

**Ohio Office of Budget
and Management**

State of Ohio
George V. Voinovich
Governor



OHIO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 1997

ACKNOWLEDGMENTS

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TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	Click
Graphic Presentation of Revenues and Expenditures for All General Governmental Fund Types.....	Click
Certificate of Achievement	Click
State of Ohio Officials.....	Click
State of Ohio Organization Chart.....	Click

FINANCIAL SECTION

Independent Auditors' Report.....	Click
General Purpose Financial Statements	Click
Combined Balance Sheet —	
All Fund Types, Account Groups and Discretely Presented Component Units.....	Click
Combined Statement of Revenues, Expenditures and Changes in Fund Balances —	
All Governmental Fund Types and Expendable Trust Funds	Click
Combined Statement of Revenues, Expenditures and Changes in Fund Balances —	
Budget and Actual (Non-GAAP Budgetary Basis) — General, Special Revenue and	
Debt Service Funds.....	Click
Combined Statement of Revenues, Expenses and Changes in Retained Earnings —	
All Proprietary Fund Types and Discretely Presented Component Unit.....	Click
Combined Statement of Cash Flows —	
All Proprietary Fund Types and Discretely Presented Component Unit.....	Click
Statement of Changes in Plan Net Assets — Pension Trust Fund.....	Click
Statement of Changes in Fund Balance —	
Discretely Presented Component Units — College and University Funds.....	Click
Statement of Current Funds Revenues, Expenditures and Other Changes —	
Discretely Presented Component Units — College and University Funds.....	Click
Notes to the Financial Statements.....	Click
Combining Financial Statements and Schedules	Click
Special Revenue Funds:	
Special Revenue Funds Descriptions.....	Click
Combining Balance Sheet.....	Click
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	Click
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances —	
Budget and Actual (Non-GAAP Budgetary Basis).....	Click
Debt Service Funds:	
Debt Service Funds Descriptions.....	Click
Combining Balance Sheet.....	Click
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	Click
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances —	
Budget and Actual (Non-GAAP Budgetary Basis).....	Click

Capital Projects Funds:	Page
Capital Projects Funds Descriptions	Click
Combining Balance Sheet.....	Click
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	Click
Enterprise Funds:	
Enterprise Funds Descriptions.....	Click
Combining Balance Sheet.....	Click
Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	Click
Combining Statement of Cash Flows.....	Click
Internal Service Funds:	
Internal Service Funds Descriptions.....	Click
Combining Balance Sheet.....	Click
Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	Click
Combining Statement of Cash Flows.....	Click
Trust and Agency Funds:	
Trust and Agency Funds Descriptions	Click
Combining Balance Sheet.....	Click
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	Click
Statement of Plan Net Assets — State Highway Patrol Retirement System.....	Click
Combining Statement of Changes in Assets and Liabilities	Click
General Fixed Assets Account Group:	
General Fixed Assets Account Group Description.....	Click
Schedule of Changes in General Fixed Assets by Source.....	Click
Schedule of Changes in General Fixed Assets by Function.....	Click
Schedule of General Fixed Assets by Function.....	Click
Discretely Presented Component Unit Funds:	
Discretely Presented Component Unit Funds Descriptions.....	Click
Combining Balance Sheet.....	Click
Combining Statement of Changes in Fund Balances — College and University Funds.....	Click
Combining Statement of Current Funds Revenues, Expenditures and Other Changes — College and University Funds.....	Click

STATISTICAL SECTION

Table 1 — Revenue by Source — All General Governmental Fund Types.....	Click
Table 2 — Expenditures by Function — All General Governmental Fund Types.....	Click
Table 3 — Condensed Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund.....	Click
Table 4 — Percent of Annual Debt Service for General and Special Bonded Debt to Total All General Governmental Fund Types Revenues and Expenditures.....	Click
Table 5 — Net General and Special Bonded Debt per Capita.....	Click
Table 6 — Schedule of Revenue Bond Coverage.....	Click
Table 7 — Personal Income — Ohio Compared to the United States.....	Click
Table 8 — Personal Income by Industry	Click
Table 9 — Population by Age Group — Ohio Compared to the United States.....	Click
Table 10 — Average Monthly Unemployment Rates — Ohio Compared to the United States.....	Click
Table 11 — List of Major Corporations with Headquarters in Ohio	Click
Table 12 — Retail Sales	Click
Table 13 — Construction Contracts and Residential Building Activity.....	Click
Table 14 — Assessed and Market Value of Taxable Real Property	Click
Table 15 — Miscellaneous Statistics and Data	Click

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INTRODUCTORY SECTION



State of Ohio – Office of Budget and Management
30 East Broad Street – Columbus, Ohio 43266-0411

November 21, 1997

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, 1997. The report is prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

This report was prepared by the Ohio Office of Budget and Management pursuant to Section 126.21 of the Ohio Revised Code, which requires that an official financial report of the State be issued annually. The report includes General Purpose Financial Statements, which provide an overview of the State's financial position and the results of financial operations by fund type.

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 various funds and account groups 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 General Purpose Financial Statements include all funds and account groups 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 General Purpose Financial Statements, combining financial statements, supporting schedules, and fund descriptions; and a statistical section that presents financial, economic, and demographic data for Ohio.

FINANCIAL PRESENTATION

The data in the financial statements are presented in accordance with a fund classification system prescribed by the GASB. The purpose of this system is to improve the comparability of the financial reports of different governmental units. Funds reported for the State's primary government and its component units are classified into four categories: governmental, proprietary, fiduciary, and college and university. Each category reported for the primary government is divided into the following "fund types."

Governmental fund types are those through which State functions are financed. Governmental fund types include the General, special revenue, debt service, and capital projects funds.

Proprietary fund types account for activities that are commercial in nature — similar to those often found in the private sector. Proprietary fund types include the enterprise and internal service funds.

Fiduciary fund types include trust funds, which account for assets held by the primary government in a trustee capacity, and agency funds, which account for assets held by the primary government as an agent for individuals, private organizations, other governments, and/or other funds.

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. 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. Furthermore, the majority of budgetary expenditures reported in the General Revenue Fund for the support of higher education have been reclassified on a GAAP basis to “operating transfers to component units,” as required by the reporting requirements of GASB Statement No. 14.

INDEPENDENT AUDIT RESULTS

The General Purpose Financial Statements have been audited by the Office of the Auditor of State, Jim Petro. The outcome of the audit conducted by the Auditor of State, in accordance with generally accepted auditing standards, was an unqualified auditors’ report. Such an 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.

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 accounting controls are 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 controls.

The State’s Central Accounting System (CAS) achieves budgetary control over the various accounts of the State’s funds. Ohio’s bicameral legislature, the General Assembly, authorizes expenditures by appropriating funds in biennial and supplemental appropriation acts. The Office of Budget and Management uses CAS to control subsequent departmental obligation and expenditure activity to ensure that 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.

The State’s GAAP financial statements for the governmental, expendable trust, and agency funds have been prepared on a modified accrual basis of accounting. This means that revenues are recognized when measurable and available; expenditures are recognized when goods or services are received or liabilities are incurred. The proprietary and pension trust funds are accounted for on the accrual basis of accounting. This means that revenues are recognized when earned and expenses are recognized when incurred. 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 1997, 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.

For fiscal year 1997, investment earnings on the State’s cash and investments pool managed by the Treasurer of State, including the portion dedicated to the Ohio Lottery Commission, totaled approximately \$556.0 million compared with \$466.1 million (as restated) in fiscal year 1996, a 19.3 percent increase. This increase is due to greater cash resources available for investment during fiscal year 1997.

Quarterly, the Office of Budget and Management allocates the interest income earned on the undedicated portion of 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.

GENERAL GOVERNMENTAL FUNCTIONS

The following schedule presents a summary of revenues, recorded on the modified accrual basis, for the governmental fund types (General, special revenue, debt service, and capital projects funds) for the fiscal year ended June 30, 1997, and the amount and percentage increases and decreases in relation to prior-year’s revenues (in thousands).

Revenues	FY 1997 Amount	Percent of Total	Increase (Decrease) from FY 1996	Percentage Increase/(Decrease) from FY 1996
<i>Income Taxes</i>	\$ 5,879,016	22.9%	\$ (11,571)	(0.2)%
<i>Sales Taxes</i>	5,262,460	20.5	259,436	5.2
<i>Corporate and Public Utility Taxes</i>	1,897,439	7.4	66,139	3.6
<i>Motor Vehicle Fuel Taxes</i>	1,351,476	5.2	19,182	1.4
<i>Other Taxes</i>	872,869	3.3	30,181	3.6
<i>Licenses, Permits and Fees</i>	849,279	3.3	43,674	5.4
<i>Sales, Services and Charges</i>	79,051	.3	(27,466)	(25.8)
<i>Federal Government</i>	8,454,831	32.9	18,940	.2
<i>Other (including Investment Income)</i>	1,079,581	4.2	425,124	65.0
<i>Total</i>	<u>\$25,726,002</u>	<u>100.0%</u>	<u>\$823,639</u>	<u>3.3</u>

Significant increases and decreases reported for the State’s *major* revenue sources are explained as follows:

- Sales tax revenues rose more than \$259.4 million or 5.2 percent because of increases in consumer spending and growth in Ohio’s retail sales.
- The \$27.5 million or 25.8 percent decrease in sales, services and charges results primarily from the reclassification of revenues reported for the Auditor of State’s Office from the General Fund in fiscal year 1996 to the Enterprise Fund in 1997.
- Other revenue increased significantly by \$425.1 million or 65 percent. The increase primarily resulted from increased collections of hospital assessments, which fund, in part, the Ohio Department of Human Services’ Hospital Care Assurance Program, and the implementation of

GASB Statement No. 28 *Accounting and Financial Reporting for Securities Lending Transactions*. Specifically, the hospital assessments, which along with federal moneys provide financial relief to Ohio hospitals for the delivery of uncompensated services, increased by \$224.6 million, and investment income was adjusted upward by \$169.7 million for the recognition of earnings from securities lending transactions.

Expenditures for governmental fund types, presented on the modified accrual basis, for the fiscal year ended June 30, 1997, and the amount and percentage increases and decreases in relation to prior-year's expenditures are shown below for the functions of general government (in thousands).

Expenditures	FY 1997 Amount	Percent of Total	Increase (Decrease) from FY 1996	Percentage Increase/(Decrease) from FY 1996
Current:				
Primary, Secondary and Other Education ...	\$ 5,449,086	21.2%	\$ 197,281	3.8%
Higher Education Support	422,482	1.6	(991)	(0.2)
Public Assistance and Medicaid.....	8,367,021	32.5	430,443	5.4
Health and Human Services.....	2,328,762	9.1	(4,821)	(0.2)
Justice and Public Protection	1,761,521	6.9	173,495	10.9
Environmental Protection and Natural Resources.....	299,607	1.2	12,620	4.4
Transportation.....	1,465,258	5.7	146,138	11.1
General Government.....	528,592	2.1	156,596	42.1
Community and Economic Development....	344,950	1.3	21,673	6.7
Intergovernmental.....	2,570,501	10.0	103,364	4.2
Capital Outlay.....	1,138,286	4.4	253,830	28.7
Debt Service.....	1,033,948	4.0	124,814	13.7
Total.....	<u>\$25,710,014</u>	<u>100.0%</u>	<u>\$1,614,442</u>	<u>6.7</u>

Significant increases and decreases for the State's *major* expenditure categories are explained as follows:

- Public assistance and Medicaid expenditures increased by \$430.4 million or 5.4 percent. The increase primarily resulted from spending increases for the Hospital Care Assurance Program, which is described above.
- Increased spending for operations at the Department of Rehabilitation and Correction and the Department of Youth Services accounts for most of the \$173.5 million or 10.9 percent increase in justice and public protection expenditures.
- Transportation expenditures during fiscal year 1997 were higher by \$146.1 million or 11.1 percent over last year's due to more spending on highway projects.
- General government expenditures rose by \$156.6 million or 42.1 percent. The increase primarily resulted from the implementation of GASB Statement No. 28 when borrower rebates and agent fees from securities lending transactions were recognized as expenditures for the first time.
- Capital outlay expenditures grew by \$253.8 million or 28.7 percent primarily because of increased spending for the SchoolNet Plus Program, which provides state funding to facilitate the installation and use of networking technology in Ohio's public schools. Also, the Higher Education Improvements and Highway Safety Building Improvements capital projects funds experienced higher spending in fiscal year 1997.
- Debt service expenditures grew \$124.8 million or 13.7 percent primarily because of higher principal and interest payment requirements during 1997 on bonds issued by the Ohio Public Facilities Commission and Ohio Building Authority.

An additional analysis of revenues and expenditures for all governmental funds reported for fiscal year 1997 is shown in the graphic presentation that follows this letter.

GENERAL FUND

Many State programs are accounted for in the General Fund, which reported the following (in thousands):

	<i>Balance as of June 30, 1997</i>	<i>Increase (Decrease) from FY 1996</i>	<i>Percentage Increase/(Decrease) from FY 1996</i>
<i>Unreserved/Undesignated Fund Balance.....</i>	\$ 195,450	\$(105,583)	(35.1)%
<i>Total Fund Balance.....</i>	2,320,267	140,061	6.4
<i>Total Revenues.....</i>	17,014,438	331,705	2.0
<i>Total Expenditures.....</i>	14,744,909	673,115	4.8

The 6.4 percent increase in the General Fund's total fund balance primarily resulted from lower-than-budgeted spending and higher-than-expected revenue. The General Fund's unreserved/undesignated fund balance decreased by 35.1 percent due mainly to increased year-end reserves and designations. As of June 30, 1997, the State's primary government designated \$685.9 million for the purposes described in NOTE 20 and reserved close to \$1.44 billion in fund balance for a total designated and reserved fund balance of \$2.12 billion for the General Fund. This is compared to a total designated and reserved fund balance of approximately \$1.88 billion, as of June 30, 1996.

PROPRIETARY AND FIDUCIARY FUNDS

The State's enterprise funds reported retained earnings of \$5.19 billion, as of June 30, 1997, as compared to \$3.52 billion in retained earnings (as restated), as of June 30, 1996. These results were caused primarily by the Workers' Compensation Enterprise Fund, which reported a retained earnings balance of \$4.90 billion, as of June 30, 1997, as compared to a \$3.26 billion retained earnings balance (as restated), as of June 30, 1996, a 50.1 percent improvement. Operating revenues for the enterprise funds increased to \$7.23 billion in fiscal year 1997 from \$6.33 billion (as restated) in fiscal year 1996; operating expenses increased to \$4.76 billion in fiscal year 1997 from \$3.90 billion (as restated) in fiscal year 1996. The improvement was primarily due to the Workers' Compensation Enterprise Fund's early implementation in fiscal year 1997 of Governmental Accounting Standards Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the effect of which increased investment income by \$2.0 billion for the net appreciation in the fair value of investments.

