

Ohio Office of Budget
and Management

State of Ohio
Bob Taft
Governor



OHIO

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FOR THE FISCAL YEAR
ENDED JUNE 30, 2002

ACKNOWLEDGMENTS

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

Featured on the cover: On March 1, 2003, the State of Ohio will celebrate its 200th birthday. To commemorate Ohio's Bicentennial, a barn was selected from each of Ohio's 88 counties to display a painted version of Ohio's Bicentennial logo. The front cover features a photograph of Delaware County's Bicentennial Barn, which was provided by Joe Murray of Chillicothe, Ohio. Information about Ohio's Bicentennial can be found by visiting the Ohio Bicentennial Commission's website at www.ohio200.com.

BOB TAFT
GOVERNOR

Thomas W. Johnson
Director
Office of Budget
and Management

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State Accounting

Prepared by Division of
State Accounting



OHIO

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FOR THE FISCAL YEAR
ENDED JUNE 30, 2002

STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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INTRODUCTORY SECTION



January 28, 2003

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

It is my privilege to issue the *Ohio Comprehensive Annual Financial Report* (CAFR) on the financial condition of the State of Ohio for the fiscal year ended June 30, 2002. The report is prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Ohio Office of Budget and Management pursuant to Section 126.21, Ohio Revised Code, which requires that an official financial report of the State be issued annually, prepared this report. The report includes the basic financial statements, which provide an overview of the State's financial position and the results of financial operations.

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

The State's basic financial statements include all funds that comprise the State's legal entity or primary government. The State's reporting entity is also comprised of its component units for which the elected officials of the State's primary government are financially accountable. We followed the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, to determine the organizations for which the State is financially accountable. NOTE 1A. to the financial statements explains more fully which financial activities are included in the State's reporting entity.

The CAFR includes the following: introductory section; financial section that presents the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, combining financial statements, supporting schedules, and fund descriptions; and a statistical section that presents financial, economic, and demographic data for Ohio.

The MD&A, which is required under GAAP to accompany the basic financial statements, provides a narrative, introduction, overview, and analysis.

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.

INDEPENDENT AUDIT RESULTS

The basic financial statements have been audited by the Office of the Auditor of State. The outcome of the audit conducted by the Auditor of State, in accordance with generally accepted auditing standards, was an unqualified auditors' 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.

PROFILE OF THE GOVERNMENT

The State of 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.

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. More than 100 departments, agencies, boards, and commissions are part of the executive branch of government and receive appropriations from the legislature, along with three judicial and five legislative agencies. An organizational chart of state government can be found on page 12.

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 re-

stricted 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.

Along with the establishment of our state governmental structure, the Constitution requires Ohio to have a balanced budget. Ohio's budget is prepared for a period of two years – a biennium –, which begins on July 1 of odd-numbered years and ends 24 months later on June 30.

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.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The State's management is responsible for establishing and maintaining internal control designed to ensure that the State's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal 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.

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

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

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

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

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

CASH MANAGEMENT

In Ohio, with the exception of certain organizations within the State's reporting entity that have independent powers to manage and invest their funds, the Treasurer of State is responsible for investing the State's cash and investments pool. During fiscal year 2002, cash management and investment transactions made by the Treasurer of State's Office, in accordance with the Uniform Depository Act, were limited to checking accounts and certificates of deposit with qualified public depositories, U.S. government and agency obligations, commercial paper, repurchase agreements, bankers' acceptances, bonds of foreign nations diplomatically recognized by the United States, and security lending agree-

ments. Legal requirements for the investment of funds maintained in the State's cash and investments pool are discussed in NOTE 4 to the financial statements.

Quarterly, the Office of Budget and Management allocates the investment income earned on the cash and investments pool to the various funds designated by law to receive the earnings. The allocation is calculated in accordance with a formula based on average daily cash balances invested over the quarter. The Ohio Lottery Commission's investment portfolio, which is dedicated to the payment of deferred lottery prizes and is accounted for as part of the cash and investments pool, however, is not part of the investment earnings allocation just described. Instead, the Treasurer of State credits the investment earnings from the dedicated portfolio directly to the credit of the fund that accounts for this activity.

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 10. to the financial statements, the State's primary government is self-insured for claims under its traditional healthcare plan (OhioMed Health Plan) 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. Also, the State's primary government and its component units participate in a public entity risk pool, which is accounted for in the Bureau of Workers' Compensation Enterprise Fund, for the financing of their workers' compensation liability.

ECONOMIC OVERVIEW AND OUTLOOK

After several quarters of sub-par growth, the U.S. economy is slowly recovering. However, the current recovery is expected to be a "jobless recovery," similar to the 1991-1992 economic expansion. Expansionary fiscal and monetary policies will spur economic growth for the short-term, but with foreign economies weak and capital spending rising only moderately, the current recovery cannot gain momentum.

Consumer spending, which constitutes about two-thirds of the economic activity in the U.S., continues to be the main driver of economic growth. Consumers rarely retrench, but when jobs are scarce and debts are high, as is the case now, the rate of growth in consumer spending slows. Consumers

are stretched about as far as they can go, taking on large amounts of debt in the process. Debt-service payments are claiming a record share of disposable income despite the drop in interest rates. For the recovery to experience solid growth, investment spending and capital outlays must be revived.

The financial markets continue to reflect a combination of worries over the strength of the recovery, the war in the Middle East, and lack of confidence in the numbers that are released from corporate income statements. Even if the stock market has already hit bottom, the climb from the hole is expected to be very slow and gradual. Investors will once again demand a substantial risk premium on stocks and the temptation of profit taking to recover losses will keep a lid on the price of equities.

The forecast for inflation calls for moderate growth at the consumer level. Outside of the volatile food and energy component, producer prices for finished goods are rising at less than 0.5 percent a year. Core consumer prices are rising a bit faster because of the heavy weighting of services. But even with services, inflation as measured by the Consumer Price Index is predicted to increase about 2.0 to 2.5 percent a year.

The economic outlook for the State of Ohio is consistent with the forecast of slow and moderate growth at the national level. Real Gross Domestic Product, the total value of goods and services produced in the U.S. and adjusted for inflation, is expected to grow in the range of 2.5 to 3.5 percent annually over the next three years.

MAJOR INITIATIVES AND PROJECTS

The State Operating Budget

Due to the national economic slowdown, Ohio experienced its most serious budget crisis in a decade. As part of a balanced approach to this crisis, Governor Taft ordered six-percent cuts to most state agencies in fiscal year 2002. These cuts came on top of the \$181 million in cuts mandated in the previous fiscal year and another \$600 million in proposed state agency spending that was redirected from agencies to a school funding solution during the last biennial budget development process. To begin fiscal year 2003, Governor Taft issued even more cuts – 15 percent for most state agencies. Later, on January 22, 2003, the Governor ordered additional budget cuts of 2.5 percent. Overall, Ohio's state agencies have experienced significant budget cuts in the past two years. The challenge continues to be providing essential state services in an efficient, effective and cost conscious manner.

Primary and Secondary Education

Governor Taft's highest priority is enabling every child to succeed. This is reflected in the fiscal year 2002-2003 budget in which 62.7 percent of all new GRF dollars are used to support education at all lev-

els and the implementation of a new school funding formula that guarantees that every school child in Ohio has access to the resources necessary for a quality education. State appropriations for primary and secondary education totaled \$7.4 billion in fiscal year 2002 (an eight-percent increase over fiscal year 2001) and \$7.8 billion in fiscal year 2003 (a five-percent increase over fiscal year 2002). Pursuant to the new school funding formula, per pupil spending increased to \$4,814 in 2002 (an increase of 12.1 percent over fiscal year 2001) and \$4,949 in 2003 (an increase of 2.8 percent over fiscal year 2002). Under the current plan, per pupil spending will rise to \$5,527 by fiscal year 2007. The funding model is based on successful 1999 local school districts and removes those districts that fall within the top and bottom five percent of districts with regard to income and property wealth.

As an outgrowth of legislation enacted in June 2001, the state has begun to develop and implement policies and programs to address academic standards and student assessment; to improve student learning; and to establish school accountability. In fiscal year 2002, the State Board of Education adopted language arts and mathematics standards; curriculum models in these two subject areas are under development and social studies and science standards are slated for completion at the end of this year. Additionally, in fiscal year 2002, the State appropriated \$23.7 million for the administration of 4th, 6th, and 9th grade proficiency tests and the development of new federally required achievement, graduation and diagnostic tests. The fiscal year 2002 budget also supported \$31.9 million for student intervention services and \$4.5 million for the development and distribution of school report cards.

Other areas supported by FY 2002 appropriations include:

- \$99.8 million of parity aid that provides funding for low-wealth school districts;
- \$360.1 million to support disadvantaged pupil impact aid for economically disadvantaged children;
- \$339.2 million for special education; and
- \$45.9 million to support gifted units and the identification of gifted children.

Primary and Secondary Education — Ohio Supreme Court Case Update

Litigation, similar to that in other states, has been pending in Ohio courts since 1991 questioning the constitutionality of Ohio's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools." On December 11, 2002, the Ohio Supreme Court, in a 4-3 decision on a motion to reconsider its own decision rendered in September 2001, concluded (as it had in its 1997 and

2000 opinions in that litigation) that the State did not comply with that requirement, even after again noting and crediting the significant steps it had taken in recent years. The Court directed the General Assembly "to enact a school-funding scheme that is thorough and efficient" — as explained in its prior decisions and accompanying concurrences — dismissed the case, and relinquished any further oversight of it.

It is not possible at this time to state what or when the General Assembly's further responses will be, or what effect they or any related actions may have on the State's overall financial condition (particularly in the current biennium) or on specific state operations.

Rebuilding Ohio's Schools

Governor Taft, through the Rebuild Ohio Plan, has proposed spending over \$10.2 billion in state funding, matched by \$12.9 billion in local funding, in a 12-year plan to address the facility needs of all Ohio school districts. The plan will allow every Ohio school child to learn in safe, modern facilities and give school districts the capability to create customized classrooms and instruction tailored to meet students' needs. The School Facilities Commission (SFC), charged with providing funding to public school districts and overseeing the construction and renovation of school facilities, has disbursed over \$2.5 billion, and spends over \$2 million a day. SFC currently administers school facility projects in 130 districts with over 300 buildings at a value of over \$4 billion in design, construction, or completion. At the end of calendar year 2001, SFC had completed 21 district-wide projects and finished the construction or renovation of 60 buildings. By the end of calendar year 2002, SFC estimates it will complete an additional 23 district-wide projects and an additional 83 buildings.

A major undertaking in fiscal year 2002 was the creation of the Accelerated Urban Assistance Initiative. The SFC conducted facility assessments and developed master facility plans to modernize Ohio's largest urban schools including Akron City, Dayton City, Columbus City, Cincinnati City, Cleveland Municipal and Toledo City schools. These school districts, which include over 500 buildings, house approximately 16 percent of Ohio's student population. The total projected cost for the six plans is \$5.74 billion, of which \$2.95 billion will be paid by the State. Funding for the construction portion of the program will begin in fiscal year 2003.

No other state in the nation has adopted such a comprehensive and ambitious building program. In fact, during the five years that SFC has been in existence (since May 1997), Ohio has appropriated nearly 20 percent more for school facility programs than the neighboring states of Michigan, Indiana, Pennsylvania, Kentucky, and West Virginia combined.

Third Frontier Project

The Third Frontier Project is the state's largest commitment ever to expanding Ohio's high-tech research capabilities and promoting start-up companies to build high-wage jobs for generations to come. The Third Frontier Project will make Ohio a leader in high-tech, high-paying jobs by

- Committing \$500 million over the next 10 years through the Technology Action Fund and the Biomedical Research and Technology Transfer Fund.
- Proposing a new, ten-year, \$500 million capital improvement program to improve research facilities. These funds will finance buildings and provide equipment for globally competitive centers of innovation that will be named after the Wright Brothers.
- Initiating a \$500 million bond program to provide much-needed resources to recruit world-class researchers and bring state-of-the-art products to market.
- Creating a \$100 million Innovation Ohio Fund to help finance targeted industries with high-growth, high-wage potential consistent with regional priorities. The fund will support advanced manufacturing technologies to help existing industries become more productive, competitive and profitable.

Through the Third Frontier Project, federal and private sector support could boost the total investment to more than \$6 billion, and make Ohio a leader in high-tech, high-wage jobs over the next decade.

Ohio Homeland Security

In response to the terrorist attacks of September 11, 2001, Governor Taft established the State of Ohio Security Task Force to develop a coordinated, comprehensive strategy to address security issues. The Task Force is organized into committees covering law enforcement, transportation security, technology research and development, medical and health preparedness, emergency preparedness, and funding and legislation. The Task Force shares information and discusses time-sensitive issues affecting Ohio and works proactively to enhance the state's security efforts. The Ohio Security Task Force has worked with federal, county and local Emergency Management Agency (EMA) officials, law enforcement and other agencies to complete a three-year domestic preparedness assessment, making it possible for Ohio to qualify for additional federal dollars to support security efforts across the state.

In September 2002, the U.S. Department of Justice approved Ohio's plan to allocate \$9.9 million in federal homeland security funds among Ohio's 88 counties and five state agencies. Ohio's share of

this national program is seventh largest among the country's states and territories and will be used to help finance local homeland security drills and exercises and purchase emergency response equipment as determined by comprehensive ongoing threat, risk and needs assessments from each county. In addition, federal funds will support:

- The State Fire Marshal to purchase first responder supplies and equipment;
- The Ohio Department of Agriculture to buy testing and verification equipment for its laboratory; and
- The Ohio EMA to purchase trailers stocked with medical items for first responders.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. This was the 12th consecutive year that the State has achieved this prestigious award.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ADDITIONAL INFORMATION

The Ohio Office of Budget and Management provides access to the fiscal year 2002 *Ohio Comprehensive Annual Financial Report*, fiscal year 2002 *Ohio Budgetary Financial Report*, and other State-related financial data and information on the Internet at <http://www.state.oh.us/obm/>.

ACKNOWLEDGMENTS

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

Sincerely,



Thomas W. Johnson
Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



William Patrick Pate
President

Jeffrey L. Esser
Executive Director

STATE OF OHIO OFFICIALS

EXECUTIVE

Bob Taft
Governor

Maureen O'Connor
Lieutenant Governor

Betty D. Montgomery
Attorney General

Jim Petro
Auditor of State

Joseph T. Deters
Treasurer of State

J. Kenneth Blackwell
Secretary of State

LEGISLATIVE

Richard H. Finan
President of the Senate

Larry Householder
Speaker of the House

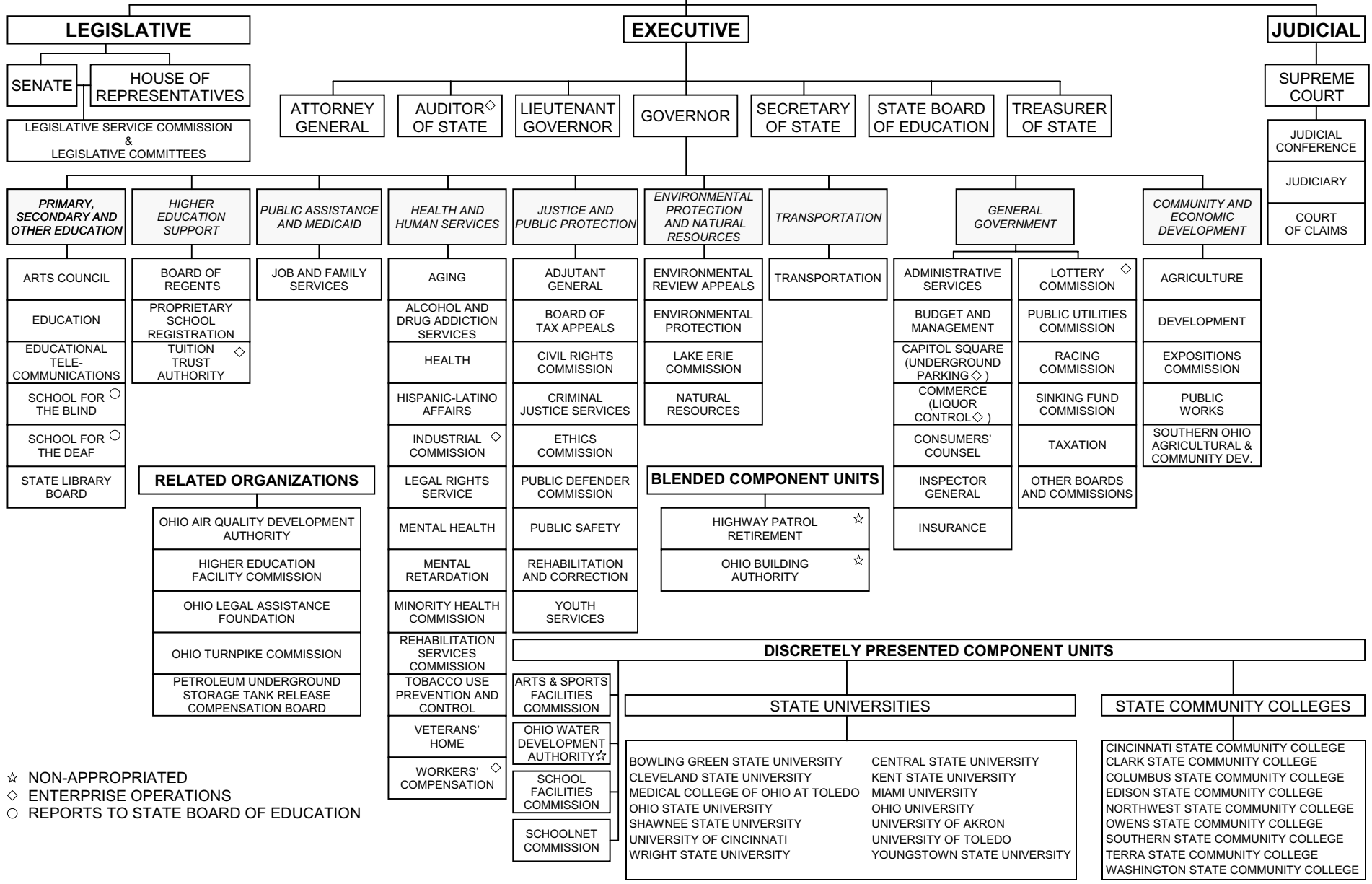
JUDICIAL

Thomas J. Moyer
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

THE CITIZENS OF OHIO

PRIMARY GOVERNMENT



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

FINANCIAL SECTION



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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Bob Taft, 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, 2002, 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: Capital Square Review and Advisory Board (Underground Parking Garage); Office of the Auditor of State; Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio; State Treasury Asset Reserve of Ohio; Treasurer of State Lease Revenue Bonds; and Variable College Savings Plan.

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; The 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 Medical College of Ohio at Toledo.

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	1%	0%
Business-Type Activities	86%	33%
Aggregate Discretely Presented Component Units	74%	87%
Aggregate Remaining Fund Information	96%	26%
Workers' Compensation	100%	100%
Ohio Building Authority	100%	100%
Underground Parking Garage	100%	100%
Office of Auditor of State	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.

The Honorable Bob Taft, Governor

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 on 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, 2002, and respective changes in financial position and cash flows, where applicable, and respective budgetary comparison for the major governmental funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2002, the State of Ohio implemented a new financial reporting model and the following pronouncements as required by the provisions of Governmental Accounting Standards Board's Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board's Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

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 required by the Governmental Accounting Standards Board. 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 form opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining fund statements, individual fund schedules and statistical tables are presented for additional analysis 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 tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



BETTY MONTGOMERY
Auditor of State

January 27, 2003

State of Ohio

Management's Discussion and Analysis

(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, 2002. 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.

Fiscal year 2002 was the first year for the State of Ohio to implement the new reporting provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The State has not restated government-wide financial data for fiscal year 2001 for purposes of providing extensive comparative data in this management's discussion and analysis because certain prior-year data is unavailable. Consequently, the foregoing discussion contains few financial comparisons with the previous year. In future years, however, as prior-year information becomes available, a comparative analysis of the government-wide data will be presented.

Financial Highlights

Government-wide Financial Statements

Net assets of the State's primary government reported in the amount of \$21.4 billion, as of June 30, 2002, decreased \$4.4 billion since the previous year. Net assets of the State's component units reported in the amount of \$9.2 billion, as of June 30, 2002, increased \$192.3 million since the end of last fiscal year.

Fund Financial Statements

Governmental funds reported combined ending fund balances of \$4.55 billion that was comprised of \$565.9 million reserved for specific purposes, such as for debt service, state and local government highway construction, and federal programs; \$4.67 billion reserved for nonappropriable items, such as encumbrances, noncurrent loans, loan commitments, and inventories; \$321.9 million in designations for budget stabilization and compensated absences; and a \$1.01 billion deficit.

As of June 30, 2002, the General Fund's fund balance was approximately \$875.4 million, including \$226.2 million reserved for specific purposes; \$329.8 million reserved for nonappropriable items; and \$307 million and \$12.4 million in designations for budget stabilization and compensated absences, respectively. The General Fund's fund balance declined by \$1.23 billion or 58.5 percent during fiscal year 2002. Despite weaker-than-expected tax revenue for fiscal year 2002, the General Fund ended the year with an overall positive fund balance. This was primarily due to lower-than-budgeted spending, the availability of \$687.7 million for spending in fiscal year 2002 from resources designated for budget stabilization and human services budget stabilization purposes (also known as "Rainy Day" funds), as of the end of fiscal year 2001, in the amounts of \$587.7 and \$100 million, respectively, and various transfers-in from other funds, including a \$289.6 million transfer from the Tobacco Settlement Fund.

Proprietary funds reported net assets of \$3.93 billion, as of June 30, 2002, a decrease of \$3.12 billion since June 30, 2001. Most of the decline was due to the \$2.63 billion, \$353.7 million, and \$135.5 million net losses reported for the Workers' Compensation, Unemployment Compensation, and Tuition Trust Authority enterprise funds, respectively. The net loss for the Workers' Compensation Enterprise Fund is attributable to \$1.47 billion in premium dividend reductions and refund expenses, a \$430.1 million investment loss, and benefits and claims expenses that exceeded premium and assessment income by \$571.7 million. For the Unemployment Compensation Enterprise Fund, benefits and claims expenses of \$1.66 billion exceeded total operating and nonoperating revenues by approximately \$350.9 million. The Tuition Trust Authority's decline was due to tuition benefit expenses exceeding income from the sale of tuition credits by \$112.4 million and investment losses totaling \$16.8 million.

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

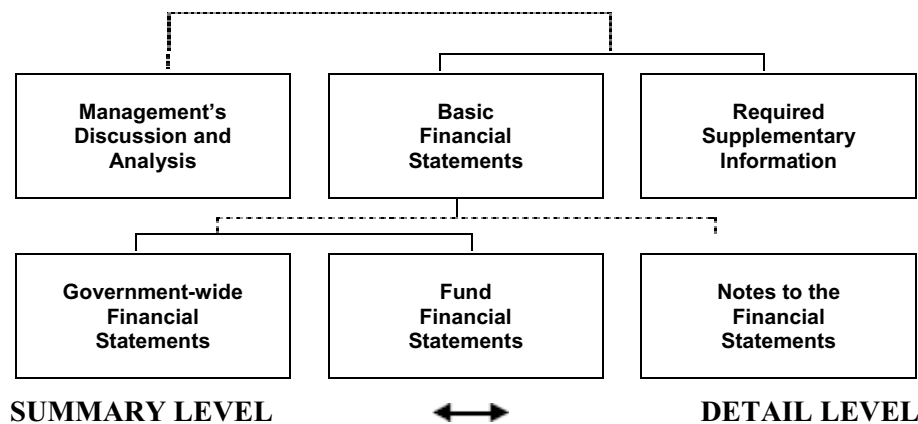
Overall, the total long-term debt for the State's primary government increased \$458.8 million or 5.6 percent during fiscal year 2002 to end the fiscal year with a reported balance of \$8.66 billion in long-term debt. During the year, the State issued \$975 million in general obligation bonds, \$100 million in revenue bonds, and \$466.5 million in special obligation bonds, of which \$341.4 million were refunding bonds. Changes in the primary government's long-term debt for fiscal year 2002 can be found in NOTE 15.

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 and the fiduciary 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 funds.

**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 funds statements report on the activities, which the State operates like private-sector businesses. Fiduciary funds 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 also 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 62 through 120 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 122 and 123 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 Balance 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of 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 30 through 33 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, community and economic development, and intergovernmental. 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 insurance 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, Arts and Sports Facilities Commission, SchoolNet Commission, Ohio Water Development Authority, and 23 state-assisted colleges and universities as discretely presented component units under a separate column in the government-wide financial statements. The Ohio Building Authority is presented as a blended component unit with its 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 14 special revenue funds, 21 debt service funds, and 10 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, all of which are considered major funds. Data from the other 41 governmental funds, which are classified as nonmajor funds, are combined into a single, aggregated presentation under a single column on the 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 34 through 45 of this report while the combining fund statements and schedules can be found on pages 125 through 187.

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 applying the accrual basis of accounting and an economic resources focus. The eight enterprise funds, all of which are considered to be major 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 46 through 53 of this report.

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, STAROhio 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 54 through 57 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets. During fiscal year 2002, as shown in the table on the following page, the combined net assets of the State’s primary government decreased \$4.40 billion or 17 percent. Net assets reported for governmental activities decreased \$1.28 billion or 6.9 percent and business-type activities decreased \$3.12 billion or 44.3 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, 2002 (dollars in thousands)			
	Governmental Activities	Business-Type Activities	Total Primary Government
Assets:			
Current and Other Noncurrent Assets	\$10,846,122	\$25,759,077	\$36,605,199
Capital Assets.....	21,619,224	238,338	21,857,562
Total Assets	32,465,346	25,997,415	58,462,761
Liabilities:			
Current and Other Liabilities	6,011,055	4,593,419	10,604,474
Noncurrent Liabilities	8,987,221	17,473,966	26,461,187
Total Liabilities	14,998,276	22,067,385	37,065,661
Net Assets:			
Invested in Capital Assets, Net of Related Debt	18,653,976	24,197	18,678,173
Restricted	1,878,515	3,918,679	5,797,194
Unrestricted	(3,065,421)	(12,846)	(3,078,267)
Total Net Assets	\$17,467,070	\$3,930,030	\$21,397,100

As of June 30, 2002, the primary government’s investment in capital assets (i.e., land, buildings, land improvements, machinery and equipment, state vehicles, infrastructure, and construction-in-progress), less related outstanding debt, was \$18.68 billion. Restricted net assets were approximately \$5.80 billion, resulting in a \$3.08 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 \$3.07 billion deficit for 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 \$8.16 billion of outstanding general obligation and special obligation debt at June 30, 2002, \$4.4 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, 2002, the State's governmental activities have significant unfunded liabilities for compensated absences in the amount of \$381.9 million and a \$598.3 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 Activities, which reports how the net assets of the State's primary government changed during fiscal year 2002, follows.

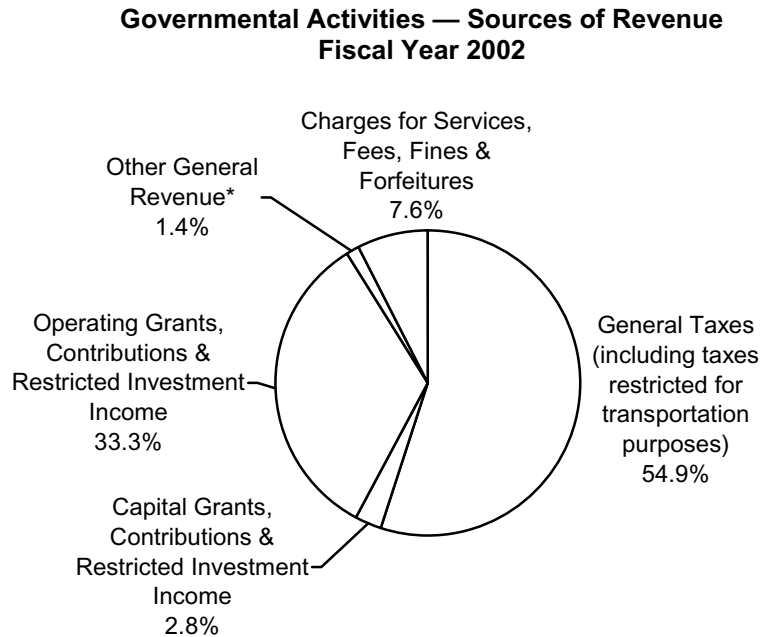
**Primary Government
Statement of Activities
For the Fiscal Year Ended June 30, 2002**
(dollars in thousands)

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:			
Program Revenues:			
Charges for Services, Fees, Fines and Forfeitures.....	\$ 2,518,155	\$5,766,327	\$8,284,482
Operating Grants, Contributions and Restricted Investment Income/(Loss) ..	11,136,352	(59,232)	11,077,120
Capital Grants, Contributions and Restricted Investment Income/(Loss) ..	942,200	—	942,200
General Revenues:			
General Taxes.....	16,911,481	—	16,911,481
Taxes Restricted for Transportation Purposes	1,451,767	—	1,451,767
Tobacco Settlement	368,588	—	368,588
Escheat Property.....	50,745	—	50,745
Unrestricted Investment Income.....	56,990	—	56,990
Federal Grants	—	346,891	346,891
Other	33	2,449	2,482
Total Revenues	33,436,311	6,056,435	39,492,746
Expenses:			
Primary, Secondary and Other Education	8,171,648	—	8,171,648
Higher Education Support	2,604,961	—	2,604,961
Public Assistance and Medicaid.....	11,953,033	—	11,953,033
Health and Human Services.....	2,844,671	—	2,844,671
Justice and Public Protection	2,499,689	—	2,499,689
Environmental Protection and Natural Resources.....	386,400	—	386,400
Transportation	1,532,680	—	1,532,680
General Government.....	747,474	—	747,474
Community and Economic Development	902,628	—	902,628
Intergovernmental	3,617,678	—	3,617,678
Interest on Long-Term Debt (excludes interest charged as program expense)	203,811	—	203,811
Workers' Compensation	—	4,565,493	4,565,493
Lottery Commission.....	—	1,467,203	1,467,203
Unemployment Compensation	—	1,660,148	1,660,148
Ohio Building Authority	—	33,724	33,724
Tuition Trust Authority	—	284,960	284,960
Liquor Control.....	—	339,294	339,294
Underground Parking Garage	—	2,336	2,336
Office of Auditor of State	—	78,302	78,302
Total Expenses	35,464,673	8,431,460	43,896,133
Excess (Deficiency) Before Special Items and Transfers	(2,028,362)	(2,375,025)	(4,403,387)
Special Items.....	—	26	26
Transfers-Internal Activities.....	743,821	(743,821)	—
Increase (Decrease) in Net Assets.....	(1,284,541)	(3,118,820)	(4,403,361)
Net Assets, July 1.....	18,751,611	7,048,850	25,800,461
Net Assets, June 30	\$17,467,070	\$3,930,030	\$21,397,100

Governmental Activities

The \$1.28 billion decrease in net assets during fiscal year 2002 primarily resulted from lower-than-expected tax revenues and increased spending in the various functions of state government that required the State to spend \$687.7 million in resources, which had been designated for budget and human services stabilization purposes, as of the end of fiscal year 2001. The State attributes most of the decline in tax revenues to a slowdown in the economy. Also, increased spending in the State's largest public assistance-related program, Medicaid, most likely resulted from a slowdown in the economy and overall increases in health care costs.

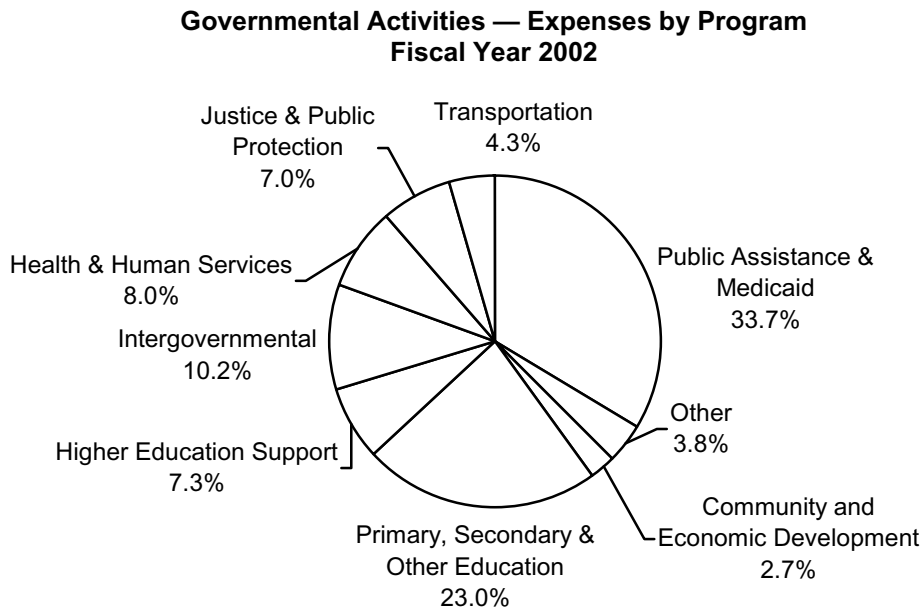
The following chart illustrates revenue sources of governmental activities as percentages of total revenues reported for the fiscal year ended June 30, 2002.



*Other General Revenue includes Escheat Property, Tobacco Settlement and Unrestricted Investment Earnings

Total FY 02 Revenue for Governmental Activities = \$33.44 Billion

The following chart illustrates expenses by program of governmental activities as percentages of total program expenses reported for the fiscal year ended June 30, 2002.



Total FY 02 Program Expenses for Governmental Activities = \$35.46 Billion

The following table presents the total expenses and net cost of each of the State's governmental programs. 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, escheat property, tobacco settlement revenues, and unrestricted investment income.

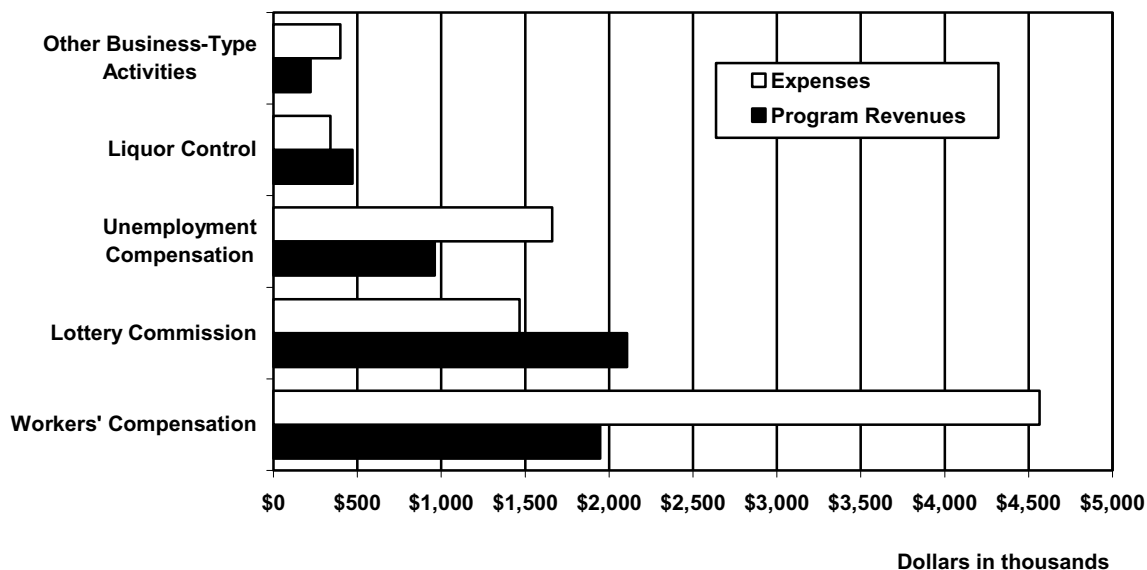
Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Year Ended June 30, 2002
(dollars in thousands)

Program	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses — All Programs
Primary, Secondary and Other Education	\$ 8,171,648	\$6,922,682	84.7%	19.5%
Higher Education Support	2,604,961	2,542,710	97.6	7.2
Public Assistance and Medicaid	11,953,033	3,734,966	31.3	10.5
Health and Human Services	2,844,671	1,253,152	44.1	3.5
Justice and Public Protection	2,499,689	1,628,249	65.1	4.6
Environmental Protection and Natural Resources.....	386,400	135,575	35.1	.4
Transportation	1,532,680	480,200	31.3	1.4
General Government.....	747,474	191,445	25.6	.5
Community and Economic Development	902,628	294,950	32.7	.8
Intergovernmental	3,617,678	3,480,226	96.2	9.8
Interest on Long-Term Debt	203,811	203,811	100.0	.6
Total Governmental Activities	\$35,464,673	\$20,867,966	58.8	58.8%

Business-Type Activities

The State's enterprise funds reported net assets of \$3.93 billion, as of June 30, 2002, as compared to \$7.05 billion in net assets, as of June 30, 2001. These results were caused in part by the Workers' Compensation Fund, which reported net assets of \$1.89 billion, as of June 30, 2002, as compared to \$4.52 billion in net assets, as of June 30, 2001, a 58.2 percent decrease. Also contributing to the decline in business-type activities was the Unemployment Compensation Fund, which reported net assets of \$1.91 billion, as of June 30, 2002, as compared to \$2.27 billion, a 15.6 percent decrease. Finally, the Tuition Trust Authority Fund reported a 207.7 percent decrease in net assets since June 30, 2001, ending fiscal year 2002 with a \$70.3 million deficit. The chart below compares program expenses and program revenues for business-type activities.

Business-Type Activities — Expenses and Program Revenues
Fiscal Year 2002



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 year ended June 30, 2002 (dollars in thousands).

	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unreserved/Undesignated Fund Balance (Deficit)	\$ —	\$(1,203,678)	\$190,251	\$(1,013,427)
Designated Fund Balance for Budget Stabilization	307,028	—	—	307,208
Designated Fund Balance for Compensated Absences.....	12,393	—	2,487	14,880
Total Fund Balance.....	875,457	1,105,579	2,567,502	4,548,538
Total Revenues.....	20,497,230	9,549,135	2,999,212	33,045,577
Total Expenditures.....	21,777,207	9,762,821	5,036,062	36,576,090

General Fund

Fund balance for the General Fund, the main operating fund of the State, had decreased by \$1.23 billion during the current fiscal year. Key factors for the decline were lower personal income and corporate franchise tax collections resulting from a slowdown in the economy and mandated spending increases in the Medicaid Program and for primary and secondary education, which were largely due to changes in funding methods prompted by the DeRolph court case.

General Fund Budgetary Highlights

The State ended the first year of its biennial budget period on June 30, 2002 with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$847.6 million. Total budgetary sources for the General Fund (including \$404.6 million in transfers from other funds) in the amount of \$21.9 billion were below final estimates by \$372.7 million or 1.7 percent during fiscal year 2002, while total tax receipts were below final estimates by \$791.2 million or 4.9 percent. The weaker-than-expected revenue picture primarily resulted from lower-than-anticipated receipts from sales and use tax, personal income tax, and corporate franchise tax. Total budgetary uses for the General Fund (including \$57.3 million in transfers to other funds) in the amount of \$23.4 billion were below final estimates by \$648.3 million or 2.7 percent for fiscal year 2002.

Weak economic conditions continuing into fiscal year 2002 necessitated revisions to the State's estimated fiscal year 2002 revenues for the General Fund. In October 2001, the Ohio Office of Budget and Management (OBM) officially revised its fiscal year 2002 revenue estimates downward by \$628.7 million for the General Revenue Fund (GRF). The GRF is the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund. Also, in October 2001, because of the projected decline in revenues, state agency spending budgets for fiscal year 2002 were adjusted downward when Governor Taft ordered approximately \$224 million in GRF appropriation reductions, a six-percent cut across most state agencies. Later during the fiscal year, the Governor also ordered a statewide hiring freeze, imposed a moratorium on year-end equipment purchases, and placed restrictions on employee travel to further control costs.

Additionally, with legislative authorization, OBM made the following significant resource reallocations to fill the existing gap between actual spending and actual revenues caused by revenue shortfalls during fiscal year 2002:

\$587.7 million and \$100 million, which had been designated in the General Fund for budget stabilization and human services budget stabilization purposes, respectively, were reallocated for spending. The actual amount OBM reallocated for spending in fiscal year 2002 from resources designated for budget stabilization purposes was \$65 million less than the amount authorized in Senate Bill 261. As of June 30, 2002, fund balance designated in the General Fund for budget stabilization purposes on a GAAP basis was \$319.4 million; on a budgetary basis, \$427.9 million of the General Fund's budgetary fund balance was designated for budget stabilization purposes, as of June 30, 2002. For the General Fund, the fund balance designation for budget stabilization is lower on a GAAP basis because the State's reported designation for budget stabilization could not exceed the amount of residual fund balance that remained after the posting of reserves for specific purposes and nonappropriable items. There was no designation of fund balance in the General Fund for human services budget stabilization purposes, as of June 30, 2002.

\$289.6 million from tobacco settlement revenues and \$60 million in earned federal revenues accounted for in the Special Revenue Fund were transferred to the General Fund.

Other Major Governmental Funds

Fund balance for the Job, Family and Other Human Services Fund, as of June 30, 2002, totaled \$143.3 million, a slight increase of \$4.9 million since June 30, 2001. Revenues exceeded expenditures by \$95.6 million, and of the excess of revenues over expenditures, \$90.7 million in net transfers-out were made to other funds. During fiscal year 2002, the State began accounting for the major federal program, Temporary Assistance to Needy Families in the Job, Family and Other Human Services Fund. Prior to fiscal year 2002, this program had been accounted for in the State's General Fund.

Fund balance for the Education Fund, as of June 30, 2002, totaled \$28.7 million, a decrease of \$20 million since June 30, 2001. Fiscal year 2002 net transfers-in for the fund in the amount of \$616.9 million was not enough to cover the excess of expenditures over revenues reported for the fund in the amount of \$637 million.

Fund balance for the Highway Operating Fund, as of June 30, 2002, totaled \$814.7 million, a decrease of \$132.6 million since June 30, 2001. The decline was caused by increased transportation spending of \$1.86 billion for fiscal year 2002 compared with \$1.71 billion during the previous fiscal year as the fund's revenues remained mostly unchanged since the last fiscal year and net transfers-in for fiscal year 2002 decreased by more than \$72.7 million when compared to fiscal year 2001 results.

Fund balance for the Revenue Distribution Fund, as of June 30, 2002, totaled \$118.8 million, a slight decrease of \$8.4 million since June 30, 2001. Fiscal year 2002 transfers-out to other governmental funds of \$731.3 million were higher than the \$728.2 million transfers-out reported for fiscal year 2001, thus contributing to the decrease in fund balance.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

For the Workers' Compensation Fund, the decrease in net assets was primarily due to premium reductions and refund expenses of \$1.47 billion, benefits and claims expenses of \$2.93 billion exceeded total operating and nonoperating revenues by approximately \$558.1 million, and a \$1.1 billion decrease in the fair value of the fund's investment portfolio caused by downturns in world equity markets.

The Workers Compensation Oversight Commission approved a one-time 75-percent premium reduction for Ohio private employers for the policy year July 1, 2001 through June 30, 2002, which produced estimated savings of \$1.3 billion to these employers. The Oversight Commission also approved a one-time 50-percent premium reduction for public taxing district employers for their policy year beginning January 1, 2002, which produced estimated savings of \$144 million to these employers through December 31, 2002. Additionally, public taxing district employers qualified for an additional 25-percent cash refund by attending a Public Employer Summit, hosted by the Bureau of Workers' Compensation. Approximately \$66.5 million will be returned to employers who attended the meetings. These reductions and refunds follow the January 1, 2001 policy year's one-time 75-percent premium reduction, which produced an estimated \$200 million in savings for public employer taxing districts.

In fiscal year 2002, premium and assessment income for the Workers' Compensation Fund increased \$341 million, primarily due to growth in the payroll base and an increase in assessment rates for administrative costs. Workers' compensation benefits and claims expenses were \$2.93 billion in fiscal year 2002 as compared to \$2.50 billion in fiscal year 2001. The increase in workers' compensation benefits is due in part to increased utilization of medical services and medical cost inflation. A decline in the number of newly awarded permanent total disability claims has helped to reduce the impact of the increased medical costs. Additionally, the Bureau of Workers' Compensation Fund experienced a net investment loss of \$430.1 million or a decline of 183.6 percent when compared to net investment income of \$514.6 million reported in the previous fiscal year. The fund's investment losses are due to declines in the world equity markets during the period.

The Unemployment Compensation Enterprise Fund reported a net loss of \$353.7 million during fiscal year 2002. Unemployment benefits and claims expenses of \$1.66 billion exceeded total operating and nonoperating revenues by approximately \$350.9 million. Investment income for the fund during fiscal year 2002 was \$125 million, down \$24.9 million or 16.6 percent from fiscal year 2001. The fund's net loss resulted despite the deposit of an additional \$130.5 million in federal funds received during fiscal year 2002 for the payment of extended unemployment benefits to laid-off workers in Ohio for an additional 13 weeks and the national Reed Act distribution of \$346.9 million to Ohio for deposit in the State's unemployment trust account in Washington D.C. in March 2002. The Reed Act provides for the distribution of funds from federal unemployment accounts to the state trust funds in times when the balances in the federal accounts would exceed their statutory ceilings, resulting in federal employer tax overpayments being returned to the states. The Reed Act funds can be used to reduce taxes on em-

ployers and to pay unemployment benefits and costs the states incur for the administration of unemployment services, veteran employment services, and some Bureau of Labor Statistics programs.

For the Tuition Trust Authority Fund, the \$70.3 million deficit, as of June 30, 2002, resulted when the fund reported a net loss of \$135.5 million for fiscal year 2002. By June 30, 2002, tuition benefits payable had dramatically increased because of the estimated increase in future tuition growth and lower-than-projected investment returns. The fund's investment loss for fiscal year 2002 was \$16.8 million, a decrease of 215 percent when compared with investment income reported at \$14.6 million (as restated) for fiscal year 2001. The fund also reported an increase in benefits and claims expense for fiscal year 2002 resulting from higher sales in conjunction with higher-than-expected tuition growth and the estimated increase in projected future tuition growth. For fiscal year 2002, the benefits and claims expense was \$278.7 million, a 124.8 percent increase over the \$124 million in benefits and claims expenses reported for fiscal year 2001.

The Lottery Commission Fund reported approximately \$640 million in income before transfers of \$635.2 million and \$140 thousand to the Education and General funds, respectively, posting a modest \$4.7 million gain in the fund's net assets during fiscal year 2002 while all other proprietary funds posted net losses for the year. The Liquor Control Fund reported a net loss of \$350 thousand after transferring \$112 million to the General Fund and \$19.6 million to other governmental funds. In fiscal year 2002, transfers from the proprietary funds to the governmental funds totaled \$807.4 million, up \$41.5 million or 5.4 percent when compared to the \$765.9 million in transfers-out reported for fiscal year 2001.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2002 and June 30, 2001, the State had invested \$21.86 billion and \$21.18 billion, net of accumulated depreciation of \$1.71 billion and \$1.57 billion, respectively, in a broad range of capital assets, as follows.

Capital Assets, Net of Depreciation
As of June 30, 2002 with comparatives as of June 30, 2001
(dollars in thousands)

	As of June 30, 2002			As of June 30, 2001		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,479,858	\$ 12,631	\$1,492,489	\$ 1,403,664	\$ 12,631	\$1,416,295
Buildings	1,886,367	136,066	2,022,433	1,925,278	143,268	2,068,546
Land Improvements	87,207	19	87,226	79,492	20	79,512
Machinery and Equipment	102,831	78,341	181,172	98,998	31,911	130,909
State Vehicles	121,077	2,454	123,531	120,667	2,550	123,217
Infrastructure:						
Highway Network:						
General Subsystem	8,049,949	—	8,049,949	7,982,451	—	7,982,451
Priority Subsystem	6,351,727	—	6,351,727	6,099,567	—	6,099,567
Bridge Network	2,223,044	—	2,223,044	2,171,228	—	2,171,228
Parks, Recreation, and Natural Resources System	14,662	—	14,662	—	—	—
	20,316,722	229,511	20,546,233	19,881,345	190,380	20,071,725
Construction-in-Progress	1,302,502	8,827	1,311,329	1,103,942	1,123	1,105,065
Total Capital Assets, Net	<u>\$21,619,224</u>	<u>\$238,338</u>	<u>\$21,857,562</u>	<u>\$20,985,287</u>	<u>\$191,503</u>	<u>\$21,176,790</u>

As a result of the implementation of GASB 34's new reporting requirements for fiscal year 2002, the State, for the first time, included infrastructure assets in its capital assets balances and recognized \$152.8 million in annual depreciation expense relative to its other general governmental capital assets.

