,368
BUSINESS-TYPE ACTIVITIES:				
Net Investment in Capital Assets	$ 129,804	$ 92,290	$ 67,331	$ 54,430
Restricted for:				
Workers' Compensation	9,334,215	6,690,414	7,760,634	5,728,951
Lottery Prizes	73,751	85,085	123,724	77,142
Unemployment Compensation	—	—	—	—
Ohio Building Authority	—	—	—	27,021
Tuition Trust Authority	73,631	39,379	—	11,838
Total Restricted Net Position	9,481,597	6,814,878	7,884,358	5,844,952
Unrestricted	(670,679)	(1,085,302)	(1,383,125)	(1,820,494)
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	$ 8,940,722	$ 5,821,866	$ 6,568,564	$ 4,078,888
PRIMARY GOVERNMENT:				
Net Investment in Capital Assets	$ 22,757,715	$ 22,582,219	$ 22,214,593	$ 23,211,586
Restricted	13,937,320	11,324,428	11,463,976	9,701,507
Unrestricted	(6,499,358)	(6,869,441)	(8,511,998)	(10,069,837)
TOTAL PRIMARY GOVERNMENT NET POSITION	$ 30,195,677	$ 27,037,206	$ 25,166,571	$ 22,843,256

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, 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.

2010	2009	2008	2007	2006	2005
$ 22,578,727	$ 22,325,346	$ 21,983,900	$ 21,477,381	$ 20,889,063	$ 20,285,186
38,495	37,174	41,842	34,019	9,607	8,200
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,601,532	1,031,932	844,666	1,032,112	921,993	744,913
—	—	—	—	—	—
117,769	113,009	118,011	126,323	127,121	129,299
85,232	61,929	76,396	81,639	75,776	38,656
47,254	44,060	90,485	85,209	93,682	41,673
1,001,840	1,045,542	1,420,180	991,094	883,385	935,842
10,000	10,000	10,000	10,000	10,000	10,000
2,902,122	2,343,646	2,601,580	2,360,396	2,121,564	1,908,583
(7,384,680)	(6,110,855)	(4,006,732)	(4,315,273)	(4,067,042)	(3,988,883)
$ 18,096,169	$ 18,558,137	$ 20,578,748	$ 19,522,504	$ 18,943,585	$ 18,204,886
$ 51,578	$ 37,059	$ 32,068	$ 19,322	$ 10,363	$ (1,839)
—	—	—	—	—	—
86,616	57,059	44,126	13,272	56,669	102,614
—	—	452,082	608,364	675,666	663,921
—	23,072	25,558	28,390	28,041	26,996
—	—	—	32,100	—	—
86,616	80,131	521,766	682,126	760,376	793,531
1,966,583	1,789,789	2,582,265	2,425,083	(247,241)	(1,141,542)
$ 2,104,777	$ 1,906,979	$ 3,136,099	$ 3,126,531	$ 523,498	$ (349,850)
$ 22,630,305	$ 22,362,405	$ 22,015,968	$ 21,496,703	$ 20,899,426	$ 20,283,347
2,988,738	2,423,777	3,123,346	3,042,522	2,881,940	2,702,114
(5,418,097)	(4,321,066)	(1,424,467)	(1,890,190)	(4,314,283)	(5,130,425)
$ 20,200,946	$ 20,465,116	$ 23,714,847	$ 22,649,035	$ 19,467,083	$ 17,855,036

STATE OF OHIO

CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS

(accrual basis of accounting)
(dollars in thousands)

	2014	2013	2012
EXPENSES:			
GOVERNMENTAL ACTIVITIES:			
Primary, Secondary and Other Education	$ 12,287,325	$ 11,461,600	$ 12,340,848
Higher Education Support	2,474,851	2,403,149	2,348,154
Public Assistance and Medicaid	25,283,157	21,624,298	21,206,515
Health and Human Services	1,579,156	3,504,235	3,835,369
Justice and Public Protection	3,385,337	3,136,239	3,202,970
Environmental Protection and Natural Resources	419,539	437,297	407,379
Transportation	2,706,248	2,657,961	2,564,702
General Government	835,785	921,636	599,639
Community and Economic Development	3,448,735	3,510,004	3,867,888
Interest on Long-Term Debt (excludes interest charged as program expense)	103,283	114,859	118,902
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	**52,523,416**	**49,771,278**	**50,492,366**
BUSINESS-TYPE ACTIVITIES:			
Workers' Compensation	2,417,674	3,428,859	1,945,190
Lottery Commission	2,310,169	2,100,887	2,001,671
Unemployment Compensation	1,444,870	1,976,518	2,754,835
Ohio Building Authority	—	—	13,010
Tuition Trust Authority	72,215	80,560	80,157
Liquor Control	—	310,209	543,729
Office of Auditor of State	70,586	65,845	69,183
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	**6,315,514**	**7,962,878**	**7,407,775**
TOTAL PRIMARY GOVERNMENT EXPENSES	**$ 58,838,930**	**$ 57,734,156**	**$ 57,900,141**
PROGRAM REVENUES:			
GOVERNMENTAL ACTIVITIES:			
Charges for Services, Fees, Fines and Forfeitures:			
Public Assistance and Medicaid	$ 1,506,096	$ 1,152,467	$ 1,289,463
Justice and Public Protection	1,030,928	1,078,277	943,142
General Government	548,649	418,085	543,699
Community and Economic Development	506,511	594,030	406,022
Other Activities	632,883	950,819	852,501
Operating Grants, Contributions and Restricted Investment Income/(Loss)	21,454,316	20,189,757	20,053,479
Capital Grants, Contributions and Restricted Investment Income/(Loss)	1,523,237	1,695,846	1,573,765
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	**27,202,620**	**26,079,281**	**25,662,071**
BUSINESS-TYPE ACTIVITIES:			
Charges for Services, Fees, Fines and Forfeitures:			
Workers' Compensation	2,093,962	1,504,112	1,958,593
Lottery Commission	3,288,039	2,939,773	2,781,737
Unemployment Compensation	1,270,232	1,342,217	1,674,456
Liquor Control	—	485,607	791,454
Other Activities	57,531	60,028	73,707
Operating Grants, Contributions and Restricted Investment Income/(Loss)	3,398,375	1,697,735	3,568,089
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	**10,108,139**	**8,029,472**	**10,848,036**
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	**$ 37,310,759**	**$ 34,108,753**	**$ 36,510,107**

