Ohio Office of Budget and Management

State of Ohio

Ted Strickland

Governor

OHIO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2009

INTRODUCTORY SECTION

OBM

Ted Strickland
Governor

J. Pari Sabety
Director

April 30, 2010

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

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

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

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

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

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

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

INDEPENDENT AUDIT RESULTS

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

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

PROFILE OF THE GOVERNMENT

History

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

Governmental Structure

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

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

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

Reporting Entity and Its Services

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

The State provides a wide range of services and support to its citizenry that are accounted for in the following functions or programs: primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, community and economic development, workers' compensation, lottery, unemployment compensation, tuition credits, liquor control, and other business-type activities.

Retirement Systems

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

Risk Management

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

Budgetary Control and Accounting System

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

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

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

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

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

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

ECONOMIC OVERVIEW AND OUTLOOK

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

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

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

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

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

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

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

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

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

The 2007-09 recession was precipitated by years of speculation in housing and risk-taking in financial markets that were facilitated by what many consider to be excessively low interest rates in the early and mid-2000s. The sharp rise in the price of oil starting in 2007, the rise in mortgage loan delinquencies and the subsequent failure or near failure of major financial institutions created a panic in September 2008 that caused households and businesses to curtail spending significantly.

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

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

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

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

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

The pace of U.S. economic growth during the next several years is anticipated to fall well short of the postwar 3.25 percent rate during 1947-2009 for several reasons:

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

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

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

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

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

Threats to the economic outlook include:

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

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

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

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

Continued Implementation of Comprehensive Tax Reform

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

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

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

State Operating Budget

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

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

Improved Financial Management

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

Increased Transparency

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

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

Accountability and Performance

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

Improved Financial Systems Management

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

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

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

Cash Management

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

Investment in Strategic Priorities

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

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

Continuation of Expanded Property Tax Relief

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

Investment in Primary and Secondary Education

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

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

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

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

Increased Investment in Higher Education

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

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

- Request all University System of Ohio institutions to limit tuition increases to 3.5 percent in fiscal year 2010 and fiscal year 2011. By the end of fiscal year 2011, Ohio will have held tuition growth to the lowest rate for a four-year period since before 1970. Ohio has improved its standing in the national tuition price rankings moving from 12th to 14th with respect to the highest tuition rates for public, four-year universities, and from 16th to 20th highest tuition for community college students.
- Modify the SSI formula to align state funding with higher education policy goals for university main campuses, university regional campuses, and community and technical college campuses.
- Incorporate funding stability into the model by providing each institution with its final fiscal year 2009 Access Challenge allocation and with a stop-loss calculation that protects campuses from sudden and dramatic losses in state funding as a result of the new calculations.
- Protect Ohio's ongoing investments in agricultural research at the Ohio Agricultural Research and Development Center and the State's commitment to outreach and education through the Ohio Cooperative Extension Service.
- Complete transition of adult post-secondary education programs from the Department of Education to the Board of Regents. This process began in H.B. 119 in an effort to increase and improve coordination of programs and develop seamless pathways to higher education and job readiness.
- Transfer authority of the Ohio Tuition Trust (which houses Ohio's college savings plans) to the Chancellor of the Board of Regents in an effort to better align higher education policy and meet the goals of the *Strategic Plan for Higher Education 2008 to 2017*.

Continuation of Expanded Medicaid Coverage

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

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

ACKNOWLEDGEMENTS

In conclusion, I wish to express my appreciation to the staffs of the various state agencies whose time and dedicated efforts made this report possible. I encourage you to access Ohio's *Comprehensive Annual Financial Report* at http://www.obm.ohio.gov.

Respectfully submitted,

J. Pari Sabety
Director

STATE OF OHIO OFFICIALS

As of June 30, 2009

EXECUTIVE

Ted Strickland
Governor

Lee Fisher
Lieutenant Governor

Richard Cordray
Attorney General

Mary Taylor, CPA
Auditor of State

Kevin Boyce
Treasurer of State

Jennifer Brunner
Secretary of State

LEGISLATIVE

Bill Harris
President of the Senate

Armond Budish
Speaker of the House

JUDICIAL

Thomas J. Moyer
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT

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

PRIMARY GOVERNMENT (Continued)

General Government:
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

Community and Economic Development:
Department of Agriculture
Department of Development
Expositions Commission
Public Works Commission
Southern Ohio Agricultural & Community Development Foundation

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

COMPONENT UNITS

Blended Component Units:
Ohio Building Authority (included in Governmental and Business-Type Activities)
State Highway Patrol Retirement System (included as Fiduciary Activities)
Buckeye Tobacco Settlement Financing Authority (included as Governmental Activities)

Discretely Presented Component Units:
Financing Authorities:
Ohio Air Quality Development Authority
Ohio Water Development Authority
Ohio Capital Fund

Commissions:
Cultural Facilities Commission
School Facilities Commission
eTech Ohio Commission

Discretely Presented Component Units (continued):
State Universities:
Bowling Green State University
Cleveland State University
Miami University
Ohio University
University of Akron
University of Toledo
Youngstown State University
Central State University
Kent State University
Ohio State University
Shawnee State University
University of Cincinnati
Wright State University

State Community Colleges:
Cincinnati State
Columbus State
Northwest State
Southern State
Washington State
Clark State
Edison State
Owens State
Terra State

JOINT VENTURES
Great Lakes Protection Fund
Local Community Colleges
Technical Colleges

RELATED ORGANIZATIONS
Higher Education Facility Commission
Ohio Housing Finance Agency
Ohio Legal Assistance Foundation
Ohio Turnpike Commission
Petroleum Underground Storage Tank Release Compensation Board

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