Additionally, the State completed construction on a variety of projects at various state facilities during fiscal year 2002 totaling approximately \$473.5 million. The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was 3.2 percent (a 3 percent increase for governmental activities and a 24.5 percent increase for business-type activities). As further detailed in NOTE 19D. of the notes to the financial statements, the State had \$227.9 million in major construction commitments (unrelated to infrastructure).

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 42,601 in lane miles of highway (12,114 in lane miles for the priority highway subsystem and 30,487 in lane miles for the general highway subsystem) and approximately 81 million square feet of deck area that comprises approximately 12,000 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 2001, indicates that only 4.2 percent and 3.0 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 2001, indicates that only 3.3 percent and .04 percent of the number of square feet of bridge deck area were considered to be in “fair” and “poor” conditions, respectively.

Total actual maintenance and preservation costs for the priority and general subsystems were \$319.5 million and \$152 million, respectively, compared to estimated costs of \$251.2 million for the priority system and \$111 million for the general system. Total actual maintenance and preservation costs for the bridge network was \$210.1 million compared to estimated costs of \$192.1 million.

More detailed information on the State’s capital assets can be found in NOTE 8 to the financial statements.

Debt — Bonds and Notes Payable and Certificates of Participation Obligations

As of June 30, 2002 and June 30, 2001, the State had total debt of \$8.66 billion and \$8.20 billion, respectively, as follows.

Bonds and Notes Payable and Certificates of Participation
As of June 30, 2002 with comparatives for June 30, 2001
(dollars in thousands)

	As of June 30, 2002			As of June 30, 2001		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds and Notes Payable:						
General Obligation Bonds	\$3,771,129	\$ —	\$3,771,129	\$3,034,037	\$ —	\$3,034,037
Revenue Bonds and Notes.....	297,638	190,723	488,361	218,900	202,614	421,514
Special Obligation Bonds	4,389,102	—	4,389,102	4,731,842	—	4,731,842
Certificates of Participation.....	9,900	—	9,900	12,305	—	12,305
Total Debt.....	\$8,467,769	\$190,723	\$8,658,492	\$7,997,084	\$202,614	\$8,199,698

The State’s general obligation bonds are backed by its full faith and credit. Revenue bonds issued by the State, including the Ohio Building Authority (OBA), a blended component unit of 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 OBA 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 2002, the State issued \$975 million in general obligation bonds, \$100 million in revenue bonds, and \$466.5 million in special obligation bonds, of which \$341.4 million were refunding bonds. The total increase in the State’s debt obligations for the current fiscal year was 5.6 percent (a 5.9 percent increase for governmental activities and a 5.9 percent decrease for business-type activities).

Credit Ratings

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

State obligations (issued by the Ohio Building Authority and the Treasurer of State) secured by General Revenue Fund appropriations are rated Aa2 by Moody's and AA by S&P and Fitch.

Moody's on December 5, 2001 and S&P on June 5, 2002 changed their "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.

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 OBA 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.

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

For the past two years, Ohio's economy has been in a recession that has been characterized by layoffs and falling corporate profits. Through December 2002, actual tax revenues for fiscal year 2003 continued to lag behind the Office of Budget and Management's projections for fiscal year 2003. In addition to increasing demands for more government spending on human services programs such as Medicaid, in response to the weakened economy, the State's personal income, corporate franchise, and sales tax revenues have been unable to reach projected levels of collections.

The Ohio Constitution prohibits the State from borrowing money to fund operating expenditures in the General Revenue Fund (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.

In light of projected revenue shortfalls for the General Fund in fiscal year 2003, the State has implemented the following measures to help ensure fund balance remains positive, as of June 30, 2003.

On July 1, 2002, Governor Taft through Executive Order 2002-08T ordered \$374.8 million in reductions to GRF appropriations for fiscal year 2003. For some agencies, the budget cuts represent up to 15 percent of their originally approved appropriation levels. The executive order also directed state agencies to limit hiring to essential employees and contract positions, to reduce travel expenses, and to forego major purchases, remodeling, renovations and other purchases that had not yet been contracted. The executive order did not cut fiscal year 2003 appropriations for the basic aid component of primary and secondary education, entitlements, debt service, property tax rollbacks, homestead exemptions, tangible personal property tax exemptions, and pension payments by the Treasurer of State.

Later, on January 22, 2003, Governor Taft ordered state departments to trim their budgets by an average of 2.5 percent to achieve \$121 million in GRF spending reductions for fiscal year 2003.

Additionally, Senate Bill 261, which was enacted in June 2002, mandated \$41.4 million in GRF budget reductions for fiscal year 2003, including \$30 million in administrative costs at the Department of Education, \$10 million at the Department of Rehabilitation and Correction, and \$1.4 million for the Multi-Agency Radio Communications System. Through Senate Bill 261, the General Assembly also approved a 31-cent increase in the cigarette tax to 55 cents a pack, effective July 1, 2002, to enhance future revenues for the General Fund.

Finally, if needed by the General Fund for spending in fiscal year 2003, Senate Bill 261 contains provisions that allow OBM to reallocate up to \$427.9 million designated in the fund for budget stabilization purposes, as of June 30, 2002, on the budgetary basis of accounting, and to transfer up to an additional \$285 million from tobacco settlement revenues in the Special Revenue Fund.

Contacting the Ohio Office of Budget and Management

This financial report is designed to provide the State's citizens, taxpayers, customers, and 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.

BASIC FINANCIAL STATEMENTS

STATE OF OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2002
(dollars in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS:				
Cash Equity with Treasurer.....	\$ 4,710,788	\$ 57,899	\$ 4,768,687	\$ 495,708
Cash and Cash Equivalents.....	40,751	2,398,570	2,439,321	525,984
Investments.....	797,510	14,953,217	15,750,727	3,943,662
Collateral on Lent Securities.....	1,494,388	2,130,095	3,624,483	154,539
Deposit with Federal Government.....	—	1,812,201	1,812,201	—
Taxes Receivable.....	1,287,534	—	1,287,534	—
Intergovernmental Receivable.....	1,387,156	6,642	1,393,798	33,893
Premiums and Assessments Receivable.....	—	725,343	725,343	—
Investment Trade Receivable.....	—	1,014,193	1,014,193	—
Loans Receivable, Net.....	790,821	—	790,821	224,671
Receivable from Primary Government.....	—	—	—	33,701
Receivable from Component Units.....	29	104,428	104,457	—
Other Receivables.....	273,834	382,518	656,352	601,261
Inventories.....	50,813	25,750	76,563	44,063
Other Assets.....	12,498	13,202	25,700	340,851
Restricted Assets:				
Cash Equity with Treasurer.....	—	6,439	6,439	47,777
Cash and Cash Equivalents.....	—	17,402	17,402	74,234
Investments.....	—	1,686,544	1,686,544	866,692
Collateral on Lent Securities.....	—	420,368	420,368	14,926
Loans Receivable, Net.....	—	—	—	2,336,776
Other Receivables.....	—	4,266	4,266	—
Capital Assets Being Depreciated, Net.....	2,212,144	216,880	2,429,024	5,137,859
Capital Assets Not Being Depreciated.....	19,407,080	21,458	19,428,538	896,604
TOTAL ASSETS.....	32,465,346	25,997,415	58,462,761	15,773,201
LIABILITIES:				
Accounts Payable.....	540,286	45,989	586,275	329,235
Accrued Liabilities.....	216,519	3,650	220,169	338,914
Medicaid Claims Payable.....	996,225	—	996,225	—
Obligations Under Securities Lending.....	1,494,388	2,550,463	4,044,851	169,465
Investment Trade Payable.....	—	2,433,261	2,433,261	—
Intergovernmental Payable.....	1,202,337	1,278	1,203,615	6,869
Internal Balances.....	597,420	(597,420)	—	—
Payable to Primary Government.....	—	—	—	104,457
Payable to Component Units.....	33,701	—	33,701	—
Deferred Revenue.....	183,114	1,680	184,794	160,773
Benefits Payable.....	—	13,821	13,821	—
Refund and Other Liabilities.....	747,065	140,697	887,762	12,571
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year.....	797,218	13,531	810,749	592,684
Due in More Than One Year.....	7,660,651	177,192	7,837,843	2,687,572
Certificates of Participation:				
Due in One Year.....	2,530	—	2,530	1,175
Due in More Than One Year.....	7,370	—	7,370	8,810
Other Noncurrent Liabilities:				
Due in One Year.....	85,666	2,242,207	2,327,873	948,771
Due in More Than One Year.....	433,786	15,041,036	15,474,822	1,168,860
TOTAL LIABILITIES.....	14,998,276	22,067,385	37,065,661	6,530,156

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

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
NET ASSETS:				
<i>Invested in Capital Assets,</i>				
<i>Net of Related Debt.....</i>	18,653,976	24,197	18,678,173	4,392,633
<i>Restricted for:</i>				
<i>Primary, Secondary and Other Education</i>	5,759	—	5,759	—
<i>Transportation and Highway Safety.....</i>	819,829	—	819,829	—
<i>State and Local Government</i>				
<i>Highway Construction.....</i>	124,957	—	124,957	—
<i>Federal Programs.....</i>	48,997	—	48,997	—
<i>Coal Research</i>				
<i>and Development Program.....</i>	17,340	—	17,340	—
<i>Clean Ohio Program.....</i>	51,358	—	51,358	—
<i>Debt Service.....</i>	—	—	—	1,706,422
<i>Intergovernmental and Capital Purposes..</i>	810,275	—	810,275	47,777
<i>Workers' Compensation.....</i>	—	1,880,808	1,880,808	—
<i>Deferred Lottery Prizes.....</i>	—	97,040	97,040	—
<i>Unemployment Compensation.....</i>	—	1,912,422	1,912,422	—
<i>Ohio Building Authority.....</i>	—	28,003	28,003	—
<i>Auditor of State's Office.....</i>	—	406	406	—
<i>Nonexpendable for</i>				
<i>Colleges and Universities.....</i>	—	—	—	1,707,745
<i>Expendable for</i>				
<i>Colleges and Universities.....</i>	—	—	—	1,097,799
<i>Unrestricted (Deficits).....</i>	(3,065,421)	(12,846)	(3,078,267)	290,669
TOTAL NET ASSETS.....	\$ 17,467,070	\$ 3,930,030	\$ 21,397,100	\$ 9,243,045

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(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.....	\$ 8,171,648	\$ 60,794	\$ 1,188,172	\$ —	\$ (6,922,682)	
Higher Education Support	2,604,961	52,894	9,357	—	(2,542,710)	
Public Assistance and Medicaid	11,953,033	509,184	7,708,883	—	(3,734,966)	
Health and Human Services	2,844,671	108,586	1,478,761	4,172	(1,253,152)	
Justice and Public Protection	2,499,689	702,145	164,811	4,484	(1,628,249)	
Environmental Protection and Natural Resources.....	386,400	173,942	75,642	1,241	(135,575)	
Transportation	1,532,680	35,067	91,090	926,323	(480,200)	
General Government	747,474	449,942	100,107	5,980	(191,445)	
Community and Economic Development.....	902,628	299,599	308,079	—	(294,950)	
Intergovernmental.....	3,617,678	126,002	11,450	—	(3,480,226)	
Interest on Long-Term Debt (excludes interest charged as program expense).....	203,811	—	—	—	(203,811)	
TOTAL GOVERNMENTAL ACTIVITIES	35,464,673	2,518,155	11,136,352	942,200	(20,867,966)	
BUSINESS-TYPE ACTIVITIES:						
Workers' Compensation.....	4,565,493	2,376,252	(430,147)	—	(2,619,388)	
Lottery Commission.....	1,467,203	1,988,124	119,039	—	639,960	
Unemployment Compensation.....	1,660,148	694,090	267,810	—	(698,248)	
Ohio Building Authority.....	33,724	31,695	793	—	(1,236)	
Tuition Trust Authority.....	284,960	163,809	(16,822)	—	(137,973)	
Liquor Control.....	339,294	470,515	—	—	131,221	
Underground Parking Garage.....	2,336	2,654	95	—	413	
Office of Auditor of State.....	78,302	39,188	—	—	(39,114)	
TOTAL BUSINESS-TYPE ACTIVITIES...	8,431,460	5,766,327	(59,232)	—	(2,724,365)	
TOTAL PRIMARY GOVERNMENT.....	\$ 43,896,133	\$ 8,284,482	\$ 11,077,120	\$ 942,200	\$ (23,592,331)	
COMPONENT UNITS:						
School Facilities Commission.....	\$ 599,818	\$ 26	\$ 34,410	\$ —	\$ (565,382)	
Ohio Water Development Authority.....	88,288	119,884	151,882	—	183,478	
Ohio State University.....	2,311,109	1,268,264	358,722	20,917	(663,206)	
University of Cincinnati.....	734,791	259,736	154,100	5,827	(315,128)	
Other Component Units.....	3,376,752	1,653,848	521,676	21,041	(1,180,187)	
TOTAL COMPONENT UNITS.....	\$ 7,110,758	\$ 3,301,758	\$ 1,220,790	\$ 47,785	\$ (2,540,425)	

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

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
CHANGES IN NET ASSETS:				
Net Expense.....	\$ (20,867,966)	\$ (2,724,365)	\$ (23,592,331)	\$ (2,540,425)
General Revenues:				
Taxes:				
Income.....	7,961,718	—	7,961,718	—
Sales.....	6,413,916	—	6,413,916	—
Corporate and Public Utility	1,640,433	—	1,640,433	—
Other.....	895,414	—	895,414	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,451,767	—	1,451,767	—
Total Taxes.....	18,363,248	—	18,363,248	—
Tobacco Settlement.....	368,588	—	368,588	—
Escheat Property.....	50,745	—	50,745	—
Unrestricted Investment Income.....	56,990	—	56,990	(14,155)
State Assistance	—	—	—	2,489,429
Federal Grants.....	—	346,891	346,891	—
Other.....	33	2,449	2,482	200,655
Contributions.....	—	—	—	57,479
Special Items.....	—	26	26	(730)
Transfers-Internal Activities.....	743,821	(743,821)	—	—
TOTAL GENERAL REVENUES CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS.....	19,583,425	(394,455)	19,188,970	2,732,678
CHANGE IN NET ASSETS.....	(1,284,541)	(3,118,820)	(4,403,361)	192,253
NET ASSETS, JULY 1.....	18,751,611	7,048,850	25,800,461	9,050,792
NET ASSETS, JUNE 30.....	\$ 17,467,070	\$ 3,930,030	\$ 21,397,100	\$ 9,243,045

STATE OF OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002
(dollars in thousands)

	MAJOR FUNDS		
	<u>GENERAL</u>	<u>JOB, FAMILY AND OTHER HUMAN SERVICES</u>	<u>EDUCATION</u>
ASSETS:			
Cash Equity with Treasurer	\$ 1,464,192	\$ 181,052	\$ 71,459
Cash and Cash Equivalents	13,388	5,167	301
Investments	198,117	33,987	5,568
Collateral on Lent Securities	467,350	58,354	22,734
Taxes Receivable	974,426	—	—
Intergovernmental Receivable	490,716	450,162	150,425
Loans Receivable, Net	18,103	—	10,466
Interfund Receivable	230,729	6	—
Receivable from Component Units	29	—	—
Other Receivables	198,777	35,521	539
Inventories	20,445	—	—
Other Assets	186	—	3,706
TOTAL ASSETS	\$ 4,076,458	\$ 764,249	\$ 265,198
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 161,826	\$ 44,797	\$ 2,201
Accrued Liabilities	77,457	9,326	1,006
Medicaid Claims Payable	994,725	1,500	—
Obligations Under Securities Lending	467,350	58,354	22,734
Intergovernmental Payable	356,777	242,236	96,784
Interfund Payable	390,669	12,316	1,496
Payable to Component Units	6,967	1,282	319
Deferred Revenue	89,651	242,065	111,915
Refund and Other Liabilities	647,808	9,014	—
Liability for Escheat Property	7,771	—	—
TOTAL LIABILITIES	3,201,001	620,890	236,455
FUND BALANCES:			
Reserved for:			
Debt Service	1,735	—	—
Encumbrances	303,278	755,207	10,540
Noncurrent Portion of Loans Receivable	16,442	—	10,269
Loan Commitments	—	—	—
Inventories	10,108	—	—
State and Local Highway Construction	—	—	—
Federal Programs	—	651	8,188
Other	224,473	—	—
Unreserved/Designated	319,421	—	—
Unreserved/Undesignated (Deficits):			
Special Revenue Funds	—	(612,499)	(254)
Debt Service Funds	—	—	—
Capital Projects Funds	—	—	—
TOTAL FUND BALANCES	875,457	143,359	28,743
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,076,458	\$ 764,249	\$ 265,198

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

<u>HIGHWAY OPERATING</u>	<u>REVENUE DISTRIBUTION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ 900,537	\$ 269,066	\$ 1,824,482	\$ 4,710,788
379	4,155	17,361	40,751
—	—	559,838	797,510
281,646	83,982	580,322	1,494,388
53,605	253,980	5,523	1,287,534
79,651	—	216,202	1,387,156
51,430	—	710,822	790,821
67	—	3,685	234,487
—	—	—	29
3,763	85	35,149	273,834
30,368	—	—	50,813
—	—	1,999	5,891
<u>\$ 1,401,446</u>	<u>\$ 611,268</u>	<u>\$ 3,955,383</u>	<u>\$ 11,074,002</u>
\$ 132,164	\$ —	\$ 199,298	\$ 540,286
14,455	—	22,930	125,174
—	—	—	996,225
281,646	83,982	580,322	1,494,388
1,107	322,058	163,686	1,182,648
115,743	195	311,488	831,907
541	—	24,084	33,193
41,098	15,859	83,783	584,371
—	70,389	2,290	729,501
—	—	—	7,771
<u>586,754</u>	<u>492,483</u>	<u>1,387,881</u>	<u>6,525,464</u>
—	—	100,931	102,666
1,316,870	—	1,446,901	3,832,796
50,901	—	636,800	714,412
—	—	85,169	85,169
31,674	—	—	41,782
—	124,957	—	124,957
—	—	25,075	33,914
—	—	79,888	304,361
—	—	2,487	321,908
(584,753)	(6,172)	521,631	(682,047)
—	—	(21)	(21)
—	—	(331,359)	(331,359)
<u>814,692</u>	<u>118,785</u>	<u>2,567,502</u>	<u>4,548,538</u>
<u>\$ 1,401,446</u>	<u>\$ 611,268</u>	<u>\$ 3,955,383</u>	<u>\$ 11,074,002</u>

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STATE OF OHIO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2002
(dollars in thousands)

Total Fund Balances for Governmental Funds..... **\$ 4,548,538**

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:

Infrastructure, net of \$24 accumulated depreciation.....	16,639,382
Land.....	1,479,858
Buildings and Improvements, net of \$1,042,555 accumulated depreciation.....	1,886,367
Land Improvements, net of \$108,422 accumulated depreciation.....	87,207
Machinery and Equipment, net of \$258,862 accumulated depreciation.....	102,831
State Vehicles, net of \$98,017 accumulated depreciation.....	121,077
Construction-in-Progress.....	1,302,502
	<u>21,619,224</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.....	87,355
Intergovernmental Receivable.....	304,225
Other Receivables:	
Accounts.....	8,335
Interest.....	1,342
	<u>401,257</u>

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

6,607

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

Accrued Liabilities:	
Interest Payable.....	(88,092)
Other	(3,253)
Intergovernmental Payable.....	(19,689)
Payable to Component Units.....	(508)
Refund and Other Liabilities.....	(17,564)
Bonds and Notes Payable:	
General Obligation Bonds.....	(3,771,129)
Revenue Bonds.....	(297,638)
Special Obligation Bonds.....	(4,389,102)
Certificates of Participation.....	(9,900)
Other Noncurrent Liabilities:	
Compensated Absences.....	(381,929)
Capital Leases Payable.....	(3,933)
Litigation Liabilities.....	(30,000)
Liability for Escheat Property.....	(95,819)
	<u>(9,108,556)</u>

Total Net Assets of Governmental Activities..... **\$ 17,467,070**

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, 2002
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	EDUCATION
REVENUES:			
Income Taxes	\$ 7,129,512	\$ —	\$ —
Sales Taxes	6,066,023	—	—
Corporate and Public Utility Taxes	1,276,159	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	838,236	5,201	—
Licenses, Permits and Fees	100,858	376,052	662
Sales, Services and Charges	51,211	—	428
Federal Government	4,563,370	3,547,749	1,074,623
Tobacco Settlement	—	—	—
Escheat Property	52,628	—	—
Investment Income	145,483	12,870	4,733
Other	273,750	148,447	15,516
TOTAL REVENUES	<u>20,497,230</u>	<u>4,090,319</u>	<u>1,095,962</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	6,421,251	232	1,700,826
Higher Education Support	2,106,349	573	15,538
Public Assistance and Medicaid	8,311,043	3,543,294	—
Health and Human Services	1,122,893	422,296	139
Justice and Public Protection	1,855,869	22,503	16,418
Environmental Protection and Natural Resources	120,253	—	—
Transportation	41,782	—	—
General Government	441,768	2,588	—
Community and Economic Development	126,400	1,773	—
INTERGOVERNMENTAL	1,227,313	—	—
CAPITAL OUTLAY	—	1,439	—
DEBT SERVICE	2,286	—	—
TOTAL EXPENDITURES	<u>21,777,207</u>	<u>3,994,698</u>	<u>1,732,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,279,977)</u>	<u>95,621</u>	<u>(636,959)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	400,000	—	—
Refunding Bond Proceeds	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—
Bond Premiums	6,029	—	—
Bond Discounts	—	—	—
Capital Leases	1,451	—	—
Transfers-in	617,185	12,689	646,941
Transfers-out	(977,731)	(103,398)	(29,998)
TOTAL OTHER FINANCING SOURCES (USES)	<u>46,934</u>	<u>(90,709)</u>	<u>616,943</u>
NET CHANGE IN FUND BALANCES	<u>(1,233,043)</u>	<u>4,912</u>	<u>(20,016)</u>
FUND BALANCES, JULY 1 (as restated)	2,108,395	138,447	48,759
Increase (Decrease) for Changes in Inventories	105	—	—
FUND BALANCES, JUNE 30	<u>\$ 875,457</u>	<u>\$ 143,359</u>	<u>\$ 28,743</u>

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

<u>HIGHWAY OPERATING</u>	<u>REVENUE DISTRIBUTION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ —	\$ 848,810	\$ 4,139	\$ 7,982,461
—	303,346	15,879	6,385,248
—	350,924	13,350	1,640,433
363,152	1,040,388	48,227	1,451,767
—	14,052	37,925	895,414
67,474	342,885	633,805	1,521,736
1,364	—	41,594	94,597
959,856	—	1,588,838	11,734,436
—	—	368,588	368,588
—	—	—	52,628
42,104	2,093	75,174	282,457
26,318	88	171,693	635,812
<u>1,460,268</u>	<u>2,902,586</u>	<u>2,999,212</u>	<u>33,045,577</u>
—	—	20,663	8,142,972
—	—	327,154	2,449,614
—	—	245	11,854,582
—	—	1,247,562	2,792,890
—	—	483,330	2,378,120
—	—	235,323	355,576
1,855,566	—	459	1,897,807
—	—	289,235	733,591
—	—	620,012	748,185
—	2,179,636	156,357	3,563,306
—	—	464,404	465,843
—	—	1,191,318	1,193,604
<u>1,855,566</u>	<u>2,179,636</u>	<u>5,036,062</u>	<u>36,576,090</u>
<u>(395,298)</u>	<u>722,950</u>	<u>(2,036,850)</u>	<u>(3,530,513)</u>
—	—	800,000	1,200,000
—	—	341,451	341,451
—	—	(339,042)	(339,042)
—	—	31,095	37,124
—	—	(2)	(2)
—	—	29	1,480
512,755	2	1,414,008	3,203,580
(250,099)	(731,349)	(367,184)	(2,459,759)
<u>262,656</u>	<u>(731,347)</u>	<u>1,880,355</u>	<u>1,984,832</u>
<u>(132,642)</u>	<u>(8,397)</u>	<u>(156,495)</u>	<u>(1,545,681)</u>
947,334	127,182	2,723,997	6,094,114
—	—	—	105
<u>\$ 814,692</u>	<u>\$ 118,785</u>	<u>\$ 2,567,502</u>	<u>\$ 4,548,538</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, 2002
(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds.....	\$ (1,545,681)
Change in Inventories.....	<u>105</u>
	(1,545,576)

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.....	786,744	
Depreciation Expense.....	<u>(152,807)</u>	
Excess of Capital Outlay Over Depreciation Expense.....		<u>633,937</u>

Bond 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.....	(975,000)	
Revenue Bonds.....	(100,000)	
Special Obligation Bonds.....	(125,000)	
Refunding Bonds, including Bond Premium/Discount, Net.....	(341,451)	
Premiums and Discounts, net:		
General Obligation Bonds.....	(28,544)	
Revenue Bonds.....	(5,451)	
Special Obligation Bonds.....	<u>(2,536)</u>	
Total Bond Proceeds.....		<u>(1,577,982)</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:</i>		
General Obligation Bonds.....	280,305	
Revenue Bonds.....	25,750	
Special Obligation Bonds.....	474,951	
Certificates of Participation.....	2,405	
Capital Lease Payments.....	789	
Payments to Bond Refunding Agent.....	<u>317,320</u>	
Total Long-Term Debt Repayment.....		<u>1,101,520</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	<u>105,019</u>
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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>	6,607	
<i>Increase in Accrued Interest and Other Accrued Liabilities</i>	(21,782)	
<i>Increase in Payable to Component Units</i>	(508)	
<i>Amortization of Bond Premiums/Accretion of Bond Discount, Net</i>	6,566	
<i>Increase in Intergovernmental Payables</i>	(7,891)	
<i>Increase in Compensated Absences</i>	(20,351)	
<i>Decrease in Liabilities for Judgments, Claims, and Settlements</i>	47,783	
<i>Increase in Litigation Liabilities</i>	(10,000)	
<i>Increase in Liability for Escheat Property</i>	(1,883)	
	<hr/>	
<i>Total additional expenditures</i>		<hr/> <i>(1,459)</i>
<i>Change in Net Assets of Governmental Activities</i>		<hr/> <i>\$ (1,284,541)</i> <hr/>

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, 2002

(dollars in thousands)

	GENERAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes	\$ 8,215,100	\$ 7,890,101	\$ 7,304,144	\$ (585,957)
Sales Taxes	6,242,800	5,984,402	6,037,959	53,557
Corporate and Public Utility Taxes	1,583,000	1,555,005	1,295,781	(259,224)
Motor Vehicle Fuel Taxes	—	—	—	—
Other Taxes	845,240	837,941	838,359	418
Licenses, Permits and Fees	111,612	111,612	107,716	(3,896)
Sales, Services and Charges	50,598	50,598	51,396	798
Federal Government	4,371,542	4,371,542	4,452,657	81,115
Tobacco Settlement.....	—	—	—	—
Investment Income	139,103	129,103	83,123	(45,980)
Other	1,032,985	1,032,985	1,327,199	294,214
TOTAL REVENUES.....	22,591,980	21,963,289	21,498,334	(464,955)
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education	6,301,262	6,303,405	6,171,483	131,922
Higher Education Support	2,255,353	2,134,783	2,128,291	6,492
Public Assistance and Medicaid	8,682,054	8,796,651	8,614,471	182,180
Health and Human Services	1,321,003	1,325,417	1,271,665	53,752
Justice and Public Protection	2,025,911	2,005,480	1,919,540	85,940
Environmental Protection and Natural Resources	166,796	160,065	150,288	9,777
Transportation	93,927	91,212	88,800	2,412
General Government	703,892	712,562	597,178	115,384
Community and Economic Development	255,046	243,443	226,553	16,890
INTERGOVERNMENTAL.....	1,256,552	1,285,773	1,226,103	59,670
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE.....	942,764	942,764	902,322	40,442
TOTAL BUDGETARY EXPENDITURES.....	24,004,560	24,001,555	23,296,694	704,861
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....	(1,412,580)	(2,038,266)	(1,798,360)	239,906
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	—	—	—	—
Transfers-in	308,332	312,332	404,609	92,277
Transfers-out	(740)	(740)	(57,287)	(56,547)
TOTAL OTHER FINANCING SOURCES (USES).....	307,592	311,592	347,322	35,730
NET CHANGE IN FUND BALANCES.....	(1,104,988)	(1,726,674)	(1,451,038)	275,636
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated).....	1,515,069	1,515,069	1,515,069	—
Outstanding Encumbrances at Beginning of Fiscal Year	783,531	783,531	783,531	—
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30	\$ 1,193,612	\$ 571,926	\$ 847,562	\$ 275,636

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

JOB, FAMILY AND OTHER HUMAN SERVICES

EDUCATION

JOB, FAMILY AND OTHER HUMAN SERVICES				EDUCATION			
BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL			ORIGINAL	FINAL		
		\$ —				\$ —	
		—				—	
		—				—	
		—				—	
		5,201				—	
		357,197				662	
		—				428	
		2,893,800				1,028,076	
		—				—	
		11,261				4,501	
		219,782				23,716	
		3,487,241				1,057,383	
\$ 259	\$ 259	243	\$ 16	\$ 2,089,706	\$ 2,161,379	1,671,406	\$ 489,973
2,424	2,424	1,743	681	10,609	12,665	11,155	1,510
4,024,226	4,230,086	3,887,153	342,933	—	—	—	—
543,420	549,019	496,393	52,626	210	210	156	54
50,343	50,668	25,569	25,099	29,320	30,009	20,023	9,986
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,895	1,973	1,848	125	—	—	—	—
5,200	5,200	5,200	—	—	—	—	—
—	—	—	—	—	—	—	—
6,212	16,568	11,046	5,522	—	—	—	—
—	—	—	—	—	—	—	—
\$ 4,633,979	\$ 4,856,197	4,429,195	\$ 427,002	\$ 2,129,845	\$ 2,204,263	1,702,740	\$ 501,523
		(941,954)				(645,357)	
		—				—	
		2				635,828	
		(66,458)				(378)	
		(66,456)				635,450	
		(1,008,410)				(9,907)	
		(731,347)				(294,347)	
		908,667				362,347	
		\$ (831,090)				\$ 58,093	

(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, 2002

(dollars in thousands)
(continued)

	HIGHWAY OPERATING			
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes			\$ —	
Sales Taxes			—	
Corporate and Public Utility Taxes			—	
Motor Vehicle Fuel Taxes			362,911	
Other Taxes			—	
Licenses, Permits and Fees			67,375	
Sales, Services and Charges			1,364	
Federal Government			975,088	
Tobacco Settlement.....			—	
Investment Income			42,642	
Other			56,950	
TOTAL REVENUES.....			1,506,330	
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	3,444,522	4,243,130	3,316,410	926,720
General Government	—	—	—	—
Community and Economic Development	—	—	—	—
INTERGOVERNMENTAL.....	—	—	—	—
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE.....	43,669	61,686	41,685	20,001
TOTAL BUDGETARY EXPENDITURES.....	\$ 3,488,191	\$ 4,304,816	3,358,095	\$ 946,721
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....				(1,851,765)
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			—	
Transfers-in			532,625	
Transfers-out			(207,831)	
TOTAL OTHER FINANCING SOURCES (USES).....			324,794	
NET CHANGE IN FUND BALANCES.....				(1,526,971)
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated).....				(544,062)
Outstanding Encumbrances at Beginning of Fiscal Year				1,512,859
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30				\$ (558,174)

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

REVENUE DISTRIBUTION

BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL		
		\$ 848,810	
		303,346	
		334,376	
		1,041,549	
		14,370	
		523,100	
		—	
		—	
		—	
		2,053	
		87	
		3,067,691	
\$ —	\$ —	—	\$ —
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
2,388,277	2,390,370	2,291,310	99,060
—	—	—	—
—	—	—	—
\$ 2,388,277	\$ 2,390,370	2,291,310	\$ 99,060
		776,381	
		—	
		2	
		(719,441)	
		(719,439)	
		56,942	
		206,107	
		—	
		\$ 263,049	

STATE OF OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2002
(dollars in thousands)

	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 1,905	\$ 33,387	\$ —
Cash and Cash Equivalents.....	2,375,148	12,083	2,250
Investments.....	—	—	39,506
Collateral on Lent Securities.....	2,111,450	11,226	2,813
Deposit with Federal Government.....	—	—	1,812,201
Intergovernmental Receivable.....	—	—	6,642
Premiums and Assessments Receivable.....	362,918	—	13,093
Investment Trade Receivable.....	1,014,193	—	—
Interfund Receivable.....	32,851	—	—
Other Receivables.....	260,921	31,680	57,162
Inventories.....	—	—	—
Other Assets.....	2,103	3,633	6,777
TOTAL CURRENT ASSETS.....	6,161,489	92,009	1,940,444
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	—	6,439	—
Cash and Cash Equivalents.....	12,911	—	—
Investments.....	—	1,084,279	—
Collateral on Lent Securities.....	—	420,368	—
Other Receivables.....	—	4,266	—
Investments.....	14,824,856	—	—
Premiums and Assessments Receivable.....	349,332	—	—
Interfund Receivable.....	574,057	—	—
Receivable from Component Units.....	104,428	—	—
Other Receivables.....	—	—	—
Capital Assets Being Depreciated, Net.....	144,195	59,137	—
Capital Assets Not Being Depreciated.....	21,458	—	—
TOTAL NONCURRENT ASSETS.....	16,031,237	1,574,489	—
TOTAL ASSETS.....	22,192,726	1,666,498	1,940,444
CURRENT LIABILITIES:			
Accounts Payable.....	11,635	11,217	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	2,111,450	11,226	2,813
Investment Trade Payable.....	2,433,261	—	—
Intergovernmental Payable.....	—	—	911
Liabilities Payable from Restricted Assets:			
Deferred Prize Awards Payable.....	—	79,836	—
Obligations Under Securities Lending.....	—	420,368	—
Benefits Payable.....	—	—	—
Interfund Payable.....	—	204	—
Deferred Revenue.....	14,263	1,488	—
Benefits Payable.....	1,631,590	—	13,821
Refund and Other Liabilities.....	546,785	40,440	10,477
Bonds and Notes Payable.....	10,000	—	—
TOTAL CURRENT LIABILITIES.....	6,758,984	564,779	28,022
NONCURRENT LIABILITIES:			
Liabilities Payable from Restricted Assets:			
Deferred Prize Awards Payable.....	—	918,108	—
Benefits Payable.....	—	—	—
Interfund Payable.....	—	3,397	—
Deferred Revenue.....	398,823	—	—
Benefits Payable.....	11,635,582	—	—
Refund and Other Liabilities.....	1,351,077	46,060	—
Bonds and Notes Payable.....	158,770	—	—
TOTAL NONCURRENT LIABILITIES.....	13,544,252	967,565	—
TOTAL LIABILITIES.....	20,303,236	1,532,344	28,022
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt.....	8,682	1,967	—
Restricted for:			
Workers' Compensation.....	1,880,808	—	—
Deferred Lottery Prizes.....	—	97,040	—
Unemployment Compensation.....	—	—	1,912,422
Ohio Building Authority.....	—	—	—
Auditor of State's Office.....	—	—	—
Unrestricted (Deficits).....	—	35,147	—
TOTAL NET ASSETS (DEFICITS).....	\$ 1,889,490	\$ 134,154	\$ 1,912,422

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

OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL	UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL
\$ —	\$ 38	\$ 11,375	\$ 2,185	\$ 9,009	\$ 57,899
327	702	7,691	—	369	2,398,570
28,178	—	—	—	—	67,684
2	342	3,578	684	—	2,130,095
—	—	—	—	—	1,812,201
—	—	—	—	—	6,642
—	—	—	—	—	376,011
—	—	—	—	—	1,014,193
—	—	10	—	1,470	34,331
5,005	618	—	42	8,668	364,096
—	—	25,750	—	—	25,750
567	—	122	—	—	13,202
34,079	1,700	48,526	2,911	19,516	8,300,674
—	—	—	—	—	6,439
—	4,491	—	—	—	17,402
—	602,265	—	—	—	1,686,544
—	—	—	—	—	420,368
—	—	—	—	—	4,266
—	60,677	—	—	—	14,885,533
—	—	—	—	—	349,332
—	—	—	—	—	574,057
—	—	—	—	—	104,428
18,422	—	—	—	—	18,422
—	164	1,005	6,919	5,460	216,880
—	—	—	—	—	21,458
18,422	667,597	1,005	6,919	5,460	18,305,129
52,501	669,297	49,531	9,830	24,976	26,605,803
1,841	290	19,779	48	1,179	45,989
371	68	649	51	2,511	3,650
2	342	3,578	684	—	2,130,095
—	—	—	—	—	2,433,261
—	—	367	—	—	1,278
—	—	—	—	—	79,836
—	—	—	—	—	420,368
—	55,800	—	—	—	55,800
—	—	2,398	1	262	2,865
186	—	—	6	—	15,943
—	—	—	—	—	1,645,411
112	680	2,079	12	830	601,415
3,531	—	—	—	—	13,531
6,043	57,180	28,850	802	4,782	7,449,442
—	—	—	—	—	918,108
—	682,400	—	—	—	682,400
—	—	903	17	3,786	8,103
—	—	—	—	—	398,823
—	—	—	—	—	11,635,582
—	—	2,404	121	6,461	1,406,123
18,422	—	—	—	—	177,192
18,422	682,400	3,307	138	10,247	15,226,331
24,465	739,580	32,157	940	15,029	22,675,773
—	164	1,005	6,919	5,460	24,197
—	—	—	—	—	1,880,808
—	—	—	—	—	97,040
—	—	—	—	—	1,912,422
28,003	—	—	—	—	28,003
—	—	—	—	406	406
33	(70,447)	16,369	1,971	4,081	(12,846)
\$ 28,036	\$ (70,283)	\$ 17,374	\$ 8,890	\$ 9,947	\$ 3,930,030

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS -- ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)

	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ —	\$ 1,983,103	\$ 26,602
Premium and Assessment Income.....	2,362,685	—	660,358
Federal Government.....	—	—	142,304
Investment Income.....	—	—	125,004
Other.....	13,567	5,021	7,130
TOTAL OPERATING REVENUES.....	2,376,252	1,988,124	961,398
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	—	—
Administration.....	53,878	87,514	—
Premium Dividend Reductions and Refunds.....	1,473,880	—	—
Bonuses and Commissions.....	—	126,597	—
Prizes.....	—	1,148,126	—
Benefits and Claims.....	2,934,353	—	1,659,664
Depreciation.....	18,302	15,996	—
Other.....	85,080	142	484
TOTAL OPERATING EXPENSES.....	4,565,493	1,378,375	1,660,148
OPERATING INCOME (LOSS).....	(2,189,241)	609,749	(698,750)
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	(430,147)	119,038	502
Interest Expense.....	—	(3,835)	—
Federal Grants.....	—	—	346,891
Other.....	—	(84,966)	—
TOTAL NONOPERATING REVENUES (EXPENSES).....	(430,147)	30,237	347,393
INCOME (LOSS) BEFORE TRANSFERS.....	(2,619,388)	639,986	(351,357)
TRANSFERS:			
Transfers-in.....	—	—	812
Transfers-out.....	(7,140)	(635,290)	(3,170)
TOTAL TRANSFERS.....	(7,140)	(635,290)	(2,358)
NET INCOME (LOSS).....	(2,626,528)	4,696	(353,715)
NET ASSETS, JULY 1 (as restated).....	4,516,018	129,458	2,266,137
NET ASSETS (DEFICITS), JUNE 30.....	\$ 1,889,490	\$ 134,154	\$ 1,912,422

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

OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL	UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL
\$ 27,608	\$ 166,258	\$ 469,365	\$ 2,654	\$ 38,744	\$ 2,714,334
—	—	—	—	—	3,023,043
—	—	—	—	—	142,304
—	(16,822)	—	—	—	108,182
4,087	—	1,150	—	444	31,399
31,695	149,436	470,515	2,654	39,188	6,019,262
27,245	—	290,998	—	64,899	383,142
3,295	6,172	47,409	1,789	8,599	208,656
—	—	—	—	—	1,473,880
—	—	—	—	—	126,597
—	—	—	—	—	1,148,126
—	278,675	—	—	—	4,872,692
—	113	368	547	3,852	39,178
1,491	—	519	—	65	87,781
32,031	284,960	339,294	2,336	77,415	8,340,052
(336)	(135,524)	131,221	318	(38,227)	(2,320,790)
793	—	—	95	—	(309,719)
(1,693)	—	—	—	(5)	(5,533)
—	—	—	—	—	346,891
—	—	—	—	(882)	(85,848)
(900)	—	—	95	(887)	(54,209)
(1,236)	(135,524)	131,221	413	(39,114)	(2,374,999)
28,513	—	3	—	34,237	63,565
(29,327)	—	(131,574)	(773)	(112)	(807,386)
(814)	—	(131,571)	(773)	34,125	(743,821)
(2,050)	(135,524)	(350)	(360)	(4,989)	(3,118,820)
30,086	65,241	17,724	9,250	14,936	7,048,850
\$ 28,036	\$ (70,283)	\$ 17,374	\$ 8,890	\$ 9,947	\$ 3,930,030

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	<u>WORKERS'</u> <u>COMPENSATION</u>	<u>LOTTERY</u> <u>COMMISSION</u>	<u>UNEMPLOYMENT</u> <u>COMPENSATION</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	\$ 1,989,380	\$ 32,698
Cash Received from Premiums and Assessments.....	717,642	—	673,372
Cash Received from Quasi-External Transactions with Other Funds...	148	153	—
Cash Received from the Federal Government for Extended Benefits...	—	—	130,450
Other Operating Cash Receipts.....	13,160	4,869	6,873
Cash Payments to Suppliers for Goods and Services.....	(75,960)	(59,738)	—
Cash Payments to Employees for Services.....	(235,122)	(23,286)	—
Cash Payments for Benefits and Claims.....	(1,964,515)	—	(1,667,968)
Cash Payments for Lottery Prizes.....	—	(1,285,611)	—
Cash Payments for Bonuses and Commissions.....	—	(126,575)	—
Cash Payments for Premium Reductions and Refunds.....	(73,034)	—	—
Cash Payments for Quasi-External Transactions with Other Funds.....	(4)	(344)	—
Other Operating Cash Payments.....	—	(142)	(14,952)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(1,617,685)	498,706	(839,527)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	—	812
Transfers-out	(7,140)	(635,290)	(3,170)
Federal Grants.....	—	—	346,891
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(7,140)	(635,290)	344,533
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds and Capital Leases.....	(9,000)	(12,318)	—
Interest Paid	(8,571)	(3,835)	—
Acquisition and Construction of Capital Assets	(13,378)	(654)	—
Principal Receipts on Capital Leases Receivable.....	—	—	—
Proceeds from Sales of Capital Assets	65	137	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(30,884)	(16,670)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(39,633,271)	(171,697)	(6,987,989)
Proceeds from the Sales and Maturities of Investments	41,323,284	279,955	7,360,229
Investment Income Received	755,949	36,724	125,004
Borrower Rebates and Agent Fees.....	(100,111)	(10,642)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	2,345,851	134,340	497,244
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, JULY 1 (as restated).....	690,142 1,699,822	(18,914) 70,823	2,250 —
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 2,389,964	\$ 51,909	\$ 2,250

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

OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL	UNDERGROUND PARKING GARAGE	OFFICE OF AUDITOR OF STATE	TOTAL
\$ 27,052	\$ 163,809	\$ 469,191	\$ 2,068	\$ 38,726	\$ 2,722,924
—	—	—	—	—	1,391,014
1,077	—	14	590	413	2,395
—	—	—	—	—	130,450
2,840	—	1,140	—	813	29,695
(31,393)	(1,379)	(319,030)	(525)	(8,931)	(496,956)
(1,101)	(3,722)	(16,714)	(1,287)	(64,250)	(345,482)
—	(25,805)	—	—	—	(3,658,288)
—	—	—	—	—	(1,285,611)
—	—	—	—	—	(126,575)
—	—	—	—	—	(73,034)
—	(70)	(4)	—	(1)	(423)
—	—	(179)	(19)	(207)	(15,499)
(1,525)	132,833	134,418	827	(33,437)	(1,725,390)
28,513	—	3	—	33,476	62,804
(29,327)	—	(131,574)	(773)	—	(807,274)
—	—	—	—	—	346,891
(814)	—	(131,571)	(773)	33,476	(397,579)
(3,359)	—	—	—	(142)	(24,819)
(1,565)	—	—	—	(5)	(13,976)
—	(80)	(440)	(32)	(1,372)	(15,956)
3,359	—	—	—	—	3,359
—	—	54	—	—	256
(1,565)	(80)	(386)	(32)	(1,519)	(51,136)
(76,710)	(1,511,941)	—	—	—	(48,381,608)
80,040	1,364,534	—	—	—	50,408,042
666	19,589	—	91	—	938,023
—	—	—	—	—	(110,753)
3,996	(127,818)	—	91	—	2,853,704
92	4,935	2,461	113	(1,480)	679,599
235	296	16,605	2,072	10,858	1,800,711
\$ 327	\$ 5,231	\$ 19,066	\$ 2,185	\$ 9,378	\$ 2,480,310

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)

(continued)

	<u>WORKERS'</u> <u>COMPENSATION</u>	<u>OHIO</u> <u>LOTTERY</u> <u>COMMISSION</u>	<u>UNEMPLOYMENT</u> <u>COMPENSATION</u>
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ (2,189,241)	\$ 609,749	\$ (698,750)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	(125,004)
Depreciation	18,302	15,996	—
Provision for Uncollectible Accounts.....	66,553	—	—
Amortization of Premiums and Discounts.....	298	—	—
Interest on Bonds, Notes and Capital Leases.....	8,571	—	—
Miscellaneous Nonoperating Revenues (Expenses).....	—	—	—
Decrease (Increase) in Assets:			
Premiums and Assessments Receivable.....	(122,682)	—	1,783
Intergovernmental Receivable.....	—	—	(5,758)
Other Receivables	(71,217)	5,556	(257)
Interfund Receivable.....	(151,902)	—	—
Receivables from Component Units.....	(10,279)	—	—
Inventories	—	—	—
Other Assets	(310)	1,539	447
Increase (Decrease) in Liabilities:			
Accounts Payable	(2,807)	1,021	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	912
Interfund Payable.....	—	1,453	—
Deferred Revenue	(14,931)	721	—
Benefits Payable.....	761,197	—	13,811
Refund and Other Liabilities.....	90,763	6,997	(26,711)
Liabilities Payable from Restricted Assets.....	—	(144,326)	—
NET CASH FLOWS PROVIDED (USED) BY			
OPERATING ACTIVITIES.....	\$ (1,617,685)	\$ 498,706	\$ (839,527)

NONCASH INVESTING,
CAPITAL AND FINANCING ACTIVITIES:

Change in Fair Value of Investments.....	\$ (1,067,016)	\$ 35,761	\$ —
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The notes to the financial statements are an integral part of this statement.

