

Ohio Office of Budget
and Management

State of Ohio
George V. Voinovich
Governor



OHIO

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FOR THE FISCAL YEAR
ENDED JUNE 30, 1998

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.

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OHIO

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FOR THE FISCAL YEAR
ENDED JUNE 30, 1998

STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
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INTRODUCTORY SECTION



State of Ohio · Office of Budget and Management
30 East Broad Street · Columbus, Ohio 43266-0411

November 20, 1998

To the Governor, the Honorable Members of the General Assembly, and the Citizens of Ohio:

It is my privilege to issue the *Ohio Comprehensive Annual Financial Report* (CAFR) on the financial condition of the State of Ohio for the fiscal year ended June 30, 1998. The report is prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

This report was prepared by the Ohio Office of Budget and Management pursuant to Section 126.21, Ohio Revised Code, which requires that an official financial report of the State be issued annually. The report includes General-Purpose Financial Statements, which provide an overview of the State's financial position and the results of financial operations by fund type.

The Office of Budget and Management is responsible for the accuracy of the data presented and the completeness and fairness of its presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the State of Ohio. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

The State's General-Purpose Financial Statements include all funds and account groups that comprise the State's legal entity or primary government. The State's reporting entity is also comprised of its component units for which the elected officials of the State's primary government are financially accountable. We followed the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, 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 CAFR includes the following: introductory section; financial section that presents the General-Purpose Financial Statements, combining financial statements, supporting schedules, and fund descriptions; and a statistical section that presents financial, economic, and demographic data for Ohio.

FINANCIAL PRESENTATION

The data in the financial statements are presented in accordance with a fund classification system prescribed by the GASB. The purpose of this system is to improve the comparability of the financial reports of different governmental units. Funds reported for the State's primary government and its component units are classified into four categories: governmental, proprietary, fiduciary, and college and university. Each category reported for the primary government is divided into the following "fund types."

Governmental fund types are those through which State functions are financed. Governmental fund types include the General, special revenue, debt service, and capital projects funds.

Proprietary fund types account for activities that are commercial in nature — similar to those often found in the private sector. Proprietary fund types include the enterprise and internal service funds.

Fiduciary fund types include trust funds, which account for assets held by the primary government in a trustee capacity, and agency funds, which account for assets held by the primary government as an agent for individuals, private organizations, other governments, and/or other funds.

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. 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. Furthermore, the majority of budgetary expenditures reported in the General Revenue Fund for the support of higher education have been reclassified on a GAAP basis to “operating transfers to component units,” as required by the reporting requirements of GASB Statement No. 14.

INDEPENDENT AUDIT RESULTS

The General-Purpose Financial Statements have been audited by the Office of the Auditor of State, Jim Petro. The outcome of the audit conducted by the Auditor of State, in accordance with generally accepted auditing standards, was an unqualified auditors’ report. Such an 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 conformity with GAAP.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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 accounting controls are 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.

In fiscal year 1992, an executive order initiated the Internal Accounting Control Program (IACP). The IACP establishes written guidelines for state agencies to follow during periodic management reviews of their accounting operations. Under the program, agencies are required to formally establish, maintain, and annually evaluate and report on internal accounting controls.

The State’s Central Accounting System (CAS) achieves budgetary control over the various accounts of the State’s funds. Ohio’s bicameral legislature, the General Assembly, authorizes expenditures by appropriating funds in biennial and supplemental appropriation acts. The Office of Budget and Management uses CAS to control departmental obligation and expenditure activity to ensure authorized appropriations are not exceeded.

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.

The State’s GAAP financial statements for the governmental, expendable trust, and agency funds have been prepared on a modified accrual basis of accounting. This means that revenues are recognized when measurable and available; expenditures are recognized when goods or services are received or liabilities are incurred. The proprietary, pension trust, and investment trust funds are accounted for on the accrual basis of accounting. This means that revenues are recognized when earned and expenses are recognized when incurred. Additional discussion of the budgetary and GAAP bases of accounting is provided in NOTE 1 to the financial statements.

The CAS maintains all non-GAAP budgetary basis transactions and most GAAP basis adjustments. In addition to the information obtained from the CAS 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.

CASH MANAGEMENT

In Ohio, with the exception of certain organizations within the State’s reporting entity that have independent powers to manage and invest their funds, the Treasurer of State is responsible for investing the State’s cash and investments pool. During fiscal year 1998, cash management and investment transactions made by the Treasurer of State’s Office, in accordance with the Uniform Depository Act, were limited to checking accounts and certificates of deposit with qualified public depositories, U.S. government and agency obligations, commercial paper, repurchase agreements, bankers’ acceptances, bonds of foreign nations diplomatically recognized by the United States, and security lending agreements. Legal requirements for the investment of funds maintained in the State’s cash and investments pool are discussed in NOTE 4 to the financial statements.

For fiscal year 1998, net investment income on the State’s cash and investments pool managed by the Treasurer of State, including the portion dedicated to the Ohio Lottery Commission, totaled approximately \$386.1 million compared with \$324.2 million in fiscal year 1997. The 19 percent increase in net investment income between fiscal years is due to greater cash resources available for investment during fiscal year 1998.

Quarterly, the Office of Budget and Management allocates the interest income earned on the undedicated portion of the cash and investments pool to the various funds designated by law to receive the earnings. The allocation is calculated in accordance with a formula based on average daily cash balances invested over the quarter.

GENERAL GOVERNMENTAL FUNCTIONS

The following schedule presents a summary of revenues, recorded on the modified accrual basis, for the governmental fund types (General, special revenue, debt service, and capital projects funds) for the fiscal year ended June 30, 1998, and the amount and percentage increases and decreases in relation to prior-year’s revenues (in thousands).

<i>Revenues</i>	<i>FY 1998 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease) from FY 1997</i>	<i>Percentage Increase/(Decrease) from FY 1997</i>
<i>Income Taxes</i>	\$ 6,828,242	25.1%	\$ 949,226	16.1%
<i>Sales Taxes</i>	5,560,402	20.4	297,942	5.7
<i>Corporate and Public Utility Taxes</i>	1,969,190	7.2	71,751	3.8
<i>Motor Vehicle Fuel Taxes</i>	1,399,948	5.1	48,472	3.6
<i>Other Taxes</i>	890,551	3.3	17,682	2.0
<i>Licenses, Permits and Fees</i>	883,848	3.3	34,569	4.1
<i>Sales, Services and Charges</i>	76,091	.3	(2,960)	(3.7)
<i>Federal Government</i>	8,353,372	30.7	(101,459)	(1.2)
<i>Investment Income</i>	554,523	2.0	135,724	32.4
<i>Other</i>	699,479	2.6	38,697	5.9
<i>Total</i>	<u>\$27,215,646</u>	<u>100.0%</u>	<u>\$1,489,644</u>	5.8

Significant increases and decreases reported for the State’s *major* revenue sources are explained as follows:

- The \$949.2 million or 16.1 percent increase in income taxes is mainly attributable to increased collections from quarterly estimated payments and annual returns, indicating a stronger economy, low unemployment, and the realization of capital gains due to favorable changes in the federal tax code.
- Sales tax revenues rose more than \$297.9 million or 5.7 percent because of increases in consumer spending and growth in Ohio’s retail sales.
- A decrease of \$101.5 million or 1.2 percent in federal government revenue is primarily due to decreases in federal reimbursements for the Medicaid and Temporary Assistance for Needy

Families programs and for highway operations. This loss is partially offset by a \$52.8 million increase in federal government revenue for housing assistance programs.

- The increase of \$135.7 million or 32.4 percent in investment income primarily resulted from positive growth of the State Treasury’s cash and investment pool, including an increase in reported securities lending income.

Expenditures for governmental fund types, presented on the modified accrual basis, for the fiscal year ended June 30, 1998, and the amount and percentage increases and decreases in relation to prior-year’s expenditures are shown below for the functions of general government (in thousands).

Expenditures	FY 1998 Amount	Percent of Total	Increase (Decrease) from FY 1997	Percentage Increase/(Decrease) from FY 1997
Current:				
Primary, Secondary and Other Education	\$ 5,927,471	22.0%	\$ 478,385	8.8%
Higher Education Support	354,530	1.3	(67,952)	(16.1)
Public Assistance and Medicaid.....	8,462,208	31.4	95,187	1.1
Health and Human Services	2,485,176	9.2	156,414	6.7
Justice and Public Protection	1,870,507	7.0	108,986	6.2
Environmental Protection and Natural Resources	315,522	1.2	15,915	5.3
Transportation	1,494,130	5.6	28,872	2.0
General Government.....	625,275	2.3	96,683	18.3
Community and Economic Development.....	389,893	1.4	44,943	13.0
Intergovernmental	2,735,799	10.2	165,298	6.4
Capital Outlay	1,248,346	4.6	110,060	9.7
Debt Service	1,022,418	3.8	(11,530)	(1.1)
Total	\$26,931,275	100.0%	\$1,221,261	4.8

Significant increases and decreases for the State’s *major* expenditure categories are explained as follows:

- Spending at the Department of Education and the Office of Information, Learning, and Technology Services greatly contributed to the \$478.4 million or 8.8 percent increase in primary, secondary, and other education expenditures. Operating expenditures increased significantly for the School Foundation, Special Education, and SchoolNet Plus programs.
- The dissolution of the Student Aid Commission in June 1997 accounts for most of the \$68 million or 16.1 percent decrease in higher education expenditures.
- General government expenditures rose by \$96.7 million or 18.3 percent. The majority of the rise is due to an increase in borrower rebates paid in connection with the State Treasury’s securities lending program and increased spending for regulatory programs at the Public Utilities Commission.
- Community and economic development expenditures during fiscal year 1998 were \$44.9 million or 13 percent higher over last year. The increase is due primarily to greater spending at the Ohio Housing Finance Agency for federally funded housing assistance programs.
- Capital outlay expenditures grew by \$110.1 million or 9.7 percent mostly because of increased spending for public school buildings and for highway projects. These increases are partly offset by an \$81 million decrease in capital spending for the SchoolNet Plus Program, which provides state funding for the installation and use of networking technology in Ohio’s public schools. While capital expenditures decreased for the SchoolNet Plus Program, operating expenditures reported in the Primary, Secondary and Other Education” expenditure function for this program, as noted above, increased by \$71.5 million.

An additional analysis of revenues and expenditures for all governmental funds reported for fiscal year 1998 is shown in the graphic presentation that follows this letter.

GENERAL FUND

Many State programs are accounted for in the General Fund, which reported the following (in thousands):

	<i>Balance as of June 30, 1998</i>	<i>Increase (Decrease) from FY 1997</i>	<i>Percentage Increase/(Decrease) from FY 1997</i>
<i>Unreserved/Undesignated Fund Balance</i>	\$ 198,233	\$ 2,783	1.4%
<i>Total Fund Balance</i>	2,661,847	341,580	14.7
<i>Total Revenues</i>	18,207,052	1,192,614	7.0
<i>Total Expenditures.....</i>	15,385,758	640,849	4.3

The 14.7 percent increase in the General Fund’s total fund balance primarily resulted from lower-than-budgeted spending and higher-than-expected revenue. As of June 30, 1998, the State’s primary government designated \$945.6 million for the purposes described in NOTE 20, and reserved close to \$1.52 billion in fund balance for a total designated and reserved fund balance of \$2.46 billion for the General Fund. This is compared to a total designated and reserved fund balance of approximately \$2.12 billion, as of June 30, 1997.

PROPRIETARY AND FIDUCIARY FUNDS

The State’s enterprise funds reported retained earnings of \$4.49 billion, as of June 30, 1998, as compared to \$5.20 billion in retained earnings (as restated), as of June 30, 1997. These results were caused primarily by the Workers’ Compensation Enterprise Fund, which reported a retained earnings balance of \$4.10 billion, as of June 30, 1998, as compared to a \$4.90 billion retained earnings balance, as of June 30, 1997, a 16.3 percent decline. Operating revenues for the enterprise funds increased to \$8.04 billion in fiscal year 1998 from \$7.23 billion in fiscal year 1997; operating expenses increased to \$7.95 billion in fiscal year 1998 from \$4.76 billion in fiscal year 1997. The increase in operating expenses primarily resulted from the approval of a 75 percent premium dividend credit for private and public taxing employers and the payment of a one-time rebate of \$3.62 billion from the Workers’ Compensation Enterprise Fund.

The State’s internal service funds reported retained earnings of approximately \$108.4 million, as of June 30, 1998, as compared to \$115.9 million, as of June 30, 1997, a 6.5 percent decrease. Operating revenues for the internal service funds decreased to \$271 million in fiscal year 1998 from \$288.4 million in fiscal year 1997 while operating expenses decreased to \$285.8 million in fiscal year 1998 from \$293.8 million in fiscal year 1997.

The fund balance of the expendable trust funds grew approximately 10 percent to \$2.50 billion, as of June 30, 1998, from \$2.27 billion, as of June 30, 1997. Revenues for the expendable trust funds dropped to \$919.3 million in fiscal year 1998 from \$970.9 million in fiscal year 1997; expenditures decreased to \$692.1 million in fiscal year 1998 from \$801.5 million in fiscal year 1997.

The fund balance of the pension trust fund was approximately \$588.7 million, as of June 30, 1998, as compared to \$512.1 million, as of June 30, 1997, a 15 percent increase. Total additions to plan net assets for the pension trust fund increased to \$98.9 million in fiscal year 1998 from \$83.6 million in fiscal year 1997, while total deductions to plan net assets increased to \$22.2 million in fiscal year 1998 from \$19.2 million in fiscal year 1997.

As required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which became effective for fiscal years beginning after June 15, 1997, fiscal year 1998 was the first year for the State to report on the financial activities of its investment trust fund. The State Treasury Asset Reserve of Ohio (STAROhio) Investment Trust Fund reported net investment income of \$242.1 million, and net assets held in trust for pool participants in the amount of \$4.50 billion, as of June 30, 1998. STAROhio is a state-sponsored external investment pool, which the Treasurer of State administers for local government participants.

DEBT ADMINISTRATION

Ohio’s credit ratings for general obligation debt are Aa1 by Moody’s Investors Service, Inc. (Moody’s) and AA+ by Fitch Investors Service, L.P. (Fitch). Standard & Poor’s Corporation (S&P) rates the State’s general obligation debt AA+, except for Highway Capital Improvement Obligations, which S&P rates AAA.

Moody's rates the obligations supported by the General Revenue Fund that are issued by the Ohio Building Authority and the Ohio Public Facilities Commission as Aa3. S&P and Fitch generally rate unenhanced debt of the two state financing authorities as AA-.

As of June 30, 1998, the State's primary government reported a total of \$7.6 billion in outstanding liabilities in its General Long-Term Obligations Account Group as follows (in thousands):

<i>Type of Obligation</i>	<i>Outstanding Balance</i>	<i>Percentage Increase/(Decrease) Since June 30, 1997</i>
<i>General Obligation Bonds</i>	\$1,568,183	(1.9)%
<i>Revenue Bonds and Notes</i>	236,805	38.0
<i>Special Obligation Bonds</i>	4,831,558	3.6
<i>Certificates of Participation.....</i>	18,615	(30.1)
<i>Other General Long-Term Obligations.....</i>	950,684	(5.9)
<i>Total.....</i>	<u>\$7,605,845</u>	1.8

For the proprietary funds, Ohio's primary government also reported \$232.1 million (net of unamortized discounts of approximately \$3.2 million) in revenue bonds, as of June 30, 1998.

RETIREMENT SYSTEMS

State employees may be eligible to participate in the Public Employees Retirement System, the State Teachers Retirement System, or the State Highway Patrol Retirement System. Further information on the State's participation in the retirement systems can be found in NOTE 9 to the financial statements.

RISK MANAGEMENT

As discussed in NOTE 10. to the financial statements, the State's primary government retains risks for claims arising from the State's traditional health care plan (OhioMed Health Plan), vehicle liability, public fidelity blanket bonds, property losses, and tort liability. Also, the State's primary government participates in a public entity risk pool, which is accounted for in the Bureau of Workers' Compensation Enterprise Fund, for the financing of its workers' compensation liability.

ECONOMIC OVERVIEW AND OUTLOOK

The U.S. economy appears to have entered a period of moderate growth after enjoying robust activity during the last few years. The recovery that began in the spring of 1991 is soon approaching the eight-year mark, well in excess of the post-war average expansion of four years. The risk of a downturn in the economy increases, as the expansion becomes more mature. Recently, the deterioration in the Asian economy has been transmitted to all corners of the world, including the United States. A slowdown in the global economy along with restrictive financial conditions and a profits squeeze form a tough combination of negative influences, the likes of which the U.S. economy has not faced in a long time.

Much of the latest data confirms the new tone of the economic outlook. Growth is expected to slow from the heady 5 percent annual rate of growth of the last part of 1997 and the early part of 1998. The consensus forecast calls for economic growth to remain in the 3 to 3.5 percent range in 1998 and to continue at the long-term trend rate of 2 to 2.5 percent in 1999. Fortunately, the rapid growth of the last five years (3.3 percent average annual rate) along with low inflation and low unemployment rate leave ample room for slowing without creating a recession. While most economists believe that the U.S. will avoid a recession in the near term, according to some forecasters, the odds of a downturn during the next two years are now near even. The future of the U.S. economy is becoming more dependent on events overseas as well as the behavior of the U.S. consumer. The most likely scenario at the present time is that the U.S. economy will gradually slow to a more stable pace of annual growth.

Ohio's revenue picture remains in line with the current budget forecast of moderate economic growth and low inflation. The outlook for the General Fund remains stable and on target, with receipts slightly below the revised estimates and spending slightly lower than estimates, after adjusting for timing factors. Furthermore, Ohio's Budget Stabilization Fund or "Rainy Day" Fund, a budgetary fund reported as part of the General Fund, remains intact with a current fund balance of \$906.9 million.

MAJOR INITIATIVES AND PROJECTS

Primary and Secondary Education

In March 1997, the Ohio Supreme Court declared Ohio's system for financing primary and secondary education to be unconstitutional. In the spring of 1998, in an effort to comply with the Court's decision, the Ohio Legislature enacted House Bill No. 650, the school funding reform bill. The Court is currently reviewing the question of whether the legislation meets its definition of constitutionality. But regardless of the case's outcome, this legislation is the capstone to Ohio's efforts over the past several years to improve primary and secondary education in four key areas: finance, technology, capital facilities improvements, and accountability.

Finance — The State has changed the method used to calculate state assistance to school districts, providing a larger share to low-wealth school districts, while at the same time substantially increasing the amount of state support to all school districts. The Basic Aid per-pupil foundation level, which forms the basis for education funding in Ohio, has grown from \$2,636 per pupil in fiscal year 1991 to \$3,851 in fiscal year 1999, and in House Bill 650, the level is set to increase annually to \$4,665 per pupil by fiscal year 2004. In addition, the State has channeled further resources in excess of basic aid to the 292 low-wealth school districts. In fiscal year 1998, this added funding totaled \$109.4 million.

Technology — The SchoolNet Plus Program, along with its predecessor the SchoolNet Program, will purchase and install one computer workstation for every five public school students from kindergarten through fourth grade. When the program is completed, more than 150,000 systems will be installed in Ohio's schools. Through fiscal year 1999, \$604 million will have been spent or appropriated for these two programs.

Capital Facilities Improvements— The State established the School Facilities Commission in fiscal year 1997 to assist school districts in building construction efforts. Funding is provided according to "tiers" of school districts, grouped on the basis of need, starting with the low-wealth districts. The State will provide for a significant portion of construction and renovation costs to all districts statewide, based on a sliding scale according to wealth. The districts are responsible for a portion of their construction costs and are required to provide a set millage contribution for the upkeep of their facilities. Since fiscal year 1993, the State has provided \$1.06 billion in funding to assist low-wealth school districts with financing their school building projects.

Accountability — The State has enacted a series of performance and fiscal accountability measures for school districts, requiring higher levels of achievement from every student and from each district. The districts must establish budget reserve, capital and maintenance, and textbook and materials funds, and they must develop five-year budget plans. Starting in fiscal year 1999, the Ohio Department of Education will issue annual "report cards" for each school district and for the State as a whole, measuring performance and fiscal accountability criteria.

Bureau of Workers' Compensation

Since the passage in 1995 of the Workers' Compensation Reform Bill, private employers have saved more than \$4 billion through a combination of rate reductions and annual credits. Premium rates for private employers are now about 30 percent lower than in 1995. In fiscal year 1998, private employers saved more than \$1.5 billion through a combination of \$247 million in rate reductions and a \$1.27 billion premium credit. These savings have been achieved through various means: a higher-than-expected rate of return on the Bureau's investments; increased use of managed care for medical services; increased penalties for fraud; improved incentives for safer workplaces; and improved rehabilitation efforts and services.

Spending Restraint and Financial Reserves

In fiscal year 1998, Ohio spent \$584.9 million less from its General Fund than was budgeted for budget fiscal year 1998. The majority of these savings were in the Department of Human Services, primarily as a result of lower-than-anticipated Medicaid costs. The key contributors to this lowered Medicaid spending were the healthy economy and cost-cutting efforts.

Largely due to the spending restraints, the State was able to reserve in the General Fund, as of June 30, 1998, \$862.7 million for budget stabilization and \$106 million for human services programs. In addition, the State designated \$44.2 million in the General Fund for budget stabilization purposes at year-end.

Tax Policy Changes

During fiscal year 1998, the State returned \$262.9 million to taxpayers in the form of a one-time income tax rate reduction of 3.99 percent for the 1997 tax year. During fiscal year 1999, the State will return \$701.4 million to taxpayers with a 9.34 percent income tax rate reduction for the 1998 tax year. With such rate reductions and other measures such as increases in personal exemptions, the total amount of the reduction in individual taxes since 1994 is expected to reach \$1.8 billion by 1999.

YEAR 2000

Because of its reliance on computer systems and other electronic equipment critical to conducting operations, the State has recognized and is addressing the Year 2000 issue. A discussion on the status of the State's remediation efforts for its major computer systems, as of June 30, 1998, can be found in NOTE 25.

In recognition of the Year 2000 issue, the State has established a Year 2000 Competency Center within the Division of Computer Services in the Ohio Department of Administrative Services. The Center's mission is to ensure the State's uninterrupted service to Ohio's citizens. The Center monitors the progress of Year 2000 remediation efforts at state agencies. Further information on the current status of the State's Year 2000 remediation projects can be obtained by contacting the Center at its toll free number 1-877-925-6446 or by visiting its web site at <http://www.oy2k.state.oh.us/>.

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, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Ohio has received a Certificate of Achievement for the last eight years (fiscal years 1990-1997). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the State received for the first time the GFOA's Award for Distinguished Budget Presentation for its appropriated budgets for fiscal years 1998 and 1999. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

ADDITIONAL INFORMATION

The Ohio Office of Budget and Management provides access to the 1998 *Ohio Comprehensive Annual Financial Report*, 1998 *Ohio Budgetary Financial Report*, and other State-related financial data and information at its home page on the Internet at <http://www.state.oh.us/obm/>.

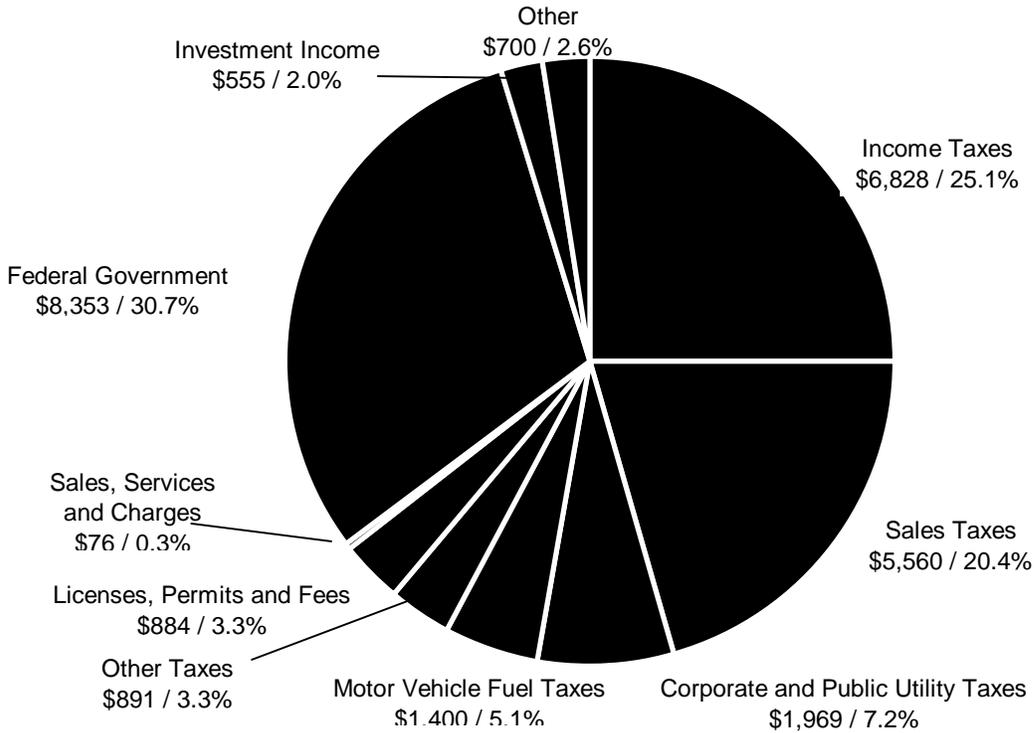
ACKNOWLEDGMENTS

In conclusion, I wish to express my appreciation to the staffs of the various State agencies whose time and dedicated efforts made this report possible.

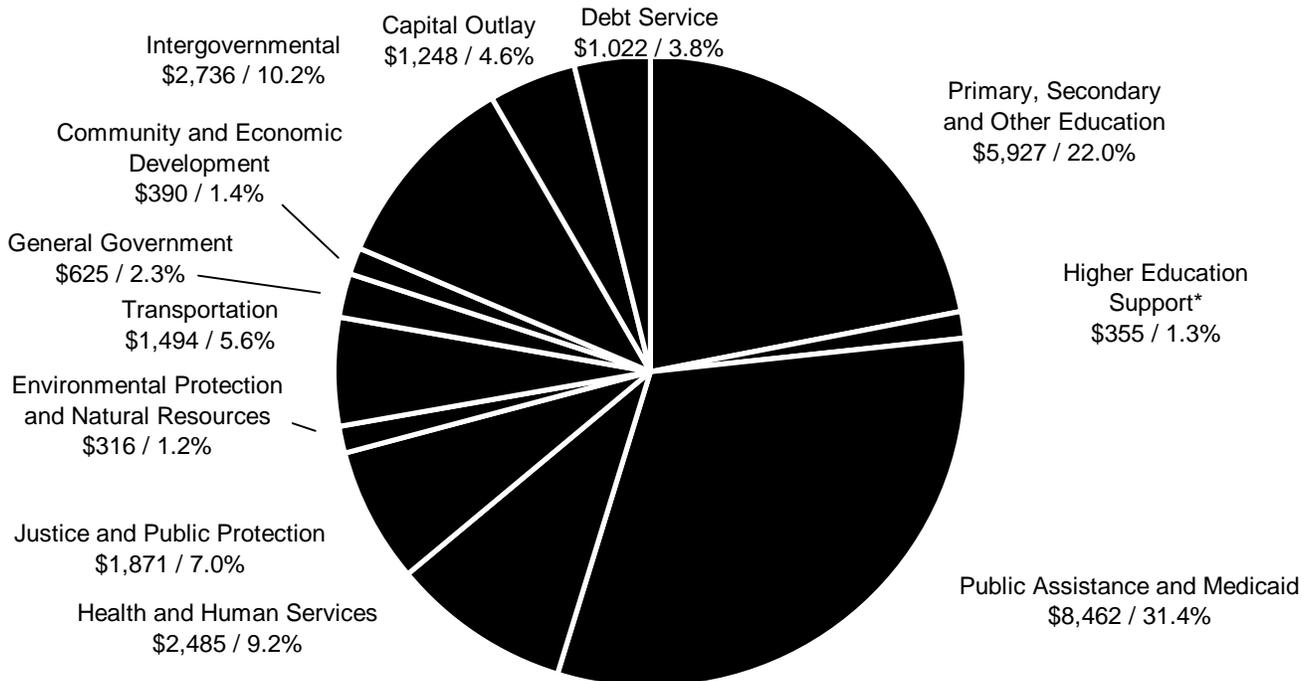
Sincerely,

PAOLO DeMARIA,
Director

**GAAP Basis Revenues for All General Governmental Fund Types
Fiscal Year 1998
(in millions)**



**GAAP Basis Expenditures for All General Governmental Fund Types
Fiscal Year 1998
(in millions)**



* In the governmental funds, budgetary expenditures for Higher Education Support totaling \$1.52 billion are reported on a GAAP basis as "Operating Transfers to Component Units," as shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, pages 22 and 23.

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, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Douglas R. Ellaworth
President

Jeffrey L. Essler
Executive Director

STATE OF OHIO OFFICIALS

EXECUTIVE

George V. Voinovich
Governor

Nancy Hollister
Lieutenant Governor

Betty D. Montgomery
Attorney General

Jim Petro
Auditor of State

J. Kenneth Blackwell
Treasurer of State

Bob Taft
Secretary of State

LEGISLATIVE

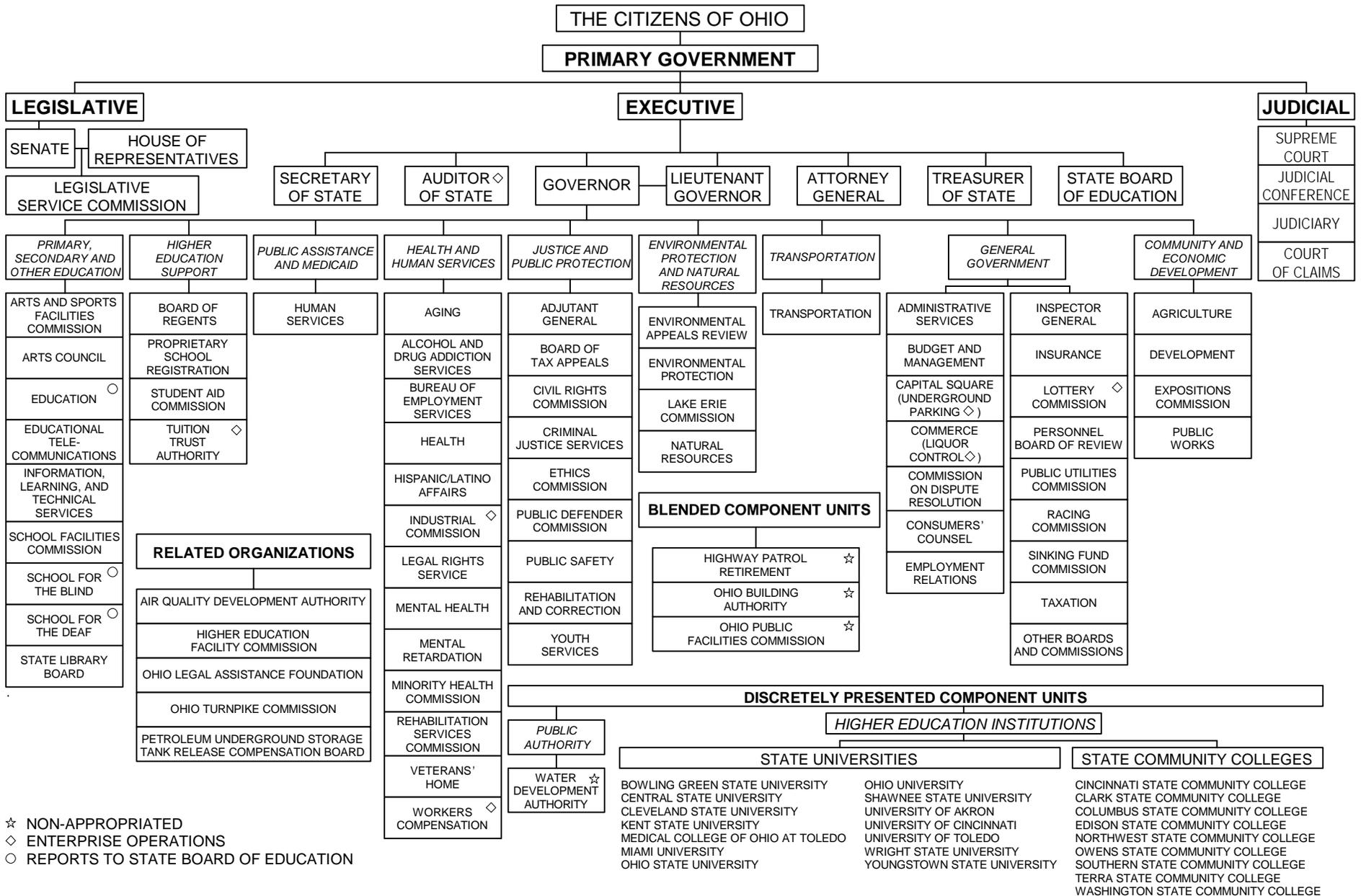
Richard H. Finan
President of the Senate

Jo Ann Davidson
Speaker of the House

JUDICIAL

Thomas J. Moyer
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART



- ☆ NON-APPROPRIATED
- ◇ ENTERPRISE OPERATIONS
- REPORTS TO STATE BOARD OF EDUCATION

FINANCIAL SECTION



STATE OF OHIO
 OFFICE OF THE AUDITOR
 JIM PETRO, AUDITOR OF STATE

35 East Gay Street
 Columbus, Ohio 43216
 Telephone 614-466-3402
 800-443-9275
 Facsimile 614-728-7199

Independent Accountants' Report

The Honorable George V. Voinovich, Governor
 State of Ohio
 Columbus, Ohio

We have audited the accompanying general-purpose financial statements of the State of Ohio, as of and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the following organizations which are a part of the primary government:

Office of Financial Incentives	Ohio Bureau of Workers' Compensation
Capitol Square Review and Advisory Board	and Industrial Commission of Ohio
Office of the Auditor of State	State Treasury Asset Reserve of Ohio

Also, we did not audit the following component units:

Blended

Ohio Building Authority	State Highway Patrol Retirement System
Ohio Public Facilities Commission	

Discretely Presented

Ohio Water Development Authority	University of Akron	Ohio University
Bowling Green State University	Miami University	University of Cincinnati
Columbus State Community College	Kent State University	University of Toledo
Youngstown State University	Ohio State University	Wright State University
Medical College of Ohio at Toledo	Cleveland State University	

In addition, we did not audit the financial statements of the Public Employees Retirement System, Police and Firemen's Disability and Pension Fund System, State Teachers Retirement System, and School Employees Retirement System, whose assets are held by the Treasurer of State and are included as part of the State's trust and agency fund type. These financial statements reflect the following percentages of total assets or liabilities and revenues or additions of the indicated fund types, account groups, and discretely presented component units:

	<u>Percent of Total Assets/(Liabilities)</u>	<u>Percent of Total Revenues/Additions</u>
Special Revenue Fund Type	7%	0%
Debt Service Fund Type	39%	10%
Capital Projects Fund Type	1%	66%
Enterprise Fund Type	88%	64%
Internal Service Fund Type	30%	11%
Trust and Agency Fund Type	96%	49%
General Fixed Assets Account Group	9%	—
General Long-Term Obligations Account Group	(69%)	—
Discretely Presented Component Units	96%	96%

The financial statements of these independently audited organizations and the assets of these retirement systems were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the financial statements of these independently audited organizations and the amounts of the retirement systems audited by other auditors included in the fund types and account groups comprising the general-purpose financial statements is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and reports of other auditors, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Ohio at June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the general-purpose financial statements, the State of Ohio has implemented Statement 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* for the fiscal year ended June 30, 1998.

As discussed in Note 25 to the general-purpose financial statements, the State of Ohio has implemented Technical Bulletin 98-1 of the Governmental Accounting Standards Board, *Disclosures about Year 2000 Issues* for the fiscal year ended June 30, 1998. The Bulletin requires auditors' reports dated after October 31, 1998 to include certain Year 2000 disclosures. The component units for the State of Ohio, which were audited by other auditors, issued their audit reports prior to October 31, 1998 and were not required to include Year 2000 disclosures. As such, the component units are not included within the State of Ohio's Note 25 regarding Year 2000 disclosures.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Ohio. Such information has been subjected to the auditing procedures applied in our audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the statistical section of this report and therefore, express no opinion thereon.

JIM PETRO
Auditor of State

November 20, 1998

**GENERAL-
PURPOSE
FINANCIAL
STATEMENTS**

STATE OF OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

JUNE 30, 1998

(amounts expressed in thousands)

GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS				
Cash Equity with Treasurer	\$ 2,981,408	\$ 2,709,399	\$ 80,507	\$ 551,031
Cash and Cash Equivalents	11,291	27,392	2,175	—
Investments	—	99,554	94,354	13,975
Collateral on Lent Securities	2,280,277	2,065,216	61,413	420,144
Deposit with Federal Government	—	—	—	—
Receivables:				
Taxes	759,377	191,244	176	—
Intergovernmental	516,203	262,131	—	—
Premiums and Assessments	—	—	—	—
Investment Trade	—	—	—	—
Loans, Net	14,823	383,438	5,200	127,985
Other	18,130	47,153	864	2,595
Due from Other Funds	13,113	22,853	1,239	2,340
Inventories	1,835	35,226	—	—
Food Stamps	—	197,425	—	—
Deposit with Deferred Compensation Plan	—	—	—	—
Advances to Other Funds	—	—	—	—
Restricted Assets:				
Cash Equity with Treasurer	—	—	—	—
Cash and Cash Equivalents	—	—	—	—
Investments	—	—	—	—
Dedicated Investments	—	—	—	—
Collateral on Lent Securities	—	—	—	—
Other Receivables	—	—	—	—
Fixed Assets (net of accumulated depreciation)	—	—	—	—
Other Assets	794	7,107	—	—
Amount Available in Debt Service Fund	—	—	—	—
Amount to be Provided for General Long-Term Obligations	—	—	—	—
TOTAL ASSETS AND OTHER DEBITS	\$ 6,597,251	\$ 6,048,138	\$ 245,928	\$ 1,118,070
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 101,334	\$ 212,995	\$ —	\$ 90,435
Medicaid Claims Payable	525,696	—	—	—
Accrued Liabilities	113,940	67,459	802	42
Obligations Under Securities Lending	2,280,277	2,065,216	61,413	420,144
Intergovernmental Payable	216,752	385,136	—	—
Investment Trade Payable	—	—	—	—
Due to Other Funds	39,851	10,277	—	2,056
Deferred Revenues	62,545	269,331	—	—
Benefits Payable	—	—	—	—
Refund and Other Liabilities	595,009	70,460	1,170	—
Liability for Escheat Property	—	—	—	—
Liability for Deferred Compensation	—	—	—	—
Liabilities Payable from Restricted Assets	—	—	—	—
Advances from Other Funds	—	114,629	—	—
General Obligation Bonds	—	—	—	—
Revenue Bonds and Notes	—	—	—	—
Special Obligation Bonds	—	—	—	—
Certificates of Participation	—	—	—	—
Other General Long-Term Obligations	—	—	—	—
Total Liabilities	3,935,404	3,195,503	63,385	512,677
Fund Equity and Other Credits:				
Investment in General Fixed Assets	—	—	—	—
Contributed Capital	—	—	—	—
Reserved Retained Earnings	—	—	—	—
Unreserved Retained Earnings	—	—	—	—
Fund Balances:				
Reserved for:				
Debt Service	1,370	—	176,745	—
Encumbrances	525,312	2,536,152	—	883,787
Budget Stabilization	862,707	—	—	—
Noncurrent Portion of Loans Receivable	13,996	258,102	5,199	127,047
Pension and Other Postemployment Benefits	—	—	—	—
Unemployment Benefits	—	—	—	—
External Investment Pool Participants	—	—	—	—
Restricted Fund Balances	—	—	—	—
Other	114,655	63,283	—	42,051
Unreserved/Designated	945,574	—	—	—
Unreserved/Undesignated (Deficits)	198,233	(4,902)	599	(447,492)
Total Fund Equity and Other Credits	2,661,847	2,852,635	182,543	605,393
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 6,597,251	\$ 6,048,138	\$ 245,928	\$ 1,118,070

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

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		ACCOUNT GROUPS		TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL REPORTING ENTITY
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(memorandum only)		(memorandum only)	
\$ 172,195	\$ 55,862	\$ 189,047	\$ —	\$ —	\$ 6,739,449	\$ 241	\$ 6,739,690	
3,157,143	158	151,633	—	—	3,349,792	199,151	3,548,943	
15,979,393	1,772	112,588,950	—	—	128,777,998	3,894,558	132,672,556	
3,648,664	42,565	984,345	—	—	9,502,624	—	9,502,624	
—	—	2,000,059	—	—	2,000,059	—	2,000,059	
—	—	159,371	—	—	1,110,168	—	1,110,168	
6,021	1,773	35	—	—	786,163	25,672	811,835	
1,274,314	—	—	—	—	1,274,314	—	1,274,314	
1,002,701	—	—	—	—	1,002,701	—	1,002,701	
—	—	—	—	—	531,446	1,931,373	2,462,819	
248,724	37,207	35,394	—	—	390,067	416,829	806,896	
2,085	42,521	8,448	—	—	92,599	437,634	530,233	
24,185	20,572	—	—	—	81,818	43,764	125,582	
—	—	—	—	—	197,425	—	197,425	
—	—	1,025,872	—	—	1,025,872	9,863	1,035,735	
—	—	114,629	—	—	114,629	—	114,629	
22,153	—	—	—	—	22,153	—	22,153	
154	55	—	—	—	209	3,532	3,741	
—	47,319	—	—	—	47,319	16,426	63,745	
1,708,831	—	—	—	—	1,708,831	—	1,708,831	
1,225,785	—	—	—	—	1,255,785	—	1,255,785	
20,480	—	—	—	—	20,480	—	20,480	
277,955	27,674	2,826	3,660,405	—	3,968,860	8,241,499	12,210,359	
52,695	304	403,720	—	—	464,620	722,232	1,236,852	
—	—	—	—	—	178,115	—	178,115	
—	—	—	—	—	7,427,730	—	7,427,730	
\$ 28,853,478	\$ 277,782	\$ 117,664,329	\$ 3,660,405	\$ 7,605,845	\$ 172,071,226	\$ 15,992,774	\$ 188,064,000	
\$ 141,647	\$ 28,431	\$ 1,024	\$ —	\$ —	\$ 575,866	\$ 197,826	\$ 773,692	
47,899	10,349	289	—	—	525,696	—	525,696	
3,648,664	42,565	984,345	—	—	240,780	695,682	936,462	
—	2,584	76,020	—	—	9,502,624	—	9,502,624	
2,119,164	—	132,411	—	—	680,492	1,634	682,126	
2,278	3,895	34,329	—	—	2,251,575	—	2,251,575	
449,482	794	—	—	—	92,686	437,634	530,320	
12,900,986	—	24,932	—	—	782,152	175,511	957,663	
1,981,269	—	107,725,201	—	—	12,925,918	—	12,925,918	
—	—	71,779	—	—	110,373,109	133,350	110,506,459	
—	—	1,029,285	—	—	71,779	—	71,779	
2,873,848	—	—	—	—	1,029,285	9,863	1,039,148	
—	—	—	—	—	2,873,848	—	2,873,848	
—	—	—	—	—	114,629	—	114,629	
—	—	—	—	—	1,568,183	—	1,568,183	
197,470	34,677	—	—	—	236,805	2,282,815	2,751,767	
—	—	—	—	—	4,831,558	—	4,831,558	
—	—	—	—	—	18,615	14,145	32,760	
—	—	—	—	—	950,684	—	950,684	
24,362,707	123,295	110,079,615	—	7,605,845	149,878,431	3,948,460	153,826,891	
—	—	—	3,660,405	—	3,660,405	7,423,813	11,084,218	
—	46,114	—	—	—	46,114	—	46,114	
181,587	148	—	—	—	181,735	—	181,735	
4,309,184	108,225	—	—	—	4,417,409	1,165,290	5,582,699	
—	—	—	—	—	178,115	—	178,115	
—	—	—	—	—	3,945,251	—	3,945,251	
—	—	—	—	—	862,707	—	862,707	
—	—	—	—	—	404,344	—	404,344	
—	—	588,684	—	—	588,684	—	588,684	
—	—	2,286,657	—	—	2,286,657	—	2,286,657	
—	—	4,499,046	—	—	4,499,046	—	4,499,046	
—	—	—	—	—	—	2,622,969	2,622,969	
—	—	114,629	—	—	334,618	—	334,618	
—	—	—	—	—	945,574	322,500	1,268,074	
—	—	95,698	—	—	(157,864)	509,742	351,878	
4,490,771	154,487	7,584,714	3,660,405	—	22,192,795	12,044,314	34,237,109	
\$ 28,853,478	\$ 277,782	\$ 117,664,329	\$ 3,660,405	\$ 7,605,845	\$ 172,071,226	\$ 15,992,774	\$ 188,064,000	

STATE OF OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
REVENUES:			
Income Taxes	\$ 6,107,084	\$ 721,158	\$ —
Sales Taxes	5,277,997	282,405	—
Corporate and Public Utility Taxes	1,862,497	106,693	—
Motor Vehicle Fuel Taxes	—	1,355,223	44,725
Unemployment Taxes	—	—	—
Other Taxes	844,815	45,736	—
Licenses, Permits and Fees	96,411	767,452	19,985
Sales, Services and Charges	38,947	37,144	—
Federal Government	3,436,650	4,916,722	—
Investment Income	381,574	124,106	15,227
Other	161,077	534,219	968
TOTAL REVENUES	<u>18,207,052</u>	<u>8,890,858</u>	<u>80,905</u>
EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	4,427,167	1,500,304	—
Higher Education Support	338,714	15,816	—
Public Assistance and Medicaid	6,372,816	2,089,392	—
Health and Human Services	1,006,636	1,478,540	—
Justice and Public Protection	1,457,183	413,324	—
Environmental Protection and Natural Resources	114,018	201,504	—
Transportation	32,992	1,461,138	—
General Government	509,364	115,911	—
Community and Economic Development	103,276	285,809	—
INTERGOVERNMENTAL	982,955	1,752,844	—
CAPITAL OUTLAY	38,806	212,371	—
DEBT SERVICE	1,831	—	1,020,587
TOTAL EXPENDITURES	<u>15,385,758</u>	<u>9,526,953</u>	<u>1,020,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,821,294</u>	<u>(636,095)</u>	<u>(939,682)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	86,848	—
Refunding Bond Proceeds	—	—	339,431
Payment to Refunded Bond Escrow Agents	—	—	(338,895)
Capital Leases	4,737	8,983	—
Operating Transfers-in	180,176	1,915,726	867,125
Operating Transfers-out	(1,142,014)	(983,017)	(36,763)
Operating Transfers to Component Units	(1,520,432)	—	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,477,533)</u>	<u>1,028,540</u>	<u>830,898</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	343,761	392,445	(108,784)
FUND BALANCES, JULY 1 (as restated)	2,319,058	2,458,836	291,327
Increase (Decrease) for Changes in Inventories	(972)	1,354	—
Residual Equity Transfers-out	—	—	—
FUND BALANCES, JUNE 30	<u>\$ 2,661,847</u>	<u>\$ 2,852,635</u>	<u>\$ 182,543</u>