2011	2010	2009	2008	2007	2006	2005
$ 12,126,435	$ 12,259,233	$ 11,888,145	$ 11,304,014	$ 11,467,076	$ 11,157,283	$ 10,500,807
2,726,016	2,771,611	2,967,485	2,729,423	2,546,530	2,608,007	2,475,281
20,111,691	18,828,082	17,903,102	16,003,345	15,782,074	14,909,149	14,247,598
4,295,483	4,003,033	4,061,765	3,651,313	3,538,858	3,526,763	3,333,997
3,184,345	3,077,704	3,251,316	3,128,087	3,102,172	3,111,577	2,972,666
350,870	416,071	413,398	393,704	435,235	406,632	397,852
2,186,332	2,187,406	2,171,475	2,078,732	1,998,166	1,925,841	2,080,958
795,899	623,845	645,271	749,150	887,109	955,241	672,838
4,479,010	4,491,643	4,265,827	4,017,838	3,789,404	3,618,550	3,432,302
134,888	133,335	165,908	173,934	169,776	175,732	175,700
50,390,969	**48,791,963**	**47,733,692**	**44,229,540**	**43,716,400**	**42,394,775**	**40,289,999**
2,354,296	2,861,222	2,158,753	2,675,254	2,760,313	2,011,480	3,232,669
1,911,105	1,816,213	1,774,308	1,704,848	1,696,881	1,625,309	1,581,100
4,094,207	5,605,830	3,485,942	1,333,180	1,175,682	1,161,776	1,194,040
22,076	22,492	26,837	28,117	28,188	25,797	27,327
79,671	81,119	94,888	121,673	91,416	67,162	30,214
507,800	489,087	479,919	460,398	444,119	423,373	401,187
69,185	70,637	85,575	73,225	74,487	71,729	73,501
9,038,340	**10,946,600**	**8,106,222**	**6,396,695**	**6,271,086**	**5,386,626**	**6,540,038**
$ 59,429,309	**$ 59,738,563**	**$ 55,839,914**	**$ 50,626,235**	**$ 49,987,486**	**$ 47,781,401**	**$ 46,830,037**
$ 1,045,698	$ 1,302,439	$ 966,010	$ 1,021,341	$ 832,275	$ 639,821	$ 612,629
1,163,286	996,420	938,297	879,534	929,689	912,421	850,032
344,451	686,825	594,532	697,274	458,424	477,565	408,443
504,275	479,727	388,895	362,388	338,337	288,490	313,724
722,459	652,449	763,620	582,208	545,050	494,550	372,243
22,041,874	20,839,257	18,225,838	15,123,489	14,964,123	14,336,582	13,774,639
1,465,484	1,241,422	1,198,200	1,070,309	1,286,426	1,288,100	1,088,146
27,287,527	**26,198,539**	**23,075,392**	**19,736,543**	**19,354,324**	**18,437,529**	**17,419,856**
1,950,169	2,133,439	2,378,127	2,160,649	4,288,636	2,118,571	2,213,121
2,608,235	2,498,785	2,425,832	2,332,866	2,267,134	2,227,386	2,164,857
1,587,385	1,304,308	1,172,554	1,174,979	1,112,423	1,163,397	1,044,500
733,573	706,736	689,283	663,830	639,664	606,905	556,213
74,657	76,158	81,291	83,545	78,925	78,965	74,776
5,002,792	5,403,777	1,028,750	877,474	1,339,862	882,961	1,183,474
11,956,811	**12,123,203**	**7,775,837**	**7,293,343**	**9,726,644**	**7,078,185**	**7,236,941**
$ 39,244,338	**$ 38,321,742**	**$ 30,851,229**	**$ 27,029,886**	**$ 29,080,968**	**$ 25,515,714**	**$ 24,656,797**

(continued)

STATE OF OHIO
CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)
(continued)

	2014	2013	2012
NET (EXPENSE) REVENUE:			
Governmental Activities	$ (25,320,796)	$ (23,691,997)	$ (24,830,295)
Business-Type Activities	3,792,625	66,594	3,440,261
TOTAL PRIMARY GOVERNMENT NET (EXPENSE)	**$ (21,528,171)**	**$ (23,625,403)**	**$ (21,390,034)**
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:			
GOVERNMENTAL ACTIVITIES:			
TAXES:			
Income	$ 8,356,216	$ 9,826,097	$ 9,017,760
Sales	9,386,554	8,635,076	8,304,263
Corporate and Public Utility	2,682,274	2,560,420	2,501,140
Cigarette	813,056	828,812	843,180
Other	888,059	993,217	708,041
Restricted for Transportation Purposes:			
Motor Vehicle Fuel Taxes	1,782,437	1,774,781	1,800,473
TOTAL TAXES	**23,908,596**	**24,618,403**	**23,174,857**
Tobacco Settlement	362,472	336,255	333,148
Escheat Property	192,184	167,140	153,556
Unrestricted Investment Income	1,733	25,881	3,702
Federal	—	—	—
Other	839	239,435	48,078
Loss on Extinguishment of Debt	—	(154,607)	—
Transfers-Internal Activities	955,721	1,082,887	949,952
TOTAL GOVERNMENTAL ACTIVITIES	**25,421,545**	**26,315,394**	**24,663,293**
BUSINESS-TYPE ACTIVITIES:			
Unrestricted Investment Income	3	3	3
Other	11	—	5
Gain on Extinguishment of Debt	281,938	273,851	—
Transfers-Internal Activities	(955,721)	(1,082,887)	(949,952)
TOTAL BUSINESS-TYPE ACTIVITIES	**(673,769)**	**(809,033)**	**(949,944)**
TOTAL PRIMARY GOVERNMENT	**$ 24,747,776**	**$ 25,506,361**	**$ 23,713,349**
CHANGE IN NET POSITION:			
Governmental Activities	$ 100,749	$ 2,623,397	$ (167,002)
Business-Type Activities	3,118,856	(742,439)	2,490,317
TOTAL PRIMARY GOVERNMENT	**$ 3,219,605**	**$ 1,880,958**	**$ 2,323,315**

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.

2011	2010	2009	2008	2007	2006	2005
$ (23,103,442)	$ (22,593,424)	$ (24,658,300)	$ (24,492,997)	$ (24,362,076)	$ (23,957,246)	$ (22,870,143)
2,918,471	1,176,603	(330,385)	896,648	3,455,558	1,691,559	696,903
$ (20,184,971)	**$ (21,416,821)**	**$ (24,988,685)**	**$ (23,596,349)**	**$ (20,906,518)**	**$ (22,265,687)**	**$ (22,173,240)**
$ 8,815,468	$ 7,760,084	$ 8,228,349	$ 9,887,502	$ 9,630,983	$ 9,854,803	$ 9,450,119
7,793,045	7,295,428	7,276,288	7,863,969	7,755,604	7,623,513	8,135,552
2,462,681	2,351,084	2,443,059	1,610,629	2,615,648	2,359,338	1,838,882
855,610	886,875	924,764	950,646	986,546	1,084,143	577,699
699,907	647,999	648,284	1,732,034	672,598	645,856	651,646
1,759,421	1,766,204	1,743,151	1,820,336	1,835,478	1,850,939	1,753,390
22,386,132	**20,707,674**	**21,263,895**	**23,865,116**	**23,496,857**	**23,418,592**	**22,407,288**
334,665	336,259	366,197	362,897	361,552	336,044	321,335
101,289	160,755	117,172	185,016	31,009	93,782	91,867
2,688	(52,677)	(8,765)	250,293	206,414	128,772	46,797
—	—	—	2	—	—	—
1,323	592	134	200	383	295	287
—	—	—	—	—	—	—
945,551	978,327	899,385	885,842	853,171	818,636	807,653
23,771,648	**22,130,930**	**22,638,018**	**25,549,366**	**24,949,386**	**24,796,121**	**23,675,227**
1,184	—	—	—	—	—	2,040
—	48	321	19	372	932	5,837
—	—	—	—	—	—	—
(945,551)	(978,327)	(899,385)	(885,842)	(853,171)	(818,636)	(807,653)
(944,367)	**(978,279)**	**(899,064)**	**(885,823)**	**(852,799)**	**(817,704)**	**(799,776)**
$ 22,827,281	**$ 21,152,651**	**$ 21,738,954**	**$ 24,663,543**	**$ 24,096,587**	**$ 23,978,417**	**$ 22,875,451**
$ 668,206	$ (462,494)	$ (2,020,282)	$ 1,056,369	$ 587,310	$ 838,875	$ 805,084
1,974,104	198,324	(1,229,449)	10,825	2,602,759	873,855	(102,873)
$ 2,642,310	**$ (264,170)**	**$ (3,249,731)**	**$ 1,067,194**	**$ 3,190,069**	**$ 1,712,730**	**$ 702,211**

