

**Ohio Office of Budget
and Management**

State of Ohio
Ted Strickland
Governor



OHIO

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FOR THE FISCAL YEAR
ENDED JUNE 30, 2009

ACKNOWLEDGMENTS

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Prepared by Division of
State Accounting



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FOR THE FISCAL YEAR
ENDED JUNE 30, 2009

STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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INTRODUCTORY SECTION



April 30, 2010

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

It is my privilege to present the State of Ohio's *Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2009, prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Office of Budget and Management (OBM) prepared this report pursuant to Section 126.21, Ohio Revised Code. The report includes the basic financial statements, which provide an overview of the State's financial position and the results of financial operations. Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, including all disclosures, rests with OBM.

To the best of our knowledge and belief, the information presented is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the State of Ohio. All disclosures necessary for a reasonable understanding of the State's financial activities have been included.

This letter of transmittal is intended to complement management's discussion and analysis (MD&A) and should be read in conjunction with it. The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements.

The reporting format for our CAFR is significantly different from the way the State more typically presents its finances on a non-GAAP budgetary basis. The most obvious difference is that the "General Fund" in the CAFR includes more than just the State's General Revenue Fund (GRF). The General Fund also includes other funds such as the reimbursement-supported funds used for activities administered by state agencies and departments for which special revenue or proprietary fund classifications were considered to be inappropriate.

The State's management is responsible for establishing and maintaining internal control

designed to ensure that the State's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT RESULTS

In compliance with Ohio Revised Code, an annual financial audit has been performed by the Office of the Auditor of State. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. The auditor's unqualified opinion is included in the Financial Section of this report. This opinion indicates there was no limitation on the scope of the auditors' examination and the financial statements were presented fairly, in all material respects, in conformity with GAAP.

Additionally, the State's *Single Audit* report is audited by the Office of the Auditor of State to meet the requirements of the federal Single Audit Act Amendments of 1996 and related Office of Management and Budget (OMB) Circular A-133. The *Single Audit* report will be issued separately from the State's CAFR.

PROFILE OF THE GOVERNMENT

History

Ohio's first constitution was adopted in 1802, and Ohio entered the union in 1803. Ohio's present constitution was modified by a state constitutional convention in 1851 and has since been amended on numerous occasions. The Constitution establishes a state governmental structure similar to the federal model, with three separate branches of government — executive, legislative, and judicial.

Governmental Structure

The executive branch consists of the Governor and Lieutenant Governor, who are jointly elected, and four additional statewide elected officials: the Attorney General, the Auditor of State, the Secretary of State, and the Treasurer of State. All of these officials are elected to four-year terms. The State Board of Education is also part of the executive branch. Approximately 100 departments, agencies, boards, and commissions are part of the executive branch of government and receive appropriations from the legislature, along with several judicial and legislative agencies. An organizational chart of state government can be found on pages ix and x.

The state legislature in Ohio is referred to as the General Assembly and consists of two separate chambers, the Senate, a 33-member body, and the House of Representatives, a 99-member body. Each member of the General Assembly is elected to represent the residents of a geographical district for a specified term. Members of Ohio's General Assembly are subject to term-limits; senators are restricted to serving two four-year terms, and representatives are restricted to serving four two-year terms. Each chamber has a presiding officer to call the chamber to order and direct the calendar of events. The presiding officer in the Senate is the President of the Senate, and the presiding officer of the House of Representatives is the Speaker of the House. A new General Assembly is convened in January of each odd-numbered year.

Within the Judicial system, the Supreme Court is the court of last resort in Ohio. Most of its cases are appeals from the twelve district courts of appeal. The chief justice and six justices are elected to six-year terms on a nonpartisan ballot.

Reporting Entity and Its Services

For financial reporting purposes, the State's reporting entity consists of (1) the primary government, (2) component units for which the primary government is financially accountable (blended component units), and (3) other component units for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discrete component units). The criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, are used to determine the organizations for which the State is financially accountable. NOTE 1A. to the financial statements explains more fully which financial activities are included in the State's reporting entity.

The State provides a wide range of services and support to its citizenry that are accounted for in the following functions or programs: primary, secondary and other education, higher education support, public assistance and Medicaid, health and human

services, justice and public protection, environmental protection and natural resources, transportation, general government, community and economic development, workers' compensation, lottery, unemployment compensation, tuition credits, liquor control, and other business-type activities.

Retirement Systems

Employees of the primary government or its component units may be eligible to participate in the Ohio Public Employees Retirement System, the State Teachers Retirement System of Ohio, the State Highway Patrol Retirement System, or the Alternative Retirement Plan. Further information on the State's participation in the different retirement systems can be found in NOTE 9 to the financial statements.

Risk Management

As discussed in NOTE 1P. to the financial statements, the State's primary government is self-insured for claims under the Ohio Med Health, United Healthcare, and Aetna plans as well as for vehicle liability. Public official fidelity bonding is placed with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. Also, the State's primary government and its component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their workers' compensation liability.

Budgetary Control and Accounting System

Ohio's Constitution requires the State to have a balanced budget. The State's biennium budget begins on July 1 of odd-numbered years and ends 24 months later on June 30. The State maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the General Assembly. Budgets are entered on the statewide accounting system once the appropriations bill becomes law. Controls are maintained first at the agency level, with additional control at the fund and appropriation level to ensure that expenditures do not exceed authorized limits.

The State's non-GAAP budgetary financial statements are prepared on a modified cash basis of accounting. This means that revenues are recognized when cash is received and expenditures are recognized when cash is paid. Encumbrances, reservations of appropriation authority as of June 30, the end of the State fiscal year, are reflected as expenditures on the budgetary basis of accounting.

Budget-to-actual comparisons can be found in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund and major special revenue funds, these comparisons are presented as part of the

basic financial statements. For other budgeted governmental funds with appropriated annual budgets, budget-to-actual comparisons are in the nonmajor governmental funds section of the CAFR.

Additional discussion of the budgetary and GAAP bases of accounting is provided in NOTE 1 to the financial statements.

The accounting system maintains all non-GAAP budgetary basis transactions and most GAAP basis adjustments. In addition to the information obtained from the accounting system for financial reporting, selected financial information provided by the State's agencies and departments is compiled to complete the GAAP basis financial statements.

Differences between the two bases of accounting (GAAP vs. non-GAAP budgetary) include: 1) entity differences — the GAAP reporting entity may include organizations such as financing authorities and other component units that are not included in the State's budget; 2) basis differences — the GAAP basis results in the reporting of accruals while the non-GAAP budgetary basis results in the reporting of cash transactions; and 3) timing differences — for example, GAAP recognizes expenditures for payables for goods and services received, whereas the non-GAAP budgetary basis considers unliquidated encumbrances as expenditures. A reconciliation between the GAAP basis and non-GAAP budgetary basis fund balances is presented in NOTE 3 to the financial statements.

ECONOMIC OVERVIEW AND OUTLOOK

The economic recession that began in December 2007 appears to have ended in the late spring or early summer of 2009. Judging by the 3.8 percent decrease in real Gross Domestic Product (GDP) from peak to trough, the increase in the unemployment rate to a peak of 10.1 percent, and the estimated duration of 18 months, the 2007-09 recession was the most severe of the post-World War II period.

For all of 2009 compared with 2008, real GDP decreased by 2.4 percent — the largest calendar year decline on record dating back to 1948. Real GDP expanded by 2.2 percent in the third quarter of 2009 and 5.6 percent in the fourth quarter.

A substantial downward correction in energy costs caused the year-over-year rate of change in the Consumer Price Index (CPI) to fall from a peak of +5.4 percent in July 2008 to a low point of -2 percent in July 2009 before rising to +2.8 percent by December 2009. For all of 2009, the CPI is estimated to have decreased 0.3 percent—the first calendar year decline since 1955 and the largest since 1949.

The Federal Reserve began unwinding the temporary liquidity facilities implemented in response to the financial crisis in 2008, but retained the federal funds rate target range at zero percent to 0.25 percent. Policymakers have expressed their intent to keep the target interest rate near zero for an “extended period,” which analysts expect to mean at least until late 2010. In the meantime, the Fed completed its program of purchasing mortgage-backed securities by the end of the first quarter of 2010 and raised its discount rate.

The federal budget moved further into deficit in 2009 as the sharp fall-off in economic activity curtailed tax revenues while Congress enacted substantial new spending programs to support aggregate demand. Total receipts fell 14.6 percent, whereas total outlays increased 34 percent in fiscal year 2009, pushing the deficit to a record \$1.8 trillion, or 12.9 percent of GDP.

U.S. employment decreased by 8.4 million jobs, or 6.1 percent, from its peak in December 2007 through December 2009—the largest percentage drop in employment that has occurred since World War II. The unemployment rate increased to a 26-year high of 10.1 percent in October before dipping to 9.7 percent at year-end.

Ohio employment decreased by 423,300 jobs during the December 2007 to December 2009 period. Ohio manufacturing employment declined by 153,600 jobs, followed by declines in trade, transportation and utilities of 100,900, and in professional and business services of 67,500, while construction jobs increased by 49,600. The Ohio unemployment rate increased to a 26-year high of 10.8 percent in December 2009 from 5.6 percent in December 2007.

The weakness in labor markets continued to negatively affect earnings in 2009. Despite expanded federal income support programs, U.S. personal income fell 1.7 percent in 2009. The drop included a steep decline at an annualized rate of 8.9 percent in the first quarter of 2009. The decline in income reflected decreases in employment levels and hours worked and weaker growth in average hourly earnings.

Ohio personal income decreased 1.3 percent in 2009, compared with the 1.7 percent decline nationally. Wage and salary disbursements, which comprise more than one-half of personal income, fell further in Ohio than across the nation—4.7 percent in Ohio in the third quarter compared with four percent nationally.

The 2007-09 recession was precipitated by years of speculation in housing and risk-taking in financial

markets that were facilitated by what many consider to be excessively low interest rates in the early and mid-2000s. The sharp rise in the price of oil starting in 2007, the rise in mortgage loan delinquencies and the subsequent failure or near failure of major financial institutions created a panic in September 2008 that caused households and businesses to curtail spending significantly.

The most recent economic data indicate that the recession, which officially began in December 2007, appears to have ended in the spring or summer of 2009. The smoothed growth rate of the Weekly Leading Index compiled by the Economic Cycle Research Institute, for example, increased from its record low in early December 2008 to the highest level on record by October 2009 before decreasing somewhat by year-end. The Composite Leading Economic Index compiled by the Conference Board also indicates that the recession ended in mid-2009.

The recent pattern in industrial production also points to a mid-year end to the recession. Industrial production has reached its trough within one month of the end of past recessions. Since reaching its low point for this cycle in June, industrial production increased an annualized 9.1 percent through December.

The Ohio Governor's Council of Economic Advisors (CEA) projects that the recovery from the 2007-09 recession will be slow compared with past recoveries. The CEA projected in early December that real GDP will expand by 2.8 percent during the first year of recovery (including the third and fourth quarters of 2009). Growth has averaged 5.5 percent during the first year following the ten previous post-war recessions. The economy expanded only 2.3 percent following the 2001 recession and only 2.6 percent following the 1990-91 recession—the two most recent recessions. The CEA panel foresees growth of 2.75 percent in the second half of 2010 and approximately three percent in the first half of 2011.

The CEA expects that the unemployment rate will rise to a peak of 10.1 percent in the first quarter of 2010, and remain above nine percent through mid-2011 despite rising employment beginning in the first quarter of 2010.

In Ohio, the CEA projects the unemployment rate to peak at 11.2 percent in the first quarter of 2010 and remain above ten percent in mid-2011. Ohio employment is projected to continue decreasing through the first quarter of 2010 and then rise at an annualized pace of one percent through mid-2011.

The pace of U.S. economic growth during the next several years is anticipated to fall well short of the

postwar 3.25 percent rate during 1947-2009 for several reasons:

- The paying down of debt by households and businesses will subtract from growth instead of adding to growth as the accumulation of debt did during the expansion of the 2000s;
- The tremendous decrease in wealth from the decline in financial markets and housing prices will reduce consumption;
- Weakness in overseas economies will restrain growth in U.S. exports despite the weaker foreign exchange value of the dollar; and
- Housing construction will remain relatively subdued as the nation works through a significant overhang of excess housing stock.

In Ohio, economic activity is expected to be restrained by:

- The downsizing in the domestic motor vehicle industry;
- Weakness in some export markets; and
- Unfavorable demographics.

In the near term, U.S. economic growth could rebound temporarily by more than previously anticipated before ultimately giving way to disappointing growth longer term. In March 2009, the CEA projected that real GDP would grow at an annual rate of approximately 1.3 percent in the second half of 2009. In light of more-positive-than-expected trends in employment and production since then, the expectation for second-half growth was revised up to 2.8 percent in early December. The economy could benefit even more than is widely anticipated in the near term from:

- The ramp-up of federal spending authorized by the American Recovery and Reinvestment Act (ARRA);
- A very accommodating monetary policy, which is pegging short-term interest rates at generational lows and ensuring the availability of credit to key segments of the money and capital markets; and
- The powerful impact on real GDP growth as businesses shift from cutting expenses to building inventories in anticipation of the economic recovery.

Threats to the economic outlook include:

- The scheduled expiration of the 2003 federal income tax cuts at the end of 2010 and other potential tax increases;
- Large projected federal budget deficits, which could undermine the foreign

exchange value of the dollar and push inflation and interest rates up;

- A major wave of residential mortgage rate resets that began in late 2009 and will extend through 2011, which could lead to defaults, foreclosures and renewed downward pressure on home prices; and
- A continuation of the trend toward rising delinquencies on commercial real estate loans that could lead to further deterioration of banks' balance sheets and force property prices lower.

MAJOR INITIATIVES – Living Within Our Means and Investing in What is Most Important

Continued Implementation of Comprehensive Tax Reform

In June 2005, Amended Substitute House Bill 66 (H.B. 66), the biennial budget bill, was signed into law. As described extensively in prior financial reports, this tax reform was a significant overhaul of Ohio's state and local tax structure. The entire tax reform package was designed to spur strong business development and new jobs. The reforms were initially scheduled to be phased-in between fiscal years 2006 and 2010. However, due to the severe economic downturn occurring beginning in 2008, the final 4.25 percent reduction in state income tax rates was temporarily delayed until fiscal year 2012. Once the final component of the income tax reduction is implemented, the total tax reform package will include:

- A 21 percent reduction in the income tax, with a final 4.25 percent reduction due in fiscal year 2012;
- Elimination of the tangible personal property tax for general businesses and for telecommunications companies, phased in over four- and five year periods, respectively;
- Elimination of the corporate franchise tax (except for financial institutions and their affiliates) over a five-year period; and
- Enactment of a commercial activity tax (CAT), phased in over five years.

When fully phased in, the estimated annual reductions in state revenues are estimated to reach more than \$2 billion. State taxes are not the only taxes reduced in this reform. The elimination of the local general business tangible personal property tax increases the size of the overall tax cut. Total tax reductions will reach \$3.7 billion when the reform package is fully phased in. In combination with the impact of the global recession described in the previous section, it has limited the resources available to support the State's budget.

State Operating Budget

Reflecting the impact of tax reform discussed above in conjunction with the national economic downturn, GRF appropriations for the fiscal year 2010–11 biennium enacted in H.B. 1 represent the slowest growth in spending since at least 1949. In fact, for the first time since at least 1949, the combined two year GRF appropriations actually decreased in comparison to prior year spending, with the two year negative spending growth in H.B. 1 being -3.8 percent. As a result of these reductions, many agencies will spend less from the GRF in fiscal year 2011 than they spent in fiscal year 2000.

Despite this overall decrease in resources, Ohio has continued to focus on those investments which will position it best for the future. Specifically, H.B. 1, the 2010-11 budget, builds on H.B. 119, the 2008-09 budget, by investing more in primary and secondary education, higher education, Medicaid, and ongoing costs for debt service, and property tax relief programs. Building on the fiscal year 2008-09 enacted budget that reduced or held flat many of the State's GRF-funded agencies, the 2010-11 budget further reduced expenditures through personnel reductions and consolidated functions or activities of several state agencies. As a result of the difficult choices made to hold the line on overall spending, Ohio was able to focus available funding on key priorities, such as investments to promote jobs and prosperity, primary and secondary education, higher education, and providing access to health care for those most in need.

Improved Financial Management

In response to the profound changes in Ohio's tax structure, the State has fundamentally changed the way in which it manages scarce resources to reflect continuing budget stress. Over the coming four years, state spending reforms will include increased transparency, a focus on performance and accountability, improved financial systems management and cash management.

Increased Transparency

Ohio is enhancing the transparency of its financial position for its citizens and investors. The Office of Budget and Management will continue to pursue awards for excellence in budget and financial reporting through the Government Financial Officers Association (GFOA). The Office of Budget and Management will also pursue the GFOA award for financial reporting for its FY 2009 CAFR.

The Office of Budget and Management's website has been updated with additional descriptive materials about the fiscal year 2010-11 budget. These materials are accessible through interactive links.

Accountability and Performance

Ohio continues to manage financial resources using a variety of accountability and performance measures to improve efficiency, accountability and results of government programs. These measures were adopted in fiscal years 2008–09 as the State faced increasing budget pressures as a result of a major downturn in the national economy. These measures set clear goals in the budget process, identified increased efficiencies in the State's regulatory process, improved inter-agency collaborations, implemented performance contracts for state agencies, and enhanced performance reporting. Additionally, state procurement and contracting practices were overhauled to ensure that taxpayers were getting the best possible return on their investments.

Improved Financial Systems Management

Ohio has successfully completed deployment of a comprehensive enterprise information system throughout state government, referred to as OAKS, the Ohio Administrative Knowledge System. OAKS is the most comprehensive enterprise IT system operating at a state level in the nation, and was completed in three stages between December 2006 and July 2008. The system implements a new human resource system for state agencies to manage payroll and personnel, a new accounting and financial management and reporting system, and enhanced budget decision and management tools. In addition to these tools, the deployment of OAKS required that the State work to upgrade skills and invest in human capital development in the workforce across agencies.

To improve the efficiency of agency fiscal operations, OBM used the foundation of OAKS to launch a world-class shared services organization in October 2009. Ohio Shared Services (OSS) is consolidating back office finance functions for selected agencies into a central service provider using paperless processes and a call center to support vendor management, invoice processing and all travel and expense transactions for the state.

To enhance collections and revenue management, the Department of Taxation is in the process of deploying the State Taxation Accounting and Revenue System (STARS). STARS provides an integrated tax collection and audit system and replaces the State's existing separate tax software and administration systems for the 24 different taxes collected by the State. STARS will make it possible for the Department of Taxation to provide an improved quality of taxpayer service and enhance the compliance activities of the Department.

Cash Management

The Treasurer of State and the Office of Budget and Management are working cooperatively to develop

and update the State's cash flow models and procedures in order to maximize resources available. The offices examine seasonal revenue collections in the State's various funds and the unique spending patterns of each state agency in order to maintain an accurate and up to date cash flow model. The updated cash flow model enables the Treasurer of State and the Office of Budget and Management to revise their investment strategies for improved return on investment of state resources.

Investment in Strategic Priorities

Ohio's budget strategy through this tumultuous year has been to maintain steady fiscal control in the face of the worst economic recession in 50 years, while continuing to invest in priorities that will create jobs and promote Ohio's long-term prosperity. To do so, the budget maintains investments in Ohio's traditional economic strengths, such as energy production and entrepreneurship, and programs that ensure Ohio has the most educated workforce possible. Targeted investment priorities include:

- Access to high-quality early child care and education;
- A reformed school funding system that ensures that Ohio's schools work for every child;
- Expanded access to Ohio's colleges and universities;
- Increased investments in Ohio's regional economies, and globally competitive industries; and
- Access to affordable health care and safety net services.

Continuation of Expanded Property Tax Relief

H.B. 119, the 2008-09 budget, authorized the State to support an average of \$400 in additional property tax relief to 775 thousand Ohioans through an expansion of the homestead exemption. This expansion of property tax relief was continued in H.B. 1, the 2010-11 budget.

Investment in Primary and Secondary Education

H.B. 1 includes a comprehensive plan to establish a world-class education system that will ensure every Ohio child learns the skills needed to be successful in the modern economy. The budget creates and implements the Ohio-adapted Evidence-Based Model (EBM) for school funding. The new Ohio model uses research to identify what students need to be successful and funds those reforms through a phase-in of the evidence-based model that accomplishes the following:

- Drives resources to the poorest school districts through the Education Challenge Factor;

- Demands from our school districts an unprecedented level of accountability and transparency to produce results;
- Begins to address phantom revenue by reducing the local property tax contribution from 23 to 22 mills in fiscal year 2010, and phases down to 20 mills by fiscal year 2014;
- Phases-in the full funding and reform plan through fiscal year 2019 to ensure districts can responsibly meet new requirements and have the resources they need to do the job; and
- Increases the Department of Education's oversight authority over charter and community schools to provide an increased level of consumer protection in the education system.

The Education Commission of the States (ESC) announced on January 24, 2010, that the State of Ohio is the recipient of the Frank Newman Award for State Innovation as a direct result of the education initiatives and funding reforms included in H.B. 1.

Increased Investment in Higher Education

H.B. 1 continues to maintain the State's renewed commitment to higher education enacted in H.B. 119 and furthers the State's goal of increasing the number of Ohioans attending institutions of higher education, as outlined in the *Strategic Plan for Higher Education 2008 to 2017*. After two years of unprecedented tuition freezes in fiscal years 2008 and 2009 (H.B. 119) and while most other states significantly reduced support to higher education, the Board of Regents refocused its total appropriation strategy to support the governor's priority of keeping in-state, undergraduate tuition growth to a minimum.

As a result of limited revenues in the current biennium, the Board of Regents has prioritized the funding in H.B. 1 to support lower tuition costs for in-state, undergraduate students and their families. This means targeting funding to the Board of Regent's State Share of Instruction (SSI) line item. Specifically, the Board of Regents seeks to meet these priorities through the following actions:

- Request all University System of Ohio institutions to limit tuition increases to 3.5 percent in fiscal year 2010 and fiscal year 2011. By the end of fiscal year 2011, Ohio will have held tuition growth to the lowest rate for a four-year period since before 1970. Ohio has improved its standing in the national tuition price rankings moving from 12th to 14th with respect to the highest tuition rates for public, four-year universities, and from 16th to 20th highest tuition for community college students.

- Modify the SSI formula to align state funding with higher education policy goals for university main campuses, university regional campuses, and community and technical college campuses.
- Incorporate funding stability into the model by providing each institution with its final fiscal year 2009 Access Challenge allocation and with a stop-loss calculation that protects campuses from sudden and dramatic losses in state funding as a result of the new calculations.
- Protect Ohio's ongoing investments in agricultural research at the Ohio Agricultural Research and Development Center and the State's commitment to outreach and education through the Ohio Cooperative Extension Service.
- Complete transition of adult post-secondary education programs from the Department of Education to the Board of Regents. This process began in H.B. 119 in an effort to increase and improve coordination of programs and develop seamless pathways to higher education and job readiness.
- Transfer authority of the Ohio Tuition Trust (which houses Ohio's college savings plans) to the Chancellor of the Board of Regents in an effort to better align higher education policy and meet the goals of the *Strategic Plan for Higher Education 2008 to 2017*.

Continuation of Expanded Medicaid Coverage

H.B. 1 contained \$2.5 billion of cost containment initiatives and revenue enhancement strategies that leverage federal stimulus dollars and non-GRF resources. In addition, the 2010-11 budget maintains eligibility for Ohio's most vulnerable populations. It also creates sustainable funding sources for future biennia while meeting the following priorities:

- Protecting eligibility and service levels within Ohio's Medicaid program;
- Decreasing the reliance on the GRF through an assessment fee on hospitals and expanded use of non-GRF resources;
- Providing coverage to children whose family incomes are between zero to 300 percent of the federal poverty level; and
- Creating efficiencies through enhanced coordination and the use of information technology.

ACKNOWLEDGEMENTS

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. I encourage you to access Ohio's *Comprehensive Annual Financial Report* at <http://www.obm.ohio.gov>.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Pari Sabety". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

J. Pari Sabety
Director

STATE OF OHIO OFFICIALS

As of June 30, 2009

EXECUTIVE

Ted Strickland
Governor

Lee Fisher
Lieutenant Governor

Richard Cordray
Attorney General

Mary Taylor, CPA
Auditor of State

Kevin Boyce
Treasurer of State

Jennifer Brunner
Secretary of State

LEGISLATIVE

Bill Harris
President of the Senate

Armond Budish
Speaker of the House

JUDICIAL

Thomas J. Moyer
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

FINANCIAL REPORTING ENTITY		
PRIMARY GOVERNMENT		
LEGISLATIVE	EXECUTIVE	JUDICIAL
<p>Senate (33 Members)</p> <p>House of Representatives (99 Members)</p>	<p>Governor</p> <p>Lieutenant Governor</p> <p>Attorney General</p> <p>Auditor of State</p> <p>Secretary of State</p> <p>Treasurer of State</p> <p>State Board of Education (11 Elected Members, and 6 At-Large Members)</p>	<p>Supreme Court Chief Justice and 6 Justices</p>
<p>Governmental Activities: <i>General Government:</i> Senate House of Representatives Legislative Service Commission Legislative Committees</p>	<p>Governmental Activities: <i>Primary, Secondary and Other Education:</i> Arts Council Department of Education Educational Telecommunications School for the Blind School for the Deaf State Library Board</p> <p><i>Higher Education Support:</i> Board of Regents Career Colleges and Schools Board</p> <p><i>Public Assistance and Medicaid:</i> Department of Job and Family Services</p> <p><i>Health and Human Services:</i> Department of Aging Department of Alcohol and Drug Addiction Services Department of Health Department of Mental Health Department of Mental Retardation Department of Veteran Services Hispanic-Latino Affairs Commission Legal Rights Service Minority Health Commission Rehabilitation Services Commission</p> <p><i>Justice and Public Protection:</i> Adjutant General Board of Tax Appeals Civil Rights Commission Department of Public Safety Department of Rehabilitation and Correction Department of Youth Services Ethics Commission Office of the Attorney General Public Defender Commission</p> <p><i>Environmental Protection and Natural Resources:</i> Department of Natural Resources Environmental Protection Agency Environmental Review Appeals Lake Erie Commission</p> <p><i>Transportation:</i> Department of Transportation</p>	<p>Governmental Activities: <i>Justice and Public Protection:</i> Supreme Court Judicial Conference Judiciary Court of Claims</p>

PRIMARY GOVERNMENT (Continued)

	<p><i>General Government:</i> Capitol Square Review & Advisory Board Consumers' Counsel Department of Administrative Services Department of Commerce Department of Insurance Department of Taxation Office of Budget and Management Office of the Governor Office of the Inspector General Office of the Lieutenant Governor Office of the Secretary of State Office of the Treasurer of State Public Utilities Commission Racing Commission Sinking Fund Commission Other Boards and Commissions</p> <p><i>Community and Economic Development:</i> Department of Agriculture Department of Development Expositions Commission Public Works Commission Southern Ohio Agricultural & Community Development Foundation</p> <p>Business-Type Activities: Bureau of Workers' Compensation and Industrial Commission Capitol Square Review & Advisory Board— —Underground Parking Garage Department of Commerce— Liquor Control Division Department of Job and Family Services— Unemployment Compensation Program Lottery Commission Office of the Auditor of State Tuition Trust Authority</p>	
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COMPONENT UNITS

<p>Blended Component Units: Ohio Building Authority (included in Governmental and Business-Type Activities) State Highway Patrol Retirement System (included as Fiduciary Activities) Buckeye Tobacco Settlement Financing Authority (included as Governmental Activities)</p> <p>Discretely Presented Component Units: <i>Financing Authorities:</i> Ohio Air Quality Development Authority Ohio Water Development Authority Ohio Capital Fund</p> <p><i>Commissions:</i> Cultural Facilities Commission School Facilities Commission eTech Ohio Commission</p>	<p>Discretely Presented Component Units (continued): <i>State Universities:</i> Bowling Green State University Cleveland State University Miami University Ohio University University of Akron University of Toledo Youngstown State University</p> <p><i>State Community Colleges:</i> Cincinnati State Columbus State Northwest State Southern State Washington State</p> <p>Central State University Kent State University Ohio State University Shawnee State University University of Cincinnati Wright State University</p> <p>Clark State Edison State Owens State Terra State</p>
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JOINT VENTURES

RELATED ORGANIZATIONS

<p>Great Lakes Protection Fund Local Community Colleges Technical Colleges</p>	<p>Higher Education Facility Commission Ohio Housing Finance Agency Ohio Legal Assistance Foundation Ohio Turnpike Commission Petroleum Underground Storage Tank Release Compensation Board</p>
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FINANCIAL SECTION



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Ted Strickland, Governor
State of Ohio
Columbus, Ohio

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio (the State) as of and for the year ended June 30, 2009, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following organizations:

Primary Government: Office of the Auditor of State; Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio; Office of Financial Incentives; State Treasury Asset Reserve of Ohio; Treasurer of State Lease Revenue Bonds; and Tuition Trust Authority.

Blended Component Units: Ohio Building Authority and State Highway Patrol Retirement System.

Discretely Presented Component Units: Bowling Green State University; Central State University; Cleveland State University; Kent State University; Miami University; Ohio State University; Ohio University; Shawnee State University; University of Akron; University of Cincinnati; University of Toledo; Wright State University; Youngstown State University; Cincinnati State Community College; Clark State Community College; Columbus State Community College; Edison State Community College; Northwest State Community College; Owens State Community College; Southern State Community College; Terra State Community College; Washington State Community College; and Ohio Water Development Authority.

In addition, we did not audit the financial statements of the Public Employees Retirement System, Police and Fire Pension Fund, 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 Aggregate Remaining Fund Information.

These financial statements reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues / Additions
Governmental Activities	2%	1%
Business-Type Activities	94%	32%
Aggregate Discretely Presented Component Units	86%	97%
Aggregate Remaining Fund Information	92%	15%
Workers' Compensation	100%	100%

Those financial statements listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these independently audited organizations is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, and respective budgetary comparisons for the general and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we are issuing our report dated April 30, 2010 under separate cover with the State of Ohio Single Audit report, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis and Infrastructure Assets Accounted for Using the Modified Approach, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America require. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining fund statements, individual fund schedules and statistical section provide additional information and are not a required part of the basic financial statements. We and the other auditors subjected the combining fund statements and individual fund schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, based on our audit and the reports of the other auditors, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Mary Taylor, CPA
Auditor of State

April 30, 2010

State of Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009

(Unaudited)

Introduction

This section of the State of Ohio's annual financial report presents management's discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2009. The management's discussion and analysis section should be read in conjunction with the preceding transmittal letter and the State's financial statements, which follow.

Financial Highlights

Government-wide Financial Statements

During fiscal year 2009, net assets of the State's primary government decreased by \$3.25 billion and ended fiscal year 2009 with a balance of \$20.47 billion. Net assets of the State's component units decreased by \$1.92 billion and ended fiscal year 2009 with a balance of \$11.87 billion. Additional discussion of the State's government-wide balances and activities, as of and for the year ended June 30, 2009, can be found beginning on page 7.

Fund Financial Statements

Governmental funds reported combined ending fund balances of \$9.89 billion that was comprised of \$5.74 billion reserved for specific purposes, such as for debt service, state and local highway construction, and federal programs; \$6.37 billion reserved for nonappropriable items, such as encumbrances, noncurrent loans receivable, loan commitments, and inventories; and a \$2.22 billion deficit. The balances and activities of the State's governmental funds are discussed further beginning on page 12.

As of June 30, 2009, the General Fund's fund balance was approximately \$773.8 million, including \$67.9 million reserved for "other" specific purposes, as detailed in NOTE 17; and \$492.9 million reserved for nonappropriable items. The General Fund's fund balance decreased by \$1.83 billion (exclusive of a \$150 thousand decrease in inventories) or 70.2 percent during fiscal year 2009. The balances and activities of the General Fund are discussed further beginning on page 12.

Proprietary funds reported net assets of \$1.91 billion, as of June 30, 2009, a decrease of \$1.23 billion since June 30, 2008. This decrease is largely due to the net decrease of \$1.21 billion in the Unemployment Compensation Fund and the net decrease of \$32.6 million in the nonmajor funds. The balances and activities of the proprietary funds are discussed further beginning on page 14.

Capital Assets

The carrying amount of capital assets for the State's primary government increased to \$25 billion at June 30, 2009. The majority of the \$238.3 million increase during fiscal year 2009 was the acquisition of land and highway network infrastructure and construction-in-progress. Further discussion of the State's capital assets can be found beginning on page 16.

Long-Term Debt — Bonds and Notes Payable and Certificates of Participation Obligations

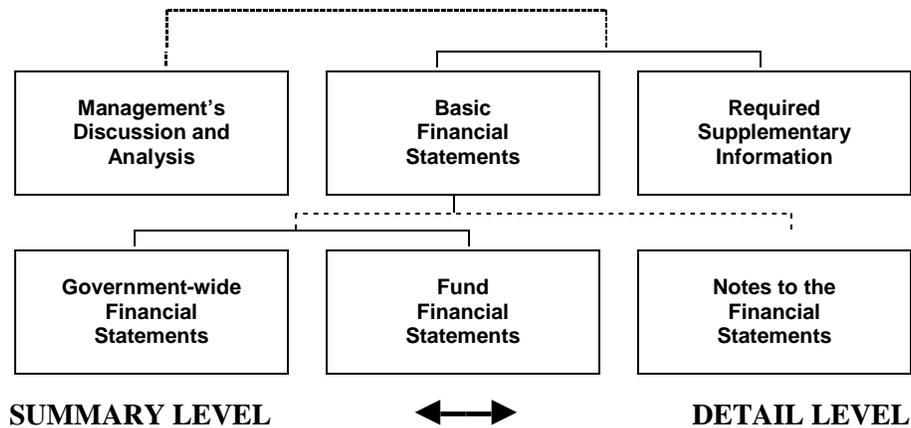
Overall, the carrying amount of total long-term debt for the State's primary government decreased \$84 million or .51 percent during fiscal year 2009 and reported an ending balance of \$16.51 billion. During the year, the State issued, at par, \$801.8 million in general obligation bonds, \$425 million in revenue bonds, \$241.4 million in special obligation bonds, and \$39.1 million in certificates of participation. Of the general obligation bonds and special obligation bonds issued, at par, \$461.8 million and \$44.7 million, respectively, were refunding bonds. Additional discussion of the State's bonds and certificates of participation can be found beginning on page 17.

Overview of the Financial Statements

This annual report consists of management’s discussion and analysis, basic financial statements, including the accompanying notes to the financial statements, required supplementary information, and combining statements for the nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component unit funds. The basic financial statements are comprised of the government-wide financial statements and fund financial statements.

Figure 1 below illustrates how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, as explained later, this report includes an optional section that contains combining statements that provide details about the State’s nonmajor governmental and proprietary funds and discretely presented component units.

**Figure 1
Required Components of the
State of Ohio’s Annual Financial Report**



The *Government-wide Financial Statements* provide financial information about the State as a whole, including its component units.

The *Fund Financial Statements* focus on the State’s operations in more detail than the government-wide financial statements. The financial statements presented for governmental funds report on the State’s general government services. Proprietary fund statements report on the activities that the State operates like private-sector businesses. Fiduciary fund statements provide information about the financial relationships in which the State acts solely as a trustee or agent for the benefit of others outside of the government, to whom the resources belong.

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

The basic financial statements section includes notes that more fully explain the information in the government-wide and fund financial statements; the notes provide more detailed data that are essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found on pages 54 through 146 of this report.

In addition to the basic financial statements and accompanying notes, a section of required supplementary information further discusses the assessed condition and estimated and actual maintenance and preservation costs of the state’s highway and bridge infrastructure assets that are reported using the modified approach. Limited in application to a government’s infrastructure assets, the modified approach provides an alternative to the traditional recognition of depreciation expense. Required supplementary information can be found on pages 147 through 150 of this report.

Figure 2 on the following page summarizes the major features of the State’s financial statements.

**Figure 2
Major Features of the State of Ohio's Government-wide and Fund Financial Statements**

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as general government, transportation, justice and public protection, etc.	Activities the State operates similar to private businesses, such as the workers' compensation insurance program, lottery, tuition credit program	Instances in which the State is the trustee or agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. For these statements, the State applies accounting methods similar to those used by private-sector companies; that is, the State follows the accrual basis of accounting and the economic resources focus when preparing the government-wide financial statements. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of the timing of related cash inflows or outflows.

The two government-wide financial statements report the State's net assets and how they have changed. Net assets — the difference between the State's assets and liabilities — is one way to measure the State's financial health, or position. Over time, increases or decreases in the State's net assets indicate whether its financial health has improved or deteriorated, respectively. However, a reader should consider additional nonfinancial factors such as changes in the State's economic indicators and the condition of the State's highway system when assessing the State's overall financial status.

The State's government-wide financial statements, which can be found on pages 22 through 25 of this report, are divided into three categories as follows.

Governmental Activities — Most of the State's basic services are reported under this category, such as primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, and community and economic development. Taxes, federal grants, charges for services, including license, permit, and other fee income, fines, and forfeitures, and restricted investment income finance most of these activities.

Business-type Activities — The State charges fees to customers to help cover the costs of certain services it provides. The State reports the following programs and activities as business-type: workers' compensation insur-

ance program, lottery operations, unemployment compensation program, the leasing and maintenance operations of the Ohio Building Authority, guaranteed college tuition credit program, liquor control operations, underground parking garage operations at the statehouse, and the Auditor of State's governmental auditing and accounting services.

Component Units — The State presents the financial activities of the School Facilities Commission, Cultural Facilities Commission, eTech Ohio Commission, Ohio Water Development Authority, Ohio Air Quality Development Authority, the Ohio Capital Fund, and 22 state-assisted colleges and universities as discretely presented component units under a separate column in the government-wide financial statements. The Buckeye Tobacco Settlement Financing Authority and the Ohio Building Authority are presented as blended component units with their activities blended and included under governmental and business-type activities. Although legally separate, the State is financially accountable for its component units, as is further explained in NOTE 1A. to the financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds — not the State as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. State law and bond covenants mandate the use of some funds. The Ohio General Assembly establishes other funds to control and manage money for particular purposes or to show that the State is properly using certain taxes and grants. The State employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State has three kinds of funds — governmental funds, proprietary funds, and fiduciary funds.

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

The State's governmental funds include the General Fund and 15 special revenue funds, 25 debt service funds, and 11 capital projects funds. Under separate columns, information is presented in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Job, Family and Other Human Services, Education, Highway Operating, and Revenue Distribution special revenue funds, and the Buckeye Tobacco Settlement Financing Authority Revenue Bonds debt service fund, all of which are considered major funds. Data from the other 46 governmental funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic governmental fund financial statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

For budgeted governmental funds, the State also presents budgetary comparison statements and schedules in the basic financial statements and combining statements, respectively, to demonstrate compliance with the appropriated budget. The State's budgetary process is explained further in NOTE 1D. to the financial statements.

The basic governmental fund financial statements can be found on pages 26 through 37 of this report while the combining fund statements and schedules can be found on pages 153 through 212.

Proprietary Funds — Services for which the State charges customers a fee are generally reported in proprietary funds. Financial statements for the proprietary funds, which are classified as enterprise funds, provide both long- and short-term financial information. Like the government-wide financial statements, the State prepares the proprietary fund financial statements for its eight enterprise funds applying the accrual basis of accounting and an economic resources focus.

Under separate columns, information is presented in the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows for the Workers' Compensation, Lottery Commission, and Unemployment Compensation enterprise funds, all of which are considered to be major funds. Data from the other five enterprise funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic proprietary fund financial statements. Individual fund data

for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The enterprise funds are the same as the State's business-type activities reported in the government-wide financial statements, but the proprietary fund financial statements provide more detail and additional information, such as information on cash flows. The basic proprietary fund financial statements can be found on pages 38 through 45 of this report while the combining fund statements can be found on pages 213 through 221.

Fiduciary Funds — The State is the trustee, or fiduciary, for assets that — because of a trust arrangement — can only be used for the trust beneficiaries. The State is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the State's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The State excludes the State Highway Patrol Retirement System Pension Trust Fund, Variable College Savings Plan Private-Purpose Trust Fund, STAR Ohio Investment Trust Fund, and the agency funds from its government-wide financial statements because the State cannot use these assets to finance its operations. The basic fiduciary fund financial statements can be found on pages 46 through 49 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets. During fiscal year 2009, as shown in the table below, the combined net assets of the State's primary government decreased \$3.25 billion or 13.7 percent. Net assets reported for governmental activities decreased \$2.02 billion or 9.8 percent and business-type activities decreased \$1.23 billion, or 39.2 percent. Condensed financial information derived from the Statement of Net Assets for the primary government follows.

Primary Government Statement of Net Assets As of June 30, 2009 With Comparatives as of June 30, 2008 (dollars in thousands)						
	As of June 30, 2009			As of June 30, 2008 (as restated)		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:						
Current Assets and Other						
Noncurrent Assets	\$ 19,435,873	\$ 23,544,273	\$ 42,980,146	\$ 22,105,754	\$ 24,073,397	\$ 46,179,151
Capital assets	24,879,536	116,742	24,996,278	24,629,764	128,243	24,758,007
Total Assets	<u>\$ 44,315,409</u>	<u>\$ 23,661,015</u>	<u>\$ 67,976,424</u>	<u>\$ 46,735,518</u>	<u>\$ 24,201,640</u>	<u>\$ 70,937,158</u>
Liabilities						
Current and Other Liabilities...	\$ 8,707,862	\$ 67,592	\$ 8,775,454	\$ 8,971,924	\$ (188,199)	\$ 8,783,725
Noncurrent Liabilities.....	17,049,410	21,686,444	38,735,854	17,184,846	21,253,740	38,438,586
Total Liabilities.....	<u>\$ 25,757,272</u>	<u>\$ 21,754,036</u>	<u>\$ 47,511,308</u>	<u>\$ 26,156,770</u>	<u>\$ 21,065,541</u>	<u>\$ 47,222,311</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 22,325,346	\$ 37,059	\$ 22,362,405	\$ 21,983,900	\$ 32,068	\$ 22,015,968
Restricted.....	2,343,646	80,131	2,423,777	2,601,580	521,766	3,123,346
Unrestricted.....	(6,110,855)	1,789,789	(4,321,066)	(4,006,732)	2,582,265	(1,424,467)
Total Net Assets	<u>\$ 18,558,137</u>	<u>\$ 1,906,979</u>	<u>\$ 20,465,116</u>	<u>\$ 20,578,748</u>	<u>\$ 3,136,099</u>	<u>\$ 23,714,847</u>

As of June 30, 2009, the primary government's investment in capital assets (i.e., land, buildings, land improvements, machinery and equipment, vehicles, infrastructure, and construction-in-progress), less related outstanding debt, was \$22.36 billion. Restricted net assets were approximately \$2.42 billion, resulting in a \$4.32 billion deficit. Net assets are restricted when constraints on their use are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) legally imposed through constitutional or enabling legislation. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide Statement of Net Assets reflects a \$6.11 billion deficit for unrestricted governmental activities. The State of Ohio, like many other state governments, issues general and special obligation debt, the proceeds of which benefit local governments and component units. The proceeds are used to build facilities for public-assisted colleges and universities and local school districts and finance infrastructure improvements for local governments. The policy of selling general obligation and special obligation bonds for these purposes has been the practice for many years. Of the \$9.56 billion of outstanding general obligation and special obligation debt at June 30, 2009, \$6.88 billion is attributable to debt issued for state assistance to component units (School

Facilities Commission and the colleges and universities) and local governments. The balance sheets of component unit and local government recipients reflect ownership of the related constructed capital assets without the burden of recording the debt. Unspent proceeds related to these bond issuances are included on the Statement of Net Assets as restricted net assets. By issuing such debt, the State is left to reflect significant liabilities without the benefit of recording the capital assets constructed with the proceeds from the debt issuances.

Additionally, as of June 30, 2009, the State's governmental activities have significant unfunded liabilities for compensated absences in the amount of \$341.5 million (see NOTE 14A.) and a \$767 million interfund payable due to the workers' compensation component of business-type activities for the State's workers' compensation liability (see NOTE 7A.). These unfunded liabilities also contribute to the reported deficit for governmental activities.

Condensed financial information derived from the Statement of Activities, which reports how the net assets of the State's primary government changed during fiscal years 2009 and 2008, follows.

Primary Government
Statement of Activities
For the Fiscal Year Ended June 30, 2009
With Comparatives for the Fiscal Year Ended June 30, 2008
(dollars in thousands)

	Fiscal Year 2009			Fiscal Year 2008 (as restated)		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Revenue:						
Charges for Services, Fees, Fines and Forfeitures	\$ 3,648,227	\$ 6,750,214	\$ 10,398,441	\$ 3,539,963	\$ 6,418,651	\$ 9,958,614
Operating Grants, Contributions and Restricted Investment Income/ (loss)	18,225,832	1,028,756	19,254,588	15,123,481	877,482	16,000,963
Capital Grants, Contributions and Restricted Investment Income/ (loss)	1,198,200	-	1,198,200	1,070,309	-	1,070,309
Total Program Revenues	23,072,259	7,778,970	30,851,229	19,733,753	7,296,133	27,029,886
General Revenues:						
General Taxes	19,520,744	-	19,520,744	22,044,780	-	22,044,780
Taxes Restricted for Transportation	1,743,151	-	1,743,151	1,820,336	-	1,820,336
Tobacco Settlement	366,197	-	366,197	362,897	-	362,897
Escheat Property	117,172	-	117,172	185,016	-	185,016
Unrestricted Investment Income	(8,765)	-	(8,765)	250,293	-	250,293
Federal	-	-	-	2	-	2
Other	134	321	455	200	19	219
Total General Revenues	21,738,633	321	21,738,954	24,663,524	19	24,663,543
Total Revenue	44,810,892	7,779,291	52,590,183	44,397,277	7,296,152	51,693,429
Expenses:						
Primary, Secondary and Other education	11,888,145	-	11,888,145	11,304,014	-	11,304,014
Higher Education Support	2,967,485	-	2,967,485	2,729,423	-	2,729,423
Public Assistance and Medicaid	17,903,102	-	17,903,102	16,003,345	-	16,003,345
Health and Human Services	4,061,765	-	4,061,765	3,651,313	-	3,651,313
Justice and Public Protection	3,251,316	-	3,251,316	3,128,087	-	3,128,087
Environmental Protection and Natural Resources	413,398	-	413,398	393,704	-	393,704
Transportation	2,171,475	-	2,171,475	2,078,732	-	2,078,732
General Government	642,467	-	642,467	746,485	-	746,485
Community and Economic Development	4,265,827	-	4,265,827	4,017,838	-	4,017,838
Interest on Long term Debt (excludes interest charged as program expense)	165,908	-	165,908	173,934	-	173,934
Workers' Compensation	-	2,158,753	2,158,753	-	2,675,254	2,675,254
Lottery Commission	-	1,774,308	1,774,308	-	1,704,848	1,704,848
Unemployment Compensation	-	3,485,941	3,485,941	-	1,333,180	1,333,180
Ohio Building Authority	-	26,837	26,837	-	28,117	28,117
Tuition Trust Authority	-	94,888	94,888	-	121,673	121,673
Liquor Control	-	479,920	479,920	-	460,398	460,398
Underground Parking Garage	-	2,804	2,804	-	2,665	2,665
Office of Auditor of State	-	85,575	85,575	-	73,225	73,225
Total Expenses	47,730,888	8,109,026	55,839,914	44,226,875	6,399,360	50,626,235
Surplus/ (Deficiency) Before Transfers	(2,919,996)	(329,735)	(3,249,731)	170,402	896,792	1,067,194
Transfers - Internal Activities	899,385	(899,385)	-	885,842	(885,842)	-
Change In Net Assets	(2,020,611)	(1,229,120)	(3,249,731)	1,056,244	10,950	1,067,194
Net Assets, July 1	20,578,748	3,136,099	23,714,847	19,522,504	3,125,149	22,647,653
Net Assets, June 30	\$ 18,558,137	\$ 1,906,979	\$ 20,465,116	\$ 20,578,748	\$ 3,136,099	\$ 23,714,847

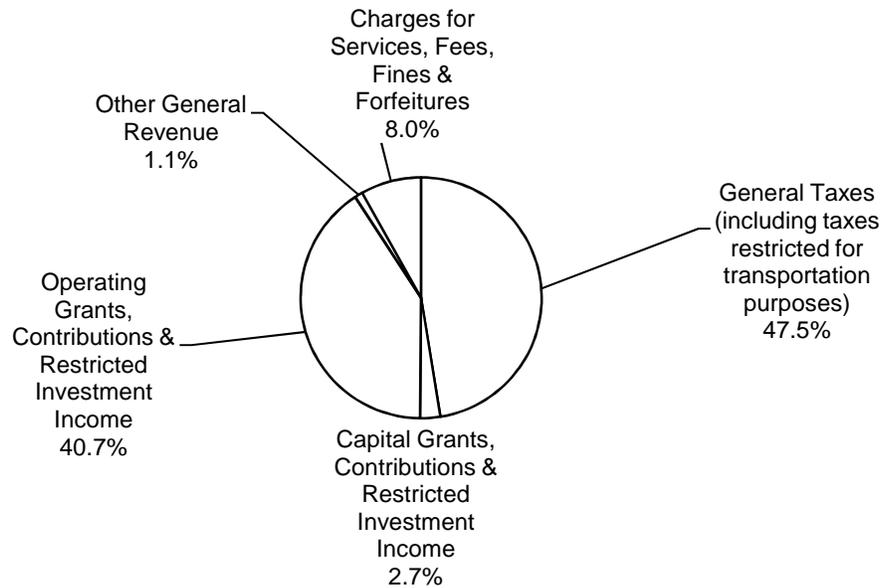
Governmental Activities

Expenses exceeded revenues during fiscal year 2009 for governmental activities. When combined with transfers from the State's business-type activities, net assets for governmental activities decreased from \$20.58 billion, at July 1, 2008, to \$18.56 billion, at June 30, 2009, or \$2.02 billion. Revenues for fiscal year 2009 in the amount of \$44.81 billion were .09 percent higher than those reported for fiscal year 2008. General taxes and operating grants, contributions and restricted investment income revenue fluctuated significantly. While general taxes represented 54 percent of total revenue in 2008, they accounted for 47.5 percent of total revenue in the current

year. This decrease is mainly attributable to the decrease of income taxes collected by the state during the current year due to the State's higher unemployment rate during fiscal year 2009. However, operating grants, contributions and restricted investment income revenue increased relative to total revenue from 34 percent in 2008 to 40.7 percent in 2009. This increase is mainly attributable to the increased federal assistance resulting from American Recovery and Reinvestment Act of 2009 (ARRA) for public assistance and Medicaid and health and human services. Net transfers for fiscal year 2009 also increased to \$899.4 million, or by 1.5 percent, when compared to fiscal year 2008. Expenses increased to the reported \$47.73 billion — a 7.9 percent increase over fiscal year 2008.

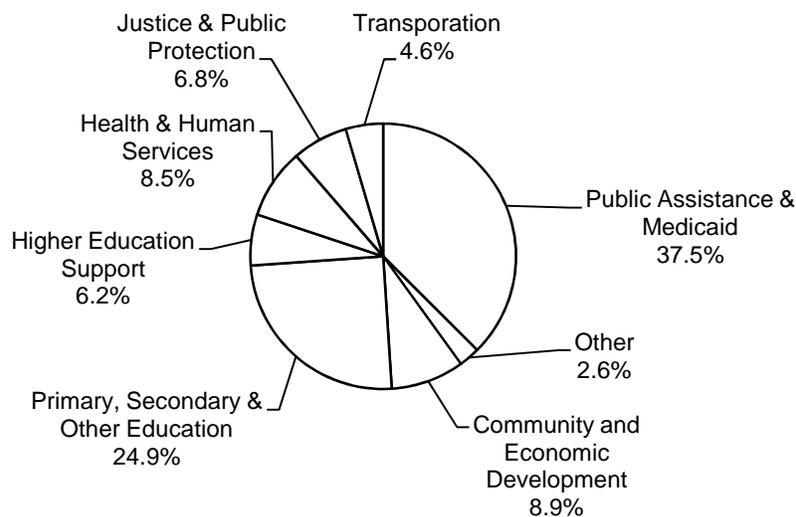
The following charts illustrate revenue by sources and expenses by program of governmental activities as percentages of total revenues and program expenses, respectively, as reported for the fiscal year ended June 30, 2009.

**Governmental Activities-Sources of Revenue
Fiscal Year 2009**



Total FY 09 Revenue for Governmental Activities = \$44.81 Billion

**Governmental Activities — Expenses by Program
Fiscal Year 2009**



FY 09 Program Expenses for Governmental Activities = \$47.73 Billion

The following tables present the total expenses and net cost of each of the State's governmental programs for the fiscal years ended June 30, 2009 and 2008. The net cost (total program expenses less revenues generated by the program) represents the financial burden that was placed on the State's taxpayers by each of these programs; costs not covered by program revenues are essentially funded with the State's general revenues, which are primarily comprised of taxes, tobacco settlement revenue, escheat property, and unrestricted investment income.

Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Year Ended June 30, 2009
With Comparatives for the Fiscal Year Ended June 30, 2008
(dollars in thousands)

Program	For the Fiscal Year Ended June 30, 2009			
	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses—All Programs
Primary, Secondary and Other Education.....	\$ 11,888,145	\$ 10,096,740	84.9%	21.3%
Higher Education Support.....	2,967,485	2,923,884	98.5%	6.1%
Public Assistance and Medicaid.....	17,903,102	3,951,123	22.1%	8.3%
Health and Human Services.....	4,061,765	1,234,191	30.4%	2.6%
Justice and Public Protection.....	3,251,316	2,052,321	63.1%	4.3%
Environmental Protection and Natural Resources.....	413,398	111,485	27.0%	0.2%
Transportation.....	2,171,475	848,310	39.1%	1.8%
General Government.....	642,467	(185,588)	-28.9%	-0.4%
Community and Economic Development.....	4,265,827	3,460,255	81.1%	7.2%
Interest on Long-Term Debt.....	165,908	165,908	100.0%	0.3%
Total Governmental Activities.....	<u>\$ 47,730,888</u>	<u>\$ 24,658,629</u>	51.7%	<u>51.7%</u>

Program	For the Fiscal Year Ended June 30, 2008 (as restated)			
	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses—All Programs
Primary, Secondary and Other Education.....	\$ 11,304,014	\$ 9,569,754	84.7%	21.6%
Higher Education Support.....	2,729,423	2,677,003	98.1%	6.1%
Public Assistance and Medicaid.....	16,003,345	4,630,440	28.9%	10.5%
Health and Human Services.....	3,651,313	1,311,422	35.9%	3.0%
Justice and Public Protection.....	3,128,087	2,007,013	64.2%	4.5%
Environmental Protection and Natural Resources.....	393,704	109,153	27.7%	0.2%
Transportation.....	2,078,732	864,294	41.6%	2.0%
General Government.....	746,485	(130,206)	-17.4%	-0.3%
Community and Economic Development.....	4,017,838	3,280,315	81.6%	7.4%
Interest on Long-Term Debt.....	173,934	173,934	100.0%	0.4%
Total Governmental Activities.....	<u>\$ 44,226,875</u>	<u>\$ 24,493,122</u>	55.4%	<u>55.4%</u>

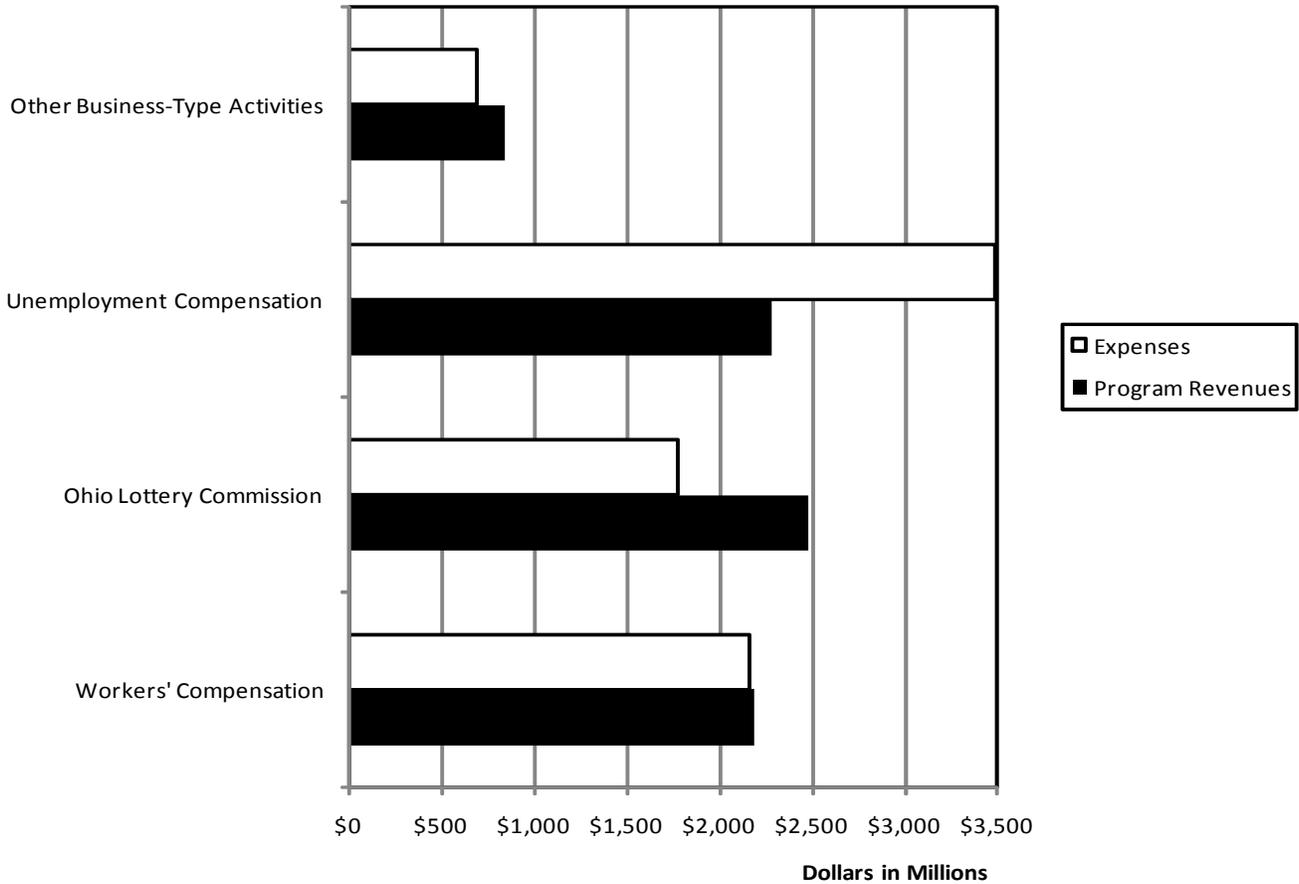
Business-Type Activities

The State's enterprise funds reported net assets of \$1.91 billion, as of June 30, 2009, as compared to \$3.14 billion in net assets, as of June 30, 2008, a decrease of 39.2 percent. The primary decrease in net assets for the business-type activities was the Unemployment Compensation Fund, which reported a net deficit of \$761.2 million, as of June 30, 2009, as compared to net assets of \$452.1 million, as of June 30, 2008, a \$1.21 billion decrease. The Tuition Trust Authority Fund reported a net deficit of \$52.8 million, as of June 30, 2009, as compared to a deficit of \$31.2 million, as of June 30, 2008, a \$21.6 million decrease. The Liquor Control Fund and the Office of the Auditor of State Fund also reported decreases in net assets. The Liquor Control Fund reported net as-

sets of \$26.1 million during fiscal year 2009 and \$30.3 million during fiscal year 2008, a decrease of 13.8 percent. The Office of the Auditor of State Fund reported net assets of \$12.3 million during fiscal year 2009 and \$16.2 million during fiscal year 2008, a decrease of 24.1 percent. The Workers' Compensation Fund and Lottery Commission Fund, however, both reported increases in net assets during fiscal year 2009. The net assets in the Workers' Compensation Fund increased \$12.1 million from \$2.5 billion, as of June 30, 2008, to \$2.51 billion, as of June 30, 2009. The net assets in the Lottery Commission Fund increased \$4.8 million from \$133.9 million, as of June 30, 2008, to \$138.7 million, as of June 30, 2009.

The chart below compares program expenses and program revenues for business-type activities.

**Business-Type Activities — Expenses and Program Revenues
Fiscal Year 2009**



Additional analysis of the Business-Type Activities revenues and expenses is included with the discussion of the Proprietary Funds beginning on page 14.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds reported the following results, as of and for the fiscal years ended June 30, 2009 and June 30, 2008 (dollars in thousands).

	As of and for the Fiscal Year Ended June 30, 2009			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unreserved/Undesignated Fund Balance.....	\$213,054	\$(1,852,180)	\$(585,363)	\$(2,224,489)
Total Fund Balance	773,816	6,563,436	2,548,703	9,885,955
Total Revenues	25,158,663	15,457,914	4,117,949	44,734,526
Total Expenditures	26,290,306	15,711,872	6,985,134	48,987,312

	As of and for the Fiscal Year Ended June 30, 2008			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unreserved/Undesignated Fund Balance.....	\$844,713	\$(1,557,432)	\$(86,554)	\$(799,273)
Designated Fund Balance	1,012,288	—	—	1,012,288
Total Fund Balance	2,601,372	6,677,810	2,915,903	12,195,085
Total Revenues	26,384,411	14,079,990	3,667,901	44,132,302
Total Expenditures	25,122,540	14,225,795	6,390,859	45,739,194

General Fund

The main operating fund of the State is the General Fund. During fiscal year 2009, General Fund revenue decreased by \$1.23 billion while expenditures increased by \$1.17 billion. Other sources and uses showed a large decline of \$222.8 million when compared with fiscal year 2008. As a result, the fund balance decreased by \$1.83 billion (exclusive of a \$150 thousand increase in inventories) or 70.2 percent.

General Fund Budgetary Highlights

The State ended the second year of its 2008-09 biennial budget on June 30, 2009, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$833.6 million. Total budgetary sources for the General Fund (including \$1.7 billion in transfers from other funds) in the amount of \$27.44 billion were below final estimates by \$1.2 billion or 4.2 percent during fiscal year 2009. Total tax receipts were below final estimates by \$950.9 million or 5.3 percent.

Total budgetary uses for the General Fund (including \$1.15 billion in transfers to other funds) in the amount of \$29.88 billion were below final estimates by \$1.94 billion or 6.1 percent for fiscal year 2009. The \$1.01 billion designated for budget stabilization purposes at June 30, 2008, was utilized in balancing the final fiscal year 2009 budget.

The appropriations act (Act) for the 2008-09 biennium for the General Revenue Fund (GRF), the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund, was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2007. The Act provided for total GRF biennial revenue of approximately \$53.5 billion (a 3.9 percent increase over the 2006-07 biennial revenue) and total GRF biennial appropriations of approximately \$52.4 billion (a 2.1 percent increase over the 2006-07 biennial expenditures). Ohio's economy, being negatively affected by the national economic downturn, gave rise to consideration by the Governor and General Assembly to original revenue and expenditure projections in the 2008-09 Act. Consideration to GRF revenue shortfalls and increased costs associated with rising Medicaid caseloads resulted in several executive and legislative actions taken in fiscal year 2008 that affected the Act. The continued sluggish economy throughout fiscal year 2009, resulting in unprecedented revenue shortfalls, prompted additional executive and legislative action to balance the fiscal year 2009 budget.

September 2008. An additional \$540 million reduction in GRF revenue projections prompted the following actions:

- Use of additional planned fiscal year-end lapses and GRF carry forward totaling \$126.4 million.
- Use of balances in various non-GRF "rotary funds" totaling \$112 million.

- Transfer to the GRF an additional \$40 million of interest earnings on the proceeds of the tobacco securitization.
- A transfer from the Budget Stabilization Fund (BSF) to the GRF of \$63.3 million to pay for previously authorized Medicaid cost expenditures (transfer from the BSF was authorized in action taken in June 2008).
- The \$198.3 million balance was offset by a 4.75 percent reduction in most agency appropriations, excluding appropriations for debt service or tax relief, Medicaid and disability financial assistance, Department of Education aid to local school districts, the Department of Rehabilitation and Corrections and Youth Services and selected others.

December 2008. A further \$640.4 million reduction in GRF revenue projections for fiscal year 2009 resulted in the following actions to offset much of the shortfall:

- Reducing total GRF Medicaid spending by \$311.1 million by using cash from non-GRF Medicaid accounts and the corresponding federal share previously planned for use in fiscal year 2010.
- Reducing total Medicaid program spending by \$21.3 million by enhanced focus on use of other third party liability sources and other program savings exceeding original estimates.
- Reducing other GRF expenditures by \$180.5 million through a further 5.75 percent reduction in most agency appropriations, with the same exceptions indicated in the September action.
- The remaining \$131.9 million of the shortfall was offset by additional Federal Medical Assistance Payments (FMAP) to be received under the American Recovery and Reinvestment Act of 2009 (ARRA), which increased the federal Medicaid match to the GRF by that amount, after taking into account the loss of federal match from the two Medicaid related actions outlined above.

June 2009. Based on the Administration's continued monitoring of revenues, and as an anticipated step in the ongoing 2010-11 biennial budget and appropriations process, revised fiscal year 2009 revenues were estimated downward by an additional \$912 million over the December 2008 adjusted baseline, based primarily on updated income and sales tax receipts through May 31. The following actions were taken:

- The Governor received General Assembly approval for and used the entire remaining BSF balance of \$949 million for fiscal year 2009.
- Expenditure reductions of \$98 million in addition to expenditure controls previously ordered by the Governor.
- Restructuring of \$52.8 million of fiscal year 2009 general revenue fund debt service into fiscal years 2012 through 2021.

The State ended fiscal year 2009 with a GRF cash balance of \$734.5 million, a GRF budgetary fund balance of \$389.1 million, and a \$-0- balance in the BSF with no designation of any GRF cash for transfer to the budget stabilization fund for fiscal year 2010. Of the ending GRF fund balance, \$133.4 million represents the one-half of one percent of fiscal year 2009 GRF revenues that the State is required to maintain as an ending fund balance.