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

	FIDUCIARY FUND TYPE		
CAPITAL PROJECTS	EXPENDABLE TRUST		TOTAL (memorandum only)
\$ —	\$ —	\$	6,828,242
—	—		5,560,402
—	—		1,969,190
—	—		1,399,948
—	705,380		705,380
—	—		890,551
—	—		883,848
—	—		76,091
—	10,995		8,364,367
33,616	145,004		699,527
3,215	57,937		757,416
36,831	919,316		28,134,962
—	—		5,927,471
—	—		354,530
—	—		8,462,208
—	666,138		3,151,314
—	—		1,870,507
—	—		315,522
—	—		1,494,130
—	25,980		651,255
808	—		389,893
—	—		2,735,799
997,169	—		1,248,346
—	—		1,022,418
997,977	692,118		27,623,393
(961,146)	227,198		511,569
784,461	—		871,309
—	—		339,431
—	—		(338,895)
—	—		13,720
259,707	—		3,222,734
(260,942)	—		(2,422,736)
—	—		(1,520,432)
783,226	—		165,131
(177,920)	227,198		676,700
788,460	2,269,786		8,127,467
—	—		382
(5,147)	—		(5,147)
\$ 605,393	\$ 2,496,984	\$	8,799,402

STATE OF OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Income Taxes	\$ 5,645,198	\$ 6,212,543	\$ 567,345	\$ 733,545	\$ 733,545	\$ —
Sales Taxes	5,169,600	5,265,523	95,923	281,499	281,499	—
Corporate and Public Utility Taxes	1,806,201	1,869,598	63,397	107,051	107,051	—
Motor Vehicle Fuel Taxes	—	—	—	1,348,701	1,348,701	—
Other Taxes	831,545	842,599	11,054	46,242	46,242	—
Licenses, Permits and Fees	134,328	103,351	(30,977)	939,725	939,725	—
Sales, Services and Charges	31,706	33,285	1,579	33,039	33,039	—
Federal Government	3,844,151	3,373,017	(471,134)	4,809,913	4,809,913	—
Investment Income	91,948	137,152	45,204	115,676	115,676	—
Other	314,686	352,152	37,466	754,822	754,822	—
TOTAL REVENUES	17,869,363	18,189,220	319,857	9,170,213	9,170,213	—
BUDGETARY EXPENDITURES:						
CURRENT:						
Primary, Secondary and Other Education	4,545,392	4,516,190	29,202	1,727,252	1,688,123	39,129
Higher Education Support	1,871,114	1,863,219	7,895	16,764	14,096	2,668
Public Assistance and Medicaid	6,749,354	6,379,031	370,323	2,546,229	2,054,708	491,521
Health and Human Services	1,073,096	1,052,016	21,080	1,987,825	1,581,515	406,310
Justice and Public Protection	1,482,416	1,445,502	36,914	520,412	454,464	65,948
Environmental Protection and Natural Resources ...	136,921	131,292	5,629	272,067	224,235	47,832
Transportation	42,259	42,186	73	1,931,186	1,536,769	394,417
General Government	420,232	386,197	34,035	132,139	117,437	14,702
Community and Economic Development	139,363	135,042	4,321	375,260	295,191	80,069
INTERGOVERNMENTAL	1,008,892	985,011	23,881	1,966,473	1,936,046	30,427
CAPITAL OUTLAY	45,857	33,451	12,406	937,974	696,126	241,848
DEBT SERVICE	801,266	762,132	39,134	26,534	23,303	3,231
TOTAL BUDGETARY EXPENDITURES	18,316,162	17,731,269	584,893	12,440,115	10,622,013	1,818,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(446,799)	457,951	904,750	(3,269,902)	(1,451,800)	1,818,102
OTHER FINANCING SOURCES (USES):						
Bond Proceeds	—	—	—	86,848	86,848	—
Operating Transfers-in	73,531	476,468	402,937	1,900,388	1,900,388	—
Operating Transfers-out	(268,142)	(660,560)	(392,418)	(928,286)	(928,286)	—
Encumbrance Reversions	—	74,232	74,232	514,623	514,623	—
TOTAL OTHER FINANCING SOURCES (USES) ...	(194,611)	(109,860)	84,751	1,573,573	1,573,573	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	(641,410)	348,091	989,501	\$ (1,696,329)	121,773	\$ 1,818,102
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1						
Decrease (Increase) in Budgetary Designations	337,992	337,992	—		(215,975)	
	(288,862)	(288,862)	—		—	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30						
Budgetary Designations, June 30	(592,280)	397,221	989,501		(94,202)	
	1,914,273	1,914,273	—		—	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30	\$ 1,321,993	\$ 2,311,494	\$ 989,501		\$ (94,202)	

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

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
44,549	44,549	—	—	—	—
—	—	—	—	—	—
19,983	19,983	—	—	—	—
—	—	—	—	—	—
7,095	7,095	—	33,391	33,391	—
106,669	106,669	—	10,856	10,856	—
178,296	178,296	—	44,247	44,247	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	871	802	69
—	—	—	—	—	—
—	—	—	2,318,599	1,194,499	1,124,100
262,339	231,151	31,188	—	—	—
262,339	231,151	31,188	2,319,470	1,195,301	1,124,169
(84,043)	(52,855)	31,188	(2,275,223)	(1,151,054)	1,124,169
352	352	—	784,675	784,675	—
24,673	24,673	—	48,525	48,525	—
—	—	—	(48,565)	(48,565)	—
—	—	—	34,566	34,566	—
25,025	25,025	—	819,201	819,201	—
\$ (59,018)	(27,830)	\$ 31,188	\$ (1,456,022)	(331,853)	\$ 1,124,169
	108,464			(84,425)	
	—			—	
	80,634			(416,278)	
	—			—	
	\$ 80,634			\$ (416,278)	

STATE OF OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	PROPRIETARY FUND TYPES		TOTAL PRIMARY GOVERNMENT (memorandum only)
	ENTERPRISE	INTERNAL SERVICE	
OPERATING REVENUES:			
Charges for Sales and Services	\$ 2,656,351	\$ 258,167	\$ 2,914,518
Premium and Assessment Income	1,827,617	—	1,827,617
Investment Income	3,529,488	—	3,529,488
Other	30,176	12,854	43,030
TOTAL OPERATING REVENUES	8,043,632	271,021	8,314,653
OPERATING EXPENSES:			
Costs of Sales and Services	286,170	99,443	385,613
Administration	177,898	162,974	340,872
Premium Dividend Credits and Rebates	3,625,086	—	3,625,086
Bonuses and Commissions	137,846	—	137,846
Prizes	1,244,715	—	1,244,715
Benefits and Claims	2,027,923	—	2,027,923
Depreciation	33,929	9,992	43,921
Other	417,443	13,414	430,857
TOTAL OPERATING EXPENSES	7,951,010	285,823	8,236,833
OPERATING INCOME (LOSS)	92,622	(14,802)	77,820
NONOPERATING REVENUES (EXPENSES):			
Investment Income	77	3,417	3,494
Interest Expense	—	(2,026)	(2,026)
Federal Grants	—	—	—
Other	(2,977)	(1,442)	(4,419)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,900)	(51)	(2,951)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	89,722	(14,853)	74,869
OPERATING TRANSFERS:			
Operating Transfers-in	29,657	37,412	67,069
Operating Transfers-out	(836,979)	(30,085)	(867,064)
TOTAL OPERATING TRANSFERS	(807,322)	7,327	(799,995)
NET INCOME (LOSS)	(717,600)	(7,526)	(725,126)
RETAINED EARNINGS, JULY 1 (as restated)	5,208,371	115,899	5,324,270
RETAINED EARNINGS, JUNE 30	\$ 4,490,771	\$ 108,373	\$ 4,599,144

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

<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY (memorandum only)</u>
<u>OHIO WATER DEVELOPMENT AUTHORITY</u>	
\$ 102,517	\$ 3,017,035
—	1,827,617
40,303	3,569,791
1,555	44,585
<u>144,375</u>	<u>8,459,028</u>
71,897	457,510
4,491	345,363
—	3,625,086
—	137,846
—	1,244,715
—	2,027,923
53	43,974
—	430,857
<u>76,441</u>	<u>8,313,274</u>
<u>67,934</u>	<u>145,754</u>
—	3,494
—	(2,026)
40,673	40,673
923	(3,496)
<u>41,596</u>	<u>38,645</u>
<u>109,530</u>	<u>184,399</u>
—	67,069
—	(867,064)
<u>—</u>	<u>(799,995)</u>
109,530	(615,596)
<u>1,055,760</u>	<u>6,380,030</u>
<u>\$ 1,165,290</u>	<u>\$ 5,764,434</u>

STATE OF OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL PRIMARY GOVERNMENT (memorandum only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 92,622	\$ (14,802)	\$ 77,820
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	(3,529,488)	—	(3,529,488)
Depreciation	33,929	9,992	43,921
Provision for Uncollectible Accounts	(2,442)	—	(2,442)
Amortization of Premiums and Discounts	101,051	—	101,051
Amortization of Bond Issuance Costs.....	—	—	—
Interest on Bonds, Notes and Capital Leases	11,381	—	11,381
Interest Received on Loans.....	—	—	—
Miscellaneous Nonoperating (Revenues) Expenses	—	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivables	(620)	(393)	(1,013)
Premiums and Assessments Receivable	672,004	—	672,004
Other Receivables	121,217	967	122,184
Due from Other Funds	15	(4,306)	(4,291)
Inventories	(1,237)	1,583	346
Other Assets	4,109	88	4,197
Increase (Decrease) in Liabilities:			
Accounts Payable	109,899	6,389	116,288
Accrued Liabilities	648	(421)	227
Intergovernmental Payable	—	2,584	2,584
Due to Other Funds	2,262	1,857	4,119
Deferred Revenues	3,889	(51)	3,838
Benefits Payable	43,946	—	43,946
Refund and Other Liabilities	119,250	—	119,250
Liabilities Payable from Restricted Assets	(36,155)	—	(36,155)
NET CASH FLOWS PROVIDED (USED) BY			
OPERATING ACTIVITIES	(2,253,720)	3,487	(2,250,233)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers-in	29,235	37,412	66,647
Operating Transfers-out	(836,979)	(30,085)	(867,064)
Bond Proceeds	—	—	—
Federal Grants	—	—	—
Retirement of Revenue Bond Principal	—	—	—
Interest Paid	—	—	—
Bond and Note Issuance Costs	—	—	—
NET CASH FLOWS PROVIDED (USED) BY			
NONCAPITAL FINANCING ACTIVITIES	(807,744)	7,327	(800,417)

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

<u>COMPONENT UNIT</u>		<u>TOTAL REPORTING ENTITY (memorandum only)</u>
<u>OHIO WATER DEVELOPMENT AUTHORITY</u>		
\$ 67,934		\$ 145,754
(40,303)		(3,569,791)
53		43,974
—		(2,442)
—		101,051
1,039		1,039
70,858		82,239
(102,517)		(102,517)
1,904		1,904
—		(1,013)
—		672,004
305		122,489
(500)		(4,791)
—		346
—		4,197
160		116,448
—		227
500		3,084
—		4,119
—		3,838
—		43,946
—		119,250
—		(36,155)
<u>(567)</u>		<u>(2,250,800)</u>
—		66,647
—		(867,064)
342,242		342,242
40,673		40,673
(142,592)		(142,592)
(68,046)		(68,046)
(3,880)		(3,880)
<u>168,397</u>		<u>(632,020)</u>

(continued)

STATE OF OHIO

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

(continued)

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL PRIMARY GOVERNMENT (memorandum only)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases.....	(21,467)	(2,736)	(24,203)
Interest Paid	(11,381)	(2,264)	(13,645)
Principal Receipts on Capital Leases	—	4,853	4,853
Acquisition and Construction of Capital Assets	(12,208)	(3,417)	(15,625)
Proceeds from Sales of Fixed Assets	1,127	11	1,138
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(43,929)</u>	<u>(3,553)</u>	<u>(47,482)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the Sales and Maturities of Investments	33,357,663	174,374	33,532,037
Purchase of Investments	(29,417,255)	(179,699)	(29,596,954)
Investment Income Received	1,258,596	3,518	1,262,114
Borrower Rebate and Agent Fees.....	(68,818)	—	(68,818)
Loan Principal Repayments Received	—	—	—
Loan Disbursements	—	—	—
Loan Interest Received.....	—	—	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	<u>5,130,186</u>	<u>(1,807)</u>	<u>5,128,379</u>
NET INCREASE (DECREASE)			
IN CASH AND CASH EQUIVALENTS.....	2,024,793	5,454	2,030,247
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	1,326,852	50,621	1,377,473
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 3,351,645</u>	<u>\$ 56,075</u>	<u>\$ 3,407,720</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Increase in Contributed Capital -			
Fixed Assets Donated from Other Funds.....	\$ —	\$ 5,147	\$ —
Fixed Assets Acquired Under Capital Leases.....	17,500	—	—

Cash and Cash Equivalents in the Component Units Column on the Combined Balance Sheet include:

Proprietary-Ohio Water Development Authority.....	\$ 10,331
Colleges and Universities.....	192,593
Total	<u>\$ 202,924</u>

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

<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY (memorandum only)</u>
<u>OHIO WATER DEVELOPMENT AUTHORITY</u>	
—	(24,203)
—	(13,645)
—	4,853
(47)	(15,672)
—	1,138
<u>(47)</u>	<u>(47,529)</u>
7,911,770	41,443,807
(8,068,579)	(37,665,533)
39,489	1,301,603
—	(68,818)
89,902	89,902
(233,958)	(233,958)
96,551	96,551
<u>(164,825)</u>	<u>4,963,554</u>
2,958	2,033,205
<u>7,373</u>	<u>1,384,846</u>
\$ 10,331	\$ 3,418,051

\$ —	\$ 5,147
—	17,500

STATE OF OHIO
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

STATE HIGHWAY PATROL RETIREMENT SYSTEM
(for the year ended December 31, 1997)

	<u>PENSION</u>	<u>POST- EMPLOYMENT</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Employer	\$ 12,237	\$ 2,543	\$ 14,780
Employees	6,147	—	6,147
Other Contributions	226	5	231
Total Contributions	18,610	2,548	21,158
Investment Income:			
Net Appreciation in Fair Value of Investments	52,627	9,177	61,804
Interest	11,799	2,058	13,857
Dividends	3,752	654	4,406
Other Investment Income	625	109	734
	68,803	11,998	80,801
Less: Investment Expense	2,644	461	3,105
Net Investment Income	66,159	11,537	77,696
TOTAL ADDITIONS	84,769	14,085	98,854
DEDUCTIONS:			
Benefits and Claims	18,683	2,499	21,182
Refunds of Employee Contributions	232	—	232
Administrative Expenses	704	124	828
TOTAL DEDUCTIONS	19,619	2,623	22,242
NET INCREASE (DECREASE)	65,150	11,462	76,612
FUND BALANCE RESERVED FOR EMPLOYEES' PENSION AND POSTEMPLOYMENT HEALTHCARE BENEFITS			
JANUARY 1	434,763	77,309	512,072
DECEMBER 31	\$ 499,913	\$ 88,771	\$ 588,684

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

STATE OF OHIO
STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>STAROHIO</u>
OPERATIONS:	
Investment Income.....	\$ 244,620
Expenses:	
Administration Fees.....	1,127
Custodian and Transfer Agent Fees and Related Expenses.....	827
Management Fees.....	441
Other.....	170
Total Expenses.....	<u>2,565</u>
Net Investment Income	242,055
Dividends to Shareholders from Net Investment Income.....	<u>(242,055)</u>
INCREASE (DECREASE) FROM OPERATIONS	—
CAPITAL SHARE TRANSACTIONS	
<i>(dollar amounts and number of shares are the same):</i>	
Shares Sold.....	17,089,772
Less: Shares Redeemed.....	<u>16,303,597</u>
INCREASE FROM CAPITAL SHARE TRANSACTIONS	786,175
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	
JULY 1 (as restated)	<u>3,712,871</u>
JUNE 30	<u>\$ 4,499,046</u>

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

STATE OF OHIO

STATEMENT OF CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	<u>COMPONENT UNITS</u>
REVENUES AND OTHER ADDITIONS:	
Unrestricted Current Fund Revenues	\$ 2,859,714
Local Appropriations-Restricted	14,584
Federal Grants and Contracts-Restricted	456,729
State Grants and Contracts-Restricted	103,439
Local Grants and Contracts-Restricted	5,847
Private Gifts, Grants and Contracts-Restricted	336,442
Endowment Income-Restricted	31,977
Investment Income-Restricted	293,422
Interest on Loans Receivable	5,066
Investment in Plant-Additions	640,741
Other	12,291
TOTAL REVENUES AND OTHER ADDITIONS	<u>4,760,252</u>
EXPENDITURES AND OTHER DEDUCTIONS:	
Educational and General Expenditures	3,788,287
Auxiliary Enterprises Expenditures	521,759
Hospital Expenditures	562,279
Indirect Costs Recovered	74,829
Grant Refunds and Adjustments	894
Loan Cancellations and Write-offs	4,532
Administrative and Collection Costs	1,843
Expended for Plant Facilities	236,529
Retirement of Indebtedness	55,784
Interest on Indebtedness	39,376
Investment in Plant-Deductions	184,608
Other	14,296
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>5,485,016</u>
TRANSFERS:	
Operating Transfers from Primary Government	<u>1,520,432</u>
NET INCREASE (DECREASE) FOR THE YEAR.....	795,668
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	<u>10,083,356</u>
FUND BALANCE AND OTHER CREDITS, JUNE 30	<u><u>\$ 10,879,024</u></u>

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

STATE OF OHIO

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	<u>COMPONENT UNITS</u>
REVENUES:	
Tuition, Fees and Other Student Charges	\$ 1,389,690
Local Appropriations	15,893
Federal Grants and Contracts	451,889
State Grants and Contracts	95,227
Local Grants and Contracts	6,264
Private Gifts, Grants and Contracts	258,294
Endowment Income	57,941
Sales and Services	1,186,257
Investment Income	77,118
Other Sources	102,810
TOTAL REVENUES	<u>3,641,383</u>
EXPENDITURES AND MANDATORY TRANSFERS:	
EDUCATIONAL AND GENERAL:	
Instruction and Departmental Research	1,611,970
Separately Budgeted Research	369,269
Public Service	203,300
Academic Support	373,085
Student Services	217,106
Institutional Support	381,014
Operation and Maintenance of Plant	269,621
Scholarships and Fellowships	359,670
TOTAL EDUCATIONAL AND GENERAL	3,785,035
AUXILIARY ENTERPRISES	519,599
HOSPITALS	564,027
TOTAL EXPENDITURES	<u>4,868,661</u>
MANDATORY TRANSFERS, NET:	
Principal and Interest	91,964
Renewals and Replacements	2,928
Other	1,230
TOTAL MANDATORY TRANSFERS, NET	<u>96,122</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>4,964,783</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):	
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	1,505,415
NONMANDATORY TRANSFERS, NET:	
Capital Improvements	(53,942)
Other	4,425
ADDITIONS/(DEDUCTIONS):	
Excess of Restricted Receipts over Transfers to Revenue	91,111
Indirect Costs Recovered	(73,910)
Other	(5,462)
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	<u>1,467,637</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 144,237</u>

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



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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements, as of June 30, 1998, 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. The GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) documents these principles. The State's significant accounting policies are as follows.

A. Financial Reporting Entity

For financial reporting purposes, 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.

GASB Statement No. 14, *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following considerations: 1) 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 2) an organization is fiscally dependent on the primary government. Information for obtaining complete financial statements for the State's component units is available from the Ohio Office of Budget and Management.

1. Blended Component Units

The Ohio Building Authority, Ohio Public Facilities Commission, and the State Highway Patrol Retirement System are legally separate organizations that provide services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefit the State. Therefore, the State reports these organizations' balances and transactions as though they were part of the primary government using the blending method.

2. Discretely Presented Component Units

The component units' columns in the combined financial statements include the financial data of the following organizations. The separate discrete column labeled, "Component Units," emphasizes these organizations' separateness from the State's primary government.

Proprietary:		State Community Colleges:
Ohio Water	Ohio University	Cincinnati State Community College
Development Authority	Shawnee State University	Clark State Community College
	University of Akron	Columbus State Community College
Colleges and Universities:	University of Cincinnati	Edison State Community College
State Universities:	University of Toledo	Northwest State Community College
Bowling Green State University	Wright State University	Owens State Community College
Central State University	Youngstown State University	Southern State Community College
Cleveland State University	Medical College:	Terra State Community College
Kent State University	Medical College	Washington State Community College
Miami University	of Ohio at Toledo	
Ohio State University		



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Joint Ventures and Related Organizations

As discussed in more detail in NOTE 22, 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 Statement No. 14.

B. Basis of Presentation — Fund Accounting

The State of Ohio uses funds and account groups to report its financial position and results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. An account group is an accounting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Primary government and component unit funds fall into four categories: governmental, proprietary, fiduciary, and college and university.

1. Primary Government

In the primary government's financial statements, each fund category is divided into separate "fund types," which are described along with the two account groups, as follows:

a. Governmental Fund Types

General — The General Fund, the State's primary operating fund, accounts for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue — The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

Debt Service — The debt service funds account for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects — The capital projects funds account for the acquisition of fixed assets and construction of major capital facilities and for major repairs and replacements other than those financed by proprietary or trust funds.

b. Proprietary Fund Types

Enterprise — The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises — where the State's intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability and other purposes.

Internal Service — The internal service funds account for the financing of goods or services that a State department or agency provides to other State departments and agencies or to other government units on a cost-reimbursement basis.

c. Fiduciary Fund Types

Trust funds account for assets that the State holds in a trustee capacity. The State's General-Purpose Financial Statements present expendable, pension, and investment trust funds. The Pension Trust Fund includes the State Highway Patrol Retirement System for its fiscal year ended December 31, 1997.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency funds account for assets the State holds as an agent for individuals, private organizations, other governments, or other funds. The Agency Fund includes the assets of the Public Employees Retirement System and the Police and Firemen's Disability and Pension Fund, for their fiscal years ended December 31, 1997.

d. Account Groups

General Fixed Assets — The General Fixed Assets Account Group accounts for fixed assets acquired or constructed for the State's general governmental purposes. This group accounts for fixed assets not accounted for in the proprietary and trust funds.

General Long-Term Obligations — The General Long-Term Obligations Account Group accounts for the State's unmatured general obligation bonds and other long-term obligations not required to be accounted for in the proprietary and trust funds.

2. Component Units

Presentation of the underlying fund types of the individual component units reported in the discrete column is available from each respective component unit's separately issued financial statements. The component unit funds include the Ohio Water Development Authority for its fiscal year ended December 31, 1997.

The State presents a Statement of Current Funds Revenues, Expenditures and Other Changes in the General-Purpose Financial Statements, in accordance with Section 2600.111 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting. The Current Funds, a college and university fund type, accounts for economic resources that are expendable for any purpose in performing the primary objectives of the higher education institutions.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, operating statements present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets, and unreserved fund balance is a measure of available expendable resources.

Proprietary, pension trust, and investment trust funds are accounted for using a flow of economic resources measurement focus, which emphasizes the determination of net income. Under this measurement focus, operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets. Fund equity (i.e., net assets) is segregated on the balance sheet into two components, contributed capital and retained earnings/fund balance.

Agency funds are custodial in nature, and therefore, do not present results of operations or have a measurement focus.

The modified accrual basis of accounting has been applied to all governmental, expendable trust, and agency funds. Under the modified accrual basis of accounting, the State recognizes revenues when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction is determinable, and "available" means the amount is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State considers revenues as available when collected within 60 days after year end.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, expenditures are recorded when related fund liabilities are incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when due.

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
- Unemployment taxes
- Charges for goods and services
- Investment Income

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.

Deferred revenue, as reported on the State's combined balance sheet, represents resources received before the State has a legal claim to them, such as the receipt of federal grant moneys prior to the incurrence of qualifying expenditures. When the State has a legal claim to the resources, revenue is recognized.

The accrual basis of accounting has been applied to the proprietary, pension trust, and investment trust funds. Under this method, revenues are recorded when earned, and expenses are recorded when incurred.

The State's proprietary funds apply all applicable GASB pronouncements and the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

College and university funds apply the principles of accounting and reporting pursuant to the National Association of College and University Business Officers accounting and reporting model. The college and university funds are accounted for on the accrual basis of accounting, with the following exceptions: 1) depreciation expense is not calculated or reported, and 2) revenues and expenditures of an academic term encompassing more than one fiscal year are recognized in the period when the program is predominantly conducted.

D. Budgetary Process

As required by the Ohio Revised Code, the Governor submits biennial operating and capital budgets to the General Assembly. The particular budget, which includes those funds of the State subject to appropriation pursuant to State law, is comprised of all proposed expenditures for the State and of estimated revenues and borrowings for a biennium.

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.

Biennially, the General Assembly approves operating and capital appropriations. Operating appropriations are provided in annual amounts while capital appropriations are provided in two-year amounts.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The State’s Controlling Board, comprised of six members of the General Assembly and the Director of the Office of Budget and Management (OBM) or a designee, can transfer or increase a line-item appropriation within the limitations set under Chapter 127, Ohio Revised Code. The Board has delegated the authority to the Director of OBM to transfer appropriations between existing operating expenditure/expense line-item appropriations within a state agency not to exceed a cumulative total of \$50,000 (or \$75,000 for institutional-type state agencies) from each line-item appropriation within a fiscal year.

All governmental funds are budgeted except the following activities within the fund types:

Special Revenue Fund:

Certain activities within the Community and Economic Development, Employment Services, and Student Aid Commission Special Revenue Funds, as discussed in NOTE 3

Capital Projects Fund:

Ohio Building Authority

Debt Service Fund:

Economic Development Bond Service
 Transportation Certificate Retirement
 Vietnam Conflict Compensation Bond Retirement
 Ohio Public Facilities Commission
 Ohio Building Authority
 Enterprise Bond Retirement
 School Building Program Bond Service

For budgeted funds, the State’s Central Accounting System controls expenditures by appropriation line-item, so at no time can expenditures exceed appropriations and financial-related legal compliance is assured. A modified cash basis of accounting is used for budgetary purposes. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded as a reserve of the applicable appropriations, is employed as an extension of formal budgetary integration in the State’s accounting system. Encumbrances outstanding in the General, special revenue, and capital projects funds at fiscal year end are reported as reservations of fund balance for expenditure in subsequent years. Operating encumbrances are generally canceled five months after the fiscal year-end while capital encumbrances are generally canceled two years after the biennial period for which they were appropriated. Unencumbered appropriations lapse at the end of the biennium budget period. A more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control is provided in the *Detailed Appropriation Summary by Fund Report*, which is available for public inspection at the Ohio Office of Budget and Management.

In the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis), budgeted revenues for the General Fund represent periodically updated revenue budgets. For other budgeted funds, the original budgeted revenues, as submitted by the Governor, do not represent actual forecasts of revenues and are not amended to coincide with any legislative changes to the original expenditure budget. Accordingly, budgeted revenues and other financing sources and uses for budgeted funds other than the General Fund are reported at actual amounts, since the State does not have updated, budgeted revenue and other financing sources and uses amounts for use in the accompanying budgetary basis financial statements.

Additionally, on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis), “Actual” budgetary expenditures include cash disbursements against the current fiscal year’s appropriations and outstanding encumbrances, as of June 30, 1998, that were committed during the current fiscal year. Encumbrance reversions represent lapses of prior years’ appropriations. For the Capital Projects Fund, amounts reported under the “Budget” column include unexpended appropriations carried forward into the second year of the biennial budget.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Employment Services Expendable Trust Fund, State Highway Patrol Pension Trust Fund, and STAROhio Investment Trust Fund are not legally required to adopt budgets. For budgeted proprietary and trust funds, the State is not legally required to report budgetary data and comparisons for these funds. Budgetary data for discretely presented component units are not presented.

Because the State budgets on a modified cash basis of accounting, which differs from GAAP, a reconciliation of the differences between the GAAP basis and non-GAAP budgetary basis of reporting is presented in NOTE 3.

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. Also included in cash and cash equivalents are investments with original maturities of three months or less from the date of acquisition, which are reported in the Bureau of Workers' Compensation and Ohio Lottery Commission enterprise funds, the State Highway Patrol Retirement System Pension Trust Fund, and the University of Cincinnati, University of Toledo, Youngstown State University, and Southern State Community College component unit funds.

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.

F. Investments

Investments include long-term investments that may be restricted by law or other legal instruments. With the exception of holdings in the State Treasury Asset Reserve of Ohio (STAROhio) investment pool, investments are carried at fair value. STAROhio 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). For the colleges and universities, investments received as gifts are reported at the fair value at 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.

G. Intergovernmental Revenues/Receivables

Intergovernmental revenues primarily represent resources from reimbursement-type grants received from the federal government. Intergovernmental receivables and revenues are recorded when the related grant expenditures/expenses are incurred.

H. Inventories

For governmental funds, the costs of material inventories are recorded as expenditures when purchased. At year end, physical counts are taken of significant inventories for the governmental fund types and are generally reported on the balance sheet at moving-average cost. Proprietary and college and university funds' inventories are valued at cost, which approximates market; principal inventory cost methods applied include first-in, first-out, average cost, moving-average, and retail. Inventories recorded in the governmental fund types do not reflect current appropriable resources, and therefore, an equivalent portion of fund balance is reserved.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Food Stamps

Food stamp coupons held in the State's and its agents' custody are stated at face value and are offset by deferred revenue. The State recognizes revenue and expenditures in the Special Revenue Fund when food stamp coupons are distributed to eligible recipients.

J. Restricted Assets

Assets restricted for payment of deferred prize awards (Ohio Lotto) and tuition benefits are reported in the enterprise funds for the Ohio Lottery Commission and the Ohio Tuition Trust Authority, respectively.

Covenants for the Ohio Building Authority's bonds require its pledged receipts be held and invested in a reserve account placed with a trustee financial institution. These restricted assets are reported in the internal service funds.

Generally, restricted assets reported for the college and university funds are assets held in trust that are legally restricted under bond covenants or other financing arrangements.

K. Fixed Assets

General Fixed Assets — Fixed assets purchased with governmental fund resources are recorded in the General Fixed Assets Account Group at historical cost, or at estimated historical cost in cases when no historical records exist. Donated fixed assets are valued at estimated fair market value at the donation date. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. The costs of major improvements are capitalized, while interest costs associated with the acquisition of general fixed assets are not capitalized.

Public domain (infrastructure) general fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, historical monuments, drainage systems, and lighting systems are not capitalized, since these assets are immovable and of value only to the government.

Assets in the General Fixed Assets Account Group are not depreciated.

Proprietary and Fiduciary Fund Fixed Assets — Fixed assets are stated at cost or, for donated assets, at estimated fair market value at the donation date. Fixed assets, excluding land, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-45 years
Machinery and Equipment	5-20 years
State Vehicles	5 years

Material interest is capitalized on proprietary fund fixed assets acquired through the issuance of debt.

College and University Fund Fixed Assets — All purchased fixed assets are valued at cost. Donated fixed assets are valued at estimated fair market value at the donation date. Generally, public domain (infrastructure) assets are not capitalized. College and university fund fixed assets are not depreciated.

L. Long-Term Obligations

Governmental funds recognize long-term obligations as liabilities when due. Only the portion expected to be financed from expendable available financial resources is reported as a liability of a governmental fund. The



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Included among these liabilities are the noncurrent portions of liabilities resulting from debt issuances, certificate of participation financing arrangements, compensated absences, judgments, settlements, claims, litigation, contingencies, leases, and workers' compensation benefits. Long-term liabilities expected to be financed from proprietary fund and college and university fund operations are accounted for in those funds.

As discussed in NOTES 11 and 12, bonds issued by the Ohio Building Authority (OBA) to finance the construction of State-related projects are reported as special obligation bonds in the General Long-Term Obligations Account Group, while OBA bonds issued to finance the construction of facilities leased to local government are reported as revenue bonds in the internal service funds.

M. 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 five years of employment, up to a maximum rate of 9.2 hours every two weeks after 25 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, employees are paid at their full rate 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 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 governmental funds, the noncurrent portion of the liability for compensated absences is reported in the General Long-Term Obligations Account Group. For proprietary funds, the liability for compensated absences is reported as a noncurrent accrued liability.

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

Vacation, compensatory time, and personal leaves are accrued 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. 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.

Sick leave is accrued using the vesting method, whereby 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 State's share of Medicare taxes.

N. Fund Equity

Reservations

Reservations of equity represent amounts that are not appropriable or are legally restricted for a specific purpose.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations

Designations of equity represent tentative management plans that are subject to change.

Contributed Capital

Contributed capital represents equity acquired through capital contributions from other funds.

O. Self-Insurance

The State's primary government is self-insured for claims covered under its traditional healthcare plan, vehicle liability, public fidelity blanket bonds, property losses, and tort liability. While not the predominant participant, the State's primary government participates in a public entity risk pool, which is accounted for in the Bureau of Workers' Compensation Enterprise Fund, for the financing of its workers' compensation liability (See NOTE 24A). Estimates for significant incurred but not reported claims or contingent liabilities are included in accrued liabilities and in the General Long-Term Obligations Account Group.

P. Interfund/Intra-Entity Transactions

The State of Ohio records the following types of interfund/intra-entity transactions within its reporting entity:

Operating Transfers — Legally required transfers are reported when incurred as "Operating Transfers-in" by the receiving fund and as "Operating Transfers-out" by the disbursing fund. Legally required transfers between the primary government and its component units are reported as "Operating Transfers from/to Primary Government" and "Operating Transfers from/to Component Units."

Transfers of Expenditures (Reimbursement) — Reimbursements of expenditures made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

Residual Equity Transfers — Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Quasi-external Transactions — Charges or collections for services rendered by one fund to another are recorded as revenues of the receiving fund and expenditures/expenses of the disbursing fund.

Transactions between funds that are representative of non-current lending/borrowing arrangements outstanding, as of the end of the fiscal year, are reported as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. A summary of interfund balances and interfund and intra-entity transfers is presented in NOTE 7.

Q. Memorandum Only — Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES

A. Restatements

Certain restatements of fund balances/retained earning balances, as of June 1997, are summarized as follows (amounts expressed in thousands).

Fund	Fund Balance/ Retained Earnings as Previously Reported, June 30, 1997	Increase (Decrease) for Restatement	Fund Balance/ Retained Earnings as Restated, July 1, 1997
Primary Government:			
General Fund	\$2,320,267	\$ (1,209)	\$2,319,058
Special Revenue Fund:			
Community and Economic Development.....	\$ 592,758	\$ 2,278	\$ 595,036
Human Services	218,710	(38)	218,672
Health.....	23,166	(2)	23,164
Mental Health and Retardation.....	62,801	(1)	62,800
Education	342,539	(172)	342,367
Highway Safety.....	96,706	(57)	96,649
Highway Operating	726,910	(379)	726,531
Natural Resources	138,644	(21)	138,623
Wildlife and Waterway Safety	44,999	(22)	44,977
Revenue Distribution.....	120,144	(21)	120,123
Local Transportation Improvements.....	70,520	(43)	70,477
All Other Special Revenue Funds.....	19,417	—	19,417
Total Special Revenue Fund	\$2,457,314	\$ 1,522	\$2,458,836
Debt Service Funds:			
Highway Obligations Bond Retirement	\$ 108,351	\$ (75)	\$ 108,276
Ohio Building Authority	57,004	407	57,411
All Other Debt Service Funds	125,640	—	125,640
Total Debt Service Fund	\$ 290,995	\$ 332	\$ 291,327
Capital Projects Funds:			
Arts Facilities Building Improvements.....	\$ 35,251	\$ (13)	\$ 35,238
Higher Education Improvements	49,767	(63)	49,704
Highway Obligations Construction.....	32,561	(33)	32,528
Mental Health/Retardation Facilities Improvements	16,698	(16)	16,682
Parks and Recreation Improvements.....	8,859	(7)	8,852
Local Infrastructure Improvements.....	186,442	(40)	186,402
Administrative Services Building Improvements	41,211	(18)	41,193
Youth Services Building Improvements	19,832	(14)	19,818
Transportation Building Improvements.....	8,976	(9)	8,967
Adult Correctional Building Improvements....	85,713	(32)	85,681
Highway Safety Building Improvements	44,603	(14)	44,589
Ohio Parks and Natural Resources	53,705	(12)	53,693
Highway Capital Improvement	160,248	(18)	160,230
Sports Facilities Building.....	37,609	(11)	37,598
All Other Capital Projects Funds	7,285	—	7,285
Total Capital Projects Fund.....	\$ 788,760	\$ (300)	\$ 788,460
Enterprise Funds:			
Tuition Trust Authority.....	\$ 38,126	\$ 22,939	\$ 61,065
All Other Enterprise Funds.....	5,147,306	—	5,147,306
Total Enterprise Fund	\$5,185,432	\$ 22,939	\$5,208,371

(Continued)



NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES (Continued)

Fund	Fund Balance/ Retained Earnings as Previously Reported, June 30, 1997	Increase (Decrease) for Restatement	Fund Balance/ Retained Earnings as Restated, July 1, 1997
Primary Government (Continued):			
Internal Service Funds:			
Ohio Building Authority	\$ 32,440	\$ 17	\$ 32,457
Ohio Data Network	23,266	(14)	23,252
Telecommunications.....	12,187	(3)	12,184
All Other Internal Service Funds.....	48,006	—	48,006
Total Internal Service Fund	\$ 115,899	\$ —	\$ 115,899
Trust Funds:			
STAROhio Investment Trust	\$ —	\$3,712,871	\$ 3,712,871
All Other Trust Funds.....	2,781,858	—	2,781,858
Total Trust Funds	\$2,781,858	\$3,712,871	\$ 6,494,729
Component Units:			
College and University Funds:			
Ohio State University	\$3,223,797	\$ 108,053	\$ 3,331,850
University of Cincinnati	1,690,943	204,444	1,895,387
Ohio University	575,188	7,554	582,742
Miami University	559,009	13,318	572,327
University of Akron.....	511,899	6,040	517,939
University of Toledo.....	372,799	7,009	379,808
Wright State University	342,135	749	342,884
Central State University	—	96,596	96,596
Medical College of Ohio	324,550	144	324,694
Columbus State Community College.....	121,843	775	122,618
Clark State Community College	41,760	(102)	41,658
Washington State Community College.....	22,660	(48)	22,612
Northwest State Community College.....	19,263	(578)	18,685
All Other College and University Funds	1,833,556	—	1,833,556
Total College and University Funds.....	\$9,639,402	\$ 443,954	\$10,083,356

For fiscal year 1998, the State implemented the provisions of Governmental Accounting Standards (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which became effective for fiscal years beginning after June 15, 1997. GASB Statement No. 31 requires the State to report its investments at fair value as of the balance sheet date and to reflect the changes in the fair value of investments as revenue in the operating statements. Also, the new accounting pronouncement requires the State for the first time to report its external investment pool, STAROhio, as an investment trust fund.

For the primary government, implementation of the new reporting standard resulted in the following restatements of beginning fund equity balances, as of July 1, 1997: a \$1.2 million decrease in the General Fund, a \$332 thousand increase in the Debt Service Fund, a \$300 thousand decrease in the Capital Projects Fund, a \$22.9 million increase in the Enterprise Fund, and a \$3.71 billion increase for the Investment Trust Fund.

For the Special Revenue Fund, the \$1.5 million net increase in opening fund balance is due to a \$1 million decrease also resulting from the implementation of GASB Statement No. 31, plus a \$2.5 million increase in the cash and outstanding loans balances for the Department of Development's Office of Financial Incentives.



NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES (Continued)

For the discretely presented College and University Funds, the prior year's fund balance has been increased approximately \$444 million to reflect:

- a \$347.3 million increase to the investment balance resulting from the implementation of GASB Statement No. 31.
- a \$96.6 million increase due to the inclusion of Central State University's financial statements, for the fiscal year ended June 30, 1998. The University's financial statements had been excluded from the State financial statements presented for the fiscal year ended June 30, 1997, when they were unavailable in time for publication in the State's 1997 Comprehensive Annual Financial Report.
- for Columbus State Community College, a \$1.52 million increase due to the inclusion of its Development Foundation, a \$24 thousand increase in cash and cash equivalents, a \$73 thousand increase in accounts receivable, and a \$842 thousand decrease in the fixed assets balance.
- adjustments principally to the accounts receivable, accounts payable, and fixed assets balances for Clark State Community College, which collectively decreased fund balance by \$102 thousand.
- a write-off of accounts receivable at Washington State Community College, which decreased fund balance by \$48 thousand.
- an adjustment to the opening fixed asset balance for Northwest State Community College, which decreased fund balance by \$578 thousand.

B. Changes in Accounting Principles

Beginning in fiscal year 1998, the Tuition Trust Authority changed its method of reporting sales of tuition units in the Enterprise Fund from the net sales method to the gross sales method. Under the gross sales method, the Authority reports sales of tuition units as revenue and tuition payouts as expenses. In prior years, the Authority reported tuition unit sales and tuition payouts as increases and reductions, respectively, to the "Benefits Payable" account using the net sales method.

NOTE 3 GAAP vs. NON-GAAP BUDGETARY BASIS

"Actual" revenues, operating transfers-in, expenditures, encumbrances, and operating transfers-out on the non-GAAP budgetary basis do not equal those reported on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from basis differences in the recognition of accruals, deferred revenue, interfund transactions, and loan transactions, and from timing differences in the budgetary basis of accounting for encumbrances. On the non-GAAP budgetary basis, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis, expenditures are recognized when goods or services are received regardless of the year encumbered.

Budgeted expenditures in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) represent original appropriations modified by supplemental and amended appropriations made throughout the year, including \$531.4 million, \$1.83 billion, and \$117.8 million increases in the budgets of the General, Special Revenue, and Capital Projects funds, respectively, and a \$1.3 million decrease in the budget of the Debt Service Fund.

A reconciliation of the fund balances recorded under the two bases for the General, Special Revenue, Debt Service, and Capital Projects funds is presented in the following table.



NOTE 3 GAAP vs. NON-GAAP BUDGETARY BASIS (Continued)

Reconciliation of GAAP Basis Fund Balances to
Non-GAAP Budgetary Basis Fund Balances
June 30, 1998
(in thousands)

	General	Special Revenue	Debt Service	Capital Projects
Total Fund Balances - GAAP Basis.....	\$2,661,847	\$2,852,635	\$182,543	\$605,393
Less: Unbudgeted Fund Balances	—	85,423 *	101,208	14,075
Total Budgeted Fund Balances - GAAP Basis	2,661,847	2,767,212	81,335	591,318
Less: Reserved Fund Balances	1,518,040	2,846,011	80,739	1,052,885
Less: Designated Fund Balances.....	945,574	—	—	—
Unreserved/Undesignated Fund Balances - GAAP Basis....	198,233	(78,799)	596	(461,567)
BASIS DIFFERENCES				
Revenue Accruals/Adjustments:				
Cash Equity with Treasurer.....	2,559	1,981	126	610
Taxes Receivable	(759,377)	(191,244)	(176)	—
Intergovernmental Receivable.....	(516,203)	(262,131)	—	—
Loans Receivable	(14,823)	(255,524)	—	(127,985)
Other Receivables	(18,130)	(40,963)	(329)	(2,495)
Due from Other Funds.....	(13,113)	(22,853)	(124)	(2,340)
Inventories	(1,835)	(34,631)	—	—
Other Assets	(794)	(6,435)	—	—
Deferred Revenues.....	62,545	71,234	—	—
Total Revenue Accruals/Adjustments.....	(1,259,171)	(740,566)	(503)	(132,210)
Expenditure Accruals/Adjustments:				
Accounts Payable.....	101,334	184,328	—	90,435
Medicaid Claims Payable	525,696	—	—	—
Accrued Liabilities	113,940	60,335	321	42
Intergovernmental Payable	216,752	385,136	—	—
Due to Other Funds.....	39,851	7,064	—	2,056
Refund and Other Liabilities	595,009	70,436	993	—
Total Expenditure Accruals/Adjustments.....	1,592,582	707,299	1,314	92,533
Other Adjustments:				
Fund Balance Reclassifications:				
From Unreserved (Non-GAAP Budgetary Basis) to Reserved for:				
Debt Service	1,370	—	80,739	—
Budget Stabilization	862,707	—	—	—
Noncurrent Portion of Loans Receivable.....	13,996	255,065	—	127,047
Other	114,655	60,828	—	42,051
From Undesignated (Non-GAAP Budgetary Basis) to Designated				
Cash and Investments Held Outside of State Treasury .	945,574	—	—	—
Other.....	(11,291)	(32,889)	(1,513)	—
Other.....	—	3	1	(1)
Total Other Adjustments.....	1,927,011	283,007	79,227	169,097
Total Basis Differences.....	2,260,422	249,740	80,038	129,420
TIMING DIFFERENCES				
Encumbrances.....	(147,161)	(265,143)	—	(84,131)
Unreserved/Undesignated and Designated Fund Balances (Deficits) — Non-GAAP Budgetary Basis.	\$2,311,494	\$ (94,202)	\$ 80,634	\$(416,278)

*This amount includes certain unbudgeted activities within the Community and Economic Development, Employment Services, and Student Aid Commission Special Revenue Funds.



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 a cash or near-cash status to meet current demands. Such moneys must be maintained either as cash in the State's treasury or in one of the following: a commercial account that is payable or withdrawable, 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:

- Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
- Repurchase agreements in the securities enumerated above;
- Interim deposits in the eligible institutions applying for interim moneys;
- Bonds and other obligations of the State of Ohio;
- The Treasurer of State's investment pool;
- Linked deposits, reduced-rate deposits at financial institutions that provide reduced-rate loans to small businesses, as authorized under Section 135.63, Ohio Revised Code;
- Agricultural linked deposits, reduced-rate deposits at financial institutions that provide reduced-rate loans to agricultural businesses, as authorized under Section 135.74, Ohio Revised Code;
- Reverse repurchase 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;
- 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;
- Commercial paper, rated in one of the two highest rating categories by two nationally recognized rating agencies and not exceeding five percent of the investment portfolio;
- Bankers' acceptances maturing in 270 days or less and not exceeding 10 percent of the investment portfolio;



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- Debt of domestic corporations and foreign nations diplomatically recognized by the United States, rated investment grade by nationally recognized rating agencies and, in the aggregate, not exceeding five percent of the investment portfolio; and
- No-load money market funds consisting of U.S. government and agency obligations and repurchase agreements secured by such obligations.