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

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

	2014	2013	2012	2011	2010
REVENUES:					
Income Taxes	$ 8,411,694	$ 9,811,982	$ 9,076,284	$ 8,785,047	$ 7,818,405
Sales Taxes	9,386,554	8,643,468	8,304,705	7,791,128	7,299,285
Corporate and Public Utility Taxes	2,682,274	2,555,959	2,500,905	2,463,512	2,348,948
Motor Vehicle Fuel Taxes	1,782,437	1,774,781	1,800,473	1,759,421	1,766,204
Cigarette Taxes	813,056	828,812	843,180	855,610	886,875
Other Taxes	888,059	993,217	708,041	699,907	647,999
Licenses, Permits and Fees	3,058,221	3,207,414	3,002,172	2,796,122	2,887,560
Sales, Services and Charges	107,676	95,686	96,982	96,717	92,600
Federal Government	22,920,755	21,537,101	21,395,852	23,301,445	21,969,544
Tobacco Settlement	331,129	295,086	295,736	289,293	306,144
Escheat Property	208,508	175,284	151,601	124,026	113,131
Investment Income	21,356	38,255	30,121	44,207	18,925
Other	1,126,759	1,207,030	1,091,765	970,999	1,145,925
TOTAL REVENUES	51,738,478	51,164,075	49,297,817	49,977,434	47,301,545
EXPENDITURES:					
Current Operating:					
Primary, Secondary and Other Education	11,908,976	11,029,898	11,928,522	11,711,365	11,849,154
Higher Education Support	2,335,509	2,263,026	2,210,547	2,589,416	2,635,983
Public Assistance and Medicaid	25,302,660	21,660,378	21,211,351	20,207,348	18,872,273
Health and Human Services	1,586,232	3,369,506	3,723,084	4,166,075	3,899,232
Justice and Public Protection	3,091,789	3,062,006	3,073,862	3,004,953	3,022,427
Environmental Protection and Natural Resources	403,119	416,875	390,474	375,810	369,124
Transportation	2,647,937	2,637,989	2,510,742	2,369,967	1,995,280
General Government	794,985	821,512	525,706	527,377	533,326
Community and Economic Development	3,329,205	3,376,928	3,717,160	4,331,441	4,337,066
Capital Outlay	379,698	352,670	377,983	503,314	542,529
Debt service:					
Principal	1,177,305	1,813,180	702,345	693,006	703,380
Interest	732,849	72,103	805,399	775,491	735,721
TOTAL EXPENDITURES	53,690,264	50,876,071	51,177,175	51,255,563	49,495,495
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,951,786)	288,004	(1,879,358)	(1,278,129)	(2,193,950)

2009	2008	2007	2006	2005
$ 8,404,218	$ 9,766,337	$ 9,700,901	$ 9,726,268	$ 9,398,979
7,265,514	7,863,969	7,755,605	7,623,513	8,135,552
2,449,060	2,679,751	2,615,649	2,359,337	1,838,883
1,743,151	1,820,336	1,835,477	1,850,940	1,753,389
924,764	950,646	986,546	1,084,143	577,698
648,284	662,913	672,598	645,857	651,647
2,419,459	2,289,420	2,261,667	2,137,549	1,851,739
88,089	83,167	78,807	77,071	83,846
18,905,780	15,740,008	15,663,148	15,421,095	14,640,717
366,895	334,270	308,488	294,725	321,050
102,347	137,125	83,991	145,695	118,719
284,400	605,935	619,645	440,623	228,186
1,132,565	1,198,425	762,191	627,312	640,076
44,734,526	44,132,302	43,344,713	42,434,128	40,240,481
11,474,274	10,962,026	11,300,752	11,026,085	10,377,748
2,815,624	2,587,466	2,437,150	2,499,074	2,369,279
17,882,194	16,003,057	15,774,452	14,907,511	14,240,939
3,974,954	3,592,273	3,465,552	3,461,571	3,276,589
3,177,545	3,126,680	3,049,826	3,055,124	2,903,061
396,812	409,643	419,324	395,016	379,273
2,077,597	2,080,166	2,186,036	2,185,928	2,077,669
579,457	648,774	754,441	792,645	585,161
4,139,904	3,906,709	3,664,551	3,549,065	3,362,574
565,799	547,825	453,761	485,904	466,913
1,108,850	1,154,719	1,061,912	962,443	1,162,970
794,302	719,856	545,172	496,822	253,260
48,987,312	45,739,194	45,112,929	43,817,188	41,455,436
(4,252,786)	(1,606,892)	(1,768,216)	(1,383,060)	(1,214,955)

(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)

	2014	2013	2012	2011	2010
OTHER FINANCING SOURCES (USES):					
Bonds, Notes and COPs Issued	$ 1,347,005	$ 712,470	$ 1,357,640	$ 1,332,425	$ 1,008,029
Refunding Bonds and COPs Issued	407,540	470,520	1,374,660	544,775	1,154,210
Payment to Refunded Bond and COPs Escrow Agents	(479,249)	(1,465,468)	(1,604,658)	(621,223)	(1,319,366)
Premiums	207,372	209,381	379,506	123,831	162,697
Discounts	—	—	—	—	—
Capital Leases	2,196	108	560	915	708
Transfers-in	3,426,036	4,448,253	2,803,070	3,030,096	3,497,705
Transfers-out	(2,470,315)	(3,365,366)	(1,853,118)	(2,084,545)	(2,519,378)
TOTAL OTHER FINANCING SOURCES (USES)	2,440,585	1,009,898	2,457,660	2,326,274	1,984,605
SPECIAL ITEMS	-	1,463,506	-	-	-
NET CHANGE IN FUND BALANCES	$ 488,799	$ 2,761,408	$ 578,302	$ 1,048,145	$ (209,345)
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.7%	3.0%	2.9%	2.9%
Additional Information:					
Increase (Decrease) for Changes in Inventories	$ 14,593	$ (21,245)	$ 14,982	$ 126	$ (1,699)

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.

2009	2008	2007	2006	2005
$ 1,000,770	$ 6,214,699	$ 1,482,830	$ 1,524,269	$ 1,347,285
506,480	—	259,205	156,240	706,835
(555,025)	—	(279,651)	(172,770)	(768,952)
74,345	24,139	87,878	71,475	142,926
(2,732)	(66,884)	—	—	(94)
600	1,533	18,942	4,959	335
3,470,851	3,663,030	3,548,419	3,319,821	3,323,250
(2,571,466)	(2,777,188)	(2,695,248)	(2,501,185)	(2,515,597)
1,923,823	7,059,329	2,422,375	2,402,809	2,235,988
-	-	-	-	-
$ (2,328,963)	$ 5,452,437	$ 654,159	$ 1,019,749	$ 1,021,033
3.9%	4.1%	3.6%	3.4%	3.5%
$ 19,833	$ 24,571	$ (3,216)	$ 12,636	$ (1,102)

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STATE OF OHIO

FUND BALANCES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

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

	2014	2013	2012	2011
GENERAL FUND:				
Nonspendable	$ 69,787	$ 59,896	$ 86,982	$ 65,080
Restricted	1,462,971	1,126,686	1,027,885	1,078,652
Committed	773,730	751,615	824,607	671,210
Assigned	2,366,979	2,042,246	1,666,177	1,616,695
Unassigned	1,255,489	1,259,670	(415,658)	(1,208,029)
TOTAL GENERAL FUND	**5,928,956**	**5,240,113**	**3,189,993**	**2,223,608**
ALL OTHER GOVERNMENTAL FUNDS:				
Nonspendable, reported in:				
Special Revenue Funds	76,987	59,902	86,691	99,806
Restricted, reported in:				
Special Revenue Funds	2,460,777	2,671,751	2,039,390	2,091,135
Debt Service Funds	4,989,278	5,087,771	5,216,312	5,295,937
Capital Projects Funds	474,897	387,874	222,778	490,806
Committed, reported in:				
Special Revenue Funds	631,086	613,984	561,849	521,915
Unassigned, reported in:				
Special Revenue Funds	(163)	(395)	(547)	(25)
Capital Projects Funds	-	(5,388)	—	—
TOTAL ALL OTHER GOVERNMENTAL FUNDS	**8,632,862**	**8,815,499**	**8,126,473**	**8,499,574**
TOTAL GOVERNMENTAL FUNDS	**$ 14,561,818**	**$ 14,055,612**	**$ 11,316,466**	**$ 10,723,182**

