

Ohio Office of Budget
and Management

State of Ohio
Bob Taft
Governor



OHIO

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FOR THE FISCAL YEAR
ENDED JUNE 30, 2004

INTRODUCTORY SECTION



December 15, 2004

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, 2004. 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 pages 12 and 13.

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

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 2004, cash management and investment transactions made by the Treasurer of State's Office, in accordance with the Uniform Depository Act, were limited to checking accounts and certificates of deposit with qualified public depositories, U.S. government and agency obligations, commercial paper, repurchase agreements, bankers' acceptances, bonds of foreign nations diplomatically recognized by the United States, and security lending agreements. Legal requirements for the investment of funds maintained in the State's cash and investments pool are discussed in NOTE 4 to the financial statements.

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 the Ohio Med Health and United Healthcare plans and for vehicle liability while it has placed public official fidelity bonding with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. 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

The U.S. economic expansion gained strength from mid-2003 through the third quarter of 2004, and will mark its third anniversary at the end of the year.

Growth in real GDP exceeded expectations in the second half of 2003, and that momentum carried over into 2004. The economy expanded at an annual rate of 3.8 percent during the first three quarters of 2004, close to projections at the start of the year. After declining for almost three years, total employment turned up in September 2003, and increased by 1.78 million during the year ended in September 2004. Even though hiring has been slow, layoffs have subsided and the unemployment rate has declined from 6.1 percent to 5.4 percent. In response to modest gains in employment and hourly wages, personal income increased 4.8 percent during the year ending in the third quarter of 2004. Aided by federal tax cuts but hurt by higher inflation, real disposable personal income increased 1.9 percent.

Leading the economy forward were consumption expenditures and fixed investment. Purchases of services accounted for about half of the increase in consumer spending. Investment in new equipment and software accounted for about two-thirds of the growth in fixed investment, with the remainder coming from investment in residential structures. Exports, business inventory building, and federal defense spending made additional contributions. Despite the more than 20 percent depreciation in the U.S. dollar in 2002 and 2003, the market share of imported goods and services increased significantly during the past year.

Growth would likely have been stronger in 2004 if not for the near doubling in the price of oil since September 2003 to a record high. Higher energy costs subtracted as much as three-quarters of a percentage point from real GDP growth during the first three quarters of 2004, according to the Federal Reserve Board. The future course of the price of oil will play a major role in determining the pace of economic growth in the year ahead.

The Ohio economy is turning the corner. Growth in personal income has increased substantially, from near 1.0 percent at the end of the 2001 recession to 3.2 percent in 2003 and in the first half of 2004. Annual personal income growth was 0.9 percentage points faster in the U.S. than in Ohio during the decade ending in 2003. Most of the difference was due to slower population growth in Ohio. On a per capita basis, personal income growth in Ohio was within one-fifth of a percentage point of the national rate during the last ten years.

Labor markets turned up later in Ohio than on average across the nation. Total employment increased by 17,200, or 0.3 percent, from December 2003 to September 2004. Layoffs slowed markedly, the number of unemployed workers declined marginally, and the unemployment rate is little changed from a year earlier at 6.0 percent.

Exports contribute significantly to growth in the Ohio economy. In 2003, exports of goods from Ohio increased 7.4 percent to \$29.8 billion, making Ohio the nation's sixth largest exporter. Since the end of 2000, exports have grown faster in Ohio than in any other state. In rank order, the top four export markets for Ohio-made goods are Canada (57 percent), Mexico (7 percent), U.K. (4 percent), and Japan (4 percent). Recent and expected declines in the foreign exchange value of the dollar are projected to sustain the favorable exporting environment and add to growth in the Ohio economy.

The outlook is for the price of oil to decrease back to near \$40 per barrel and real GDP growth to average 3.25 percent to 3.50 percent through the end of 2005. Consistent with solid, but not rapid economic growth, the Federal Reserve is expected to continue to raise short-term interest rates in the year ahead. In November 2004, the central bank raised the fed funds rate, an overnight bank lending rate, to 2.0 percent from 1.75 percent, and in mid-December 2004, the Fed raised the rate another .25 percent to 2.25 percent. Rebuilding from the unusually costly hurricane season is expected to add marginally to economic growth in 2005. Corporate profit growth is projected to slow sharply, as higher input costs combine with stable prices to trim margins and unit growth slows.

In this environment, growth in national employment, personal income, and per capita personal income are projected to be 1.7 percent, 4.7 percent, and 4.0 percent, respectively. The experience in Ohio is projected to nearly match the national performance, with employment, personal income, and per capita personal income growing 1.6 percent, 4.4 percent, and 4.0 percent, respectively.

MAJOR INITIATIVES AND PROJECTS

State Operating Budget

In June 2003, the Governor signed Amended Substitute House Bill 95, the biennial budget bill. This budget provided growth in just a few areas of state spending. More than 75 percent of the growth in state share funding went to three primary areas, Medicaid, primary and secondary education, and higher education. The rest of the budget experienced very little growth.