<u>OHIO BUILDING AUTHORITY</u>	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ (336)	\$ (135,524)	\$ 131,221	\$ 318	\$ (38,227)	\$ (2,320,790)
—	16,822	—	—	—	(108,182)
—	113	368	547	3,852	39,178
—	—	—	—	(22)	66,531
(170)	—	—	—	—	128
—	—	—	—	—	8,571
—	(24)	—	—	—	(24)
—	—	—	—	—	(120,899)
—	—	—	—	—	(5,758)
(599)	(540)	—	9	274	(66,774)
—	—	(3)	—	—	(151,905)
—	—	—	—	—	(10,279)
—	—	1,079	—	—	1,079
(160)	—	41	—	—	1,557
(211)	83	852	(97)	(285)	(1,444)
—	13	(7)	10	1,035	1,051
—	—	367	—	—	1,279
—	—	46	18	(64)	1,453
(57)	—	—	2	—	(14,265)
—	—	—	—	—	775,008
8	490	454	20	—	72,021
—	251,400	—	—	—	107,074
<u>\$ (1,525)</u>	<u>\$ 132,833</u>	<u>\$ 134,418</u>	<u>\$ 827</u>	<u>\$ (33,437)</u>	<u>\$ (1,725,390)</u>
\$ —	\$ (35,332)	\$ —	\$ —	\$ —	\$ (1,066,587)

STATE OF OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002
(dollars in thousands)

	<u>PENSION TRUST</u>	<u>PRIVATE- PURPOSE TRUST</u>	<u>INVESTMENT TRUST</u>
	<u>STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/01)</u>	<u>VARIABLE COLLEGE SAVINGS PLAN</u>	<u>STAROHIO</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	30,855	110,679	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	38,426	—	5,911,440
Common and Preferred Stock.....	339,613	—	—
Corporate Bonds and Notes.....	42,558	—	—
Foreign Stocks and Bonds.....	—	—	—
Commercial Paper.....	—	—	370,081
Repurchase Agreements.....	—	—	599
Mutual Funds.....	—	1,621,798	—
Real Estate.....	82,843	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	38,017	—	—
State Treasury Asset Reserve of Ohio (STAROhio).....	—	—	—
Collateral on Lent Securities.....	17,081	—	447,268
Employer Contributions Receivable.....	2,095	—	—
Employee Contributions Receivable.....	1,745	—	—
Investment Trade Receivable.....	—	14,885	—
Other Receivables.....	1,709	3,462	172
Other Assets.....	46	—	—
Capital Assets, Net.....	187	—	—
TOTAL ASSETS.....	595,175	1,750,824	6,729,560
LIABILITIES:			
Accounts Payable.....	1,134	—	—
Accrued Liabilities.....	968	3,207	—
Obligations Under Securities Lending.....	17,081	—	447,268
Investment Trade Payable.....	—	18,095	—
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	36	—	421
TOTAL LIABILITIES.....	19,219	21,302	447,689
NET ASSETS:			
Held in Trust for:			
Employees' Pension Benefits.....	492,214	—	—
Employees' Postemployment Healthcare Benefits.....	83,742	—	—
Individuals, Organizations and Other Governments.....	—	1,729,522	—
Pool Participants.....	—	—	6,281,871
TOTAL NET ASSETS.....	\$ 575,956	\$ 1,729,522	\$ 6,281,871

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

AGENCY

\$ 166,073
183,516

5,651,958
53,031,494
12,140,417
21,302,311
1,205,295
119,774
2,138,637
12,421,996
1,147,335
8,193,824
16,828
96,070

—
—
—
1,515
429,153
—

118,246,196

—
—
96,070

—
80,776
118,069,350

118,246,196

\$ —

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STATE OF OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/01)	VARIABLE COLLEGE SAVINGS PLAN	STAROHIO
ADDITIONS:			
Contributions from:			
Employer.....	\$ 17,423	\$ —	\$ —
Employees.....	7,042	—	—
Plan Participants.....	—	1,475,427	—
Other.....	999	—	—
Total Contributions.....	25,464	1,475,427	—
Investment Income:			
Net Depreciation in Fair Value of Investments.....	(33,858)	(139,587)	—
Interest, Dividends and Other.....	15,357	24,182	195,694
Total Investment Income.....	(18,501)	(115,405)	195,694
Less: Investment Expense.....	2,319	8,213	5,655
Net Investment Income.....	(20,820)	(123,618)	190,039
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	22,247,042
Reinvested Distributions.....	—	—	190,039
Shares Redeemed.....	—	—	(24,552,873)
Net Capital Share and Individual Account Transactions.....	—	—	(2,115,792)
TOTAL ADDITIONS.....	4,644	1,351,809	(1,925,753)
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries.....	29,457	—	—
Healthcare Benefits Paid to Participants or Beneficiaries.....	6,179	—	—
Refunds of Employee Contributions.....	307	—	—
Administrative Expense.....	615	—	—
Transfers to Other Retirement Systems.....	448	—	—
Distributions to Shareholders and Plan Participants.....	—	50,019	190,039
TOTAL DEDUCTIONS.....	37,006	50,019	190,039
CHANGE IN NET ASSETS HELD FOR:			
Employees' Pension Benefits.....	(26,714)	—	—
Employees' Postemployment Healthcare Benefits.....	(5,648)	—	—
Individuals, Organizations and Other Governments.....	—	1,301,790	(2,115,792)
NET ASSETS, JULY 1.....	608,318	427,732	8,397,663
NET ASSETS, JUNE 30.....	\$ 575,956	\$ 1,729,522	\$ 6,281,871

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, 2002
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY	OHIO STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 483,833	\$ 24	\$ —
Cash and Cash Equivalents.....	—	16	324,034
Investments.....	—	95,905	435,502
Collateral on Lent Securities.....	150,826	—	—
Intergovernmental Receivable.....	—	397	6,139
Loans Receivable, Net.....	—	5,539	11,500
Receivable from Primary Government.....	—	—	12,827
Other Receivables.....	1,013	15	257,170
Inventories.....	—	—	19,050
Other Assets.....	—	—	35,479
TOTAL CURRENT ASSETS.....	635,672	101,896	1,101,701
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	—	—	—
Cash and Cash Equivalents.....	—	19,455	24,343
Investments.....	—	815,683	—
Collateral on Lent Securities.....	—	—	—
Loans Receivable, Net.....	—	2,336,776	—
Investments.....	—	25,128	1,011,568
Loans Receivable, Net.....	—	16,812	50,809
Other Receivables.....	—	—	56,260
Other Assets.....	—	16,252	—
Capital Assets Being Depreciated, Net.....	40	539	1,620,851
Capital Assets Not Being Depreciated.....	—	—	141,963
TOTAL NONCURRENT ASSETS.....	40	3,230,645	2,905,794
TOTAL ASSETS.....	635,712	3,332,541	4,007,495
CURRENT LIABILITIES:			
Accounts Payable.....	6,911	48,096	125,194
Accrued Liabilities.....	137	6,139	135,308
Obligations Under Securities Lending.....	150,826	—	—
Intergovernmental Payable.....	682,558	6,851	—
Payable to Primary Government.....	3	—	3,642
Deferred Revenue.....	—	—	93,775
Refund and Other Liabilities.....	149	—	57,503
Bonds and Notes Payable.....	—	181,280	278,676
Certificates of Participation.....	—	—	925
TOTAL CURRENT LIABILITIES.....	840,584	242,366	695,023
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	661,176	—	—
Payable to Primary Government.....	78	—	49,846
Deferred Revenue.....	—	—	10,000
Refund and Other Liabilities.....	333	—	164,324
Bonds and Notes Payable.....	—	1,239,640	272,643
Certificates of Participation.....	—	—	7,880
TOTAL NONCURRENT LIABILITIES.....	661,587	1,239,640	504,693
TOTAL LIABILITIES.....	1,502,171	1,482,006	1,199,716
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt.....	40	539	1,181,708
Restricted for:			
Debt Service.....	—	1,706,422	—
Intergovernmental and Capital Purposes.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	751,317
Affiliated Organizations.....	—	—	—
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.....	—	—	6,650
Endowments and Quasi-Endowments.....	—	—	141,632
Current Operations.....	—	—	276,907
Affiliated Organizations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	32,332
Unrestricted (Deficits).....	(866,499)	143,574	417,233
TOTAL NET ASSETS (DEFICITS).....	\$ (866,459)	\$ 1,850,535	\$ 2,807,779

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

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
\$ —	\$ 11,851	\$ 495,708
11,954	189,980	525,984
187,389	818,244	1,537,040
—	3,713	154,539
—	27,357	33,893
3,844	21,167	42,050
794	20,080	33,701
57,768	198,216	514,182
4,316	20,697	44,063
29,561	45,337	110,377
295,626	1,356,642	3,491,537
—	47,777	47,777
—	30,436	74,234
—	51,009	866,692
—	14,926	14,926
—	—	2,336,776
996,191	373,735	2,406,622
26,065	88,935	182,621
23,732	7,087	87,079
207,526	6,696	230,474
768,485	2,747,944	5,137,859
163,964	590,677	896,604
2,185,963	3,959,222	12,281,664
2,481,589	5,315,864	15,773,201
36,317	112,717	329,235
60,187	137,143	338,914
—	18,639	169,465
—	18	689,427
580	2,413	6,638
11,467	176,578	281,820
31,141	68,944	157,737
70,329	62,399	592,684
250	—	1,175
210,271	578,851	2,567,095
—	—	661,176
7,557	40,338	97,819
—	1,589	11,589
193,531	137,907	496,095
357,355	817,934	2,687,572
930	—	8,810
559,373	997,768	3,963,061
769,644	1,576,619	6,530,156
557,920	2,652,426	4,392,633
—	—	1,706,422
—	47,777	47,777
92,001	16,108	108,109
80,299	1,580	81,879
464,476	102,346	1,318,139
189,904	—	189,904
—	9,714	9,714
31,712	36,190	67,902
92,042	31,110	123,152
24,718	31,931	56,649
397	12,269	12,666
29,295	3,109	32,404
8,179	7,771	15,950
1,890	95,873	104,413
—	207	141,839
—	—	276,907
26,645	—	26,645
112,467	94,473	239,272
—	596,361	290,669
\$ 1,711,945	\$ 3,739,245	\$ 9,243,045

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY	OHIO STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education.....	\$ 5,198	\$ —	\$ —
Community and Economic Development.....	—	—	—
Intergovernmental	594,620	550	—
Cost of Services.....	—	76,821	—
Administration.....	—	9,599	—
Education and General:			
Instruction and Departmental Research.....	—	—	540,454
Separately Budgeted Research.....	—	—	272,504
Public Service.....	—	—	113,516
Academic Support.....	—	—	83,990
Student Services.....	—	—	58,097
Institutional Support.....	—	—	102,531
Operation and Maintenance of Plant.....	—	—	77,927
Scholarships and Fellowships.....	—	—	37,384
Auxiliary Services.....	—	—	148,489
Hospitals.....	—	—	701,310
Interest on Long-Term Debt.....	—	—	15,821
Depreciation.....	—	252	147,775
Other.....	—	1,066	11,311
TOTAL EXPENSES.....	599,818	88,288	2,311,109
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	26	119,884	1,268,264
Operating Grants, Contributions and Restricted Investment Income.....	34,410	151,882	358,722
Capital Grants, Contributions and Restricted Investment Income.....	—	—	20,917
TOTAL PROGRAM REVENUES.....	34,436	271,766	1,647,903
NET PROGRAM (EXPENSE) REVENUE	(565,382)	183,478	(663,206)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	5,764	23,271
State Assistance.....	539,968	—	496,457
Other.....	—	—	41,030
TOTAL GENERAL REVENUES.....	539,968	5,764	560,758
CONTRIBUTIONS TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	32,429
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	(25,414)	189,242	(70,019)
NET ASSETS (DEFICITS), JULY 1.....	(841,045)	1,661,293	2,877,798
NET ASSETS (DEFICITS), JUNE 30.....	\$ (866,459)	\$ 1,850,535	\$ 2,807,779

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

<u>UNIVERSITY OF CINCINNATI</u>	<u>NONMAJOR COMPONENT UNITS</u>	<u>TOTAL</u>
\$ —	\$ 79,016	\$ 84,214
—	1,988	1,988
—	14,348	609,518
—	—	76,821
—	—	9,599
228,140	1,121,491	1,890,085
113,035	132,261	517,800
44,520	103,922	261,958
55,676	256,731	396,397
27,270	182,780	268,147
69,993	287,894	460,418
40,991	214,573	333,491
12,755	131,238	181,377
67,677	410,208	626,374
—	169,131	870,441
16,664	41,470	73,955
53,213	196,759	397,999
4,857	32,942	50,176
734,791	3,376,752	7,110,758
259,736	1,653,848	3,301,758
154,100	521,676	1,220,790
5,827	21,041	47,785
419,663	2,196,565	4,570,333
(315,128)	(1,180,187)	(2,540,425)
(63,983)	20,793	(14,155)
217,188	1,235,816	2,489,429
100,022	59,603	200,655
253,227	1,316,212	2,675,929
23,947	1,103	57,479
—	(730)	(730)
(37,954)	136,398	192,253
1,749,899	3,602,847	9,050,792
\$ 1,711,945	\$ 3,739,245	\$ 9,243,045



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2002, 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, *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.

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.

1. Blended Component Units

The Ohio Building 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 the organizations listed below. 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.

- School Facilities Commission
- Arts and Sports Facilities Commission
- SchoolNet Commission

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
- Youngstown State University
- Wright State University
- Shawnee State University
- Central State University

Medical College of Ohio at Toledo

- 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

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 Statement No. 14.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonexchange 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* 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 are 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.

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, unrestricted investment income, escheat property revenues, federal grants, 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 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, investment trust, private-purpose trust, and agency funds.

Operating revenues for the State's proprietary funds mainly consist of charges for sales and services, premium and assessment income, and revenue from the federal government for extended unemployment benefits when 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 is also reported as operating income for the Unemployment Compensation Fund and Tuition



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trust Authority Fund since this revenue source provides significant funding for the payment of unemployment compensation benefits and tuition benefits, respectively. Nonoperating revenues for the proprietary funds result from nonexchange transactions or ancillary activities; nonoperating revenues are primarily comprised of investment earnings and federal operating grants.

Proprietary fund operating expenses consist of expenses for the cost of sales and services, administration, premium dividend reductions and refunds, 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.

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.

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.

Ohio Building Authority Enterprise Fund — This 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.

Tuition Trust Authority Enterprise Fund — This fund accounts for the operations of the Ohio Tuition Trust Authority, including the sale of tuition credits under its guaranteed return option program.

Liquor Control Enterprise Fund — This fund accounts for the State's liquor sales operations of the Ohio Department of Commerce's Division of Liquor Control.

Underground Parking Garage Enterprise Fund — This fund accounts for the operations of the State's underground parking facilities at Capitol Square in Columbus.

Office of Auditor of State Enterprise Fund — This 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.

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, 2001.

Private-Purpose Trust Fund — The Private-Purpose Trust Fund accounts for trust arrangements under



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

which principal and income benefit participants in the Variable College Savings Plan, which is administered by the Tuition Trust Authority.

Investment Trust Fund — The STAROhio 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.

Component Units Funds — The State reports the following major component unit funds:

The *School Facilities Commission* is a discretely presented governmental component unit that uses special revenue fund reporting.

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 are presented for the fiscal year ended December 31, 2001.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary 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.

For revenue arising from exchange transactions (i.e., charges for goods and services), the State defers revenue recognition when resources are received in advance of the exchange.

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.

Under the accrual basis, the State recognizes assets from derived tax revenues (e.g., personal income, sales, 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 deferred 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 all revenues reported in the governmental funds to be available when the revenues are collected 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
- Investment income

The State recognizes assets from derived tax revenues (e.g., personal income, sales, 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 60-day availability period.

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



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State meeting eligibility requirements are reported as deferred revenue. Also, the State defers revenue recognition for reimbursement-type grant programs if the reimbursement is not received during the availability period (within 60-days of year-end or soon enough thereafter to be used to pay liabilities of the current period).

For revenue arising from exchange transactions (i.e., charges for goods and services), the State defers revenue recognition when resources are received in advance of the exchange.

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, bond premiums, and acquisitions under capital leases are reported as other financing sources while bond discounts and payments to 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. All proposed expenditures for the State and estimated revenues and borrowings for a biennium comprise the budget, which includes those funds of the State subject to appropriation pursuant to state law.

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

Biennially, the General Assembly approves operating and capital appropriations. The legislature specifies operating appropriations in annual amounts and capital appropriations in two-year amounts.

The State's Controlling Board, comprised of six members of the General Assembly and the director of the Office of Budget and Management (OBM) or an employee of OBM designated by the director, can transfer or increase a line-item appropriation within the limitations set under Sections 127.14 and 131.35, Ohio Revised Code. As provided by Sections 127.14 and 127.16, Ohio Revised Code, the Board has delegated to the director of OBM authority to approve transfers within a state agency among items of appropriations for the same fiscal year not to exceed a cumulative fiscal year transfer of \$50,000 (or \$75,000 for certain institutional departments) from each item of appropriation. The OBM director cannot make transfers for the purpose of effecting new or changed levels of program service not authorized by the General Assembly.

All governmental funds are budgeted except the following activities within the debt service fund type:

- Vietnam Conflict Compensation
- General Obligations
- Economic Development Revenue Bonds
- Transportation Certificates of Participation
- Higher Education Facilities Special Obligations
- Mental Health Facilities Special Obligations
- Parks and Recreation Facilities Special Obligations
- School Building Program Special Obligations
- Infrastructure Bank Revenue Bonds
- Ohio Building Authority Special Obligations

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

As an extension of formal budgetary integration in the accounting system, the State employs encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded as a reserve of the applicable appropriations. At fiscal year end, the State reports outstanding encumbrances in the General, special revenue, and capital projects funds as reservations of fund balance for expenditure in subsequent years.

Operating encumbrances are generally canceled five months after the fiscal year-end while capital



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

encumbrances are generally canceled two years after the biennial period for which they were appropriated. Unencumbered appropriations lapse at the end of the biennium budget period.

The *Detailed Appropriation Summary by Fund Report*, which is available for public inspection at the Ohio Office of Budget and Management, 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 budgeted revenues and other financing sources and uses for the General Fund only; the State does not budget revenue and other financing sources and uses for the major special revenue funds or its budgeted nonmajor governmental funds.

While the State formally estimates revenue and other financing sources and uses for the General Revenue Fund, the largest budgetary operating fund reported in the General Fund, the State does not have updated, budgeted revenue and other financing sources and uses amounts for other budgetary funds also included in the General Fund. Therefore, the State has included “actual” revenue and other financing sources and uses amounts under the “Original” and “Final” budget columns presented on the budgetary basis financial statement for the other budgetary funds included in the General Fund.

Additionally, in the non-GAAP budgetary basis financial statement, “actual” budgetary expenditures include cash disbursements against the current fiscal year’s appropriations and outstanding encumbrances, as of June 30, 2002, that were committed during the current fiscal year. Encumbrance reversions represent lapses of prior years’ appropriations.

The Variable College Savings Plan Private-Purpose Trust Fund, State Highway Patrol Retirement System Pension Trust Fund, and the STAROhio 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 includes investments with original maturities of three months or less from the date of acquisition for the Bureau of Workers’ Compensation, Lottery Commission, and Tuition Trust Authority enterprise funds and the Medical College of Ohio and the Columbus State Community College component unit funds.

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

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 (STAROhio) investment pool, the State reports investments at fair value based on quoted market prices. STAROhio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940; investments in the 2a7-like pool are reported at amortized cost (which approximates fair value). 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.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 5A.

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 5B.

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 payment of workers' compensation benefits, deferred prize awards (Ohio Lotto), and tuition benefits in the enterprise funds for the Bureau of Workers' Compensation, Lottery Commission, and Tuition Trust Authority, respectively.

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 fixed 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. Infrastructure assets are reported using the "modified approach," as discussed below, and therefore are not depreciable. Individual works of art and historical treasures 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 fixed assets are valued at their estimated fair value on the donation date. Capital assets are reported net of accumulated depreciation.

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

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 improve-



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ments 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	All, regardless of cost
Land Improvements	15,000
Machinery and Equipment	15,000
State Vehicles	15,000
Infrastructure:	
Highway Network	500,000
Bridge Network.....	500,000
Park and Natural Resources Network	All, regardless of cost

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

Buildings	20-45 years
Land Improvements	10-25 years
Machinery and Equipment	2-15 years
State Vehicles	5-15 years
Park and Natural Resources Infrastructure Network.....	50 years

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

Discretely Presented Component Unit Funds

The discretely presented component unit funds value all capital assets at cost and donated fixed assets at estimated fair value on the donation date. Capital assets are depreciated using the straight-line

method. Additional disclosures about the discretely presented component unit funds’ capital assets can be found in NOTE 8.

L. 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.

M. Compensated Absences

Employees of the State’s primary government earn vacation leave, sick leave, and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first five years of employment, up to a maximum rate of 9.2 hours every two weeks after 25 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, 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 “Refunds 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 when an employee’s right to receive compensation is attributable to services already rendered and it is



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

N. Fund Balance

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

Reserved

Reservations represent balances that are not appropriate 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.

O. Risk Management

The State's primary government is self-insured for claims under its traditional healthcare plan and for vehicle liability while it has placed 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 Bureau of Workers' Compensation Enterprise Fund, for the financing of their respective workers' compensation liabilities. These liabilities are reported in the governmental funds as an interfund payable and in the component unit funds as a payable to primary government (See NOTE 7).

P. 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.

Q. Intra-Entity Balances and Activities

Balances due between the primary government and its discretely presented component units are re-

ported 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).

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS

A. Implementation of Recently Issued Accounting Pronouncements

For the year ended June 30, 2002, the State implemented the provisions of the following pronouncements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*

GASB Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*

GASB Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*

GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

These new standards resulted in significant changes to the State’s financial statements and related notes for both the primary government and component units for the fiscal year ended June 30, 2002.

GASB Statement No. 34 establishes new accounting and financial reporting standards that fundamentally affect the presentation of a general purpose government’s basic financial statements and related required supplementary information.

GASB Statement No. 35 establishes new accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34. This standard has

been applied to the presentation of certain of the State’s component units’ basic financial statements.

GASB Statement No. 37 amends certain provisions of GASB Statement No. 34 and GASB Statement No. 21, *Accounting for Escheat Property*.

GASB Statement No. 38 establishes and modifies disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short-term debt, disaggregation of receivable and payable balances, and interfund balances and transfers.

GASB Interpretation No. 6 clarifies the application of existing accounting standards for distinguishing the respective portions of certain liabilities that should be reported as governmental fund liabilities and as general long-term liabilities of a government.

In May 2002, the GASB amended GASB Statement No. 14, *The Financial Reporting Entity*, and established additional guidance on the application of existing standards for the assessment of potential component units in determining a government’s financial reporting entity when it issued GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions of GASB Statement No. 39 are effective for financial statements presented for periods beginning after June 15, 2003. Management has not yet determined the impact that GASB Statement No. 39 will have on the State’s financial statements.

Restatements for the primary government and its component units resulting from the implementation of the new GASB accounting standards, corrections, fund reclassifications, changes in accounting principles, and changes in reporting entity are detailed in the following tables.



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

B. Restatements — Primary Government

Restatements of fund balances/net assets, as of June 30, 2001, for the primary government are presented in the following tables (dollars in thousands).

	Governmental Activities						Total
	General	Job, Family and Other Human Services	Education	Highway Operating	Revenue Distribution	Nonmajor Govern- mental Funds	
Fund Balance, as of June 30, 2001, As Previously Reported	\$1,880,898	\$146,665	\$56,252	\$1,033,741	\$127,182	\$2,896,615	\$ 6,141,353
Restatements Due to Implementation of New Accounting Standards:							
Increase/(Decrease) to Assets:							
Cash Equity with Treasurer	14,290	1,482	160	2,356	—	4,152	22,440
Investments	—	—	—	—	—	(8,670)	(8,670)
Intergovernmental Receivable.....	(21,950)	—	—	2,305	—	—	(19,645)
Interfund Receivable	(2,828)	—	—	—	—	—	(2,828)
Other Receivable	—	—	—	—	—	(38)	(38)
(Increase)/Decrease to Liabilities:							
Accounts Payable.....	(26,518)	(2,335)	(471)	(4,963)	—	(18,744)	(53,031)
Medicaid Claims Payable	(106,844)	—	—	—	—	—	(106,844)
Intergovernmental Payable	—	—	—	—	—	(18,496)	(18,496)
Interfund Payable	(263,643)	(6,401)	(1,372)	(81,414)	—	(61,478)	(414,308)
Fund Reclassification of Net Assets:							
Unclaimed Funds Expendable Trust	437,541	—	—	—	—	—	437,541
	<u>30,048</u>	<u>(7,254)</u>	<u>(1,683)</u>	<u>(81,716)</u>	<u>—</u>	<u>(103,274)</u>	<u>(163,879)</u>
Corrections:							
Increase/(Decrease) to Assets:							
Cash and Cash Equivalents	—	—	—	—	—	3,808	3,808
Intergovernmental Receivable.....	146,239	—	—	14,774	—	—	161,013
Loans Receivable, Net	—	—	—	—	—	(1,430)	(1,430)
(Increase)/Decrease to Liabilities:							
Accounts Payable	3,027	(964)	5	(19,465)	—	(1,907)	(19,304)
	<u>149,266</u>	<u>(964)</u>	<u>5</u>	<u>(4,691)</u>	<u>—</u>	<u>471</u>	<u>144,087</u>
Fund Reclassification of Net Assets:							
Internal Service Funds:							
Information Technology	27,760	—	—	—	—	—	27,760
Ohio Penal Industries	29,072	—	—	—	—	—	29,072
Office of Support Services.....	7,569	—	—	—	—	—	7,569
Ohio Building Authority							
Capital Projects Fund	—	—	—	—	—	(1,620)	(1,620)
	<u>64,401</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,620)</u>	<u>62,781</u>
Change in Reporting Entity:							
Arts and Sports Facilities Commission	(718)	—	—	—	—	(68,185)	(68,903)
SchoolNet Commission	(15,500)	—	(5,815)	—	—	(10)	(21,325)
	<u>(16,218)</u>	<u>—</u>	<u>(5,815)</u>	<u>—</u>	<u>—</u>	<u>(68,195)</u>	<u>(90,228)</u>
Increase/(Decrease) for Restatement.....	<u>227,497</u>	<u>(8,218)</u>	<u>(7,493)</u>	<u>(86,407)</u>	<u>—</u>	<u>(172,618)</u>	<u>(47,239)</u>
Fund Balance, July 1, 2001, As Restated	\$2,108,395	\$138,447	\$48,759	\$ 947,334	\$127,182	\$2,723,997	6,094,114
GASB 34-Related Adjustments to Reconcile with Net Assets Reported for Governmental Activities, as of July 1, 2001:							
Increase/(Decrease) to Assets:							
Capital Assets, Net							
							20,985,287
(Increase)/Decrease to Liabilities:							
Accounts Payable							
							15,004
Accrued Liabilities							
							(84,567)
Intergovernmental Payable.....							
							(11,798)
Deferred Revenue							
							296,238
Bonds and Notes Payable							
							(7,984,779)
Certificates of Participation							
							(12,305)
Compensated Absences.....							
							(361,578)
Capital Leases							
							(4,722)
Judgments, Settlements and Claims							
							(65,347)
Litigation Liabilities.....							
							(20,000)
Liability for Escheat Property							
							(93,936)
Net Assets for Governmental Activities, July 1, 2001							<u>\$18,751,611</u>

(Continued)



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

	Business-Type Activities				
	Workers' Compensation	Lottery Commission	Unemployment Compensation	Ohio Building Authority	Tuition Trust Authority
Net Assets, as of June 30, 2001, As Previously Reported	\$4,516,018	\$131,606	\$ —	\$ —	\$56,240
Restatements Due to Implementation of New Accounting Standards:					
Increase/(Decrease) to Assets:					
Cash Equity with Treasurer	—	—	—	—	—
(Increase)/Decrease to Liabilities:					
Interfund Payable	—	(2,148)	—	—	—
Fund Reclassification of Net Assets:					
Ohio Building Authority Internal Service Fund.....	—	—	—	28,466	—
Unemployment Compensation Expendable Trust Fund.....	—	—	2,266,137	—	—
	—	(2,148)	2,266,137	28,466	—
Corrections:					
Increase/(Decrease) to Assets:					
Capital Assets, Net	—	—	—	—	—
(Increase)/Decrease to Liabilities:					
Accounts Payable.....	—	—	—	—	9,001
	—	—	—	—	9,001
Change in Accounting Principle:					
Change in Capitalization Threshold for Capital Assets	—	—	—	—	—
Fund Reclassification of Net Assets:					
Ohio Building Authority Capital Projects Fund.....	—	—	—	1,620	—
Increase/(Decrease) for Restatement.....	—	(2,148)	2,266,137	30,086	9,001
Net Assets, July 1, 2001, As Restated.....	\$4,516,018	\$129,458	\$2,266,137	\$30,086	\$65,241

	Business-Type Activities (Continued)			
	Liquor Control	Underground Parking Garage	Office of Auditor of State	Total
Net Assets, as of June 30, 2001, As Previously Reported	\$19,866	\$8,955	\$19,439	\$4,752,124
Restatements Due to Implementation of New Accounting Standards:				
Increase/(Decrease) to Assets:				
Cash Equity with Treasurer	111	—	—	111
(Increase)/Decrease to Liabilities:				
Interfund Payable	(782)	—	(4,086)	(7,016)
Fund Reclassification of Net Assets:				
Ohio Building Authority Internal Service Fund.....	—	—	—	28,466
Unemployment Compensation Expendable Trust Fund.....	—	—	—	2,266,137
	(671)	—	(4,086)	2,287,698
Corrections:				
Increase/(Decrease) to Assets:				
Capital Assets, Net	—	295	—	295
(Increase)/Decrease to Liabilities:				
Accounts Payable.....	—	—	—	9,001
	—	295	—	9,296
Change in Accounting Principle:				
Change in Capitalization Threshold for Capital Assets	(1,471)	—	(417)	(1,888)
Fund Reclassification of Net Assets:				
Ohio Building Authority Capital Projects Fund.....	—	—	—	1,620
Increase/(Decrease) for Restatement.....	(2,142)	295	(4,503)	2,296,726
Net Assets, July 1, 2001, As Restated.....	\$17,724	\$9,250	\$14,936	\$7,048,850

(Continued)



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

	Fiduciary Activities							Total
	Expendable Trust Funds							
	Internal Service Funds	Unclaimed Funds	Unemployment Compensation	Variable College Savings Plan	Variable Savings Private-Purpose Trust Fund	Other Trust Funds		
Net Assets, as of June 30, 2001, As Previously Reported	\$138,906	\$343,619	\$2,285,549	\$427,732	\$ —	\$9,005,981	\$12,062,881	
Restatements Due to Implementation of New Accounting Standards:								
Increase/(Decrease) to Assets:								
Cash Equity with Treasurer	—	1	—	—	—	—	1	
Investments	(10,593)	—	—	—	—	—	—	
Unemployment Taxes Receivable.....	—	—	(136,476)	—	—	—	(136,476)	
Intergovernmental Receivable.....	(347)	—	859	—	—	—	859	
Premiums and Assessments Receivable	—	—	14,876	—	—	—	14,876	
Interfund Receivable	(33,499)	(14)	—	—	—	—	(14)	
Other Receivables	(282)	—	56,905	—	—	—	56,905	
Other Assets.....	(30)	—	—	—	—	—	—	
Capital Assets, Net.....	(26,010)	—	—	—	—	—	—	
(Increase)/Decrease to Liabilities:								
Accounts Payable.....	10,645	—	—	—	—	—	—	
Accrued Liabilities	7,423	—	—	—	—	—	—	
Interfund Payable	4,025	—	—	—	—	—	—	
Deferred Revenue	—	(1)	—	—	—	—	(1)	
Benefits Payable	—	—	44,927	—	—	—	44,927	
Refund and Other Liabilities	—	—	(503)	—	—	—	(503)	
Liability for Escheat Property.....	—	93,936	—	—	—	—	93,936	
Fund Reclassification of Net Assets:								
General Fund.....	—	(437,541)	—	—	—	—	(437,541)	
Enterprise Funds:								
Ohio Building Authority.....	(28,466)	—	—	—	—	—	—	
Unemployment Compensation.....	—	—	(2,266,137)	—	—	—	(2,266,137)	
Variable College Savings Plan	—	—	—	(427,732)	427,732	—	—	
	(77,134)	(343,619)	(2,285,549)	(427,732)	427,732	—	(2,629,168)	
Corrections:								
Increase/(Decrease) to Assets:								
Other Receivables.....	2,056	—	—	—	—	—	—	
(Increase)/Decrease to Liabilities:								
Accounts Payable.....	69	—	—	—	—	—	—	
Revenue Bonds and Notes Payable ..	504	—	—	—	—	—	—	
	2,629	—	—	—	—	—	—	
Fund Reclassification of Net Assets:								
General Fund.....	(64,401)	—	—	—	—	—	—	
Increase/(Decrease) for Restatement.....	(138,906)	(343,619)	(2,285,549)	(427,732)	427,732	—	(2,629,168)	
Net Assets, July 1, 2001, As Restated....	\$ —	\$ —	\$ —	\$ —	\$427,732	\$9,005,981	\$ 9,433,713	

Significant corrections to opening balances reported by the primary government include the following:

For the General Fund, the "Other" receivable balance reported, as of June 30, 2001, was increased by \$146.2 million to properly reflect a reduction in Medicaid expenditures resulting from outstanding rebates receivable from drug manufacturers under the Medicaid Program.

For the Highway Operating Fund, the opening accounts payable balance was increased \$19.5 million, since the liability was not properly identified subsequent to the year ended June 30,

2001. The opening intergovernmental receivable balance was also increased \$14.8 million for the portion of the accounts payable adjustment that qualified for federal reimbursement.

Fund balance totaling \$90.2 million reported for the governmental funds, as of June 30, 2001, has been reclassified and presented under the discretely presented nonmajor component unit columns as a change in reporting entity for the Arts and Sports Facilities Commission and SchoolNet Commission in the amounts of \$68.9 million and \$21.3 million, respectively.



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

C. Restatements — Component Unit Funds

Restatements of net assets, as of June 30, 2001, are summarized for the discretely presented component unit funds below (dollars in thousands).

	Major Component Units					Total
	School Facilities Commission	Ohio Water Development Authority (12/31/01)	Ohio State University	University of Cincinnati	Nonmajor Component Units	
Net Assets, as of June 30, 2001, As Previously Reported	\$(280,625)	\$1,661,293	\$4,365,081	\$2,351,045	\$5,908,294	\$14,005,088
Restatements Due to Implementation of New Accounting Standards:						
Increase/(Decrease) to Assets:						
Cash Equity with Treasurer	19	—	—	—	—	19
Other Receivables	—	—	—	(11,446)	—	(11,446)
Capital Assets, Net	31	—	(1,397,337)	(559,430)	(2,365,465)	(4,322,201)
(Increase)/Decrease to Liabilities:						
Payable to Primary Government	(42)	—	(57,175)	(5,893)	(31,270)	(94,380)
Deferred Revenue	1,334	—	1,992	—	(29,805)	(26,479)
Refund and Other Liabilities	(296)	—	(34,763)	(24,377)	(34,849)	(94,285)
	1,046	—	(1,487,283)	(601,146)	(2,461,389)	(4,548,772)
Corrections:						
Increase/(Decrease) to Assets:						
Other Receivables	—	—	—	—	399	399
(Increase)/Decrease to Liabilities:						
Intergovernmental Payable	(561,466)	—	—	—	—	(561,466)
Refund and Other Liabilities	—	—	—	—	(578)	(578)
	(561,466)	—	—	—	(179)	(561,645)
Change in Reporting Entity:						
Arts and Sports Facilities Commission's Fund Balance, as of June 30, 2001, As Reported	—	—	—	—	68,903	68,903
GASB 34 Full-Accrual Basis Adjustments:						
Increase/(Decrease) to Assets:						
Capital Assets, Net	—	—	—	—	64,429	64,429
(Increase)/Decrease to Liabilities:						
Deferred Revenue	—	—	—	—	136	136
Refund and Other Liabilities	—	—	—	—	(50)	(50)
Arts and Sports Facilities Commission's Net Assets, July 1, 2001	—	—	—	—	133,418	133,418
SchoolNet Commission's Fund Balance, as of June 30, 2001, As Reported	—	—	—	—	21,325	21,325
GASB 34 Full-Accrual Basis Adjustments:						
Increase/(Decrease) to Assets:						
Capital Assets, Net	—	—	—	—	1,900	1,900
(Increase)/Decrease to Liabilities:						
Deferred Revenue	—	—	—	—	10	10
Refund and Other Liabilities	—	—	—	—	(532)	(532)
SchoolNet Commission's Net Assets, July 1, 2001	—	—	—	—	22,703	22,703
Total Change in Reporting Entity	—	—	—	—	156,121	156,121
Increase/(Decrease) for Restatement	(560,420)	—	(1,487,283)	(601,146)	(2,305,447)	(4,954,296)
Net Assets, July 1, 2001, As Restated	\$(841,045)	\$1,661,293	\$2,877,798	\$1,749,899	\$3,602,847	\$ 9,050,792

For the School Facilities Commission Fund, the intergovernmental payable balance, as of June 30, 2002, was increased by \$561.5 million to properly report expenditures/expenses related to long-term funding

agreements with local school districts. The contracts commit the State to cover the costs of construction of facilities of the school districts once the districts have met certain eligibility requirements.



NOTE 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 2002.

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 2002, whenever signed into law or otherwise legally authorized.

For fiscal year 2002, no excess of 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, 2002**

(dollars in thousands)

	Major Special Revenue Funds				
	General	Job, Family, and Other Human Services	Education	Highway Operating	Revenue Distribution
Total Fund Balances - GAAP Basis	\$875,457	\$ 143,359	\$28,743	\$ 814,692	\$118,785
Less: Reserved Fund Balances	(556,036)	(755,858)	(28,997)	(1,399,445)	(124,957)
Less: Designated Fund Balances	(319,421)	—	—	—	—
Unreserved/Undesignated Fund Balances —					
GAAP Basis	—	(612,499)	(254)	(584,753)	(6,172)
Revenue Accruals/Adjustments:					
Cash Equity with Treasurer	(28,857)	(4,001)	(920)	(12,963)	(6,016)
Taxes Receivable	(974,426)	—	—	(53,605)	(253,980)
Intergovernmental Receivable	(490,716)	(450,162)	(150,425)	(79,651)	—
Loans Receivable	(18,103)	—	(10,466)	(51,430)	—
Interfund Receivable	(230,729)	(6)	—	(67)	—
Receivable from Component Units	(29)	—	—	—	—
Other Receivables	(198,777)	(35,521)	(539)	(3,763)	(85)
Inventories	(20,445)	—	—	(30,368)	—
Other Assets	(186)	—	(3,706)	—	—
Deferred Revenue	89,651	242,065	111,915	41,098	15,859
Total Revenue Accruals/Adjustments	(1,872,617)	(247,625)	(54,141)	(190,749)	(244,222)
Expenditure Accruals/Adjustments:					
Accounts Payable	161,826	44,797	2,201	132,164	—
Accrued Liabilities	77,457	9,326	1,006	14,455	—
Medicaid Claims Payable	994,725	1,500	—	—	—
Intergovernmental Payable	356,777	242,236	96,784	1,107	322,058
Interfund Payable	390,669	12,316	1,496	115,743	195
Payable to Component Units	6,967	1,282	319	541	—
Refund and Other Liabilities	647,808	9,014	—	—	70,389
Liability for Escheat Property	7,771	—	—	—	—
Total Expenditure Accruals/Adjustments	2,644,000	320,471	101,806	264,010	392,642
Other Adjustments:					
Fund Balance Reclassifications:					
From Unreserved (Non-GAAP Budgetary Basis)					
to Reserved for:					
Debt Service	1,735	—	—	—	—
Noncurrent Portion of Loans Receivable	16,442	—	10,269	50,901	—
Inventories	10,108	—	—	31,674	—
Federal Programs	—	651	8,188	—	124,957
Other	224,473	—	—	—	—
From Undesignated (Non-GAAP					
Budgetary Basis) to Designated	319,421	—	—	—	—
Cash and Investments Held					
Outside of State Treasury	(211,505)	(39,154)	(5,869)	(379)	(4,155)
Other	—	1	1	—	(1)
Total Other Adjustments	360,674	(38,502)	12,589	82,196	120,801
Total Basis Differences	1,132,057	34,344	60,254	155,457	269,221
TIMING DIFFERENCES					
Encumbrances	(284,495)	(252,935)	(1,907)	(128,878)	—
Budgetary Fund Balances (Deficits) —					
Non-GAAP Basis	\$847,562	\$ (831,090)	\$58,093	\$ (558,174)	\$263,049



NOTE 4 DEPOSITS AND INVESTMENTS

A. Legal Requirements

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

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

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

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

Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;

Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;

Repurchase agreements in the securities enumerated above;

Interim deposits in the eligible institutions applying for interim moneys;

Bonds and other obligations of the State of Ohio;

The Treasurer of State's investment pool;

Linked deposits, reduced-rate deposits at financial institutions that provide reduced-rate loans to small businesses, as authorized under Section 135.63, Ohio Revised Code;

Agricultural linked deposits, reduced-rate deposits at financial institutions that provide reduced-rate loans to agricultural businesses, as authorized under Section 135.74, Ohio Revised Code;

Reverse repurchase agreements with any eligible financial institution that is a member of the Federal Reserve System or federal home loan bank, or any recognized U.S. government securities dealer;

Securities lending agreements with any eligible financial institution that is a member of the federal reserve system or federal home loan bank, or any recognized U.S. government securities dealer;

Commercial paper, rated in one of the two highest rating categories by two nationally recognized rating agencies and not exceeding five percent of the investment portfolio;

Bankers' acceptances maturing in 270 days or less and not exceeding 10 percent of the investment portfolio;

Debt of domestic corporations and foreign nations diplomatically recognized by the United States, rated investment grade by nationally recognized rating agencies and, in the aggregate, not exceeding five percent of the investment portfolio; and

No-load money market funds consisting of U.S. government and agency obligations and repurchase agreements secured by such obligations.

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

In some cases, deposit and investment policies of certain individual funds and component units are established by Ohio Revised Code provisions other than the Uniform Depository Act and by bond trust agreements. In accordance with applicable statutory authority, the State Highway Patrol 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/government bonds and notes, mortgage loans, limited partnerships, venture capital, real estate, and/or other investments.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

B. State-Sponsored Investment Pool

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

C. Deposits

1. Primary Government

As of June 30, 2002, the carrying amount of deposits was (dollars in thousands) \$1,082,770, and the bank balance was \$1,193,470. Of the bank balance, \$167,129 was fully insured or collateralized with securities held by the primary government or its agent in the primary government's name (Category 1), \$971,455 was collateralized with securities held by the pledging financial institution's trust department or its agent in the primary government's name (Category 2), and \$54,886, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).

2. Component Units

As of June 30, 2002, the carrying amount of deposits was (dollars in thousands) \$590,080, and the bank balance was \$695,479. Of the bank balance, \$54,410 was fully insured or collateralized with securities held by the respective component units or their agents in the component unit's name (Category 1), \$543,224 was collateralized with securities held by the pledging financial institution's trust department or its agent in the respective component unit's name (Category 2), and \$97,845, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).

D. Investments

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

Certain investments have not been categorized because the securities are not used as evidence of the investment. These uncategorized investments in-

clude ownership in mutual funds, real estate, venture capital and limited partnerships, direct mortgage loans, life insurance, investment contracts, and the deposit with the federal government. In conformity with Governmental Accounting Standards Board Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, securities lent at year-end for cash collateral have not been categorized by custodial credit risk, while securities lent for securities collateral have been categorized.

The levels of credit risk assumed by the primary government and its discretely presented component units and the carrying amount and fair value of investments, as of June 30, 2002, are detailed in the tables on the following page.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government
(dollars in thousands)

	Category 1	Category 2	Category 3	Total Fair Value
U.S. Government & Agency Obligations:				
Not on Securities Loan	\$ 22,094,973	\$55,000	\$ 6,475,208	\$ 28,625,181
On Securities Loan	—	—	230,991	230,991
Common and Preferred Stock	51,666,431	—	3,599,635	55,266,066
Corporate Bonds and Notes:				
Not on Securities Loan	13,046,757	—	1,575,294	14,622,051
On Securities Loan	—	—	73,453	73,453
Foreign Stocks and Bonds	21,393,700	—	1,313,343	22,707,043
Commercial Paper	1,928,461	—	2,363,385	4,291,846
Repurchase Agreements	120,387	26,228	333	146,948
Securities Lending Collateral:				
U.S. Government & Agency Obligations...	49,937	—	1,131,283	1,181,220
Repurchase Agreements	1,104,461	—	—	1,104,461
Common and Preferred Stock	—	—	433,267	433,267
Corporate Bonds and Notes	544,989	—	362,415	907,404
Foreign Stocks and Bonds	—	—	183,886	183,886
Commercial Paper	641,810	—	—	641,810
	<u>\$112,591,906</u>	<u>\$81,228</u>	<u>\$17,742,493</u>	<u>130,415,627</u>
Investments Held by Broker-dealers under Securities Loans with Cash Collateral:				
U.S. Government and Agency Obligations				3,723,519
Common and Preferred Stock				425,842
Corporate Bonds and Notes				354,727
Foreign Stocks and Bonds				187,202
Mutual Funds				6,816,221
Real Estate				12,350,099
Venture Capital				1,147,335
Limited Partnerships				359,562
Investment Contracts				888
Securities Lending Collateral — Mutual Funds				322,794
Deposit with Federal Government				1,812,201
Component Units' Equity in State Treasurer's Cash and Investment Pool (including associated Collateral on Lent Securities)				(712,949)
Component Units' Equity in the State Treasury Asset Reserve of Ohio (STAROhio)				(507,520)
Total Investments — Primary Government				<u><u>\$156,695,548</u></u>

Component Units
(dollars in thousands)

	Category 1	Category 2	Category 3	Total Fair Value
U.S. Government & Agency Obligations	\$ 275,029	\$ 609,070	\$349,175	\$1,233,274
Common and Preferred Stock	573,876	787,775	9,286	1,370,937
Corporate Bonds and Notes	170,877	134,923	39,068	344,868
Foreign Stocks and Bonds	25,486	—	—	25,486
Commercial Paper	—	9,911	—	9,911
Repurchase Agreements	1,510	175,659	183,760	360,929
Municipal Obligations	15,046	—	24	15,070
Negotiable Certificates of Deposit	834	22,000	28,030	50,864
	<u>\$1,062,658</u>	<u>\$1,739,338</u>	<u>\$609,343</u>	<u>3,411,339</u>
Mutual Funds				758,576
Investment in State Treasurer's Cash and Investment Pool (including associated Collateral on Lent Securities)				712,949
Investment in the State Treasury Asset Reserve of Ohio (STAROhio)				507,520
Real Estate				54,323
Life Insurance				20,502
Limited Partnerships				5,901
Investment Contracts				62,329
Total Investments — Component Units				<u><u>\$5,533,439</u></u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The total carrying amount of deposits and investments, as of June 30, 2002, reported for the primary government and its component units is (dollars in thousands) \$163,516,480. The total carrying amount of deposits and investments categorized and disclosed in this note is \$163,901,837. A reconciliation of the difference is presented in the table below.

E. Securities Lending Transactions

The Treasurer of State and the Bureau of Workers' Compensation (BWC) participate in securities lending programs for securities included in the "Cash Equity with Treasurer" and "Investments" accounts and the STAROhio program. Each lending program is administered by a custodial agent bank, whereby certain securities are transferred to an independent broker-dealer (borrower) in exchange for collateral. The State requires its custodial agents to ensure that the State's lent securities are collateralized at no less than 102 percent of market value. Consequently, as of June 30, 2002, the State had no credit exposure since the amount the State owed to borrowers exceeded the amount borrowers owed the State.

For loan contracts the Treasurer executes, not more than 10 percent of the State's cash and investment

portfolio, which is reported as "Cash Equity with Treasurer," can be lent to a single broker-dealer. For the STAROhio program, not more than 25 percent of the STAROhio investment pool may be lent at any one time, and not more than 10 percent of the investment pool may be subject to term loans in excess of one business day.

The State cannot sell securities received as collateral unless the borrower defaults. Consequently, these amounts are not reflected in the financial statements. The State invests cash collateral in short-term obligations, which have a weighted average maturity of 45 days or less and generally match the maturities of securities loans. Loan contracts do not provide any loss indemnification by securities lending agents in cases of borrower default; however, during fiscal year 2002, the State had not experienced any losses due to credit or market risk on securities lending activities.