The State's internal service funds reported retained earnings of approximately \$115.9 million, as of June 30, 1997, as compared to \$115.3 million, as of June 30, 1996, a .5 percent increase. Operating revenues for the internal service funds decreased to \$288.4 million in fiscal year 1997 from \$297.9 million in fiscal year 1996 while operating expenses increased to \$293.8 million in fiscal year 1997 from \$285.8 million in fiscal year 1996.

The fund balance of the expendable trust funds grew approximately 8.1 percent to \$2.27 billion, as of June 30, 1997, from \$2.10 billion, as of June 30, 1996. Revenues for the expendable trust funds dropped to \$970.9 million in fiscal year 1997 from \$1.13 billion in fiscal year 1996; expenditures decreased to \$801.5 million in fiscal year 1997 from \$806.0 million in fiscal year 1996.

The fund balance of the pension trust fund was approximately \$512.1 million, as of June 30, 1997, as compared to \$447.7 million, as of June 30, 1996, a 14.4 percent increase. Total additions to plan net assets for the pension trust fund decreased to \$83.6 million in fiscal year 1997 from \$103.4 million in fiscal year 1996, while total deductions to plan net assets increased to \$19.2 million in fiscal year 1997 from \$17.7 million in fiscal year 1996.

DEBT ADMINISTRATION

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

Moody's rates the obligations supported by the General Revenue Fund that are issued by the Ohio Building Authority and the Ohio Public Facilities Commission as Aa3. S&P and Fitch generally rate unenhanced debt of the two state authorities as AA-.

As of June 30, 1997, the State's primary government reported a total of \$7.5 billion in outstanding liabilities in its General Long-Term Obligations Account Group as follows (in thousands):

<i>Type of Obligation</i>	<i>Outstanding Balance</i>	<i>Percentage Increase/(Decrease) Since June 30, 1996</i>
<i>General Obligation Bonds</i>	\$1,598,596	22.5%
<i>Revenue Bonds and Notes.....</i>	171,595	154.3
<i>Special Obligation Bonds</i>	4,664,837	4.9
<i>Certificates of Participation.....</i>	26,630	(4.5)
<i>Other General Long-Term Obligations</i>	1,010,267	(1.7)
<i>Total.....</i>	<u>\$7,471,925</u>	8.7

For the proprietary funds, Ohio's primary government also reported \$242.3 million (net of unamortized discounts of approximately \$3.6 million) in revenue bonds, as of June 30, 1997.

RETIREMENT SYSTEMS

State employees may be eligible to participate in the Public Employees Retirement System, the State Teachers Retirement System, or the State Highway Patrol Retirement System. Further information on the State's participation in the 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 retains risks for claims arising from the State's traditional health care plan (OhioMed Health Plan), vehicle liability, public fidelity blanket bonds, property losses, and tort liability. Also, the State's primary government participates in a public entity risk pool, which is accounted for in the Bureau of Workers' Compensation Enterprise Fund, for the financing of its workers' compensation liability.

ECONOMIC OVERVIEW AND OUTLOOK

The U.S. economy continues to grow at a moderate and steady pace with low inflation. The recovery that began in the Spring of 1991 is soon approaching the seven-year mark, well in excess of the post-war average expansion of four years. The risk of a downturn in the economy increases as the expansion becomes more mature. Furthermore, the turmoil in the Asian currency markets and the volatility of the U.S. financial markets could undermine consumer euphoria, which could lead to a slowdown in economic growth.

The consensus forecast for the fiscal year 1998 and fiscal year 1999 budget cycle calls for economic growth to continue at the long-term trend rate of 2.0 to 2.5 percent. The picture emerging from the most recent reports reveals an economy that is likely to grow more rapidly in 1997 and then retreat in 1998 and 1999. The incoming data show continued growth near 3.0 percent during the third quarter of 1997, slightly below the second quarter pace of 3.3 percent. The second half of 1997 is likely to experience slower growth than the first half, but the year as a whole will average a fairly robust 3.0 percent growth.

Inflation has remained low despite strong economic growth and a low unemployment rate. The combination of strong growth and low inflation is unusual. Historically, strong economic growth leads to higher inflation which leads to higher interest rates. The moderation of inflation in recent years was, in large part, due to the slowdown in the growth of fringe benefit costs. Wage gains are the main concern, but so far the employment cost index has not been robust enough to cause an increase in general inflation. In addition, the low inflation rate in the U.S. may be attributed to the weak economies of foreign countries which engage in trade with the U.S. In the new global economy of the 90's, inflation may be determined by world economic growth, instead of U.S. growth. The consensus view expects inflation to remain under control during the forecast period, with the Consumer Price Index increasing in the range of 2.5 to 3.0 percent per year, as the economy grows moderately.

Ohio's revenue picture remains in line with the current budget forecast of moderate economic growth and low inflation. The outlook for the General Fund remains stable and on target, with receipts slightly higher than

estimates and spending slightly lower than estimates, after adjusting for timing factors. Furthermore, Ohio's Budget Stabilization Fund or "Rainy Day" Fund, a budgetary fund reported as part of the General Fund, remains intact with a current fund balance of \$862.7 million.

MAJOR INITIATIVES AND PROJECTS

School Funding Reform

As discussed in NOTE 23A., the State has been involved in litigation, similar to that in other states, questioning the constitutionality of Ohio's system of school funding. The Ohio Supreme Court concluded in a decision released March 24, 1997 that major aspects of the system (including basic operating assistance and state loans) are unconstitutional. It ordered the State to provide for and fund sufficiently a system complying with the Ohio Constitution, staying its order for a year to permit time for responsive corrective actions by the Ohio General Assembly. The State's management is working with the General Assembly to devise an acceptable funding formula for Ohio schools.

Tax Policy Changes

The State has made significant changes in tax policy that will begin to take effect in tax year 1997. The personal income tax is being reduced through increases in the personal exemption. The exemption for a taxpayer and spouse will increase from \$750 in 1996 to \$850 in 1997 and \$950 in 1998. The exemption for dependents will increase from \$850 in 1996 to \$1,050 in 1997. These changes, combined with further reductions in taxes through an increase in the dependent care credit, will result in savings to Ohio income taxpayers of about \$200 million.

Additionally, the income tax is being further reduced by the introduction of an Income Tax Reduction Fund. This fund was first established in June 1996 and was used to refund Ohio income taxpayers \$400 million in tax year 1996 by way of a 6.61 percent reduction of the income tax rate that was the result of better economic performance and reduced spending due to good fiscal management during the previous fiscal year. In the new 1998-1999 budget, House Bill 215, the Governor proposed and the legislature approved the permanent establishment of the Income Tax Reduction Fund. This will allow for the *possibility* of future income tax rate reductions due to budgetary surpluses less certain set-asides. The tax year 1997 reduction, based on the ending surplus of fiscal year 1997, will be 3.99 percent, which amounts to a savings of \$262.9 million to income taxpayers.

The 1998-1999 budget bill also incorporates changes to the Corporate Franchise tax, the Insurance tax, and the Financial Institutions tax. The net effect of these changes is to reduce tax rates, reduce burdensome record keeping, close loopholes, address tax inequities, and generally provide a more equitable, balanced, and competitive tax structure.

Welfare Reform

Ohio continues to be a leader in the nation in the area of welfare reform. The Ohio Works First Act, which was enacted on July 2, 1997, and the related portions of the 1998-99 budget bill build upon the past success of the 1995 welfare reform bill. Ohio is creating a new system that takes full advantage of the flexibility granted by the federal government in the Personal Responsibility and Work Opportunity Reconciliation Act and the accompanying Temporary Assistance for Needy Families (TANF) Block Grant.

The Ohio Works First Act addresses, in a comprehensive manner, issues of benefit changes, service delivery, accountability and fiscal management, technology infrastructure, and the state/county governance partnership. The major provisions of the Ohio Works First Act address the following.

- The creation of a partnership agreement between the Ohio Department of Human Services and each Board of County Commissioners that allows counties to receive greater funding flexibility and the opportunity to receive financial incentives based on performance measures, including work activity participation rates and reduction of out-of-wedlock pregnancy rates.

- A requirement for clients to participate in work activities for 30 or 35 hours a week to teach clients self-sufficiency and to meet new federal work participation requirements.
- The limiting of the ability to receive cash assistance to three out of five years with a special hardship provision allowing families up to an additional two years of assistance after they have been off the program for at least two years. The application process will also be simplified and will no longer involve resource limits.
- The enablement of counties to use TANF funds for services that prevent families from needing to enroll in the cash assistance program. Such assistance could include funds for car repairs and other emergency types of services.

Central Accounting System

The State Accounting Division of the Office of Budget and Management is upgrading the State's Central Accounting System (CAS). The project, known as CAS Plus, will initially be implemented in the Ohio Department of Human Services to meet its specific needs, but is scaleable to support multi-agency and statewide use. The upgrade will feature a Graphical Interface System that will allow personal computers to communicate more easily with the State's existing mainframe system as well as improve functionality in agency budgeting, automated workflow, and accounts receivable tracking.

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, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. 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. The State of Ohio has received a Certificate of Achievement for the last seven years (fiscal years 1990-1996). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the State received for the first time the GFOA's Award for Distinguished Budget Presentation for its appropriated budgets for fiscal years 1998 and 1999. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

ADDITIONAL INFORMATION

The Ohio Office of Budget and Management provides access to the 1997 *Ohio Comprehensive Annual Financial Report* and the 1997 *Ohio Budgetary Financial Report* on the World Wide Web (<http://www.ohio.gov/obm>).

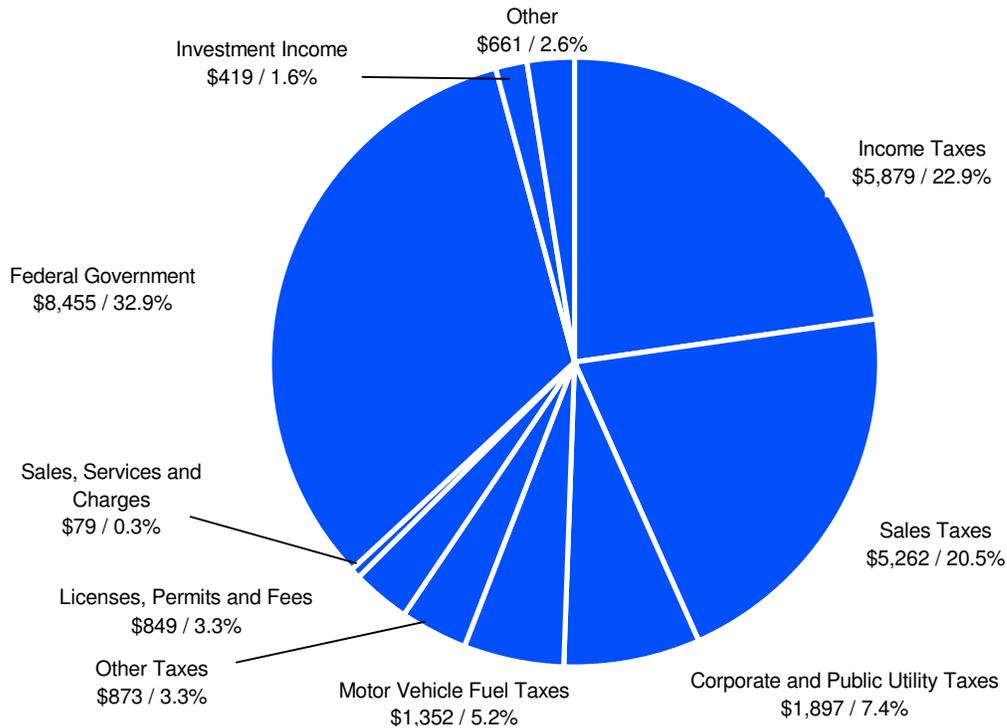
ACKNOWLEDGMENTS

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.

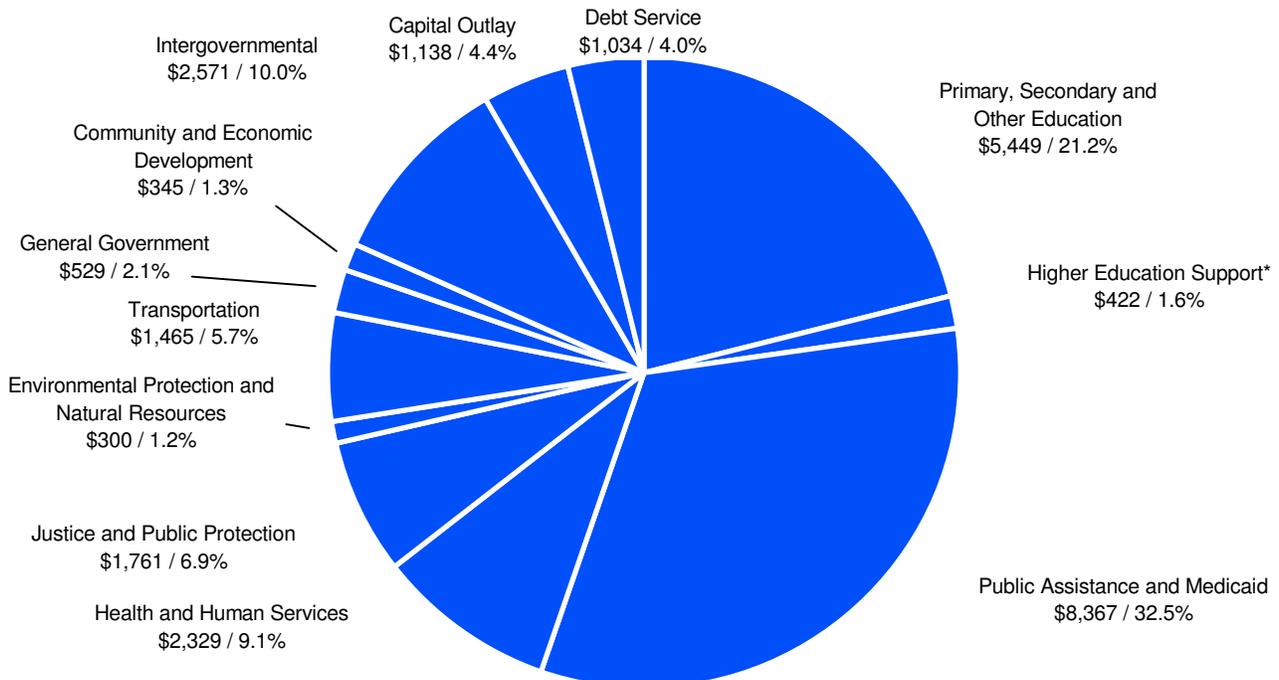
Sincerely,

R. GREGORY BROWNING,
Director

GAAP Basis Revenues for All General Governmental Fund Types
Fiscal Year 1997
(in millions)



GAAP Basis Expenditures for All General Governmental Fund Types
Fiscal Year 1997
(in millions)



* In the governmental funds, budgetary expenditures for Higher Education Support totaling \$1.41 billion are reported on a GAAP basis as "Operating Transfers to Component Units," as shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, pages 22 and 23.