Other Major Governmental Funds

The *Job, Family and Other Human Services Fund*, had a fund balance of \$283.8 million at June 30, 2009, an increase of \$143.8 million, or 102.7 percent, compared to fiscal year 2008. This increase in fund balance is due to revenues exceeding expenditures by \$147.6 million, with net transfers out totaling \$3.8 million.

Public assistance and Medicaid expenditures increased \$1.05 billion, or 19.3 percent, compared to the previous fiscal year. This increase in expenditures was offset by a \$1.37 billion, or 25.8 percent, increase in federal government revenue compared to the previous fiscal year. The increase in expenditures was due to the costs for the Medicaid, TANF, Food Stamps, Unemployment Insurance, and the federally funded day-care programs all increasing due to increased enrollments largely attributable to increased unemployment and increased costs of providing medical care due to inflation.

The *Education Fund*, as of June 30, 2009, had a fund balance of \$92 million, a decrease of \$23.1 million since June 30, 2008. Expenditures increased by \$143.8 million, or 6.1 percent, compared to fiscal year 2008. This increase is mostly due to an increase in primary, secondary, and other education expenditures. Revenues in the Education Fund increased by \$57.2 million, or 3.2 percent, in fiscal year 2009. The bulk of this is from increased receipts from the Federal Government. Fiscal year 2009 net transfers in for the fund in the amount of \$724.3 million increased by 50.1 million, or 7.4 percent, compared to fiscal year 2008. This is due to debt service that was previously paid via transfers from the Education fund. These special obligation bonds were retired in fiscal year 2008, therefore, no longer requiring transfers out from this fund.

The fund balance for the *Highway Operating Fund*, as of June 30, 2009, totaled approximately \$1.04 billion, an increase of \$41.3 million (including a \$15.2 million increase in inventories) or 4.1 percent since June 30, 2008. This was due to an increase in revenue of \$83.9 million, or 4.4 percent, and a decrease in net transfers of \$175.6 million, or 66.5 percent, when compared to fiscal year 2008. The increase in revenue consists mostly of receipts from the Federal Government under grant agreements for reimbursement of road construction projects previously paid for by the State. The decrease in net transfers is attributable to an increase in transfers out of \$151.1 million compared to fiscal year 2008 and is due to new debt obligations that will be paid from the Highway Operating Fund.

For the *Revenue Distribution Fund*, the fund balance decreased by \$188.8 million since June 30, 2008 for a fund deficit of \$234.2 million at June 30, 2009. Fiscal year 2009 net transfers out of \$671 million were greater than the \$482.1 million excess of revenues over expenditures, thus causing the decrease in fund balance.

Expenditures in the Primary, Secondary and Other Education function increased by \$203.3 million, or 25.7 percent, compared to fiscal year 2008. This increase was almost entirely attributable to the fund's increased collections of the commercial activities tax. The taxes are subsequently distributed to local school districts to serve as a replacement for revenues lost by the local school districts due to the expiration of the tangible property tax, which previously provided funding to local school districts.

Corporate and public utility tax revenues increased by \$153.8 million, or 10.4 percent, compared to fiscal year 2008. The fund's increased share of collections of the commercial activities tax, which continued to be phased in during fiscal year 2009, accounted for the majority of the increase.

Income taxes and sales taxes both saw decreases of \$111.4 million, or 13.9 percent, and \$104.4 million, or 36.6 percent, respectively. Both of these decreases can be attributed to the current economy within the State, as discussed further in the economic outlook section.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2009, totaled approximately \$5.38 billion dollars, a decrease of \$87.5 million or 1.6 percent since June 30, 2008. This fund was established during fiscal year 2008 due to the issuance of \$5.53 billion in revenue bonds used to fund long-lived capital projects at State-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. Its revenue includes tobacco settlement revenue and investment income of \$374.7 million and \$348 million during fiscal years 2009 and 2008, respectively. Expenditures, totaling \$446.9 million and \$323.3 million during fiscal years 2009 and 2008 respectively, include payments for principal and interest on the revenue bonds. Differences between the years are due to changing debt service requirements for these bonds.

Proprietary Funds

Major Proprietary Funds

The State's proprietary fund financial statements report the same type of information found in the business-type activities portion of the government-wide financial statements, but in a slightly different format.

For the *Workers' Compensation Fund*, the \$12.1 million increase in net assets was primarily due to premium and assessment income of \$2.36 billion, an increase of \$222.5 million and benefit and claim expenses of \$2.07 billion, a decrease of \$513.9 million. However, the excess of premium and assessment income over benefit and claim expenses were offset by a decrease in investment income of \$914.6 million to a loss of \$194.7 million.

The decrease in Workers' Compensation benefits and claims expenses is due to the favorable improvements in medical payments, lump sum settlements, and loss development during the year. The decrease is also due to lower than expected levels of medical inflation, leading to favorable reserve development. Medical reserves for claims occurring on or before June 30, 2008, declined by \$732 million in fiscal year 2009. By comparison, in fiscal year 2008, medical reserves for claims occurring on or before June 30, 2007, declined by \$701 million.

The decline in investment income was primarily the result of a \$928 million decline in the fair value of the investment portfolio for fiscal year 2009. The \$928 million decrease was offset by a cash distribution totaling \$13.1 million from the coin fund liquidation firm contracted by the State to oversee the liquidation of the remaining coin fund related assets.

For fiscal year 2009, the *Lottery Commission Fund* reported \$707.4 million in net income before transfers of \$702.3 million and \$335 thousand to the Education and General funds, respectively, posting a \$4.7 million, or 3.5 percent, increase in the fund's net assets. Ticket sales increased approximately four percent, increasing sales from \$2.33 billion in fiscal year 2008 to \$2.42 billion in fiscal year 2009. The introduction of two new online

games, KENO and EZPLAY, contributed to the increase. Prizes expenses were \$1.46 billion as of June 30, 2009, compared to \$1.4 billion, as of June 30, 2008, an increase of approximately \$62 million or four percent. This increase was in proportion to ticket sales. Investment income decreased \$32.2 million or 36.6 percent during fiscal year 2009 due to declining rates of return and investment portfolio values. Interest expense in the form of borrower rebates associated with securities lending transactions decreased by \$12.7 million, or 83.7 percent, compared to fiscal year 2008.

The \$1.21 billion decrease in net assets in the *Unemployment Compensation Fund* is due to the declining economic condition in Ohio. This economic decline caused an increase in the unemployment rate which meant more individuals were receiving benefits for longer periods of time. The unemployment rate in Ohio rose to 10.3 percent for calendar year 2009 compared to 6.5 percent in calendar year 2008. As a result, benefits and claims expenses were \$3.48 billion, an increase of approximately \$2.15 billion, or 161.5 percent, from the previous year. In order to maintain current benefit levels, federal loans were required. This resulted in a non-current intergovernmental payable of \$862.5 million at June 30, 2009. Increased benefits funding were also reflected in the federal government and a federal grant revenue lines that increased \$670.7 million and \$429.2 million, respectively. The State anticipates Federal assistance to continue into future fiscal years. Decreases in investment income and premium and assessment income of \$12.5 million and \$16.8 million, respectively, also contributed to the overall decrease in net assets during the year.

Nonmajor Proprietary Funds

For fiscal year 2009, the *Tuition Trust Authority Fund* posted a \$52.8 million deficit at June 30, 2009, due to a net loss of \$21.6 million compared to a net loss of \$62.2 million at June 30, 2008. The net loss was caused by an investment loss of \$87.4 million, a decrease of \$63.7 million or 269.6 percent from the previous year. This change is due to the decrease in fair value of investments and declining rates of return. Actuarial tuition benefits expense (which is reflected as "Other" operating revenues in the financial statements) was \$151.3 million, a \$80.1 million, or 112.5 percent, increase. This was the result of the change in tuition benefits payable from fiscal year 2008 to fiscal year 2009 due to an improvement in the actual and forecasted tuition inflation. Benefits and claims expenses decreased \$26.4 million, from \$110.9 million for fiscal year 2008 to \$84.5 million for fiscal year 2009. The drop in expenses is attributed to lower allocations to variable investment options within the Guaranteed Savings Plan for fiscal year 2009.

The *Liquor Control Fund* reported a decrease in net assets of \$4.2 million, or 13.8 percent, after transferring \$163 million to the General Fund and \$50.5 million to other governmental funds. This transfer remained consistent with the fiscal year 2008 transfer, decreasing \$2.2 million or one percent.

The *Office of the Auditor of State Fund* recognized a decrease of net assets from \$16.2 million at June 30, 2008 to \$12.3 million at June 30, 2009, a decrease of 24.1 percent. Charges for Sales and Services increased \$2.9 million due to an average billing rate increase for audits of State agencies and local governments and new audit contracts that were entered during fiscal year 2009. State Appropriations also increased \$1.7 million. The increases in revenues were offset by increases in expenses. Costs of Sales and Services and Administration increased \$11.6 million and \$1.4 million, respectively. These increases were due a study conducted to identify opportunities for improvement and the replacement of computer equipment used by clients of the Uniform Accounting Network program. The equipment purchases were less than the capitalization threshold of the Auditor of State so they were expensed rather than capitalized.

In fiscal year 2009, transfers from proprietary funds to governmental funds totaled \$943.1 million, up \$10.1 million or 1.1 percent when compared to the \$933.1 million in transfers out reported in fiscal year 2008.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2009 and June 30, 2008, the State had invested \$25 billion and \$24.76 billion, respectively, net of accumulated depreciation of \$2.82 billion and \$2.66 billion, respectively, in a broad range of capital assets, as detailed in the table below.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2009
With Comparatives as of June 30, 2008
(dollars in thousands)

	As of June 30, 2009			As of June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land.....	\$1,927,909	\$11,994	\$1,939,903	\$1,885,135	\$11,994	\$1,897,129
Buildings.....	1,898,089	85,940	1,984,029	1,935,616	93,115	2,028,731
Land Improvements.....	210,117	12	210,129	199,236	13	199,249
Machinery and Equipment.....	180,448	16,389	196,837	199,401	20,475	219,876
Vehicles.....	125,520	2,407	127,927	138,895	2,646	141,541
Infrastructure:						
Highway Network:						
General Subsystem.....	8,445,695	—	8,445,695	8,387,073	—	8,387,073
Priority Subsystem.....	7,542,770	—	7,542,770	7,469,454	—	7,469,454
Bridge Network.....	2,559,462	—	2,559,462	2,541,870	—	2,541,870
Parks, Recreation, and Natural Resources System.....	56,384	—	56,384	47,393	—	47,393
	22,946,394	116,742	23,063,136	22,804,073	128,243	22,932,316
Construction-in-Progress.....	1,933,142	—	1,933,142	1,825,691	—	1,825,691
Total Capital Assets, Net.....	\$24,879,536	\$116,742	\$24,996,278	\$24,629,764	\$128,243	\$24,758,007

During fiscal year 2009, the State recognized \$303.9 million in annual depreciation expense relative to its general governmental capital assets as compared with \$403.3 million in annual depreciation expense recognized in fiscal year 2008. The State also recognized \$16.5 million in annual depreciation expense relative to its business-type capital assets as compared with \$15.7 million in annual depreciation expense recognized in fiscal year 2008.

Additionally, the State completed construction on a variety of projects at various state facilities during fiscal year 2009 totaling approximately \$315.6 million, as compared with \$387 million in the previous fiscal year. The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was one percent (approximately a one percent increase for governmental activities and a nine percent decrease for business-type activities). As is further detailed in NOTE 19D. of the notes to the financial statements, the State had \$45.3 million in major construction commitments (unrelated to infrastructure), as of June 30, 2009, as compared with the \$107.6 million balance reported for June 30, 2008.

Modified Approach

For reporting its highway and bridge infrastructure assets, the State has adopted the use of the modified approach. The modified approach allows a government *not to report depreciation expense* for eligible infrastructure assets if the government manages the eligible infrastructure assets using an asset management system that possesses certain characteristics and the government can document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level it sets (and discloses). Under the modified approach, the State is required to expense all spending (i.e., preservation and maintenance costs) on infrastructure assets except for additions and improvements. Infrastructure assets accounted for using the modified approach include approximately 42,817 in lane miles of highway (12,826 in lane miles for the priority highway subsystem and 29,991 in lane miles for the general highway subsystem) and approximately 104.9 million square feet of deck area that comprises 14,112 bridges for which the State has the responsibility for ongoing maintenance.

Ohio accounts for its pavement network in two subsystems: *Priority*, which comprises interstate highways, free-ways, and multi-lane portions of the National Highway System, and *General*, which comprises two-lane routes outside of cities. It is the State's goal to allow no more than 25 percent of the total lane-miles reported for each of the priority and general subsystems, respectively, to be classified with a "poor" condition rating. The most recent condition assessment, completed by the Ohio Department of Transportation for calendar year 2008, indicates that only 2.3 percent and 4.7 percent of the priority and general subsystems, respectively, were assigned a "poor"

condition rating. For calendar year 2007, only 3.1 percent and 5.2 percent of the priority and general subsystems, respectively, were assigned a “poor” condition rating.

For the bridge network, it is the State’s intention to allow no more than 15 percent of the total number of square feet of deck area to be in “fair” or “poor” condition. The most recent condition assessment, completed by the Ohio Department of Transportation for calendar year 2008, indicates that only 3.1 percent and .6 percent of the number of square feet of bridge deck area were considered to be in “fair” and “poor” conditions, respectively. For calendar year 2007, only 3.4 percent and .05 percent of the number of square feet of bridge deck area were considered to be in “fair” and “poor” conditions, respectively.

For fiscal year 2009, total actual maintenance and preservation costs for the priority and general subsystems were \$407.6 million and \$347.2 million, respectively, compared to estimated costs of \$352.6 million for the priority system and \$214.1 million for the general system, while total actual maintenance and preservation costs for the bridge network was \$360.5 million compared to estimated costs of \$308.7 million. For the previous fiscal year, total actual maintenance and preservation costs for the priority and general subsystems were \$405.3 million and \$237.1 million respectively, compared to estimated costs of \$357.4 million for the priority system and \$178.3 million for the general system, while total actual maintenance and preservation costs for the bridge network was \$313.8 million compared to estimated costs of \$288.3 million. The State’s costs for actual maintenance and preservation costs for infrastructure have exceeded estimates over the past two years due to steadily increasing underlying costs for the materials and labor associated with infrastructure projects.

More detailed information on the State’s capital assets can be found in NOTE 8 to the financial statements and in the Required Supplementary Information section of the report.

Debt — Bonds and Notes Payable and Certificates of Participation Obligations

As of June 30, 2009 and June 30, 2008, the State had total debt of approximately \$16.51 billion and \$16.59 billion, respectively, as shown in the table below.

Bonds and Notes Payable and Certificates of Participation
As of June 30, 2009
With Comparatives as of June 30, 2008
(dollars in thousands)

	As of June 30, 2009			As of June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds and Notes Payable:						
General Obligation Bonds	\$ 7,138,051	\$ —	\$ 7,138,051	\$ 7,310,376	\$ —	\$ 7,310,376
Revenue Bonds and Notes.....	6,646,593	80,657	6,727,250	6,413,182	97,286	6,510,468
Special Obligation Bonds	2,427,556	—	2,427,556	2,585,319	—	2,585,319
Certificates of Participation.....	216,537	—	216,537	187,336	—	187,336
Total Debt	16,428,737	\$ 80,657	\$16,509,394	16,496,213	\$ 97,286	\$16,593,499

The State’s general obligation bonds are backed by its full faith and credit. Revenue bonds issued by the State are secured with revenues pledged for the retirement of debt principal and the payment of interest. Special obligation bonds issued by the State and the Ohio Building Authority (OBA), a blended component unit of the State, are supported with lease payments from tenants of facilities constructed with the proceeds from the bond issuances. Under certificate of participation (COPs) financing arrangements, the State is required to make rental payments (subject to appropriations) that approximate interest and principal payments made by trustees to certificate holders.

During fiscal year 2009, the State issued, at par, \$801.8 million in general obligation bonds, \$425 million in revenue bonds, \$241.4 million in special obligation bonds, and \$39.1 million in certificates of participation. Of the general obligation bonds and special obligation bonds issued, at par, \$461.8 million and \$44.7 million, respectively, were refunding bonds. The total decrease in the State’s debt obligations for the current fiscal year, as based on carrying amount, was .51 percent (a .41 percent decrease for governmental activities and a 17.1 percent decrease for business-type activities).

Credit Ratings

Ohio’s credit ratings for general obligation debt are Aa2 by Moody’s Investors Service, Inc. (Moody’s) and AA by Fitch Inc. (Fitch). Standard & Poor’s Ratings Services (S&P) rates the State’s general obligation debt as AA+, other than Highway Capital Improvement Obligations, which are rated AAA.

For special obligation bonds, which the Ohio Building Authority and the Treasurer of State issue and General Revenue Fund appropriations secure, Moody’s rating is Aa3, Fitch’s rating is AA- and S&P’s rating is AA.

The State’s revenue bonds are rated as follows:

Revenue Bonds	Fitch	Moody’s	S&P	Source of State Payment
Governmental Activities:				
Treasurer of State:				
Economic Development	A+	Aa3	AA	Net Liquor Profits
State Infrastructure Bank.....	AA-	Aa2	AA	Federal Transportation Grants and Loan Receipts
Revitalization Projects.....	A+	A1	AA-	Net Liquor Profits
Buckeye Tobacco Settlement Financing Authority.....	BBB+	Baa3	BBB	Pledged Receipts from the Tobacco Master Settlement Agreement
Business-Type Activities:				
Bureau of Workers’ Compensation.....	AA-	A1	AA	Workers’ Compensation Enterprise Fund

On June 10, 2009, Fitch downgraded the State’s general obligation credit rating to AA from AA+, downgraded the State’s special obligation credit rating to AA- from AA, and downgraded the Bureau of Workers’ Compensation revenue bonds to AA- from AA. Fitch also revised its credit outlook associated with the ratings to stable from negative.

On June 15, 2009, Moody’s downgraded the State’s general obligation credit rating to Aa2 from Aa1, downgraded the State’s special obligation credit rating to Aa3 from Aa2, and downgraded the Bureau of Workers’ Compensation revenue bonds to A1 from Aa3. Moody’s also revised its credit outlook associated with the ratings to stable from negative.

S&P upgraded the ratings on the Economic Development revenue debt from AA- to AA, and also upgraded the ratings on the Revitalization Projects revenue debt from A+ to AA. On September 23, 2009, S&P revised its “credit outlook” on the State from “stable” to “negative.” The change in credit outlook is not a precursor to a rating change, but is an indication over the intermediate to longer term of a potential change.

In April 2010, both Moody’s and Fitch recalibrated their rating scales. The recalibrations are intended to enhance comparability of ratings across types of issuers. Any change in rating based on the recalibrations should not be interpreted as an improvement in credit quality or a change in the credit opinion.

Limitations on Debt

Section 17 of Article VIII of the Ohio Constitution, approved by Ohio voters in November 1999, establishes an annual debt service “cap” applicable to future issuances of direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, new obligations may not be issued if debt service for any future fiscal year on those new and the then outstanding bonds of those categories would exceed five percent of the total of estimated GRF revenues plus net state lottery proceeds for the fiscal year of issuance.

Those direct obligations of the State include general obligation and special obligation bonds that are paid from the State’s GRF, but exclude general obligation debt for both Third Frontier research and development and the development of sites for industry, commerce, distribution, and research and development and general obligation bonds payable from non-GRF funds (such as highway bonds that are paid from highway user receipts). Pursuant to the implementing legislation, the Governor has designated the Director of the Ohio Office of Budget and Management as the state official responsible for making the five-percent determinations and certifications. Application of the five-percent cap may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly, and that cap does not apply to bonds issued to retire bond anticipation notes for which the requirements were met as to the bonds anticipated at the time of note issuance, or to debt issued to defend the State in time of war.

More detailed information on the State’s long-term debt, including changes during the year, can be found in NOTES 10 through 13 and NOTE 15 of the financial statements.

Conditions Expected to Affect Future Operations

Economic Factors

Evidence continues to build that the national economy is slowly emerging from the recession. Real Gross Domestic Product (GDP) increased 5.6 percent in the fourth quarter of calendar year 2009 after increasing 2.2 percent in the third calendar quarter. In spite of these two consecutive quarterly gains, real GDP fell 2.4 percent in calendar year 2009 — the largest calendar year decline since 1948. A decrease in the rate of inventory liquidation propped up real GDP in the fourth quarter, accounting for nearly 60 percent of the increase. Final sales of domestic product, which exclude changes in business inventories, increased a modest 1.7 percent after rising 1.5 percent in the third quarter of calendar year 2009. This weakness in final sales growth provides some support for the widely held belief that subdued consumer spending will restrain economic growth in the current recovery to below average levels.

Nonfarm payroll employment in January 2010 reflected customary annual benchmark revisions that shed additional light on the impact of the recession. Employment in December 2009 was 1.36 million jobs lower than previously estimated. Based on January 2010 employment numbers, the national economy has shed 8.4 million jobs since the recession officially began in December 2007. This loss of jobs is the largest in both absolute number and in percentage terms in any postwar recession.

Ohio and its neighboring states have not escaped the pain of the impact of the national recession on employment. For both Ohio and the Midwest region as a whole, employment was down 3.5 percent during calendar year 2009, compared to a nearly equal decline in employment of 3.6 percent for states outside of the region.

The U.S. unemployment rate was 9.7 percent in January 2010 — down from 10 percent in November and December 2009 and down .4 percent from the peak for the cycle of 10.1 percent in October 2009. The unemployment rate in Ohio increased to 11 percent in March 2010.

U.S. personal income increased .4 percent in December 2009, lifting the year-over-year change above zero for the first time since December 2008. Compared to a year earlier, personal income was up .5 percent. Ohio personal income increased 1.9 percent for the third calendar quarter of 2009 after a 2.4 percent increase in the second calendar quarter. These back-to-back gains follow three consecutive decreases at a compound annual rate of 2.3 percent.

General Revenue Fund

The Ohio Constitution prohibits the State from borrowing money to fund operating expenditures in the GRF. Therefore, by law, the GRF's budget must be balanced so that appropriations do not exceed available cash receipts and cash balances for the current fiscal year.

Consistent with State law, the Governor's Executive Budget for the 2010-11 biennium was released in February 2009 and introduced in the General Assembly. After extended hearings and review, and after passage by the General Assembly and signing by the Governor of three seven-day interim budgets, the 2010-11 biennial appropriations Act was passed by the General Assembly and signed (with selective vetoes) by the Governor on July 17, 2009. All necessary debt service and lease-rental payments related to State obligations for the entire 2010-11 biennium were fully appropriated for the three week interim period and under the final Act. Reflecting the final implementation of the restructuring of State taxes commenced in the 2006-07 biennium and a conservative underlying economic forecast, the Act makes total GRF biennial appropriations of approximately \$50.5 billion (a 3.8 percent decrease from the 2008-09 biennial expenditures) based on GRF biennial estimated revenues of approximately \$51.1 billion (a 4.2 percent decrease from the 2008-09 biennial revenues). Appropriations for major program categories compared to 2008-09 actual spending reflect an increase of 3.4 percent for Medicaid (the Act also includes a number of Medicaid reform and cost containment initiatives), an increase of .7 percent for corrections and youth services, a decrease of 13.8 percent for mental health and development disabilities, a decrease of 8.3 percent for higher education, and a decrease of 5.15 percent for elementary and secondary education. The Act also includes the restructuring of \$736 million of fiscal years 2010 and 2011 general revenue fund debt service into fiscal years 2012 through 2025. Both the Executive Budget and the GRF appropriations complied with the law, signed into law June 5, 2006, limiting GRF appropriations commencing with the 2008-09 biennium.

Major new or recurring sources of revenues reflected in the 2010-11 appropriations Act include the following:

- "Federal Stimulus" funding received under the American Recovery and Reinvestment Act of 2009 (ARRA) of \$2.4 billion, including \$1.46 billion for elementary and secondary education, \$628 million for Federal Medical Assistance Payments (FMAP), and \$326 million for other purposes.

- Gaming and license revenues of \$933 million from the Ohio Lottery Commission's implementation of video lottery terminals (VLTs) at seven horse racing tracks in the State.
- A transfer of \$259 million from the Ohio Tobacco Use Prevention and Control Foundation Endowment Fund (TUPAC) to be deposited into a special State fund (non-GRF) to be used for various health care initiatives.
- "One-time" revenues or savings of \$1.04 billion, including \$364 million from the spend-down of carry-forward balances, \$250 million transferred from an Ohio School Facilities Commission funds cash account, \$272 million of savings for two week unpaid "furlough" during each biennium for the State's employees, \$84.3 million from a reduction in State funding to public libraries, and \$65 million from the transfer of interest on the proceeds of the State's 2007 tobacco securitization to the GRF.
- Transfers of \$530 million to the GRF from unclaimed funds and other non-GRF funds.

In response to the Ohio Supreme Court's decision that the VLTs are subject to voter referendum, the Governor proposed for General Assembly consideration the postponement for two years of the final installment of the personal income tax reduction that was currently scheduled to take effect for the tax year 2009 (for returns filed in 2010). After extended hearings and review, the General Assembly approved, and the Governor signed into law on December 22, 2009, legislation keeping personal income tax rates at 2008 levels through tax year 2010. The Ohio Department of Taxation estimates that this postponement will result in \$844 million of additional State GRF revenues in the 2010-11 biennium.

Under referendum provisions of the Ohio Constitution, if referendum petitions are submitted containing at least 241,366 valid signatures (six percent of the electors of the State) with at least half of those signatures from 44 of the State's 88 counties, those statutory provisions for VLTs will not take effect "unless and until approved by a majority of those [electors] voting upon the same" at an election held on November 2, 2010. After review of the signatures on the timely submitted petitions and supplemental petitions, the Ohio Secretary of State, on March 26, 2010, notified the committee for the petitioners those petitions contained a sufficient number of valid signatures and the referendum will be placed on the November 2, 2010, ballot.

The Court of Appeals has ruled in favor of the State regarding litigation filed to halt the transfers from the TUPAC Endowment Fund. The plaintiffs appealed the Court of Appeals decision to the Ohio Supreme Court which was accepted on March 10, 2010.

Unemployment Compensation Fund

Due to the declining revenues and rising unemployment claims resulting from the challenging economic climate, the State sought federal assistance in meeting the unemployment benefit costs in fiscal year 2009. In accordance with Title XII of the Social Security Act, the State drew repayable advances in the Unemployment Trust Fund of \$862.5 million from the Federal Unemployment Account to cover the insufficient State funds for benefit claims. By the end of fiscal year 2010, the accumulated total repayable advance balance is expected to be approximately \$3 billion. Under current federal regulations, the State will begin accruing interest on any repayable advances balances beginning on January 1, 2011.

Contacting the Ohio Office of Budget and Management

This financial report is designed to provide the State's citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Ohio Office of Budget and Management, Financial Reporting Section, 30 East Broad Street, 34th Floor, Columbus, Ohio 43215-3457 or by e-mail at obm@obm.state.oh.us.

BASIC FINANCIAL STATEMENTS

STATE OF OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2009
(dollars in thousands)

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash Equity with Treasurer.....	\$ 5,815,272	\$ 109,029	\$ 5,924,301	\$ 1,205,322
Cash and Cash Equivalents.....	122,257	522,474	644,731	1,403,559
Investments.....	1,087,926	16,647,053	17,734,979	5,413,031
Collateral on Lent Securities.....	2,764,289	40,792	2,805,081	1,418,710
Deposit with Federal Government.....	—	87,656	87,656	—
Taxes Receivable.....	1,355,191	—	1,355,191	—
Intergovernmental Receivable.....	1,740,297	9,963	1,750,260	61,509
Premiums and Assessments Receivable.....	—	3,722,487	3,722,487	—
Investment Trade Receivable.....	—	346,239	346,239	—
Loans Receivable, Net.....	1,106,243	—	1,106,243	297,019
Receivable from Primary Government.....	—	—	—	40,703
Receivable from Component Units.....	3,948,282	—	3,948,282	—
Other Receivables.....	552,444	446,505	998,949	1,090,908
Inventories.....	96,075	39,871	135,946	58,993
Other Assets.....	112,626	22,677	135,303	574,819
Restricted Assets:				
Cash Equity with Treasurer.....	—	70	70	1,396,733
Cash and Cash Equivalents.....	138,791	978	139,769	613,681
Investments.....	389,357	1,288,227	1,677,584	1,104,907
Collateral on Lent Securities.....	—	256,550	256,550	—
Intergovernmental Receivable.....	—	—	—	281
Loans Receivable, Net.....	—	—	—	4,059,997
Other Receivables.....	206,823	3,702	210,525	—
Capital Assets Being Depreciated, Net.....	2,409,448	104,748	2,514,196	8,273,811
Capital Assets Not Being Depreciated.....	22,470,088	11,994	22,482,082	1,251,050
TOTAL ASSETS.....	44,315,409	23,661,015	67,976,424	28,265,033
LIABILITIES:				
Accounts Payable.....	627,565	35,851	663,416	473,997
Accrued Liabilities.....	434,942	6,371	441,313	657,028
Medicaid Claims Payable.....	1,145,877	—	1,145,877	—
Obligations Under Securities Lending.....	2,764,289	297,342	3,061,631	1,418,710
Investment Trade Payable.....	—	401,074	401,074	—
Intergovernmental Payable.....	1,900,085	951	1,901,036	23,449
Internal Balances.....	776,459	(776,459)	—	—
Payable to Primary Government.....	—	—	—	3,948,282
Payable to Component Units.....	40,703	—	40,703	—
Unearned Revenue.....	279,903	165	280,068	431,890
Benefits Payable.....	—	14,167	14,167	—
Refund and Other Liabilities.....	738,039	88,130	826,169	82,622
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year.....	857,523	15,930	873,453	1,139,808
Due in More Than One Year.....	15,354,677	64,727	15,419,404	5,610,174
Certificates of Participation:				
Due in One Year.....	14,785	—	14,785	425
Due in More Than One Year.....	201,752	—	201,752	4,245
Other Noncurrent Liabilities:				
Due in One Year.....	142,038	2,450,331	2,592,369	1,111,737
Due in More Than One Year.....	478,635	19,155,456	19,634,091	1,493,753
TOTAL LIABILITIES.....	25,757,272	21,754,036	47,511,308	16,396,120

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET ASSETS (DEFICITS):				
<i>Invested in Capital Assets,</i>				
<i>Net of Related Debt.....</i>	22,325,346	37,059	22,362,405	5,450,662
<i>Restricted for:</i>				
<i>Primary, Secondary and Other Education...</i>	37,174	—	37,174	1,379,978
<i>Transportation and Highway Safety.....</i>	1,031,932	—	1,031,932	—
<i>State and Local</i>				
<i>Highway Construction.....</i>	113,009	—	113,009	—
<i>Federal Programs.....</i>	61,929	—	61,929	29
<i>Coal Research</i>				
<i>and Development Program.....</i>	—	—	—	2,389
<i>Clean Ohio Program.....</i>	44,060	—	44,060	—
<i>Community and Economic Development</i>				
<i>and Capital Purposes.....</i>	1,045,542	—	1,045,542	16,755
<i>Debt Service.....</i>	—	—	—	2,782,157
<i>Enterprise Bond Program.....</i>	10,000	—	10,000	—
<i>Deferred Lottery Prizes.....</i>	—	57,059	57,059	—
<i>Ohio Building Authority.....</i>	—	23,072	23,072	—
<i>Nonexpendable for</i>				
<i>Colleges and Universities.....</i>	—	—	—	2,667,119
<i>Expendable for</i>				
<i>Colleges and Universities.....</i>	—	—	—	1,702,744
<i>Unrestricted.....</i>	(6,110,855)	1,789,789	(4,321,066)	(2,132,920)
TOTAL NET ASSETS.....	\$ 18,558,137	\$ 1,906,979	\$ 20,465,116	\$ 11,868,913

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES, FEES, FINES AND FORFEITURES	OPERATING GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	CAPITAL GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)		
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
Primary, Secondary and Other Education.....	\$ 11,888,145	\$ 40,526	\$ 1,750,879	\$ —	\$ (10,096,740)	
Higher Education Support	2,967,485	3,854	39,747	—	(2,923,884)	
Public Assistance and Medicaid	17,903,102	966,010	12,985,969	—	(3,951,123)	
Health and Human Services	4,061,765	406,139	2,418,763	2,672	(1,234,191)	
Justice and Public Protection	3,251,316	938,297	258,584	2,114	(2,052,321)	
Environmental Protection and Natural Resources.....	413,398	212,403	74,017	15,493	(111,485)	
Transportation	2,171,475	100,698	68,367	1,154,100	(848,310)	
General Government	642,467	591,405	221,664	14,986	185,588	
Community and Economic Development.....	4,265,827	388,895	407,842	8,835	(3,460,255)	
Interest on Long-Term Debt (excludes interest charged as program expense).....	165,908	—	—	—	(165,908)	
TOTAL GOVERNMENTAL ACTIVITIES	47,730,888	3,648,227	18,225,832	1,198,200	(24,658,629)	
BUSINESS-TYPE ACTIVITIES:						
Workers' Compensation.....	2,158,753	2,378,127	(194,735)	—	24,639	
Lottery Commission.....	1,774,308	2,425,832	55,842	—	707,366	
Unemployment Compensation.....	3,485,942	1,172,554	1,103,591	—	(1,209,797)	
Ohio Building Authority.....	26,837	24,304	105	—	(2,428)	
Tuition Trust Authority.....	94,888	9,317	63,931	—	(21,640)	
Liquor Control.....	479,919	689,283	—	—	209,364	
Underground Parking Garage.....	2,804	3,127	6	—	329	
Office of Auditor of State.....	85,575	47,670	16	—	(37,889)	
TOTAL BUSINESS-TYPE ACTIVITIES.....	8,109,026	6,750,214	1,028,756	—	(330,056)	
TOTAL PRIMARY GOVERNMENT.....	\$ 55,839,914	\$ 10,398,441	\$ 19,254,588	\$ 1,198,200	\$ (24,988,685)	
COMPONENT UNITS:						
School Facilities Commission.....	\$ 1,240,843	\$ 12,835	\$ 12,712	\$ —	\$ (1,215,296)	
Ohio Water Development Authority.....	124,024	146,863	127,865	—	150,704	
Ohio State University.....	4,086,558	2,920,569	647,561	18,960	(499,468)	
University of Cincinnati.....	1,004,925	464,999	(16,948)	6,347	(550,527)	
Other Component Units.....	4,896,603	2,858,525	283,047	47,001	(1,708,030)	
TOTAL COMPONENT UNITS.....	\$ 11,352,953	\$ 6,403,791	\$ 1,054,237	\$ 72,308	\$ (3,822,617)	

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

PRIMARY GOVERNMENT

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>COMPONENT UNITS</u>
CHANGES IN NET ASSETS:				
Net (Expense) Revenue.....	\$ (24,658,629)	\$ (330,056)	\$ (24,988,685)	\$ (3,822,617)
General Revenues:				
Taxes:				
Income.....	8,228,349	—	8,228,349	—
Sales.....	7,276,288	—	7,276,288	—
Corporate and Public Utility	2,443,059	—	2,443,059	—
Cigarette.....	924,764	—	924,764	—
Other.....	648,284	—	648,284	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,743,151	—	1,743,151	—
Total Taxes.....	21,263,895	—	21,263,895	—
Tobacco Settlement.....	366,197	—	366,197	—
Escheat Property.....	117,172	—	117,172	—
Unrestricted Investment Income.....	(8,765)	—	(8,765)	(794,792)
State Assistance	—	—	—	2,362,795
Other.....	134	321	455	275,441
Additions to Endowments and Permanent Fund Principal.....				
	—	—	—	68,186
Transfers-Internal Activities.....	899,385	(899,385)	—	—
TOTAL GENERAL REVENUES, CONTRIBUTIONS AND TRANSFERS.....				
	22,638,018	(899,064)	21,738,954	1,911,630
CHANGE IN NET ASSETS.....	(2,020,611)	(1,229,120)	(3,249,731)	(1,910,987)
NET ASSETS, JULY 1 (as restated).....	20,578,748	3,136,099	23,714,847	13,779,900
NET ASSETS, JUNE 30.....	\$ 18,558,137	\$ 1,906,979	\$ 20,465,116	\$ 11,868,913

STATE OF OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	EDUCATION
ASSETS:			
Cash Equity with Treasurer.....	\$ 1,472,414	\$ 305,553	\$ 102,708
Cash and Cash Equivalents.....	9,415	3,136	56
Investments.....	675,210	7,153	2,151
Collateral on Lent Securities.....	610,626	131,569	44,195
Taxes Receivable	819,146	—	—
Intergovernmental Receivable.....	701,305	429,360	107,666
Loans Receivable, Net	232,443	—	58
Interfund Receivable	2,994	2	—
Receivable from Component Units.....	—	—	—
Other Receivables	165,012	268,573	718
Inventories	26,145	—	—
Other Assets	16,403	2,027	8,423
TOTAL ASSETS	\$ 4,731,113	\$ 1,147,373	\$ 265,975
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 156,111	\$ 89,552	\$ 15,005
Accrued Liabilities.....	169,135	23,974	2,543
Medicaid Claims Payable.....	897,066	4,031	—
Obligations Under Securities Lending.....	610,626	131,569	44,195
Intergovernmental Payable.....	465,221	228,381	54,440
Interfund Payable.....	647,418	15,355	2,711
Payable to Component Units.....	10,489	1,220	998
Deferred Revenue.....	304,500	163,438	8,766
Unearned Revenue.....	—	201,028	45,344
Refund and Other Liabilities.....	687,921	4,995	—
Liability for Escheat Property.....	8,810	—	—
TOTAL LIABILITIES.....	3,957,297	863,543	174,002
FUND BALANCES (DEFICITS):			
Reserved for:			
Debt Service.....	—	—	—
Encumbrances.....	238,400	1,332,974	31,723
Noncurrent Portion of Loans Receivable.....	228,321	—	46
Loan Commitments.....	—	—	—
Inventories.....	26,145	—	—
State and Local Highway Construction.....	—	—	—
Federal Programs.....	—	4,014	7,018
Other.....	67,896	22,251	469
Unreserved/Undesignated:			
General Fund.....	213,054	—	—
Special Revenue Funds.....	—	(1,075,409)	52,717
Capital Projects Funds.....	—	—	—
TOTAL FUND BALANCES (DEFICITS).....	773,816	283,830	91,973
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,731,113	\$ 1,147,373	\$ 265,975

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

<u>HIGHWAY OPERATING</u>	<u>REVENUE DISTRIBUTION</u>	<u>BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ 984,583	\$ 207,187	\$ —	\$ 2,742,827	\$ 5,815,272
683	10,731	138,791	98,236	261,048
—	—	389,357	403,412	1,477,283
421,356	89,212	—	1,467,331	2,764,289
66,976	463,829	—	5,240	1,355,191
98,652	—	—	403,314	1,740,297
116,848	—	—	756,894	1,106,243
422	89,831	900,400	3,581	997,230
—	—	3,948,282	—	3,948,282
6,566	—	206,823	111,298	758,990
46,564	—	—	23,366	96,075
3,187	—	—	6,436	36,476
\$ 1,745,837	\$ 860,790	\$ 5,583,653	\$ 6,021,935	\$ 20,356,676
\$ 151,309	\$ —	\$ —	\$ 215,588	\$ 627,565
29,433	—	—	65,714	290,799
—	—	—	244,780	1,145,877
421,356	89,212	—	1,467,331	2,764,289
168	943,419	—	208,456	1,900,085
90,650	828	—	1,016,727	1,773,689
552	—	—	27,444	40,703
7,432	12,682	206,787	198,673	902,278
—	6,776	—	26,755	279,903
—	42,043	—	1,764	736,723
—	—	—	—	8,810
700,900	1,094,960	206,787	3,473,232	10,470,721
—	—	5,376,866	35,060	5,411,926
1,342,691	746	—	2,046,308	4,992,842
115,289	—	—	744,138	1,087,794
—	—	—	197,689	197,689
46,564	—	—	23,367	96,076
—	113,009	—	—	113,009
15,486	—	—	20,516	47,034
6,470	—	—	66,988	164,074
—	—	—	—	213,054
(481,563)	(347,925)	—	(437,208)	(2,289,388)
—	—	—	(148,155)	(148,155)
1,044,937	(234,170)	5,376,866	2,548,703	9,885,955
\$ 1,745,837	\$ 860,790	\$ 5,583,653	\$ 6,021,935	\$ 20,356,676

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STATE OF OHIO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009
(dollars in thousands)

Total Fund Balances for Governmental Funds..... **\$ 9,885,955**

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

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

Land.....	1,927,909
Buildings and Improvements, net of \$1,728,621 accumulated depreciation.....	1,898,089
Land Improvements, net of \$212,870 accumulated depreciation.....	210,117
Machinery and Equipment, net of \$476,278 accumulated depreciation.....	180,448
Vehicles, net of \$147,393 accumulated depreciation.....	125,520
Infrastructure, net of \$9,368 accumulated depreciation.....	18,604,311
Construction-in-Progress.....	1,933,142
	<u>24,879,536</u>

Some of the State's revenues are collected after year-end but are not available soon enough to pay for the current period's (within 60 days of year-end) expenditures, and therefore, are deferred in the funds.

Taxes Receivable.....	214,957
Intergovernmental Receivable.....	360,358
Other Receivables.....	318,748
Other Assets.....	8,489
	<u>902,552</u>

Unamortized bond issue costs are not financial resources, and therefore, are not reported in the funds.

76,150

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

<i>Accrued Liabilities:</i>	
Interest Payable.....	(144,137)
Refunds and Other Liabilities.....	(1,319)
<i>Bonds and Notes Payable:</i>	
General Obligation Bonds.....	(7,138,051)
Revenue Bonds.....	(6,646,593)
Special Obligation Bonds.....	(2,427,556)
Certificates of Participation.....	(216,537)
<i>Other Noncurrent Liabilities:</i>	
Compensated Absences.....	(341,496)
Capital Leases Payable.....	(9,929)
Litigation Liabilities.....	(8,735)
Estimated Claims Payable.....	(10,352)
Pollution Remediation.....	(5,533)
Liability for Escheat Property.....	(235,818)
	<u>(17,186,056)</u>

Total Net Assets of Governmental Activities..... **\$ 18,558,137**

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

STATE OF OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	EDUCATION
REVENUES:			
Income Taxes.....	\$ 7,705,081	\$ —	\$ —
Sales Taxes.....	7,062,149	—	—
Corporate and Public Utility Taxes.....	814,415	—	—
Motor Vehicle Fuel Taxes.....	—	—	—
Cigarette Taxes.....	924,764	—	—
Other Taxes.....	587,806	2,581	—
Licenses, Permits and Fees.....	435,849	479,799	702
Sales, Services and Charges.....	51,653	497	387
Federal Government.....	6,848,974	6,694,617	1,743,671
Tobacco Settlement.....	—	—	—
Escheat Property.....	102,347	—	—
Investment Income.....	170,371	8,035	2,954
Other.....	455,254	179,838	23,040
TOTAL REVENUES.....	25,158,663	7,365,367	1,770,754
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	7,951,818	596	2,461,239
Higher Education Support.....	2,472,425	2,252	39,358
Public Assistance and Medicaid.....	11,361,489	6,508,355	—
Health and Human Services.....	1,175,616	649,421	1,648
Justice and Public Protection.....	2,107,886	51,710	15,939
Environmental Protection and Natural Resources.....	82,412	—	1
Transportation.....	21,476	—	—
General Government.....	373,695	3,232	—
Community and Economic Development.....	743,422	759	—
CAPITAL OUTLAY.....	67	1,442	—
DEBT SERVICE.....	—	—	—
TOTAL EXPENDITURES.....	26,290,306	7,217,767	2,518,185
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,131,643)	147,600	(747,431)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	30,000	—	—
Refunding Bonds Issued.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	—
Premiums/Discounts.....	500	—	—
Capital Leases.....	600	—	—
Transfers-in.....	446,576	11,053	728,246
Transfers-out.....	(1,173,439)	(14,867)	(3,941)
TOTAL OTHER FINANCING SOURCES (USES).....	(695,763)	(3,814)	724,305
NET CHANGE IN FUND BALANCES.....	(1,827,406)	143,786	(23,126)
FUND BALANCES (DEFICITS), July 1.....	2,601,372	140,044	115,099
Increase (Decrease) for Changes in Inventories.....	(150)	—	—
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 773,816	\$ 283,830	\$ 91,973

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

<u>HIGHWAY OPERATING</u>	<u>REVENUE DISTRIBUTION</u>	<u>BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ —	\$ 691,464	\$ —	\$ 7,673	\$ 8,404,218
—	180,850	—	22,515	7,265,514
—	1,633,799	—	846	2,449,060
617,952	1,086,336	—	38,863	1,743,151
—	—	—	—	924,764
—	14,840	—	43,057	648,284
69,629	342,954	—	1,090,526	2,419,459
1,263	5,120	—	29,169	88,089
1,200,458	—	—	2,418,060	18,905,780
—	—	362,379	4,516	366,895
—	—	—	—	102,347
17,515	1,228	12,295	72,002	284,400
83,709	2	—	390,722	1,132,565
<u>1,990,526</u>	<u>3,956,593</u>	<u>374,674</u>	<u>4,117,949</u>	<u>44,734,526</u>
—	993,904	66,348	369	11,474,274
—	—	—	301,589	2,815,624
—	—	—	12,350	17,882,194
—	1,872	—	2,146,397	3,974,954
—	308,316	—	693,694	3,177,545
—	—	—	314,399	396,812
2,054,517	—	—	1,604	2,077,597
—	—	—	202,530	579,457
—	2,170,366	—	1,225,357	4,139,904
—	—	—	564,290	565,799
—	—	380,597	1,522,555	1,903,152
<u>2,054,517</u>	<u>3,474,458</u>	<u>446,945</u>	<u>6,985,134</u>	<u>48,987,312</u>
<u>(63,991)</u>	<u>482,135</u>	<u>(72,271)</u>	<u>(2,867,185)</u>	<u>(4,252,786)</u>
—	—	—	970,770	1,000,770
—	—	—	506,480	506,480
—	—	—	(555,025)	(555,025)
—	—	—	71,113	71,613
—	—	—	—	600
457,034	204,094	—	1,623,848	3,470,851
(368,616)	(875,049)	(15,270)	(120,284)	(2,571,466)
<u>88,418</u>	<u>(670,955)</u>	<u>(15,270)</u>	<u>2,496,902</u>	<u>1,923,823</u>
<u>24,427</u>	<u>(188,820)</u>	<u>(87,541)</u>	<u>(370,283)</u>	<u>(2,328,963)</u>
1,003,610	(45,350)	5,464,407	2,915,903	12,195,085
16,900	—	—	3,083	19,833
<u>\$ 1,044,937</u>	<u>\$ (234,170)</u>	<u>\$ 5,376,866</u>	<u>\$ 2,548,703</u>	<u>\$ 9,885,955</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds.....	\$ (2,328,963)
Change in Inventories.....	19,833
	<u>(2,309,130)</u>

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay Expenditures.....	463,999	
Depreciation Expense.....	(214,227)	
	<u>249,772</u>	<u>249,772</u>

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

General Obligation Bonds.....	(339,980)	
Revenue Bonds.....	(425,000)	
Special Obligation Bonds.....	(196,685)	
Refunding Bonds, including Bond Premium/Discount, Net.....	(558,176)	
Certificates of Participation.....	(39,105)	
Premiums and Discounts, Net:		
General Obligation Bonds.....	(4,329)	
Revenue Bonds.....	(9,067)	
Special Obligation Bonds.....	(7,599)	
Certificates of Participation.....	(1,162)	
Deferred Refunding Loss.....	25,975	
Capital Leases.....	(600)	
	<u>(1,555,728)</u>	<u>(1,555,728)</u>

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

<i>Debt Principal Retirement and Defeasements:</i>		
General Obligation Bonds.....	983,364	
Revenue Bonds.....	243,295	
Special Obligation Bonds.....	399,621	
Certificates of Participation.....	9,810	
Capital Lease Payments.....	475	
	<u>1,636,565</u>	<u>1,636,565</u>

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds. Deferred revenues decreased by this amount this year.

(98,782)

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

Some expenses reported in the Statement of Activities are not reported as expenditures in the governmental funds. Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the changes in the following balances:

<i>Increase in Bond Issue Costs Included in Other Assets</i>	46	
<i>Decrease in Accrued Interest and Other Accrued Liabilities</i>	612	
<i>Amortization of Bond Premiums/Accretion of Bond Discount, Net</i>	7,572	
<i>Amortization of Deferred Refunding Loss</i>	(21,058)	
<i>Decrease in Compensated Absences</i>	56,815	
<i>Decrease in Litigation Liabilities</i>	2,568	
<i>Increase in Estimated Claims Payable</i>	(6,565)	
<i>Decrease in Pollution Remediation</i>	1,878	
<i>Decrease in Liability for Escheat Property</i>	14,824	
	<hr/>	
<i>Total additional expenditures</i>		<u>56,692</u>
<i>Change in Net Assets of Governmental Activities</i>		<u>\$ (2,020,611)</u>

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	GENERAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes.....	\$ 9,096,147	\$ 8,257,610	\$ 7,627,989	\$ (629,621)
Sales Taxes.....	7,792,160	7,452,050	7,112,816	(339,234)
Corporate and Public Utility Taxes.....	766,938	805,122	841,233	36,111
Motor Vehicle Fuel Taxes.....	—	—	—	—
Cigarette Taxes.....	941,650	916,961	924,764	7,803
Other Taxes.....	630,906	615,064	589,124	(25,940)
Licenses, Permits and Fees.....	444,666	444,666	435,461	(9,205)
Sales, Services and Charges.....	74,126	74,126	74,594	468
Federal Government.....	6,698,688	7,073,306	6,916,556	(156,750)
Tobacco Settlement.....	—	—	2,016	2,016
Investment Income.....	164,460	164,460	141,233	(23,227)
Other.....	1,088,937	1,088,937	1,076,784	(12,153)
TOTAL REVENUES.....	27,698,678	26,892,302	25,742,570	(1,149,732)
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education.....	8,530,208	8,479,359	8,093,085	386,274
Higher Education Support.....	2,541,026	2,521,580	2,509,009	12,571
Public Assistance and Medicaid.....	12,079,665	11,937,558	11,747,567	189,991
Health and Human Services.....	1,558,884	1,436,631	1,373,756	62,875
Justice and Public Protection.....	2,320,228	2,318,486	2,264,434	54,052
Environmental Protection and Natural Resources.....	134,678	122,727	116,955	5,772
Transportation.....	34,163	31,498	31,340	158
General Government.....	794,216	815,574	702,246	113,328
Community and Economic Development.....	871,178	869,073	807,669	61,404
CAPITAL OUTLAY.....	125	83	82	1
DEBT SERVICE.....	1,285,733	1,185,396	1,089,090	96,306
TOTAL BUDGETARY EXPENDITURES.....	30,150,104	29,717,965	28,735,233	982,732
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....	(2,451,426)	(2,825,663)	(2,992,663)	(167,000)
OTHER FINANCING SOURCES (USES):				
Transfers-in.....	1,710,084	1,750,084	1,702,035	(48,049)
Transfers-out.....	(2,105,890)	(2,105,890)	(1,148,617)	957,273
TOTAL OTHER FINANCING SOURCES (USES).....	(395,806)	(355,806)	553,418	909,224
NET CHANGE IN FUND BALANCES.....	\$ (2,847,232)	\$ (3,181,469)	(2,439,245)	\$ 742,224
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1.....			2,229,541	
Outstanding Encumbrances at Beginning of Fiscal Year.....			1,043,289	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30.....			\$ 833,585	

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

JOB, FAMILY AND OTHER HUMAN SERVICES				EDUCATION			
BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)	ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)
		\$ —				\$ —	
		—				—	
		—				—	
		—				—	
		2,581				—	
		478,841				702	
		496				386	
		4,496,315				1,754,024	
		—				—	
		8,027				2,861	
		400,548				34,027	
		<u>5,386,808</u>				<u>1,792,000</u>	
\$ 2,937	\$ 2,937	2,534	\$ 403	\$ 2,386,803	\$ 2,697,076	2,502,687	\$ 194,389
7,667	7,667	2,970	4,697	30,182	48,729	36,777	11,952
6,377,108	6,765,184	6,200,309	564,875	—	—	—	—
788,626	815,484	671,075	144,409	3,805	4,143	1,704	2,439
95,258	99,542	56,624	42,918	37,519	37,519	26,005	11,514
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
3,685	5,252	2,207	3,045	—	—	—	—
15,917	16,417	1,416	15,001	—	—	—	—
41,484	41,484	1,963	39,521	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 7,332,682</u>	<u>\$ 7,753,967</u>	<u>6,939,098</u>	<u>\$ 814,869</u>	<u>\$ 2,458,309</u>	<u>\$ 2,787,467</u>	<u>2,567,173</u>	<u>\$ 220,294</u>
		<u>(1,552,290)</u>				<u>(775,173)</u>	
		4,108				718,946	
		(17,071)				(3,941)	
		<u>(12,963)</u>				<u>715,005</u>	
		<u>(1,565,253)</u>				<u>(60,168)</u>	
		(913,699)				59,772	
		<u>1,208,182</u>				<u>49,834</u>	
		<u>\$ (1,270,770)</u>				<u>\$ 49,438</u>	

(continued)

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

HIGHWAY OPERATING				
BUDGET			ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL		ACTUAL	(NEGATIVE)
REVENUES:				
Income Taxes.....			\$ —	
Sales Taxes.....			—	
Corporate and Public Utility Taxes.....			—	
Motor Vehicle Fuel Taxes.....			617,397	
Cigarette Taxes.....			—	
Other Taxes.....			—	
Licenses, Permits and Fees.....			70,274	
Sales, Services and Charges.....			1,263	
Federal Government.....			1,191,557	
Tobacco Settlement.....			—	
Investment Income.....			17,194	
Other.....			126,884	
TOTAL REVENUES.....			2,024,569	
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
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.....	6,855,960	6,855,996	3,606,244	3,249,752
General Government.....	—	—	—	—
Community and Economic Development.....	—	—	—	—
CAPITAL OUTLAY.....	—	—	—	—
DEBT SERVICE.....	173,099	173,063	154,205	18,858
TOTAL BUDGETARY EXPENDITURES.....	\$ 7,029,059	\$ 7,029,059	3,760,449	\$ 3,268,610
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(1,735,880)	
OTHER FINANCING SOURCES (USES):				
Transfers-in.....			528,581	
Transfers-out.....			(286,018)	
TOTAL OTHER FINANCING SOURCES (USES).....			242,563	
NET CHANGE IN FUND BALANCES.....			(1,493,317)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1.....			(587,988)	
Outstanding Encumbrances at Beginning of Fiscal Year....			1,538,420	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30.....			\$ (542,885)	

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

REVENUE DISTRIBUTION

<u>BUDGET</u>			<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>			
			\$ 686,550	
			207,084	
			1,658,294	
			1,097,625	
			—	
			14,840	
			508,688	
			—	
			—	
			—	
			1,255	
			3	
			<u>4,174,339</u>	
\$ 854,440	\$ 890,595		881,781	\$ 8,814
—	—		—	—
—	—		—	—
1,832	1,922		1,920	2
594,565	594,565		487,857	106,708
—	—		—	—
—	—		—	—
—	—		—	—
2,345,886	2,357,795		2,167,041	190,754
—	—		—	—
—	—		—	—
<u>\$ 3,796,723</u>	<u>\$ 3,844,877</u>		<u>3,538,599</u>	<u>\$ 306,278</u>
			<u>635,740</u>	
			795,174	
			(1,441,525)	
			<u>(646,351)</u>	
			(10,611)	
			208,343	
			—	
			<u>\$ 197,732</u>	

STATE OF OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS – ENTERPRISE
JUNE 30, 2009

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 14,111	\$ 63,581	\$ —
Cash and Cash Equivalents.....	490,202	31,029	—
Collateral on Lent Securities.....	6,076	27,191	—
Restricted Assets:			
Cash Equity with Treasurer.....	—	70	—
Investments.....	—	37,847	—
Collateral on Lent Securities.....	—	256,550	—
Other Receivables.....	—	3,702	—
Deposit with Federal Government.....	—	—	87,656
Intergovernmental Receivable.....	—	—	465
Premiums and Assessments Receivable.....	930,334	—	15,270
Investment Trade Receivable.....	346,239	—	—
Interfund Receivable.....	69,403	—	—
Other Receivables.....	397,248	29,694	13,067
Inventories.....	—	—	—
Other Assets.....	7,180	7,916	6,498
TOTAL CURRENT ASSETS.....	2,260,793	457,580	122,956
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	978	—	—
Investments.....	—	715,289	—
Investments.....	16,566,494	—	—
Premiums and Assessments Receivable.....	2,776,883	—	—
Interfund Receivable.....	711,464	—	—
Capital Assets Being Depreciated, Net.....	91,742	5,640	—
Capital Assets Not Being Depreciated.....	11,994	—	—
TOTAL NONCURRENT ASSETS.....	20,159,555	720,929	—
TOTAL ASSETS.....	22,420,348	1,178,509	122,956
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	3,648	6,694	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	6,076	283,741	—
Investment Trade Payable.....	401,074	—	—
Intergovernmental Payable.....	—	—	533
Deferred Prize Awards Payable.....	—	41,620	—
Interfund Payable.....	—	144	—
Unearned Revenue.....	—	—	—
Benefits Payable.....	1,823,493	—	14,167
Refund and Other Liabilities.....	541,115	45,367	6,930
Bonds and Notes Payable.....	15,930	—	—
TOTAL CURRENT LIABILITIES.....	2,791,336	377,566	21,630
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	862,538
Deferred Prize Awards Payable.....	—	658,229	—
Interfund Payable.....	—	1,813	—
Benefits Payable.....	15,602,880	—	—
Refund and Other Liabilities.....	1,446,063	2,232	—
Bonds and Notes Payable.....	64,727	—	—
TOTAL NONCURRENT LIABILITIES.....	17,113,670	662,274	862,538
TOTAL LIABILITIES.....	19,905,006	1,039,840	884,168
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	24,057	5,640	—
Restricted for Deferred Lottery Prizes.....	—	57,059	—
Unrestricted.....	2,491,285	75,970	(761,212)
TOTAL NET ASSETS (DEFICITS).....	\$ 2,515,342	\$ 138,669	\$ (761,212)

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

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	31,337	\$	109,029
	1,243		522,474
	7,525		40,792
	—		70
	406,091		443,938
	—		256,550
	—		3,702
	—		87,656
	9,498		9,963
	—		945,604
	—		346,239
	2,240		71,643
	6,496		446,505
	39,871		39,871
	1,083		22,677
	505,384		3,346,713
	—		978
	129,000		844,289
	80,559		16,647,053
	—		2,776,883
	10,244		721,708
	7,366		104,748
	—		11,994
	227,169		21,107,653
	732,553		24,454,366
	25,509		35,851
	6,371		6,371
	7,525		297,342
	—		401,074
	418		951
	—		41,620
	3,159		3,303
	165		165
	74,100		1,911,760
	5,836		599,248
	—		15,930
	123,083		3,313,615
	—		862,538
	—		658,229
	11,776		13,589
	574,400		16,177,280
	9,114		1,457,409
	—		64,727
	595,290		19,233,772
	718,373		22,547,387
	7,362		37,059
	—		57,059
	6,818		1,812,861
\$	14,180	\$	1,906,979

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS – ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ —	\$ 2,417,679	\$ 22,367
Premium and Assessment Income.....	2,360,930	—	1,092,003
Federal Government.....	—	—	689,425
Investment Income.....	—	—	—
Other.....	17,197	8,153	33,244
TOTAL OPERATING REVENUES.....	2,378,127	2,425,832	1,837,039
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	—	—
Administration.....	36,747	122,120	—
Bonuses and Commissions.....	—	150,061	—
Prizes.....	—	1,459,048	—
Benefits and Claims.....	2,073,534	—	3,485,800
Depreciation.....	12,806	1,802	—
Other.....	35,666	12	142
TOTAL OPERATING EXPENSES.....	2,158,753	1,733,043	3,485,942
OPERATING INCOME (LOSS).....	219,374	692,789	(1,648,903)
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	(194,735)	55,842	9,870
Interest Expense.....	—	(2,485)	—
Federal Grants.....	—	—	429,236
Other.....	—	(38,780)	315
TOTAL NONOPERATING REVENUES (EXPENSES).....	(194,735)	14,577	439,421
INCOME (LOSS) BEFORE TRANSFERS.....	24,639	707,366	(1,209,482)
TRANSFERS:			
Transfers-in.....	—	—	—
Transfers-out.....	(12,586)	(702,626)	(3,812)
TOTAL TRANSFERS.....	(12,586)	(702,626)	(3,812)
NET INCOME (LOSS).....	12,053	4,740	(1,213,294)
NET ASSETS, JULY 1.....	2,503,289	133,929	452,082
NET ASSETS (DEFICITS), JUNE 30.....	\$ 2,515,342	\$ 138,669	\$ (761,212)

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 770,549	\$ 3,210,595
—	3,452,933
—	689,425
(87,369)	(87,369)
154,452	213,046
837,632	7,478,630
517,207	517,207
84,471	243,338
—	150,061
—	1,459,048
84,495	5,643,829
1,905	16,513
1,695	37,515
689,773	8,067,511
147,859	(588,881)
111	(128,912)
—	(2,485)
16	429,252
(244)	(38,709)
(117)	259,146
147,742	(329,735)
43,739	43,739
(224,100)	(943,124)
(180,361)	(899,385)
(32,619)	(1,229,120)
46,799	3,136,099
\$ 14,180	\$ 1,906,979

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS – ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	\$ 2,430,836	\$ —
Cash Received from Premiums and Assessments.....	2,446,298	—	1,106,680
Cash Received from Multi-State Lottery for Grand Prize Winner.....	—	179,565	—
Cash Received from Interfund Services Provided.....	64,094	2,021	—
Other Operating Cash Receipts.....	35,611	6,133	31,975
Cash Payments to Suppliers for Goods and Services.....	(57,558)	(95,747)	(139)
Cash Payments to Employees for Services.....	(246,428)	(25,888)	—
Cash Payments for Benefits and Claims.....	(2,128,360)	—	(3,143,864)
Cash Payments for Lottery Prizes.....	—	(1,715,262)	—
Cash Payments for Bonuses and Commissions.....	—	(150,023)	—
Cash Payments for Premium Reductions and Refunds.....	(102,196)	—	—
Cash Payments for Interfund Services Used.....	(12,889)	(4,031)	—
Other Operating Cash Payments.....	—	(12)	(110,453)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(1,428)	627,592	(2,115,801)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	—	—
Transfers-out	(12,586)	(702,626)	(3,812)
Federal Grants.....	—	—	—
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(12,586)	(702,626)	(3,812)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases.....	(16,005)	—	—
Interest Paid	(4,596)	—	—
Acquisition and Construction of Capital Assets	(2,038)	(3,179)	—
Proceeds from Sales of Capital Assets	25	126	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(22,614)	(3,053)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(4,145,874)	(371,802)	(1,090,686)
Proceeds from the Sales and Maturities of Investments	3,561,024	441,637	3,205,408
Investment Income Received	752,293	18,806	274
Borrower Rebates and Agent Fees.....	(4,818)	(2,662)	—
Due to State.....	—	(5,563)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	162,625	80,416	2,114,996
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	125,997	2,329	(4,617)
CASH AND CASH EQUIVALENTS, JULY 1	379,294	92,351	4,617
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 505,291	\$ 94,680	\$ —

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 749,592	\$ 3,180,428
—	3,552,978
—	179,565
12,426	78,541
11,664	85,383
(499,800)	(653,244)
(96,017)	(368,333)
—	(5,272,224)
—	(1,715,262)
—	(150,023)
—	(102,196)
(6,383)	(23,303)
(85,802)	(196,267)
85,680	(1,403,957)
40,585	40,585
(224,100)	(943,124)
37	37
(183,478)	(902,502)
(9)	(16,014)
—	(4,596)
(177)	(5,394)
31	182
(155)	(25,822)
(994,248)	(6,602,610)
1,053,198	8,261,267
26,538	797,911
—	(7,480)
—	(5,563)
85,488	2,443,525
(12,465)	111,244
45,045	521,307
\$ 32,580	\$ 632,551

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS – ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)
(continued)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 219,374	\$ 692,789	\$ (1,648,903)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	—
Depreciation	12,806	1,802	—
Provision for Uncollectible Accounts.....	108,620	—	—
Amortization of Premiums and Discounts.....	(624)	—	—
Interest on Bonds, Notes and Capital Leases.....	4,596	—	—
Decrease (Increase) in Assets:			
Deposit with Federal Government.....	—	—	(473,104)
Intergovernmental Receivable.....	—	—	(328)
Premiums and Assessments Receivable.....	(21,767)	—	1,916
Interfund Receivable.....	46,493	—	—
Other Receivables	(135,078)	14,737	(1,298)
Inventories	—	—	—
Other Assets	(4,494)	(728)	(102)
Increase (Decrease) in Liabilities:			
Accounts Payable	(4,039)	(2,655)	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	24
Deferred Prize Awards Payable.....	—	(78,808)	—
Interfund Payable.....	—	(538)	—
Unearned Revenue	—	(1,579)	—
Benefits Payable.....	(173,972)	—	8,772
Refund and Other Liabilities.....	(53,343)	2,572	(2,778)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ (1,428)	\$ 627,592	\$ (2,115,801)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in Fair Value of Investments.....	\$ (928,019)	\$ (18,572)	\$ —

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 147,859	\$ (588,881)
87,369	87,369
1,905	16,513
—	108,620
—	(624)
—	4,596
—	(473,104)
720	392
—	(19,851)
(3,102)	43,391
767	(120,872)
(2,565)	(2,565)
(117)	(5,441)
(941)	(7,635)
779	779
3	27
—	(78,808)
2,616	2,078
72	(1,507)
—	(165,200)
<u>(149,685)</u>	<u>(203,234)</u>
<u>\$ 85,680</u>	<u>\$ (1,403,957)</u>

\$ — \$ (946,591)

STATE OF OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009
(dollars in thousands)