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

**Reconciliation of Deposit and Investments Disclosures
With Financial Statements
As of June 30, 2002
(dollars in thousands)**

	Government-Wide Statement of Net Assets			Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Component Units	Statement of Net Assets	
Cash Equity with Treasurer.....	\$4,710,788	\$ 57,899	\$ 495,708	\$ 166,073	\$ 5,430,468
Cash and Cash Equivalents.....	40,751	2,398,570	525,984	325,050	3,290,355
Investments.....	797,510	14,953,217	3,943,662	125,815,244	145,509,633
Collateral on Lent Securities.....	1,494,388	2,130,095	154,539	560,419	4,339,441
Deposit with Federal Government.....	—	1,812,201	—	—	1,812,201
Restricted Assets:					
Cash Equity with Treasurer.....	—	6,439	47,777	—	54,216
Cash and Cash Equivalents.....	—	17,402	74,234	—	91,636
Investments.....	—	1,686,544	866,692	—	2,553,236
Collateral on Lent Securities.....	—	420,368	14,926	—	435,294
Total Reporting Entity	\$7,043,437	\$23,482,735	\$6,123,522	\$126,866,786	\$163,516,480
			Primary Government:		
			Deposits		\$ 1,082,770
			Investments		156,695,548
					<u>157,778,318</u>
			Component Units:		
			Deposits		590,080
			Investments		5,533,439
					<u>6,123,519</u>
					163,901,837
			Outstanding Warrants and Other Reconciling Items		<u>(385,357)</u>
			Total Reporting Entity		\$163,516,480



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

F. Derivatives

Derivatives are generally defined as a contract whose value depends on, or derives, from the values of an underlying asset, reference rate, or index.

During fiscal year 2002, the Bureau of Workers' Compensation Enterprise Fund held certain mortgage and asset-backed securities (included under the "U.S. Government and Agency Obligations" investment type in the amount of approximately \$5.4 billion at fair value, as of June 30, 2002), which the fund classified as derivatives. The overall return or yield on mortgage-backed securities depends on the interest amount collected over the life of the security and the change in the fair value. Although the Bureau will receive the full principal amount, if prepaid, the interest income that would have been collected during the remaining period to maturity is lost. Accordingly, the yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. If the market rates fall below a mortgage loan's contractual rate, it is generally to the borrower's advantage to repay the existing loan and obtain new lower financing.

Through the use of international money managers, the Bureau of Workers' Compensation also entered

into various forward currency contracts to manage exposure to changes in foreign currency exchange rates on its foreign portfolio holdings. The international money managers may also enter into foreign currency exchange contracts to provide a quantity of foreign currency needed at a future time at the current exchange rates, if rates are expected to change dramatically. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. Risk associated with such contracts includes movement in the value of foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. The fair value of the forward currency contracts payable by the Bureau was \$803 thousand, as of June 30, 2002.

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

NOTE 5 RECEIVABLES

A. Taxes Receivables — Primary Government

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

	Governmental Activities				
	Major Governmental Funds			Nonmajor Governmental Funds	Total Primary Government
	General	Highway Operating	Revenue Distribution		
Current-Due Within One Year:					
Income Taxes	\$295,269	\$ —	\$ 42,350	\$ 147	\$ 337,766
Sales Taxes	597,481	—	28,655	1,380	627,516
Motor Vehicle Fuel Taxes	—	46,405	147,897	2,165	196,467
Public Utility Taxes	52,992	—	31,713	—	84,705
Other Taxes	—	7,200	—	1,831	9,031
	945,742	53,605	250,615	5,523	1,255,485
Noncurrent-Due in More Than One Year:					
Income Taxes	28,684	—	3,365	—	32,049
Taxes Receivable, Net.....	\$974,426	\$53,605	\$253,980	\$5,523	\$1,287,534

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, 2002, approximately \$87.4 million of the net taxes receivable balance is also reported as deferred revenue on the governmental funds' balance sheet, of which \$78.2 million is reported in the General Fund and \$9.2 million is reported in the Revenue

Distribution Special Revenue Fund. Refund liabilities for income, corporation franchise, and sales taxes, totaling approximately \$718.2 million, are reported for governmental activities as "Refunds and Other Liabilities" on the Statement of Net Assets, of which, \$647.8 million is reported in the General Fund and \$70.4 million is reported in the Revenue Distribution Special Revenue Fund on the governmental funds' balance sheet.



NOTE 5 RECEIVABLES (Continued)

B. Intergovernmental Receivables — Primary Government

The intergovernmental receivable balance reported for the primary government, all of which is expected to be collected within the next fiscal year, consisted of the following, as of June 30, 2002 (dollars in thousands).

	From Nonexchange Programs		From Sales of Goods and Services		Total Primary Government
	Federal Government	Local Government	Other State Governments	Local Government	
Governmental Activities:					
Major Governmental Funds:					
General	\$ 475,359	\$ 7,429	\$ —	\$ 7,928	\$ 490,716
Job, Family and Other Human Services	321,388	128,774	—	—	450,162
Education	82,366	68,059	—	—	150,425
Highway Operating	79,651	—	—	—	79,651
Nonmajor Governmental Funds	201,911	11,836	—	2,455	216,202
Total Governmental Activities	1,160,675	216,098	—	10,383	1,387,156
Business-Type Activities:					
Unemployment Compensation	—	—	6,642	—	6,642
Intergovernmental Receivable	\$1,160,675	\$216,098	\$6,642	\$10,383	\$1,393,798

C. Loans Receivable

Loans receivable for the primary government and its discretely presented component units, as of June 30, 2002, 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		
School District Solvency Assistance.....	\$ 2,593	\$ —	\$ —	\$ —	\$ 2,593
Vocational Education.....	313	88	—	—	401
Wayne Trace Local School District.....	5,008	—	—	—	5,008
Vocational School Assistance	—	9,619	—	—	9,619
Physician Loan Repayment.....	—	488	—	—	488
Nurses Education Assistance.....	—	271	—	—	271
Office of Minority Financial Incentives	2,321	—	—	—	2,321
Rail Development.....	—	—	—	4,808	4,808
Office of Business Development	—	—	—	268,006	268,006
Ohio Housing Finance Agency	—	—	—	222,674	222,674
Small Government Fire Departments	261	—	—	—	261
Higher Education Research Investment Loans	—	—	—	1,882	1,882
Highway, Transit, & Aviation Infrastructure Bank ..	—	—	51,430	—	51,430
Natural Resources.....	—	—	—	291	291
Local Infrastructure Improvements	—	—	—	213,161	213,161
Columbiana County Economic Stabilization.....	2,104	—	—	—	2,104
State Workforce Development	5,308	—	—	—	5,308
Professional Development	1,156	—	—	—	1,156
Loans Receivable, Gross	19,064	10,466	51,430	710,822	791,782
Estimated Uncollectible	(961)	—	—	—	(961)
Loans Receivable, Net	\$18,103	\$10,466	\$51,430	\$710,822	\$790,821
Current-Due Within One Year	\$ 6,204	\$ 1,554	\$ 4,685	\$155,199	\$167,642
Noncurrent-Due in More Than One Year.....	11,899	8,912	46,745	555,623	623,179
Loans Receivable, Net	\$18,103	\$10,466	\$51,430	\$710,822	\$790,821



NOTE 5 RECEIVABLES (Continued)

Component Units — Loans Receivable

Loan Program	Ohio Water Development Authority (12/31/01)	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
Water and Wastewater Treatment (including restricted portion)	\$2,359,127	\$ —	\$ —	\$ —	\$2,359,127
Student	—	71,214	33,617	119,643	224,474
Other	—	—	643	753	1,396
Loans Receivable, Gross	2,359,127	71,214	34,260	120,396	2,584,997
Estimated Uncollectible	—	(8,905)	(4,351)	(10,294)	(23,550)
Loans Receivable, Net	<u>\$2,359,127</u>	<u>\$62,309</u>	<u>\$29,909</u>	<u>\$110,102</u>	<u>\$2,561,447</u>
Current-Due Within One Year	\$ 5,539	\$11,500	\$ 3,844	\$ 21,167	\$ 42,050
Noncurrent-Due in More Than One Year	2,353,588	50,809	26,065	88,935	2,519,397
Loans Receivable, Net	<u>\$2,359,127</u>	<u>\$62,309</u>	<u>\$29,909</u>	<u>\$110,102</u>	<u>\$2,561,447</u>

D. Other Receivables

Other receivables for the primary government, as of June 30, 2002, consisted of the following (dollars in thousands).

Primary Government — Other Receivables

Type of Receivable	Governmental Activities						Total
	Major Governmental Funds						
	General	Job, Family & Other Human Services	Education	Highway Operating	Revenue Distribution	Nonmajor Governmental Funds	
Accounts	\$ 3,150	\$ —	\$428	\$ —	\$—	\$13,683	\$ 17,261
Drug Manufacturers' Rebates	173,423	—	—	—	—	—	173,423
Women, Infants and Children Program Rebates	—	—	—	—	—	16,691	16,691
Health Facility Bed Assessments	—	31,819	—	—	—	—	31,819
Interest	1,942	105	111	1,821	85	4,748	8,812
Miscellaneous	20,262	3,597	—	1,942	—	27	25,828
Other Receivables, Net-Due Within One Year	<u>\$198,777</u>	<u>\$35,521</u>	<u>\$539</u>	<u>\$3,763</u>	<u>\$85</u>	<u>\$35,149</u>	<u>\$273,834</u>
Type of Receivable	Business-Type Activities						Total
	Workers' Compensation	Lottery Commission	Unemployment Compensation	Ohio Building Authority	Office of Auditor of State	Other Proprietary Funds	
Accounts	\$725,845	\$ —	\$57,896	\$ 1,053	\$8,709	\$ —	\$793,503
Interest and Dividends (including restricted portion)	100,383	4,266	—	421	—	23	105,093
Leases	—	—	—	21,953	—	—	21,953
Lottery Sales Agents	—	32,000	—	—	—	—	32,000
Miscellaneous	—	—	—	—	—	637	637
Other Receivables, Gross	826,228	36,266	57,896	23,427	8,709	660	953,186
Estimated Uncollectible	(565,307)	(320)	(734)	—	(41)	—	(566,402)
Other Receivables, Net	<u>\$260,921</u>	<u>\$35,946</u>	<u>\$57,162</u>	<u>\$23,427</u>	<u>\$8,668</u>	<u>\$660</u>	<u>\$386,784</u>
Current-Due Within One Year	\$260,921	\$31,680	\$57,162	\$ 5,005	\$8,668	\$660	\$364,096
Noncurrent-Due in More Than One Year	—	4,266	—	18,422	—	—	22,688
Other Receivables, Net	<u>\$260,921</u>	<u>\$35,946</u>	<u>\$57,162</u>	<u>\$23,427</u>	<u>\$8,668</u>	<u>\$660</u>	<u>\$386,784</u>
Total Primary Government.....							<u>\$660,618</u>



NOTE 5 RECEIVABLES (Continued)

Primary Government — Other Receivables (Continued)

Type of Receivable	Fiduciary Funds				
	State Highway Patrol Retirement System Pension Trust (12/31/01)	College Savings Program Private-Purpose Trust	STAROhio Investment Trust	Agency	Total
Interest and Dividends	\$1,664	\$ —	\$172	\$ 407	\$2,243
Tuition Units Sold	—	3,462	—	—	3,462
Miscellaneous	45	—	—	1,108	1,153
Other Receivables, Gross	1,709	3,462	172	1,515	6,858
Estimated Uncollectible	—	—	—	—	—
Other Receivables, Net	\$1,709	\$3,462	\$172	\$1,515	\$6,858
Current-Due Within One Year	\$1,709	\$3,462	\$172	\$1,515	\$6,858

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

Future lease payments included under "Other Receivables" in the Ohio Building Authority Enterprise Fund, net of executory costs, are as follows (dollars in thousands):

Year Ending June 30,	Leases Receivable
2003	\$ 4,924
2004	4,927
2005	4,924
2006	4,922
2007	4,860
Thereafter	2,719
Total minimum lease payments	27,276
Amount representing interest	(5,323)
Present value of net minimum lease payments	\$21,953

Other receivables for the State's discretely presented component units, as of June 30, 2002, consisted of the following (dollars in thousands).

Component Units — Other Receivables

Type of Receivable	School Facilities Commission	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
Accounts	\$ —	\$339,960	\$21,179	\$167,913	\$529,052
Interest	1,013	14,025	6,598	6,738	28,374
Pledges	—	70,909	38,931	11,465	121,305
Miscellaneous	—	—	16,182	52,010	68,192
Other Receivables, Gross	1,013	424,894	82,890	238,126	746,923
Estimated Uncollectible	—	(111,464)	(1,390)	(32,808)	(145,662)
Other Receivables, Net	\$1,013	\$313,430	\$81,500	\$205,318	\$601,261
Current-Due Within One Year	\$1,013	\$257,170	\$57,768	\$198,231	\$514,182
Noncurrent-Due in More Than One Year	—	56,260	23,732	7,087	87,079
Other Receivables, Net	\$1,013	\$313,430	\$81,500	\$205,318	\$601,261



NOTE 6 PAYABLES

A. Accrued Liabilities

Details on accrued liabilities for the primary government and its discretely presented component units, as of June 30, 2002, follow (dollars in thousands).

Primary Government — Accrued Liabilities

	Wages	Health Benefit Claims	Accrued Interest	Vehicle Liability Claims	Total Accrued Liabilities
Governmental Activities:					
Major Governmental Funds:					
General.....	\$ 70,398	\$ 7,059	\$ —	\$ —	\$ 77,457
Job, Family and Other Human Services.....	8,549	777	—	—	9,326
Education.....	940	66	—	—	1,006
Highway Operating.....	13,020	1,435	—	—	14,455
Nonmajor Governmental Funds.....	20,081	2,270	579	—	22,930
	112,988	11,607	579	—	125,174
Reconciliation of balances in fund financial statements to government-wide financial statements due to basis differences.....					
	—	—	88,092	3,253	91,345
Total Governmental Activities.....	112,988	11,607	88,671	3,253	216,519
Business-Type Activities:					
Ohio Building Authority.....	—	—	371	—	371
Tuition Trust Authority.....	68	—	—	—	68
Liquor Control.....	592	57	—	—	649
Underground Parking Garage.....	46	5	—	—	51
Office of Auditor of State.....	2,310	201	—	—	2,511
Total Business-Type Activities.....	3,016	263	371	—	3,650
Total Primary Government.....	\$116,004	\$11,870	\$89,042	\$3,253	\$220,169

	Wages	Health Benefit Claims	Management and Admini- strative Expenses	Total Accrued Liabilities
Fiduciary Activities:				
State Highway Patrol Retirement System				
Pension Trust (12/31/01).....	\$87	\$881	\$ —	\$ 968
Variable College Savings Plan				
Private-Purpose Trust.....	—	—	3,207	3,207
Total Fiduciary Activities.....	\$87	\$881	\$3,207	\$4,175

Component Units — Accrued Liabilities

	Wages and Employee Benefits	Accrued Interest	Other	Total Accrued Liabilities
Major Component Units:				
School Facilities Commission.....	\$ 137	\$ —	\$ —	\$ 137
Ohio Water Development Authority (12/31/01)...	—	6,139	—	6,139
Ohio State University.....	86,716	—	48,592	135,308
University of Cincinnati.....	50,622	—	9,565	60,187
Nonmajor Component Units.....	118,591	5,338	13,214	137,143
Total Component Units.....	\$256,066	\$11,477	\$71,371	\$338,914



NOTE 6 PAYABLES (Continued)

B. Intergovernmental Payable

The intergovernmental payable balances for the primary government and its discretely presented component units, as of June 30, 2002, are comprised of the following (dollars in thousands).

Primary Government — Intergovernmental Payable

	Local Government		Federal Government	Other State Governments	Total
	Shared Revenue and Local Permissive Taxes	Subsidies and Other			
Governmental Activities:					
Major Governmental Funds:					
General.....	\$222,568	\$134,209	\$ —	\$ —	\$ 356,777
Job, Family and Other Human Services	—	241,780	456	—	242,236
Education	—	96,478	306	—	96,784
Highway Operating	—	1,107	—	—	1,107
Revenue Distribution	319,649	—	—	2,409	322,058
Nonmajor Governmental Funds	—	163,651	35	—	163,686
	542,217	637,225	797	2,409	1,182,648
Reconciliation of balances in fund financial statements to government-wide financial statements due to basis difference	—	—	19,689	—	19,689
Total Governmental Activities	542,217	637,225	20,486	2,409	1,202,337
Business-Type Activities:					
Unemployment Compensation	—	780	131	—	911
Liquor Control.....	—	367	—	—	367
Total Business-Type Activities.....	—	1,147	131	—	1,278
Total Primary Government.....	\$542,217	\$638,372	\$20,617	\$2,409	\$1,203,615
Fiduciary Activities:					
Holding and Distribution Agency Fund	\$ —	\$ —	\$3,572	\$6,389	\$ 9,961
Payroll Withholding and Fringe Benefits Agency Fund	—	355	—	—	355
Other Agency Fund	55,944	14,516	—	—	70,460
Total Fiduciary Activities	\$55,944	\$14,871	\$3,572	\$6,389	\$80,776

Component Units — Intergovernmental Payable

	Local Government		Federal Arbitrage	Total
	Subsidies to Local Government	Other		
Major Component Units:				
School Facilities Commission	\$1,343,734	\$ —	\$ —	\$1,343,734
Ohio Water Development Authority (12/31/01)	—	—	6,851	6,851
Nonmajor Component Units	—	18	—	18
	1,343,734	18	6,851	1,350,603
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements ...	(1,343,734)	—	—	(1,343,734)
Total Component Units	\$ —	\$18	\$6,851	\$ 6,869

C. Refund and Other Liabilities

Refund and other liabilities for the primary government and its discretely presented component units, as of June 30, 2002, were comprised of the following (dollars in thousands).



NOTE 6 PAYABLES (Continued)

Primary Government — Refund and Other Liabilities

	Estimated Tax Refund Claims					Total
	Personal Income Tax	Corporation Franchise Tax	Sales and Use Tax	Total Tax Refund Liabilities	Other	
Governmental Activities:						
Major Governmental Funds:						
General.....	\$477,305	\$158,350	\$12,109	\$647,764	\$ 44	\$647,808
Job, Family and Other Human Services.....	—	—	—	—	9,014	9,014
Revenue Distribution.....	64,766	5,623	—	70,389	—	70,389
Nonmajor Governmental Funds.....	—	—	—	—	2,290	2,290
	<u>542,071</u>	<u>163,973</u>	<u>12,109</u>	<u>718,153</u>	<u>11,348</u>	<u>729,501</u>
Reconciliation of balances in fund financial statements to government-wide financial statements due to basis differences.....	—	—	—	—	17,564	17,564
Total Governmental Activities.....	<u>\$542,071</u>	<u>\$163,973</u>	<u>\$12,109</u>	<u>\$718,153</u>	<u>\$28,912</u>	<u>\$747,065</u>
	Reserve for Compensation Adjustment	Refund & Security Deposits	Compensated Absences	Capital Leases	Other	Total
Business-Type Activities:						
Workers' Compensation.....	\$1,620,334	\$147,811	\$20,903	\$ —	\$108,814	\$1,897,862
Lottery Commission.....	—	—	2,388	57,171	26,941	86,500
Unemployment Compensation.....	—	10,477	—	—	—	10,477
Ohio Building Authority.....	—	—	112	—	—	112
Tuition Trust Authority.....	—	—	148	—	532	680
Liquor Control.....	—	—	2,884	—	1,599	4,483
Underground Parking Garage.....	—	—	133	—	—	133
Office of Auditor of State.....	—	48	7,243	—	—	7,291
	<u>1,620,334</u>	<u>158,336</u>	<u>33,811</u>	<u>57,171</u>	<u>137,886</u>	<u>2,007,538</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	(1,620,334)	(81,272)	(33,551)	(57,171)	(74,513)	(1,866,841)
Total Business-Type Activities.....	<u>\$ —</u>	<u>\$ 77,064</u>	<u>\$ 260</u>	<u>\$ —</u>	<u>\$ 63,373</u>	<u>\$ 140,697</u>
	Child Support Collections	Refund & Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
Fiduciary Activities:						
State Highway Patrol Retirement System Pension Trust (12/31/01).....	\$ —	\$ —	\$ —	\$ —	\$ 36	\$ 36
STAROhio Investment Trust.....	—	—	—	—	421	421
Agency Funds.....	100,722	470,072	60,915	117,386,479	51,162	118,069,350
Total Fiduciary Activities.....	<u>\$100,722</u>	<u>\$470,072</u>	<u>\$60,915</u>	<u>\$117,386,479</u>	<u>\$51,619</u>	<u>\$118,069,807</u>

Component Units — Refund and Other Liabilities

	Refund & Security Deposits	Compensated Absences	Capital Leases	Obligations Under Annuity Life Agreements	Other	Total
Major Component Units:						
School Facilities Commission.....	\$ —	\$ 411	\$ —	\$ —	\$ 71	\$ 482
Ohio State University.....	77,112	61,327	20,982	44,686	17,720	221,827
University of Cincinnati.....	29,693	56,662	138,317	—	—	224,672
Nonmajor Component Units.....	35,754	91,786	42,806	—	36,505	206,851
	<u>142,559</u>	<u>210,186</u>	<u>202,105</u>	<u>44,686</u>	<u>54,296</u>	<u>653,832</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	(139,897)	(206,265)	(202,082)	(44,686)	(48,331)	(641,261)
Total Component Units.....	<u>\$ 2,662</u>	<u>\$ 3,921</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ 5,965</u>	<u>\$ 12,571</u>



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

A. Interfund Balances

Interfund balances, as of June 30, 2002, consisted of the following (dollars in thousands):

Due from	Due to				Total
	Governmental Activities				
	Major Governmental Funds			Nonmajor Governmental Funds	
	General	Job, Family and Other Human Services	Highway Operating		
Major Governmental Funds:					
General	\$	\$ 6	\$32	\$3,102	\$ 3,140
Job, Family and Other Human Services	2,197				2,197
Education	145				145
Highway Operating	370			33	403
Revenue Distribution				195	195
Nonmajor Governmental Funds	225,639		35	355	226,029
Total Governmental Activities	228,351	6	67	3,685	232,109
Business-Type Activities:					
Lottery Commission					
Liquor Control	2,343				2,343
Underground Parking Garage					
Office of Auditor of State	35				35
Total Business-Type Activities	2,378				2,378
Total Primary Government	\$230,729	\$ 6	\$67	\$3,685	\$234,487
	Business-Type Activities				
	Workers' Compensation	Liquor Control	Office of Auditor of State	Total	Total Primary Government
Major Governmental Funds:					
General	\$386,049	\$10	\$1,470	\$387,529	\$390,669
Job, Family and Other Human Services	10,119			10,119	12,316
Education	1,351			1,351	1,496
Highway Operating	115,340			115,340	115,743
Revenue Distribution					195
Nonmajor Governmental Funds	85,459			85,459	311,488
Total Governmental Activities	598,318	10	1,470	599,798	831,907
Business-Type Activities:					
Lottery Commission	3,601			3,601	3,601
Liquor Control	958			958	3,301
Underground Parking Garage	18			18	18
Office of Auditor of State	4,013			4,013	4,048
Total Business-Type Activities	8,590			8,590	10,968
Total Primary Government	\$606,908	\$10	\$1,470	\$608,388	\$842,875

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.

Included in the interfund balances above is \$223 million due to the General Fund from the nonmajor governmental funds for interfund loans made to support housing programs at the Ohio Housing Finance Agency, which is accounted for in the Community and Economic Development Special Revenue Fund. Of the total interfund loan balance, approximately \$195.6 million is not expected to be collected in the subsequent fiscal year.

Additionally, the State's primary government and its component units are permitted to pay their workers' compensation liability on a terminal-funding (pay-as-you-go) basis. As a result, the Workers' Compensation Enterprise Fund recognized \$606.9 million as an interfund receivable and \$104.4 million as an amount due from component units for the unbilled premium due for the primary government's and the component units' shares of the Bureau's actuarially determined liability for compensation, respectively. In the Statement of Net Assets, the State includes the liability totaling \$598.3 million in the internal balance reported for governmental activities. For component units, the \$104.4 million liability is reported as "Payable to Primary Government."



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

B. Interfund Transfers

Interfund transfers, for the year ended of June 30, 2002, consisted of the following (dollars in thousands):

Transferred from	Transferred to						Total
	Governmental Activities						
	Major Governmental Funds						
	General	Job, Family and Other Human Services	Education	Highway Operating	Revenue Distribution	Nonmajor Govern- mental Funds	
Major Governmental Funds:							
General	\$ —	\$ 9,458	\$ 10,291	\$ 130	\$2	\$ 898,498	\$ 918,379
Job, Family and Other Human Services	100,586	—	1,500	—	—	500	102,586
Education	29,937	61	—	—	—	—	29,998
Highway Operating	878	—	—	—	—	249,221	250,099
Revenue Distribution	14,919	—	—	512,614	—	203,816	731,349
Nonmajor Governmental Funds	351,473	—	—	11	—	12,299	363,783
Total Governmental Activities	497,793	9,519	11,791	512,755	2	1,364,334	2,396,194
Business-Type Activities:							
Workers' Compensation	7,140	—	—	—	—	—	7,140
Lottery Commission	140	—	635,150	—	—	—	635,290
Unemployment Compensation	—	3,170	—	—	—	—	3,170
Ohio Building Authority	—	—	—	—	—	29,327	29,327
Liquor Control	112,000	—	—	—	—	19,574	131,574
Underground Parking Garage	—	—	—	—	—	773	773
Office of Auditor of State	112	—	—	—	—	—	112
Total Business-Type Activities	119,392	3,170	635,150	—	—	49,674	807,386
Total Primary Government	\$617,185	\$12,689	\$646,941	\$512,755	\$2	\$1,414,008	\$3,203,580
	Business-Type Activities						
	Unemploy- ment Compensation	Ohio Building Authority	Liquor Control	Office of Auditor of State	Total	Total Primary Govern- ment	
Major Governmental Funds:							
General	\$ —	\$25,112	\$3	\$34,237	\$59,352	\$ 977,731	
Job, Family and Other Human Services	812	—	—	—	812	103,398	
Education	—	—	—	—	—	29,998	
Highway Operating	—	—	—	—	—	250,099	
Revenue Distribution	—	—	—	—	—	731,349	
Nonmajor Governmental Funds	—	3,401	—	—	3,401	367,184	
Total Governmental Activities	812	28,513	3	34,237	63,565	2,459,759	
Business-Type Activities:							
Workers' Compensation	—	—	—	—	—	7,140	
Lottery Commission	—	—	—	—	—	635,290	
Unemployment Compensation	—	—	—	—	—	3,170	
Ohio Building Authority	—	—	—	—	—	29,327	
Liquor Control	—	—	—	—	—	131,574	
Underground Parking Garage	—	—	—	—	—	773	
Office of Auditor of State	—	—	—	—	—	112	
Total Business-Type Activities	—	—	—	—	—	807,386	
Total Primary Government	\$812	\$28,513	\$3	\$34,237	\$63,565	\$3,267,145	

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 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 2002, the component units reported \$2.49 billion in state assistance revenue from the primary government in the Statement of Activities.

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

Finally, "Community and Economic Development" expenses reported for governmental activities includes amounts that the primary government provided to the Arts and Sports Facilities Commission for its capital construction projects.

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

**Intra-entity Balances and Activity
Primary Government and Discretely Presented Component Units
As of and for the Year Ended June 30, 2002
(dollars in thousands)**

Primary Government	Receivable from Component Units	Payable to Component Units	Program Expenses for State Assistance to Component Units			Total State Assistance to Component Units
			Primary, Secondary and Other Education Function	Higher Education Support Function	Community and Economic Development Function	
Major Governmental Funds:						
General	\$ 29	\$ 7,475	\$428,580	\$1,669,959	\$331	\$2,098,870
Job, Family and Other Human Services	—	1,282	—	—	—	—
Education	—	319	8,838	—	—	8,838
Highway Operating	—	541	—	—	—	—
Nonmajor Governmental Funds		24,084	133,939	247,782	—	381,721
Total Governmental Activities	29	33,701	571,357	1,917,741	331	2,489,429
Business-Type Activities:						
Workers' Compensation	104,428	—	—	—	—	—
Total Primary Government	\$104,457	\$33,701	\$571,357	\$1,917,741	\$331	\$2,489,429

Component Unit	Receivable from Primary Government	Payable to Primary Government	State Assistance Funded by Governmental Activities of the Primary Government			Total State Assistance from Primary Government
			Primary, Secondary and Other Education Function	Higher Education Support Function	Community and Economic Development Function	
Major Component Units:						
School Facilities Commission	\$ —	\$ 81	\$539,968	\$ —	\$ —	\$ 539,968
Ohio State University	12,827	53,488	—	496,457	—	496,457
University of Cincinnati	794	8,137	—	217,188	—	217,188
Nonmajor Component Units	20,080	42,751	31,389	1,204,096	331	1,235,816
Total Component Units	\$33,701	\$104,457	\$571,357	\$1,917,741	\$331	\$2,489,429



NOTE 8 CAPITAL ASSETS

Capital asset activity reported for the primary government and its discretely presented component units, for the year ended June 30, 2002, was as follows (dollars in thousands):

	Primary Government			
	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land.....	\$ 1,403,664	\$ 76,500	\$ 306	\$ 1,479,858
Construction-in-Progress	1,103,942	671,593	473,033	1,302,502
Infrastructure:				
Highway Network:				
General Subsystem.....	7,982,451	67,498	—	8,049,949
Priority Subsystem	6,099,567	252,473	313	6,351,727
Bridge Network	2,171,228	51,816	—	2,223,044
Total Capital Assets Not Being Depreciated.....	<u>18,760,852</u>	<u>1,119,880</u>	<u>473,652</u>	<u>19,407,080</u>
Other Capital Assets:				
Buildings	2,899,786	47,813	18,677	2,928,922
Land Improvements	184,625	15,622	4,618	195,629
Machinery and Equipment	327,072	50,951	16,330	361,693
State Vehicles	206,896	25,247	13,049	219,094
Infrastructure:				
Parks, Recreation and Natural Resources Network	—	14,686	—	14,686
Total Other Capital Assets at historical cost	<u>3,618,379</u>	<u>154,319</u>	<u>52,674</u>	<u>3,720,024</u>
Less Accumulated Depreciation for:				
Buildings	974,508	82,647	14,600	1,042,555
Land Improvements	105,133	7,660	4,371	108,422
Machinery and Equipment	228,074	43,092	12,304	258,862
State Vehicles	86,229	19,384	7,596	98,017
Infrastructure:				
Parks, Recreation and Naturals Resources Network.....	—	24	—	24
Total Accumulated Depreciation	<u>1,393,944</u>	<u>152,807</u>	<u>38,871</u>	<u>1,507,880</u>
Other Capital Assets, Net	<u>2,224,435</u>	<u>1,512</u>	<u>13,803</u>	<u>2,212,144</u>
Governmental Activities- Capital Assets, Net.....	<u>\$20,985,287</u>	<u>\$1,121,392</u>	<u>\$487,455</u>	<u>\$21,619,224</u>

For fiscal year 2002, the State charged depreciation expense to the following governmental functions:

Governmental Activities:	
Primary, Secondary and Other Education	\$ 665
Higher Education Support	38
Public Assistance and Medicaid	2,639
Health and Human Services.....	27,251
Justice and Public Protection	50,061
Environmental Protection and Natural Resources.....	8,651
Transportation	22,328
General Government.....	38,650
Community and Economic Development	2,524
Total Depreciation Expense for Governmental Activities.....	<u>\$152,807</u>



NOTE 8 CAPITAL ASSETS (Continued)

	Primary Government			
	Balance July 1, 2001	Increases	Decreases	
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 12,631	\$ —	\$ —	\$ 12,631
Construction-in-Progress	1,123	8,155	451	8,827
Total Capital Assets Not Being Depreciated	13,754	8,155	451	21,458
Other Capital Assets:				
Buildings	242,695	778	—	243,473
Land Improvements	66	—	—	66
Machinery and Equipment	109,158	77,194	15,236	171,116
State Vehicles	4,929	616	618	4,927
Total Other Capital Assets at historical cost	356,848	78,588	15,854	419,582
Less Accumulated Depreciation for:				
Buildings	99,427	7,980	—	107,407
Land Improvements	46	1	—	47
Machinery and Equipment	77,247	26,173	10,645	92,775
State Vehicles	2,379	642	548	2,473
Total Accumulated Depreciation	179,099	34,796	11,193	202,702
Other Capital Assets, Net	177,749	43,792	4,661	216,880
Business-Type Activities- Capital Assets, Net	\$191,503	\$51,947	\$5,112	\$238,338

For fiscal year 2002, the State charged depreciation expense to the following business-type functions:

Business-Type Activities:	
Workers' Compensation	\$18,302
Lottery Commission	15,996
Tuition Trust Authority	113
Liquor Control	368
Underground Parking Garage	547
Office of Auditor of State	3,852
Total Depreciation Expense for Business-Type Activities	39,178
Losses on Capital Asset Disposals Included in Depreciation ...	(4,382)
Fiscal Year 2002 Increases to Accumulated Depreciation	\$34,796

	Component Units			
	Balance July 1, 2001	Increases	Decreases	
Capital Assets Not Being Depreciated:				
Land:				
Ohio State University	\$ 37,891	\$ —	\$ 237	\$ 37,654
University of Cincinnati	17,912	—	—	17,912
All Other Component Units	182,841	9,896	933	191,804
Total Land	238,644	9,896	1,170	247,370
Land Improvements:				
All Other Component Units	11,490	136	—	11,626
Total Land Improvements	11,490	136	—	11,626

(Continued)



NOTE 8 CAPITAL ASSETS (Continued)

	Component Units (Continued)			Balance June 30, 2002
	Balance July 1, 2001	Increases	Decreases	
Construction-in-Progress:				
Ohio State University	153,915	—	49,606	104,309
University of Cincinnati.....	76,065	67,535	1,812	141,788
All Other Component Units	262,376	238,501	131,807	369,070
Total Construction-in-Progress.....	492,356	306,036	183,225	615,167
Collections of Works of Art and Historical Treasures:				
University of Cincinnati.....	3,522	764	22	4,264
All Other Component Units	18,066	111	—	18,177
Total Collections of Works of Art and Historical Treasures	21,588	875	22	22,441
Total Capital Assets Not Being Depreciated	764,078	316,943	184,417	896,604
Other Capital Assets:				
Buildings:				
Ohio State University	1,910,113	179,696	4,702	2,085,107
University of Cincinnati.....	1,003,110	41,085	4,771	1,039,424
All Other Component Units	3,461,413	193,588	12,944	3,642,057
Total Buildings.....	6,374,636	414,369	22,417	6,766,588
Land Improvements:				
Ohio State University	170,020	14,797	4,526	180,291
University of Cincinnati.....	20,047	1,544	—	21,591
All Other Component Units	122,016	7,693	—	129,709
Total Land Improvements.....	312,083	24,034	4,526	331,591
Machinery, Equipment and Vehicles:				
Ohio State University	681,674	79,076	80,575	680,175
University of Cincinnati.....	130,322	10,635	8,014	132,943
All Other Component Units	783,227	96,881	52,577	827,531
Total Machinery, Equipment and Vehicles.....	1,595,223	186,592	141,166	1,640,649
Library Books and Publications:				
Ohio State University	151,281	9,097	615	159,763
University of Cincinnati.....	101,984	8,116	311	109,789
All Other Component Units	344,798	18,005	2,539	360,264
Total Library Books and Publications	598,063	35,218	3,465	629,816
Infrastructure:				
University of Cincinnati.....	52,737	1,896	—	54,633
All Other Component Units	260,945	17,766	5,676	273,035
Total Infrastructure	313,682	19,662	5,676	327,668
Total Other Capital Assets at historical cost	9,193,687	679,875	177,250	9,696,312
Less Accumulated Depreciation for:				
Buildings:				
Ohio State University	742,232	63,800	4,609	801,423
University of Cincinnati.....	360,653	34,368	4,771	390,250
All Other Component Units	1,447,652	90,473	7,374	1,530,751
Total Buildings.....	2,550,537	188,641	16,754	2,722,424

(Continued)



NOTE 8 CAPITAL ASSETS (Continued)

	Component Units (Continued)			Balance June 30, 2002
	Balance July 1, 2001	Increases	Decreases	
Land Improvements:				
Ohio State University	88,780	7,602	4,526	91,856
University of Cincinnati.....	3,594	955	—	4,549
All Other Component Units	49,567	6,247	—	55,814
Total Land Improvements.....	141,941	14,804	4,526	152,219
Machinery, Equipment and Vehicles:				
Ohio State University	463,932	69,205	60,424	472,713
University of Cincinnati.....	90,386	9,509	7,990	91,905
All Other Component Units	528,896	74,864	44,693	559,067
Total Machinery, Equipment and Vehicles.....	1,083,214	153,578	113,107	1,123,685
Library Books and Publications:				
Ohio State University	111,940	7,168	615	118,493
University of Cincinnati.....	65,546	5,573	312	70,807
All Other Component Units	213,885	17,771	2,426	229,230
Total Library Books and Publications	391,371	30,512	3,353	418,530
Infrastructure:				
University of Cincinnati.....	29,576	2,808	—	32,384
All Other Component Units	103,940	9,299	4,028	109,211
Total Infrastructure	133,516	12,107	4,028	141,595
Total Accumulated Depreciation	4,300,579	399,642	141,768	4,558,453
Other Capital Assets, Net	4,893,108	280,233	35,482	5,137,859
Component Units- Capital Assets, Net.....	\$5,657,186	\$597,176	\$219,899	\$6,034,463

For fiscal year 2002, depreciation expense for the State's component units was as follows:

Component Units:

School Facilities Commission — <i>Primary, Secondary and Other Education</i>	\$ 13
Arts and Sports Facilities Commission — <i>Community and Economic Development</i>	1,339
SchoolNet Commission — <i>Primary, Secondary and Other Education</i>	485
Depreciation Expense Included in Governmental Functions	1,837
Ohio State University	147,775
University of Cincinnati	53,213
Other Component Units	197,011
Depreciation Reported as Depreciation Expense	397,999
Total Depreciation Expense for Component Units	399,836
Net Gains/(Losses) on Capital Asset Disposals Included in Depreciation.....	(194)
Fiscal Year 2002 Increases to Accumulated Depreciation	<u>\$399,642</u>



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

All part-time and full-time employees and elected officials of the State, including its component units, are eligible to be covered by one of the following retirement plans:

- 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, defined benefit multiple-employer public employee retirement system.

OPERS benefits are 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.

Regular employees may retire after 30 years of credited service regardless of age, at age 55 or after with 25 years of credited service, or at age 60 or after with five years 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 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 regardless of changes in the Consumer Price Index.

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 calendar year 2001 were as follows:

	Contribution Rates	
	Employee Share	Employer Share
Regular Employees	8.50%	13.31%
Law Enforcement Employees..	10.10%	16.70%
Public Safety Employees.....	9.00%	16.70%

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

Primary Government		
For the Year Ended December 31,	Employer's Contribution for Regular Employees	Employer's Contribution for Law Enforcement Employees
2001	\$236,188	\$3,649
2000	159,528	2,994
1999	221,791	3,094

Component Units	
For the Year Ended June 30,	Employer's Contribution for Regular Employees
2002	\$109,668
2001	72,686
2000	101,154

Recent legislation also grants OPERS the authority to establish a defined contribution plan as an alternative to the current defined benefit plan. OPERS is currently developing such a plan, which is expected to become operational sometime in early calendar year 2003. Law enforcement employees will not be eligible to participate in the alternative plan, which will cover classes of employees not currently eligible to participate in the existing OPERS alternative retirement plan, as discussed further in Note 9D.

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) 466-2085 or 1-800-222-OPERS.

Other Postemployment Benefits

All age and service retirees with 10 or more years of service credit qualify for healthcare coverage under OPERS. Healthcare coverage for disability recipients and primary survivor recipients is also available. Chapter 145, Ohio Revised Code, provides the statutory authority for employer contributions. For calendar year 2001, the portion of the employer rate that is used to fund healthcare is 4.3 percent of covered payroll for law enforcement and regular em-



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

employees. Employees do not fund any portion of healthcare costs.

Benefits are advance-funded using the entry-age, normal cost method. Significant actuarial assumptions, based on the latest actuarial review performed as of December 31, 2000 (the latest information available), include a rate of return on investments of 7.75 percent, an annual increase in total payroll for active employees of 4.75 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Healthcare premiums were assumed to increase 4.75 percent annually.

Net assets available for payment of benefits at December 31, 2000 were \$11.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14.3 billion and \$2.6 billion, respectively. All investments are carried at market value.

For the actuarial valuation of net assets available for future healthcare benefits, OPERS applies the smoothed market approach. Under this approach, assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investments.

The State's actuarially required and actual contributions for the OPERS healthcare plan are as follows (dollars in thousands):

Primary Government:

(for the year ended December 31, 2001)	
Regular Employees	\$112,720
Law Enforcement and Public Safety Employees.....	1,265
Total.....	\$113,985

Component Units:

(for the year ended June 30, 2002).....	\$ 51,964
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The number of active contributing participants for the primary government was 60,238, as of December 31, 2001.

B. State Teachers Retirement System of Ohio (STRS)

Pension Benefits

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

Participants in STRS, may retire after 30 years of credited service regardless of age, or at or after age 55 with 25 years of credited service, or at or after

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

Under the "formula benefit" calculation, the retirement allowance is based on years of credited service and 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 2.5 percent for each year of Ohio contributing service in excess of 30 years and by 2.2 percent for all other years of credited service up to a maximum annual allowance of 100 percent of final average salary. Each year over 30 years is increased incrementally by .1 percent starting at 2.5 percent for the 31st year of Ohio service. For teachers with 35 or more years of earned service, the annual allowance is determined by multiplying the final average salary by 2.5 percent for the first 30 years of service.

Under the "money-purchase benefit" calculation, a member's lifetime contributions, plus interest at specified rates, are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Retirement benefits increase three percent annually regardless of changes in the Consumer Price Index.

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.

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

Employer and employee required contributions to STRS are established by the Board and limited under the Ohio Revised Code to employer and employee rates of 14 percent and 10 percent, respectively, and are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuary.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contribution rates for fiscal year 2002 were 14 percent for employers and 9.3 percent for employees. For STRS, 9.5 percent of the employer rate is used to fund pension obligations. The difference between the total employer rate and the share used to fund pension obligations is the percentage used to fund the STRS healthcare program.

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

Year Ended June 30,	Primary Government	Component Units
2002	\$5,420	\$88,184
2001	5,177	93,410
2000	3,028	59,841

STRS issues a stand-alone financial report, copies of which may be obtained by making a written request to: State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling 1-888-227-7877.

Other Postemployment Benefits

The STRS plan provides comprehensive healthcare benefits to retirees and their dependents. Retirees are required to make healthcare premium payments at amounts that vary according to each retiree's years of credited service and choice of healthcare provider. Retirees must pay additional premiums for covered spouses and dependents. Chapter 3307, Ohio Revised Code, gives the STRS board discretionary authority over how much, if any, of associated healthcare costs are absorbed by the plan. Currently, employer contributions equal to 4.5 percent of covered payroll are allocated to pay for healthcare benefits.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 2001 (the most recent information available), net assets available for future healthcare benefits were \$3.3 billion. Net healthcare costs paid by the primary government and its component units, for the year ended June 30, 2002, totaled approximately \$2.6 million and \$41.8 million, respectively. The number of eligible benefit recipients for STRS as a whole was 116,512, as of June 30, 2001; a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 2002, is unavailable.

C. State Highway Patrol Retirement System (SHPRS)

SHPRS, a component unit of the State, was established in 1944 by the General Assembly as a single-employer, defined benefit pension plan and is administered by the State.

The plan issues a stand-alone financial report that includes financial statements and required supplementary information, and the State reports the plan as a pension trust fund. Copies of the financial report may be obtained by writing to the Ohio State Highway Patrol Retirement System, 6161 Busch Boulevard, Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 431-0781 or 1-800-860-2268.

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. Chapter 5505, Ohio Revised Code, also requires contributions by active members and the Ohio State Highway Patrol. The employee contribution rate is established by the General Assembly, and any change in the rate requires legislative action. The 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's contribution rate.

Contribution rates for calendar year 2001 are as follows:

Contribution Rates	
Employee Share	Employer Share
9.50%	23.50%

During calendar year 2001, all of the employees' contributions funded pension benefits while 18.75 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.

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

All investments are reported at fair value. Fair value is, "the amount that the plan can reasonably expect to receive for an investment in a current sale, between a willing buyer and a willing seller – that is, other than in a forced or liquidation sale." Short-term investments are reported at cost, which approximates fair value. Corporate bonds are valued at the median price by the brokerage firms.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Securities traded on a national exchange are valued at the last reported sales price at the current exchange rate. The fair value of real estate investments is based on the estimated current value and on independent appraisals. For actuarial purposes, assets are valued with a method that amortizes each year's investment gain or loss over a closed, four-year period.

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

Year Ended December 31,	Primary Government	Percentage of Employer's Annual Pension Cost Contributed
2001	\$13,765	100%
2000	11,686	100%
1999	13,351	100%

SHPRS used the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2001. 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 4.5 percent attributable to inflation and additional projected salary increases ranging from .3 percent to 3.7 percent a year attributable to seniority and merit; price inflation was assumed to be at least three percent a year; and postretirement increases each year equal to the increase in the Consumer Price Index (not to exceed three percent).

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

The Schedule of Funding Progress for the last three years is presented in the table below. Amounts re-

ported do not include assets or liabilities for postemployment healthcare benefits.

Other Postemployment Benefits

In addition to providing pension benefits, SHPRS pays health insurance claims on behalf of all persons receiving a monthly pension or survivor benefit and Medicare Part B basic premiums for those eligible benefit recipients upon proof of coverage. The number of active contributing plan participants, as of December 31, 2001, was 1,520. The cost of retiree healthcare benefits is recognized as claims are incurred and premiums are paid. The calendar year 2001 expense was \$6.2 million.

Healthcare benefits are established in Chapter 5505, Ohio Revised Code, and are advance funded by the employer on the same actuarially determined basis (using the same assumptions) as are the SHPRS pension benefits, as previously discussed. In addition, the assumption that projected healthcare premiums would increase at a rate of 4.5 percent, compounded annually, due to inflation was also used in the valuation. Net assets available for benefits allocated to healthcare costs at December 31, 2001 were \$93.8 million, and included investments carried at fair value, as previously described.

As of December 31, 2001, the actuarial accrued liability for healthcare benefits, the portion of the present value of plan promises to pay benefits in the future that are not covered by future normal cost contributions, was \$51.6 million; the actuarial accrued liability for healthcare benefits at that date was \$145.4 million.

Employer contributions are made in accordance with actuarially determined requirements. The employer contribution requirement was approximately \$3.5 million or 4.75 percent of active member payroll for the period, January 1 through December 31, 2001.

SHPRS Schedule of Funding Progress
Last Three Calendar Years
(dollars in thousands)

(A) Valuation Year	(B) Actuarial Accrued Liability (AAL)	(C) Valuation Assets	(D) Unfunded Actuarial Accrued Liability (UAAL) (B) - (C)	(E) Ratio of Assets to AAL (C)/(B)	(F) Active Member Payroll	(G) UAAL as Percentage of Active Member Payroll (D)/(F)
2001	\$636,715	\$551,279	\$85,436	86.6%	\$76,344	111.9%
2000 (a)	594,223	570,040	24,183	95.9	69,028	35.0
2000	607,411	570,040	37,371	93.8	69,028	54.1
1999 (b)	577,010	546,511	30,499	94.7	66,017	46.2
1999	564,673	546,511	18,162	96.8	66,017	27.5

(a) Change in assumption or method.
(b) The plan was amended in 1999.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 STRS or OPERS. Classified civil service employees are not 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 STRS or OPERS would be transferred to the ARP. The Ohio Department of Insurance has designated eight companies as being 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. Therefore, employees who would have otherwise been enrolled in STRS or OPERS would contribute 9.3 percent or 8.5 percent of their gross salaries, respectively. Employees may also voluntarily make additional contributions to the ARP.

Ohio law also requires each public institution of higher education contribute 3.5 percent of a participating employee's gross salary for the year ended June 30, 2002 to STRS in cases when the employee would have otherwise been enrolled in STRS.

For the year ended June 30, 2002, employers were not required to contribute to the ARP on behalf of employees that would otherwise have been enrolled in OPERS.

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 STRS and OPERS. 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 eight 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.

Employer and employee contributions required and paid for the year ended June 30, 2002 totaled \$53.2 million and \$37 million, respectively.

NOTE 10 GENERAL OBLIGATION BONDS

The State has pledged its full faith and credit for the payment of principal and interest on general obligation bonds.