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, 1996

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.



Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

STATE OF OHIO OFFICIALS

EXECUTIVE

George V. Voinovich
Governor

Nancy Hollister
Lieutenant Governor

Betty D. Montgomery
Attorney General

Jim Petro
Auditor of State

J. Kenneth Blackwell
Treasurer of State

Bob Taft
Secretary of State

LEGISLATIVE

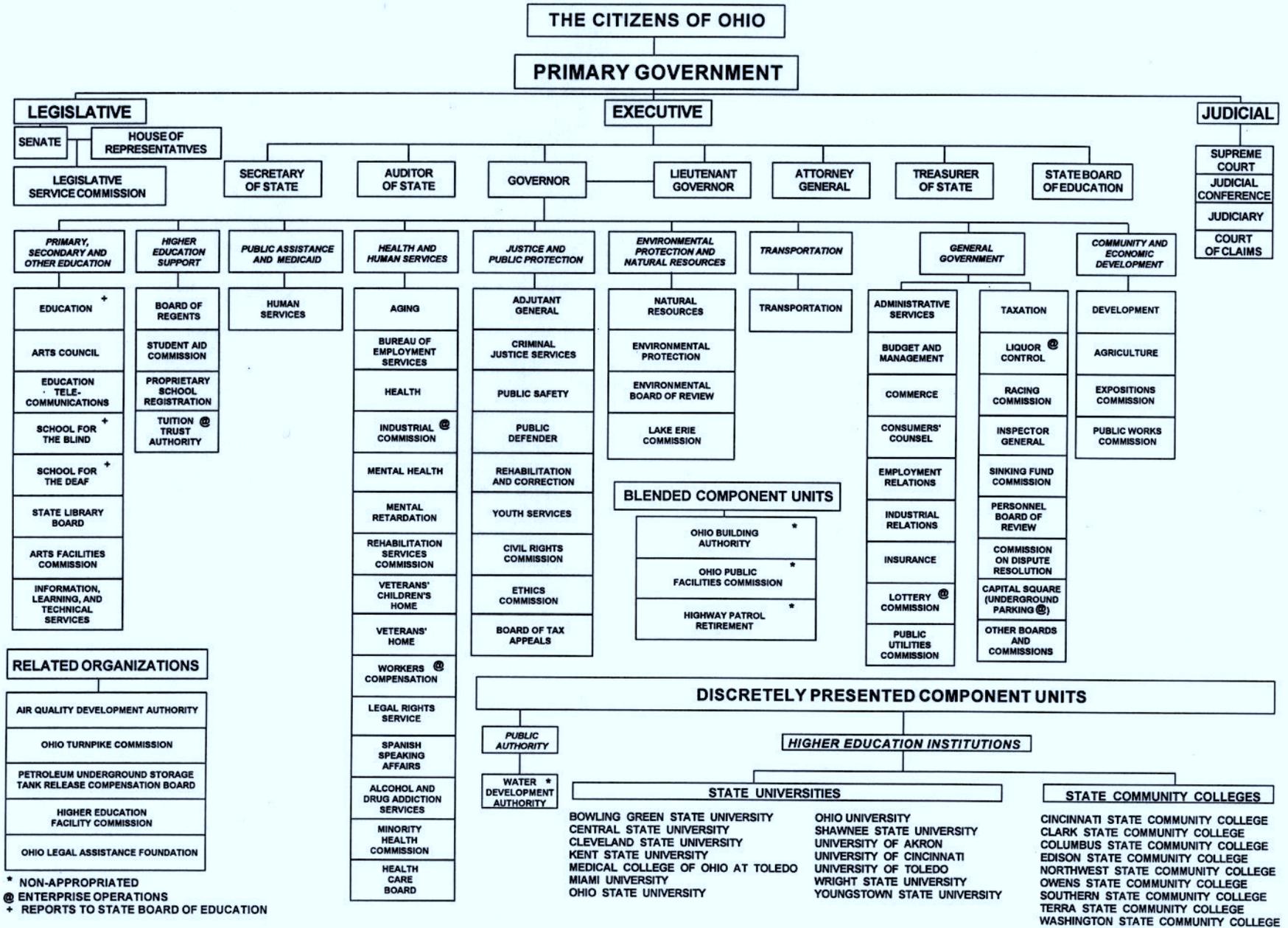
Richard H. Finan
President of the Senate

Jo Ann Davidson
Speaker of the House

JUDICIAL

Thomas J. Moyer
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART



* NON-APPROPRIATED
 @ ENTERPRISE OPERATIONS
 + REPORTS TO STATE BOARD OF EDUCATION

FINANCIAL SECTION



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 East Gay Street
Columbus, Ohio 43216

Telephone 614-466-3402
800-443-9275

Facsimile 614-728-7199

Independent Accountants' Report

The Honorable George V. Voinovich, Governor
State of Ohio
Columbus, Ohio

We have audited the accompanying general-purpose financial statements of the State of Ohio, as of and for the year ended June 30, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the following organizations which are a part of the primary government:

Ohio Housing Finance Agency	Office of Financial Incentives
Capitol Square Review and Advisory Board	Ohio Bureau of Workers' Compensation
Office of the Auditor of State	and Industrial Commission of Ohio

Also, we did not audit the following component units:

Blended

Ohio Building Authority	State Highway Patrol Retirement System
Ohio Public Facilities Commission	

Discretely Presented

Ohio Water Development Authority	University of Akron	Ohio University
Bowling Green State University	Miami University	University of Cincinnati
Cleveland State University	Kent State University	University of Toledo
Youngstown State University	Wright State University	
Medical College of Ohio at Toledo	Ohio State University	

In addition, we did not audit the financial statements of the Public Employees Retirement System and the Police and Firemen's Disability and Pension Fund System, whose assets are held by the Treasurer of State and are included as part of the State's agency fund type. These financial statements reflect the following percent of total assets or liabilities and revenues or additions of the indicated fund types, account groups, and discretely presented component units:

	<u>Percent of Total Assets/(Liabilities)</u>	<u>Percent of Total Revenues/Additions</u>
Special Revenue Fund Type	11%	0%
Debt Service Fund Type	50%	12%
Capital Projects Fund Type	1%	3%
Enterprise Fund Type	89%	61%
Internal Service Fund Type	33%	9%
Trust and Agency Fund Type	46%	8%
General Fixed Assets Account Group	10%	—
General Long-Term Obligations Account Group	(68%)	—
Discretely Presented Component Units	96%	96%

The Honorable George V. Voinovich, Governor

The financial statements of these independently audited organizations and the assets of these retirement systems were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the financial statements of these independently audited organizations and the amounts of the retirement systems audited by other auditors included in the fund types and account groups comprising the general-purpose financial statements is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and reports of other auditors, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Ohio at June 30, 1997, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 4 to the general-purpose financial statements, the State of Ohio has implemented Statement 28 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Securities Lending Transactions* for the fiscal year ended June 30, 1997; and in Note 2 the Bureau of Workers' Compensation has early implemented Statement 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* for the fiscal year ended June 30, 1997.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Ohio. Such information has been subjected to the auditing procedures applied in our audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the statistical section of this report and therefore, express no opinion thereon.



JIM PETRO
Auditor of State

November 14, 1997

**GENERAL
PURPOSE
FINANCIAL
STATEMENTS**

STATE OF OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

JUNE 30, 1997

(amounts expressed in thousands)

GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS				
Cash Equity with Treasurer	\$ 2,566,298	\$ 2,232,467	\$ 108,464	\$ 746,458
Cash and Cash Equivalents	11,889	15,491	1,920	—
Investments	—	83,887	176,180	7,337
Collateral on Lent Securities	1,519,883	1,317,125	63,990	440,382
Deposit with Federal Government	—	—	—	—
Receivables:				
Taxes	787,434	190,463	—	—
Intergovernmental	433,449	350,926	—	—
Premiums and Assessments	—	—	—	—
Loans, Net	9,939	398,384	6,224	109,664
Other	21,690	35,200	1,037	2,543
Due from Other Funds	13,359	27,737	1,242	1,770
Inventories	2,807	33,873	—	—
Food Stamps	—	257,644	—	—
Deposit with Deferred Compensation Plan	—	—	—	—
Advances to Other Funds	—	—	—	—
Restricted Assets:				
Cash Equity with Treasurer	—	—	—	—
Cash and Cash Equivalents	—	—	—	—
Investments	—	—	—	—
Dedicated Investments	—	—	—	—
Collateral on Lent Securities	—	—	—	—
Other Receivables	—	—	—	—
Fixed Assets (net of accumulated depreciation)	—	—	—	—
Other Assets	836	9,607	—	—
Sureties	—	—	—	—
Amount Available in Debt Service Fund	—	—	—	—
Amount to be Provided for General Long-Term Obligations	—	—	—	—
TOTAL ASSETS AND OTHER DEBITS	\$ 5,367,584	\$ 4,952,804	\$ 359,057	\$ 1,308,154
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 74,144	\$ 262,073	\$ —	\$ 77,830
Medicaid Claims Payable	475,780	—	—	—
Accrued Liabilities	104,594	59,797	940	39
Obligations Under Securities Lending	1,519,883	1,317,125	63,990	440,382
Intergovernmental Payable	231,824	371,239	—	—
Due to Other Funds	35,913	11,120	—	1,143
Deferred Revenues	64,590	317,288	1,500	—
Workers' Compensation Benefits Payable	—	—	—	—
Refund and Other Liabilities	540,589	71,772	1,632	—
Liability for Escheat Property	—	—	—	—
Liability for Deferred Compensation	—	—	—	—
Liabilities Payable from Restricted Assets	—	—	—	—
Advances from Other Funds	—	85,076	—	—
General Obligation Bonds	—	—	—	—
Revenue Bonds and Notes	—	—	—	—
Special Obligation Bonds	—	—	—	—
Certificates of Participation	—	—	—	—
Other General Long-Term Obligations	—	—	—	—
Total Liabilities	3,047,317	2,495,490	68,062	519,394
Fund Equity and Other Credits:				
Investment in General Fixed Assets	—	—	—	—
Contributed Capital	—	—	—	—
Retained Earnings:				
Reserved	—	—	—	—
Unreserved	—	—	—	—
Fund Balances:				
Reserved for:				
Debt Service	—	—	284,153	—
Encumbrances	454,423	2,051,215	—	769,505
Budget Stabilization	828,307	—	—	—
Noncurrent Portion of Loans Receivable	9,793	303,124	6,224	108,554
Pension and Other Postemployment Benefits	—	—	—	—
Unemployment Benefits	—	—	—	—
Restricted Fund Balances	—	—	—	—
Other	146,394	173,383	—	40,243
Unreserved/Designated	685,900	—	—	—
Unreserved/Undesignated (Deficits)	195,450	(70,408)	618	(129,542)
Total Fund Equity and Other Credits	2,320,267	2,457,314	290,995	788,760
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 5,367,584	\$ 4,952,804	\$ 359,057	\$ 1,308,154

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

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		ACCOUNT GROUPS		TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL REPORTING ENTITY
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(memorandum only)		(memorandum only)	
\$ 154,621	\$ 50,249	\$ 208,789	\$ —	\$ —	\$ 6,067,346	\$ 107	\$ 6,067,453	
1,153,643	322	185,197	—	—	1,368,462	117,722	1,486,184	
16,633,909	1,597	88,203,669	—	—	105,106,579	2,702,602	107,809,181	
4,024,254	29,646	1,054,786	—	—	8,450,066	—	8,450,066	
—	—	1,818,503	—	—	1,818,503	—	1,818,503	
—	—	160,046	—	—	1,137,943	—	1,137,943	
5,401	1,376	40	—	—	791,192	33,903	825,095	
1,946,318	—	—	—	—	1,946,318	—	1,946,318	
—	—	—	—	—	524,211	1,785,686	2,309,897	
359,041	45,745	24,633	—	—	489,889	386,433	876,322	
1,678	38,219	5,208	—	—	89,213	343,486	432,699	
22,948	22,155	—	—	—	81,783	42,729	124,512	
—	—	—	—	—	257,644	—	257,644	
—	—	852,788	—	—	852,788	7,181	859,969	
—	—	85,076	—	—	85,076	—	85,076	
18,552	—	—	—	—	18,552	—	18,552	
36	67	—	—	—	103	41,075	41,178	
—	42,154	—	—	—	42,154	486,248	528,402	
1,564,216	—	—	—	—	1,564,216	—	1,564,216	
1,001,443	—	—	—	—	1,001,443	—	1,001,443	
19,171	—	—	—	—	19,171	—	19,171	
286,180	30,575	2,986	3,394,541	—	3,714,282	7,622,606	11,336,888	
169,627	395	32	—	—	180,497	604,578	785,075	
—	—	391,402	—	—	391,402	—	391,402	
—	—	—	—	284,153	284,153	—	284,153	
—	—	—	—	7,187,772	7,187,772	—	7,187,772	
\$ 27,361,038	\$ 262,500	\$ 92,993,155	\$ 3,394,541	\$ 7,471,925	\$ 143,470,758	\$ 14,174,356	\$ 157,645,114	
\$ 183,074	\$ 22,081	\$ 428	\$ —	\$ —	\$ 619,630	\$ 183,886	\$ 803,516	
46,232	10,855	290	—	—	475,780	—	475,780	
4,024,254	29,646	1,054,786	—	—	222,747	549,474	772,221	
350	—	3,701,875	—	—	8,450,066	—	8,450,066	
16	2,038	39,025	—	—	4,305,288	309	4,305,597	
445,593	845	—	—	—	89,255	343,486	432,741	
12,857,040	—	—	—	—	829,816	156,709	986,525	
1,861,968	—	84,487,829	—	—	12,857,040	—	12,857,040	
—	—	71,044	—	—	86,963,790	135,971	87,099,761	
—	—	856,020	—	—	71,044	—	71,044	
2,554,970	—	—	—	—	856,020	7,181	863,201	
—	—	—	—	—	2,554,970	—	2,554,970	
—	—	—	—	—	85,076	—	85,076	
—	—	—	—	1,598,596	1,598,596	—	1,598,596	
202,109	40,169	—	—	—	171,595	2,015,353	2,429,226	
—	—	—	—	—	4,664,837	—	4,664,837	
—	—	—	—	—	26,630	86,825	113,455	
—	—	—	—	—	1,010,267	—	1,010,267	
22,175,606	105,634	90,211,297	—	7,471,925	126,094,725	3,479,194	129,573,919	
—	—	—	3,394,541	—	3,394,541	6,925,976	10,320,517	
—	40,967	—	—	—	40,967	—	40,967	
131,891	319	—	—	—	132,210	—	132,210	
5,053,541	115,580	—	—	—	5,169,121	1,055,760	6,224,881	
—	—	—	—	—	284,153	—	284,153	
—	—	—	—	—	3,275,143	—	3,275,143	
—	—	—	—	—	828,307	—	828,307	
—	—	—	—	—	427,695	—	427,695	
—	—	512,072	—	—	512,072	—	512,072	
—	—	2,093,811	—	—	2,093,811	—	2,093,811	
—	—	—	—	—	—	1,946,346	1,946,346	
—	—	85,076	—	—	445,096	—	445,096	
—	—	—	—	—	685,900	284,108	970,008	
—	—	90,899	—	—	87,017	482,972	569,989	
5,185,432	156,866	2,781,858	3,394,541	—	17,376,033	10,695,162	28,071,195	
\$ 27,361,038	\$ 262,500	\$ 92,993,155	\$ 3,394,541	\$ 7,471,925	\$ 143,470,758	\$ 14,174,356	\$ 157,645,114	