The primary government's deposits must be held in insured depositories approved by the State Board of Deposit and must be fully collateralized.

In some cases, 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 Pension Trust 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/government bonds and notes, mortgage loans, limited partnerships, venture capital, real estate, and/or other investments.

During the reporting period, the Public Employees Retirement System, Police and Firemen's Disability and Pension Fund, School Employees Retirement System, and the State Teachers Retirement System, the investments of which are held in the Treasurer of State's custody and are reported in the Retirement Systems Agency Fund, had investments in derivatives and similar debt and investment transactions. Specific information on the nature of the transactions and the reasons for entering into them can be found in each respective system's Comprehensive Annual Financial Report.

B. State-Sponsored Investment Pool

The Treasurer of State is the investment advisor and administrator of the State Treasury Asset Reserve of Ohio (STAROhio), a statewide external investment pool authorized under Section 135.45, Ohio Revised Code. STAROhio 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 43266-0421, or by calling (614) 466-2160.

C. Deposits

1. Primary Government

As of June 30, 1998, the carrying amount of deposits was (in thousands) \$818,010, and the bank balance was \$816,889. Of the bank balance, \$62,894 was fully insured or collateralized with securities held by the primary government or its agent in the primary government's name (Category 1), \$687,052 was collateralized with securities held by the pledging financial institution's trust department or its agent in the primary government's name (Category 2), and \$66,943, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).

2. Component Units

As of June 30, 1998, the carrying amount of deposits was (in thousands) \$194,991, and the bank balance was \$279,662. Of the bank balance, \$15,024 was fully insured or collateralized with securities held by the respective component units or their agents in the component unit's name (Category 1), \$201,767 was collateralized with securities held by the pledging financial institution's trust department or its agent in the respective component unit's name (Category 2), and \$62,871, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

D. Investments

The State categorizes investments to give an indication of the level of credit risk associated with the State's custodial arrangements at year end. *Category 1* includes investments that are insured, registered, or held by the State or its agent in the State's name. *Category 2* includes uninsured and unregistered investments held by the counterparty's trust department or its agent in the State's name. *Category 3* includes uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the State's name.

Certain investments have not been categorized because the securities are not used as evidence of the investment. These uncategorized investments include ownership in real estate, mutual funds, limited partnerships and venture capital, direct mortgage loans, and the deposits with the federal government and the deferred compensation plan. In conformity with Governmental Accounting Standards Board Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, securities lent at year-end for cash collateral have not been categorized by custodial credit risk, while securities lent for securities collateral have been categorized.

The level of credit risk assumed by the primary government and its component units and the carrying amount and fair value of investments, as of June 30, 1998, are as follows (in thousands):

	Primary Government			Total Fair Value
	Category 1	Category 2	Category 3	
U.S. Government and Agency Obligations:				
Not on Securities Loan.....	\$ 34,304,863	\$40,939	\$ 5,315,541	\$ 39,661,343
On Securities Loan	—	—	207,162	207,162
Common and Preferred Stock:				
Not on Securities Loan.....	38,753,252	—	4,736,980	43,490,232
On Securities Loan	—	—	272,349	272,349
Corporate Bonds and Notes	10,956,504	—	2,210,822	13,167,326
Foreign Stocks and Bonds	12,076,265	—	—	12,076,265
Commercial Paper	3,650,028	—	3,118,938	6,768,966
Repurchase Agreements	298,883	723	257	299,863
Bankers' Acceptances	987	—	—	987
Municipal Obligations.....	845	—	—	845
Securities Lending Collateral:				
U.S. Government and Agency Obligations	100,000	—	2,383,961	2,483,961
Repurchase Agreements	5,246,981	—	—	5,246,981
Common and Preferred Stock	—	—	1,141,016	1,141,016
Corporate Bonds and Notes	1,436,448	—	—	1,436,448
	<u>\$106,825,056</u>	<u>\$41,662</u>	<u>\$19,387,026</u>	126,253,744
Investments Held by Broker-dealers under Securities Loans with Cash Collateral:				
U.S. Government and Agency Obligations.....				9,541,941
Common and Preferred Stock				1,107,938
Mutual Funds				4,070,764
Real Estate				9,371,249
Venture Capital				235,431
Limited Partnerships				25,000
Direct Mortgage Loans				38,294
Investment Contracts				4,200
Securities Lending Collateral — Mutual Funds.....				69,617
Securities Lending Collateral — Investment Contracts.....				514,000
Deposit with Federal Government.....				2,000,059
Deposit with Deferred Compensation Plan.....				1,025,872
Less: Component Units' Equity in the State Treasury Asset Reserve of Ohio (STAROhio)				(256,618)
Total Investments — Primary Government				<u>\$154,001,491</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

	Component Units			Total Fair Value
	Category 1	Category 2	Category 3	
U.S. Government and Agency Obligations	\$462,369	\$ 709,449	\$156,284	\$1,328,102
Common and Preferred Stock	355,600	805,015	5,052	1,165,667
Corporate Bonds and Notes	121,048	42,791	27,765	191,604
Foreign Stocks and Bonds	11,011	—	—	11,011
Commercial Paper	—	13,263	7,441	20,704
Repurchase Agreements	1,582	413,383	31,496	446,461
Bankers' Acceptances	—	1,990	3,170	5,160
Municipal Obligations.....	117	—	80	197
Negotiable Certificates of Deposit	100	—	4,000	4,100
Other Investments	127	—	7,230	7,357
	<u>\$951,954</u>	<u>\$1,985,891</u>	<u>\$242,518</u>	3,180,363
Mutual Funds				330,520
Investment in the State Treasury Asset Reserve of Ohio (STAROhio).....				256,618
Real Estate				29,274
Life Insurance				8,545
Limited Partnerships				5,378
Investment Contracts				107,978
Deposit with Deferred Compensation Plan.....				9,863
Total Investments — Component Units.....				<u>\$3,928,539</u>

The total carrying amount of deposits and investments, as of June 30, 1998, reported for the primary government and its component units is (in thousands) \$158,943,031. The total carrying amount of deposits and investments categorized and disclosed in this note is \$158,553,862. A reconciliation of the difference follows (in thousands).

	Deposits	Investments	Total
Cash equity with Treasurer (unrestricted and restricted).....	\$ 383,836	\$ 6,378,007	\$ 6,761,843
Cash and cash equivalents (unrestricted and restricted)	402,841	3,149,843	3,552,684
Investments	23,172	132,649,384	132,672,556
Collateral on Lent Securities (unrestricted and restricted)	—	10,758,409	10,758,409
Deposit with federal government	—	2,000,059	2,000,059
Deposit with deferred compensation plan	—	1,035,735	1,035,735
Restricted Assets:			
Investments	—	63,745	63,745
Dedicated investments	—	1,708,831	1,708,831
Carrying amount per combined balance sheet.....	809,849	157,744,013	158,553,862
Outstanding warrants and other reconciling items	203,152	186,017	389,169
Total Reporting Entity.....	<u>\$1,013,001</u>	<u>\$157,930,030</u>	<u>\$158,943,031</u>

E. Securities Lending Transactions

The Treasurer of State and the Bureau of Workers' Compensation (BWC) participate in securities lending programs for securities included in the "Cash Equity with Treasurer," "Investments," and "Dedicated Investments" accounts and the STAROhio program. 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. The State has minimized its exposure to credit risk due to borrower default by requiring the custodial agent to ensure that the State's lent securities are collateralized at no less than 102 percent of market value.

For loan contracts the Treasurer executes, not more than 15 percent of the State's cash and investment portfolio, which is reported as "Cash Equity with Treasurer," can be lent to a single broker-dealer. For the STAROhio



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

program, not more than 25 percent of STAROhio investment pool may be lent at any one time, and not more than 10 percent of the investment pool may be subject to term loans in excess of seven days.

The State cannot sell securities received as collateral unless the borrower defaults. Consequently, these amounts are not reflected in the financial statements. The State invests cash collateral in short-term obligations, which have a weighted average maturity of 45 days or less and generally match the maturities of securities loans. Loan contracts do not provide any loss indemnification by securities lending agents in cases of borrower default; however, during fiscal year 1998, the State had not experienced any losses due to credit or market risk on securities lending activities.

During the fiscal year, the Treasurer and the STAROhio program lent U.S. government and agency obligations in exchange for collateral consisting of cash and/or other U.S. government obligations. The BWC lent fixed maturities and equity securities in exchange for cash, broker-provided, and letters of credit collateral.

NOTE 5 TAXES

Taxes receivable, as of June 30, 1998, consist of the following (in thousands):

	General	Special Revenue	Debt Service	Trust and Agency	Total
Income Taxes	\$266,807	\$ 31,534	\$ —	\$ —	\$ 298,341
Sales Taxes	492,570	26,012	—	—	518,582
Motor Vehicle Fuel Taxes	—	126,160	176	—	126,336
Unemployment Taxes	—	—	—	159,371	159,371
Other Taxes	—	7,538	—	—	7,538
Total Taxes Receivable	<u>\$759,377</u>	<u>\$191,244</u>	<u>\$176</u>	<u>\$159,371</u>	<u>\$1,110,168</u>

As of June 30, 1998, refund liabilities for income and corporation franchise taxes, totaling \$656.6 million, are reported as "Refunds and Other Liabilities," of which \$593.7 million is reported in the General Fund and \$62.9 million is reported in the Special Revenue Fund.

NOTE 6 LOANS AND OTHER RECEIVABLES

A. Loans Receivable

Loans receivable (net of uncollectible amounts) for the primary government and its component units, as of June 30, 1998, consist of the following (in thousands):

Loan Type	Primary Government				Total
	General	Special Revenue	Debt Service	Capital Projects	
Columbiana County Economic Stabilization	\$ 3,209	\$ —	\$ —	\$ —	\$ 3,209
Community and Economic Development:					
Office of Minority Financial Incentives	5,160	—	—	—	5,160
Office of Financial Incentives.....	—	231,803	—	—	231,803
Ohio Housing Finance Agency	—	124,877	—	—	124,877
Rail Development.....	—	2,506	—	—	2,506
Total Community and Economic Development	<u>5,160</u>	<u>359,186</u>	<u>—</u>	<u>—</u>	<u>364,346</u>
Higher Education Research					
Investment Loans.....	—	—	5,200	—	5,200
Natural Resources	—	245	—	—	245

(Continued)



NOTE 6 LOANS AND OTHER RECEIVABLES (Continued)

Primary Government (Continued)					
Loan Type	General	Special Revenue	Debt Service	Capital Projects	Total
Primary, Secondary and Other Education:					
Vocational Education	835	236	—	—	1,071
Wayne Trace Local School District	5,619	—	—	—	5,619
Public School Building	—	4,216	—	—	4,216
Vocational School Assistance	—	7,219	—	—	7,219
School Building	—	2,963	—	—	2,963
Teacher Education	—	538	—	—	538
Nurses Education Assistance	—	182	—	—	182
Total Primary, Secondary and Other Education	6,454	15,354	—	—	21,808
Highway and Transit Infrastructure Bank	—	8,653	—	—	8,653
Local Infrastructure Improvements	—	—	—	127,985	127,985
Total Loans Receivable	<u>\$14,823</u>	<u>\$383,438</u>	<u>\$5,200</u>	<u>\$127,985</u>	<u>\$531,446</u>

Component Units						
Loan Type	Ohio Water Development Authority (12/31/97)	Ohio State University	University of Cincinnati	Kent State University	Other Component Units	Total Component Units
Water and Wastewater						
Treatment	\$1,750,905	\$ —	\$ —	\$ —	\$ —	\$1,750,905
Student	—	53,703	28,487	17,928	79,642	179,760
Other	—	—	663	—	45	708
Total Loans Receivable	<u>\$1,750,905</u>	<u>\$53,703</u>	<u>\$29,150</u>	<u>\$17,928</u>	<u>\$79,687</u>	<u>\$1,931,373</u>

B. Other Receivables

Other receivables for the primary government, as of June 30, 1998, consist of the following (in thousands):

Primary Government								
Unrestricted:	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total
Accounts Receivable	\$ 1,629	\$ 5,268	\$ —	\$ —	\$119,383	\$ 3,255	\$ —	\$129,535
Interest and Dividends Receivable ..	14,836	10,898	864	2,595	105,812	356	13,839	149,200
Women, Infants and Children								
Program Rebate Receivable	—	15,932	—	—	—	—	—	15,932
Nursing Facility Bed Assessments Receivable	—	12,831	—	—	—	—	—	12,831
Leases Receivable	—	—	—	—	—	32,213	—	32,213
Receivables from								
Lottery Sales Agents	—	—	—	—	23,519	—	—	23,519
Claims & Settlements Receivable ..	—	—	—	—	—	—	21,204	21,204
Employer Interest and Penalties on Unemployment Taxes	—	1,266	—	—	—	—	—	1,266
Refunds from Academic Grants and Scholarships Programs	1,665	—	—	—	—	—	—	1,665
Miscellaneous Receivables	—	958	—	—	10	1,383	351	2,702
Total Unrestricted	<u>18,130</u>	<u>47,153</u>	<u>864</u>	<u>2,595</u>	<u>248,724</u>	<u>37,207</u>	<u>35,394</u>	<u>390,067</u>
Restricted:								
Interest Receivable	—	—	—	—	17,780	—	—	17,780
Investment Trade Receivable	—	—	—	—	2,700	—	—	2,700
Total Restricted	—	—	—	—	<u>20,480</u>	—	—	<u>20,480</u>
Total Unrestricted and Restricted ...	<u>\$18,130</u>	<u>\$47,153</u>	<u>\$864</u>	<u>\$2,595</u>	<u>\$269,204</u>	<u>\$37,207</u>	<u>\$35,394</u>	<u>\$410,547</u>

Under long-term direct financing leases with local governments for office space, the Ohio Building Authority charges a pro-rata share of the buildings' debt service and operating costs based on square-footage occupied.



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1998

NOTE 6 LOANS AND OTHER RECEIVABLES (Continued)

Future lease payments due the Ohio Building Authority Internal Service Fund, net of executory costs, are as follows (in thousands):

Year Ending June 30,	Leases Receivable
1999	\$ 4,994
2000	4,997
2001	5,001
2002	5,008
2003	5,012
Thereafter	25,892
Total minimum lease payments	50,904
Less: Amount representing interest	18,691
Present value of net minimum lease payments	<u>\$32,213</u>

Other receivables for the State's component units, as of June 30, 1998, consist of the following (in thousands):

	Component Units					
	Ohio State University	University of Cincinnati	Ohio University	Medical College of Ohio	Other Component Units	Total Component Units
Accounts Receivable.....	\$190,686	\$32,062	\$17,318	\$22,257	\$ 92,397	\$354,720
Interest Receivable.....	13,463	6,108	527	912	5,070	26,080
Pledges Receivable.....	—	29,303	—	—	—	29,303
Miscellaneous Receivable	—	—	—	—	6,726	6,726
Total Other Receivables.....	<u>\$204,149</u>	<u>\$67,473</u>	<u>\$17,845</u>	<u>\$23,169</u>	<u>\$104,193</u>	<u>\$416,829</u>

NOTE 7 INTERFUND AND INTRA-ENTITY BALANCES AND TRANSFERS

Interfund balances, as of June 30, 1998, and operating transfers among the primary government's funds, for the year ended June 30, 1998, are as follows (in thousands):

Fund Type/Fund	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds	Operating Transfers-in	Operating Transfers-out
General	\$ 13,113	\$ 39,851	\$ —	\$ —	\$ 180,176	\$1,142,014
Special Revenue:						
Community and Economic Development.....	3,040	3,474	—	114,629	75,423	45,854
Human Services.....	992	697	—	—	10,611	12,575
Health	120	296	—	—	14,766	733
Mental Health and Retardation	347	764	—	—	3,311	4
Employment Services.....	—	—	—	—	36	1,832
Education	838	107	—	—	963,815	36,196
Highway Safety.....	2,071	864	—	—	145,739	10,732
Highway Operating	3,144	3,780	—	—	609,306	173,546
Natural Resources.....	430	144	—	—	4,182	3,305
Wildlife and Waterway Safety.....	250	11	—	—	1,002	—
Revenue Distribution	9,571	138	—	—	27,605	698,240
Local Transportation Improvements.....	2,050	2	—	—	59,930	—
Total Special Revenue Fund.....	<u>22,853</u>	<u>10,277</u>	<u>—</u>	<u>114,629</u>	<u>1,915,726</u>	<u>983,017</u>
Debt Service:						
Economic Development Bond Service.....	—	—	—	—	15,846	—
Coal Research/Development Bond Retirement.....	—	—	—	—	5,605	5
Development Bond Retirement.....	—	—	—	—	—	22
Highway Obligations Bond Retirement.....	122	—	—	—	—	43
Public Improvements Bond Retirement.....	—	—	—	—	—	12
Local Infrastructure Improvements						
Bond Retirement	1	—	—	—	91,576	—
Ohio Public Facilities Commission.....	1,115	—	—	—	440,107	—
Ohio Building Authority.....	—	—	—	—	218,992	2,296

(Continued)



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1998

NOTE 7 INTERFUND AND INTRA-ENTITY BALANCES AND TRANSFERS (Continued)

Fund Type/Fund	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds	Operating Transfers-in	Operating Transfers-out
Debt Service (Continued):						
Enterprise Bond Retirement	—	—	—	—	39,624	34,309
State Projects Bond Service.....	—	—	—	—	9,412	19
School Building Program Bond Service.....	—	—	—	—	21,290	—
Highway Capital Improvement Bond Service.....	1	—	—	—	24,673	57
Total Debt Service Fund.....	1,239	—	—	—	867,125	36,763
Capital Projects:						
Arts Facilities Building Improvements.....	16	—	—	—	—	—
Higher Education Improvements.....	92	1,115	—	—	—	91
Highway Obligations Construction.....	31	—	—	—	—	—
Mental Health/Mental Retardation Facilities Improvements.....	30	2	—	—	—	—
Parks and Recreation Improvements.....	23	—	—	—	—	—
Local Infrastructure Improvements.....	1,614	5	—	—	—	40
Ohio Building Authority.....	—	—	—	—	14,000	246,186
Administrative Services Building Improvements	154	—	—	—	132,526	14,000
Youth Services Building Improvements.....	26	—	—	—	—	—
Transportation Building Improvements.....	17	161	—	—	12,012	—
Adult Correctional Building Improvements.....	127	109	—	—	101,169	—
Highway Safety Building Improvements.....	13	416	—	—	—	—
Ohio Parks and Natural Resources.....	48	248	—	—	—	625
Highway Capital Improvement	20	—	—	—	—	—
Sports Facilities Building	49	—	—	—	—	—
Infrastructure Bank Obligations	80	—	—	—	—	—
Total Capital Projects Fund	2,340	2,056	—	—	259,707	260,942
Enterprise:						
Liquor Control.....	73	2,278	—	—	—	106,714
Ohio Lottery Commission	—	—	—	—	—	723,865
Workers' Compensation	—	—	—	—	15	5,377
Underground Parking Garage.....	—	—	—	—	—	1,023
Office of Auditor of State.....	2,012	—	—	—	29,642	—
Total Enterprise Fund.....	2,085	2,278	—	—	29,657	836,979
Internal Service:						
Ohio Building Authority.....	—	—	—	—	28,465	29,596
Ohio Data Network	10,031	781	—	—	—	489
Ohio Penal Industries.....	23,003	1,833	—	—	8,947	—
Support Services.....	5,044	124	—	—	—	—
Telecommunications	4,443	1,157	—	—	—	—
Total Internal Service Fund.....	42,521	3,895	—	—	37,412	30,085
Expendable Trust:						
Unclaimed Funds	3,213	—	114,629	—	—	—
Pension Trust:						
State Highway Patrol	1,634	—	—	—	—	—
Agency:						
Holding and Distribution	—	20,027	—	—	—	—
Payroll Withholding and Fringe Benefits.....	122	14,302	—	—	—	—
Deferred Compensation	3,413	—	—	—	—	—
Other	66	—	—	—	—	—
Total Trust and Agency Funds.....	8,448	34,329	114,629	—	—	—
Total per Financial Statements —		92,686				
Primary Government.....	92,599	—	114,629	114,629	3,289,803	3,289,800
Reconciliation for Timing Differences for Funds with December 31, 1997 Year-Ends.....	87	—	—	—	—	3
Reconciled Total for the Primary Government.....	92,686	92,686	\$114,629	\$114,629	\$3,289,803	\$3,289,803
Component Units:						
Ohio State University.....	255,225	255,225	—	—	—	—
University of Cincinnati.....	109,570	109,570	—	—	—	—
Other Component Units.....	72,839	72,839	—	—	—	—
Total per Financial Statements — Component Units....	437,634	437,634	—	—	—	—
Total Reporting Entity.....	\$530,320	\$530,320	—	—	—	—



NOTE 7 INTERFUND AND INTRA-ENTITY BALANCES AND TRANSFERS (Continued)

For the fiscal year ended June 30, 1998, the Capital Projects Fund reports approximately \$5.1 million in residual equity transfers-out. The transfers represent contributions of capital to the Internal Service Fund, as discussed in more detail in NOTE 19.

Operating transfers between the primary government's funds and its component units, for the year ended June 30, 1998, consist of the following (in thousands):

	Operating Transfers from Primary Government	Operating Transfers to Component Units
<u>Primary Government:</u>		
<i>General Fund</i>	\$ —	\$1,520,432
<u>Component Units:</u>		
<i>College and University Funds</i>		
Ohio State University	\$406,596	—
University of Cincinnati.....	184,335	—
Ohio University	129,478	—
Miami University	72,330	—
University of Akron.....	97,465	—
Bowling Green State University	76,853	—
Kent State University.....	105,962	—
University of Toledo	82,602	—
Cleveland State University.....	67,385	—
Youngstown State University	46,508	—
Wright State University.....	86,306	—
Shawnee State University.....	14,138	—
Central State University.....	17,303	—
Medical College of Ohio	36,033	—
Terra State Community College.....	6,220	—
Columbus State Community College.....	30,386	—
Clark State Community College.....	6,330	—
Edison State Community College	4,773	—
Southern State Community College.....	3,727	—
Washington State Community College	4,228	—
Cincinnati State Community College	15,967	—
Northwest State Community College	3,780	—
Owens State Community College	21,727	—
Total Reporting Entity	\$1,520,432	\$1,520,432

NOTE 8 FIXED ASSETS

A. Primary Government

Fixed assets by category, as of June 30, 1998, are as follows (in thousands):

	Enterprise	Internal Service	Pension Trust	General Fixed Assets	Total Primary Government
Land.....	\$ 18,070	\$ —	\$ 370	\$ 198,023	\$ 216,463
Buildings	272,782	5,610	2,992	2,256,807	2,538,191
Land Improvements.....	66	708	—	156,987	157,761
Machinery and Equipment	179,140	78,570	232	228,811	486,753
State Vehicles	5,562	2,183	16	230,879	238,640
Construction-in-Progress	—	—	—	588,898	588,898
Total Fixed Assets (at cost) ...	475,620	87,071	3,610	\$3,660,405	4,226,706
Less: Accumulated Depreciation	197,665	59,397	784	—	257,846
Total Fixed Assets (net).....	<u>\$277,955</u>	<u>\$27,674</u>	<u>\$2,826</u>	<u>\$3,660,405</u>	<u>\$3,968,860</u>



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1998

NOTE 8 FIXED ASSETS (Continued)

No projects were under construction, for the year ended June 30, 1998, that resulted in capitalized interest for the proprietary and fiduciary fund types.

Changes in general fixed assets, for the year ended June 30, 1998, are as follows (in thousands):

	Balance July 1, 1997	Beginning Balance Adjustments	Additions	Deletions/ Net Transfers	Balance June 30, 1998
Land.....	\$ 186,169	\$ 73	\$ 11,997	\$ (216)	\$ 198,023
Buildings	2,167,257	10,355	101,886	(22,691)	2,256,807
Land Improvements.....	155,364	44	3,563	(1,984)	156,987
Machinery and Equipment	214,561	16,060	28,299	(30,109)	228,811
State Vehicles	225,095	617	27,736	(22,569)	230,879
Construction-in-Progress	446,095	55,714	487,246	(400,157)	588,898
Total General Fixed Assets.....	<u>\$3,394,541</u>	<u>\$82,863</u>	<u>\$660,727</u>	<u>\$(477,726)</u>	<u>\$3,660,405</u>

B. Component Units

Fixed assets by category for the State's component units, as of June 30, 1998, are as follows (in thousands).

	Ohio State University	University of Cincinnati	Ohio University	Miami University	University of Akron
Land.....	\$ 33,221	\$ 17,130	\$ 10,174	\$ 2,294	\$ 16,968
Buildings	1,256,997	737,339	331,578	324,503	269,095
Land Improvements.....	138,361	18,214	52,526	32,731	31,273
Machinery, Equipment, and Vehicles	659,537	109,067	86,140	87,757	98,794
Library Books and Publications.....	121,797	83,801	49,353	37,093	47,879
Construction-in-Progress	235,765	125,761	3,814	30,567	18,464
Total Fixed Assets (at cost).....	2,445,678	1,091,312	533,585	514,945	482,473
Less: Accumulated Depreciation.....	—	—	—	—	—
Total Fixed Assets (net)	<u>\$2,445,678</u>	<u>\$1,091,312</u>	<u>\$533,585</u>	<u>\$514,945</u>	<u>\$482,473</u>

	Kent State University	University of Toledo	Cleveland State University	Other Component Units	Total Component Units
Land.....	\$ 6,747	\$ 17,738	\$ 50,930	\$ 53,267	\$ 208,469
Buildings	252,315	305,114	293,122	1,201,836	4,971,899
Land Improvements.....	27,250	28,663	14,304	80,761	424,083
Machinery, Equipment, and Vehicles	66,086	58,521	57,963	353,657	1,577,522
Library Books and Publications.....	47,632	17,971	44,670	92,800	542,996
Construction-in-Progress	20,126	9,581	—	72,774	516,852
Total Fixed Assets (at cost).....	420,156	437,588	460,989	1,855,095	8,241,821
Less: Accumulated Depreciation.....	—	—	—	322	322
Total Fixed Assets (net)	<u>\$420,156</u>	<u>\$437,588</u>	<u>\$460,989</u>	<u>\$1,854,773</u>	<u>\$8,241,499</u>



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, are eligible to be covered by one of the following retirement plans:

- Public Employees Retirement System
- State Teachers Retirement System
- State Highway Patrol Retirement System

A. Public Employees Retirement System (PERS)

Pension Benefits

PERS is a cost-sharing, defined benefit multiple-employer public employee retirement system.

PERS benefits are established under Chapter 145, Ohio Revised Code. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

PERS issues a stand-alone financial report, copies of which may be obtained by making a written request to: Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215 -4642, or by calling (614) 466-2085.

Employer and employee required contributions to PERS are established under the Ohio Revised Code and are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuaries. Contribution rates for calendar year 1997 are as follows:

	Contribution Rates — Calendar Year 1997	
	Employee Share	Employer Share
Regular Employees	8.50%	13.31%
Law Enforcement Employees	9.00%	16.70%

Employer contributions required and made for the last three years follow (in thousands):

Primary Government			Component Units	
For the Year Ended December 31,	Employer's Contribution for Regular Employees	Employer's Contribution for Law Enforcement Employees	For the Year Ended June 30,	Employer's Contribution for Regular Employees
1997	\$218,984	\$2,747	1998	\$97,944
1996	196,501	2,410	1997	96,962
1995	188,913	2,480	1996	98,615

Other Postemployment Benefits

All age and service retirees with 10 or more years of service credit qualify for healthcare coverage under PERS. Healthcare coverage for disability recipients and primary survivor recipients is also available. Chapter 145, Ohio Revised Code, provides the statutory authority for employer contributions. The portion of the employer rate that is used to fund healthcare is 5.46 percent of covered payroll for law enforcement employees, and 4.29 percent of covered payroll for regular employees for calendar year 1997. Employees do not fund any portion of healthcare costs.

PERS healthcare benefits are funded on a pay-as-you-go basis. As of December 31, 1997, the unaudited estimate of the value of net assets available for future healthcare benefits is \$8.3 billion.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The State’s net costs for the PERS healthcare plan are as follows (in thousands):

Primary Government:	
(for the year ended December 31, 1997)	
Regular Employees	\$104,151
Law Enforcement Employees	1,342
	\$105,493
Total	\$105,493
 Component Units:	
(for the year ended June 30, 1998)	
	\$ 46,583

The number of eligible benefit recipients for PERS as a whole is 113,906, as of December 31, 1997; a breakout of the number of eligible recipients for the primary government and its component units, as of December 31, 1997, is unavailable.

During calendar year 1997, PERS adopted a new calculation method for determining employer contributions applied to healthcare benefits. Under the new method, effective January 1, 1998, PERS applies employer contributions equal to 4.2 percent of member covered payroll to fund healthcare costs. Under the prior method, PERS determined accrued liabilities and normal cost rates for retiree healthcare coverage.

B. State Teachers Retirement System (STRS)

Pension Benefits

STRS is a cost-sharing, defined benefit multiple-employer public employee retirement system.

Participants in STRS, 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” or the “money-purchase benefit” calculation.

Under the “formula benefit” calculation, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is determined by multiplying final average salary by 2.5 percent for each year of Ohio contributing service in excess of 30 years and by 2.1 percent for all other years of credited service up to a maximum annual allowance of 100 percent of final average salary.

Effective August 1997, enacted legislation provided an adjustment for retirees for whom benefits have not kept pace with the inflation rate. This legislation also changed the formula benefit for Ohio service greater than 30 years. Retroactively to July 1, 1997, each year over 30 years is incremented by .1 percent, starting at 2.5 percent for the 31st year of service.

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. Annually, after retirement, STRS benefits are increased by the greater of the amount of the change in the Consumer Price Index or the cumulative increase in prior years, less previous cost-of-living increases, up to a maximum of three percent.

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-



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

employment. Upon termination or the retiree reaches the age of 65, whichever comes later, the retiree is eligible for a money purchase benefit or a lump-sum payment in addition to the original retirement allowance.

STRS also provides death, survivors', disability, healthcare, and supplemental benefits. STRS benefits are established under Chapter 3307, Ohio Revised Code.

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, 275 East Broad Street, Columbus, Ohio 43215-3771.

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 10 percent, respectively, 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 1998 were 14 percent for employers and 9.3 percent for employees.

For STRS, 10.5 percent of the employer rate is used to fund pension obligations. The difference between the total employer rate and the share used to fund pension obligations is the percentage used to fund the STRS healthcare program.

Employer contributions required and made for the last three years are as follows (in thousands):

<u>Year Ended June 30,</u>	<u>Primary Government</u>	<u>Component Units</u>
1998	\$4,384	\$101,964
1997	5,051	111,928
1996	4,780	112,449

Other Postemployment Benefits

The STRS plan provides comprehensive healthcare benefits to retirees and their dependents. Retirees are required to make healthcare premium payments at amounts that vary according to each retiree's years of credited service and choice of healthcare provider. Retirees must pay additional premiums for covered spouses and dependents. Chapter 3307, Ohio Revised Code, gives the STRS board discretionary authority over how much, if any, of associated healthcare costs are absorbed by the plan. Currently, employer contributions equal to 3.5 percent of covered payroll are allocated to pay for healthcare benefits.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 1997, net assets available for future healthcare benefits are \$1.9 billion. Net healthcare costs paid by the primary government and its component units, for the year ended June 30, 1998, totaled approximately \$1.5 million and \$34 million, respectively. The number of eligible benefit recipients for STRS as a whole is 88,718, as of June 30, 1997; a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 1997, is unavailable.

C. State Highway Patrol Retirement System (SHPRS)

SHPRS, a component unit of the State, was established in 1944 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 Boulevard, Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 466-2268.



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. Chapter 5505, Ohio Revised Code, also requires contributions by active members and the Ohio State Highway Patrol. The employee contribution rate is established by the General Assembly, and any change in the rate requires legislative action. The employer contribution rate is established by the SHPRS Retirement Board and certified to the State of Ohio every two years. By law, the employer rate may not exceed three times the employee contribution rate.

During calendar year 1997, active employees and the employer contributed 10 percent and 24 percent, respectively, of active member payroll, of which all of the employees' contributions and 19.87 percent of the employer's contributions fund pension benefits. The difference in the total employer rates charged during calendar year 1997 and the employer rates applicable to the funding of pension benefits is applied to the funding of postemployment healthcare benefits.

SHPRS's 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.

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." Short-term investments are reported at cost, which approximates fair value. Corporate bonds are valued at the median price by the brokerage firms. 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 investments are based on the estimated current value and on independent appraisals. Assets are valued with a method that amortizes each year's investment gain or loss over a closed, four-year period.

The employer's annual pension costs for the last three calendar years are as follows (in thousands):

<u>Year Ended December 31,</u>	<u>Primary Government</u>	<u>Percentage of Employer's Annual Pension Cost Contributed</u>
1997	\$12,202	100%
1996	11,856	100%
1995	11,768	100%

SHPRS used the entry-age normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 1997. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a 7.75 percent rate of return on investments; projected salary increase of five percent attributable to inflation and additional projected salary increases ranging from .5 percent to 3.5 percent per year attributable to seniority and merit; and postretirement increases each year equal to the increase in the Consumer Price Index (not to exceed three percent).

The unfunded actuarial accrued liability is being amortized using the level-percentage of project payroll method over a closed period of nine years.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress for the last three years is as follows (in thousands):

(A) Valuation Year	(B) Actuarial Accrued Liability (AAL)	(C) Valuation Assets	(D) Unfunded Actuarial Accrued Liability (UAAL) (B) – (C)	(E) Ratio of Assets to AAL (C)/(B)	(F) Active Member Payroll	(G) UAAL as Percentage of Active Member Payroll (D)/(F)
1997	\$487,392	\$460,667	\$26,725	94.5	62,233	42.9
1996	454,514	411,316	43,198	90.5	59,239	72.9
1995 (a)&(b)	424,351	370,425	53,926	87.3	59,825	90.1
1995 ^(b)	427,757	370,425	57,332	86.6	59,825	95.8
1995	402,450	370,425	32,025	92.0	59,825	53.5

^(a) Revised actuarial assumptions or methods

^(b) Plan amended

Amounts reported in the schedule do not include assets or liabilities for postemployment healthcare benefits.

Other Postemployment Benefits

In addition to providing pension benefits, SHPRS pays health insurance claims on behalf of all persons receiving a monthly pension or survivor benefit and Medicare Part B basic premiums for those eligible benefit recipients upon proof of coverage. The number of active contributing plan participants, as of December 31, 1997, was 1,445. The cost of retiree healthcare benefits is recognized as claims are incurred and premiums are paid. The calendar year 1997 expense was \$2.5 million.

Healthcare benefits are established in Chapter 5505, Ohio Revised Code, and are advance funded by the employer on the same actuarially determined basis (using the same assumptions) as are the SHPRS pension benefits, as previously discussed. In addition, the assumption that projected healthcare premiums would increase at a rate of five percent, compounded annually, due to inflation was also used in the valuation. The net assets available for benefits allocated to healthcare costs at December 31, 1997 was \$82.8 million, and include investments, which are carried at fair value, as previously described.

As of December 31, 1997, the actuarial accrued liability for healthcare benefits, the portion of the present value of plan promises to pay benefits in the future that are not covered by future normal cost contributions, was \$72.2 million; the prefunded actuarial accrued liability for healthcare benefits at that date was \$10.6 million.

Employer contributions are made in accordance with actuarially determined requirements. The employer contribution requirement was approximately \$2.5 million or 4.13 percent of active member payroll for the period January 1 through December 31, 1997.

NOTE 10 GENERAL OBLIGATION BONDS

The State has pledged its faith and credit for the payment of principal and interest on general obligation bonds accounted for and included with obligations in the General Long-Term Obligations Account Group.

At various times since 1921, Ohio voters, by 15 constitutional amendments (the last adopted in November 1995), have authorized the incurrence of general obligation debt for the construction and improvement of local infrastructure improvements, highways, research and development of coal technology, parks, recreation, and



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

natural resources, and state facilities. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1987 constitutional amendment authorized the issuance of \$1.2 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds), of which no more than \$120 million may be issued in any calendar year. As of June 30, 1998, the General Assembly had authorized \$1.2 billion of these bonds to be sold, of which approximately \$1.2 billion had been issued and \$1.02 billion (net of unaccreted discount of \$151.5 million on deep-discount bonds issued) was outstanding. In November 1995, voters approved another constitutional amendment to authorize the issuance of an additional \$1.2 billion of Infrastructure Bonds, of which no more than \$120 million (plus any prior years' principal amounts not issued under the new authorization) may be sold in any state fiscal year. As of June 30, 1998, the General Assembly had authorized \$360 million in Infrastructure Bonds to be issued under the provisions of the 1995 constitutional amendment.

A 1968 constitutional amendment authorized the issuance of Highway Obligations in amounts up to \$100 million in any calendar year, with no more than \$500 million in principal amount outstanding at any one time. The aggregate of General Assembly authorizations, as of June 30, 1998, for Highway Obligations, was \$1.86 billion, of which \$1.75 billion had been issued and \$275.2 million was outstanding. Pursuant to an amendment voters approved in November 1995, the remaining \$109.7 million in General Assembly authorizations for the issuance of Highway Obligations expired December 31, 1996.

Through 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, 1998, the General Assembly had authorized the issuance of \$772.5 million in Highway Capital Improvements Bonds, of which \$175 million had been issued and \$152.5 million was outstanding.

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, 1998, the General Assembly had authorized the issuance of \$150 million in Coal Research and Development Bonds, of which \$95 million had been issued and \$28.3 million was outstanding. Legislative authorizations for the issuance of Parks and Natural Resources Bonds totaled \$180 million, as of June 30, 1998, of which \$100 million had been issued and \$88.6 million was outstanding.

General obligation bonds outstanding and bonds authorized but unissued, as of June 30, 1998, are as follows (in thousands):

Purpose	Fiscal Years Issued	Average Net Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Infrastructure Improvements.....	1990-98	4.6%-8.2%	2018	\$1,023,633	\$ 360,000
Highway Obligations.....	1992-97	4.5%-4.8%	2005	275,200	—
Highway Capital Improvements	1997	4.7%-4.8%	2007	152,500	597,500
Coal Research and Development.....	1992-96	4.5%-5.6%	2005	28,250	55,000
Parks, Recreation, and Natural Resources	1995-97	4.5%-5.6%	2012	88,600	80,000
Total General Obligation Bonds				\$1,568,183	\$1,092,500

For the year ended June 30, 1998, NOTE 15 summarizes changes in general obligation bonds reported in the General Long-Term Obligations Account Group.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Future general obligation debt service requirements, as of June 30, 1998, are as follows (in thousands):

Year Ending June 30,	Principal	Interest	Total
1999.....	\$ 149,115	\$ 64,543	\$ 213,658
2000.....	137,625	57,815	195,440
2001.....	140,395	52,570	192,965
2002.....	143,150	47,024	190,174
2003.....	146,270	41,174	187,444
Thereafter.....	1,003,160	207,720	1,210,880
	1,719,715	470,846	2,190,561
Less: Unaccrued Discount	151,532	—	151,532
Total	<u>\$1,568,183</u>	<u>\$470,846</u>	<u>\$2,039,029</u>

On January 1, 1998, the Treasurer of State issued \$50.3 million in Infrastructure Improvement Refunding Bonds, Series 1997R to advance refund \$17.7 million and \$32.6 million in certain maturities of the Infrastructure Improvement Bonds, Series 1991 and 1995, respectively. The net proceeds of \$55.8 million (after payment of approximately \$536 thousand in bond issuance costs, including the underwriter's discount) were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from the General Long -Term Obligations Account Group.

The State advance refunded the bonds to reduce its total debt service payments over the next 17.5 years by approximately \$2.4 million. The refunding resulted in an economic gain of \$1.5 million. The economic gain is the difference between the present value of the debt service payments on the old and new debt.

NOTE 11 REVENUE BONDS AND NOTES

The State Constitution permits State agencies and authorities to issue bonds that are not supported by the faith and credit of the State. These bonds pledge income derived from user fees and rentals on the acquired or constructed assets to pay the debt service. Issuers for the primary government include the Ohio Building Authority (OBA), which has issued revenue bonds on its own behalf and for the Ohio Bureau of Workers' Compensation, the Treasurer of State for the Ohio Department of Development's Office of Financial Incentives, and the Department of Transportation. Major issuers for the State's component units include the Ohio Water Development Authority, the Ohio State University, the University of Cincinnati, and the University of Toledo.

A. Primary Government

Revenue bonds accounted for in the Enterprise Fund finance the costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus.

OBA revenue bonds reported in the Internal Service Fund finance the costs of office buildings and related facilities for shared use by local governments. The principal and interest requirements on these bonds are paid from rentals received under the long-term lease agreements discussed in NOTE 6.

Economic development bonds, issued by the Treasurer of State for the Office of Financial Incentives' Direct Loan Program, provide financing for loans and loan guarantees to businesses within the State, which cannot obtain conventional financing for economic development projects that create or retain jobs in the State. The taxable bonds are backed with profits derived from the sale of spirituous liquor by the Ohio Department of Liquor Control and pledged moneys and related investment earnings held in reserve under a trust agreement with a



NOTE 11 REVENUE BONDS AND NOTES (Continued)

financial institution. As of June 30, 1998, approximately \$163.2 million in economic development bonds payable from liquor profits were outstanding.

Additionally, taxable economic development bonds in the amount of \$3.6 million, issued by the Treasurer of State in connection with the Ohio Enterprise Bond Program, were outstanding, as of June 30, 1998. Proceeds from this bond issuance in fiscal year 1988 were placed in a reserve with trustee and are pledged to support, in part, the payment of principal and interest on other economic development bonds issued under this program.

During fiscal year 1998, \$5.6 million of Ohio Enterprise Bonds were issued under the authority of Section 166.09, Ohio Revised Code, to provide private entities with capital financing for economic development projects. The Ohio Enterprise Bonds, which are reported as "no commitment" debt in NOTE 16, are primarily secured by the property financed, and payments by the borrowing entities are used to retire the debt and to service interest payments.

In fiscal year 1998, the Treasurer of State issued \$70 million in State Infrastructure Bank Bonds for the Department of Transportation. The bonds finance construction costs of the Spring -Sandusky Highway Project in Columbus. The State has pledged federal highway receipts as the primary source of moneys for meeting the principal and interest requirements on the bonds.

Revenue bonds outstanding for the primary government, as of June 30, 1998, are as follows (in thousands):

Organization	Fiscal Year Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Enterprise:				
Ohio Building Authority/ Bureau of Workers' Compensation.....	1994	3.3%-5.1%	2014	\$197,470
Internal Service:				
Ohio Building Authority	1986-97	4.5%-9.8%	2008	34,677
General Long-Term Obligations:				
Treasurer of State:				
Economic Development	1997	6.2%-7.7%*	2022	166,805
State Infrastructure Bank	1998	5.02%*	2008	70,000
Total General Long-Term Obligations.....				<u>236,805</u>
Total Revenue Bonds				<u>\$468,952</u>

*Average net interest rates

For the year ended June 30, 1998, NOTE 15 summarizes changes in revenue bonds reported in the General Long-Term Obligations Account Group.

Future bond service requirements for revenue bonds of the primary government, as of June 30, 1998, are as follows (in thousands):

Year Ending June 30,	Enterprise Fund			Internal Service Fund			General Long-Term Obligations Account Group		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999.....	\$ 6,000	\$ 9,455	\$ 15,455	\$ 2,893	\$ 2,029	\$ 4,922	\$ 12,045	\$ 15,911	\$ 27,956
2000.....	7,000	9,209	16,209	3,039	1,882	4,921	11,440	14,851	26,291
2001.....	8,000	8,915	16,915	3,194	1,728	4,922	12,090	14,170	26,260
2002.....	9,000	8,571	17,571	3,359	1,565	4,924	11,375	13,487	24,862
2003.....	10,000	8,135	18,135	3,531	1,394	4,925	12,045	12,819	24,864
Thereafter	160,254	49,091	209,345	19,085	6,155	25,240	177,810	117,537	295,347
	200,254	93,376	293,630	35,101	14,753	49,854	236,805	188,775	425,580
Less: Unamortized Discount	2,784	—	2,784	424	—	424	—	—	—
Total	<u>\$197,470</u>	<u>\$93,376</u>	<u>\$290,846</u>	<u>\$34,677</u>	<u>\$14,753</u>	<u>\$49,430</u>	<u>\$236,805</u>	<u>\$188,775</u>	<u>\$425,580</u>



NOTE 11 REVENUE BONDS AND NOTES (Continued)

In October 1996, the Treasurer of State defeased outstanding Series 1989 Liquor Profits Refunding Bonds issued for the Office of Financial Incentives' Direct Loan Program by placing the proceeds of the Series 1996 Development Assistance Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the State financial statements. As of June 30, 1998, \$35.2 million of the Series 1989 bonds are considered defeased.

B. Component Units

Ohio Water Development Authority (OWDA) bonds and notes provide financing to local government authorities (LGA) in the State of Ohio for the acquisition, construction, maintenance, repair, and operation of water development projects and solid waste projects, including the construction of sewage and related water treatment facilities. The principal and interest requirements on OWDA obligations are generally paid from investment earnings, federal funds and/or repayments of loan principal and interest thereon from the LGAs.

A portion of OWDA's outstanding bonds has been issued for the Water Pollution Control Loan Program, which provides low-cost financing to LGAs for the construction of wastewater treatment facilities. In the event pledged program revenues, which consist of interest payments from the LGAs as reimbursement for construction costs, are not sufficient to meet debt service requirements for the bonds, the General Assembly may appropriate moneys for the full replenishment of a bond reserve. As of December 31, 1997, approximately \$575.8 million in bonds were outstanding for this program. Future bond service requirements for the Water Pollution Control Loan Program revenue bonds, as of December 31, 1997, are as follows (in thousands):

Year Ending December 31,	Principal	Interest	Total
1998	\$ 18,385	\$ 31,365	\$ 49,750
1999	20,730	29,035	49,765
2000	19,910	28,087	47,997
2001	21,535	27,057	48,592
2002	22,860	25,984	48,844
Thereafter	468,965	196,956	665,921
	572,385	338,484	910,869
Add: Unamortized Premium	3,401	—	3,401
Total	<u>\$575,786</u>	<u>\$338,484</u>	<u>\$914,270</u>

Generally, bonds and notes issued by 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 proceedings, for the construction of residence and dining halls and auxiliary facilities such as hospitals, parking facilities, bookstores, and athletic facilities.