	<u>PENSION TRUST</u>	<u>PRIVATE- PURPOSE TRUST</u>	<u>INVESTMENT TRUST</u>
	<u>STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/08)</u>	<u>VARIABLE COLLEGE SAVINGS PLAN</u>	<u>STAR OHIO</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	14,794	40,703	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	—	—	4,136,474
Common and Preferred Stock.....	111,963	—	—
Corporate Bonds and Notes.....	—	—	—
Foreign Stocks and Bonds.....	8,601	—	—
Commercial Paper.....	—	—	213,411
Repurchase Agreements.....	—	—	10,725
Mutual Funds.....	375,206	4,294,425	319,823
Real Estate.....	9,579	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
Partnership and Hedge Funds.....	61,324	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	—	—
Collateral on Lent Securities.....	36,888	—	—
Employer Contributions Receivable.....	1,678	—	—
Employee Contributions Receivable.....	1,048	—	—
Other Receivables.....	865	6,334	806
Other Assets.....	4	—	—
Capital Assets, Net.....	6	—	—
TOTAL ASSETS.....	621,956	4,341,462	4,681,239
LIABILITIES:			
Accounts Payable.....	996	—	—
Accrued Liabilities.....	12,625	5,243	—
Obligations Under Securities Lending.....	36,888	—	—
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	31	4,455	3,689
TOTAL LIABILITIES.....	50,540	9,698	3,689
NET ASSETS:			
Held in Trust for:			
Employees' Pension Benefits.....	491,595	—	—
Employees' Postemployment Healthcare Benefits.....	79,821	—	—
Individuals, Organizations and Other Governments.....	—	4,331,764	—
Pool Participants.....	—	—	4,677,550
TOTAL NET ASSETS.....	\$ 571,416	\$ 4,331,764	\$ 4,677,550

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

AGENCY

\$ 254,140
141,832

12,257,951
42,004,135
10,345,689
27,967,226
4,828,231
250,000
6,356,021
12,334,291
6,341,345
8,085,247
9,093
93,377
109,430
—
—
1,122
438,430
—

131,817,560

—
—
109,430
158,795
131,549,335

131,817,560

—
—
—
—

\$ —

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STATE OF OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	<u>PENSION TRUST</u>	<u>PRIVATE- PURPOSE TRUST</u>	<u>INVESTMENT TRUST</u>
	<u>STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/08)</u>	<u>VARIABLE COLLEGE SAVINGS PLAN</u>	<u>STAR OHIO</u>
ADDITIONS:			
Contributions from:			
Employer.....	\$ 24,653	\$ —	\$ —
Employees.....	8,871	—	—
Plan Participants.....	—	1,357,087	—
Other.....	633	—	—
Total Contributions.....	<u>34,157</u>	<u>1,357,087</u>	<u>—</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments.....	(245,121)	(897,172)	—
Interest, Dividends and Other.....	13,352	89,640	76,927
Total Investment Income.....	<u>(231,769)</u>	<u>(807,532)</u>	<u>76,927</u>
Less: Investment Expense.....	6,624	23,318	4,321
Net Investment Income.....	<u>(238,393)</u>	<u>(830,850)</u>	<u>72,606</u>
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	18,288,052
Reinvested Distributions.....	—	—	72,606
Shares Redeemed.....	—	—	(18,641,156)
Net Capital Share and Individual Account Transactions.....	<u>—</u>	<u>—</u>	<u>(280,498)</u>
TOTAL ADDITIONS.....	<u>(204,236)</u>	<u>526,237</u>	<u>(207,892)</u>
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries.....	47,939	—	—
Healthcare Benefits Paid to Participants or Beneficiaries....	8,547	—	—
Refunds of Employee Contributions.....	571	—	—
Administrative Expense.....	712	—	—
Transfers to Other Retirement Systems.....	283	—	—
Distributions to Shareholders and Plan Participants.....	—	1,379,315	72,606
TOTAL DEDUCTIONS.....	<u>58,052</u>	<u>1,379,315</u>	<u>72,606</u>
CHANGE IN NET ASSETS HELD FOR:			
Employees' Pension Benefits.....	(227,184)	—	—
Employees' Postemployment Healthcare Benefits.....	(35,104)	—	—
Individuals, Organizations and Other Governments.....	—	(853,078)	—
Pool Participants.....	—	—	(280,498)
TOTAL CHANGE IN NET ASSETS.....	<u>(262,288)</u>	<u>(853,078)</u>	<u>(280,498)</u>
NET ASSETS, JULY 1.....	<u>833,704</u>	<u>5,184,842</u>	<u>4,958,048</u>
NET ASSETS, JUNE 30.....	<u>\$ 571,416</u>	<u>\$ 4,331,764</u>	<u>\$ 4,677,550</u>

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

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2009
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY (as of 12/31/08)	OHIO STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 1,187,883	\$ —	\$ —
Cash and Cash Equivalents.....	—	31,213	712,604
Investments.....	—	54,895	460,292
Collateral on Lent Securities.....	1,406,605	—	—
Intergovernmental Receivable.....	—	478	5,165
Loans Receivable, Net.....	2,640	2,455	12,816
Receivable from Primary Government.....	—	—	1,932
Other Receivables.....	16	7	441,823
Inventories.....	—	—	28,205
Other Assets.....	39	—	35,164
TOTAL CURRENT ASSETS.....	2,597,183	89,048	1,698,001
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	1,379,978	—	—
Cash and Cash Equivalents.....	—	570,277	—
Investments.....	—	660,201	—
Intergovernmental Receivable.....	—	281	—
Loans Receivable, Net.....	—	4,059,997	—
Investments.....	—	6,907	1,732,623
Loans Receivable, Net.....	3,529	42,927	58,761
Other Receivables.....	—	4,477	11,256
Other Assets.....	—	51,519	—
Capital Assets Being Depreciated, Net.....	241	1,171	2,658,176
Capital Assets Not Being Depreciated.....	2,040	539	432,492
TOTAL NONCURRENT ASSETS.....	1,385,788	5,398,296	4,893,308
TOTAL ASSETS.....	3,982,971	5,487,344	6,591,309
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	12,018	40,851	175,491
Accrued Liabilities.....	471	9,433	355,359
Obligations Under Securities Lending.....	1,406,605	—	—
Intergovernmental Payable.....	983,192	809	—
Unearned Revenue.....	—	—	169,158
Refund and Other Liabilities.....	904	—	34,649
Bonds and Notes Payable.....	—	337,571	623,636
Certificates of Participation.....	—	—	425
TOTAL CURRENT LIABILITIES.....	2,403,190	388,664	1,358,718
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	758,303	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	1,249	199	234,068
Payable to Primary Government.....	3,948,282	—	—
Bonds and Notes Payable.....	—	2,161,244	708,333
Certificates of Participation.....	—	—	4,245
TOTAL NONCURRENT LIABILITIES.....	4,707,834	2,161,443	946,646
TOTAL LIABILITIES.....	7,111,024	2,550,107	2,305,364
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	241	1,709	1,730,423
Restricted for:			
Primary, Secondary and Other Education.....	1,379,978	—	—
Federal Programs.....	—	—	—
Coal Research and Development Program.....	—	—	—
Community and Economic Development and Capital Purposes.....	—	—	—
Debt Service.....	—	2,782,157	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	868,466
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	1,932
Endowments and Quasi-Endowments.....	—	—	110,441
Current Operations.....	—	—	355,749
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted.....	(4,508,272)	153,371	1,218,934
TOTAL NET ASSETS (DEFICITS).....	\$ (3,128,053)	\$ 2,937,237	\$ 4,285,945

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

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
\$ —	\$ 17,439	\$ 1,205,322
67,477	592,265	1,403,559
121,638	980,327	1,617,152
—	12,105	1,418,710
—	55,866	61,509
2,938	20,636	41,485
1,182	37,589	40,703
86,120	377,957	905,923
2,040	28,748	58,993
10,188	60,487	105,878
291,583	2,183,419	6,859,234
—	16,755	1,396,733
—	43,404	613,681
—	444,706	1,104,907
—	—	281
—	—	4,059,997
889,386	1,166,963	3,795,879
34,614	115,703	255,534
49,762	119,490	184,985
359,534	57,888	468,941
1,359,992	4,254,231	8,273,811
65,959	750,020	1,251,050
2,759,247	6,969,160	21,405,799
3,050,830	9,152,579	28,265,033
53,806	191,831	473,997
76,789	214,976	657,028
—	12,105	1,418,710
—	4,722	988,723
33,738	252,983	455,879
44,732	124,812	205,097
108,044	70,557	1,139,808
—	—	425
317,109	871,986	5,339,667
—	8,318	766,621
—	6,152	6,152
203,734	281,729	720,979
—	—	3,948,282
828,530	1,912,067	5,610,174
—	—	4,245
1,032,264	2,208,266	11,056,453
1,349,373	3,080,252	16,396,120
388,581	3,329,708	5,450,662
—	—	1,379,978
—	29	29
—	2,389	2,389
—	16,755	16,755
—	—	2,782,157
108,388	135,294	243,682
78,962	7,374	86,336
475,870	554,054	1,898,390
351,632	87,079	438,711
43,205	125,246	168,451
90,570	15,692	106,262
29,526	131,992	161,518
45,305	16,755	62,060
25,841	148,548	174,389
1,668	11,314	12,982
20,296	67,116	89,344
90,981	22,816	224,238
12,240	96,225	464,214
14,176	225,110	239,286
(75,784)	1,078,831	(2,132,920)
\$ 1,701,457	\$ 6,072,327	\$ 11,868,913

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY (for the year ended 12/31/08)	OHIO STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education.....	\$ 1,240,831	\$ —	\$ —
Community and Economic Development.....	—	—	—
Cost of Services.....	—	108,498	—
Administration.....	—	11,534	—
Education and General:			
Instruction and Departmental Research.....	—	—	840,697
Separately Budgeted Research.....	—	—	392,033
Public Service.....	—	—	120,015
Academic Support.....	—	—	133,655
Student Services.....	—	—	87,993
Institutional Support.....	—	—	177,548
Operation and Maintenance of Plant.....	—	—	112,097
Scholarships and Fellowships.....	—	—	69,721
Auxiliary Enterprises.....	—	—	214,807
Hospitals.....	—	—	1,669,832
Interest on Long-Term Debt.....	—	852	36,613
Depreciation.....	12	111	221,894
Other.....	—	3,029	9,653
TOTAL EXPENSES.....	1,240,843	124,024	4,086,558
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	12,835	146,863	2,920,569
Operating Grants, Contributions and Restricted Investment Income.....	12,712	127,865	647,561
Capital Grants, Contributions and Restricted Investment Income.....	—	—	18,960
TOTAL PROGRAM REVENUES.....	25,547	274,728	3,587,090
NET PROGRAM (EXPENSE) REVENUE	(1,215,296)	150,704	(499,468)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	4,737	(435,898)
State Assistance.....	194,813	—	557,611
Other.....	—	4	2,183
TOTAL GENERAL REVENUES.....	194,813	4,741	123,896
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	35,816
CHANGE IN NET ASSETS.....	(1,020,483)	155,445	(339,756)
NET ASSETS (DEFICITS), JULY 1 (as restated).....	(2,107,570)	2,781,792	4,625,701
NET ASSETS (DEFICITS), JUNE 30.....	\$ (3,128,053)	\$ 2,937,237	\$ 4,285,945

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

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
\$ —	\$ 21,407	\$ 1,262,238
—	27,987	27,987
—	—	108,498
—	—	11,534
281,437	1,557,254	2,679,388
161,964	198,136	752,133
56,820	135,384	312,219
67,464	414,881	616,000
39,131	223,326	350,450
78,943	461,436	717,927
60,118	321,072	493,287
25,611	234,446	329,778
85,261	593,608	893,676
—	305,236	1,975,068
44,783	80,884	163,132
93,664	281,531	597,212
9,729	40,015	62,426
1,004,925	4,896,603	11,352,953
464,999	2,858,525	6,403,791
(16,948)	283,047	1,054,237
6,347	47,001	72,308
454,398	3,188,573	7,530,336
(550,527)	(1,708,030)	(3,822,617)
—	(363,631)	(794,792)
220,901	1,389,470	2,362,795
4,923	268,331	275,441
225,824	1,294,170	1,843,444
20,333	12,037	68,186
(304,370)	(401,823)	(1,910,987)
2,005,827	6,474,150	13,779,900
\$ 1,701,457	\$ 6,072,327	\$ 11,868,913



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2009, and for the year then ended, conform with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are included in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The State's significant accounting policies are as follows.

A. Financial Reporting Entity

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

GASB Statement No. 14 (GASB 14), *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

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

1. Blended Component Units

The Ohio Building Authority, the Buckeye Tobacco Settlement Financing Authority, 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 basic financial statements include the financial data of another 28 organizations. The separate discrete column labeled, "Component Units," emphasizes these organizations' separateness from the State's primary government. Officials of the primary government appoint a voting majority of each organization's governing board.

The primary government has the ability to impose its will on the following organizations by modifying or approving their respective budgets or through policy modification authority.

School Facilities Commission
Cultural Facilities Commission
eTech Ohio Commission
Ohio Air Quality Development Authority
Ohio Capital Fund

The following organizations impose or potentially impose financial burdens on the primary government.

Ohio Water Development Authority
Ohio State University
University of Cincinnati
Ohio University
Miami University
University of Akron
Bowling Green State University
Kent State University
University of Toledo
Cleveland State University



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Youngstown State University
Wright State University
Shawnee State University
Central State University
Terra State Community College
Columbus State Community College
Clark State Community College
Edison State Community College
Southern State Community College
Washington State Community College
Cincinnati State Community College
Northwest State Community College
Owens State Community College

The School Facilities Commission, Cultural Facilities Commission, and eTech Ohio Commission, which are governmental component units that use special revenue fund reporting, do not issue separately audited financial reports.

Information on how to obtain financial statements for the State's component units that do issue their own separately audited financial reports is available from the Ohio Office of Budget and Management.

3. Joint Ventures and Related Organizations

As discussed in more detail in NOTE 18, the State participates in several joint ventures and has related organizations. The State does not include the financial activities of these organizations in its financial statements, in conformity with GASB 14.

B. Basis of Presentation

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

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

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

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

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



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *Unrestricted Net Assets* component consists of net assets that do not meet the definition of the preceding two components.

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

Generally, the State does not incur expenses for which it has the option of first applying restricted or unrestricted resources for their payment.

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

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

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

Operating revenues for the State's proprietary funds mainly consist of charges for the sales and services and premium and assessment income since these revenues result from exchange transactions associated with the principal activity of the respective enterprise fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Investment income and revenue from the federal government for extended unemployment benefits are also reported as operating revenues for the Unemployment Compensation Fund, since these sources provide significant funding for the payment of unemployment benefits — the fund's principal activity. Investment income for the Tuition Trust Authority Fund is also reported as operating revenue, since this source provides significant funding for the payment of tuition benefits. Nonoperating revenues for the proprietary funds result from nonexchange transactions or ancillary activities; nonoperating revenues are primarily comprised of investment income and federal operating grants.

Proprietary fund operating expenses principally consist of expenses for the cost of sales and services, administration, bonuses and commissions, prizes, benefits and claims, and depreciation. Nonoperating expenses principally consist of interest expense on debt and the amortization of discount on deferred lottery prize liabilities, which is reported under "Other" nonoperating expenses.

The State reports the following major governmental funds:

General — The General Fund, the State's primary operating fund, accounts for resources of the general government, except those required to be accounted for in another fund.

Job, Family and Other Human Services Special Revenue Fund — This fund accounts for public assistance programs primarily administered by the Department of Job and Family Services, which provides financial assistance services, and job training to those individuals and families who do not have sufficient resources to meet their basic needs.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Education Special Revenue Fund — This fund accounts for programs administered by the Department of Education, the Ohio Board of Regents, and other various state agencies, which prescribe the State's minimum educational requirements and which provide funding and assistance to local school districts for basic instruction and vocation and technical job training, and to the State's colleges and universities for post-secondary education.

Highway Operating Special Revenue Fund — This fund accounts for programs administered by the Department of Transportation, which is responsible for the planning and design, construction, and maintenance of Ohio's highways, roads, and bridges and for Ohio's public transportation programs.

Revenue Distribution Special Revenue Fund — This 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.

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund — This fund accounts for the payment of principal and interest on the revenue bonds issued to fund long-lived capital projects at State-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State.

The State reports the following major proprietary funds:

Workers' Compensation Enterprise Fund — This fund accounts for the operations of the Ohio Bureau of Workers' Compensation and the Ohio Industrial Commission, which provide workers' compensation insurance services.

Lottery Commission Enterprise Fund — This fund accounts for the State's lottery operations.

Unemployment Compensation Enterprise Fund — This fund, which is administered by the Ohio Department of Job and Family Services, accounts for unemployment compensation benefit claims.

The State reports the following fiduciary fund types:

Pension Trust Fund — The State Highway Patrol Retirement System Pension Trust Fund accounts for resources that are required to be held in trust for members and beneficiaries of the defined benefit plan. The financial statements for the State Highway Patrol Retirement System Pension Trust Fund are presented for the fiscal year ended December 31, 2008

Private-Purpose Trust Fund — The Private-Purpose Trust Fund accounts for trust arrangements under which principal and income benefit participants in the Variable College Savings Plan, which is administered by the Tuition Trust Authority.

Investment Trust Fund — The STAR Ohio Investment Trust Fund accounts for the state-sponsored external investment pool, which the Treasurer of State administers for local government participants.

Agency Funds — These funds account for the receipt, temporary investment, and remittance of fiduciary resources held on behalf of individuals, private organizations, and other governments.

The State reports the following major component unit funds:

The *School Facilities Commission* accounts for grants that provide assistance to local school districts for the construction of school buildings.

The *Ohio Water Development Authority*, *Ohio State University*, and *University of Cincinnati* funds are business-type activities that use proprietary fund reporting. The financial statements for the Ohio Water Development Authority, which provides financial assistance to local governments for the construction of wastewater and sewage facilities, are presented for the fiscal year ended December 31, 2008. The Ohio State University Fund accounts for the university's operations, including its health system, supercomputer center, agricultural research



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and development center, and other legally separate entities subject to the control of the university's board. The University of Cincinnati Fund accounts for the university's operations, including its related foundation.

C. Measurement Focus and Basis of Accounting

Government-wide, Enterprise Fund, and Fiduciary Fund Financial Statements — The State reports the government-wide financial statements and the proprietary fund and fiduciary fund financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The State recognizes revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions when the exchange takes place. When resources are received in advance of the exchange, the State reports the unearned revenue as a liability.

Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include derived taxes, grants, and entitlements. The revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Under the accrual basis, the State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue.

Investment income includes the net increase (decrease) in the fair value of investments.

As permitted by GAAP, all governmental and business-type activities and enterprise funds have elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Governmental Fund Financial Statements — The State reports governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers revenues reported in the governmental funds to be available when the revenues are collectible within 60 days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Significant revenue sources susceptible to accrual under the modified accrual basis of accounting include:

- Personal income taxes
- Sales and use taxes
- Motor vehicle fuel taxes
- Charges for goods and services
- Federal government grants
- Tobacco settlement
- Investment income

The State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred and the revenues are collected during the availability period.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For revenue arising from exchange transactions (i.e., charges for goods and services), the State defers revenue recognition when resources earned from the exchange are not received during the availability period and reports unearned revenue when resources are received in advance of exchange.

The governmental funds recognize federal government revenue in the period when all applicable eligibility requirements have been met and resources are available. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue. The State defers revenue recognition for reimbursement-type grant programs if the reimbursement is not received during the availability period.

Investment income includes the net increase (decrease) in the fair value of investments.

Licenses, permits, fees, and certain other miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. The "Other" revenue account is comprised of refunds, reimbursements, recoveries, and other miscellaneous income.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, capital lease obligations, compensated absences, and claims and judgments. The governmental funds recognize expenditures for these liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt issuances, including refunding bond proceeds, premiums, and acquisitions under capital leases are reported as other financing sources while discounts and payments to refunded bond escrow agents are reported as other financing uses.

D. Budgetary Process

As the Ohio Revised Code requires, the Governor submits biennial operating and capital budgets to the General Assembly.

The General Assembly approves operating appropriations in annual amounts and capital appropriations in two-year amounts.

The General Assembly enacts the budget through passage of specific departmental line-item appropriations, the legal level of budgetary control. Line-item appropriations are established within funds by program or major object of expenditure. The Governor may veto any item in an appropriation bill. Such vetoes are subject to legislative override.

The State's Controlling Board can transfer or increase a line-item appropriation within the limitations set under Sections 127.14 and 131.35, Ohio Revised Code.

All governmental funds are budgeted except the following activities within the debt service and capital projects fund types:

- Improvements General Obligations
- Highway Improvements General Obligations
- Development General Obligations
- Highway General Obligations
- Public Improvements General Obligations
- Vietnam Conflict Compensation
General Obligations
- Economic Development Revenue Bonds
- Infrastructure Bank Revenue Bonds
- Revitalization Project Revenue Bonds
- Buckeye Tobacco Settlement Financing Authority
Revenue Bonds



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Chapter 154 Special Obligations
Ohio Building Authority Special Obligations
School Building Program Special Obligations
Transportation Certificates of Participation
OAKS Certificates of Participation
STARS Certificates of Participation
OAKS Project
STARS Project

For budgeted funds, the State's Ohio Administrative Knowledge System controls expenditures by appropriation line-item, so at no time can expenditures exceed appropriations and financial-related legal compliance is assured. The State uses the modified cash basis of accounting for budgetary purposes.

The *Detailed Appropriation Summary by Fund Report* is available for public inspection at the Ohio Office of Budget and Management and on its web site at www.obm.ohio.gov/SectionPages/FinancialReporting. This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

In the *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Funds*, the State reports estimated revenues and other financing sources and uses for the General Fund only; the State does not estimate revenue and other financing sources and uses for the major special revenue funds or its budgeted nonmajor governmental funds.

Additionally, in the non-GAAP budgetary basis financial statement, "actual" budgetary expenditures include cash disbursements and outstanding encumbrances, as of June 30.

The State Highway Patrol Retirement System Pension Trust Fund, the Variable College Savings Plan Private-Purpose Trust Fund, and the STAR Ohio Investment Trust Fund are not legally required to adopt budgets. For budgeted proprietary funds, the State is not legally required to report budgetary data and comparisons for these funds. Also, the State does not present budgetary data for its discretely presented component units.

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

E. Cash Equity with Treasurer and Cash and Cash Equivalents

Cash equity with Treasurer consists of pooled demand deposits and investments carried at fair value. The State's cash pool under the Treasurer of State's administration has the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty.

Cash and cash equivalents include amounts on deposit with financial institutions and cash on hand. The cash and cash equivalents account also include investments with original maturities of three months or less from the date of acquisition for the Workers' Compensation Enterprise Fund.

Cash equity with Treasurer and cash and cash equivalents, including the portions reported under "Restricted Assets," are considered to be cash equivalents, as defined in GASB Statement No. 9, for purposes of the Statement of Cash Flows.

Additional disclosures on the State's deposits can be found in NOTE 4.

F. Investments

Investments include long-term investments that may be restricted by law or other legal instruments. With the exception of certain money market investments, which have remaining maturities at the time of purchase of one year or less and are carried at amortized cost, and holdings in the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool, the State reports investments at fair value based on quoted market prices. STAR Ohio



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940; investments in the 2a7-like pool are reported at amortized cost (which approximates fair value).

The colleges and universities report investments received as gifts at their fair value on the donation date.

The primary government does not manage or provide investment services for investments reported in the Agency Fund that are owned by other, legally separate entities that are not part of the State of Ohio's reporting entity.

Additional disclosures on the State's investments can be found in NOTE 4.

G. Taxes Receivable

Taxes receivable represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, revenue has been recognized for the receivable. In the fund financial statements only the portion of the receivable collected during the 60-day availability period has been recognized as revenue while the remainder is recorded as deferred revenue. Additional disclosures on taxes receivable can be found in NOTE 5.

H. Intergovernmental Receivable

The intergovernmental receivable balance is primarily comprised of amounts due from the federal government for reimbursement-type grant programs. Advances of resources to recipient local governments before eligibility requirements have been met under government-mandated and voluntary nonexchange programs and amounts due for exchanges of State goods and services with other governments are also reported as intergovernmental receivables. Additional details on the intergovernmental receivable balance can be found in NOTE 5.

I. Inventories

Inventories are valued at cost. Principal inventory cost methods applied include first-in/first-out, average cost, moving-average, and retail.

In the governmental fund financial statements, the State recognizes the costs of material inventories as expenditures when purchased. Inventories do not reflect current appropriable resources in the governmental fund financial statements, and therefore, the State reserves an equivalent portion of fund balance.

J. Restricted Assets

The primary government reports assets restricted for the payment of deferred lottery prize awards, revenue bonds, and tuition benefits in the enterprise funds.

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

K. Capital Assets

Primary Government

The State reports capital assets purchased with governmental fund resources in the government-wide financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. The State does not report capital assets purchased with governmental fund resources in the fund financial statements. Governmental capital assets are reported net of accumulated depreciation, except for land, construction-in-progress, transportation infrastructure assets, and individual works of art and historical treasures, including historical land improvements and buildings. Transportation infrastructure assets are reported using the "modified approach," as discussed below, and therefore are not depreciable. Individual works of art and historical treasures, including historical land improvements and buildings, are considered to be inexhaustible, and therefore, are not depreciable.

The State reports capital assets purchased with enterprise fund resources and fiduciary fund resources in the government-wide and the fund financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. Capital assets, except for land and construction-in-progress, are reported net of accumulated depreciation.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The State has elected to capitalize its transportation infrastructure assets, defined as bridges, general highways, and priority highways, using the modified approach. Under this approach, the infrastructure assets are not depreciated because the State has committed itself to maintaining the assets at a condition level that the Ohio Department of Transportation (ODOT) has determined to be adequate to meet the needs of the citizenry. Costs of maintaining the bridge and highway infrastructure are not capitalized. New construction that represents additional lane-miles of highway or additional square-footage of bridge deck area and improvements that add to the capacity or efficiency of an asset are capitalized.

ODOT maintains an inventory of its transportation infrastructure capital assets, and conducts annual condition assessments to establish that the condition level that the State has committed itself to maintaining is, in fact, being achieved. ODOT also estimates the amount that must be spent annually to maintain the assets at the desired condition level.

For its other types of capital assets, the State does not capitalize the costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life. Costs of major improvements are capitalized. Interest costs associated with the acquisition of capital assets purchased using governmental fund resources are not capitalized, while those associated with acquisitions purchased using enterprise and fiduciary fund resources are capitalized.

The State does not capitalize collections of works of art or historical treasures that can be found at the Governor's residence, Malabar Farm (i.e., Louis Bromfield estate), which the Ohio Department of Natural Resources operates, the Ohio Arts Council, the State Library of Ohio, and the Capitol Square Review and Advisory Board for the following reasons:

- The collection is held for public exhibition, education, or research in furtherance of public service rather than for financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State has established the following capitalization thresholds:

Buildings	\$15,000
Building Improvements	100,000
Land, including easements ..	All, regardless of cost
Land Improvements	15,000
Machinery and Equipment....	15,000
Vehicles	15,000
Infrastructure:	
Highway Network.....	500,000
Bridge Network	500,000
Park and Natural Resources Network.....	All, regardless of cost

For depreciable assets, the State applies the straight-line method over the following estimated useful lives:

Buildings	20-45 Years
Land Improvements	10-30 Years
Machinery and Equipment....	3-15 Years
Vehicles	7-15 Years
Park and Natural Resources Infrastructure Network.....	10-50 Years

NOTE 8 contains additional disclosures about the primary government's capital assets.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit Funds

The discretely presented component unit funds value all capital assets at cost and donated fixed assets at estimated fair value on the donation date. They apply the straight-line method to depreciable capital assets. Additional disclosures about the discretely presented component unit funds' capital assets can be found in NOTE 8.

L. Medicaid Claims Payable

The Medicaid claims liability, which has an average maturity of one year or less, includes an estimate for incurred, but not reported claims.

M. Noncurrent Liabilities

Government-wide Financial Statements — Liabilities whose average maturities are greater than one year are reported in two components — the amount due in one year and the amount due in more than one year. Additional disclosures as to the specific liabilities included in noncurrent liabilities can be found in NOTES 10 through 15.

Fund Financial Statements — Governmental funds recognize noncurrent liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

The proprietary funds and component unit funds report noncurrent liabilities expected to be financed from their operations.

N. Compensated Absences

Employees of the State's primary government earn vacation leave, sick leave, and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first 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, the State pays employees, at their full rate, 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 to 55 percent of unused sick leave.

Such leave is liquidated in cash, under certain restrictions, either annually in December, or at the time of termination from employment.

For the governmental funds, the State reports the compensated absences liability as a fund liability (included in the "Accrued Liabilities" account as a component of wages payable) to the extent it will be liquidated with expendable, available financial resources. For the primary government's proprietary funds and its discretely presented component unit funds, the State reports the compensated absences liability as a fund liability included in the "Refund and Other Liabilities" account.

The State's primary government accrues vacation, compensatory time, and personal leaves as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as at termination or retirement.

Sick leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The State's primary government accrues sick leave using the vesting method. Under this method, the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

O. Fund Balance

Fund balance reported in the governmental fund financial statements is classified as follows:

Reserved

Reservations represent balances that are not appropriable or are legally restricted for a specific purpose. Additional details on "Reserved for Other" balances are disclosed in NOTE 17.

Unreserved/Designated

Designations represent balances available for tentative management plans that are subject to change.

Unreserved/Undesignated

Unreserved/undesignated fund balances are available for appropriation for the general purpose of the fund.

P. Risk Management

The State's primary government is self-insured for claims under its traditional healthcare plans and for vehicle liability while it has placed public official fidelity bonding with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. While not the predominant participants, the State's primary government and its discretely presented component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their respective workers' compensation liabilities. These liabilities are reported in the governmental funds under the "Interfund Payable" account. (See NOTE 7).

Q. Interfund Balances and Activities

Interfund transactions and balances have been eliminated from the government-wide financial statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Revenues and expenses associated with reciprocal transactions within governmental or within business-type activities have not been eliminated.

In the fund financial statements, interfund activity within and among the three fund categories (governmental, proprietary, and fiduciary) is classified and reported as follows:

Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions. This activity includes:

Interfund Loans — Amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

Interfund Services Provided and Used — Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. This activity includes:

Interfund Transfers — Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Reimbursements — Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Details on interfund balances and transfers are disclosed in NOTE 7.

R. Intra-Entity Balances and Activities

Balances due between the primary government and its discretely presented component units are reported as receivables from component units or primary government and payables to component units or primary government. For each major component unit, the nature and amount of significant transactions with the primary government are disclosed in NOTE 7.

Resource flows between the primary government and its discretely presented component units are reported like external transactions (i.e., revenues and expenses).

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS

A. Restatements

Restatements of net assets, as of June 30, 2008, for the primary government and component units that resulted from implementation of a new standard, changes in accounting principles and other adjustments, are presented in the following table (dollars in thousands).

Government-Wide Financial Statements:

	Governmental Activities	Total Primary Government	Total Component Units
Net Assets, as of June 30, 2008, As Previously Reported	\$20,586,159	\$23,722,258	\$13,791,104
<i>Implementation of New Accounting Standard:</i>			
Refund & Other Liabilities-Due in More Than One Year.....	(7,411)	(7,411)	-
<i>Change in Accounting Principle:</i>			
Accounts Payable and Accrued Liabilities.....	-	-	(413)
Other Long-Term Liabilities.....	-	-	(2,464)
Capital Assets Not Being Depreciated.....	-	-	(8,318)
<i>Other Adjustments that Increased/(Decreased) Net Assets:</i>			
Accounts Receivable Write-Off for Permanently Restricted Pledge.....	-	-	(9)
Total Changes in Net Assets.....	(7,411)	(7,411)	(11,204)
Net Assets, July 1, 2008, As Restated	\$20,578,748	\$23,714,847	\$13,779,900

B. Implementation of Recently Issued Accounting Pronouncements

For the fiscal year ended June 30, 2009, the State implemented the provisions of

- Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.
- Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*.



NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS (Continued)

- Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

GASB 49 establishes the accounting and financial reporting standard for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution, by participating in pollution remediation activities such as site assessments and cleanups.

GASB 52 establishes consistent standards for the reporting of land and other real estate held as investments by similar entities. It requires endowments to report their land and other real estate investments at fair value. Additionally, governments are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for their investments reported at fair value.

GASB 57 amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, by establishing standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. (The GASB 57 provisions related to the frequency and timing of measurements are effective at a later date).

C. Recently Issued GASB Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The requirements of GASB 51 are effective for financial statements for periods beginning after June 15, 2009. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies among state and local governments, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The requirements of GASB 53 are effective for periods beginning after June 15, 2009. This Statement addresses the recognition, measurement, and disclosure of information regarding derivatives instruments entered into by state and local governments. This Statement describes the methods of evaluating effectiveness such as consistent critical terms method and more quantitative methods such as synthetic instrument method, dollar-offset method, and regression analysis method. A key provision of this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, are reported at fair value.

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of GASB 54 are effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Certain requirements of GASB 57 are effective for financial statements for periods beginning after June 15, 2011. GASB 57 clarifies requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, related to the coordination of the timing and frequency of OPEB measurements by agent employers and the agent multiple-employer OPEB plans in which they participate. (The GASB 57 provisions related to the use and reporting of the alternative measurement method were effective immediately).

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The requirements of GASB 58 are effective for financial statements for periods beginning after June



NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS (Continued)

15, 2009. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan.

Management has not yet determined the impact that the new GASB pronouncements will have on the State's financial statements.

NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS

In the accompanying *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Funds*, actual revenues, transfers-in, expenditures, encumbrances, and transfers-out reported on the non-GAAP budgetary basis do not equal those reported on the GAAP basis in the *Statement of Revenues, Expenditures and Changes in Fund Balances — Major Governmental Funds*.

This inequality results primarily from basis differences in the recognition of accruals, deferred revenue, interfund transactions, and loan transactions, and from timing differences in the budgetary basis of accounting for encumbrances. On the non-GAAP budgetary basis, the State recognizes encumbrances as expenditures in the year encumbered, while on the modified accrual basis, the State recognizes expenditures when goods or services are received regardless of the year encumbered.

Original budget amounts in the accompanying budgetary statements have been taken from the first complete appropriated budget for fiscal year 2009. An appropriated budget is the expenditure authority created by appropriation bills that are signed into law and related estimated revenues. The original budget also includes actual appropriation amounts automatically carried over from prior years by law, including the automatic rolling forward of appropriations to cover prior-year encumbrances.

Final Budget amounts represent original appropriations modified by authorized transfers, supplemental and amended appropriations, and other legally authorized legislative and executive changes applicable to fiscal year 2009, whenever signed into law or otherwise legally authorized.

For fiscal year 2009, no excess expenditures over appropriations were reported in individual funds.

A reconciliation of the fund balances reported under the GAAP basis and budgetary basis for the General Fund and the major special revenue funds is presented on the following page.



NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS (Continued)

Primary Government
Reconciliation of GAAP Basis Fund Balances to Non-GAAP Budgetary Basis Fund Balances
For the General Fund and Major Special Revenue Funds
As of June 30, 2009
(dollars in thousands)

	Major Special Revenue Funds				
	General	Job, Family, and Other Human Services	Education	Highway Operating	Revenue Distribution
Total Fund Balances - GAAP Basis	\$773,816	\$283,830	\$91,973	\$1,044,937	(\$234,170)
Less: Reserved Fund Balances	560,762	1,359,239	39,256	1,526,500	113,755
Unreserved/Undesignated Fund Balances —					
GAAP Basis	213,054	(1,075,409)	52,717	(481,563)	(347,925)
BASIS DIFFERENCES					
Revenue Accruals/Adjustments:					
Cash Equity with Treasurer	(83,355)	(17,159)	(73)	(14,840)	(8,653)
Taxes Receivable	(819,146)	-	-	(66,976)	(463,829)
Intergovernmental Receivable	(701,305)	(429,360)	(107,666)	(98,652)	-
Loans Receivable, Net	(232,443)	-	(58)	(116,848)	-
Interfund Receivable	(2,994)	(2)	-	(422)	(89,831)
Receivables from Component Units	-	-	-	-	-
Other Receivables	(165,012)	(268,573)	(718)	(6,566)	-
Deferred Revenue	304,500	163,438	8,766	7,432	12,682
Unearned Revenue	-	201,028	45,344	-	6,776
Total Revenue Accruals/Adjustments	(1,699,755)	(350,628)	(54,405)	(296,872)	(542,855)
Expenditure Accruals/Adjustments:					
Cash Equity with Treasurer	(46,979)	(6,083)	(596)	(9,528)	-
Inventories	(26,145)	-	-	(46,564)	-
Other Assets	(16,403)	(2,027)	(8,423)	(3,187)	-
Accounts Payable	156,111	89,552	15,004	151,309	-
Accrued Liabilities	169,135	23,974	2,543	29,433	-
Medicaid Claims Payable	897,066	4,031	-	-	-
Intergovernmental Payable	465,221	228,381	54,440	168	943,419
Interfund Payable	647,418	15,355	2,711	90,650	828
Payable to Component Units	10,489	1,220	998	552	-
Refund and Other Liabilities	687,921	4,995	-	-	42,043
Liability for Escheat Property	8,810	-	-	-	-
Total Expenditure Accruals/Adjustments	2,952,644	359,398	66,677	212,833	986,290
Other Adjustments:					
Fund Balance Reclassifications:					
From Unreserved (Non-GAAP Budgetary Basis)					
to Reserved for:					
Noncurrent Portion of Loans Receivable	228,321	-	46	115,289	-
Noncurrent Portion of Interfund Receivable	-	-	-	-	-
Inventories	26,145	-	-	46,564	-
State and Local Highway Construction	-	-	-	-	113,009
Federal Programs	-	4,014	7,018	15,486	-
Other	67,896	22,251	469	6,470	-
Cash and Investments Held					
Outside of State Treasury	(684,625)	(10,289)	(2,207)	(683)	(10,731)
Other	7	(1)	2	1	-
Total Other Adjustments	(362,256)	15,975	5,328	183,127	102,278
Total Basis Differences	890,633	24,745	17,600	99,088	545,713
TIMING DIFFERENCES					
Encumbrances	(270,102)	(220,106)	(20,879)	(160,410)	(56)
Budgetary Fund Balances (Deficits) —					
Non-GAAP Basis	\$833,585	(\$1,270,770)	\$49,438	(\$542,885)	\$197,732



NOTE 4 DEPOSITS AND INVESTMENTS

A. Legal Requirements

The deposit and investment policies of the Treasurer of State and the State Board of Deposit are governed by the Uniform Depository Act, Chapter 135, Ohio Revised Code, which requires state moneys to be maintained in one of the following three classifications:

Active Deposits – Moneys required to be kept in cash or near cash status to meet current demands. Such moneys must be maintained either as cash in the State's treasury or in any of the following: a commercial account that is payable or about to be withdrawn, in whole or in part, on demand, a negotiable order of withdrawal account, a money market deposit account or a designated warrant clearance account.

Inactive Deposits – Those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only in certificates of deposit maturing not later than the end of the current period of designation of depositories.

Interim Deposits – Those moneys not required for immediate use, but needed before the end of the current period of designation of depositories. Interim deposits may be deposited or invested in the following instruments:

- US Treasury Bills, notes, bonds or other obligation or securities issued by or guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
- Bonds and other direct obligations of the State of Ohio issued by the Treasurer of State and of the Ohio Public Facilities Commission, the Ohio Building Authority, and the Ohio Housing Finance Agency;
- Commercial paper issued by any corporation that is incorporated under the laws of the United States or a state, and rated at the time of purchase in the two highest rating categories by two nationally recognized rating agencies;
- Written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer in the securities enumerated above;
- No-load money market mutual funds consisting exclusively of securities and repurchase agreements enumerated above;
- Securities lending agreements with any eligible financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer;
- Bankers' acceptances maturing in 270 days or less;
- Certificates of deposit in the eligible institutions applying for interim moneys, including linked deposits, as authorized under Sections 135.61 to 135.67, Ohio Revised Code, agricultural linked deposits, as authorized under Sections 135.71 to 135.76, Ohio Revised Code, and housing linked deposits, as authorized under Sections 135.81 to 135.87, Ohio Revised Code;
- The Treasurer of State's investment pool, as authorized under section 135.45, Ohio Revised Code;
- Debt interest, other than commercial paper as enumerated above, of corporations incorporated under the laws of the United States or a state, of foreign nations diplomatically recognized by the United States, or any instrument based on, derived from, or related to such interests that are rated at the time of purchase in the three highest categories by two nationally recognized rating agencies, and denominated and payable in U.S. funds; and



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code.

The reporting entity's deposits must be held in insured depositories approved by the State Board of Deposit and must be fully collateralized. However, in the case of foundations and other component units of the colleges and universities, deposits of these entities are not subject to the legal requirements for deposits of governmental entities.

Deposits and investment policies of certain individual funds and component units are established by Ohio Revised Code provisions other than the Uniform Depository Act and by bond trust agreements. In accordance with applicable statutory authority, the State Highway Patrol Retirement System Pension Trust Fund, the Tuition Trust Authority Enterprise Fund, the Workers' Compensation Enterprise Fund, the Retirement Systems Agency fund, and the higher education institutions may also invest in common and preferred stocks, domestic and foreign corporate and government bonds and notes, mortgage loans, limited partnerships, venture capital, real estate and other investments.

B. State-Sponsored Investment Pool

The Treasurer of State is the investment advisor and administrator of the State Treasury Asset Reserve of Ohio (STAR Ohio), a statewide external investment pool authorized under Section 135.45, Ohio Revised Code. STAR Ohio issues a stand-alone financial report, copies of which may be obtained by making a written request to: Director of Investments, Treasurer of State, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215, by calling (614) 466-2160, or by accessing the Treasurer of State's website at www.ohiotreasurer.org.

C. Deposit and Investment Risks

Although exposure to risks is minimized by complying with the legal requirements explained above and internal policies adopted by the Treasurer of State and the investment departments at the various state agencies, the State's deposits and investments are exposed to risks that may lead to losses of value.

The following risk disclosures report investments by type. The "U.S. Agency Obligations" category includes securities issued by federal government agencies and instrumentalities, including government sponsored enterprises.

1. Custodial Credit Risk

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

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

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

The table below reports the carrying amount of deposits, as of June 30, 2009, held by the primary government, including fiduciary activities, and its component units and the extent of exposure to custodial credit risk.

Custodial credit risk for investments exists when a government is unable to recover the value of investment or collateral securities that are in the possession of an outside party in the event of a failure of a counterparty to a transaction.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department but not in the government's name.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The State's reporting entity has not established specific policies for managing custodial credit risk exposure for investments.

Primary Government (including Fiduciary Activities) and Component Units					
Deposits—Custodial Credit Risk					
As of June 30, 2009					
(dollars in thousands)					
			Uninsured Portion of Reported Bank Balance		
	Carrying Amount	Bank Balance	Uncollateralized	Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Depositor- Government's Name	Collateralized with Securities Held by the Pledging Institution
Primary Government	\$1,431,565	\$1,483,474	\$260	\$235,208	\$ -
Component Units	1,446,532	1,553,798	42,913	1,249,876	125,416
Total Deposits — Reporting Entity	\$2,878,097	\$3,037,272	\$43,173	\$1,485,084	\$125,416

The following tables report the fair value, as of June 30, 2009, of investments by type for the primary government, including fiduciary activities, and its component units, and the extent of exposure to custodial credit risk (dollars in thousands).



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

**Primary Government (including Fiduciary Activities) and Component Units
Investments—Custodial Credit Risk**

As of June 30, 2009
(dollar in thousands)

Uninsured,
Unregistered, and
Held by the
Counterparty's Trust
Department or Agent
but not in the State's
Name

**Investments for the Primary Government
(including Fiduciary Activities), as of June 30, 2009**

	Total Fair Value	
<i>Investments Subject to Custodial Credit Risk Exposure:</i>		
U.S. Government Obligations	\$11,485,163	\$197,182
U.S. Government Obligations—Strips	483,551	-
U.S. Agency Obligations	14,293,182	-
U.S. Agency Obligations—Strips	404,254	-
Common and Preferred Stock	45,737,321	264,221
Corporate Bonds and Notes	14,528,144	-
Corporate Bonds and Notes—Strips	221	-
Municipal Obligations.....	284,183	-
Commercial Paper	4,837,234	-
Repurchase Agreements	269,756	-
Mortgage and Asset-Backed Securities	8,123,597	-
International Investments:		
Foreign Stocks	25,891,157	-
Foreign Bonds	2,813,731	-
High-Yield and Emerging Markets Fixed Income	1,097,661	-
Securities Lending Collateral:		
Commercial Paper	209,990	-
Repurchase Agreements	1,955,000	-
Mortgage and Asset-Backed Securities	971	-
Foreign Bonds	1,999	-
Variable Rate Notes	564,767	-
Master Notes	182,000	-
U.S. Agency Obligations.....	2,998	-
Corporate Bonds.....	17,445	-
Equity Mutual Funds	5,517	-
Bond Mutual Funds.....	1,679,347	-
Negotiable Certificates of Deposit	-	-
<i>Investments Not Subject to Custodial Credit Risk Exposure:</i>		
Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:		
U.S. Government Obligations	165,317	-
U.S. Agency Obligations	4,306,423	-
U.S. Agency Obligations—Strips	6,997	-
Common and Preferred Stock	34,830	-
Corporate Bonds and Notes.....	-	-
International Investments:		
Foreign Stocks	1,136	-
Foreign Bonds	-	-
High-Yield and Emerging Markets Fixed Income	-	-
International Investments-Commingled Equity Funds	1,069,698	-
International Investments-Commingled Bond Funds	40,194	40,194
Equity Mutual Funds	7,319,308	-
Bond Mutual Funds	6,713,728	-
Real Estate	12,295,893	-
Venture Capital	6,341,345	-
Partnerships and Hedge Funds	61,485	-
Investment Contracts	5,947	-
Deposit with Federal Government	87,656	-
Component Units' Equity in State Treasurer's Cash and Investment Pool	(4,020,766)	-
Component Units' Equity in the State Treasury Asset Reserve of Ohio	(546,252)	-
Total Investments — Primary Government	\$168,752,128	\$501,597



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investments for Component Units, as of June 30, 2009	Total Fair Value	Uninsured, Unregistered, and Held by the Counterparty's	
		Trust Department or Agent but not in the Component Unit's Name	Counterparty but not in the Component Unit's Name
<i>Investments Subject to Custodial Credit Risk Exposure:</i>			
U.S. Government Obligations	\$269,628	\$135,186	\$58,064
U.S. Government Obligations—Strips	4,856	3,055	-
U.S. Agency Obligations	1,138,484	794,550	160,112
Common and Preferred Stock	837,707	192,960	247,230
Corporate Bonds and Notes	459,682	214,842	184,913
Commercial Paper	14,103	13,893	-
Repurchase Agreements	81,536	913	75,942
Mortgage and Asset-Backed Securities	72,483	283	-
Negotiable Certificates of Deposit	4,812	-	-
Municipal Obligations	12,988	8,664	129
International Investments:			
Foreign Stocks	198,787	721	-
Foreign Bonds	1,175	-	-
Other Investments	25,179	-	-
		<u>\$1,365,067</u>	<u>\$726,390</u>
<i>Investments Not Subject to Custodial Credit Risk Exposure:</i>			
Equity Mutual Funds	1,153,494		
Bond Mutual Funds	962,425		
Real Estate	60,003		
Life Insurance	17,833		
Investment Contracts	25,885		
Charitable Remainder Trusts	198,173		
Partnerships and Hedge Funds	1,003,155		
Investment in State Treasurer's Cash and Investment Pool	4,020,765		
Investment in the State Treasury Asset Reserve of Ohio (STAR)	546,252		
Total Investments — Component Units	<u>\$11,109,405</u>		
Total Investments — Reporting Entity	<u>\$179,861,533</u>		

**Reconciliation of Deposits and Investments Disclosures with Financial Statements
As of June 30, 2009**

(dollars in thousands)

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Component Units	Statement of Net Assets	Total
Cash Equity with Treasurer	\$5,815,272	\$109,029	\$1,205,322	\$254,140	\$7,383,763
Cash and Cash Equivalents	122,257	522,474	1,403,559	197,329	2,245,619
Investments	1,087,926	16,647,053	5,413,031	140,414,137	163,562,147
Collateral on Lent Securities	2,764,289	40,792	1,418,710	146,318	4,370,109
Deposit with Federal Government	-	87,656	-	-	87,656
Restricted Assets:					
Cash Equity with Treasurer	-	70	1,396,733	-	1,396,803
Cash and Cash Equivalents	138,791	978	613,681	-	753,450
Investments	389,357	1,288,227	1,104,907	-	2,782,491
Collateral on Lent Securities	-	256,550	-	-	256,550
Total Reporting Entity	<u>\$10,317,892</u>	<u>\$18,952,829</u>	<u>\$12,555,943</u>	<u>\$141,011,924</u>	<u>\$182,838,588</u>
Total Carrying Amount of Deposits and Investments per Financial Statements					\$182,838,588
Outstanding Warrants and Other Reconciling Items					(100,224)
Differences Resulting from Component Units with December 31 Year-Ends					1,266
Total Carrying Amount of Deposits and Investments Disclosed in Note 4					<u>\$182,739,630</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The total carrying amount of deposits and investments, as of June 30, 2009, reported for the primary government and its component units is (dollars in thousands) \$182,838,588. The total of the carrying amounts of both deposits in the amount of \$2,878,097 and investments in the amount of \$179,861,533 that has been categorized and disclosed in this note is \$182,739,630. A reconciliation of the difference is presented in the table on the previous page.

2. Credit Risk

The risk that an investment's issuer or counterparty will not satisfy its obligation is called credit risk. The exposure to this risk has been minimized through the laws and policies adopted by the State.

For investments that are included in the treasury's cash and investment pool and reported as "Cash Equity with Treasurer" and other investment securities managed by the Treasurer of State's Office, Chapter 135, Ohio Revised Code, requires such investments to carry certain credit ratings at the time of purchase as follows:

- Commercial paper must carry ratings in the two highest categories by two nationally recognized rating agencies;
- Debt interests (other than commercial paper) must carry ratings in one of the three highest categories by two nationally recognized rating agencies. This requirement is met when either the debt interest or the issuer of the debt interest carries this rating.

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

- Commercial paper must have a short term debt rating of at least "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Banker acceptances must carry a minimum of "AA" for long-term debt ("AAA" for foreign issuers) by a majority of the agencies rating the issuer. For the short-term debt, the rating must be "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Corporate notes must be rated at a minimum of "Aa" by Moody's Investors Service and a minimum of "AA" by Standard & Poor's for long-term debt;
- Foreign debt must be guaranteed as to principal and interest by the United States or be rated in one of the three highest categories by at least two rating agencies; and
- For Registered Investment Companies (Mutual Funds), no-load money market mutual funds must carry a rating of "AAm", "AAm-G", or better by Standard & Poor's or the equivalent rating of another agency.

Investment policies regarding credit risk that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State's reporting entity are as follows:

Workers' Compensation Enterprise Fund

The Fund requires an average credit quality no lower than an "A" rating for fixed income securities.

State Highway Patrol Retirement System Pension Trust Fund

When purchased, bond investments must be rated within the four highest classifications of at least two rating agencies.

STAR Ohio Investment Trust Fund

Investment policies governing the STAR Ohio external investment pool require that all securities must be rated the equivalent of "A-1" or higher, and at least 50 percent of the total average portfolio must be rated "A-1+" or better.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, non-investment grade securities are limited to 15 percent of the total Global Bond portfolio assets. Under the Cash Management Policy, issues rated in the A2/P2 category are limited to five percent of portfolio and one percent per issuer. Those rated in the A3/P3 category are limited to two percent of the portfolio (one-half percent per issuer) with a final maturity of the next business day.

For the Ohio Police and Fire Pension Fund,

- Securities in the core fixed income portfolio shall be rated “BBB-” or better by two standard rating agencies at the time of the purchase;
- Securities in the high yield fixed income portfolio are high yield bonds issued by U.S. corporations with a minimum rating of “CCC” or equivalent;
- Investment managers may purchase securities that are “Not Rated” as long as they deem these securities to be at least equivalent to the minimum ratings; and
- Commercial paper must be rated within the two highest classifications established by two standard rating agencies.

Ohio Water Development Authority Component Unit Fund

The Authority’s policy authorizes the acquisition of repurchase agreements from financial institutions with a Moody’s or Standard & Poor’s rating of “A” and the entering into investment agreements with financial institutions rated in the highest short-term categories or one of the top three long-term categories by Moody’s and/or Standard and Poor’s.

University of Cincinnati Component Unit Fund

The policy governing the university’s temporary investment pool permits investments in securities rated “A” or higher at the time of purchase. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade, high-yield bond investments and certain unrated investments having strategic value to the university are permitted.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government (including Fiduciary Activities)
Investment Credit Ratings
As of June 30, 2009
(dollars in thousands)

Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$15,545,782	\$2,430	\$2,971,280	\$ -	\$ -	\$ -
U.S. Agency Obligations—Strips	411,251	-	-	-	-	-
Corporate Bonds and Notes	2,198,564	1,241,799	5,390,932	4,492,219	528,985	363,655
Corporate Bonds and Notes—Strips	221	-	-	-	-	-
Municipal Bonds.....	80,094	130,163	64,167	9,759	-	-
Commercial Paper	4,380,353	144,966	261,933	49,982	-	-
Repurchase Agreements	264,571	-	-	-	-	-
Mortgage and Asset-Backed Securities	7,333,255	261,598	116,735	152,484	59,789	111,339
Foreign Bonds	296,751	152,435	536,599	1,163,725	165,719	42,482
High-Yield & Emerging Markets Fixed Income	18,855	2,156	13,232	93,266	296,066	315,119
Bond Mutual Funds	5,790,207	-	29,693	-	6,410	699
Investment Contracts	-	-	-	-	-	-
Securities Lending Collateral:						
Commercial Paper	-	-	209,990	-	-	-
Repurchase Agreements	-	445,000	1,510,000	-	-	-
Mortgage and Asset-Backed Securities	-	-	-	971	-	-
Foreign Bonds	1,999	-	-	-	-	-
Variable Rate Notes	-	105,549	329,938	129,280	-	-
Master Notes	-	-	182,000	-	-	-
Corporate Bonds.....	-	9,944	7,501	-	-	-
U.S. Government Agency.....	2,998	-	-	-	-	-
Bond Mutual Funds	1,670,419	-	-	-	-	-
International Investments-Commingled Bond Funds	-	40,194	-	-	-	-
Total Primary Government	\$37,995,320	\$2,536,234	\$11,624,000	\$6,091,686	\$1,056,969	\$833,294

Investment Type	Credit Rating					Total
	CCC/Caa	CC/Ca	C	D	Unrated	
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$ -	\$ 80,113	\$18,599,605
U.S. Agency Obligations—Strips	-	-	-	-	-	411,251
Corporate Bonds and Notes	175,502	20,697	10,274	11,380	94,137	14,528,144
Corporate Bonds and Notes—Strips	-	-	-	-	-	221
Municipal Bonds.....	-	-	-	-	-	284,183
Commercial Paper	-	-	-	-	-	4,837,234
Repurchase Agreements	-	-	-	-	5,185	269,756
Mortgage and Asset-Backed Securities	74,333	2,893	8,360	-	2,811	8,123,597
Foreign Bonds	15,856	2,339	1,145	-	436,680	2,813,731
High-Yield & Emerging Markets Fixed Income	146,695	26,283	1,039	13,473	171,477	1,097,661
Bond Mutual Funds	-	-	-	-	886,719	6,713,728
Investment Contracts	-	-	-	-	5,947	5,947
Securities Lending Collateral:						
Commercial Paper	-	-	-	-	-	209,990
Repurchase Agreements	-	-	-	-	-	1,955,000
Mortgage and Asset-Backed Securities	-	-	-	-	-	971
Foreign Bonds	-	-	-	-	-	1,999
Variable Rate Notes	-	-	-	-	-	564,767
Master Notes	-	-	-	-	-	182,000
Corporate Bonds.....	-	-	-	-	-	17,445
U.S. Government Agency.....	-	-	-	-	-	2,998
Bond Mutual Funds	-	-	-	-	8,928	1,679,347
International Investments-Commingled Bond Funds	-	-	-	-	-	40,194
Total Primary Government	\$ 412,386	\$ 52,212	\$ 20,818	\$ 24,853	\$1,691,997	\$62,339,769



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investment Type	Component Units Investment Credit Ratings As of June 30, 2009 (dollars in thousands)					
	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$1,138,484	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds and Notes	58,938	97,492	233,113	61,742	4,189	1,008
Commercial Paper	51	6,466	7,560	20	-	-
Repurchase Agreements	81,536	-	-	-	-	-
Mortgage and Asset-Backed Securities	1,867	-	-	-	-	-
Negotiable Certificates of Deposit	500	-	-	-	-	-
Municipal Obligations	6,727	5,920	108	-	-	-
Bond Mutual Funds	493,146	239,384	39,231	45,626	11,344	2,334
Foreign Bonds	-	127	125	792	-	-
Investment Contracts	-	-	-	-	-	-
Total Component Units	\$1,781,249	\$349,389	\$280,137	\$108,180	\$15,533	\$3,342

Investment Type	Credit Rating			Total
	CCC/Caa	CC/Ca	Unrated	
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$1,138,484
Corporate Bonds and Notes	450	190	2,560	459,682
Commercial Paper	-	-	6	14,103
Repurchase Agreements	-	-	-	81,536
Mortgage and Asset-Backed Securities	-	-	70,616	72,483
Negotiable Certificates of Deposit	-	-	4,312	4,812
Municipal Obligations	-	-	233	12,988
Bond Mutual Funds	2,684	-	128,676	962,425
Foreign Bonds	-	-	131	1,175
Investment Contracts	-	-	25,885	25,885
Total Component Units	\$3,134	\$190	\$232,419	\$2,773,573

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

Descriptions of the investment credit ratings shown in the tables are as follows:

Rating	General Description of Credit Rating
AAA/Aaa	Extremely strong
AA/Aa	Very strong
A/A-1	Strong
BBB/Baa	Adequate
BB/Ba	Less vulnerable
B	More vulnerable
CCC/Caa	Currently vulnerable to nonpayment
CC/Ca	Currently highly vulnerable to nonpayment
D	Currently highly vulnerable to nonpayment for failure to pay by due date



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

3. Concentration of Credit Risk

The potential for loss of value increases when investments are not diversified. The State has imposed limits on the types of authorized investments to prevent this type of loss.

For investments that are included in the treasury’s cash and investment pool, and reported as “Cash Equity with Treasurer” and other investment securities managed by the Treasurer of State’s Office, Chapter 135, Ohio Revised Code, requires the following:

- Investments in commercial paper may not exceed 25 percent of the State’s total average portfolio;
- Bankers acceptances cannot exceed 10 percent of the State’s total average portfolio;
- Debt interests cannot exceed 25 percent of the State’s total average portfolio;
- Debt interests in foreign nations may not exceed one percent of the State’s total average portfolio; and,
- Debt interests of a single issuer may not exceed one-half of one percent of the State’s total average portfolio.

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

Investment Type	Maximum % of Total Average Portfolio
U.S. Treasury	100
Federal Agency (fixed rate)	100
Federal Agency (callable)	55
Federal Agency (variable rate)	10
Repurchase Agreements	25
Bankers’ Acceptances	10
Commercial Paper	25
Corporate Notes	5
Foreign Notes	1
Certificates of Deposit	20
Municipal Obligations	10
STAR Ohio	25
Mutual Funds	25

The investment policies of the Treasurer of State’s Office also specify that commercial paper is limited to no more than five percent of the issuing corporation’s total outstanding commercial paper, and investments in a single issuer are further limited to no more than two percent of the total average portfolio except for the U.S. government obligations, limited at 100 percent; repurchases agreement counterparties, limited at the lesser of five percent of \$250 million; bankers’ acceptances, limited at five percent; corporate notes and foreign debt, limited at one-half of one percent; and mutual funds, limited at 10 percent.

For the U.S. Equity Portfolio of the Workers’ Compensation Enterprise Fund, no single holding is to be more than five percent of the entire portfolio at market, or five percent of the outstanding equity securities of any one corporation.

For the Lottery Commission Enterprise Fund, no more than two percent of the total average portfolio may be invested in the securities of any single issuer with the following exceptions: U.S. government obligations, 100 percent maximum; repurchase agreements, limited at the lesser or five percent or \$250 million; and mutual funds, 10 percent maximum.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The State Highway Patrol Retirement System Pension Trust Fund's policy prohibits the investment of more than 10 percent of its fixed income portfolio in securities of any one issuer with the exception of U.S. government securities, or the investment of more than five percent of the Fund's total investments in any one issuer with the exception of U.S. government securities.

For the STAR Ohio Investment Trust Fund, investments in a single issuer are further limited to no more than two percent of the total average portfolio except for U.S. Treasury obligations, limited at 100 percent; U.S. Agency obligations, limited at 33 percent; repurchase agreement counterparties, limited at the lesser of 10 percent of \$500 million; and mutual funds, limited at 10 percent.

As of June 30, 2009, all investments meet the requirements of the State's law and policies, when applicable. However, investments in certain issuers are at least five percent of investment balances, as follows (dollars in thousands):

Issuer	Amount	Percentage of Investment Balance
<i>Governmental and Business-Type Activities:</i>		
Federal National Mortgage Association	\$2,696,366	9%
Federal Home Loan Bank	3,046,398	10%
<i>STAR Ohio Investment Trust Fund:</i>		
Federal National Mortgage Association	1,715,002	27%
Federal Home Loan Bank	2,160,798	34%
Federal Home Loan Mortgage Corporation	1,694,148	27%
<i>School Facilities Commission Component Unit Fund:</i>		
Federal National Mortgage Association	131,510	19%
Federal Home Loan Bank	186,051	27%
Federal Home Loan Mortgage Corporation	56,355	8%
<i>Ohio Water Development Authority Component Unit Fund (12/31/08):</i>		
AIGMFC	111,515	15%
FNMA	272,421	7%
FHLB.....	146,564	8%

4. Interest Rate Risk

Certain of the State's investments are exposed to interest rate risk. This risk exists when changes to interest rates will negatively impact the fair value of an investment. The State has adopted policies to mitigate this risk.

Investment policies governing the treasury's cash and investment pool, which is reported as "Cash Equity with the Treasurer" and is managed by the Treasurer of State's Office, limit maturities of short term investments to no more than 18 months with a weighted average maturity not to exceed 90 days. For long term investments, maturities are limited to five years or less, except for those that are matched to a specific obligation or debt of the State. A duration target of three years or less has been established for long term investments.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Variable rate notes are permitted if they meet the following criteria:

- the note has an ultimate maturity of less than three years;
- the rate resets frequently to follow money market rates;
- the note is indexed to a money market rate that correlates (by at least 95 percent) with overall money market rate changes, even during wide swings in interest rates, e.g., federal funds, 3-month treasury bill, LIBOR; and
- any cap on the interest rate is at least 15 percent (1500 basis points) higher than the coupon at purchase.

The Lottery Commission Enterprise Fund's investments are required to have maturities of 30 years or less. In no case may the maturity of an investment exceed the expected date of disbursement of those funds.

For the State Highway Patrol Retirement System Pension Trust Fund, investment policies require that the Fund's fixed income portfolio has an average maturity of 10 years or less.

Investment policies governing the STAR Ohio Investment Trust Fund limit maturities of investments to a final stated maturity of 397 days or less. The weighted average maturity of each portfolio is limited to 60 days or less.

Investments purchased under the Cash Management Policy of the Ohio Public Employees Retirement System are limited to a weighted average maturity of 90 days. Fixed rate notes are required to have an average maturity of 14 months. Floating rate notes, with a rating of AA or higher, are limited to an average maturity of three years. All other issues are limited to a two-year average maturity.

All investments of the Ohio Water Development Authority Component Unit Fund must mature within five years unless the investment is matched to a specific obligation or debt of the Authority.

The policy of the University of Cincinnati Component Unit Fund stipulates that the weighted average maturity in the Temporary Investment Pool shall be no longer than five years. The weighted average of the fixed income maturities in the university's endowment portfolio shall not exceed 20 years.

As of June 30, 2009, several investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to the interest rate changes. The U.S. agency obligations investment type includes \$3.66 billion of investments with call dates during fiscal years 2010 and 2011. These investments have maturities between fiscal year 2010 and 2014 and are reported in the table on the following page as maturing in one to five years.

Several investments reported as "Collateral on Lent Securities" have terms that make them highly sensitive to interest rate changes as of June 30, 2009. Variable rate notes of \$50 million have daily reset dates. Mortgage and asset-backed securities of \$1 million and variable rate notes of \$70 million have monthly reset dates. Variable rate notes of \$420 million have quarterly reset dates.

The Lottery Commission Enterprise Fund has collateral on lent securities with reset dates. Variable rate notes with reset dates are reported as collateral on lent securities. Variable rate notes of \$25 million have daily reset dates.

Also during fiscal year 2009, the Treasurer of State acted as the custodian of the Retirement System Agency Fund's investments. These investments contain terms that make their fair values highly sensitive to interest rate changes. Specific information on the nature of the investments and their terms can be found in each respective system's Comprehensive Annual Financial Report.