	2010	2009	2008	2007	2006	2005
GENERAL FUND:						
Reserved	$ 634,254	$ 560,762	$ 744,371	$ 687,131	$ 617,733	$ 627,395
Unreserved	(141,212)	213,054	1,857,001	1,568,395	1,291,950	649,420
TOTAL GENERAL FUND	**493,042**	**773,816**	**2,601,372**	**2,255,526**	**1,909,683**	**1,276,815**
ALL OTHER GOVERNMENTAL FUNDS:						
Reserved	12,975,477	11,549,682	11,237,699	5,391,969	6,371,192	6,194,524
Unreserved, reported in:						
Special Revenue Funds	(3,599,509)	(2,289,388)	(1,387,802)	(688,422)	(2,048,150)	(2,369,192)
Debt Service Funds	—	—	140	(20)	—	—
Capital Projects Funds	(194,099)	(148,155)	(256,324)	(240,976)	(165,591)	33,139
TOTAL ALL OTHER GOVERNMENTAL FUNDS	**9,181,869**	**9,112,139**	**9,593,713**	**4,462,551**	**4,157,451**	**3,858,471**
TOTAL GOVERNMENTAL FUNDS	**$ 9,674,911**	**$ 9,885,955**	**$ 12,195,085**	**$ 6,718,077**	**$ 6,067,134**	**$ 5,135,286**

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, 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.

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)

	2014	2013	2012	2011	2010
REVENUES:					
Income Taxes	$ 8,398,840	$ 9,798,658	$ 9,063,827	$ 8,771,965	$ 7,172,356
Sales Taxes	9,380,762	8,637,501	8,297,544	7,785,452	7,108,573
Corporate and Public Utility Taxes	2,680,923	2,554,965	2,499,601	2,462,363	549,596
Motor Vehicle Fuel Tax	1,091,123	1,087,748	1,104,127	1,070,014	-
Cigarette Taxes	813,056	828,812	843,180	855,610	886,875
Other Taxes	661,870	747,882	670,831	682,637	589,121
Licenses, Permits and Fees	722,403	816,564	781,717	657,629	237,690
Sales, Services and Charges	68,918	59,839	64,025	63,323	51,811
Federal Government	8,313,226	7,225,992	7,131,978	8,122,729	6,753,767
Tobacco Settlement	38,620	-	-	-	-
Escheat Property	208,508	175,284	151,601	124,026	113,131
Investment Income	8,662	26,454	19,654	20,997	(12,331)
Other	246,632	283,339	300,150	297,932	498,261
TOTAL REVENUES	**32,633,543**	**32,243,038**	**30,928,235**	**30,914,677**	**23,948,850**
EXPENDITURES:					
Current Operating	30,970,485	29,451,874	29,972,837	29,837,914	23,719,349
Capital Outlay	734	42	-	-	-
Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	**30,971,219**	**29,451,916**	**29,972,837**	**29,837,914**	**23,719,349**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**1,662,324**	**2,791,122**	**955,398**	**1,076,763**	**229,501**
OTHER FINANCING SOURCES (USES):					
Bonds, Notes and COPs Issued	800,000	178,000	1,109,228	624,890	97,739
Premiums	28,310	7,911	60,983	1,200	3,560
Capital Leases	2,196	108	560	915	708
Transfers-in	221,697	545,356	314,048	477,418	373,807
Transfers-out	(2,026,789)	(2,928,231)	(1,472,254)	(1,574,293)	(990,195)
TOTAL OTHER FINANCING SOURCES (USES)	**(974,586)**	**(2,196,856)**	**12,565**	**(469,870)**	**(514,381)**
SPECIAL ITEMS	**-**	**1,463,506**	**-**	**-**	**-**
NET CHANGE IN FUND BALANCES	**687,738**	**2,057,772**	**967,963**	**606,893**	**(284,880)**
FUND BALANCES, JULY 1	5,240,486	3,188,956	2,223,608	1,612,899	773,816
Increase (Decrease) for Changes in Inventories	732	(6,615)	(1,578)	3,816	4,106
FUND BALANCES, JUNE 30	**$ 5,928,956**	**$ 5,240,113**	**$ 3,189,993**	**$ 2,223,608**	**$ 493,042**

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.

2009	2008	2007	2006	2005
$ 7,705,081	$ 8,955,642	$ 8,863,302	$ 8,889,463	$ 8,563,376
7,062,149	7,556,034	7,432,423	7,302,441	7,816,395
814,415	1,198,202	1,583,791	1,774,113	1,468,576
-	-	-	-	-
924,764	950,644	986,546	1,084,142	577,671
587,806	601,557	612,304	584,689	591,998
435,849	328,260	288,648	209,054	148,877
51,653	51,351	48,876	46,067	41,911
6,848,974	5,626,381	5,362,256	5,526,049	5,724,597
-	1,135	-	-	-
102,347	137,125	83,991	145,695	118,719
170,371	395,408	416,563	305,425	140,891
455,254	582,672	252,599	177,066	259,019
25,158,663	**26,384,411**	**25,931,299**	**26,044,204**	**25,452,030**
26,290,239	25,122,530	25,129,616	25,215,213	24,439,150
67	10	114	204	-
-	-	14,575	536	543
26,290,306	**25,122,540**	**25,144,305**	**25,215,953**	**24,439,693**
(1,131,643)	**1,261,871**	**786,994**	**828,251**	**1,012,337**
30,000	7,998	525,000	629,392	419,349
500	-	-	921	26
600	1,533	9,999	4,959	122
446,576	496,538	346,399	365,326	366,376
(1,173,439)	(1,424,672)	(1,322,012)	(1,201,618)	(1,216,051)
(695,763)	**(918,603)**	**(440,614)**	**(201,020)**	**(430,178)**
-	**-**	**-**	**-**	**-**
(1,827,406)	**343,268**	**346,380**	**627,231**	**582,159**
2,601,372	2,255,526	1,909,683	1,276,815	695,788
(150)	2,578	(537)	5,637	(1,132)
$ 773,816	**$ 2,601,372**	**$ 2,255,526**	**$ 1,909,683**	**$ 1,276,815**

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	2014	2013	2012	2011	2010
Personal Income Tax Revenue.....	$8,412	$9,812	$9,076	$8,785	$7,818
Personal Income(A).....	$472,846	$462,424	$436,818	$417,376	$408,395
Average Effective State Income Tax Rate.....	1.78%	2.12%	2.08%	2.10%	1.91%

SALES TAX	2014	2013	2012	2011	2010
State Sales Tax Revenue.....	$9,387	$8,643	$8,305	$7,791	$7,299

Sources:

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

Note:

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

2009	2008	2007	2006	2005
$8,404	$9,766	$9,701	$9,726	$9,399
$407,874	$395,710	$381,260	$365,319	$356,774
2.06%	2.48%	2.54%	2.66%	2.63%