STATE OF OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
REVENUES:			
Income Taxes	\$ 5,257,395	\$ 621,621	\$ —
Sales Taxes	4,995,691	266,769	—
Corporate and Public Utility Taxes	1,794,592	102,847	—
Motor Vehicle Fuel Taxes	—	1,290,215	61,261
Unemployment Taxes	—	—	—
Other Taxes	828,290	44,579	—
Licenses, Permits and Fees	87,511	718,232	43,536
Sales, Services and Charges	42,031	37,020	—
Federal Government	3,563,004	4,890,942	50
Investment Income	277,337	94,744	20,536
Other	168,587	487,342	1,749
TOTAL REVENUES	17,014,438	8,554,311	127,132
EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	3,969,447	1,479,639	—
Higher Education Support	334,010	88,472	—
Public Assistance and Medicaid	6,399,538	1,967,483	—
Health and Human Services	949,438	1,379,324	—
Justice and Public Protection	1,351,446	410,075	—
Environmental Protection and Natural Resources	102,187	197,420	—
Transportation	32,516	1,432,742	—
General Government	426,716	101,876	—
Community and Economic Development	113,176	230,962	—
INTERGOVERNMENTAL	942,690	1,627,811	—
CAPITAL OUTLAY	123,217	137,561	—
DEBT SERVICE	528	—	1,033,420
TOTAL EXPENDITURES	14,744,909	9,053,365	1,033,420
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,269,529	(499,054)	(906,288)
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	170,219	—
Refunding Bond Proceeds	—	—	342,661
Payment to Refunded Bond Escrow Agents	—	—	(341,716)
Capital Leases	1,107	2,863	—
Operating Transfers-in	142,605	1,710,704	807,992
Operating Transfers-out	(847,794)	(951,022)	(33,942)
Operating Transfers to Component Units	(1,410,667)	—	—
TOTAL OTHER FINANCING SOURCES (USES)	(2,114,749)	932,764	774,995
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	154,780	433,710	(131,293)
FUND BALANCES, JULY 1 (as restated)	2,167,739	2,020,366	422,288
Increase (Decrease) for Changes in Inventories	(2,252)	3,238	—
Residual Equity Transfers-out	—	—	—
FUND BALANCES, JUNE 30	\$ 2,320,267	\$ 2,457,314	\$ 290,995

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

	FIDUCIARY FUND TYPE		
CAPITAL PROJECTS	EXPENDABLE TRUST		TOTAL (memorandum only)
\$ —	\$ —	\$	5,879,016
—	—		5,262,460
—	—		1,897,439
—	—		1,351,476
—	777,675		777,675
—	—		872,869
—	—		849,279
—	—		79,051
835	13,155		8,467,986
26,182	130,325		549,124
3,104	49,735		710,517
30,121	970,890		26,696,892
—	—		5,449,086
—	—		422,482
—	—		8,367,021
—	760,691		3,089,453
—	—		1,761,521
—	—		299,607
—	—		1,465,258
—	40,787		569,379
812	—		344,950
—	—		2,570,501
877,508	—		1,138,286
—	—		1,033,948
878,320	801,478		26,511,492
(848,199)	169,412		185,400
1,126,036	—		1,296,255
—	—		342,661
—	—		(341,716)
—	—		3,970
347,148	—		3,008,449
(369,371)	—		(2,202,129)
—	—		(1,410,667)
1,103,813	—		696,823
255,614	169,412		882,223
538,883	2,100,374		7,249,650
—	—		986
(5,737)	—		(5,737)
\$ 788,760	\$ 2,269,786	\$	8,127,122

STATE OF OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ 5,102,300	\$ 5,382,261	\$ 279,961
Sales Taxes	4,940,302	4,968,994	28,692
Corporate and Public Utility Taxes	1,782,000	1,790,519	8,519
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	811,204	828,290	17,086
Licenses, Permits and Fees	93,371	94,576	1,205
Sales, Services and Charges	33,985	35,887	1,902
Federal Government	3,959,726	3,566,386	(393,340)
Investment Income	82,230	109,782	27,552
Other	315,908	323,313	7,405
TOTAL REVENUES	17,121,026	17,100,008	(21,018)
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	4,080,207	4,057,322	22,885
Higher Education Support	1,757,919	1,747,701	10,218
Public Assistance and Medicaid	7,035,079	6,461,232	573,847
Health and Human Services	1,027,607	1,009,562	18,045
Justice and Public Protection	1,357,975	1,334,870	23,105
Environmental Protection and Natural Resources	124,285	119,727	4,558
Transportation	38,780	38,773	7
General Government	421,428	383,286	38,142
Community and Economic Development	136,476	132,164	4,312
INTERGOVERNMENTAL	983,940	942,652	41,288
CAPITAL OUTLAY	172,889	158,454	14,435
DEBT SERVICE	811,736	716,581	95,155
TOTAL BUDGETARY EXPENDITURES	17,948,321	17,102,324	845,997
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(827,295)	(2,316)	824,979
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	70,486	1,060,204	989,718
Operating Transfers-out	(31,838)	(1,034,781)	(1,002,943)
Encumbrance Reversions	—	86,452	86,452
TOTAL OTHER FINANCING SOURCES (USES)	38,648	111,875	73,227
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	(788,647)	109,559	898,206
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1			
Decrease (Increase) in Budgetary Designations	381,156	381,156	—
	(152,723)	(152,723)	—
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30			
Budgetary Designations, June 30	(560,214)	337,992	898,206
	1,625,411	1,625,411	—
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30	\$ 1,065,197	\$ 1,963,403	\$ 898,206

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

SPECIAL REVENUE FUNDS

DEBT SERVICE FUNDS

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 636,262	\$ 636,262	\$ —	\$ —	\$ —	\$ —
265,157	265,157	—	—	—	—
102,643	102,643	—	—	—	—
1,359,987	1,359,987	—	65,420	65,420	—
44,551	44,551	—	—	—	—
890,402	890,402	—	43,517	43,517	—
32,185	32,185	—	—	—	—
4,620,774	4,620,774	—	—	—	—
90,363	90,363	—	6,600	6,600	—
704,589	704,589	—	94,935	94,935	—
8,746,913	8,746,913	—	210,472	210,472	—
1,700,708	1,634,619	66,089	—	—	—
48,605	27,064	21,541	—	—	—
2,389,117	2,059,958	329,159	—	—	—
1,783,937	1,527,632	256,305	—	—	—
537,637	431,976	105,661	—	—	—
255,278	213,608	41,670	—	—	—
1,714,526	1,521,221	193,305	—	—	—
129,142	111,017	18,125	—	—	—
367,779	294,278	73,501	—	—	—
1,863,323	1,798,943	64,380	—	—	—
345,215	123,271	221,944	—	—	—
20,878	18,885	1,993	237,759	224,655	13,104
11,156,145	9,762,472	1,393,673	237,759	224,655	13,104
(2,409,232)	(1,015,559)	1,393,673	(27,287)	(14,183)	13,104
170,219	170,219	—	832	832	—
1,894,730	1,894,730	—	64,838	64,838	—
(1,121,995)	(1,121,995)	—	(58,361)	(58,361)	—
406,491	406,491	—	—	—	—
1,349,445	1,349,445	—	7,309	7,309	—
\$ (1,059,787)	333,886	\$ 1,393,673	\$ (19,978)	(6,874)	\$ 13,104
	(549,861)			115,338	
	—			—	
	(215,975)			108,464	
	—			—	
	\$ (215,975)			\$ 108,464	

STATE OF OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	PROPRIETARY FUND TYPES		TOTAL PRIMARY GOVERNMENT (memorandum only)
	ENTERPRISE	INTERNAL SERVICE	
OPERATING REVENUES:			
Charges for Sales and Services	\$ 2,702,860	\$ 282,024	\$ 2,984,884
Premium and Assessment Income	1,605,143	—	1,605,143
Investment Income	2,886,096	—	2,886,096
Other	33,132	6,330	39,462
TOTAL OPERATING REVENUES	7,227,231	288,354	7,515,585
OPERATING EXPENSES:			
Costs of Sales and Services	274,891	124,829	399,720
Administration	203,997	150,995	354,992
Bonuses and Commissions	144,689	—	144,689
Prizes	1,312,220	—	1,312,220
Benefits and Claims	2,532,990	—	2,532,990
Depreciation	21,123	10,227	31,350
Other	274,254	7,718	281,972
TOTAL OPERATING EXPENSES	4,764,164	293,769	5,057,933
OPERATING INCOME (LOSS)	2,463,067	(5,415)	2,457,652
NONOPERATING REVENUES (EXPENSES):			
Investment Income	16,436	1,803	18,239
Interest Expense	—	(3,396)	(3,396)
Federal Grants	—	—	—
Other	(514)	(2,580)	(3,094)
TOTAL NONOPERATING REVENUES (EXPENSES)	15,922	(4,173)	11,749
INCOME (LOSS) BEFORE OPERATING TRANSFERS	2,478,989	(9,588)	2,469,401
OPERATING TRANSFERS:			
Operating Transfers-in	28,218	36,728	64,946
Operating Transfers-out	(844,745)	(26,521)	(871,266)
TOTAL OPERATING TRANSFERS	(816,527)	10,207	(806,320)
NET INCOME (LOSS)	1,662,462	619	1,663,081
RETAINED EARNINGS, JULY 1 (as restated)	3,522,970	115,280	3,638,250
RETAINED EARNINGS, JUNE 30	\$ 5,185,432	\$ 115,899	\$ 5,301,331

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

<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY (memorandum only)</u>
<u>OHIO WATER DEVELOPMENT AUTHORITY</u>	
\$ 97,936	\$ 3,082,820
—	1,605,143
42,496	2,928,592
1,003	40,465
<u>141,435</u>	<u>7,657,020</u>
74,934	474,654
5,441	360,433
—	144,689
—	1,312,220
—	2,532,990
97	31,447
—	281,972
<u>80,472</u>	<u>5,138,405</u>
<u>60,963</u>	<u>2,518,615</u>
—	18,239
—	(3,396)
81,864	81,864
3,100	6
<u>84,964</u>	<u>96,713</u>
<u>145,927</u>	<u>2,615,328</u>
—	64,946
—	(871,266)
—	<u>(806,320)</u>
<u>145,927</u>	<u>1,809,008</u>
<u>909,833</u>	<u>4,548,083</u>
<u>\$ 1,055,760</u>	<u>\$ 6,357,091</u>

STATE OF OHIO

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	ENTERPRISE	INTERNAL SERVICE	TOTAL PRIMARY GOVERNMENT (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 2,463,067	\$ (5,415)	\$ 2,457,652
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	(2,885,746)	—	(2,885,746)
Depreciation	21,123	10,227	31,350
Provision for Uncollectible Accounts	86,563	—	86,563
Amortization of Premiums and Discounts	99,632	—	99,632
Interest on Bonds, Notes and Capital Leases	9,807	—	9,807
Interest Received on Loans.....	—	—	—
Miscellaneous Nonoperating Income	—	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivables	(417)	430	13
Premiums and Assessments Receivable	341,046	—	341,046
Other Receivables	(78,605)	(1,066)	(79,671)
Due from Other Funds	24	344	368
Inventories	(1,397)	(2,051)	(3,448)
Other Assets	(73,405)	3	(73,402)
Increase (Decrease) in Liabilities:			
Accounts Payable	70,317	(83)	70,234
Accrued Liabilities	991	865	1,856
Intergovernmental Payable	(7)	—	(7)
Due to Other Funds	(34)	111	77
Deferred Revenues	(4,362)	(75)	(4,437)
Workers' Compensation Benefits Payable	40,012	—	40,012
Refund and Other Liabilities	665,206	—	665,206
Liabilities Payable from Restricted Assets	14,674	—	14,674
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	768,489	3,290	771,779
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers-in	28,088	36,728	64,816
Operating Transfers-out	(844,745)	(26,521)	(871,266)
Bond Proceeds	—	—	—
Federal Grants	—	—	—
Retirement of Revenue Bond Principal	—	—	—
Interest Paid	—	—	—
Bond and Note Issuance Costs	—	—	—
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(816,657)	10,207	(806,450)

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

<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY</u> <i>(memorandum only)</i>
\$ 60,963	\$ 2,518,615
(42,496)	(2,928,242)
97	31,447
—	86,563
1,007	100,639
73,926	83,733
(97,935)	(97,935)
3,050	3,050
—	13
—	341,046
(462)	(80,133)
586	954
—	(3,448)
—	(73,402)
—	70,234
—	1,856
—	(7)
(586)	(509)
—	(4,437)
—	40,012
—	665,206
—	14,674
<u>(1,850)</u>	<u>769,929</u>
—	64,816
—	(871,266)
6,745	6,745
82,756	82,756
(64,135)	(64,135)
(73,145)	(73,145)
(91)	(91)
<u>(47,870)</u>	<u>(854,320)</u>

(continued)