Except as previously discussed with respect to OWDA's Water Pollution Control Loan Program bonds, the State is not obligated in any manner for the debt of its component units.



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1998

NOTE 11 REVENUE BONDS AND NOTES (Continued)

Future bond service requirements for revenue bonds and notes reported in the component unit funds, as of June 30, 1998, are as follows (in thousands):

Year Ending December 31 or June 30,	Ohio Water Development Authority (12/31/97)			Ohio State University			University of Cincinnati		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1998.....	\$ 83,880	\$ 78,807	\$ 162,687						
1999.....	81,465	73,002	154,467	\$ 17,033	\$ 9,626	\$ 26,659	\$ 25,551	\$ 12,337	\$ 37,888
2000.....	84,370	68,878	153,248	15,516	8,887	24,403	11,766	11,242	23,008
2001.....	86,150	65,044	151,194	14,322	8,222	22,544	11,126	10,640	21,766
2002.....	85,720	61,472	147,192	14,784	7,532	22,316	11,771	10,073	21,844
2003.....				9,521	6,924	16,445	12,471	9,462	21,933
Thereafter	1,073,630	412,709	1,486,339	145,093	47,731	192,824	162,297	72,536	234,833
	1,495,215	759,912	2,255,127	216,269	88,922	305,191	234,982	126,290	361,272
Less: Unamortized Discount	29,454	—	29,454	—	—	—	—	—	—
Total	<u>\$1,465,761</u>	<u>\$759,912</u>	<u>\$2,225,673</u>	<u>\$216,269</u>	<u>\$88,922</u>	<u>\$305,191</u>	<u>\$234,982</u>	<u>\$126,290</u>	<u>\$361,272</u>

Year Ending December 31 or June 30,	University of Toledo			Other Component Units			Total Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1998.....							\$ 83,880	\$ 78,807	\$ 162,687
1999.....	\$ 2,925	\$ 4,559	\$ 7,484	\$ 14,982	\$ 14,187	\$ 29,169	141,956	113,711	255,667
2000.....	3,080	4,409	7,489	15,381	13,550	28,931	130,113	106,966	237,079
2001.....	3,225	4,251	7,476	18,346	12,829	31,175	133,169	100,986	234,155
2002.....	3,230	4,082	7,312	15,677	11,948	27,625	131,182	95,107	226,289
2003.....	3,395	3,910	7,305	15,363	11,148	26,511	40,750	31,444	72,194
Thereafter	66,130	38,677	104,807	204,446	91,872	296,318	1,651,596	663,525	2,315,121
	81,985	59,888	141,873	284,195	155,534	439,729	2,312,646	1,190,546	3,503,192
Less: Unamortized Discount	—	—	—	377	—	377	29,831	—	29,831
Total	<u>\$81,985</u>	<u>\$59,888</u>	<u>\$141,873</u>	<u>\$283,818</u>	<u>\$155,534</u>	<u>\$439,352</u>	<u>\$2,282,815</u>	<u>\$1,190,546</u>	<u>\$3,473,361</u>

NOTE 12 SPECIAL OBLIGATION BONDS

Special obligation bonds reported in the General Long-Term Obligations Account Group have been authorized and issued by the Ohio Building Authority (OBA), the Ohio Public Facilities Commission (OPFC), and the Treasurer of State for the Department of Education. OBA bonds finance the capital costs of categories of facilities including correctional facilities and office buildings for State departments and agencies and, in some cases, related facilities for local governments. OPFC bonds finance the cost of capital facilities for the state-supported institutions of higher education, mental hygiene and retardation, and parks and recreation. Elementary and Secondary Education Bonds issued by the Treasurer of State for the Department of Education finance the cost of capital facilities for local school districts.

OBA bonds issued for State agencies are reflected as special obligation bonds, and OBA bonds issued for related local government facilities are shown as revenue bonds (See NOTE 11).

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 OBA, OPFC, and the Elementary and Secondary Education bonds.



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

Special obligation bonds outstanding and bonds authorized but unissued, as of June 30, 1998, are as follows (in thousands):

Organization	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Ohio Building Authority.....	1986-98	2.0%-9.8%	2019	\$2,121,003	\$ 538,200
Ohio Public Facilities Commission.....	1991-98	4.5%-6.4%*	2013	2,521,630	599,075
Elementary and Secondary Education	1995-98	3.9%-5.8%	2008	188,925	315,000
Total Special Obligation Bonds				<u>\$4,831,558</u>	<u>\$1,452,275</u>

*Average Effective Interest Rates

For the year ended June 30, 1998, NOTE 15 summarizes changes in special obligation bonds reported in the General Long-Term Obligations Account Group.

Future special obligation debt service requirements, as of June 30, 1998, are as follows (in thousands):

Year Ending June 30,	Principal	Interest	Total
1999.....	\$ 440,158	\$ 245,887	\$ 686,045
2000.....	428,853	225,497	654,350
2001.....	420,770	200,974	621,744
2002.....	394,991	176,672	571,663
2003.....	380,984	157,098	538,082
Thereafter	2,765,802	683,898	3,449,700
Total.....	<u>\$4,831,558</u>	<u>\$1,690,026</u>	<u>\$6,521,584</u>

In January 1998, the OBA issued \$35.2 million in special obligation bonds with an average interest rate of 4.5 percent to retire \$35 million in bonds with an interest rate of 6.6 percent. In March 1998, the OBA issued \$34.8 million in special obligation bonds with an average interest rate of 4.5 percent to retire \$35 million in bonds with an interest rate of 6.7 percent. The net proceeds of \$71.3 million, plus an additional \$4.6 million from existing debt service moneys were placed with trustees to retire the bonds at the call date, and consequently, the liability associated with the refunded bonds has been removed from the General Long-Term Obligations Account Group.

The refunding transactions in January and March reduced the OBA's total future debt service payments by about \$2.8 million and \$3.2 million, respectively, and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$2.1 million and \$2 million, respectively.

During fiscal year 1998, the OPFC transacted the following advance refundings of debt.

- In September 1997, the OPFC issued \$86.5 million in special obligation bonds to advance refund \$121.2 million of outstanding Higher Education Facilities Bonds, Series 1988A and 1989B. The net proceeds of \$87 million, plus an additional \$40.8 million from existing debt service moneys, were used to purchase U.S. government securities, which were placed in an irrevocable trust with an agent to provide for all future debt service payments on the refunded principal. The OPFC refunded the Higher Education Facilities Bonds to reduce its debt service over the next eight years by approximately \$12.1 million to obtain an economic gain of approximately \$5.1 million.



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

- In November 1997, the OPFC issued \$15.9 million in special obligation bonds to advance refund \$26.9 million of outstanding Parks and Recreation Facilities Bonds, Series 1986A and 1989A. The net proceeds of \$15.9 million, plus an additional \$11.9 million from existing debt service moneys, were used to purchase U.S. government securities, which were placed in an irrevocable trust with an agent to provide for all future debt service payments on the refunded principal. The OPFC refunded the Parks and Recreation Facilities Bonds to reduce its debt service over the next eight years by approximately \$3.4 million to obtain an economic gain of approximately \$835 thousand.
- In February 1998, the OPFC issued \$107.8 million in special obligation bonds to advance refund \$136.8 million of outstanding Higher Education Facilities Bonds, Series II-1990A and 1991A. The net proceeds of \$108.9 million, plus an additional \$37.7 million from existing debt service moneys, were used to purchase U.S. government securities, which were placed in an irrevocable trust with an agent to provide for all future debt service payments on the refunded principal. The OPFC refunded the Higher Education Facilities Bonds to reduce its debt service over the next nine years by approximately \$14 million to obtain an economic gain of approximately \$4.9 million.

As a result of these transactions, the advance refunded bonds for the OPFC are considered defeased, and the related liability has been removed from the General Long-Term Obligations Account Group.

In prior years, the OBA and OPFC 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. As of June 30, 1998, \$415.2 million and \$276.3 million of OBA and OPFC bonds outstanding, respectively, are considered defeased.

NOTE 13 CERTIFICATES OF PARTICIPATION

As of June 30, 1998, approximately \$18.6 million in certificate of participation obligations were reported in the General Long-Term Obligations Account Group. In fiscal year 1992, the Department of Transportation issued \$8.7 million of certificates of participation obligations to finance the acquisition of the Panhandle Rail Line Project. During fiscal year 1996, the Department also sold \$10 million in certificates of participation obligations to finance State assistance to the Greater Cleveland Regional Transit Authority for a share of the Cleveland Waterfront Transit Line Project's construction cost, and \$10.2 million in obligations to provide assistance to the Rickenbacker Port Authority for facility improvements at the Rickenbacker International Airport in Franklin and Pickaway counties.

Under the certificate of participation financing arrangements, the State is required to make payments from the Transportation Certificate 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 for the primary government under certificate of participation financing arrangements, as of June 30, 1998, are as follows (in thousands):



NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

Project	Fiscal Year Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
General Long-Term Obligations:				
Department of Transportation:				
Panhandle Rail Line Project	1992	5.8%-6.5%	2012	\$ 7,195
Waterfront Transit Line Project.....	1996	4.5%-8.0%	2003	7,710
Rickenbacker Port Authority Improvements	1996	6.13%	2007	3,710
Total Certificates of Participation Obligations.....				<u>\$18,615</u>

As of June 30, 1998, the primary government's future commitments under the certificate of participation financing arrangements are as follows (in thousands):

Year Ending June 30,	General Long-Term Obligations Account Group		
	Principal	Interest	Total
1999	\$ 1,850	\$ 922	\$ 2,772
2000	2,175	913	3,088
2001	2,285	803	3,088
2002	2,405	685	3,090
2003	2,530	558	3,088
Thereafter	7,370	2,357	9,727
Total	<u>\$18,615</u>	<u>\$6,238</u>	<u>\$24,853</u>

For the year ended June 30, 1998, NOTE 15 summarizes changes in certificate of participation obligations reported in the General Long-Term Obligations Account Group.

For the State's component units, approximately \$14.1 million in certificate of participation obligations are reported in the College and University Funds. The obligations finance building construction costs at the Ohio State University and University of Cincinnati.

As of June 30, 1998, future commitments under the certificate of participation financing arrangements for the State's component units are as follows (in thousands):

Year Ending June 30,	Ohio State University			University of Cincinnati			Total Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 675	\$ 528	\$ 1,203	\$ 250	\$109	\$ 359	\$ 925	\$ 637	\$ 1,562
2000	795	501	1,296	250	98	348	1,045	599	1,644
2001	820	471	1,291	250	87	337	1,070	558	1,628
2002	870	437	1,307	250	75	325	1,120	512	1,632
2003	925	401	1,326	250	63	313	1,175	464	1,639
Thereafter.....	7,880	2,885	10,765	930	284	1,214	8,810	3,169	11,979
Total	<u>\$11,965</u>	<u>\$5,223</u>	<u>\$17,188</u>	<u>\$2,180</u>	<u>\$716</u>	<u>\$2,896</u>	<u>\$14,145</u>	<u>\$5,939</u>	<u>\$20,084</u>

NOTE 14 OTHER LONG-TERM OBLIGATIONS

As of June 30, 1998, other general long-term obligations of the State reported in the General Long-Term Obligations Account Group are as follows (in thousands):

Compensated Absences (A.)	\$276,913
Lease Agreements (B.)	14,035
Judgments, Settlements, and Claims (C.).....	62,886
Litigation Liabilities (C.)	59,150
Workers' Compensation Obligation (D.).....	537,700
Total Other General Long-Term Obligations	<u>\$950,684</u>



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

For the year ended June 30, 1998, NOTE 15 summarizes the changes in other general long-term obligations reported in the General Long-Term Obligations Account Group.

A. Compensated Absences

To lessen the impact of terminal leave pay on a given State agency's budget, an accrued leave funding program was instituted by law in 1982. State agencies must contribute a percentage of gross payroll to a common pool of resources from which terminal leave expenditures/expenses are paid. The amount of cash equity with Treasurer and related interest receivable available to satisfy terminal pay claims at June 30, 1998 was approximately \$46.8 million. These and related assets are reported as part of the Payroll Withholding and Fringe Benefits Agency Fund.

The compensated absence liability for the primary government's proprietary funds is reported net of the funds' portion of accrued leave funding and is included in "Accrued Liabilities." The compensated absence liability for the primary government's governmental funds is also reported net of the funds' portion of the accrued leave funding and is reported as part of the General Long-Term Obligations Account Group.

For the primary government, the gross compensated absences liability, as of June 30, 1998, was \$354.8 million, of which \$35.8 million is allocable to the proprietary funds and \$319 million is allocable to the General Long-Term Obligations Account Group. The net (after reduction of the \$46.8 million) compensated absence liability, as of June 30, 1998, was \$308 million, of which \$31.1 million is reported in the proprietary funds and \$276.9 million is reported in the General Long-Term Obligations Account Group.

For the State's component units, the compensated absences liability, as of June 30, 1998, in the amount of \$189.4 million is included in "Accrued Liabilities."

B. Lease Agreements

The State's primary government leases office buildings and office and computer 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 in the General Long-Term Obligations Account Group or appropriate proprietary fund type for capital leases.

Assets acquired through capital leasing are valued at the lower of fair market value or the present value of the future minimum lease payments at the lease's inception. The noncurrent portion of capital lease obligations for the proprietary fund types are reported in those funds as long-term obligations. The related assets and depreciation of these assets are included in the proprietary funds. Capital lease obligations for the governmental fund types are reported in the General Long-Term Obligations Account Group and the related assets are reported in the General Fixed Assets Account Group.

Operating leases (leases on assets not recorded in the combined balance sheet) contain various renewal 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.



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

The primary government's total operating lease expenditures/expenses for fiscal year 1998 were approximately \$85 million. Future minimum lease commitments for operating leases and capital leases judged to be noncancelable, as of June 30, 1998, are as follows (in thousands):

Primary Government				
Year Ending June 30,	Operating Leases	CAPITAL LEASES		
		Enterprise Fund	General Long-Term Obligations	Total
1999	\$10,550	\$ 17,240	\$ 4,832	\$22,072
2000	909	14,101	4,004	18,105
2001	146	1,165	3,439	4,604
2002	34	1,165	2,160	3,325
2003	19	1,165	1,042	2,207
Thereafter	—	—	405	405
Total Minimum Lease Payments	<u>\$11,658</u>	<u>34,836</u>	<u>15,882</u>	<u>50,718</u>
Less: Amount Representing Interest..		<u>18,162</u>	<u>1,847</u>	<u>20,009</u>
Present Value of Net Minimum Lease Payments		<u>\$16,674</u>	<u>\$14,035</u>	<u>\$30,709</u>

As of June 30, 1998, the primary government had the following fixed assets (net of accumulated depreciation for proprietary funds) under capital leases, which are reported under "Accrued Liabilities" in the proprietary funds (in thousands):

Primary Government			
	Enterprise Fund	General Fixed Assets	Total
Equipment	\$25,928	\$21,157	\$47,085
Vehicles	—	73	73
Total	<u>\$25,928</u>	<u>\$21,230</u>	<u>\$47,158</u>

Amortization expense for the proprietary funds is included with depreciation expense.

Capital lease obligations for the component units are included under the "Accrued Liabilities" account. Future minimum lease commitments for capital leases judged to be noncancelable, as of June 30, 1998, are as follows (in thousands):

Component Units					
Year Ending June 30,	University of Cincinnati	Miami University	University of Akron	Other Component Units	Total Component Units
1999	\$ 6,353	\$ 4,017	\$1,976	\$ 6,544	\$ 18,890
2000	7,029	3,697	1,688	5,459	17,873
2001	7,922	3,362	582	4,821	16,687
2002	7,924	3,227	3,905	2,789	17,845
2003	7,923	2,808	241	1,372	12,344
Thereafter	<u>143,363</u>	<u>8,172</u>	<u>360</u>	<u>4,618</u>	<u>156,513</u>
Total Minimum Lease Payments	180,514	25,283	8,752	25,603	240,152
Less: Amount Representing Interest	<u>76,961</u>	<u>4,906</u>	<u>1,140</u>	<u>3,762</u>	<u>86,769</u>
Present Value of Net Minimum Lease Payments	<u>\$103,553</u>	<u>\$20,377</u>	<u>\$7,612</u>	<u>\$21,841</u>	<u>\$153,383</u>



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

As of June 30, 1998, the component units had the following fixed assets under capital leases (in thousands):

Year Ending June 30,	Component Units				
	University of Cincinnati	Miami University	University of Akron	Other Component Units	Total Component Units
Land.....	\$ —	\$ —	\$ 517	\$ —	\$ 517
Buildings	27,472	1,212	5,305	1,949	35,938
Land Improvements.....	—	—	—	5,340	5,340
Equipment.....	—	19,165	7,767	28,621	55,553
Vehicles	—	—	—	54	54
Total	<u>\$27,472</u>	<u>\$20,377</u>	<u>\$13,589</u>	<u>\$35,964</u>	<u>\$97,402</u>

C. Judgments, Settlements, and Claims/Litigation Liabilities

The Ohio Department of Education has been involved with several school desegregation court cases filed against the State by various local boards of education. In cases when the judgment went against the State, the courts decided the State was responsible for sharing in all past and future desegregation costs. As of June 30, 1998, the State was responsible for an estimated \$57.5 million liability for past desegregation costs, which is recorded in the General Long-Term Obligations Account Group until such time that it becomes payable from the General Fund.

Additionally, the State has accrued \$5 million for legal costs and \$386 thousand for claims payable under the Disability Assistance Program that the Ohio Department of Human Services administers.

For information on the State's loss contingencies arising from pending litigation, see NOTE 23.

D. Workers' Compensation Obligation

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 an unbilled premium receivable for the State's portion of its actuarially determined liability for compensation, which is recorded in the General Long-Term Obligations Account Group, in the amount of \$537.7 million.

E. Liabilities Payable from Restricted Assets

Deferred Prize Awards

Deferred prize awards payable in installments over future years totaling approximately \$1.36 billion, as of June 30, 1998, are recorded as "Liabilities Payable from Restricted Assets" at present value based upon interest rates the Treasurer of State provides the Ohio Lottery Commission Enterprise Fund. The interest rates, ranging from 4.0 to 11.7 percent, represent the expected long-term rate of return on the assets restricted for the payment of deferred prize awards. Once established for a particular deferred 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.



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

The present value of future payments of unpaid prize awards, as of June 30, 1998, is as follows (in thousands):

Year Ending June 30,	
1999.....	\$ 163,196
2000.....	162,952
2001.....	163,013
2002.....	162,949
2003.....	162,704
Thereafter.....	1,499,058
	<u>2,313,872</u>
Less: Unamortized Discount	956,109
Net Prize Liability	<u>\$1,357,763</u>

Prizes can be claimed within six months of the drawing date for on-line games and within six months of the closing date for instant games. After the expiration of the statutory six-month period, the prize liability is reduced by the amount estimated for unclaimed prizes.

Tuition Benefits

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund totaling \$260.3 million, as of June 30, 1998, are recorded as “Liabilities Payable from Restricted Assets.” 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 at state universities and state community colleges and termination of plan participation.

The following assumptions were used in the actuarial determination of tuition benefits payable: 7.5 percent rate of return, compounded annually, on the investment of current and future assets; a projected tuition increase of 6.0 percent, compounded annually; and a 3.0 percent Consumer Price Index (CPI) inflation rate. The assumed rate of projected tuition increase is a compounded average result. Tuition rates are assumed to grow based on a formula reflecting CPI, student enrollment, and proportion to total expenditures covered by tuition.

F. Reserve for Compensation

The Workers’ 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, 1998, in the amount of \$12.9 billion. The reserve, which includes estimates for reported claims and claims incurred but not reported, is included in the “Benefits Payable” balance reported for the Enterprise Fund. NOTE 24A. describes the changes in this liability.



NOTE 15 CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations, for the year ended June 30, 1998, are as follows (in thousands):

	General Obligation Bonds (NOTE 10)	Revenue Bonds (NOTE 11)	Special Obligation Bonds (NOTE 12)	Certificates of Participation (NOTE 13)	Other General Long-Term Obligations (NOTE 14)	Total
Balance, as of June 30, 1997	\$1,598,596	\$171,595	\$4,664,837	\$26,630	\$1,010,267	\$7,471,925
Additions:						
Debt Issues	170,260	70,000	958,262	—	—	1,198,522
Deep-Discount Accretions	15,792	—	2,435	—	—	18,227
Reclassification of Revenue Bonds from the Internal Service Fund	—	—	2,816	—	—	2,816
Increase in Compensated Absences	—	—	—	—	366	366
Increase in Lease Obligations.....	—	—	—	—	13,720	13,720
Increase in Judgments, Settlements, and Claims	—	—	—	—	22,862	22,862
Increase in Litigation Liabilities	—	—	—	—	49,075	49,075
Total Additions.....	186,052	70,000	963,513	—	86,023	1,305,588
Deductions:						
Debt Retirements, Terminations, and Defeasances	216,465	4,790	796,792	8,015	—	1,026,062
Decrease in Lease Obligations	—	—	—	—	11,757	11,757
Decrease in Judgments, Settlements, and Claims	—	—	—	—	82,414	82,414
Decrease in Litigation Liabilities.....	—	—	—	—	27,235	27,235
Decrease in Workers' Compensation Obligation	—	—	—	—	24,200	24,200
Total Deductions.....	216,465	4,790	796,792	8,015	145,606	1,171,668
Balance, as of June 30, 1998.....	\$1,568,183	\$236,805	\$4,831,558	\$18,615	\$ 950,684	\$7,605,845

Fiscal year 1998 additions to the general obligation bonds, revenue bonds, and special obligation bonds do not include premiums/(discounts) and bond issuance costs. These costs came to approximately \$7.2 million, \$819 thousand, and \$3.7 million, respectively for each type of bond issuance, and are netted with bond proceeds reported on the governmental funds' combined operating statement.

NOTE 16 NO COMMITMENT 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 limited obligations 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 pledge of the faith and credit of the State. Accordingly, these bonds are not reflected in the accompanying financial statements.



NOTE 16 NO COMMITMENT DEBT (Continued)

As of June 30, 1998, revenue bonds and notes outstanding that represent “no commitment” debt for the State are as follows (in thousands):

Organization	Outstanding Amount
Ohio Department of Development:	
Ohio Housing Finance Agency	\$1,960,177
Ohio Enterprise Bond Program.....	103,765
Hospital Facilities Bonds	4,220
Total No Commitment Debt.....	<u>\$2,068,162</u>

NOTE 17 DEFERRED COMPENSATION PLAN

The State of Ohio offers its employees and elected officials a deferred compensation plan created in accordance with Internal Revenue Code Section 457 that is reported in the Deferred Compensation Agency Fund. The plan, known as the Ohio Public Employees Deferred Compensation Program (OPEDCP), is available to any public employee and permits participants to defer a portion of their salary and the related tax liability until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

As of June 30, 1998, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights were (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claim of the State’s general creditors. Participants’ rights under the plan were equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

Consequently, the \$1.03 billion and \$9.9 million asset balances reported for the primary government and its component units, respectively, on the Combined Balance Sheet — All Fund Types, Account Groups and Discretely Presented Component Units as “Deposit with Deferred Compensation Plan” represent the State of Ohio’s assets actually held by the plan administrator. Plan assets are carried at market value.

Effective September 1, 1998, the plan has been amended, pursuant to the Small Business Job Protection Act of 1996, to comply with subsection (g) of IRC Section 457. Under the provisions of the revised plan, all assets and income are to be held by the Ohio Public Employees Deferred Compensation (OPEDC) Board, the plan administrator, in trust on behalf of the employer for the exclusive benefit of eligible employees and their beneficiaries. The amended plan essentially provides that plan assets are no longer subject to the claims of an employer’s general creditors; however, the plan continues to carry the provision that employees do not own the assets until they are distributed. The amended plan agreement also continues the provision that the State and the OPEDC Board has no liability for losses under the plan with exception of fraud or wrongful taking.

Recently, the Governmental Accounting Standards Board (GASB) issued Statement No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The provisions of this statement are effective for periods beginning after December 31, 1998, or when a government complies with the requirements of subsection (g) of IRC Section 457, whichever is earlier. The statement requires state and local governments, which have fiduciary responsibilities for IRC Section 457 plans, to report such plans as expendable trust funds. The statement also requires plan investments to be reported at fair value. Management has not yet determined the impact that GASB Statement No. 32 will have on the State’s financial statements.



NOTE 18 ENTERPRISE FUNDS — SEGMENT INFORMATION

The State has six enterprise funds, which provide for the tuition guarantee program, liquor sales, lottery sales, workers' compensation insurance services, underground state parking facilities, and government audit and management advisory services.

Segment information, as of and for the fiscal year ended June 30, 1998, is as follows (in thousands):

	Tuition Trust Authority	Liquor Control	Ohio Lottery Commission	Workers' Compensation	Underground Parking Garage	Office of Auditor of State	Total Enterprise Funds
Operating Revenues.....	\$ 86,291	\$380,791	\$2,426,248	\$ 5,115,778	\$ 2,580	\$31,944	\$ 8,043,632
Depreciation.....	92	716	14,048	16,709	415	1,949	33,929
Amortization of Premiums ...	—	—	100,690	361	—	—	101,051
Operating Income (Loss).....	23,574	103,990	785,914	(792,340)	809	(29,325)	92,622
Operating Transfers-in.....	—	—	—	15	—	29,642	29,657
Operating Transfers-out.....	—	106,714	723,865	5,377	1,023	—	836,979
Net Income (Loss).....	23,564	(2,739)	59,210	(797,702)	(137)	204	(717,600)
Fixed Asset Additions.....	179	1,020	20,548	8,155	163	1,538	31,603
Fixed Asset Disposals.....	92	357	8,171	4,672	—	2,078	15,370
Net Working Capital.....	28,442	14,925	155,210	1,034,455	1,472	15,832	1,250,336
Increase in							
Cash & Cash Equivalents .	45	4,064	35,728	1,984,833	90	33	2,024,793
Total Assets.....	345,526	54,270	3,033,513	25,383,376	10,160	26,633	28,853,478
Liabilities Payable from							
Restricted Assets.....	260,300	—	2,613,548	—	—	—	2,873,848
Bonds and Other Non- current Liabilities Payable from Operating Revenues.	104	1,873	5,068	13,110,706	85	4,738	13,122,574
Total Equity (Deficits).....	84,629	17,065	261,329	4,101,187	8,809	17,752	4,490,771

NOTE 19 CHANGES IN CONTRIBUTED CAPITAL

For the fiscal year ended June 30, 1998, changes in contributed capital reported in the primary government's Internal Service Funds are as follows (in thousands):

	Internal Service Funds			
	Ohio Data Network	Ohio Penal Industries	Support Services	Total
Contributed Capital Balance, July 1, 1997.....	\$34,198	\$1,512	\$5,257	\$40,967
Additions:				
Capital Contributions from Other Funds (reported as Residual Equity Transfers-out):				
Capital Projects Funds:				
Administrative Services Building Improvements.....	5,147	—	—	5,147
Total Additions.....	5,147	—	—	5,147
Contributed Capital Balance, June 30, 1998.....	\$39,345	\$1,512	\$5,257	\$46,114

NOTE 20 FUND EQUITY

A. Fund Deficits

The Highway Capital Improvement Fund reports a fund balance deficit of \$4.3 million, as of June 30, 1998.



NOTE 20 FUND EQUITY (Continued)

B. Other Reserves and Designations

Primary Government

The "Reserved for Other" account reported for the governmental and expendable trust funds in the primary government's combined balance sheet, as of June 30, 1998, consists of the following (in thousands):

Reserved for Other:	General	Special Revenue	Capital Projects	Expendable Trust	Total
Inventories	\$ 1,835	\$35,226	\$ —	\$ —	\$ 37,061
Other Assets — Prepays	794	201	—	—	995
Human Services Stabilization	105,992	—	—	—	105,992
Loan Commitments	—	22,658	42,049	—	64,707
Health Care Benefits	4,625	3,338	2	—	7,965
Advances to Other Funds	—	—	—	114,629	114,629
Department of Development's Office of Minority Financial Incentives — Mini-Loan Program Deposits	1,409	—	—	—	1,409
Guaranteed Student Loan Program	—	1,860	—	—	1,860
Total	\$114,655	\$63,283	\$42,051	\$114,629	\$334,618

Reserved retained earnings for the Enterprise Fund, as of June 30, 1998, are provided for future health care benefits funding from the Liquor Control Fund, the payment of deferred lottery prizes from the Ohio Lottery Commission, and insurance claims payable from the Workers' Compensation Fund in the amounts of \$40 thousand, \$77.6 million, and \$104 million, respectively.

Reserved retained earnings for the Internal Service Fund, as of June 30, 1998, are provided for the funding of future health care benefits in the amount of \$148 thousand.

As of June 30, 1998, designations of the General Fund's unreserved fund balance are as follows (in thousands):

General Fund	Unreserved, Designated Fund Balance
Income Tax Reduction Program	\$701,390
Public School Building Program	170,000
Budget Stabilization	44,184
School District Solvency Assistance Program	30,000
Total Designations	\$945,574

Component Units

Reservations of fund balances for the component unit funds, as of June 30, 1998, consist of the following (in thousands):

Restricted for:	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
General Operations (includes Auxiliary Enterprises)	\$ 106,169	\$ 79,951	\$ 72,414	\$ 258,534
Loan Programs	62,518	29,938	99,523	191,979
Endowment and Quasi-Endowment Activities	885,032	990,843	174,829	2,050,704
Plant Operations	10,500	25,375	6,343	42,218
Annuity and Life Income	5,573	5,281	—	10,854
University Foundations	—	65,600	750	66,350
Grants and Contracts	—	—	2,270	2,270
Student Organizations and Support Services	—	—	35	35
Outside Scholarships	—	—	25	25
Total Reserved Balance	\$1,069,792	\$1,196,988	\$356,189	\$2,622,969



NOTE 20 FUND EQUITY (Continued)

As of June 30, 1998, designations of unreserved fund balances reported in the component unit funds consist of the following (in thousands):

<u>Unreserved, Designated for:</u>	Total Component Units
Educational and General Programs	\$166,726
Auxiliary Enterprises.....	12,355
Hospital Operations.....	480
Loan Programs	2,763
Endowment and Quasi-Endowment Activities	58,628
Plant Operations	81,160
Federal and State Grants	388
Total Designations.....	<u>\$322,500</u>

NOTE 21 COMPONENT UNIT FUNDS

Condensed financial statements for the component unit funds, as of and for the fiscal year ended June 30, 1998, are as follows (in thousands):

Condensed Balance Sheet — Component Units

	Ohio Water Development Authority (12/31/97)	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
Assets					
Cash Equity with Treasurer.....	\$ 241	\$ —	\$ —	\$ —	\$ 241
Cash and Cash Equivalents.....	10,090	51,673	43,978	93,410	199,151
Investments.....	883,437	1,440,841	687,541	882,739	3,894,558
Receivables.....	1,751,232	265,690	96,623	260,329	2,373,874
Due from Other Funds.....	844	255,225	109,570	71,995	437,634
Inventories	—	18,226	4,382	21,156	43,764
Deposit with Deferred Compensation Plan.....	877	—	—	8,986	9,863
Restricted Assets.....	—	10,704	—	9,254	19,958
Fixed Assets (net of accumulated depreciation).....	164	2,445,678	1,091,312	4,704,345	8,241,499
Other Assets	19,827	27,838	692,594	31,973	772,232
Total Assets	<u>\$2,666,712</u>	<u>\$4,515,875</u>	<u>\$2,726,000</u>	<u>\$6,084,187</u>	<u>\$15,992,774</u>
Liabilities					
Accounts Payable.....	\$ 22,040	\$ 75,977	\$ 26,739	\$ 73,070	\$ 197,826
Accrued Liabilities	8,203	195,894	199,412	292,173	695,682
Intergovernmental Payable	—	—	—	1,634	1,634
Due to Other Funds.....	844	255,225	109,570	71,995	437,634
Deferred Revenues.....	—	65,141	10,892	99,478	175,511
Refund and Other Liabilities.....	3,697	24,932	63,477	41,244	133,350
Liability for Deferred Compensation...	877	—	—	8,986	9,863
Revenue Bonds and Notes	1,465,761	216,269	234,982	365,803	2,282,815
Certificates of Participation.....	—	11,965	2,180	—	14,145
Total Liabilities	<u>1,501,422</u>	<u>845,403</u>	<u>647,252</u>	<u>954,383</u>	<u>3,948,460</u>
Fund Equity and Other Credits					
Investment in General Fixed Assets...	—	2,231,257	869,509	4,323,047	7,423,813
Total Unreserved Retained Earnings..	1,165,290	—	—	—	1,165,290
Total Fund Balance	—	1,439,215	1,209,239	806,757	3,455,211
Total Fund Equity and Other Credits..	<u>1,165,290</u>	<u>3,670,472</u>	<u>2,078,748</u>	<u>5,129,804</u>	<u>12,044,314</u>
Total Liabilities, Fund Equity and Other Credits.....	<u>\$2,666,712</u>	<u>\$4,515,875</u>	<u>\$2,726,000</u>	<u>\$6,084,187</u>	<u>\$15,992,774</u>



NOTE 21 COMPONENT UNIT FUNDS (Continued)

Condensed Statement of Changes in Fund Balances — Colleges and Universities

	Ohio State University	University of Cincinnati	Other Colleges and Universities	Total College and University Component Units
Total Revenues and Other Additions	\$1,844,668	\$ 641,603	\$2,273,981	\$ 4,760,252
Total Expenditures and Other Deductions.....	(1,912,642)	(642,577)	(2,929,797)	(5,485,016)
Operating Transfers from Primary Government	406,596	184,335	929,501	1,520,432
Net Increase (Decrease) for the Year	338,622	183,361	273,685	795,668
Fund Balance and Other Credits, July 1 (as restated)	3,331,850	1,895,387	4,856,119	10,083,356
Fund Balance and Other Credits, June 30	\$3,670,472	\$2,078,748	\$5,129,804	\$10,879,024

Condensed Statement of Current Funds Revenues, Expenditures and Other Changes —
Colleges and Universities

	Ohio State University	University of Cincinnati	Other Colleges and Universities	Total College and University Component Units
Total Revenues	\$1,357,047	\$427,777	\$1,856,559	\$3,641,383
Expenditures:				
Educational and General	1,094,444	519,409	2,171,182	3,785,035
Auxiliary Enterprises.....	113,013	52,960	353,626	519,599
Hospitals	431,602	—	132,425	564,027
Total Expenditures.....	1,639,059	572,369	2,657,233	4,868,661
Mandatory Transfers, Net.....	31,339	20,513	44,270	96,122
Total Expenditures and Mandatory Transfers	1,670,398	592,882	2,701,503	4,964,783
Other Transfers and Additions (Deductions):				
Operating Transfers from Primary Government	396,832	180,529	928,054	1,505,415
Nonmandatory Transfers, Net.....	(3,120)	(16,096)	(30,301)	(49,517)
Additions (Deductions)	(3,471)	10,130	5,080	11,739
Total Other Transfers and Additions (Deductions)	390,241	174,563	902,833	1,467,637
Net Increase in Fund Balances	\$ 76,890	\$ 9,458	\$ 57,889	\$ 144,237

NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS

A. Joint Ventures

Great Lakes Protection Fund (GLPF)

The Great Lakes Protection Fund is an Illinois nonprofit 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 Quality Agreement.



NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Each governor nominates two individuals to the GLPF's board of directors who serve staggered two-year terms. All budgetary and financial decisions rest with the board except when restricted by the GLPF's articles of incorporation.

Annually, one-third of the GLPF's net earnings is allocated and paid to member states in proportion to their respective cash contributions to the GLPF. The allocation is based on the amount and period of time the states' 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 has applied its distribution (approximately \$908 thousand for the year ended December 31, 1997) to the operations of its own protection program, known as the Lake Erie Protection Program, which is modeled after the GLPF.

Required contributions and contributions received from the states, which border the Great Lakes, as of December 31, 1997 (the GLPF's year end), are as follows (in thousands):

	Contribution Required	Contribution Received	Contribution Percentage
Michigan	\$25,000	\$25,000	32.6%
Indiana*	16,000	—	—
Illinois	15,000	10,800	14.0
Ohio.....	14,000	14,000	18.2
New York	12,000	12,000	15.6
Wisconsin	12,000	12,000	15.6
Minnesota	1,500	1,500	2.0
Pennsylvania.....	1,500	1,500	2.0
Total.....	<u>\$97,000</u>	<u>\$76,800</u>	<u>100.0%</u>

*The State of Indiana has not yet elected to join the Great Lakes Protection Fund.

Summary financial information for the GLPF, for the fiscal year ended December 31, 1997, is as follows (in thousands):

Cash and Investments.....	\$119,176
Other Assets	<u>1,238</u>
Total Assets	<u>\$120,414</u>
Total Liabilities.....	\$ 4,273
Total Fund Equity.....	<u>116,141</u>
Total Liabilities and Fund Equity	<u>\$120,414</u>
Total Revenues and Other Additions	\$23,898
Total Expenditures	<u>(8,920)</u>
Net Increase in Fund Equity.....	<u>\$14,978</u>

In the event of the Fund's dissolution, the State of Ohio would receive a 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.



NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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; the remaining six members are appointed by county officials. The governing boards of the technical colleges consist of either seven or nine trustees, of whom State officials appoint two and 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. These expenditures are included in the “Higher Education Support” expenditure function reported in the General Fund. The primary government also provides financing for the construction of these institutions’ capital facilities by meeting the debt service requirements for the Higher Education Facilities bonds issued by the Ohio Public Facilities Commission (OPFC) for these purposes. The capital outlay expenditures for the projects financed by the OPFC bond issuances are included in the Higher Education Improvements Capital Projects Fund.

During fiscal year 1998, expenditures reported in the General Fund and the Higher Education Improvements Capital Projects Fund in support of the local community and technical colleges are as follows (in thousands):

	Higher Education Support Expenditures	Capital Outlay Expenditures	Total
Local Community Colleges:			
Cuyahoga Community College.....	\$ 39,828	\$ 8,117	\$ 47,945
Jefferson Community College.....	3,729	457	4,186
Lakeland Community College.....	13,813	2,931	16,744
Lorain County Community College.....	14,848	776	15,624
Rio Grande Community College.....	3,934	173	4,107
Sinclair Community College.....	32,903	3,880	36,783
Total Local Community Colleges.....	<u>109,055</u>	<u>16,334</u>	<u>125,389</u>
Technical Colleges:			
Belmont Technical College.....	4,617	491	5,108
Central Ohio Technical College.....	4,098	224	4,322
Hocking Technical College.....	16,219	3,401	19,620
Lima Technical College.....	6,327	8,710	15,037
Marion Technical College.....	3,396	654	4,050
Muskingum Technical College.....	5,309	83	5,392
North Central Technical College.....	6,754	269	7,023
Stark State College of Technology.....	8,664	2,598	11,262
Total Technical Colleges.....	<u>55,384</u>	<u>16,430</u>	<u>71,814</u>
Total.....	<u>\$164,439</u>	<u>\$32,764</u>	<u>\$197,203</u>

Information for obtaining complete financial statements for each of the primary government’s joint ventures is available from the Ohio Office of Budget and Management.

B. Related Organizations

Officials of the State’s primary government appoint a voting majority of the governing boards of the Ohio Turnpike Commission, the Petroleum Underground Storage Tank Release Compensation Board, the Ohio Air Quality Development Authority, the Higher Education Facility Commission, and the Ohio Legal Assistance



NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Foundation. However, the primary government's accountability for these organizations does not extend beyond making the appointments.

During fiscal year 1998,

- The primary government distributed \$2.3 million in motor vehicle fuel excise tax collections from the Special Revenue Fund to the Ohio Turnpike Commission.
- Three separate funds, established for the Petroleum Underground Storage Tank Release Compensation Board, the Ohio Air Quality Development Authority, and the Higher Education Facility Commission, were accounted for on the primary government's Central Accounting System. The primary purpose of the funds is to streamline payroll processing for these organizations. The financial activities of the three funds, which do not receive any funding support from the primary government, have been included in the Other Agency Fund.
- The Public Defender's Office compensated the Ohio Legal Assistance Foundation approximately \$612 thousand from the Special Revenue Fund for administrative services performed under contract for the distribution of State funding to nonprofit legal aid societies. Also, during fiscal year 1998, the Ohio Legal Assistance Foundation received approximately \$650 thousand in state assistance from the Special Revenue Fund.

NOTE 23 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations.

In instances when the unfavorable outcome of pending litigation has been assessed to be probable, liabilities are recorded in the financial statements. As of June 30, 1998, \$59.2 million in liabilities ultimately payable from various governmental funds has been recorded in the General Long-Term Obligations Account Group for this purpose.

Litigation, similar to that in other states, has been pending questioning the constitutionality of Ohio's system of school funding. The Ohio Supreme Court concluded in a March 1997 decision that major aspects of the system (including basic operating assistance and state loans) are unconstitutional. It ordered the State to provide for and fund sufficiently a system complying with the Ohio Constitution, staying its order for a year to permit time for responsive corrective actions by the Ohio General Assembly. The Court has indicated that property taxes may still play a role in, but "can no longer be the primary means" of, school funding. The Court also confirmed that contractual repayment provisions of certain debt obligations issued for school funding will remain valid after the stay terminates. Hearings at the trial court level have taken place. The parties await the trial court decision on the adequacy of steps taken to date by the State to enhance school funding consistent with the Supreme Court decision.

As part of its response, the General Assembly has increased state funding for public schools. In addition, the General Assembly placed two issues on the May 1998 primary ballot. The voters approved neither. One was a constitutional amendment authorizing additional state debt issuing capacity, and the other was an increase in



NOTE 23 CONTINGENCIES AND COMMITMENTS (Continued)

Ohio's sales tax. The constitutional amendment would have authorized general obligation debt to pay costs of school facilities throughout Ohio and facilities at State supported and assisted institutions of higher education. The sales tax proposal would have increased the state sales and use tax from five to six percent, estimated to generate more than \$1 billion; half of the increased revenues would have been applied to pay costs of school operations and facilities while the other half would have been earmarked for additional homestead property tax relief.

Other litigation pending in the Ohio Court of Claims contests the Ohio Department of Human Services' former Medicaid financial eligibility rules for married couples where one spouse is living in a nursing facility and the other spouse resides in the community. The Department promulgated new eligibility rules effective January 1, 1996. The Department appealed an order of the federal court directing it to provide notice to persons potentially affected by the former rules from 1990 through 1995, and the Court of Appeals ruled in favor of the Department. The plaintiffs filed a petition for certiorari with the U.S. Supreme Court, which petition was denied. Should the plaintiffs ultimately prevail, it is not possible to state the period (beyond fiscal year 1999) during which necessary additional Medicaid expenditures would have to be made. Plaintiffs have estimated total additional Medicaid expenditures at \$600 million for the retroactive period and, based on current law, it is estimated that the State's share of those additional expenditures would be approximately \$240 million. The Court of Claims has certified the action there as a class action.

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 financial position of the State's fund types and account groups.

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 (which are not included in the General-Purpose Financial Statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure 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 of the applicable funds or the General Long-Term Obligations Account Group.

As a result of the 1997 State of Ohio Single Audit (completed in December 1997), approximately \$115 thousand of federal expenditures is in question as not being appropriate under the terms of the respective grants. The amount of expenditures, which may be ultimately disallowed by the grantor, cannot be determined at this time, and consequently, no provision for any liability or adjustments for this matter has been recognized in the State's financial statements for the fiscal year ended June 30, 1998.

C. Construction Commitments

As of June 30, 1998, the Department of Transportation had contractual commitments of approximately \$1.17 billion for highway construction projects. Funding for future expenditures is expected to be provided from federal, primary government, general obligation bonds, and local government sources in the amounts of \$504.5 million, \$255.1 million, \$366.3 million, and \$43.1 million, respectively.



NOTE 23 CONTINGENCIES AND COMMITMENTS (Continued)

As of June 30, 1998, construction (non-highway) commitments for the primary government’s budgeted capital projects funds are as follows (in thousands):

Capital Projects Fund	
Arts Facilities Building Improvements	\$ 53,652
Higher Education Improvements	221,057
Mental Health/Mental Retardation Facilities Improvements.....	40,505
Parks and Recreation Improvements	9,839
Local Infrastructure Improvements.....	14
Administrative Services Building Improvements	78,441
Youth Services Building Improvements.....	40,241
Transportation Building Improvements.....	6,972
Adult Correctional Building Improvements.....	85,915
Highway Safety Building Improvements	2,804
Ohio Parks and Natural Resources	32,786
Sports Facilities Building.....	29,384
Total	\$601,610

NOTE 24 RISK FINANCING

A. Workers’ Compensation Benefits

The Ohio Workers’ Compensation System, which the Bureau of Workers’ Compensation and the Industrial Commission 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 provides benefits to employees for losses sustained from work-related injuries or illnesses.

The “Benefits Payable” account balance, as of June 30, 1998, in the amount of \$12.9 billion includes reserves for indemnity and medical claims, including actuarial estimates for both reported claims and claims incurred but not reported. The estimate for this liability is based on historical claims experience data and assumptions and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claim reserves.

The compensation adjustment expenses liability, which is included in “Refund and Other Liabilities” in the amount of \$1.6 billion, is an estimate of future expenses to be incurred in the settlement of claims. The estimate for this liability is based on projected claims-related expenses, estimated costs of the Health Partnership Program, and the reserve for compensation.

Management of the Ohio Bureau of Workers’ Compensation and the Industrial Commission of Ohio believes that the reported liability estimates are adequate; however, the ultimate liabilities may vary from amounts provided. The methods of making such estimates and for establishing the resulting liabilities are reviewed and updated quarterly based upon current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period.

Benefits payable and the compensation adjustment expenses liability are discounted at 6.5 percent in fiscal year 1998 and 6.75 percent in fiscal year 1997. The undiscounted reserves for the benefits and compensation adjustment expenses totaled \$33.6 billion, as of June 30, 1998, and \$32.4 billion, as of June 30, 1997. For additional information, refer to the Fund’s separate audited financial report, for the fiscal year ended June 30, 1998.