2009	2008	2007	2006	2005
$7,266	$7,864	$ 7,756	$ 7,624	$ 8,136

STATE OF OHIO

PERSONAL INCOME BY INDUSTRY, EFFECTIVE TAX RATE, EXEMPTIONS, AND INCOME TAX RATES FOR THE LAST TEN CALENDAR YEARS

STATE INCOME TAX BY INDUSTRY

(dollars in millions)	2013	2012	2011	2010	2009
Services	$ 137,541	$ 132,344	$ 123,939	$ 118,820	$ 115,300
Manufacturing	50,541	50,024	48,612	47,291	43,948
Government	53,485	53,886	49,969	49,452	49,779
Wholesale and Retail Trade	39,565	38,687	37,048	35,684	35,015
Finance, Insurance, and Real Estate	27,397	25,873	24,116	22,307	21,526
Construction	17,523	16,341	15,473	14,244	14,279
Transportation and Public Utilities	15,207	14,837	13,813	13,229	13,558
Other	131,587	130,432	123,848	116,349	114,990
Total Personal Income	$ 472,846	$ 462,424	$ 436,818	$ 417,376	$ 408,395
Average Effective State Income Tax Rate	1.78%	2.12%	2.08%	2.10%	1.91%

EXEMPTIONS BY CALENDAR YEAR

Exemptions	2013	2012	2011	2010	2009
Personal Exemption for Taxpayer and Spouse	$ 1,700	$ 1,700	$ 1,650	$ 1,600	$ 1,550
Dependent Exemption	1,700	1,700	1,650	1,600	1,550
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) Beginning on or after January 1, 2013, the $20 personal and dependent exemption credit is only available to taxpayers with Ohio taxable income of less than $30,000.

2008	2007	2006	2005	2004
$ 112,598	$ 107,901	$ 102,092	$ 97,988	$ 93,224
54,155	55,365	55,876	55,000	54,686
47,866	45,811	44,563	43,648	42,545
36,065	35,563	34,343	34,049	33,379
22,440	22,906	22,522	22,251	22,179
14,742	15,499	15,790	15,459	14,730
14,056	13,655	13,420	12,055	11,164
105,952	99,010	92,654	84,869	84,867
$ 407,874	$ 395,710	$ 381,260	$ 365,319	$ 356,774
2.06%	2.48%	2.54%	2.66%	2.63%

2008	2007	2006	2005	2004
$ 1,500	$ 1,450	$ 1,400	$ 1,350	$ 1,300
1,500	1,450	1,400	1,350	1,300
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)	2013	2012	2011	2010
Tax Bracket 1.....	0.537%	0.587%	0.587%	0.618%
Tax Bracket 2.....	1.074%	1.174%	1.174%	1.236%
Tax Bracket 3.....	2.148%	2.348%	2.348%	2.473%
Tax Bracket 4.....	2.686%	2.935%	2.935%	3.091%
Tax Bracket 5.....	3.222%	3.521%	3.521%	3.708%
Tax Bracket 6.....	3.760%	4.109%	4.109%	4.327%
Tax Bracket 7.....	4.296%	4.695%	4.695%	4.945%
Tax Bracket 8.....	4.988%	5.451%	5.451%	5.741%
Tax Bracket 9.....	5.421%	5.925%	5.925%	6.240%

TAX BRACKETS BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2013	2012	2011	2010
Tax Bracket 1.....	$0- $5,200	$0- $5,200	$0- $5,100	$0- $5,050
Tax Bracket 2.....	5,200- 10,400	5,200- 10,400	5,101- 10,200	5,050- 10,100
Tax Bracket 3.....	10,400- 15,650	10,400- 15,650	10,201- 15,350	10,100- 15,150
Tax Bracket 4.....	15,650- 20,900	15,650- 20,900	15,351- 20,450	15,150- 20,200
Tax Bracket 5.....	20,900- 41,700	20,900- 41,700	20,451- 40,850	20,200- 40,350
Tax Bracket 6.....	41,700- 83,350	41,700- 83,350	40,851- 81,650	40,350- 80,700
Tax Bracket 7.....	83,350- 104,250	83,350- 104,250	81,651- 102,100	80,700- 100,900
Tax Bracket 8.....	104,250- 208,500	104,250- 208,500	102,101- 204,200	100,900- 201,800
Tax Bracket 9.....	208,500 & above	208,500 & above	204,200 & above	201,800 & above

Note:

(A) - Beginning in 2010, O.R.C. 5747.02 (A) directed that the Tax Commission will adjust the income brackets for inflation.

2009	2008	2007	2006	2005	2004
0.618%	0.618%	0.649%	0.681%	0.712%	0.743%
1.236%	1.236%	1.299%	1.361%	1.424%	1.486%
2.473%	2.473%	2.598%	2.722%	2.847%	2.972%
3.091%	3.091%	3.247%	3.403%	3.559%	3.715%
3.708%	3.708%	3.895%	4.083%	4.270%	4.457%
4.327%	4.327%	4.546%	4.764%	4.983%	5.201%
4.945%	4.945%	5.194%	5.444%	5.693%	5.943%
5.741%	5.741%	6.031%	6.320%	6.610%	6.900%
6.240%	6.240%	6.555%	6.870%	7.185%	7.500%

2009-2004
$0 - $5,000
5,001 - 10,000
10,001 - 15,000
15,001 - 20,000
20,001 - 40,000
40,001 - 80,000
80,001 - 100,000
100,001 - 200,000
200,001 & above

STATE OF OHIO

STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2012 WITH COMPARATIVES FOR TAX YEAR 2003 (NINE YEARS PRIOR)

2012 TAX YEAR (most recent information available)

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns Number	Ohio Tax Returns Percentage of Total Returns
$200,001 & Above	$168,450,123	159,194	2.99%
$100,001-$200,000	59,076,339	421,295	7.92%
$80,001-$100,000	28,926,283	299,721	5.63%
$40,001-$80,000	78,043,936	1,223,709	22.99%
$20,001-$40,000	43,183,116	1,234,616	23.20%
$15,001-$20,000	8,823,813	398,949	7.50%
$10,001-$15,000	7,294,584	436,416	8.20%
$5,001-$10,000	5,465,506	475,925	8.94%
$5,000 & Under	3,925,257	672,533	12.63%
	$403,188,957	5,322,358	100.00%

2003 TAX YEAR

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns Number	Ohio Tax Returns Percentage of Total Returns
$200,001 & Above	$68,263,241	90,918	1.72%
$100,001-$200,000	36,916,445	283,017	5.34%
$80,001-$100,000	24,052,346	270,765	5.11%
$40,001-$80,000	76,047,350	1,345,945	25.40%
$20,001-$40,000	42,758,888	1,460,565	27.56%
$15,001-$20,000	7,822,220	447,227	8.44%
$10,001-$15,000	5,660,073	453,135	8.55%
$5,001-$10,000	3,533,586	473,644	8.94%
$5,000 & Under	1,295,483	473,934	8.94%
	$266,349,632	5,299,150	100.00%

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)
$3,640,002	40.27%	2.16%
2,184,919	24.17%	3.70%
868,488	9.61%	3.00%
1,741,058	19.26%	2.23%
541,064	5.99%	1.25%
47,362	0.52%	0.54%
14,294	0.16%	0.20%
268	0.00%	0.00%
1,845	0.02%	0.05%
$9,039,300	100.00%	2.24%

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
$2,231,591	27.70%	3.27%
1,576,817	19.57%	4.27%
883,279	10.96%	3.67%
2,320,321	28.80%	3.05%
915,391	11.36%	2.14%
83,878	1.04%	1.07%
34,599	0.43%	0.61%
10,336	0.13%	0.29%
414	0.01%	0.03%
$8,056,626	100.00%	3.02%

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)