STATE OF OHIO

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	ENTERPRISE	INTERNAL SERVICE	TOTAL PRIMARY GOVERNMENT (memorandum only)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds	(4,000)	(3,480)	(7,480)
Interest Paid	(9,807)	(1,801)	(11,608)
Principal Receipts on Capital Leases	—	2,671	2,671
Acquisition and Construction of Capital Assets	(8,405)	(3,350)	(11,755)
Proceeds from Sales of Fixed Assets	32,270	134	32,404
Principal Payments on Capital Leases	(8,643)	(298)	(8,941)
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,415	(6,124)	(4,709)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the Sales and Maturities of Investments	10,281,944	261	10,282,205
Purchase of Investments	(10,424,537)	—	(10,424,537)
Investment Income Received	924,090	1,802	925,892
Borrower Rebate and Agent Fees.....	(60,626)	—	(60,626)
Loan Principal Repayments Received	—	—	—
Loan Disbursements	—	—	—
Loan Interest Received.....	—	—	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	720,871	2,063	722,934
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	674,118	9,436	683,554
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	652,734	41,202	693,936
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 1,326,852	\$ 50,638	\$ 1,377,490
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	\$ —	\$ 5,737	\$ 5,737
INCREASE (DECREASE) IN CONTRIBUTED CAPITAL	\$ —	\$ 5,737	\$ 5,737

Cash and cash equivalents in the Component Units column on the Combined Balance Sheet include:

Proprietary-Ohio Water Development Authority.....	\$ 6,999
Colleges and Universities.....	151,905
Total	\$ 158,904

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

<u>COMPONENT UNIT</u>	<u>TOTAL REPORTING ENTITY (memorandum only)</u>
—	(7,480)
—	(11,608)
—	2,671
(77)	(11,832)
—	32,404
—	(8,941)
<u>(77)</u>	<u>(4,786)</u>
7,086,713	17,368,918
(7,042,019)	(17,466,556)
42,859	968,751
—	(60,626)
71,739	71,739
(199,401)	(199,401)
95,139	95,139
<u>55,030</u>	<u>777,964</u>
5,233	688,787
1,766	695,702
<u>\$ 6,999</u>	<u>\$ 1,384,489</u>
\$ —	\$ 5,737
<u>\$ —</u>	<u>\$ 5,737</u>

STATE OF OHIO
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

STATE HIGHWAY PATROL RETIREMENT SYSTEM

	<u>PENSION</u>	<u>POST- EMPLOYMENT</u>	<u>TOTAL</u>
ADDITIONS:			
<i>Contributions:</i>			
Employer	\$ 12,176	\$ 2,531	\$ 14,707
Employees	6,223	—	6,223
Other Contributions	349	6	355
Total Contributions	18,748	2,537	21,285
<i>Investment Income:</i>			
Net Appreciation in Fair Value of Investments	39,617	6,928	46,545
Interest	11,641	2,029	13,670
Dividends	2,998	523	3,521
Other Investment Income	585	102	687
	<u>54,841</u>	<u>9,582</u>	<u>64,423</u>
Less: Investment Expense	1,736	361	2,097
Net Investment Income	53,105	9,221	62,326
TOTAL ADDITIONS	71,853	11,758	83,611
DEDUCTIONS:			
Benefits and Claims	15,920	2,023	17,943
Refunds of Employee Contributions	67	—	67
Administrative Expenses	1,056	148	1,204
TOTAL DEDUCTIONS	17,043	2,171	19,214
NET INCREASE (DECREASE)	54,810	9,587	64,397
FUND BALANCE RESERVED FOR EMPLOYEES' PENSION AND POSTEMPLOYMENT HEALTHCARE BENEFITS			
JULY 1	<u>379,953</u>	<u>67,722</u>	<u>447,675</u>
JUNE 30	\$ 434,763	\$ 77,309	\$ 512,072

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

STATE OF OHIO

STATEMENT OF CHANGES IN FUND BALANCE

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	<u>COMPONENT UNITS</u>
REVENUES AND OTHER ADDITIONS:	
Unrestricted Current Fund Revenues	\$ 2,706,398
Local Appropriations-Restricted	14,334
Federal Grants and Contracts-Restricted	419,883
State Grants and Contracts-Restricted	84,519
Local Grants and Contracts-Restricted	6,511
Private Gifts, Grants and Contracts-Restricted	296,718
Endowment Income-Restricted	25,897
Investment Income-Restricted	21,305
Realized Gain on Investments-Restricted (net)	129,420
Interest on Loans Receivable	4,564
Investment in Plant-Additions	738,281
Other	208,381
TOTAL REVENUES AND OTHER ADDITIONS	<u>4,656,211</u>
EXPENDITURES AND OTHER DEDUCTIONS:	
Educational and General Expenditures	3,519,339
Auxiliary Enterprises Expenditures	497,299
Hospital Expenditures	486,729
Indirect Costs Recovered	69,646
Grant Refunds and Adjustments	965
Loan Cancellations and Write-offs	2,286
Administrative and Collection Costs	2,524
Expended for Plant Facilities	177,338
Retirement of Indebtedness	150,737
Interest on Indebtedness	42,982
Investment in Plant-Deductions	535,083
Other	4,417
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>5,489,345</u>
TRANSFERS:	
Operating Transfers from Primary Government	<u>1,410,667</u>
NET INCREASE (DECREASE) FOR THE YEAR BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	
Cumulative Effect of Change in Accounting Principle.....	<u>577,533</u>
NET INCREASE (DECREASE) FOR THE YEAR	<u>582,605</u>
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	<u>9,056,797</u>
FUND BALANCE AND OTHER CREDITS, JUNE 30	<u>\$ 9,639,402</u>

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

STATE OF OHIO

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	<u>COMPONENT UNITS</u>
REVENUES:	
Tuition, Fees and Other Student Charges	\$ 1,312,515
Local Appropriations	14,649
Federal Grants and Contracts	417,227
State Grants and Contracts	87,037
Local Grants and Contracts	7,987
Private Gifts, Grants and Contracts	242,651
Endowment Income	89,508
Sales and Services	1,066,928
Temporary Investment Income	57,431
Other Sources	<u>115,058</u>
TOTAL REVENUES	<u>3,410,991</u>
EXPENDITURES AND MANDATORY TRANSFERS:	
EDUCATIONAL AND GENERAL:	
Instruction and Departmental Research	1,516,724
Separately Budgeted Research	333,465
Public Service	195,076
Academic Support	343,025
Student Services	194,765
Institutional Support	339,260
Operation and Maintenance of Plant	262,541
Scholarships and Fellowships	<u>332,320</u>
TOTAL EDUCATIONAL AND GENERAL	3,517,176
AUXILIARY ENTERPRISES	496,395
HOSPITALS	<u>486,729</u>
TOTAL EXPENDITURES	<u>4,500,300</u>
MANDATORY TRANSFERS, NET:	
Principal and Interest	89,513
Renewals and Replacements	3,048
Other	<u>795</u>
TOTAL MANDATORY TRANSFERS, NET	<u>93,356</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>4,593,656</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):	
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	1,402,674
NONMANDATORY TRANSFERS, NET:	
Capital Improvements	(92,499)
Other	<u>(2,090)</u>
ADDITIONS/(DEDUCTIONS):	
Excess of Restricted Receipts over Transfers to Revenue	74,773
Indirect Costs Recovered	(69,551)
Other	<u>23</u>
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	<u>1,313,330</u>
NET INCREASE (DECREASE) FOR THE YEAR BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	130,665
Cumulative Effect of Change in Accounting Principle.....	<u>9,254</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 139,919</u>

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



INDEX TO THE NOTES

	<u>Page</u>
NOTE 1 Summary of Significant Accounting Policies	36
NOTE 2 Restatements and Changes in Accounting Principles and Standards	45
NOTE 3 GAAP vs. Non-GAAP Budgetary Basis.....	47
NOTE 4 Deposits and Investments.....	49
NOTE 5 Taxes.....	53
NOTE 6 Loans and Other Receivables	53
NOTE 7 Interfund and Intra-Entity Balances and Transfers.....	55
NOTE 8 Fixed Assets	57
NOTE 9 Pension Plans and Other Postemployment Benefits.....	59
NOTE 10 General Obligation Bonds	64
NOTE 11 Special Obligation Bonds.....	65
NOTE 12 Revenue Bonds and Notes	66
NOTE 13 Certificates of Participation.....	70
NOTE 14 Other Long-Term Obligations.....	71
NOTE 15 Changes in General Long-Term Obligations.....	75
NOTE 16 No Commitment Debt.....	75
NOTE 17 Deferred Compensation Plan.....	76
NOTE 18 Enterprise Funds.....	76
NOTE 19 Changes in Contributed Capital.....	77
NOTE 20 Fund Equity — Other Reserves and Designations.....	78
NOTE 21 Component Unit Funds.....	79
NOTE 22 Joint Ventures and Related Organizations	80
NOTE 23 Contingencies and Commitments.....	83
NOTE 24 Risk Financing	85
NOTE 25 Subsequent Events.....	86



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements, as of June 30, 1997, 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. The GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) documents these principles. The State's significant accounting policies are as follows.

A. Financial Reporting Entity

For financial reporting purposes, the State of Ohio's primary government includes all funds, account groups, 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.

GASB Statement No. 14, *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following considerations: 1) 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 2) an organization is fiscally dependent on the primary government. Information for obtaining complete financial statements for the State's component units is available from the Ohio Office of Budget and Management.

1. Blended Component Units

The Ohio Building Authority, Ohio Public Facilities Commission, 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 combined financial statements include the financial data of the following organizations. The separate discrete column labeled, "Component Units," emphasizes these organizations' separateness from the State's primary government.

Proprietary:		State Community Colleges:
Ohio Water Development Authority	Ohio State University	Cincinnati State Community College
	Ohio University	Clark State Community College
	Shawnee State University	Columbus State Community College
Colleges and Universities:	University of Akron	Edison State Community College
State Universities:	University of Cincinnati	Northwest State Community College
Bowling Green State University	University of Toledo	Owens State Community College
Central State University	Wright State University	Southern State Community College
(See NOTE 2)	Youngstown State University	Terra State Community College
Cleveland State University	Medical College:	Washington State Community College
Kent State University	Medical College	
Miami University	of Ohio at Toledo	



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Joint Ventures and Related Organizations

As discussed in more detail in NOTE 22, 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.

B. Basis of Presentation — Fund Accounting

The State of Ohio uses funds and account groups to report its financial position and results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. An account group is an accounting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Primary government and component unit funds fall into four categories: governmental, proprietary, fiduciary, and college and university.

1. Primary Government

In the primary government's financial statements, each fund category is divided into separate "fund types," which are described along with the two account groups, as follows:

Governmental Fund Types

General — The General Fund, the State's primary operating fund, accounts for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue — The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

Debt Service — The debt service funds account for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects — The capital projects funds account for the acquisition of fixed assets and construction of major capital facilities and for major repairs and replacements other than those financed by proprietary or trust funds.

Proprietary Fund Types

Enterprise — The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises — where the State's intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability and other purposes.

Internal Service — The internal service funds account for the financing of goods or services that a State department or agency provides to other State departments and agencies or to other government units on a cost-reimbursement basis.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types

Trust funds account for assets that the State holds in a trustee capacity. The State's General Purpose Financial Statements present expendable and pension trust funds. The Pension Trust Fund includes the State Highway Patrol Retirement System for its fiscal year ended December 31, 1996.

Agency funds account for assets the State holds as an agent for individuals, private organizations, other governments, or other funds. The Agency Fund includes the assets of the Public Employees Retirement System and the Police and Firemen's Disability and Pension Fund, for their fiscal years ended December 31, 1996.

Account Groups

General Fixed Assets — The General Fixed Assets Account Group accounts for fixed assets acquired or constructed for the State's general governmental purposes. This group accounts for fixed assets not accounted for in the proprietary and trust funds.

General Long-Term Obligations — The General Long-Term Obligations Account Group accounts for the State's unmatured general obligation bonds and other long-term obligations not required to be accounted for in the proprietary and trust funds.

2. Component Units

Presentation of the underlying fund types of the individual component units reported in the discrete column is available from each respective component unit's separately issued financial statements. The component unit funds include the Ohio Water Development Authority for its fiscal year ended December 31, 1996.

The State presents a Statement of Current Funds Revenues, Expenditures and Other Changes in the General Purpose Financial Statements, in accordance with Section 2600.111 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting. The Current Funds, a college and university fund type, accounts for economic resources that are expendable for any purpose in performing the primary objectives of the higher education institutions.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, operating statements present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets, and unreserved fund balance is a measure of available expendable resources.

Proprietary and pension trust funds are accounted for using a flow of economic resources measurement focus, which emphasizes the determination of net income. Under this measurement focus, operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets. Fund equity (i.e., net assets) is segregated on the balance sheet into two components, contributed capital and retained earnings/fund balance.

Agency funds are custodial in nature, and therefore, do not present results of operations or have a measurement focus.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The modified accrual basis of accounting has been applied to all governmental, expendable trust, and agency funds. Under the modified accrual basis of accounting, the State recognizes revenues when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction is determinable, and “available” means the amount is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State considers revenues as available when collected within 60 days after year end.

Under the modified accrual basis, expenditures are recorded when related fund liabilities are incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when due.

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
- Unemployment taxes
- Charges for goods and services
- Investment Income

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.

Deferred revenue, as reported on the State’s combined balance sheet, represents resources received before the State has a legal claim to them, such as the receipt of federal grant moneys prior to the incurrence of qualifying expenditures. When the State has a legal claim to the resources, revenue is recognized.

The accrual basis of accounting has been applied to the proprietary and pension trust funds. Under this method, revenues are recorded when earned, and expenses are recorded when incurred.

The State’s proprietary and pension trust funds apply all applicable GASB pronouncements and the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

College and university funds apply the principles of accounting and reporting pursuant to the National Association of College and University Business Officers accounting and reporting model. The college and university funds are accounted for on the accrual basis of accounting, with the following exceptions: 1) depreciation expense is not calculated or reported, and 2) revenues and expenditures of an academic term encompassing more than one fiscal year are recognized in the period when the program is predominantly conducted.

D. Budgetary Process

As required by the Ohio Revised Code, the Governor submits biennial operating and capital budgets to the General Assembly. The particular budget, which includes those funds of the State subject to appropriation pursuant to State law, is comprised of all proposed expenditures for the State and of estimated revenues and borrowings for a biennium.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Operating appropriations are provided in annual amounts while capital appropriations are provided in two-year amounts. Because capital projects funds' appropriations are not made on an annual basis, budgetary basis financial statements for these funds are not presented.

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 a designee, can transfer or increase an appropriation within the limitations set under Chapter 127, Ohio Revised Code. The Board has delegated the authority to the Director of OBM to transfer appropriations between existing operating expenditure/expense line-items within a state agency in amounts not to exceed a total of 10 percent of the appropriation from which the transfer is made or \$25,000, whichever is less, within a fiscal year.