NOTE 24 RISK FINANCING (Continued)

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 as follows (in millions):

	Fiscal Year 1998	Fiscal Year 1997
Benefits Payable and Compensation Adjustment Expenses Liability, as of July 1	\$14,464	\$13,765
Add: Incurred Compensation and Compensation Adjustment Benefits	1,628	2,194
Less: Incurred Compensation and Compensation Adjustment Benefit Payments	(1,909)	(1,802)
Add: Change in Liability Due to Decrease in Discount Rate.....	334	307
Benefits Payable and Compensation Adjustment Expenses Liability, as of June 30	<u>\$14,517</u>	<u>\$14,464</u>

B. OhioMed Health Plan

Employees of the primary government have the option of participating in the OhioMed Health Plan, which is a fully self-insured health benefit plan established July 1, 1989. Medical Mutual of Ohio administers the plan under a claims administration contract with the primary government.

When it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, the primary government reports liabilities for the governmental and proprietary funds. Liabilities include an amount for claims that have been incurred but not reported. The plan's actuary calculates 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 until such time that the primary government pays the accumulated resources to Medical Mutual of Ohio for claims settlement.

For governmental funds, the primary government recognizes claims as expenditures to the extent that the amounts are payable with expendable available financial resources; any remaining accrued unfunded liabilities are reported in the General Long-Term Obligations Account Group. For proprietary funds, claims are recognized as expenses when incurred.

Consequently, claims liabilities that exceed financial resources accounted for in the Payroll Withholding and Fringe Benefits Agency Fund are reported as unfunded liabilities in the proprietary funds and in the General Long-Term Obligations Account Group. As of June 30, 1998, approximately \$29.1 million in assets was available in the Agency Fund.

Changes in the balance of claims liabilities during the past two fiscal years are as follows (in thousands):

	Fiscal Year 1998	Fiscal Year 1997
Claims Liabilities, as of July 1.....	\$18,732	\$17,763
Add: Incurred Claims	73,311	69,475
Less: Claims Payments	(71,989)	(68,506)
Claims Liabilities, as of June 30.....	<u>\$20,054</u>	<u>\$18,732</u>



NOTE 24 RISK FINANCING (Continued)

As of June 30, 1998, resources on deposit in the Payroll Withholding and Fringe Benefits Agency Fund for the payment of claims exceeded the estimated claims liability amount by \$9.1 million, thereby, resulting in a funding surplus. The surplus is offset with a "Due to Other Funds" balance reported in the Agency Fund with corresponding "Due from Other Funds" balances reported in the paying funds.

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 25 YEAR 2000 ISSUES

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, require the State to make disclosures about its state of readiness in addressing Year 2000 issues for its internal computer systems and equipment.

The Year 2000 issue is the result of shortcomings in electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond.

The following stages have been identified as necessary to implement a Year 2000-compliant system.

Awareness Stage — In this first stage, an organization establishes a budget and project plan (for example, a timeline or chart noting major tasks and due dates) for dealing with the Year 2000 issue.

Assessment Stage — While in this stage, an organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or, through a risk analysis, identify only mission-critical systems and equipment — systems and equipment critical to conducting operations — to check compliance.

Remediation Stage — During this stage, an organization actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems. Decisions are made on how to make the system or processes Year 2000-compliant, and the required system changes are made.

Validation/Testing Stage — At this stage, an organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and re-tested.

To address Year 2000 issues, the State of Ohio established the Year 2000 Competency Center within the Department of Administrative Services. The Center's mission is to lead, support, and facilitate achievement of Year 2000 compliance throughout the primary government to ensure uninterrupted service to Ohio's citizens.



NOTE 25 YEAR 2000 ISSUES (Continued)

The Year 2000 Competency Center has identified the stages under which the following computer systems critical to conducting State operations fall, as of June 30, 1998. The stage identified for each system is the stage the respective state agency was in the process of completing at year-end. As of June 30, 1998, all of the following systems have completed the awareness stage.

<u>Stage/System</u>	<u>Description of System</u>
Assessment Stage	
Department of Administrative Services' State Payroll System	System processes and accounts for payroll transactions for State agencies. As of June 30, 1998, the Department of Administrative Services was in the process of tailoring and implementing the GEAC, Inc. Human Resources Management System (HRMS), a new personnel and payroll system for all state agencies. Full implementation of the Year 2000-compliant HRMS by January 1, 2000 is not assured. Consequently, the Department of Administrative Services had decided to place additional focus on contingency planning for the current operating payroll system, which is not Year 2000-compliant, pending the installation of the new HRMS.
Department of Rehabilitation and Correction's Prison Security System.....	System provides security at the 31 state correctional facilities.
Department of Transportation's Appropriation Accounting System	System tracks and controls costs, budget, and allocations for transportation projects.
Remediation Stage	
Board of Regents': Funding System	System allocates funding to State-assisted higher education institutions.
Grants and Scholarships System.....	System processes and accounts for grants and scholarships to students.
Bureau of Workers' Compensation's: Medical Bill Processing System	System processes medical bills for the Health Partnership Program.
Claims Processing and Payments System.....	System processes Injured worker's claims.
Department of Administrative Services': Fleet Management System.....	System tracks inventory, maintenance costs, and utilization of State-owned vehicles.
Fixed Asset Management System.....	System supports the management of state-owned fixed assets with data input from state agencies.
Department of Education's School Finance System.....	System tracks the distribution of education program funds to school districts, county boards, and institutions.
Department of Health's Women, Infants and Children (WIC) System.....	System processes payments for WIC program participants.
Department of Human Services': Client Registry Information-Enhanced System.....	System supports the issuing of Food Stamps and other public assistance benefits to eligible recipients in Ohio.
Medicaid Management Information System.....	System processes all Medicaid claims for payment to medical service providers.
Department of Public Safety's Tax Distribution System	System tracks the distribution of motor vehicle registration and license fees to Ohio's counties.
Department of Transportation's Construction Management System	System accounts for highway construction project progress and payments.
Lottery Commission's Gaming System.....	System accounts for all lottery tickets sold and winning ticket redemptions.
Office of Budget and Management's Central Accounting System.....	System performs and tracks all State agency budget and accounting activities, such as, appropriations, allotments, payments, payroll, and revenue.
Validation/Testing Stage	
Bureau of Employment Services' Unemployment Compensation Tax System.....	System accounts for employer unemployment tax assessments and payments.
Unemployment Compensation Benefits Delivery System.....	System accounts for unemployment benefit payments.

(Continued)



NOTE 25 YEAR 2000 ISSUES (Continued)

Stage/System	Description of System
Validation/Testing Stage (Continued)	
Bureau of Workers' Compensation's:	
Oracle Financial System	System constitutes the Bureau of Workers' Compensation's general ledger system, including data on accounts payable, accounts receivable, and budgeting.
Employer System	System tracks employer information that includes rates and status.
Department of Commerce's	
Unclaimed Funds System	System tracks the consolidation, safekeeping, and accounting of escheat property derived from inactive accounts in financial institutions and other companies.
Department of Public Safety's:	
Cashier's System	System accounts for the collection of motor vehicle registration and operator license fees. System maintains data for remote access by law enforcement officials.
Law Enforcement Automated Data System	
Department of Taxation's	
Integrated Tax Administration System	System accounts for collections from various State taxes, including personal income tax, sales tax, and corporation franchise tax.
Treasurer of State's:	
AS400-Cashier's Processing	System accounts for state agency deposits in the State Treasury.
AS400-Warrant Processing – Redemptions	System tracks daily settlements with warrant-clearance banks and provides journals for reconciliation of redeemed state warrants.

The Year 2000 Competency Center identified the following systems as completing the testing stage, as of June 30, 1998.

System	Description of System
Auditor of State's	
Warrant-Writing System	System writes warrants for state payroll, tax refunds, Department of Human Services payments, and payments to vendors for equipment, products, and services.
Department of Transportation's	
Current Billing System	System generates the billing to the federal government for reimbursement of highway construction costs.

As of June 30, 1998, the State had contractual commitments totaling \$115.4 million to make computer systems and other equipment Year 2000-compliant.

The primary government's Year 2000 remediation efforts have been aimed primarily at ensuring unimpeded and uninterrupted operation, including tax collections, investment activities, and timely payment of its obligations. However, because of the unprecedented nature of the Year 2000 issues, the effects and the success of the primary government's remediation efforts cannot be fully determinable until the Year 2000 arrives. Consequently, management cannot assure that the primary government will be Year 2000 ready, that its remediation efforts will be successful in whole or in part, or that parties with whom the primary government does business will be Year 2000 ready.

The State's major component units, the Ohio Water Development Authority, Ohio State University, and University of Cincinnati, did not early implement the provisions of GASB Technical Bulletin 98-1 when the independent auditor's report on each respective component unit's financial statements was dated prior to November 1, 1998. Consequently, disclosures on Year 2000 issues under GASB Technical Bulletin 98-1 for the State's major component units are not available for inclusion in this report.



NOTE 26 SUBSEQUENT EVENTS

A. Debt Issuances

Subsequent to June 30, 1998 (December 31, 1997 for the Ohio Water Development Authority), the State issued the following major debt (in thousands):

Organization/Issue	Delivery Date of Issue	Net Interest Cost	Amount	Type of Debt
Primary Government:				
Ohio Public Facilities Commission:				
Higher Education Capital Facilities Bonds, Series II - 1998B	July 14, 1998	4.7%	\$150,000	Special Obligation
Mental Health Capital Facilities Bonds, Series II - 1998A.....	July 14, 1998	4.6%	60,800	Special Obligation
			210,800	
Commissioners of the Sinking Fund:				
Highway Capital Improvements, Series C.....	July 9, 1998	4.4%	200,000	General Obligation
Treasurer of State:				
Infrastructure Improvement Bonds, Series 1998B.....	August 6, 1998	4.7%	120,000	General Obligation
Infrastructure Improvement Refunding Bonds, Series 1998R	August 6, 1998	4.3%	12,635	General Obligation
			132,635	
Total Primary Government.....			\$543,435	
Component Units:				
Ohio Water Development Authority:				
Freshwater, Series 1998	May 1, 1998	5.0%	\$143,325	Revenue
Miami University:				
General Receipts Bonds, Series 1998.....	October 1, 1998	4.5%	39,190	Revenue
University of Toledo:				
General Receipts Bonds	October 1, 1998	4.8%	13,485	Revenue
Total Component Units.....			\$196,000	

Additionally, the Ohio State University established a \$120 million tax-exempt commercial paper program in August 1998. The University's General Receipts Commercial Paper Notes are limited obligations of the University, which are secured by a pledge of the University's general receipts. The notes do not constitute debts or bonded indebtedness of the State of Ohio and are not general obligations of the State or the University, and neither the full faith and credit of the State nor the University are pledged to the payment of the notes. The notes have been issued to provide for interim financing of various projects approved by the Ohio Board of Regents. The first issuance of commercial paper was on August 20, 1998, in the amount of \$10 million at a blended rate of 3.4 percent.

B. Tobacco Settlement

On November 18, 1998, Ohio's Attorney General announced that the State would agree to a legal settlement with four of the nation's largest tobacco companies. As of the date of the auditor's report on the State's general-purpose financial statements, a final settlement, which could result in Ohio receiving \$9.9 billion in annual payments over a 25-year period commencing in early calendar year 1999, remains contingent on the approval of a majority of the states involved in the settlement's negotiations and the tobacco industry's final acceptance of the plan.

**COMBINING
FINANCIAL
STATEMENTS
& SCHEDULES**

SPECIAL REVENUE FUNDS

The **Special Revenue Funds** account for specific revenues that are legally restricted to expenditure for designated purposes.

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.

The **Human Services Fund** accounts for public assistance programs primarily administered by the Department of Human Services, which provides financial assistance, services, and training to those individuals and families who do not have sufficient resources to meet their basic needs.

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.

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

The **Employment Services Fund** accounts for programs administered by the Ohio Bureau of Employment Services, which provides unemployment benefits, job placement services, and training to eligible individuals.

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 vocational and technical job training and to the State's colleges and universities for post-secondary education.

The **Student Aid Commission Fund** accounted for the Federal Family Education Loan Program and other programs administered by the Ohio Student Aid Commission, which provided financial assistance to eligible individuals attending higher education institutions. In late fiscal year 1997, the Commission formally dissolved and closed its operations because of declining student loan market share.

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.

The **Highway Operating Fund** accounts for programs administered by the Department of Transportation, which provides for the planning and design, construction, and maintenance of Ohio's highways and roads.

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.

The **Wildlife and Waterway 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.

The **Revenue Distribution Fund** accounts for tax relief and aid to local government programs, which derive funding from tax and other revenues levied, collected, and designated by the State for these purposes.

The **Local Transportation Improvements Fund** accounts for the Local Transportation Improvement Program administered by the Ohio Public Works Commission, which provides grants to local governments for highway, road, and bridge construction.

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)

	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>HUMAN SERVICES</u>	<u>HEALTH</u>
ASSETS			
Cash Equity with Treasurer	\$ 316,775	\$ 189,321	\$ 32,098
Cash and Cash Equivalents	21,534	503	—
Investments	90,594	—	—
Collateral on Lent Securities	241,403	144,212	24,449
Receivables:			
Taxes	1,598	—	—
Intergovernmental	11,089	77,046	15,513
Loans, Net	359,186	—	—
Other	5,796	12,985	16,146
Due from Other Funds	3,040	992	120
Inventories	—	—	—
Food Stamps	—	197,425	—
Other Assets	201	—	672
TOTAL ASSETS	\$ 1,051,216	\$ 622,484	\$ 88,998
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 35,342	\$ 40,090	\$ 16,908
Accrued Liabilities	8,608	5,789	3,045
Obligations Under Securities Lending	241,403	144,212	24,449
Intergovernmental Payable	8,451	27,542	10,043
Due to Other Funds	3,474	697	296
Deferred Revenues	2,807	228,307	8,864
Refund and Other Liabilities	176	7,393	—
Advances from Other Funds	114,629	—	—
Total Liabilities	414,890	454,030	63,605
Fund Balances:			
Reserved for:			
Encumbrances	232,055	196,547	13,965
Noncurrent Portion of Loans Receivable	234,309	—	—
Other:			
Inventories	—	—	—
Prepays	201	—	—
Loan Commitments	22,658	—	—
Health Care Benefits	254	272	92
Guaranteed Student Loan Program	—	—	—
Unreserved/Undesignated (Deficits)	146,849	(28,365)	11,336
Total Fund Balances	636,326	168,454	25,393
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 1,051,216	\$ 622,484	\$ 88,998

<u>MENTAL HEALTH AND RETARDATION</u>	<u>EMPLOYMENT SERVICES</u>	<u>EDUCATION</u>	<u>STUDENT AID COMMISSION</u>	<u>HIGHWAY SAFETY</u>	<u>HIGHWAY OPERATING</u>
\$ 54,292	\$ 11,538	\$ 564,855	\$ 155	\$ 128,943	\$ 872,056
—	1,155	367	1,860	—	—
—	6,763	2,197	—	—	—
41,352	8,788	430,722	118	98,297	664,783
—	—	—	—	—	34,952
79,675	—	47,477	—	1,051	22,635
—	—	15,354	—	—	8,653
373	1,700	3,026	—	523	3,981
347	—	838	—	2,071	3,144
—	595	—	—	—	34,631
—	—	—	—	—	—
—	—	6,234	—	—	—
<u>\$ 176,039</u>	<u>\$ 30,539</u>	<u>\$ 1,071,070</u>	<u>\$ 2,133</u>	<u>\$ 230,885</u>	<u>\$ 1,644,835</u>

\$ 11,486	\$ 5,133	\$ 1,300	\$ —	\$ 6,787	\$ 87,336
1,048	7,045	1,327	—	11,945	21,932
41,352	8,788	430,722	118	98,297	664,783
50,183	—	47,108	—	3,320	994
764	—	107	—	864	3,780
—	—	6,234	—	818	17,408
—	24	3	—	—	—
—	—	—	—	—	—
<u>104,833</u>	<u>20,990</u>	<u>486,801</u>	<u>118</u>	<u>122,031</u>	<u>796,233</u>

111,833	6,034	1,010,632	1	20,338	911,383
—	—	15,140	—	—	8,653
—	595	—	—	—	34,631
—	—	—	—	—	—
—	—	—	—	—	—
344	—	49	—	610	1,390
—	—	—	1,860	—	—
(40,971)	2,920	(441,552)	154	87,906	(107,455)
<u>71,206</u>	<u>9,549</u>	<u>584,269</u>	<u>2,015</u>	<u>108,854</u>	<u>848,602</u>
<u>\$ 176,039</u>	<u>\$ 30,539</u>	<u>\$ 1,071,070</u>	<u>\$ 2,133</u>	<u>\$ 230,885</u>	<u>\$ 1,644,835</u>

(continued)

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAY SAFETY</u>	<u>REVENUE DISTRIBUTION</u>
ASSETS			
Cash Equity with Treasurer	\$ 150,305	\$ 45,062	\$ 271,155
Cash and Cash Equivalents	1,973	—	—
Investments	—	—	—
Collateral on Lent Securities	114,652	34,353	206,554
Receivables:			
Taxes	2,273	632	151,789
Intergovernmental	298	7,347	—
Loans, Net	245	—	—
Other	1,780	188	329
Due from Other Funds	430	250	9,571
Inventories	—	—	—
Food Stamps	—	—	—
Other Assets	—	—	—
TOTAL ASSETS	\$ 271,956	\$ 87,832	\$ 639,398
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 5,249	\$ 1,507	\$ 3
Accrued Liabilities	4,463	2,239	—
Obligations Under Securities Lending	114,652	34,353	206,554
Intergovernmental Payable	74	—	237,421
Due to Other Funds	144	11	138
Deferred Revenues	270	—	4,623
Refund and Other Liabilities	—	—	62,864
Advances from Other Funds	—	—	—
Total Liabilities	124,852	38,110	511,603
Fund Balances:			
Reserved for:			
Encumbrances	28,855	4,506	—
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Inventories	—	—	—
Prepays	—	—	—
Loan Commitments	—	—	—
Health Care Benefits	193	133	—
Guaranteed Student Loan Program	—	—	—
Unreserved/Undesignated (Deficits)	118,056	45,083	127,795
Total Fund Balances	147,104	49,722	127,795
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 271,956	\$ 87,832	\$ 639,398

<u>LOCAL TRANSPORTATION IMPROVEMENTS</u>	<u>TOTAL</u>
\$ 72,844	\$ 2,709,399
—	27,392
—	99,554
55,533	2,065,216
—	191,244
—	262,131
—	383,438
326	47,153
2,050	22,853
—	35,226
—	197,425
—	7,107
<u>\$ 130,753</u>	<u>\$ 6,048,138</u>

\$ 1,854	\$ 212,995
18	67,459
55,533	2,065,216
—	385,136
2	10,277
—	269,331
—	70,460
—	114,629
<u>57,407</u>	<u>3,195,503</u>

3	2,536,152
—	258,102
—	35,226
—	201
—	22,658
1	3,338
—	1,860
<u>73,342</u>	<u>(4,902)</u>
<u>73,346</u>	<u>2,852,635</u>
<u>\$ 130,753</u>	<u>\$ 6,048,138</u>

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>HUMAN SERVICES</u>	<u>HEALTH</u>
REVENUES:			
Income Taxes	\$ 4,252	\$ —	\$ —
Sales Taxes	16,096	—	—
Corporate and Public Utility Taxes	699	—	—
Motor Vehicle Fuel Taxes	1,226	—	—
Other Taxes	17,481	4,880	—
Licenses, Permits and Fees	106,183	66,967	15,110
Sales, Services and Charges	15,168	—	80
Federal Government	297,270	2,038,129	304,366
Investment Income	13,861	9,461	170
Other	46,277	301,990	30,986
TOTAL REVENUES	<u>518,513</u>	<u>2,421,427</u>	<u>350,712</u>
EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	328	—
Higher Education Support	276	3,689	—
Public Assistance and Medicaid	—	2,088,922	—
Health and Human Services	75	356,850	361,238
Justice and Public Protection	114,324	18,883	—
Environmental Protection and Natural Resources	303	—	—
Transportation	4,077	—	—
General Government	112,053	—	—
Community and Economic Development	277,957	—	1,278
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	1,009	—
TOTAL EXPENDITURES	<u>509,065</u>	<u>2,469,681</u>	<u>362,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,448</u>	<u>(48,254)</u>	<u>(11,804)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Capital Leases	2,273	—	—
Operating Transfers-in	75,423	10,611	14,766
Operating Transfers-out	(45,854)	(12,575)	(733)
TOTAL OTHER FINANCING SOURCES (USES)	<u>31,842</u>	<u>(1,964)</u>	<u>14,033</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	41,290	(50,218)	2,229
FUND BALANCES, JULY 1 (as restated)	595,036	218,672	23,164
Increase (Decrease) for Changes in Inventories	—	—	—
FUND BALANCES, JUNE 30	<u>\$ 636,326</u>	<u>\$ 168,454</u>	<u>\$ 25,393</u>

<u>MENTAL HEALTH AND RETARDATION</u>	<u>EMPLOYMENT SERVICES</u>	<u>EDUCATION</u>	<u>STUDENT AID COMMISSION</u>	<u>HIGHWAY SAFETY</u>	<u>HIGHWAY OPERATING</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	334,178
—	—	—	—	1,434	—
2	—	884	—	89,226	46,927
—	—	207	—	16,907	2,682
482,115	225,975	845,769	—	7,634	663,650
98	2,864	37,623	—	6,496	42,830
24,168	18,144	11,187	106	23,879	51,671
<u>506,383</u>	<u>246,983</u>	<u>895,670</u>	<u>106</u>	<u>145,576</u>	<u>1,141,938</u>
—	—	1,499,976	—	—	—
—	—	11,410	411	—	—
470	—	—	—	—	—
500,842	259,307	158	—	70	—
—	—	15,846	—	263,784	—
—	—	—	—	—	—
—	—	—	—	—	1,457,061
—	—	—	—	—	—
—	—	—	—	—	—
—	—	140,845	—	4,524	—
<u>501,312</u>	<u>259,307</u>	<u>1,668,235</u>	<u>441</u>	<u>268,378</u>	<u>1,457,061</u>
<u>5,071</u>	<u>(12,324)</u>	<u>(772,565)</u>	<u>(335)</u>	<u>(122,802)</u>	<u>(315,123)</u>
—	—	86,848	—	—	—
28	6,682	—	—	—	—
3,311	36	963,815	—	145,739	609,306
(4)	(1,832)	(36,196)	—	(10,732)	(173,546)
<u>3,335</u>	<u>4,886</u>	<u>1,014,467</u>	<u>—</u>	<u>135,007</u>	<u>435,760</u>
8,406	(7,438)	241,902	(335)	12,205	120,637
62,800	17,067	342,367	2,350	96,649	726,531
—	(80)	—	—	—	1,434
<u>\$ 71,206</u>	<u>\$ 9,549</u>	<u>\$ 584,269</u>	<u>\$ 2,015</u>	<u>\$ 108,854</u>	<u>\$ 848,602</u>

(continued)

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)
(continued)

	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAY SAFETY</u>	<u>REVENUE DISTRIBUTION</u>
REVENUES:			
Income Taxes	\$ —	\$ —	\$ 716,906
Sales Taxes	—	—	266,309
Corporate and Public Utility Taxes	11,210	—	94,784
Motor Vehicle Fuel Taxes	—	6,695	1,013,124
Other Taxes	9,027	—	12,914
Licenses, Permits and Fees	82,241	35,535	324,377
Sales, Services and Charges	1,504	594	2
Federal Government	38,553	13,261	—
Investment Income	1,961	2,268	2,667
Other	21,948	3,633	68
TOTAL REVENUES	<u>166,444</u>	<u>61,986</u>	<u>2,431,151</u>
EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	487	—	—
Environmental Protection and Natural Resources	148,244	52,957	—
Transportation	—	—	—
General Government	3,858	—	—
Community and Economic Development	6,251	—	—
INTERGOVERNMENTAL	—	—	1,752,844
CAPITAL OUTLAY	—	5,286	—
TOTAL EXPENDITURES	<u>158,840</u>	<u>58,243</u>	<u>1,752,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,604</u>	<u>3,743</u>	<u>678,307</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Capital Leases	—	—	—
Operating Transfers-in	4,182	1,002	27,605
Operating Transfers-out	(3,305)	—	(698,240)
TOTAL OTHER FINANCING SOURCES (USES)	<u>877</u>	<u>1,002</u>	<u>(670,635)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>8,481</u>	<u>4,745</u>	<u>7,672</u>
FUND BALANCES, JULY 1 (as restated)	138,623	44,977	120,123
Increase (Decrease) for Changes in Inventories	—	—	—
FUND BALANCES, JUNE 30	<u>\$ 147,104</u>	<u>\$ 49,722</u>	<u>\$ 127,795</u>

**LOCAL
TRANSPORTATION
IMPROVEMENTS**

TOTAL

\$	—	\$	721,158
	—		282,405
	—		106,693
	—		1,355,223
	—		45,736
	—		767,452
	—		37,144
	—		4,916,722
	3,807		124,106
	162		534,219
	3,969		8,890,858

	—		1,500,304
	—		15,816
	—		2,089,392
	—		1,478,540
	—		413,324
	—		201,504
	—		1,461,138
	—		115,911
	323		285,809
	—		1,752,844
	60,707		212,371
	61,030		9,526,953

(57,061) **(636,095)**

	—		86,848
	—		8,983
	59,930		1,915,726
	—		(983,017)
	59,930		1,028,540

2,869 **392,445**

	70,477		2,458,836
	—		1,354

\$ 73,346 **\$ 2,852,635**

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	COMMUNITY AND ECONOMIC DEVELOPMENT		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Income Taxes	\$ 4,267	\$ 4,267	\$ —
Sales Taxes	15,814	15,814	—
Corporate and Public Utility Taxes	699	699	—
Motor Vehicle Fuel Taxes	1,226	1,226	—
Other Taxes	17,481	17,481	—
Licenses, Permits and Fees	107,456	107,456	—
Sales, Services and Charges	8,991	8,991	—
Federal Government	258,452	258,452	—
Investment Income.....	9,872	9,872	—
Other	97,868	97,868	—
TOTAL REVENUES	522,126	522,126	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	1,364	1,364	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	158,525	140,328	18,197
Environmental Protection and Natural Resources	402	254	148
Transportation	11,700	10,138	1,562
General Government	125,791	113,394	12,397
Community and Economic Development	360,893	285,726	75,167
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	658,675	551,204	107,471
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(136,549)	(29,078)	107,471
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	47,378	47,378	—
Operating Transfers-out	(19,941)	(19,941)	—
Encumbrance Reversions	28,838	28,838	—
TOTAL OTHER FINANCING SOURCES (USES)	56,275	56,275	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (80,274)	27,197	\$ 107,471
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		39,670	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ 66,867	

HUMAN SERVICES			HEALTH		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
4,880	4,880	—	—	—	—
64,545	64,545	—	19,868	19,868	—
—	—	—	2,240	2,240	—
1,418,660	1,418,660	—	309,734	309,734	—
9,612	9,612	—	170	170	—
371,785	371,785	—	65,737	65,737	—
1,869,482	1,869,482	—	397,749	397,749	—
325	322	3	—	—	—
8,437	8,221	216	—	—	—
1,822,161	1,512,685	309,476	—	—	—
409,624	385,557	24,067	451,266	396,016	55,250
30,628	19,611	11,017	9	2	7
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3,150	2,272	878
2,663	1,789	874	—	—	—
—	—	—	—	—	—
2,273,838	1,928,185	345,653	454,425	398,290	56,135
(404,356)	(58,703)	345,653	(56,676)	(541)	56,135
—	—	—	—	—	—
8,971	8,971	—	7,866	7,866	—
(17,917)	(17,917)	—	(839)	(839)	—
167,372	167,372	—	11,093	11,093	—
158,426	158,426	—	18,120	18,120	—
\$ (245,930)	99,723	\$ 345,653	\$ (38,556)	17,579	\$ 56,135
	(154,579)			(15,405)	
	\$ (54,856)			\$ 2,174	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	MENTAL HEALTH AND RETARDATION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	—	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	—	—	—
Licenses, Permits and Fees	2	2	—
Sales, Services and Charges	—	—	—
Federal Government	1,006,881	1,006,881	—
Investment Income.....	100	100	—
Other	25,826	25,826	—
TOTAL REVENUES	1,032,809	1,032,809	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	724,068	542,023	182,045
Health and Human Services	825,839	550,111	275,728
Justice and Public Protection	—	—	—
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	—	—	—
Community and Economic Development	—	—	—
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	1,549,907	1,092,134	457,773
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(517,098)	(59,325)	457,773
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	1,227	1,227	—
Operating Transfers-out	(4)	(4)	—
Encumbrance Reversions	137,154	137,154	—
TOTAL OTHER FINANCING SOURCES (USES)	138,377	138,377	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (378,721)	79,052	\$ 457,773
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		(172,497)	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ (93,445)	

EMPLOYMENT SERVICES			EDUCATION		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
23	23	—	872	872	—
—	—	—	207	207	—
221,022	221,022	—	827,833	827,833	—
1,377	1,377	—	35,665	35,665	—
17,347	17,347	—	22,013	22,013	—
239,769	239,769	—	886,590	886,590	—
—	—	—	1,725,563	1,686,437	39,126
—	—	—	5,740	5,059	681
—	—	—	—	—	—
300,718	249,581	51,137	182	179	3
—	—	—	25,499	18,475	7,024
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
907	478	429	769,119	626,926	142,193
—	—	—	—	—	—
301,625	250,059	51,566	2,526,103	2,337,076	189,027
(61,856)	(10,290)	51,566	(1,639,513)	(1,450,486)	189,027
—	—	—	86,848	86,848	—
36	36	—	955,423	955,423	—
(84)	(84)	—	(9,732)	(9,732)	—
1,355	1,355	—	95,370	95,370	—
1,307	1,307	—	1,127,909	1,127,909	—
\$ (60,549)	(8,983)	\$ 51,566	\$ (511,604)	(322,577)	\$ 189,027
	10,197			(169,472)	
	\$ 1,214			\$ (492,049)	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	STUDENT AID COMMISSION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	—	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	—	—	—
Licenses, Permits and Fees	350	350	—
Sales, Services and Charges	—	—	—
Federal Government	—	—	—
Investment Income.....	—	—	—
Other	79	79	—
TOTAL REVENUES	429	429	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	2,587	816	1,771
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	—	—	—
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	—	—	—
Community and Economic Development	—	—	—
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	2,587	816	1,771
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(2,158)	(387)	1,771
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	356	356	—
TOTAL OTHER FINANCING SOURCES (USES)	356	356	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (1,802)	(31)	\$ 1,771
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		185	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ 154	

HIGHWAY SAFETY			HIGHWAY OPERATING		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	335,649	335,649	—
1,434	1,434	—	—	—	—
89,262	89,262	—	46,967	46,967	—
16,784	16,784	—	2,682	2,682	—
9,938	9,938	—	709,016	709,016	—
6,410	6,410	—	41,894	41,894	—
27,328	27,328	—	91,396	91,396	—
151,156	151,156	—	1,227,604	1,227,604	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
196	71	125	—	—	—
304,983	275,549	29,434	—	—	—
—	—	—	—	—	—
—	—	—	1,919,486	1,526,631	392,855
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
7,660	2,901	4,759	—	—	—
9,115	8,431	684	17,419	14,872	2,547
321,954	286,952	35,002	1,936,905	1,541,503	395,402
(170,798)	(135,796)	35,002	(709,301)	(313,899)	395,402
—	—	—	—	—	—
154,274	154,274	—	629,961	629,961	—
(9,366)	(9,366)	—	(179,301)	(179,301)	—
4,638	4,638	—	61,886	61,886	—
149,546	149,546	—	512,546	512,546	—
\$ (21,252)	13,750	\$ 35,002	\$ (196,755)	198,647	\$ 395,402
	86,104			(323,315)	
	\$ 99,854			\$ (124,668)	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	NATURAL RESOURCES		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	11,210	11,210	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	9,078	9,078	—
Licenses, Permits and Fees	80,406	80,406	—
Sales, Services and Charges	1,539	1,539	—
Federal Government	38,413	38,413	—
Investment Income.....	1,964	1,964	—
Other	30,362	30,362	—
TOTAL REVENUES	172,972	172,972	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	768	499	269
Environmental Protection and Natural Resources	207,067	169,789	37,278
Transportation	—	—	—
General Government	6,348	4,043	2,305
Community and Economic Development	10,844	6,852	3,992
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	225,027	181,183	43,844
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(52,055)	(8,211)	43,844
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	7,715	7,715	—
Operating Transfers-out	(4,605)	(4,605)	—
Encumbrance Reversions	5,916	5,916	—
TOTAL OTHER FINANCING SOURCES (USES)	9,026	9,026	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (43,029)	815	\$ 43,844
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		116,284	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ 117,099	

WILDLIFE AND WATERWAY SAFETY			REVENUE DISTRIBUTION		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ 729,278	\$ 729,278	\$ —
—	—	—	265,685	265,685	—
—	—	—	95,142	95,142	—
6,642	6,642	—	1,005,184	1,005,184	—
—	—	—	13,369	13,369	—
35,529	35,529	—	494,445	494,445	—
594	594	—	2	2	—
9,964	9,964	—	—	—	—
2,250	2,250	—	2,587	2,587	—
4,824	4,824	—	72	72	—
59,803	59,803	—	2,605,764	2,605,764	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
64,598	54,192	10,406	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
24,609	4,986	19,623	1,966,473	1,936,046	30,427
—	—	—	—	—	—
89,207	59,178	30,029	1,966,473	1,936,046	30,427
(29,404)	625	30,029	639,291	669,718	30,427
—	—	—	—	—	—
2	2	—	27,605	27,605	—
—	—	—	(686,497)	(686,497)	—
644	644	—	—	—	—
646	646	—	(658,892)	(658,892)	—
\$ (28,758)	1,271	\$ 30,029	\$ (19,601)	10,826	\$ 30,427
	38,074			260,375	
	\$ 39,345			\$ 271,201	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	LOCAL TRANSPORTATION IMPROVEMENTS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	—	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	—	—	—
Licenses, Permits and Fees	—	—	—
Sales, Services and Charges	—	—	—
Federal Government	—	—	—
Investment Income.....	3,775	3,775	—
Other	185	185	—
TOTAL REVENUES	3,960	3,960	—
BUDGETARY EXPENDITURES:			
CURRENT:			
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	373	341	32
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	133,016	59,046	73,970
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	133,389	59,387	74,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(129,429)	(55,427)	74,002
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	59,930	59,930	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	1	1	—
TOTAL OTHER FINANCING SOURCES (USES)	59,931	59,931	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (69,498)	4,504	\$ 74,002
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		68,404	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ 72,908	

TOTAL SPECIAL REVENUE

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 733,545	\$ 733,545	\$ —
281,499	281,499	—
107,051	107,051	—
1,348,701	1,348,701	—
46,242	46,242	—
939,725	939,725	—
33,039	33,039	—
4,809,913	4,809,913	—
115,676	115,676	—
754,822	754,822	—
<u>9,170,213</u>	<u>9,170,213</u>	<u>—</u>
1,727,252	1,688,123	39,129
16,764	14,096	2,668
2,546,229	2,054,708	491,521
1,987,825	1,581,515	406,310
520,412	454,464	65,948
272,067	224,235	47,832
1,931,186	1,536,769	394,417
132,139	117,437	14,702
375,260	295,191	80,069
1,966,473	1,936,046	30,427
937,974	696,126	241,848
26,534	23,303	3,231
<u>12,440,115</u>	<u>10,622,013</u>	<u>1,818,102</u>
<u>(3,269,902)</u>	<u>(1,451,800)</u>	<u>1,818,102</u>
86,848	86,848	—
1,900,388	1,900,388	—
(928,286)	(928,286)	—
514,623	514,623	—
<u>1,573,573</u>	<u>1,573,573</u>	<u>—</u>
<u>\$ (1,696,329)</u>	121,773	<u>\$ 1,818,102</u>
	<u>(215,975)</u>	
	<u>\$ (94,202)</u>	

DEBT SERVICE FUNDS

The **Debt Service Funds** account for the accumulation of resources for the payment of general long-term debt principal and interest.

The **Economic Development Bond Service Fund** accounts for the payment of principal and interest on revenue bonds issued to finance loans to individuals, corporations, and agencies within the State, which cannot obtain conventional financing for economic development projects that create or retain jobs in the State.

The **Transportation Certificate Retirement Fund** accounts for the payment of certificate of participation-related obligations that financed the acquisition of the Department of Transportation's Panhandle Rail Line Project.

The **Coal Research/Development Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 15, Article VIII of the Ohio Constitution, to provide financing for coal research and development projects.

The **Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2f, Article VIII of the Ohio Constitution, to provide financing for the improvement of higher education facilities, public schools, and natural resources and for other purposes.

The **Highway Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2g, Article VIII of the Ohio Constitution, to provide financing for the acquisition of rights-of-way and for the construction and reconstruction of the State's highways and urban extensions.

The **Development Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2h, Article VIII of the Ohio Constitution, to provide financing for the construction, improvement, and development of higher education facilities, public schools, and natural resources and for other purposes.

The **Highway Obligations Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2i, Article VIII of the Ohio Constitution, to provide financing for construction of the State's highways.

The **Public Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2i, Article VIII of the Ohio Constitution, to provide financing for the improvement of higher education facilities, water pollution controls, parks and natural resources, and other projects.

The **Vietnam Conflict Compensation Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2j, Article VIII of the Ohio Constitution, to provide compensation to Ohioans that served in the military during the Vietnam Conflict.

The **Local Infrastructure Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2k, Article VIII of the Ohio Constitution, to provide financing for the cost of local government's public infrastructure improvement projects.

The **Ohio Public Facilities Commission Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of mental health, higher education, parks and recreation, and State park facilities.

The **Ohio Building Authority Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of State office buildings and the costs of capital improvements for the Departments of Administrative Services, Youth Services, Transportation, Rehabilitation and Correction, Natural Resources, and Public Safety and for the Arts and Sports Facilities Commission.

The **Enterprise Bond Retirement Fund** accounts for the payment of principal and interest on taxable revenue bonds issued to provide a reserve and pledge to secure, in part, the payment of principal and interest on the Ohio Enterprise Bonds, a no commitment debt for the State that is issued under the authority of Section 166.09, Ohio Revised Code.

The **State Projects Bond Service Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 21, Article VIII of the Ohio Constitution, to provide financing for capital improvements at state and local parks and other natural resources-related projects.

The **School Building Program Bond Service Fund** accounts for the payment of principal and interest on special obligation bonds, authorized by Section 2i of Article VIII of the Ohio Constitution, that finance the costs of school buildings and classroom facilities used by public school districts for elementary and secondary education purposes.

The **Highway Capital Improvements Bond Service Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2m of Article VIII of the Ohio Constitution, that finance capital improvements to the state highway system.

STATE OF OHIO
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)

	<u>ECONOMIC DEVELOPMENT BOND SERVICE</u>	<u>TRANSPORTATION CERTIFICATE RETIREMENT</u>	<u>COAL RESEARCH/ DEVELOPMENT BOND RETIREMENT</u>
ASSETS			
Cash Equity with Treasurer	\$ —	\$ —	\$ 102
Cash and Cash Equivalents	—	—	—
Investments	5,374	889	—
Collateral on Lent Securities	—	—	78
Receivables:			
Taxes	—	—	—
Loans, Net	—	—	—
Other	—	—	—
Due from Other Funds	—	—	—
TOTAL ASSETS	<u>\$ 5,374</u>	<u>\$ 889</u>	<u>\$ 180</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Liabilities	\$ —	\$ —	\$ —
Obligations Under Securities Lending	—	—	78
Refund and Other Liabilities	—	—	—
Total Liabilities	<u>—</u>	<u>—</u>	<u>78</u>
Fund Balances:			
Reserved for:			
Debt Service	5,374	889	102
Noncurrent Portion of Loans Receivable	—	—	—
Unreserved/Undesignated	—	—	—
Total Fund Balances	<u>5,374</u>	<u>889</u>	<u>102</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 5,374</u>	<u>\$ 889</u>	<u>\$ 180</u>

<u>IMPROVEMENTS BOND RETIREMENT</u>	<u>HIGHWAY IMPROVEMENTS BOND RETIREMENT</u>	<u>DEVELOPMENT BOND RETIREMENT</u>	<u>HIGHWAY OBLIGATIONS BOND RETIREMENT</u>	<u>PUBLIC IMPROVEMENTS BOND RETIREMENT</u>	<u>VIETNAM CONFLICT COMPENSATION BOND RETIREMENT</u>
\$ 224	\$ 1	\$ 25	\$ 78,698	\$ 75	\$ —
193	60	465	450	345	38
—	—	—	—	—	—
171	1	19	60,023	57	—
—	—	—	176	—	—
—	—	—	—	—	—
1	—	—	322	—	—
—	—	—	122	—	—
<u>\$ 589</u>	<u>\$ 62</u>	<u>\$ 509</u>	<u>\$ 139,791</u>	<u>\$ 477</u>	<u>\$ 38</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
171	1	19	60,023	57	—
<u>178</u>	<u>55</u>	<u>315</u>	<u>200</u>	<u>245</u>	<u>35</u>
<u>349</u>	<u>56</u>	<u>334</u>	<u>60,223</u>	<u>302</u>	<u>35</u>
—	—	—	79,568	—	—
—	—	—	—	—	—
<u>240</u>	<u>6</u>	<u>175</u>	<u>—</u>	<u>175</u>	<u>3</u>
<u>240</u>	<u>6</u>	<u>175</u>	<u>79,568</u>	<u>175</u>	<u>3</u>
<u>\$ 589</u>	<u>\$ 62</u>	<u>\$ 509</u>	<u>\$ 139,791</u>	<u>\$ 477</u>	<u>\$ 38</u>

(continued)

STATE OF OHIO
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS BOND RETIREMENT</u>	<u>OHIO PUBLIC FACILITIES COMMISSION</u>	<u>OHIO BUILDING AUTHORITY</u>
ASSETS			
Cash Equity with Treasurer	\$ 372	\$ —	\$ —
Cash and Cash Equivalents	—	101	1
Investments	—	6,028	53,037
Collateral on Lent Securities	285	—	—
Receivables:			
Taxes	—	—	—
Loans, Net	—	5,200	—
Other	2	—	494
Due from Other Funds	1	1,115	—
TOTAL ASSETS	<u>\$ 660</u>	<u>\$ 12,444</u>	<u>\$ 53,532</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Liabilities	\$ 321	\$ —	\$ 481
Obligations Under Securities Lending	285	—	—
Refund and Other Liabilities	—	142	—
Total Liabilities	<u>606</u>	<u>142</u>	<u>481</u>
Fund Balances:			
Reserved for:			
Debt Service	54	7,103	53,051
Noncurrent Portion of Loans Receivable	—	5,199	—
Unreserved/Undesignated	—	—	—
Total Fund Balances	<u>54</u>	<u>12,302</u>	<u>53,051</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 660</u>	<u>\$ 12,444</u>	<u>\$ 53,532</u>

<u>ENTERPRISE BOND RETIREMENT</u>	<u>STATE PROJECTS BOND SERVICE</u>	<u>SCHOOL BUILDING PROGRAM BOND SERVICE</u>	<u>HIGHWAY CAPITAL IMPROVEMENT BOND SERVICE</u>	<u>TOTAL</u>
\$ —	\$ 98	\$ —	\$ 912	\$ 80,507
490	—	32	—	2,175
28,721	—	305	—	94,354
—	74	—	705	61,413
—	—	—	—	176
—	—	—	—	5,200
41	—	—	4	864
—	—	—	1	1,239
<u>\$ 29,252</u>	<u>\$ 172</u>	<u>\$ 337</u>	<u>\$ 1,622</u>	<u>\$ 245,928</u>
\$ —	\$ —	\$ —	\$ —	\$ 802
—	74	—	705	61,413
—	—	—	—	1,170
—	74	—	705	63,385
29,252	98	337	917	176,745
—	—	—	—	5,199
—	—	—	—	599
<u>29,252</u>	<u>98</u>	<u>337</u>	<u>917</u>	<u>182,543</u>
<u>\$ 29,252</u>	<u>\$ 172</u>	<u>\$ 337</u>	<u>\$ 1,622</u>	<u>\$ 245,928</u>

STATE OF OHIO
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>ECONOMIC DEVELOPMENT BOND SERVICE</u>	<u>TRANSPORTATION CERTIFICATE RETIREMENT</u>	<u>COAL RESEARCH/ DEVELOPMENT BOND RETIREMENT</u>
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	268	—	26
Other	—	763	—
TOTAL REVENUES	<u>268</u>	<u>763</u>	<u>26</u>
EXPENDITURES:			
DEBT SERVICE	<u>15,979</u>	<u>761</u>	<u>5,574</u>
TOTAL EXPENDITURES	<u>15,979</u>	<u>761</u>	<u>5,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,711)</u>	<u>2</u>	<u>(5,548)</u>
OTHER FINANCING SOURCES (USES):			
Refunding Bond Proceeds	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—
Operating Transfers-in	15,846	—	5,605
Operating Transfers-out	—	—	(5)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,846</u>	<u>—</u>	<u>5,600</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>135</u>	<u>2</u>	<u>52</u>
FUND BALANCES, JULY 1 (as restated)	<u>5,239</u>	<u>887</u>	<u>50</u>
FUND BALANCES, JUNE 30	<u>\$ 5,374</u>	<u>\$ 889</u>	<u>\$ 102</u>

<u>IMPROVEMENTS BOND RETIREMENT</u>	<u>HIGHWAY IMPROVEMENTS BOND RETIREMENT</u>	<u>DEVELOPMENT BOND RETIREMENT</u>	<u>HIGHWAY OBLIGATIONS BOND RETIREMENT</u>	<u>PUBLIC IMPROVEMENTS BOND RETIREMENT</u>	<u>VIETNAM CONFLICT COMPENSATION BOND RETIREMENT</u>
\$ —	\$ —	\$ —	\$ 44,725	\$ —	\$ —
—	—	—	19,983	—	—
12	—	2	6,055	1	—
—	—	—	12	—	—
<u>12</u>	<u>—</u>	<u>2</u>	<u>70,775</u>	<u>1</u>	<u>—</u>
—	—	—	99,440	—	—
—	—	—	99,440	—	—
<u>12</u>	<u>—</u>	<u>2</u>	<u>(28,665)</u>	<u>1</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	(22)	(43)	(12)	—
—	—	<u>(22)</u>	<u>(43)</u>	<u>(12)</u>	<u>—</u>
<u>12</u>	<u>—</u>	<u>(20)</u>	<u>(28,708)</u>	<u>(11)</u>	<u>—</u>
<u>228</u>	<u>6</u>	<u>195</u>	<u>108,276</u>	<u>186</u>	<u>3</u>
<u>\$ 240</u>	<u>\$ 6</u>	<u>\$ 175</u>	<u>\$ 79,568</u>	<u>\$ 175</u>	<u>\$ 3</u>