At various times since 1921, Ohio voters, by 17 constitutional amendments (the last adopted in November 2000 for land conservation purposes), 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, and natural resources. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1999 constitutional amendment provided for the issuance of Common Schools Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2002, the General Assembly had authorized the issuance of \$1.25 billion in Common Schools Capital Facilities Bonds, of which \$740 million had been issued and \$711.9 million was outstanding. As of June 30, 2002, the General Assembly had also authorized the issuance of \$1.21 billion in Higher Education Capital Facilities Bonds, of which \$775 million had been issued and \$739.4 million was outstanding.

Through approval of the November 1995 amendment, voters authorized the issuance of Highway



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

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, 2002, the General Assembly had authorized the issuance of approximately \$1.35 billion in Highway Capital Improvements Bonds, of which \$1 billion had been issued and \$702.5 million was outstanding.

A 1987 constitutional amendment provided for the issuance of \$1.2 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds), of which no more than \$120 million may be issued in any calendar year. As of June 30, 2002, the General Assembly had authorized \$1.2 billion of these bonds to be sold, of which approximately \$1.2 billion had been issued and \$818.4 million (net of unaccreted discount of \$90.9 million on deep-discount bonds issued) was outstanding.

In November 1995, voters approved another constitutional amendment that provided for the issuance of an additional \$1.2 billion of Infrastructure Bonds, of which no more than \$120 million (plus any prior years' principal amounts not issued under the new authorization) may be sold in any state fiscal year. As of June 30, 2002, the General Assembly had authorized \$600 million in Infrastructure Bonds to be issued under the provisions of the 1995 constitutional amendment, of which \$480 million had been issued and \$445.9 million (including \$2.9 million in unamortized premium) was outstanding.

A 1968 constitutional amendment authorized the issuance of Highway Obligations in amounts up to

\$100 million in any calendar year, with no more than \$500 million in principal amount outstanding at any one time. The aggregate of General Assembly authorizations, as of June 30, 2002, for Highway Obligations, was approximately \$1.75 billion, all of which had been issued and \$87 million was outstanding.

Coal Research and Development Bonds and Parks, Recreation, and Natural Resources Bonds may be issued as long as the outstanding principal amounts do not exceed \$100 and \$200 million, respectively. As of June 30, 2002, the General Assembly had authorized the issuance of \$150 million in Coal Research and Development Bonds, of which \$137 million had been issued and \$49.5 million was outstanding. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$272 million, as of June 30, 2002, of which \$210 million had been issued and \$165.2 million was outstanding.

During fiscal year 2002, the State issued \$50 million in Conservation Projects Bonds for the first time. Not more than \$50 million in Conservation Projects Bonds may be issued in a fiscal year and not more than \$200 million may be issued.

General obligation bonds outstanding and bonds authorized but unissued, as of June 30, 2002, are presented in the table below.

For the year ended June 30, 2002, NOTE 15 summarizes changes in general obligation bonds.

**Primary Government-Governmental Activities
General Obligation Bonds
As of June 30, 2002**
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Common Schools Capital Facilities	2000-02	4.5%-5.4%	2023	\$ 711,923	\$ 510,000
Higher Education Capital Facilities	2000-02	4.5%-5.4%	2023	739,428	436,310
Highway Capital Improvements	1997-01	4.1%-5.0%	2011	702,500	350,000
Infrastructure Improvements	1990-02	3.3%-7.6%	2022	1,264,379	120,014
Highway Obligations	1993-97	4.5%-4.8%	2005	87,000	
Coal Research and Development	1992-02	4.0%-5.6%	2013	49,515	13,000
Natural Resources Capital Facilities	1995-02	4.5%-5.6%	2018	165,224	62,000
Conservation Projects	2002	4.3%	2017	51,160	
Total General Obligation Bonds				<u>\$3,771,129</u>	<u>\$1,491,324</u>



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Future general obligation debt service requirements, as of June 30, 2002, are as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2003	\$ 301,110	\$ 169,986	\$ 471,096
2004	310,775	158,341	469,116
2005	281,640	144,967	426,607
2006	270,180	132,818	402,998
2007	268,025	121,171	389,196
2008-2012	1,149,745	435,374	1,585,119
2013-2017	789,935	203,973	993,908
2018-2022	436,490	54,965	491,455
2023-2027	26,340	668	27,008
	3,834,240	1,422,263	5,256,503
Net Unamor- tized Premium/ (Discount)	(63,111)	—	(63,111)
Total	<u>\$3,771,129</u>	<u>\$1,422,263</u>	<u>\$5,193,392</u>

As of June 30, 2002, the outstanding balance reported for Infrastructure Improvement Bonds included approximately \$63.9 million in variable rate bonds that were issued during fiscal year 2002. The adjustable interest rate on the bonds is reset weekly at a rate determined by the remarketing agent, not to exceed 12 percent. The rate for these bonds was 1.15 percent, as of June 30, 2002.

In prior years, the Treasurer of State defeased certain Infrastructure Improvement Bonds 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, 2002, \$45.1 million of Infrastructure Improvement Bonds are considered defeased and no longer outstanding.

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 Ohio Building Authority (OBA), which has issued revenue bonds on its own behalf and for the Ohio Bureau of Workers' Compensation, the Treasurer of State for the Ohio Department of Development's Office of Business Development, and the Ohio Department of Transportation. Major issuers for the State's component units include the Ohio Water Development Authority, the Ohio State University, the University of Cincinnati, and Kent State University.

A. Primary Government

Economic development bonds, issued by the Treasurer of State for the Office of Business Development'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 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.

Since fiscal year 1998, the Treasurer of State has issued a total of \$190 million in State Infrastructure Bank Bonds for various highway construction projects sponsored by the Department of Transportation. The State has pledged federal highway receipts as the primary source of moneys for meeting the principal and interest requirements on the bonds.

Revenue bonds accounted for in business-type activities finance the costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus and other office buildings and related facilities constructed by the OBA for shared use by local governments. The principal and interest requirements on the OBA bonds are paid from rentals received under the long-term lease agreements discussed in NOTE 5D.

Revenue bonds outstanding for the primary government, as of June 30, 2002, are presented in the table at the top of the following page.

For the year ended June 30, 2002, NOTE 15 summarizes changes in revenue bonds.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

**Primary Government
Revenue Bonds
As of June 30, 2002**
(dollars in thousands)

	Fiscal Year Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Governmental Activities:				
Treasurer of State:				
Economic Development	1997	6.7%-7.7%	2022	\$144,760
State Infrastructure Bank	1998-02	4.5%-5.0%	2009	152,878
Total Governmental Activities				297,638
Business-Type Activities:				
Bureau of Workers' Compensation	1994	3.3%-5.1%	2014	168,770
Ohio Building Authority	1986-97	4.8%-9.8%	2008	21,953
Total Business-Type Activities.....				190,723
Total Revenue Bonds.....				\$488,361

Future bond service requirements for revenue bonds of the primary government, as of June 30, 2002, are presented in the table below.

In December 1998, the Treasurer of State entered into a forward purchase refunding agreement to advance refund approximately \$102 million in Series 1996 Taxable Development Assistance Bonds on October 1, 2006. Under the terms of the bond purchase agreement, the underwriter has agreed to purchase approximately \$102 million in Series 1998 Taxable Development Assistance Refunding Bonds and deliver to the escrow agent on or before August 25, 2006 cash and/or direct U.S. government obligations sufficient to provide for the redemption of the refunded bonds on October 1, 2006. Because the State has not taken delivery of the proceeds from the issuance of the Series 1998 Taxable Development Assistance Refunding Bonds, as of June 30,

2002, no obligation for the refunding bonds has been included in the financial statements.

B. Component Units

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

A portion of OWDA's outstanding bonds has been issued for the Water Pollution Control Loan Program, which provides low-cost financing to LGAs for

**Primary Government
Future Funding Requirements for Revenue Bonds
As of June 30, 2002**
(dollars in thousands)

Year Ending June 30,	Governmental Activities			Business-Type Activities			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2003.....	\$ 26,505	\$ 17,819	\$ 44,324	\$ 13,531	\$ 9,569	\$ 23,100	\$ 40,036	\$ 27,388	\$ 67,424
2004.....	27,290	16,454	43,744	14,731	8,930	23,661	42,021	25,384	67,405
2005.....	28,155	14,968	43,123	15,887	9,686	25,573	44,042	24,654	68,696
2006.....	29,055	13,453	42,508	17,321	8,767	26,088	46,376	22,220	68,596
2007.....	30,035	11,843	41,878	18,506	6,431	24,937	48,541	18,274	66,815
2008-2012.....	68,670	40,263	108,933	81,640	19,184	100,824	150,310	59,447	209,757
2013-2017.....	36,490	26,244	62,734	31,255	2,209	33,464	67,745	28,453	96,198
2018-2022.....	46,950	9,533	56,483				46,950	9,533	56,483
	293,150	150,577	443,727	192,871	64,776	257,647	486,021	215,353	701,374
Net Unamortized Premium/(Discount)	4,488	—	4,488	(2,148)	—	(2,148)	2,340	—	2,340
Total.....	\$297,638	\$150,577	\$448,215	\$190,723	\$64,776	\$255,499	\$488,361	\$215,353	\$703,714



NOTE 11 REVENUE BONDS AND NOTES (Continued)

the construction of wastewater treatment facilities. In the event pledged program revenues, which consist of interest payments from the LGAs as reimbursement for construction costs, are not sufficient to meet debt service requirements for the bonds, the General Assembly may appropriate moneys for the full replenishment of a bond reserve. As of December 31, 2001, approximately \$649.9 million in bonds were outstanding for this program.

Future bond service requirements for the Water Pollution Control Loan Program revenue bonds, as of December 31, 2001, are as follows (dollars in thousands):

Year Ending December 31,	Principal	Interest	Total
2002	\$113,840	\$ 30,182	\$144,022
2003	32,175	27,801	59,976
2004	33,355	26,032	59,387
2005	34,555	24,176	58,731
2006	35,590	22,283	57,873
2007-2011	195,855	81,945	277,800
2012-2016	171,180	31,143	202,323
2017-2021	32,975	2,285	35,260
	649,525	245,847	895,372
Net Unamortized Premium/(Discount)	4,657	—	4,657
Unamortized Loss	(4,309)	—	(4,309)
Total	<u>\$649,873</u>	<u>\$245,847</u>	<u>\$895,720</u>

Generally, bonds and notes issued by the state universities and state community colleges are payable from the institutions' available receipts, including student fees, rental income, and gifts and donations, as may be provided for in the respective bond proceedings, for the construction of residence educational 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.

Future bond service requirements for revenue bonds and notes reported for the discretely presented component units, as of June 30, 2002, are presented in the table below, which also continues on the following page.

Of the outstanding revenue bonds and notes reported for the OWDA component unit fund, \$5.9 million in bonds had an adjustable interest rate that is reset weekly at a rate determined by the remarketing agency, not to exceed 10 percent. The rate for these notes was 1.71 percent, as of December 31, 2001.

**Component Units
Future Funding Requirements for Revenue Bonds
As of June 30, 2002**
(dollars in thousands)

Year Ending December 31 or June 30,	Ohio Water Development Authority (12/31/01)			Ohio State University			University of Cincinnati		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2002	\$ 181,390	\$ 71,130	\$ 252,520						
2003	103,270	65,451	168,721	\$278,676	\$ 16,584	\$295,260	\$ 70,329	\$ 21,011	\$ 91,340
2004	113,105	59,917	173,022	15,253	13,342	28,595	13,626	19,003	32,629
2005	97,680	54,807	152,487	16,030	12,644	28,674	15,426	18,353	33,779
2006	97,875	48,951	146,826	15,068	11,947	27,015	17,545	17,570	35,115
2007				15,585	11,260	26,845	17,550	16,670	34,220
2007-2011	422,550	172,578	595,128						
2008-2012				76,811	45,082	121,893	78,280	70,415	148,695
2012-2016	312,720	69,825	382,545						
2013-2017				42,886	29,758	72,644	82,045	49,658	131,703
2017-2021	95,910	14,111	110,021						
2018-2022				36,545	19,351	55,896	63,490	27,804	91,294
2022-2026	14,400	1,323	15,723						
2023-2027				26,325	11,152	37,477	44,375	14,870	59,245
2028-2032				28,140	3,382	31,522	31,720	3,465	35,185
	1,438,900	558,093	1,996,993	551,319	174,502	725,821	434,386	258,819	693,205
Net Unamortized Premium/(Discount)	(5,195)	—	(5,195)	—	—	—	(6,702)	—	(6,702)
Unamortized Loss	(12,785)	—	(12,785)						
Total	<u>\$1,420,920</u>	<u>\$558,093</u>	<u>\$1,979,013</u>	<u>\$551,319</u>	<u>\$174,502</u>	<u>\$725,821</u>	<u>\$427,684</u>	<u>\$258,819</u>	<u>\$686,503</u>

(Continued)



NOTE 11 REVENUE BONDS AND NOTES (Continued)

**Component Units
Future Funding Requirements for Revenue Bonds
As of June 30, 2002
(Continued)**
(dollars in thousands)

Year Ending December 31 or June 30,	Kent State University			Other Component Units			Total Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2002.....							\$ 181,390	\$ 71,130	\$ 252,520
2003.....	\$ 3,980	\$ 12,121	\$ 16,101	\$ 58,355	\$ 29,368	\$ 87,723	514,610	144,535	659,145
2004.....	1,815	11,946	13,761	31,838	27,448	59,286	175,637	131,656	307,293
2005.....	1,860	11,860	13,720	31,309	25,957	57,266	162,305	123,621	285,926
2006.....	1,715	11,771	13,486	30,103	24,480	54,583	162,306	114,719	277,025
2007.....	2,790	11,688	14,478	30,438	23,892	54,330	66,363	63,510	129,873
2007-2011.....							422,550	172,578	595,128
2008-2012.....	18,005	56,310	74,315	141,567	96,497	238,064	314,663	268,304	582,967
2012-2016.....							312,720	69,825	382,545
2013-2017.....	38,560	49,409	87,969	123,303	58,787	182,090	286,794	187,612	474,406
2017-2021.....							95,910	14,111	110,021
2018-2022.....	49,830	38,421	88,251	74,175	31,313	105,488	224,040	116,889	340,929
2022-2026.....							14,400	1,323	15,723
2023-2027.....	54,900	24,835	79,735	56,188	14,316	70,504	181,788	65,173	246,961
2028-2032.....	104,915	10,671	115,586	23,400	1,650	25,050	188,175	19,168	207,343
	278,370	239,032	517,402	600,676	333,708	934,384	3,303,651	1,564,154	4,867,805
Net Unamortized Premium/(Discount)	—	—	—	1,287	—	1,287	(10,610)	—	(10,610)
Unamortized Loss							(12,785)		(12,785)
Total	\$278,370	\$239,032	\$517,402	\$601,963	\$333,708	\$935,671	\$3,280,256	\$1,564,154	\$4,844,410

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.

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, and parks and recreation. Prior to September 14, 2000, when House Bill 640 became effective and reassigned the issuing authority for these obligations to the Treasurer of State, the Ohio Public Facilities Commission issued the Chapter 154 bonds.

Elementary and Secondary Education Bonds, which the Treasurer of State issued for the Department of

Education, finance the construction costs of capital facilities for local school districts.

The State reports OBA bonds issued for capital projects that benefit state agencies as special obligation bonds, while OBA bonds issued to finance the costs of local government facilities are reported as revenue bonds (See NOTE 11).

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, 2002, are presented in the table on the top of the following page.



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

**Primary Government-Governmental Activities
Special Obligation Bonds
As of June 30, 2002**
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Ohio Building Authority	1986-02	3.3%-9.8%	2021	\$2,317,964	\$615,910
Treasurer of State:					
Chapter 154 Bonds:					
Higher Education Facilities	1992-01	4.3%-6.1%	2014	1,517,695	—
Mental Health Facilities.....	1993-02	4.1%-6.0%	2016	275,721	103,915
Parks and Recreation Facilities	1993-02	4.0%-5.5%	2017	115,447	26,100
Elementary and Secondary Education ...	1995-99	3.7%-5.8%	2008	162,275	—
Total Special Obligation Bonds.....				<u>\$4,389,102</u>	<u>\$745,925</u>

For the year ended June 30, 2002, NOTE 15 summarizes changes in special obligation bonds.

Future special obligation debt service requirements, as of June 30, 2002, are as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2003	\$ 465,789	\$ 212,472	\$ 678,261
2004	463,560	190,470	654,030
2005	441,348	176,011	617,359
2006	430,984	153,396	584,380
2007	428,364	124,009	552,373
2008-2012	1,494,574	358,768	1,853,342
2013-2017	543,300	97,515	640,815
2018-2022	130,445	11,284	141,729
	4,398,364	1,323,925	5,722,289
Net Unamor- tized Premium/ (Discount).....	(9,262)	—	(9,262)
Total	<u>\$4,389,102</u>	<u>\$1,323,925</u>	<u>\$5,713,027</u>

During fiscal year 2002, the OBA had three separate advance refundings as follows:

The OBA issued approximately \$250 million in refunding bonds with an average interest rate of 4.38 percent to defease approximately \$250 million in principal and interest on the special obligation bonds being refunded (\$213 million *in substance*). At the date of the refunding, the refunded bonds had an average interest rate of 5.98 percent. The refunding resulted in an economic gain of \$10 million.

The OBA issued approximately \$13 million in refunding bonds with an average interest rate of 3.84 percent to defease approximately \$13 million in principal and interest on the special obligation bonds being refunded (\$6.6 million *de-feased in substance*). At the date of the refunding, the refunded bonds had an average interest rate of 6.34 percent. The refunding resulted in an economic gain of \$405 thousand.

The OBA issued approximately \$59 million in refunding bonds with an average interest rate of 3.88 percent to defease *in substance* approximately \$56 million in principal and interest on the special obligation bonds being refunded. At the date of the refunding, the refunded bonds had an average interest rate of 5.79 percent. The refunding resulted in an economic gain of \$2.5 million.

In prior years, the 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, 2002, \$417.4 million and \$380.5 million of OBA and Chapter 154 special obligation bonds, respectively, are considered defeased and no longer outstanding.



NOTE 13 CERTIFICATES OF PARTICIPATION

As of June 30, 2002, approximately \$9.9 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. During fiscal year 1996, the Department also participated in the issuance of \$10 million in COP obligations to finance state assistance to the Greater Cleveland Regional Transit Authority for a share of the Cleveland Waterfront Transit Line Project's construction cost, and \$10.2 million in obligations to provide assistance to the Rickenbacker Port Authority for facility improvements at the Rickenbacker International Airport in Franklin and Pickaway counties.

Under the COP financing arrangements, the State is required to make rental payments from the Transportation 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,

2002, are presented in the first table below.

As of June 30, 2002, the primary government's future commitments under the COP financing arrangements are as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2003	\$ 2,530	\$ 558	\$ 3,088
2004	890	465	1,355
2005	945	408	1,353
2006	1,005	348	1,353
2007	800	285	1,085
2008-2012 ..	3,730	851	4,581
Total	<u>\$9,900</u>	<u>\$2,915</u>	<u>\$12,815</u>

For the year ended June 30, 2002, NOTE 15 summarizes changes in COP obligations.

For the State's component units, approximately \$10 million in COP obligations are reported in the component unit funds. The obligations finance building construction costs at the Ohio State University and University of Cincinnati.

As of June 30, 2002, future commitments under the COP financing arrangements for the State's component units are detailed in the second table below.

**Primary Government — Governmental Activities
Certificate of Participation Obligations
As of June 30, 2002**
(dollars in thousands)

	Fiscal Year Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Department of Transportation:				
Panhandle Rail Line Project	1992	6.5%	2012	\$5,890
Waterfront Transit Line Project.....	1996	4.8%	2003	1,695
Rickenbacker Port Authority Improvements	1996	6.1%	2007	2,315
Total Certificates of Participation.....				<u>\$9,900</u>

**Component Units
Future Funding Requirements for Certificate of Participation Obligations
As of June 30, 2002**
(dollars in thousands)

Year Ending June 30,	Ohio State University			University of Cincinnati			Total Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 925	\$ 401	\$ 1,326	\$ 250	\$ 63	\$ 313	\$1,175	\$ 464	\$ 1,639
2004	980	361	1,341	90	51	141	1,070	412	1,482
2005	720	321	1,041	90	46	136	810	367	1,177
2006	355	293	648	90	41	131	445	334	779
2007	360	277	637	90	36	126	450	313	763
2008-2012.....	2,130	1,105	3,235	475	105	580	2,605	1,210	3,815
2013-2017.....	2,710	513	3,223	95	5	100	2,805	518	3,323
2018-2022.....	625	16	641	—	—	—	625	16	641
Total	<u>\$8,805</u>	<u>\$3,287</u>	<u>\$12,092</u>	<u>\$1,180</u>	<u>\$ 347</u>	<u>\$1,527</u>	<u>\$9,985</u>	<u>\$3,634</u>	<u>\$13,619</u>



NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2002, in addition to bonds and certificate of participation obligations discussed in NOTES 10 through 13, the State reports the following non-current liabilities in its financial statements (dollars in thousands):

Governmental Activities:	
Compensated Absences	\$ 381,929
Capital Leases Payable	3,933
Litigation Liabilities.....	30,000
Liability for Escheat Property	103,590
Total Governmental Activities.....	<u>519,452</u>
Business-Type Activities:	
Compensated Absences	12,648
Capital Leases Payable	57,171
Workers' Compensation:	
Deferred Revenue.....	413,086
Benefits Payable	13,267,172
Other (includes compensated absences totaling \$20,903)	1,797,022
Deferred Prize Awards Payable.....	997,944
Tuition Benefits Payable	738,200
Total Business-Type Activities.....	<u>17,283,243</u>
Total Primary Government.....	<u>\$17,802,695</u>
Component Units:	
Compensated Absences	\$ 206,265
Capital Leases Payable	202,082
Intergovernmental Payable.....	1,343,734
Deferred Revenue.....	132,637
Other.....	232,913
Total Component Units	<u>\$ 2,117,631</u>

For the year ended June 30, 2002, 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, 2002, was \$415.5 million, of which \$381.9 million is allocable to governmental activities and \$33.6 million is allocable to business-type activities.

As of June 30, 2002, \$206.3 million of the "Other Noncurrent Liabilities" balance reported for component units represents compensated absences.

B. Lease Agreements

The State's primary government leases office buildings and office and computer equipment. Although the lease terms vary, most leases are renewable subject to biennial appropriations by the General Assembly. If the likelihood of the exercise of a fiscal funding clause in the lease agreement is, in the management's judgment, remote, then the lease is

considered noncancelable for financial reporting purposes and is reported as a fund expenditure/expense for operating leases or 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.

Operating leases (leases on assets not recorded in the Statement of Net Assets) contain various renewal options as well as some purchase options.

Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred.

The primary government's total operating lease expenditures/expenses for fiscal year 2002 were approximately \$94.4 million.

Future minimum lease commitments for operating leases and capital leases judged to be noncancelable, as of June 30, 2002, are as follows (dollars in thousands):

<u>Primary Government</u>	
<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2003.....	\$5,952
2004.....	13
Total minimum lease payments.....	<u>\$5,965</u>

<u>Year Ending June 30,</u>	<u>Capital Leases</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
2003.....	\$1,982	\$16,123	\$18,105
2004.....	1,270	16,108	17,378
2005.....	725	16,107	16,832
2006.....	347	16,107	16,454
2007.....	156	—	156
Total Mini- mum Lease Payments	4,480	64,445	68,925
Amount for interest	(547)	(7,274)	(7,821)
Present Value of Net Mini- mum Lease Payments	<u>\$3,933</u>	<u>\$57,171</u>	<u>\$61,104</u>



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

As of June 30, 2002, the primary government had the following capital assets (net of accumulated depreciation for proprietary funds) under capital leases (dollars in thousands):

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Equipment....	\$8,481	\$55,596	\$64,077
Vehicles.....	113	—	113
Total	<u>\$8,594</u>	<u>\$55,596</u>	<u>\$64,190</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 funds. For the component units, capital lease obligations are included under the "Other Liabilities" account. Future minimum lease commitments for capital leases judged to be noncancelable and capital assets under capital leases for the component unit funds, as of June 30, 2002, are presented in the table below.

C. Litigation Liabilities

In instances when the unfavorable outcome of pending litigation has been assessed to be probable, liabilities are recorded in the financial statements. As of June 30, 2002, \$30 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. Liability for Escheat Property

The State records a liability for escheat property to the extent that it is probable that the escheat property will be reclaimed and paid to claimants. As of June 30, 2002, this liability totaled approximately \$103.6 million.

E. Workers' Compensation

Deferred Revenue

Deferred revenue in the amount of \$413.1 million is reported as a noncurrent liability in the Workers' Compensation Enterprise Fund. This balance represents employer assessments for disabled workers benefits and for self-insuring employers guaranty deposits received or in the course of collection, but not yet recognized.

Benefits Payable

As discussed in NOTE 20A., the Workers' Compensation Enterprise Fund provides benefits to employees for losses sustained from job-related injury, disease, or death. The Bureau has computed a reserve for compensation, as of June 30, 2002, in the amount of approximately \$13.3 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.

**Component Units
Future Funding Requirements for Capital Lease Obligations
and Capital Assets Acquired Under Leases
As of June 30, 2002
(dollars in thousands)**

Year Ending June 30,	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
2003.....	\$ 6,277	\$ 10,140	\$12,531	\$ 28,948
2004.....	4,955	11,047	9,386	25,388
2005.....	4,294	11,047	5,836	21,177
2006.....	4,150	11,198	4,792	20,140
2007.....	2,814	11,647	3,490	17,951
2008-2012	614	60,755	14,214	75,583
2013-2017	—	48,584	519	49,103
2018-2022	—	67,289	—	67,289
Total Minimum Lease Payments....	23,104	231,707	50,768	305,579
Amount for Interest.....	(2,122)	(93,390)	(7,985)	(103,497)
Present Value of Net Minimum Lease Payments.....	<u>\$20,982</u>	<u>\$138,317</u>	<u>\$42,783</u>	<u>\$202,082</u>
Land.....	\$ —	\$ —	\$ 140	\$ 140
Buildings	—	135,361	6,658	142,019
Land Improvements	—	—	11,145	11,145
Equipment.....	28,543	—	50,717	79,260
Total.....	<u>\$28,543</u>	<u>\$135,361</u>	<u>\$68,660</u>	<u>\$232,564</u>



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

Other Workers' Compensation Liabilities

Also, the Workers' Compensation Enterprise Fund reports approximately \$1.8 billion in other noncurrent liabilities, as of June 30, 2002, of which 1.) \$1.62 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 20A., 2.) \$81.2 million represents premium payment security deposits collected in advance from private employers to reduce credit risk for premiums collected in subsequent periods, and 3.) \$95.4 million consists of other miscellaneous liabilities, including \$20.9 million in compensated absences.

F. Deferred Prize Awards Payable

Deferred prize awards payable in installments over future years totaling approximately \$997.9 million, as of June 30, 2002, are reported as "Liabilities Payable from Restricted Assets" at present value based upon interest rates the Treasurer of State provides the Lottery Commission Enterprise Fund. The interest rates, ranging from 4.0 to 11.7 percent, represent the expected long-term rate of return on the assets restricted for the payment of deferred prize awards. Once established for a particular deferred prize award, the interest rate does not fluctuate with changes in the expected long-term rate of return. The difference between the present value and gross amount of the obligations is amortized into income over the terms of the obligations using the interest method.

The present value of future payments of unpaid prize awards, as of June 30, 2002, is as follows (dollars in thousands):

<u>Year Ending June 30,</u>	
2003.....	\$ 145,307
2004.....	142,228
2005.....	136,113
2006.....	126,735
2007.....	115,626
2008-2012.....	382,229
2013-2017.....	315,351
2018-2022.....	219,580
	1,583,169
Unamortized Discount.....	<u>(585,225)</u>
Net Prize Liability	<u>\$ 997,944</u>

The State reduces prize liabilities by an estimate of the amount of prizes that will ultimately be unclaimed.

G. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise

Fund totaling \$738.2 million, as of June 30, 2002, are recorded as "Liabilities Payable from Restricted Assets." The valuation method reflects the present value of estimated tuition benefits that will be paid in future years and is adjusted for the effects of projected tuition increases at state universities and state community colleges and termination of plan participation.

The following assumptions were used in the actuarial determination of tuition benefits payable: 7.5 percent rate of return, compounded annually, on the investment of current and future assets; a projected annual tuition increase of 11 percent for 2003, 10 percent for 2004, nine percent for 2005 and 6.5 percent annually thereafter; and a 2.5 percent Consumer Price Index inflation rate. The projected tuition growth rates represent a change in the assumption for annual tuition growth from the constant annual 8.2 percent growth rate assumption previously applied. The 6.5 percent assumption for 2006 and later years approximates the average real increase in tuition annually from 1975 through 2005 (adjusted for inflation) assuming the indicated increases in tuition from 2003 through 2005 combined with the actuary's 2.5 percent assumption for future inflation. This change in actuarial assumption is summarized below (dollars in millions):

Actuarial Surplus, as of June 30, 2001	\$68.6
Adjustment to Prior Fiscal Year's Surplus	3.0
Interest on the Surplus at 7.5 Percent	5.4
Recognition of Shortfall	
in Investment Returns	(23.3)
Additional Surplus from New Unit Purchases	(8.5)
Credits Redeemed at Lower Rate	0.2
Higher-Than-Assumed Tuition Increase	(28.8)
Budget Savings	0.1
Lower-Than-Expected Units/Credits	
Redeemed.....	(4.0)
Interest Gain on Late Tuition Payouts	0.3
Changes in Actuarial Assumptions	(35.9)
Other	<u>(0.9)</u>
Actuarial Surplus, as of June 30, 2002 -Before	
Actuarial Present Value (APV) Basis Points	
Revenue	(23.8)
APV of Payments from Variable Program	<u>23.8</u>
Actuarial Surplus, as of June 30, 2002	<u>\$ 0.0</u>

As of June 30, 2002, the actuarial value of net assets available for payment of the tuition benefits payable was \$714.4 million. In determining the actuarial value of net assets available, the Authority has applied the smoothed methodology. This methodology recognizes annually one-third of the difference between assets at fair value and the expected assets based on the actuarial investment return



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

assumption. Consequently, the assets used to determine the program's surplus are not the same as the market or cost value of the program's assets reported in the Authority's financial statements.

H. Intergovernmental Payable

As of June 30, 2002, the School Facilities Commission Component Unit Fund reports an intergovern-

mental payable balance totaling approximately \$1.34 billion for long-term funding contracts the Commission has with local school districts. The contracts commit the State to cover the costs of construction of facilities of the school districts once the districts have met certain eligibility requirements.

NOTE 15 CHANGES IN NONCURRENT LIABILITIES

Primary Government

Changes in noncurrent liabilities, for the year ended June 30, 2002, are presented for the primary government in the following table.

**Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2002**
(dollars in thousands)

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Amount Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10).....	\$ 3,034,037	\$1,018,158	\$ 281,066	\$ 3,771,129	\$ 300,974
Revenue Bonds (NOTE 11)	218,900	105,451	26,713	297,638	30,335
Special Obligations (NOTE 12)	4,731,842	449,558	792,298	4,389,102	465,909
Total Bonds and Notes Payable	7,984,779	1,573,167	1,100,077	8,457,869	797,218
Certificates of Participation (NOTE 13)	12,305	—	2,405	9,900	2,530
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	361,578	318,725	298,374	381,929	48,068
Capital Leases Payable	4,722	1,479	2,268	3,933	1,735
Litigation Liabilities	20,000	30,000	20,000	30,000	—
Liability for Escheat Property	102,218	35,299	33,927	103,590	35,863
Total Other Noncurrent Liabilities	488,518	385,503	354,569	519,452	85,666
Governmental Activities-Noncurrent Liabilities	8,485,602	1,958,670	1,457,051	8,987,221	885,414
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11)	202,614	468	12,359	190,723	13,531
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	11,547	9,595	8,494	12,648	1,725
Capital Leases Payable	199	69,657	12,685	57,171	13,048
Workers' Compensation:					
Deferred Revenue	428,017	8,483	23,414	413,086	14,263
Benefits Payable	12,505,975	2,881,197	2,120,000	13,267,172	1,631,590
Other:					
Adjustment Expenses Liability	1,606,719	51,615	38,000	1,620,334	437,955
Premium Payment Security Deposits.....	80,081	3,449	2,258	81,272	—
Miscellaneous	91,551	27,332	23,467	95,416	7,990
Deferred Prize Awards Payable.....	1,067,945	80,225	150,226	997,944	79,836
Tuition Benefits Payable.....	486,800	278,675	27,275	738,200	55,800
Total Other Noncurrent Liabilities	16,278,834	3,410,228	2,405,819	17,283,243	2,242,207
Business-Type Activities-Noncurrent Liabilities	16,481,448	3,410,696	2,418,178	17,473,966	2,255,738
Total Primary Government	\$24,967,050	\$5,369,366	\$3,875,229	\$26,461,187	\$3,141,152



NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)

As reported in the separately issued financial report for the Workers' Compensation Enterprise Fund, the noncurrent portion of the "Other Liabilities-Miscellaneous" account presented in the table on the previous page for workers' compensation includes compensated absences in the amount (dollars in thousands) of \$20,903 and \$19,932, as of June 30, 2002 and 2001, respectively.

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 will primarily liquidate the other noncurrent liabilities balance attributable to governmental activities.

For fiscal year 2002, the State included interest expense on its debt issues that support the State's governmental activities in the following governmental functions rather than reporting it as direct interest expense. The related borrowings were essential to

the creation or continuing existence of the programs they finance (dollars in thousands).

Governmental Activities:	
Primary, Secondary and Other Education	\$ 35,805
Higher Education Support	105,067
Health and Human Services	28
Environmental Protection and Natural Resources.....	140
Transportation.....	4
General Government.....	9,040
Community and Economic Development	13,337
Intergovernmental	<u>65,530</u>
Total Interest Expense	
Charged to Governmental Functions .	<u>\$228,951</u>

Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2002 (December 31, 2001 for the Ohio Water Development Authority), are presented in the following table for the State's discretely presented component units.

**Component Units
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2002**
(dollars in thousands)

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Amount Due Within One Year
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11):					
Ohio Water Development Authority	\$ 1,398,142	\$ 245,745	\$ 222,967	\$ 1,420,920	\$ 181,280
Ohio State University.....	395,150	264,465	108,296	551,319	278,676
University of Cincinnati	428,068	12,018	12,402	427,684	70,329
All Other Component Units.....	<u>825,612</u>	<u>88,550</u>	<u>33,829</u>	<u>880,333</u>	<u>62,399</u>
Total Bonds and Notes Payable	<u>3,046,972</u>	<u>610,778</u>	<u>377,494</u>	<u>3,280,256</u>	<u>592,684</u>
Certificates of Participation (NOTE 13):					
Ohio State University.....	9,675	—	870	8,805	925
University of Cincinnati	1,430	—	250	1,180	250
Total Certificates of Participation	<u>11,105</u>	<u>—</u>	<u>1,120</u>	<u>9,985</u>	<u>1,175</u>
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences:					
Ohio State University.....	55,439	10,386	4,498	61,327	4,976
University of Cincinnati	54,406	3,601	1,345	56,662	28,086
All Other Component Units.....	<u>84,360</u>	<u>19,306</u>	<u>15,390</u>	<u>88,276</u>	<u>23,300</u>
Total Compensated Absences.....	<u>194,205</u>	<u>33,293</u>	<u>21,233</u>	<u>206,265</u>	<u>56,362</u>
Capital Leases Payable:					
Ohio State University.....	7,812	17,965	4,795	20,982	5,471
University of Cincinnati	141,252	—	2,935	138,317	3,055
All Other Component Units.....	<u>39,575</u>	<u>15,833</u>	<u>12,625</u>	<u>42,783</u>	<u>10,542</u>
Total Capital Leases Payable	<u>188,639</u>	<u>33,798</u>	<u>20,355</u>	<u>202,082</u>	<u>19,068</u>
Intergovernmental Payable:					
School Facilities Commission.....	<u>1,560,739</u>	<u>555,131</u>	<u>772,136</u>	<u>1,343,734</u>	<u>682,558</u>
Deferred Revenue:					
Ohio State University.....	83,697	402,775	382,697	103,775	93,775
All Other Component Units.....	<u>27,857</u>	<u>1,836</u>	<u>831</u>	<u>28,862</u>	<u>27,273</u>
Total Deferred Revenue	<u>111,554</u>	<u>404,611</u>	<u>383,528</u>	<u>132,637</u>	<u>121,048</u>

(Continued)



NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)

Component Units
Changes in Other Noncurrent Liabilities (Continued)
For the Fiscal Year Ended June 30, 2002
(dollars in thousands)

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Amount Due Within One Year
Other Liabilities:					
Ohio State University.....	138,960	7,633	7,075	139,518	47,056
University of Cincinnati.....	27,532	83,135	80,974	29,693	—
All Other Component Units.....	55,514	22,693	14,505	63,702	22,679
Total Other Liabilities.....	222,006	113,461	102,554	232,913	69,735
Total Other Noncurrent Liabilities.....	2,277,143	1,140,294	1,299,806	2,117,631	948,771
Component Units-Noncurrent Liabilities	<u>\$5,335,220</u>	<u>\$1,751,072</u>	<u>\$1,678,420</u>	<u>\$5,407,872</u>	<u>\$1,542,630</u>

NOTE 16 NO COMMITMENT DEBT

The State of Ohio, by action of the General Assembly, created various financing authorities for the expressed purpose of making available to non-profit and, in some cases, for profit private entities lower cost sources of capital financing for facilities and projects found to be for a public purpose. Fees are assessed to recover related processing and application costs incurred.

The authorities' debt instruments represent limited obligations payable solely from payments made by the borrowing entities. Most of the bonds are secured by the property financed. Upon repayment of the bonds, ownership of acquired property transfers to the entity served by the bond issuance. This debt is not deemed to constitute debt of the State or 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, 2002, revenue bonds and notes outstanding that represent "no commitment" debt for the State are as follows (dollars in thousands):

Organization	Outstanding Amount
Ohio Department of Development:	
Ohio Housing Finance Agency	\$2,423,074
Ohio Enterprise Bond Program.....	109,115
Hospital Facilities Bonds.....	21,110
Total No Commitment Debt	<u>\$2,553,299</u>

NOTE 17 FUND DEFICITS, "OTHER" RESERVES, AND DESIGNATIONS

A. Fund Deficits

The following individual funds reported deficits that are reflected in the State's basic financial statements, as of June 30, 2002 (dollars in thousands):

<u>Primary Government:</u>	
Major Funds:	
Tuition Trust Authority Enterprise Fund.....	<u>(\$70,283)</u>
Nonmajor Governmental Funds:	
Mental Health and Retardation	
Special Revenue Fund.....	(\$44,151)
Commons Schools Capital Facilities	
General Obligations Debt Service Fund.....	(21)
Total	<u>(\$44,172)</u>
<u>Component Units:</u>	
School Facilities Commission Fund.....	<u>(\$866,459)</u>

B. "Other" Fund Balance Reserves and Designations

Details on the "Reserved for Other" account reported for the governmental funds, as of June 30, 2002, are presented in the table on the following page.

As of June 30, 2002, \$307 million and \$12.4 million of the General Fund's unreserved fund balance is designated for budget stabilization and compensated absences, respectively. The unreserved fund balance for nonmajor special revenue funds is designated for compensated absences in the amount of \$2.5 million, as of June 30, 2002.



NOTE 17 FUND DEFICITS, "OTHER" RESERVES, AND DESIGNATIONS (Continued)

**Primary Government
Governmental Funds — Reserved for Other
As of June 30, 2002
(dollars in thousands)**

	General Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Governmental Funds
Other Assets — Prepays.....	\$ 186	\$ 194	\$ —	\$ 380
Advances to Local Governments	3,452	—	—	3,452
Department of Development's Office of Minority Financial Incentives — Mini-Loan Program Deposits	269	—	—	269
Noncurrent Portion of Interfund Receivables	220,566	—	—	220,566
Assets in Excess of Debt Service Requirements	—	—	285	285
Ohio Enterprise Bond Program	—	10,000	—	10,000
Coal Research and Development Program.....	—	4,944	—	4,944
Special Purpose Restrictions:				
Health and Human Services.....	—	13,138	—	13,138
Environmental Protection and Natural Resources.....	—	6,357	—	6,357
Community and Economic Development.....	—	44,970	—	44,970
Total Reserved for Other	<u>\$224,473</u>	<u>\$79,603</u>	<u>\$285</u>	<u>\$304,361</u>

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 Lakes Basin's ecosystem. The governors of seven of the eight states that border on the Great Lakes comprise the GLPF's membership. Under the GLPF's articles of incorporation, each state is required to make a financial contribution. Income earned on the contributions provides grants to projects that advance the goals of the Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Quality Agreement.

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

Annually, one-third of the GLPF's net earnings is allocated and paid to member states in proportion to their respective cash contributions to the GLPF. The allocation is based on the amount and period of time the states' contributions were invested. GLPF earnings distributions are to be used by the states to finance projects that are compatible with the GLPF's

objectives. Ohio has applied its distribution (approximately \$165 thousand for the year ended December 31, 2001) to the operations of its own protection program, known as the Lake Erie Protection Program, which is modeled after the GLPF.

Required contributions and contributions received from the states, which border the Great Lakes, as of December 31, 2001 (the GLPF's year-end), are as follows (dollars in thousands):

	Contribution Required	Contribution Received	Contribution Percentage
Michigan.....	\$25,000	\$25,000	30.9%
Indiana*	16,000	—	—
Illinois	15,000	15,000	18.4
Ohio.....	14,000	14,000	17.3
New York.....	12,000	12,000	14.8
Wisconsin.....	12,000	12,000	14.8
Minnesota.....	1,500	1,500	1.9
Pennsylvania...	1,500	1,500	1.9
Total.....	<u>\$97,000</u>	<u>\$81,000</u>	<u>100.0%</u>

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



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Summary financial information for the GLPF, for the fiscal year ended December 31, 2001, is as follows (dollars in thousands):

Cash and Investments	\$118,838
Other Assets	511
Total Assets	\$119,349
Total Liabilities	\$ 1,532
Total Fund Equity	117,817
Total Liabilities and Fund Equity ...	\$119,349
Total Revenues and Other Additions*	\$ (7,797)
Total Expenditures	(5,589)
Net Decrease in Fund Equity	\$ (13,386)

*Includes \$13,493 for unrealized loss on investments.

In the event of the Fund's dissolution, the State of Ohio would receive a portion of the Fund's assets equal to the lesser of the amount of such assets multiplied by the ratio of its required contribution to the required contributions of all member states, or the amount of its required contribution.

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 and three members, respectively; the remaining members are appointed by the local school boards located in the respective technical college district.

The Ohio General Assembly appropriates moneys to these institutions from the General Fund to subsidize operations so that higher education can become more financially accessible to Ohio residents. The primary government also provides financing for the construction of these institutions' capital facilities by meeting the debt service requirements for 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.

Fiscal year 2002 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 Community College	\$ 45,228	\$15,874	\$ 61,102
Jefferson Community College	3,976	20	3,996
Lakeland Community College	15,322	586	15,908
Lorain County Community College.....	22,194	2,105	24,299
Rio Grande Community College.....	4,442	447	4,889
Sinclair Community College....	42,008	3,777	45,785
Total Local Community Colleges.....	133,170	22,809	155,979
Technical Colleges:			
Belmont Technical College.....	5,119	3	5,122
Central Ohio Technical College.....	4,357	119	4,476
Hocking Technical College	17,592	4,588	22,180
Lima Technical College	7,454	270	7,724
Marion Technical College	3,756	350	4,106
Muskingum Technical College	5,449	1,228	6,677
North Central State College....	7,240	1,676	8,916
Stark State College of Technology.....	11,206	1,948	13,154
Total Technical Colleges.....	62,173	10,182	72,355
Total	\$195,343	\$32,991	\$228,334

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

B. Related Organizations

Officials of the State's primary government appoint a voting majority of the governing boards of the Ohio Turnpike Commission, the Petroleum Underground Storage Tank Release Compensation Board, the Ohio Air Quality Development Authority, the Higher Education Facility Commission, and the Ohio Legal Assistance Foundation. However, the primary government's accountability for these organizations does not extend beyond making the appointments.

During fiscal year 2002, the State had the following related-party transactions with its related organizations:

The primary government distributed \$2.4 million in motor vehicle fuel excise tax collections from the Revenue Distribution Fund to the Ohio Turnpike Commission. Also, the primary government paid the Commission approximately \$2.2 million from the Highway



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Operating Fund to cover some of its capital project costs.

Separate funds, established for the Petroleum Underground Storage Tank Release Compensation Board, the Ohio Air Quality Development Authority, and the Higher Education Facility Commission, were accounted for on the primary government's Central Accounting System. The primary purpose of the funds is to streamline payroll and other administrative disbursement processing for these organizations. The financial activities of the funds, which do not receive any fund-

ing 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 approximately \$673 thousand in compensation to the Ohio Legal Assistance Foundation for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies. Also, during fiscal year 2002, the Ohio Legal Assistance Foundation received approximately \$716 thousand in state assistance paid from the Job, Family and Other Human Services Fund.

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.

Litigation pending in the Ohio Court of Claims contests the Ohio Department of Human Services (ODHS, now Ohio Department of Job and Family Services) former Medicaid financial eligibility rules for married couples when one spouse is living in a nursing facility and the other resides in the community. ODHS promulgated new eligibility rules effective January 1, 1996. ODHS appealed an order of the federal court directing it to provide notice to persons potentially affected by the former rules from 1990 through 1995, and the Court of Appeals ruled in favor of ODHS; plaintiff's petition for certiorari was not granted by the U.S. Supreme Court. As to the Court of Claims case, it is not possible to state the period (beyond the current fiscal year) during which necessary additional Medicaid expenditures would have to be made. Plaintiffs have estimated total additional Medicaid expenditures at \$600 million for the retroactive period and, based on current law, it is estimated that the State's share of those additional expenditures would be approximately \$240 million. The Court of Appeals has certified the class action and notice has been sent to the members of the class. Discovery is completed, and trial for liability only commenced January 13, 2003. No liability has been reported in the financial statements for this matter.

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 (which are not included in the basic financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit or to financial compliance audits by the grantor agencies of the federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities to the State.

As a result of the fiscal year 2001 State of Ohio Single Audit (completed in March 2002), \$29.6 million of federal expenditures are in question as not being appropriate under the terms of the respective grants. The amount of expenditures, which may be ultimately disallowed by the grantor, cannot be determined at this time, and consequently, no provision for any liability or adjustments for this matter has been recognized in the State's financial statements for the fiscal year ended June 30, 2002.

C. Tax Refund Claims

As of June 30, 2002, sales and use tax refund claims estimated in the amount of \$18.6 million were pending an official determination of the Tax Commissioner at the Ohio Department of Taxation. The claims arose from refund claims taxpayers filed during fiscal year 2002 for tax periods occurring in fiscal year 2002 and in prior years. No liability has been reported in the financial statements for this matter.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

D. Construction Commitments

As of June 30, 2002, the Ohio Department of Transportation had total contractual commitments of approximately \$1.78 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 \$840.1 million, \$433.4 million, \$449 million, and \$56.6 million, respectively. As of June 30, 2002, other major non-highway construction commitments for the primary government's budgeted capital projects funds are as follows (dollars in thousands):

Mental Health/Mental Retardation	
Facilities Improvements.....	\$ 37,521
Parks and Recreation Improvements	25,212
Administrative Services	
Building Improvements	49,022
Youth Services Building Improvements.....	41,000
Adult Correctional Building Improvements ..	46,943
Highway Safety Building Improvements.....	7,732
Ohio Parks and Natural Resources.....	20,437
Total.....	<u>\$227,867</u>

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.

While Ohio's share of the total base payments to the states through 2025 will not change over time, the amount of the annual payment is subject to a number of adjustments, including an inflation adjustment and a volume adjustment. Some of these adjustments (for example, inflation) should contribute to an increase in the payments and others (for example, domestic cigarette sales volume) may decrease the payments. But the net effect of these adjustment factors on future payments is very uncertain, which makes it difficult to speculate on how different Ohio's real payments will be from the pre-adjusted base payment amounts.

In addition to the base payments, Ohio 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.