The following tables list the investment maturities of the State's investments. All investments at June 30, 2009, meet the requirements of the State's laws and policies, when applicable.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government (including Fiduciary Activities)

Investments Subject to Interest Rate Risk

As of June 30, 2009

(dollars in thousands)

Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$427,846	\$2,133,792	\$1,471,976	\$7,616,866	\$11,650,480
U.S. Government Obligations—Strips	10,897	65,911	75,370	331,373	483,551
U.S. Agency Obligations	10,917,759	3,299,950	767,975	3,613,921	18,599,605
U.S. Agency Obligations—Strips	14,837	80,483	140,490	175,441	411,251
Corporate Bonds and Notes	1,602,301	3,235,207	2,621,405	7,069,231	14,528,144
Corporate Bonds and Notes—Strips	-	-	61	160	221
Municipal Bonds.....	-	-	-	284,183	284,183
Commercial Paper	4,837,234	-	-	-	4,837,234
Repurchase Agreements	269,756	-	-	-	269,756
Mortgage and Asset-Backed Securities	12,330	142,100	434,817	7,534,350	8,123,597
Foreign Bonds	124,916	429,927	486,026	1,772,862	2,813,731
High-Yield & Emerging Markets Fixed Income	147,631	273,882	444,378	231,770	1,097,661
Bond Mutual Funds	3,081,129	1,246,062	1,325,675	1,060,862	6,713,728
Investment Contracts	-	5,947	-	-	5,947
Securities Lending Collateral:					
Commercial Paper	209,990	-	-	-	209,990
Repurchase Agreements	1,955,000	-	-	-	1,955,000
Mortgage and Asset-Backed Securities	971	-	-	-	971
Variable Rate Notes	564,767	-	-	-	564,767
Master Notes	182,000	-	-	-	182,000
Corporate Bonds.....	17,445	-	-	-	17,445
U.S. Agency Obligations.....	2,998	-	-	-	2,998
Bond Mutual Funds	1,679,347	-	-	-	1,679,347
Foreign Bonds	1,999	-	-	-	1,999
International Investments-Commingled Bond Funds	-	40,194	-	-	40,194
Total Primary Government	<u>\$26,061,153</u>	<u>\$10,953,455</u>	<u>\$7,768,173</u>	<u>\$29,691,019</u>	<u>\$74,473,800</u>

Component Units

Investments Subject to Interest Rate Risk

As of June 30, 2009

(dollars in thousands)

Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$96,782	\$143,012	\$18,672	\$11,162	\$269,628
U.S. Government Obligations—Strips	860	3,524	349	123	4,856
U.S. Agency Obligations	648,342	354,552	57,008	78,582	1,138,484
Corporate Bonds and Notes	154,333	193,121	89,653	22,575	459,682
Commercial Paper	12,131	1,972	-	-	14,103
Repurchase Agreements	81,536	-	-	-	81,536
Mortgage and Asset-Backed Securities	3,222	1,962	7,381	59,918	72,483
Negotiable Certificates of Deposit	3,502	1,310	-	-	4,812
Municipal Obligations	5,552	5,555	1,520	361	12,988
Bond Mutual Funds	379,125	299,566	227,155	56,579	962,425
Foreign Bonds	-	361	809	5	1,175
Investment Contracts	-	-	-	25,885	25,885
Other Investments	6,909	1,652	-	-	8,561
Total Component Units	<u>\$1,392,294</u>	<u>\$1,006,587</u>	<u>\$402,547</u>	<u>\$255,190</u>	<u>\$3,056,618</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

5. Foreign Currency Risk

Investments in stocks and bonds denominated in foreign currencies are affected by foreign currency risk which arises from changes in currency exchange rates. That State's law and investment policies include provisions to limit the exposure to this type of risk.

According to Chapter 135, Ohio Revised Code, investments managed by the Treasurer of State's Office, and reported as "Cash Equity with Treasurer", are limited to the debt of nations diplomatically recognized by the United States and that are backed by full faith and credit of that foreign nation.

Investment policies of the Treasurer of State's Office further limit the types of authorized investments. These requirements include maturity limitations of five years at the date of purchase and denomination of principal and interest in U.S. dollars. Other limitations are noted in the previous sections of this note that discuss credit risk and concentration of credit risk.

Investment policies regarding foreign currency risk have also been adopted for the following significant entities reported in the primary government and are specific to those entities:

Workers' Compensation Enterprise Fund

The Fund's investment policy requires that:

- equity securities of any one international company shall not exceed five percent of the total value of all the investments in international equity securities, and
- equity securities of any one international company shall not exceed five percent of the company's outstanding equity securities.

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, non-U.S. dollar-based securities are limited to five percent of the total Global Bond portfolio. Additionally, no more than 25 percent of the Global Bond portfolio assets may be from non-U.S. issuers.

The State Teachers Retirement System international investments include forward contracts and equity swaps with negative fair values. Negative investment values, as applicable, are included by currency for Fiduciary Activities in the table on the following page.

As of June, 30, 2009, investments denominated in the currency of foreign nations, as detailed in the tables appearing on the next three pages for the primary government and its discretely presented component units, meet the requirements of the State's laws and policies, when applicable.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

**Primary Government (including Fiduciary Activities)
International Investments—Foreign Currency Risk
As of June 30, 2009
(dollars in thousands)**

Currency	Fiduciary Activities				Total
	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Commingled International Equity and Bonds	
Argentinean Peso	\$270	\$581	\$ -	\$ -	\$851
Australian Dollar	507,260	8,277	-	-	515,537
Brazilian Real	342,068	33,283	8,172	-	383,523
British Pound	1,845,592	105,595	-	-	1,951,187
Bulgarian Lev	503	-	-	-	503
Canadian Dollar	490,343	81,760	-	-	572,103
Chilean Peso.....	29,171	-	-	-	29,171
Chinese Yuan	-	-	-	-	-
Colombian Peso	3,091	8,030	3,799	-	14,920
Czech Koruna	33,537	563	-	-	34,100
Danish Krone	109,721	-	-	-	109,721
Egyptian Pound	32,096	1,121	75	-	33,292
Euro	2,809,282	216,909	-	-	3,026,191
Hong Kong Dollar	1,065,783	-	-	-	1,065,783
Hungarian Forint	29,232	-	-	-	29,232
Indian Rupee	157,663	-	-	-	157,663
Indonesian Rupiah	58,793	1,912	-	-	60,705
Israeli Shekel	47,275	975	-	-	48,250
Japanese Yen	2,172,405	10,393	106	-	2,182,904
Jordanian Dollar	1	-	-	-	1
Malaysian Ringgit	73,032	1,930	-	-	74,962
Mexican Peso	80,889	10,361	4,326	-	95,576
New Zealand Dollar	81,767	4,471	-	-	86,238
Norwegian Krone	131,390	-	-	-	131,390
Pakistani Rupee	2,367	-	-	-	2,367
Philippines Peso	15,673	-	-	-	15,673
Polish Zloty	49,544	2,033	-	-	51,577
Romanian Leu	7	-	-	-	7
Russian Ruble	11,475	-	-	-	11,475
Singapore Dollar	214,559	-	-	-	214,559
South African Rand	295,483	-	-	-	295,483
South Korean Won	443,872	170	-	-	444,042
Sri Lankan Rupee	5,216	-	-	-	5,216
Swedish Krona	176,933	30,335	-	-	207,268
Swiss Franc	690,151	-	-	-	690,151
Taiwan Dollar	397,050	-	-	-	397,050
Thailand Baht	105,694	-	-	-	105,694
Turkish Lira	130,733	11,943	-	-	142,676
Ukraine Hryvana.....	420	-	-	-	420
Uruguayuan Peso	-	1,951	-	-	1,951
Zimbabwean Dollar	1,529	-	-	-	1,529
Investments Held in Foreign Currency	\$12,641,870	\$532,593	\$16,478	\$ -	\$13,190,941
Foreign Investments Held in U.S. Dollars	13,250,423	2,281,138	1,081,183	1,109,892	17,722,636
Total Foreign Investments-Primary Government, including Fiduciary Activities					<u>\$30,913,577</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Component Units			
International Investments—Foreign Currency Risk			
As of June 30, 2009			
(dollars in thousands)			
<u>The Ohio State University:</u>	Included in the Balance Reported for Common & Preferred Stock	Included in the Balance Reported for Corporate & International Bonds	Total
Currency			
Australian Dollar	\$2,942	\$ -	\$2,942
Brazilian Real	2,288	-	2,288
British Pound	22,074	-	22,074
Canadian Dollar	7,528	-	7,528
Danish Krone	773	-	773
Euro	39,674	-	39,674
Hong Kong Dollar	7,360	-	7,360
Hungarian Forint.....	277	-	277
Indonesian Rupiah	171	-	171
Israeli Shekel	108	-	108
Japanese Yen	26,612	-	26,612
Malaysian Ringgit	334	-	334
Mexican Peso	394	507	901
New Zealand Dollar	455	-	455
Norwegian Krone	2,122	-	2,122
Polish Zloty	181	-	181
Singapore Dollar	1,559	-	1,559
South African Rand	2,520	-	2,520
South Korean Won	6,027	-	6,027
Swedish Krona	2,695	-	2,695
Swiss Franc	4,668	-	4,668
Taiwan Dollar	3,008	-	3,008
Thailand Baht	1,558	-	1,558
Investments Held in Foreign Currency	<u>\$135,328</u>	<u>\$507</u>	<u>\$135,835</u>
Foreign Investments Held in U.S. Dollars	-	7	7
Total Investments Held in Foreign Currency-Ohio State University ..	<u>\$135,328</u>	<u>\$514</u>	<u>\$135,842</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Nonmajor Component Units:

Currency	Included in the Balance Reported for Common & Preferred Stock	Included in the Balance Reported for Corporate & International Bonds	Total
Australian Dollar	\$3,573	\$ -	\$3,573
Brazilian Real	2,854	-	2,854
British Pound	7,090	-	7,090
Bulgarian Lev.....	432	-	432
Canadian Dollar	4,865	-	4,865
Caymanian Dollar.....	17	-	17
Chinese Yuan.....	918	-	918
Czech Koruna.....	276	-	276
Euro	19,179	-	19,179
Hong Kong Dollar	1,928	-	1,928
Hungarian Forint.....	100	-	100
Indian Rupee.....	1,013	-	1,013
Indonesian Rupiah	706	-	706
Japanese Yen	10,222	-	10,222
Labanese Pound.....	46	-	46
Mexican Peso	287	-	287
Netherlands Antilles Guilder.....	1,372	-	1,372
Polish Zloty.....	144	-	144
Romanian Leu.....	286	-	286
Russian Ruble.....	1,133	-	1,133
Serbian Dinar.....	68	-	68
Singapore Dollar	385	-	385
South African Rand	1,765	-	1,765
South Korean Won	2,019	-	2,019
Taiwan Dollar	763	-	763
Thailand Baht	823	-	823
Turkish Lira	429	-	429
Venezuelan Bolivar.....	33	-	33
Zimbabwean Dollar.....	12	-	12
Investments Held in Foreign Currency	\$62,738	\$0	\$62,738
Foreign Investments Held in U.S. Dollars	721	661	1,382
Total Nonmajor Component Units	\$63,459	\$661	\$64,120

D. Securities Lending Transactions

The Treasurer of State and the State Highway Patrol Retirement System (SHPRS) participate in the securities lending programs for securities included in the “Cash Equity with Treasurer” and “Investments” accounts. Each lending program is administered by a custodial agent bank, whereby certain securities are transferred to an independent broker-dealer (borrower) in exchange for collateral.

At the time of the loan, the Treasurer of State requires its custodial agents to ensure that the State’s lent securities are collateralized at no less than 102 percent fair value. At no point in time can the value of the collateral be less than 100 percent of the underlying securities.

The SHPRS also requires custodial agents to ensure that lent securities are collateralized at 102 percent of fair value. SHPRS requires its custodial agents to provide additional collateral when the fair value of the collateral held falls below 102 percent of the fair value of securities lent.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Consequently, as of June 30, 2009, the State had no credit exposure since the amount the State owed to the borrowers at least equaled or exceeded that amount borrowers owed to the State.

For loan contracts the Treasurer executes for the State's cash and investment pool, which is reported in the financial statements as "Cash Equity with Treasurer", and for the Ohio Lottery Commission Enterprise Fund's Structured Investment Portfolio, which is reported as "Restricted Investments", the lending agent may not lend more than 75 percent of the total average portfolio.

The State invests cash collateral in short-term obligations, which have a weighted average maturity of 11 days or less while the weighted average maturity of securities loans is 11 days or less.

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

According to the lending contracts the Treasurer of State executes for the State's cash and investment pool and for the Ohio Lottery Commission Enterprise Fund, the securities lending agent is to indemnify the Treasurer of State for any losses resulting from either the default of a borrower or any violations of the security lending policy.

During fiscal year 2009, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2009, the Treasurer lent U.S. government and agency obligations in exchange for cash collateral while the SHPRS lent equity securities in exchange for cash collateral.

NOTE 5 RECEIVABLES

A. Taxes Receivable – Primary Government

Current taxes receivable are expected to be collected in the next fiscal year while noncurrent taxes receivable are not expected to be collected until more than one year from the balance sheet date. As of June 30, 2009, approximately \$215 million of the net taxes receivable balance is also reported as deferred revenue on the governmental funds' balance sheet of which \$202.3 million is reported in the General Fund and \$12.7 million is reported in the Revenue Distribution Special Revenue Fund.

Refund liabilities for income and corporation franchise taxes, totaling approximately \$712.6 million are reported for governmental activities as "Refunds and Other Liabilities" on the Statement of Net Assets, of which \$670.6 million is reported in the General Fund and \$42.0 million is reported in the Revenue Distribution Special Revenue Fund on the governmental funds' balance sheet.

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

	Governmental Activities				
	Major Governmental Funds			Nonmajor Governmental Activities	Total Primary Government
	General	Highway Operating	Revenue Distribution		
Current-Due Within One Year:					
Income Taxes	\$415,873	\$ -	\$26,075	\$149	\$442,097
Sales Taxes	305,475	-	19,153	655	325,283
Motor Vehicle Fuel Taxes	-	66,976	86,823	2,216	156,015
Commercial Activity Taxes	-	-	298,933	-	298,933
Public Utility Taxes	57,007	-	30,287	-	87,294
Severance Taxes	-	-	-	2,220	2,220
	<u>778,355</u>	<u>66,976</u>	<u>461,271</u>	<u>5,240</u>	<u>1,311,842</u>
Noncurrent-Due in More Than One Year:					
Income Taxes	40,791	-	2,558	-	43,349
Taxes Receivable, Net	<u>\$819,146</u>	<u>\$66,976</u>	<u>\$463,829</u>	<u>\$5,240</u>	<u>1,355,191</u>



NOTE 5 RECEIVABLES (Continued)

B. Intergovernmental Receivable – Primary Government

The intergovernmental receivable balance reported for the primary government, all of which is expected to be collected within the next fiscal year, consists of the following, as of June 30, 2009 (dollars in thousands):

	Programs		Services		Total Primary Government
	Federal Government	Local Government	Other State Governments	Local Government	
Governmental Activities:					
Major Governmental Funds:					
General	\$663,253	\$33,416	\$ -	\$4,636	\$701,305
Job, Family and Other Human Services .	331,138	98,222	-	-	429,360
Education	36,407	71,259	-	-	107,666
Highway Operating	98,652	-	-	-	98,652
Nonmajor Governmental Funds	342,421	12,842	-	48,051	403,314
Total Governmental Activities	<u>\$1,471,871</u>	<u>215,739</u>	<u>-</u>	<u>\$52,687</u>	<u>\$1,740,297</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	-	465	-	465
Nonmajor Proprietary Funds	-	-	-	9,498	9,498
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>465</u>	<u>9,498</u>	<u>9,963</u>
Intergovernmental Receivable	<u>\$1,471,871</u>	<u>\$215,739</u>	<u>465</u>	<u>\$62,185</u>	<u>\$1,750,260</u>



NOTE 5 RECEIVABLES (Continued)

C. Loans Receivable

Loans receivable for the primary government and its discretely presented major component units, as of June 30, 2009, are detailed in the following tables (dollars in thousands):

Primary Government - Loans Receivable					
Loan Program	Governmental Activities				
	Major Governmental Funds			Nonmajor Governmental Funds	Total Primary Government
	General	Education	Highway Operating		
Housing Finance	\$215,409	\$ -	\$ -	\$ -	\$215,409
School District Solvency Assistance	9,938	-	-	-	9,938
Wayne Trace Local School District	3,769	-	-	-	3,769
State Workforce Development	798	-	-	-	798
Office of Minority Financial Incentives	821	-	-	-	821
Professional Development	576	-	-	-	576
Small Government Fire Departments	1,286	-	-	-	1,286
Nurses Education Assistance	-	58	-	-	58
Highway, Transit, & Aviation Infrastructure Bank.....	-	-	116,848	-	116,848
Economic Development					
Office of Financial Incentives	-	-	-	389,471	389,471
Rail Development	-	-	-	3,276	3,276
Brownfield Revolving Loan	-	-	-	3,127	3,127
Local Infrastructure Improvements	-	-	-	361,020	361,020
Loans Receivable, Gross	232,597	58	116,848	756,894	1,106,397
Estimated Uncollectible	(154)	-	-	-	(154)
Loans Receivable, Net	<u>\$232,443</u>	<u>\$58</u>	<u>\$116,848</u>	<u>\$756,894</u>	<u>\$1,106,243</u>
Current-Due Within One Year	\$11,447	\$29	\$1,559	\$39,908	\$52,943
Noncurrent-Due in More Than One Year	220,996	29	115,289	716,986	1,053,300
Loans Receivable, Net	<u>\$232,443</u>	<u>\$58</u>	<u>\$116,848</u>	<u>\$756,894</u>	<u>\$1,106,243</u>

Major Component Units - Loans Receivable			
Loan Program	Ohio Water Development Authority (12/31/08)	Ohio State University	University of Cincinnati
	Water and Wastewater Treatment (including restricted portion).....	\$4,105,379	\$ -
Student	-	89,027	41,033
Other	-	-	2,657
Loans Receivable, Gross.....	4,105,379	89,027	43,690
Estimated Uncollectible.....	-	(17,450)	(6,138)
Loans Receivable, Net.....	<u>\$4,105,379</u>	<u>\$71,577</u>	<u>\$37,552</u>
Current-Due Within One Year.....	\$2,455	\$12,816	\$2,938
Noncurrent-Due in More Than One Year.....	\$4,102,924	\$58,761	\$34,614
Loans Receivable, Net.....	<u>\$4,105,379</u>	<u>\$71,577</u>	<u>\$37,552</u>



NOTE 5 RECEIVABLES (Continued)

D. Other Receivables

The other receivables balances reported for the primary government and its discretely presented major component units reporting significant balances, as of June 30, 2009, consist of the following (dollars in thousands).

Primary Government - Other Receivables							
Governmental Activities							
Major Governmental Funds							
Types of Receivables	General	Job, Family	Education	Highway	Buckeye Tobacco	Nonmajor	Total
		& Other Human Services		Operating	Settlement Financing Authority		
Manufacturers' Rebates	\$61,094	\$152,276	\$ -	\$ -	\$ -	\$17,302	\$230,672
Tobacco Settlement	-	-	-	-	206,787	74,452	281,239
Health Facility Bed Assessments	-	59,602	-	-	-	-	59,602
Interest	25,948	-	-	3,446	36	1,481	30,911
Accounts	72,321	55,307	630	2,524	-	6,778	137,560
Environmental Legal Settlements	-	-	-	-	-	9,759	9,759
Miscellaneous	5,649	1,388	88	596	-	1,526	9,247
	<u>\$165,012</u>	<u>\$268,573</u>	<u>\$718</u>	<u>\$6,566</u>	<u>\$206,823</u>	<u>\$111,298</u>	<u>\$758,990</u>
Reconciliation of balances included in							
"Other Receivables" balance in the							
government-wide financial statements.....							
	\$277	-	-	-	-	-	\$277
Other Receivables, Net.....	<u>\$165,289</u>	<u>\$268,573</u>	<u>718</u>	<u>6,566</u>	<u>206,823</u>	<u>111,298</u>	<u>\$759,267</u>
Current-Due Within One Year	\$165,012	\$268,573	\$718	\$6,566	\$36	\$36,846	\$477,751
Noncurrent-Due in More Than One Year..	277	-	-	-	206,787	74,452	281,516
Other Receivables, Net.....	<u>\$165,289</u>	<u>\$268,573</u>	<u>\$718</u>	<u>\$6,566</u>	<u>\$206,823</u>	<u>\$111,298</u>	<u>\$759,267</u>
Business-Type Activities							
Major Proprietary Funds							
Type of Receivables	Workers'	Lottery	Unemployment	Nonmajor		Total	
	Compensation	Commission	Compensation	Proprietary Funds			
Accounts.....	\$ 1,199,204	\$ -	\$ 83,170	\$ 870		\$ 1,283,244	
Interest and Dividends (including restricted portion)...	186,206	3,702	-	5,528		195,436	
Lottery Sales Agents.....	-	30,050	-	-		30,050	
Miscellaneous.....	-	-	-	98		98	
Other Receivables, Gross.....	1,385,410	33,752	83,170	6,496		1,508,828	
Estimated Uncollectible.....	(988,162)	(356)	(70,103)	-		(1,058,621)	
Other Receivables, Net-Due Within One Year.....	<u>\$397,248</u>	<u>\$33,396</u>	<u>\$13,067</u>	<u>\$6,496</u>		<u>\$450,207</u>	
Total Primary Government.....						<u>\$1,209,474</u>	



NOTE 5 RECEIVABLES (Continued)

Major Component Units - Other Receivables		
Types of Receivables	Ohio State University	University of Cincinnati
Accounts.....	\$973,931	\$25,566
Interest.....	16,684	8,982
Investment Trade Receivable (Stock Proceeds)....	-	4
Dividends Receivable.....	-	-
Pledges.....	41,044	69,227
Unbilled Charges.....	-	41,910
Other Receivables, Gross.....	1,031,659	145,689
Estimated Uncollectible.....	(578,580)	(9,807)
Other Receivables, Net.....	\$453,079	\$135,882
Current-Due Within One Year.....	\$441,823	\$86,120
Noncurrent-Due Within More Than One Year.....	11,256	49,762
Other Receivables, Net.....	\$453,079	\$135,882

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2009, is comprised of interest due of approximately \$3.2 million, investment trade receivable of \$3.7 million, and miscellaneous receivables of \$2.2 million.

NOTE 6 PAYABLES

A. Accrued Liabilities

Details on accrued liabilities for the primary government and its discretely presented major component units reporting significant balances, as of June 30, 2009, follow (dollars in thousands).

Primary Government - Accrued Liabilities				
	Wages and Employee Benefits	Accrued Interest	Other	Total Accrued Liabilities
Governmental Activities:				
Major Governmental Funds:				
General.....	\$169,135	\$ -	\$ -	\$169,135
Job, Family and Other Human Services.....	23,974	-	-	23,974
Education.....	2,543	-	-	2,543
Highway Operating.....	29,433	-	-	29,433
Nonmajor Governmental Funds.....	65,694	-	20	65,714
	\$290,779	\$ -	\$20	\$290,799
Reconciliation of fund level statements to government-wide statements due to basis differences.....				
	-	144,137	6	144,143
Total Governmental Activities.....	290,779	144,137	26	434,942
Business-Type Activities:				
Nonmajor Proprietary Funds.....	6,371	-	-	6,371
Total Primary Government.....	\$297,150	\$144,137	\$26	\$441,313
Fiduciary Activities:				
State Highway Patrol Retirement System				
Pension Trust (12/31/2008).....	\$11,781	\$844	\$ -	12,625
Variable College Savings Plan				
Private-Purpose Trust.....	-	-	5,243	5,243
Total Fiduciary Activities.....	\$11,781	\$844	\$5,243	\$17,868



NOTE 6 PAYABLES (Continued)

Major Component Units - Accrued Liabilities					
	Wages and Employee Benefits	Self- Insurance	Accrued Interest	Other	Total Accrued Liabilities
Ohio State University.....	\$165,718	\$148,477	\$3	\$41,161	\$355,359
University of Cincinnati.....	32,780	-	4,975	39,034	76,789

B. Intergovernmental Payable

The intergovernmental payable balances for the primary government, as of June 30, 2009, are comprised of the following (dollars in thousands).

Primary Government - Intergovernmental Payable					
	Local Government				
	Shared Revenue and Local Permissive Taxes	Subsidies and Other	Federal Government	Other States	Total
Governmental Activities:					
Major Governmental Funds:					
General	\$286,466	\$147,040	\$31,715	\$0	\$465,221
Job, Family and Other Human Services ..	-	228,381	-	-	228,381
Education	-	54,440	-	-	54,440
Highway Operating	-	168	-	-	168
Revenue Distribution	941,405	-	-	2,014	943,419
Nonmajor Governmental Funds	-	208,456	-	-	208,456
Total Governmental Activities	<u>\$1,227,871</u>	<u>\$ 638,485</u>	<u>\$ 31,715</u>	<u>\$ 2,014</u>	<u>\$ 1,900,085</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	147	862,924	-	863,071
Nonmajor Proprietary Funds	418	-	-	-	418
	<u>418</u>	<u>147</u>	<u>862,924</u>	<u>-</u>	<u>863,489</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the business-type financial statements.....					
	-	-	(862,538)	-	(862,538)
Total Business-Type Activities	<u>\$ 418</u>	<u>\$ 147</u>	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ 951</u>
			Total Primary Government		<u>\$ 1,901,036</u>
Fiduciary Activities:					
Holding and Distribution Agency Fund	\$ -	\$ -	\$104	\$5,950	\$6,054
Payroll Withholding and Fringe Benefits Agency Fund	-	20,226	-	-	20,226
Other Agency Fund	115,227	17,288	-	-	132,515
Total Fiduciary Activities	<u>\$ 115,227</u>	<u>\$ 37,514</u>	<u>\$ 104</u>	<u>\$ 5,950</u>	<u>\$ 158,795</u>

As of June 30, 2009, the School Facilities Commission Component Unit Fund reported an intergovernmental payable balance totaling approximately \$1.74 billion for long-term funding contracts the Commission has with local school districts. In the government-wide Statement of Net Assets, the intergovernmental payable balance for the Commission is included with "Other Noncurrent Liabilities."



NOTE 6 PAYABLES (Continued)

	Child Support Collections	Refund and Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
Fiduciary Activities:						
State Highway Patrol Retirement System Pension Trust (12/31/2008).....	\$ -	\$ -	\$ -	\$ -	\$ 31	\$ 31
Variable College Savings Plan						
Private-Purpose Trust.....	-	-	-	-	4,455	4,455
STAR Ohio Investment Trust	-	-	-	-	3,689	3,689
Agency Funds:						
Holding and Distribution	-	19,298	-	-	-	19,298
Centralized Child Support Collections.....	58,565	-	-	-	-	58,565
Retirement Systems	-	-	-	130,760,031	-	130,760,031
Payroll Withholding and Fringe Benefits	-	-	99,759	-	-	99,759
Other	-	413,064	-	51,138	147,480	611,682
Total Fiduciary Activities.....	\$58,565	\$432,362	\$99,759	\$130,811,169	\$155,655	\$131,557,510

Major Component Units - Refund and Other Liabilities

	Refund and Security Deposits	Compensated Absences	Capital Leases	Obligations Under Annuity Life Agreements	Other	Total
Ohio State University.....	\$47,185	\$103,581	\$23,606	\$38,844	\$55,501	\$268,717
University of Cincinnati.....	30,211	63,704	146,220	-	8,331	\$248,466

NOTE 7 INTERFUND BALANCES AND TRANSFERS AND SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

A. Interfund Balances

Interfund balances, as of June 30, 2009, consist of the following (in thousands):

Due from	Due To							Total
	Governmental Activities							
	General	Job, Family and Other Services	Highway Operating	Revenue Distribution	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds		
Major Governmental Funds:								
General	\$ -	\$ 2	\$ -	\$89,831	\$ -	\$3,174	\$93,007	
Revenue Distribution	-	-	422	-	-	406	828	
Nonmajor Governmental Funds	-	-	-	-	900,400	1	900,401	
Total Governmental Activities ...	-	2	422	89,831	900,400	3,581	994,236	
Business-Type Activities:								
Nonmajor Proprietary Funds	2,994	-	-	-	-	-	2,994	
Total Business-Type Activities .	2,994	-	-	-	-	-	2,994	
Total Primary Government	\$2,994	\$2	\$422	\$89,831	\$900,400	\$3,581	\$997,230	



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

Due from	Business-Type Activities			Total Primary Government
	Major Proprietary Fund			
	Workers' Compensation	Nonmajor Proprietary Funds	Total	
Major Governmental Funds:				
General	\$541,929	\$12,482	\$554,411	\$647,418
Job, Family, Other Human Services	15,355	-	15,355	15,355
Education	2,711	-	2,711	2,711
Highway Operating	90,650	-	90,650	90,650
Revenue Distribution	-	-	-	828
Nonmajor Governmental Funds	116,324	2	116,326	1,016,727
Total Governmental Activities	766,969	12,484	779,453	1,773,689
Business-Type Activities:				
Major Proprietary Funds:				
Lottery Commission	1,957	-	1,957	1,957
Nonmajor Proprietary Funds	11,941	-	11,941	14,935
Total Business-Type Activities	13,898	-	13,898	16,892
Total Primary Government	\$780,867	\$12,484	\$793,351	\$1,790,581

Interfund balances result from the time lag between dates that 1.) interfund goods and services are provided or reimbursable expenditures/expenses occur, 2.) transactions are recorded in the accounting system, and 3.) payments between funds are made.

The nonmajor governmental funds include an internal balance for bond proceeds transferred from the Buckeye Tobacco Settlement Financing Authority to fund capital projects at state-supported institutions of higher education. This assistance is included in the nonmajor funds as a due to/from other fund of \$900.4 million and is being amortized over the projected payment period of the future tobacco settlement receipts.

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 \$780.9 million as an interfund receivable for the unbilled premium due for the primary government's share of the Bureau's actuarially determined liability for compensation. In the Statement of Net Assets, the State includes the liability totaling \$776.5 million in the internal balance reported for governmental activities.

B. Interfund Transfers

Interfund transfers, for the fiscal year ended of June 30, 2009, consist of the following (dollars in thousands):



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

Transferred from	Transferred to						Nonmajor Govern- mental Funds	Total
	Governmental Activities							
	Major Governmental Funds							
	General	Job, Family and Other Human Services	Education	Highw ay Operating	Revenue Distribution			
Major Governmental Funds:								
General	\$ -	\$6,883	\$8,187	\$ -	\$13,390	\$1,101,240	\$1,129,700	
Job, Family and Other Human Services	13,367	-	1,500	-	-	-	14,867	
Education	3,480	208	-	-	-	253	3,941	
Highw ay Operating	400	-	-	-	190,704	177,512	368,616	
Revenue Distribution	141,381	-	16,268	455,534	-	261,866	875,049	
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....	-	-	-	-	-	15,270	15,270	
Nonmajor Governmental Funds	116,567	150	-	1,500	-	2,067	120,284	
Total Governmental Activities	275,195	7,241	25,955	457,034	204,094	1,558,208	2,527,727	
Major Proprietary Funds:								
Workers' Compensation	8,046	-	-	-	-	4,540	12,586	
Lottery Commission	335	-	702,291	-	-	-	702,626	
Unemployment Compensation	-	3,812	-	-	-	-	3,812	
Nonmajor Proprietary Funds	163,000	-	-	-	-	61,100	224,100	
Total Business-Type Activities	171,381	3,812	702,291	-	-	65,640	943,124	
Total Primary Government	\$446,576	\$11,053	\$728,246	\$457,034	\$204,094	\$1,623,848	\$3,470,851	

Transferred from	Business-Type Activities		Total Primary Government
	Nonmajor Proprietary Funds	Total	
Major Governmental Funds:			
General	\$43,739	\$ 43,739	1,173,439
Job, Family and Other Human Services	-	-	14,867
Education	-	-	3,941
Highw ay Operating	-	-	368,616
Revenue Distribution	-	-	875,049
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....	-	-	15,270
Nonmajor Governmental Funds	-	-	120,284
Total Governmental Activities	43,739	43,739	2,571,466
Major Proprietary Funds:			
Workers' Compensation	-	-	12,586
Lottery Commission	-	-	702,626
Unemployment Compensation	-	-	3,812
Nonmajor Proprietary Funds	-	-	224,100
Total Business-Type Activities	-	-	943,124
Total Primary Government	\$43,739	\$43,739	\$3,514,590

Transfers are used to 1.) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, 2.) move receipts restricted to debt service from the funds collecting the receipts, to the debt service fund as the debt service payments become due, and 3.) utilize unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budget authorizations.



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

C. Component Units

For fiscal year 2009, the component units reported \$2.36 billion in state assistance revenue from the primary government in the Statement of Activities.

Included in "Primary, Secondary, and Other Education" expenses reported for the governmental activities, is the funding that the primary government provided to the School Facilities Commission for capital construction at local school districts and the eTech Ohio Commission for the acquisition of computers to benefit local schools.

Additionally, the primary government provided financial support to the colleges and universities in the form of state appropriations for instructional and non-instructional purposes and capital appropriations for construction. This assistance is included in "Higher Education Support" expenses reported for governmental activities.

The primary government also transferred bond proceeds to the School Facilities Commission to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. This assistance is included as a receivable of the Buckeye Tobacco Settlement Financing Authority for \$3.95 billion and is being amortized over the projected payment period of the future tobacco settlement receipts.

Details of balances and activity reported in government-wide financial statements between the primary government and its discretely presented component units are summarized below.

Primary Government (dollars in thousands)						
	Program Expenses for State Assistance to Component Units					
	Receivable from the Component Units	Payable to the Component Units	Primary, Secondary, and Other Education Function	Higher Education Support Function	Community and Economic Development Function	Total State Assistance to the Component Units
Major Governmental Funds:						
General	\$ -	\$10,489	\$213,859	\$1,903,125	\$30,500	\$2,147,484
Job, Family and Other Human	-	1,220	-	-	-	-
Education	-	998	-	-	-	-
Highway Operating	-	552	-	-	-	-
Buckeye Tobacco Settlement Authority Revenue Bonds.....	3,948,282	-	-	-	-	-
Nonmajor Governmental Funds	-	27,444	-	215,311	-	215,311
Total Governmental Activities.....	<u>3,948,282</u>	<u>40,703</u>	<u>213,859</u>	<u>2,118,436</u>	<u>30,500</u>	<u>2,362,795</u>
Total Primary Government	<u>\$3,948,282</u>	<u>\$40,703</u>	<u>\$213,859</u>	<u>\$2,118,436</u>	<u>\$30,500</u>	<u>\$2,362,795</u>

Component Units			
	Receivable from the Primary Government	Payable to the Primary Government	Total State Assistance from the Primary Government
Major Component Units:			
School Facilities Commission	\$ -	\$3,948,282	\$194,813
Ohio State University	1,932	-	557,611
University of Cincinnati	1,182	-	220,901
Nonmajor Component Units	<u>37,589</u>	<u>-</u>	<u>1,389,470</u>
Total Component Units	<u>\$40,703</u>	<u>\$3,948,282</u>	<u>\$2,362,795</u>



NOTE 8 CAPITAL ASSETS

A. Primary Government

Capital asset activity, for the year ended June 30, 2009, reported for the primary government was as follows (dollars in thousands):

	Primary Government			Balance June 30, 2009
	Balance July 1, 2008	Increases	Decreases	
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$1,885,135	\$45,195	(\$2,421)	\$1,927,909
Buildings	59,908	-	-	59,908
Land Improvements	1,202	-	-	1,202
Construction-in-Progress	1,825,691	423,030	(315,579)	1,933,142
Infrastructure:				
Highway Network:				
General Subsystem	8,387,073	64,299	(5,677)	8,445,695
Priority Subsystem	7,469,454	73,316	-	7,542,770
Bridge Network	2,541,870	55,129	(37,537)	2,559,462
Total Capital Assets Not Being Depreciated.....	<u>22,170,333</u>	<u>660,969</u>	<u>(361,214)</u>	<u>22,470,088</u>
Other Capital Assets:				
Buildings	3,506,319	78,871	(18,388)	3,566,802
Land Improvements	398,691	30,753	(7,659)	421,785
Machinery and Equipment	643,168	41,580	(28,022)	656,726
Vehicles	270,215	15,024	(12,326)	272,913
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	54,309	11,443	-	65,752
Total Other Capital Assets at Historical Cost.....	<u>4,872,702</u>	<u>177,671</u>	<u>(66,395)</u>	<u>4,983,978</u>
Less Accumulated Depreciation for:				
Buildings	1,630,611	108,398	(10,388)	1,728,621
Land Improvements	200,657	16,397	(4,184)	212,870
Machinery and Equipment	443,767	62,309	(29,798)	476,278
Vehicles	131,320	24,426	(8,353)	147,393
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	6,916	2,697	(245)	9,368
Total Accumulated Depreciation	<u>2,413,271</u>	<u>214,227</u>	<u>(52,968)</u>	<u>2,574,530</u>
Other Capital Assets, Net	<u>2,459,431</u>	<u>(36,556)</u>	<u>(13,427)</u>	<u>2,409,448</u>
Governmental Activities -				
Capital Assets, Net	<u>\$24,629,764</u>	<u>\$624,413</u>	<u>(\$374,641)</u>	<u>\$24,879,536</u>

For fiscal year 2009, the State charged depreciation expense to the following governmental functions:

Governmental Activities:	(in 000s)
Primary, Secondary and Other Education.....	\$2,362
Public Assistance and Medicaid.....	5,509
Health and Human Services.....	20,330
Justice and Public Protection.....	97,207
Environmental Protection and Natural Resources.....	27,252
Transportation.....	76,299
General Government.....	65,459
Community and Economic Development.....	9,493
Total Depreciation Expense for Governmental Activities.....	303,911
Gains (Losses) on Capital Asst Disposals Included in Depreciation.....	(89,684)
Fiscal Year 2009 Increases to Accumulated Depreciation.....	<u>\$214,227</u>



NOTE 8 CAPITAL ASSETS (Continued)

As of June 30, 2009, the State considered the following governmental capital asset balances as being temporarily or permanently impaired and removed from service.

Governmental Activities:	(in 000s)
Temporarily Impaired Assets Removed from Service:	
Buildings.....	\$30,623
Land Improvements	225
Construction-In-Progress.....	2,280
Total.....	<u>\$33,128</u>
Permanently Impaired Assets Removed from Service:	
Buildings.....	\$8,453
Land Improvements.....	2,342
Total.....	<u>\$10,795</u>

	Primary Government (Continued)			Balance June 30, 2009
	Balance July 1, 2008	Increases	Decreases	
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$11,994	\$ -	\$ -	\$11,994
Total Capital Assets Not Being Depreciated.....	<u>11,994</u>	<u>-</u>	<u>-</u>	<u>11,994</u>
Other Capital Assets:				
Buildings	223,423	211	-	223,634
Land Improvements	66	-	-	66
Machinery and Equipment	133,475	4,566	(18,282)	119,759
Vehicles	4,691	610	(744)	4,557
Total Other Capital Assets at Historical Cost.....	<u>361,655</u>	<u>5,387</u>	<u>(19,026)</u>	<u>348,016</u>
Less Accumulated Depreciation for:				
Buildings	130,308	7,386	-	137,694
Land Improvements	53	1	-	54
Machinery and Equipment	113,000	8,184	(17,814)	103,370
Vehicles	2,045	644	(539)	2,150
Total Accumulated Depreciation	<u>245,406</u>	<u>16,215</u>	<u>(18,353)</u>	<u>243,268</u>
Other Capital Assets, Net	<u>116,249</u>	<u>(10,828)</u>	<u>(673)</u>	<u>104,748</u>
Business-Type Activities - Capital Assets, Net.....	<u>\$128,243</u>	<u>(\$10,828)</u>	<u>(\$673)</u>	<u>\$116,742</u>

For fiscal year 2009, the State charged depreciation expense to the following business-type functions:

Business-Type Activities	(in 000s)
Workers' Compensation.....	\$12,806
Lottery Commission.....	1,802
Tuition Trust Authority.....	33
Liquor Control.....	507
Underground Parking Garage.....	626
Office of Auditor of State.....	739
Total Depreciation Expense for Business-Type Activities.....	<u>16,513</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	<u>(298)</u>
Fiscal year 2009 Increase to Accumulated Depreciation.....	<u>\$16,215</u>



NOTE 8 CAPITAL ASSETS (Continued)

B. Major Component Units

Capital asset activity, for the year ended June 30, 2009, reported for discretely presented major component unit funds with significant capital asset balance was as follows (dollars in thousands):

	Major Component Units			Balance June 30, 2009
	Balance July 1, 2008	Increases	Decreases	
<u>Ohio State University:</u>				
Capital Assets Not Being Depreciated:				
Land	\$48,877	\$26,077	(\$836)	\$74,118
Construction-in-Progress	293,629	64,745	-	358,374
Total Capital Assets Not Being Depreciated.....	<u>342,506</u>	<u>90,822</u>	<u>(836)</u>	<u>432,492</u>
Other Capital Assets:				
Buildings	3,448,422	178,140	(18,738)	3,607,824
Land Improvements	269,802	9,930	-	279,732
Machinery, Equipment and Vehicles	845,285	116,039	(62,810)	898,514
Library Books and Publications	164,543	3,155	(5,363)	162,335
Total Other Capital Assets at Historical Cost.....	<u>4,728,052</u>	<u>307,264</u>	<u>(86,911)</u>	<u>4,948,405</u>
Other Capital Assets:				
Buildings	1,285,286	122,270	(15,849)	1,391,707
Land Improvements	149,017	11,921	-	160,938
Machinery, Equipment and Vehicles	565,552	82,987	(56,980)	591,559
Library Books and Publications	146,670	4,716	(5,361)	146,025
Total Accumulated Depreciation	<u>2,146,525</u>	<u>221,894</u>	<u>(78,190)</u>	<u>2,290,229</u>
Other Capital Assets, Net	<u>2,581,527</u>	<u>85,370</u>	<u>(8,721)</u>	<u>2,658,176</u>
Total Capital Assets, Net	<u>\$2,924,033</u>	<u>\$176,192</u>	<u>(\$9,557)</u>	<u>\$3,090,668</u>
<u>University of Cincinnati:</u>				
Capital Assets Not Being Depreciated:				
Land	\$21,923	\$ -	\$ -	\$21,923
Construction-in-Progress	223,254	29,469	(223,269)	29,454
Collections of Works of Art and Historical Treasures..	4,364	10,218	-	14,582
Total Capital Assets Not Being Depreciated.....	<u>249,541</u>	<u>39,687</u>	<u>(223,269)</u>	<u>65,959</u>
Other Capital Assets:				
Buildings	1,611,551	189,363	-	1,800,914
Land Improvements	86,402	7,033	-	93,435
Machinery, Equipment and Vehicles	203,487	14,944	(7,455)	210,976
Library Books and Publications	149,347	8,606	(9,472)	148,481
Infrastructure	100,244	15,472	-	115,716
Total Other Capital Assets at Historical Cost.....	<u>2,151,031</u>	<u>235,418</u>	<u>(16,927)</u>	<u>2,369,522</u>
Less Accumulated Depreciation for:				
Buildings	631,688	60,859	(5,467)	687,080
Land Improvements	18,809	4,416	-	23,225
Machinery, Equipment and Vehicles	129,093	16,300	(8,444)	136,949
Library Books and Publications	98,478	7,907	(329)	106,056
Infrastructure	52,038	4,182	-	56,220
Total Accumulated Depreciation	<u>930,106</u>	<u>93,664</u>	<u>(14,240)</u>	<u>1,009,530</u>
Other Capital Assets, Net	<u>1,220,925</u>	<u>141,754</u>	<u>(2,687)</u>	<u>1,359,992</u>
Total Capital Assets, Net	<u>\$1,470,466</u>	<u>\$181,441</u>	<u>(\$225,956)</u>	<u>\$1,425,951</u>

For fiscal year 2009, Ohio State University and the University of Cincinnati reported approximately \$221.9 million and \$93.7 million in depreciation expense, respectively.



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:

- Ohio Public Employees Retirement System
- State Teachers Retirement System of Ohio
- State Highway Patrol Retirement System
- Alternative Retirement Plan

A. Ohio Public Employees Retirement System (OPERS)

Pension Benefits

OPERS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan.

As established under Chapter 145, Ohio Revised Code, OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries enrolled in the defined benefit and combined plans.

Most employees who are members of OPERS and who have fewer than five total years of service credit as of December 31, 2002, and new employees hired on or after January 1, 2003, are eligible to select one of the OPERS retirement plans, as listed above, in which they wish to participate. Members not eligible to select a plan include law enforcement officers, (who must participate in the defined benefit plan), college and university employees who choose to participate in one of the university's alternative retirement plans (see NOTE 9D), and re-employed OPERS retirees. Participants may change their selection once prior to attaining five years of service credit, once after attaining five years of service credit but prior to attaining ten years of service credit, and once after attaining ten years of service credit.

Regular employees who participate in the defined benefit plan or the combined plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years or 60 contributing months of credited service. Regular employees retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Law enforcement employees may retire at age 48 with 25 or more years of credited service.

The retirement allowance for the defined benefit plan is based on years of credited service and the final average salary, which is the average of the member's three highest salary years. The annual allowance for regular employees is determined by multiplying the final average salary by 2.2 percent for each year of Ohio contributing service up to 30 years and by 2.5 percent for all other years in excess of 30 years of credited service. The annual allowance for law enforcement employees is determined by multiplying the final average salary by 2.5 percent for the first 25 years of Ohio contributing service, and by 2.1 percent for each year of service over 25 years. Retirement benefits increase three percent annually of the original base amount regardless of changes in the Consumer Price Index.

The retirement allowance for the defined benefit portion of the combined plan is based on years of credited service and the final average salary, which is the average of the member's three highest salary years. The annual allowance for regular employees is determined by multiplying the final average salary by one percent for each year of Ohio contributing service up to 30 years and by 1.25 percent for all other years in excess of 30 years of credited service. Retirement benefits for the defined benefit portion of the plan increase three percent annually of the original base amount regardless of changes in the Consumer Price Index. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Regular employees who participate in the defined contribution plan may retire after they reach the age of 55. The retirement allowance for the defined contribution plan is based entirely on the total member and vested employer contributions to the plan, plus or minus any investment gains or losses. Employer contributions vest at a rate of 20 percent per year over a five-year vesting period. Retirees may choose from various payment options including monthly annuities, partial lump-sum payments, payments for a guaranteed period, payments for a specific monthly amount, or various combinations of these options. Participants direct the investment of their accounts by selecting from sixteen professionally managed OPERS investment options.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirees covered under any one of the three OPERS plan options may also choose to take part of their retirement benefit in a Partial Lump-Sum Option Plan (PLOP). Under this option, the amount of the monthly pension benefit paid to the retiree is actuarially reduced to offset the amount received initially under the PLOP. The amount payable under the PLOP is limited to a minimum of six months and maximum of 36 months worth of the original unreduced monthly pension benefit, and is capped at no more than 50 percent of the retirement benefit amount.

Employer and employee required contributions to OPERS 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 fiscal year 2009, which are the same for the defined benefit, defined contribution, and combined plans, were as follows:

	Contribution Rates	
	Employee Share	Employer Share
<u>Regular Employees:</u>		
July 1, 2008 through June 30, 2009	10.00%	14.00%
<u>Law Enforcement Employees:</u>		
July 1, 2008 through December 31, 2008	10.10%	17.40%
January 1, 2009 through June 30, 2009	10.10%	17.63%

The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for regular employees and 18.1 percent of covered payroll for law enforcement employees. The maximum employer contribution rate for regular employees has been reached. The employer rate for law enforcement employees is scheduled to increase to 17.87 percent, beginning January 1, 2010, and 18.1 percent on January 1, 2011.

In the combined plan, the employer's share finances the defined benefit portion of the plan, while the employee's share finances the defined contribution portion of the plan. In the defined contribution plan, both the employee and employer share of the costs are used to finance the plan.

Employer contributions required and made for the last three years for the defined benefit plan and the defined benefit part of the combined plan were as follows (dollars in thousands):

	2009	2008	2007
<u>Primary Government:</u>			
Regular Employees	\$216,623	\$217,003	\$ 254,977
Law Enforcement			
Employees.....	3,708	3,718	4,112
Total	<u>\$220,331</u>	<u>\$220,721</u>	<u>\$ 259,089</u>

Major Component Units:

	2009	2008	2007
School Facilities			
Commission	\$303	\$268	\$317
Ohio Water			
Development Authority.....	80	72	89
Ohio State University.....	67,273	63,104	70,385
University of Cincinnati.....	11,950	11,672	14,162

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



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

	2009	2008	2007
<i>Primary Government:</i>			
Employer Contributions	\$4,762	\$4,407	\$3,455
Employee Contributions	10,672	9,721	7,718
<i>Major Component Units:</i>			
Ohio State University:			
Employer Contributions ..	2,139	1,988	1,618
Employee Contributions .	5,288	4,425	3,536
University of Cincinnati:			
Employer Contributions ..	335	300	292
Employee Contributions .	775	640	595

OPERS issues a stand-alone financial report, copies of which may be obtained by making a written request to: Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Other Postemployment Benefits (OPEB)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the defined benefit and combined plans. Members of the defined contribution plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the defined benefit and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 45.

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

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

	Employer Share	
	Defined Benefit and Combined Plans	Defined Contribution Plan
July 1, 2008 through March 31, 2009	7.00%	4.50%
April 1, 2009 through June 30, 2009	5.50%	4.50%

Active members do not make contributions to the OPEB Plan. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	2009	2008	2007
<i>Primary Government:</i>			
Regular Employees	\$196,410	\$190,963	\$135,968
Law Enforcement			
Employees.....	2,288	2,238	1,589
Total	<u>\$198,698</u>	<u>\$193,201</u>	<u>\$137,557</u>

Major Component Units:

School Facilities			
Commission	\$271	\$236	\$169
Ohio Water			
Development Authority.....	72	64	47
Ohio State University.....	60,263	55,482	37,523
University of Cincinnati.....	10,709	10,262	7,550

Members of the defined contribution plan may access a Retiree Medical Account upon retirement. During fiscal year 2009, employers paid 4.5 percent of their share into members' accounts for the period covering July 1, 2008 through June 30, 2009. An employee's interest in the medical account for qualifying healthcare expenses vests on the basis of length of service, with 100 percent vesting attained after ten years of service credit, for the period covering July 1, 2008 through December 31, 2008, and with 100 percent vesting attained after five years of credit service for the period covering January 1, 2009 through June 30, 2009. Employers make no further contributions to a member's medical account after retirement, nor do employers have any further obligation to provide postemployment healthcare benefits.

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

	2009	2008	2007
<i>Primary Government.....</i>	<u>\$2,454</u>	<u>\$2,272</u>	<u>\$1,805</u>
<i>Major Component Units:</i>			
Ohio State University.....	1,103	954	796
University of Cincinnati.....	172	144	144

The number of active contributing participants for the primary government was 57,131, as of December 31, 2008 (the latest information available).

The Health Care Preservation Plan adopted by the OPERS Retirement Board on September 9, 2004, became effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

Early Retirement Incentives (ERI)

State agencies, or departments within agencies, may offer voluntary ERI under Section 145.297, Ohio Revised Code. Through the ERI Program, the State can offer to purchase up to a maximum of five years worth of service credit from OPERS on behalf of employees who would then meet the age and service requirements to qualify for retirement. Qualifying employees must have at least one year to decide whether to accept the offer.

State agencies are also required under Section 145.298, Ohio Revised Code, to offer a generally similar ERI when terminating a number of employees that equals or exceeds the lesser of 50 employees or ten percent of the agency's workforce, as a result of a closure of the agency or a lay-off within a six-month period. Under these circumstances, qualifying employees must decide whether to accept the offer in the time between the announcement of the layoffs and the effective date, and the amount of service credit offered must be at least three years and not more than five years.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The ERI agreements establish an obligation to pay specific amounts on fixed dates. State agencies that implement an ERI must pay their obligation to OPERS within a maximum of two years after the agreement is finalized, so the State does not discount the amount of the liability incurred under the agreement.

As of June 30, 2009, the state had a \$4.6 million liability relative to existing ERI agreements with state employees covered by OPERS. This liability is due for employees that were paid from the General Fund, Community and Economic Development Fund and the Natural Resources Fund. During fiscal year 2009, the State incurred expenditures/expenses totaling \$28.9 million for 1,098 employees who entered into ERI agreements with the State.

B. State Teachers Retirement System of Ohio (STRS)

Pension Benefits

STRS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan. STRS benefits are established under Chapter 3307, Ohio Revised Code.

STRS also provides death, survivors', disability, healthcare, and supplemental benefits to members in the defined benefit and combined plans.

Participants in the defined benefit plan may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after age 60 with five years of credited service. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Retirees are entitled to a maximum annual retirement benefit, payable in monthly installments for life, equal to the greater of the "formula benefit" calculation or the "money-purchase benefit" calculation.

Under the "formula benefit" calculation, the retirement allowance is based on years of credited service and the final average salary, which is the average of the member's three highest salary years. The annual allowance is determined by multiplying the final average salary by 2.2 percent for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1 percent, starting at 2.5 percent for the 31st year of contributing service up to a maximum allowance of 100 percent of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5 percent, and each year over 31 years is incrementally increased by .1 percent starting at 2.6 percent for the 32nd year.

Under the "money-purchase benefit" calculation, a member's lifetime contributions, plus interest at specified rates, are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by three percent of the original base amount.

Retirees can also choose a "partial lump-sum" option plan. Under this option, retirees may take a lump-sum payment that equals from six to 36 times their monthly service retirement benefit. Subsequent monthly benefits are reduced proportionally.

Employees hired after July 1, 2001, and those with less than five years of service credit at that date, may choose to participate in the combined plan or the defined contribution plan, in lieu of participation in the defined benefit plan.

Participants in the defined contribution plan are eligible to retire at age 50. Employee and employer contributions are placed into individual member accounts, and members direct the investment of their accounts by selecting from various professionally managed investment options. Retirees may choose to receive either a lump-sum distribution or a monthly annuity for life. Employer contributions become vested after one year of service, while employee contributions vest immediately.

Participants in the combined plan may start to collect the defined benefit portion of the plan at age 60. The annual allowance is determined by multiplying the final average salary by one percent for each year of Ohio contributing service credit. Participants in the combined plan may also participate in the partial lump-sum option



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

plan, as described previously, for the portion of their retirement benefit that is provided through the defined benefit portion of the plan. The defined contribution portion of the plan may be taken as a lump sum or as a lifetime monthly annuity at age 50.

A retiree of STRS or any other Ohio public retirement system is eligible for re-employment as a teacher after two months from the date of retirement. Members and the employer make contributions during the period of re-employment. Upon termination or the retiree reaches the age of 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Alternatively, the retiree may receive a refund of member contributions with interest before age 65, once employment is terminated.

Employer and employee required contributions to STRS are established by the Board and limited under the Ohio Revised Code to employer and employee rates of 14 percent and ten 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 2009 were 14 percent for employers and ten percent for employees for the defined benefit, defined contribution, and combined plans. For the defined benefit and combined plans, 13 percent of the employer rate is used to fund pension obligations. For the defined contribution plan, 10.5 percent of the employer's share is deposited into individual employee accounts, while 3.5 percent is paid to the defined benefit plan.

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

	2009	2008	2007
<i>Primary Government</i>	\$7,498	\$7,536	\$7,477
<i>Major Component Units:</i>			
Ohio State University.....	38,355	36,631	35,523
University of Cincinnati.....	14,609	14,487	14,395

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan follow (dollars in thousands):

	2009	2008	2007
<i>Primary Government:</i>			
Employer Contributions	\$98	\$105	\$88
Employee Contributions	163	170	148
<i>Major Component Units:</i>			
Ohio State University:			
Employer Contributions	3,155	2,707	2,103
Employee Contributions	3,633	3,149	2,475
University of Cincinnati:			
Employer Contributions	885	813	769
Employee Contributions	1,107	1,038	973

STRS issues a stand-alone financial report, copies of which may be obtained by making a written request to: State Teachers Retirement System of Ohio, Attention: Chief Financial Officer, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090 or (888) 227-7877.

Other Postemployment Benefits (OPEB)

The STRS plan provides comprehensive healthcare benefits to retirees and their dependents that are enrolled in the defined benefit and combined plans. Benefits include hospitalization, physician's fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 one percent of covered payroll are allocated to pay for healthcare benefits. Retirees enrolled in the defined contribution plan receive no post-employment healthcare benefits.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 2009, net assets available for future healthcare benefits were \$2.68 billion. Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2009	2008	2007
Primary Government.....	\$577	\$580	\$575
Major Component Units:			
Ohio State University.....	2,950	2,818	2,733
University of Cincinnati.....	1,124	1,114	1,107

The number of eligible benefit recipients for STRS as a whole was 169,828, as of June 30, 2009; a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 2009, 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 Blvd., Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 431-0781 or (800) 860-2268.

SHPRS is authorized under Chapter 5505, Ohio Revised Code, to provide retirement and disability benefits to retired members and survivor benefits to qualified dependents of deceased members of the Ohio State Highway Patrol. In addition to providing pension benefits, SHPRS is authorized by Chapter 5505, Ohio Revised Code, to pay health insurance claims on behalf of all persons receiving a monthly pension or survivor benefit and Part B basic premiums for those eligible benefit recipients upon proof of coverage.

Chapter 5505, Ohio Revised Code, 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 SHPRS Retirement Board establishes and certifies the employer contribution rate to the State of Ohio every two years. By law, the employer rate may not exceed three times the employee contribution rate, nor be less than the employee contribution rate.

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

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

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



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees are eligible for pension and healthcare benefits upon reaching both an age and service requirement. Employees with at least 15 years of service credit, but less than 20 years of service credit, may retire at age 55. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48.

The pension benefit is a percentage of the member's final average salary, which is the average of the member's three highest salary years. For members with at least 15 years of service credit, but less than 20 years of service credit, the percentage is determined by multiplying 1.5 percent times the number of years of service credit. For members with 20 or more years of service credit, the percentage is determined by multiplying 2.5 percent for the first 20 years of service, plus 2.25 percent for the next five years of service, plus two percent for each year in excess of 25 years of service. A member's pension may not exceed 79.25 percent of the final average salary.

Pension Benefits

The employer and employee contribution rates, as of December 31, 2008, were 25.5 percent and ten percent, respectively. During 2008, the board increased the employer contribution rate to a 26.5 percent effective July 1, 2009.

During calendar year 2008, all of the employees' contributions funded pension benefits while 21 percent of the employer's contributions funded pension benefits. The difference in the total employer rates charged and the employer rates applicable to the funding of pension benefits is applied to the funding of postemployment healthcare benefits.

The employer contributions for calendar year 2008 were approximately \$20.3 million. The employer's annual required contribution (ARC) for the last three calendar years were as follows (dollars in thousands):

For the Year Ended December 31,	Primary Government	Percentage of Employer's Annual Pension Cost Contributed
2008	\$21,221	95.7%
2007	21,666	92.1%
2006	19,567	98.5%

The contributions made by employers did not meet the ARC, but they did meet the statutory requirements.

SHPRS used the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2008. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: an eight-percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to ten percent attributable to seniority and merit; price inflation was assumed to be at least four percent a year; and postretirement increases each year equal to three percent after the retiree reaches age 53. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for pension benefits.

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



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress for Pension Benefits for the last three years is presented in the following table. Amounts reported do not include assets or liabilities for postemployment healthcare benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years-Pension						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2008	\$904,522	\$603,266	\$301,256	66.7%	\$94,302	319.5%
2007	866,255	700,861	165,394	80.9%	93,753	176.4%
2006	807,761	653,493	154,268	80.9%	85,878	179.6%

Other Post Employment Benefits (OPEB)

During calendar year 2008, 4.5 percent of the employer's contributions funded healthcare benefits. Active members do not make contributions to the OPEB plan. The employer share that funds healthcare benefits will increase to 5.5 percent effective July 1, 2009.

The employer contributions for calendar year 2008 were approximately \$4.7 million. The employer's annual required contribution (ARC) for the last three calendar years were as follows (dollars in thousands):

For the Year Ended December 31,	Primary Government	Percentage of Employer's ARC Contributed
2008	\$19,273	24.2%
2007	18,303	25.0%
2006	15,962	21.2%

The contributions made by employers did not meet the ARC, but they did meet the statutory requirements.

The cost of retiree healthcare benefits is recognized as claims incurred and premiums paid. The calendar year 2008 expense was \$9.6 million. The number of active contributing plan participants, as of December 31, 2008, was 1,544.

Healthcare benefits are advance funded by the employer using the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2008, for OPEB. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a 6.5 percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to 10 percent a year attributable to seniority and merit; and price inflation was assumed to be at least four percent a year. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for OPEB benefits.

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

Premiums are assumed to increase annually by four percent, plus an additional percentage ranging from 0.5 percent to five percent through 2019. Net assets available for benefits allocated to healthcare costs at December 31, 2008 were \$95.8 million, and included investments carried at fair value, as previously described.

As of December 31, 2008, the unfunded 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 \$228.4 million, the actuarial accrued liability for healthcare benefits at that date was \$324.2 million.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress for OPEB for the last three years is presented below.

SHPRS Schedule of Funding Progress Last Three Calendar Years – OPEB						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2008	\$324,171	\$95,785	\$228,386	29.5%	\$94,302	242.2%
2007	335,232	111,180	224,052	33.2%	93,753	239.0%
2006	294,079	104,857	189,222	35.7%	85,878	220.3%

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

The ARP is a defined contribution retirement plan that is authorized under Section 3305.02, Ohio Revised Code. The ARP provides at least three or more alternative retirement plans for academic and administrative employees of Ohio's institutions of higher education, who otherwise would be covered by OPERS or STRS. Unclassified civil service employees hired on or after August 1, 2005 are also eligible to participate in the ARP.

The Board of Trustees of each public institution of higher education enters into contracts with each approved retirement plan provider. Once established, full-time faculty and unclassified employees who are hired subsequent to the establishment of the ARP, or who had less than five years of service credit under the existing retirement plans, may choose to enroll in the ARP. The choice is irrevocable for as long as the employee remains continuously employed in a position for which the ARP is available. For those employees that choose to join the ARP, any prior employee contributions that had been made to OPERS or STRS would be transferred to the ARP. The Ohio Department of Insurance has designated the companies that are eligible to serve as plan providers for the ARP.

Ohio law requires that employee contributions be made to the ARP in an amount equal to those that would otherwise have been required by the retirement system that applies to the employee's position. Employees may also voluntarily make additional contributions to the ARP. These contribution rates are ten percent for OPERS and STRS.

For the year ended June 30, 2009, employers were required to contribute 0.77 percent of a participating employee's salary to OPERS in cases when the employee would have otherwise been enrolled in OPERS.

Ohio law also requires each public institution of higher education to contribute 3.5 percent of a participating employee's gross salary, for the year ended June 30, 2009, to STRS in cases when the employee would have otherwise been enrolled in STRS.

The employer contribution amount is subject to actuarial review every third year to determine if the rate needs to be adjusted to mitigate any negative financial impact that the loss of contributions may have on OPERS and STRS. The Board of Trustees of each public institution of higher education may also make additional payments to the ARP based on the gross salaries of employees multiplied by a percentage the respective Board of Trustees approves.

The ARP provides full and immediate vesting of all contributions made on behalf of participants. The contributions are directed to one of the investment management companies as chosen by the participants. The ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits, or death benefits. Benefits are entirely dependent on the sum of the contributions and related investment income generated by each participant's choice of investment options.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the State's discretely presented major component units, employer and employee contributions required and made for the year ended June 30, 2009, for the ARP follow (dollars in thousands):

	OPERS	STRS
<i>Major Component Units:</i>		
Ohio State University:		
Employer Contributions	\$21,769	\$21,803
Employee Contributions	15,550	15,574
University of Cincinnati:		
Employer Contributions	7,792	6,164
Employee Contributions	5,881	5,880

NOTE 10 GENERAL OBLIGATION BONDS

At various times since 1921, Ohio voters, by 18 constitutional amendments (the last adopted November 2008 for local government infrastructure improvements, high-tech business research and development support, and business site development enhancements), have authorized the incurrence of general obligation debt for the construction and improvement of common school and higher education facilities, highways, local infrastructure improvements, research and development of coal technology, natural resources, research and development support for high-tech business, and business site development. Issuances for highway capital improvements, natural resources, and conservation are, in part, used for acquisition, construction or improvement of capital assets. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1999 constitutional amendment provided for the issuance of Common School Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2009, the General Assembly had authorized the issuance of \$3.35 billion in Common Schools Capital Facilities Bonds, of which \$3.29 billion has been issued. As of June 30, 2009, the General Assembly had also authorized the issuance of \$2.61 billion in Higher Education Capital Facilities Bonds, of which \$2 billion has been issued.

Through the approval of the November 1995 amendment, voters authorized the issuance of Highway Capital Improvements Bonds in amounts up to \$220 million in any fiscal year (plus any prior fiscal years' principal amounts not issued under the new authorization), with no more than \$1.2 billion outstanding at any time. As of June 30, 2009, the General Assembly has authorized the issuance of approximately \$2.77 billion in Highway Capital Improvements Bonds, of which \$1.95 billion has been issued.

Constitutional amendments in 1995 and 2005 allowed for the issuance of \$3.75 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Issuances are limited to \$120 million in any fiscal year through fiscal year 2013, with an increase in the annual issuance amount to \$150 million for fiscal years 2014 through 2018. As of June 30, 2009, the General Assembly had authorized \$2.88 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which \$2.64 billion had been issued (net of \$214 million in unaccreted discounts at issuance).

Coal Research and Development Bonds and Parks, Recreation, and Natural Resources Bonds may be issued as long as the outstanding principal amounts do not exceed \$100 and \$200 million, respectively. As of June 30, 2009, the General Assembly had authorized the issuance of \$231 million in Coal Research and Development Bonds, of which \$158 million had been issued.

Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$350 million, as of June 30, 2009, of which \$295 million had been issued.

A 2008 constitutional amendment allowed for outstanding Conservation Projects Bonds up to \$400 million. No more than \$50 million may be issued during a fiscal year. As of June 30, 2009, the General Assembly had authorized the issuance of approximately \$300 million in Conservation Projects Bonds of which \$200 million had been issued. This authorization is in addition to the 2000 constitutional amendment for the same purpose.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Through approval of the November 2005 amendment, voters authorized the issuance of \$500 million of Third Frontier Research and Development Bonds. Not more than \$100 million may be issued in each of the first three years and not more than \$50 million may be issued in any of the subsequent fiscal years. As of June 30, 2009, the General Assembly had authorized the issuance of \$350 million in Third Frontier Research and Development Bonds, of which \$181 million had been issued.

The issuance of \$150 million of Site Development Bonds was also authorized through the approval of the November 2005 amendment. Not more than \$30 million may be issued in each of the first three years and not more than \$15 million may be issued in any of the subsequent fiscal years. The General Assembly had authorized the issuance of \$120 million in Site Development Bonds as of June 30, 2009, of which \$30 million had been issued.