In March 2004 revenue projections for FY 2004 and FY 2005 were revised downward after estimates projected a state revenue shortfall of \$247.1 million in FY 2004 and \$372.7 million in FY 2005. To offset the potential budget deficit, Governor Taft issued an Executive Order mandating a four percent cut to most state agencies for the remainder of the fiscal year. The state's prison, mental health and mental retardation systems received only a one percent cut. Due to the timing of the cuts in the fiscal year, they had an impact of 12 percent and three percent respectively of the remaining appropriations. On July

1, 2004, additional cuts were imposed for FY 2005. The budget reductions totaled \$118.2 million, with most agencies being cut by six percent, and institutional agencies by one percent. Major exemptions to the reductions included debt service, pension payments made by the Treasurer of State, property tax rollback, homestead exemption and tangible personal property tax exemptions as well as the state's primary job-creation programs; basic aid to primary and secondary education; higher education basic aid and student financial aid; the PASSPORT program, which provides in-home care for seniors, and other selected programs.

Since 2001, the state has reduced spending from appropriated levels by nearly \$1.3 billion, reduced the workforce by more than 3,500 employees, closed or is in the process of closing six institutions, and reduced or eliminated many government services. Agencies have been asked to cut costs through reductions in payroll, greater reliance on non-GRF state funds and federal funds, and the elimination of programs. More than one half of the agencies funded by the General Revenue Fund have fiscal year 2005 appropriations that are below actual fiscal year 2000 spending.

Primary and Secondary Education

In the past several years, the State of Ohio has made significant investments to improve student outcomes. The success of these efforts has come through the collaboration and cooperation of parents, educators, community leaders, and policy makers. Ohio continues to build on this success with a number of strategic investments in student success and accountability and in initiatives to improve teacher quality. In January, Ohio received an "A" rating for standards and accountability, and a "B" for efforts to improve teacher quality from *Education Week*.

In March, Governor Taft signed Senate Bill 2, implementing the recommendations from the Governor's Commission on Teaching Success. Convened by the Governor in November 2001, the Commission is an outgrowth of the Governor's Commission for Student Success. The teaching success legislation provides all students with high-quality teachers who have the competencies, motivation, and the support and incentives they need to help students succeed. The bill creates a mechanism for aligning standards for what students should know and be able to do with standards for what teachers should know and be able to do at all stages of their career.

Governor's Blue Ribbon Task Force on Financing Student Success

In order to continue to improve how Ohio funds its primary and secondary schools, the Governor is asking leaders from education and business, policymakers, teachers and parents to come together and adopt a shared vision for school funding. The

Governor's Blue Ribbon Task Force on Financing Student Success will recommend a new funding methodology for public primary and secondary schools — one that provides predictable and stable funding for school districts, allocates resources with a view toward helping every child achieve academic success, is affordable within the context of the state's economy, and ensures that resources are spent efficiently and appropriately. Recommendations from the Task Force are expected in December 2004.

Ohio Supreme Court Case Update

In May 2003, the Ohio Supreme Court ruled that there was no continuing jurisdiction by the courts in the DeRolph vs. Ohio school funding court case. The ruling concluded that the duty to remedy the educational system lies with the General Assembly.

School Building Assistance

Governor Taft, through the Rebuild Ohio Plan, has proposed spending over \$10.2 billion in state funding, matched by \$12.9 billion 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, charged with providing funding to public school districts and overseeing the construction and renovation of school facilities, spends approximately \$2 million daily on new school construction and repair. Since the inception of the Commission in May 1997, \$3.4 billion has been spent on school construction including 253 newly built or renovated open buildings and 75 districts with full facility projects completed.

Governor's Commission on Higher Education and the Economy

In his 2003 Inaugural Address, Governor Taft called for the creation of the Governor's Commission on Higher Education and the Economy (CHEE). The Commission was charged with recommending ways to maximize public investment in higher education and ensuring that the needs of students, parents, and the business community are being met. The Commission evaluated the structure, organization, location, and governance of Ohio's higher education institutions and evaluated state expenditures on higher education. The CHEE completed its work in 2004 and provided the state with a vision and goal for higher education and recommendations for attaining those goals. A summary of the recommendations is as follows:

- **Energize business leadership** - In recognition of higher education's positive impact on the economy, the Commission recommended the creation of a private sector-led Ohio Business Alliance to serve as a cata-

lyst, mediator and advocate for an enhanced and more strategic role for Ohio's colleges and universities as contributors to the state's economic growth.