All governmental funds are budgeted except the following activities within the fund types:

Special Revenue Fund:

Certain activities within the Community and Economic Development, Employment Services, and Student Aid Commission Special Revenue Funds, as discussed in NOTE 3

Capital Projects Fund:

Ohio Building Authority

Debt Service Fund:

Economic Development Bond Service
Transportation Certificate Retirement
Vietnam Conflict Compensation Bond Retirement
Ohio Public Facilities Commission
Ohio Building Authority
Enterprise Bond Retirement
School Building Program Bond Service

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. A modified cash basis of accounting is used for budgetary purposes. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded as a reserve of the applicable appropriations, is employed as an extension of formal budgetary integration in the State's accounting system. Encumbrances outstanding in the General, special revenue, and capital projects funds at fiscal year end are reported as reservations of fund balance for expenditure in subsequent years. Operating encumbrances are generally canceled five months after fiscal year end while capital encumbrances are automatically reappropriated. Unencumbered appropriations lapse at the end of the biennium for which they were appropriated. A more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control is provided in the *Detailed Appropriation Summary by Fund Report*, which is available for public inspection at the Ohio Office of Budget and Management.

In the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis), budgeted revenues for the General Fund represent periodically updated revenue budgets. For other budgeted funds, the original budgeted revenues, as submitted by the Governor, do not represent actual forecasts of revenues and are not amended to coincide with any legislative changes to the original expenditure budget. Accordingly, budgeted revenues and other financing sources and uses for budgeted funds other than the General Fund are reported at actual amounts, since the State does not have updated, budgeted revenue and other financing sources and uses amounts for use in the accompanying budgetary basis financial statements. In addition, budgetary expenditures include cash disbursements against fiscal year 1997



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

appropriations and outstanding encumbrances, as of June 30, 1997, that were committed during fiscal year 1997. Encumbrance reversions represent lapses of prior years' appropriations.

The Employment Services Expendable Trust Fund and the State Highway Patrol Pension Trust Fund are not legally required to adopt budgets. For budgeted proprietary and trust funds, the State is not legally required to report budgetary data and comparisons for these funds. Budgetary data for discretely presented component units are not presented.

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

E. Cash Equity with Treasurer and Cash and Cash Equivalents

Cash equity with Treasurer consists of pooled demand deposits and investments carried at cost, which approximates market. 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. Also included in cash and cash equivalents are investments with original maturities of three months or less from the date of acquisition, which are reported in the Bureau of Workers' Compensation and Ohio Lottery Commission enterprise funds, the State Highway Patrol Retirement System Pension Trust Fund, and the University of Cincinnati and University of Toledo 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.

F. Investments

Investments include long-term investments that may be restricted by law or other legal instruments. Investments are carried at cost or amortized cost (which does not exceed market) except those of the Deferred Compensation Agency Fund, which are reported at market, and those of the Bureau of Workers' Compensation Enterprise Fund and State Highway Patrol Retirement System Pension Trust Fund, which are reported at fair value. For the colleges and universities, investments received as gifts are reported at the fair market or appraised value at the donation date.

G. Intergovernmental Revenues/Receivables

Intergovernmental revenues primarily represent resources from reimbursement-type grants received from the federal government. Intergovernmental receivables and revenues are recorded when the related grant expenditures/expenses are incurred.

H. Inventories

For governmental funds, the costs of material inventories are recorded as expenditures when purchased. At year end, physical counts are taken of significant inventories for the governmental fund types and are generally reported on the balance sheet at moving-average cost. Proprietary and college and university funds' inventories are valued at cost, which approximates market; principal inventory cost methods applied include first-in, first-



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

out, average cost, moving-average, and retail. Inventories recorded in the governmental fund types do not reflect current appropriate resources, and therefore, an equivalent portion of fund balance is reserved.

I. Food Stamps

Food stamp coupons held in the State's and its agents' custody are stated at face value and are offset by deferred revenue, in conformity with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The State recognizes revenue and expenditures in the Special Revenue Fund when the food stamp coupons are distributed to eligible recipients.

J. Restricted Assets

Assets restricted for payment of deferred prize awards (Ohio Lotto) and tuition benefits are reported in the enterprise funds for the Ohio Lottery Commission and the Ohio Tuition Trust Authority, respectively.

Covenants for the Ohio Building Authority's bonds require its pledged receipts be held and invested in a reserve account placed with a trustee financial institution. These restricted assets are reported in the internal service funds.

Generally, restricted assets reported for the college and university funds are assets held in trust that are legally restricted under bond covenants or other financing arrangements.

K. Fixed Assets

General Fixed Assets — Fixed assets purchased with governmental fund resources are recorded in the General Fixed Assets Account Group at historical cost, or at estimated historical cost in cases when no historical records exist. Donated fixed assets are valued at estimated fair market value at the donation date. The costs of normal maintenance and repairs that do not add to the asset value or materially extend an asset's useful life are not capitalized. The costs of major improvements are capitalized, while interest costs associated with the acquisition of general fixed assets are not capitalized.

Public domain (infrastructure) general fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, historical monuments, drainage systems, and lighting systems are not capitalized, since these assets are immovable and of value only to the government.

Assets in the General Fixed Assets Account Group are not depreciated.

Proprietary and Fiduciary Fund Fixed Assets — Fixed assets are stated at cost or, for donated assets, at estimated fair market value at the donation date. Fixed assets, excluding land, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-45 years
Machinery and Equipment	5-20 years
State Vehicles	5 years

Material interest is capitalized on proprietary fund fixed assets acquired through the issuance of debt.

College and University Fund Fixed Assets — All purchased fixed assets are valued at cost. Donated fixed assets are valued at estimated fair market value at the donation date. Generally, public domain (infrastructure) assets are not capitalized. College and university fund fixed assets are not depreciated.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Sureties

Sureties include various assets placed by their owners in safekeeping with the Treasurer of State, as required by applicable statutes.

M. Long-Term Obligations

Governmental funds recognize long-term obligations as liabilities when due. Only the portion expected to be financed from expendable available financial resources is reported as a liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Included among these liabilities are the noncurrent portions of liabilities resulting from debt issuances, certificate of participation financing arrangements, compensated absences, judgments, settlements, and claims, contingencies, leases, and workers' compensation benefits. Long-term liabilities expected to be financed from proprietary fund and college and university fund operations are accounted for in those funds.

As discussed in NOTES 11 and 12, bonds issued by the Ohio Building Authority (OBA) to finance the construction of State-related projects are reported as special obligation bonds in the General Long-Term Obligations Account Group, while OBA bonds issued to finance the construction of facilities leased to local government are reported as revenue bonds in the internal service funds.

N. Compensated Absences

Employees of the State's primary government earn vacation leave, sick leave, and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first five years of employment, up to a maximum rate of 9.2 hours every two weeks after 25 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, employees are paid at their full rate 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 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 governmental funds, the noncurrent portion of the liability for compensated absences is reported in the General Long-Term Obligations Account Group. For proprietary funds, the liability for compensated absences is reported as a noncurrent accrued liability.

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

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation, compensatory time, and personal leaves are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as at termination or retirement. 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.

Sick leave is accrued using the vesting method, whereby 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



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 State's share of Medicare taxes.

O. Fund Equity

Reservations

Reservations of equity represent amounts that are not appropriable or are legally restricted for a specific purpose.

Designations

Designations of equity represent tentative management plans that are subject to change.

Contributed Capital

Contributed capital represents equity acquired through capital contributions from other funds.

P. Self-Insurance

The State's primary government is self-insured for claims covered under its traditional healthcare plan, vehicle liability, public fidelity blanket bonds, property losses, and tort liability. While not the predominant participant, the State's primary government participates in a public entity risk pool, which is accounted for in the Bureau of Workers' Compensation Enterprise Fund, for the financing of its workers' compensation liability (See NOTE 14D). Estimates for significant incurred but not reported claims or contingent liabilities are included in accrued liabilities and in the General Long-Term Obligations Account Group.

Q. Interfund/Intra-Entity Transactions

The State of Ohio records the following types of interfund/intra-entity transactions within its reporting entity:

Operating Transfers — Legally required transfers are reported when incurred as "Operating Transfers-in" by the receiving fund and as "Operating Transfers-out" by the disbursing fund. Legally required transfers between the primary government and its component units are reported as "Operating Transfers from/to Primary Government" and "Operating Transfers from/to Component Units."

Transfers of Expenditures (Reimbursement) — Reimbursements of expenditures made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

Residual Equity Transfers — Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Quasi-external Transactions — Charges or collections for services rendered by one fund to another are recorded as revenues of the receiving fund and expenditures/expenses of the disbursing fund.

Transactions between funds that are representative of non-current lending/borrowing arrangements outstanding, as of the end of the fiscal year, are reported as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of interfund balances and interfund and intra-entity transfers is presented in NOTE 7.

R. Memorandum Only — Total Columns

Total columns on the general purpose financial statements are captioned “Memorandum Only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS

A. Restatements

Certain restatements of fund balances/retained earning balances, as of June 1996, are summarized as follows (amounts expressed in thousands).

Fund	Fund Balance/ Retained Earnings as Previously Reported, June 30, 1996	Increase (Decrease) for Restatement	Fund Balance/ Retained Earnings as Restated, July 1, 1996
Primary Government:			
General Fund	\$2,180,206	\$ (12,467)	\$2,167,739
Enterprise Funds:			
Workers' Compensation.....	\$ 948,393	\$2,315,488	\$3,263,881
Office of Auditor of State.....	—	17,054	17,054
All Other Enterprise Funds.....	242,035	—	242,035
Total Enterprise Fund.....	\$1,190,428	\$2,332,542	\$3,522,970
Component Units:			
College and University Funds:			
University of Cincinnati.....	\$1,800,408	\$ 10,772	\$1,811,180
Central State University.....	83,986	(83,986)	—
Clark State Community College.....	39,464	100	39,564
Edison State Community College.....	22,146	147	22,293
Washington State Community College.....	22,224	(185)	22,039
All Other College and University Funds.....	7,161,721	—	7,161,721
Total College and University Funds.....	\$9,129,949	\$ (73,152)	\$9,056,797

The General Fund’s fund balance is restated by a \$12.5 million reduction to reflect a change in the reporting of the Office of the Auditor of State’s operations from the General Fund to the Enterprise Fund.

For the Enterprise Fund, the \$2.32 billion increase in the Workers’ Compensation Fund’s retained earnings is due to 1.) a change in the Fund’s fiscal year-end from December 31, 1995 to June 30, 1996, which resulted in an increase in retained earnings of \$771.7 million and 2.) the Fund’s early implementation of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which resulted in an increase in retained earnings of approximately \$1.54 billion. The \$17 million increase in the Office of the Auditor of State’s Fund reflects a change in reporting this fund’s operations from the General Fund to the Enterprise Fund, as previously discussed.



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

For the College and University Funds, fund balance is restated for a \$73.2 million net decrease to reflect:

- a change in the manner the University of Cincinnati Foundation, a non-for-profit organization and a component unit of the University of Cincinnati, recognizes revenue from pledges when the Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Statements of Non-for-Profit Organizations*. This change resulted in a \$10.8 million increase in the University's beginning fund balance.
- the exclusion of Central State University's financial statements, for the fiscal year ended June 30, 1997. The University's financial statements, which are immaterial to the College and University Funds, were not available in time for publication in this report because of a financial management emergency, and consequently, beginning fund balance was reduced by approximately \$84 million.
- adjustments principally to the cash and cash equivalents, investments, fixed assets, and accrued liabilities balances for Clark State Community College, which collectively increased fund balance by \$100 thousand.
- an adjustment to the opening fixed asset balance for Edison State Community College, which increased fund balance by \$147 thousand.
- write-offs of accounts receivable at Washington State Community College, which decreased fund balance by \$185 thousand.

Additionally, the July 1, 1996 beginning balance of long-term obligations reported in the General Long-Term Obligations Account Group reflects a net increase of approximately \$63.2 million (See NOTE 15). The restatement includes:

- a \$10.1 million increase in the balance of certificate of participation obligations for facility improvements at the Rickenbacker International Airport. The State issued the obligations in the previous fiscal year; however, the State had not reported the obligations in its financial statements, as of June 30, 1996.
- a \$3.8 million decrease in the compensated absences balance due to the reclassification of the Office of the Auditor of State from a governmental to an enterprise operations, as previously discussed.
- a \$56.9 million increase in the workers' compensation obligation, which was corrected when the Bureau of Workers' Compensation Enterprise Fund changed its fiscal year-end from December 31 to June 30.

B. Changes in Accounting Principle

For fiscal year 1997, the Ohio State University, a component unit fund, changed its method of calculating accrued sick leave under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Prior to fiscal year 1997, the University applied the vesting method for calculating the liability. For fiscal year 1997 reporting, the University elected to change its sick leave liability calculation to the termination payment method. University management considers the termination method preferable to the vesting method because it directly reflects the University's historical experience of sick leave payments to terminated employees.



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

The cumulative effect on prior years of this change in accounting principle is recognized as a \$9.3 million increase in the University's net assets. The change also resulted in recognition of \$1.2 million less expenditures for fiscal year 1997 than would have been recognized under the vesting method.

Additionally, Youngstown State University, a component unit fund, changed its fixed assets capitalization threshold policy in fiscal year 1997. As a result of the change, the University retroactively wrote-off fixed assets acquired in previous fiscal years that did not meet the University's new capitalization policy. The cumulative effect of the change is recognized as a \$4.2 million decrease in the University's net assets.

C. Newly Issued Accounting Pronouncements

In March 1997, the Governmental Accounting Standards Board (GASB) issued Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Effective July 1, 1997, the State will adopt the Statement's provisions, which will require the State to report its investments at fair value as of the balance sheet date and reflect the changes in the fair value of investments as revenue in the State's operating statements. Also, the Statement will require the State to report its external investment pool, STAROhio, as an investment trust fund. The provisions of this statement, which are effective for fiscal years beginning after June 15, 1997, will be reflected in the State's financial report for the year ended June 30, 1998. Management has not yet determined the impact that implementation of GASB Statement No. 31 will have on the State's financial statements.

Effective July 1, 1996, the Bureau of Workers' Compensation Enterprise Fund opted to early-implement GASB Statement No. 31's provisions.

NOTE 3 GAAP vs. NON-GAAP BUDGETARY BASIS

"Actual" revenues, operating transfers-in, expenditures, encumbrances, and operating transfers-out on the non-GAAP budgetary basis do not equal those reported on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances — All Governmental Fund Types and Expendable Trust 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, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis, expenditures are recognized when goods or services are received regardless of the year encumbered.