	2014	2013	2012	2011	2010
Vendors' Sales	$ 8,132,482	$ 7,485,702	$ 7,190,870	$ 6,752,244	$ 6,349,058
Motor Vehicles and Watercraft	1,224,236	1,110,055	1,066,141	988,447	894,332
Alcoholic Beverages	46,087	41,683	38,814	36,218	35,051
Delinquencies and Assessments	62,726	63,708	74,956	63,582	62,046
Permissive Taxes:					
County Levies	17,163	16,046	14,970	14,249	13,644
Transit Authorities	4,180	4,008	3,845	3,635	3,383
Total Sales Tax Revenue	$ 9,486,874	$ 8,721,202	$ 8,389,596	$ 7,858,375	$ 7,357,514
Base State Sales Tax Rates	5.75%	5.75%	5.50%	5.50%	5.50%

Source:

Ohio Department of Taxation
Ohio Office of Budget and Management

2009	2008	2007	2006	2005
$ 6,430,446	$ 6,794,114	$ 6,677,060	$ 6,621,450	$ 6,957,051
885,234	975,833	978,029	994,121	1,122,538
33,676	31,435	29,132	27,118	26,878
52,204	64,293	46,366	30,354	24,867
13,763	14,250	13,921	13,044	12,157
3,436	3,088	2,940	2,929	2,907
$ 7,418,759	$ 7,883,013	$ 7,747,448	$ 7,689,016	$ 8,146,398
5.50%	5.50%	5.50%	5.50%	6.00%

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

	2014	2013	2012	2011	2010
Active Employers by Type					
Private	249,602	249,085	249,668	250,432	251,009
Public (Local)	3,815	3,794	3,801	3,802	3,790
Public (State)	121	129	122	125	124
Self-Insured	1,197	1,205	1,196	1,203	1,202
Black Lung	36	36	35	39	37
Marine Fund	146	139	132	120	106
Total	254,917	254,388	254,954	255,721	256,268
Premium & Assessment Income *(dollars in thousands)*					
Premium & Assessment Income	$ 2,142,549	$ 1,533,153	$ 1,992,018	$ 1,983,255	$ 2,148,280
Provision for Uncollectibles	(56,728)	(40,764)	(47,540)	(48,075)	(29,859)
Total Premium & Assessment Income	$ 2,085,821	$ 1,492,389	$ 1,944,478	$ 1,935,180	$ 2,118,421
Average Published Rate per $100 of Payroll:					
Private Employers	$1.30	$1.43	$1.43	$1.49	$1.49
Public Employers-Taxing Districts	1.23	1.24	1.31	1.38	1.46

Sources:
Ohio Bureau of Workers' Compensation Year-End Statistics Report
Ohio Bureau of Workers' Compensation Actuarial Report

Note:

In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a $1.9 billion increase in assessment income during fiscal year 2007.

2009	2008	2007	2006	2005
257,012	264,870	270,499	283,038	283,733
3,791	3,810	3,783	3,771	3,765
124	125	126	126	129
1,188	1,174	1,139	1,136	1,127
38	39	37	36	37
98	92	95	91	82
262,251	270,110	275,679	288,198	288,873
$ 2,469,550	$ 2,235,092	$ 4,329,362	$ 2,173,327	$ 2,269,204
(108,620)	(96,690)	(58,429)	(70,038)	(68,070)
$ 2,360,930	$ 2,138,402	$ 4,270,933	$ 2,103,289	$ 2,201,134
$1.55	$1.76	$1.85	$1.85	$1.76
1.76	1.85	1.84	1.87	1.89

STATE OF OHIO

LOTTERY COMMISSION ENTERPRISE FUND
TICKET SALES BY MAJOR GAME TYPE
FOR THE LAST TEN FISCAL YEARS

(dollars in millions)

	2014	2013	2012	2011	2010
Online Games:					
Pick 3	$ 339.0	$ 345.2	$ 357.4	$ 364.4	$ 366.7
Pick 4	185.8	189.8	207.9	209.0	201.3
Pick 5 (H)	27.9	28.0	-	-	-
Buckeye 5/Rolling Cash 5	63.4	61.5	63.8	62.4	67.1
Super Lotto/Classic Lotto(A)	-	-	-	-	-
Classic Lotto(A)	54.1	41.5	42.3	42.7	42.8
Raffle(B)	1.0	9.1	10.0	10.0	9.1
Kicker(G)	6.0	5.1	0.9	10.3	24.1
Mega Millions/Megaplier(G)	133.4	102.8	179.3	165.0	215.8
EZ Play(C)	84.8	68.0	46.5	30.9	30.4
Ten-OH!(D)(H)	-	0.8	8.3	9.2	9.7
Keno(E)	298.1	251.5	209.8	157.9	120.6
Power Ball/Power Play(F)	122.8	166.6	105.3	76.4	23.6
Total Online Games	1,316.3	1,269.9	1,231.5	1,138.2	1,111.2
Instant Games	1,426.8	1,428.0	1,507.5	1,462.8	1,379.0
Total Ticket Sales	$ 2,743.1	$ 2,697.9	$ 2,739.0	$ 2,601.0	$ 2,490.2

Source:

Ohio Lottery Commission

Notes:

(A) - In January 2007, the Classic Lotto game replaced the Super Lotto game.
(B) - Raffle to Riches was a new game started in 2007.
(C) - In April 2008, the new EZ Play game was introduced.
(D) - In August 2007, the game Ten-OH! was introduced.
(E) - In 2009, the Keno game was introduced.
(F) - In fiscal year 2010, the Power Ball / Power Play was introduced.
(G) - 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.
(H) - August 2012, the Ten-Oh game was replaced by Pick 5.

2009	2008	2007	2006	2005
$ 382.5	$ 387.1	$ 370.9	$ 377.3	$ 387.7
205.9	198.8	183.0	175.7	170.1
-	-	-	-	-
67.2	70.5	72.9	72.6	74.8
-	-	21.8	76.3	113.0
43.9	41.2	21.8	-	-
9.3	10.0	17.8	-	-
21.4	21.4	21.3	21.6	19.9
193.0	201.0	196.1	223.4	176.4
34.3	12.3	-	-	-
11.0	18.0	-	-	-
99.8	-	-	-	-
-	-	-	-	-
1,068.3	960.3	905.6	946.9	941.9
1,349.4	1,364.8	1,353.8	1,274.0	1,217.2
$ 2,417.7	$ 2,325.1	$ 2,259.4	$ 2,220.9	$ 2,159.1

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
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
2007	7,583,266	811,910	2,966,105	122,182	18,737
2006	6,893,521	720,675	3,317,325	90,389	3,366
2005	6,039,203	591,888	3,699,936	92,142	2,471

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
$ -	$ 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
115,740	22	11,617,962	3.05%	1,012
135,215	12	11,160,503	3.06%	974
151,063	205	10,576,908	2.96%	923

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STATE OF OHIO

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

	Bonded Debt *(dollars in thousands)*					
As of June 30,	General Obligation Bonds	Special Obligation Bonds	Less Amount Restricted for Bond Repayment	Net Bonded Debt	Percentage of Personal Income	Per Capita Net Bonded Debt
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
2007	7,583,266	2,966,105	11,680	10,537,691	2.76%	918
2006	6,893,521	3,317,325	10,994	10,199,852	2.79%	890
2005	6,039,203	3,699,936	39,877	9,699,262	2.72%	846

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
- Highway 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
- Persian Gulf Conflict Compensation General Obligation
- Job Ready Site Development General Obligations
- School Building Program Special Obligation
- Lease Rental Special Obligations*

Capital Projects Fund:
- Mental Health/Developmental Disabilities Facilities Improvements
- Parks and Recreation Improvements
- Adult Correctional Building Improvements
- Administrative Service Building Improvements
- Youth Services Building Improvements
- Ohio Parks and Natural Resources

* - As of fiscal year 2012, Lease Rental Special Obligations encompasses Chapter 154 Special Obligations, Higher Education Facilities Special Obligations, Mental Health Facilities Special Obligations, Parks and Recreation Facilities Special Obligations, and Ohio Building Authority Special Obligations.