(continued)

STATE OF OHIO
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)
(continued)

	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS BOND RETIREMENT</u>	<u>OHIO PUBLIC FACILITIES COMMISSION</u>	<u>OHIO BUILDING AUTHORITY</u>
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	76	2,799	3,201
Other	—	92	—
TOTAL REVENUES	<u>76</u>	<u>2,891</u>	<u>3,201</u>
EXPENDITURES:			
DEBT SERVICE	<u>92,153</u>	<u>525,896</u>	<u>224,257</u>
TOTAL EXPENDITURES	<u>92,153</u>	<u>525,896</u>	<u>224,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(92,077)</u>	<u>(523,005)</u>	<u>(221,056)</u>
OTHER FINANCING SOURCES (USES):			
Refunding Bond Proceeds	56,346	211,772	71,313
Payment to Refunded Bond Escrow Agents	(55,810)	(211,772)	(71,313)
Operating Transfers-in	91,576	440,107	218,992
Operating Transfers-out	—	—	(2,296)
TOTAL OTHER FINANCING SOURCES (USES)	<u>92,112</u>	<u>440,107</u>	<u>216,696</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	35	(82,898)	(4,360)
FUND BALANCES, JULY 1 (as restated)	<u>19</u>	<u>95,200</u>	<u>57,411</u>
FUND BALANCES, JUNE 30	<u><u>\$ 54</u></u>	<u><u>\$ 12,302</u></u>	<u><u>\$ 53,051</u></u>

<u>ENTERPRISE BOND RETIREMENT</u>	<u>STATE PROJECTS BOND SERVICE</u>	<u>SCHOOL BUILDING PROGRAM BOND SERVICE</u>	<u>HIGHWAY CAPITAL IMPROVEMENT BOND SERVICE</u>	<u>TOTAL</u>
\$ —	\$ —	\$ —	\$ —	\$ 44,725
2	—	—	—	19,985
2,064	—	—	723	15,227
—	1	100	—	968
<u>2,066</u>	<u>1</u>	<u>100</u>	<u>723</u>	<u>80,905</u>
1,405	9,399	21,290	24,433	1,020,587
<u>1,405</u>	<u>9,399</u>	<u>21,290</u>	<u>24,433</u>	<u>1,020,587</u>
<u>661</u>	<u>(9,398)</u>	<u>(21,190)</u>	<u>(23,710)</u>	<u>(939,682)</u>
—	—	—	—	339,431
—	—	—	—	(338,895)
39,624	9,412	21,290	24,673	867,125
(34,309)	(19)	—	(57)	(36,763)
<u>5,315</u>	<u>9,393</u>	<u>21,290</u>	<u>24,616</u>	<u>830,898</u>
5,976	(5)	100	906	(108,784)
<u>23,276</u>	<u>103</u>	<u>237</u>	<u>11</u>	<u>291,327</u>
<u>\$ 29,252</u>	<u>\$ 98</u>	<u>\$ 337</u>	<u>\$ 917</u>	<u>\$ 182,543</u>

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	COAL RESEARCH / DEVELOPMENT BOND RETIREMENT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	27	27	—
Other	5,605	5,605	—
TOTAL REVENUES	5,632	5,632	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	7,587	5,579	2,008
TOTAL BUDGETARY EXPENDITURES	7,587	5,579	2,008
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES			
	(1,955)	53	2,008
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES			
	\$ (1,955)	53	\$ 2,008
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1			
		50	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30			
		\$ 103	

**IMPROVEMENTS
BOND RETIREMENT**

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ —	\$ —	\$ —
—	—	—
12	12	—
—	—	—
<u>12</u>	<u>12</u>	<u>—</u>

—	—	—
—	—	—
<u>12</u>	<u>12</u>	<u>—</u>

—	—	—
—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>

<u>\$ 12</u>	<u>12</u>	<u>\$ —</u>
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212

\$ 224

**HIGHWAY IMPROVEMENTS
BOND RETIREMENT**

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ —	\$ —	\$ —
—	—	—
—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>

—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>

—	—	—
—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>

<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
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1

\$ 1

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	DEVELOPMENT BOND RETIREMENT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	3	3	—
Other	—	—	—
TOTAL REVENUES	3	3	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	22	22	—
TOTAL BUDGETARY EXPENDITURES	22	22	—
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES			
	(19)	(19)	—
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES			
	\$ (19)	(19)	\$ —
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1			
		45	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30			
		\$ 26	

**HIGHWAY OBLIGATIONS
BOND RETIREMENT**

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 44,549	\$ 44,549	\$ —
19,983	19,983	—
6,245	6,245	—
—	—	—
<u>70,777</u>	<u>70,777</u>	<u>—</u>
99,483	99,483	—
<u>99,483</u>	<u>99,483</u>	<u>—</u>
<u>(28,706)</u>	<u>(28,706)</u>	<u>—</u>
—	—	—
—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ (28,706)</u>	<u>(28,706)</u>	<u>\$ —</u>

107,515

\$ 78,809

**PUBLIC IMPROVEMENTS
BOND RETIREMENT**

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ —	\$ —	\$ —
—	—	—
—	—	—
76	76	—
<u>76</u>	<u>76</u>	<u>—</u>
12	12	—
<u>12</u>	<u>12</u>	<u>—</u>
<u>64</u>	<u>64</u>	<u>—</u>
—	—	—
—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ 64</u>	<u>64</u>	<u>\$ —</u>

11

\$ 75

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	LOCAL INFRASTRUCTURE IMPROVEMENTS BOND RETIREMENT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	76	76	—
Other	91,576	91,576	—
TOTAL REVENUES	91,652	91,652	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	93,889	91,902	1,987
TOTAL BUDGETARY EXPENDITURES	93,889	91,902	1,987
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES			
	(2,237)	(250)	1,987
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	352	352	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	352	352	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES			
	\$ (1,885)	102	\$ 1,987
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1			
		272	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30			
		\$ 374	

**STATE PROJECTS
BOND SERVICE**

**HIGHWAY CAPITAL IMPROVEMENT
BOND SERVICE**

STATE PROJECTS BOND SERVICE			HIGHWAY CAPITAL IMPROVEMENT BOND SERVICE		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	732	732	—
9,412	9,412	—	—	—	—
<u>9,412</u>	<u>9,412</u>	<u>—</u>	<u>732</u>	<u>732</u>	<u>—</u>
12,144	9,490	2,654	49,202	24,663	24,539
<u>12,144</u>	<u>9,490</u>	<u>2,654</u>	<u>49,202</u>	<u>24,663</u>	<u>24,539</u>
<u>(2,732)</u>	<u>(78)</u>	<u>2,654</u>	<u>(48,470)</u>	<u>(23,931)</u>	<u>24,539</u>
—	—	—	—	—	—
—	—	—	24,673	24,673	—
—	—	—	—	—	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>24,673</u>	<u>24,673</u>	<u>—</u>
<u>\$ (2,732)</u>	<u>(78)</u>	<u>\$ 2,654</u>	<u>\$ (23,797)</u>	<u>742</u>	<u>\$ 24,539</u>
	<u>175</u>			<u>183</u>	
	<u>\$ 97</u>			<u>\$ 925</u>	

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	<u>TOTAL DEBT SERVICE</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Motor Vehicle Fuel Taxes	\$ 44,549	\$ 44,549	\$ —
Licenses, Permits and Fees	19,983	19,983	—
Investment Income	7,095	7,095	—
Other	106,669	106,669	—
TOTAL REVENUES	178,296	178,296	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	262,339	231,151	31,188
TOTAL BUDGETARY EXPENDITURES	262,339	231,151	31,188
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) BUDGETARY EXPENDITURES	(84,043)	(52,855)	31,188
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	352	352	—
Operating Transfers-in	24,673	24,673	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	25,025	25,025	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING			
SOURCES OVER (UNDER) BUDGETARY EXPENDITURES			
AND OTHER FINANCING USES	\$ (59,018)	(27,830)	\$ 31,188
UNRESERVED, UNDESIGNATED BUDGETARY			
FUND BALANCES, JULY 1		108,464	
UNRESERVED, UNDESIGNATED BUDGETARY			
FUND BALANCES, JUNE 30		\$ 80,634	

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CAPITAL PROJECTS FUNDS

The **Capital Projects Funds** account for the acquisition and construction of major capital facilities and for major repairs and replacements other than those financed by proprietary funds and trust funds.

The **Arts Facilities Building Improvements Fund** accounts for bond proceeds that finance construction of and improvements to various arts and sciences facilities in the State.

The **Higher Education Improvements Fund** accounts for bond proceeds that finance the construction of facilities for State-assisted higher education institutions.

The **Highway Obligations Construction Fund** accounts for bond proceeds that finance capital outlay and major repairs and replacements for the State's highways.

The **Mental Health/Mental Retardation Facilities Improvements Fund** accounts for bond proceeds that finance the construction of mental health/mental retardation facilities.

The **Parks and Recreation Improvements Fund** accounts for bond proceeds that finance the capital improvement of parks and recreation facilities.

The **Local Infrastructure Improvements Fund** accounts for bond proceeds that finance the cost of local government's public infrastructure improvement projects.

The **Ohio Building Authority Fund** accounts for bond proceeds that finance the construction of State office buildings and rehabilitation and correctional facilities.

The **Administrative Services Building Improvements Fund** accounts for bond proceeds that finance capital improvements for the Department of Administrative Services.

The **Youth Services Building Improvements Fund** accounts for bond proceeds that finance capital improvements for the Department of Youth Services.

The **Transportation Building Improvements Fund** accounts for bond proceeds that finance capital improvements for the Department of Transportation.

The **Adult Correctional Building Improvements Fund** accounts for bond proceeds that finance capital improvements for the Department of Rehabilitation and Correction.

The **Highway Safety Building Improvements Fund** accounts for bond proceeds that finance capital improvements for the Department of Public Safety.

The **Ohio Parks and Natural Resources Fund** accounts for bond proceeds that finance capital improvements for state and local parks and other natural resources-related projects.

The **Highway Capital Improvement Fund** accounts for bond proceeds that finance capital improvements to the state highway system.

The **Sports Facilities Building Fund** accounts for bond proceeds that finance capital facilities, as defined in Section 3383.01(J), Ohio Revised Code, as Ohio sports facilities.

The **Infrastructure Bank Obligations Fund** accounts for bond proceeds that finance the Spring-Sandusky Highway Project in Columbus.

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)

	<u>ARTS FACILITIES BUILDING IMPROVEMENTS</u>	<u>HIGHER EDUCATION IMPROVEMENTS</u>	<u>HIGHWAY OBLIGATIONS CONSTRUCTION</u>
ASSETS			
Cash Equity with Treasurer	\$ 10,434	\$ 57,846	\$ 20,130
Investments	—	—	—
Collateral on Lent Securities	7,967	44,118	15,351
Receivables:			
Loans, Net	—	—	—
Other	47	271	90
Due from Other Funds	<u>16</u>	<u>92</u>	<u>31</u>
TOTAL ASSETS	<u>\$ 18,464</u>	<u>\$ 102,327</u>	<u>\$ 35,602</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 7,539	\$ 34,411	\$ 754
Accrued Liabilities	—	—	—
Obligations Under Securities Lending	7,967	44,118	15,351
Due to Other Funds	<u>—</u>	<u>1,115</u>	<u>—</u>
Total Liabilities	<u>15,506</u>	<u>79,644</u>	<u>16,105</u>
Fund Balances:			
Reserved for:			
Encumbrances	46,159	188,053	11,355
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Loan Commitments	—	1,197	—
Health Care Benefits	—	—	—
Unreserved/Undesignated (Deficits)	<u>(43,201)</u>	<u>(166,567)</u>	<u>8,142</u>
Total Fund Balances (Deficits)	<u>2,958</u>	<u>22,683</u>	<u>19,497</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 18,464</u>	<u>\$ 102,327</u>	<u>\$ 35,602</u>

<u>MENTAL HEALTH/ MENTAL RETARDATION FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS</u>	<u>OHIO BUILDING AUTHORITY</u>	<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>
\$ 19,404	\$ 14,957	\$ 80,814	\$ —	\$ 100,470	\$ 17,215
—	—	—	13,975	—	—
14,796	11,402	61,609	—	76,571	13,127
—	—	127,985	—	—	—
89	67	359	100	452	77
30	23	1,614	—	154	26
<u>\$ 34,319</u>	<u>\$ 26,449</u>	<u>\$ 272,381</u>	<u>\$ 14,075</u>	<u>\$ 177,647</u>	<u>\$ 30,445</u>
\$ 3,253	\$ 228	\$ 4,889	\$ —	\$ 13,174	\$ 1,613
—	—	42	—	—	—
14,796	11,402	61,609	—	76,571	13,127
2	—	5	—	—	—
<u>18,051</u>	<u>11,630</u>	<u>66,545</u>	<u>—</u>	<u>89,745</u>	<u>14,740</u>
37,263	9,611	6	—	65,513	38,628
—	—	127,047	—	—	—
—	—	40,852	—	—	—
—	—	2	—	—	—
<u>(20,995)</u>	<u>5,208</u>	<u>37,929</u>	<u>14,075</u>	<u>22,389</u>	<u>(22,923)</u>
<u>16,268</u>	<u>14,819</u>	<u>205,836</u>	<u>14,075</u>	<u>87,902</u>	<u>15,705</u>
<u>\$ 34,319</u>	<u>\$ 26,449</u>	<u>\$ 272,381</u>	<u>\$ 14,075</u>	<u>\$ 177,647</u>	<u>\$ 30,445</u>

(continued)

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>
ASSETS			
Cash Equity with Treasurer	\$ 11,357	\$ 82,776	\$ 8,695
Investments	—	—	—
Collateral on Lent Securities	8,656	63,089	6,641
Receivables:			
Loans, Net	—	—	—
Other	51	373	39
Due from Other Funds	<u>17</u>	<u>127</u>	<u>13</u>
TOTAL ASSETS	<u>\$ 20,081</u>	<u>\$ 146,365</u>	<u>\$ 15,388</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 927	\$ 6,249	\$ 531
Accrued Liabilities	—	—	—
Obligations Under Securities Lending	8,656	63,089	6,641
Due to Other Funds	<u>161</u>	<u>109</u>	<u>416</u>
Total Liabilities	<u>9,744</u>	<u>69,447</u>	<u>7,588</u>
Fund Balances:			
Reserved for:			
Encumbrances	6,035	79,781	2,013
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Loan Commitments	—	—	—
Health Care Benefits	—	—	—
Unreserved/Undesignated (Deficits)	<u>4,302</u>	<u>(2,863)</u>	<u>5,787</u>
Total Fund Balances (Deficits)	<u>10,337</u>	<u>76,918</u>	<u>7,800</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 20,081</u>	<u>\$ 146,365</u>	<u>\$ 15,388</u>

<u>OHIO PARKS AND NATURAL RESOURCES</u>	<u>HIGHWAY CAPITAL IMPROVEMENT</u>	<u>SPORTS FACILITIES BUILDING</u>	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>TOTAL</u>
\$ 31,362	\$ 10,886	\$ 32,611	\$ 52,074	\$ 551,031
—	—	—	—	13,975
23,921	8,364	24,860	39,672	420,144
—	—	—	—	127,985
141	59	145	235	2,595
48	20	49	80	2,340
<u>\$ 55,472</u>	<u>\$ 19,329</u>	<u>\$ 57,665</u>	<u>\$ 92,061</u>	<u>\$ 1,118,070</u>
\$ 190	\$ 15,280	\$ —	\$ 1,397	\$ 90,435
—	—	—	—	42
23,921	8,364	24,860	39,672	420,144
248	—	—	—	2,056
<u>24,359</u>	<u>23,644</u>	<u>24,860</u>	<u>41,069</u>	<u>512,677</u>
32,402	292,649	29,384	44,935	883,787
—	—	—	—	127,047
—	—	—	—	42,049
—	—	—	—	2
<u>(1,289)</u>	<u>(296,964)</u>	<u>3,421</u>	<u>6,057</u>	<u>(447,492)</u>
<u>31,113</u>	<u>(4,315)</u>	<u>32,805</u>	<u>50,992</u>	<u>605,393</u>
<u>\$ 55,472</u>	<u>\$ 19,329</u>	<u>\$ 57,665</u>	<u>\$ 92,061</u>	<u>\$ 1,118,070</u>

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>ARTS FACILITIES BUILDING IMPROVEMENTS</u>	<u>HIGHER EDUCATION IMPROVEMENTS</u>	<u>HIGHWAY OBLIGATIONS CONSTRUCTION</u>
REVENUES:			
Investment Income	1,441	4,403	1,398
Other	<u>—</u>	<u>235</u>	<u>1</u>
TOTAL REVENUES	<u>1,441</u>	<u>4,638</u>	<u>1,399</u>
EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	<u>33,721</u>	<u>328,454</u>	<u>14,430</u>
TOTAL EXPENDITURES	<u>33,721</u>	<u>328,454</u>	<u>14,430</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,280)</u>	<u>(323,816)</u>	<u>(13,031)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	296,886	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	(91)	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>—</u>	<u>296,795</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(32,280)</u>	<u>(27,021)</u>	<u>(13,031)</u>
FUND BALANCES, JULY 1 (as restated)	35,238	49,704	32,528
Residual Equity Transfers-out	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 2,958</u>	<u>\$ 22,683</u>	<u>\$ 19,497</u>

<u>MENTAL HEALTH/ MENTAL RETARDATION FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS</u>	<u>OHIO BUILDING AUTHORITY</u>	<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>
1,235	745	4,234	407	3,612	1,081
869	64	1,071	—	28	—
<u>2,104</u>	<u>809</u>	<u>5,305</u>	<u>407</u>	<u>3,640</u>	<u>1,081</u>
—	—	808	—	—	—
41,947	4,929	106,686	7,008	70,310	5,194
<u>41,947</u>	<u>4,929</u>	<u>107,494</u>	<u>7,008</u>	<u>70,310</u>	<u>5,194</u>
<u>(39,843)</u>	<u>(4,120)</u>	<u>(102,189)</u>	<u>(6,601)</u>	<u>(66,670)</u>	<u>(4,113)</u>
39,429	10,087	121,663	245,577	—	—
—	—	—	14,000	132,526	—
—	—	(40)	(246,186)	(14,000)	—
<u>39,429</u>	<u>10,087</u>	<u>121,623</u>	<u>13,391</u>	<u>118,526</u>	<u>—</u>
(414)	5,967	19,434	6,790	51,856	(4,113)
16,682	8,852	186,402	7,285	41,193	19,818
—	—	—	—	(5,147)	—
<u>\$ 16,268</u>	<u>\$ 14,819</u>	<u>\$ 205,836</u>	<u>\$ 14,075</u>	<u>\$ 87,902</u>	<u>\$ 15,705</u>

(continued)

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)
(continued)

	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>
REVENUES:			
Investment Income	451	3,227	1,338
Other	<u>1</u>	<u>501</u>	<u>443</u>
TOTAL REVENUES	<u>452</u>	<u>3,728</u>	<u>1,781</u>
EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	<u>11,094</u>	<u>113,660</u>	<u>38,570</u>
TOTAL EXPENDITURES	<u>11,094</u>	<u>113,660</u>	<u>38,570</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,642)</u>	<u>(109,932)</u>	<u>(36,789)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	12,012	101,169	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,012</u>	<u>101,169</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,370	(8,763)	(36,789)
FUND BALANCES, JULY 1 (as restated)	8,967	85,681	44,589
Residual Equity Transfers-out	—	—	—
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 10,337</u>	<u>\$ 76,918</u>	<u>\$ 7,800</u>

<u>OHIO PARKS AND NATURAL RESOURCES</u>	<u>HIGHWAY CAPITAL IMPROVEMENT</u>	<u>SPORTS FACILITIES BUILDING</u>	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>TOTAL</u>
2,476	5,188	1,623	757	33,616
—	2	—	—	3,215
<u>2,476</u>	<u>5,190</u>	<u>1,623</u>	<u>757</u>	<u>36,831</u>
—	—	—	—	808
24,431	169,735	6,416	20,584	997,169
<u>24,431</u>	<u>169,735</u>	<u>6,416</u>	<u>20,584</u>	<u>997,977</u>
<u>(21,955)</u>	<u>(164,545)</u>	<u>(4,793)</u>	<u>(19,827)</u>	<u>(961,146)</u>
—	—	—	70,819	784,461
—	—	—	—	259,707
(625)	—	—	—	(260,942)
<u>(625)</u>	<u>—</u>	<u>—</u>	<u>70,819</u>	<u>783,226</u>
<u>(22,580)</u>	<u>(164,545)</u>	<u>(4,793)</u>	<u>50,992</u>	<u>(177,920)</u>
53,693	160,230	37,598	—	788,460
—	—	—	—	(5,147)
<u>\$ 31,113</u>	<u>\$ (4,315)</u>	<u>\$ 32,805</u>	<u>\$ 50,992</u>	<u>\$ 605,393</u>

STATE OF OHIO

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	<u>ARTS FACILITIES BUILDING IMPROVEMENTS</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Investment Income.....	\$ 1,588	\$ 1,588	\$ —
Other	—	—	—
TOTAL REVENUES	<u>1,588</u>	<u>1,588</u>	<u>—</u>
BUDGETARY EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	26,402	20,014	6,388
TOTAL BUDGETARY EXPENDITURES	<u>26,402</u>	<u>20,014</u>	<u>6,388</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	<u>(24,814)</u>	<u>(18,426)</u>	<u>6,388</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	346	346	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>346</u>	<u>346</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u>\$ (24,468)</u>	<u>(18,080)</u>	<u>\$ 6,388</u>
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1		<u>(25,112)</u>	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		<u>\$ (43,192)</u>	

HIGHER EDUCATION IMPROVEMENTS			HIGHWAY OBLIGATIONS CONSTRUCTION		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 4,566	\$ 4,566	\$ —	\$ 1,460	\$ 1,460	\$ —
235	235	—	1	1	—
4,801	4,801	—	1,461	1,461	—
—	—	—	—	—	—
684,415	333,004	351,411	—	—	—
684,415	333,004	351,411	—	—	—
(679,614)	(328,203)	351,411	1,461	1,461	—
296,886	296,886	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
11,628	11,628	—	5,525	5,525	—
308,514	308,514	—	5,525	5,525	—
\$ (371,100)	(19,689)	\$ 351,411	\$ 6,986	6,986	\$ —
	<u>(143,442)</u>			<u>1,060</u>	
	\$ (163,131)			\$ 8,046	

(continued)

STATE OF OHIO

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	MENTAL HEALTH/MENTAL RETARDATION FACILITIES IMPROVEMENTS		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Investment Income.....	\$ 1,236	\$ 1,236	\$ —
Other	870	870	—
TOTAL REVENUES	<u>2,106</u>	<u>2,106</u>	<u>—</u>
BUDGETARY EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	86,804	50,301	36,503
TOTAL BUDGETARY EXPENDITURES	<u>86,804</u>	<u>50,301</u>	<u>36,503</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	<u>(84,698)</u>	<u>(48,195)</u>	<u>36,503</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	39,429	39,429	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	1,287	1,287	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,716</u>	<u>40,716</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u>\$ (43,982)</u>	<u>(7,479)</u>	<u>\$ 36,503</u>
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		<u>(13,599)</u>	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		<u>\$ (21,078)</u>	

PARKS AND RECREATION IMPROVEMENTS			LOCAL INFRASTRUCTURE IMPROVEMENTS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 714	\$ 714	\$ —	\$ 4,237	\$ 4,237	\$ —
63	63	—	8,714	8,714	—
<u>777</u>	<u>777</u>	<u>—</u>	<u>12,951</u>	<u>12,951</u>	<u>—</u>
—	—	—	871	802	69
39,647	6,316	33,331	307,506	133,706	173,800
<u>39,647</u>	<u>6,316</u>	<u>33,331</u>	<u>308,377</u>	<u>134,508</u>	<u>173,869</u>
<u>(38,870)</u>	<u>(5,539)</u>	<u>33,331</u>	<u>(295,426)</u>	<u>(121,557)</u>	<u>173,869</u>
10,087	10,087	—	121,746	121,746	—
—	—	—	31,000	31,000	—
—	—	—	(31,040)	(31,040)	—
295	295	—	1	1	—
<u>10,382</u>	<u>10,382</u>	<u>—</u>	<u>121,707</u>	<u>121,707</u>	<u>—</u>
<u>\$ (28,488)</u>	<u>4,843</u>	<u>\$ 33,331</u>	<u>\$ (173,719)</u>	<u>150</u>	<u>\$ 173,869</u>
	289			80,728	
	<u>\$ 5,132</u>			<u>\$ 80,878</u>	

(continued)

STATE OF OHIO

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES:			
Investment Income.....	\$ 3,302	\$ 3,302	\$ —
Other	28	28	—
TOTAL REVENUES	3,330	3,330	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	237,341	105,201	132,140
TOTAL BUDGETARY EXPENDITURES	237,341	105,201	132,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(234,011)	(101,871)	132,140
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	132,526	132,526	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	4,918	4,918	—
TOTAL OTHER FINANCING SOURCES (USES)	137,444	137,444	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (96,567)	35,573	\$ 132,140
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		(13,478)	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ 22,095	

YOUTH SERVICES BUILDING IMPROVEMENTS			TRANSPORTATION BUILDING IMPROVEMENTS		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 1,096	\$ 1,096	\$ —	\$ 439	\$ 439	\$ —
—	—	—	—	—	—
<u>1,096</u>	<u>1,096</u>	<u>—</u>	<u>439</u>	<u>439</u>	<u>—</u>
—	—	—	—	—	—
81,106	33,344	47,762	35,910	6,972	28,938
<u>81,106</u>	<u>33,344</u>	<u>47,762</u>	<u>35,910</u>	<u>6,972</u>	<u>28,938</u>
<u>(80,010)</u>	<u>(32,248)</u>	<u>47,762</u>	<u>(35,471)</u>	<u>(6,533)</u>	<u>28,938</u>
—	—	—	12,012	12,012	—
—	—	—	—	—	—
—	—	—	—	—	—
7,375	7,375	—	210	210	—
<u>7,375</u>	<u>7,375</u>	<u>—</u>	<u>12,222</u>	<u>12,222</u>	<u>—</u>
<u>\$ (72,635)</u>	<u>(24,873)</u>	<u>\$ 47,762</u>	<u>\$ (23,249)</u>	<u>5,689</u>	<u>\$ 28,938</u>
	<u>1,867</u>			<u>(1,296)</u>	
	<u>\$ (23,006)</u>			<u>\$ 4,393</u>	

(continued)

STATE OF OHIO

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	ADULT CORRECTIONAL BUILDING IMPROVEMENTS		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Investment Income.....	\$ 3,295	\$ 3,295	\$ —
Other	500	500	—
TOTAL REVENUES	<u>3,795</u>	<u>3,795</u>	<u>—</u>
BUDGETARY EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	256,726	90,175	166,551
TOTAL BUDGETARY EXPENDITURES	<u>256,726</u>	<u>90,175</u>	<u>166,551</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	<u>(252,931)</u>	<u>(86,380)</u>	<u>166,551</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	101,169	101,169	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	2,046	2,046	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>103,215</u>	<u>103,215</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u>\$ (149,716)</u>	16,835	<u>\$ 166,551</u>
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		<u>(19,915)</u>	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		<u>\$ (3,080)</u>	

HIGHWAY SAFETY BUILDING IMPROVEMENTS

OHIO PARKS AND NATURAL RESOURCES

HIGHWAY SAFETY BUILDING IMPROVEMENTS			OHIO PARKS AND NATURAL RESOURCES		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 1,571	\$ 1,571	\$ —	\$ 2,349	\$ 2,349	\$ —
443	443	—	—	—	—
<u>2,014</u>	<u>2,014</u>	<u>—</u>	<u>2,349</u>	<u>2,349</u>	<u>—</u>
—	—	—	—	—	—
40,030	10,491	29,539	102,408	22,630	79,778
<u>40,030</u>	<u>10,491</u>	<u>29,539</u>	<u>102,408</u>	<u>22,630</u>	<u>79,778</u>
<u>(38,016)</u>	<u>(8,477)</u>	<u>29,539</u>	<u>(100,059)</u>	<u>(20,281)</u>	<u>79,778</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
533	533	—	16	16	—
<u>533</u>	<u>533</u>	<u>—</u>	<u>16</u>	<u>16</u>	<u>—</u>
<u>\$ (37,483)</u>	<u>(7,944)</u>	<u>\$ 29,539</u>	<u>\$ (100,043)</u>	<u>(20,265)</u>	<u>\$ 79,778</u>
	<u>13,859</u>			<u>18,887</u>	
	<u>\$ 5,915</u>			<u>\$ (1,378)</u>	

(continued)

STATE OF OHIO

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	<u>HIGHWAY CAPITAL IMPROVEMENT</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Investment Income.....	\$ 5,429	\$ 5,429	\$ —
Other	2	2	—
TOTAL REVENUES	<u>5,431</u>	<u>5,431</u>	<u>—</u>
BUDGETARY EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	322,785	286,826	35,959
TOTAL BUDGETARY EXPENDITURES	<u>322,785</u>	<u>286,826</u>	<u>35,959</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	<u>(317,354)</u>	<u>(281,395)</u>	<u>35,959</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	386	386	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>386</u>	<u>386</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u>\$ (316,968)</u>	<u>(281,009)</u>	<u>\$ 35,959</u>
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		<u>(15,877)</u>	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		<u>\$ (296,886)</u>	

SPORTS FACILITIES BUILDING			INFRASTRUCTURE BANK OBLIGATIONS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 1,653	\$ 1,653	\$ —	\$ 456	\$ 456	\$ —
—	—	—	—	—	—
<u>1,653</u>	<u>1,653</u>	<u>—</u>	<u>456</u>	<u>456</u>	<u>—</u>
—	—	—	—	—	—
32,000	30,000	2,000	65,519	65,519	—
<u>32,000</u>	<u>30,000</u>	<u>2,000</u>	<u>65,519</u>	<u>65,519</u>	<u>—</u>
<u>(30,347)</u>	<u>(28,347)</u>	<u>2,000</u>	<u>(65,063)</u>	<u>(65,063)</u>	<u>—</u>
—	—	—	70,820	70,820	—
—	—	—	17,525	17,525	—
—	—	—	(17,525)	(17,525)	—
—	—	—	—	—	—
—	—	—	<u>70,820</u>	<u>70,820</u>	<u>—</u>
<u>\$ (30,347)</u>	<u>(28,347)</u>	<u>\$ 2,000</u>	<u>\$ 5,757</u>	<u>5,757</u>	<u>\$ —</u>
	<u>31,604</u>			<u>—</u>	
	<u>\$ 3,257</u>			<u>\$ 5,757</u>	

(continued)

STATE OF OHIO

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	TOTAL CAPITAL PROJECTS		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Investment Income.....	\$ 33,391	\$ 33,391	\$ —
Other	10,856	10,856	—
TOTAL REVENUES	44,247	44,247	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Community and Economic Development	871	802	69
CAPITAL OUTLAY	2,318,599	1,194,499	1,124,100
TOTAL BUDGETARY EXPENDITURES	2,319,470	1,195,301	1,124,169
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(2,275,223)	(1,151,054)	1,124,169
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	784,675	784,675	—
Operating Transfers-in	48,525	48,525	—
Operating Transfers-out	(48,565)	(48,565)	—
Encumbrance Reversions	34,566	34,566	—
TOTAL OTHER FINANCING SOURCES (USES)	819,201	819,201	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (1,456,022)	(331,853)	\$ 1,124,169
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
		(84,425)	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
		\$ (416,278)	

ENTERPRISE FUNDS

The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises — where the State’s intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

The **Tuition Trust Authority Fund** accounts for the operations of the Ohio Tuition Trust Authority.

The **Liquor Control Fund** accounts for the operations of the Department of Commerce’s Division of Liquor Control.

The **Ohio Lottery Commission Fund** accounts for the operations of the Ohio Lottery Commission.

The **Workers’ Compensation Fund** accounts for the operations of the Ohio Bureau of Workers’ Compensation and the Ohio Industrial Commission.

The **Underground Parking Garage Fund** accounts for the operations of the statehouse underground parking garage in Columbus, Ohio.

The **Office of Auditor of State Fund** accounts for the operations of the Ohio Auditor of State.

STATE OF OHIO
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)

	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>	<u>OHIO LOTTERY COMMISSION</u>
ASSETS			
Current Assets:			
Cash Equity with Treasurer	\$ 271	\$ 12,958	\$ 140,455
Cash and Cash Equivalents	442	3,020	31,276
Investments	27,894	—	—
Collateral on Lent Securities	207	9,869	107,111
Receivables:			
Intergovernmental	—	—	—
Premiums and Assessments	—	—	—
Investment Trade	—	—	—
Other	121	—	23,519
Due from Other Funds	—	73	—
Inventories	—	24,185	—
Other Assets	—	152	6,417
Total Current Assets	<u>28,935</u>	<u>50,257</u>	<u>308,778</u>
Restricted Assets:			
Cash Equity with Treasurer	—	—	22,153
Cash and Cash Equivalents	154	—	—
Dedicated Investments	311,613	—	1,397,218
Collateral on Lent Securities	—	—	1,255,785
Other Receivables	4,516	—	15,964
Total Restricted Assets	<u>316,283</u>	<u>—</u>	<u>2,691,120</u>
Noncurrent Assets-Investments			
Fixed Assets (net of accumulated depreciation)	308	4,013	33,615
TOTAL ASSETS	<u>\$ 345,526</u>	<u>\$ 54,270</u>	<u>\$ 3,033,513</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accounts Payable	\$ 212	\$ 20,969	\$ 9,459
Accrued Liabilities	69	929	13,482
Obligations Under Securities Lending	207	9,869	107,111
Investment Trade Payable	—	—	—
Due to Other Funds	—	2,278	—
Deferred Revenues	5	—	2,184
Refund and Other Liabilities	—	1,287	21,332
Revenue Bonds	—	—	—
Total Current Liabilities	<u>493</u>	<u>35,332</u>	<u>153,568</u>
Liabilities Payable from Restricted Assets:			
Deferred Prize Awards Payable	—	—	1,357,763
Obligations Under Securities Lending	—	—	1,255,785
Benefits Payable	260,300	—	—
Total Liabilities Payable from Restricted Assets	<u>260,300</u>	<u>—</u>	<u>2,613,548</u>
Noncurrent Liabilities:			
Accrued Liabilities	104	1,873	5,068
Benefits Payable	—	—	—
Revenue Bonds	—	—	—
Total Noncurrent Liabilities	<u>104</u>	<u>1,873</u>	<u>5,068</u>
Total Liabilities	<u>260,897</u>	<u>37,205</u>	<u>2,772,184</u>
Fund Equity- Retained Earnings:			
Reserved For:			
Deferred Lottery Prizes	—	—	77,573
Insurance Claims Payable	—	—	—
Health Care Benefits	—	40	—
Unreserved	84,629	17,025	183,756
Total Fund Equity	<u>84,629</u>	<u>17,065</u>	<u>261,329</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 345,526</u>	<u>\$ 54,270</u>	<u>\$ 3,033,513</u>

<u>WORKERS' COMPENSATION</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ 7,005	\$ 1,528	\$ 9,978	\$ 172,195
3,122,405	—	—	3,157,143
—	—	—	27,894
3,530,312	1,165	—	3,648,664
—	—	6,021	6,021
1,274,314	—	—	1,274,314
1,002,701	—	—	1,002,701
223,075	45	1,964	248,724
—	—	2,012	2,085
—	—	—	24,185
46,126	—	—	52,695
<u>9,205,938</u>	<u>2,738</u>	<u>19,975</u>	<u>9,616,621</u>
—	—	—	22,153
—	—	—	154
—	—	—	1,708,831
—	—	—	1,255,785
—	—	—	20,480
—	—	—	<u>3,007,403</u>
15,951,499	—	—	15,951,499
225,939	7,422	6,658	277,955
<u>\$ 25,383,376</u>	<u>\$ 10,160</u>	<u>\$ 26,633</u>	<u>\$ 28,853,478</u>
\$ 110,127	\$ 36	\$ 844	\$ 141,647
—	65	3,236	17,781
3,530,312	1,165	—	3,648,664
2,119,164	—	—	2,119,164
—	—	—	2,278
447,293	—	—	449,482
1,958,587	—	63	1,981,269
6,000	—	—	6,000
<u>8,171,483</u>	<u>1,266</u>	<u>4,143</u>	<u>8,366,285</u>
—	—	—	1,357,763
—	—	—	1,255,785
—	—	—	260,300
—	—	—	<u>2,873,848</u>
18,250	85	4,738	30,118
12,900,986	—	—	12,900,986
191,470	—	—	191,470
<u>13,110,706</u>	<u>85</u>	<u>4,738</u>	<u>13,122,574</u>
21,282,189	1,351	8,881	24,362,707
—	—	—	77,573
103,974	—	—	103,974
—	—	—	40
3,997,213	8,809	17,752	4,309,184
<u>4,101,187</u>	<u>8,809</u>	<u>17,752</u>	<u>4,490,771</u>
<u>\$ 25,383,376</u>	<u>\$ 10,160</u>	<u>\$ 26,633</u>	<u>\$ 28,853,478</u>

STATE OF OHIO
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>	<u>OHIO LOTTERY COMMISSION</u>
OPERATING REVENUES:			
Charges for Sales and Services	\$ 45,869	\$ 380,186	\$ 2,195,797
Premium and Assessment Income	—	—	—
Investment Income	40,421	—	225,084
Other	<u>1</u>	<u>605</u>	<u>5,367</u>
TOTAL OPERATING REVENUES	<u>86,291</u>	<u>380,791</u>	<u>2,426,248</u>
OPERATING EXPENSES:			
Costs of Sales and Services	—	235,315	—
Administration	2,855	40,011	72,288
Premium Dividend Credits and Rebates	—	—	—
Bonuses and Commissions	—	—	137,846
Prizes	—	—	1,244,715
Benefits and Claims	59,770	—	—
Depreciation	92	716	14,048
Other	<u>—</u>	<u>759</u>	<u>171,437</u>
TOTAL OPERATING EXPENSES	<u>62,717</u>	<u>276,801</u>	<u>1,640,334</u>
OPERATING INCOME (LOSS)	<u>23,574</u>	<u>103,990</u>	<u>785,914</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income	—	—	—
Other	<u>(10)</u>	<u>(15)</u>	<u>(2,839)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(10)</u>	<u>(15)</u>	<u>(2,839)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>23,564</u>	<u>103,975</u>	<u>783,075</u>
OPERATING TRANSFERS:			
Operating Transfers-in	—	—	—
Operating Transfers-out	<u>—</u>	<u>(106,714)</u>	<u>(723,865)</u>
TOTAL OPERATING TRANSFERS	<u>—</u>	<u>(106,714)</u>	<u>(723,865)</u>
NET INCOME (LOSS)	<u>23,564</u>	<u>(2,739)</u>	<u>59,210</u>
RETAINED EARNINGS, JULY 1 (as restated)	<u>61,065</u>	<u>19,804</u>	<u>202,119</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 84,629</u>	<u>\$ 17,065</u>	<u>\$ 261,329</u>

<u>WORKERS' COMPENSATION</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ —	\$ 2,571	\$ 31,928	\$ 2,656,351
1,827,617	—	—	1,827,617
3,263,983	—	—	3,529,488
24,178	9	16	30,176
<u>5,115,778</u>	<u>2,580</u>	<u>31,944</u>	<u>8,043,632</u>
—	—	50,855	286,170
53,139	1,356	8,249	177,898
3,625,086	—	—	3,625,086
—	—	—	137,846
—	—	—	1,244,715
1,968,153	—	—	2,027,923
16,709	415	1,949	33,929
245,031	—	216	417,443
<u>5,908,118</u>	<u>1,771</u>	<u>61,269</u>	<u>7,951,010</u>
<u>(792,340)</u>	<u>809</u>	<u>(29,325)</u>	<u>92,622</u>
—	77	—	77
—	—	(113)	(2,977)
—	77	(113)	(2,900)
<u>(792,340)</u>	<u>886</u>	<u>(29,438)</u>	<u>89,722</u>
15	—	29,642	29,657
(5,377)	(1,023)	—	(836,979)
<u>(5,362)</u>	<u>(1,023)</u>	<u>29,642</u>	<u>(807,322)</u>
<u>(797,702)</u>	<u>(137)</u>	<u>204</u>	<u>(717,600)</u>
4,898,889	8,946	17,548	5,208,371
<u>\$ 4,101,187</u>	<u>\$ 8,809</u>	<u>\$ 17,752</u>	<u>\$ 4,490,771</u>

STATE OF OHIO
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	TUITION TRUST AUTHORITY	LIQUOR CONTROL	OHIO LOTTERY COMMISSION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 23,574	\$ 103,990	\$ 785,914
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	(40,421)	—	(225,084)
Depreciation	92	716	14,048
Provision for Uncollectible Accounts	—	—	—
Amortization of Premiums and Discounts	—	—	100,690
Interest on Bonds, Notes and Capital Leases	—	—	1,726
Decrease (Increase) in Assets:			
Intergovernmental Receivables.....	—	—	—
Premiums and Assessments Receivable	—	—	—
Other Receivables	(3,622)	—	17,478
Due from Other Funds	—	15	—
Inventories	—	(1,237)	—
Other Assets	—	(119)	(2,237)
Increase (Decrease) in Liabilities:			
Accounts Payable	69	8,358	3,377
Accrued Liabilities	13	(157)	124
Due to Other Funds	—	2,262	—
Deferred Revenues	—	—	(102)
Benefits Payable	—	—	—
Refund and Other Liabilities	—	(2,045)	2,413
Liabilities Payable from Restricted Assets	51,518	—	(87,673)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	31,223	111,783	610,674
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers-in	—	—	—
Operating Transfers-out	—	(106,714)	(723,865)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	—	(106,714)	(723,865)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases.....	—	—	(16,467)
Interest Paid	—	—	(1,726)
Acquisition and Construction of Capital Assets	(179)	(1,023)	(3,012)
Proceeds from Sales of Fixed Assets	—	18	1,109
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(179)	(1,005)	(20,096)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the Sales and Maturities of Investments	627,680	—	524,518
Purchase of Investments	(671,537)	—	(493,444)
Investment Income Received	12,858	—	206,759
Borrower Rebate and Agent Fees.....	—	—	(68,818)
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	(30,999)	—	169,015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	45	4,064	35,728
CASH AND CASH EQUIVALENTS, JULY 1	822	11,914	158,156
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 867	\$ 15,978	\$ 193,884
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Fixed Assets Acquired Under Capital Leases.....	\$ —	\$ —	\$ 17,500

<u>WORKERS' COMPENSATION</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ (792,340)	\$ 809	\$ (29,325)	\$ 92,622
(3,263,983)	—	—	(3,529,488)
16,709	415	1,949	33,929
(2,442)	—	—	(2,442)
361	—	—	101,051
9,655	—	—	11,381
—	—	(620)	(620)
672,004	—	—	672,004
107,481	—	(120)	121,217
—	—	—	15
—	—	—	(1,237)
6,465	—	—	4,109
98,303	(29)	(179)	109,899
—	7	661	648
—	—	—	2,262
3,994	(3)	—	3,889
43,946	—	—	43,946
118,897	—	(15)	119,250
—	—	—	(36,155)
<u>(2,980,950)</u>	<u>1,199</u>	<u>(27,649)</u>	<u>(2,253,720)</u>
15	—	29,220	29,235
(5,377)	(1,023)	—	(836,979)
<u>(5,362)</u>	<u>(1,023)</u>	<u>29,220</u>	<u>(807,744)</u>
(5,000)	—	—	(21,467)
(9,655)	—	—	(11,381)
(6,293)	(163)	(1,538)	(12,208)
—	—	—	1,127
<u>(20,948)</u>	<u>(163)</u>	<u>(1,538)</u>	<u>(43,929)</u>
32,205,465	—	—	33,357,663
(28,252,274)	—	—	(29,417,255)
1,038,902	77	—	1,258,596
—	—	—	(68,818)
<u>4,992,093</u>	<u>77</u>	<u>—</u>	<u>5,130,186</u>
<u>1,984,833</u>	<u>90</u>	<u>33</u>	<u>2,024,793</u>
1,144,577	1,438	9,945	1,326,852
<u>\$ 3,129,410</u>	<u>\$ 1,528</u>	<u>\$ 9,978</u>	<u>\$ 3,351,645</u>
\$ —	\$ —	\$ —	\$ 17,500

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INTERNAL SERVICE FUNDS

The **Internal Service Funds** account for the financing of goods or services provided by a State department or agency to other agencies and to other government units, on a cost-reimbursement basis.

The **Ohio Building Authority Fund** accounts for the revenues and operating expenses of State office buildings and other government buildings owned by the Ohio Building Authority.

The **Ohio Data Network Fund** accounts for the revenues and expenses associated with electronic data-processing of goods and services provided to user State agencies and to local government.

The **Ohio Penal Industries Fund** accounts for the revenues and expenses associated with the purchase of raw materials and labor costs incurred in the production of manufactured goods sold to user State agencies.

The **Support Services Fund** accounts for the revenues and expenses associated with the purchase of food, medical, and other institutional supplies and the costs of services provided to user State agencies.

The **Telecommunications Fund** accounts for the revenues and expenses related to telecommunications services provided to State agencies and to local governments.