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
2003	\$ 422,746	\$ —	\$ 422,746
2004	352,827	—	352,827
2005	352,827	—	352,827
2006	352,827	—	352,827
2007	352,827	—	352,827
2008-2012 ..	1,799,147	119,750	1,918,897
2013-2017 ..	1,799,147	119,750	1,918,897
2018-2022 ..	2,016,011	—	2,016,011
2023-2025 ..	1,209,607	—	1,209,607
Total	<u>\$8,657,966</u>	<u>\$239,500</u>	<u>\$8,897,466</u>

During fiscal year 2002, Ohio received \$368.6 million, which was approximately \$50.2 million or 12 percent less than the pre-adjusted base payment for the year. For the last three fiscal years, with fiscal year 2000 being the first year when base payments were made to the states under the settlement, the State has received a total of about \$1.1 billion, which is approximately \$114.8 million or 9.5 percent less than the total of the pre-adjusted base payments established for the last three fiscal years.

The moneys provide funding for the construction of elementary and secondary school capital facilities, new programs for smoking cessation and other health-related purposes, biomedical research and technology, and assistance to the tobacco-growing areas in Ohio. Before the end of fiscal year 2002, the State transferred \$289.6 million in tobacco settlement revenues from the Special Revenue Fund to the General Fund to help make up for a shortfall in estimated tax revenues for fiscal year 2002. Also, the General Assembly has authorized the transfer of up to an additional \$285 million in tobacco settlement revenues, if needed to balance the fiscal year 2003 budget in the event of continued revenue shortfalls in the General Fund.



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 injuries, disease, or death.

The "Benefits Payable" account balance reported in the Workers' Compensation Enterprise Fund, as of June 30, 2002, in the amount of approximately \$13.3 billion includes reserves for indemnity and medical claims, including actuarial estimates for both reported claims and claims incurred but not reported. The estimate for this liability is based on historical claims experience data and assumptions and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claim reserves. The compensation adjustment expenses liability, which is included in "Other Liabilities" in the amount of approximately \$1.6 billion, is an estimate of future expenses to be incurred in the settlement of claims. The estimate for this liability is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, and the reserve for compensation.

Management of the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio believes that the reported liability estimates are adequate; however, the ultimate liabilities may vary from amounts provided. While management uses available information to estimate the liabilities, 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 and updated quarterly based upon current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period.

Benefits payable and the compensation adjustment expenses liability have been discounted at 5.8 percent to reflect the present value of future benefit payments. The undiscounted reserves for the benefits and compensation adjustment expenses totaled \$30.6 billion, as of June 30, 2002, and \$29.5 billion, as of June 30, 2001. For additional information, refer to the Fund's separate audited financial report, for the fiscal year ended June 30, 2002.

Changes in the balance of benefits payable and the compensation adjustment expenses liability for the Workers' Compensation Program during the past two fiscal years are presented in the table below.

B. Ohio Med Health Plan

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

When it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, the primary government reports liabilities for the governmental and proprietary funds. Liabilities include an amount for claims that have been incurred but not reported. The plan's actuary calculates estimated claims liabilities based on prior claims data, employee enrollment figures, medical trends, and experience.

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

	Fiscal Year 2002	Fiscal Year 2001
Benefits Payable and Compensation Adjustment Expenses Liability, as of July 1	\$14,112	\$13,638
Incurred Compensation and Compensation Adjustment Benefits	2,662	2,494
Incurred Compensation and Compensation Adjustment Benefit Payments	(2,158)	(2,020)
Change in Liability Due to Decrease in Discount Rate	272	—
Benefits Payable and Compensation Adjustment Expenses Liability, as of June 30	<u>\$14,888</u>	<u>\$14,112</u>



NOTE 20 RISK FINANCING (Continued)

Governmental and proprietary funds pay a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. The payments are reported in the Payroll Withholding and Fringe Benefits Agency Fund until such time that the primary government pays the accumulated resources to Medical Mutual of Ohio for claims settlement.

	Fiscal Year 2002	Fiscal Year 2001
Claims Liabilities, as of July 1	\$ 33,830	\$ 24,154
Incurred Claims	164,109	131,798
Claims Payments	<u>(151,464)</u>	<u>(122,122)</u>
Claims Liabilities, as of June 30	<u>\$ 46,475</u>	<u>\$ 33,830</u>

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, 2002, approximately \$33.8 million in assets was available in the Agency Fund to cover claims. Changes in the balance of Ohio Med health claims liabilities during the past two fiscal years are as follows (dollars in thousands):

As of June 30, 2002, the estimated claims liability exceeded the resources on deposit in the Payroll Withholding and Fringe Benefits Agency Fund for the payment of claims by approximately \$12.7 million, thereby, resulting in a funding deficit. The net claims liability, which is payable from expendable financial resources in the governmental funds, as of June 30, 2002, is reported as a fund liability in the governmental and proprietary funds.

C. Other Risk Financing Programs

The primary government has established programs to advance fund potential losses for vehicular liability and theft in office. The potential amount of loss arising from these risks, however, is not considered material in relation to the State's financial position.

NOTE 21 SUBSEQUENT EVENTS

A. Bond Issuances and Authorizations

Subsequent to June 30, 2002 (December 31, 2001 for the Ohio Water Development Authority), the State issued major debt as detailed in the table below and on the following page.

**Debt Issuances
Subsequent to June 30, 2002**
(dollars in thousands)

	Date	Interest Coupon Rates	Amount
Primary Government:			
<i>Ohio Public Facilities Commission-General Obligation Bonds:</i>			
Common Schools, Series 2002B	August 2002	3.0%-5.0%	\$ 200,000
Natural Resources Refunding, Series H	August 2002	2.5%-4.0%	17,640
Higher Education, Series 2002B	October 2002	2.0%-5.3%	175,000
Higher Education Refunding, Series 2002C	November 2002	5.3%-5.5%	<u>54,975</u>
			<u>447,615</u>
<i>Treasurer of State-General Obligation Bonds:</i>			
Infrastructure Improvement Refunding, Series 2002A	August 2002	5.4%-5.5%	59,920
Infrastructure Improvement, Series 2002B	October 2002	2.0%-5.3%	120,000
Highway Capital Improvements, Series G	November 2002	1.6%-5.3%	<u>135,000</u>
			<u>314,920</u>
<i>Treasurer of State-Revenue Bonds:</i>			
Major New State Infrastructure Project, Series 2002-1	September 2002	2.0%-5.0%	135,000
Revitalization Project, Series 2002A	October 2002	3.0%-5.0%	<u>50,000</u>
			<u>185,000</u>

(Continued)



NOTE 21 SUBSEQUENT EVENTS (Continued)

	Date	Interest Coupon Rates	Amount
Primary Government: (Continued)			
<i>Treasurer of State-Chapter 154 Special Obligation Bonds:</i>			
Mental Health Capital Facilities, Series II-2002A.....	August 2002	2.3%-5.3%	30,000
Mental Health Capital Facilities Refunding, Series II-2002B	August 2002	3.0%-5.3%	38,065
Higher Education Capital Facilities Refunding, Series II-2002A...	August 2002	2.0%-5.5%	253,275
Parks and Recreation Capital Facilities Bonds, Series II 2002B ..	August 2002	2.5%-3.0%	9,675
			<u>331,015</u>
<i>Ohio Building Authority Special Obligation Bonds:</i>			
Adult Correctional Building Fund Projects, 2002 Series A.....	September 2002	2.0%-5.0%	50,000
Adult Correctional Building Fund Projects Refunding, 2002 Series B	September 2002	2.0%-5.3%	90,560
			<u>140,560</u>
Total Primary Government			<u>\$1,419,110</u>
Component Units:			
<i>Ohio Water Development Authority Revenue Bonds and Notes:</i>			
Water Pollution Control Loan Fund-Water Quality, Series 2002	February 2002	2.5%-5.3%	\$200,115
Water Development Adjustable Rate, RD Loan Advance Series 2002-A.....	April 2002	Variable	7,975
Drinking Water Assistance, State Match Series 2002	May 2002	3.0%-5.0%	30,000
Drinking Water Assistance, Leverage Series 2002	May 2002	3.0%-5.0%	60,000
Pure Water Refunding, Series 2002	August 2002	1.8%-5.0%	99,615
Fresh Water Improvement Revenue Bonds, Series 2002	August 2002	3.0%-5.4%	106,780
Pure Water Refunding Variable Rate, Series 2002B	November 2002	Variable	108,000
			<u>612,485</u>
<i>University of Cincinnati Revenue Bonds:</i>			
Millennium Research Institute and Power House, Series 2002F	July 2002	2.5%-5.4%	46,090
Total Component Units			<u>\$658,575</u>

As specified in legislation passed prior to June 30, 2002, the General Assembly approved the following increases in bond issue authorizations that became effective after June 30, 2002 (dollars in thousands):

Common Schools Capital Facilities...	\$345,000
Higher Education Capital Facilities....	50,000
Infrastructure Improvements	240,000
Total	<u>\$635,000</u>

B. DeRolph Case — State School Funding Plan
Litigation, similar to that in other states, has been pending in Ohio courts since 1991 questioning the constitutionality of Ohio's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools." On December 11, 2002, the Ohio Supreme Court, in a 4-3 decision on a motion to reconsider its own decision rendered in September 2001, concluded (as it had in its 1997 and 2000 opinions in that litigation) that the State did not comply with that requirement, even after again noting and crediting significant State steps in recent years. The Court directed the General Assembly "to enact a school-funding scheme that is thorough and efficient, as explained in [its prior decisions in 1997 and 2000], and the accompanying concurrences."

It is not possible at this time to state what or when the General Assembly's further responses will be, or what effect they or any related actions may have on the State's overall financial condition (particularly in the current biennium) or on specific state operations or functions.

C. Workers' Compensation — Intentional Tort Program Refunds

On September 24, 1992, the U.S. District Court issued an order prohibiting the Bureau of Workers' Compensation from disbursing assets for its Intentional Tort Program until such order was lifted or amended by the court. On August 26, 2002, the U.S. Sixth Circuit Appeals Court denied the contention that employers were entitled to reimbursement from the program for amounts paid by employers to settle intentional tort lawsuits that occurred between 1986 and 1991. The Bureau's management is developing a plan to refund the total assets of the Intentional Tort Program to the employers, which will be distributed after the period for appealing the decision to the U.S. Supreme Court has passed. As of June 30, 2002, the amount of total assets to be refunded to employers was \$66 million.

REQUIRED SUPPLEMENTARY INFORMATION



Pavement Network

The Ohio Department of Transportation conducts annual condition assessments of its Pavement Network. The State manages its pavement system by means of annual, visual inspections by trained pavement technicians. Technicians rate the pavement using a scale of 1 (minimum) to 100 (maximum) based on a Pavement Condition Rating (PCR). This rating examines items such as cracking, potholes, deterioration of the pavement, and other factors. It does not include a detailed analysis of the pavement's subsurface conditions.

Ohio accounts for its pavement network in two subsystems: *Priority*, which comprises interstate

highways, freeways, and multi-lane portions of the National Highway System, and *General*, which comprises two-lane routes outside of cities.

For the Priority Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 65, and to allow no more than 25 percent of the pavement to fall below a 65 PCR level. For the General Subsystem, it is the State's intention to maintain at least 75 percent of the pavement at a PCR level of at least 55, and to allow no more than 25 percent of the pavement to fall below a 55 PCR level.

Condition Assessment Data for the Pavement Network

Priority Subsystem:

		Calendar Year 2002	
	PCR	Lane-Miles	%
Excellent.....	85-100	6,753	55.74%
Good.....	75-84	2,688	22.19
Fair	65-74	2,162	17.85
Poor.....	Less than 65	511	4.22
		<u>12,114</u>	<u>100.00%</u>

General Subsystem:

	PCR	Lane-Miles	%
Excellent.....	85-100	10,635	34.89%
Good.....	75-84	6,547	21.47
Fair	55-74	12,393	40.65
Poor.....	Less than 55	912	2.99
		<u>30,487</u>	<u>100.00%</u>

Comparison of Estimated-to-Actual Maintenance/Preservation Costs
(dollars in thousands)

	Fiscal Year 2002
Priority Subsystem:	
Estimated	\$251,216
Actual	319,518
General Subsystem:	
Estimated	\$110,956
Actual	151,978



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 from 0 (minimum) to 9 (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.

Condition Assessment Data for the Bridge Network

	General Appraisal Rating	Calendar Year 2002	
		Square Feet of Deck Area	%
Excellent.....	7-9	43,395,068	53.56%
Good	5-6	34,898,954	43.08
Fair.....	3-4	2,687,455	3.32
Poor.....	0-2	30,112	.04
		<u>81,011,589</u>	<u>100.00%</u>

Comparison of Estimated-to-Actual Maintenance/Preservation Costs
(dollars in thousands)

	Fiscal Year 2002
Estimated	\$192,105
Actual	210,084

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

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, 2002
(dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>
ASSETS:			
Cash Equity with Treasurer	\$ 1,422,421	\$ 55,453	\$ 346,608
Cash and Cash Equivalents	16,243	1,118	—
Investments	513,949	45,889	—
Collateral on Lent Securities	454,315	17,758	108,249
Taxes Receivable	5,523	—	—
Intergovernmental Receivable	216,202	—	—
Loans Receivable, Net	708,940	1,882	—
Interfund Receivable	3,685	—	—
Other Receivables	34,344	139	666
Other Assets	1,999	—	—
TOTAL ASSETS	\$ 3,377,621	\$ 122,239	\$ 455,523
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 157,574	\$ —	\$ 41,724
Accrued Liabilities	22,351	579	—
Obligations Under Securities Lending	454,315	17,758	108,249
Intergovernmental Payable	163,686	—	—
Interfund Payable	311,367	—	121
Payable to Component Units	24,084	—	—
Deferred Revenue	83,640	20	123
Refund and Other Liabilities	1,485	805	—
TOTAL LIABILITIES	1,218,502	19,162	150,217
FUND BALANCES:			
Reserved for:			
Debt Service	—	100,931	—
Encumbrances	810,236	—	636,665
Noncurrent Portion of Loans Receivable	634,918	1,882	—
Loan Commitments	85,169	—	—
Federal Programs	25,075	—	—
Other:			
Prepays	194	—	—
Ohio Enterprise Bond Program	10,000	—	—
Coal Research and Development Program	4,944	—	—
Health and Human Services	13,138	—	—
Environmental Protection and Natural Resources	6,357	—	—
Community and Economic Development	44,970	—	—
Assets in Excess of Debt Service Requirements	—	285	—
Unreserved/Designated for Compensated Absences	2,487	—	—
Unreserved/Undesignated (Deficits)	521,631	(21)	(331,359)
TOTAL FUND BALANCES	2,159,119	103,077	305,306
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 3,377,621	\$ 122,239	\$ 455,523

TOTAL

\$ 1,824,482
17,361
559,838
580,322
5,523
216,202
710,822
3,685
35,149
1,999
\$ 3,955,383

\$ 199,298
22,930
580,322
163,686
311,488
24,084
83,783
2,290
1,387,881

100,931
1,446,901
636,800
85,169
25,075

194
10,000
4,944
13,138
6,357
44,970
285
2,487
190,251

2,567,502

\$ 3,955,383

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
REVENUES:			
Income Taxes	\$ 4,139	\$ —	\$ —
Sales Taxes	15,879	—	—
Corporate and Public Utility Taxes	13,350	—	—
Motor Vehicle Fuel Taxes	15,025	33,202	—
Other Taxes	37,925	—	—
Licenses, Permits and Fees	624,024	9,781	—
Sales, Services and Charges	41,545	—	49
Federal Government	1,588,838	—	—
Tobacco Settlement	368,588	—	—
Investment Income	45,627	7,504	22,043
Other	169,513	700	1,480
TOTAL REVENUES	<u>2,924,453</u>	<u>51,187</u>	<u>23,572</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	20,663	—	—
Higher Education Support	327,154	—	—
Public Assistance and Medicaid	245	—	—
Health and Human Services	1,247,562	—	—
Justice and Public Protection	483,330	—	—
Environmental Protection and Natural Resources	235,323	—	—
Transportation	459	—	—
General Government	289,235	—	—
Community and Economic Development	620,012	—	—
INTERGOVERNMENTAL	156,357	—	—
CAPITAL OUTLAY	9,238	—	455,166
DEBT SERVICE	78	1,190,539	701
TOTAL EXPENDITURES	<u>3,389,656</u>	<u>1,190,539</u>	<u>455,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(465,203)</u>	<u>(1,139,352)</u>	<u>(432,295)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	524,884	342	274,774
Refunding Bond Proceeds	—	341,451	—
Payment to Refunded Bond Escrow Agent	—	(339,042)	—
Bond Premiums	9,571	15,076	6,448
Bond Discounts	(2)	—	—
Capital Leases	29	—	—
Transfers-in	303,438	1,110,570	—
Transfers-out	(363,193)	(3,991)	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>474,727</u>	<u>1,124,406</u>	<u>281,222</u>
NET CHANGE IN FUND BALANCES	9,524	(14,946)	(151,073)
FUND BALANCES, JULY 1 (as restated)	<u>2,149,595</u>	<u>118,023</u>	<u>456,379</u>
FUND BALANCES, JUNE 30	<u>\$ 2,159,119</u>	<u>\$ 103,077</u>	<u>\$ 305,306</u>

TOTAL

\$ 4,139
15,879
13,350
48,227
37,925
633,805
41,594
1,588,838
368,588
75,174
171,693
2,999,212

20,663
327,154
245
1,247,562
483,330
235,323
459
289,235
620,012
156,357
464,404
1,191,318
5,036,062

(2,036,850)

800,000
341,451
(339,042)
31,095
(2)
29
1,414,008
(367,184)
1,880,355

(156,495)

2,723,997

\$ 2,567,502

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NONMAJOR SPECIAL REVENUE FUNDS

The **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.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2002
(dollars in thousands)

	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>HEALTH</u>	<u>MENTAL HEALTH AND RETARDATION</u>
ASSETS:			
Cash Equity with Treasurer	\$ 413,832	\$ 35,006	\$ 53,545
Cash and Cash Equivalents	11,671	101	—
Investments	148,476	—	—
Collateral on Lent Securities	136,131	10,999	16,841
Taxes Receivable	1,727	—	—
Intergovernmental Receivable	17,923	24,753	172,579
Loans Receivable, Net	495,488	—	—
Interfund Receivable	2,496	—	—
Other Receivables	8,935	17,204	309
Other Assets	195	1,804	—
TOTAL ASSETS	\$ 1,236,874	\$ 89,867	\$ 243,274
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 56,442	\$ 24,308	\$ 29,689
Accrued Liabilities	5,468	2,126	851
Obligations Under Securities Lending	136,131	10,999	16,841
Intergovernmental Payable	13,714	15,555	127,075
Interfund Payable	228,575	2,026	53,981
Payable to Component Units	702	250	190
Deferred Revenue	9,448	9,087	58,747
Refund and Other Liabilities	1,434	—	51
TOTAL LIABILITIES	451,914	64,351	287,425
FUND BALANCES:			
Reserved for:			
Encumbrances	331,999	8,189	295,459
Noncurrent Portion of Loans Receivable	423,346	—	—
Loan Commitments	12,525	—	—
Federal Programs	17,745	817	12
Other:			
Prepays	194	—	—
Ohio Enterprise Bond Program	10,000	—	—
Coal Research and Development Program	4,942	—	—
Health and Human Services	—	13,138	—
Environmental Protection and Natural Resources	—	—	—
Community and Economic Development	—	—	—
Unreserved/Designated for Compensated Absences	—	339	—
Unreserved/Undesignated (Deficits)	(15,791)	3,033	(339,622)
TOTAL FUND BALANCES (DEFICITS)	784,960	25,516	(44,151)
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 1,236,874	\$ 89,867	\$ 243,274

<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>
\$ 165,680	\$ 149,704	\$ 56,444	\$ 230,129	\$ 151,050	\$ 51,270
1,116	1,217	18	—	2,120	—
—	—	—	—	365,473	—
51,847	47,025	17,657	71,991	49,478	16,080
—	1,831	1,965	—	—	—
841	106	—	—	—	—
—	291	—	213,161	—	—
605	566	18	—	—	—
321	5,630	446	476	673	106
—	—	—	—	—	—
\$ 220,410	\$ 206,370	\$ 76,548	\$ 515,757	\$ 568,794	\$ 67,456
\$ 9,162	\$ 4,355	\$ 1,256	\$ 5,458	\$ 2,135	\$ 1
8,821	3,538	1,451	30	57	9
51,847	47,025	17,657	71,991	49,478	16,080
5,064	78	—	1,904	296	—
19,702	3,355	3,484	26	137	7
15	55	—	1	—	—
1,720	4,327	30	89	126	20
—	—	—	—	—	—
<u>96,331</u>	<u>62,733</u>	<u>23,878</u>	<u>79,499</u>	<u>52,229</u>	<u>16,117</u>
18,128	31,859	7,837	4	669	12
—	—	—	211,572	—	—
—	—	—	72,229	—	—
—	6,501	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	2	—
—	—	—	—	—	—
—	—	—	—	—	6,357
—	—	—	—	—	44,970
1,353	543	231	5	16	—
<u>104,598</u>	<u>104,734</u>	<u>44,602</u>	<u>152,448</u>	<u>515,878</u>	<u>—</u>
<u>124,079</u>	<u>143,637</u>	<u>52,670</u>	<u>436,258</u>	<u>516,565</u>	<u>51,339</u>
\$ 220,410	\$ 206,370	\$ 76,548	\$ 515,757	\$ 568,794	\$ 67,456

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2002
(dollars in thousands)
(continued)

	<u>HIGHER EDUCATION IMPROVEMENTS</u>	<u>TOTAL</u>
ASSETS:		
Cash Equity with Treasurer	\$ 115,761	\$ 1,422,421
Cash and Cash Equivalents	—	16,243
Investments	—	513,949
Collateral on Lent Securities	36,266	454,315
Taxes Receivable	—	5,523
Intergovernmental Receivable	—	216,202
Loans Receivable, Net	—	708,940
Interfund Receivable	—	3,685
Other Receivables	244	34,344
Other Assets	—	1,999
TOTAL ASSETS	<u>\$ 152,271</u>	<u>\$ 3,377,621</u>
LIABILITIES AND FUND BALANCES:		
LIABILITIES:		
Accounts Payable	\$ 24,768	\$ 157,574
Accrued Liabilities	—	22,351
Obligations Under Securities Lending	36,266	454,315
Intergovernmental Payable	—	163,686
Interfund Payable	74	311,367
Payable to Component Units	22,871	24,084
Deferred Revenue	46	83,640
Refund and Other Liabilities	—	1,485
TOTAL LIABILITIES	<u>84,025</u>	<u>1,218,502</u>
FUND BALANCES:		
Reserved for:		
Encumbrances	116,080	810,236
Noncurrent Portion of Loans Receivable	—	634,918
Loan Commitments	415	85,169
Federal Programs	—	25,075
Other:		
Prepays	—	194
Ohio Enterprise Bond Program	—	10,000
Coal Research and Development Program	—	4,944
Health and Human Services	—	13,138
Environmental Protection and Natural Resources	—	6,357
Community and Economic Development	—	44,970
Unreserved/Designated for Compensated Absences	—	2,487
Unreserved/Undesignated (Deficits)	(48,249)	521,631
TOTAL FUND BALANCES (DEFICITS)	<u>68,246</u>	<u>2,159,119</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 152,271</u>	<u>\$ 3,377,621</u>

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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, 2002
(dollars in thousands)

	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>HEALTH</u>	<u>MENTAL HEALTH AND RETARDATION</u>
REVENUES:			
Income Taxes	\$ 4,139	\$ —	\$ —
Sales Taxes	15,879	—	—
Corporate and Public Utility Taxes	217	—	—
Motor Vehicle Fuel Taxes	1,207	—	—
Other Taxes	28,528	—	—
Licenses, Permits and Fees	381,278	16,345	1
Sales, Services and Charges	19,399	19	—
Federal Government	404,264	384,854	716,393
Tobacco Settlement	—	—	—
Investment Income	14,945	341	23
Other	49,872	27,360	25,732
TOTAL REVENUES	<u>919,728</u>	<u>428,919</u>	<u>742,149</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	205	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	245
Health and Human Services	—	438,198	789,056
Justice and Public Protection	131,442	—	—
Environmental Protection and Natural Resources	568	—	—
Transportation	459	—	—
General Government	151,537	—	—
Community and Economic Development	610,573	1,346	—
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL EXPENDITURES	<u>894,784</u>	<u>439,544</u>	<u>789,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,944</u>	<u>(10,625)</u>	<u>(47,152)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	29,884	—	—
Bond Premiums	282	—	—
Bond Discounts	(2)	—	—
Capital Leases	27	2	—
Transfers-in	35,060	9,301	2,754
Transfers-out	(47,316)	(1,505)	(167)
TOTAL OTHER FINANCING SOURCES (USES)	<u>17,935</u>	<u>7,798</u>	<u>2,587</u>
NET CHANGE IN FUND BALANCES	42,879	(2,827)	(44,565)
FUND BALANCES, JULY 1 (as restated)	<u>742,081</u>	<u>28,343</u>	<u>414</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 784,960</u>	<u>\$ 25,516</u>	<u>\$ (44,151)</u>

<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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	13,133	—	—	—	—
—	—	13,818	—	—	—
1,570	7,827	—	—	—	—
106,614	86,927	32,859	—	—	—
19,966	1,780	381	—	—	—
17,021	54,115	12,191	—	—	—
—	—	—	—	368,588	—
7,430	1,977	2,703	11,075	1,466	1,511
30,790	31,489	3,200	956	1	1
<u>183,391</u>	<u>197,248</u>	<u>65,152</u>	<u>12,031</u>	<u>370,055</u>	<u>1,512</u>
—	—	—	—	20,458	—
—	—	—	—	690	—
—	—	—	—	—	—
130	—	—	—	20,178	—
346,328	534	—	—	5,026	—
—	175,086	59,588	—	—	81
—	—	—	—	—	—
—	3,759	—	—	133,939	—
—	2,242	—	1,101	4,658	92
—	—	—	156,357	—	—
4,612	—	4,626	—	—	—
—	—	—	78	—	—
<u>351,070</u>	<u>181,621</u>	<u>64,214</u>	<u>157,536</u>	<u>184,949</u>	<u>173</u>
<u>(167,679)</u>	<u>15,627</u>	<u>938</u>	<u>(145,505)</u>	<u>185,106</u>	<u>1,339</u>
—	—	—	120,000	—	50,000
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
192,385	729	1,000	62,205	4	—
(16,686)	(7,109)	(710)	—	(289,589)	—
<u>175,699</u>	<u>(6,380)</u>	<u>290</u>	<u>182,205</u>	<u>(289,585)</u>	<u>50,000</u>
<u>8,020</u>	<u>9,247</u>	<u>1,228</u>	<u>36,700</u>	<u>(104,479)</u>	<u>51,339</u>
<u>116,059</u>	<u>134,390</u>	<u>51,442</u>	<u>399,558</u>	<u>621,044</u>	<u>—</u>
<u>\$ 124,079</u>	<u>\$ 143,637</u>	<u>\$ 52,670</u>	<u>\$ 436,258</u>	<u>\$ 516,565</u>	<u>\$ 51,339</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, 2002

(dollars in thousands)
(continued)

	<u>HIGHER EDUCATION IMPROVEMENTS</u>	<u>TOTAL</u>
REVENUES:		
Income Taxes	\$ —	\$ 4,139
Sales Taxes	—	15,879
Corporate and Public Utility Taxes	—	13,350
Motor Vehicle Fuel Taxes	—	15,025
Other Taxes	—	37,925
Licenses, Permits and Fees	—	624,024
Sales, Services and Charges	—	41,545
Federal Government	—	1,588,838
Tobacco Settlement	—	368,588
Investment Income	4,156	45,627
Other	112	169,513
TOTAL REVENUES	<u>4,268</u>	<u>2,924,453</u>
EXPENDITURES:		
CURRENT OPERATING:		
Primary, Secondary and Other Education	—	20,663
Higher Education Support	326,464	327,154
Public Assistance and Medicaid	—	245
Health and Human Services	—	1,247,562
Justice and Public Protection	—	483,330
Environmental Protection and Natural Resources	—	235,323
Transportation	—	459
General Government	—	289,235
Community and Economic Development	—	620,012
INTERGOVERNMENTAL	—	156,357
CAPITAL OUTLAY	—	9,238
DEBT SERVICE	—	78
TOTAL EXPENDITURES	<u>326,464</u>	<u>3,389,656</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(322,196)</u>	<u>(465,203)</u>
OTHER FINANCING SOURCES (USES):		
Bond Proceeds	325,000	524,884
Bond Premiums	9,289	9,571
Bond Discounts	—	(2)
Capital Leases	—	29
Transfers-in	—	303,438
Transfers-out	(111)	(363,193)
TOTAL OTHER FINANCING SOURCES (USES)	<u>334,178</u>	<u>474,727</u>
NET CHANGE IN FUND BALANCES	11,982	9,524
FUND BALANCES, JULY 1 (as restated)	<u>56,264</u>	<u>2,149,595</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 68,246</u>	<u>\$ 2,159,119</u>

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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, 2002**
(dollars in thousands)

COMMUNITY AND ECONOMIC DEVELOPMENT				
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes			\$ 4,187	
Sales Taxes			15,804	
Corporate and Public Utility Taxes			216	
Motor Vehicle Fuel Taxes			1,207	
Other Taxes			28,528	
Licenses, Permits and Fees			380,594	
Sales, Services and Charges			9,599	
Federal Government			360,315	
Tobacco Settlement.....			—	
Investment Income			10,763	
Other			109,615	
TOTAL REVENUES.....			920,828	
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education	\$ 1,451	\$ 1,851	1,309	\$ 542
Higher Education Support	—	—	—	—
Public Assistance and Medicaid	—	—	—	—
Health and Human Services	—	—	—	—
Justice and Public Protection	189,917	213,364	185,988	27,376
Environmental Protection and Natural Resources	403	653	553	100
Transportation	3,666	4,566	2,842	1,724
General Government	187,682	194,594	169,099	25,495
Community and Economic Development	944,396	1,017,550	885,184	132,366
INTERGOVERNMENTAL.....	—	—	—	—
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE.....	770	770	—	770
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,328,285	\$ 1,433,348	1,244,975	\$ 188,373
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(324,147)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			30,164	
Transfers-in			33,104	
Transfers-out			(63,268)	
TOTAL OTHER FINANCING SOURCES (USES).....			—	
NET CHANGE IN FUND BALANCES.....			(324,147)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1 (as restated).....			(39,999)	
Outstanding Encumbrances at Beginning of Fiscal Year			413,266	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30			\$ 49,120	

HEALTH				MENTAL HEALTH AND RETARDATION			
BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL			ORIGINAL	FINAL		
		\$ —				\$ —	
		—				—	
		—				—	
		—				—	
		21,320				1	
		2,669				—	
		354,722				1,466,414	
		—				—	
		335				32	
		81,446				29,310	
		460,492				1,495,757	
\$ —	\$ —	—	\$ —	\$ —	\$ —	—	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	1,143,033	1,143,033	1,039,000	104,033
506,622	522,024	484,694	37,330	844,619	968,073	814,917	153,156
11	11	—	11	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
2,445	2,445	2,212	233	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
\$ 509,078	\$ 524,480	486,906	\$ 37,574	\$ 1,987,652	\$ 2,111,106	1,853,917	\$ 257,189
		(26,414)				(358,160)	
		—				—	
		1,061				—	
		(1,266)				—	
		(205)				—	
		(26,619)				(358,160)	
		9,792				(388,392)	
		29,428				444,870	
		\$ 12,601				\$ (301,682)	

(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, 2002

(dollars in thousands)
(continued)

HIGHWAY SAFETY				
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes			\$ —	
Sales Taxes			—	
Corporate and Public Utility Taxes			—	
Motor Vehicle Fuel Taxes			—	
Other Taxes			1,570	
Licenses, Permits and Fees			106,112	
Sales, Services and Charges			20,236	
Federal Government			17,576	
Tobacco Settlement.....			—	
Investment Income			7,220	
Other			33,663	
TOTAL REVENUES.....			186,377	
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education	\$ —	\$ —	—	\$ —
Higher Education Support	—	—	—	—
Public Assistance and Medicaid	—	—	—	—
Health and Human Services	269	269	179	90
Justice and Public Protection	396,045	411,068	374,173	36,895
Environmental Protection and Natural Resources	—	—	—	—
Transportation	—	—	—	—
General Government	—	—	—	—
Community and Economic Development	—	—	—	—
INTERGOVERNMENTAL.....	—	—	—	—
CAPITAL OUTLAY	12,504	12,504	8,063	4,441
DEBT SERVICE.....	12,157	12,157	11,706	451
TOTAL BUDGETARY EXPENDITURES.....	\$ 420,975	\$ 435,998	394,121	\$ 41,877
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(207,744)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			—	
Transfers-in			210,488	
Transfers-out			(23,539)	
TOTAL OTHER FINANCING SOURCES (USES).....			186,949	
NET CHANGE IN FUND BALANCES.....			(20,795)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1 (as restated).....			113,335	
Outstanding Encumbrances at Beginning of Fiscal Year			38,651	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30			\$ 131,191	

NATURAL RESOURCES

WILDLIFE AND WATERWAYS SAFETY

NATURAL RESOURCES				WILDLIFE AND WATERWAYS SAFETY			
BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL			ORIGINAL	FINAL		
		\$ —				\$ —	
		—				—	
		13,133				—	
		—				13,833	
		8,025				—	
		86,992				33,640	
		1,780				381	
		53,267				12,191	
		—				—	
		1,941				2,635	
		34,277				4,215	
		199,415				66,895	
\$ —	\$ —	—	\$ —	\$ —	\$ —	—	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
837	837	530	307	—	—	—	—
248,112	265,865	217,054	48,811	76,415	78,280	62,672	15,608
—	—	—	—	—	—	—	—
4,888	4,888	3,876	1,012	—	—	—	—
12,810	12,810	4,109	8,701	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	23,693	26,242	10,388	15,854
—	—	—	—	—	—	—	—
\$ 266,647	\$ 284,400	225,569	\$ 58,831	\$ 100,108	\$ 104,522	73,060	\$ 31,462
		(26,154)				(6,165)	
		—				—	
		4,627				1,862	
		(9,263)				(1,875)	
		(4,636)				(13)	
		(30,790)				(6,178)	
		109,057				44,627	
		34,786				8,373	
		\$ 113,053				\$ 46,822	

(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, 2002

(dollars in thousands)
(continued)

	LOCAL INFRASTRUCTURE AND TRANSPORTATION IMPROVEMENTS			
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	ORIGINAL	FINAL		
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			—	
Tobacco Settlement.....			—	
Investment Income			10,670	
Other			15,598	
TOTAL REVENUES.....			26,268	
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	1,395	1,395	1,142	253
INTERGOVERNMENTAL.....	526,513	526,513	184,743	341,770
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE.....	—	51	51	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 527,908	\$ 527,959	185,936	\$ 342,023
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(159,668)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			120,000	
Transfers-in			62,205	
Transfers-out			—	
TOTAL OTHER FINANCING SOURCES (USES).....			182,205	
NET CHANGE IN FUND BALANCES.....			22,537	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated).....			204,849	
Outstanding Encumbrances at Beginning of Fiscal Year			34	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ 227,420	

TOBACCO SETTLEMENT

CLEAN OHIO PROGRAM

<u>BUDGET</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>		<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
		\$ —			\$ —		
		—			—		
		—			—		
		—			—		
		—			—		
		—			—		
		—			—		
		368,588			—		
		9,911			954		
		468			—		
		<u>378,967</u>			<u>954</u>		
\$ 39,350	\$ 51,873	20,282	\$ 31,591	\$ —	\$ —	\$ —	
35,102	35,102	962	34,140	—	—	—	
—	—	—	—	—	—	—	
161,594	160,958	133,014	27,944	—	—	—	
499	6,335	5,110	1,225	—	—	—	
—	—	—	—	—	730	72	
—	—	—	—	—	—	658	
—	183,900	183,900	—	—	—	—	
18,985	18,985	15,970	3,015	—	418	96	
2,000	—	—	—	—	100,000	—	
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	
<u>\$ 257,530</u>	<u>\$ 457,153</u>	<u>359,238</u>	<u>\$ 97,915</u>	<u>\$ —</u>	<u>\$ 101,148</u>	<u>168</u>	
		<u>19,729</u>				<u>786</u>	
		—			50,000		
		190,299			—		
		(429,911)			—		
		<u>(239,612)</u>			<u>50,000</u>		
		<u>(219,883)</u>			<u>50,786</u>		
		365,284			—		
		1,185			—		
		<u>\$ 146,586</u>			<u>\$ 50,786</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, 2002

(dollars in thousands)
(continued)

HIGHER EDUCATION IMPROVEMENTS				
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	ORIGINAL	FINAL		
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			—	
Tobacco Settlement.....			—	
Investment Income			3,834	
Other			112	
TOTAL REVENUES.....			3,946	
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education	\$ —	\$ —	—	\$ —
Higher Education Support	844,171	844,785	475,007	369,778
Public Assistance and Medicaid	—	—	—	—
Health and Human Services	—	—	—	—
Justice and Public Protection	—	—	—	—
Environmental Protection and Natural Resources	—	—	—	—
Transportation	—	—	—	—
General Government	—	—	—	—
Community and Economic Development	—	—	—	—
INTERGOVERNMENTAL.....	—	—	—	—
CAPITAL OUTLAY	—	—	—	—
DEBT SERVICE.....	—	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 844,171	\$ 844,785	475,007	\$ 369,778
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(471,061)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			334,289	
Transfers-in			—	
Transfers-out			—	
TOTAL OTHER FINANCING SOURCES (USES).....			334,289	
NET CHANGE IN FUND BALANCES.....			(136,772)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1 (as restated).....			(141,456)	
Outstanding Encumbrances at Beginning of Fiscal Year			237,930	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30			\$ (40,298)	

TOTAL

<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE/ (NEGATIVE)</u>
		\$ 4,187	
		15,804	
		13,349	
		15,040	
		38,123	
		628,659	
		34,665	
		2,264,485	
		368,588	
		48,295	
		<u>308,704</u>	
		<u>3,739,899</u>	
\$ 40,801	\$ 53,724	21,591	\$ 32,133
879,273	879,887	475,969	403,918
1,143,033	1,143,033	1,039,000	104,033
1,513,104	1,651,324	1,432,804	218,520
587,309	631,615	565,801	65,814
324,930	345,528	280,351	65,177
3,666	4,566	2,842	1,724
192,570	383,382	356,875	26,507
980,031	1,053,603	908,713	144,890
528,513	626,513	184,743	441,770
36,197	38,746	18,451	20,295
12,927	12,978	11,757	1,221
<u>\$ 6,242,354</u>	<u>\$ 6,824,899</u>	<u>5,298,897</u>	<u>\$ 1,526,002</u>
		<u>(1,558,998)</u>	
		534,453	
		503,646	
		<u>(529,122)</u>	
		<u>508,977</u>	
		<u>(1,050,021)</u>	
		277,097	
		<u>1,208,523</u>	
		<u>\$ 435,599</u>	

NONMAJOR 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.

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 the improvement of higher education facilities, water pollution controls, 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 **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 **Higher Education Facilities Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of higher education facilities.

The **Mental Health Facilities Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds is-

sued to finance the construction of mental health facilities.

The **Parks and Recreation Facilities Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of 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 Arts and Sports 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.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2002
(dollars in thousands)

	<u>COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS</u>	<u>IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS</u>
ASSETS:			
Cash Equity with Treasurer	\$ 50	\$ —	\$ —
Cash and Cash Equivalents	—	130	55
Investments	—	—	—
Collateral on Lent Securities	15	—	—
Loans Receivable, Net	—	—	—
Other Receivables	—	—	—
TOTAL ASSETS	<u>\$ 65</u>	<u>\$ 130</u>	<u>\$ 55</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accrued Liabilities	\$ 9	\$ —	\$ —
Obligations Under Securities Lending	15	—	—
Deferred Revenue	—	—	—
Refund and Other Liabilities	—	130	55
TOTAL LIABILITIES	<u>24</u>	<u>130</u>	<u>55</u>
FUND BALANCES:			
Reserved for:			
Debt Service	41	—	—
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Assets in Excess of Debt Service Requirements	—	—	—
Unreserved/Undesignated (Deficits)	—	—	—
TOTAL FUND BALANCES (DEFICITS)	<u>41</u>	<u>—</u>	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 65</u>	<u>\$ 130</u>	<u>\$ 55</u>

<u>DEVELOPMENT GENERAL OBLIGATIONS</u>	<u>HIGHWAY GENERAL OBLIGATIONS</u>	<u>PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS</u>	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>STATE PROJECTS GENERAL OBLIGATIONS</u>
\$ —	\$ 50,060	\$ —	\$ —	\$ 120	\$ 42
270	420	155	28	—	—
—	—	—	—	—	—
—	15,638	—	—	35	13
—	—	—	—	—	—
—	103	—	—	—	—
<u>\$ 270</u>	<u>\$ 66,221</u>	<u>\$ 155</u>	<u>\$ 28</u>	<u>\$ 155</u>	<u>\$ 55</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21
—	15,638	—	—	35	13
—	19	—	—	—	—
270	170	155	25	—	—
<u>270</u>	<u>15,827</u>	<u>155</u>	<u>25</u>	<u>35</u>	<u>34</u>
—	50,394	—	—	120	21
—	—	—	—	—	—
—	—	—	3	—	—
—	—	—	—	—	—
<u>—</u>	<u>50,394</u>	<u>—</u>	<u>3</u>	<u>120</u>	<u>21</u>
<u>\$ 270</u>	<u>\$ 66,221</u>	<u>\$ 155</u>	<u>\$ 28</u>	<u>\$ 155</u>	<u>\$ 55</u>

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2002
(dollars in thousands)
(continued)

	<u>HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS</u>	<u>COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS</u>
ASSETS:			
Cash Equity with Treasurer	\$ 3,863	\$ 212	\$ 143
Cash and Cash Equivalents	—	—	—
Investments	—	—	—
Collateral on Lent Securities	1,098	66	43
Loans Receivable, Net	—	—	—
Other Receivables	7	—	—
TOTAL ASSETS	<u>\$ 4,968</u>	<u>\$ 278</u>	<u>\$ 186</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accrued Liabilities	\$ —	\$ 124	\$ 164
Obligations Under Securities Lending	1,098	66	43
Deferred Revenue	1	—	—
Refund and Other Liabilities	—	—	—
TOTAL LIABILITIES	<u>1,099</u>	<u>190</u>	<u>207</u>
FUND BALANCES:			
Reserved for:			
Debt Service	3,869	88	—
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Assets in Excess of Debt Service Requirements	—	—	—
Unreserved/Undesignated (Deficits)	—	—	(21)
TOTAL FUND BALANCES (DEFICITS)	<u>3,869</u>	<u>88</u>	<u>(21)</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 4,968</u>	<u>\$ 278</u>	<u>\$ 186</u>

<u>CONSERVATION PROJECTS GENERAL OBLIGATIONS</u>	<u>ECONOMIC DEVELOPMENT REVENUE BONDS</u>	<u>INFRASTRUCTURE BANK REVENUE BONDS</u>	<u>HIGHER EDUCATION FACILITIES SPECIAL OBLIGATIONS</u>	<u>MENTAL HEALTH FACILITIES SPECIAL OBLIGATIONS</u>	<u>PARKS AND RECREATION FACILITIES SPECIAL OBLIGATIONS</u>
\$ 963	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	1	—	1
—	5,360	302	1,006	179	722
302	382	—	72	13	51
—	—	—	1,882	—	—
2	—	—	—	—	—
<u>\$ 1,267</u>	<u>\$ 5,742</u>	<u>\$ 302</u>	<u>\$ 2,961</u>	<u>\$ 192</u>	<u>\$ 774</u>
\$ 93	\$ —	\$ —	\$ —	\$ 11	\$ 157
302	382	—	72	13	51
—	—	—	—	—	—
—	—	—	—	—	—
<u>395</u>	<u>382</u>	<u>—</u>	<u>72</u>	<u>24</u>	<u>208</u>
872	5,360	302	859	41	559
—	—	—	1,882	—	—
—	—	—	148	127	7
—	—	—	—	—	—
<u>872</u>	<u>5,360</u>	<u>302</u>	<u>2,889</u>	<u>168</u>	<u>566</u>
<u>\$ 1,267</u>	<u>\$ 5,742</u>	<u>\$ 302</u>	<u>\$ 2,961</u>	<u>\$ 192</u>	<u>\$ 774</u>

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2002
(dollars in thousands)
(continued)

	<u>SCHOOL BUILDING PROGRAM SPECIAL OBLIGATIONS</u>	<u>OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS</u>	<u>TRANSPORTATION CERTIFICATES OF PARTICIPATION</u>
ASSETS:			
Cash Equity with Treasurer	\$ —	\$ —	\$ —
Cash and Cash Equivalents	—	—	58
Investments	415	37,017	888
Collateral on Lent Securities	30	—	—
Loans Receivable, Net	—	—	—
Other Receivables	—	27	—
TOTAL ASSETS	\$ 445	\$ 37,044	\$ 946
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accrued Liabilities	\$ —	\$ —	\$ —
Obligations Under Securities Lending	30	—	—
Deferred Revenue	—	—	—
Refund and Other Liabilities	—	—	—
TOTAL LIABILITIES	30	—	—
FUND BALANCES:			
Reserved for:			
Debt Service	415	37,044	946
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Assets in Excess of Debt Service Requirements	—	—	—
Unreserved/Undesignated (Deficits)	—	—	—
TOTAL FUND BALANCES (DEFICITS)	415	37,044	946
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 445	\$ 37,044	\$ 946

TOTAL

\$ 55,453
1,118
45,889
17,758
1,882
139
\$ 122,239

\$ 579
17,758
20
805
19,162

100,931
1,882
285
(21)
103,077
\$ 122,239

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	<u>COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS</u>	<u>IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS</u>
REVENUES:			
Motor Vehicle Fuel Taxes.....	\$ —	\$ —	\$ —
Licenses, Permits and Fees.....	—	—	—
Investment Income.....	7	5	—
Other.....	1	—	—
TOTAL REVENUES.....	<u>8</u>	<u>5</u>	<u>—</u>
EXPENDITURES:			
DEBT SERVICE.....	7,919	—	—
TOTAL EXPENDITURES.....	<u>7,919</u>	<u>—</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(7,911)</u>	<u>5</u>	<u>—</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds.....	116	—	—
Refunding Bond Proceeds.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	—
Bond Premiums.....	64	—	—
Transfers-in.....	7,723	—	—
Transfers-out.....	—	(291)	(12)
TOTAL OTHER FINANCING SOURCES (USES).....	<u>7,903</u>	<u>(291)</u>	<u>(12)</u>
NET CHANGES IN FUND BALANCES.....	<u>(8)</u>	<u>(286)</u>	<u>(12)</u>
FUND BALANCES (DEFICITS), JULY 1.....	<u>49</u>	<u>286</u>	<u>12</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ —</u>

<u>DEVELOPMENT GENERAL OBLIGATIONS</u>	<u>HIGHWAY GENERAL OBLIGATIONS</u>	<u>PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS</u>	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>STATE PROJECTS GENERAL OBLIGATIONS</u>
\$ —	\$ 33,202	\$ —	\$ —	\$ —	\$ —
—	9,781	—	—	—	—
2	2,976	3	—	54	13
—	—	—	—	—	1
<u>2</u>	<u>45,959</u>	<u>3</u>	<u>—</u>	<u>54</u>	<u>14</u>
—	49,657	—	—	133,688	18,016
—	<u>49,657</u>	—	—	<u>133,688</u>	<u>18,016</u>
<u>2</u>	<u>(3,698)</u>	<u>3</u>	<u>—</u>	<u>(133,634)</u>	<u>(18,002)</u>
—	—	—	—	—	226
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	2,945	101
—	—	—	—	130,646	17,650
(133)	—	(154)	—	—	—
<u>(133)</u>	<u>—</u>	<u>(154)</u>	<u>—</u>	<u>133,591</u>	<u>17,977</u>
<u>(131)</u>	<u>(3,698)</u>	<u>(151)</u>	<u>—</u>	<u>(43)</u>	<u>(25)</u>
<u>131</u>	<u>54,092</u>	<u>151</u>	<u>3</u>	<u>163</u>	<u>46</u>
<u>\$ —</u>	<u>\$ 50,394</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 120</u>	<u>\$ 21</u>

(continued)

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)
(continued)