STATE OF OHIO

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

(dollars in thousands)

	2014(A)	2013(A)	2012(A)	2011(A)	2010(A)
Debt Service Expenditures.....	$ 1,237,701	$ 1,204,776	$ 692,776	$ 755,023	$ 710,284
General Revenue Fund (GRF) Revenues and Transfers from the Lottery Enterprise Fund.....	$ 30,137,140	$ 30,362,815	$ 27,956,513	$ 26,777,100	$ 24,108,466
Calculation of Annual 5% Debt Service Cap.....	$ 1,506,857	$ 1,518,141	$ 1,397,826	$ 1,338,855	$ 1,205,423
Amount Under the Debt Service Expenditure Cap.....	$ 269,156	$ 313,365	$ 705,050	$ 583,832	$ 495,139
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	4.11%	3.97%	2.48%	2.82%	2.95%

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

Note:

(A) Debt Service Expenditures reflect the restructuring of net debt service payments into later fiscal years.

2009(A)	2008	2007	2006	2005
$ 1,075,938	$ 1,231,640	$ 1,216,382	$ 1,128,592	$ 1,097,800
$ 27,386,792	$ 27,331,442	$ 26,447,719	$ 26,492,278	$ 26,195,600
$ 1,369,340	$ 1,366,572	$ 1,322,386	$ 1,324,614	$ 1,309,780
$ 293,402	$ 134,932	$ 106,004	$ 196,022	$ 211,980
3.93%	4.51%	4.60%	4.26%	4.19%

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds

	Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund			Debt Service Requirements			
Fiscal Year	Gross Revenues (A)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
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

	Highway Operating Fund			Debt Service Requirements			
Fiscal Year	Gross Revenues (B)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
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
2007	92,167	N/A	92,167	80,520	18,876	99,396	0.93
2006	73,373	N/A	73,373	60,840	13,628	74,468	0.99
2005	66,592	N/A	66,592	53,045	14,020	67,065	0.99

(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

	Liquor Control Enterprise Fund			Debt Service Requirements			
Fiscal Year	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
2007	639,664	443,708	195,956	15,445	23,810	39,255	4.99
2006	606,905	422,577	184,328	10,950	20,914	31,864	5.78
2005	556,213	400,878	155,335	9,130	19,170	28,300	5.49

Ohio Building Authority Revenue Bonds

	Ohio Building Authority Enterprise Fund			Debt Service Requirements			
Fiscal Year	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
2007	27,581	27,923	(342)	4,653	149	4,802	N/A
2006	27,980	25,165	2,815	2,047	298	2,345	1.20
2005	27,257	26,562	695	1,691	408	2,099	0.33

(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

	Workers' Compensation Enterprise Fund			Debt Service Requirements			
Fiscal Year	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
2007 (J)	5,200,066	2,749,217	2,450,849	14,150	5,901	20,051	122.23
2006	2,882,383	2,002,722	879,661	13,190	6,472	19,662	44.74
2005	3,201,561	3,229,197	(27,636)	5,300	6,578	11,878	N/A

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.
(J) In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a $1.9 billion increase in operating revenues during fiscal year 2007.

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

	Population (in thousands)				Per Capita Personal Income		
Calendar Year	U.S.	Change from Prior Period	Ohio	Change from Prior Period	U.S.	Ohio	Ohio as a Percentage of U.S.
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%
2006	299,398	2,988	11,478	14	36,276	33,338	91.9%
2005	296,410	2,755	11,464	5	34,495	31,867	92.4%
2004	293,655	2,866	11,459	21	33,041	31,135	94.2%

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)
6,663	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
6,894	5.5%	1,835	12,128
6,792	5.9%	1,845	12,018
6,733	6.1%	1,844	12,192

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STATE OF OHIO
PRINCIPAL EMPLOYERS
FOR CALENDAR YEARS 2013 AND 2004

	2013			2004		
Employer	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	76,666	1	1.15%	78,509	1	1.18%
Wal-Mart Stores	49,700	2	0.75%	42,800	3	0.64%
State of Ohio	48,880	3	0.73%	58,965	2	0.89%
Cleveland Clinic	41,400	4	0.62%	28,950	5	0.43%
Kroger Company	39,000	5	0.59%	32,700	4	0.49%
The Ohio State University	29,900	6	0.45%	22,100	7	0.33%
Catholic Healthcare Partners	28,900	7	0.43%			
Catholic Health Initiatives/Premier Health and TriHealth	25,800	8	0.39%			
University Hospitals Health System	24,000	9	0.36%	25,000	6	0.38%
JP Morgan Chase & Co	23,200	10	0.35%			
General Motors Corporation				21,900	8	0.33%
General Electric Company				20,000	9	0.30%
Meijer, Inc				20,000	10	0.30%

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 2013 and 2004

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

	Number of Employees				
Function/Program	2014	2013	2012	2011	2010
Primary, Secondary and Other Education	971	971	970	1,034	1,045
Higher Education Support	73	70	70	77	76
Public Assistance and Medicaid	2,638	2,621	2,769	2,811	2,880
Health and Human Services	8,290	8,301	8,604	9,018	9,401
Justice and Public Protection	19,827	19,974	20,196	21,477	21,906
Environmental Protection and Natural Resources	2,700	2,712	2,745	2,796	2,900
Transportation	4,913	4,964	5,218	5,507	5,562
General Government	4,826	4,839	4,984	5,183	5,305
Community and Economic Development	870	860	820	852	902
Workers' Compensation	1,842	1,847	1,882	2,019	2,231
Lottery Commission	355	335	326	330	353
Unemployment Compensation	524	587	611	599	622
Other	806	799	818	896	922
Total	48,635	48,880	50,013	52,599	54,105

Source:
Ohio Department of Administrative Services

2009	2008	2007	2006	2005
1,122	1,174	1,207	1,194	1,186
92	93	98	91	81
2,772	3,108	3,314	3,299	3,272
9,671	10,312	10,549	10,665	11,037
22,465	23,410	23,682	23,599	23,683
3,004	3,058	3,086	3,095	3,146
5,549	5,624	5,711	5,831	5,808
5,214	5,338	5,294	5,419	5,362
924	902	914	955	1,029
2,335	2,382	2,549	2,548	2,668
346	339	329	331	335
554	552	535	564	590
959	981	958	979	972
55,007	57,273	58,226	58,570	59,169