STATE OF OHIO
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)

	OHIO BUILDING AUTHORITY	OHIO DATA NETWORK	OHIO PENAL INDUSTRIES
ASSETS			
<i>Current Assets:</i>			
Cash Equity with Treasurer	\$ —	\$ 36,024	\$ 9,488
Cash and Cash Equivalents	158	—	—
Investments	1,172	—	—
Collateral on Lent Securities	—	27,450	7,226
<i>Receivables:</i>			
Intergovernmental	—	1	462
Other	4,432	1,004	1,210
Due from Other Funds	—	10,031	23,003
Inventories	—	183	12,920
Other Assets	304	—	—
Total Current Assets	6,666	74,693	54,309
<i>Restricted Assets:</i>			
Cash and Cash Equivalents	55	—	—
Investments	47,319	—	—
Total Restricted Assets	47,374	—	—
<i>Noncurrent Assets:</i>			
Other Receivables	29,320	—	—
Total Noncurrent Assets	29,320	—	—
Fixed Assets (net of accumulated depreciation)	—	18,318	3,576
TOTAL ASSETS	\$ 83,360	\$ 93,011	\$ 57,885
LIABILITIES AND FUND EQUITY			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 12,323	\$ 5,052	\$ 5,420
Accrued Liabilities	525	864	2,389
Obligations Under Securities Lending	—	27,450	7,226
Intergovernmental Payable	—	2,021	—
Due to Other Funds	—	781	1,833
Deferred Revenues	794	—	—
Revenue Bonds	2,464	—	—
Total Current Liabilities	16,106	36,168	16,868
<i>Noncurrent Liabilities:</i>			
Accrued Liabilities	—	1,621	3,553
Revenue Bonds	32,213	—	—
Total Noncurrent Liabilities	32,213	1,621	3,553
Total Liabilities	48,319	37,789	20,421
<i>Fund Equity:</i>			
Contributed Capital	—	39,345	1,512
<i>Retained Earnings:</i>			
<i>Reserved for:</i>			
Health Care Benefits	—	22	113
Unreserved	35,041	15,855	35,839
Total Fund Equity	35,041	55,222	37,464
TOTAL LIABILITIES AND FUND EQUITY	\$ 83,360	\$ 93,011	\$ 57,885

<u>SUPPORT SERVICES</u>	<u>TELE-COMMUNICATIONS</u>	<u>TOTAL</u>
\$ 1,957	\$ 8,393	\$ 55,862
—	—	158
—	—	1,772
1,490	6,399	42,565
1,208	102	1,773
—	1,241	7,887
5,044	4,443	42,521
7,469	—	20,572
—	—	304
<u>17,168</u>	<u>20,578</u>	<u>173,414</u>
—	—	55
—	—	47,319
—	—	47,374
—	—	29,320
—	—	29,320
<u>3,427</u>	<u>2,353</u>	<u>27,674</u>
<u>\$ 20,595</u>	<u>\$ 22,931</u>	<u>\$ 277,782</u>
\$ 2,969	\$ 2,667	\$ 28,431
346	182	4,306
1,490	6,399	42,565
—	563	2,584
124	1,157	3,895
—	—	794
—	—	2,464
<u>4,929</u>	<u>10,968</u>	<u>85,039</u>
602	267	6,043
—	—	32,213
<u>602</u>	<u>267</u>	<u>38,256</u>
<u>5,531</u>	<u>11,235</u>	<u>123,295</u>
5,257	—	46,114
8	5	148
<u>9,799</u>	<u>11,691</u>	<u>108,225</u>
<u>15,064</u>	<u>11,696</u>	<u>154,487</u>
<u>\$ 20,595</u>	<u>\$ 22,931</u>	<u>\$ 277,782</u>

STATE OF OHIO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	OHIO BUILDING AUTHORITY	OHIO DATA NETWORK	OHIO PENAL INDUSTRIES
OPERATING REVENUES:			
Charges for Sales and Services	\$ 26,164	\$ 37,776	\$ 100,579
Other	2,779	208	9,044
TOTAL OPERATING REVENUES	<u>28,943</u>	<u>37,984</u>	<u>109,623</u>
OPERATING EXPENSES:			
Costs of Sales and Services	21,182	—	17,944
Administration	2,680	28,677	99,820
Depreciation	—	7,112	799
Other	1,408	8,599	2,088
TOTAL OPERATING EXPENSES	<u>25,270</u>	<u>44,388</u>	<u>120,651</u>
OPERATING INCOME (LOSS)	<u>3,673</u>	<u>(6,404)</u>	<u>(11,028)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income	2,075	882	—
Interest Expense	(2,026)	—	—
Other	(7)	(1,364)	(82)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>42</u>	<u>(482)</u>	<u>(82)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>3,715</u>	<u>(6,886)</u>	<u>(11,110)</u>
OPERATING TRANSFERS:			
Operating Transfers-in	28,465	—	8,947
Operating Transfers-out	(29,596)	(489)	—
TOTAL OPERATING TRANSFERS	<u>(1,131)</u>	<u>(489)</u>	<u>8,947</u>
NET INCOME (LOSS)	<u>2,584</u>	<u>(7,375)</u>	<u>(2,163)</u>
RETAINED EARNINGS, JULY 1 (as restated)	<u>32,457</u>	<u>23,252</u>	<u>38,115</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 35,041</u>	<u>\$ 15,877</u>	<u>\$ 35,952</u>

<u>SUPPORT SERVICES</u>	<u>TELE- COMMUNICATIONS</u>	<u>TOTAL</u>
\$ 68,627	\$ 25,021	\$ 258,167
5	818	12,854
<u>68,632</u>	<u>25,839</u>	<u>271,021</u>
58,216	2,101	99,443
9,783	22,014	162,974
537	1,544	9,992
191	1,128	13,414
<u>68,727</u>	<u>26,787</u>	<u>285,823</u>
<u>(95)</u>	<u>(948)</u>	<u>(14,802)</u>
—	460	3,417
—	—	(2,026)
11	—	(1,442)
<u>11</u>	<u>460</u>	<u>(51)</u>
<u>(84)</u>	<u>(488)</u>	<u>(14,853)</u>
—	—	37,412
—	—	(30,085)
—	—	7,327
<u>(84)</u>	<u>(488)</u>	<u>(7,526)</u>
<u>9,891</u>	<u>12,184</u>	<u>115,899</u>
<u>\$ 9,807</u>	<u>\$ 11,696</u>	<u>\$ 108,373</u>

STATE OF OHIO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	OHIO BUILDING AUTHORITY	OHIO DATA NETWORK	OHIO PENAL INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 3,673	\$ (6,404)	\$ (11,028)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	—	7,112	799
Decrease (Increase) in Assets:			
Intergovernmental Receivables	—	—	(98)
Other Receivables	273	(7)	(233)
Due from Other Funds	—	(2,555)	(644)
Inventories	—	(7)	738
Other Assets	88	—	—
Increase (Decrease) in Liabilities:			
Accounts Payable	355	4,328	279
Accrued Liabilities	—	(677)	190
Intergovernmental Payable	—	2,021	—
Due to Other Funds	—	725	(27)
Deferred Revenues	(42)	—	—
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	4,347	4,536	(10,024)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers-in	28,465	—	8,947
Operating Transfers-out	(29,596)	(489)	—
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(1,131)	(489)	8,947
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payment on Bonds and Capital Leases.....	(2,736)	—	—
Interest Paid	(2,264)	—	—
Principal Receipts on Capital Leases	4,853	—	—
Acquisition and Construction of Capital Assets	—	(2,352)	(403)
Proceeds from Sales of Fixed Assets	—	—	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(147)	(2,352)	(403)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the Sales and Maturities of Investments	174,374	—	—
Purchase of Investments	(179,699)	—	—
Investment Income Received	2,080	1,005	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	(3,245)	1,005	—
NET INCREASE (DECREASE)			
IN CASH AND CASH EQUIVALENTS.....	(176)	2,700	(1,480)
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	389	33,324	10,968
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 213	\$ 36,024	\$ 9,488
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Increase in Contributed Capital - Fixed Assets Donated from Other Funds.....	\$ —	\$ 5,147	\$ —

<u>SUPPORT SERVICES</u>	<u>TELE- COMMUNICATIONS</u>	<u>TOTAL</u>
\$ (95)	\$ (948)	\$ (14,802)
537	1,544	9,992
(276)	(19)	(393)
—	934	967
(343)	(764)	(4,306)
852	—	1,583
—	—	88
857	570	6,389
27	39	(421)
—	563	2,584
29	1,130	1,857
(9)	—	(51)
<u>1,579</u>	<u>3,049</u>	<u>3,487</u>
—	—	37,412
—	—	(30,085)
—	—	<u>7,327</u>
—	—	(2,736)
—	—	(2,264)
—	—	4,853
(53)	(609)	(3,417)
11	—	11
<u>(42)</u>	<u>(609)</u>	<u>(3,553)</u>
—	—	174,374
—	—	(179,699)
—	433	3,518
—	<u>433</u>	<u>(1,807)</u>
1,537	2,873	5,454
420	5,520	50,621
<u>\$ 1,957</u>	<u>\$ 8,393</u>	<u>\$ 56,075</u>

\$ — \$ — \$ 5,147

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TRUST AND AGENCY FUNDS

The **Trust Funds** account for assets held by the State in a trustee capacity. The **Agency Funds** account for assets held by the State as an agent for individuals, private organizations, other governments, and/or other funds.

Expendable Trust

The **Employment Services Fund** accounts for unemployment insurance benefit claims.

The **Unclaimed Funds Fund** accounts for assets held for owners of unclaimed intangible property. Unclaimed property is property for which the owner has not taken some action to indicate ownership interest over a certain period of time specified under Chapter 169, Ohio Revised Code.

Pension Trust

The **State Highway Patrol Retirement System Fund** accounts for the accumulation of resources for pension benefit payments to qualified employees who participate in the State Highway Patrol Retirement System.

Investment Trust

The **STAROhio Fund** accounts for the State-sponsored external investment pool, which the Treasurer of State administers for local government participants.

Agency

The **Holding and Distribution Fund** accounts for assets held until such time that a determination has been made to refund amounts to the original owners or to distribute amounts to other State funds.

The **Payroll Withholding and Fringe Benefits Fund** primarily accounts for assets held to liquidate the State's payroll withholding obligations.

The **Tax Refunds Fund** accounts for assets held to liquidate the State's tax refund obligations.

The **Deferred Compensation Fund** accounts for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

The **Retirement Systems Fund** accounts for assets held in the custody of the Treasurer of State for the Public Employees Retirement System, Police and Firemen's Disability and Pension Fund, School Employees Retirement System, and State Teachers Retirement System. While legal custodian, the Treasurer of State does not manage or provide investment services to the foregoing retirement systems.

The **Other Fund** accounts for assets held for others, which are not accounted for in another agency fund.

The **Ohio Building Authority Fund** accounts for assets held on the Ohio Bureau of Workers' Compensation's behalf.

STATE OF OHIO
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998

(amounts expressed in thousands)

	EXPENDABLE TRUST		PENSION TRUST
	EMPLOYMENT SERVICES	UNCLAIMED FUNDS	STATE HIGHWAY PATROL
ASSETS			
Cash Equity with Treasurer	\$ —	\$ 370	\$ —
Cash and Cash Equivalents	—	3,737	33,543
Investments	160,738	139,274	550,276
Collateral on Lent Securities	—	282	23,816
Deposit with Federal Government	2,000,059	—	—
Receivables:			
Taxes	159,371	—	—
Intergovernmental	35	—	—
Other	21	21,208	1,405
Due from Other Funds	—	3,213	1,634
Deposit with Deferred Compensation Plan	—	—	—
Advances to Other Funds	—	114,629	—
Fixed Assets (net of accumulated depreciation)	—	—	2,826
Other Assets	6,911	—	19
TOTAL ASSETS	\$ 2,327,135	\$ 282,713	\$ 613,519
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ —	\$ 325	\$ 699
Accrued Liabilities	—	—	289
Obligations Under Securities Lending	—	282	23,816
Intergovernmental Payable	—	—	—
Investment Trade Payable	—	—	—
Due to Other Funds	—	—	—
Benefits Payable	24,932	—	—
Refund and Other Liabilities	15,546	—	31
Liability for Escheat Property	—	71,779	—
Liability for Deferred Compensation	—	—	—
Total Liabilities	40,478	72,386	24,835
Fund Balances:			
Reserved for:			
Pension and Other Postemployment Benefits	—	—	588,684
Unemployment Benefits	2,286,657	—	—
External Investment Pool Participants	—	—	—
Other:			
Advances to Other Funds	—	114,629	—
Unreserved/Undesignated	—	95,698	—
Total Fund Balances	2,286,657	210,327	588,684
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,327,135	\$ 282,713	\$ 613,519

<u>INVESTMENT TRUST</u>	<u>AGENCY FUNDS</u>	
<u>STAROHIO</u>		<u>TOTAL</u>
\$ —	\$ 188,677	\$ 189,047
—	114,353	151,633
4,620,125	107,118,537	112,588,950
816,464	143,783	984,345
—	—	2,000,059
—	—	159,371
—	—	35
11,633	1,127	35,394
—	3,601	8,448
—	1,025,872	1,025,872
—	—	114,629
—	—	2,826
—	396,790	403,720
<u>\$ 5,448,222</u>	<u>\$ 108,992,740</u>	<u>\$ 117,664,329</u>

\$ —	\$ —	\$ 1,024
—	—	289
816,464	143,783	984,345
—	76,020	76,020
132,411	—	132,411
—	34,329	34,329
—	—	24,932
301	107,709,323	107,725,201
—	—	71,779
—	1,029,285	1,029,285
<u>949,176</u>	<u>108,992,740</u>	<u>110,079,615</u>

—	—	588,684
—	—	2,286,657
4,499,046	—	4,499,046
—	—	144,629
—	—	95,698
<u>4,499,046</u>	<u>—</u>	<u>7,584,714</u>
<u>\$ 5,448,222</u>	<u>\$ 108,992,740</u>	<u>\$ 117,664,329</u>

STATE OF OHIO
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998
(amounts expressed in thousands)

	<u>EMPLOYMENT SERVICES</u>	<u>UNCLAIMED FUNDS</u>	<u>TOTAL</u>
REVENUES:			
Unemployment Taxes.....	\$ 705,380	\$ —	\$ 705,380
Federal Government.....	10,995	—	10,995
Investment Income.....	136,936	8,068	145,004
Other.....	5,673	52,264	57,937
TOTAL REVENUES	<u>858,984</u>	<u>60,332</u>	<u>919,316</u>
EXPENDITURES:			
CURRENT:			
Health and Human Services.....	666,138	—	666,138
General Government.....	—	25,980	25,980
TOTAL EXPENDITURES	<u>666,138</u>	<u>25,980</u>	<u>692,118</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	192,846	34,352	227,198
FUND BALANCES, JULY 1	<u>2,093,811</u>	<u>175,975</u>	<u>2,269,786</u>
FUND BALANCES, JUNE 30	<u>\$ 2,286,657</u>	<u>\$ 210,327</u>	<u>\$ 2,496,984</u>

STATE OF OHIO
STATEMENT OF PLAN NET ASSETS
STATE HIGHWAY PATROL RETIREMENT SYSTEM
PENSION TRUST FUND
JUNE 30, 1998
(amounts expressed in thousands)

(as of December 31, 1997)

	<u>PENSION</u>	<u>POST- EMPLOYMENT</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 28,471	\$ 5,072	\$ 33,543
Receivables:			
Employer's Contributions	955	199	1,154
Employees' Contributions	480	—	480
Interest	1,178	210	1,388
Other	14	3	17
Total Receivables	<u>2,627</u>	<u>412</u>	<u>3,039</u>
Investments:			
Government and Corporate Bonds	110,144	19,621	129,765
Common Stock	245,810	43,787	289,597
Real Estate	29,660	5,283	34,943
Other Investments	81,460	14,511	95,971
Total Investments	<u>467,074</u>	<u>83,202</u>	<u>550,276</u>
Collateral on Lent Securities.....	20,220	3,596	23,816
Other Assets	17	2	19
Total Current Assets	<u>518,409</u>	<u>92,284</u>	<u>610,693</u>
Fixed Assets (net of accumulated depreciation)	2,399	427	2,826
TOTAL ASSETS	<u>520,808</u>	<u>92,711</u>	<u>613,519</u>
LIABILITIES			
Accounts Payable	593	106	699
Accrued Healthcare Benefits	—	222	222
Obligations Under Securities Lending.....	20,220	3,596	23,816
Other Liabilities	83	15	98
TOTAL LIABILITIES	<u>20,896</u>	<u>3,939</u>	<u>24,835</u>
FUND BALANCE RESERVED FOR EMPLOYEES'			
PENSION AND POSTEMPLOYMENT			
HEALTHCARE BENEFITS	<u>\$ 499,912</u>	<u>\$ 88,772</u>	<u>\$ 588,684</u>

STATE OF OHIO
STATEMENT OF NET ASSETS
STAROHIO INVESTMENT TRUST FUND
JUNE 30, 1998
(amounts expressed in thousands)

ASSETS

Investments:

U.S. Government and Agency Obligations.....	\$ 4,390,555
Commercial Paper.....	211,568
Repurchase Agreements.....	18,002
Collateral on Lent Securities.....	816,464
Interest Receivable.....	11,633
TOTAL ASSETS	<u>5,448,222</u>

LIABILITIES AND NET ASSETS

Obligations Under Securities Lending.....	816,464
Investment Trade Payable.....	132,411
Other Liabilities	301
TOTAL LIABILITIES	<u>949,176</u>

NET ASSETS HELD IN TRUST

FOR POOL PARTICIPANTS	<u>\$ 4,499,046</u>
------------------------------------	----------------------------

THE PRICING OF SHARES

Shares Outstanding (unlimited shares authorized).....	<u>\$ 4,499,046</u>
Net Asset Value, offering and redemption price per share.....	<u>\$ 1.00</u>

STATE OF OHIO

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	BALANCE JULY 1, 1997	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1998
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	\$ 29,782	\$ 952,577	\$ 950,653	\$ 31,706
Cash and Cash Equivalents	6,624	8,131	7,671	7,084
Collateral on Lent Securities	17,571	24,151	17,571	24,151
Other Receivables	101	341	91	351
Total Assets	<u>\$ 54,078</u>	<u>\$ 985,200</u>	<u>\$ 975,986</u>	<u>\$ 63,292</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 17,571	\$ 24,151	\$ 17,571	\$ 24,151
Intergovernmental Payable	2,429	7,741	8,591	1,579
Due to Other Funds	17,434	857,212	854,619	20,027
Refund and Other Liabilities	16,644	23,315	22,424	17,535
Total Liabilities	<u>\$ 54,078</u>	<u>\$ 912,419</u>	<u>\$ 903,205</u>	<u>\$ 63,292</u>
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	\$ 100,111	\$ 1,714,078	\$ 1,714,742	\$ 99,447
Cash and Cash Equivalents	54,818	131,033	131,750	54,101
Collateral on Lent Securities.....	59,086	75,801	59,086	75,801
Other Receivables	299	2,962	2,903	358
Due from Other Funds	83	4,210	4,171	122
Total Assets	<u>\$ 214,397</u>	<u>\$ 1,928,084</u>	<u>\$ 1,912,652</u>	<u>\$ 229,829</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 59,086	\$ 75,801	\$ 59,086	\$ 75,801
Intergovernmental Payable	19,512	437,921	437,574	19,859
Due to Other Funds	21,591	151,829	159,118	14,302
Refund and Other Liabilities	114,208	1,019,181	1,013,522	119,867
Total Liabilities	<u>\$ 214,397</u>	<u>\$ 1,684,732</u>	<u>\$ 1,669,300</u>	<u>\$ 229,829</u>
TAX REFUNDS				
ASSETS				
Cash Equity with Treasurer	\$ 7,634	\$ 1,052,771	\$ 1,058,567	\$ 1,838
Collateral on Lent Securities.....	4,503	1,399	4,503	1,399
Total Assets	<u>\$ 12,137</u>	<u>\$ 1,054,170</u>	<u>\$ 1,063,070</u>	<u>\$ 3,237</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 4,503	\$ 1,399	\$ 4,503	\$ 1,399
Refund and Other Liabilities	7,634	1,052,771	1,058,567	1,838
Total Liabilities	<u>\$ 12,137</u>	<u>\$ 1,054,170</u>	<u>\$ 1,063,070</u>	<u>\$ 3,237</u>

(continued)

STATE OF OHIO

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

(continued)

	BALANCE JULY 1, 1997	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1998
DEFERRED COMPENSATION				
ASSETS				
Due from Other Funds	\$ 3,232	\$ 82,351	\$ 82,170	\$ 3,413
Deposit with Deferred Compensation Plan	852,788	220,612	47,528	1,025,872
Total Assets	\$ 856,020	\$ 302,963	\$ 129,698	\$ 1,029,285
LIABILITIES				
Liability for Deferred Compensation	\$ 856,020	\$ 302,963	\$ 129,698	\$ 1,029,285
Total Liabilities	\$ 856,020	\$ 302,963	\$ 129,698	\$ 1,029,285
RETIREMENT SYSTEMS				
ASSETS				
Investments	\$ 83,778,755	\$ 186,262,003	\$ 162,952,674	\$ 107,088,084
Total Assets	\$ 83,778,755	\$ 186,262,003	\$ 162,952,674	\$ 107,088,084
LIABILITIES				
Refund and Other Liabilities:				
Liability to:				
Public Employees Retirement System	\$ 37,383,137	\$ 49,007,433	\$ 41,769,368	\$ 44,621,202
Police and Firemen's Disability and Pension Fund	5,271,804	12,383,739	10,232,024	7,423,519
School Employees Retirement System ...	5,160,070	49,735,920	47,410,860	7,485,130
State Teachers Retirement System	35,963,744	75,134,911	63,540,422	47,558,233
Total Liabilities	\$ 83,778,755	\$ 186,262,003	\$ 162,952,674	\$ 107,088,084
OTHER				
ASSETS				
Cash Equity with Treasurer	\$ 70,900	\$ 1,383,267	\$ 1,398,481	\$ 55,686
Cash and Cash Equivalents.....	81,593	190,291,509	190,319,934	53,168
Investments	41,044	7,671	31,558	17,157
Collateral on Lent Securities.....	41,836	42,432	41,836	42,432
Other Receivables	202	1,854	1,825	231
Due from Other Funds	47	1,391	1,372	66
Other Assets	384,179	118,652	106,041	396,790
Total Assets	\$ 619,801	\$ 191,846,776	\$ 191,901,047	\$ 565,530
LIABILITIES				
Obligations Under Securities Lending.....	\$ 41,836	\$ 42,432	\$ 41,836	\$ 42,432
Intergovernmental Payable	70,013	1,381,856	1,397,287	54,582
Refund and Other Liabilities	507,952	190,395,968	190,435,404	468,516
Total Liabilities	\$ 619,801	\$ 191,820,256	\$ 191,874,527	\$ 565,530

	BALANCE JULY 1, 1997	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1998
OHIO BUILDING AUTHORITY				
ASSETS				
Investments	\$ 13,258	\$ 28,467	\$ 28,429	\$ 13,296
Other Receivables	235	648	696	187
Total Assets	\$ 13,493	\$ 29,115	\$ 29,125	\$ 13,483
LIABILITIES				
Refund and Other Liabilities	\$ 13,493	\$ 29,115	\$ 29,125	\$ 13,483
Total Liabilities	\$ 13,493	\$ 29,115	\$ 29,125	\$ 13,483
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	\$ 208,427	\$ 5,102,693	\$ 5,122,443	\$ 188,677
Cash and Cash Equivalents.....	143,035	190,430,673	190,459,355	114,353
Investments	83,833,057	186,298,141	163,012,661	107,118,537
Collateral on Lent Securities.....	122,996	143,783	122,996	143,783
Other Receivables	837	5,805	5,515	1,127
Due from Other Funds	3,362	87,952	87,713	3,601
Deposit with Deferred Compensation Plan	852,788	220,612	47,528	1,025,872
Other Assets	384,179	118,652	106,041	396,790
Total Assets	\$ 85,548,681	\$ 382,408,311	\$ 358,964,252	\$ 108,992,740
LIABILITIES				
Obligations Under Securities Lending.....	\$ 122,996	\$ 143,783	\$ 122,996	\$ 143,783
Intergovernmental Payable	91,954	1,827,518	1,843,452	76,020
Due to Other Funds	39,025	1,009,041	1,013,737	34,329
Refund and Other Liabilities	84,438,686	378,782,353	355,511,716	107,709,323
Liability for Deferred Compensation	856,020	302,963	129,698	1,029,285
Total Liabilities	\$ 85,548,681	\$ 382,065,658	\$ 358,621,599	\$ 108,992,740

GENERAL FIXED ASSETS ACCOUNT GROUP

The **General Fixed Assets Account Group** accounts for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets except those accounted for in the proprietary, trust, and college and university funds.

STATE OF OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	BALANCE JULY 1, 1997	BEGINNING BALANCE ADJUSTMENTS	ADDITIONS	DELETIONS/ NET TRANSFERS	BALANCE JUNE 30, 1998
GENERAL FIXED ASSETS:					
Land	\$ 186,169	\$ 73	\$ 11,997	\$ (216)	\$ 198,023
Buildings	2,167,257	10,355	101,886	(22,691)	2,256,807
Land Improvements	155,364	44	3,563	(1,984)	156,987
Machinery and Equipment	214,561	16,060	28,299	(30,109)	228,811
State Vehicles	225,095	617	27,736	(22,569)	230,879
Construction-in-Progress	446,095	55,714	487,246	(400,157)	588,898
TOTAL GENERAL FIXED ASSETS	\$ 3,394,541	\$ 82,863	\$ 660,727	\$ (477,726)	\$ 3,660,405
INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:					
ACQUIRED BEFORE JULY 1, 1987	\$ 1,080,995	\$ 160	\$ 321	\$ (30,921)	\$ 1,050,555
ACQUIRED ON OR AFTER JULY 1, 1987:					
General Fund Revenues	130,350	11,701	15,355	(10,959)	146,447
Special Revenue Fund Revenues	445,369	11,797	59,131	(39,646)	476,651
Capital Projects Funds:					
Special Obligation Bonds	1,694,012	59,070	580,458	(395,372)	1,938,168
Certificates of Participation	4,044	—	—	—	4,044
Donations	39,771	135	5,462	(828)	44,540
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ 3,394,541	\$ 82,863	\$ 660,727	\$ (477,726)	\$ 3,660,405

STATE OF OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	BALANCE JULY 1, 1997	BEGINNING BALANCE ADJUSTMENTS	ADDITIONS	DELETIONS/ NET TRANSFERS	BALANCE JUNE 30, 1998
REPORTING FUNCTION:					
Primary, Secondary and Other Education	\$ 137,017	\$ 89	\$ 3,375	\$ (2,282)	\$ 138,199
Higher Education Support	353	—	—	—	353
Public Assistance and Medicaid	3,808	4,952	—	—	8,760
Health and Human Services	590,256	(279)	30,672	(39,766)	580,883
Justice and Public Protection	918,904	11,808	18,454	(8,467)	940,699
Environmental Protection and Natural Resources	354,342	(123)	11,621	(2,876)	362,964
Transportation	414,671	(82)	77,520	(17,962)	474,147
General Government	466,845	3,047	28,283	(5,767)	492,408
Community and Economic Development	62,250	7,737	3,556	(449)	73,094
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	2,948,446	27,149	173,481	(77,569)	3,071,507
Construction-in-Progress	446,095	55,714	487,246	(400,157)	588,898
TOTAL GENERAL FIXED ASSETS	\$ 3,394,541	\$ 82,863	\$ 660,727	\$ (477,726)	\$ 3,660,405

STATE OF OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1998

(amounts expressed in thousands)

REPORTING FUNCTION:	LAND	BUILDINGS	LAND IMPROVEMENTS	MACHINERY and EQUIPMENT	STATE VEHICLES	TOTAL
Primary, Secondary and Other Education	\$ 14,001	\$ 110,037	\$ 3,455	\$ 9,669	\$ 1,037	\$ 138,199
Higher Education Support	—	—	—	338	15	353
Public Assistance and Medicaid	—	—	—	8,745	15	8,760
Health and Human Services	6,467	459,108	54,972	50,678	9,658	580,883
Justice and Public Protection	9,651	800,845	42,197	38,109	49,897	940,699
Environmental Protection and Natural Resources	128,997	151,137	35,801	16,452	30,577	362,964
Transportation	21,009	231,876	11,212	82,147	127,903	474,147
General Government	15,074	441,132	8,133	20,457	7,612	492,408
Community and Economic Development	2,824	62,672	1,217	2,216	4,165	73,094
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	\$ 198,023	\$ 2,256,807	\$ 156,987	\$ 228,811	\$ 230,879	3,071,507
Construction-in-Progress						588,898
TOTAL GENERAL FIXED ASSETS.....						\$ 3,660,405

DISCRETELY PRESENTED COMPONENT UNIT FUNDS

The **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. The Discretely Presented Component Unit Funds are presented in two separate reporting categories, **Proprietary Funds** and **College and University Funds**.

Proprietary Funds

The **Ohio Water Development Authority Fund** accounts for the revenues and expenses associated with the Ohio Water Development Authority's operations and its programs, which provide financial assistance to local governments for the construction of wastewater and sewage facilities.

College and University Funds

The **Ohio State University Fund** accounts for operations of Ohio State University, its hospitals and clinics, the Ohio State University Foundation, the Ohio Agricultural Research and Development Center, the Ohio Supercomputer Center, the Ohio State University Research Foundation, the Ohio State University Student Loan Foundation, Inc., the Transportation Research Center of Ohio, Inc., Campus Partners for Community Urban Redevelopment, Inc., Hospital Helicopter Consortium of Central Ohio, Inc., University Affiliates, Inc., Reading Recovery and Early Literacy, Inc., Ohio State University Retirees Association, and OSU Managed Health Care Systems, Inc.

The **University of Cincinnati Fund** accounts for the operations of the University of Cincinnati, the University of Cincinnati Foundation, and the Endowment Fund Association of the University of Cincinnati.

The **Ohio University Fund** accounts for the operations of Ohio University located in Athens, Ohio.

The **Miami University Fund** accounts for the operations of Miami University located in Oxford, Ohio.

The **University of Akron Fund** accounts for the operations of the University of Akron.

The **Bowling Green State University Fund** accounts for the operations of Bowling Green State University.

The **Kent State University Fund** accounts for the operations of Kent State University.

The **University of Toledo Fund** accounts for the operations of the University of Toledo, including the University of Toledo Real Estate Corporation.

The **Cleveland State University Fund** accounts for the operations of Cleveland State University.

The **Youngstown State University Fund** accounts for the operations of Youngstown State University.

The **Wright State University Fund** accounts for the operations of Wright State University located in Dayton, Ohio.

The **Shawnee State University Fund** accounts for the operations of Shawnee State University located in Portsmouth, Ohio.

The **Central State University Fund** accounts for the operations of Central State University located in Wilberforce, Ohio.

The **Medical College of Ohio Fund** accounts for the operations of the Medical College of Ohio at Toledo and its hospital.

The **Terra State Community College Fund** accounts for the operations of Terra State Community College located in Fremont, Ohio.

The **Columbus State Community College Fund** accounts for the operations of Columbus State Community College and the Columbus State Community College Development Foundation, Inc.

The **Clark State Community College Fund** accounts for the operations of Clark State Community College located in Springfield, Ohio.

The **Edison State Community College Fund** accounts for the operations of Edison State Community College located in Piqua, Ohio.

The **Southern State Community College Fund** accounts for the operations of Southern State Community College located in Hillsboro, Ohio.

The **Washington State Community College Fund** accounts for the operations of Washington State Community College located in Marietta, Ohio.

The **Cincinnati State Community College Fund** accounts for the operations of Cincinnati State Community College.

The **Northwest State Community College Fund** accounts for the operations of Northwest State Community College located in Archbold, Ohio.

The **Owens State Community College Fund** accounts for the operations of Owens State Community College located in Toledo, Ohio.

STATE OF OHIO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 1998
(amounts expressed in thousands)

	<u>PROPRIETARY</u>
	<u>OHIO WATER DEVELOPMENT AUTHORITY</u>
ASSETS	
Cash Equity with Treasurer	\$ 241
Cash and Cash Equivalents	10,090
Investments	883,437
Receivables:	
Intergovernmental	59
Loans, Net	1,750,905
Other	268
Due from Other Funds	844
Inventories	—
Deposit with Deferred Compensation Plan	877
Restricted Assets:	
Cash and Cash Equivalents	—
Investments	—
Fixed Assets (net of accumulated depreciation)	164
Other Assets	19,827
TOTAL ASSETS	\$ 2,666,712
LIABILITIES, FUND EQUITY AND OTHER CREDITS	
Liabilities:	
Accounts Payable	\$ 22,040
Accrued Liabilities	8,203
Intergovernmental Payable	—
Due to Other Funds	844
Deferred Revenues	—
Refund and Other Liabilities	3,697
Liability for Deferred Compensation	877
Revenue Bonds and Notes	1,465,761
Certificates of Participation	—
Total Liabilities	<u>1,501,422</u>
Fund Equity and Other Credits:	
Investment in General Fixed Assets	—
Retained Earnings:	
Unreserved	1,165,290
Fund Balances:	
Reserved for:	
Restricted Fund Balances	—
Unreserved/Designated	—
Unreserved/Undesignated	—
Total Fund Equity and Other Credits	<u>1,165,290</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 2,666,712

COLLEGES AND UNIVERSITIES

OHIO STATE UNIVERSITY	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
51,673	43,978	9,045	2,881	83	2,159	4,333	1,389
1,440,841	687,541	114,873	170,001	120,489	85,052	97,819	59,489
7,838	—	—	—	—	119	618	281
53,703	29,150	8,957	8,498	9,701	8,508	17,928	12,604
204,149	67,473	17,845	12,563	12,244	7,532	14,231	13,232
255,225	109,570	6,463	16,805	6	7,487	8,479	5,351
18,226	4,382	2,419	3,012	1,234	2,276	4,344	244
—	—	1,898	—	—	—	1,021	502
—	—	1	—	—	58	—	—
10,704	—	—	—	897	—	93	—
2,445,678	1,091,312	533,585	514,945	482,473	367,194	420,156	437,588
27,838	692,594	4,258	291	4,953	32	5,113	8,141
\$ 4,515,875	\$ 2,726,000	\$ 699,344	\$ 728,996	\$ 632,080	\$ 480,417	\$ 574,135	\$ 538,821
\$ 75,977	\$ 26,739	\$ 7,561	\$ 9,071	\$ 5,116	\$ 5,334	\$ 10,549	\$ 4,810
195,894	199,412	30,263	43,580	38,633	26,898	23,607	21,502
—	—	1,082	—	—	—	—	—
255,225	109,570	6,463	16,805	6	7,487	8,479	5,351
65,141	10,892	14,491	6,653	11,719	5,381	11,892	12,106
24,932	63,477	3,564	3,253	2,124	818	2,019	6,813
—	—	1,898	—	—	—	1,021	502
216,269	234,982	48,950	28,202	35,096	40,470	63,250	81,985
11,965	2,180	—	—	—	—	—	—
845,403	647,252	114,272	107,564	92,694	86,388	120,817	133,069
2,231,257	869,509	484,136	464,446	452,881	326,144	381,536	342,088
—	—	—	—	—	—	—	—
1,069,792	1,196,988	51,866	79,718	53,100	50,631	23,948	24,300
369,423	12,251	48,432	70,721	30,078	17,254	32,807	30,868
—	—	638	6,547	3,327	—	15,027	8,496
3,670,472	2,078,748	585,072	621,432	539,386	394,029	453,318	405,752
\$ 4,515,875	\$ 2,726,000	\$ 699,344	\$ 728,996	\$ 632,080	\$ 480,417	\$ 574,135	\$ 538,821

(continued)

STATE OF OHIO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 1998
(amounts expressed in thousands)
(continued)

COLLEGES AND UNIVERSITIES

ASSETS

	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY
Cash Equity with Treasurer	\$ —	\$ —	\$ —	\$ —
Cash and Cash Equivalents	1,130	4,465	13,066	7,329
Investments	46,854	19,399	59,355	6,208
Receivables:				
Intergovernmental	—	—	1,576	—
Loans, Net	8,913	2,601	12,416	18
Other	11,318	6,289	10,145	2,158
Due from Other Funds	—	4,069	5,158	1,278
Inventories	197	1,569	478	141
Deposit with Deferred Compensation Plan	—	—	—	—
Restricted Assets:				
Cash and Cash Equivalents	—	148	85	353
Investments	—	4,546	—	186
Fixed Assets (net of accumulated depreciation)	460,989	296,623	313,946	84,487
Other Assets	2,065	377	4,543	546
TOTAL ASSETS	\$ 531,466	\$ 340,086	\$ 420,768	\$ 102,704

LIABILITIES, FUND EQUITY AND OTHER CREDITS

Liabilities:

Accounts Payable	\$ 3,530	\$ 1,230	\$ 5,778	\$ 800
Accrued Liabilities	19,106	20,700	19,813	2,756
Intergovernmental Payable	—	—	—	—
Due to Other Funds	—	4,069	5,158	1,278
Deferred Revenues	7,956	5,131	8,916	392
Refund and Other Liabilities	3,006	30	7,034	65
Liability for Deferred Compensation	—	—	—	—
Revenue Bonds and Notes	13,240	18,013	13,363	4,180
Certificates of Participation	—	—	—	—
Total Liabilities	46,838	49,173	60,062	9,471
Fund Equity and Other Credits:				
Investment in General Fixed Assets	444,445	276,690	299,755	80,779
Retained Earnings:				
Unreserved	—	—	—	—
Fund Balances:				
Reserved for:				
Restricted Fund Balances	17,927	12,741	26,643	857
Unreserved/Designated	21,132	1,482	34,308	—
Unreserved/Undesignated	1,124	—	—	11,597
Total Fund Equity and Other Credits	484,628	290,913	360,706	93,233
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 531,466	\$ 340,086	\$ 420,768	\$ 102,704

COLLEGES AND UNIVERSITIES

CENTRAL STATE UNIVERSITY	MEDICAL COLLEGE OF OHIO	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
3,979	760	1,867	34,151	163	898	902	1,384
192	61,200	1,818	14,402	4,232	1,288	100	—
2,451	11,089	55	—	—	59	—	1,101
533	4,772	—	574	26	—	75	—
2,497	23,169	689	3,171	1,085	1,455	883	632
2,721	—	332	9,668	—	309	—	—
—	2,775	249	977	162	187	100	146
—	—	519	—	—	—	—	—
912	180	—	1,174	—	—	351	197
—	—	—	—	—	—	—	—
94,098	291,113	36,140	108,460	41,208	22,456	17,156	20,377
—	261	26	30	156	128	25	330
\$ 107,383	\$ 395,319	\$ 41,695	\$ 172,607	\$ 47,032	\$ 26,780	\$ 19,592	\$ 24,167
\$ 1,082	\$ 13,412	\$ 138	\$ 967	\$ 597	\$ —	\$ —	\$ 153
2,940	29,446	1,445	1,567	629	390	684	636
2,721	—	332	9,668	—	309	—	—
2,746	—	185	4,545	418	1,159	501	1,332
406	4,569	—	6,901	361	164	10	—
3,984	—	519	14,850	—	220	—	—
—	—	—	—	—	—	—	—
13,879	47,427	2,619	38,498	2,005	2,242	1,195	2,121
90,114	288,166	36,135	95,139	41,208	22,235	16,781	20,377
—	—	—	—	—	—	—	—
—	7,491	119	2,548	1,981	262	590	—
1,599	2,834	818	22,998	1,178	2,041	1,026	227
1,791	49,401	2,004	13,424	660	—	—	1,442
93,504	347,892	39,076	134,109	45,027	24,538	18,397	22,046
\$ 107,383	\$ 395,319	\$ 41,695	\$ 172,607	\$ 47,032	\$ 26,780	\$ 19,592	\$ 24,167

(continued)

STATE OF OHIO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 1998
(amounts expressed in thousands)
(continued)

COLLEGES AND UNIVERSITIES

	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL
ASSETS				
Cash Equity with Treasurer	\$ —	\$ —	\$ —	\$ 241
Cash and Cash Equivalents	961	2,039	426	199,151
Investments	7,834	—	12,134	3,894,558
Receivables:				
Intergovernmental	—	—	426	25,672
Loans, Net	822	—	669	1,931,373
Other	1,552	477	1,772	416,829
Due from Other Funds	3,421	—	448	437,634
Inventories	—	160	486	43,764
Deposit with Deferred Compensation Plan	—	—	5,046	9,863
Restricted Assets:				
Cash and Cash Equivalents	—	73	—	3,532
Investments	—	—	—	16,426
Fixed Assets (net of accumulated depreciation)	62,138	19,808	79,405	8,241,499
Other Assets	163	—	535	772,232
TOTAL ASSETS	\$ 76,891	\$ 22,557	\$ 101,347	\$ 15,992,774
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 1,716	\$ 48	\$ 1,178	\$ 197,826
Accrued Liabilities	3,609	636	3,333	695,682
Intergovernmental Payable	—	—	552	1,634
Due to Other Funds	3,421	—	448	437,634
Deferred Revenues	2,306	105	1,544	175,511
Refund and Other Liabilities	46	9	52	133,350
Liability for Deferred Compensation	—	—	5,046	9,863
Revenue Bonds and Notes	—	—	—	2,282,815
Certificates of Participation	—	—	—	14,145
Total Liabilities	11,098	798	12,153	3,948,460
Fund Equity and Other Credits:				
Investment in General Fixed Assets	60,884	19,780	79,328	7,423,813
Retained Earnings:				
Unreserved	—	—	—	1,165,290
Fund Balances:				
Reserved for:				
Restricted Fund Balances	411	198	858	2,622,969
Unreserved/Designated	723	1,024	950	322,500
Unreserved/Undesignated	3,775	757	8,058	509,742
Total Fund Equity and Other Credits	65,793	21,759	89,194	12,044,314
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 76,891	\$ 22,557	\$ 101,347	\$ 15,992,774

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STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	OHIO STATE UNIVERSITY	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Fund Revenues	\$ 1,020,787	\$ 294,505	\$ 192,490
Local Appropriations-Restricted	14,564	20	—
Federal Grants and Contracts-Restricted	158,095	90,171	29,941
State Grants and Contracts-Restricted	28,442	8,935	7,890
Local Grants and Contracts-Restricted	1,114	468	449
Private Gifts, Grants and Contracts-Restricted	186,612	56,891	11,920
Endowment Income-Restricted	12,900	14,908	640
Investment Income-Restricted	141,914	115,169	7,740
Interest on Loans Receivable	2,469	707	168
Investment in Plant-Additions	277,771	58,580	33,094
Other	—	1,249	496
TOTAL REVENUES AND OTHER ADDITIONS	1,844,668	641,603	284,828
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	1,094,444	519,408	301,518
Auxiliary Enterprises Expenditures	113,013	52,960	52,787
Hospital Expenditures	431,602	—	—
Indirect Costs Recovered	36,898	21,696	3,758
Grant Refunds and Adjustments	214	271	130
Loan Cancellations and Write-offs	580	2,132	56
Administrative and Collection Costs	740	—	83
Expended for Plant Facilities	151,445	7,943	7,404
Retirement of Indebtedness	19,477	12,794	2,496
Interest on Indebtedness	9,284	8,979	2,398
Investment in Plant-Deductions	53,720	12,083	41,346
Other	1,225	4,311	—
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,912,642	642,577	411,976
TRANSFERS:			
Operating Transfers from Primary Government	406,596	184,335	129,478
NET INCREASE (DECREASE) FOR THE YEAR.....	338,622	183,361	2,330
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	3,331,850	1,895,387	582,742
FUND BALANCE AND OTHER CREDITS, JUNE 30	\$ 3,670,472	\$ 2,078,748	\$ 585,072

<u>MIAMI UNIVERSITY</u>	<u>UNIVERSITY OF AKRON</u>	<u>BOWLING GREEN STATE UNIVERSITY</u>	<u>KENT STATE UNIVERSITY</u>	<u>UNIVERSITY OF TOLEDO</u>	<u>CLEVELAND STATE UNIVERSITY</u>
\$ 205,076	\$ 123,967	\$ 155,372	\$ 171,008	\$ 142,273	\$ 75,989
—	—	—	—	—	—
10,445	17,435	9,719	28,930	18,640	13,933
2,692	5,762	3,722	6,237	8,455	7,098
314	1,274	37	248	458	278
23,077	16,256	2,466	2,709	9,502	5,050
2,295	565	36	—	—	89
6,948	7,094	3,439	77	6,707	297
157	172	—	460	206	269
41,759	21,779	15,319	21,720	30,602	40,306
596	2,146	299	3,209	1,532	—
293,359	196,450	190,409	234,598	218,375	143,309
214,434	229,428	191,267	242,192	205,882	152,366
66,400	26,753	46,487	50,108	41,024	11,114
—	—	—	—	—	—
1,161	2,291	612	1,614	1,482	1,172
25	169	—	48	—	3
63	178	11	543	142	112
108	559	54	19	—	164
13,341	2,521	3,347	4,455	11,595	4,515
3,234	3,036	3,485	3,406	4,894	775
2,562	2,346	2,371	3,137	5,394	719
15,169	4,805	9,983	2,719	3,818	2,015
87	382	4,972	1,915	802	—
316,584	272,468	262,589	310,156	275,033	172,955
72,330	97,465	76,853	105,962	82,602	67,385
49,105	21,447	4,673	30,404	25,944	37,739
572,327	517,939	389,356	422,914	379,808	446,889
\$ 621,432	\$ 539,386	\$ 394,029	\$ 453,318	\$ 405,752	\$ 484,628

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

(continued)

	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Fund Revenues	\$ 57,730	\$ 94,790	\$ 13,397
Local Appropriations-Restricted	—	—	—
Federal Grants and Contracts-Restricted	8,110	21,769	4,385
State Grants and Contracts-Restricted	3,514	4,876	2,671
Local Grants and Contracts-Restricted	90	624	316
Private Gifts, Grants and Contracts-Restricted	10,144	6,695	739
Endowment Income-Restricted	201	121	—
Investment Income-Restricted	234	1,560	99
Interest on Loans Receivable	52	278	—
Investment in Plant-Additions	24,943	25,987	2,353
Other	1,850	101	186
TOTAL REVENUES AND OTHER ADDITIONS	106,868	156,801	24,146
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	95,193	186,386	30,629
Auxiliary Enterprises Expenditures	16,544	15,194	3,345
Hospital Expenditures	—	—	—
Indirect Costs Recovered	118	3,528	—
Grant Refunds and Adjustments	—	34	—
Loan Cancellations and Write-offs	45	160	—
Administrative and Collection Costs	7	52	—
Expended for Plant Facilities	6,094	4,263	114
Retirement of Indebtedness	545	1,188	236
Interest on Indebtedness	992	712	284
Investment in Plant-Deductions	6,395	13,768	45
Other	473	—	112
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	126,406	225,285	34,765
TRANSFERS:			
Operating Transfers from Primary Government	46,508	86,306	14,138
NET INCREASE (DECREASE) FOR THE YEAR.....	26,970	17,822	3,519
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	263,943	342,884	89,714
FUND BALANCE AND OTHER CREDITS, JUNE 30	\$ 290,913	\$ 360,706	\$ 93,233