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2009, are presented in the table below. For the variable-rate bonds, using the assumption that current interest rates remain the same over their term, the interest and net swap payment amounts are based on rates as of June 30, 2009. As rates vary, variable-rate bond interest payments and net swap payments vary.

**Primary Government-Governmental Activities
Summary of General Obligation Bonds
and Future Funding Requirements
As of June 30, 2009
(dollars in thousands)**

	Fiscal Years		Maturing	Outstanding Balance	Authorized But Unissued
	Issued	Interest Rates	Through Fiscal Year		
Common Schools Capital Facilities	2000-09	2.0%-5.5%	2027	\$2,771,926	\$55,000
Higher Education Capital Facilities	2000-09	2.0%-5.5%	2027	1,563,705	613,000
Highway Capital Improvements	2000-08	2.6%-5.6%	2018	701,177	827,000
Infrastructure Improvements	1990-09	2.0%-7.6%	2029	1,597,357	240,014
Coal Research and Development	2000-08	2.5%-5.0%	2016	25,619	73,000
Natural Resources Capital Facilities	2000-07	3.0%-5.0%	2020	141,652	55,000
Conservation Projects	2002-07	2.3%-5.3%	2023	159,702	100,000
Third Frontier Research and Development	2007-09	2.0%-5.5%	2019	154,995	169,300
Site Development	2007	3.4%-5.3%	2016	21,918	90,000
Total General Obligation Bonds				<u>\$7,138,051</u>	<u>\$2,222,314</u>

Future Funding of Current Interest and Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2010.....	\$333,715	\$287,447	(\$116)	\$621,046
2011.....	513,065	271,904	-	784,969
2012.....	517,500	250,132	-	767,632
2013.....	534,960	228,240	-	763,200
2014.....	513,375	204,630	-	718,005
2015-2019	1,988,955	708,646	-	2,697,601
2020-2024	1,505,660	271,279	-	1,776,939
2025-2029	357,550	29,820	-	387,370
Total Current Interest and Capital Appreciation Bonds	<u>\$6,264,780</u>	<u>\$2,252,098</u>	<u>(\$116)</u>	<u>\$8,516,762</u>



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2010.....	\$19,345	\$3,651	\$17,510	\$40,506
2011.....	21,125	3,552	11,039	35,716
2012.....	19,230	3,467	10,809	33,506
2013.....	18,125	3,400	10,563	32,088
2014.....	36,045	3,267	10,312	49,624
2015-2019	294,690	9,974	43,132	347,796
2020-2024	242,945	3,100	18,947	264,992
2025-2029	39,680	187	1,109	40,976
Total Variable-Rate Bonds	<u>\$691,185</u>	<u>\$30,598</u>	<u>\$123,421</u>	<u>\$845,204</u>
Total General Obligation Bonds	6,955,965			
Unamortized Premium/(Discount), Net.....	244,213			
Deferred Refunding Loss	(62,127)			
Total Carrying Amount	<u>\$7,138,051</u>			

For the year ended June 30, 2009, NOTE 15 summarizes changes in general obligation bonds.

Interest Rate Swaps

As of June 30, 2009, approximately \$592.2 million of issued Infrastructure Improvement Bonds and Common Schools Bonds include associated interest-rate swaps. Terms of the swap agreements are provided in the tables on pages 113 and 115. Fair value has been determined using the zero-coupon method.

Each swap counterparty is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement. This arrangement protects the State by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities held by a third-party custodian. Net payments are made on the same date, as specified in the agreements.

The State retains the right to terminate any swap agreement at the market value prior to maturity. The State has termination risk under the contracts, particularly upon the occurrence of an additional termination event (ATE), as defined in the swap agreements. An ATE occurs if either the credit rating of the bonds associated with a specific swap or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. If the swap was terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the State would be liable to the counterparty for a payment at the swap's fair value. Other termination events include failure to pay, bankruptcy, merger without assumption, and illegality. No such credit events have occurred.

Interest rate risk, rollover risk, basis risk, and credit risk vary for each interest rate swap. Discussion of these risks has also been included by swap, when applicable.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

**Primary Government-Governmental Activities
Interest Rate Swaps—Infrastructure Improvements
As of June 30, 2009
(dollars in thousands)**

Issue	Type of Swap	Original Notational Amount	Underlying Index	Counterparty's Swap Rate at 06/30/2009	State's Swap Rate at 06/30/2009	Effective Date	Termination (Maturity) Date	Fair Value
Infrastructure Improvements, Series 2001B	Floating to Fixed knock-out	\$63,900	SIFMA Index	0.35%	4.63%	11/29/2001	8/1/2021	(\$9,874)
Credit Quality Ratings of Counterparty:		50% Aa1/AA- JP Morgan Chase; 50% A2/A Morgan Stanley Capital Services						
Infrastructure Improvements, Refunding Series 2003D	Floating to Fixed	\$58,085	Actual Bond Rate	0.35%	3.04%	3/20/2003	2/1/2010	(\$845)
Credit Quality Ratings of Counterparty:		A2/A Morgan Stanley Capital Services						
Infrastructure Improvements, Series 2003F	Fixed to Floating	\$30,115	SIFMA Index	2.54%	0.35%	12/4/2003	2/1/2010	\$62
Credit Quality Ratings of Counterparty:		Aa1/AA- JP Morgan Chase						
Infrastructure Improvements, Refunding Series 2004A	Floating to Fixed Enhanced LIBOR	\$58,725	LIBOR (See terms below)	0.44%	3.51%	3/3/2004	2/1/2023	(\$4,488)
Credit Quality Ratings of Counterparty:		A2/A Morgan Stanley Capital Services						
Terms:		68% of LIBOR (1-month LIBOR > 5.0%) or 63% of LIBOR + 25 basis points (1-month LIBOR < 5.0%)						

Infrastructure Improvements-Series 2001B

The State entered into an interest rate swap to convert the Series 2001B variable-rate bonds into a synthetic fixed rate to minimize interest expense. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

In addition, the swap has a knock-out option. In the event the 180-day average of the SIFMA index rate exceeds seven percent, the counterparty can knock-out (cancel) the swap. If the counterparty exercises its option to cancel, the State would be exposed to higher floating rates.

The swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall) would effectively raise the fixed rate that the State pays on the swap. The SIFMA municipal swap index has proven to be a good proxy for the State's variable-rate debt and substantially mitigates basis risk.

Infrastructure Improvements-Refunding Series 2003D

The State entered into an interest rate swap to convert the Series 2003D variable-rate refunding bonds into a synthetic fixed rate through the escrow period of the refunded bonds. The combination of variable-rate bonds and a floating-to-fixed swap creates a low-cost, synthetic fixed-rate debt during the escrow period without incurring negative arbitrage, increases the State's variable-rate exposure after the call date, and generates expected present value savings from the refunding.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

The swap matures on February 1, 2010, and the Series 2003D variable-rate bonds mature on February 1, 2019. This mismatch in terms allows the State to increase its variable rate exposure after February 1, 2010, which is consistent with its long-term asset/liability management policy objective.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The swap does not expose the State to basis risk (provided "Rate Change Events" do not occur). The State receives the Actual Bond Rate, which exactly offsets the State's payments to bondholders. Rate Change Events include a downgrade of the underlying bonds, a put to the liquidity provider, and extended market disruption. The rate change would be from the Actual Bond Rate to the SIFMA Index which has proven to be a good proxy for the State's variable-rate debt and substantially mitigates basis risk.

Infrastructure Improvements-Series 2003F

The State entered into an interest rate swap to convert a portion of the Series 2003F fixed-rate bonds into a synthetic variable rate. The combination of fixed-rate bonds and a fixed-to-floating swap creates synthetic variable-rate debt that is exposed to changing interest rates. The borrowing cost is less than the traditional variable borrowing cost.

The State has credit risk exposure of \$62 thousand at June 30, 2009.

Infrastructure Improvements-Refunding Series 2004A

The State entered into an interest rate swap to convert the Series 2004A variable-rate bonds into a synthetic fixed rate to minimize interest expense. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall) would effectively make the fixed rate the State pays on the swap higher. Given that the variable swap receipt is based on a taxable index (LIBOR), the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities. Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

**Primary Government-Governmental Activities
Interest Rate Swaps—Common Schools
As of June 30, 2009
(dollars in thousands)**

Issue	Type of Swap	Original Notational Amount	Underlying Index	Counterparty's Swap Rate at 06/30/2009	State's Swap Rate at 06/30/2009	Effective Date	Termination (Maturity) Date	Fair Value
Common Schools, Series 2003D	Floating to Fixed LIBOR	\$67,000	LIBOR (see terms below)	0.45%	3.41%	9/14/2007	3/15/2024	(\$4,244)
Credit Quality Ratings of Counterparty: 50% Aa1/AA- JP Morgan Chase; 50% A2/A Morgan Stanley Capital Services Terms: 65% of 1-month LIBOR + 25 basis points								
Common Schools, Series 2005A	Floating to Fixed LIBOR	\$100,000	LIBOR (see terms below)	0.93%	3.75%	1/15/2008	3/15/2010	(\$8,805)
Credit Quality Ratings of Counterparty: Aa1/AA- JP Morgan Chase Terms: 67% of 1-month LIBOR+72.6 basis points								
Common Schools, Series 2005B	Floating to Fixed LIBOR	\$100,000	LIBOR (see terms below)	0.93%	3.75%	1/15/2008	3/15/2010	(\$8,805)
Credit Quality Ratings of Counterparty: Aa1/AA- JP Morgan Chase Terms: 67% of 1-month LIBOR +72.6 basis points								
Common Schools, Series 2006B	Floating to Fixed LIBOR	\$100,000	LIBOR (see terms below)	0.45%	3.20%	6/15/2006	6/15/2026	(\$3,770)
Credit Quality Ratings of Counterparty: 50% Aa2/A+ UBS AG; 50% Aaa/AA- Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points								
Common Schools, Series 2006C	Floating to Fixed LIBOR	\$100,000	LIBOR (see terms below)	0.45%	3.20%	6/15/2006	6/15/2026	(\$3,770)
Credit Quality Ratings of Counterparty: 50% Aa2/A+ UBS AG; 50% Aaa/AA- Royal Bank of Canada Terms: 65% of 1-month LIBOR + 25 basis points								

Common Schools-Series 2003D

The State entered into a floating to fixed interest rate swap to convert its Common Schools, Series 2003D variable-rate bonds into a synthetic fixed rate through March 15, 2024. The swap allows the State to achieve variable rate exposure synthetically at a rate equal to the LIBOR index plus 25 basis points. The synthetic variable rate created under this swap exposes the State to the risk of rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The floating-to-fixed swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall)



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

would effectively make the fixed rate the State pays on the swap higher. Given that the variable swap receipt is based on a taxable index (LIBOR), the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities. Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.

Common Schools-Series 2005A

The State entered into an interest rate swap to convert its Common Schools, Series 2005A variable-rate bonds into a synthetic fixed rate. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall) would effectively make the fixed rate the State pays on the swap higher. Given that the variable swap receipt is based on a long-dated taxable index (LIBOR), the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities and the risk of the LIBOR yield curve being flat or inverted for extended periods of time. Any reduction in federal tax rates would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index. A flat or inverted LIBOR yield curve would likely result in a shortfall between the variable-rate swap receipt and the payments on the associated variable-rate bonds.

Common Schools-Series 2005B

The State entered into an interest rate swap to convert its Common Schools, Series 2005B variable-rate bonds into a synthetic fixed rate. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall) would effectively make the fixed rate the State pays on the swap higher. Given that the variable swap receipt is based on a long-dated taxable index (LIBOR), the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities and the risk of the LIBOR yield curve being flat or inverted for extended periods of time. Any reduction in federal tax rates would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index. A flat or inverted LIBOR yield curve would likely result in a shortfall between the variable-rate swap receipt and the payments on the associated variable-rate bonds.

Common Schools-Series 2006B

The State entered into an interest rate swap to convert its Common Schools, Series 2006B variable-rate bonds into a synthetic fixed rate. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall) would effectively make the fixed rate the State pays on the swap higher. Given that the variable swap receipt is based on a taxable index (LIBOR), the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

for municipal securities. Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.

Common Schools-Series 2006C

The State entered into an interest rate swap to convert its Common Schools, Series 2006C variable-rate bonds into a synthetic fixed rate. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed rate debt that protects the State from rising interest rates.

The State was not exposed to credit risk because the swap had a negative fair value at June 30, 2009. However, should interest rates change and the fair value of the swap becomes positive, the State would be exposed to credit risk in the amount of the derivative's fair value.

The swap exposes the State to basis risk or a mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch (shortfall) would effectively make the fixed rate the State pays on the swap higher. Given that the variable swap receipt is based on a taxable index (LIBOR), the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities. Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.

Advance Refundings

During fiscal year 2009, there were six advance refundings of general obligations bonds as follows:

The State issued approximately \$91.2 million in Common Schools refunding bonds (Series 2009A) with a true interest cost rate of 2.6 percent to defease approximately \$89.8 million (in substance). Net refunding bond proceeds of \$99.5 million were deposited with escrow agents to provide for all future principal and interest payment on the old bonds. As a result of the refunding, the State's debt service payments will be reduced by \$6.3 million over the next 11 years. The net economic gain from the refunding was \$5.5 million.

The State issued approximately \$103 million in Common Schools refunding bonds (Series 2009B) with a true interest cost rate of 2.8 percent to defease approximately \$112 million (in substance). Net refunding bond proceeds of \$114.9 million were deposited with escrow agents to provide for all future principal and interest payment on the old bonds. As a result of the refunding, the State's debt service payments will be reduced by \$22 million over the next 13 years. The net economic gain from the refunding was \$155 thousand.

The State issued approximately \$86.9 million in Higher Education refunding bonds (Series 2009A) with a true interest cost rate of 2.6 percent to defease approximately \$87.9 million (in substance). Net refunding bond proceeds of \$95.5 million were deposited with escrow agents to provide for all future principal and interest payment on the old bonds. As a result of the refunding, the State's debt service payments will be reduced by \$7.9 million over the next 12 years. The net economic gain from the refunding was \$6.7 million.

The State issued approximately \$48.7 million in Higher Education refunding bonds (Series 2009B) with a true interest cost rate of 2.9 percent to defease approximately \$53.4 million (in substance). Net refunding bond proceeds of \$55.2 million were deposited with escrow agents to provide for all future principal and interest payment on the old bonds. As a result of the refunding, the State's debt service payments will be reduced by \$11.5 million over the next 12 years. The net economic gain from the refunding was \$608 thousand.

The State issued approximately \$50 million in Infrastructure refunding bonds (Series 2009A) with a true interest cost rate of 1.9 percent to defease approximately \$50.2 million (in substance). Net refunding bond proceeds of \$52 million were deposited with escrow agents to provide for all future principal and interest payment on the old bonds. As a result of the refunding, the State's debt service payments will be reduced by \$3.8 million over the next seven years. The net economic gain from the refunding was \$3.7 million.

The State issued approximately \$82 million in Infrastructure refunding bonds (Series 2009B) with a true interest cost rate of 2.9 percent to defease approximately \$88.5 million (in substance). Net refunding bond proceeds of \$91 million were deposited with escrow agents to provide for all future principal and interest payment on the old



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

bonds. As a result of the refunding, the State's debt service payments will be reduced by \$19.1 million over the next 12 years. The net economic gain from the refunding was \$516 thousand.

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

The State had defeased general obligation bonds from prior years and placed the proceeds in irrevocable trusts. As of June 30, 2009, the balances in these trusts for bonds defeased in prior years were \$215.2 million for Infrastructure Improvement Bonds, \$20.1 million for Natural Resources Bonds, \$248.9 million for Common Schools Bonds, and \$247.3 million for Higher Education Bonds.

NOTE 11 REVENUE BONDS AND NOTES

The State Constitution permits state agencies and authorities to issue bonds that are not supported by the full 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 Treasurer of State for the Ohio Department of Development, including its Office of Financial Incentives, and the Ohio Department of Transportation; the Ohio Building Authority (OBA), which has issued revenue bonds on its own behalf and for the Ohio Bureau of Workers' Compensation; and the Buckeye Tobacco Settlement Financing Authority (BTSFA). Major issuers for the State's component units include the Ohio Water Development Authority, The Ohio State University, and the University of Cincinnati.

A. Primary Government

Economic Development bonds, issued by the Treasurer of State for the Office of Financial Incentive's Direct Loan Program, provide financing for loans and loan guarantees to businesses within the State for economic development projects that create or retain jobs in the State. The taxable bonds, payable through 2029, are backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control and pledged moneys and related investment earnings held in reserve under a trust agreement with a financial institution.

Revitalization Project revenue bonds provide financing to enable the remediation or clean up of contaminated publicly or privately owned lands to allow for their environmentally safe and productive development. The Revitalization Project bonds, payable through 2023, are also backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control.

Pledged net liquor revenues through the maturity of the Economic Development and Revitalization Project revenue bonds total approximately \$680.4 million. During fiscal year 2009, pledged net revenues were \$209.9 million. Principal and interest requirements for fiscal year 2009 totaled \$45.3 million.

Since fiscal year 1998, the Treasurer of State has issued a total of \$1.31 billion in State Infrastructure Bank Bonds for various transportation construction projects financed by the Department of Transportation. The State has pledged federal highway receipts and loan repayments received under the State Infrastructure Bank Loan Program as the primary source of moneys for meeting the principal and interest requirements on the bonds. Issuances for the State Infrastructure Bank are, in part, used for the acquisition, construction, or improvement of capital assets. Total pledged federal highway receipts and loan repayments through the maturity of the bonds in 2022 are estimated at approximately \$936.3 million. For fiscal year 2009, principal and interest payments on the revenue bonds were \$158 million and pledged receipts were \$150.6 million.

BTSFA is authorized by the Ohio General Assembly to issue and to sell obligations, the aggregate principle amount of which shall not exceed \$6 billion, exclusive of obligations issued to refund, renew, or advance refund other obligations issued or incurred. On October 29, 2007, BTSFA successfully securitized 100 percent of the projected tobacco settlement receipts for the next 45 years through the issuance of five series of asset-backed revenue bonds, aggregating in the amount of \$5.53 billion. The future tobacco settlement receipts, including related investment earnings and net of specified operating and enforcement expenses, have been pledged to



NOTE 11 REVENUE BONDS AND NOTES (Continued)

repay the bonds, which are payable through 2052. Annual principal and interest payments on the bonds will require 100 percent of the net tobacco settlement receipts. As of June 30, 2009, the total principal and interest payments remaining to be paid on the bonds were \$18.82 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2009 were \$380.6 million and \$374.6 million, respectively. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds. After the bonds and any related operating expenses have been fully paid, any remaining tobacco settlement receipts will become payable to the State. The bonds include fixed rate serial bonds, fixed rate current interest turbo term bonds, and capital appreciation turbo term bonds which will convert to fixed rate current interest turbo term bonds. They were issued to fund long-lived capital projects at state-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. Additional information on these bonds can be found in BTSFA's stand-alone financial report.

Revenue bonds accounted for in business-type activities finance the construction costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus. The debt issuance for the William Green Building has been used for acquisition and construction of capital assets. The bonds are collateralized by lease rental payments pledged by BWC to OBA. The lease rental payments are based on the estimated debt service of the bonds, but are limited to an amount appropriated by the Ohio General Assembly in the biennial budget. Total pledged payments through the maturity of the bonds in 2014 are estimated at approximately \$90.4 million. For fiscal year 2009, both the total lease rental payments and the principal and interest payments on the revenue bonds were \$20.6 million.

Revenue bonds outstanding for the primary government, as of June 30, 2009, are presented below.

For the year ended June 30, 2009, NOTE 15 summarizes changes in revenue bonds.

Future bond service requirements for revenue bonds of the primary government, as of June 30, 2009, are presented below.

Primary Government Revenue Bonds As of June 30, 2009 (dollars in thousands)				
	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Governmental Activities:				
Treasurer of State:				
Economic Development	1997-09	3.0%-7.7%	2029	\$338,767
Revitalization Project	2003-08	2.5%-5.0%	2023	126,326
State Infrastructure Bank	2002-09	3.0%-6.0%	2022	772,783
Buckeye Tobacco Settlement Financing Authority....	2008	4.1%-7.5%	2052	5,408,717
Total Governmental Activities				<u>6,646,593</u>
Business-Type Activities:				
Bureau of Workers' Compensation	2003	1.6%-4.0%	2014	80,657
Total Business-Type Activities				<u>80,657</u>
Total Revenue Bonds				<u>\$6,727,250</u>



NOTE 11 REVENUE BONDS AND NOTES (Continued)

**Primary Government
Future Funding Requirements for Revenue Bonds
As of June 30, 2009
(dollars in thousands)**

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010.....	\$152,730	\$338,946	\$491,676	\$15,930	\$3,867	\$19,797
2011.....	140,160	332,093	472,253	15,865	3,109	18,974
2012.....	150,735	325,528	476,263	15,890	2,326	18,216
2013.....	150,435	318,308	468,743	15,915	1,543	17,458
2014.....	160,205	310,608	470,813	15,200	751	15,951
2015-2019.....	826,370	1,429,217	2,255,587	-	-	-
2020-2024.....	828,545	1,207,994	2,036,539	-	-	-
2025-2029.....	596,185	1,011,336	1,607,521	-	-	-
2030-2034.....	627,300	836,309	1,463,609	-	-	-
2035-2039.....	664,014	787,313	1,451,327	-	-	-
2040-2044.....	1,131,275	489,241	1,620,516	-	-	-
2045-2049.....	1,105,563	3,103,412	4,208,975	-	-	-
2050-2052.....	144,108	3,273,193	3,417,301	-	-	-
	<u>6,677,625</u>	<u>13,763,498</u>	<u>20,441,123</u>	<u>78,800</u>	<u>11,596</u>	<u>90,396</u>
Net Unamortized Premium/(Discount).....	(24,275)	-	(24,275)	2,732	-	2,732
Deferred Refunding Loss	(6,757)	-	(6,757)	(875)	-	(875)
Total	<u>\$6,646,593</u>	<u>\$13,763,498</u>	<u>\$20,410,091</u>	<u>\$80,657</u>	<u>\$11,596</u>	<u>\$92,253</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2010.....	\$168,660	\$342,813	\$511,473
2011.....	156,025	335,202	491,227
2012.....	166,625	327,854	494,479
2013.....	166,350	319,851	486,201
2014.....	175,405	311,359	486,764
2015-2019.....	826,370	1,429,217	2,255,587
2020-2024.....	828,545	1,207,994	2,036,539
2025-2029.....	596,185	1,011,336	1,607,521
2030-2034.....	627,300	836,309	1,463,609
2035-2039.....	664,014	787,313	1,451,327
2040-2044.....	1,131,275	489,241	1,620,516
2045-2049.....	1,105,563	3,103,412	4,208,975
2050-2052.....	144,108	3,273,193	3,417,301
	<u>6,756,425</u>	<u>13,775,094</u>	<u>20,531,519</u>
Net Unamortized Premium/(Discount).....	(21,543)	-	(21,543)
Deferred Refunding Loss	(7,632)	-	(7,632)
Total	<u>\$6,727,250</u>	<u>\$13,775,094</u>	<u>\$20,502,344</u>

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.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

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 and 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, 2008, approximately \$1.34 billion in bonds were outstanding for this program.

Future bond service requirements for the Water Pollution Control Loan Program revenue bonds, as of December 31, 2008, were as follows (dollars in thousands):

Year Ending December 31,	Principal	Interest	Total
2009.....	\$80,420	\$64,727	\$145,147
2010.....	86,190	59,916	146,106
2011.....	89,895	55,640	145,535
2012.....	71,390	51,405	122,795
2013.....	70,570	47,802	118,372
2014-2018.....	384,560	183,885	568,445
2019-2023.....	405,350	80,264	485,614
2024-2028.....	110,075	6,275	116,350
	<u>1,298,450</u>	<u>549,914</u>	<u>1,848,364</u>
Net Unamortized			
Premium/(Discount).....	73,412	-	73,412
Deferred Refunding Loss..	(28,026)	-	(28,026)
Total	<u>\$1,343,836</u>	<u>\$549,914</u>	<u>\$1,893,750</u>

Of the outstanding revenue bonds and notes reported for the OWDA component unit fund, approximately \$99.1 million in bonds have adjustable interest rates that are reset weekly at rates determined by the remarketing agency. As of December 31, 2008 the rate for variable-rate bonds was approximately 1.05 percent.

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 educational and student resident facilities and auxiliary facilities such as dining halls, 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.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

Future bond service requirements for revenue bonds and notes reported for the discretely presented major component units, as of June 30, 2009, are shown below.

Major Component Units

Year Ending December 31 or June 30,	Ohio Water Development Authority (12/31/2008)			Ohio State University		
	Principal	Interest	Total	Principal	Interest	Total
2009.....	\$336,525	\$107,577	\$444,102			
2010.....	142,055	97,528	239,583	\$623,636	\$36,045	\$659,681
2011.....	146,640	90,768	237,408	46,165	32,848	79,013
2012.....	151,235	83,955	235,190	59,331	30,796	90,127
2013.....	151,505	77,706	229,211	58,576	27,322	85,898
2014.....	-	-	-	38,829	25,079	63,908
2014-2018.....	701,675	297,120	998,795	-	-	-
2015-2019.....	-	-	-	180,641	98,495	279,136
2019-2023.....	608,900	136,190	745,090	-	-	-
2020-2024.....	-	-	-	163,395	58,610	222,005
2024-2028.....	204,060	22,501	226,561	-	-	-
2025-2029.....	-	-	-	115,230	24,154	139,384
2029-2033.....	20,750	2,983	23,733	-	-	-
2030-2034.....	-	-	-	35,585	3,872	39,457
2034-2038.....	1,640	61	1,701	-	-	-
2035-2039.....	-	-	-	10,581	175	10,756
	<u>\$2,464,985</u>	<u>\$916,389</u>	<u>\$3,381,374</u>	<u>\$1,331,969</u>	<u>\$337,396</u>	<u>\$1,669,365</u>
Net Unamortized Premium/(Discount).....	83,073	-	83,073	-	-	-
Deferred Refunding Loss	(49,243)	-	(49,243)	-	-	-
Total	<u>\$2,498,815</u>	<u>\$916,389</u>	<u>\$3,415,204</u>	<u>\$1,331,969</u>	<u>\$337,396</u>	<u>\$1,669,365</u>

Year Ending December 31 or June 30,	University of Cincinnati		
	Principal	Interest	Total
2009.....			
2010.....	\$106,985	\$39,584	\$146,569
2011.....	31,455	36,585	68,040
2012.....	33,700	35,248	68,948
2013.....	37,385	33,806	71,191
2014.....	38,610	32,149	70,759
2014-2018.....	-	-	-
2015-2019.....	223,330	132,696	356,026
2019-2023.....	-	-	-
2020-2024.....	226,105	79,177	305,282
2024-2028.....	-	-	-
2025-2029.....	159,400	33,430	192,830
2029-2033.....	-	-	-
2030-2034.....	71,945	5,536	77,481
2034-2038.....	-	-	-
2035-2039.....	-	-	-
	<u>\$928,915</u>	<u>\$428,211</u>	<u>\$1,357,126</u>
Net Unamortized Premium/(Discount).....	7,659	-	7,659
Deferred Refunding Loss	-	-	-
Total	<u>\$936,574</u>	<u>\$428,211</u>	<u>\$1,364,785</u>



NOTE 12 SPECIAL OBLIGATION BONDS

The Ohio Building Authority (OBA) and the Treasurer of State issue special obligation bonds reported in governmental activities.

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. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.

Under the authority of Chapter 154, Ohio Revised Code, the Treasurer of State is the issuer of special obligation bonds that finance the cost of capital facilities for state-supported institutions of higher education, mental health and retardation institutions, parks and recreation, and cultural and sports facilities. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.

Pledges of lease rental payments from appropriations made to the General Fund, Highway Safety and Highway Operating Special Revenue funds, and Underground Parking Garage Enterprise Fund, moneys held by trustees pursuant to related trust agreements, and other receipts, as required by the respective bond documents, secure the special obligation bonds. The lease rental payments are reported in the fund financial statements as interfund transfers.

Special obligation bonds outstanding and bonds authorized but unissued, as of June 30, 2009, are presented in the following table.

Primary Government-Governmental Activities					
Special Obligation Bonds					
<i>As of June 30, 2009 (dollars in thousands)</i>					
	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Ohio Building Authority	1997-09	2.0%-5.8%	2029	\$1,564,152	\$255,915
Treasurer of State Chapter 154	1997-09	2.9%-5.5%	2021	863,404	288,225
				<u>\$2,427,556</u>	<u>\$544,140</u>

Future special obligation debt service requirements, as of June 30, 2009, were as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2010.....	\$345,365	\$110,394	\$455,759
2011.....	325,440	91,935	417,375
2012.....	299,030	77,082	376,112
2013.....	251,125	63,942	315,067
2014.....	188,855	53,537	242,392
2015-2019.....	684,690	152,226	836,916
2020-2024.....	238,350	40,470	278,820
2025-2029.....	46,690	5,039	51,729
	<u>2,379,545</u>	<u>594,625</u>	<u>2,974,170</u>
Net Unamortized			
Premium/(Discount).....	86,345	-	86,345
Deferred Refunding Loss..	(38,334)	-	(38,334)
Total	<u>\$2,427,556</u>	<u>\$594,625</u>	<u>\$3,022,181</u>

For the year ended June 30, 2009, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2009, OBA had one current refunding issue. The proceeds of the refunding bonds were used to purchase U.S. Government securities in amounts sufficient, without further investment, to pay, when due, the principle, interest and redemption premium on the bonds being refunded.

The OBA issued approximately \$37.8 million in Juvenile Correctional refunding bonds (Series 2009A), with an average interest rate of 2.06 percent to defease approximately \$38.6 million of Juvenile Correctional Building Fund Project Bonds (Series 1999B). As a result of the refunding, the State's debt service payments will be



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

reduced by \$2.55 million over the life of the bonds. The net economic gain from the refunding was \$2.47 million.

The Treasurer of State had one current refunding issue during fiscal year 2009. The net proceeds of the refunding bond, after payment of underwriting fees and bond issue costs, was deposited with a trustee to redeem the refunded bonds. A resulting economic gain/(loss) from a current refunding represents the difference between present values of debt service payments on the old and new debt.

Approximately \$6.9 million in Cultural Facilities lease revenue bonds, with an average coupon rate of 2.98 percent, were issued to defease approximately \$6.7 million of Sports Facilities Bonds (Series 1997A). The net proceeds of \$6.9 million were deposited with a trustee to redeem the refunded bonds. As a result of the refunding, the State's debt service payments will be reduced by \$321 thousand over the next four years. The net economic gain from the refunding was \$314 thousand.

In prior years, OBA and the Treasurer of State defeased certain bond issues by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds.

Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements. As of June 30, 2009, \$257.8 million and \$88.2 million of OBA and Chapter 154 special obligations bonds, respectively, are considered defeased and no longer outstanding.

NOTE 13 CERTIFICATES OF PARTICIPATION

A. Primary Government

As of June 30, 2009, approximately \$216.5 million in certificate of participation (COP) obligations were reported in governmental activities.

In fiscal year 1992, the Ohio Department of Transportation participated in the issuance of \$8.7 million of COP obligations to finance the acquisition of the Panhandle Rail Line Project. Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of \$185.2 million of COP obligations to finance the acquisition of the Ohio Administrative Knowledge System (OAKS), a statewide Enterprise Resource Planning (ERP) system. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.

In fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of \$40.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue Systems (STARS).

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

Obligations outstanding for the primary government under COP financing arrangements, as of June 30, 2009, are presented in the following table.

Primary Government — Governmental Activities
Certificate of Participation Obligations
As of June 30, 2009
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Department of Transportation:				
Panhandle Rail Line Project	1992	6.50%	2012	\$2,655
Department of Administrative Services:				
Ohio Administrative Knowledge System (OAKS)	2005-09	2.5%-5.25%	2019	173,112
State Taxation Accounting and Revenue System (STARS)....	2008	3.0%-5.0%	2019	40,770
Total Certificates of Participation				<u>\$216,537</u>



NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

As of June 30, 2009, the primary government's future commitments under the COP financing arrangements were as follows (dollars in thousands):

Year Ending	Principal	Interest	Total
2010.....	\$14,725	\$8,995	\$23,720
2011.....	19,255	8,164	27,419
2012.....	22,180	7,321	29,501
2013.....	21,610	6,357	27,967
2014.....	22,530	5,430	27,960
2015-2019.....	109,555	11,333	120,888
	<u>209,855</u>	<u>47,600</u>	<u>257,455</u>
Net Unamortized			
Premium.....	6,682	-	6,682
Total	<u>\$216,537</u>	<u>\$47,600</u>	<u>\$264,137</u>

For the year ended June 30, 2009, NOTE 15 summarizes changes in COP obligations.

B. Component Units

For the State's component units, approximately \$4.7 million in COP obligations are reported in the component unit funds. The obligations finance building construction costs at The Ohio State University.

As of June 30, 2009, future commitments under the COP financing arrangements for the State's component units are detailed in the table below.

Component Units			
Future Funding Requirements for Certificate of Participation Obligations			
As of June 30, 2009			
<i>(dollars in thousands)</i>			
	<i>Ohio State University</i>		
Year Ending	Principal	Interest	Total
2010.....	\$425	\$222	\$647
2011.....	445	202	647
2012.....	465	180	645
2013.....	490	156	646
2014.....	515	130	645
2015-2019	2,330	242	2,572
2020-2024	-	-	-
Total.....	<u>\$4,670</u>	<u>\$1,132</u>	<u>\$5,802</u>



NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2009, in addition to bonds and certificates of participation obligations discussed in NOTES 10 through 13, the State reports the following noncurrent liabilities in its financial statements (dollars in thousands):

Non-Current Liabilities	
Governmental Activities:	
Compensated Absences	\$341,496
Capital Leases Payable	9,929
Litigation Liabilities	8,735
Pollution Remediation Liabilities	5,533
Estimated Claims Payable	10,352
Liability for Escheat Property	244,628
Total Governmental Activities	<u>620,673</u>
Business-Type Activities:	
Compensated Absences	31,920
Capital Leases Payable	3
Workers' Compensation:	
Benefits Payable	17,426,373
Other	1,936,604
Unemployment Compensation:	
Intergovernmental Payable	862,538
Deferred Prize Awards Payable	699,849
Tuition Benefits Payable	648,500
Total Business-Type Activities	<u>21,605,787</u>
Total Primary Government	<u>\$22,226,460</u>

For the year ended June 30, 2009, NOTE 15 summarizes the changes in other noncurrent liabilities. Explanations of certain significant noncurrent liability balances reported in the financial statements follow.

A. Compensated Absences

For the primary government, the compensated absences liability, as of June 30, 2009, was \$373.4 million, of which \$341.5 million is allocable to governmental activities and \$31.9 million is allocable to business-type activities.

As of June 30, 2009, discretely presented major component units reported a total of \$168.1 million in compensated absences liabilities, as detailed by major component unit in NOTE 15.

B. Lease Agreements

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

Assets acquired through capital leasing are valued at the lower of fair value or the present value of the future minimum lease payments at the lease's inception. Capital leases are used for the acquisition of capital assets.

Operating leases (leases on assets not recorded in the Statement of Net Assets) contain various renewable options as well as some purchase options.

Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

The primary government's total operating lease expenditures/expenses for fiscal year 2009 were approximately \$76.6 million.

Future minimum lease commitments for operating leases and capital leases judged to be noncancelable, as of June 30, 2009, were as follows (dollars in thousands):

Primary Government	
Year Ending June 30,	Operating Leases
2010.....	\$3,892
2011.....	358
2012.....	64
2013.....	64
2014.....	0
Total minimum lease payments	<u>\$4,378</u>

Year Ending June 30,	Capital Leases		
	Governmental Activities	Business-Type Activities	Total
2010.....	\$2,434	\$3	\$2,437
2011.....	2,753	-	2,753
2012.....	2,399	-	2,399
2013.....	2,198	-	2,198
2014.....	1,017	-	1,017
2015-2019.....	335	-	335
Total Lease Payments.....	11,136	3	11,139
Amount for Interest.....	(1,207)	-	(1,207)
Present Value of Net Minimum Lease Payments..	<u>\$9,929</u>	<u>\$3</u>	<u>\$9,932</u>

As of June 30, 2009, the primary government had the following capital assets under capital leases (dollars in thousands):

Primary Government			
	Governmental Activities	Business-Type Activities	Total
	Equipment	\$27,435	\$12
Vehicles	1,059	-	1,059
Total	<u>\$28,494</u>	<u>\$12</u>	<u>\$28,506</u>

Amortization expense for the proprietary funds within the Statement of Activities is included with depreciation expense.

Capital leases are reported under the "Refund and Other Liabilities" account in the proprietary and component unit funds.

Future minimum lease commitments for capital leases judged to be noncancelable and capital assets under capital leases for the discretely presented major component unit funds, as of June 30, 2009, are presented in the table on the following page.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

Major Component Units		
Capital Leases		
Year Ending June 30,	Ohio State University	University of Cincinnati
2010.....	\$8,410	\$15,159
2011.....	6,018	14,140
2012.....	4,818	13,711
2013.....	4,107	12,590
2014.....	2,001	12,934
2015-2019.....	422	59,277
2020-2024.....	-	55,659
2025-2029.....	-	29,907
2030-2034.....	-	13,920
Total Minimum Lease Payments.....	<u>25,776</u>	<u>227,297</u>
Amount for interest.....	<u>(2,170)</u>	<u>(81,077)</u>
Present Value of Net Minimum Lease Payments.....	<u>\$23,606</u>	<u>\$146,220</u>
Equipment & Vehicles.....	\$61,074	\$ -
Buildings	-	183,013
Total	<u>\$61,074</u>	<u>\$183,013</u>

C. Litigation Liabilities

In instances when the unfavorable outcome of a pending litigation has been assessed to be probable, liabilities are recorded in the financial statements. As of June 30, 2009, \$8.7 million in liabilities ultimately payable from various governmental funds has been recorded for this purpose. For information on the State's loss contingencies arising from pending litigation, see NOTE 19.

D. Estimated Claims Payable

For governmental activities, the State recognized \$6.6 million in estimated claims liabilities, as of June 30, 2009, for damaged state vehicles covered under the State's self-insured program, which was established in the General Fund for this purpose at the Department of Administrative Services.

Additionally, the State reported \$3.8 million in estimated claims for defaulted loans under the Ohio Enterprise Bond Programs at the Department of Development, as of June 30, 2009. The program is included in governmental activities and is accounted for in the Community and Economic Development Special Revenue Fund.

E. Liability for Escheat Property

The State records liability for escheat property to the extent that it is probable that the escheat property will be reclaimed and paid to claimants. As of June 30, 2009, the liability totaled approximately \$244.6 million.

F. Worker's Compensation

Benefits Payable

As discussed in NOTE 20, the Worker's Compensation Enterprise Fund provides benefits to employees for losses sustained from job-related injury, disease, or death. The Bureau has computed a reserve for compensation, as of June 30, 2009, in the amount of approximately \$17.43 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.

G. Deferred Prize Awards Payable

Future installment payments for the deferred prize awards payable are reported at present value based upon interest rates that the Treasurer of State provides to the Lottery Commission Enterprise Fund. The interest rates, ranging from 3.8 to 7.8 percent, represent the expected long-term rate of return on the assets restricted for the



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

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. As of June 30, 2009, this payable totals \$699.8 million.

Future payments of prize awards, stated at present value, as of June 30, 2009, follow (dollars in thousands)

Year Ending June 30,	
2010.....	\$78,612
2011.....	75,398
2012.....	75,321
2013.....	75,168
2014.....	75,077
2015-2019.....	332,328
2020-2024.....	172,356
2025-2029.....	69,519
2030-2034.....	40,693
2035-2039.....	530
	<u>995,002</u>
Unamortized Discount	(295,153)
Net Prize Liability	<u>\$699,849</u>

The State reduces prize liabilities by an estimate of the amount of the prize that will ultimately be unclaimed.

H. Unemployment Compensation

During the year ending June 30, 2009, the State's Unemployment Compensation Fund received \$862.5 million for the payment of compensation benefits. The State recognized a liability for the repayable advances to the Federal government.

I. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately \$648.5 million, as of June 30, 2009. The valuation method reflects the present value of estimated tuition benefits that will be paid in future years and is adjusted for the effects of projected tuition increases in state universities and state community colleges and termination of participant contracts under the plan.

The following assumptions were used in the actuarial determination of tuition benefits payable: 6.5 percent rate of return, compounded annually, on the investment of current and future assets; a projected annual tuition increase of 3.5 percent for 2010, and seven percent thereafter, as well as a 2.5 percent Consumer Price Index inflation rate. The effect of changes due to experience and actuarial assumption changes follow (dollars in millions):

Actuarial Deficit, as of June 30, 2008.....	(\$40.2)
Adjustment to Beginning of Year's	
Assets.....	0.1
Interest on the Deficit at 7 Percent	(2.6)
Investment Loss	(134.9)
Lower-Than-Assumed Tuition Increase ...	39.0
Change in Assumption for Future	
Tuition Growth.....	73.3
Interest Gain on Late Tuition Payouts	0.9
Change in the investment	
return assumption.....	0.0
Other.....	<u>1.6</u>
Actuarial Deficit, as of June 30, 2009.....	<u>(\$62.8)</u>

As of June 30, 2009, the market value of actuarial net assets available for the payment of the tuition benefits payable was \$585.7 million.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

J. Other Liabilities

The State recognizes a liability for pollution remediation in the amount \$5.5 million, as of June 30, 2009. This represents the cost to the State to the extent that is probable for future clean up and reclamation of polluted sites within the State. See note 19 for further detail.

The Workers' Compensation Enterprise Fund reports approximately \$1.94 billion in other noncurrent liabilities, as of June 30, 2009, of which 1.) \$1.82 billion is comprised of the compensation adjustment expenses liability for estimated future expenses to be incurred in the settlement of claims, as discussed further in NOTE 20, 2.) \$88.5 million represents premium payment security deposits collected in advance from private employers to reduce credit risk for premiums collected in subsequent periods, and 3.) \$28.1 million consists of other miscellaneous liabilities.



NOTE 15 CHANGES IN NONCURRENT LIABILITIES

A. Primary Government

Changes in noncurrent liabilities, for the year ended June 30, 2009, are presented for the primary government in the following table.

**Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2009**
(dollars in thousands)

Governmental Activities:	Balance June 30, 2008 (restated)	Additions	Reductions	Balance June 30, 2009	Amount Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10)	\$7,310,376	\$871,937	\$1,044,262	\$7,138,051	\$353,751
Revenue Bonds (NOTE 11)	6,413,182	483,895	250,484	6,646,593	151,151
Special Obligation Bonds (NOTE 12)	2,585,319	264,129	421,892	2,427,556	352,621
Total Bonds and Notes Payable	16,308,877	1,619,961	1,716,638	16,212,200	857,523
Certificates of Participation (NOTE 13)	187,336	40,274	11,073	216,537	14,785
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	398,846	333,892	391,242	341,496	56,574
Capital Leases Payable	9,804	600	475	9,929	2,008
Litigation Liabilities	4,698	7,178	3,141	8,735	3,310
Pollution Remediation Liabilities	7,411	1,421	3,299	5,533	-
Estimated Claims Payable	9,857	1,638	1,143	10,352	1,926
Liability for Escheat Property	258,017	39,769	53,158	244,628	78,220
Total Other Noncurrent Liabilities	688,633	384,498	452,458	620,673	142,038
Total Noncurrent Liabilities	\$17,184,846	\$2,044,733	\$2,180,169	\$17,049,410	\$1,014,346
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11)	\$97,286	\$432	\$17,061	\$80,657	\$15,930
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	35,537	26,102	29,719	31,920	3,945
Capital Leases Payable	12	-	9	3	3
Workers' Compensation:					
Benefits Payable	17,600,345	1,963,775	2,137,747	17,426,373	1,823,493
Other:					
Adjustment Expenses Liability	1,834,993	169,261	184,257	1,819,997	479,038
Premium Payment Security Deposits ..	88,918	1,826	2,270	88,474	-
Miscellaneous	56,661	29,010	57,538	28,133	28,132
Unemployment Compensation:					
Intergovernmental Payable	-	862,538	-	862,538	-
Deferred Prize Awards Payable	740,188	242,224	282,563	699,849	41,620
Tuition Benefits Payable	799,800	-	151,300	648,500	74,100
Total Other Noncurrent Liabilities	21,156,454	3,294,736	2,845,403	21,605,787	2,450,331
Total Noncurrent Liabilities	\$21,253,740	\$3,295,168	\$2,862,464	\$21,686,444	\$2,466,261

The State makes payments on bonds and notes payable and certificate of participation obligations that pertain to its governmental activities from the debt service funds. The General Fund and the major special revenue funds will primarily liquidate the other noncurrent liabilities balance attributable to governmental activities.

For fiscal year 2009, the State's primary government included interest expense on its debt issues in the following governmental functions rather than reporting it separately as interest expense. The related borrowings are essential to the creation or continuing existence of the programs they finance. The various state subsidy



NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)

programs supported by the borrowings provide direct state assistance to local governments for their respective capital and construction or research projects. None of the financing provided under these programs benefits the general operations of the primary government, and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt.

	<u>(in 000s)</u>
Governmental Activities:	
Primary, Secondary and Other Education	\$352,322
Higher Education Support	148,687
Environmental Protection and Natural Resources	932
Community and Economic Development.....	<u>97,202</u>
Total Interest Expense.....	
Charged to Governmental Functions	<u>\$599,143</u>

B. Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2009 (December 31, 2008 for the Ohio Water Development Authority), are presented in the following table for the State's discretely presented major component units.

**Major Component Units
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2009
(dollars in thousands)**

	Balance			Balance	Amount Due
	July 1, 2008	Additions	Reductions	June 30, 2009	Within One Year
<i>School Facilities Commission:</i>					
Intergovernmental Payable	\$1,694,296	\$982,132	\$952,850	\$1,723,578	\$965,275
Other Liabilities*	-	1,000	65	935	203
Compensated Absences*	705	493	587	611	94
Total	<u>\$1,695,001</u>	<u>\$983,625</u>	<u>\$953,502</u>	<u>\$1,725,124</u>	<u>\$965,572</u>
<i>Ohio Water Development Authority:</i>					
Revenue Bonds & Notes Payable (NOTE 11)	\$2,485,697	\$385,550	\$372,432	\$2,498,815	\$337,571
Compensated Absences*	180	133	114	199	-
Total	<u>\$2,485,877</u>	<u>\$385,683</u>	<u>\$372,546</u>	<u>\$2,499,014</u>	<u>\$337,571</u>
<i>Ohio State University:</i>					
Compensated Absences*	\$97,038	\$13,068	\$6,525	\$103,581	\$6,524
Capital Leases Payable*	23,009	8,033	7,436	23,606	7,543
Other Liabilities*	110,665	24,820	11,233	124,252	3,304
Revenue Bonds & Notes Payable (NOTE 11)	1,048,013	413,501	129,545	1,331,969	623,636
Certificates of Participation (NOTE 13)	5,075	-	405	4,670	425
Total	<u>\$1,283,800</u>	<u>\$459,422</u>	<u>\$155,144</u>	<u>\$1,588,078</u>	<u>\$641,432</u>
<i>University of Cincinnati:</i>					
Compensated Absences*	\$62,864	\$4,343	\$3,503	\$63,704	\$34,982
Capital Leases Payable*	153,725	-	7,505	146,220	7,765
Other Liabilities*	36,228	76,981	74,667	38,542	1,985
Revenue Bonds & Notes Payable (NOTE 11)	932,227	198,815	194,468	936,574	108,044
Total	<u>\$1,185,044</u>	<u>\$280,139</u>	<u>\$280,143</u>	<u>\$1,185,040</u>	<u>\$152,776</u>

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



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 a limited obligation payable solely from payments made by the borrowing entities. Most of the bonds are secured by the property financed. Upon repayment of the bonds, ownership of acquired property transfers to the entity served by the bond issuance. This debt is not deemed to constitute debt of the State or a pledge of the faith and credit of the State. Accordingly, these bonds are not reflected in the accompanying financial statements.

As of June 30, 2009 (December 31, 2008 for component units), revenue bonds and notes outstanding that represent "no commitment" debt for the State were as follows (dollars in thousands):

	Outstanding Amount
Primary Government:	
Ohio Department of Development:	
Ohio Enterprise Bond Program	\$175,230
Hospital Facilities Bonds	7,320
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program	10,710
Total Primary Government	\$193,260
Component Units (12/31/08):	
Ohio Water Development Authority	\$2,217,205
Ohio Air Quality Development Authority .	2,400,000
Total Component Units	\$4,617,205

NOTE 17 FUND DEFICITS AND "OTHER" RESERVES

A. Fund Deficits

The following individual funds reported deficits that are reflected in the State's basic financial statements, as of June 30, 2009 (dollars in thousands):

Primary Government:	
Major Government Funds:	
Revenue Distribution.....	(\$234,170)
Nonmajor Governmental Funds:	
Mental Health and Retardation Special Revenue Fund.....	(61,850)
Higher Education Improvements Special Revenue Fund.....	(443,916)
Total Governmental Funds:	(\$739,936)
Major Proprietary Funds:	
Unemployment Compensation.....	(\$761,212)
Nonmajor Proprietary Funds:	
Tuition Trust Authority.....	(52,841)
Total Business-Type Funds:	(\$814,053)
Component Units:	
Major Component Units:	
School Facilities Commission Fund	(\$3,128,053)
Nonmajor Component Units:	
Ohio Capital Fund.....	(30,048)
Total Component Units:	(\$3,158,101)



NOTE 17 FUND DEFICITS AND “OTHER” RESERVES (Continued)

The Unemployment Fund deficit disclosed above is due to an unusually high level of benefit claims and a reduction in State revenues as a result of the current economic recession. Federal loans have been required to maintain current benefit levels. The State anticipates Federal assistance to continue into future fiscal years.

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

B. “Other” Fund Balance Reserves

Details on the “Reserved for Other” account reported in the governmental funds, as of June 30, 2009, are presented in the following table:

**Primary Government
Governmental Funds — Reserved for Other
As of June 30, 2009
(dollars in thousands)**

	General Fund	Job, Family, and Other Human Services	Education	Highway Operating	Nonmajor Governmental Funds	Total Governmental Funds
Compensated Absences	\$18,361	\$2,468	\$260	\$3,283	\$6,752	\$31,124
Prepays (included in “Other Assets”) ...	16,382	2,027	209	3,187	6,375	28,180
Advances to Local Governments	33,153	17,756	-	-	-	50,909
Ohio Enterprise Bond Program	-	-	-	-	10,000	10,000
Loan Guarantee Programs	-	-	-	-	22,334	22,334
Assets in Excess of						
Debt Service Requirements	-	-	-	-	3	3
Environmental Protection and						
Natural Resources	-	-	-	-	1,683	1,683
Community and Economic Development .	-	-	-	-	19,841	19,841
Total Reserved for Other	\$67,896	\$22,251	\$469	\$6,470	\$66,988	\$164,074

NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS

A. Joint Ventures

Great Lakes Protection Fund (GLPF)

The Great Lakes Protection Fund is an Illinois non-profit organization that was formed to further federal and state commitments to the restoration and maintenance of the Great Lake’s Basin’s ecosystem. The governors of seven of the eight states that border on the Great Lakes comprise the GLPF’s membership. Under the GLPF’s articles of incorporation, each state is required to make a financial contribution. Income earned on the contributions provides grants to projects that advance the goals of the Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water Quality Agreement.

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

Annually, one-third of the GLPF’s net earnings is allocated and paid to the member states in proportion to their respective cash contributions to the GLPF. The allocation is based on the amount and period of time the state’s contributions were invested. GLPF earnings distributions are to be used by the states to finance projects that are compatible with the GLPF’s objectives. Ohio applies its distribution (approximately \$35 thousand) to the operations of its own projections program, known as the Lake Erie Protection Program, which is modeled after the GLPF.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Required contributions and contributions received from the states, which border the Great Lakes, as of December 31, 2008 (the GLPF's year-end), are presented below (dollars in thousands):

	Contribution Required	Contribution Received	Contribution Percentage
Michigan	\$25,000	\$25,000	30.9%
Indiana*	16,000	-	-
Illinois	15,000	15,000	18.4%
Ohio	14,000	14,000	17.3%
New York	12,000	12,000	14.8%
Wisconsin	12,000	12,000	14.8%
Minnesota	1,500	1,500	1.9%
Pennsylvania	1,500	1,500	1.9%
Total	\$97,000	\$81,000	100.00%

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

Summary Financial information for the GLPF, for the fiscal year ended December 31, 2008, was as follows (dollars in thousands):

Cash and Investments	\$87,552
Other Assets	244
Total Assets	\$87,796
Total Liabilities	\$556
Total Net Assets	87,240
Total Liabilities and Net Assets ..	\$87,796
Total Net Unrealized Loss on Investments..	(\$43,878)
Total Expenditures	(4,170)
Net Increase in Net Assets	(\$48,048)

In the event of the Fund's dissolution, the State of Ohio would receive a residual portion of the Fund's assets equal to the lesser of the amount of such assets multiplied by the ratio of its required contribution to the required contributions of all member states, or the amount of its required contribution.

Local Community and Technical Colleges

The State's primary government has an ongoing financial responsibility for the funding of six local community colleges and eight technical colleges. With respect to the local community colleges, State of Ohio officials appoint three members of each college's respective nine-member board of trustees, county officials appoint the remaining six members.

The governing boards of the technical colleges consist of either seven or nine trustees, of whom state officials appoint two or three members, respectively, the remaining members are appointed by the local school boards located in the respective technical college district.

The Ohio General Assembly appropriates moneys to these institutions from the General Fund to subsidize operations so that higher education can become more financial accessible to Ohio residents. The primary government also provides financing for the construction of these institutions' capital facilities by meeting the debt service requirements for the Tobacco Settlement revenue bonds issued by the Buckeye Tobacco Settlement Financing Authority, the Higher Education Capital Facilities general obligation bonds issued by the Ohio Public Facilities Commission (OPFC), and Higher Education Facilities special obligation bonds, previously issued by the OPFC, for these purposes. The bonds provide funding for capital appropriations in the Special Revenue Fund, which are available to the local community and technical colleges for spending on capital construction.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Fiscal year 2009 expenses that were included in the “Higher Education Support” function under governmental activities in the Statement of Activities for state assistance to the local community and technical colleges are presented below (dollars in thousands).

	Operating Subsidies	Capital Subsidies	Total
Local Community Colleges:			
Cuyahoga	\$63,465	\$8,676	\$72,141
Jefferson	5,705	598	\$6,303
Lakeland	20,223	2,425	\$22,648
Lorain County	29,910	5,962	\$35,872
Rio Grande	5,937	128	\$6,065
Sinclair	52,588	3,195	55,783
Total Local			
Community Colleges.....	<u>177,828</u>	<u>20,984</u>	<u>198,812</u>
Technical Colleges:			
Belmont	6,109	3	6,112
Central Ohio	9,600	84	9,684
Hocking	17,609	1,261	18,870
James A. Rhodes	10,043	-	10,043
Marion	5,898	121	6,019
Zane	5,767	528	6,295
North Central	8,516	1,562	10,078
Stark	21,354	3,130	24,484
Total Technical Colleges	<u>84,896</u>	<u>6,689</u>	<u>91,585</u>
Total	<u>\$262,724</u>	<u>\$27,673</u>	<u>\$290,397</u>

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

B. Related Organizations

Officials of the State’s primary government appoint a voting majority of the governing boards of the Ohio Housing Finance Agency, Ohio Turnpike Commission, the Petroleum Underground Storage Tank Release Compensation Board, the Higher Education Facility Commission, and the Ohio Legal Assistance Foundation. However, the primary government’s accountability for these organizations does not extend beyond making the appointments.

During Fiscal year 2009, the State had the following related-party transactions with its related organizations:

- The General Fund reports \$215 million loans receivable balance due from the Ohio Housing Finance Agency. The State made the loans to finance and support the agency’s housing programs.
- The Ohio Department of Taxation paid the Ohio Turnpike Commission \$2.1 million from the Revenue Distribution Fund for the Commission’s share of the State’s motor vehicle fuel excise tax allocation.
- Separate funds, established for the Ohio Housing Finance Agency, Petroleum Underground Storage Tank Release Compensation Board, and the Higher Education Facility Commission, were accounted for on the primary government’s Ohio Administrative Knowledge System. The primary purpose of the funds is to streamline payroll and other administrative disbursement processing for these organizations. The financial activities of the funds, which do not receive any funding support from the primary government, have been included in the agency funds.
- From the Job, Family and Other Human Services Fund, the Public Defender’s Office paid the Ohio Legal Assistance Foundation approximately \$5.2 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.



NOTE 19 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations. Pending litigation affecting the Department of Education, the Department of Commerce, and the Bureau of Workers' Compensation is discussed below.

Department of Education

In litigation between Plaintiff Cincinnati City School District Board of Education and the Ohio Department of Education, the Plaintiff contested that the Ohio Department of Education improperly and retroactively recalculated the number of district residents attending community schools during fiscal year 2005 and that this resulted in significant reductions in state funding in fiscal years 2006 and 2007. A final judgment was entered on January 5, 2007, in favor of Plaintiff in an amount of \$4.7 million.

During fiscal year 2009, the Department of Education settled a related case with Dayton City School District for \$7.2 million. The Dayton City School District originally intended to join the suit with the Cincinnati City School District.

At June 30, 2009, \$8.7 million remains payable to the two districts as a result of these cases. Liabilities of \$5.4 million and \$3.3 million, respectively, have been included as "Other Noncurrent Liabilities-Due in More Than One Year" and "Other Noncurrent Liabilities-Due in One Year" for governmental activities in the government-wide Statement of Net Assets. A liability of \$3.3 million has been included as "Refund and Other Liabilities" for the General Fund in the governmental funds Balance Sheet.

Department of Commerce

In the *Sogg v. Department of Commerce* case, the plaintiff claims a provision in Section 169.08(D) of Ohio Revised Code creates an unconstitutional taking of property in violation of takings clause of the United States and Ohio Constitutions. In April 2009, the Supreme Court of Ohio declared Section 169.08(D) unconstitutional. The Court held that the State may not retain the interest earned on unclaimed funds and that claimants are entitled to interest on the funds for the four years prior to the filing of the claim. The case was remanded to the trial court to determine the method for determining the amount of interest owed to each claimant in the class. On August 18, 2009, the trial court issued an opinion in which it found that the eligible class members should be awarded interest on their accounts at the rate of six percent per annum. However, this interest rate is among several issues that are not yet resolved and will be used in the calculations of the State's liability.

The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

Bureau of Workers' Compensation/Industrial Commission (BWC/IC)

A class action case has been filed alleging that BWC/IC identifies permanent total disability (PTD) recipients not represented by counsel and encourages them to settle their PTD claims for substantially less than their actuarial present value. The plaintiffs contend that BWC refused to conduct good-faith settlement negotiations with PTD recipients represented by counsel. The trial court denied BWC's motion to dismiss and/or change of venue, and granted class certification. The 8th District Court of Appeals has issued a ruling affirming the trial court's rulings. BWC has appealed to the Ohio Supreme Court. In May 2008, the Ohio Supreme Court reversed the Court of Appeals' decision and held that, because this matter is a claim against the State for money due under a contract, and not a claim of equitable restitution, it must be brought before the Ohio Court of Claims. To date, plaintiffs have not filed action in the Court of Claims.

A class action case was filed against BWC alleging that non-group-rated employers subsidize group-rated employers, and that this bias in premiums violates various provisions of the Ohio Constitution. Plaintiffs have asked the court to declare the group rating plan unconstitutional and require BWC to repay to the class members all excessive premiums collected by BWC, with interest and attorney fees. In April 2008, plaintiffs filed a motion for a preliminary injunction enjoining BWC from enforcing the group rating statutes during pendency of the action (beginning July 1, 2008). A hearing was held on the injunction request in August 2008. Parties are awaiting the Court's decision on the motion for injunction.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

BWC/IC is involved in litigation challenging policies related to lump sum advancements made to PTD recipients. This action alleges that BWC/IC has improperly recouped monies from PTD recipients by continuing to deduct monies from the plaintiff's benefits in an amount greater than the advance plus interest.

The ultimate outcome of the litigation related to BWC discussed to this point cannot be presently determined. Accordingly, no provision for any liability has been reported in the financial statements. Management is vigorously defending the cases outlined above.

BWC/IC was also involved in litigation in which the plaintiff argued that BWC/IC can only change reimbursement rates by promulgating a rule under ORC Chapter 119. The trial court issued a declaration that BWC/IC improperly reduced reimbursement fees to the hospitals. BWC appealed to the 10th District Court of Appeals. A decision was issued in March 2007 affirming the decision of the trial court. BWC/IC did not appeal the decision to the Ohio Supreme Court. BWC/IC has offered to settle with hospitals that may be impacted by this case. In February 2008, BWC/IC sent settlement release agreements to 274 affected hospitals. An estimated liability of \$73.7 million was accrued with payments of \$33.1 million made during fiscal year 2008 and \$30.3 million in fiscal year 2009.

All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the State's financial position.

B. Federal Awards

The State of Ohio receives significant awards from the Federal Government in the form of grants and entitlements, including certain non-cash programs. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the spending resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit or to financial compliance audits by the grantor agencies of the federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities to the State.

As a result of the fiscal year 2008 State of Ohio Single Audit (issued in October 2009), \$3.7 million of federal expenditures were in question as not being appropriate under the terms of the respective grants. No provision for any liability or adjustments has been recognized for the questioned costs in the state's financial statements, for the fiscal year ended June 30, 2009.

C. Loan Commitments

As of June 30, 2009, commitments to finance program loans from the primary government's budgeted nonmajor special revenue funds are detailed below (dollars in thousands):

Community and Economic Development

Ohio Department of Development:

Low- & Moderate-Income

Housing Loans.....	\$1,418
Brownfield Revolving Loans	584
	<u>2,002</u>

Local Infrastructure and Transportation

Ohio Public Works Commission:

State Capital Improvements Loans	98,863
Revolving Loans	96,824
	<u>195,687</u>

Total Nonmajor Governmental Funds	<u>\$197,689</u>
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NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

As of December 31, 2008, loan commitments for the Ohio Water Development Authority, a discretely presented major component unit, were as follows (dollars in thousands):

Water Pollution Control Loan ...	\$369,733
Fresh Water	95,344
Drinking Water Assistance	78,698
Community Assistance	12,369
Rural Utility Services	4,006
Pure Water Refunding	310
Other Projects	6,097
Total	<u>\$566,557</u>

The Authority intends to meet these commitments using available funds and grant commitments from the U.S. Environmental Protection Agency.

D. Construction Commitments

As of June 30, 2009, the Ohio Department of Transportation had total contractual commitments of approximately \$1.94 billion for highway construction projects. Funding for future projects is expected to be provided from federal, primary government, general obligation and revenue bonds, and local government sources in amounts of \$959.5 million, \$329.1 million, \$569.5 million and \$78.4 million, respectively.

As of June 30, 2009, other major non-highway construction commitments for the primary government's budgeted capital projects funds and major discretely presented component unit funds were as follows (dollars in thousands):

<u>Primary Government</u>	
Mental Health/Mental Retardation	
Facilities Improvements	\$22,076
Parks and Recreation Improvements	1,648
Administrative Services	
Building Improvements	5,147
Youth Services Building Improvements	1,304
Adult Correctional Building Improvements	11,266
Highway Safety Building Improvements	26
Ohio Parks and Natural Resources	3,851
Total	<u>\$45,318</u>

<u>Major Component Units</u>	
Ohio State University	\$244,240
University of Cincinnati	250,417

E. Tobacco Settlement

In November 1998, the Attorneys General of 46 states, five U.S. territories, and the District of Columbia signed the Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers. This signaled the end of litigation brought by the Attorneys General against the manufacturers in 1996 for state health care expenses attributed to smoking-related claims. The remaining four states (Florida, Minnesota, Mississippi, and Texas) settled separately.

According to the MSA, participating tobacco manufacturers are required to adhere to a variety of new marketing and lobbying restrictions and provide payments to the states in perpetuity.

As of October 23, 2007, the State transferred future rights to the Master Settlement Agreement revenue to the Buckeye Tobacco Settlement Financing Authority (BTSFA).

While BTSFA's share of the total base payments to the states through 2025 will not change over time, estimating the amount of annual payments that actually will be received in any given year can be complex, since under the



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

terms of the MSA, payments are subject to a number of adjustment factors, including an inflation adjustment, a volume adjustment, and a potential adjustment for market share losses of participating manufacturers. Some of these adjustments, such as the inflation adjustment, result in BTSFA receiving higher payments. Other factors, such as the volume adjustment and the market share adjustment can work to reduce the amount of the State's annual payments.

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

During fiscal year 2009, Ohio received \$339.7 million, which is approximately \$30.4 million or 8.2 percent less than the pre-adjusted base payment for the year.

As of June 30, 2009, the estimated tobacco settlement receivable in the amount of \$281.2 million is included in "Other Receivables" reported for the governmental funds. The receivable includes \$29.7 million for payments withheld from BTSFA beginning with fiscal year 2009 and \$74.5 million for payments withheld from the State for fiscal years 2007 and 2008. These amounts were withheld by the cigarette manufacturers when they exercised the market share loss provisions of the MSA. The monies are on deposit in an escrow account until pending litigation between the States and the manufacturers is resolved. Both the Authority and the State contend that they have met their obligations under the MSA and are due the payments withheld.

The Tobacco Settlement receipts provide funding for the construction of primary and secondary school capital facilities, education technology for primary and secondary education and for higher education, programs for smoking cessation and other health-related purposes, biomedical research and technology, and assistance to tobacco-growing areas in Ohio.

The BTSFA revenue bonds are secured by and payable solely from the tobacco settlement receipts and other collateral pledged under an indenture between BTSFA and U.S. Bank National Association, as trustee. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds.

The enforcement of the terms of the MSA has been challenged by lawsuits and may continue to be challenged in the future. In the event of an adverse court ruling, BTSFA may not have adequate financial resources to make payment on the bonds.