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

Function/Program	2014	2013	2012	2011	2010
Primary, Secondary and Other Education					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools)	1,845,441	1,850,281	1,859,821	1,872,370	1,895,768
Public School Districts (A)	612	612	612	612	612
Community School Districts (A)	393	369	341	295	310
Vocational School Districts	49	49	49	49	49
High School Graduation Rate (by School year)	(B)	82.2%	81.3%	79.7%	84.3%
Higher Education Support					
Ohio Board of Regents:					
Student Enrollment at State-Assisted Institutions	510,794	521,368	539,058	543,468	522,913
State-Assisted Institutions	37	37	37	37	37
Ohio Instructional Grant Recipients (C)(D)	—	—	—	—	—
Ohio College Opportunity Grant Recipients (C)	86,435	94,479	98,751	78,334	66,779
Student Choice Grant Program Recipients (D)	—	—	—	—	—
Public Assistance and Medicaid					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage	2,509,360	2,382,381	2,213,104	2,151,760	2,035,693
Individuals Receiving Cash Assistance (OWF)	124,033	140,368	181,934	224,647	227,657
Individuals on ODJFS Medicaid Waiver	10,715	10,941	13,410	13,146	12,897
Ohio Department of Aging:					
Individuals on PASSPORT Waiver	38,771	38,379	42,060	41,443	38,185
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver	34,411	29,066	28,077	26,416	24,023
Health and Human Services					
Ohio Department of Aging:					
Clients Served-PASSPORT	43,593	42,521	42,060	41,443	38,188
Clients Served-Congregate Meals (G)	47,384	48,541	50,347	63,453	60,264
Clients Served-Home Delivered Meals	35,298	35,960	36,056	39,037	44,735
Clients Served-Transportation Provided	20,095	20,273	21,702	20,144	27,413
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children	252,253	267,011	277,379	283,997	301,587
Ohio Department of Mental Health & Addiction Services:					
Clients Served (Includes ADA) (H)	94,685	104,058	99,605	103,763	107,547
Facilities' Admissions	7,761	7,089	6,756	5,753	5,756
Facilities' Average Daily Residence Population	1,021	1,013	1,008	977	989
Ohio Department of Developmental Disabilities:					
Individuals Served (F)	546,041	466,634	451,907	446,939	429,132
Facilities' Average Daily Residence Population	942	1,000	1,184	1,228	1,335
Justice and Public Protection					
Ohio Department of Public Safety:					
Crashes Investigated	70,170	63,599	64,519	69,113	68,222
Total Arrests	603,094	576,700	554,794	508,418	497,915
Ohio Department of Rehabilitation and Correction:					
Inmate Population	50,420	50,153	49,774	50,561	50,807
Environmental Protection and Natural Resources					
Ohio Department of Natural Resources:					
Licenses and Registrations (E)	2,426,968	2,387,225	2,506,036	2,434,183	2,520,192

2009	2008	2007	2006	2005
1,881,631	1,890,154	1,835,188	1,842,943	1,845,351
612	612	611	610	612
318	312	309	293	248
49	49	49	49	49
83.0%	84.6%	86.9%	86.1%	86.2%
478,376	465,856	457,322	455,786	457,333
37	37	37	38	38
51,138	63,601	83,942	106,310	104,512
77,481	52,130	25,567	—	—
58,562	58,499	59,400	58,656	57,621
1,878,345	1,761,529	1,736,971	1,730,544	1,687,465
187,878	170,570	169,135	180,253	190,265
12,102	12,029	11,606	10,135	10,391
36,273	35,872	33,943	33,279	31,656
21,429	18,264	16,533	14,978	12,438
36,273	35,751	33,943	33,042	31,499
67,653	66,132	65,366	71,522	70,817
47,036	46,432	44,607	52,317	39,926
29,665	30,798	29,800	32,558	29,756
301,684	289,593	279,735	276,757	272,632
109,069	106,129	106,733	102,809	101,588
6,084	6,111	6,424	6,715	6,584
1,011	1,036	1,053	1,050	1,034
412,341	354,004	343,955	319,930	319,965
1,462	1,517	1,603	1,605	1,659
68,861	68,974	67,850	70,904	79,359
556,635	582,282	555,587	554,570	500,036
50,919	50,191	49,199	46,356	43,928
2,592,488	2,452,929	2,481,574	2,417,488	2,436,105

(continued)

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS
(continued)

Function/Program	2014	2013	2012	2011	2010
Transportation					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane	2,362	2,296	2,683	2,237	3,551
Four-Lane	892	624	1,098	942	1,220
Interstate	1,024	1,589	1,417	703	897
Workers' Compensation					
Ohio Bureau of Workers' Compensation:					
Claims Filed	108,549	108,090	112,613	116,378	116,042
Open Claims	858,773	958,625	1,070,056	1,129,873	1,221,302
Lottery					
Ohio Lottery Commission:					
Prize Awards Paid (in billions)	$ 1.70	$ 1.67	$ 1.68	$ 1.60	$ 1.51
Bonuses and Commissions Paid (in millions)	$ 169.9	$ 166.9	$ 172.0	$ 161.3	$ 153.4
Transfers to					
Lottery Profits Education Fund (in millions)	$ 904.3	$ 803.1	$ 771.0	$ 738.8	$ 728.6
Unemployment Compensation					
Ohio Department of Job and Family Services:					
Initial Claims	548,361	629,525	635,733	717,775	877,640
Continuing Claims	4,492,364	4,942,305	5,388,767	6,784,230	9,682,672

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) Represents clients served by the Department of Mental Health & Addiction Services and Department of Developmental Disabilities.
(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).

2009	2008	2007	2006	2005
2,673	2,521	1,673	1,502	2,535
1,076	871	506	252	563
921	1,302	428	229	371
132,549	159,611	171,692	185,232	197,083
1,321,214	1,415,491	1,540,543	1,664,368	1,792,944
$ 1.50	$ 1.40	$ 1.34	$ 1.31	$ 1.28
$ 150.1	$ 143.9	$ 140.0	$ 139.8	$ 133.8
$ 702.3	$ 672.2	$ 669.3	$ 646.2	$ 645.1
1,184,136	685,090	591,614	636,722	689,412
10,168,422	5,604,605	4,709,523	5,094,129	5,352,206

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

Function/Program	2014	2013	2012	2011	2010
Primary, Secondary and Other Education					
Historical Sites Owned by the State	34	35	35	35	35
Historical Sites Jointly Owned by the State and the Ohio Historical Society	9	8	8	8	8
Health and Human Services					
Developmental Disabilities Institutions	10	10	10	10	10
Mental Health Institutions	6	6	6	9	9
Justice and Public Protection					
Rehabilitation and Correction Institutions	25	26	26	29	29
Youth Services Institutions	3	4	4	4	5
State Highway Patrol Structures	76	76	77	81	79
Number of Readiness Centers (B)	48	51	50	50	50
Environmental Protection and Natural Resources					
Number of State Parks	74	74	74	74	74
Area of State Parks, Natural & Wildlife Lands (in acres)	332,903	332,754	332,106	327,906	324,421
Area of State Forest Lands (in acres)	204,054	203,736	203,078	191,155	191,143
Transportation					
Buildings	828	830	830	825	830
Number of Rest Stops	96	96	116	109	110
Licensed Vehicles	4,428	4,475	4,604	4,530	4,524
Infrastructure Assets(A):					
Pavement (in lane-miles):					
Priority Subsystem	13,650	13,499	13,109	13,059	12,932
General Subsystem	29,512	29,591	29,918	29,932	29,959
Bridges:					
Number of Bridges	14,236	14,223	14,182	14,234	14,253
Deck Area (in thousand square feet)	106,474	105,690	105,309	105,721	105,413
General Government					
State Office Buildings	5	5	5	5	5
Community and Economic Development					
Permanent Agricultural Easement Land (in acres)	54,214	52,452	47,424	40,726	36,124

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

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. Changes in federal regulation have changed the classifications of the three buildings.

2009	2008	2007	2006	2005
35	35	35	36	36
8	8	8	8	8
10	10	10	10	12
9	9	9	9	9
30	30	30	28	28
6	8	8	8	8
79	79	86	91	79
52	53	58	60	63
74	74	74	74	74
323,835	323,133	315,381	315,611	314,646
191,144	191,144	191,142	191,142	191,117
827	816	822	830	810
116	116	114	108	126
4,482	4,579	4,739	4,701	4,626
12,826	12,718	12,655	12,500	12,355
29,991	30,063	30,118	30,168	30,207
14,230	14,242	12,793	12,531	12,544
104,852	104,084	84,447	83,443	82,684
5	5	5	5	5
31,694	29,168	24,012	20,186	15,155

Dave Yost • Auditor of State

STATE OF OHIO SINGLE AUDIT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 26, 2015

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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