CENTRAL STATE UNIVERSITY	MEDICAL COLLEGE OF OHIO	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
\$ 10,699	\$ 183,704	\$ 5,356	\$ 40,098	\$ 7,067	\$ 5,416
—	—	—	—	—	—
9,717	9,514	1,742	5,929	1,735	975
924	1,580	231	2,590	373	171
—	—	2	—	—	—
735	1,943	23	955	78	42
60	—	—	—	114	6
119	1,617	5	274	110	7
17	84	—	6	—	—
723	23,216	701	2,385	2,716	1,325
21	—	—	204	—	93
23,015	221,658	8,060	52,441	12,193	8,035
30,436	73,559	13,179	65,057	13,328	10,469
3,026	6,200	750	5,500	1,680	796
—	130,677	—	—	—	—
431	—	11	—	—	—
—	—	—	—	—	—
423	—	—	7	—	—
—	—	—	1	—	—
4	18,051	23	—	—	200
218	—	—	—	—	—
198	—	—	—	—	—
8,674	6,006	411	757	146	193
—	—	—	14	—	3
43,410	234,493	14,374	71,336	15,154	11,661
17,303	36,033	6,220	30,386	6,330	4,773
(3,092)	23,198	(94)	11,491	3,369	1,147
96,596	324,694	39,170	122,618	41,658	23,391
\$ 93,504	\$ 347,892	\$ 39,076	\$ 134,109	\$ 45,027	\$ 24,538

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

(continued)

	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Fund Revenues	\$ 4,006	\$ 5,988	\$ 20,088
Local Appropriations-Restricted	—	—	—
Federal Grants and Contracts-Restricted	2,479	2,039	2,883
State Grants and Contracts-Restricted	1,312	632	2,182
Local Grants and Contracts-Restricted	138	—	37
Private Gifts, Grants and Contracts-Restricted	61	1	471
Endowment Income-Restricted	—	—	42
Investment Income-Restricted	—	—	—
Interest on Loans Receivable	—	—	5
Investment in Plant-Additions	1,033	209	6,953
Other	65	—	2
TOTAL REVENUES AND OTHER ADDITIONS	9,094	8,869	32,663
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	10,405	12,137	38,140
Auxiliary Enterprises Expenditures	835	659	983
Hospital Expenditures	—	—	—
Indirect Costs Recovered	—	—	57
Grant Refunds and Adjustments	—	—	—
Loan Cancellations and Write-offs	—	—	68
Administrative and Collection Costs	—	—	1
Expended for Plant Facilities	—	—	—
Retirement of Indebtedness	—	—	—
Interest on Indebtedness	—	—	—
Investment in Plant-Deductions	—	867	1,615
Other	—	—	—
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	11,240	13,663	40,864
TRANSFERS:			
Operating Transfers from Primary Government	3,727	4,228	15,967
NET INCREASE (DECREASE) FOR THE YEAR.....	1,581	(566)	7,766
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	16,816	22,612	58,027
FUND BALANCE AND OTHER CREDITS, JUNE 30	\$ 18,397	\$ 22,046	\$ 65,793

<u>NORTHWEST STATE COMMUNITY COLLEGE</u>	<u>OWENS STATE COMMUNITY COLLEGE</u>	<u>TOTAL</u>
\$ 6,063	\$ 23,845	\$ 2,859,714
—	—	14,584
1,195	6,948	456,729
814	2,336	103,439
—	—	5,847
—	72	336,442
—	—	31,977
10	2	293,422
—	16	5,066
2,535	4,732	640,741
10	232	12,291
<u>10,627</u>	<u>38,183</u>	<u>4,760,252</u>
10,146	48,284	3,788,287
1,171	4,430	521,759
—	—	562,279
—	—	74,829
—	—	894
—	12	4,532
—	55	1,843
16	1,198	236,529
—	—	55,784
—	—	39,376
—	73	184,608
—	—	14,296
<u>11,333</u>	<u>54,052</u>	<u>5,485,016</u>
3,780	21,727	1,520,432
<u>3,074</u>	<u>5,858</u>	<u>795,668</u>
18,685	83,336	10,083,356
<u>\$ 21,759</u>	<u>\$ 89,194</u>	<u>\$ 10,879,024</u>

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)

	OHIO STATE UNIVERSITY	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY
REVENUES:			
Tuition, Fees and Other Student Charges	\$ 308,180	\$ 154,227	\$ 126,017
Local Appropriations	15,893	—	—
Federal Grants and Contracts	159,562	89,141	28,944
State Grants and Contracts	30,267	8,541	6,075
Local Grants and Contracts	1,545	478	470
Private Gifts, Grants and Contracts	150,655	32,391	11,459
Endowment Income	26,297	26,101	421
Sales and Services	589,760	95,552	51,222
Investment Income	25,511	11,807	4,187
Other Sources	49,377	9,539	7,259
TOTAL REVENUES	1,357,047	427,777	236,054
EXPENDITURES AND MANDATORY TRANSFERS:			
EDUCATIONAL AND GENERAL:			
Instruction and Departmental Research	465,664	193,637	134,296
Separately Budgeted Research	198,725	73,088	17,927
Public Service	86,797	39,708	8,964
Academic Support	85,074	50,434	35,201
Student Services	43,418	22,648	16,386
Institutional Support	81,594	49,813	30,722
Operation and Maintenance of Plant	60,050	37,126	24,130
Scholarships and Fellowships	73,122	52,955	33,892
TOTAL EDUCATIONAL AND GENERAL	1,094,444	519,409	301,518
AUXILIARY ENTERPRISES	113,013	52,960	52,787
HOSPITALS	431,602	—	—
TOTAL EXPENDITURES	1,639,059	572,369	354,305
MANDATORY TRANSFERS, NET:			
Principal and Interest	31,323	20,286	4,830
Renewals and Replacements	—	—	—
Other	16	227	56
TOTAL MANDATORY TRANSFERS, NET	31,339	20,513	4,886
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	1,670,398	592,882	359,191
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	396,832	180,529	130,044
NONMANDATORY TRANSFERS, NET:			
Capital Improvements	(9,733)	(6,442)	(4,073)
Other	6,613	(9,654)	327
ADDITIONS/(DEDUCTIONS):			
Excess of Restricted Receipts over Transfers to Revenue	33,451	32,040	5,584
Indirect Costs Recovered	(36,898)	(21,696)	(3,758)
Other	(24)	(214)	(130)
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	390,241	174,563	127,994
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 76,890	\$ 9,458	\$ 4,857

<u>MIAMI UNIVERSITY</u>	<u>UNIVERSITY OF AKRON</u>	<u>BOWLING GREEN STATE UNIVERSITY</u>	<u>KENT STATE UNIVERSITY</u>	<u>UNIVERSITY OF TOLEDO</u>	<u>CLEVELAND STATE UNIVERSITY</u>
\$ 128,789	\$ 84,579	\$ 96,022	\$ 115,358	\$ 94,261	\$ 61,102
—	—	—	—	—	—
10,668	17,336	9,572	27,934	16,374	13,446
2,001	1,885	3,551	6,551	8,096	7,058
298	1,152	56	184	694	275
9,277	13,689	2,343	4,569	8,999	4,581
2,044	988	—	2	1,604	350
65,834	30,472	52,183	42,995	38,899	10,721
5,681	5,255	2,685	4,956	2,181	2,602
1,004	78	3,491	4,006	2,227	380
225,596	155,434	169,903	206,555	173,335	100,515
104,883	89,283	81,986	109,937	96,739	60,881
5,364	10,867	2,803	11,028	7,940	9,845
1,589	10,450	9,051	10,709	5,214	5,763
28,611	24,780	23,586	23,675	24,912	16,818
15,575	11,900	15,243	20,818	13,592	15,082
21,185	37,696	21,160	21,630	19,564	17,736
20,224	16,236	12,358	20,563	13,685	14,188
17,003	28,216	25,081	23,832	24,236	12,053
214,434	229,428	191,268	242,192	205,882	152,366
66,400	26,753	46,487	50,108	41,024	11,114
—	—	—	—	—	—
280,834	256,181	237,755	292,300	246,906	163,480
5,719	2,719	4,966	5,340	10,181	1,493
—	—	2,928	—	—	—
—	103	—	187	273	154
5,719	2,822	7,894	5,527	10,454	1,647
286,553	259,003	245,649	297,827	257,360	165,127
72,157	97,465	76,876	105,344	82,602	67,202
(6,508)	(500)	(545)	(4,814)	—	(303)
(608)	8,414	858	(31)	(1,376)	216
3,739	4,156	1,152	2,147	363	1,602
(1,161)	(2,291)	(612)	(1,614)	(1,482)	(1,172)
(23)	(169)	(4,850)	(48)	—	(3)
67,596	107,075	72,879	100,984	80,107	67,542
\$ 6,639	\$ 3,506	\$ (2,867)	\$ 9,712	\$ (3,918)	\$ 2,930

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY
REVENUES:			
Tuition, Fees and Other Student Charges	\$ 42,134	\$ 63,720	\$ 10,283
Local Appropriations	—	—	—
Federal Grants and Contracts	7,765	21,510	4,385
State Grants and Contracts	884	3,154	3,448
Local Grants and Contracts	99	520	316
Private Gifts, Grants and Contracts	5,535	5,354	771
Endowment Income	—	134	—
Sales and Services	12,995	22,628	1,504
Investment Income	1,372	2,921	625
Other Sources	1,462	3,124	916
TOTAL REVENUES	72,246	123,065	22,248
EXPENDITURES AND MANDATORY TRANSFERS:			
EDUCATIONAL AND GENERAL:			
Instruction and Departmental Research	43,798	77,168	10,455
Separately Budgeted Research	838	13,025	—
Public Service	4,196	7,678	2,724
Academic Support	8,062	31,126	1,818
Student Services	5,824	10,714	2,281
Institutional Support	12,835	16,874	3,959
Operation and Maintenance of Plant	7,495	11,613	3,023
Scholarships and Fellowships	12,145	18,188	6,369
TOTAL EDUCATIONAL AND GENERAL	95,193	186,386	30,629
AUXILIARY ENTERPRISES	16,544	15,194	3,345
HOSPITALS	—	—	—
TOTAL EXPENDITURES	111,737	201,580	33,974
MANDATORY TRANSFERS, NET:			
Principal and Interest	935	1,834	397
Renewals and Replacements	—	—	—
Other	67	129	—
TOTAL MANDATORY TRANSFERS, NET	1,002	1,963	397
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	112,739	203,543	34,371
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	46,509	86,306	13,398
NONMANDATORY TRANSFERS, NET:			
Capital Improvements	(385)	(3,496)	—
Other	845	203	—
ADDITIONS/(DEDUCTIONS):			
Excess of Restricted Receipts over Transfers to Revenue	1,072	5,567	(112)
Indirect Costs Recovered	(118)	(3,528)	—
Other	—	(34)	—
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	47,923	85,018	13,286
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 7,430	\$ 4,540	\$ 1,163

CENTRAL STATE UNIVERSITY	MEDICAL COLLEGE OF OHIO	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
\$ 6,641	\$ 9,337	\$ 4,156	\$ 31,331	\$ 5,127	\$ 3,800
—	—	—	—	—	—
9,700	9,200	1,747	5,929	1,735	975
924	1,183	324	2,362	462	542
—	—	2	—	—	—
760	6,506	28	627	78	42
—	—	—	—	—	—
3,190	149,048	919	5,847	1,132	999
104	3,710	202	2,141	119	80
343	15,508	82	355	599	226
21,662	194,492	7,460	48,592	9,252	6,664
12,576	41,668	5,233	30,330	4,325	3,565
9,850	7,803	—	—	—	—
—	275	976	712	1,662	452
3,514	3,182	1,158	1,714	368	311
—	1,523	1,390	5,853	1,112	2,081
3,171	10,062	1,622	8,930	2,621	2,548
1,156	5,284	1,385	8,386	1,691	811
841	1,124	1,416	8,368	1,544	101
31,108	70,921	13,180	64,293	13,323	9,869
2,610	4,452	750	5,500	1,680	796
—	132,425	—	—	—	—
33,718	207,798	13,930	69,793	15,003	10,665
416	—	—	1,525	—	—
—	—	—	—	—	—
—	—	—	—	—	—
416	—	—	1,525	—	—
34,134	207,798	13,930	71,318	15,003	10,665
17,303	36,033	6,159	30,387	6,330	4,773
—	(14,693)	—	—	—	(600)
—	(1,382)	—	—	—	—
—	395	(99)	—	54	—
431	—	(11)	—	—	—
16	—	—	(6)	—	—
17,750	20,353	6,049	30,381	6,384	4,173
\$ 5,278	\$ 7,047	\$ (421)	\$ 7,655	\$ 633	\$ 172

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(amounts expressed in thousands)
(continued)

	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE
REVENUES:			
Tuition, Fees and Other Student Charges	\$ 2,977	\$ 4,412	\$ 14,910
Local Appropriations	—	—	—
Federal Grants and Contracts	2,479	2,039	2,805
State Grants and Contracts	1,339	1,244	2,187
Local Grants and Contracts	138	—	37
Private Gifts, Grants and Contracts	61	1	471
Endowment Income	—	—	—
Sales and Services	875	818	4,261
Investment Income	—	66	383
Other Sources	126	81	534
TOTAL REVENUES	7,995	8,661	25,588
EXPENDITURES AND MANDATORY TRANSFERS:			
EDUCATIONAL AND GENERAL:			
Instruction and Departmental Research	3,033	3,808	15,369
Separately Budgeted Research	—	—	—
Public Service	1,145	—	2,871
Academic Support	755	1,615	3,910
Student Services	746	1,619	2,835
Institutional Support	849	2,312	6,568
Operation and Maintenance of Plant	729	739	2,646
Scholarships and Fellowships	3,147	2,044	3,998
TOTAL EDUCATIONAL AND GENERAL	10,404	12,137	38,197
AUXILIARY ENTERPRISES	839	659	983
HOSPITALS	—	—	—
TOTAL EXPENDITURES	11,243	12,796	39,180
MANDATORY TRANSFERS, NET:			
Principal and Interest	—	—	—
Renewals and Replacements	—	—	—
Other	—	—	18
TOTAL MANDATORY TRANSFERS, NET	—	—	18
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	11,243	12,796	39,198
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	3,727	4,228	15,704
NONMANDATORY TRANSFERS, NET:			
Capital Improvements	—	—	—
Other	—	—	—
ADDITIONS/(DEDUCTIONS):			
Excess of Restricted Receipts over Transfers to Revenue	—	—	—
Indirect Costs Recovered	—	—	—
Other	—	—	23
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	3,727	4,228	15,727
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 479	\$ 93	\$ 2,117

NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL
\$ 4,278	\$ 18,049	\$ 1,389,690
—	—	15,893
1,272	7,371	451,889
814	2,335	95,227
—	—	6,264
97	—	258,294
—	—	57,941
—	4,403	1,186,257
10	520	77,118
1,622	471	102,810
8,093	33,149	3,641,383
4,287	19,049	1,611,970
—	166	369,269
259	2,105	203,300
392	2,069	373,085
1,172	5,294	217,106
1,590	5,973	381,014
1,086	5,017	269,621
1,345	8,650	359,670
10,131	48,323	3,785,035
1,171	4,430	519,599
—	—	564,027
11,302	52,753	4,868,661
—	—	91,964
—	—	2,928
—	—	1,230
—	—	96,122
11,302	52,753	4,964,783
3,780	21,727	1,505,415
—	(1,850)	(53,942)
—	—	4,425
—	—	91,111
—	—	(73,910)
—	—	(5,462)
3,780	19,877	1,467,637
\$ 571	\$ 273	\$ 144,237

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**STATISTICAL
SECTION**

Table 1

STATE OF OHIO

REVENUE BY SOURCE
ALL GENERAL GOVERNMENTAL FUND TYPES^(a)
FOR THE LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<i>SOURCE</i>	1998	1997	1996	1995	1994	1993	1992 ^(b)	1991	1990	1989
<i>Income Taxes</i>	\$ 6,828,242	\$ 5,879,016	\$ 5,890,587	\$ 5,456,017	\$ 5,032,305	\$ 4,732,247	\$ 4,408,835	\$ 4,241,483	\$ 4,078,371	\$ 3,903,008
<i>Sales Taxes.....</i>	5,560,402	5,262,460	5,003,024	4,763,109	4,475,796	4,001,398	3,739,576	3,573,995	3,603,922	3,397,204
<i>Corporate and Public Utility Taxes.....</i>	1,969,190	1,897,439	1,831,300	1,810,396	1,585,557	1,500,475	1,393,528	1,437,142	1,492,646	1,524,635
<i>Motor Vehicle Fuel Taxes</i>	1,399,948	1,351,476	1,332,294	1,293,038	1,290,315	1,189,184	1,160,405	1,052,504	993,612	824,273
<i>Other Taxes.....</i>	890,551	872,869	842,688	852,166	881,994	750,120	673,472	724,942	706,350	706,746
<i>Licenses, Permits and Fees</i>	883,848	849,279	805,605	771,501	739,433	623,980	639,996	679,447	635,790	584,155
<i>Sales, Services and Charges</i>	76,091	79,051	106,517	103,620	66,198	57,831	44,189	46,873	76,985	67,612
<i>Federal Government^(c)</i>	8,353,372	8,454,831	8,435,891	8,305,109	7,314,031	6,376,312	5,847,198	5,204,395	4,553,955	4,114,718
<i>Investment Income^(d)</i>	554,523	418,799	—	—	—	—	—	—	—	—
<i>Other.....</i>	699,479	660,782	654,457	773,037	932,074	649,360	656,385	676,419	708,305	582,194
<i>Total Revenues by Source</i>	<u>\$27,215,646</u>	<u>\$25,726,002</u>	<u>\$24,902,363</u>	<u>\$24,127,993</u>	<u>\$22,317,703</u>	<u>\$19,880,907</u>	<u>\$18,563,584</u>	<u>\$17,637,200</u>	<u>\$16,849,936</u>	<u>\$15,704,545</u>

Notes:

- (a)** This table includes revenues for the General, special revenue, debt service and capital projects funds.
- (b)** For comparative purposes, the revenue data for fiscal year 1992 have been restated for changes in the State of Ohio's reporting entity that resulted from the implementation of GASB Statement No. 14, *The Financial Reporting Entity*, for fiscal year 1993.
- (c)** For fiscal years 1995 through 1998, federal government revenue includes the effects of recognizing the distribution of food stamp benefits as revenue, in accordance with the reporting requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Federal government revenue data for fiscal years 1989 through 1994, however, have not been restated for the effect of this change in accounting principle.
- (d)** For fiscal years 1989 through 1996, investment income has been included in "Other" revenue.

Table 2

STATE OF OHIO
EXPENDITURES BY FUNCTION
ALL GENERAL GOVERNMENTAL FUND TYPES^(a)
FOR THE LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<i>FUNCTION</i>	1998	1997	1996	1995	1994	1993	1992 ^(b)	1991	1990	1989
<i>Current:</i>										
<i>Primary, Secondary and Other Education</i>	\$ 5,927,471	\$ 5,449,086	\$ 5,251,805	\$ 4,850,750	\$ 4,599,643	\$ 4,497,568	\$ 4,195,920	\$ 4,158,997	\$ 3,972,048	\$ 3,777,680
<i>Higher Education Support ^(c)</i>	354,530	422,482	423,473	407,839	421,041	368,611	327,874	1,549,614	1,502,610	1,357,778
<i>Public Assistance and Medicaid ^(d)</i>	8,462,208	8,367,021	7,936,578	8,306,686	7,682,159	6,774,178	6,174,833	5,530,500	4,895,836	4,191,661
<i>Health and Human Services.....</i>	2,485,176	2,328,762	2,333,583	2,197,732	1,974,086	1,854,715	1,723,860	1,648,319	1,609,917	1,467,552
<i>Justice and Public Protection</i>	1,870,507	1,761,521	1,588,026	1,403,177	1,202,815	1,060,778	970,653	932,001	805,899	742,957
<i>Environmental Protection and Natural Resources</i>	315,522	299,607	286,987	273,138	247,324	223,304	226,284	222,507	212,368	195,193
<i>Transportation</i>	1,494,130	1,465,258	1,319,120	1,461,012	1,426,207	1,293,349	1,372,885	1,365,769	1,129,980	1,079,675
<i>General Government.....</i>	625,275	528,592	371,996	355,154	347,443	335,470	336,046	325,530	294,985	277,122
<i>Community and Economic Development</i>	389,893	344,950	323,277	335,159	337,760	284,061	301,392	360,215	337,975	325,580
<i>Intergovernmental</i>	2,735,799	2,570,501	2,467,137	2,312,160	2,211,669	1,983,308	2,077,469	1,908,442	1,834,230	1,721,921
<i>Capital Outlay</i>	1,248,346	1,138,286	884,456	872,236	893,279	739,463	724,823	678,812	435,462	494,305
<i>Debt Service</i>	1,022,418	1,033,948	909,134	801,994	1,064,523	681,207	764,294	653,309	635,298	621,829
<i>Total Expenditures by Function</i>	<u>\$26,931,275</u>	<u>\$25,710,014</u>	<u>\$24,095,572</u>	<u>\$23,577,037</u>	<u>\$22,407,949</u>	<u>\$20,096,012</u>	<u>\$19,196,333</u>	<u>\$19,334,015</u>	<u>\$17,666,608</u>	<u>\$16,253,253</u>

Notes:

- (a) This table includes expenditures for the General, special revenue, debt service, and capital projects funds.
- (b) For comparative purposes, the expenditure data for fiscal year 1992 have been restated for changes in the State of Ohio's reporting entity that resulted from the implementation of GASB Statement No. 14, *The Financial Reporting Entity*, for fiscal year 1993.
- (c) Within the higher education support function, the significant decline between fiscal years 1991 and 1992 is primarily a result of reclassifying budgetary expenditures made for the state universities and state community colleges to "Operating Transfers to Component Units" on a GAAP basis. The reclassification is necessary to conform with the reporting requirements of GASB Statement No. 14.
- (d) For fiscal years 1995 through 1998, expenditures reported under the public assistance and Medicaid function include the effects of recognizing the distribution of food stamp benefits as expenditures, in accordance with the reporting requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Public assistance and Medicaid expenditure data for fiscal years 1989 through 1994, however, have not been restated for the effect of this change in accounting principle.

Table 3

STATE OF OHIO

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE GENERAL FUND FOR THE LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
REVENUES:										
Income Taxes	\$6,107,084	\$5,257,395	\$5,268,111	\$4,879,232	\$4,486,225	\$ 4,270,124	\$ 3,880,594	\$ 3,750,847	\$ 3,618,929	\$ 3,478,469
Sales Taxes	5,277,997	4,995,691	4,750,430	4,522,230	4,246,093	3,810,631	3,539,700	3,378,515	3,418,135	3,231,133
Corporate and Public Utility Taxes.....	1,862,497	1,794,592	1,731,956	1,708,674	1,497,948	1,419,293	1,304,142	1,351,791	1,409,040	1,445,514
Other Taxes.....	844,815	828,290	802,912	812,957	843,548	712,400	631,830	598,417	585,296	587,852
Licenses, Permits and Fees	96,411	87,511	89,249	81,772	81,761	80,629	76,210	73,741	68,541	68,368
Sales, Services and Charges	38,947	42,031	64,693	65,015	35,556	32,082	24,200	25,751	21,484	47,384
Federal Government.....	3,436,650	3,563,004	3,672,610	3,451,126	3,533,853	3,276,727	3,083,886	2,718,754	2,299,581	1,963,912
Investment Income ^(a)	381,574	277,337	—	—	—	—	—	—	—	—
Other.....	161,077	168,587	302,772	268,114	227,857	189,935	286,191	254,098	272,609	207,508
TOTAL REVENUES.....	18,207,052	17,014,438	16,682,733	15,789,120	14,952,841	13,791,821	12,826,753	12,151,914	11,693,615	11,030,140
EXPENDITURES:										
Current.....	14,362,166	13,678,474	13,170,207	12,416,565	11,983,625	11,369,030	12,010,762	11,520,077	10,606,492	9,591,782
Intergovernmental.....	982,955	942,690	898,190	814,803	782,014	741,099	703,853	661,452	622,351	613,826
Capital Outlay	38,806	123,217	1,969	5,597	5,552	5,524	17,087	21,810	21,989	36,570
Debt Service.....	1,831	528	1,428	9,740	—	2	—	—	—	—
TOTAL EXPENDITURES.....	15,385,758	14,744,909	14,071,794	13,246,705	12,771,191	12,115,655	12,731,702	12,203,339	11,250,832	10,242,178
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	2,821,294	2,269,529	2,610,939	2,542,415	2,181,650	1,676,166	95,051	(51,425)	442,783	787,962
OTHER FINANCING SOURCES (USES):										
Bond Proceeds.....	—	—	10,159	—	—	—	—	—	—	—
Capital Leases.....	4,737	1,107	335	—	—	—	—	—	—	—
Operating Transfers-in.....	180,176	142,605	93,457	144,114	88,284	89,228	92,392	92,012	94,113	67,886
Operating Transfers-out.....	(1,142,014)	(847,794)	(807,457)	(660,799)	(626,006)	(554,393)	(493,947)	(499,842)	(508,054)	(491,028)
Operating Transfers to Component Units.....	(1,520,432)	(1,410,667)	(1,359,487)	(1,276,925)	(1,175,190)	(1,113,491)	—	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	(2,477,533)	(2,114,749)	(2,062,993)	(1,793,610)	(1,712,912)	(1,578,656)	(401,555)	(407,830)	(413,941)	(423,142)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES										
	343,761	154,780	547,946	748,805	468,738	97,510	(306,504)	(459,255)	28,842	364,820
FUND BALANCES, JULY 1.....										
	2,319,058	2,167,739	1,656,135	908,212	426,200	327,261	696,642	1,154,780	1,124,614	759,817
Increase (Decrease) for Changes in Inventories.....	(972)	(2,252)	(889)	(882)	1,265	1,429	185	1,117	1,324	(23)
Residual Equity Transfers-out.....	—	—	(22,986)	—	—	—	—	—	—	—
FUND BALANCES, JUNE 30.....	\$ 2,661,847	\$ 2,320,267	\$ 2,180,206	\$ 1,656,135	\$ 896,203	\$ 426,200	\$ 390,323	\$ 696,642	\$ 1,154,780	\$ 1,124,614

(a) For fiscal years 1989 through 1996, investment income has been included in "Other" revenue.

STATE OF OHIO

PERCENT OF ANNUAL DEBT SERVICE FOR GENERAL AND SPECIAL
 BONDED DEBT^(a) TO TOTAL ALL GENERAL GOVERNMENTAL FUND TYPES^(b) REVENUES
 AND EXPENDITURES
 FOR THE LAST TEN FISCAL YEARS
(amounts expressed in thousands)

For the Year Ended June 30,	Total Debt Service Expenditures	Governmental Fund Revenues	Percent	Governmental Fund Expenditures	Percent
1998 ^(c)	\$ 1,004,273	\$ 27,215,646	3.69%	\$ 26,931,275	3.73%
1997 ^(c)	1,014,767	25,726,002	3.95%	25,710,014	3.95%
1996 ^(c)	888,693	24,902,363	3.57%	24,095,572	3.69%
1995 ^(c)	780,482	24,127,993	3.23%	23,577,037	3.31%
1994	1,033,745	22,317,703	4.63%	22,407,949	4.61%
1993	658,945	19,880,907	3.31%	20,096,012	3.28%
1992 ^(d)	743,468	18,563,584	4.00%	19,196,333	3.87%
1991	632,230	17,637,200	3.58%	19,334,015	3.27%
1990	587,070	16,849,936	3.48%	17,666,608	3.32%
1989	562,195	15,704,545	3.58%	16,253,253	3.46%

Notes:

(a) Includes general and special obligation bonds for which debt service payments are made from the General Fund and the following combining funds in the Debt Service Fund:

Coal Research/Development Bond Retirement	Local Infrastructure Improvements Bond Retirement
Improvements Bond Retirement	Ohio Public Facilities Commission
Highway Improvements Bond Retirement	Ohio Building Authority
Development Bond Retirement	State Projects Bond Service
Highway Obligations Bond Retirement	School Building Program Bond Service
Public Improvements Bond Retirement	Highway Capital Improvement Bond Service
Vietnam Conflict Compensation Bond Retirement	

(b) This table includes revenues and expenditures for the General, special revenue, debt service and capital project funds.

(c) Revenue and expenditures for fiscal years 1995 through 1998 include the effects of recognizing the distribution of food stamp benefits as revenue and expenditures, in accordance with the reporting requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Revenue and expenditure data presented for fiscal years 1989 through 1994, however, have not been restated for the effect of this change in accounting principle.

(d) For comparative purposes, the revenue and expenditure data for fiscal year 1992 have been restated for changes in the State of Ohio's reporting entity that resulted from the implementation of GASB Statement No. 14, *The Financial Reporting Entity*, for fiscal year 1993.

STATE OF OHIONET GENERAL AND SPECIAL BONDED DEBT^(a) PER CAPITA
FOR THE LAST TEN FISCAL YEARS

For the Year Ended June 30,	Population (in 000s)	General and Special Obligation Bonds			
		Total Outstanding (in 000s)	Less Amount Reserved in the General and Debt Service Funds (in 000s)	Net Bonded Debt (in 000s)	Net Bonded Debt Per Capita
1998	11,186 ^(b)	\$ 6,399,741	\$ 141,230 ^(c)	\$ 6,258,511	\$ 559
1997	11,186	6,263,433	254,751	6,008,682	537
1996	11,173	5,753,400	386,059	5,367,341	480
1995	11,150	5,538,663	425,553	5,113,110	459
1994	11,102	5,169,302	440,399	4,728,903	426
1993	11,091	4,658,431	552,339	4,106,092	370
1992	11,016	4,261,059	560,936	3,700,123	336
1991	10,941	4,045,661	624,807	3,420,854	313
1990	10,847	3,974,040	592,116	3,381,924	312
1989	10,830	4,009,894	625,526	3,384,368	312

Source: Population figures were obtained from the Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

Notes:

(a) Includes general and special obligation bonds for which debt service payments are made from the General Fund and the following combining funds in the Debt Service Fund:

Coal Research/Development Bond Retirement	Local Infrastructure Improvements Bond Retirement
Improvements Bond Retirement	Ohio Public Facilities Commission
Highway Improvements Bond Retirement	Ohio Building Authority
Development Bond Retirement	State Projects Bond Service
Highway Obligations Bond Retirement	School Building Program Bond Service
Public Improvements Bond Retirement	Highway Capital Improvement Bond Service
Vietnam Conflict Compensation Bond Retirement	

(b) An estimate for 1998 was not available; therefore, population data from the prior year was used.

(c) This amount does not include the amount of fund balance reserved for debt service in the General Fund of \$1,370 because this reservation of fund balance relates to debt service for obligations incurred by the issuance of certificates of participation.

STATE OF OHIO

SCHEDULE OF REVENUE BOND COVERAGE FOR THE LAST TEN FISCAL YEARS

(amounts expressed in thousands)

**Treasurer of State/
Office of Financial Incentives (Liquor Bonds)**

Fiscal Year	Gross Revenue ^(a)	Direct Operating Expenses ^(b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 380,791	\$ 276,085	\$ 104,706	\$ 3,790	\$ 12,189	\$ 15,979	6.55
1997	366,636	270,525	96,111	9,330	6,738	16,068	5.98
1996	350,744	265,820	84,924	14,410	3,851	18,261	4.65
1995	346,979	267,545	79,434	13,500	4,761	18,261	4.35
1994	341,674	267,368	74,306	12,645	5,608	18,253	4.07
1993	350,914	273,967	76,947	11,800	6,392	18,192	4.23
1992	355,201	281,236	73,965	11,015	7,113	18,128	4.08
1991	354,560	277,644	76,916	10,325	7,783	18,108	4.25
1990	347,551	274,771	72,780	12,030	6,073	18,103	4.02
1989	369,305	301,125	68,180	2,390	15,712	18,102	3.77

**Treasurer of State/
Office of Financial Incentives (Ohio Enterprise Bonds)**

Fiscal Year	Gross Revenue ^(c)	Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$41,690	\$ —	\$41,690	\$ 1,000	\$ 400	\$1,400	29.78
1997	29,673	—	29,673	910	492	1,402	21.16
1996	26,298	—	26,298	830	577	1,407	18.69
1995	27,733	—	27,733	755	654	1,409	19.68
1994	22,436	—	22,436	690	734	1,424	15.76
1993	21,184	—	21,184	630	788	1,418	14.94
1992	25,892	—	25,892	570	846	1,416	18.29
1991	7,008	—	7,008	520	899	1,419	4.94
1990	2,444	—	2,444	475	947	1,422	1.72
1989	19,964	—	19,964	—	1,132	1,132	17.64

Notes:

- (a) Includes only the revenues reported in the Liquor Control Enterprise Fund.
- (b) Includes only the expenses, exclusive of depreciation, reported in the Liquor Control Enterprise Fund.
- (c) Includes only the revenues reported in the Enterprise Bond Retirement Debt Service Fund and operating transfers to the debt service fund from the Community and Economic Development Special Revenue Fund.

Ohio Building Authority Internal Service Fund

Fiscal Year	Gross Revenue ^(d)	Direct Operating Expenses ^(e)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1998	\$ 31,018	\$ 25,270	\$ 5,748	\$ 2,736	\$2,264	\$ 5,000	1.15
1997	27,929	26,913	1,016	3,480	1,801	5,281	0.19
1996	28,251	22,473	5,778	2,602	3,279	5,881	0.99
1995	30,638	22,046	8,592	1,878	4,275	6,153	1.40
1994	33,700	25,763	7,937	2,349	3,881	6,230	1.27
1993	26,924	20,895	6,029	2,222	3,043	5,265	1.15
1992	35,924	22,345	13,579	1,982	4,200	6,182	2.20
1991	30,098	22,599	7,499	1,662	4,764	6,426	1.17
1990	25,879	19,426	6,453	1,761	4,626	6,387	1.01
1989	39,899	16,881	23,018	1,653	5,056	6,709	3.43

Ohio Building Authority/ Bureau of Workers' Compensation Enterprise Fund

Calendar/ Fiscal Year ^(f)	Gross Revenue ^(g)	Direct Operating Expenses ^(h)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1998	\$5,115,778	\$5,891,409	\$ (775,631)	\$ 5,000	\$9,655	\$14,655	N/A
1997	4,348,344	2,696,867	1,651,477	4,000	9,807	13,807	119.61
1995	3,365,892	2,264,097	1,101,795	2,000	9,947	11,947	92.23
1994	3,161,387	665,854	2,495,533	2,000	9,947	11,947	208.88
1993	3,158,992	2,375,518	783,474	—	—	—	—

Notes:

- (d) Includes only the revenues reported in the Ohio Building Authority Internal Service Fund.
- (e) Includes only the expenses, exclusive of depreciation, reported in the Ohio Building Authority Internal Service Fund.
- (f) Beginning in fiscal year 1997, the Bureau of Workers' Compensation changed its accounting from calendar year to fiscal year.
- (g) Includes only the revenues reported in the Bureau of Workers' Compensation Enterprise Fund.
- (h) Includes only the expenses, exclusive of depreciation, reported in the Bureau of Workers' Compensation Enterprise Fund.

STATE OF OHIO

PERSONAL INCOME
OHIO COMPARED TO THE UNITED STATES
FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Ohio's Total Personal Income <i>(in millions)</i>	Percent Change	Per Capita Personal Income	
			Ohio	United States
1997	\$ 270,741	3.3%	\$ 24,203	\$ 25,298
1996	262,077	4.4%	23,457	24,426
1995	251,037	8.3%	22,514	23,208
1994	231,843	6.5%	20,883	21,699
1993	217,693	4.4%	19,627	20,781
1992	208,560	5.9%	18,923	20,131
1991	196,927	3.3%	18,001	19,199
1990	190,608	5.7%	17,547	18,667
1989	180,248	6.1%	16,644	17,690
1988	169,902	7.6%	15,732	16,610

Source: Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

Table 8

STATE OF OHIO

**PERSONAL INCOME BY INDUSTRY
FOR THE LAST TEN CALENDAR YEARS**
(amounts expressed in millions)

Calendar Year	MANUFACTURING		SERVICES		GOVERNMENT		WHOLESALE & RETAIL TRADE		Ohio's Total Personal Income
	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	
1997	\$ 52,317	19.3%	\$ 48,511	17.9%	\$ 25,120	9.3%	\$ 31,148	11.5%	\$ 270,741
1996	51,493	19.6%	45,475	17.4%	24,242	9.3%	29,465	11.2%	
1995	51,343	20.5%	43,703	17.4%	23,491	9.4%	28,240	11.2%	
1994	47,770	20.6%	40,913	17.7%	22,692	9.8%	26,848	11.6%	
1993	44,723	20.5%	38,197	17.6%	21,766	10.0%	24,855	11.4%	
1992	43,433	20.8%	36,134	17.3%	20,901	10.0%	23,949	11.5%	
1991	40,949	20.8%	33,232	16.9%	19,684	10.0%	22,614	11.5%	
1990	39,723	20.8%	32,274	16.9%	18,586	9.8%	21,898	11.5%	
1989	39,989	21.6%	30,690	17.0%	17,010	9.4%	20,355	11.3%	
1988	37,871	22.4%	28,286	16.8%	16,059	9.5%	19,429	11.5%	

Calendar Year	CONSTRUCTION		TRANSPORTATION & PUBLIC UTILITIES		FINANCE, INSURANCE & REAL ESTATE		OTHER ^(a)		Ohio's Total Personal Income
	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	
1997	\$ 10,822	4.0%	\$ 10,933	4.1%	\$ 12,545	4.6%	\$ 79,345	29.3%	\$ 270,741
1996	10,134	3.9%	10,509	4.0%	11,525	4.4%	79,234	30.2%	
1995	9,433	3.8%	10,317	4.1%	10,409	4.1%	74,101	29.5%	
1994	8,588	3.7%	9,365	4.0%	9,678	4.2%	65,989	28.4%	
1993	7,733	3.5%	8,727	4.0%	9,270	4.3%	62,422	28.7%	
1992	7,074	3.4%	8,390	4.0%	8,697	4.2%	59,982	28.8%	
1991	6,896	3.5%	7,996	4.0%	7,856	4.0%	57,700	29.3%	
1990	7,188	3.8%	7,921	4.2%	6,758	3.5%	56,260	29.5%	
1989	6,919	3.8%	7,622	4.2%	6,822	3.8%	51,790	28.7%	
1988	6,592	3.9%	7,373	4.4%	6,668	4.0%	46,478	27.5%	

Source: Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

Notes:

- (a) Primarily includes investment and rental income.
- (b) For calendar years 1988 and 1989, revised personal income figures by industry were not available from the U.S. Department of Commerce. Therefore, the total personal income figures presented in Table 8 for these years do not agree with the total revised personal income figures presented on Table 7, page 210.

STATE OF OHIO

POPULATION BY AGE GROUP

(amounts expressed in thousands)

OHIO

Age Group	1990 Actual ^(b)	Percent	1997 Estimated ^(a)	Percent
Under 5 years	797	7.3%	749	6.7%
5 through 19 years	2,356	21.7	2,408	21.5
20 through 44 years	4,204	38.8	4,160	37.2
45 through 64 years	2,088	19.3	2,375	21.2
65 years and over	1,402	12.9	1,494	13.4
	10,847	100.0%	11,186	100.0%

UNITED STATES

Age Group	1990 Actual ^(b)	Percent	1997 Estimated ^(a)	Percent
Under 5 years	18,763	7.5%	19,150	7.2%
5 through 19 years	52,995	21.3	57,846	21.6
20 through 44 years	99,750	40.1	101,119	37.8
45 through 64 years	46,175	18.6	55,446	20.7
65 years and over	31,082	12.5	34,075	12.7
	248,765	100.0%	267,636	100.0%

OHIO'S TOTAL POPULATION AS A PERCENTAGE OF U.S. TOTAL POPULATION

	1990 Actual ^(b)		1997 Estimated ^(a)			
	Ohio	U.S.	Percent	Ohio	U.S.	Percent
	10,847	248,765	4.4%	11,186	267,636	4.2%

Source: Current Population Reports — U.S. Bureau of Census

Notes:

- (a) The most recent information available
- (b) As revised by the U.S. Bureau of Census

STATE OF OHIO

AVERAGE MONTHLY UNEMPLOYMENT RATES
FOR THE LAST TEN CALENDAR YEARS AND
THE FIRST HALF OF CALENDAR 1998

Calendar Year	Ohio	United States
1998 - First Half ^(a)	4.2%	4.5%
1997	4.6%	4.9%
1996	4.9%	5.4%
1995	4.8%	5.6%
1994	5.5%	6.1%
1993	6.5%	6.8%
1992	7.2%	7.4%
1991	6.4%	6.7%
1990	5.7%	5.5%
1989	5.6%	5.3%
1988	6.0%	5.5%

Source: Ohio Bureau of Employment Services

Notes:

(a) Average subject to revision, seasonally adjusted

STATE OF OHIO

LIST OF MAJOR CORPORATIONS WITH HEADQUARTERS IN OHIO

American Electric Power (Columbus)	LTV Corporation (Cleveland)
American Financial Group (Cincinnati)	Limited (Columbus)
B.F. Goodrich (Richfield)	Mead Corporation (Dayton)
Banc One Corporation (Columbus)	Mercantile Stores (Fairfield)
Borden (Columbus)	NCR (Dayton)
Cardinal Health (Dublin)	National City Corporation (Cleveland)
Cinergy (Cincinnati)	Nationwide Insurance Enterprise (Columbus)
Consolidated Stores (Columbus)	OfficeMax (Shaker Heights)
Dana Corporation (Toledo)	Owens-Corning Fiberglas Corporation (Toledo)
Eaton Corporation (Cleveland)	Owens-Illinois Incorporated (Toledo)
Federated Department Stores (Cincinnati)	Parker-Hannifin Corporation (Cleveland)
Firstenergy (Akron)	Procter & Gamble Company (Cincinnati)
Goodyear Tire & Rubber (Akron)	Progressive (Mayfield Village)
KeyCorp (Cleveland)	Sherwin-Williams Company (Cleveland)
Kroger (Cincinnati)	TRW Incorporated (Cleveland)

Source: The Fortune 500 Listing, *Fortune Magazine*, April 27, 1998

STATE OF OHIO**OHIO'S TOP 25 PRIVATE-SECTOR EMPLOYERS
FOR THE CALENDAR YEAR 1997**

COMPANY	ESTIMATED FULL-TIME EMPLOYEES IN OHIO	SECTOR
General Motors Corporation	60,000	Motor Vehicles
Kroger Company*	25,000	Food Stores
Cleveland Clinic Health System*	19,500	Health
Ford Motor Company	18,800	Motor Vehicles
General Electric Company	18,500	Aerospace/Electrical Equipment
Honda Motor Co., LTD.	17,500	Motor Vehicles
Wal-Mart Stores, Inc.	17,500	General Merchandiser
Banc One Corporation*	15,500	Commercial Bank
Procter & Gamble Company*	15,000	Soaps/Cosmetics
Meijer, Inc.	13,900	Food Stores
Kmart Corporation	11,900	General Merchandiser
Chrysler Corporation	11,900	Motor Vehicles
Ameritech Corporation	11,200	Telecommunications
KeyCorp*	11,100	Commercial Bank
National City Corporation* Limited*	10,800	Commercial Bank
University Hospitals Health System*	10,700	Specialist Retailer
Sears, Roebuck and Co.	10,600	Health
Nationwide Insurance Enterprise*	10,200	General Merchandiser
United Parcel Service of America, Inc.	9,600	Insurance
Firstenergy Corporation*	9,200	Package/Freight Delivery
Federated Department Stores*	8,900	Electric Utility
Timken Company*	8,400	General Merchandiser
American Electric Power*	8,400	Industrial Equipment
Whirlpool Corporation	8,300	Electric Utility
	8,200	Appliances

Source: Ohio Department of Development (Office of Strategic Research)

* Headquartered in Ohio

STATE OF OHIO

CONSTRUCTION CONTRACTS AND
RESIDENTIAL BUILDING ACTIVITY
FOR THE LAST TEN CALENDAR YEARS

Year	Construction Contracts (in millions)	Residential Building Activity	
		Permits	Valuation (in thousands)
1997	\$14,021 ^(a)	46,487	\$ 4,795,483
1996	14,021	49,280	5,000,781
1995	12,364	44,812	4,375,036
1994	11,935	47,152	4,799,052
1993	11,037	44,235	4,318,976
1992	10,757	42,610	3,926,554
1991	9,442	35,810	3,146,887
1990	9,902	38,491	3,039,007
1989	10,338	41,228	3,079,962
1988	9,607	45,105	3,075,962

Sources: Construction Contracts - F. W. Dodge, McGraw-Hill, Inc., New York, NY
Residential Activity - Current Construction Reports, U.S. Bureau of Census

Notes:

(a) Data for 1997 was not available; therefore, construction contracts data from the prior year was used.

STATE OF OHIO**ASSESSED AND MARKET VALUE OF TAXABLE REAL PROPERTY
FOR THE LAST TEN CALENDAR YEARS***(amounts expressed in thousands)*

<u>Calendar Year</u>	<u>Assessed Value^(a)</u>	<u>Market Value</u>
1997	\$ 137,544,846	\$ 392,985,274
1996	129,853,309	371,009,454
1995	121,046,340	345,846,686
1994	116,576,831	333,076,660
1993	110,319,626	315,198,931
1992	102,548,627	292,996,077
1991	99,937,534	285,535,811
1990	93,677,819	267,650,911
1989	86,466,335	247,046,671
1988	83,770,581	239,344,517

Source: Ohio Department of Taxation

Notes:

(a) Assessed value is 35 percent of market value.

STATE OF OHIO**MISCELLANEOUS STATISTICS AND DATA****STATE AND LOCAL GOVERNMENT:**

Form of State Government	Executive, Legislative, Judicial
Number of Counties	88
Number of Incorporated Cities and Villages	943
Number of State Agencies, Boards, Commissions, and Elected Offices	113 ^(a)
Number of State Employees	62,640
Number of State Representatives	99
Number of State Senators	33

PARKS AND RECREATION:

Number of State Parks	72
Area of State Parks, Natural and Wildlife Lands	293,292.84 acres
Area of State Forest Lands	182,223.00 acres

EDUCATION:

Number of State-Assisted Higher Education Institutions	38
1997-98 Student Enrollment at State-Assisted Higher Education Institutions	408,648
Number of Public School Districts	612
Number of Joint Vocational School Districts	49

MISCELLANEOUS:

State Capital	Columbus
Date of Statehood	March 1, 1803
State Motto	With God, All Things are Possible
Total Land Acreage	26.4 million acres
Total Farm Acreage	15.1 million acres
Ohio's Three Largest Metropolitan Areas	Cleveland, Cincinnati, Columbus
Largest Source of Federal Financial Support	U.S. Department of Health and Human Services

Sources: Ohio Department of Natural Resources
Ohio Public Facilities Commission's Official Statement

Notes:

(a) Limited to those entities that have financial activity recorded on the State of Ohio's Central Accounting System.