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

Year Ending June 30,	Pre-adjusted MSA Base Payments	Pre-Adjusted Payments from the Strategic Contribution Fund	Total
2010.....	\$351,203	\$23,137	\$374,340
2011.....	355,467	23,418	378,885
2012.....	359,652	23,694	383,346
2013.....	363,783	23,966	387,749
2014.....	367,789	24,230	392,019
2015-2019.....	1,996,586	74,373	2,070,959
2020-2024.....	2,260,082	—	2,260,082
2025-2029.....	2,408,257	—	2,408,257
2030-2034.....	2,573,239	—	2,573,239
2035-2039.....	2,742,919	—	2,742,919
2040-2044.....	2,920,625	—	2,920,625
2045-2049.....	3,107,378	—	3,107,378
2050-2052.....	1,961,754	—	1,961,754
Total	<u>\$21,768,734</u>	<u>\$192,818</u>	<u>\$21,961,552</u>



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

F. Pollution Remediation Activities

During fiscal year 2009, the State and its units were involved in remediation activities for pollution at various sites. These activities include site investigation, cleanup, and monitoring. The following describe the sites and the estimated cost of remediation activities:

The Ohio Department of Administrative Services has voluntarily assumed the responsibility for the pollution remediation activities at Water Tower Place in Cleveland, a site previously owned by the Ohio Department of Rehabilitation and Corrections. Project engineers have estimated the cost of system maintenance, testing, and closing of the project to be approximately \$150 thousand.

The Ohio Environmental Protection Agency (EPA) is involved in the following pollution remediation activities:

- As a result of the imminent danger to public health, EPA has assumed responsibility for operating and maintaining the collection and treatment system at the Lincoln Fields contaminated water system in Mansfield. The total costs associated with these activities are estimated to be approximately \$1.3 million. Cost was estimated by the EPA site coordinator using actual invoices to date.
- As a result of the imminent danger to public health and the laws and regulations concerning Superfund sites, EPA has assumed responsibility for operating and maintaining the collection and treatment system for the contaminated water system at the Copley Square Plaza Superfund site. The remaining costs associated with these remediation activities are estimated to be \$102 thousand. Cost was estimated by the EPA site coordinator using actual invoices to date.
- As a result of the imminent danger to public health and the laws of the State regarding scrap tires, EPA continues its progress in the cleanup of scrap tire sites across the State. As of June 30, 2009, the estimated cost of remediation activities currently in progress and any additional activities planned is approximately \$370 thousand. These costs were estimated by the EPA site coordinators using inventory counts and current market costs for tire removal and disposal.

In accordance with Resource Conservation Recovery Act (RCRA) regulations, the Ohio Department of Natural Resources (DNR) continues monitoring and maintenance activities of pollution at the closed Cowan Lake S. P. Wood Treatment Plant at an estimated cost of \$158 thousand. Cost was estimated by DNR using previous invoices to date and projecting the costs over the remaining 21 year commitment of testing the site for contamination.

DNR has recently commenced remediation activities for pollution created by a carbon rod stockpile near a natural marsh area after being named as a responsible party by EPA based on state laws and regulations. Due to the preliminary nature of the activities, costs are unable to be estimated at present.

The Ohio Department of Youth Services (DYS) been named as a responsible party to remediate pollution resulting from an underground storage tank leak at one of its sites. The current contractor employed to clean the area has estimated future costs to be approximately \$308 thousand and DYS expects approximately \$275 thousand of that amount to be recovered from the Petroleum Underground Storage Tank Release Compensation Board.

The Ohio Department of Transportation has been named as a responsible party to remediate pollution at five sites owned by the agency. The pollution at four of the sites is the result of underground storage tank leaks. Another site has contaminated soils on the agency-owned property and contaminated groundwater on the surrounding properties. In total, future costs to eliminate the pollution and continue monitoring activities is estimated to be \$3.2 million for four of the sites. Cost was estimated by the onsite coordinators using actual invoices to date. No estimate is available for the fifth site (one of the underground storage tank leak sites) due to unknown environmental factors.

The amounts of liabilities described above are included within the "Other Noncurrent Liabilities-Due in More Than One Year" account for governmental activities in the government-wide Statement of Net Assets. The final costs of these activities are estimates and are subject to change over time. Variances in the final costs may result from



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

changes in technology, changes in responsible parties, results of environmental studies, and changes in laws and regulations. Future recoveries from other responsible parties may also reduce the final cost paid by the State.

Capital assets may be created during the pollution remediation process. These capital assets will be reported in accordance with the State's capital assets policy. As of June 30, 2009, no capital assets have been created and reported as a result of any pollution remediation process.

NOTE 20 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 job-related injury, disease, or death.

The "Benefits Payable" account balance reported in the Workers' Compensation Enterprise Fund, as of June 30, 2009, in the amount of approximately \$17.43 billion includes reserves for indemnity and medical claims resulting from work-related injuries or illnesses, including actuarial estimates for both reported claims and claims incurred but not reported. The liability is based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claims reserves. The compensation adjustment expenses liability, which is included in "Other Liabilities" in the amount of approximately \$1.82 billion, is an estimate of future expenses to be incurred in the settlement of claims. The estimate for this liability is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, nonincremental adjustment expense, and the reserve for compensation.

Management of the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio believes that the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future losses. While management uses available information to estimate the reserves for compensation and compensation adjustment expenses, future changes to the reserves for compensation and compensation adjustment expenses may be necessary based on claims experience and changing claims frequency and severity conditions. The methods of making such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period.

Benefits payable and the compensation adjustment expenses liability have been discounted at 4.5 percent to reflect the present value of future benefit payments. The selected discount rate approximates an average yield on United States government securities with durations similar to the expected claims underlying the Fund's reserves. The undiscounted reserves for the benefits and compensation adjustment expenses totaled \$33.70 billion, as of June 30, 2009, and \$36.40 billion, as of June 30, 2008. For additional information, refer to the Fund's separate audited financial report, for the fiscal year ended June 30, 2009.

Changes in the balance of benefits payable and the compensation adjustment expenses liability for the Workers' Compensation Program during the past two fiscal years are presented in the table on the following page.



NOTE 20 RISK FINANCING (Continued)

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

	Fiscal Year 2009	Fiscal Year 2008
Benefits Payable and Compensation Adjustment Expenses Liability, as of July 1	\$19,435	\$19,271
Incurring Compensation and Compensation Adjustment Benefits	2,133	2,587
Incurring Compensation and Compensation Adjustment Benefit Payments and Other Adjustments	(2,322)	(2,423)
Benefits Payable and Compensation Adjustment Expenses Liability, as of June 30	<u>\$19,246</u>	<u>\$19,435</u>

B. State Employee Healthcare Plans

Employees of the primary government have the option of participating in the Ohio Med Health Plan, the United Healthcare Plan, or the Aetna Plan, which are fully self-insured health benefit plans.

Ohio Med, a preferred provider organization, was established July 1, 1989. Medical Mutual of Ohio administers the Ohio Med plan under a claims administration contract with the primary government.

The United Healthcare and the Aetna plans, originally health maintenance organizations, became self-insured healthcare plans of the State on July 1, 2002 and July 1, 2005, respectively.

All plans have contracts with the primary government to serve as claims administrator. Benefits offered while under the State's administration are essentially the same as the benefits offered before the two plans became self-insured arrangements.

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 plans' actuaries calculate estimated claims liabilities based on prior claims data, employee enrollment figures, medical trends, and experience.

Governmental and proprietary funds pay a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. The payments are reported in the Payroll Withholding and Fringe Benefits Agency Fund until such time that the primary government pays the accumulated resources to Medical Mutual of Ohio, United Healthcare, or Aetna 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. For governmental and business-type activities, claims are recognized in the Statement of Activities as expenses when incurred.

As of June 30, 2009, approximately \$80.4 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims for the Ohio Med Health Plan. Changes in the balance of claims liabilities for the plan during the past two fiscal years were as follows (dollars in thousands):

Ohio Med Health Plan		
	Fiscal Year 2009	Fiscal Year 2008
Claims Liabilities, as of July 1	\$33,835	\$33,165
Incurring Claims	226,737	217,475
Claims Payments	(229,358)	(216,805)
Claims Liabilities, as of June 30	<u>\$31,214</u>	<u>\$33,835</u>



NOTE 20 RISK FINANCING (Continued)

As of June 30, 2009, the resources on deposit in the Agency Fund for the Ohio Med Health Plan exceeded the estimated claims liability by approximately \$49.2 million, thereby resulting in a funding surplus. Eighty-five percent or \$41.8 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

As of June 30, 2009, no assets were available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims incurred by June 30 for the United Healthcare Plan, thereby resulting in a funding deficit. Changes in the balance of claims liabilities for the plan during the past fiscal year were as follows (dollars in thousands):

United Healthcare Plan		
	Fiscal Year 2009	Fiscal Year 2008
Claims Liabilities, as of July 1	\$11,122	\$9,010
Incurred Claims	67,842	70,374
Claims Payments	(71,077)	(68,262)
Claims Liabilities, as of June 30	<u>\$7,887</u>	<u>\$11,122</u>

As of June 30, 2009, the estimated claims liability exceeded resources on deposit in the Agency Fund for the United Healthcare Plan by approximately \$58.1 million, thereby resulting in a funding deficit. Eighty-five percent or \$49.4 million of the deficit, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting increase to expenditures/expenses.

As of June 30, 2009, approximately \$26.8 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims incurred by June 30 for the Aetna Plan, thereby resulting in a funding surplus. Changes in the balance of claims liabilities for the plan during the past fiscal year were as follows (dollars in thousands):

Aetna Plan		
	Fiscal Year 2009	Fiscal Year 2008
Claims Liabilities, as of July 1	\$9,108	\$9,570
Incurred Claims	89,329	69,713
Claims Payments	(85,708)	(70,175)
Claims Liabilities, as of June 30	<u>\$12,729</u>	<u>\$9,108</u>

As of June 30, 2009, the resources on deposit in the Agency Fund for the Aetna Plan exceeded the estimated claims liability by approximately \$14.1 million, thereby resulting in a funding surplus. Eighty-five percent or \$12 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

C. Other Risk Financing Programs

The primary government has established programs to advance fund potential losses for vehicular liability and theft in office. The potential amount of loss arising from these risks, however, is not considered material in relation to the State's financial position.



NOTE 21 SUBSEQUENT EVENTS

A. Bond Issuances

Subsequent to June 30, 2009 (December 31, 2008, for the Ohio Water Development Authority), the State issued major debt as detailed in the table below:

**Debt Issuances
Subsequent to June 30, 2009
(dollars in thousands)**

	Date Issued	Net Interest Rate or True Interest Cost	Amount
Primary Government:			
<i>Ohio Public Facilities Commission-General Obligation Bonds:</i>			
Coal Development, Series J.....	08/25/09	3.03%	\$10,000
Coal Development, Series K.....	08/25/09	2.21%	30,000
Higher Education Capital Facilities, Refunding Series 2009C.....	09/22/09	2.66%	262,430
Common Schools Capital Facilities, Refunding Series 2009C.....	09/22/09	2.58%	240,830
Conservation Projects, Refunding Series 2009A.....	09/22/09	2.45%	34,040
Natural Resources, Refunding Series M.....	09/22/09	2.12%	5,285
Third Frontier Research and Development-Tax Exempt, Series 2009B.....	10/20/09	2.90%	75,000
Site Development-Tax Exempt, Series 2009A	11/04/09	2.60%	18,885
Site Development (Build America Bonds), Series 2009B	11/05/09	2.60%	26,115
Conservation Projects-Tax Exempt, Series 2009B.....	12/02/09	2.93%	16,765
Conservation Projects (Build America Bonds), Series 2009C.....	12/03/09	2.93%	33,235
Natural Resources-Tax Exempt, Series N.....	12/02/09	2.95%	9,835
Natural Resources (Build America Bonds), Series O.....	12/03/09	2.95%	20,165
Higher Education Capital Facilities, Refunding Series 2010A.....	01/06/10	3.18%	95,240
Common Schools Capital Facilities, Refunding Series 2010A.....	01/06/10	3.11%	131,170
Infrastructure Improvements, Refunding Series 2010A.....	01/06/10	3.20%	51,290
Higher Education Capital Facilities, Refunding Series 2010B.....	01/06/10	2.24%	24,360
Common Schools Capital Facilities, Refunding Series 2010B.....	01/06/10	2.03%	53,685
Infrastructure Improvement-Tax Exempt, Refunding Series 2010C.....	02/23/10	2.12%	54,400
Infrastructure Improvement-Taxable (Build America Bonds), Series 2010B	02/24/10	3.45%	120,000
Total General Obligation Bonds			<u>1,312,730</u>
<i>Treasurer of State-General Obligation Bonds:</i>			
Highway Capital Improvement (Build America Bonds), Series M	04/14/10	3.12%	170,000
Total General Obligation Bonds			<u>170,000</u>
<i>Treasurer of State-Revenue Bonds:</i>			
Development Assistance-Taxable, Series 2009C	10/27/09	5.07%	28,000
Development Assistance-Taxable, Series 2010A	02/09/10	5.64%	40,000
Revitalization Project-Tax Exempt, Series 2010A	02/09/10	3.40%	23,375
Revitalization Project-Taxable (Build America Bonds), Series 2010B	02/09/10	3.40%	26,625
Total Revenue Bonds			<u>118,000</u>
<i>Treasurer of State-Special Obligation Bonds:</i>			
Mental Health Capital Facilities, Series II-2009A	12/07/09	2.61%	40,000
Cultural and Sports Capital Facilities, Series 2010A	02/02/10	2.96%	30,000
Total Special Obligation Bonds			<u>70,000</u>
<i>Ohio Building Authority-Special Obligation Bonds</i>			
State Facilities (Administrative Building), Refunding Series 2009B.....	09/02/09	3.44%	86,590
State Facilities (Adult Correctional Facility), Refunding Series 2009B.....	09/02/09	3.48%	75,790
Juvenile Correctional Facility, Refunding Series 2009B.....	09/02/09	3.53%	16,820
State Facilities (Administrative Building)-Tax Exempt, Series 2010A.....	03/16/10	3.52%	9,005
State Facilities (Admin Build-Build America Bonds), Series 2010B.....	03/16/10	3.52%	30,995
Juvenile Correctional Facility-Tax Exempt, Series 2010A.....	03/16/10	3.06%	5,445
Juvenile Correctional Facility (Build America Bonds), Series 2010C.....	03/16/10	3.06%	9,555
Juvenile Correctional Facility, Refunding Series 2010B.....	03/16/10	2.35%	11,450
Highway Safety, Refunding Series 2010B.....	03/16/10	2.84%	10,860
Total Special Obligation Bonds			<u>256,510</u>
Total Primary Government			<u>\$1,927,240</u>



NOTE 21 SUBSEQUENT EVENTS (Continued)

Debt Issuances (Continued)
Subsequent to June 30, 2009
(dollars in thousands)

	Date Issued	Net Interest Rate or True Interest Cost	Amount
Major Component Units:			
<i>Ohio Water Development Authority Debt:</i>			
2009A Fresh Water Revenue Bonds.....	04/02/09	2.00% - 5.00%	\$122,205
WPCLF Refunding Revenue Bonds-Water Quality Series 2009.....	09/24/09	2.00% - 5.00%	229,120
2009 Community Assistance Refunding Revenue Bonds.....	09/30/09	2.00% - 5.00%	25,185
2009B Fresh Water Refunding Revenue Bonds.....	10/22/09	2.00% - 5.25%	82,910
WPCLF Revenue Bonds-Water Quality Series 2010.....	01/28/10	1.25% - 5.00%	366,290
Total Ohio Water Development Authority			<u>\$825,710</u>
<i>The Ohio State University Debt:</i>			
General Receipts Bonds, Series 2010A	01/13/10	1.50% - 5.00%	\$241,170
Commercial Paper-Series J	03/01/10	Market Variable	121,000
Total The Ohio State University.....			<u>\$362,170</u>
<i>University of Cincinnati Debt:</i>			
<i>Bond Anticipation Notes (BANs):</i>			
Bond Anticipation Notes, Series 2009B	07/21/09	2.00%	\$31,350
Bond Anticipation Notes, Series 2009D	12/18/09	1.50%	25,000
Total Bond Anticipation Notes			<u>56,350</u>
<i>General Receipts Bonds:</i>			
General Receipts Bonds, Series 2009C	10/01/09	2.00% - 5.00%	105,350
General Receipts Bonds, Series 2009E	12/18/09	2.00% - 4.65%	6,135
Total General Receipts Bonds.....			<u>111,485</u>
Total University of Cincinnati			<u>\$167,835</u>

B. State Issue 1

On November 3, 2009, Ohio voters approved State Issue 1, a constitutional amendment that authorizes the State to issue \$200 million of bonds to provide compensation to veterans of the Persian Gulf, Afghanistan, and Iraq conflicts. All obligations must be issued by December 31, 2013.

C. Amended Substitute House Bill 318

In December 2009, the Ohio General Assembly approved, and the Governor signed into law, Amended Substitute House Bill 318. This legislation postpones the final installment of the personal income tax reduction that was scheduled to take effect for tax year 2009 (for returns filed in 2010). As a result, personal income tax rates will remain in effect at 2008 levels through tax year 2010.

REQUIRED SUPPLEMENTARY INFORMATION



Infrastructure Assets Accounted for Using the Modified Approach

Pavement Network

The Ohio Department of Transportation conducts annual condition assessments of its Pavement Network. The State manages its pavement system by means of annual, visual inspections by trained pavement technicians. Technicians rate the pavement using a scale of 1 (minimum) to 100 (maximum) based on a Pavement Condition Rating (PCR). This rating examines items such as cracking, potholes, deterioration of the pavement, and other factors. It does not include a detailed analysis of the pavement's subsurface conditions.

For the Priority Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 65, and to allow no more than 25 percent of the pavement to fall below a 65 PCR level. For the General Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 55, and to allow no more than 25 percent of the pavement to fall below a 55 PCR level.

Ohio accounts for its pavement network in two subsystems: *Priority*, which comprises interstate highways, freeways, and multi-lane portions of the National Highway System, and *General*, which comprises two-lane routes outside of cities.

**Pavement Network
Condition Assessment Data**

Priority Subsystem

Calendar Year	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 65-74		Poor PCR = Below 65		Total	
	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2008	8,683	67.70	2,699	21.04	1,154	9.00	290	2.26	12,826	100.00
2007	8,457	66.50	2,752	21.63	1,120	8.81	389	3.06	12,718	100.00
2006	8,918	70.47	1,940	15.33	1,400	11.07	397	3.13	12,655	100.00
2005	8,581	68.65	1,962	15.69	1,505	12.04	452	3.62	12,500	100.00
2004	8,110	65.64	2,140	17.32	1,544	12.50	561	4.54	12,355	100.00

General Subsystem

Calendar Year	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 55-74		Poor PCR = Below 55		Total	
	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2008	15,037	50.14	6,793	22.65	6,745	22.49	1,416	4.72	29,991	100.00
2007	14,650	48.73	6,531	21.72	7,319	24.34	1,564	5.21	30,064	100.00
2006	14,757	49.00	6,650	22.08	8,249	27.39	462	1.53	30,118	100.00
2005	13,623	45.16	6,813	22.58	9,161	30.37	571	1.89	30,168	100.00
2004	13,570	44.92	6,550	21.68	9,423	31.20	664	2.20	30,207	100.00



Infrastructure Assets Accounted for Using the Modified Approach (Continued)

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

Priority Subsystem

Fiscal Year	Estimated	Actual
2009	\$352,644	\$407,564
2008	357,396	405,258
2007	403,067	418,936
2006	376,588	410,049
2005	337,213	350,368

General Subsystem

Fiscal Year	Estimated	Actual
2009	\$214,071	\$347,154
2008	178,252	237,050
2007	196,814	268,839
2006	214,826	312,105
2005	197,716	292,303

Bridge Network

The Ohio Department of Transportation conducts annual inspections of all bridges in the State's Bridge Network. The inspections cover major structural items such as piers and abutments, and assign a General Appraisal Condition Rating (GACR) from 0 (minimum) to nine (maximum) based on a composite measure of these major structural items.

It is the State's intention to maintain at least 85 percent of the square feet of deck area at a general appraisal condition rating level of at least five, and to allow no more than 15 percent of the number of square feet of deck area to fall below a general appraisal condition rating level of five.

Bridge Network
Condition Assessment Data
(square feet in thousands)

Calendar Year	General Appraisal Condition Ratings (GACR)									
	Excellent GACR = 7-9		Good GACR = 5-6		Fair GACR = 3-4		Poor GACR = 0-2		Total	
	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%
2008	50,383	48.05	50,554	48.22	3,239	3.09	676	0.64	104,852	100.00
2007	50,056	48.09	50,484	48.50	3,493	3.36	51	.05	104,084	100.00
2006	43,942	52.03	38,104	45.12	2,396	2.84	5	.01	84,447	100.00
2005	46,071	55.21	35,091	42.05	2,274	2.73	7	.01	83,443	100.00
2004	45,895	55.50	34,459	41.68	2,317	2.80	13	.02	82,684	100.00



Infrastructure Assets Accounted for Using the Modified Approach (Continued)

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

Fiscal Year	Estimated	Actual
2009	\$308,655	\$360,451
2008	288,329	313,801
2007	290,732	313,272
2006	246,095	262,027
2005	241,670	231,864

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECT FUNDS</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 2,342,376	\$ 798	\$ 399,653
Cash and Cash Equivalents.....	97,287	949	—
Investments.....	286,601	35,332	81,479
Collateral on Lent Securities.....	1,294,898	345	172,088
Taxes Receivable	5,240	—	—
Intergovernmental Receivable.....	403,314	—	—
Loans Receivable, Net	756,894	—	—
Interfund Receivable	3,581	—	—
Other Receivables	111,291	—	7
Inventories	23,366	—	—
Other Assets	6,414	22	—
TOTAL ASSETS	\$ 5,331,262	\$ 37,446	\$ 653,227
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 178,231	\$ 246	\$ 37,111
Accrued Liabilities.....	65,688	26	—
Medicaid Claims Payable.....	244,780	—	—
Obligations Under Securities Lending.....	1,294,898	345	172,088
Intergovernmental Payable.....	208,456	—	—
Interfund Payable.....	1,016,725	2	—
Payable to Component Units.....	27,444	—	—
Deferred Revenue.....	198,673	—	—
Unearned Revenue.....	26,755	—	—
Refund and Other Liabilities.....	—	1,764	—
TOTAL LIABILITIES.....	3,261,650	2,383	209,199
FUND BALANCES (DEFICITS):			
Reserved for:			
Debt Service.....	—	35,060	—
Encumbrances.....	1,454,125	—	592,183
Noncurrent Portion of Loans Receivable.....	744,138	—	—
Loan Commitments.....	197,689	—	—
Inventories.....	23,367	—	—
Federal Programs.....	20,516	—	—
Other:			
Prepays.....	6,375	—	—
Ohio Enterprise Bond Fund.....	10,000	—	—
Loan Guarantee Programs.....	22,334	—	—
Environmental Protection and Natural Resources.....	1,683	—	—
Community and Economic Development.....	19,841	—	—
Assets in Excess of Debt Service Requirements.....	—	3	—
Compensated Absences.....	6,752	—	—
Unreserved/Undesignated.....	(437,208)	—	(148,155)
TOTAL FUND BALANCES.....	2,069,612	35,063	444,028
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 5,331,262	\$ 37,446	\$ 653,227

TOTAL

\$ 2,742,827
98,236
403,412
1,467,331
5,240
403,314
756,894
3,581
111,298
23,366
6,436
\$ 6,021,935

\$ 215,588
65,714
244,780
1,467,331
208,456
1,016,727
27,444
198,673
26,755
1,764
3,473,232

35,060
2,046,308
744,138
197,689
23,367
20,516

6,375
10,000
22,334
1,683
19,841
3
6,752
(585,363)
2,548,703
\$ 6,021,935

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
REVENUES:			
Income Taxes.....	\$ 7,673	\$ —	\$ —
Sales Taxes.....	22,515	—	—
Corporate and Public Utility Taxes.....	846	—	—
Motor Vehicle Fuel Taxes.....	38,863	—	—
Other Taxes.....	43,057	—	—
Licenses, Permits and Fees.....	1,090,526	—	—
Sales, Services and Charges.....	29,159	—	10
Federal Government.....	2,418,060	—	—
Tobacco Settlement.....	4,516	—	—
Investment Income.....	59,622	4,333	8,047
Other.....	389,386	1,107	229
TOTAL REVENUES.....	4,104,223	5,440	8,286
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	369	—	—
Higher Education Support.....	301,589	—	—
Public Assistance and Medicaid.....	12,350	—	—
Health and Human Services.....	2,146,397	—	—
Justice and Public Protection.....	693,694	—	—
Environmental Protection and Natural Resources.....	314,399	—	—
Transportation.....	1,604	—	—
General Government.....	202,530	—	—
Community and Economic Development.....	1,225,357	—	—
CAPITAL OUTLAY.....	22,856	—	541,434
DEBT SERVICE.....	1,148	1,521,065	342
TOTAL EXPENDITURES.....	4,922,293	1,521,065	541,776
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(818,070)	(1,515,625)	(533,490)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	389,980	—	580,790
Refunding Bonds Issued.....	—	506,480	—
Payment to Refunded Bond Escrow Agents.....	—	(555,025)	—
Premiums/Discounts.....	(2,731)	69,469	4,375
Transfers-in.....	137,748	1,486,100	—
Transfers-out.....	(120,244)	(40)	—
TOTAL OTHER FINANCING SOURCES (USES).....	404,753	1,506,984	585,165
NET CHANGE IN FUND BALANCES.....	(413,317)	(8,641)	51,675
FUND BALANCES, July 1.....	2,479,846	43,704	392,353
Increase (Decrease) for Changes in Inventories.....	3,083	—	—
FUND BALANCES, JUNE 30.....	\$ 2,069,612	\$ 35,063	\$ 444,028

TOTAL

\$ 7,673
22,515
846
38,863
43,057
1,090,526
29,169
2,418,060
4,516
72,002
390,722
4,117,949

369
301,589
12,350
2,146,397
693,694
314,399
1,604
202,530
1,225,357
564,290
1,522,555
6,985,134

(2,867,185)

970,770
506,480
(555,025)
71,113
1,623,848
(120,284)
2,496,902

(370,283)

2,915,903
3,083

\$ 2,548,703

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular 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 **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 **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 **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 Waterways Safety Fund** accounts for programs administered by the Department of Natural Resources' Divisions of Wildlife and Watercraft, which promote, protect, and manage the State's wildlife and waterways and which provide technical assistance and education to the public.

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

The **Tobacco Settlement Fund** accounts for various health, education, economic, and law enforcement-related programs funded with moneys received under the Master Settlement Agreement with the nation's largest tobacco companies.

The **Clean Ohio Program Fund** accounts for programs that assist local communities in the clean-up and redevelopment of brownfield sites, the protection of green space, the preservation of farmland, the improvement of water quality, and the expansion of Ohio's network of recreational trails and greenways.

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

The **Help America Vote Act (HAVA) Fund** accounts for federal funds received for the purchase and deployment of HAVA-certified voting systems in Ohio, as provided in the HAVA Act of 2002.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009
(dollars in thousands)

	COMMUNITY AND ECONOMIC DEVELOPMENT	HEALTH	MENTAL HEALTH AND RETARDATION
ASSETS:			
Cash Equity with Treasurer.....	\$ 694,233	\$ 51,436	\$ 146,035
Cash and Cash Equivalents.....	90,496	115	—
Investments.....	—	—	—
Collateral on Lent Securities.....	298,929	22,148	64,493
Taxes Receivable	1,439	—	—
Intergovernmental Receivable.....	42,050	42,981	314,246
Loans Receivable, Net	395,874	—	—
Interfund Receivable	2,770	—	11
Other Receivables	429	17,482	342
Inventories	—	20,903	—
Other Assets	1,748	501	860
TOTAL ASSETS	\$ 1,527,968	\$ 155,566	\$ 525,987
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 46,121	\$ 30,447	\$ 7,573
Accrued Liabilities.....	16,413	6,259	9,220
Medicaid Claims Payable.....	—	—	244,780
Obligations Under Securities Lending.....	298,929	22,148	64,493
Intergovernmental Payable.....	49,904	34,242	110,077
Interfund Payable.....	9,741	2,733	62,230
Payable to Component Units.....	1,980	275	108
Deferred Revenue.....	14,479	6,746	89,113
Unearned Revenue.....	21,340	925	243
TOTAL LIABILITIES.....	458,907	103,775	587,837
FUND BALANCES (DEFICITS):			
Reserved for:			
Encumbrances.....	1,094,124	8,901	119,567
Noncurrent Portion of Loans Receivable.....	386,053	—	—
Loan Commitments.....	2,002	—	—
Inventories.....	—	20,904	—
Federal Programs.....	11,436	466	5,036
Other:			
Prepays.....	1,715	501	860
Ohio Enterprise Bond Fund.....	10,000	—	—
Loan Guarantee Programs.....	22,334	—	—
Environmental Protection and Natural Resources.....	—	—	—
Community and Economic Development.....	—	—	—
Compensated Absences.....	1,570	624	913
Unreserved/Undesignated.....	(460,173)	20,395	(188,226)
TOTAL FUND BALANCES (DEFICITS).....	1,069,061	51,791	(61,850)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,527,968	\$ 155,566	\$ 525,987

HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	LOCAL INFRASTRUCTURE AND TRANSPORTATION IMPROVEMENTS	TOBACCO SETTLEMENT	CLEAN OHIO PROGRAM
\$ 210,506	\$ 184,507	\$ 68,273	\$ 350,792	\$ 94,880	\$ 50,655
5,042	475	16	—	1,143	—
—	—	—	—	286,601	—
90,642	79,447	29,398	150,064	40,855	21,812
—	2,221	1,580	—	—	—
4,037	—	—	—	—	—
—	—	—	361,020	—	—
769	23	8	—	—	—
470	15,953	683	1,306	74,623	2
—	—	—	—	2,463	—
2,126	791	349	5	23	7
\$ 313,592	\$ 283,417	\$ 100,307	\$ 863,187	\$ 500,588	\$ 72,476
\$ 13,632	\$ 5,997	\$ 1,773	\$ 4,574	\$ 57,094	\$ 2,558
21,097	8,783	3,506	60	204	96
—	—	—	—	—	—
90,642	79,447	29,398	150,064	40,855	21,812
1,453	206	—	3,520	5,209	3,845
28,073	5,458	7,972	—	62	49
16	25	203	2	60	—
668	12,429	—	790	74,448	—
—	2,972	—	—	—	—
155,581	115,317	42,852	159,010	177,932	28,360
30,367	35,097	15,209	11	6,707	57,067
—	—	—	358,085	—	—
—	—	—	195,687	—	—
—	—	—	—	2,463	—
—	1,271	—	—	—	2,307
2,126	791	349	5	17	7
—	—	—	—	—	—
—	—	—	—	—	1,683
—	—	—	—	—	19,841
2,258	966	382	7	19	9
123,260	129,975	41,515	150,382	313,450	(36,798)
158,011	168,100	57,455	704,177	322,656	44,116
\$ 313,592	\$ 283,417	\$ 100,307	\$ 863,187	\$ 500,588	\$ 72,476

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

(dollars in thousands)

(continued)

	HIGHER EDUCATION IMPROVEMENTS	HELP AMERICA VOTE ACT	TOTAL
ASSETS:			
Cash Equity with Treasurer.....	\$ 489,665	\$ 1,394	\$ 2,342,376
Cash and Cash Equivalents.....	—	—	97,287
Investments.....	—	—	286,601
Collateral on Lent Securities.....	496,510	600	1,294,898
Taxes Receivable	—	—	5,240
Intergovernmental Receivable.....	—	—	403,314
Loans Receivable, Net	—	—	756,894
Interfund Receivable	—	—	3,581
Other Receivables	—	1	111,291
Inventories	—	—	23,366
Other Assets	—	4	6,414
TOTAL ASSETS	\$ 986,175	\$ 1,999	\$ 5,331,262
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 8,406	\$ 56	\$ 178,231
Accrued Liabilities.....	—	50	65,688
Medicaid Claims Payable.....	—	—	244,780
Obligations Under Securities Lending.....	496,510	600	1,294,898
Intergovernmental Payable.....	—	—	208,456
Interfund Payable.....	900,400	7	1,016,725
Payable to Component Units.....	24,775	—	27,444
Deferred Revenue.....	—	—	198,673
Unearned Revenue.....	—	1,275	26,755
TOTAL LIABILITIES.....	1,430,091	1,988	3,261,650
FUND BALANCES (DEFICITS):			
Reserved for:			
Encumbrances.....	87,060	15	1,454,125
Noncurrent Portion of Loans Receivable.....	—	—	744,138
Loan Commitments.....	—	—	197,689
Inventories.....	—	—	23,367
Federal Programs.....	—	—	20,516
Other:			
Prepays.....	—	4	6,375
Ohio Enterprise Bond Fund.....	—	—	10,000
Loan Guarantee Programs.....	—	—	22,334
Environmental Protection and Natural Resources.....	—	—	1,683
Community and Economic Development.....	—	—	19,841
Compensated Absences.....	—	4	6,752
Unreserved/Undesignated.....	(530,976)	(12)	(437,208)
TOTAL FUND BALANCES (DEFICITS).....	(443,916)	11	2,069,612
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 986,175	\$ 1,999	\$ 5,331,262

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STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	COMMUNITY AND ECONOMIC DEVELOPMENT	HEALTH	MENTAL HEALTH AND RETARDATION
REVENUES:			
Income Taxes.....	\$ 7,673	\$ —	\$ —
Sales Taxes.....	22,515	—	—
Corporate and Public Utility Taxes.....	846	—	—
Motor Vehicle Fuel Taxes.....	5,873	—	—
Other Taxes.....	32,495	—	—
Licenses, Permits and Fees.....	584,850	27,787	14,615
Sales, Services and Charges.....	11,298	11	75
Federal Government.....	588,987	524,987	1,211,654
Tobacco Settlement.....	—	—	—
Investment Income.....	6,765	171	—
Other.....	53,799	32,811	221,206
TOTAL REVENUES.....	1,315,101	585,767	1,447,550
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	369	—	—
Higher Education Support.....	7,558	—	—
Public Assistance and Medicaid.....	—	—	12,350
Health and Human Services.....	—	600,023	1,539,279
Justice and Public Protection.....	265,140	—	—
Environmental Protection and Natural Resources.....	420	—	—
Transportation.....	1,604	—	—
General Government.....	194,686	352	—
Community and Economic Development.....	980,433	3,329	—
CAPITAL OUTLAY.....	16,256	—	—
DEBT SERVICE.....	—	—	—
TOTAL EXPENDITURES.....	1,466,466	603,704	1,551,629
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(151,365)	(17,937)	(104,079)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	149,980	—	—
Premiums/Discounts.....	(316)	—	—
Transfers-in.....	21,873	13,139	4,501
Transfers-out.....	(71,242)	(3,019)	(4)
TOTAL OTHER FINANCING SOURCES (USES).....	100,295	10,120	4,497
NET CHANGE IN FUND BALANCES.....	(51,070)	(7,817)	(99,582)
FUND BALANCES (DEFICITS), July 1.....	1,120,131	58,988	37,732
Increase (Decrease) for Changes in Inventories.....	—	620	—
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 1,069,061	\$ 51,791	\$ (61,850)

<u>HIGHWAY SAFETY</u>	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAYS SAFETY</u>	<u>LOCAL INFRASTRUCTURE AND TRANSPORTATION IMPROVEMENTS</u>	<u>TOBACCO SETTLEMENT</u>	<u>CLEAN OHIO PROGRAM</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
16,000	—	16,990	—	—	—
—	10,562	—	—	—	—
300,969	117,815	44,490	—	—	—
14,368	2,872	535	—	—	—
22,455	47,312	18,945	—	—	1,210
—	—	—	—	4,516	—
4,160	317	1,178	7,319	2,935	1,593
35,789	40,363	3,445	1,113	533	11
<u>393,741</u>	<u>219,241</u>	<u>85,583</u>	<u>8,432</u>	<u>7,984</u>	<u>2,814</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
162	—	—	—	6,933	—
425,781	461	—	—	2,312	—
—	215,005	81,661	—	13,730	3,583
—	—	—	—	—	—
—	4,396	—	—	91	—
—	769	—	160,618	34,584	45,624
773	—	5,827	—	—	—
—	—	—	—	—	1,148
<u>426,716</u>	<u>220,631</u>	<u>87,488</u>	<u>160,618</u>	<u>57,650</u>	<u>50,355</u>
<u>(32,975)</u>	<u>(1,390)</u>	<u>(1,905)</u>	<u>(152,186)</u>	<u>(49,666)</u>	<u>(47,541)</u>
—	—	—	240,000	—	—
—	—	—	(2,415)	—	—
4,503	4,640	3	65,983	22,921	—
(23,439)	(1,437)	—	—	(2,751)	—
<u>(18,936)</u>	<u>3,203</u>	<u>3</u>	<u>303,568</u>	<u>20,170</u>	<u>—</u>
<u>(51,911)</u>	<u>1,813</u>	<u>(1,902)</u>	<u>151,382</u>	<u>(29,496)</u>	<u>(47,541)</u>
209,922	166,287	59,357	552,795	349,689	91,657
—	—	—	—	2,463	—
<u>\$ 158,011</u>	<u>\$ 168,100</u>	<u>\$ 57,455</u>	<u>\$ 704,177</u>	<u>\$ 322,656</u>	<u>\$ 44,116</u>

(continued)

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	HIGHER EDUCATION IMPROVEMENTS	HELP AMERICA VOTE ACT	TOTAL
REVENUES:			
Income Taxes.....	\$ —	\$ —	\$ 7,673
Sales Taxes.....	—	—	22,515
Corporate and Public Utility Taxes.....	—	—	846
Motor Vehicle Fuel Taxes.....	—	—	38,863
Other Taxes.....	—	—	43,057
Licenses, Permits and Fees.....	—	—	1,090,526
Sales, Services and Charges.....	—	—	29,159
Federal Government.....	—	2,510	2,418,060
Tobacco Settlement.....	—	—	4,516
Investment Income.....	35,132	52	59,622
Other.....	—	316	389,386
TOTAL REVENUES.....	35,132	2,878	4,104,223
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	—	—	369
Higher Education Support.....	294,031	—	301,589
Public Assistance and Medicaid.....	—	—	12,350
Health and Human Services.....	—	—	2,146,397
Justice and Public Protection.....	—	—	693,694
Environmental Protection and Natural Resources.....	—	—	314,399
Transportation.....	—	—	1,604
General Government.....	—	3,005	202,530
Community and Economic Development.....	—	—	1,225,357
CAPITAL OUTLAY.....	—	—	22,856
DEBT SERVICE.....	—	—	1,148
TOTAL EXPENDITURES.....	294,031	3,005	4,922,293
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(258,899)	(127)	(818,070)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	—	—	389,980
Premiums/Discounts.....	—	—	(2,731)
Transfers-in.....	—	185	137,748
Transfers-out.....	(18,303)	(49)	(120,244)
TOTAL OTHER FINANCING SOURCES (USES).....	(18,303)	136	404,753
NET CHANGE IN FUND BALANCES.....	(277,202)	9	(413,317)
FUND BALANCES (DEFICITS), July 1.....	(166,714)	2	2,479,846
Increase (Decrease) for Changes in Inventories.....	—	—	3,083
FUND BALANCES (DEFICITS), JUNE 30.....	\$ (443,916)	\$ 11	\$ 2,069,612

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STATE OF OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	COMMUNITY AND ECONOMIC DEVELOPMENT		
			VARIANCE
	BUDGET		WITH
	FINAL	ACTUAL	FINAL
			BUDGET
			POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ 7,693	
Sales Taxes.....		22,521	
Corporate and Public Utility Taxes.....		846	
Motor Vehicle Fuel Taxes.....		5,896	
Other Taxes.....		32,499	
Licenses, Permits and Fees.....		583,137	
Sales, Services and Charges.....		11,408	
Federal Government.....		602,116	
Investment Income.....		5,927	
Other.....		104,274	
TOTAL REVENUES.....		1,376,317	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 1,352	1,303	\$ 49
Higher Education Support.....	12,000	12,000	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	—	—	—
Justice and Public Protection.....	478,059	401,168	76,891
Environmental Protection and Natural Resources.....	545	433	112
Transportation.....	7,337	4,917	2,420
General Government.....	261,449	230,522	30,927
Community and Economic Development.....	2,735,971	2,022,531	713,440
CAPITAL OUTLAY.....	130,390	58,873	71,517
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 3,627,103	2,731,747	\$ 895,356
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) BUDGETARY EXPENDITURES.....		(1,355,430)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		149,664	
Transfers-in.....		34,821	
Transfers-out.....		(84,719)	
TOTAL OTHER FINANCING SOURCES (USES).....		99,766	
NET CHANGE IN FUND BALANCES.....		(1,255,664)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(100,387)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		860,514	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (495,537)	

HEALTH			MENTAL HEALTH AND RETARDATION		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	—			—	
	—			—	
	—			—	
	30,186			15,365	
	9,245			68	
	495,934			2,569,243	
	191			—	
	104,829			212,359	
	<u>640,385</u>			<u>2,797,035</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	1,763,821	1,673,973	89,848
729,826	671,466	58,360	1,881,348	1,782,422	98,926
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
891	387	504	—	—	—
6,345	6,069	276	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>\$ 737,062</u>	<u>677,922</u>	<u>\$ 59,140</u>	<u>\$ 3,645,169</u>	<u>3,456,395</u>	<u>\$ 188,774</u>
	<u>(37,537)</u>			<u>(659,360)</u>	
	—			—	
	1,548			2,698	
	<u>(5,819)</u>			<u>(1,202)</u>	
	<u>(4,271)</u>			<u>1,496</u>	
	<u>(41,808)</u>			<u>(657,864)</u>	
	21,975			(342,378)	
	<u>29,168</u>			<u>504,932</u>	
	<u>\$ 9,335</u>			<u>\$ (495,310)</u>	

(continued)

STATE OF OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	HIGHWAY SAFETY		
	BUDGET		VARIANCE
	FINAL	ACTUAL	WITH
			FINAL
			BUDGET
			POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Sales Taxes.....		—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		19,200	
Other Taxes.....		—	
Licenses, Permits and Fees.....		302,881	
Sales, Services and Charges.....		14,066	
Federal Government.....		22,189	
Investment Income.....		4,303	
Other.....		39,092	
TOTAL REVENUES.....		401,731	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	234	163	71
Justice and Public Protection.....	555,568	464,431	91,137
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	—	—	—
Community and Economic Development.....	—	—	—
CAPITAL OUTLAY.....	7,815	2,483	5,332
DEBT SERVICE.....	14,017	13,306	711
TOTAL BUDGETARY EXPENDITURES.....	\$ 577,634	480,383	\$ 97,251
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) BUDGETARY EXPENDITURES.....		(78,652)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		27,882	
Transfers-out.....		(34,323)	
TOTAL OTHER FINANCING SOURCES (USES).....		(6,441)	
NET CHANGE IN FUND BALANCES.....		(85,093)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		206,570	
Outstanding Encumbrances at Beginning of Fiscal Year...		32,585	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 154,062	

NATURAL RESOURCES			WILDLIFE AND WATERWAYS SAFETY		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	—			—	
	—			—	
	—			17,075	
	11,054			—	
	119,395			45,216	
	2,928			510	
	49,481			18,945	
	338			1,212	
	50,338			2,823	
	<u>233,534</u>			<u>85,781</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
622	461	161	—	—	—
313,051	262,513	50,538	109,486	92,805	16,681
—	—	—	—	—	—
16,397	4,817	11,580	—	—	—
3,420	1,353	2,067	—	—	—
—	—	—	44,282	11,076	33,206
—	—	—	—	—	—
<u>\$ 333,490</u>	<u>269,144</u>	<u>\$ 64,346</u>	<u>\$ 153,768</u>	<u>103,881</u>	<u>\$ 49,887</u>
	<u>(35,610)</u>			<u>(18,100)</u>	
	—			—	
	1,321			3	
	(2,658)			—	
	<u>(1,337)</u>			<u>3</u>	
	<u>(36,947)</u>			<u>(18,097)</u>	
	135,941			43,411	
	38,542			24,602	
	<u>\$ 137,536</u>			<u>\$ 49,916</u>	

(continued)

STATE OF OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)
(continued)

	LOCAL INFRASTRUCTURE AND TRANSPORTATION IMPROVEMENTS		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL	ACTUAL	
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.....		4,646	
Other.....		31,708	
TOTAL REVENUES.....		36,354	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
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.....	1,096,038	213,234	882,804
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,096,038	213,234	\$ 882,804
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(176,880)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		237,585	
Transfers-in.....		65,983	
Transfers-out.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		303,568	
NET CHANGE IN FUND BALANCES.....		126,688	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		221,737	
Outstanding Encumbrances at Beginning of Fiscal Year...		16	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 348,441	

TOBACCO SETTLEMENT			CLEAN OHIO PROGRAM		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ —	
	—			—	
	—			—	
	—			—	
	—			—	
	—			—	
	—			1,210	
	1,636			1,634	
	9,030			11	
	<u>10,666</u>			<u>2,855</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
47,249	15,963	31,286	—	—	—
4,492	2,617	1,875	—	—	—
16,140	14,802	1,338	14,934	9,295	5,639
—	—	—	—	—	—
2	1	1	—	—	—
153,133	88,652	64,481	200,950	98,336	102,614
—	—	—	—	—	—
—	—	—	1,148	1,148	—
<u>\$ 221,016</u>	<u>122,035</u>	<u>\$ 98,981</u>	<u>\$ 217,032</u>	<u>108,779</u>	<u>\$ 108,253</u>
	<u>(111,369)</u>			<u>(105,924)</u>	
	—			—	
	16,393			208	
	<u>(1,235)</u>			<u>(208)</u>	
	<u>15,158</u>			<u>—</u>	
	<u>(96,211)</u>			<u>(105,924)</u>	
	52,898			(1,953)	
	<u>68,617</u>			<u>97,613</u>	
	<u>\$ 25,304</u>			<u>\$ (10,264)</u>	

(continued)

STATE OF OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	HIGHER EDUCATION IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Sales Taxes.....		—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		—	
Licenses, Permits and Fees.....		—	
Sales, Services and Charges.....		—	
Federal Government.....		—	
Investment Income.....		30,114	
Other.....		—	
TOTAL REVENUES.....		30,114	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
Higher Education Support.....	1,394,084	384,704	1,009,380
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	—	—	—
Justice and Public Protection.....	—	—	—
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	—	—	—
Community and Economic Development.....	—	—	—
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,394,084	384,704	\$ 1,009,380
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(354,590)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		—	
Transfers-out.....		(33,434)	
TOTAL OTHER FINANCING SOURCES (USES).....		(33,434)	
NET CHANGE IN FUND BALANCES.....		(388,024)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		537,532	
Outstanding Encumbrances at Beginning of Fiscal Year...		243,608	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 393,116	

HELP AMERICA VOTE ACT			TOTAL		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ 7,693	
	—			22,521	
	—			846	
	—			42,171	
	—			43,553	
	—			1,096,180	
	—			38,225	
	—			3,759,118	
	56			50,057	
	—			554,464	
	<u>56</u>			<u>5,614,828</u>	
\$ —	—	\$ —	\$ 1,352	1,303	\$ 49
—	—	—	1,406,084	396,704	1,009,380
—	—	—	1,763,821	1,673,973	89,848
—	—	—	2,658,657	2,470,014	188,643
—	—	—	1,038,741	868,677	170,064
—	—	—	454,156	379,848	74,308
—	—	—	7,337	4,917	2,420
3,508	3,058	450	282,247	238,785	43,462
—	—	—	4,195,857	2,430,175	1,765,682
—	—	—	182,487	72,432	110,055
—	—	—	15,165	14,454	711
<u>\$ 3,508</u>	<u>3,058</u>	<u>\$ 450</u>	<u>\$ 12,005,904</u>	<u>8,551,282</u>	<u>\$ 3,454,622</u>
	<u>(3,002)</u>			<u>(2,936,454)</u>	
	—			387,249	
	498			151,355	
	<u>(49)</u>			<u>(163,647)</u>	
	<u>449</u>			<u>374,957</u>	
	<u>(2,553)</u>			<u>(2,561,497)</u>	
	3,743			779,089	
	<u>162</u>			<u>1,900,359</u>	
	<u>\$ 1,352</u>			<u>\$ 117,951</u>	

NONMAJOR DEBT SERVICE FUNDS

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

The **Coal Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 15 of Article VIII, Ohio Constitution, to finance coal research and development projects.

The **Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2f of Article VIII, Ohio Constitution, to finance the improvement of higher education facilities, public schools, and natural resources.

The **Highway Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2g of Article VIII, Ohio Constitution, to finance the acquisition of rights-of-way and the construction and reconstruction of the State's highways and urban extensions.

The **Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2h of Article VIII, Ohio Constitution, to finance the construction, improvement, and development of higher education facilities, public schools, and natural resources.

The **Highway General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance the construction of the State's highways.

The **Public Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance water pollution controls and improvements at higher education facilities, parks, and natural resources.

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

The **Local Infrastructure Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2k of Article VIII, Ohio Constitution, to finance the cost of local government's public infrastructure improvement projects.

The **State Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2l of Article VIII, Ohio Constitution, to finance capital improvements at state and local parks and other natural resources-related projects.

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

The **Higher Education Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of capital facilities for state-supported and state-assisted institutions of higher education, including those for technical education.

The **Common Schools Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of facilities for a system of common schools throughout Ohio.

The **Conservation Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2o of Article VIII, Ohio Constitution, to finance the purchase of additional “greenspace” land or interest in land devoted to natural areas, open spaces, and agriculture.

The **Third Frontier Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance research and development in support of Ohio industry, commerce, and business.

The **Job Ready Site Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance the development of sites for industry, distribution, commerce, and research and development.

The **Economic Development Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds issued to finance loans to individuals, corporations, and agencies within the State for economic development projects that create or retain jobs in the State.

The **Infrastructure Bank Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds that have been authorized under the authority of Section 5531.10, Ohio Revised Code, to finance the construction of the Spring-Sandusky Highway Project in Columbus.

The **Revitalization Project Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds to finance the costs of environmentally safe and productive development, use, or reuse of publicly and privately owned lands, including those within urban areas.

The **Chapter 154 Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of higher education facilities, mental health facilities, and parks and recreation projects and state park facilities.

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

The **Ohio Building Authority Special Obligations 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 Cultural Facilities Commission.

The **Transportation Certificates of Participation 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 **OAKS Certificates of Participation Fund** accounts for the payment of certificate of participation-related obligations that finance the State’s enterprise resource planning system project, known as the Ohio Administrative Knowledge System (OAKS).

The **STARS Certificates of Participation Fund** accounts for the payment of certificates of participation related obligations that finance the State’s Taxation Accounting and Revenue System, known as STARS.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2009
(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer.....	\$ 14	\$ —	\$ —
Cash and Cash Equivalents.....	—	130	55
Investments.....	—	—	—
Collateral on Lent Securities.....	6	—	—
Other Assets	—	—	—
TOTAL ASSETS	\$ 20	\$ 130	\$ 55
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	6	—	—
Interfund Payable.....	—	—	—
Refund and Other Liabilities.....	—	130	55
TOTAL LIABILITIES.....	6	130	55
FUND BALANCES:			
Reserved for:			
Debt Service.....	14	—	—
Other:			
Assets in Excess of Debt Service Requirements.....	—	—	—
TOTAL FUND BALANCES.....	14	—	—
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 20	\$ 130	\$ 55

DEVELOPMENT GENERAL OBLIGATIONS	HIGHWAY GENERAL OBLIGATIONS	PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	STATE PROJECTS GENERAL OBLIGATIONS
\$ —	\$ —	\$ —	\$ —	\$ 11	\$ 1
238	170	149	28	—	—
—	—	—	—	—	—
—	—	—	—	5	1
—	—	—	—	—	—
\$ 238	\$ 170	\$ 149	\$ 28	\$ 16	\$ 2
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	5	1
—	—	—	—	—	—
238	170	149	25	—	—
238	170	149	25	5	1
—	—	—	—	11	1
—	—	—	3	—	—
—	—	—	3	11	1
\$ 238	\$ 170	\$ 149	\$ 28	\$ 16	\$ 2

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2009
(dollars in thousands)
(continued)

	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer.....	\$ 736	\$ 2	\$ 30
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	317	1	13
Other Assets	—	—	—
TOTAL ASSETS	\$ 1,053	\$ 3	\$ 43
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	317	1	13
Interfund Payable.....	—	—	—
Refund and Other Liabilities.....	—	—	—
TOTAL LIABILITIES.....	317	1	13
FUND BALANCES:			
Reserved for:			
Debt Service.....	736	2	30
Other:			
Assets in Excess of Debt Service Requirements.....	—	—	—
TOTAL FUND BALANCES.....	736	2	30
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,053	\$ 3	\$ 43

THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS	INFRASTRUCTURE BANK REVENUE BONDS	REVITALIZATION PROJECT REVENUE BONDS	CHAPTER 154 SPECIAL OBLIGATIONS	OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS
\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —
—	129	—	—	50	—
—	15,291	9,637	8,260	114	995
2	—	—	—	—	—
—	—	—	—	—	22
\$ 6	\$ 15,420	\$ 9,637	\$ 8,260	\$ 164	\$ 1,017
\$ —	\$ 129	\$ 29	\$ —	\$ 23	\$ 1
—	—	—	—	26	—
2	—	—	—	—	—
—	—	—	—	—	2
—	—	—	—	—	997
2	129	29	—	49	1,000
4	15,291	9,608	8,260	115	17
—	—	—	—	—	—
4	15,291	9,608	8,260	115	17
\$ 6	\$ 15,420	\$ 9,637	\$ 8,260	\$ 164	\$ 1,017

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2009
(dollars in thousands)
(continued)

	TRANSPORTATION CERTIFICATES OF PARTICIPATION	OAKS CERTIFICATES OF PARTICIPATION	STARS CERTIFICATES OF PARTICIPATION
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	—	—	—
Investments.....	947	67	21
Collateral on Lent Securities.....	—	—	—
Other Assets	—	—	—
TOTAL ASSETS	\$ 947	\$ 67	\$ 21
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ 51	\$ 13
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	—	—	—
Interfund Payable.....	—	—	—
Refund and Other Liabilities.....	—	—	—
TOTAL LIABILITIES.....	—	51	13
FUND BALANCES:			
Reserved for:			
Debt Service.....	947	16	8
Other:			
Assets in Excess of Debt Service Requirements.....	—	—	—
TOTAL FUND BALANCES.....	947	16	8
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 947	\$ 67	\$ 21

TOTAL

\$	798
	949
	35,332
	345
	22
\$	37,446

\$	246
	26
	345
	2
	1,764
	2,383

35,060

	3
	35,063
\$	37,446

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
REVENUES:			
Investment Income.....	\$ 1	\$ —	\$ 10
Other.....	43	—	83
TOTAL REVENUES.....	44	—	93
EXPENDITURES:			
DEBT SERVICE.....	8,173	—	186,962
TOTAL EXPENDITURES.....	8,173	—	186,962
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(8,129)	—	(186,869)
OTHER FINANCING SOURCES (USES):			
Refunding Bonds Issued.....	—	—	131,985
Payment to Refunded Bond Escrow Agents.....	—	—	(143,018)
Premiums/Discounts.....	—	—	11,895
Transfers-in.....	8,133	—	185,941
Transfers-out.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	8,133	—	186,803
NET CHANGE IN FUND BALANCES.....	4	—	(66)
FUND BALANCES, July 1.....	10	3	77
FUND BALANCES, JUNE 30.....	\$ 14	\$ 3	\$ 11

STATE PROJECTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS
\$ 4	\$ 1,329	\$ 5	\$ 16	\$ 2	\$ 10
—	—	—	230	—	—
4	1,329	5	246	2	10
25,278	197,559	158,713	206,344	18,504	17,114
25,278	197,559	158,713	206,344	18,504	17,114
(25,274)	(196,230)	(158,708)	(206,098)	(18,502)	(17,104)
—	—	135,650	194,140	—	—
—	—	(150,641)	(214,436)	—	—
—	—	15,870	21,480	—	4,823
25,250	188,901	157,705	204,899	18,476	12,266
—	—	—	—	—	—
25,250	188,901	158,584	206,083	18,476	17,089
(24)	(7,329)	(124)	(15)	(26)	(15)
25	8,065	126	45	26	19
\$ 1	\$ 736	\$ 2	\$ 30	\$ —	\$ 4

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS	INFRASTRUCTURE BANK REVENUE BONDS
REVENUES:			
Investment Income.....	\$ —	\$ 116	\$ 2,604
Other.....	—	—	—
TOTAL REVENUES.....	—	116	2,604
EXPENDITURES:			
DEBT SERVICE.....	3,593	30,615	160,155
TOTAL EXPENDITURES.....	3,593	30,615	160,155
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,593)	(30,499)	(157,551)
OTHER FINANCING SOURCES (USES):			
Refunding Bonds Issued.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	—
Premiums/Discounts.....	—	1,974	7,092
Transfers-in.....	3,579	30,418	150,609
Transfers-out.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	3,579	32,392	157,701
NET CHANGE IN FUND BALANCES.....	(14)	1,893	150
FUND BALANCES, July 1.....	14	13,398	9,458
FUND BALANCES, JUNE 30.....	\$ —	\$ 15,291	\$ 9,608

REVITALIZATION PROJECT REVENUE BONDS	CHAPTER 154 SPECIAL OBLIGATIONS	SCHOOL BUILDING PROGRAM SPECIAL OBLIGATIONS	OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS	TRANSPORTATION CERTIFICATES OF PARTICIPATION	OAKS CERTIFICATES OF PARTICIPATION
\$ 82	\$ 51	\$ —	\$ —	\$ 71	\$ 26
—	—	—	55	696	—
82	51	—	55	767	26
15,227	226,944	3	248,260	768	15,727
15,227	226,944	3	248,260	768	15,727
(15,145)	(226,893)	(3)	(248,205)	(1)	(15,701)
—	6,880	—	37,825	—	—
—	(6,899)	—	(40,031)	—	—
—	2,909	—	3,108	—	318
14,855	223,752	—	247,182	—	14,134
—	—	(40)	—	—	—
14,855	226,642	(40)	248,084	—	14,452
(290)	(251)	(43)	(121)	(1)	(1,249)
8,550	366	43	138	948	1,265
\$ 8,260	\$ 115	\$ —	\$ 17	\$ 947	\$ 16

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	STARS CERTIFICATES OF PARTICIPATION	TOTAL
REVENUES:		
Investment Income.....	\$ 6	\$ 4,333
Other.....	—	1,107
TOTAL REVENUES.....	6	5,440
EXPENDITURES:		
DEBT SERVICE.....	1,126	1,521,065
TOTAL EXPENDITURES.....	1,126	1,521,065
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,120)	(1,515,625)
OTHER FINANCING SOURCES (USES):		
Refunding Bonds Issued.....	—	506,480
Payment to Refunded Bond Escrow Agents.....	—	(555,025)
Premiums/Discounts.....	—	69,469
Transfers-in.....	—	1,486,100
Transfers-out.....	—	(40)
TOTAL OTHER FINANCING SOURCES (USES).....	—	1,506,984
NET CHANGE IN FUND BALANCES.....	(1,120)	(8,641)
FUND BALANCES, July 1.....	1,128	43,704
FUND BALANCES, JUNE 30.....	\$ 8	\$ 35,063

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STATE OF OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

(dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
REVENUES:			
Investment Income.....		\$ 1	
Other.....		8,147	
TOTAL REVENUES.....		8,148	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 8,193	8,173	\$ 20
TOTAL BUDGETARY EXPENDITURES.....	8,193	8,173	20
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			
		(25)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(25)	
BUDGETARY FUND BALANCES, JULY 1.....		39	
BUDGETARY FUND BALANCES, JUNE 30.....		\$ 14	

**LOCAL INFRASTRUCTURE IMPROVEMENTS
GENERAL OBLIGATIONS**

STATE PROJECTS GENERAL OBLIGATIONS

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 11			\$ 4	
	186,024			25,251	
	<u>186,035</u>			<u>25,255</u>	
<u>\$ 189,296</u>	<u>186,100</u>	<u>\$ 3,196</u>	<u>\$ 25,723</u>	<u>25,278</u>	<u>\$ 445</u>
<u><u>\$ 189,296</u></u>	<u><u>186,100</u></u>	<u><u>\$ 3,196</u></u>	<u><u>\$ 25,723</u></u>	<u><u>25,278</u></u>	<u><u>\$ 445</u></u>
	<u>(65)</u>			<u>(23)</u>	
	—			—	
	—			—	
	—			—	
	<u>(65)</u>			<u>(23)</u>	
	<u>76</u>			<u>25</u>	
	<u>\$ 11</u>			<u>\$ 2</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	HIGHWAY CAPITAL IMPROVEMENTS		
	GENERAL OBLIGATIONS		
	BUDGET		VARIANCE
	FINAL	ACTUAL	WITH
			FINAL
			BUDGET
			POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 1,377	
Other.....		—	
TOTAL REVENUES.....		1,377	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 205,140	197,559	\$ 7,581
TOTAL BUDGETARY EXPENDITURES.....	\$ 205,140	197,559	\$ 7,581
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(196,182)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		188,901	
TOTAL OTHER FINANCING SOURCES (USES).....		188,901	
NET CHANGE IN FUND BALANCES.....		(7,281)	
BUDGETARY FUND BALANCES, JULY 1.....		8,017	
BUDGETARY FUND BALANCES, JUNE 30.....		\$ 736	

HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS		
<u>BUDGET</u>		VARIANCE WITH FINAL BUDGET	<u>BUDGET</u>		VARIANCE WITH FINAL BUDGET
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 5			\$ 16	
	157,705			205,128	
	<u>157,710</u>			<u>205,144</u>	
<u>\$ 210,372</u>	<u>157,834</u>	<u>\$ 52,538</u>	<u>\$ 342,148</u>	<u>205,160</u>	<u>\$ 136,988</u>
<u><u>\$ 210,372</u></u>	<u><u>157,834</u></u>	<u><u>\$ 52,538</u></u>	<u><u>\$ 342,148</u></u>	<u><u>205,160</u></u>	<u><u>\$ 136,988</u></u>
	<u>(124)</u>			<u>(16)</u>	
	—			—	
	—			—	
	—			—	
	<u>(124)</u>			<u>(16)</u>	
	<u>126</u>			<u>45</u>	
	<u>\$ 2</u>			<u>\$ 29</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		
			VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Investment Income.....		\$ 2	
Other.....		18,476	
TOTAL REVENUES.....		18,478	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 19,779	18,504	\$ 1,275
TOTAL BUDGETARY EXPENDITURES.....	19,779	18,504	1,275
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(26)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(26)	
BUDGETARY FUND BALANCES, JULY 1.....		26	
BUDGETARY FUND BALANCES, JUNE 30.....		\$ —	

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 10			\$ —	
	12,265			3,579	
	<u>12,275</u>			<u>3,579</u>	
<u>\$ 25,023</u>	<u>17,113</u>	<u>\$ 7,910</u>	<u>\$ 8,233</u>	<u>3,593</u>	<u>\$ 4,640</u>
<u><u>\$ 25,023</u></u>	<u><u>17,113</u></u>	<u><u>\$ 7,910</u></u>	<u><u>\$ 8,233</u></u>	<u><u>3,593</u></u>	<u><u>\$ 4,640</u></u>
	<u>(4,838)</u>			<u>(14)</u>	
	4,823			—	
	—			—	
	<u>4,823</u>			<u>—</u>	
	(15)			(14)	
	19			14	
	<u>\$ 4</u>			<u>\$ —</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	<u>TOTAL</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
	<u>BUDGET</u>		
	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:			
Investment Income.....		\$ 1,426	
Other.....		616,575	
TOTAL REVENUES.....		618,001	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 1,033,907	819,314	\$ 214,593
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,033,907	819,314	\$ 214,593
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(201,313)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		4,823	
Transfers-in.....		188,901	
TOTAL OTHER FINANCING SOURCES (USES).....		193,724	
NET CHANGE IN FUND BALANCES.....		(7,589)	
BUDGETARY FUND BALANCES, JULY 1.....		8,387	
BUDGETARY FUND BALANCES, JUNE 30.....		\$ 798	

NONMAJOR CAPITAL PROJECTS FUNDS

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

The **Infrastructure Bank Obligations Fund** accounts for revenue bond proceeds that finance various highway construction projects sponsored by the Department of Transportation.

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

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

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

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

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

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

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

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

The **OAKS Project Fund** accounts for certificate of participation proceeds that finance the costs of the Ohio Administrative Knowledge System (OAKS) project, which is a statewide enterprise resource planning system.