	<u>HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS</u>	<u>COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS</u>
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	3,244	32	75
Other	<u>1</u>	<u>—</u>	<u>—</u>
TOTAL REVENUES	<u>3,245</u>	<u>32</u>	<u>75</u>
EXPENDITURES:			
DEBT SERVICE	<u>140,359</u>	<u>50,999</u>	<u>36,456</u>
TOTAL EXPENDITURES	<u>140,359</u>	<u>50,999</u>	<u>36,456</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(137,114)</u>	<u>(50,967)</u>	<u>(36,381)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Refunding Bond Proceeds	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—
Bond Premiums	—	1,978	6,313
Transfers-in	136,501	49,550	30,014
Transfers-out	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>136,501</u>	<u>51,528</u>	<u>36,327</u>
NET CHANGES IN FUND BALANCES	(613)	561	(54)
FUND BALANCES (DEFICITS), JULY 1	<u>4,482</u>	<u>(473)</u>	<u>33</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 3,869</u>	<u>\$ 88</u>	<u>\$ (21)</u>

<u>CONSERVATION PROJECTS GENERAL OBLIGATIONS</u>	<u>ECONOMIC DEVELOPMENT REVENUE BONDS</u>	<u>INFRASTRUCTURE BANK REVENUE BONDS</u>	<u>HIGHER EDUCATION FACILITIES SPECIAL OBLIGATIONS</u>	<u>MENTAL HEALTH FACILITIES SPECIAL OBLIGATIONS</u>	<u>PARKS AND RECREATION FACILITIES SPECIAL OBLIGATIONS</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
28	134	290	20	7	2
1	—	—	—	—	—
<u>29</u>	<u>134</u>	<u>290</u>	<u>20</u>	<u>7</u>	<u>2</u>
318	16,134	28,107	295,059	49,452	15,682
<u>318</u>	<u>16,134</u>	<u>28,107</u>	<u>295,059</u>	<u>49,452</u>	<u>15,682</u>
<u>(289)</u>	<u>(16,000)</u>	<u>(27,817)</u>	<u>(295,039)</u>	<u>(49,445)</u>	<u>(15,680)</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,161	—	813	—	323	787
—	15,993	27,124	294,058	49,163	15,410
—	—	—	—	—	—
<u>1,161</u>	<u>15,993</u>	<u>27,937</u>	<u>294,058</u>	<u>49,486</u>	<u>16,197</u>
<u>872</u>	<u>(7)</u>	<u>120</u>	<u>(981)</u>	<u>41</u>	<u>517</u>
—	5,367	182	3,870	127	49
<u>\$ 872</u>	<u>\$ 5,360</u>	<u>\$ 302</u>	<u>\$ 2,889</u>	<u>\$ 168</u>	<u>\$ 566</u>

(continued)

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)
(continued)

	<u>SCHOOL BUILDING PROGRAM SPECIAL OBLIGATIONS</u>	<u>OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS</u>	<u>TRANSPORTATION CERTIFICATES OF PARTICIPATION</u>
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	11	535	66
Other	—	—	696
TOTAL REVENUES	<u>11</u>	<u>535</u>	<u>762</u>
EXPENDITURES:			
DEBT SERVICE	<u>41,663</u>	<u>306,266</u>	<u>764</u>
TOTAL EXPENDITURES	<u>41,663</u>	<u>306,266</u>	<u>764</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(41,652)</u>	<u>(305,731)</u>	<u>(2)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Refunding Bond Proceeds	—	341,451	—
Payment to Refunded Bond Escrow Agents	—	(339,042)	—
Bond Premiums	—	591	—
Transfers-in	41,616	295,122	—
Transfers-out	—	(3,401)	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>41,616</u>	<u>294,721</u>	<u>—</u>
NET CHANGE IN FUND BALANCES	<u>(36)</u>	<u>(11,010)</u>	<u>(2)</u>
FUND BALANCES (DEFICITS), JULY 1	<u>451</u>	<u>48,054</u>	<u>948</u>
FUND BALANCES (DEFICITS), JUNE 30	<u><u>\$ 415</u></u>	<u><u>\$ 37,044</u></u>	<u><u>\$ 946</u></u>

TOTAL

\$ 33,202
9,781
7,504
700
51,187

1,190,539
1,190,539

(1,139,352)

342
341,451
(339,042)
15,076
1,110,570
(3,991)
1,124,406

(14,946)

118,023

\$ 103,077

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, 2002

(dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Motor Vehicle Fuel Taxes			\$ —	
Licenses, Permits and Fees			—	
Investment Income			8	
Other			7,722	
TOTAL REVENUES.....			7,730	
BUDGETARY EXPENDITURES:				
DEBT SERVICE.....	\$ 8,971	\$ 15,602	7,739	\$ 7,863
TOTAL BUDGETARY EXPENDITURES.....	\$ 8,971	\$ 15,602	7,739	\$ 7,863
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(9)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			9	
Transfers-in			—	
Transfers-out.....			—	
TOTAL OTHER FINANCING SOURCES (USES).....			9	
NET CHANGE IN FUND BALANCES.....			—	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			48	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ 48	

<u>IMPROVEMENTS GENERAL OBLIGATIONS</u>				<u>HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS</u>			
<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>			<u>ORIGINAL</u>	<u>FINAL</u>		
		\$ —				\$ —	
		—				—	
		9				—	
		15				5	
		<u>24</u>				<u>5</u>	
\$ —	\$ —	—	\$ —	\$ —	\$ —	—	\$ —
\$ —	\$ —	—	\$ —	\$ —	\$ —	—	\$ —
		<u>24</u>				<u>5</u>	
		—				—	
		—				—	
		(291)				(11)	
		<u>(291)</u>				<u>(11)</u>	
		(267)				(6)	
		267				6	
		<u>\$ —</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, 2002

(dollars in thousands)
(continued)

	DEVELOPMENT GENERAL OBLIGATIONS			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Motor Vehicle Fuel Taxes			\$ —	
Licenses, Permits and Fees			—	
Investment Income			4	
Other			50	
TOTAL REVENUES.....			54	
BUDGETARY EXPENDITURES:				
DEBT SERVICE.....	\$ —	\$ —	—	\$ —
TOTAL BUDGETARY EXPENDITURES.....	\$ —	\$ —	—	\$ —
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			54	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			—	
Transfers-in			—	
Transfers-out			(133)	
TOTAL OTHER FINANCING SOURCES (USES).....			(133)	
NET CHANGE IN FUND BALANCES.....			(79)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			79	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ —	

<u>HIGHWAY GENERAL OBLIGATIONS</u>				<u>PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS</u>			
<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>			<u>ORIGINAL</u>	<u>FINAL</u>		
		\$ 33,202				\$ —	
		9,783				—	
		3,031				3	
		—				100	
		<u>46,016</u>				<u>103</u>	
\$ 49,614	\$ 49,657	49,657	\$ —	\$ —	\$ —	—	\$ —
<u>\$ 49,614</u>	<u>\$ 49,657</u>	<u>49,657</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
		<u>(3,641)</u>				<u>103</u>	
		—				—	
		—				—	
		—				(153)	
		—				<u>(153)</u>	
		<u>(3,641)</u>				<u>(50)</u>	
		53,043				50	
		<u>\$ 49,402</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, 2002

(dollars in thousands)
(continued)

	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Motor Vehicle Fuel Taxes			\$ —	
Licenses, Permits and Fees			—	
Investment Income			64	
Other			130,646	
TOTAL REVENUES.....			130,710	
BUDGETARY EXPENDITURES:				
DEBT SERVICE.....	\$ 135,693	\$ 135,735	132,952	\$ 2,783
TOTAL BUDGETARY EXPENDITURES.....	\$ 135,693	\$ 135,735	132,952	\$ 2,783
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(2,242)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			2,209	
Transfers-in			—	
Transfers-out.....			—	
TOTAL OTHER FINANCING SOURCES (USES).....			2,209	
NET CHANGE IN FUND BALANCES.....			(33)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			145	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ 112	

STATE PROJECTS GENERAL OBLIGATIONS				HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS			
BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL			ORIGINAL	FINAL		
		\$ —				\$ —	
		—				—	
		13				3,357	
		17,650				—	
		<u>17,663</u>				<u>3,357</u>	
\$ 19,001	\$ 26,294	17,689	\$ 8,605	\$ 137,731	\$ 141,302	141,302	\$ —
<u>\$ 19,001</u>	<u>\$ 26,294</u>	<u>17,689</u>	<u>\$ 8,605</u>	<u>\$ 137,731</u>	<u>\$ 141,302</u>	<u>141,302</u>	<u>\$ —</u>
		<u>(26)</u>				<u>(137,945)</u>	
		22				—	
		—				136,501	
		—				—	
		<u>22</u>				<u>136,501</u>	
		<u>(4)</u>				<u>(1,444)</u>	
		44				4,912	
		<u>\$ 40</u>				<u>\$ 3,468</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, 2002

(dollars in thousands)
(continued)

	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Motor Vehicle Fuel Taxes			\$ —	
Licenses, Permits and Fees			—	
Investment Income			31	
Other			49,550	
TOTAL REVENUES.....			49,581	
BUDGETARY EXPENDITURES:				
DEBT SERVICE.....	\$ 50,055	\$ 50,055	50,033	\$ 22
TOTAL BUDGETARY EXPENDITURES.....	\$ 50,055	\$ 50,055	50,033	\$ 22
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(452)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			620	
Transfers-in			—	
Transfers-out.....			—	
TOTAL OTHER FINANCING SOURCES (USES).....			620	
NET CHANGE IN FUND BALANCES.....			168	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			39	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ 207	

COMMON SCHOOLS CAPITAL FACILITIES
GENERAL OBLIGATIONS

CONSERVATION PROJECTS GENERAL OBLIGATIONS

BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
ORIGINAL	FINAL	ACTUAL		ORIGINAL	FINAL	ACTUAL	
		\$ —			\$ —		
		—			—		
		68			18		
		30,015			—		
		<u>30,083</u>			<u>18</u>		
\$ 36,419	\$ 36,419	34,881	\$ 1,538	\$ —	\$ 1,595	—	\$ 1,595
<u>\$ 36,419</u>	<u>\$ 36,419</u>	<u>34,881</u>	<u>\$ 1,538</u>	<u>\$ —</u>	<u>\$ 1,595</u>	<u>—</u>	<u>\$ 1,595</u>
		<u>(4,798)</u>			<u>18</u>		
		4,902			936		
		—			—		
		—			—		
		<u>4,902</u>			<u>936</u>		
		104			954		
		31			—		
		<u>\$ 135</u>			<u>\$ 954</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, 2002

(dollars in thousands)
(continued)

	TOTAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Motor Vehicle Fuel Taxes			\$ 33,202	
Licenses, Permits and Fees			9,783	
Investment Income			6,606	
Other			235,753	
TOTAL REVENUES.....			285,344	
BUDGETARY EXPENDITURES:				
DEBT SERVICE.....	\$ 437,484	\$ 456,659	434,253	\$ 22,406
TOTAL BUDGETARY EXPENDITURES.....	\$ 437,484	\$ 456,659	434,253	\$ 22,406
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(148,909)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			8,698	
Transfers-in			136,501	
Transfers-out.....			(588)	
TOTAL OTHER FINANCING SOURCES (USES).....			144,611	
NET CHANGE IN FUND BALANCES.....			(4,298)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			58,664	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ 54,366	

NONMAJOR 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.

The **Infrastructure Bank Obligations Fund** accounts for bond proceeds that finance various highway construction projects sponsored by the Department of Transportation.

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

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

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

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

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

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

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

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

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

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2002
(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	\$ 41,982	\$ 7,475	\$ 28,400
Collateral on Lent Securities	13,065	2,317	8,917
Other Receivables	<u>85</u>	<u>16</u>	<u>7</u>
TOTAL ASSETS	<u>\$ 55,132</u>	<u>\$ 9,808</u>	<u>\$ 37,324</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 10,900	\$ 3,470	\$ 1,130
Obligations Under Securities Lending	13,065	2,317	8,917
Interfund Payable	—	32	—
Deferred Revenue	<u>16</u>	<u>3</u>	<u>1</u>
TOTAL LIABILITIES	<u>23,981</u>	<u>5,822</u>	<u>10,048</u>
FUND BALANCES:			
Reserved for:			
Encumbrances	277,719	34,599	24,082
Unreserved/Undesignated (Deficits)	<u>(246,568)</u>	<u>(30,613)</u>	<u>3,194</u>
TOTAL FUND BALANCES	<u>31,151</u>	<u>3,986</u>	<u>27,276</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 55,132</u>	<u>\$ 9,808</u>	<u>\$ 37,324</u>

<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>	<u>OHIO PARKS AND NATURAL RESOURCES</u>
\$ 106,112	\$ 23,068	\$ 254	\$ 21,062	\$ 18,460	\$ 26,205
33,219	7,202	80	6,540	5,770	8,211
220	48	1	44	38	55
<u>\$ 139,551</u>	<u>\$ 30,318</u>	<u>\$ 335</u>	<u>\$ 27,646</u>	<u>\$ 24,268</u>	<u>\$ 34,471</u>
\$ 2,982	\$ 4,513	\$ —	\$ 7,568	\$ 19	\$ 2,087
33,219	7,202	80	6,540	5,770	8,211
26	2	—	59	2	—
41	9	—	8	7	10
<u>36,268</u>	<u>11,726</u>	<u>80</u>	<u>14,175</u>	<u>5,798</u>	<u>10,308</u>
46,768	36,485	—	39,560	7,712	18,455
56,515	(17,893)	255	(26,089)	10,758	5,708
<u>103,283</u>	<u>18,592</u>	<u>255</u>	<u>13,471</u>	<u>18,470</u>	<u>24,163</u>
<u>\$ 139,551</u>	<u>\$ 30,318</u>	<u>\$ 335</u>	<u>\$ 27,646</u>	<u>\$ 24,268</u>	<u>\$ 34,471</u>

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2002
(dollars in thousands)
(continued)

	<u>HIGHWAY CAPITAL IMPROVEMENT</u>	<u>TOTAL</u>
ASSETS:		
Cash Equity with Treasurer	\$ 73,590	\$ 346,608
Collateral on Lent Securities	22,928	108,249
Other Receivables	<u>152</u>	<u>666</u>
TOTAL ASSETS	<u>\$ 96,670</u>	<u>\$ 455,523</u>
LIABILITIES AND FUND BALANCES:		
LIABILITIES:		
Accounts Payable	\$ 9,055	\$ 41,724
Obligations Under Securities Lending	22,928	108,249
Interfund Payable	—	121
Deferred Revenue	<u>28</u>	<u>123</u>
TOTAL LIABILITIES	<u>32,011</u>	<u>150,217</u>
FUND BALANCES:		
Reserved for:		
Encumbrances	151,285	636,665
Unreserved/Undesignated (Deficits)	<u>(86,626)</u>	<u>(331,359)</u>
TOTAL FUND BALANCES	<u>64,659</u>	<u>305,306</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 96,670</u>	<u>\$ 455,523</u>

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STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(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	\$ —	\$ 49	\$ —
Investment Income	4,440	928	410
Other	<u>1</u>	<u>1,228</u>	<u>22</u>
TOTAL REVENUES	<u>4,441</u>	<u>2,205</u>	<u>432</u>
EXPENDITURES:			
CAPITAL OUTLAY	66,743	31,324	17,894
DEBT SERVICE	<u>—</u>	<u>701</u>	<u>—</u>
TOTAL EXPENDITURES	<u>66,743</u>	<u>32,025</u>	<u>17,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(62,302)</u>	<u>(29,820)</u>	<u>(17,462)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	100,000	30,000	25,000
Bond Premiums	<u>4,638</u>	<u>—</u>	<u>—</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>104,638</u>	<u>30,000</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	42,336	180	7,538
FUND BALANCES (DEFICITS), JULY 1 (as restated)	<u>(11,185)</u>	<u>3,806</u>	<u>19,738</u>
FUND BALANCES, JUNE 30	<u>\$ 31,151</u>	<u>\$ 3,986</u>	<u>\$ 27,276</u>

<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>	<u>OHIO PARKS AND NATURAL RESOURCES</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
4,711	1,539	12	2,076	1,099	877
22	—	—	126	—	11
<u>4,733</u>	<u>1,539</u>	<u>12</u>	<u>2,202</u>	<u>1,099</u>	<u>888</u>
85,329	18,491	—	61,314	6,212	34,952
—	—	—	—	—	—
<u>85,329</u>	<u>18,491</u>	<u>—</u>	<u>61,314</u>	<u>6,212</u>	<u>34,952</u>
<u>(80,596)</u>	<u>(16,952)</u>	<u>12</u>	<u>(59,112)</u>	<u>(5,113)</u>	<u>(34,064)</u>
70,000	—	—	—	—	49,774
1,426	—	—	—	—	384
<u>71,426</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>50,158</u>
<u>(9,170)</u>	<u>(16,952)</u>	<u>12</u>	<u>(59,112)</u>	<u>(5,113)</u>	<u>16,094</u>
<u>112,453</u>	<u>35,544</u>	<u>243</u>	<u>72,583</u>	<u>23,583</u>	<u>8,069</u>
<u>\$ 103,283</u>	<u>\$ 18,592</u>	<u>\$ 255</u>	<u>\$ 13,471</u>	<u>\$ 18,470</u>	<u>\$ 24,163</u>

(continued)

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)
(continued)

	<u>HIGHWAY CAPITAL IMPROVEMENTS</u>	<u>TOTAL</u>
REVENUES:		
Sales, Services and Charges	\$ —	\$ 49
Investment Income	5,951	22,043
Other	<u>70</u>	<u>1,480</u>
TOTAL REVENUES	<u>6,021</u>	<u>23,572</u>
EXPENDITURES:		
CAPITAL OUTLAY	132,907	455,166
DEBT SERVICE	<u>—</u>	<u>701</u>
TOTAL EXPENDITURES	<u>132,907</u>	<u>455,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(126,886)</u>	<u>(432,295)</u>
OTHER FINANCING SOURCES (USES):		
Bond Proceeds	—	274,774
Bond Premiums	<u>—</u>	<u>6,448</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>—</u>	<u>281,222</u>
NET CHANGE IN FUND BALANCES	(126,886)	(151,073)
FUND BALANCES (DEFICITS), JULY 1 (as restated)	<u>191,545</u>	<u>456,379</u>
FUND BALANCES, JUNE 30	<u>\$ 64,659</u>	<u>\$ 305,306</u>

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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 PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**
(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Sales, Services and Charges.....			\$ —	
Investment Income			3,774	
Other			—	
TOTAL REVENUES.....			3,774	
BUDGETARY EXPENDITURES:				
CAPITAL OUTLAY.....	\$ 335,832	\$ 366,035	346,522	\$ 19,513
DEBT SERVICE.....	—	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 335,832	\$ 366,035	346,522	\$ 19,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(342,748)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			104,638	
Transfers-in			—	
Transfers-out.....			(20,000)	
TOTAL OTHER FINANCING SOURCES (USES).....			84,638	
NET CHANGE IN FUND BALANCES.....			(258,110)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1 (as restated).....			(25,064)	
Outstanding Encumbrances at Beginning of Fiscal Year			35,832	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			\$ (247,342)	

**MENTAL HEALTH/MENTAL RETARDATION
FACILITIES IMPROVEMENTS**

PARKS AND RECREATION IMPROVEMENTS

<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>			<u>ORIGINAL</u>	<u>FINAL</u>		
		\$ 50				\$ —	
		952				558	
		708				22	
		<u>1,710</u>				<u>580</u>	
\$ 142,860	\$ 142,873	68,076	\$ 74,797	\$ 72,621	\$ 72,621	42,938	\$ 29,683
—	701	701	—	—	—	—	—
<u>\$ 142,860</u>	<u>\$ 143,574</u>	<u>68,777</u>	<u>\$ 74,797</u>	<u>\$ 72,621</u>	<u>\$ 72,621</u>	<u>42,938</u>	<u>\$ 29,683</u>
		<u>(67,067)</u>				<u>(42,358)</u>	
		30,519				25,000	
		—				—	
		—				—	
		<u>30,519</u>				<u>25,000</u>	
		<u>(36,548)</u>				<u>(17,358)</u>	
		(20,378)				(1,048)	
		26,725				21,519	
		<u>\$ (30,201)</u>				<u>\$ 3,113</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)
(continued)

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS				
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)
REVENUES:				
Sales, Services and Charges.....			\$ —	
Investment Income			4,363	
Other			22	
TOTAL REVENUES.....			4,385	
BUDGETARY EXPENDITURES:				
CAPITAL OUTLAY.....	\$ 372,411	\$ 372,433	135,455	\$ 236,978
DEBT SERVICE.....	—	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 372,411	\$ 372,433	135,455	\$ 236,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(131,070)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			71,426	
Transfers-in			—	
Transfers-out.....			—	
TOTAL OTHER FINANCING SOURCES (USES).....			71,426	
NET CHANGE IN FUND BALANCES.....			(59,644)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1 (as restated).....			42,689	
Outstanding Encumbrances at Beginning of Fiscal Year			72,874	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30			\$ 55,919	

YOUTH SERVICES BUILDING IMPROVEMENTS

TRANSPORTATION BUILDING IMPROVEMENTS

<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>			<u>ORIGINAL</u>	<u>FINAL</u>		
		\$ —				\$ —	
		1,576				12	
		<u>—</u>				<u>—</u>	
		<u>1,576</u>				<u>12</u>	
\$ 75,002	\$ 75,602	56,771	\$ 18,831	\$ 792	\$ 792	—	\$ 792
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>\$ 75,002</u>	<u>\$ 75,602</u>	<u>56,771</u>	<u>\$ 18,831</u>	<u>\$ 792</u>	<u>\$ 792</u>	<u>—</u>	<u>\$ 792</u>
		<u>(55,195)</u>				<u>12</u>	
		<u>—</u>				<u>—</u>	
		<u>—</u>				<u>—</u>	
		<u>—</u>				<u>—</u>	
		<u>(55,195)</u>				<u>12</u>	
		14,984				(303)	
		<u>21,962</u>				<u>542</u>	
		<u>\$ (18,249)</u>				<u>\$ 251</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)

(continued)

ADULT CORRECTIONAL BUILDING IMPROVEMENTS				
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)
REVENUES:				
Sales, Services and Charges.....			\$ —	
Investment Income			2,673	
Other			13	
TOTAL REVENUES.....			2,686	
BUDGETARY EXPENDITURES:				
CAPITAL OUTLAY.....	\$ 287,880	\$ 287,891	105,300	\$ 182,591
DEBT SERVICE.....	—	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 287,880	\$ 287,891	105,300	\$ 182,591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(102,614)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			113	
Transfers-in			—	
Transfers-out.....			—	
TOTAL OTHER FINANCING SOURCES (USES).....			113	
NET CHANGE IN FUND BALANCES.....			(102,501)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1 (as restated).....			18,191	
Outstanding Encumbrances at Beginning of Fiscal Year			58,027	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30			\$ (26,283)	

HIGHWAY SAFETY BUILDING IMPROVEMENTS

OHIO PARKS AND NATURAL RESOURCES

<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>			<u>ORIGINAL</u>	<u>FINAL</u>		
		\$ —				\$ —	
		1,041				767	
		—				11	
		<u>1,041</u>				<u>778</u>	
\$ 37,060	\$ 37,060	14,010	\$ 23,050	\$ 122,325	\$ 122,325	55,834	\$ 66,491
—	—	—	—	—	—	—	—
<u>\$ 37,060</u>	<u>\$ 37,060</u>	<u>14,010</u>	<u>\$ 23,050</u>	<u>\$ 122,325</u>	<u>\$ 122,325</u>	<u>55,834</u>	<u>\$ 66,491</u>
		<u>(12,969)</u>				<u>(55,056)</u>	
		—				50,158	
		—				—	
		—				—	
		<u>—</u>				<u>50,158</u>	
		<u>(12,969)</u>				<u>(4,898)</u>	
		12,245				(20,953)	
		11,219				31,353	
		<u>\$ 10,495</u>				<u>\$ 5,502</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)
(continued)

HIGHWAY CAPITAL IMPROVEMENT				
	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)
REVENUES:				
Sales, Services and Charges.....			\$ —	
Investment Income			6,822	
Other			69	
TOTAL REVENUES.....			6,891	
BUDGETARY EXPENDITURES:				
CAPITAL OUTLAY.....	\$ 397,142	\$ 430,583	299,656	\$ 130,927
DEBT SERVICE.....	—	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 397,142	\$ 430,583	299,656	\$ 130,927
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			(292,765)	
OTHER FINANCING SOURCES (USES):				
Bond Proceeds			—	
Transfers-in			—	
Transfers-out.....			—	
TOTAL OTHER FINANCING SOURCES (USES).....			—	
NET CHANGE IN FUND BALANCES.....			(292,765)	
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1 (as restated).....			32,724	
Outstanding Encumbrances at Beginning of Fiscal Year			172,141	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30			\$ (87,900)	

TOTAL

<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE/ (NEGATIVE)</u>
		\$ 50	
		22,538	
		845	
		<u>23,433</u>	
\$ 1,843,925	\$ 1,908,215	1,124,562	\$ 783,653
—	701	701	—
<u>\$ 1,843,925</u>	<u>\$ 1,908,916</u>	<u>1,125,263</u>	<u>\$ 783,653</u>
		<u>(1,101,830)</u>	
		281,854	
		—	
		<u>(20,000)</u>	
		<u>261,854</u>	
		<u>(839,976)</u>	
		53,087	
		<u>452,194</u>	
		<u>\$ (334,695)</u>	

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AGENCY FUNDS

The **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 **Ohio Building Authority Fund** accounts for assets pending disbursement for capital maintenance and repairs on buildings owned by the Bureau of Workers' Compensation.

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

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

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

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

STATE OF OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2002
(dollars in thousands)

	<u>HOLDING AND DISTRIBUTION</u>	<u>CENTRALIZED CHILD SUPPORT COLLECTIONS</u>	<u>OHIO BUILDING AUTHORITY</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 23,356	\$ —	\$ —
Cash and Cash Equivalents.....	1,542	100,722	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	—	—	21,221
Common and Preferred Stock.....	—	—	—
Corporate Bonds and Notes.....	—	—	—
Foreign Stocks and Bonds.....	—	—	—
Commercial Paper.....	—	—	—
Repurchase Agreements.....	—	—	—
Mutual Funds.....	—	—	—
Real Estate.....	—	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
State Treasury Asset Reserve of Ohio (STAROhio).....	—	—	—
Collateral on Lent Securities.....	7,340	—	—
Other Receivables.....	1,116	—	187
Other Assets.....	—	—	31
TOTAL ASSETS.....	<u>\$ 33,354</u>	<u>\$ 100,722</u>	<u>\$ 21,439</u>
LIABILITIES:			
Obligations Under Securities Lending.....	\$ 7,340	\$ —	\$ —
Intergovernmental Payable.....	9,961	—	—
Refund and Other Liabilities.....	16,053	100,722	21,439
TOTAL LIABILITIES.....	<u>\$ 33,354</u>	<u>\$ 100,722</u>	<u>\$ 21,439</u>

<u>TAX REFUNDS</u>	<u>PAYROLL WITHHOLDING AND FRINGE BENEFITS</u>	<u>RETIREMENT SYSTEMS</u>	<u>OTHER</u>	<u>TOTAL</u>
\$ 4,594	\$ 59,307	\$ —	\$ 78,816	\$ 166,073
—	1,768	—	79,484	183,516
—	—	5,630,737	—	5,651,958
—	—	53,031,494	—	53,031,494
—	—	12,140,417	—	12,140,417
—	—	21,302,311	—	21,302,311
—	—	1,205,295	—	1,205,295
—	74	119,700	—	119,774
—	—	2,138,637	—	2,138,637
—	—	12,421,996	—	12,421,996
—	—	1,147,335	—	1,147,335
—	—	8,193,824	—	8,193,824
—	—	—	16,828	16,828
1,445	19,114	—	68,171	96,070
—	121	—	91	1,515
—	—	—	429,122	429,153
<u>\$ 6,039</u>	<u>\$ 80,384</u>	<u>\$ 117,331,746</u>	<u>\$ 672,512</u>	<u>\$ 118,246,196</u>
\$ 1,445	\$ 19,114	\$ —	\$ 68,171	\$ 96,070
—	355	—	70,460	80,776
4,594	60,915	117,331,746	533,881	118,069,350
<u>\$ 6,039</u>	<u>\$ 80,384</u>	<u>\$ 117,331,746</u>	<u>\$ 672,512</u>	<u>\$ 118,246,196</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS

The **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 Nonmajor Discretely Presented Component Unit Funds are presented in two separate reporting categories: **Governmental** and **Governmental Entities Engaged in Business-Type Activities – Colleges and Universities**.

Governmental

The **Arts and Sports Facilities Commission Fund** accounts for the revenues and expenditures associated with the Arts and Sports Facilities Commission's operations, including the construction of arts and sports facilities at the state and local level.

The **SchoolNet Commission Fund** accounts for the revenues and expenditures associated with the SchoolNet Commission's operations, including programs designed to assist Ohio's public schools acquire and maximize the use of educational technology.

Governmental Entities Engaged in Business-Type Activities – Colleges and Universities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2002
(dollars in thousands)

	GOVERNMENTAL		
	ARTS AND SPORTS FACILITIES COMMISSION	SCHOOLNET COMMISSION	TOTAL GOVERNMENTAL
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 794	\$ 11,057	\$ 11,851
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	247	3,466	3,713
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	—	—
Receivable from Primary Government.....	7	798	805
Other Receivables.....	101	1,765	1,866
Inventories.....	—	—	—
Other Assets.....	—	—	—
TOTAL CURRENT ASSETS.....	1,149	17,086	18,235
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	47,777	—	47,777
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	14,926	—	14,926
Investments.....	—	—	—
Loans Receivable, Net.....	—	—	—
Other Receivables.....	—	—	—
Other Assets.....	—	—	—
Capital Assets Being Depreciated, Net.....	51,232	1,690	52,922
Capital Assets Not Being Depreciated.....	11,858	—	11,858
TOTAL NONCURRENT ASSETS.....	125,793	1,690	127,483
TOTAL ASSETS.....	126,942	18,776	145,718
CURRENT LIABILITIES:			
Accounts Payable.....	896	1,421	2,317
Accrued Liabilities.....	25	188	213
Obligations Under Securities Lending.....	15,173	3,466	18,639
Intergovernmental Payable.....	—	—	—
Payable to Primary Government.....	1	4	5
Deferred Revenue.....	—	—	—
Refund and Other Liabilities.....	4	70	74
Bonds and Notes Payable.....	—	—	—
TOTAL CURRENT LIABILITIES.....	16,099	5,149	21,248
NONCURRENT LIABILITIES:			
Payable to Primary Government.....	10	75	85
Deferred Revenue.....	—	—	—
Refund and Other Liabilities.....	45	486	531
Bonds and Notes Payable.....	—	—	—
TOTAL NONCURRENT LIABILITIES.....	55	561	616
TOTAL LIABILITIES.....	16,154	5,710	21,864
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt.....	63,090	1,690	64,780
Restricted for:			
Intergovernmental and Capital Purposes.....	47,777	—	47,777
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.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted (Deficits).....	(79)	11,376	11,297
TOTAL NET ASSETS.....	\$ 110,788	\$ 13,066	\$ 123,854

COLLEGES AND UNIVERSITIES

OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
15,506	36,591	277	1,737	2,983	272
96,732	110,628	119,661	117,029	202,451	42,752
—	—	—	—	—	—
8,450	2,625	—	—	—	3,509
1,777	3,691	1,477	1,427	—	2,156
2,761	4,460	—	—	—	1,012
20,996	16,041	26,225	8,496	15,660	10,859
1,601	3,291	1,116	2,384	1,887	302
8,958	734	9,326	247	3,071	1,771
156,781	178,061	158,082	131,320	226,052	62,633
—	—	—	—	—	—
23,587	—	—	—	—	—
11,604	—	—	—	—	32,112
—	—	—	—	—	—
—	98,061	44,576	4,343	106,727	22,035
8,913	4,992	8,911	6,664	20,806	12,176
—	979	5,837	—	—	—
3	—	—	—	4,164	1,551
324,316	331,189	298,806	230,940	273,555	214,219
87,612	43,828	74,743	54,568	85,773	56,612
456,035	479,049	432,873	296,515	491,025	338,705
612,816	657,110	590,955	427,835	717,077	401,338
—	—	—	—	—	—
12,228	10,669	10,731	6,277	11,685	12,897
27,939	15,273	16,507	8,394	13,764	6,699
—	—	—	—	—	—
—	—	—	—	—	—
657	456	300	300	221	—
16,667	10,304	28,642	11,756	26,438	11,412
2,560	9,645	5,121	7,377	4,542	9,059
16,348	4,143	22,897	6,201	3,980	5,033
76,399	50,490	84,198	40,305	60,630	45,100
—	—	—	—	—	—
6,393	9,961	2,336	2,380	4,662	4,361
—	—	—	—	1,526	—
20,041	18,736	19,499	13,409	21,085	7,653
109,532	44,274	156,560	74,616	274,390	108,314
135,966	72,971	178,395	90,405	301,663	120,328
212,365	123,461	262,593	130,710	362,293	165,428
285,270	320,281	255,084	204,691	231,650	156,648
—	—	—	—	—	—
7,062	—	—	—	132	7,066
1,223	—	—	—	—	—
3,141	53,083	34,306	—	—	—
179	—	—	—	—	2,942
7,020	9,042	—	—	—	16,082
6,532	1,410	16,065	—	—	973
9,914	7,954	—	—	—	5,154
2,895	1,812	—	—	—	—
—	3,095	—	—	—	—
355	—	32	6,356	—	—
23,950	4,031	7,999	7,799	—	4,949
—	—	—	—	—	—
6,587	6,233	792	750	22,706	20,440
46,323	126,708	14,084	77,529	100,296	21,656
\$ 400,451	\$ 533,649	\$ 328,362	\$ 297,125	\$ 354,784	\$ 235,910

(continued)

STATE OF OHIO

COMBINING STATEMENT OF NET ASSETS NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

JUNE 30, 2002

(dollars in thousands)

(continued)

	COLLEGES AND UNIVERSITIES		
	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	1,617	2,943	3,492
Investments.....	39,079	24,594	36,552
Collateral on Lent Securities.....	—	—	—
Intergovernmental Receivable.....	—	1,264	5,323
Loans Receivable, Net.....	1,571	382	2,857
Receivable from Primary Government.....	—	1,893	1,365
Other Receivables.....	11,273	3,353	11,339
Inventories.....	—	1,805	709
Other Assets.....	5,057	739	11,465
TOTAL CURRENT ASSETS.....	58,597	36,973	73,102
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	—	—	—
Cash and Cash Equivalents.....	—	—	83
Investments.....	—	4,777	—
Collateral on Lent Securities.....	—	—	—
Investments.....	16,460	7,500	48,503
Loans Receivable, Net.....	9,388	2,576	13,599
Other Receivables.....	—	—	—
Other Assets.....	—	118	762
Capital Assets Being Depreciated, Net.....	200,926	126,326	203,852
Capital Assets Not Being Depreciated.....	59,935	14,523	18,237
TOTAL NONCURRENT ASSETS.....	286,709	155,820	285,036
TOTAL ASSETS.....	345,306	192,793	358,138
CURRENT LIABILITIES:			
Accounts Payable.....	3,410	2,287	13,815
Accrued Liabilities.....	7,836	6,613	8,429
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Payable to Primary Government.....	240	—	91
Deferred Revenue.....	14,774	2,709	25,102
Refund and Other Liabilities.....	4,155	2,354	8,438
Bonds and Notes Payable.....	810	735	910
TOTAL CURRENT LIABILITIES.....	31,225	14,698	56,785
NONCURRENT LIABILITIES:			
Payable to Primary Government.....	1,977	1,811	1,245
Deferred Revenue.....	—	—	—
Refund and Other Liabilities.....	5,132	7,573	8,887
Bonds and Notes Payable.....	9,410	14,165	8,844
TOTAL NONCURRENT LIABILITIES.....	16,519	23,549	18,976
TOTAL LIABILITIES.....	47,744	38,247	75,761
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt.....	250,011	125,975	210,513
Restricted for:			
Intergovernmental and Capital Purposes.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	1,004
Research.....	—	—	357
Endowments and Quasi-Endowments.....	1,122	4,347	—
Loans, Grants and Other College and University Purposes.....	1,783	508	3
Expendable:			
Scholarships and Fellowships.....	—	2,218	738
Research.....	—	147	2,186
Instructional Department Uses.....	—	3,050	485
Student and Public Services.....	—	430	184
Academic Support.....	—	—	14
Debt Service.....	—	76	360
Capital Purposes.....	1,135	1,037	—
Endowments and Quasi-Endowments.....	171	—	—
Loans, Grants and Other College and University Purposes.....	19,315	61	15,595
Unrestricted (Deficits).....	24,025	16,697	50,938
TOTAL NET ASSETS.....	\$ 297,562	\$ 154,546	\$ 282,377

COLLEGES AND UNIVERSITIES

SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	MEDICAL COLLEGE OF OHIO	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
8,401	9,509	10,850	1,860	61,833	2,323
9,161	—	4,123	1,728	2,499	3,376
—	—	—	—	—	—
—	—	—	160	—	466
65	52	5,595	7	—	23
153	656	—	601	2,155	466
2,016	2,492	42,635	668	5,540	686
57	—	3,671	258	1,760	169
143	317	562	49	—	514
19,996	13,026	67,436	5,331	73,787	8,023
—	—	—	—	—	—
505	2,137	1,839	—	1,953	—
185	203	2,052	—	—	—
—	—	—	—	—	—
—	—	24,652	—	—	—
—	—	—	—	—	9
—	—	—	35	—	—
84	2	—	—	—	—
52,050	52,058	138,591	18,533	69,891	22,687
15,738	497	14,978	550	34,809	1,525
68,562	54,897	182,112	19,118	106,653	24,221
88,558	67,923	249,548	24,449	180,440	32,244
1,604	1,655	13,763	413	2,655	448
1,582	—	17,741	443	656	383
—	—	—	—	—	—
—	—	—	—	—	4
134	9	—	—	—	—
261	3,237	1,485	245	8,589	701
1,062	2,644	2,672	294	3,669	813
290	217	—	—	770	—
4,933	7,762	35,661	1,395	16,339	2,349
120	127	4,880	—	—	—
—	—	—	—	—	—
1,218	504	7,863	395	2,964	—
2,910	2,900	—	—	11,345	—
4,248	3,531	12,743	395	14,309	—
9,181	11,293	48,404	1,790	30,648	2,349
64,588	49,362	147,178	19,040	92,150	24,190
—	—	—	—	—	—
—	—	650	—	—	—
—	—	—	—	—	—
—	2,911	—	—	2,570	767
—	—	2,742	—	1,557	—
884	4	—	—	166	—
—	—	3,797	—	—	—
5,366	—	—	6	—	2
—	—	6,515	49	—	281
—	—	—	—	—	—
592	—	—	—	—	—
—	1,051	—	733	41,253	969
—	—	—	—	—	—
112	(265)	—	—	599	—
7,835	3,567	40,262	2,831	11,497	3,686
\$ 79,377	\$ 56,630	\$ 201,144	\$ 22,659	\$ 149,792	\$ 29,895

(continued)

STATE OF OHIO

COMBINING STATEMENT OF NET ASSETS NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

JUNE 30, 2002

(dollars in thousands)

(continued)

	COLLEGES AND UNIVERSITIES		
	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	852	81	2,404
Investments.....	945	2,158	—
Collateral on Lent Securities.....	—	—	—
Intergovernmental Receivable.....	494	—	—
Loans Receivable, Net.....	—	1	—
Receivable from Primary Government.....	—	—	—
Other Receivables.....	2,232	1,047	1,564
Inventories.....	216	112	121
Other Assets.....	85	6	24
TOTAL CURRENT ASSETS.....	4,824	3,405	4,113
NONCURRENT ASSETS:			
Restricted Assets:			
Cash Equity with Treasurer.....	—	—	—
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	76
Collateral on Lent Securities.....	—	—	—
Investments.....	760	118	—
Loans Receivable, Net.....	—	—	—
Other Receivables.....	—	—	—
Other Assets.....	—	12	—
Capital Assets Being Depreciated, Net.....	12,234	13,375	15,673
Capital Assets Not Being Depreciated.....	689	767	980
TOTAL NONCURRENT ASSETS.....	13,683	14,272	16,729
TOTAL ASSETS.....	18,507	17,677	20,842
CURRENT LIABILITIES:			
Accounts Payable.....	135	110	277
Accrued Liabilities.....	347	328	675
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Payable to Primary Government.....	—	—	—
Deferred Revenue.....	1,874	532	834
Refund and Other Liabilities.....	293	90	45
Bonds and Notes Payable.....	65	—	—
TOTAL CURRENT LIABILITIES.....	2,714	1,060	1,831
NONCURRENT LIABILITIES:			
Payable to Primary Government.....	—	—	—
Deferred Revenue.....	—	—	63
Refund and Other Liabilities.....	110	233	255
Bonds and Notes Payable.....	674	—	—
TOTAL NONCURRENT LIABILITIES.....	784	233	318
TOTAL LIABILITIES.....	3,498	1,293	2,149
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt.....	12,184	14,045	16,653
Restricted for:			
Intergovernmental and Capital Purposes.....			
Nonexpendable:			
Scholarships and Fellowships.....	—	118	76
Research.....	—	—	—
Endowments and Quasi-Endowments.....	87	12	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	20	—
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	489
Endowments and Quasi-Endowments.....	36	—	—
Loans, Grants and Other College and University Purposes.....	368	653	5
Unrestricted (Deficits).....	2,334	1,536	1,470
TOTAL NET ASSETS.....	\$ 15,009	\$ 16,384	\$ 18,693

COLLEGES AND UNIVERSITIES

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL COLLEGES AND UNIVERSITIES	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ 11,851
251	4,516	21,682	189,980	189,980
4,743	—	33	818,244	818,244
—	—	—	—	3,713
3,587	349	1,130	27,357	27,357
—	—	86	21,167	21,167
2,487	162	1,104	19,275	20,080
3,260	393	9,575	196,350	198,216
14	203	1,021	20,697	20,697
127	—	2,142	45,337	45,337
14,469	5,623	36,773	1,338,407	1,356,642
—	—	—	—	47,777
3	329	—	30,436	30,436
—	—	—	51,009	51,009
—	—	—	—	14,926
—	—	—	373,735	373,735
411	—	490	88,935	88,935
—	236	—	7,087	7,087
—	—	—	6,696	6,696
41,767	14,017	40,017	2,695,022	2,747,944
4,445	177	7,833	578,819	590,677
46,626	14,759	48,340	3,831,739	3,959,222
61,095	20,382	85,113	5,170,146	5,315,864
2,573	380	2,388	110,400	112,717
1,063	2	2,256	136,930	137,143
—	—	—	—	18,639
—	14	—	18	18
—	—	—	2,408	2,413
2,047	379	8,590	176,578	176,578
2,744	565	728	68,870	68,944
—	—	—	62,399	62,399
8,427	1,340	13,962	557,603	578,851
—	—	—	40,253	40,338
—	—	—	1,589	1,589
—	148	1,671	137,376	137,907
—	—	—	817,934	817,934
—	148	1,671	997,152	997,768
8,427	1,488	15,633	1,554,755	1,576,619
46,212	14,071	47,850	2,587,646	2,652,426
—	—	—	—	47,777
—	—	—	16,108	16,108
—	—	—	1,580	1,580
—	—	—	102,346	102,346
—	—	—	9,714	9,714
—	16	—	36,190	36,190
—	—	—	31,110	31,110
—	—	—	31,931	31,931
103	—	—	12,269	12,269
—	—	—	3,109	3,109
—	—	—	7,771	7,771
—	478	—	95,873	95,873
—	—	—	207	207
415	—	107	94,473	94,473
5,938	4,329	21,523	585,064	596,361
\$ 52,668	\$ 18,894	\$ 69,480	\$ 3,615,391	\$ 3,739,245

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	GOVERNMENTAL		
	ARTS AND SPORTS FACILITIES COMMISSION	SCHOOLNET COMMISSION	TOTAL GOVERNMENTAL
EXPENSES:			
Primary, Secondary and Other Education.....	\$ 9,827	\$ 69,189	\$ 79,016
Community and Economic Development.....	1,988	—	1,988
Intergovernmental	14,348	—	14,348
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 Services.....	—	—	—
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	—	—	—
Depreciation.....	—	—	—
Other.....	—	—	—
TOTAL EXPENSES.....	26,163	69,189	95,352
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	326	8,232	8,558
Operating Grants, Contributions and Restricted Investment Income.....	2,876	19,931	22,807
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
TOTAL PROGRAM REVENUES.....	3,202	28,163	31,365
NET PROGRAM (EXPENSE) REVENUE	(22,961)	(41,026)	(63,987)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	—	—
State Assistance.....	331	31,389	31,720
Other.....	—	—	—
TOTAL GENERAL REVENUES.....	331	31,389	31,720
CONTRIBUTIONS TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	—
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	(22,630)	(9,637)	(32,267)
NET ASSETS, JULY 1.....	133,418	22,703	156,121
NET ASSETS, JUNE 30.....	\$ 110,788	\$ 13,066	\$ 123,854

COLLEGES AND UNIVERSITIES

OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
165,131	127,848	100,917	90,337	137,769	105,357
27,256	6,965	16,834	4,472	12,765	13,153
14,879	2,119	11,394	9,020	13,924	5,407
32,213	23,222	23,911	24,409	29,920	27,412
20,807	19,101	12,497	18,824	25,659	18,380
36,883	28,799	32,534	21,337	26,919	21,729
33,935	22,577	17,076	16,052	25,352	15,097
5,706	8,779	16,379	14,666	12,649	11,326
59,553	80,824	30,384	51,200	60,371	46,660
10,158	—	—	—	—	—
5,454	2,705	9,290	4,504	12,097	4,789
21,995	21,223	23,269	12,518	28,440	13,730
775	4,634	2,056	5,942	622	8,119
434,745	348,796	296,541	273,281	386,487	291,159
215,466	230,748	135,282	165,125	199,468	144,027
65,790	48,486	39,716	25,208	56,613	49,316
6,430	—	—	15	—	2,716
287,686	279,234	174,998	190,348	256,081	196,059
(147,059)	(69,562)	(121,543)	(82,933)	(130,406)	(95,100)
(3,918)	(6,235)	(1,935)	6,544	13,338	753
177,479	103,821	112,450	106,984	141,130	87,994
—	—	18,850	7,071	786	—
173,561	97,586	129,365	120,599	155,254	88,747
11	—	977	—	—	3
—	—	—	—	—	—
26,513	28,024	8,799	37,666	24,848	(6,350)
373,938	505,625	319,563	259,459	329,936	242,260
\$ 400,451	\$ 533,649	\$ 328,362	\$ 297,125	\$ 354,784	\$ 235,910

(continued)

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)

(continued)

	COLLEGES AND UNIVERSITIES		
	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Intergovernmental	—	—	—
Education and General:			
Instruction and Departmental Research.....	71,493	50,108	84,741
Separately Budgeted Research.....	13,667	927	20,366
Public Service.....	7,773	6,214	9,242
Academic Support.....	17,488	8,653	44,686
Student Services.....	14,564	7,157	10,984
Institutional Support.....	22,191	18,112	20,084
Operation and Maintenance of Plant.....	14,290	8,617	14,563
Scholarships and Fellowships.....	9,870	10,354	10,205
Auxiliary Services.....	11,950	17,754	15,156
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	580	748	625
Depreciation.....	17,397	7,076	13,392
Other.....	—	1,739	3,709
TOTAL EXPENSES.....	201,263	137,459	247,753
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	86,213	60,576	78,385
Operating Grants, Contributions and Restricted Investment Income.....	22,584	10,648	70,747
Capital Grants, Contributions and Restricted Investment Income.....	20	150	909
TOTAL PROGRAM REVENUES.....	108,817	71,374	150,041
NET PROGRAM (EXPENSE) REVENUE	(92,446)	(66,085)	(97,712)
GENERAL REVENUES:			
Unrestricted Investment Income.....	2,839	2,158	1,692
State Assistance.....	83,517	52,784	106,837
Other.....	10,284	16,537	958
TOTAL GENERAL REVENUES.....	96,640	71,479	109,487
CONTRIBUTIONS TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	54	—
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	4,194	5,448	11,775
NET ASSETS, JULY 1.....	293,368	149,098	270,602
NET ASSETS, JUNE 30.....	\$ 297,562	\$ 154,546	\$ 282,377

