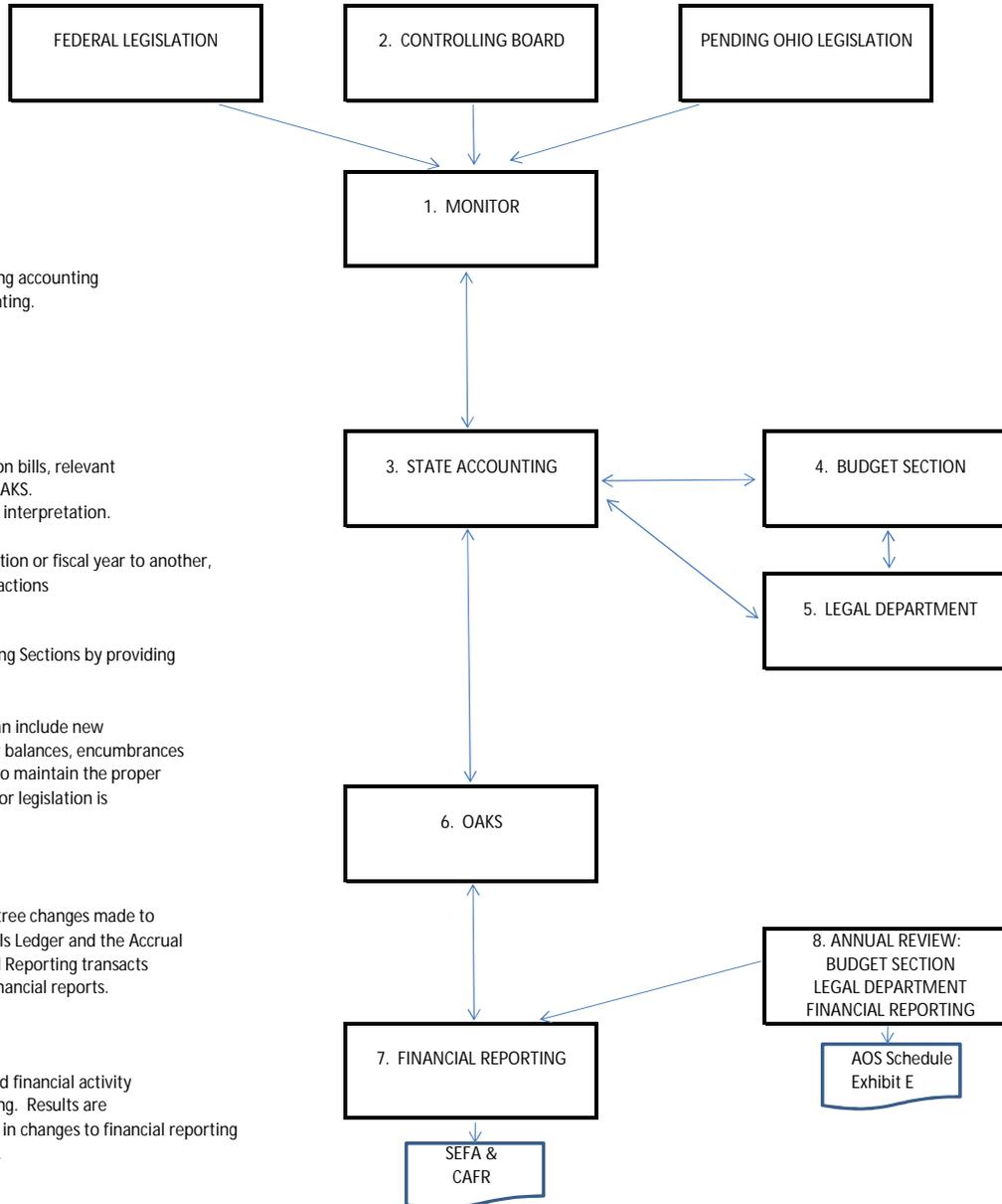




MATERIAL LAWS AND REGULATION MONITORING AND REPORTING



1. The Budget, Legal and Legislative Sections monitor pending Ohio and Federal legislation and Controlling Board (CB) actions.

2. CB actions modify state legislative authority which affect on-going accounting treatments. CB actions are reported electronically to State Accounting.

3. State Accounting (SA) receives and reviews enacted appropriation bills, relevant enacted legislation and CB actions and incorporates changes into OAKS. SA consults with the Budget and Legal Sections for clarification and interpretation.

4. The Budget Section requests transfers from one fund, appropriation or fiscal year to another, or encumbrance changes as required by the new legislation or CB actions and communicates in writing to SA.

5. The Legal Section supports the Budget, SA and Financial Reporting Sections by providing interpretation and research for new legislation and CB actions.

6. All legislation and CB actions are applied to OAKS by SA. This can include new funds, ALI's, account codes, etc. Additional transactions to transfer balances, encumbrances and appropriations are common. Tree maintenance is performed to maintain the proper reporting structures. Once incorporated into OAKS, the CB action or legislation is effectively implemented.

7. Financial Reporting is copied on all fund, ALI, account code and tree changes made to OAKS by SA. This is done to ensure consistency between the Actuals Ledger and the Accrual Ledgers used by Financial Reporting to prepare the CAFR. Financial Reporting transacts in OAKS reporting ledgers to create the CAFR and other required financial reports.

8. Annually, Budget, Legal and Financial Reporting review funds and financial activity for materiality to determine proper classification for CAFR Reporting. Results are incorporated into AOS Schedule Exhibit E. This process also results in changes to financial reporting policies and procedures to support the CAFR and SEFA preparation.