Budgeted expenditures in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) represent original appropriations modified by supplemental and amended appropriations made throughout the year, including \$262.2 million, \$991.8 million, and \$13.9 million increases in the budgets of the General, Special Revenue, and Debt Service funds, respectively.

A reconciliation of the fund balances recorded under the two bases for the General, Special Revenue, and Debt Service funds is presented in the following table.



NOTE 3 GAAP vs. NON-GAAP BUDGETARY BASIS (Continued)

Reconciliation of GAAP Basis Fund Balances to
 Non-GAAP Budgetary Basis Fund Balances
 June 30, 1997
 (in thousands)

	General	Special Revenue	Debt Service
Total Fund Balances - GAAP Basis.....	\$2,320,267	\$2,457,314	\$290,995
Less: Unbudgeted Fund Balances.....	—	81,543 *	181,846
Total Budgeted Fund Balances - GAAP Basis.....	2,320,267	2,375,771	109,149
Less: Reserved Fund Balances.....	1,438,917	2,514,873	108,534
Less: Designated Fund Balances.....	685,900	—	—
Unreserved/Undesignated Fund Balances - GAAP Basis.....	195,450	(139,102)	615
BASIS DIFFERENCES			
Revenue Accruals/Adjustments:			
Taxes Receivable.....	(787,434)	(190,463)	—
Intergovernmental Receivable.....	(433,449)	(350,926)	—
Loans Receivable.....	(9,939)	(299,935)	—
Other Receivables.....	(21,690)	(29,806)	(461)
Due from Other Funds.....	(13,359)	(27,737)	(127)
Inventories.....	(2,807)	(33,197)	—
Other Assets.....	(836)	(8,920)	—
Deferred Revenues.....	64,590	58,957	—
Total Revenue Accruals/Adjustments.....	(1,204,924)	(882,027)	(588)
Expenditure Accruals/Adjustments:			
Accounts Payable.....	74,144	235,114	—
Medicaid Claims Payable.....	475,780	—	—
Accrued Liabilities.....	104,594	53,324	498
Intergovernmental Payable.....	231,824	371,239	—
Due to Other Funds.....	35,913	10,863	—
Refund and Other Liabilities.....	540,589	71,751	1,008
Total Expenditure Accruals/Adjustments.....	1,462,844	742,291	1,506
Other Adjustments:			
Fund Balance Reclassifications:			
From Unreserved (Non-GAAP Budgetary Basis)			
to Reserved for:			
Debt Service.....	—	—	108,534
Budget Stabilization.....	828,307	—	—
Noncurrent Portion of Loans Receivable.....	9,793	299,056	—
Other.....	146,394	172,707	—
From Undesignated (Non-GAAP Budgetary Basis)			
to Designated.....			
	685,900	—	—
Cash and Investments Held Outside of State Treasury.....	(11,889)	(11,518)	(1,603)
Other.....	1	2	—
Total Other Adjustments.....	1,658,506	460,247	106,931
Total Basis Differences.....	1,916,426	320,511	107,849
TIMING DIFFERENCES			
Encumbrances.....	(148,473)	(397,384)	—
Unreserved/Undesignated and Designated Fund Balances (Deficits) — Non-GAAP Budgetary Basis.....	\$1,963,403	\$ (215,975)	\$108,464

*This amount includes certain unbudgeted activities within the Community and Economic Development, Employment Services, and Student Aid Commission Special Revenue Funds



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;



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- 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 Pension Trust 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.

During the reporting period, the Public Employees Retirement System, Police and Firemen's Disability and Pension Fund, School Employees Retirement System, and the State Teachers Retirement System, 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.

B. Deposits

1. Primary Government

As of June 30, 1997, the carrying amount of deposits was (in thousands) \$1,094,400 and the bank balance was \$1,082,461. Of the bank balance, \$228,766 was fully insured or collateralized with securities held by the primary government or its agent in the primary government's name (Category 1), \$624,374 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 \$229,321, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).

2. Component Units

As of June 30, 1997, the carrying amount of deposits was (in thousands) \$196,795 and the bank balance was \$252,346. Of the bank balance, \$42,650 was fully insured or collateralized with securities held by the respective component units or their agents in the component unit's name (Category 1), \$179,418 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 \$30,278, although meeting legal collateralization requirements, was categorized as uninsured and uncollateralized (Category 3).



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

C. Investments

The State categorizes investments to give an indication of the level 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 include ownership in real estate, mutual funds, limited partnerships and venture capital, direct mortgage loans, and the deposits with the federal government and the deferred compensation plan. 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 level of credit risk assumed by the primary government and its component units and the carrying amount and fair value of investments, as of June 30, 1997, are as follows (in thousands):

	Primary Government			Total	Fair Value
	Carrying Amount				
	Category 1	Category 2	Category 3		
U.S. government & agency obligations					
Not on securities loan	\$35,374,651	\$ —	\$ 4,558,360	\$ 39,933,011	\$ 40,808,934
On securities loan.....	—	—	187,288	187,288	187,288
Common and preferred stock					
Not on securities loan	25,800,774	—	6,490,597	32,291,371	39,147,648
On securities loan.....	—	—	62,147	62,147	62,147
Corporate bonds and notes.....	6,443,687	—	1,969,105	8,412,792	8,404,966
Foreign stocks and bonds.....	8,893,950	—	—	8,893,950	9,740,894
Commercial paper	3,742,808	—	1,137,406	4,880,214	4,880,283
Repurchase agreements.....	306,387	15	1,140	307,542	307,519
Bankers' acceptances.....	18,620	—	—	18,620	18,617
Municipal obligations.....	1,015	—	—	1,015	1,088
Securities lending collateral					
U.S. government & agency obligations.....	105,000	—	3,215,801	3,320,801	3,320,805
Repurchase agreements.....	4,234,312	—	—	4,234,312	4,341,793
Common and preferred stock	—	—	712,156	712,156	712,156
Corporate bonds and notes	698,104	—	—	698,104	698,547
Commercial paper	29,959	—	—	29,959	29,959
	<u>\$85,649,267</u>	<u>\$ 15</u>	<u>\$18,334,000</u>	103,983,282	112,662,644
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. government & agency obligations.....				8,630,473	8,553,141
Common and preferred stock.....				694,418	694,418
Mutual funds.....				2,353,580	3,609,508
Real estate.....				7,086,018	7,363,322
Venture capital.....				111,835	125,132
Direct mortgage loans.....				38,432	38,432
Securities lending collateral — mutual funds.....				70,032	70,032
Deposit with federal government.....				1,818,503	1,818,503
Deposit with deferred compensation plan.....				852,788	852,788
Less: Component units' equity in the Treasurer of State investment pool (STAROhio)				(222,300)	(222,300)
Total Investments — Primary Government				<u>\$125,417,061</u>	<u>\$135,565,620</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

	Component Units				Fair Value
	Carrying Amount				
	Category 1	Category 2	Category 3	Total	
U.S. government & agency obligations.....	\$307,624	\$ 877,127	\$144,245	\$1,328,996	\$1,339,464
Common and preferred stock.....	184,312	511,328	3,257	698,897	908,933
Corporate bonds and notes....	97,719	32,535	16,206	146,460	146,213
Foreign stocks and bonds.....	7,836	—	—	7,836	9,491
Commercial paper	—	8,579	10,446	19,025	19,135
Repurchase agreements.....	—	401,964	18,201	420,165	420,165
Bankers' acceptances.....	—	—	3,465	3,465	3,489
Municipal obligations.....	265	—	48	313	309
Other investments	316	—	10,316	10,632	13,800
	<u>\$598,072</u>	<u>\$1,831,533</u>	<u>\$206,184</u>	<u>2,635,789</u>	<u>2,860,999</u>
Mutual funds.....				242,059	267,404
Investment in Treasurer of State investment pool (STAROhio).....				222,300	222,300
Real estate				38,090	65,613
Life insurance				7,875	7,875
Limited partnerships				4,739	5,237
Deposit with deferred compensation plan.....				7,181	7,181
Total Investments — Component Units				<u>\$3,158,033</u>	<u>\$3,436,609</u>

The total carrying amount of deposits and investments, as of June 30, 1997, reported for the primary government and its component units is (in thousands) \$129,645,147. The total carrying amount of deposits and investments categorized and disclosed in this note is \$129,866,289. A reconciliation of the difference follows (in thousands).

	Deposits	Investments	Total
Cash equity with Treasurer (unrestricted and restricted).....	\$ 206,837	\$ 5,879,168	\$ 6,086,005
Cash and cash equivalents (unrestricted and restricted).....	369,470	1,157,892	1,527,362
Investments	49,753	107,759,428	107,809,181
Collateral on Lent Securities (unrestricted and restricted).....	386,145	9,065,364	9,451,509
Deposit with federal government.....	—	1,818,503	1,818,503
Deposit with deferred compensation plan.....	—	859,969	859,969
Restricted Assets:			
Investments	—	528,402	528,402
Dedicated investments.....	—	1,564,216	1,564,216
Carrying amount per combined balance sheet.....	1,012,205	128,632,942	129,645,147
Outstanding warrants and other reconciling items.....	278,990	(57,848)	221,142
Total Reporting Entity.....	<u>\$1,291,195</u>	<u>\$128,575,094</u>	<u>\$129,866,289</u>

D. 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," "Investments," and "Dedicated 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 has minimized its exposure to credit risk due to borrower default by requiring the custodial agent to ensure that the State's lent securities are collateralized at no less than 102 percent of market value.

For loan contracts the Treasurer executes, not more than 15 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 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 seven days.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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 1997, 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.

NOTE 5 TAXES

Taxes receivable, as of June 30, 1997, consist of the following (in thousands):

	General	Special Revenue	Trust and Agency	Total
Income Taxes	\$325,091	\$ 38,387	\$ —	\$ 363,478
Sales Taxes.....	462,343	24,393	—	486,736
Motor Vehicle Fuel Taxes.....	—	115,854	—	115,854
Unemployment Taxes	—	—	160,046	160,046
Other Taxes.....	—	11,829	—	11,829
Total Taxes Receivable.....	<u>\$787,434</u>	<u>\$190,463</u>	<u>\$160,046</u>	<u>\$1,137,943</u>

As of June 30, 1997, refund liabilities for income and corporation franchise taxes, totaling \$596.4 million, are reported as "Refunds and Other Liabilities," of which \$539.4 million is reported in the General Fund and \$57 million is reported in the Special Revenue Fund.

NOTE 6 LOANS AND OTHER RECEIVABLES

A. Loans Receivable

Loans receivable (net of uncollectible amounts) for the primary government and its component units, as of June 30, 1997, consist of the following (in thousands):

Loan Type	Primary Government				Total
	General	Special Revenue	Debt Service	Capital Projects	
Columbiana County Economic Stabilization.....	\$ 3,465	\$ —	\$ —	\$ —	\$ 3,465
Community and Economic Development:					
Office of Minority Financial Incentives.....	5,169	—	—	—	5,169
Office of Financial Incentives.....	—	232,304	—	—	232,304
Ohio Housing Finance Agency.....	—	94,381	—	—	94,381
Total Community and Economic Development	<u>5,169</u>	<u>326,685</u>	<u>—</u>	<u>—</u>	<u>331,854</u>
Primary, Secondary, and Other Education:					
Vocational Education	1,305	369	—	—	1,674
Bankruptcy and Port Authority.....	—	323	—	—	323
Public School Building	—	17,192	—	—	17,192
Vocational School Assistance	—	8,053	—	—	8,053
School Building	—	10,600	—	—	10,600
Total Primary, Secondary and Other Education	<u>1,305</u>	<u>36,537</u>	<u>—</u>	<u>—</u>	<u>37,842</u>



(Continued)

NOTE 6 LOANS AND OTHER RECEIVABLES (Continued)

Loan Type	General	Special Revenue	Debt Service	Capital Projects	Total
Higher Education Research Investment Loans	—	—	6,224	—	6,224
Natural Resources.....	—	162	—	—	162
Highway and Transit Infrastructure Bank Butler Transportation Improvement District ...	—	35,000	—	—	35,000
Local Infrastructure Improvements.....	—	—	—	109,664	109,664
Total Loans Receivable.....	<u>\$9,939</u>	<u>\$398,384</u>	<u>\$6,224</u>	<u>\$109,664</u>	<u>\$524,211</u>

Component Units

Loan Type	Ohio Water Development Authority (12/31/96)	Ohio State University	University of Cincinnati	Kent State University	Other Component Units	Total
Water and Wastewater Treatment.....	\$1,608,445	\$ —	\$ —	\$ —	\$ —	\$1,608,445
Student.....	—	53,960	29,206	18,377	74,433	175,976
Other.....	—	—	650	—	615	1,265
Total Loans Receivable.....	<u>\$1,608,445</u>	<u>\$53,960</u>	<u>\$29,856</u>	<u>\$18,377</u>	<u>\$75,048</u>	<u>\$1,785,686</u>

B. Other Receivables

Other receivables for the primary government, as of June 30, 1997, consist of the following (in thousands):

Primary Government

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total
Unrestricted:								
Accounts Receivable.....	\$ 3,907	\$ 2,096	\$ —	\$ —	\$224,296	\$ 3,948	\$ —	\$234,247
Interest and Dividends Receivable. Women, Infants and Children Program Rebate Receivable.....	13,522	8,587	1,037	2,543	93,718	472	2,463	122,342
Nursing Facility Bed Assessments Receivable.....	—	9,945	—	—	—	—	—	9,945
Leases Receivable.....	—	10,819	—	—	—	39,669	—	10,819
Receivables from Lottery Sales Agents.....	—	—	—	—	40,998	—	—	39,669
Claims & Settlements Receivable... Employer Interest and Penalties on Unemployment Taxes.....	—	—	—	—	—	—	22,056	40,998
Refunds from Academic Grants and Scholarships Programs	—	2,179	—	—	—	—	—	22,056
Miscellaneous Receivables.....	4,261	—	—	—	—	—	—	2,179
Total Unrestricted.....	<u>21,690</u>	<u>35,200</u>	<u>1,037</u>	<u>2,543</u>	<u>359,041</u>	<u>45,745</u>	<u>24,633</u>	<u>489,889</u>
Restricted:								
Interest Receivable.....	—	—	—	—	19,171	—	—	19,171
Total Unrestricted and Restricted...	<u>\$21,690</u>	<u>\$35,200</u>	<u>\$1,037</u>	<u>\$2,543</u>	<u>\$378,212</u>	<u>\$45,745</u>	<u>\$24,633</u>	<u>\$509,060</u>