COLLEGES AND UNIVERSITIES

SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	MEDICAL COLLEGE OF OHIO	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
12,172	8,119	45,380	5,342	44,856	5,085
—	551	15,207	—	—	—
3,052	6,725	786	2,060	1,320	2,272
2,239	4,157	3,998	470	3,293	816
3,022	3,183	1,628	1,073	7,477	1,696
5,086	3,701	2,654	2,673	12,624	3,108
2,373	4,350	9,592	1,247	14,778	1,862
7,025	1,667	1,094	99	8,202	951
3,533	4,954	2,964	946	9,065	2,541
—	—	158,973	—	—	—
225	156	236	3	—	2
1,846	2,776	17,341	1,112	3,156	1,149
85	—	5,094	—	—	10
40,658	40,339	264,947	15,025	104,771	19,492
13,655	5,812	191,216	7,183	44,912	7,408
11,308	14,583	24,364	338	17,803	3,894
—	234	1,817	159	—	33
24,963	20,629	217,397	7,680	62,715	11,335
(15,695)	(19,710)	(47,550)	(7,345)	(42,056)	(8,157)
388	217	2,738	66	1,060	162
16,058	19,601	41,624	7,117	55,178	7,610
208	257	3,452	—	256	—
16,654	20,075	47,814	7,183	56,494	7,772
—	—	—	—	—	43
—	—	(730)	—	—	—
959	365	(466)	(162)	14,438	(342)
78,418	56,265	201,610	22,821	135,354	30,237
\$ 79,377	\$ 56,630	\$ 201,144	\$ 22,659	\$ 149,792	\$ 29,895

(continued)

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)

(continued)

	COLLEGES AND UNIVERSITIES		
	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Intergovernmental	—	—	—
Education and General:			
Instruction and Departmental Research.....	5,787	4,110	4,352
Separately Budgeted Research.....	—	—	—
Public Service.....	851	880	—
Academic Support.....	330	1,224	1,494
Student Services.....	1,523	980	1,348
Institutional Support.....	3,197	1,066	2,902
Operation and Maintenance of Plant.....	1,116	751	868
Scholarships and Fellowships.....	245	2,132	351
Auxiliary Services.....	1,049	2,221	892
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	44	—	—
Depreciation.....	932	539	676
Other.....	—	—	—
TOTAL EXPENSES.....	15,074	13,903	12,883
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	6,151	5,708	3,574
Operating Grants, Contributions and Restricted Investment Income.....	1,823	3,942	3,459
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
TOTAL PROGRAM REVENUES.....	7,974	9,650	7,033
NET PROGRAM (EXPENSE) REVENUE	(7,100)	(4,253)	(5,850)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	22	—
State Assistance.....	6,216	4,326	5,312
Other.....	—	—	—
TOTAL GENERAL REVENUES.....	6,216	4,348	5,312
CONTRIBUTIONS TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	15	—
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	(884)	110	(538)
NET ASSETS, JULY 1.....	15,893	16,274	19,231
NET ASSETS, JUNE 30.....	\$ 15,009	\$ 16,384	\$ 18,693

COLLEGES AND UNIVERSITIES

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL COLLEGES AND UNIVERSITIES	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ 79,016
—	—	—	—	1,988
—	—	—	—	14,348
20,433	5,502	26,652	1,121,491	1,121,491
—	—	98	132,261	132,261
2,710	807	2,487	103,922	103,922
3,556	428	2,812	256,731	256,731
3,663	1,240	7,974	182,780	182,780
11,957	2,466	7,872	287,894	287,894
1,705	1,520	6,852	214,573	214,573
1,073	655	7,810	131,238	131,238
1,089	1,504	5,598	410,208	410,208
—	—	—	169,131	169,131
—	12	—	41,470	41,470
3,878	835	3,479	196,759	196,759
—	99	58	32,942	32,942
50,064	15,068	71,692	3,281,400	3,376,752
16,813	6,227	21,341	1,645,290	1,653,848
9,727	2,761	15,759	498,869	521,676
8,510	43	5	21,041	21,041
35,050	9,031	37,105	2,165,200	2,196,565
(15,014)	(6,037)	(34,587)	(1,116,200)	(1,180,187)
190	155	559	20,793	20,793
24,118	6,677	37,263	1,204,096	1,235,816
—	—	944	59,603	59,603
24,308	6,832	38,766	1,284,492	1,316,212
—	—	—	1,103	1,103
—	—	—	(730)	(730)
9,294	795	4,179	168,665	136,398
43,374	18,099	65,301	3,446,726	3,602,847
\$ 52,668	\$ 18,894	\$ 69,480	\$ 3,615,391	\$ 3,739,245

STATE OF OHIO
COMBINING BALANCE SHEET
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS
JUNE 30, 2002
(dollars in thousands)

	GOVERNMENTAL		
	MAJOR	NONMAJOR	
	SCHOOL FACILITIES COMMISSION	ARTS & SPORTS FACILITIES COMMISSION	SCHOOLNET COMMISSION
ASSETS:			
Cash Equity with Treasurer	\$ 483,833	\$ 48,571	\$ 11,057
Collateral on Lent Securities	150,826	15,173	3,466
Receivable from Primary Government	—	2	294
Other Receivables	1,013	101	1,765
TOTAL ASSETS	\$ 635,672	\$ 63,847	\$ 16,582
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 6,911	\$ 896	\$ 1,421
Accrued Liabilities	137	25	188
Obligations Under Securities Lending	150,826	15,173	3,466
Intergovernmental Payable	1,343,734	—	—
Payable to Primary Government	81	11	79
Deferred Revenue	189	19	1,254
Refund and Other Liabilities	71	—	—
TOTAL LIABILITIES	1,501,949	16,124	6,408
FUND BALANCES:			
Reserved for:			
Encumbrances	113,277	29,459	20,410
Other:			
Primary, Secondary and Other Education	10,067	—	—
Unreserved/Designated for Compensated Absences	—	3	—
Unreserved/Undesignated (Deficits)	(989,621)	18,261	(10,236)
TOTAL FUND BALANCES (DEFICITS)	(866,277)	47,723	10,174
TOTAL LIABILITIES AND FUND BALANCES	\$ 635,672	\$ 63,847	\$ 16,582

**TOTAL
NONMAJOR
GOVERNMENTAL**

\$ 59,628
18,639
296
1,866
\$ 80,429

\$ 2,317
213
18,639
—
90
1,273
—
22,532

49,869
—
3
8,025
57,897
\$ 80,429

STATE OF OHIO
RECONCILIATION OF THE COMBINING BALANCE SHEET
TO THE COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS
JUNE 30, 2002
(dollars in thousands)

	GOVERNMENTAL		
	MAJOR	NONMAJOR	
	SCHOOL FACILITIES COMMISSION	ARTS & SPORTS FACILITIES COMMISSION	SCHOOLNET COMMISSION
Total Fund Balances	\$ (866,277)	\$ 47,723	\$ 10,174
Total net assets reported for governmental activities in the Combining 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.....	—	11,858	—
Buildings, net of \$9,041 accumulated depreciation.....	—	51,232	—
Machinery and Equipment, net of \$1,077 accumulated depreciation.....	40	—	1,690
	<u>40</u>	<u>63,090</u>	<u>1,690</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.			
Other Receivables.....	189	19	1,254
Receivable from Primary Government.....	—	5	503
	<u>189</u>	<u>24</u>	<u>1,757</u>
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.			
Refund and Other Liabilities-Compensated Absences.....	(411)	(49)	(555)
Total Net Assets	\$ (866,459)	\$ 110,788	\$ 13,066

**TOTAL
NONMAJOR
GOVERNMENTAL**

\$ 57,897

11,858
51,232

1,690
64,780

1,273
508

1,781

(604)

\$ 123,854

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	GOVERNMENTAL		
	MAJOR	NONMAJOR	
	SCHOOL FACILITIES COMMISSION	ARTS & SPORTS FACILITIES COMMISSION	SCHOOLNET COMMISSION
REVENUES:			
State Assistance	\$ 539,968	\$ 326	\$ 30,885
Sales, Services and Charges	15	38	—
Federal Government	—	—	19,605
Investment Income	35,552	2,992	331
Other	15	290	6,982
TOTAL REVENUES	575,550	3,646	57,803
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	5,083	9,347	68,954
Community and Economic Development	—	1,131	—
INTERGOVERNMENTAL	594,630	14,348	—
TOTAL EXPENDITURES	599,713	24,826	68,954
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,163)	(21,180)	(11,151)
OTHER FINANCING SOURCES (USES):			
Transfers-in	5,412	924	—
Transfers-out	(5,412)	(924)	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
NET CHANGE IN FUND BALANCES	(24,163)	(21,180)	(11,151)
FUND BALANCES (DEFICITS), JULY 1 (as restated)	(842,114)	68,903	21,325
FUND BALANCES (DEFICITS), JUNE 30	<u>(866,277)</u>	<u>47,723</u>	<u>10,174</u>

**TOTAL
NONMAJOR
GOVERNMENTAL**

\$ 31,211
38
19,605
3,323
7,272
61,449

78,301
1,131
14,348
93,780

(32,331)

924
(924)
—

(32,331)

90,228

\$ 57,897

STATE OF OHIO
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	GOVERNMENTAL		
	MAJOR	NONMAJOR	
	SCHOOL FACILITIES COMMISSION	ARTS & SPORTS FACILITIES COMMISSION	SCHOOLNET COMMISSION
Net Change in Fund Balances.....	\$ (24,163)	\$ (21,180)	\$ (11,151)
<p>The change in net assets reported for governmental activities in the Combining Statement of Activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Combining 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.</p>			
<i>Capital Outlay Expenditures.....</i>	22	—	275
<i>Depreciation Expense.....</i>	(13)	(1,339)	(485)
<i>Excess of Capital Outlay Over Depreciation Expense.....</i>	9	(1,339)	(210)
Revenues in the Combining Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(1,144)	(112)	1,749
Expenses for compensated absences reported in the Combining Statement of Activities are not reported as expenditures in the governmental funds.	(116)	1	(25)
Change in Net Assets	\$ (25,414)	\$ (22,630)	\$ (9,637)

**TOTAL
NONMAJOR
GOVERNMENTAL**

\$ (32,331)

275
(1,824)
(1,549)

1,637

(24)
\$ (32,267)

STATE OF OHIO
COMBINING BALANCE SHEET
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2002
(dollars in thousands)

	SPECIAL REVENUE FUND		
	<u>ADMINISTRATION</u>	<u>SCHOOL BUILDING ASSISTANCE PROGRAM</u>	<u>PUBLIC SCHOOL BUILDING PROGRAM</u>
ASSETS:			
Cash Equity with Treasurer	\$ 2,395	\$ 98,749	\$ 259,794
Collateral on Lent Securities	745	30,827	81,004
Other Receivables	5	215	540
TOTAL ASSETS	\$ 3,145	\$ 129,791	\$ 341,338
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 145	\$ 2,202	\$ 3,153
Accrued Liabilities	137	—	—
Obligations Under Securities Lending	745	30,827	81,004
Intergovernmental Payable	—	781,784	186,476
Payable to Primary Government	81	—	—
Deferred Revenue	1	40	101
Refund and Other Liabilities	—	—	71
TOTAL LIABILITIES	1,109	814,853	270,805
FUND BALANCES:			
Reserved for:			
Encumbrances	103	37,285	51,966
Other:			
Primary, Secondary and Other Education	—	—	10,067
Unreserved/Undesignated (Deficits)	1,933	(722,347)	8,500
TOTAL FUND BALANCES (DEFICITS)	2,036	(685,062)	70,533
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 3,145	\$ 129,791	\$ 341,338

<u>EDUCATION FACILITIES</u>	<u>TOTAL</u>
\$ 122,895	\$ 483,833
38,250	150,826
<u>253</u>	<u>1,013</u>
<u>\$ 161,398</u>	<u>\$ 635,672</u>

\$ 1,411	\$ 6,911
—	137
38,250	150,826
375,474	1,343,734
—	81
47	189
<u>—</u>	<u>71</u>
<u>415,182</u>	<u>1,501,949</u>

23,923	113,277
—	10,067
<u>(277,707)</u>	<u>(989,621)</u>
<u>(253,784)</u>	<u>(866,277)</u>
<u>\$ 161,398</u>	<u>\$ 635,672</u>

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

(dollars in thousands)

	<u>SPECIAL REVENUE FUND</u>		
	<u>ADMINISTRATION</u>	<u>SCHOOL BUILDING ASSISTANCE PROGRAM</u>	<u>PUBLIC SCHOOL BUILDING PROGRAM</u>
REVENUES:			
State Assistance	\$ —	\$ 406,029	\$ —
Sales, Services and Charges	15	—	—
Investment Income	231	6,745	16,760
Other	1	1	12
TOTAL REVENUES	<u>247</u>	<u>412,775</u>	<u>16,772</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	5,083	—	—
INTERGOVERNMENTAL	—	229,901	150,080
TOTAL EXPENDITURES	<u>5,083</u>	<u>229,901</u>	<u>150,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,836)</u>	<u>182,874</u>	<u>(133,308)</u>
OTHER FINANCING SOURCES (USES):			
Transfers-in	5,412	—	—
Transfers-out	—	—	(5,412)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,412</u>	<u>—</u>	<u>(5,412)</u>
NET CHANGES IN FUND BALANCES	576	182,874	(138,720)
FUND BALANCES (DEFICITS), JULY 1 (as restated)	<u>1,460</u>	<u>(867,936)</u>	<u>209,253</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 2,036</u>	<u>\$ (685,062)</u>	<u>\$ 70,533</u>

<u>EDUCATION FACILITIES</u>	<u>TOTAL</u>
\$ 133,939	\$ 539,968
—	15
11,816	35,552
1	15
<u>145,756</u>	<u>575,550</u>
—	5,083
214,649	594,630
<u>214,649</u>	<u>599,713</u>
<u>(68,893)</u>	<u>(24,163)</u>
—	5,412
—	(5,412)
<u>—</u>	<u>—</u>
<u>(68,893)</u>	<u>(24,163)</u>
<u>(184,891)</u>	<u>(842,114)</u>
<u>\$ (253,784)</u>	<u>\$ (866,277)</u>

STATE OF OHIO
COMBINING BALANCE SHEET
ARTS AND SPORTS FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
JUNE 30, 2002
(dollars in thousands)

	<u>SPECIAL REVENUE FUND</u>		
	<u>ADMINISTRATION</u>	<u>ARTS FACILITIES IMPROVEMENTS</u>	<u>SPORTS FACILITIES IMPROVEMENTS</u>
ASSETS:			
Cash Equity with Treasurer	\$ 237	\$ 24,975	\$ 22,803
Collateral on Lent Securities	73	7,799	7,127
Receivable from Primary Government	2	—	—
Other Receivables	1	52	47
TOTAL ASSETS	\$ 313	\$ 32,826	\$ 29,977
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 9	\$ 887	\$ —
Accrued Liabilities	25	—	—
Obligations Under Securities Lending	73	7,799	7,127
Payable to Primary Government	11	—	—
Deferred Revenue	—	10	9
TOTAL LIABILITIES	118	8,696	7,136
FUND BALANCES:			
Reserved for:			
Encumbrances	24	8,886	20,152
Unreserved/Designated for Compensated Absences	3	—	—
Unreserved/Undesignated	168	15,244	2,689
TOTAL FUND BALANCES	195	24,130	22,841
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 313	\$ 32,826	\$ 29,977

<u>CAPITAL DONATIONS</u>	<u>TOTAL</u>
\$ 556	\$ 48,571
174	15,173
—	2
<u>1</u>	<u>101</u>
<u>\$ 731</u>	<u>\$ 63,847</u>

\$ —	\$ 896
—	25
174	15,173
—	11
—	19
<u>174</u>	<u>16,124</u>

397	29,459
—	3
<u>160</u>	<u>18,261</u>
<u>557</u>	<u>47,723</u>
<u>\$ 731</u>	<u>\$ 63,847</u>

STATE OF OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ARTS AND SPORTS FACILITIES COMMISSION
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(dollars in thousands)

	<u>SPECIAL REVENUE FUND</u>		
	<u>ADMINISTRATION</u>	<u>ARTS FACILITIES IMPROVEMENTS</u>	<u>SPORTS FACILITIES IMPROVEMENTS</u>
REVENUES:			
State Assistance	\$ 326	\$ —	\$ —
Sales, Services and Charges	38	—	—
Investment Income	35	1,558	1,368
Other	1	—	—
TOTAL REVENUES	<u>400</u>	<u>1,558</u>	<u>1,368</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education	—	9,347	—
Community and Economic Development	1,131	—	—
INTERGOVERNMENTAL	—	8,620	5,248
TOTAL EXPENDITURES	<u>1,131</u>	<u>17,967</u>	<u>5,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(731)</u>	<u>(16,409)</u>	<u>(3,880)</u>
OTHER FINANCING SOURCES (USES):			
Transfers-in	924	—	—
Transfers-out	—	(696)	(228)
TOTAL OTHER FINANCING SOURCES (USES)	<u>924</u>	<u>(696)</u>	<u>(228)</u>
NET CHANGE IN FUND BALANCES	193	(17,105)	(4,108)
FUND BALANCES, JULY 1 (as restated)	<u>2</u>	<u>41,235</u>	<u>26,949</u>
FUND BALANCES, JUNE 30	<u>\$ 195</u>	<u>\$ 24,130</u>	<u>\$ 22,841</u>

<u>CAPITAL DONATIONS</u>	<u>TOTAL</u>
\$ —	\$ 326
—	38
31	2,992
<u>289</u>	<u>290</u>
<u>320</u>	<u>3,646</u>
—	9,347
—	1,131
<u>480</u>	<u>14,348</u>
<u>480</u>	<u>24,826</u>
<u>(160)</u>	<u>(21,180)</u>
—	924
—	<u>(924)</u>
—	—
<u>(160)</u>	<u>(21,180)</u>
<u>717</u>	<u>68,903</u>
<u>\$ 557</u>	<u>\$ 47,723</u>

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STATISTICAL SECTION

STATE OF OHIO

Table 1

**GENERAL GOVERNMENTAL REVENUES^(a) BY SOURCE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)**

SOURCE	2002 ^(b)	2001	2000 ^(c)	1999	1998	1997	1996	1995	1994	1993
<i>Income Taxes</i>	\$ 7,982,461	\$ 8,302,892	\$ 8,098,155	\$ 7,143,344	\$ 6,828,242	\$ 5,879,016	\$ 5,890,587	\$ 5,456,017	\$ 5,032,305	\$ 4,732,247
<i>Sales Taxes</i>	6,385,248	6,248,705	6,233,089	5,834,299	5,560,402	5,262,460	5,003,024	4,763,109	4,475,796	4,001,398
<i>Corporate and Public Utility Taxes</i>	1,640,433	1,726,263	1,697,970	1,817,641	1,969,190	1,897,439	1,831,300	1,810,396	1,585,557	1,500,475
<i>Motor Vehicle Fuel Taxes</i>	1,451,767	1,457,454	1,459,374	1,445,679	1,399,948	1,351,476	1,332,294	1,293,038	1,290,315	1,189,184
<i>Other Taxes</i>	895,414	930,338	913,086	917,505	890,551	872,869	842,688	852,166	881,994	750,120
<i>Licenses, Permits and Fees</i> ^(d)	1,521,736	1,219,605	1,156,379	1,137,577	1,109,895	1,073,907	805,605	982,507	927,398	759,001
<i>Sales, Services and Charges</i>	94,597	83,891	86,981	81,731	76,091	79,051	106,517	103,620	66,198	57,831
<i>Federal Government</i> ^{(e) & (f)}	11,734,436	10,433,668	9,321,234	8,697,800	8,349,038	8,454,831	8,435,891	8,305,109	7,314,031	6,376,312
<i>Tobacco Settlement</i>	368,588	315,812	412,270	—	—	—	—	—	—	—
<i>Escheat Property</i>	52,628	—	—	—	—	—	—	—	—	—
<i>Investment Income</i> ^(g)	282,457	486,817	443,566	554,915	554,523	418,799	—	—	—	—
<i>Other</i>	635,812	514,544	481,856	481,748	473,432	436,154	654,457	562,031	744,109	514,339
<i>Total Revenues by Source</i>	<u>\$33,045,577</u>	<u>\$31,719,989</u>	<u>\$30,303,960</u>	<u>\$28,112,239</u>	<u>\$27,211,312</u>	<u>\$25,726,002</u>	<u>\$24,902,363</u>	<u>\$24,127,993</u>	<u>\$22,317,703</u>	<u>\$19,880,907</u>

Notes:

- (a) This table includes revenues for the General, special revenue, debt service, and capital projects funds.
- (b) For comparative purposes, revenue data for fiscal years 1993 through 2001 have not been restated for the effects of the following, which impacted governmental revenues shown for fiscal year 2002:
 - 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*. Changes in reporting entity resulting from the reclassification of the Arts and Sports Facilities Commission and the SchoolNet Commission from governmental funds to discretely presented component unit funds.
 - The reclassification of the State's previously reported internal service funds to the General Fund.
 - The reclassification of the State's previously reported Unclaimed Funds Expendable Trust Fund to the General Fund.
- (c) For comparative purposes, the revenue data for fiscal year 2000 have been restated for the reclassification of the School Facilities Commission discretely presented component unit from the Special Revenue Fund.
- (d) For comparative purposes, the "Licenses, Permits, and Fees" revenue for fiscal years 1993 through 1999 have been restated to reflect hospital assessments. Previously, this revenue had been included in "Other" revenue.
- (e) For fiscal years 1995 through 2002, federal government revenue includes the effects of recognizing the distribution of food stamp benefits as revenue, in accordance with the reporting requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Federal government revenue data for fiscal years 1993 and 1994, however, have not been restated for the effect of this change in accounting principle.
- (f) For fiscal years 2001 and 2002, federal government revenue includes the effects of recognizing nonexchange revenue, in accordance with the reporting requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Federal government revenue data for fiscal years 1993 through 2000, however, have not been restated for the effect of this change in accounting principle.
- (g) For fiscal years 1993 through 1996, investment income had been included in "Other" revenue.

STATE OF OHIO

Table 2

**GENERAL GOVERNMENTAL EXPENDITURES^(a) BY FUNCTION
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)**

FUNCTION	2002 ^(b)	2001	2000 ^(c)	1999	1998	1997	1996	1995	1994	1993
<i>Current Operating:</i>										
Primary, Secondary and Other Education ..	\$ 8,142,972	\$ 7,194,883	\$ 6,634,181	\$ 6,403,978	\$ 5,927,471	\$ 5,449,086	\$ 5,251,805	\$ 4,850,750	\$ 4,599,643	\$ 4,497,568
Higher Education Support ^(d)	2,449,614	506,511	439,137	377,868	354,530	422,482	423,473	407,839	421,041	368,611
Public Assistance and Medicaid ^(e)	11,854,582	10,894,942	9,488,379	8,561,652	8,462,208	8,367,021	7,936,578	8,306,686	7,682,159	6,774,178
Health and Human Services	2,792,890	2,555,221	2,613,853	2,548,360	2,485,176	2,328,762	2,333,583	2,197,732	1,974,086	1,854,715
Justice and Public Protection.....	2,378,120	2,232,421	2,167,402	2,035,739	1,870,507	1,761,521	1,588,026	1,403,177	1,202,815	1,060,778
Environmental Protection and Natural Resources.....	355,576	340,574	354,180	330,069	315,522	299,607	286,987	273,138	247,324	223,304
Transportation.....	1,897,807	1,756,201	1,680,736	1,497,553	1,494,130	1,465,258	1,319,120	1,461,012	1,426,207	1,293,349
General Government	733,591	468,791	575,576	661,011	625,275	528,592	371,996	355,154	347,443	335,470
Community and Economic Development....	748,185	541,166	452,516	398,905	391,893	344,950	323,277	335,159	337,760	284,061
Intergovernmental ^(d)	3,563,306	3,361,184	3,257,632	2,898,094	2,735,799	2,570,501	2,467,137	2,312,160	2,211,669	1,983,308
Capital Outlay ^(d)	465,843	411,817	629,753	1,256,271	1,248,346	1,138,286	884,456	872,236	893,279	739,463
Debt Service	1,193,604	1,137,537	1,053,995	1,024,125	1,022,418	1,033,948	909,134	801,994	1,064,523	681,207
Total Expenditures by Function	\$36,576,090	\$31,401,248	\$29,347,340	\$27,993,625	\$26,933,275	\$25,710,014	\$24,095,572	\$23,577,037	\$22,407,949	\$20,096,012

Notes:

- (a) This table includes expenditures for the General, special revenue, debt service, and capital projects funds.
- (b) For comparative purposes, expenditure data for fiscal years 1993 through 2001 have not been restated for the effects of the following, which impacted governmental expenditures shown for fiscal year 2002:
 - 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*. Changes in reporting entity resulting from the reclassification of the Arts and Sports Facilities Commission and the SchoolNet Commission from governmental funds to discretely presented component unit funds.
 - The reclassification of the State's previously reported internal service funds to the General Fund.
 - The reclassification of the State's previously reported Unclaimed Funds Expendable Trust Fund to the General Fund.
- (c) For comparative purposes, the expenditure data for fiscal year 2000 have been restated for the reclassification of the School Facilities Commission discretely presented component unit from the Special Revenue Fund.
- (d) For comparative purposes, the expenditure data for fiscal year 2000 have been restated for the reclassification of capital outlay expenditures to the higher education support function, the intergovernmental expenditure character, and operating transfers to component units.
- (e) For fiscal years 1995 through 2002, expenditures reported under the public assistance and Medicaid function include the effects of recognizing the distribution of food stamp benefits as expenditures, in accordance with the reporting requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Public assistance and Medicaid expenditure data for fiscal years 1993 and 1994, however, have not been restated for the effect of this change in accounting principle.

Table 3

STATE OF OHIO

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

(dollars in thousands)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
REVENUES:										
Income Taxes.....	\$ 7,129,512	\$ 7,446,990	\$ 7,243,856	\$ 6,389,926	\$ 6,107,084	\$ 5,257,395	\$ 5,268,111	\$ 4,879,232	\$ 4,486,225	\$ 4,270,124
Sales Taxes.....	6,066,023	5,922,333	5,919,129	5,539,780	5,277,997	4,995,691	4,750,430	4,522,230	4,246,093	3,810,631
Corporate and Public Utility Taxes.....	1,276,159	1,604,402	1,604,604	1,718,482	1,862,497	1,794,592	1,731,956	1,708,674	1,497,948	1,419,293
Other Taxes.....	838,236	872,706	861,597	869,556	844,815	828,290	802,912	812,957	843,548	712,400
Licenses, Permits and Fees.....	100,858	101,352	96,954	94,789	96,411	87,511	89,249	81,772	81,761	80,629
Sales, Services and Charges.....	51,211	40,895	45,738	43,586	38,947	42,031	64,693	65,015	35,556	32,082
Federal Government.....	4,563,370	4,508,747	3,993,184	3,658,824	3,385,998	3,563,004	3,672,610	3,451,126	3,533,853	3,276,727
Escheat Property.....	52,628	—	—	—	—	—	—	—	—	—
Investment Income ^(a)	145,483	234,590	287,937	399,520	381,574	277,337	—	—	—	—
Other.....	273,750	197,029	189,241	183,221	161,077	168,587	302,772	268,114	227,857	189,935
TOTAL REVENUES	20,497,230	20,929,044	20,242,240	18,897,684	18,156,400	17,014,438	16,682,733	15,789,120	14,952,841	13,791,821
EXPENDITURES:										
Current Operating ^(b)	20,547,608	19,522,704	17,894,051	16,711,404	15,882,598	15,089,141	14,529,694	13,693,490	13,158,815	12,482,521
Intergovernmental.....	1,227,313	1,189,845	1,081,828	1,033,066	982,955	942,690	898,190	814,803	782,014	741,099
Capital Outlay.....	—	—	24,862	15,607	38,806	123,217	1,969	5,597	5,552	5,524
Debt Service.....	2,286	2,276	2,320	1,794	1,831	528	1,428	9,740	—	2
TOTAL EXPENDITURES	21,777,207	20,714,825	19,003,061	17,761,871	16,906,190	16,155,576	15,431,281	14,523,630	13,946,381	13,229,146
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,279,977)	214,219	1,239,179	1,135,813	1,250,210	858,862	1,251,452	1,265,490	1,006,460	562,675
OTHER FINANCING SOURCES (USES):										
Bond Proceeds.....	400,000	—	—	—	—	—	10,159	—	—	—
Bond Premiums.....	6,029	—	—	—	—	—	—	—	—	—
Capital Leases.....	1,451	—	2,668	1,575	4,737	1,107	335	—	—	—
Transfers-in.....	617,185	207,488	142,267	201,151	180,176	142,605	93,457	144,114	88,284	89,228
Transfers-out.....	(977,731)	(1,061,119)	(1,302,412)	(1,308,827)	(1,142,014)	(847,794)	(807,457)	(660,799)	(626,006)	(554,393)
TOTAL OTHER FINANCING SOURCES (USES)	46,934	(853,631)	(1,157,477)	(1,106,101)	(957,101)	(704,082)	(703,506)	(516,685)	(537,722)	(465,165)
NET CHANGE IN FUND BALANCES	(1,233,043)	(639,412)	81,702	29,712	293,109	154,780	547,946	748,805	468,738	97,510
FUND BALANCES, JULY 1 (as restated) ^(c)	2,108,395	2,521,051	2,640,072	2,611,195	2,319,058	2,167,739	1,656,135	908,212	426,200	327,261
Increase (Decrease) for Changes in Inventories.....	105	(741)	511	(835)	(972)	(2,252)	(889)	(882)	1,265	1,429
Residual Equity Transfers-out.....	—	—	—	—	—	—	(22,986)	—	—	—
FUND BALANCES, JUNE 30	\$ 875,457	\$ 1,880,898	\$ 2,722,285	\$ 2,640,072	\$ 2,611,195	\$ 2,320,267	\$ 2,180,206	\$ 1,656,135	\$ 896,203	\$ 426,200

Notes:

(a) For fiscal years 1993 through 1996, investment income had been included in "Other" revenue.

(b) Current expenditures presented for fiscal years 1993 through 2001 have been restated to include amounts previously reported as "Transfers to Component Units."

(c) The July 1 fund balance has been restated for fiscal years 1993, 1995, 1997, 1998, 2001, and 2002; however, financial activities reported for the respective prior year have not been restated.

STATE OF OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL AND SPECIAL BONDED DEBT^(a)
TO TOTAL GENERAL GOVERNMENTAL^(b) REVENUES AND EXPENDITURES
FOR THE LAST TEN FISCAL YEARS**

(dollars in thousands)

For the Year Ended June 30,	Total Debt Service Expenditures	Governmental Fund Revenues	Percent	Governmental Fund Expenditures	Percent
2002 ^(c) ^(d)	\$ 1,146,235	\$33,045,577	3.47%	\$36,576,090	3.13%
2001 ^(c)	1,105,541	31,719,989	3.49%	31,401,248	3.52%
2000 ^(c) ^(e)	1,023,246	30,303,960	3.38%	29,347,340	3.49%
1999 ^(c)	993,260	28,112,239	3.53%	27,993,625	3.55%
1998 ^(c)	1,004,273	27,211,312	3.69%	26,933,275	3.73%
1997 ^(c)	1,014,767	25,726,002	3.95%	25,710,014	3.95%
1996 ^(c)	888,693	24,902,363	3.57%	24,095,572	3.69%
1995 ^(c)	780,482	24,127,993	3.23%	23,577,037	3.31%
1994	1,033,745	22,317,703	4.63%	22,407,949	4.61%
1993	658,945	19,880,907	3.31%	20,096,012	3.28%

Notes:

- (a) Includes general and special obligation bonds for which debt service payments have been made from the following combining funds in the Debt Service Fund and Capital Projects Fund:

Debt Service Fund

Coal Research/Development General Obligations
Improvements General Obligations
Highway Improvements General Obligations
Development General Obligations
Highway General Obligations
Public Improvements General Obligations
Vietnam Conflict Compensation 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
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

Capital Projects Fund

Mental Health/Mental Retardation Facilities Improvements
Parks and Recreation Improvements

- (b) This table includes revenues and expenditures for the General, special revenue, debt service, and capital projects funds.
- (c) Revenue and expenditures for fiscal years 1995 through 2002 include the effects of recognizing the distribution of food stamp benefits as revenues and expenditures, in accordance with the reporting requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Revenue and expenditure data presented for fiscal years 1993 and 1994, however, have not been restated for the effect of this change in accounting principle.
- (d) For comparative purposes, revenue and expenditure data for fiscal years 1993 through 2001 have not been restated for the effects of the following, which impacted governmental revenues and expenditures shown for fiscal year 2002:
- 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*.
Changes in reporting entity resulting from the reclassification of the Arts and Sports Facilities Commission and the SchoolNet Commission from governmental funds to discretely presented component unit funds.
The reclassification of the State's previously reported internal service funds to the General Fund.
The reclassification of the State's previously reported Unclaimed Funds Expendable Trust Fund to the General Fund.
- (e) For comparative purposes, the revenue and expenditure data for fiscal year 2000 have been restated for the reclassification of the School Facilities Commission discretely presented component unit from the Special Revenue Fund.

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

<u>General and Special Obligation Bonds</u>					
For the Year Ended June 30,	Population (in thousands)	Total Outstanding (in thousands)	Less Amount Reserved for Debt Service (in thousands)	Net Bonded Debt (in thousands)	Net Bonded Debt Per Capita
2002	11,374 ^(b)	\$8,160,231	\$94,323	\$8,065,908	\$709
2001	11,374	7,778,092	108,591	7,669,501	674
2000	11,353	7,435,330	112,300	7,323,030	645
1999	11,256	7,024,746	118,549	6,906,197	614
1998	11,210	6,399,741	141,230	6,258,511	559
1997	11,186	6,263,433	254,751	6,008,682	537
1996	11,173	5,753,400	386,059	5,367,341	480
1995	11,150	5,538,663	425,553	5,113,110	459
1994	11,102	5,169,302	440,399	4,728,903	426
1993	11,091	4,658,431	552,339	4,106,092	370

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

Notes:

- (a) Includes general and special obligation bonds for which debt service payments have been made from the following combining funds in the Debt Service Fund and Capital Projects Fund:

Debt Service Fund

Coal Research/Development General Obligations
 Improvements General Obligations
 Highway Improvements General Obligations
 Development General Obligations
 Highway General Obligations
 Public Improvements General Obligations
 Vietnam Conflict Compensation 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
 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

Capital Projects Fund

Mental Health/Mental Retardation Facilities Improvements
 Parks and Recreation Improvements

- (b) An estimate for fiscal year 2002 was not available; therefore, population data from the prior year was used.

STATE OF OHIO

REVENUE BOND COVERAGE FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

Treasurer of State/Office of Business Development (Liquor Bonds)

Fiscal Year	Gross Revenue ^(a)	Direct Operating Expenses ^(b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
1999	397,018	289,853	107,165	4,175	11,952	16,127	6.65
1998	380,791	276,085	104,706	3,790	12,189	15,979	6.55
1997	366,636	270,525	96,111	9,330	6,738	16,068	5.98
1996	350,744	265,820	84,924	14,410	3,851	18,261	4.65
1995	346,979	267,545	79,434	13,500	4,761	18,261	4.35
1994	341,674	267,368	74,306	12,645	5,608	18,253	4.07
1993	350,914	273,967	76,947	11,800	6,392	18,192	4.23

Infrastructure Bank Revenue Bonds

Fiscal Year	Gross Revenue ^(c)	Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 27,414	\$ —	\$ 27,414	\$ 20,690	\$ 7,417	\$ 28,107	.98
2001	11,454	—	11,454	7,825	3,606	11,431	1.00
2000	10,140	—	10,140	6,320	3,816	10,136	1.00
1999	10,931	—	10,931	6,775	4,001	10,776	1.01

Ohio Building Authority Enterprise Fund

Fiscal Year	Gross Revenue ^(d)	Direct Operating Expenses ^(e)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
1999	29,797	29,097	700	2,893	2,029	4,922	0.14
1998	31,018	25,270	5,748	2,736	2,264	5,000	1.15
1997	27,929	26,913	1,016	3,480	1,801	5,281	0.19
1996	28,251	22,473	5,778	2,602	3,279	5,881	0.99
1995	30,638	22,046	8,592	1,878	4,275	6,153	1.40
1994	33,700	25,763	7,937	2,349	3,881	6,230	1.27
1993	26,924	20,895	6,029	2,222	3,043	5,265	1.15

Notes:

- (a) Includes only the revenues reported in the Liquor Control Enterprise Fund.
- (b) Includes only the expenses, exclusive of depreciation, reported in the Liquor Control Enterprise Fund.
- (c) Includes only the revenues reported in the Infrastructure Bank Revenue Bonds Debt Service Fund and transfers of federal revenues from the Highway Operating Special Revenue Fund.
- (d) Includes only the revenues reported in the Ohio Building Authority Enterprise Fund.
- (e) Includes only the expenses, exclusive of depreciation, reported in the Ohio Building Authority Enterprise Fund.

Ohio Building Authority/Bureau of Workers' Compensation Enterprise Fund

Calendar/ Fiscal Year ^(f)	Gross Revenue ^(g)	Direct Operating Expenses ^(h)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
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
1999	3,625,174	2,462,056	1,163,118	6,000	9,455	15,455	75.26
1998	5,115,778	5,891,409	(775,631)	5,000	9,655	14,655	N/A
1997	4,348,344	2,696,867	1,651,477	4,000	9,807	13,807	119.61
1995	3,365,892	2,264,097	1,101,795	2,000	9,947	11,947	92.23
1994	3,161,387	665,854	2,495,533	2,000	9,947	11,947	208.88
1993	3,158,992	2,375,518	783,474	—	—	—	—

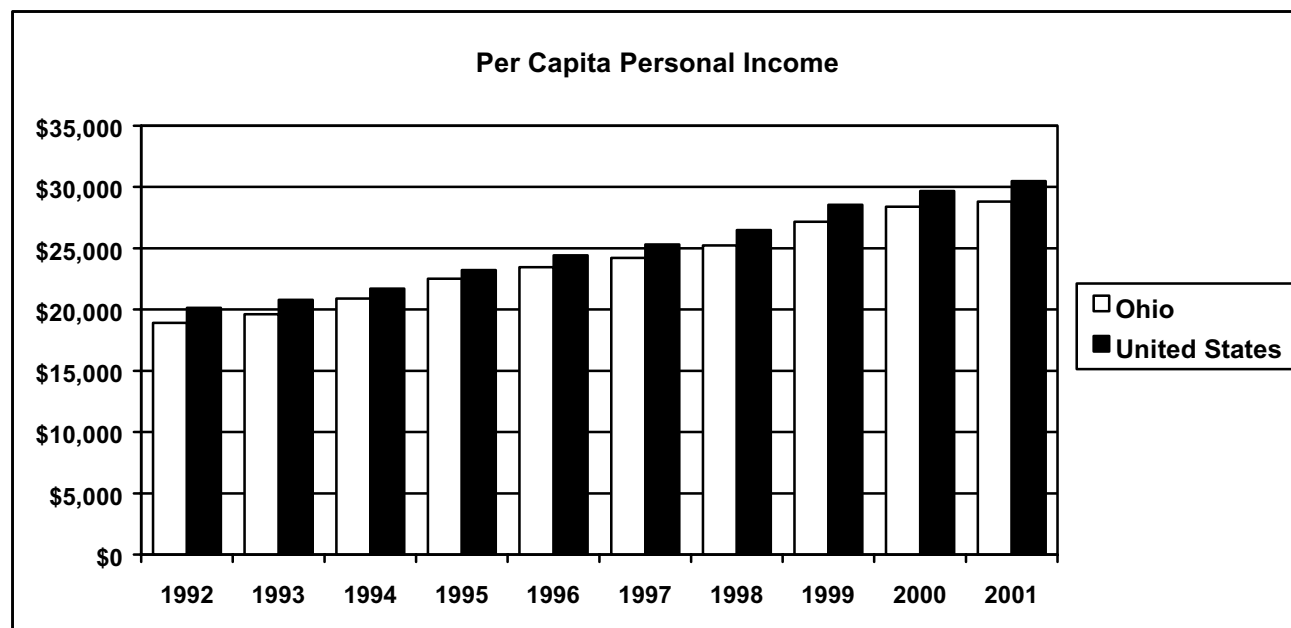
Notes:

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

STATE OF OHIO

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

Calendar Year	Ohio's Total Personal Income (in millions)	Percent Change	Per Capita Personal Income	
			Ohio	United States
2001	\$327,745	1.6%	\$28,816	\$30,472
2000	322,432	5.5%	28,400	29,676
1999	305,643	8.0%	27,152	28,542
1998	282,920	4.5%	25,238	26,482
1997	270,741	3.3%	24,203	25,298
1996	262,077	4.4%	23,457	24,426
1995	251,037	8.3%	22,514	23,208
1994	231,843	6.5%	20,883	21,699
1993	217,693	4.4%	19,627	20,781
1992	208,560	5.9%	18,923	20,131

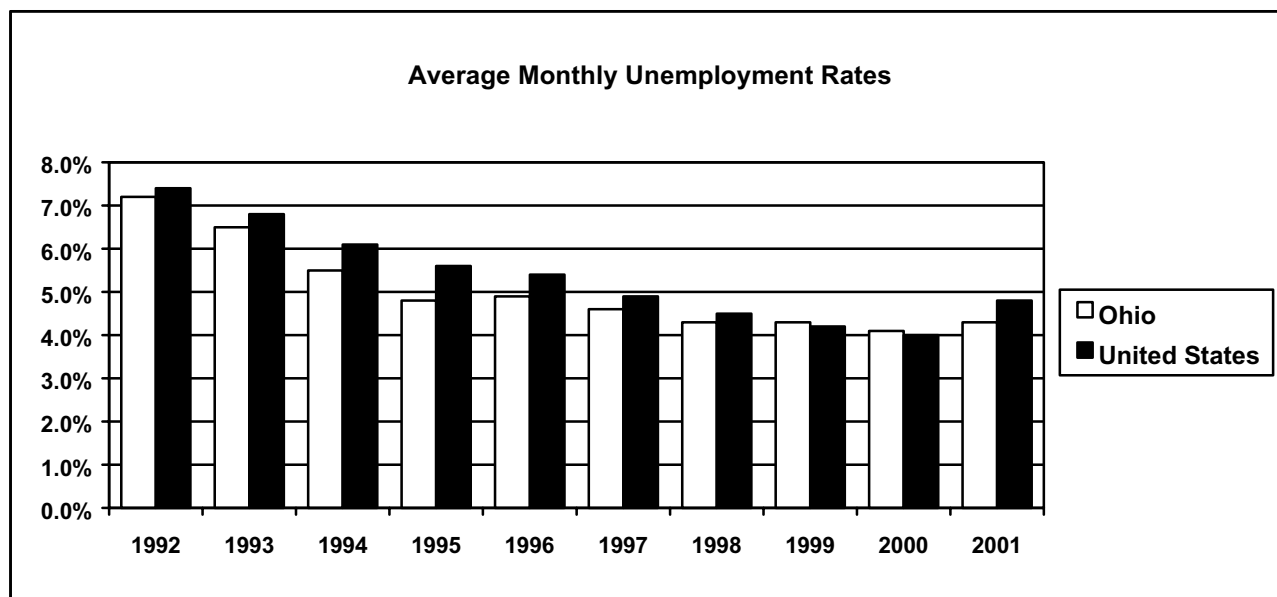


Source: U.S. Department of Commerce, Bureau of Economic Analysis

STATE OF OHIO

AVERAGE MONTHLY UNEMPLOYMENT RATES OHIO COMPARED TO THE UNITED STATES FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Ohio	United States
2001	4.3%	4.8%
2000	4.1%	4.0%
1999	4.3%	4.2%
1998	4.3%	4.5%
1997	4.6%	4.9%
1996	4.9%	5.4%
1995	4.8%	5.6%
1994	5.5%	6.1%
1993	6.5%	6.8%
1992	7.2%	7.4%



Source: Ohio Department of Job and Family Services

STATE OF OHIO**LIST OF MAJOR CORPORATIONS WITH HEADQUARTERS IN OHIO**

AK Steel Holding (Middletown)	Kroger (Cincinnati)
American Electric Power (Columbus)	LTV Corporation (Cleveland)
American Financial Group (Cincinnati)	Limited (Columbus)
Big Lots (Columbus)	NCR (Dayton)
Cardinal Health (Dublin)	National City Corporation (Cleveland)
Cinergy (Cincinnati)	Nationwide Insurance Enterprise (Columbus)
Cooper Tire and Rubber (Findlay)	OfficeMax (Shaker Heights)
Dana Corporation (Toledo)	Owens-Corning Corporation (Toledo)
Eaton Corporation (Cleveland)	Owens-Illinois Incorporated (Toledo)
Federated Department Stores (Cincinnati)	Parker-Hannifin Corporation (Cleveland)
Fifth Third Bancorp (Cincinnati)	Procter & Gamble Company (Cincinnati)
Firstenergy (Akron)	Progressive (Mayfield Village)
Goodyear Tire & Rubber (Akron)	Sherwin-Williams Company (Cleveland)
KeyCorp (Cleveland)	TRW Incorporated (Cleveland)

Source: The Fortune 500 Listing, *Fortune Magazine*, April 15, 2002

Table 10

STATE OF OHIO

CONSTRUCTION CONTRACTS AND RESIDENTIAL BUILDING ACTIVITY FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Construction Contracts (in millions)	Residential Building Activity	
		Permits	Valuation (in thousands)
2001	\$16,260 ^(a)	49,931	\$6,452,250
2000	16,260	49,745	6,153,624
1999	17,100	55,880	6,400,599
1998	15,127	48,034	5,410,012
1997	14,617	46,487	4,795,483
1996	14,021	49,280	5,000,781
1995	12,364	44,812	4,375,036
1994	11,935	47,152	4,799,052
1993	11,037	44,235	4,318,976
1992	10,757	42,610	3,926,554

Sources: Construction Contracts - F. W. Dodge, McGraw-Hill, Inc., New York, NY
Residential Activity - Current Construction Reports, U.S. Bureau of Census

Notes:

(a) Data for 2001 was not available; therefore, construction contracts data from the prior year was used.

Table 11

STATE OF OHIO

ASSESSED AND MARKET VALUE OF TAXABLE REAL PROPERTY FOR THE LAST TEN CALENDAR YEARS (dollars in thousands)

Calendar Year	Assessed Value ^(a)	Market Value
2001	\$173,975,283	\$497,072,237
2000	167,857,658	479,593,309
1999	156,600,957	447,431,306
1998	142,864,247	408,183,563
1997	137,544,846	392,985,274
1996	129,853,309	371,009,454
1995	121,046,340	345,846,686
1994	116,576,831	333,076,660
1993	110,319,626	315,198,931
1992	102,548,627	292,996,077

Source: Ohio Department of Taxation

Notes:

(a) Assessed value is 35 percent of market value.

STATE OF OHIO**MISCELLANEOUS STATISTICS AND DATA****STATE AND LOCAL GOVERNMENT:**

Form of State Government	Executive, Legislative, Judicial
Number of Counties	88
Number of Incorporated Cities and Villages	943
Number of State Agencies, Boards, Commissions, and Elected Offices	111 ^(a)
Number of State Employees	62,233
Number of State Representatives	99
Number of State Senators	33

PARKS AND RECREATION:

Number of State Parks	74
Area of State Parks, Natural and Wildlife Lands	302,982.69 acres
Area of State Forest Lands	185,310.86 acres

EDUCATION:

Number of State-Assisted Higher Education Institutions	38
2001-2002 Student Enrollment at State-Assisted Higher Education Institutions	445,879
Number of Public School Districts	612
Number of Joint Vocational School Districts	49

MISCELLANEOUS:

State of Ohio Population	11,373,541
State Capital	Columbus
Date of Statehood	March 1, 1803
State Motto	With God, All Things are Possible
Total Land Acreage	26.4 million acres
Total Farm Acreage	14.9 million acres
Ohio's Three Largest Metropolitan Areas	Cleveland, Cincinnati, Columbus
Largest Source of Federal Financial Support	U.S. Department of Health and Human Services

Sources: Ohio Department of Natural Resources
State of Ohio Official Statement

Notes:

(a) Limited to those entities that have financial activity recorded on the State of Ohio's Central Accounting System.