The **STARS Project Fund** accounts for certificate of participation proceeds that finance the costs of the State's Taxation Accounting and Revenue System (STARS) technology project.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2009
(dollars in thousands)

	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>MENTAL HEALTH/ MENTAL RETARDATION FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 170,762	\$ 14,135	\$ 35,820
Investments.....	—	—	—
Collateral on Lent Securities.....	73,529	6,087	15,424
Other Receivables	—	—	—
TOTAL ASSETS	<u>\$ 244,291</u>	<u>\$ 20,222</u>	<u>\$ 51,244</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 13,584	\$ 2,763	\$ 1,457
Obligations Under Securities Lending.....	73,529	6,087	15,424
TOTAL LIABILITIES.....	<u>87,113</u>	<u>8,850</u>	<u>16,881</u>
FUND BALANCES (DEFICITS):			
Reserved for Encumbrances	413,623	20,970	1,598
Unreserved/Undesignated.....	(256,445)	(9,598)	32,765
TOTAL FUND BALANCES.....	<u>157,178</u>	<u>11,372</u>	<u>34,363</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 244,291</u>	<u>\$ 20,222</u>	<u>\$ 51,244</u>

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
\$ 36,599	\$ 9,895	\$ 37,697	\$ 2,074	\$ 14,245	\$ 78,426
—	—	—	—	—	—
15,759	4,260	16,232	893	6,134	33,770
—	—	—	—	—	—
\$ 52,358	\$ 14,155	\$ 53,929	\$ 2,967	\$ 20,379	\$ 112,196
\$ 2,218	\$ 1,041	\$ 4,189	\$ —	\$ 539	\$ 6,040
15,759	4,260	16,232	893	6,134	33,770
17,977	5,301	20,421	893	6,673	39,810
4,480	1,265	10,231	25	3,716	136,275
29,901	7,589	23,277	2,049	9,990	(63,889)
34,381	8,854	33,508	2,074	13,706	72,386
\$ 52,358	\$ 14,155	\$ 53,929	\$ 2,967	\$ 20,379	\$ 112,196

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2009

(dollars in thousands)

(continued)

	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>	<u>TOTAL</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ 399,653
Investments.....	52,774	28,705	81,479
Collateral on Lent Securities.....	—	—	172,088
Other Receivables	5	2	7
TOTAL ASSETS	\$ 52,779	\$ 28,707	\$ 653,227
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 5,156	\$ 124	\$ 37,111
Obligations Under Securities Lending.....	—	—	172,088
TOTAL LIABILITIES.....	5,156	124	209,199
FUND BALANCES (DEFICITS):			
Reserved for Encumbrances	—	—	592,183
Unreserved/Undesignated.....	47,623	28,583	(148,155)
TOTAL FUND BALANCES.....	47,623	28,583	444,028
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 52,779	\$ 28,707	\$ 653,227

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>MENTAL HEALTH/ MENTAL RETARDATION FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>
REVENUES:			
Sales, Services and Charges.....	\$ —	\$ 10	\$ —
Investment Income.....	3,090	312	287
Other.....	—	70	—
TOTAL REVENUES.....	<u>3,090</u>	<u>392</u>	<u>287</u>
EXPENDITURES:			
CAPITAL OUTLAY.....	294,960	21,746	16,866
DEBT SERVICE.....	—	—	157
TOTAL EXPENDITURES.....	<u>294,960</u>	<u>21,746</u>	<u>17,023</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(291,870)</u>	<u>(21,354)</u>	<u>(16,736)</u>
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	375,000	30,000	35,000
Premiums/Discounts.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	<u>375,000</u>	<u>30,000</u>	<u>35,000</u>
NET CHANGE IN FUND BALANCES.....	83,130	8,646	18,264
FUND BALANCES, July 1.....	<u>74,048</u>	<u>2,726</u>	<u>16,099</u>
FUND BALANCES, JUNE 30.....	<u>\$ 157,178</u>	<u>\$ 11,372</u>	<u>\$ 34,363</u>

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
437	276	438	15	384	2,310
159	—	—	—	—	—
596	276	438	15	384	2,310
48,504	12,204	25,155	—	8,536	82,843
—	—	—	—	185	—
48,504	12,204	25,155	—	8,721	82,843
(47,908)	(11,928)	(24,717)	15	(8,337)	(80,533)
60,000	—	40,000	1,685	—	—
2,170	—	1,314	47	—	—
62,170	—	41,314	1,732	—	—
14,262	(11,928)	16,597	1,747	(8,337)	(80,533)
20,119	20,782	16,911	327	22,043	152,919
\$ 34,381	\$ 8,854	\$ 33,508	\$ 2,074	\$ 13,706	\$ 72,386

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>	<u>TOTAL</u>
REVENUES:			
Sales, Services and Charges.....	\$ —	\$ —	\$ 10
Investment Income.....	260	238	8,047
Other.....	—	—	229
TOTAL REVENUES.....	260	238	8,286
EXPENDITURES:			
CAPITAL OUTLAY.....	23,273	7,347	541,434
DEBT SERVICE.....	—	—	342
TOTAL EXPENDITURES.....	23,273	7,347	541,776
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(23,013)	(7,109)	(533,490)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	39,105	—	580,790
Premiums/Discounts.....	844	—	4,375
TOTAL OTHER FINANCING SOURCES (USES).....	39,949	—	585,165
NET CHANGE IN FUND BALANCES.....	16,936	(7,109)	51,675
FUND BALANCES, July 1.....	30,687	35,692	392,353
FUND BALANCES, JUNE 30.....	\$ 47,623	\$ 28,583	\$ 444,028

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Sales, Services and Charges.....		\$ —	
Investment Income.....		3,158	
Other.....		—	
TOTAL REVENUES.....		3,158	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 962,297	729,032	\$ 233,265
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 962,297	729,032	\$ 233,265
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(725,874)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		375,000	
Transfers-in.....		70,000	
Transfers-out.....		(70,000)	
TOTAL OTHER FINANCING SOURCES (USES).....		375,000	
NET CHANGE IN FUND BALANCES.....		(350,874)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(365,071)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		459,508	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (256,437)	

MENTAL HEALTH/MENTAL RETARDATION FACILITIES IMPROVEMENTS			PARKS AND RECREATION IMPROVEMENTS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 10			\$ —	
	319			295	
	70			—	
	<u>399</u>			<u>295</u>	
\$ 196,784	41,678	\$ 155,106	\$ 89,598	17,809	\$ 71,789
—	—	—	157	157	—
<u>\$ 196,784</u>	<u>41,678</u>	<u>\$ 155,106</u>	<u>\$ 89,755</u>	<u>17,966</u>	<u>\$ 71,789</u>
	<u>(41,279)</u>			<u>(17,671)</u>	
	30,000			35,000	
	—			—	
	—			—	
	<u>30,000</u>			<u>35,000</u>	
	(11,279)			17,329	
	(29,439)			9,169	
	<u>32,778</u>			<u>7,674</u>	
	<u>\$ (7,940)</u>			<u>\$ 34,172</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>		
			VARIANCE WITH FINAL BUDGET
	<u>BUDGET</u>		<u>POSITIVE/ (NEGATIVE)</u>
	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:			
Sales, Services and Charges.....		\$ —	
Investment Income.....		447	
Other.....		159	
TOTAL REVENUES.....		606	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 157,591	53,981	\$ 103,610
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 157,591	53,981	\$ 103,610
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(53,375)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		62,170	
Transfers-in.....		7,900	
Transfers-out.....		(7,900)	
TOTAL OTHER FINANCING SOURCES (USES).....		62,170	
NET CHANGE IN FUND BALANCES.....		8,795	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		579	
Outstanding Encumbrances at Beginning of Fiscal Year...		22,076	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 31,450	

YOUTH SERVICES BUILDING IMPROVEMENTS			ADULT CORRECTIONAL BUILDING IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	276			445	
	—			—	
	<u>276</u>			<u>445</u>	
\$ 53,339	12,527	\$ 40,812	\$ 201,399	36,531	\$ 164,868
—	—	—	—	—	—
<u>\$ 53,339</u>	<u>12,527</u>	<u>\$ 40,812</u>	<u>\$ 201,399</u>	<u>36,531</u>	<u>\$ 164,868</u>
	<u>(12,251)</u>			<u>(36,086)</u>	
	—			41,314	
	—			—	
	—			—	
	<u>—</u>			<u>41,314</u>	
	<u>(12,251)</u>			<u>5,228</u>	
	11,003			(6,654)	
	<u>9,838</u>			<u>27,856</u>	
	<u>\$ 8,590</u>			<u>\$ 26,430</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	HIGHWAY SAFETY BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Sales, Services and Charges.....		\$ —	
Investment Income.....		15	
Other.....		—	
TOTAL REVENUES.....		15	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 2,085	25	\$ 2,060
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 2,085	25	\$ 2,060
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(10)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		1,732	
Transfers-in.....		—	
Transfers-out.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		1,732	
NET CHANGE IN FUND BALANCES.....		1,722	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		302	
Outstanding Encumbrances at Beginning of Fiscal Year...		25	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 2,049	

<u>OHIO PARKS AND NATURAL RESOURCES</u>			<u>HIGHWAY CAPITAL IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ —	
	398			2,363	
	—			—	
	<u>398</u>			<u>2,363</u>	
\$ 73,985	11,889	\$ 62,096	\$ 629,633	225,609	\$ 404,024
185	185	—	—	—	—
<u>\$ 74,170</u>	<u>12,074</u>	<u>\$ 62,096</u>	<u>\$ 629,633</u>	<u>225,609</u>	<u>\$ 404,024</u>
	<u>(11,676)</u>			<u>(223,246)</u>	
	—			—	
	—			—	
	—			(59)	
	—			<u>(59)</u>	
	<u>(11,676)</u>			<u>(223,305)</u>	
	14,507			43,394	
	<u>7,563</u>			<u>116,045</u>	
	<u>\$ 10,394</u>			<u>\$ (63,866)</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	<u>TOTAL</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
	<u>BUDGET</u>		
	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:			
Sales, Services and Charges.....		\$ 10	
Investment Income.....		7,716	
Other.....		229	
TOTAL REVENUES.....		7,955	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 2,366,711	1,129,081	\$ 1,237,630
DEBT SERVICE.....	342	342	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 2,367,053	1,129,423	\$ 1,237,630
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(1,121,468)	
OTHER FINANCING SOURCES (USES):			
Bonds Issued.....		545,216	
Transfers-in.....		77,900	
Transfers-out.....		(77,959)	
TOTAL OTHER FINANCING SOURCES (USES).....		545,157	
NET CHANGE IN FUND BALANCES.....		(576,311)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(322,210)	
Outstanding Encumbrances at Beginning of Fiscal Year...		683,363	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (215,158)	

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

The **Ohio Building Authority Fund** accounts for the Authority's local government office building lease operations and for the maintenance of all government office buildings owned or leased by the Authority.

The **Tuition Trust Authority Fund** accounts for the operations of the Ohio Tuition Trust Authority, including the sale of tuition credits under its guaranteed return option program.

The **Liquor Control Fund** accounts for the State's liquor sales operations of the Ohio Department of Commerce's Division of Liquor Control.

The **Underground Parking Garage Fund** accounts for the operations of the State's underground parking facilities at Capitol Square in Columbus.

The **Office of Auditor of State Fund** accounts for the operations of the Ohio Auditor of State's Office, which provides government audit and management advisory services to Ohio's public offices.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS – ENTERPRISE
JUNE 30, 2009
(dollars in thousands)

	<u>OHIO BUILDING AUTHORITY</u>	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ 314	\$ 16,323
Cash and Cash Equivalents.....	394	849	—
Collateral on Lent Securities.....	—	165	7,028
Restricted Assets:			
Investments.....	25,293	380,798	—
Intergovernmental Receivable.....	—	—	—
Interfund Receivable.....	2	—	—
Other Receivables.....	836	5,525	35
Inventories.....	—	—	39,871
Other Assets.....	373	128	125
TOTAL CURRENT ASSETS.....	<u>26,898</u>	<u>387,779</u>	<u>63,382</u>
NONCURRENT ASSETS:			
Restricted Assets:			
Investments.....	—	129,000	—
Investments.....	—	80,559	—
Interfund Receivable.....	—	—	—
Capital Assets Being Depreciated, Net.....	—	154	1,100
TOTAL NONCURRENT ASSETS.....	<u>—</u>	<u>209,713</u>	<u>1,100</u>
TOTAL ASSETS.....	<u>26,898</u>	<u>597,492</u>	<u>64,482</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	3,670	630	20,598
Accrued Liabilities.....	—	191	1,274
Obligations Under Securities Lending.....	—	165	7,028
Intergovernmental Payable.....	—	—	418
Interfund Payable.....	—	—	2,994
Unearned Revenue.....	—	—	—
Benefits Payable.....	—	74,100	—
Refund and Other Liabilities.....	156	847	3,316
TOTAL CURRENT LIABILITIES.....	<u>3,826</u>	<u>75,933</u>	<u>35,628</u>
NONCURRENT LIABILITIES:			
Interfund Payable.....	—	—	1,301
Benefits Payable.....	—	574,400	—
Refund and Other Liabilities.....	—	—	1,460
TOTAL NONCURRENT LIABILITIES.....	<u>—</u>	<u>574,400</u>	<u>2,761</u>
TOTAL LIABILITIES.....	<u>3,826</u>	<u>650,333</u>	<u>38,389</u>
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	—	154	1,100
Unrestricted.....	23,072	(52,995)	24,993
TOTAL NET ASSETS (DEFICITS).....	<u>\$ 23,072</u>	<u>\$ (52,841)</u>	<u>\$ 26,093</u>

<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ 772	\$ 13,928	\$ 31,337
—	—	1,243
332	—	7,525
—	—	406,091
—	9,498	9,498
—	2,238	2,240
2	98	6,496
—	—	39,871
9	448	1,083
1,115	26,210	505,384
—	—	129,000
—	—	80,559
—	10,244	10,244
5,354	758	7,366
5,354	11,002	227,169
6,469	37,212	732,553
23	588	25,509
78	4,828	6,371
332	—	7,525
—	—	418
5	160	3,159
165	—	165
—	—	74,100
18	1,499	5,836
621	7,075	123,083
231	10,244	11,776
—	—	574,400
52	7,602	9,114
283	17,846	595,290
904	24,921	718,373
5,354	754	7,362
211	11,537	6,818
\$ 5,565	\$ 12,291	\$ 14,180

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR PROPRIETARY FUNDS – ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ 22,625	\$ 9,317	\$ 688,049
Investment Income.....	—	(87,369)	—
Other.....	1,679	151,300	1,234
TOTAL OPERATING REVENUES.....	24,304	73,248	689,283
OPERATING EXPENSES:			
Costs of Sales and Services.....	22,514	—	417,886
Administration.....	2,985	10,360	61,202
Benefits and Claims.....	—	84,495	—
Depreciation.....	—	33	507
Other.....	1,338	—	324
TOTAL OPERATING EXPENSES.....	26,837	94,888	479,919
OPERATING INCOME (LOSS).....	(2,533)	(21,640)	209,364
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	105	—	—
Federal Grants.....	—	—	—
Other.....	—	6	—
TOTAL NONOPERATING REVENUES (EXPENSES).....	105	6	—
INCOME (LOSS) BEFORE TRANSFERS.....	(2,428)	(21,634)	209,364
TRANSFERS:			
Transfers-in.....	9,744	—	—
Transfers-out.....	(9,802)	—	(213,542)
TOTAL TRANSFERS.....	(58)	—	(213,542)
NET INCOME (LOSS).....	(2,486)	(21,634)	(4,178)
NET ASSETS (DEFICITS), JULY 1.....	25,558	(31,207)	30,271
NET ASSETS (DEFICITS), JUNE 30.....	\$ 23,072	\$ (52,841)	\$ 26,093

<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ 3,127	\$ 47,431	\$ 770,549
—	—	(87,369)
—	239	154,452
<u>3,127</u>	<u>47,670</u>	<u>837,632</u>
—	76,807	517,207
2,175	7,749	84,471
—	—	84,495
626	739	1,905
3	30	1,695
<u>2,804</u>	<u>85,325</u>	<u>689,773</u>
<u>323</u>	<u>(37,655)</u>	<u>147,859</u>
6	—	111
—	16	16
—	(250)	(244)
<u>6</u>	<u>(234)</u>	<u>(117)</u>
<u>329</u>	<u>(37,889)</u>	<u>147,742</u>
—	33,995	43,739
(756)	—	(224,100)
<u>(756)</u>	<u>33,995</u>	<u>(180,361)</u>
<u>(427)</u>	<u>(3,894)</u>	<u>(32,619)</u>
5,992	16,185	46,799
<u>\$ 5,565</u>	<u>\$ 12,291</u>	<u>\$ 14,180</u>

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS – ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ 23,891	\$ —	\$ 688,344
Cash Received from Interfund Services Provided.....	1,470	—	17
Other Operating Cash Receipts.....	1,659	8,548	1,215
Cash Payments to Suppliers for Goods and Services.....	(27,525)	(2,767)	(464,430)
Cash Payments to Employees for Services.....	(1,285)	(5,679)	(17,124)
Cash Payments for Interfund Services Used.....	—	(236)	(2,739)
Other Operating Cash Payments.....	—	(84,529)	(143)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(1,790)	(84,663)	205,140
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	9,744	—	—
Transfers-out	(9,802)	—	(213,542)
Federal Grants.....	—	—	—
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(58)	—	(213,542)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases.....	—	—	—
Acquisition and Construction of Capital Assets	—	(12)	(97)
Proceeds from Sales of Capital Assets	—	—	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	—	(12)	(97)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(55,217)	(939,031)	—
Proceeds from the Sales and Maturities of Investments	56,877	996,321	—
Investment Income Received	126	26,406	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	1,786	83,696	—
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	(62)	(979)	(8,499)
CASH AND CASH EQUIVALENTS, JULY 1.....	456	2,142	24,822
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 394	\$ 1,163	\$ 16,323

UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
\$ 2,398	\$ 34,959	\$ 749,592
800	10,139	12,426
—	242	11,664
(758)	(4,320)	(499,800)
(1,351)	(70,578)	(96,017)
(65)	(3,343)	(6,383)
—	(1,130)	(85,802)
1,024	(34,031)	85,680
—	30,841	40,585
(756)	—	(224,100)
—	37	37
(756)	30,878	(183,478)
—	(9)	(9)
—	(68)	(177)
—	31	31
—	(46)	(155)
—	—	(994,248)
—	—	1,053,198
6	—	26,538
6	—	85,488
274	(3,199)	(12,465)
498	17,127	45,045
\$ 772	\$ 13,928	\$ 32,580

(continued)

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS – ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	<u>OHIO BUILDING AUTHORITY</u>	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ (2,533)	\$ (21,640)	\$ 209,364
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	87,369	—
Depreciation	—	33	507
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	—	—
Interfund Receivable.....	(1)	—	—
Other Receivables	214	625	(1)
Inventories	—	—	(2,565)
Other Assets	(23)	—	2
Increase (Decrease) in Liabilities:			
Accounts Payable	660	(20)	(1,851)
Accrued Liabilities.....	—	270	93
Intergovernmental Payable.....	—	—	3
Interfund Payable.....	(115)	—	(335)
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	8	(151,300)	(77)
NET CASH FLOWS PROVIDED (USED) BY			
 OPERATING ACTIVITIES.....	\$ (1,790)	\$ (84,663)	\$ 205,140

<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ 323	\$ (37,655)	\$ 147,859
—	—	87,369
626	739	1,905
—	720	720
—	(3,101)	(3,102)
1	(72)	767
—	—	(2,565)
1	(97)	(117)
(86)	356	(941)
(1)	417	779
—	—	3
93	2,973	2,616
72	—	72
(5)	1,689	(149,685)
<u>\$ 1,024</u>	<u>\$ (34,031)</u>	<u>\$ 85,680</u>

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AGENCY FUNDS

Agency Funds account for resources the State holds in a purely custodial capacity (assets equal liabilities) for individuals, private organizations, or other governments.

The **Holding and Distribution Fund** accounts for assets held until such time that a determination has been made to refund amounts to the individuals, private organizations, or other governments.

The **Centralized Child Support Collections Fund** accounts for assets temporarily held for custodial parents.

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

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

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

STATE OF OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009
(dollars in thousands)

	<u>HOLDING AND DISTRIBUTION</u>	<u>CENTRALIZED CHILD SUPPORT COLLECTIONS</u>	<u>RETIREMENT SYSTEMS</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 22,382	\$ —	\$ —
Cash and Cash Equivalents.....	1,848	52,016	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	—	—	12,257,951
Common and Preferred Stock.....	—	—	42,004,135
Corporate Bonds and Notes.....	—	—	10,345,689
Foreign Stocks and Bonds.....	—	—	27,967,226
Commercial Paper.....	—	—	4,828,231
Repurchase Agreements.....	—	—	250,000
Mutual Funds.....	—	—	6,336,823
Real Estate.....	—	—	12,334,291
Venture Capital.....	—	—	6,341,345
Direct Mortgage Loans.....	—	—	8,085,247
Partnership and Hedge Funds.....	—	—	9,093
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	6,549	—
Collateral on Lent Securities.....	9,637	—	—
Other Receivables.....	1,122	—	—
Other Assets.....	—	—	—
TOTAL ASSETS.....	\$ 34,989	\$ 58,565	\$ 130,760,031
LIABILITIES:			
Obligations Under Securities Lending.....	\$ 9,637	\$ —	\$ —
Intergovernmental Payable.....	6,054	—	—
Refund and Other Liabilities.....	19,298	58,565	130,760,031
TOTAL LIABILITIES	\$ 34,989	\$ 58,565	\$ 130,760,031

PAYROLL WITHHOLDING AND FRINGE BENEFITS	OTHER	TOTAL
\$ 96,407	\$ 135,351	\$ 254,140
23,578	64,390	141,832
—	—	12,257,951
—	—	42,004,135
—	—	10,345,689
—	—	27,967,226
—	—	4,828,231
—	—	250,000
—	19,198	6,356,021
—	—	12,334,291
—	—	6,341,345
—	—	8,085,247
—	—	9,093
—	86,828	93,377
41,512	58,281	109,430
—	—	1,122
—	438,430	438,430
\$ 161,497	\$ 802,478	\$ 131,817,560
\$ 41,512	\$ 58,281	\$ 109,430
20,226	132,515	158,795
99,759	611,682	131,549,335
\$ 161,497	\$ 802,478	\$ 131,817,560

STATE OF OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

	BALANCE July 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2009
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	\$ 17,896	\$ 737,981	\$ 733,495	\$ 22,382
Cash and Cash Equivalents	5,774	18,647	22,573	1,848
Collateral on Lent Securities	6,837	9,637	6,837	9,637
Other Receivables	1,285	1,122	1,285	1,122
Total Assets	\$ 31,792	\$ 767,387	\$ 764,190	\$ 34,989
LIABILITIES				
Obligations Under Securities Lending.....	\$ 6,837	\$ 9,637	\$ 6,837	\$ 9,637
Intergovernmental Payable	6,504	56,068	56,518	6,054
Refund and Other Liabilities	18,451	701,682	700,835	19,298
Total Liabilities	\$ 31,792	\$ 767,387	\$ 764,190	\$ 34,989
CENTRALIZED CHILD SUPPORT COLLECTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 68,181	\$ 2,027,783	\$ 2,043,948	\$ 52,016
Investments.....	9,333	124	2,908	6,549
Total Assets	\$ 77,514	\$ 2,027,907	\$ 2,046,856	\$ 58,565
LIABILITIES				
Refund and Other Liabilities	\$ 77,514	\$ 2,027,907	2,046,856	\$ 58,565
Total Liabilities	\$ 77,514	\$ 2,027,907	\$ 2,046,856	\$ 58,565
RETIREMENT SYSTEMS				
ASSETS				
Investments.....	\$ 179,623,891	\$ 264,656,156	\$ 313,520,016	\$ 130,760,031
Total Assets	\$ 179,623,891	\$ 264,656,156	\$ 313,520,016	\$ 130,760,031
LIABILITIES				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System.....	\$ 82,930,909	\$ 144,845,593	\$ 169,130,949	\$ 58,645,553
Police and Fire Pension Fund.....	13,125,766	18,700,172	22,848,668	8,977,270
School Employees Retirement System.....	10,976,910	18,623,108	21,199,319	8,400,699
State Teachers Retirement System.....	72,590,306	82,487,283	100,341,080	54,736,509
Total Liabilities	\$ 179,623,891	\$ 264,656,156	\$ 313,520,016	\$ 130,760,031

	BALANCE July 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2009
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	\$ 115,795	\$ 1,347,246	\$ 1,366,634	\$ 96,407
Cash and Cash Equivalents	52,896	413,309	442,627	23,578
Collateral on Lent Securities	44,239	41,512	44,239	41,512
Total Assets	<u>\$ 212,930</u>	<u>\$ 1,802,067</u>	<u>\$ 1,853,500</u>	<u>\$ 161,497</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 44,239	\$ 41,512	\$ 44,239	\$ 41,512
Intergovernmental Payable	315	32,468	12,557	20,226
Refund and Other Liabilities	168,376	1,355,556	1,424,173	99,759
Total Liabilities	<u>\$ 212,930</u>	<u>\$ 1,429,536</u>	<u>\$ 1,480,969</u>	<u>\$ 161,497</u>
OTHER				
ASSETS				
Cash Equity with Treasurer	\$ 141,159	\$ 2,244,361	\$ 2,250,169	\$ 135,351
Cash and Cash Equivalents	58,644	84,396,603	84,390,857	64,390
Investments.....	105,925	580,102	580,001	106,026
Collateral on Lent Securities	53,929	58,281	53,929	58,281
Interfund Receivable.....	34	—	34	—
Other Receivables	3	19	22	—
Other Assets.....	449,058	116,244	126,872	438,430
Total Assets	<u>\$ 808,752</u>	<u>\$ 87,395,610</u>	<u>\$ 87,401,884</u>	<u>\$ 802,478</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 53,929	\$ 58,281	\$ 53,929	\$ 58,281
Intergovernmental Payable	138,323	2,231,599	2,237,407	132,515
Refund and Other Liabilities	616,500	85,105,730	85,110,548	611,682
Total Liabilities	<u>\$ 808,752</u>	<u>\$ 87,395,610</u>	<u>\$ 87,401,884</u>	<u>\$ 802,478</u>
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	\$ 274,850	\$ 4,329,588	\$ 4,350,298	\$ 254,140
Cash and Cash Equivalents	185,495	86,856,342	86,900,005	141,832
Investments.....	179,739,149	265,236,382	314,102,925	130,872,606
Collateral on Lent Securities	105,005	109,430	105,005	109,430
Interfund Receivable.....	34	—	34	—
Other Receivables	1,288	1,141	1,307	1,122
Other Assets.....	449,058	116,244	126,872	438,430
Total Assets	<u>\$ 180,754,879</u>	<u>\$ 356,649,127</u>	<u>\$ 405,586,446</u>	<u>\$ 131,817,560</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 105,005	\$ 109,430	\$ 105,005	\$ 109,430
Intergovernmental Payable	145,142	2,320,135	2,306,482	158,795
Refund and Other Liabilities	180,504,732	353,847,031	402,802,428	131,549,335
Total Liabilities	<u>\$ 180,754,879</u>	<u>\$ 356,276,596</u>	<u>\$ 405,213,915</u>	<u>\$ 131,817,560</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS

Nonmajor Discretely Presented Component Unit Funds account for the financial activities of the State of Ohio's component units, organizations that are legally separate from the State's primary government and for which the primary government is financially accountable.

The **Cultural Facilities Commission Fund** accounts for the Cultural Facilities Commission's operations, including the construction of cultural arts and sports facilities at the state and local level.

The **eTech Ohio Commission Fund** accounts for the eTech Ohio Commission's operations, including programs designed to assist Ohio's public schools acquire and maximize the use of educational technology.

The **Ohio Air Quality Development Authority Fund** accounts for the Ohio Air Quality Development Authority's operations, including programs that assist Ohio's businesses, government agencies, and not-for-profit organizations with financing projects that increase energy efficiency and reduce air pollution. The Authority's financial statements are presented for the fiscal year ended December 31, 2008.

The **Ohio University Fund** accounts for the operations of Ohio University and the Ohio University Foundation. The university is located in Athens, Ohio.

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

The **University of Akron Fund** accounts for the operations of the University of Akron, the University of Akron Foundation, and the University of Akron Research Foundation.

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

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

The **University of Toledo Fund** accounts for the operations of the University of Toledo, the University of Toledo Foundation and the Medical University of Ohio at Toledo Foundation (the foundations), and the University of Toledo Clinical Faculty, Inc.

The **Cleveland State University Fund** accounts for the operations of Cleveland State University, the Cleveland State University Foundation, and the Euclid Avenue Housing Corporation.

The **Youngstown State University Fund** accounts for the operations of Youngstown State University, the Youngstown State University Foundation, and the University Housing Corporation.

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

The **Shawnee State University Fund** accounts for the operations of Shawnee State University and the Shawnee State University Development Foundation. The university is located in Portsmouth, Ohio.

The **Central State University Fund** accounts for the operations of Central State University and the Central State University Foundation. The university is located in Wilberforce, Ohio with a branch campus in Dayton, Ohio.

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

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 and the Clark State Community College Foundation. The college is located in Springfield, Ohio.

The **Edison State Community College Fund** accounts for the operations of Edison State Community College and the Edison Foundation, Inc. The college is located in Piqua, Ohio.

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

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

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 and the Northwest State Community College Foundation. The college is located in Archbold, Ohio.

The **Owens State Community College Fund** accounts for the operations of Owens State Community College and the Owens State Community College Foundation. The college is located in Toledo, Ohio with a branch campus in Findlay, Ohio.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2009
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/08)
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 5,287	\$ 6,070	\$ 6,082
Cash and Cash Equivalents.....	—	—	5,330
Investments.....	—	—	—
Collateral on Lent Securities.....	9,491	2,614	—
Intergovernmental Receivable.....	—	—	249
Loans Receivable, Net.....	—	—	—
Receivable from Primary Government.....	—	366	—
Other Receivables.....	2	2	613
Inventories.....	—	—	—
Other Assets.....	5	3	7
TOTAL CURRENT ASSETS.....	14,785	9,055	12,281
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	16,755	—	—
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Investments.....	—	—	—
Loans Receivable, Net.....	—	—	—
Other Receivables.....	—	—	—
Other Assets.....	—	—	—
Capital Assets Being Depreciated, Net.....	41,855	1,355	27
Capital Assets Not Being Depreciated.....	11,858	—	—
TOTAL NONCURRENT ASSETS.....	70,468	1,355	27
TOTAL ASSETS.....	85,253	10,410	12,308
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	3,646	152	32
Accrued Liabilities.....	69	340	27
Obligations Under Securities Lending.....	9,491	2,614	—
Intergovernmental Payable.....	587	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	19	29	13
Bonds and Notes Payable.....	—	—	—
TOTAL CURRENT LIABILITIES.....	13,812	3,135	72
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	49	10	—
Bonds and Notes Payable.....	—	—	—
TOTAL NONCURRENT LIABILITIES.....	49	10	—
TOTAL LIABILITIES.....	13,861	3,145	72
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	53,713	1,355	27
Restricted for:			
Federal Programs.....	—	29	—
Coal Research and Development Program.....	—	—	2,389
Community and Economic Development and Capital Purposes.....	16,755	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	—
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted.....	924	5,881	9,820
TOTAL NET ASSETS (DEFICITS).....	\$ 71,392	\$ 7,265	\$ 12,236

OHIO CAPITAL FUND	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
39,294	49,578	45,346	26,297	7,647	135,501
—	180,318	101,173	221,297	131,521	120,454
—	—	—	—	—	—
—	12,112	3,444	—	—	3,759
—	2,582	4,262	3,909	1,088	—
—	4,853	6,670	—	454	5,329
—	45,754	27,663	33,712	20,254	31,784
—	2,087	4,546	955	4,297	1,862
135	17,062	1,935	5,529	651	3,629
39,429	314,346	195,039	291,699	165,912	302,318
—	—	—	—	—	—
—	33,225	925	—	—	—
36,246	158,934	313,256	155,295	98,192	144,918
—	11,912	5,857	9,900	7,849	24,636
—	10,878	37,675	12,299	8,598	5,864
1,238	6,433	—	5,625	1,752	3,359
—	552,559	604,249	487,354	295,966	533,094
—	89,706	102,857	143,998	23,660	42,351
37,484	863,647	1,064,819	814,471	436,017	754,222
76,913	1,177,993	1,259,858	1,106,170	601,929	1,056,540
—	21,263	20,177	25,986	14,257	21,607
1,077	29,506	17,110	31,665	11,360	40,520
—	—	—	—	—	—
—	32,521	13,104	33,797	8,940	20,236
—	9,009	11,825	10,647	7,155	17,526
—	15,386	10,369	10,844	8,904	3,105
1,077	107,685	72,585	112,939	50,616	102,994
—	—	—	—	8,318	—
7,097	31,683	2,763	—	—	1,685
98,787	208,516	27,819	38,834	7,655	33,212
105,884	240,199	218,627	407,656	72,447	262,810
106,961	347,884	249,209	446,490	88,420	297,707
—	441,419	472,313	315,602	247,176	313,383
—	—	—	—	—	—
—	—	—	—	—	—
—	65,184	—	—	38,663	—
—	568	—	—	1,131	750
—	93,182	205,934	109,479	—	30,755
—	—	—	—	28,839	3,050
—	22,593	23,997	—	8,070	—
—	3,452	1,943	—	654	—
—	90,901	9,834	—	—	—
—	3,131	3,749	—	—	—
—	6,950	23,445	—	—	78,208
—	—	—	1,549	—	—
—	20,497	—	—	10,440	—
—	7,453	—	—	—	—
—	13,399	2,403	71,130	—	—
—	8,456	75,516	893	21,143	26,713
(30,048)	52,924	118,930	48,088	106,777	202,980
\$ (30,048)	\$ 830,109	\$ 938,064	\$ 546,741	\$ 462,893	\$ 655,839

(continued)

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2009
(dollars in thousands)

(continued)

	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	67,810	64,732	46,117
Investments.....	438	11,522	29,246
Collateral on Lent Securities.....	—	—	—
Intergovernmental Receivable.....	25,684	—	1,635
Loans Receivable, Net.....	2,524	954	465
Receivable from Primary Government.....	3,196	1,100	3,551
Other Receivables.....	103,219	18,428	7,619
Inventories.....	7,069	265	2,026
Other Assets.....	5,258	1,031	1,238
TOTAL CURRENT ASSETS.....	215,198	98,032	91,897
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	—	—	—
Cash and Cash Equivalents.....	—	—	—
Investments.....	165,138	38,367	129,102
Investments.....	66,538	92,565	25,573
Loans Receivable, Net.....	18,738	15,699	2,350
Other Receivables.....	23,928	3,418	8,331
Other Assets.....	29,934	5,306	1,250
Capital Assets Being Depreciated, Net.....	522,696	278,498	146,973
Capital Assets Not Being Depreciated.....	55,592	139,304	22,081
TOTAL NONCURRENT ASSETS.....	882,564	573,157	335,660
TOTAL ASSETS.....	1,097,762	671,189	427,557
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	31,538	17,630	5,013
Accrued Liabilities.....	38,070	7,156	7,624
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	4,135	—	—
Unearned Revenue.....	35,585	9,801	4,979
Refund and Other Liabilities.....	30,678	6,682	3,627
Bonds and Notes Payable.....	6,093	5,481	2,275
TOTAL CURRENT LIABILITIES.....	146,099	46,750	23,518
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	20,725	74,898	13,602
Bonds and Notes Payable.....	244,495	198,127	57,457
TOTAL NONCURRENT LIABILITIES.....	265,220	273,025	71,059
TOTAL LIABILITIES.....	411,319	319,775	94,577
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	324,817	246,795	135,422
Restricted for:			
Federal Programs.....	—	—	—
Coal Research and Development Program.....	—	—	—
Community and Economic Development and Capital Purposes.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	11,736	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	65,486	31,536	4,564
Loans, Grants and Other College and University Purposes.....	1,925	—	33,037
Expendable:			
Scholarships and Fellowships.....	49,585	2,577	1,980
Research.....	7,647	144	142
Instructional Department Uses.....	—	3,009	2,451
Student and Public Services.....	—	4,039	1,099
Academic Support.....	35,478	2,456	100
Debt Service.....	8,006	—	121
Capital Purposes.....	11,693	1,013	15,825
Endowments and Quasi-Endowments.....	7,309	250	2,099
Current Operations.....	4,722	—	504
Loans, Grants and Other College and University Purposes.....	48,663	15,815	387
Unrestricted.....	109,376	43,780	135,249
TOTAL NET ASSETS (DEFICITS).....	\$ 686,443	\$ 351,414	\$ 332,980

WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
39,010	4,385	14,074	2,013	1,287	3,006
170	9,645	—	3,937	134,356	16,306
—	—	—	—	—	—
4,808	—	—	586	—	224
4,481	53	—	85	1	219
6,792	72	102	68	3,375	451
14,622	4,696	8,576	1,893	13,768	3,107
835	38	—	242	1,874	247
16,516	182	50	147	760	445
87,234	19,071	22,802	8,971	155,421	24,005
—	—	—	—	—	—
—	2,310	4,351	—	—	—
—	8,970	—	—	1,802	—
151,509	14,966	—	2,604	—	—
18,694	—	—	—	—	—
3,691	1,114	—	599	—	2,322
799	1,297	37	85	266	151
293,136	48,625	76,945	15,892	112,911	31,611
5,822	33,020	9,806	660	41,282	1,530
473,651	110,302	91,139	19,840	156,261	35,614
560,885	129,373	113,941	28,811	311,682	59,619
—	—	—	—	—	—
11,836	3,160	1,143	393	6,487	790
14,541	2,428	3,649	591	1,203	996
—	—	—	—	—	—
—	—	—	—	—	—
38,340	2,031	5,410	574	14,776	1,516
11,888	1,358	1,580	498	2,978	249
3,838	500	530	—	1,710	285
80,443	9,477	12,312	2,056	27,154	3,836
—	—	—	—	—	—
—	1,649	—	—	—	—
11,382	2,143	1,843	313	2,970	2,144
27,172	17,015	20,515	—	14,910	7,615
38,554	20,807	22,358	313	17,880	9,759
118,997	30,284	34,670	2,369	45,034	13,595
267,682	71,130	69,640	16,552	147,421	25,396
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
11,405	2,715	1,430	—	3,304	—
4,925	—	—	—	—	—
—	144	568	1,873	—	7,690
16,104	3,950	128	—	—	—
11,203	669	539	434	1,838	958
1,710	—	—	—	—	—
25,336	—	—	5	—	37
1,191	—	—	94	—	1,494
1,331	—	449	131	—	—
280	—	—	—	—	—
—	—	—	1,207	—	4,746
—	871	478	—	—	—
—	4,067	—	—	—	—
25,087	2,148	158	—	—	—
75,634	13,395	5,881	6,146	114,085	5,703
\$ 441,888	\$ 99,089	\$ 79,271	\$ 26,442	\$ 266,648	\$ 46,024

(continued)

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2009
(dollars in thousands)

(continued)

	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	1,232	6,460	3,257
Investments.....	28	—	—
Collateral on Lent Securities.....	—	—	—
Intergovernmental Receivable.....	—	—	414
Loans Receivable, Net.....	—	7	—
Receivable from Primary Government.....	—	—	—
Other Receivables.....	5,237	2,227	2,604
Inventories.....	281	186	190
Other Assets.....	161	83	22
TOTAL CURRENT ASSETS.....	6,939	8,963	6,487
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	—	—	—
Cash and Cash Equivalents.....	2,099	—	—
Investments.....	871	1,812	452
Investments.....	—	—	—
Loans Receivable, Net.....	10	—	—
Other Receivables.....	773	—	—
Other Assets.....	—	—	—
Capital Assets Being Depreciated, Net.....	18,049	15,050	15,429
Capital Assets Not Being Depreciated.....	761	5,297	980
TOTAL NONCURRENT ASSETS.....	22,563	22,159	16,861
TOTAL ASSETS.....	29,502	31,122	23,348
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	365	320	224
Accrued Liabilities.....	558	464	949
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	3,318	1,036	1,722
Refund and Other Liabilities.....	448	132	71
Bonds and Notes Payable.....	236	210	—
TOTAL CURRENT LIABILITIES.....	4,925	2,162	2,966
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	55
Refund and Other Liabilities.....	745	885	411
Bonds and Notes Payable.....	3,756	4,885	—
TOTAL NONCURRENT LIABILITIES.....	4,501	5,770	466
TOTAL LIABILITIES.....	9,426	7,932	3,432
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	14,388	15,433	16,409
Restricted for:			
Federal Programs.....	—	—	—
Coal Research and Development Program.....	—	—	—
Community and Economic Development and Capital Purposes.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	180
Research.....	—	—	—
Endowments and Quasi-Endowments.....	105	1,629	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	56	127
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	1,958	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	1,091
Endowments and Quasi-Endowments.....	4,356	—	—
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	18	—
Unrestricted.....	1,227	4,096	2,109
TOTAL NET ASSETS (DEFICITS).....	\$ 20,076	\$ 23,190	\$ 19,916

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ 17,439
22,215	2,055	5,619	592,265
—	2,705	17,211	980,327
—	—	—	12,105
1,265	—	1,686	55,866
—	—	6	20,636
138	25	1,047	37,589
8,076	2,551	21,550	377,957
48	252	1,448	28,748
546	17	5,075	60,487
32,288	7,605	53,642	2,183,419
—	—	—	16,755
12	482	—	43,404
—	—	—	444,706
—	4,559	—	1,166,963
22	—	36	115,703
—	—	—	119,490
356	—	—	57,888
86,250	11,444	64,263	4,254,231
2,583	2,018	14,854	750,020
89,223	18,503	79,153	6,969,160
121,511	26,108	132,795	9,152,579
2,154	650	3,008	191,831
1,145	138	3,790	214,976
—	—	—	12,105
—	—	—	4,722
4,450	696	20,151	252,983
5,639	310	2,451	124,812
679	—	112	70,557
14,067	1,794	29,512	871,986
—	—	—	8,318
—	—	—	6,152
—	498	2,811	281,729
47,112	—	165	1,912,067
47,112	498	2,976	2,208,266
61,179	2,292	32,488	3,080,252
41,364	13,430	78,841	3,329,708
—	—	—	29
—	—	—	2,389
—	—	—	16,755
—	677	—	135,294
—	—	—	7,374
—	—	1,109	554,054
46	—	—	87,079
—	207	413	125,246
—	—	—	15,692
—	17	402	131,992
—	—	—	16,755
—	—	—	148,548
1,358	—	—	11,314
291	313	—	67,116
—	—	—	22,816
—	—	—	96,225
—	113	—	225,110
17,273	9,059	19,542	1,078,831
\$ 60,332	\$ 23,816	\$ 100,307	\$ 6,072,327

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/08)
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ 21,407	\$ —
Community and Economic Development.....	19,746	—	6,438
Education and General:			
Instruction and Departmental Research.....	—	—	—
Separately Budgeted Research.....	—	—	—
Public Service.....	—	—	—
Academic Support.....	—	—	—
Student Services.....	—	—	—
Institutional Support.....	—	—	—
Operation and Maintenance of Plant.....	—	—	—
Scholarships and Fellowships.....	—	—	—
Auxiliary Enterprises.....	—	—	—
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	—	—	—
Depreciation.....	1,339	1,186	7
Other.....	—	—	—
TOTAL EXPENSES.....	21,085	22,593	6,445
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	809	1,690	1,426
Operating Grants, Contributions and Restricted Investment Income.....	—	122	1,443
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
TOTAL PROGRAM REVENUES.....	809	1,812	2,869
NET PROGRAM (EXPENSE) REVENUE	(20,276)	(20,781)	(3,576)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	—	190
State Assistance.....	30,500	19,046	—
Other.....	—	—	9
TOTAL GENERAL REVENUES.....	30,500	19,046	199
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	—
CHANGE IN NET ASSETS.....	10,224	(1,735)	(3,377)
NET ASSETS (DEFICITS), JULY 1 (as restated).....	61,168	9,000	15,613
NET ASSETS (DEFICITS), JUNE 30.....	\$ 71,392	\$ 7,265	\$ 12,236

<u>OHIO CAPITAL FUND</u>	<u>OHIO UNIVERSITY</u>	<u>MIAMI UNIVERSITY</u>	<u>UNIVERSITY OF AKRON</u>	<u>BOWLING GREEN STATE UNIVERSITY</u>	<u>KENT STATE UNIVERSITY</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1,803	—	—	—	—	—
—	222,527	172,545	134,676	127,646	190,587
—	33,864	17,588	24,563	5,801	20,798
—	23,621	2,947	20,182	7,504	18,192
—	60,497	53,401	34,608	38,927	45,116
—	29,338	23,736	13,468	17,231	25,731
—	36,672	42,688	57,612	29,116	59,493
—	45,502	36,353	27,780	17,132	46,471
—	14,381	16,824	27,814	19,500	29,825
—	73,501	112,932	57,345	74,468	78,763
—	—	—	—	—	—
5,674	—	8,395	16,921	2,427	20,738
—	34,570	33,639	33,100	22,289	40,192
—	15,792	8,613	1,264	3,996	1,961
7,477	590,265	529,661	449,333	366,037	577,867
—	379,904	377,225	246,391	238,914	358,879
—	57,633	46,990	6,400	25,347	—
—	10,811	5,117	2,101	7,692	—
—	448,348	429,332	254,892	271,953	358,879
(7,477)	(141,917)	(100,329)	(194,441)	(94,084)	(218,988)
(8,454)	(67,644)	(114,376)	—	(57,417)	(68,766)
—	180,006	100,414	119,034	104,671	151,678
—	—	11,591	28,079	151	50,549
(8,454)	112,362	(2,371)	147,113	47,405	133,461
—	4,691	—	2,169	—	—
(15,931)	(24,864)	(102,700)	(45,159)	(46,679)	(85,527)
(14,117)	854,973	1,040,764	591,900	509,572	741,366
\$ (30,048)	\$ 830,109	\$ 938,064	\$ 546,741	\$ 462,893	\$ 655,839

(continued)

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

(continued)

	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	191,273	95,338	71,595
Separately Budgeted Research.....	46,825	12,880	1,539
Public Service.....	6,497	11,507	4,882
Academic Support.....	38,088	24,070	14,539
Student Services.....	21,721	19,781	8,737
Institutional Support.....	52,589	34,500	24,408
Operation and Maintenance of Plant.....	37,085	22,711	14,960
Scholarships and Fellowships.....	28,640	10,888	17,465
Auxiliary Enterprises.....	64,034	25,666	25,821
Hospitals.....	305,236	—	—
Interest on Long-Term Debt.....	14,477	3,360	2,538
Depreciation.....	43,457	18,677	9,482
Other.....	4,820	—	1,641
TOTAL EXPENSES.....	854,742	279,378	197,607
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	539,462	144,731	108,833
Operating Grants, Contributions and Restricted Investment Income.....	25,897	13,609	7,513
Capital Grants, Contributions and Restricted Investment Income.....	2,980	13	13,074
TOTAL PROGRAM REVENUES.....	568,339	158,353	129,420
NET PROGRAM (EXPENSE) REVENUE	(286,403)	(121,025)	(68,187)
GENERAL REVENUES:			
Unrestricted Investment Income.....	(23,393)	(6,495)	(6,761)
State Assistance.....	135,541	98,140	57,033
Other.....	103,707	13,998	412
TOTAL GENERAL REVENUES.....	215,855	105,643	50,684
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	3,506	—	1,377
CHANGE IN NET ASSETS.....	(67,042)	(15,382)	(16,126)
NET ASSETS (DEFICITS), JULY 1 (as restated).....	753,485	366,796	349,106
NET ASSETS (DEFICITS), JUNE 30.....	\$ 686,443	\$ 351,414	\$ 332,980

WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
130,320	19,814	11,543	6,226	68,197	8,107
31,830	—	2,127	—	—	—
12,989	3,584	2,312	2,102	5,393	4,027
72,588	2,870	8,229	536	5,369	1,006
17,363	3,822	3,775	1,156	11,625	2,221
29,361	8,865	9,504	3,486	20,728	4,850
21,040	4,730	5,353	1,484	14,380	2,979
16,181	6,472	2,811	216	25,618	1,631
27,464	4,908	8,056	1,357	12,730	3,328
—	—	—	—	—	—
1,346	—	1,126	1	770	343
18,457	2,474	3,819	779	5,103	1,418
1,481	37	294	44	—	35
380,420	57,576	58,949	17,387	169,913	29,945
154,029	21,704	29,160	6,200	115,945	11,300
60,795	3,681	5,399	1,696	3,976	783
4,523	—	—	—	(37)	300
219,347	25,385	34,559	7,896	119,884	12,383
(161,073)	(32,191)	(24,390)	(9,491)	(50,029)	(17,562)
(12,040)	(3,297)	—	76	3,236	149
133,061	22,801	34,171	6,888	76,300	10,089
14,272	9,106	—	3,183	165	5,539
135,293	28,610	34,171	10,147	79,701	15,777
—	—	—	—	—	248
(25,780)	(3,581)	9,781	656	29,672	(1,537)
467,668	102,670	69,490	25,786	236,976	47,561
\$ 441,888	\$ 99,089	\$ 79,271	\$ 26,442	\$ 266,648	\$ 46,024

(continued)

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)
(continued)

	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	7,336	7,273	6,686
Separately Budgeted Research.....	—	—	—
Public Service.....	798	2,923	—
Academic Support.....	454	2,100	1,580
Student Services.....	2,466	2,109	1,622
Institutional Support.....	4,597	2,093	4,076
Operation and Maintenance of Plant.....	1,354	2,077	1,392
Scholarships and Fellowships.....	513	5,209	1,273
Auxiliary Enterprises.....	979	3,651	2,779
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	207	235	—
Depreciation.....	1,062	817	785
Other.....	—	—	—
TOTAL EXPENSES.....	19,766	28,487	20,193
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	8,813	15,688	8,294
Operating Grants, Contributions and Restricted Investment Income.....	2,585	5,877	1,335
Capital Grants, Contributions and Restricted Investment Income.....	289	—	—
TOTAL PROGRAM REVENUES.....	11,687	21,565	9,629
NET PROGRAM (EXPENSE) REVENUE	(8,079)	(6,922)	(10,564)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	47	38
State Assistance.....	7,494	8,636	6,694
Other.....	—	—	3,000
TOTAL GENERAL REVENUES.....	7,494	8,683	9,732
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	46	—
CHANGE IN NET ASSETS.....	(585)	1,807	(832)
NET ASSETS (DEFICITS), JULY 1 (as restated).....	20,661	21,383	20,748
NET ASSETS (DEFICITS), JUNE 30.....	\$ 20,076	\$ 23,190	\$ 19,916

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ 21,407
—	—	—	27,987
29,090	7,990	48,485	1,557,254
—	—	321	198,136
2,467	851	2,606	135,384
4,449	1,209	5,245	414,881
7,380	1,168	8,876	223,326
15,815	4,477	16,506	461,436
6,829	1,567	9,893	321,072
1,714	3,402	4,069	234,446
3,340	2,335	10,151	593,608
—	—	—	305,236
2,323	3	—	80,884
3,365	1,002	4,512	281,531
—	—	37	40,015
76,772	24,004	110,701	4,896,603
38,695	10,581	39,852	2,858,525
7,457	1,482	3,027	283,047
138	—	—	47,001
46,290	12,063	42,879	3,188,573
(30,482)	(11,941)	(67,822)	(1,708,030)
457	243	576	(363,631)
31,986	8,748	46,539	1,389,470
—	3,921	20,649	268,331
32,443	12,912	67,764	1,294,170
—	—	—	12,037
1,961	971	(58)	(401,823)
58,371	22,845	100,365	6,474,150
\$ 60,332	\$ 23,816	\$ 100,307	\$ 6,072,327

STATE OF OHIO
COMBINING BALANCE SHEET
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2009
(dollars in thousands)

	SPECIAL REVENUE FUND		
	ADMINISTRATION	SCHOOL BUILDING ASSISTANCE PROGRAM	PUBLIC SCHOOL BUILDING PROGRAM
ASSETS:			
Cash Equity with Treasurer.....	\$ 1,239	\$ 2,169,230	\$ 188,962
Collateral on Lent Securities.....	534	1,262,924	53,398
Loans Receivable, Net.....	—	—	6,169
Other Receivables.....	16	—	—
Other Assets.....	39	—	—
TOTAL ASSETS.....	\$ 1,828	\$ 3,432,154	\$ 248,529
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable.....	\$ 150	\$ 11,057	\$ 220
Accrued Liabilities.....	471	—	—
Obligations Under Securities Lending.....	534	1,262,924	53,398
Intergovernmental Payable.....	—	1,723,578	1,223
Payable to Primary Government.....	—	3,948,282	—
Refund and Other Liabilities.....	—	—	1,543
TOTAL LIABILITIES.....	1,155	6,945,841	56,384
FUND BALANCES (DEFICITS):			
Reserved for:			
Encumbrances.....	80	65,157	9,632
Noncurrent Portion of Loans Receivable.....	—	—	5,921
Loan Commitments.....	—	—	1,061
Other:			
Prepays.....	39	—	—
Primary, Secondary and Other Education.....	—	—	2,114
Compensated Absences.....	44	—	—
Unreserved/Undesignated.....	510	(3,578,844)	173,417
TOTAL FUND BALANCES (DEFICITS).....	673	(3,513,687)	192,145
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,828	\$ 3,432,154	\$ 248,529

<u>EDUCATIONAL FACILITIES</u>	<u>TOTAL</u>
\$ 208,430	\$ 2,567,861
89,749	1,406,605
—	6,169
—	16
—	39
\$ 298,179	\$ 3,980,690

\$ 591	\$ 12,018
—	471
89,749	1,406,605
16,694	1,741,495
—	3,948,282
—	1,543
<u>107,034</u>	<u>7,110,414</u>

6,140	81,009
—	5,921
—	1,061
—	39
—	2,114
—	44
<u>185,005</u>	<u>(3,219,912)</u>
<u>191,145</u>	<u>(3,129,724)</u>
\$ 298,179	\$ 3,980,690

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STATE OF OHIO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2009
(dollars in thousands)

**SCHOOL
FACILITIES
COMMISSION**

Total Fund Balances (Deficits)..... **\$ (3,129,724)**

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

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

<i>Machinery and Equipment, net of \$63 accumulated depreciation.....</i>	241
<i>Construction-in-Progress.....</i>	2,040
	2,040

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

<i>Refund and Other Liabilities-Compensated Absences.....</i>	(610)
---	-------

Total Net Assets (Deficits)..... **\$ (3,128,053)**

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	SPECIAL REVENUE FUND		
	ADMINISTRATION	SCHOOL BUILDING ASSISTANCE PROGRAM	PUBLIC SCHOOL BUILDING PROGRAM
REVENUES:			
State Assistance.....	\$ —	\$ 194,813	\$ —
Sales, Services and Charges.....	2	—	—
Investment Income.....	42	14,116	3,661
Other.....	22	2,801	641
TOTAL REVENUES.....	66	211,730	4,302
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	8,116	1,207,422	14,345
TOTAL EXPENDITURES.....	8,116	1,207,422	14,345
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(8,050)	(995,692)	(10,043)
OTHER FINANCING SOURCES (USES):			
Transfers-in.....	7,304	—	52,171
Transfers-out.....	—	(229,162)	(7,362)
TOTAL OTHER FINANCING SOURCES (USES).....	7,304	(229,162)	44,809
NET CHANGES IN FUND BALANCES.....	(746)	(1,224,854)	34,766
FUND BALANCES (DEFICITS), JULY 1.....	1,419	(2,288,833)	157,379
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 673	\$ (3,513,687)	\$ 192,145

<u>EDUCATIONAL FACILITIES</u>	<u>TOTAL</u>
\$ —	\$ 194,813
—	2
4,048	21,867
214	3,678
<u>4,262</u>	<u>220,360</u>
12,535	1,242,418
<u>12,535</u>	<u>1,242,418</u>
<u>(8,273)</u>	<u>(1,022,058)</u>
177,049	236,524
—	(236,524)
<u>177,049</u>	<u>—</u>
<u>168,776</u>	<u>(1,022,058)</u>
<u>22,369</u>	<u>(2,107,666)</u>
<u>\$ 191,145</u>	<u>\$ (3,129,724)</u>

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STATE OF OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	<u>SCHOOL FACILITIES COMMISSION</u>
Net Change in Fund Balances	\$ (1,022,058)
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital Outlay Expenditures.....	1,492
Depreciation Expense.....	<u>(12)</u>
Excess of Capital Outlay Over Depreciation Expense.....	<u>1,480</u>
<p>Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.</p>	
	<u>95</u>
Change in Net Assets	<u><u>\$ (1,020,483)</u></u>

STATE OF OHIO
COMBINING BALANCE SHEET
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2009
(dollars in thousands)

	SPECIAL REVENUE FUND		
	ADMINISTRATION	CULTURAL & SPORTS FACILITIES BUILDING IMPROVEMENTS	CAPITAL DONATIONS
ASSETS:			
Cash Equity with Treasurer.....	\$ 999	\$ 20,340	\$ 703
Collateral on Lent Securities.....	430	8,758	303
Other Receivables.....	2	—	—
Other Assets.....	5	—	—
TOTAL ASSETS.....	\$ 1,436	\$ 29,098	\$ 1,006
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable.....	\$ 63	\$ 3,583	\$ —
Accrued Liabilities.....	69	—	—
Obligations Under Securities Lending.....	430	8,758	303
Intergovernmental Payable.....	—	587	—
TOTAL LIABILITIES.....	562	12,928	303
FUND BALANCES:			
Reserved for:			
Encumbrances.....	13	10,884	—
Other:			
Prepays.....	5	—	—
Compensated Absences.....	7	—	—
Unreserved/Undesignated.....	849	5,286	703
TOTAL FUND BALANCES.....	874	16,170	703
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,436	\$ 29,098	\$ 1,006

TOTAL

\$	22,042
	9,491
	2
	5
\$	31,540

\$	3,646
	69
	9,491
	587
	<u>13,793</u>

10,897

	5
	7
	<u>6,838</u>
	<u>17,747</u>
\$	31,540

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STATE OF OHIO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2009
(dollars in thousands)

	<u>CULTURAL FACILITIES COMMISSION</u>
Total Fund Balances	\$ 17,747
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
<i>Land</i>	11,858
<i>Buildings, net of \$18,416 accumulated depreciation</i>	<u>41,855</u>
	<u>53,713</u>
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
<i>Refund and Other Liabilities-Compensated Absences</i>	<u>(68)</u>
Total Net Assets	\$ 71,392

STATE OF OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**
(dollars in thousands)

	SPECIAL REVENUE FUND		
	ADMINISTRATION	CULTURAL & SPORTS FACILITIES BUILDING IMPROVEMENTS	CAPITAL DONATIONS
REVENUES:			
State Assistance.....	\$ —	\$ 30,500	\$ —
Sales, Services and Charges.....	52	—	—
Investment Income.....	23	271	13
Other.....	—	—	450
TOTAL REVENUES.....	75	30,771	463
EXPENDITURES:			
CURRENT OPERATING:			
Community and Economic Development.....	1,282	18,469	—
TOTAL EXPENDITURES.....	1,282	18,469	—
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,207)	12,302	463
OTHER FINANCING SOURCES (USES):			
Transfers-in.....	714	30,982	—
Transfers-out.....	—	(31,696)	—
TOTAL OTHER FINANCING SOURCES (USES).....	714	(714)	—
NET CHANGES IN FUND BALANCES.....	(493)	11,588	463
FUND BALANCES, JULY 1.....	1,367	4,582	240
FUND BALANCES, JUNE 30.....	\$ 874	\$ 16,170	\$ 703

TOTAL

\$ 30,500
52
307
450
31,309

19,751
19,751

11,558

31,696
(31,696)

11,558

6,189

\$ 17,747

STATE OF OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

(dollars in thousands)

	<u>CULTURAL FACILITIES COMMISSION</u>
Net Change in Fund Balances	\$ 11,558
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
<i>Depreciation Expense</i>	<u>(1,339)</u>
Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	<u>5</u>
Change in Net Assets	<u><u>\$ 10,224</u></u>

STATE OF OHIO
BALANCE SHEET
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2009
(dollars in thousands)

	<u>eTECH OHIO</u> <u>COMMISSION</u>
ASSETS:	
Cash Equity with Treasurer.....	\$ 6,070
Collateral on Lent Securities.....	2,614
Receivable from Primary Government.....	366
Other Receivables.....	2
Other Assets.....	3
TOTAL ASSETS.....	<u>\$ 9,055</u>
 LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable.....	\$ 152
Accrued Liabilities.....	340
Obligations Under Securities Lending.....	2,614
TOTAL LIABILITIES.....	<u>3,106</u>
 FUND BALANCES:	
Reserved for:	
Encumbrances.....	28
Federal Programs.....	29
Other:	
Prepays.....	3
Compensated Absences.....	3
Unreserved/Undesignated.....	5,886
TOTAL FUND BALANCES.....	<u>5,949</u>
 TOTAL LIABILITIES AND FUND BALANCES.....	 <u><u>\$ 9,055</u></u>

STATE OF OHIO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
eTECH OHIO COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2009
(dollars in thousands)

	<u>eTECH OHIO COMMISSION</u>
Total Fund Balances	\$ 5,949
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
<i>Machinery and Equipment, net of \$4,925 accumulated depreciation</i>	<u>1,355</u>
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
<i>Refund and Other Liabilities-Compensated Absences</i>	<u>(39)</u>
Total Net Assets	<u>\$ 7,265</u>

STATE OF OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(dollars in thousands)

	<u>eTECH OHIO COMMISSION</u>
REVENUES:	
State Assistance.....	\$ 19,046
Federal Government.....	122
Investment Income.....	(4)
Other.....	1,694
TOTAL REVENUES.....	<u>20,858</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	21,485
TOTAL EXPENDITURES.....	<u>21,485</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(627)</u>
NET CHANGES IN FUND BALANCES.....	(627)
FUND BALANCES, JULY 1.....	<u>6,576</u>
FUND BALANCES, JUNE 30.....	<u>\$ 5,949</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

eTECH OHIO COMMISSION

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(dollars in thousands)

**eTECH
OHIO
COMMISSION**

Net Change in Fund Balance..... **\$ (627)**

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

<i>Capital Outlay Expenditures</i>	81
<i>Depreciation Expense</i>	<u>(1,186)</u>
<i>Excess of Capital Outlay Over Depreciation Expense</i>	<u>(1,105)</u>

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	<u>(3)</u>
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Change in Net Assets..... **\$ (1,735)**

STATISTICAL SECTION

STATISTICAL SECTION

This section of the State of Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

	<u>Pages</u>
Financial Trends	262-275
<p>These schedules contain trend information to assist the reader in understanding how the State's financial performance and condition have changed over time.</p>	
Revenue Capacity	276-291
<p>These schedules contain information to assist the reader in assessing the State's two most significant own-source revenues: income taxes and sales taxes.</p>	
Debt Capacity	292-301
<p>These schedules present information to assist the reader in assessing the affordability of the State's current levels of outstanding debt and its ability to issue additional debt in the future.</p>	
Economic and Demographic Information	302-304
<p>These schedules offer economic and demographic indicators to assist the reader in understanding the environment within which the State's financial activities take place.</p>	
Operating Information	306-313
<p>These schedules contain service and infrastructure data to assist the reader in understanding how the information in the State's financial report relates to the services the State provides and to the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. In fiscal year 2002, the State implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; consequently, schedules presenting government-wide information commence with that year.

STATE OF OHIO
NET ASSETS BY COMPONENT
FOR THE LAST EIGHT FISCAL YEARS

(accrual basis of accounting)
(dollars in thousands)

	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES:				
Invested in Capital Assets, Net of Related Debt.....	\$ 22,325,346	\$ 21,983,900	\$ 21,477,381	\$ 20,889,063
Restricted for:				
Constitutional Provisions:				
Primary, Secondary and Other Education.....	37,174	41,842	34,019	9,607
Transportation and Highway Safety.....	1,031,932	844,666	1,032,112	921,993
State and Local Highway Construction.....	113,009	118,011	126,323	127,121
Externally Imposed Constraints:				
Federal Programs.....	61,929	76,396	81,639	75,776
Coal Research and Development Program.....	—	—	—	—
Clean Ohio Program.....	44,060	90,485	85,209	93,682
Community and Economic Development and Capital Purposes.....	1,045,542	1,420,180	991,094	883,385
Enterprise Bond Program.....	10,000	10,000	10,000	10,000
Total Restricted Net Assets.....	<u>2,343,646</u>	<u>2,601,580</u>	<u>2,360,396</u>	<u>2,121,564</u>
Unrestricted.....	<u>(6,110,855)</u>	<u>(4,006,732)</u>	<u>(4,315,273)</u>	<u>(4,067,042)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....	<u>\$ 18,558,137</u>	<u>\$ 20,578,748</u>	<u>\$ 19,522,504</u>	<u>\$ 18,943,585</u>
BUSINESS-TYPE ACTIVITIES:				
Invested in Capital Assets, Net of Related Debt.....	\$ 37,059	\$ 32,068	\$ 19,322	\$ 10,363
Restricted for:				
Externally Imposed Constraints:				
Workers' Compensation.....	—	—	—	—
Deferred Lottery Prizes.....	57,059	44,126	13,272	56,669
Unemployment Compensation.....	—	452,082	608,364	675,666
Ohio Building Authority.....	23,072	25,558	28,390	28,041
Tuition Trust Authority.....	—	—	32,100	—
Auditor of State's Office.....	—	—	—	—
Total Restricted Net Assets.....	<u>80,131</u>	<u>521,766</u>	<u>682,126</u>	<u>760,376</u>
Unrestricted.....	<u>1,789,789</u>	<u>2,582,265</u>	<u>2,425,083</u>	<u>(247,241)</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS.....	<u>\$ 1,906,979</u>	<u>\$ 3,136,099</u>	<u>\$ 3,126,531</u>	<u>\$ 523,498</u>
PRIMARY GOVERNMENT:				
Invested in Capital Assets, Net of Related Debt.....	\$ 22,362,405	\$ 22,015,968	\$ 21,496,703	\$ 20,899,426
Restricted.....	2,423,777	3,123,346	3,042,522	2,881,940
Unrestricted.....	<u>(4,321,066)</u>	<u>(1,424,467)</u>	<u>(1,890,190)</u>	<u>(4,314,283)</u>
TOTAL PRIMARY GOVERNMENT NET ASSETS.....	<u>\$ 20,465,116</u>	<u>\$ 23,714,847</u>	<u>\$ 22,649,035</u>	<u>\$ 19,467,083</u>

Note:

When practical, net assets reported on the above table have been restated for prior period adjustments, corrections, and reclassifications. However, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expense activity reported for the applicable fiscal years on the "Changes in Net Assets" table may not have been determined for presentation on that table.