- **Provide more Ohioans with the knowledge and skills to succeed** - Given the correlation between individual educational attainment and economic prosperity, CHEE members set a goal to significantly increase Ohio's undergraduate and graduate (particularly in the areas of math and science) enrollments by 180,000 by 2005 through efforts to heighten awareness, student aspirations, preparation and to reduce financial barriers to higher education.
- **Strengthen higher education's research base** - CHEE recognized the need to support Ohio's knowledge economy by strengthening higher education's research capacity. This can be achieved by attracting and retaining preeminent researchers, enhancing research capacity to drive economic growth and job creation, and transferring research into technology-driven products and services in the marketplace.
- **Strengthen accountability** - CHEE recommended a "compact" among higher education, the business community and state government to ensure a responsive, high-performing, and efficient higher education system that provides a significant return on the state's investment through increased college participation and the expansion of research and commercialization.

Jobs Cabinet

In his 2004 State of the State Address, Governor Bob Taft appointed a Jobs Cabinet. The Jobs Cabinet will work to help those who have lost jobs, enable companies to find the skilled workers they need to succeed, and cut red tape through regulatory reform. The Jobs Cabinet is focusing on the following:

- Building inter-agency strategies for bringing more employers and jobs to Ohio and keeping the jobs already here;
- Coordinating multi-agency efforts to help dislocated workers receive training and find new jobs;
- Developing and overseeing the implementation of an action plan for streamlining business permits and other regulatory reform;
- Building on the success of the Ohio Business Gateway by bringing more business services on-line;
- Coordinating state marketing efforts, including coordination with a new non-profit corporation created to promote and market Ohio's economic assets; and

- Assisting with Ohio's response to federal regulatory mandates that have the potential to impact business development in Ohio.

Jobs and Progress Plan

Ohio continues to make progress on the Jobs and Progress Plan, Ohio's largest transportation initiative since the original creation the interstate highway system. The basis for the majority of the funding for the plan is provided in the fiscal year 2004-2005 biennial transportation budget, an increase in the motor fuel tax by two cents per gallon per year for the next three years. Major components of Jobs and Progress Plan include: creating a \$5 billion, 10-year Ohio construction program to address the state's most pressing needs; addressing high-congestion, high-crash locations on freeways; improving state bridges and pavement conditions; and connecting all parts of Ohio by completing rural routes. The Plan will generate more than 4,000 highway construction jobs, ease freeway congestion, improve road safety and connect rural regions.

Jobs Bill

In June 2004, Governor Taft signed the Jobs Bill into law. The Jobs Bill will make Ohio more competitive by providing important new economic development tools for Ohio businesses. The bill provides for the investment of \$10 million in Third Frontier operating funding that will be available through competitive awards to existing Wright Centers of Innovation in Data Management, Fuel Cells and Power and Propulsion and other smaller technology innovation projects. The legislation expands the Ohio Enterprise Zone Program from 10 to 15 years to compete with neighboring states that already have extended zones and to help attract major projects that often have longer payback periods. The state's commitment to the Ohio Investment in Training Program, which provides worker training assistance to companies seeking to expand or locate economic development programs in Ohio, will be doubled. Finally, the bill creates the Ohio Workforce Guarantee Program, which will recruit, screen, and train workers for companies creating 100 or more good jobs in Ohio.

Third Frontier

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 \$1.1 billion investment program currently has four components that are under way:

- The Third Frontier Action Fund will provide grants to encourage the commercialization of new technologies and to foster a climate of entrepreneurship within Ohio;

- The Biomedical Research and Technology Transfer Program will focus on large collaborative projects intended to improve the health of Ohioans as well as to increase job and business opportunities;
- The Wright Brothers Capital Program will build Wright Centers of Innovation which will pair world-class research with commercialization designed to maximize the economic impact of the research investment; and
- The Innovation Ohio Fund, a \$100 million revolving loan fund, will help existing Ohio companies, as well as new companies, invest in capital assets for the purpose of developing new "next generation" commercial products.

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, 2003. This was the 14th consecutive year that the State has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current 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 2004 *Ohio Comprehensive Annual Financial Report*, fiscal year 2004 *Ohio Budgetary Financial Report*, and other State-related financial data and information on the Internet at <http://www.obm.ohio.gov>.

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

STATE OF OHIO OFFICIALS

EXECUTIVE

Bob Taft
Governor

Jennette Bradley
Lieutenant Governor

Jim Petro
Attorney General

Betty Montgomery
Auditor of State

Joseph T. Deters
Treasurer of State

J. Kenneth Blackwell
Secretary of State

LEGISLATIVE

Doug White
President of the Senate

Larry Householder
Speaker of the House

JUDICIAL

Thomas J. Moyer
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

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

PRIMARY GOVERNMENT (Continued)

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

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

RELATED ORGANIZATIONS

Great Lakes Protection Fund Local Community Colleges Technical Colleges	Higher Education Facility Commission Ohio Legal Assistance Foundation Ohio Turnpike Commission Petroleum Underground Storage Tank Release Compensation Board
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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, 2003

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.



Nancy L. Zjelke

President

Jeffrey R. Emen

Executive Director