2005	2004	2003	2002
\$ 20,285,186	\$ 19,941,259	\$ 19,261,553	\$ 18,653,976
8,200	15,862	5,128	5,759
744,913	698,428	638,615	819,829
129,299	126,517	124,022	124,957
38,656	32,858	75,967	48,997
—	—	8,488	17,340
41,673	80,530	79,457	51,358
935,842	924,533	929,213	810,275
10,000	10,000	10,000	—
<u>1,908,583</u>	<u>1,888,728</u>	<u>1,870,890</u>	<u>1,878,515</u>
<u>(3,988,883)</u>	<u>(4,331,377)</u>	<u>(4,277,649)</u>	<u>(2,979,838)</u>
<u>\$ 18,204,886</u>	<u>\$ 17,498,610</u>	<u>\$ 16,854,794</u>	<u>\$ 17,552,653</u>
\$ (1,839)	\$ 5,873	\$ 19,827	\$ 24,197
—	866,307	545,756	1,880,808
102,614	83,603	169,822	97,040
663,921	809,037	1,286,679	1,912,422
26,996	28,457	24,600	28,003
—	—	—	—
—	—	—	406
<u>793,531</u>	<u>1,787,404</u>	<u>2,026,857</u>	<u>3,918,679</u>
<u>(1,141,542)</u>	<u>(223,611)</u>	<u>(264,186)</u>	<u>(12,846)</u>
<u>\$ (349,850)</u>	<u>\$ 1,569,666</u>	<u>\$ 1,782,498</u>	<u>\$ 3,930,030</u>
\$ 20,283,347	\$ 19,947,132	\$ 19,281,380	\$ 18,678,173
2,702,114	3,676,132	3,897,747	5,797,194
(5,130,425)	(4,554,988)	(4,541,835)	(2,992,684)
<u>\$ 17,855,036</u>	<u>\$ 19,068,276</u>	<u>\$ 18,637,292</u>	<u>\$ 21,482,683</u>

STATE OF OHIO
CHANGES IN NET ASSETS
FOR THE LAST EIGHT FISCAL YEARS

(accrual basis of accounting)

(dollars in thousands)

	2009	2008	2007	2006
EXPENSES:				
GOVERNMENTAL ACTIVITIES:				
Primary, Secondary and Other Education.....	\$ 11,888,145	\$ 11,304,014	\$ 11,467,076	\$ 11,157,283
Higher Education Support.....	2,967,485	2,729,423	2,546,530	2,608,007
Public Assistance and Medicaid.....	17,903,102	16,003,345	15,782,074	14,909,149
Health and Human Services.....	4,061,765	3,651,313	3,538,858	3,526,763
Justice and Public Protection.....	3,251,316	3,128,087	3,102,172	3,111,577
Environmental Protection and Natural Resources.....	413,398	393,704	435,235	406,632
Transportation.....	2,171,475	2,078,732	1,998,166	1,925,841
General Government.....	642,467	746,485	884,590	952,248
Community and Economic Development.....	4,265,827	4,017,838	3,789,404	3,618,550
Intergovernmental.....	—	—	—	—
Interest on Long-Term Debt (excludes interest charged as program expense).....	165,908	173,934	169,776	175,732
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES.....	47,730,888	44,226,875	43,713,881	42,391,782
BUSINESS-TYPE ACTIVITIES:				
Workers' Compensation.....	2,158,753	2,675,254	2,760,313	2,011,480
Lottery Commission.....	1,774,308	1,704,848	1,696,881	1,625,309
Unemployment Compensation.....	3,485,942	1,333,180	1,175,682	1,161,776
Ohio Building Authority.....	26,837	28,117	28,188	25,797
Tuition Trust Authority.....	94,888	121,673	91,416	67,162
Liquor Control.....	479,919	460,398	444,119	423,373
Underground Parking Garage.....	2,804	2,665	2,519	2,993
Office of Auditor of State.....	85,575	73,225	74,487	71,729
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES.....	8,109,026	6,399,360	6,273,605	5,389,619
TOTAL PRIMARY GOVERNMENT EXPENSES.....	\$ 55,839,914	\$ 50,626,235	\$ 49,987,486	\$ 47,781,401
PROGRAM REVENUES:				
GOVERNMENTAL ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Public Assistance and Medicaid.....	\$ 966,010	\$ 1,021,341	\$ 832,275	\$ 639,821
Justice and Public Protection.....	938,297	879,534	929,689	912,421
General Government.....	591,405	694,492	455,656	474,975
Community and Economic Development.....	388,895	362,388	338,337	288,490
Other Activities.....	763,620	582,208	545,050	494,550
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	18,225,832	15,123,481	14,964,098	14,336,540
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	1,198,200	1,070,309	1,286,426	1,288,100
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES.....	23,072,259	19,733,753	19,351,531	18,434,897
BUSINESS-TYPE ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Workers' Compensation.....	2,378,127	2,160,649	4,288,636	2,118,571
Lottery Commission.....	2,425,832	2,332,866	2,267,134	2,227,386
Unemployment Compensation.....	1,172,554	1,174,979	1,112,423	1,163,397
Liquor Control.....	689,283	663,830	639,664	606,905
Other Activities.....	84,418	86,327	81,693	81,555
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	1,028,756	877,482	1,339,887	883,003
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	—	—	—	—
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES.....	7,778,970	7,296,133	9,729,437	7,080,817
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....	\$ 30,851,229	\$ 27,029,886	\$ 29,080,968	\$ 25,515,714

2005	2004	2003	2002
\$ 10,500,807	\$ 10,234,524	\$ 8,498,696	\$ 8,141,634
2,475,281	2,494,828	2,515,379	2,710,111
14,247,598	13,557,787	12,683,617	11,953,033
3,333,997	2,950,880	2,930,071	2,847,339
2,972,666	2,809,295	2,435,774	2,451,328
397,852	397,884	403,445	371,103
2,080,958	1,433,439	1,532,040	1,507,932
670,146	607,376	486,013	762,725
3,432,302	3,493,357	827,530	831,994
—	—	3,587,357	3,552,148
175,700	189,583	195,559	203,811
40,287,307	38,168,953	36,095,481	35,333,158
3,232,669	3,072,477	4,088,796	4,565,493
1,581,100	1,575,279	1,523,764	1,467,203
1,194,040	1,639,014	1,838,949	1,660,148
27,327	27,524	30,824	33,724
30,214	118,834	388,469	284,960
401,187	374,507	354,547	339,294
2,692	2,199	2,515	2,336
73,501	75,758	84,087	78,302
6,542,730	6,885,592	8,311,951	8,431,460
\$ 46,830,037	\$ 45,054,545	\$ 44,407,432	\$ 43,764,618
\$ 612,629	\$ 556,006	\$ 526,679	\$ 509,184
850,032	832,787	694,517	702,145
405,805	413,028	330,249	444,342
313,724	295,078	260,705	291,876
372,243	432,251	364,752	335,025
13,774,602	12,979,579	11,772,552	11,230,106
1,088,146	890,444	930,497	942,200
17,417,181	16,399,173	14,879,951	14,454,878
2,213,121	2,138,634	2,184,192	2,376,252
2,164,857	2,166,512	2,083,108	1,988,124
1,044,500	61,033	50,634	694,090
556,213	520,161	493,195	470,515
77,414	110,820	178,340	237,346
1,183,511	2,455,783	1,895,246	(59,232)
—	332	956	—
7,239,616	7,453,275	6,885,671	5,707,095
\$ 24,656,797	\$ 23,852,448	\$ 21,765,622	\$ 20,161,973

(continued)

STATE OF OHIO
CHANGES IN NET ASSETS
FOR THE LAST EIGHT FISCAL YEARS

(accrual basis of accounting)

(dollars in thousands)

(continued)

	2009	2008	2007	2006
NET (EXPENSE) REVENUE:				
Governmental Activities.....	\$ (24,658,629)	\$ (24,493,122)	\$(24,362,350)	\$(23,956,885)
Business-Type Activities.....	(330,056)	896,773	3,455,832	1,691,198
TOTAL PRIMARY GOVERNMENT NET (EXPENSE).....	\$ (24,988,685)	\$ (23,596,349)	\$(20,906,518)	\$(22,265,687)
GENERAL REVENUES AND				
OTHER CHANGES IN NET ASSETS:				
GOVERNMENTAL ACTIVITIES:				
TAXES:				
Income.....	\$ 8,228,349	\$ 9,887,502	\$ 9,630,983	\$ 9,854,803
Sales.....	7,276,288	7,863,969	7,755,604	7,623,513
Corporate and Public Utility.....	2,443,059	1,610,629	2,615,648	2,359,338
Cigarette.....	924,764	950,646	986,546	1,084,143
Other.....	648,284	1,732,034	672,598	645,856
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,743,151	1,820,336	1,835,478	1,850,939
TOTAL TAXES.....	21,263,895	23,865,116	23,496,857	23,418,592
Tobacco Settlement.....	366,197	362,897	361,552	336,044
Escheat Property.....	117,172	185,016	31,009	93,782
Unrestricted Investment Income.....	(8,765)	250,293	206,414	128,772
Federal.....	—	2	—	—
Other.....	134	200	383	295
Transfers-Internal Activities.....	899,385	885,842	853,171	818,636
TOTAL GOVERNMENTAL ACTIVITIES.....	22,638,018	25,549,366	24,949,386	24,796,121
BUSINESS-TYPE ACTIVITIES:				
Unrestricted Investment Income.....	—	—	—	—
Federal.....	—	—	—	—
Other.....	321	19	372	932
Transfers-Internal Activities.....	(899,385)	(885,842)	(853,171)	(818,636)
TOTAL BUSINESS-TYPE ACTIVITIES.....	(899,064)	(885,823)	(852,799)	(817,704)
TOTAL PRIMARY GOVERNMENT.....	\$ 21,738,954	\$ 24,663,543	\$ 24,096,587	\$ 23,978,417
CHANGE IN NET ASSETS:				
Governmental Activities.....	\$ (2,020,611)	\$ 1,056,244	\$ 587,036	\$ 839,236
Business-Type Activities.....	(1,229,120)	10,950	2,603,033	873,494
TOTAL PRIMARY GOVERNMENT	\$ (3,249,731)	\$ 1,067,194	\$ 3,190,069	\$ 1,712,730

Notes:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

For comparative purposes, data for fiscal years 2002 and 2003 have not been restated for the effects of reclassifying the "Intergovernmental" expense function to other functions.

2005	2004	2003	2002
\$(22,870,126)	\$(21,769,780)	\$(21,215,530)	\$(20,878,280)
696,886	567,683	(1,426,280)	(2,724,365)
\$(22,173,240)	\$(21,202,097)	\$(22,641,810)	\$(23,602,645)

\$ 9,450,119	\$ 8,526,572	\$ 8,231,233	\$ 7,961,718
8,135,552	7,915,493	6,470,645	6,413,916
1,838,882	1,755,736	1,682,945	1,640,433
577,699	557,543	599,943	—
651,646	641,273	649,027	895,414
1,753,390	1,631,631	1,462,608	1,451,767
22,407,288	21,028,248	19,096,401	18,363,248

321,335	316,799	345,075	368,588
91,867	74,268	43,173	50,745
46,797	18,159	5,285	72,262
—	193,033	193,033	—
287	1,940	1,802	33
807,653	781,149	755,855	743,821
23,675,227	22,413,596	20,440,624	19,598,697

2,040	622	29,726	—
—	12	44	346,891
5,837	—	4,833	2,475
(807,653)	(781,149)	(755,855)	(743,821)
(799,776)	(780,515)	(721,252)	(394,455)
\$ 22,875,451	\$ 21,633,081	\$ 19,719,372	\$ 19,204,242

\$ 805,101	\$ 643,816	\$ (774,906)	\$ (1,279,583)
(102,890)	(212,832)	(2,147,532)	(3,118,820)
\$ 702,211	\$ 430,984	\$ (2,922,438)	\$ (4,398,403)

STATE OF OHIO
CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(dollars in thousands)

	2009	2008	2007	2006	2005
REVENUES:					
Income Taxes.....	\$ 8,404,218	\$ 9,766,337	\$ 9,700,901	\$ 9,726,268	\$ 9,398,979
Sales Taxes.....	7,265,514	7,863,969	7,755,605	7,623,513	8,135,552
Corporate and Public Utility Taxes.....	2,449,060	2,679,751	2,615,649	2,359,337	1,838,883
Motor Vehicle Fuel Taxes.....	1,743,151	1,820,336	1,835,477	1,850,940	1,753,389
Cigarette Taxes.....	924,764	950,646	986,546	1,084,143	577,698
Other Taxes.....	648,284	662,913	672,598	645,857	651,647
Licenses, Permits and Fees.....	2,419,459	2,289,420	2,261,667	2,137,549	1,851,739
Sales, Services and Charges.....	88,089	83,167	78,807	77,071	83,846
Federal Government.....	18,905,780	15,740,008	15,663,148	15,421,095	14,640,717
Tobacco Settlement.....	366,895	334,270	308,488	294,725	321,050
Escheat Property.....	102,347	137,125	83,991	145,695	118,719
Investment Income.....	284,400	605,935	619,645	440,623	228,186
Other	1,132,565	1,198,425	762,191	627,312	640,076
TOTAL REVENUES.....	44,734,526	44,132,302	43,344,713	42,434,128	40,240,481
EXPENDITURES:					
Current Operating:					
Primary, Secondary and					
Other Education.....	11,474,274	10,962,026	11,300,752	11,026,085	10,377,748
Higher Education Support.....	2,815,624	2,587,466	2,437,150	2,499,074	2,369,279
Public Assistance and Medicaid.....	17,882,194	16,003,057	15,774,452	14,907,511	14,240,939
Health and Human Services.....	3,974,954	3,592,273	3,465,552	3,461,571	3,276,589
Justice and Public Protection.....	3,177,545	3,126,680	3,049,826	3,055,124	2,903,061
Environmental Protection and					
Natural Resources.....	396,812	409,643	419,324	395,016	379,273
Transportation.....	2,077,597	2,080,166	2,186,036	2,185,928	2,077,669
General Government.....	579,457	648,774	754,441	792,645	585,161
Community and Economic					
Development.....	4,139,904	3,906,709	3,664,551	3,549,065	3,362,574
Intergovernmental	—	—	—	—	—
Capital Outlay.....	565,799	547,825	453,761	485,904	466,913
Debt service:					
Principal.....	1,108,850	1,154,719	1,061,912	962,443	1,162,970
Interest.....	794,302	719,856	545,172	496,822	253,260
TOTAL EXPENDITURES.....	48,987,312	45,739,194	45,112,929	43,817,188	41,455,436
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES.....	(4,252,786)	(1,606,892)	(1,768,216)	(1,383,060)	(1,214,955)

2004	2003	2002	2001	2000
\$ 8,479,900	\$ 8,210,130	\$ 7,982,461	\$ 8,302,892	\$ 8,098,155
7,915,493	6,470,643	6,385,248	6,248,705	6,233,089
1,755,736	1,682,943	1,640,433	1,726,263	1,697,970
1,631,632	1,462,608	1,451,767	1,457,454	1,459,374
557,543	599,943	281,292	282,481	287,710
641,274	649,027	614,122	647,857	625,376
1,804,291	1,564,429	1,521,736	1,219,605	1,156,379
85,547	87,628	94,597	83,891	86,981
13,893,741	12,791,973	11,734,436	10,433,668	9,321,234
316,322	369,619	368,588	315,812	412,270
103,767	84,642	52,628	—	—
110,876	121,592	282,457	486,817	443,566
577,637	526,164	635,812	514,544	481,856
<u>37,873,759</u>	<u>34,621,341</u>	<u>33,045,577</u>	<u>31,719,989</u>	<u>30,303,960</u>
10,127,804	8,451,164	8,142,972	7,194,883	6,634,181
2,386,570	2,408,059	2,449,614	506,511	439,137
13,617,263	12,731,148	11,854,582	10,894,942	9,488,379
3,098,669	2,894,321	2,792,890	2,555,221	2,613,853
2,522,823	2,348,232	2,378,120	2,232,421	2,167,402
365,511	369,119	355,576	340,574	354,180
1,807,912	1,942,040	1,897,807	1,756,201	1,680,736
493,237	501,966	733,591	468,791	575,576
3,380,557	718,088	748,185	541,166	452,516
—	3,573,227	3,563,306	3,361,184	3,257,632
458,118	498,066	465,843	411,817	629,753
877,116	815,034	783,411	765,832	697,880
458,330	435,970	410,193	371,705	356,115
<u>39,593,910</u>	<u>37,686,434</u>	<u>36,576,090</u>	<u>31,401,248</u>	<u>29,347,340</u>
<u>(1,720,151)</u>	<u>(3,065,093)</u>	<u>(3,530,513)</u>	<u>318,741</u>	<u>956,620</u>

(continued)

STATE OF OHIO
CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS

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

	2009	2008	2007	2006	2005
OTHER FINANCING SOURCES (USES):					
Bonds and Certificates of					
Participation Issued.....	\$ 1,000,770	\$ 6,214,699	\$ 1,482,830	\$ 1,524,269	\$ 1,347,285
Refunding Bonds Issued.....	506,480	—	259,205	156,240	706,835
Payment to Refunded Bond					
Escrow Agents.....	(555,025)	—	(279,651)	(172,770)	(768,952)
Premiums.....	74,345	24,139	87,878	71,475	142,926
Discounts.....	(2,732)	(66,884)	—	—	(94)
Capital Leases.....	600	1,533	18,942	4,959	335
Transfers-in.....	3,470,851	3,663,030	3,548,419	3,319,821	3,323,250
Transfers-out.....	(2,571,466)	(2,777,188)	(2,695,248)	(2,501,185)	(2,515,597)
Transfers to Component Units.....	—	—	—	—	—
TOTAL OTHER FINANCING					
SOURCES (USES).....	1,923,823	7,059,329	2,422,375	2,402,809	2,235,988
NET CHANGE IN					
FUND BALANCES.....	\$ (2,328,963)	\$ 5,452,437	\$ 654,159	\$ 1,019,749	\$ 1,021,033
Debt Service as a Percentage					
of Noncapital Expenditures.....	3.9%	4.1%	3.6%	3.4%	3.5%
Additional Information:					
Increase (Decrease) for					
Changes in Inventories.....	\$ 19,833	\$ 24,571	\$ (3,216)	\$ 12,636	\$ (1,102)
Residual Equity Transfers (Net).....	N/A	N/A	N/A	N/A	N/A

Notes:

Revenues, expenditures, and other financing sources (uses) have been restated for prior period adjustments, corrections, and reclassifications, when practical. Significant items of note are as follows:

For comparative purposes, data for fiscal years 2000 and 2001 have not been restated for the following items, which impacted the governmental funds amounts shown for fiscal year 2002 and thereafter:

- The implementation of the reporting provisions of GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.
- The reclassification of the State's previously reported Unclaimed Funds Expendable Trust Fund to the General Fund. Accordingly, prior to fiscal year 2002, escheat property revenue had been reported in the General Fund.
- Expenditure data presented after fiscal year 2001 includes payments to colleges and universities that were reported as "Transfers to Component Units" in previous years.

For comparative purposes, data for fiscal years 2000 through 2003 have not been restated for the effects of reclassifying the "Intergovernmental" expenditure function to other functions.

2004	2003	2002	2001	2000
\$ 1,574,566	\$ 1,405,000	\$ 1,200,000	\$ 903,828	\$ 1,102,374
247,297	1,025,040	341,451	504,786	—
(260,146)	(1,091,881)	(339,042)	(499,750)	—
111,270	188,952	37,124	—	—
(7,923)	(33,649)	(2)	—	—
400	3,391	1,480	—	4,924
3,246,329	3,250,997	3,203,580	3,121,285	3,409,874
(2,465,180)	(2,495,142)	(2,459,759)	(2,361,079)	(2,648,146)
—	—	—	(2,250,914)	(1,671,985)
<u>2,446,613</u>	<u>2,252,708</u>	<u>1,984,832</u>	<u>(581,844)</u>	<u>197,041</u>
<u>\$ 726,462</u>	<u>\$ (812,385)</u>	<u>\$ (1,545,681)</u>	<u>\$ (263,103)</u>	<u>\$ 1,153,661</u>
3.4%	3.4%	3.3%	3.7%	3.7%
\$ 1,710	\$ (8,143)	\$ 105	\$ (3,961)	\$ 1,367
N/A	N/A	N/A	\$ (2,168)	\$ (3,732)

STATE OF OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(dollars in thousands)

	2009	2008	2007	2006	2005
GENERAL FUND:					
Reserved	\$ 560,762	\$ 744,371	\$ 687,131	\$ 617,733	\$ 627,395
Unreserved.....	213,054	1,857,001	1,568,395	1,291,950	649,420
TOTAL GENERAL FUND.....	773,816	2,601,372	2,255,526	1,909,683	1,276,815
ALL OTHER GOVERNMENTAL FUNDS:					
Reserved.....	11,549,682	11,237,699	5,391,969	6,371,192	6,194,524
Unreserved, reported in:					
Special Revenue Funds.....	(2,289,388)	(1,387,802)	(688,422)	(2,048,150)	(2,369,192)
Debt Service Funds.....	—	140	(20)	—	—
Capital Projects Funds.....	(148,155)	(256,324)	(240,976)	(165,591)	33,139
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	9,112,139	9,593,713	4,462,551	4,157,451	3,858,471
TOTAL GOVERNMENTAL FUNDS.....	\$ 9,885,955	\$ 12,195,085	\$ 6,718,077	\$ 6,067,134	\$ 5,135,286

Note:

When practical, fund balances reported on the above table have been restated for prior period adjustments, corrections, and reclassifications; however, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expenditure activity reported for the applicable fiscal years on the "Changes in Fund Balances for Governmental Funds" table and the "Condensed Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund" table may not have been determined for presentation on each of the two respective tables.

2004	2003	2002	2001	2000
\$ 661,238	\$ 557,638	\$ 556,036	\$2,154,861	\$1,485,966
105,333	(452,491)	206,214	(46,466)	1,035,085
766,571	105,147	762,250	2,108,395	2,521,051
5,240,145	4,863,068	4,684,021	5,149,718	6,009,038
(1,614,473)	(1,229,230)	(586,200)	(1,068,729)	(1,764,304)
—	(49)	(21)	(473)	—
(178,063)	(252,928)	(331,359)	(94,797)	(355,200)
3,447,609	3,380,861	3,766,441	3,985,719	3,889,534
\$4,214,180	\$3,486,008	\$4,528,691	\$6,094,114	\$6,410,585

STATE OF OHIO

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

(modified accrual basis of accounting)

(dollars in thousands)

	2009	2008	2007	2006	2005
REVENUES:					
Income Taxes.....	\$ 7,705,081	\$ 8,955,642	\$ 8,863,302	\$ 8,889,463	\$ 8,563,376
Sales Taxes.....	7,062,149	7,556,034	7,432,423	7,302,441	7,816,395
Corporate and Public Utility Taxes	814,415	1,198,202	1,583,791	1,774,113	1,468,576
Cigarette Taxes	924,764	950,644	986,546	1,084,142	577,671
Other Taxes	587,806	601,557	612,304	584,689	591,998
Licenses, Permits and Fees	435,849	328,260	288,648	209,054	148,877
Sales, Services and Charges	51,653	51,351	48,876	46,067	41,911
Federal Government	6,848,974	5,626,381	5,362,256	5,526,049	5,724,597
Tobacco Settlement.....	—	1,135	—	—	—
Escheat Property	102,347	137,125	83,991	145,695	118,719
Investment Income	170,371	395,408	416,563	305,425	140,891
Other	455,254	582,672	252,599	177,066	259,019
TOTAL REVENUES	25,158,663	26,384,411	25,931,299	26,044,204	25,452,030
EXPENDITURES:					
Current Operating	26,290,239	25,122,530	25,129,616	25,215,213	24,439,150
Intergovernmental	—	—	—	—	—
Capital Outlay	67	10	114	204	—
Debt Service	—	—	14,575	536	543
TOTAL EXPENDITURES	26,290,306	25,122,540	25,144,305	25,215,953	24,439,693
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	(1,131,643)	1,261,871	786,994	828,251	1,012,337
OTHER FINANCING SOURCES					
(USES):					
Bonds Issued	30,000	7,998	525,000	629,392	419,349
Premiums	500	—	—	921	26
Capital Leases	600	1,533	9,999	4,959	122
Transfers-in	446,576	496,538	346,399	365,326	366,376
Transfers-out	(1,173,439)	(1,424,672)	(1,322,012)	(1,201,618)	(1,216,051)
TOTAL OTHER FINANCING					
SOURCES (USES).....	(695,763)	(918,603)	(440,614)	(201,020)	(430,178)
NET CHANGE IN					
FUND BALANCES.....	(1,827,406)	343,268	346,380	627,231	582,159
FUND BALANCES, JULY 1	2,601,372	2,255,526	1,909,683	1,276,815	695,788
Increase (Decrease)					
for Changes in Inventories	(150)	2,578	(537)	5,637	(1,132)
FUND BALANCES, JUNE 30	\$ 773,816	\$ 2,601,372	\$ 2,255,526	\$ 1,909,683	\$ 1,276,815

Notes:

The July 1 fund balances, revenues, and expenditures have been restated for prior period adjustments, corrections, and reclassifications, when practical. Significant items of note are as follows:

- For comparative purposes, revenue data for fiscal years 2000 and 2001 have been restated for the effects of reclassifications of the State's previously reported Unclaimed Funds Expendable Trust Fund to the General Fund. Accordingly, prior to fiscal year 2002, escheat property revenue had not been reported in the General Fund.
- Current expenditures presented for fiscal years 2000 and 2001 have been restated to include amounts previously reported as "Transfers to Component Units."
- For comparative purposes, data for fiscal years 2000 through 2003 have not been restated for the effects of reclassifying the "Intergovernmental" expenditure function to other functions.

2004	2003	2002	2001	2000
\$ 7,645,597	\$ 7,374,239	\$ 7,129,512	\$ 7,446,990	\$ 7,243,856
7,596,254	6,153,743	6,066,023	5,922,333	5,919,129
1,381,752	1,302,968	1,276,159	1,604,402	1,604,604
557,532	599,941	281,290	282,481	287,709
580,143	595,498	556,946	590,225	573,888
121,953	115,199	100,858	101,352	96,954
44,233	44,899	51,211	40,895	45,738
5,904,388	5,251,885	4,563,370	4,508,747	3,993,184
—	—	—	—	—
103,767	84,642	52,628	—	—
43,029	33,095	145,483	234,590	287,937
240,020	192,573	273,750	197,029	189,241
24,218,668	21,748,682	20,497,230	20,929,044	20,242,240
23,696,295	21,131,783	20,547,608	19,522,704	17,894,051
—	1,294,797	1,227,313	1,189,845	1,081,828
—	—	—	—	24,862
541	2,300	2,286	2,276	2,320
23,696,836	22,428,880	21,777,207	20,714,825	19,003,061
521,832	(680,198)	(1,279,977)	214,219	1,239,179
613,000	470,000	400,000	—	—
—	—	6,029	—	—
260	2,692	1,451	—	2,668
543,443	630,122	617,185	207,488	142,267
(1,019,566)	(991,261)	(977,731)	(1,061,119)	(1,302,412)
137,137	111,553	46,934	(853,631)	(1,157,477)
658,969	(568,645)	(1,233,043)	(639,412)	81,702
105,147	762,250	2,108,395	2,521,051	2,640,072
2,455	(818)	105	(741)	511
\$ 766,571	\$ 192,787	\$ 875,457	\$ 1,880,898	\$ 2,722,285

STATE OF OHIO

TAX REVENUES OF GOVERNMENTAL FUNDS BY MAJOR SOURCE FOR THE LAST TEN FISCAL YEARS

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

<u>Year</u>	<u>State Income Taxes</u>	<u>State Sales Taxes</u>	<u>Total</u>
2009	\$ 8,404,218	\$ 7,265,514	\$ 15,669,732
2008	9,766,337	7,863,969	17,630,306
2007	9,700,901	7,755,605	17,456,506
2006	9,726,268	7,623,513	17,349,781
2005	9,398,979	8,135,552	17,534,531
2004	8,479,900	7,915,493	16,395,393
2003	8,210,130	6,470,643	14,680,773
2002	7,982,461	6,385,248	14,367,709
2001	8,302,892	6,248,705	14,551,597
2000	8,098,155	6,233,089	14,331,244

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STATE OF OHIO
PERSONAL INCOME BY INDUSTRY
AND DIRECT STATE INCOME TAX RATES
FOR THE LAST TEN CALENDAR YEARS
(dollars in millions)

Industry	2008	2007	2006	2005	2004
Services.....	\$ 112,598	\$ 107,901	\$ 102,092	\$ 97,988	\$ 93,224
Manufacturing.....	54,155	55,365	55,876	55,000	54,686
Government.....	47,866	45,811	44,563	43,648	42,545
Wholesale and Retail Trade.....	36,065	35,563	34,343	34,049	33,379
Finance, Insurance, and Real Estate.....	22,440	22,906	22,522	22,251	22,179
Construction.....	14,742	15,499	15,790	15,459	14,730
Transportation and Public Utilities.....	14,056	13,655	13,420	12,055	11,164
Other	105,952	99,010	92,654	84,869	84,867
Total Personal Income.....	<u>\$ 407,874</u>	<u>\$ 395,710</u>	<u>\$ 381,260</u>	<u>\$ 365,319</u>	<u>\$ 356,774</u>
Direct State Income Tax Rates.....	2.06%	2.48%	2.54%	2.66%	2.63%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Department of Taxation

2003	2002	2001	2000	1999
\$ 82,694	\$ 84,835	\$ 82,306	\$ 58,012	\$ 55,182
55,520	52,775	52,703	54,255	54,358
38,966	37,656	35,906	33,385	31,380
32,395	31,910	31,735	36,309	34,230
20,850	19,534	18,912	16,107	15,163
14,110	13,891	13,865	13,075	12,555
10,725	10,438	10,332	12,972	12,306
87,273	80,929	79,960	98,317	90,469
<u>\$ 342,533</u>	<u>\$ 331,968</u>	<u>\$ 325,719</u>	<u>\$ 322,432</u>	<u>\$ 305,643</u>

2.48%	2.47%	2.46%	2.57%	2.65%
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STATE OF OHIO
SALES TAX REVENUE BY TYPE
FOR THE LAST TEN FISCAL YEARS
(cash basis of accounting)
(dollars in thousands)

Type	2009	2008	2007	2006	2005
Vendors' Sales.....	\$ 6,430,446	\$ 6,794,114	\$ 6,677,060	\$ 6,621,450	\$ 6,957,051
Motor Vehicles and Watercraft.....	885,234	975,833	978,029	994,121	1,122,538
Alcoholic Beverages.....	33,676	31,435	29,132	27,118	26,878
Delinquencies and Assessments.....	52,204	64,293	46,366	30,354	24,867
Permissive Taxes:					
County Levies.....	13,763	14,250	13,921	13,044	12,157
Transit Authorities.....	3,436	3,088	2,940	2,929	2,907
Total Sales Tax Revenue.....	<u>\$ 7,418,759</u>	<u>\$ 7,883,013</u>	<u>\$ 7,747,448</u>	<u>\$ 7,689,016</u>	<u>\$ 8,146,398</u>

Source:
Ohio Office of Budget and Management

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 6,601,482	\$ 5,630,678	\$ 5,322,500	\$ 4,710,651	\$ 4,680,221
1,183,196	1,024,026	965,261	1,470,319	1,474,251
24,918	20,341	19,562	18,671	17,547
25,099	26,389	36,215	37,468	47,663
11,984	11,360	10,910	10,854	10,737
2,835	2,764	2,662	2,748	2,670
<u>\$ 7,849,514</u>	<u>\$ 6,715,558</u>	<u>\$ 6,357,110</u>	<u>\$ 6,250,711</u>	<u>\$ 6,233,089</u>

STATE OF OHIO

RATES FOR STATE INDIVIDUAL INCOME TAX AND SALES TAX FOR THE LAST TEN YEARS

MARGINAL INCOME TAX RATES BY CALENDAR YEAR

Ohio Taxable Income	2008	2007	2006	2005	2004
\$0 - \$5,000	0.618%	0.649%	0.681%	0.712%	0.743%
\$5,001 - \$10,000	1.236%	1.299%	1.361%	1.424%	1.486%
\$10,001 - \$15,000	2.473%	2.598%	2.722%	2.847%	2.972%
\$15,001 - \$20,000	3.091%	3.247%	3.403%	3.559%	3.715%
\$20,001 - \$40,000	3.708%	3.895%	4.083%	4.270%	4.457%
\$40,001 - \$80,000	4.327%	4.546%	4.764%	4.983%	5.201%
\$80,001 - \$100,000	4.945%	5.194%	5.444%	5.693%	5.943%
\$100,001 - \$200,000	5.741%	6.031%	6.320%	6.610%	6.900%
\$200,001 & above	6.240%	6.555%	6.870%	7.185%	7.500%

SALES TAX RATES BY FISCAL YEAR

	2009	2008	2007	2006	2005
Base State Sales Tax Rates	5.50%	5.50%	5.50%	5.50%	6.00%

Source:
Ohio Department of Taxation

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
0.743%	0.743%	0.743%	0.691%	0.716%
1.486%	1.486%	1.486%	1.383%	1.432%
2.972%	2.972%	2.972%	2.766%	2.864%
3.715%	3.715%	3.715%	3.458%	3.580%
4.457%	4.457%	4.457%	4.148%	4.295%
5.201%	5.201%	5.201%	4.841%	5.012%
5.943%	5.943%	5.943%	5.531%	5.727%
6.900%	6.900%	6.900%	6.422%	6.650%
7.500%	7.500%	7.500%	6.980%	7.228%

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>6.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>

STATE OF OHIO
STATE INDIVIDUAL INCOME TAX RATES
FOR THE LAST TEN CALENDAR YEARS

Year	Top Rate for Income in Excess of \$200,000	Personal Exemption for Taxpayer and Spouse	Dependent Exemption	Exemption Credit per Taxpayer, Spouse, and Dependent	Average Effective Rate(A)
2008	6.240%	\$1,500	\$1,500	\$20	2.06%
2007	6.555%	1,450	1,450	20	2.48%
2006	6.870%	1,400	1,400	20	2.54%
2005	7.185%	1,350	1,350	20	2.66%
2004	7.500%	1,300	1,300	20	2.63%
2003	7.500%	1,250	1,250	20	2.48%
2002	7.500%	1,200	1,200	20	2.47%
2001	7.500%	1,150	1,150	20	2.46%
2000	6.980%	1,100	1,100	20	2.57%
1999	7.228%	1,050	1,050	20	2.65%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Department of Taxation

Note:

(A) The average effective rate is calculated by dividing individual income tax revenue (cash basis) for the subsequent fiscal year by personal income for the calendar year.

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STATE OF OHIO

STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2007 WITH COMPARATIVES FOR TAX YEAR 1998 (NINE YEARS AGO)

2007 TAX YEAR (most recent information available)

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$149,337,302	144,642	2.63%
\$100,001-\$200,000	56,802,090	433,452	7.88%
\$80,001-\$100,000	31,103,082	348,908	6.34%
\$40,001-\$80,000	80,866,143	1,418,885	25.79%
\$20,001-\$40,000	40,440,543	1,374,389	24.97%
\$15,001-\$20,000	7,281,775	416,741	7.57%
\$10,001-\$15,000	5,466,148	437,711	7.95%
\$5,001-\$10,000	3,482,907	467,370	8.49%
\$5,000 & Under	1,234,072	461,073	8.38%
	<u>\$376,014,062</u>	<u>5,503,171</u>	<u>100.00%</u>

1998 TAX YEAR

Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$61,209,231	80,192	1.50%
\$100,001-\$200,000	27,404,058	208,012	3.89%
\$80,001-\$100,000	17,345,987	195,546	3.66%
\$40,001-\$80,000	73,743,216	1,321,149	24.70%
\$20,001-\$40,000	43,851,274	1,510,430	28.22%
\$15,001-\$20,000	8,601,876	491,933	9.20%
\$10,001-\$15,000	6,239,849	498,920	9.33%
\$5,001-\$10,000	3,802,755	510,145	9.54%
\$5,000 & Under	1,480,842	533,346	9.96%
	<u>\$243,679,088</u>	<u>5,349,673</u>	<u>100.00%</u>

Source:
Ohio Department of Taxation

Note:

(A) The effective tax rate is calculated by dividing Ohio income tax receipts by federal adjusted gross income.

Ohio Income Tax Liability		
Tax Receipts <i>(in thousands)</i>	Percentage of Total Taxes	Effective Tax Rate (A)
\$3,504,709	37.14%	2.35%
2,078,930	22.03%	3.66%
967,273	10.25%	3.11%
2,088,329	22.13%	2.58%
715,004	7.58%	1.77%
62,747	0.66%	0.86%
19,871	0.21%	0.36%
75	0.00%	0.00%
196	0.00%	0.02%
\$9,437,134	100.00%	2.51%

Ohio Income Tax Liability		
Tax Receipts <i>(in thousands)</i>	Percentage of Total Taxes	Effective Tax Rate (A)
\$1,988,432	29.61%	3.25%
1,069,111	15.92%	3.90%
582,378	8.67%	3.36%
2,054,378	30.59%	2.79%
878,731	13.09%	2.00%
92,032	1.37%	1.07%
39,114	0.58%	0.63%
10,988	0.16%	0.29%
362	0.01%	0.02%
\$6,715,526	100.00%	2.76%

STATE OF OHIO

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

	2009	2008	2007	2006	2005
Active Employers by Type					
Private.....	257,012	264,870	270,499	283,038	283,733
Public (Local).....	3,791	3,810	3,783	3,771	3,765
Public (State).....	124	125	126	126	129
Self-Insured.....	1,188	1,174	1,139	1,136	1,127
Black Lung.....	38	39	37	36	37
Marine Fund.....	98	92	95	91	82
Total.....	<u>262,251</u>	<u>270,110</u>	<u>275,679</u>	<u>288,198</u>	<u>288,873</u>

Premium & Assessment Income (dollars in thousands)

Premium Income.....	\$ 1,896,525	\$ 1,851,763	\$ 1,802,634	\$ 1,762,823	\$ 1,732,563
Assessment Income.....	573,025	383,329	2,526,728	410,504	536,641
Provision for Uncollectibles.....	(108,620)	(96,690)	(58,429)	(70,038)	(68,070)
Total Premium & Assessment Income.....	<u>\$ 2,360,930</u>	<u>\$ 2,138,402</u>	<u>\$ 4,270,933</u>	<u>\$ 2,103,289</u>	<u>\$ 2,201,134</u>

Actual Average Collected Premium Rate per \$100 of Payroll:

Private Employers.....	\$1.58	\$1.66	\$1.67	\$1.74	\$1.77
Public Employers-Taxing Districts.....	1.78	1.89	1.71	1.60	1.77

Sources:

Ohio Bureau of Workers' Compensation Year-End Statistics Report
Ohio Bureau of Workers' Compensation Actuarial Report

Note:

In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a \$1.9 billion increase in assessment income during fiscal year 2007.

2004	2003	2002	2001	2000
283,620	278,494	272,195	268,485	268,539
3,733	3,717	3,687	3,655	3,649
126	129	128	129	127
1,104	1,092	1,181	1,163	1,327
36	36	37	39	37
90	87	78	97	93
<u>288,709</u>	<u>283,555</u>	<u>277,306</u>	<u>273,568</u>	<u>273,772</u>

\$ 1,743,766	\$ 1,723,294	\$ 1,880,463	\$ 1,606,123	\$ 2,287,884
488,889	508,039	482,222	414,935	432,398
<u>(105,873)</u>	<u>(56,395)</u>	<u>(66,553)</u>	<u>(65,454)</u>	<u>(77,270)</u>
<u>\$ 2,126,782</u>	<u>\$ 2,174,938</u>	<u>\$ 2,296,132</u>	<u>\$ 1,955,604</u>	<u>\$ 2,643,012</u>

\$1.71	\$1.65	\$1.65	\$1.69	\$1.83
1.74	1.66	1.53	1.49	1.41

STATE OF OHIO
LOTTERY COMMISSION ENTERPRISE FUND
TICKET SALES BY MAJOR GAME TYPE
FOR THE LAST TEN FISCAL YEARS
(dollars in millions)

	2009	2008	2007	2006	2005
Online Games:					
Pick 3.....	\$ 382.5	\$ 387.1	\$ 370.9	\$ 377.3	\$ 387.7
Pick 4.....	205.9	198.8	183.0	175.7	170.1
Buckeye 5/Rolling Cash 5	67.2	70.5	72.9	72.6	74.8
Super Lotto/Classic Lotto*	—	—	21.8	76.3	113.0
Classic Lotto*.....	43.9	41.2	21.8	—	—
Raffle**.....	9.3	10.0	17.8	—	—
Kicker.....	21.4	21.4	21.3	21.6	19.9
Mega Millions.....	193.0	201.0	196.1	223.4	176.4
EZ Play***.....	34.3	12.3	—	—	—
Ten-OH!****.....	11.0	18.0	—	—	—
Keno *****.....	99.8	—	—	—	—
Total Online Games.....	1,068.3	960.3	905.6	946.9	941.9
Instant Games.....	1,349.4	1,364.8	1,353.8	1,274.0	1,217.2
Total Ticket Sales.....	<u>\$ 2,417.7</u>	<u>\$ 2,325.1</u>	<u>\$ 2,259.4</u>	<u>\$ 2,220.9</u>	<u>\$ 2,159.1</u>

Source: Ohio Lottery Commission

Notes:

- * - In January 2007, the Classic Lotto game replaced the Super Lotto game.
- ** - Raffle to Riches was a new game started in 2007.
- *** - In April 2008, the new EZ Play game was introduced.
- **** - In August 2007, the game Ten-OH! was introduced.
- ***** - In 2009, the Keno game was introduced.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 396.8	\$ 401.8	\$ 409.2	\$ 419.0	\$ 427.3
165.2	154.2	154.6	150.7	144.6
66.6	68.9	62.4	56.5	62.2
143.8	160.7	297.9	262.5	336.6
—	—	—	—	—
—	—	—	—	—
24.5	27.3	45.0	42.9	52.9
191.8	176.2	16.5	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
<u>988.7</u>	<u>989.1</u>	<u>985.6</u>	<u>931.6</u>	<u>1,023.6</u>
<u>1,166.0</u>	<u>1,089.1</u>	<u>997.5</u>	<u>988.3</u>	<u>1,126.8</u>
<u>\$ 2,154.7</u>	<u>\$ 2,078.2</u>	<u>\$ 1,983.1</u>	<u>\$ 1,919.9</u>	<u>\$ 2,150.4</u>

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

(dollars in thousands)

Governmental Activities					
As of June 30,	General Obligation Bonds	Revenue Bonds	Special Obligation Bonds	Certificates of Participation	Capital Leases
2009	\$ 7,138,051	\$ 6,646,593	\$ 2,427,556	\$ 216,537	\$ 9,929
2008	7,310,376	6,413,182	2,585,319	187,336	9,804
2007	7,583,266	811,910	2,966,105	122,182	18,737
2006	6,893,521	720,675	3,317,325	90,389	3,366
2005	6,039,203	591,888	3,699,936	92,142	2,471
2004	5,420,711	607,958	3,914,168	6,480	3,460
2003	4,603,842	450,598	4,093,614	7,370	4,888
2002	3,771,129	297,638	4,389,102	9,900	3,933
2001	3,034,037	218,900	4,731,842	12,305	4,722
2000	2,461,673	232,785	4,973,657	14,590	6,190

Note:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

(dollars in thousands)

<u>Business-Type Activities</u>				
<u>Revenue</u> <u>Bonds</u>	<u>Capital</u> <u>Leases</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Per</u> <u>Capita</u>
\$ 80,657	\$ 3	\$ 16,519,326	4.05%	1,438
97,286	12	16,603,315	4.20%	1,448
115,740	22	11,617,962	3.05%	1,012
135,215	12	11,160,503	3.06%	974
151,063	205	10,576,908	2.96%	923
158,578	30,368	10,141,723	2.96%	887
167,310	44,151	9,371,773	2.82%	821
190,723	57,171	8,719,596	2.68%	766
202,614	199	8,204,619	2.54%	722
213,963	3,072	7,905,930	2.59%	697

STATE OF OHIO

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

As of June 30,	Bonded Debt (dollars in thousands)					Percentage of Personal Income	Per Capita Net Bonded Debt
	General Obligation Bonds	Special Obligation Bonds	Less Amount Reserved for Debt Service	Net Bonded Debt			
2009	\$ 7,138,051	\$ 2,427,556	\$931	\$9,564,676	2.35%	833	
2008	7,310,376	2,585,319	8,954	9,886,741	2.50%	862	
2007	7,583,266	2,966,105	11,680	10,537,691	2.76%	918	
2006	6,893,521	3,317,325	10,994	10,199,852	2.79%	890	
2005	6,039,203	3,699,936	39,877	9,699,262	2.72%	846	
2004	5,420,711	3,914,168	71,736	9,263,143	2.70%	810	
2003	4,603,842	4,093,614	102,055	8,595,401	2.59%	753	
2002	3,771,129	4,389,102	94,323	8,065,908	2.48%	708	
2001	3,034,037	4,731,842	108,591	7,657,288	2.37%	674	
2000	2,461,673	4,973,657	112,300	7,323,030	2.40%	646	

Note:

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

Debt Service Fund:

- Coal Research/Development General Obligations
- Highway General Obligations
- Local Infrastructure Improvements General Obligations
- State Projects General Obligations
- Highway Capital Improvements General Obligations
- Higher Education Capital Facilities General Obligations
- Common Schools Capital Facilities General Obligations
- Conservation Projects General Obligations
- Third Frontier Research/Development General Obligations
- Job Ready Site Development General Obligations
- Chapter 154 Special Obligations
- Higher Education Facilities Special Obligations**
- Mental Health Facilities Special Obligations**
- Parks and Recreation Facilities Special Obligations**
- School Building Program Special Obligations
- Ohio Building Authority Special Obligations
- Ohio Public Facilities Commission Special Obligations

Capital Projects Fund:

- Mental Health/Mental Retardation Facilities Improvements
- Parks and Recreation Improvements
- Adult Correctional Building Improvements
- Administrative Service Building Improvements
- Youth Services Building Improvements
- Highway Safety Building Improvements
- Ohio Parks and Natural Resources
- Highway Capital Improvement

** - The activity previously reported in these Debt Service Funds is now reported in the Chapter 154 Special Obligations Fund

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STATE OF OHIO

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

	2009	2008	2007	2006	2005
Debt Service Expenditures.....	\$ 1,075,938	\$ 1,231,640	\$ 1,216,382	\$ 1,128,592	\$ 1,097,800
General Revenue Fund (GRF) Revenues and Transfers from the Lottery Enterprise Fund.....	\$ 27,386,792	\$ 27,331,442	\$26,447,719	\$26,492,278	\$26,195,600
Calculation of Annual 5% Debt Service Cap.....	\$ 1,369,340	\$ 1,366,572	\$ 1,322,386	\$ 1,324,614	\$ 1,309,780
Amount Under the Debt Service Expenditure Cap.....	\$ 293,402	\$ 134,932	\$ 106,004	\$ 196,022	\$ 211,980
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	3.93%	4.51%	4.60%	4.26%	4.19%

Limitations on Debt

A 1999 amendment to the Ohio Constitution provides an annual debt service "cap" on general obligation bonds and other direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, such bonds may not be issued if the future fiscal year debt service on the new bonds and previously issued bonds exceeds five percent of total estimated GRF revenues plus net state lottery proceeds during the fiscal year of issuance. Application of the cap may be waived in a particular instance by a three-fifths vote of each house of the General Assembly and may be changed by future constitutional amendments. Direct obligations of the State include, for example, special obligation bonds issued by the Ohio Building Authority and the Treasurer of State that are paid from GRF appropriations, but exclude bonds such as highway bonds that are paid from highway user receipts.

Source: Debt Section, Ohio Office of Budget and Management

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 1,013,200	\$ 959,490	\$ 926,142	\$ 918,248	\$ 871,314
\$24,678,900	\$23,055,920	\$22,072,703	\$21,921,276	\$20,711,678
\$ 1,233,945	\$ 1,152,796	\$ 1,103,635	\$ 1,096,064	\$ 1,035,584
\$ 220,745	\$ 193,306	\$ 177,493	\$ 177,816	\$ 164,270
4.11%	4.16%	4.20%	4.19%	4.21%

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STATE OF OHIO
REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)

Economic Development and Revitalization Project Revenue Bonds
Issuer: Treasurer of State

Fiscal Year	Liquor Control Enterprise Fund			Debt Service Requirements			Coverage
	Gross Liquor Revenues	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	
2009	\$689,283	\$479,412	\$209,871	\$21,470	\$23,853	\$45,323	4.63
2008	663,830	459,638	204,192	16,480	23,094	39,574	5.16
2007	639,664	443,708	195,956	15,445	23,810	39,255	4.99
2006	606,905	422,577	184,328	10,950	20,914	31,864	5.78
2005	556,213	400,878	155,335	9,130	19,170	28,300	5.49
2004	520,161	374,275	145,886	8,195	15,627	23,822	6.12
2003	493,195	354,318	138,877	5,415	11,898	17,313	8.02
2002	470,515	338,926	131,589	5,060	11,074	16,134	8.16
2001	454,268	327,083	127,185	4,740	11,392	16,132	7.88
2000	428,085	310,620	117,465	4,450	11,685	16,135	7.28

Infrastructure Bank Revenue Bonds
Issuer: Treasurer of State

Fiscal Year	Highway Operating Fund			Debt Service Requirements			Coverage
	Gross Revenues(A)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	
2009	\$150,609	N/A	\$150,609	\$123,240	\$34,716	\$157,956	0.95
2008	119,077	N/A	119,077	104,960	23,092	128,052	0.93
2007	92,167	N/A	92,167	80,520	18,876	99,396	0.93
2006	73,373	N/A	73,373	60,840	13,628	74,468	0.99
2005	66,592	N/A	66,592	53,045	14,020	67,065	0.99
2004	65,542	N/A	65,542	38,380	11,459	49,839	1.32
2003	49,409	N/A	49,409	37,965	11,653	49,618	1.00
2002	27,414	N/A	27,414	20,690	7,417	28,107	0.98
2001	11,454	N/A	11,454	7,825	3,606	11,431	1.00
2000	10,140	N/A	10,140	6,320	3,816	10,136	1.00

(continued)

Notes:

(A) The gross revenue for Infrastructure Bank Revenue Bonds includes GARVEE receipts, which stands for Grant Anticipation Revenue Vehicles, and other revenue. GARVEE receipts are capital market borrowings repaid by federal transportation funds deposited in the State's Highway Operating Fund.

STATE OF OHIO
REVENUE BONDS COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)
(continued)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (B)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2009	\$374,674	N/A	\$374,674	\$98,585	\$282,012	\$380,597	0.98
2008	348,028	N/A	348,028	33,285	167,255	200,540	1.74

Ohio Building Authority Revenue Bonds

Ohio Building Authority Enterprise Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (C)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2008 (D)	\$27,527	\$28,078	(\$551)	\$2,686	\$30	\$2,716	N/A
2007	27,581	27,923	(342)	4,653	149	4,802	N/A
2006	27,980	25,165	2,815	2,047	298	2,345	1.20
2005	27,257	26,562	695	1,691	408	2,099	0.33
2004	26,484	26,881	(397)	3,730	5,544	9,274	N/A
2003	27,388	29,330	(1,942)	3,531	1,394	4,925	N/A
2002	32,488	32,031	457	3,359	1,565	4,924	0.09
2001	31,106	30,598	508	3,194	1,728	4,922	0.10
2000	30,999	33,862	(2,863)	3,039	1,882	4,921	N/A

Notes (continued):

(B) The Buckeye Tobacco Settlement Financing Authority revenue bonds were first issued in fiscal year 2008. Gross revenues consist of tobacco settlements receipts (TSRs) and investment income.

(C) Gross revenues consist of operating revenues and investment income.

(D) The final debt service payments on the Ohio Building Authority Revenue Bonds were made during fiscal year 2008.

STATE OF OHIO
REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)
(continued)

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

Fiscal Year	Workers' Compensation Enterprise Fund		Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
	Gross Revenues (C)	Direct Operating Expenses Exclusive of Depreciation		Principal	Interest	Total	
2009	\$2,183,392	\$2,145,947	\$37,445	\$16,005	\$4,596	\$20,601	1.82
2008	2,880,519	2,663,456	217,063	15,055	5,291	20,346	10.67
2007	5,200,066 **	2,749,217	2,450,849	14,150	5,901	20,051	122.23
2006	2,882,383	2,002,722	879,661	13,190	6,472	19,662	44.74
2005	3,201,561	3,229,197	(27,636)	5,300	6,578	11,878	N/A
2004	3,388,523	3,056,227	332,296	—	6,183	6,183	53.74
2003	2,759,594	4,070,231	(1,310,637)	10,000	8,175	18,175	N/A
2002	1,946,105	4,547,191	(2,601,086)	9,000	8,571	17,571	N/A
2001	2,549,227	4,460,581	(1,911,354)	8,000	8,915	16,915	N/A
2000	4,361,511	3,128,723	1,232,788	7,000	9,209	16,209	76.06

Notes (continued):

(C) Gross revenues consist of operating revenues and investment income.

** - In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a \$1.9 billion increase in operating revenues during fiscal year 2007.

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

Calendar Year	Population (in thousands)				Per Capita Personal Income		
	U.S.	Change from Prior Period	Ohio	Change from Prior Period	U.S.	Ohio	Ohio as a Percentage of U.S.
2008	304,060	2,439	11,486	19	\$39,751	\$35,511	89.3%
2007	301,621	2,223	11,467	(11)	38,611	34,874	90.3%
2006	299,398	2,988	11,478	14	36,276	33,338	91.9%
2005	296,410	2,755	11,464	5	34,495	31,867	92.4%
2004	293,655	2,866	11,459	21	33,041	31,135	94.2%
2003	290,789	2,848	11,438	28	31,487	29,947	95.1%
2002	287,941	2,839	11,410	22	30,814	29,094	94.4%
2001	285,102	2,910	11,388	24	30,575	28,602	93.5%
2000	282,192	3,152	11,364	29	29,845	28,373	95.1%
1999	279,040	3,186	11,335	23	27,939	26,965	96.5%

Sources:

- U.S. Census Bureau for population information
- Bureau of Economic Analysis for personal income and employment information
- Ohio Department of Job and Family Services for unemployment rates
- Ohio Department of Education for school enrollment
- Ohio Department of Public Safety for motor vehicle registrations

Civilian Labor Force

Ohioans Employed	Ohio's Unemployment Rate	Public School Enrollment in Ohio <i>(in thousands)</i>	Motor Vehicles Registered in Ohio
6,819,050	6.5%	1,882	11,944,527
6,828,905	5.6%	1,890	12,021,879
6,893,966	5.5%	1,835	12,127,645
6,792,314	5.9%	1,845	12,017,517
6,732,896	6.1%	1,844	12,192,202
6,668,862	6.1%	1,838	12,083,529
6,688,303	5.7%	1,831	12,064,420
6,757,667	4.3%	1,835	11,888,533
6,835,688	4.1%	1,836	11,740,513
6,746,632	4.3%	1,842	11,581,700

STATE OF OHIO
PRINCIPAL EMPLOYERS
FOR CALENDAR YEARS 2008 AND 1999

Employer	2008			1999		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	77,555	1	1.14%	82,895	1	1.23%
State of Ohio	57,273	2	0.84%	62,055	2	0.92%
Wal-Mart Stores	54,200	3	0.79%	17,900	8	0.27%
Kroger Company	38,000	4	0.56%	25,000	5	0.37%
Cleveland Clinic Health System	37,800	5	0.55%	20,000	6	0.30%
Catholic Healthcare Partners	28,200	6	0.41%			
The Ohio State University	26,800	7	0.39%			
University Hospitals Health System	21,800	8	0.32%			
JP Morgan Chase & Co	17,500	9	0.26%			
Giant Eagle, Inc	17,000	10	0.25%			
General Motors Corporation				27,700	3	0.41%
Delphi Automotive				27,000	4	0.40%
Ford Motor Company				18,900	7	0.28%
General Electric Company				17,400	9	0.26%
Procter & Gamble Company				15,500	10	0.23%

Sources:

- U.S. Department of Commerce, Bureau of Economic Analysis
- U.S. Census Bureau
- Ohio Department of Development, Office of Strategic Research
- Ohio Department of Administrative Services
- The Ohio State University, University Resource Planning and Institutional Analysis

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STATE OF OHIO

FULL-TIME AND PART-TIME PERMANENT STATE EMPLOYEES DURING THE MONTH OF JUNE BY FUNCTION/PROGRAM FOR THE LAST TEN FISCAL YEARS

Function/Program	Number of Employees				
	2009	2008	2007	2006	2005
Primary, Secondary and Other Education.....	1,122	1,174	1,207	1,194	1,186
Higher Education Support.....	92	93	98	91	81
Public Assistance and Medicaid.....	2,772	3,108	3,314	3,299	3,272
Health and Human Services.....	9,671	10,312	10,549	10,665	11,037
Justice and Public Protection.....	22,465	23,410	23,682	23,599	23,683
Environmental Protection and Natural Resources.....	3,004	3,058	3,086	3,095	3,146
Transportation.....	5,549	5,624	5,711	5,831	5,808
General Government.....	5,214	5,338	5,294	5,419	5,362
Community and Economic Development.....	924	902	914	955	1,029
Workers' Compensation.....	2,335	2,382	2,549	2,548	2,668
Lottery Commission.....	346	339	329	331	335
Unemployment Compensation.....	554	552	535	564	590
Other.....	959	981	958	979	972
Total.....	<u>55,007</u>	<u>57,273</u>	<u>58,226</u>	<u>58,570</u>	<u>59,169</u>

Source:
Ohio Department of Administrative Services

Note:

(A) For fiscal year 2003 and prior, the number of individuals employed in the Unemployment Compensation Program is included in the number of employees reported from the Public Assistance and Medicaid Function.

2004	2003	2002	2001	2000
1,201	1,168	1,182	1,129	1,052
83	94	89	83	78
3,115	3,621	3,493	3,673	3,746
11,144	10,984	11,036	11,443	11,511
23,319	23,705	24,138	25,627	25,229
3,232	3,253	3,311	3,514	3,492
5,819	5,899	5,905	5,912	6,064
5,400	5,350	5,439	5,537	5,382
1,007	1,009	1,095	1,097	1,077
2,675	2,759	2,815	2,938	3,029
339	345	358	358	352
613	(A)	(A)	(A)	(A)
1,018	1,060	1,080	1,056	992
<u>58,965</u>	<u>59,247</u>	<u>59,941</u>	<u>62,367</u>	<u>62,004</u>

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

Function/Program	2009	2008	2007	2006	2005
<i>Primary, Secondary and Other Education</i>					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools).....	1,881,631	1,890,154	1,835,188	1,842,943	1,845,351
Public School Districts (A).....	612	612	611	610	612
Community School Districts (A).....	318	312	309	293	248
Vocational School Districts.....	49	49	49	49	49
High School Graduation Rate (by School year).....	(B)	84.6%	86.9%	86.1%	86.2%
<i>Higher Education Support</i>					
Ohio Board of Regents:					
Student Enrollment at State-Assisted Institutions.....	478,376	465,856	457,322	455,786	457,333
State-Assisted Institutions.....	37	37	37	38	38
Ohio Instructional Grant Recipients (C).....	51,138	63,601	83,942	106,310	104,512
Ohio College Opportunity Grant (C).....	77,481	52,130	25,567	—	—
Student Choice Grant Program Recipients.....	58,562	58,499	59,400	58,656	57,621
<i>Public Assistance and Medicaid</i>					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage.....	1,878,345	1,761,529	1,736,971	1,730,544	1,687,465
Individuals Receiving Cash Assistance (OWF).....	187,878	170,570	169,135	180,253	190,265
Individuals on ODJFS Medicaid Waiver.....	12,102	12,029	11,606	10,135	10,391
Ohio Department of Aging:					
Individuals on PASSPORT Waiver.....	36,273	35,872	33,943	33,279	31,656
Ohio Department of Mental Retardation and Developmental Disabilities:					
Individuals on DMR Waiver.....	21,429	18,264	16,533	14,978	12,438
<i>Health and Human Services</i>					
Ohio Department of Alcohol & Drug Addiction Services:					
Clients Treated	103,469	100,270	99,314	95,081	93,919
Ohio Department of Aging:					
Clients Served-PASSPORT.....	36,273	35,751	33,943	33,042	31,499
Clients Served-Congregate Meals.....	67,653	66,132	65,366	71,522	70,817
Clients Served-Home Delivered Meals.....	47,036	46,432	44,607	52,317	39,926
Clients Served-Transportation Provided.....	29,665	30,798	29,800	32,558	29,756
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children.....	301,684	289,593	279,735	276,757	272,632
Ohio Department of Mental Health:					
Clients Served.....	5,600	5,859	7,419	7,728	7,669
Facilities' Admissions.....	6,084	6,111	6,424	6,715	6,584
Facilities' Average Daily Residence Population.....	1,011	1,036	1,053	1,050	1,034
Ohio Department of Mental Retardation and Developmental Disabilities:					
Individuals Served	412,341	354,004	343,955	319,930	319,965
Facilities' Average Daily Residence Population.....	1,462	1,517	1,603	1,605	1,659
<i>Justice and Public Protection</i>					
Ohio Department of Public Safety:					
Crashes Investigated.....	67,539	71,295	67,850	70,904	79,359
Total Arrests.....	523,381	562,942	555,587	554,570	500,036
Ohio Department of Rehabilitation and Correction:					
Inmate Population.....	50,919	50,191	49,199	46,356	43,928

2004	2003	2002	2001	2000
1,843,898	1,838,068	1,830,958	1,834,888	1,836,491
611	611	611	611	611
164	129	93	71	48
49	49	49	49	49
85.9%	84.3%	82.7%	81.1%	80.6%
457,281	450,470	445,879	428,880	415,948
37	37	37	37	37
102,227	100,737	95,070	88,473	92,070
—	—	—	—	—
55,859	54,959	53,646	51,966	50,254
1,618,900	1,527,076	1,380,196	1,676,157	1,409,705
193,943	194,320	198,451	215,821	255,229
10,066	9,433	7,608	8,062	7,531
29,242	26,698	24,689	24,488	22,720
10,828	9,859	6,410	5,661	5,593
89,389	89,894	92,941	80,216	73,024
29,093	27,055	24,742	24,488	22,720
75,279	77,478	75,883	68,859	66,921
46,304	44,853	44,726	39,721	39,339
30,517	31,421	30,670	32,951	34,519
267,300	255,804	253,923	247,092	245,195
7,486	7,427	7,775	6,990	7,223
6,399	6,307	6,641	5,847	6,006
1,046	1,056	1,084	1,109	1,156
335,814	342,678	375,503	390,130	332,351
2,826	2,979	3,017	3,079	3,154
83,740	84,340	80,641	79,204	83,493
460,305	(B)	(B)	(B)	(B)
43,889	45,216	44,729	45,505	46,619

(continued)

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS
(continued)

Function/Program	2009	2008	2007	2006	2005
<i>Transportation</i>					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane.....	2,673	2,521	1,673	1,502	2,535
Four-Lane.....	1,076	871	506	252	563
Interstate.....	921	1,302	428	229	371
<i>Workers' Compensation</i>					
Ohio Bureau of Workers' Compensation:					
Claims Filed.....	132,549	159,611	171,692	185,232	197,083
Open Claims.....	1,321,214	1,415,491	1,540,543	1,664,368	1,792,944
<i>Lottery</i>					
Ohio Lottery Commission:					
Prize Awards Paid (in billions).....	\$ 1.50	\$ 1.40	\$ 1.34	\$ 1.31	\$ 1.28
Bonuses and Commissions Paid (in millions).....	\$ 150.1	\$ 143.9	\$ 140.0	\$ 139.8	\$ 133.8
Transfers to					
Lottery Profits Education Fund (in millions).....	\$ 702.3	\$ 672.2	\$ 669.3	\$ 646.2	\$ 645.1
<i>Unemployment Compensation</i>					
Ohio Department of Job and Family Services:					
Initial Claims.....	1,184,136	685,090	591,614	636,722	689,412
Continuing Claims.....	10,168,422	5,604,605	4,709,523	5,094,129	5,352,206

Sources: Various state agencies, as noted above.

Notes:

- (A) The number of school districts include only those with enrollment.
- (B) Data for the year indicated was not readily available.
- (C) In fiscal year 2007, the Ohio Instructional Grant began to be phased out and was replaced by the Ohio College Opportunity Grant.

2004	2003	2002	2001	2000
1,280	1,275	728	753	749
234	233	147	201	104
134	4	75	103	147
207,847	229,307	234,986	261,987	280,990
1,930,550	2,157,516	2,224,466	2,299,532	2,358,462
\$ 1.28	\$ 1.21	\$ 1.15	\$ 1.11	\$ 1.27
\$ 132.8	\$ 137.0	\$ 126.6	\$ 120.2	\$ 135.0
\$ 655.6	\$ 641.4	\$ 635.2	\$ 637.0	\$ 686.0
750,783	812,169	842,819	724,569	483,674
6,395,391	6,733,498	6,895,871	4,823,773	3,521,349

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

Function/Program	2009	2008	2007	2006	2005
<i>Health and Human Services</i>					
Mental Retardation and Developmental Disabilities Institutions.....	10	10	10	10	12
Mental Health Institutions.....	9	9	9	9	9
<i>Justice and Public Protection</i>					
Rehabilitation and Correction Institutions.....	30	30	30	28	28
Youth Services Institutions.....	6	8	8	8	8
<i>Environmental Protection and Natural Resources</i>					
Number of State Parks.....	74	74	74	74	74
Area of State Parks, Natural & Wildlife Lands (in acres).....	323,835	323,133	315,381	315,611	314,646
Area of State Forest Lands (in acres).....	191,144	191,144	191,142	191,142	191,117
<i>Transportation (A)</i>					
Infrastructure Assets(B):					
Pavement (in lane-miles):					
Priority Subsystem.....	12,826	12,718	12,655	12,500	12,355
General Subsystem.....	29,991	30,063	30,118	30,168	30,207
Bridges:					
Number of Bridges.....	14,230	14,242	12,793	12,531	12,544
Deck Area (in thousand square feet).....	104,852	104,084	84,447	83,443	82,684

Sources:

- Ohio Department of Mental Retardation and Developmental Disabilities
- Ohio Department of Mental Health
- Ohio Department of Rehabilitation and Correction
- Ohio Department of Youth Services
- Ohio Department of Natural Resources
- Ohio Department of Transportation

Notes:

- (A) Data presented is for the calendar year.
- (B) The Priority Subsystem includes the interstate highways, freeways, and multi-lane portions of the National Highway System
The General Subsystem consists of two-lane routes outside of cities.
- (C) Information on infrastructure balances for years prior to fiscal year 2002 is unavailable.

2004	2003	2002	2001	2000
12 9	12 9	12 9	12 9	12 9
28 9	29 9	29 9	30 9	30 9
74 310,964 185,838	74 309,271 185,709	74 302,983 185,311	73 301,681 184,383	73 300,063 184,016
12,225 30,246	12,210 30,317	12,114 30,487	(C) (C)	(C) (C)
12,416 82,260	12,394 80,608	12,489 81,012	(C) (C)	(C) (C)

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