Under long-term direct financing leases with local governments for office space, the Ohio Building Authority charges a pro-rata share of the buildings' debt service and operating costs based on square-footage occupied. Future lease payments due the Ohio Building Authority Internal Service Fund, net of executory costs, are as follows (in thousands):



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1997

NOTE 6 LOANS AND OTHER RECEIVABLES (Continued)

Year Ending June 30,	Leases Receivable
1998.....	\$ 7,752
1999.....	5,367
2000.....	5,369
2001.....	5,374
2002.....	5,382
Thereafter.....	33,097
Total minimum lease payments.....	62,341
Less: Amount representing interest.....	22,672
Present value of net minimum lease payments.....	<u>\$39,669</u>

Other receivables for the State's component units, as of June 30, 1997, consist of the following (in thousands):

	Component Units					Total
	Ohio State University	University of Cincinnati	Bowling Green State University	Medical College of Ohio	Other Component Units	
Accounts Receivable.....	\$179,561	\$27,406	\$ 6,093	\$16,875	\$87,598	\$317,533
Interest Receivable.....	10,574	5,529	11,568	790	3,731	32,192
Pledges Receivable.....	—	32,113	—	—	—	32,113
Miscellaneous Receivables.....	—	408	—	—	4,187	4,595
Total Other Receivables.....	<u>\$190,135</u>	<u>\$65,456</u>	<u>\$17,661</u>	<u>\$17,665</u>	<u>\$95,516</u>	<u>\$386,433</u>

NOTE 7 INTERFUND AND INTRA-ENTITY BALANCES AND TRANSFERS

Interfund balances, as of June 30, 1997, and operating transfers among the primary government's funds, for the year ended June 30, 1997, are as follows (in thousands):

<u>Fund Type/Fund</u>	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds	Operating Transfers-in	Operating Transfers-out
General	\$ 13,359	\$ 35,913	\$ —	\$ —	\$ 142,605	\$ 847,794
Special Revenue:						
Community and Economic Development	2,969	520	—	85,076	55,247	45,215
Human Services	595	358	—	—	14,261	9,608
Health	177	105	—	—	11,976	4,875
Mental Health and Retardation.....	887	801	—	—	7,037	—
Employment Services	—	—	—	—	—	3,000
Education.....	398	153	—	—	733,466	10,935
Student Aid Commission	—	—	—	—	—	6,730
Highway Safety	3,419	2,420	—	—	145,529	2,800
Highway Operating	4,015	6,467	—	—	641,311	184,777
Natural Resources.....	497	118	—	—	546	3,060
Wildlife and Waterway Safety.....	332	48	—	—	1,000	—
Revenue Distribution.....	9,675	128	—	—	42,084	680,022
Local Transportation Improvements.....	4,773	2	—	—	58,247	—
Total Special Revenue Fund.....	27,737	11,120	—	85,076	1,710,704	951,022
Debt Service:						
Economic Development Bond Service.....	—	—	—	—	21,052	—
Coal Research/Development Bond Retirement.....	—	—	—	—	9,026	6
Development Bond Retirement.....	—	—	—	—	—	24
Highway Obligations Bond Retirement.....	127	—	—	—	—	109
Public Improvements Bond Retirement.....	—	—	—	—	—	13
Local Infrastructure Improvements						
Bond Retirement.....	—	—	—	—	80,623	—
Ohio Public Facilities Commission.....	1,115	—	—	—	444,603	—
Ohio Building Authority	—	—	—	—	202,747	862

(Continued)



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1997

NOTE 7 INTERFUND AND INTRA-ENTITY BALANCES AND TRANSFERS (Continued)

Fund Type/Fund	Due from Other Funds	Due to Other Funds	Advances to Other Funds	Advances from Other Funds	Operating Transfers-in	Operating Transfers-out
Debt Service: (Continued)						
Enterprise Bond Retirement.....	—	—	—	—	27,536	32,815
State Projects Bond Service.....	—	—	—	—	5,234	25
School Building Program Bond Service.....	—	—	—	—	10,695	—
Highway Capital Improvement Bond Service.....	—	—	—	—	6,476	88
Total Debt Service Fund.....	1,242	—	—	—	807,992	33,942
Capital Projects:						
Arts Facilities Building Improvements.....	43	—	—	—	40,525	—
Higher Education Improvements.....	110	1,121	—	—	—	540
Highway Obligations Construction.....	41	—	—	—	—	—
Mental Health/Mental Retardation Facilities Improvements.....	25	—	—	—	—	—
Parks and Recreation Improvements.....	11	—	—	—	—	—
Local Infrastructure Improvements.....	1,169	5	—	—	—	46
Ohio Building Authority.....	—	—	—	—	—	368,143
Administrative Services Building Improvements.....	54	—	—	—	85,522	—
Youth Services Building Improvements.....	24	—	—	—	—	—
Transportation Building Improvements.....	12	17	—	—	—	—
Adult Correctional Building Improvements.....	117	—	—	—	109,080	—
Highway Safety Building Improvements.....	60	—	—	—	75,344	—
Ohio Parks and Natural Resources.....	6	—	—	—	—	642
Highway Capital Improvement.....	53	—	—	—	—	—
Sports Facilities Building.....	45	—	—	—	36,677	—
Total Capital Projects Fund.....	1,770	1,143	—	—	347,148	369,371
Enterprise:						
Liquor Control.....	88	16	—	—	75	89,621
Ohio Lottery Commission.....	—	—	—	—	—	748,520
Workers' Compensation.....	—	—	—	—	—	4,894
Underground Parking Garage.....	—	—	—	—	—	1,710
Office of Auditor of State.....	1,590	—	—	—	28,143	—
Total Enterprise Fund.....	1,678	16	—	—	28,218	844,745
Internal Service:						
Ohio Building Authority.....	—	—	—	—	27,901	26,521
Ohio Data Network.....	7,486	56	—	—	—	—
Ohio Penal Industries.....	22,359	1,860	—	—	8,827	—
Support Services.....	4,701	95	—	—	—	—
Telecommunications.....	3,673	27	—	—	—	—
Total Internal Service Fund.....	38,219	2,038	—	—	36,728	26,521
Expendable Trust:						
Unclaimed Funds.....	257	—	85,076	—	—	—
Pension Trust:						
State Highway Patrol.....	1,589	—	—	—	—	—
Agency:						
Holding and Distribution.....	—	17,434	—	—	—	—
Payroll Withholding and Fringe Benefits.....	83	21,591	—	—	—	—
Deferred Compensation.....	3,232	—	—	—	—	—
Other.....	47	—	—	—	—	—
Total Trust and Agency Funds.....	5,208	39,025	85,076	—	—	—
Total per Financial Statements - Primary Government.....	89,213	89,255	85,076	85,076	3,073,395	3,073,395
Reconciliation for Timing Differences for Funds with December 31, 1996 Year-Ends.....	42	—	—	—	—	—
Reconciled Total for the Primary Government.....	89,255	89,255	\$85,076	\$85,076	\$3,073,395	\$3,073,395
Component Units:						
Ohio State University.....	274,994	274,994	—	—	—	—
University of Cincinnati.....	10,258	10,258	—	—	—	—
Other Component Units.....	58,234	58,234	—	—	—	—
Total per Financial Statements - Component Units.....	343,486	343,486	—	—	—	—
Total Reporting Entity.....	\$432,741	\$432,741	—	—	—	—



NOTE 7 INTERFUND AND INTRA-ENTITY BALANCES AND TRANSFERS (Continued)

For the fiscal year ended June 30, 1997, the Capital Projects Fund reports approximately \$5.7 million in residual equity transfers-out. The transfers represent contributions of capital to the Internal Service Fund, as discussed in more detail in NOTE 19.

Operating transfers between the primary government's funds and its component units, for the year ended June 30, 1997, consist of the following (in thousands):

	Operating Transfers from Primary Government	Operating Transfers to Component Units
Primary Government:		
General Fund.....	\$ —	\$1,410,667
Component Units:		
<i>College and University Funds</i>		
Ohio State University	376,623	—
University of Cincinnati	175,615	—
Ohio University	122,117	—
Miami University	66,794	—
University of Akron.....	92,405	—
Bowling Green State University.....	73,365	—
Kent State University.....	99,964	—
University of Toledo.....	78,064	—
Cleveland State University.....	64,053	—
Youngstown State University.....	44,992	—
Wright State University	81,220	—
Shawnee State University.....	13,756	—
Medical College of Ohio.....	34,200	—
Terra State Community College	5,855	—
Columbus State Community College	27,251	—
Clark State Community College	5,875	—
Edison State Community College.....	4,398	—
Southern State Community College.....	3,378	—
Washington State Community College	3,863	—
Cincinnati State Community College	14,464	—
Northwest State Community College	3,099	—
Owens State Community College.....	19,316	—
Total Reporting Entity.....	\$1,410,667	\$1,410,667

NOTE 8 FIXED ASSETS

A. Primary Government

Fixed assets by category, as of June 30, 1997, are as follows (in thousands):

	Enterprise	Internal Service	Pension Trust	General Fixed Assets	Total Primary Government
Land.....	\$ 18,070	\$ —	\$ 370	\$ 186,169	\$ 204,609
Buildings.....	272,509	6,319	2,947	2,167,257	2,449,032
Land Improvements.....	66	—	—	155,364	155,430
Machinery and Equipment.....	167,250	107,070	220	214,561	489,101
State Vehicles.....	1,492	810	16	225,095	227,413
Construction-in-Progress.....	—	—	—	446,095	446,095
Total Fixed Assets (at cost).....	459,387	114,199	3,553	3,394,541	3,971,680
Less: Accumulated Depreciation.....	173,207	83,624	567	—	257,398
Total Fixed Assets (net).....	<u>\$286,180</u>	<u>\$ 30,575</u>	<u>\$2,986</u>	<u>\$3,394,541</u>	<u>\$3,714,282</u>



NOTE 8 FIXED ASSETS (Continued)

No projects were under construction, for the year ended June 30, 1997, that resulted in capitalized interest for the proprietary and fiduciary fund types.

Changes in general fixed assets, for the year ended June 30, 1997, are as follows (in thousands):

	Balance July 1, 1996	Beginning Balance Adjustments	Additions	Deletions/ Net Transfers	Balance June 30, 1997
Land	\$ 178,597	\$ 135	\$ 7,902	\$ (465)	\$ 186,169
Buildings.....	2,052,579	66,704	87,836	(39,862)	2,167,257
Land Improvements	149,076	3,918	5,790	(3,420)	155,364
Machinery and Equipment.....	190,204	(2,808)	38,917	(11,752)	214,561
State Vehicles.....	217,554	(3,963)	27,803	(16,299)	225,095
Construction-in-Progress.....	479,197	(18,731)	442,628	(456,999)	446,095
Total General Fixed Assets.....	<u>\$3,267,207</u>	<u>\$45,255</u>	<u>\$610,876</u>	<u>\$(528,797)</u>	<u>\$3,394,541</u>

B. Component Units

Fixed assets by category for the State's component units, as of June 30, 1997, are as follows (in thousands).

	Ohio State University	University of Cincinnati	Ohio University	Miami University	University of Akron
Land	\$ 30,762	\$ 15,389	\$ 9,898	\$ 2,143	\$ 16,968
Buildings.....	1,200,279	708,621	307,451	297,669	261,762
Land Improvements	134,500	17,199	52,392	28,504	29,178
Machinery, Equipment, and Vehicles.....	605,765	107,049	117,166	86,166	91,080
Library Books and Publications	114,784	77,556	45,426	34,110	45,313
Construction-in-Progress.....	152,865	59,566	11,999	39,236	16,152
Total Fixed Assets (at cost).....	2,238,955	985,380	544,332	487,828	460,453
Less: Accumulated Depreciation.....	—	—	—	—	—
Total Fixed Assets (net).....	<u>\$2,238,955</u>	<u>\$985,380</u>	<u>\$544,332</u>	<u>\$487,828</u>	<u>\$460,453</u>

	Kent State University	University of Toledo	Cleveland State University	Other Component Units	Total Component Units
Land	\$ 6,037	\$ 17,479	\$ 47,627	\$ 52,278	\$ 198,581
Buildings.....	235,961	261,291	244,047	1,057,347	4,574,428
Land Improvements	26,860	25,163	8,955	73,194	395,945
Machinery, Equipment, and Vehicles.....	60,971	55,904	51,594	347,560	1,523,255
Library Books and Publications	45,129	17,052	42,391	87,294	509,055
Construction-in-Progress.....	14,214	38,810	25,541	63,403	421,786
Total Fixed Assets (at cost).....	389,172	415,699	420,155	1,681,076	7,623,050
Less: Accumulated Depreciation.....	—	—	—	444	444
Total Fixed Assets (net).....	<u>\$389,172</u>	<u>\$415,699</u>	<u>\$420,155</u>	<u>\$1,680,632</u>	<u>\$7,622,606</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:

- Public Employees Retirement System
- State Teachers Retirement System
- State Highway Patrol Retirement System

A. Public Employees Retirement System (PERS)

Pension Benefits

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

PERS benefits are established under Chapter 145, Ohio Revised Code. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

PERS issues a stand-alone financial report, copies of which may be obtained by making a written request to: Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 466-2085.

Employer and employee required contributions to PERS 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 1996 are as follows:

	Contribution Rates — Calendar Year 1996	
	Employee Share	Employer Share
Regular Employees.....	8.50%	13.31%
Law Enforcement Employees.....	9.00%	16.70%

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

Primary Government			Component Units	
For the Year Ended December 31,	Employer's Contribution for Regular Employees	Employer's Contribution for Law Enforcement Employees	For the Year Ended June 30,	Employer's Contribution for Regular Employees
1996	\$196,501	\$2,410	1997	\$96,962
1995	188,913	2,480	1996	98,615
1994	178,344	2,454	1995	94,465

Other Postemployment Benefits

All age and service retirees with 10 or more years of service credit qualify for healthcare coverage under PERS. Healthcare coverage for disability recipients and primary survivor recipients is also available. Chapter 145, Ohio Revised Code, provides the statutory authority for employer contributions. The portion of the employer rate that is used to fund healthcare is 5.89 percent of covered payroll for law enforcement employees, and 4.29 percent of covered payroll for regular employees for calendar year 1996. Employees do not fund any portion of healthcare costs.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

PERS healthcare benefits are advance-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities and normal cost. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. The investment assumption rate for 1995 was 7.75 percent, while healthcare costs were assumed to increase by 5.25 percent annually. An annual increase of 5.25 percent, compounded annually, is the base portion of the individual pay increase assumption. Additionally, annual pay increases over and above the base portion are assumed to range from zero to 5.1 percent.

With regard to asset valuation for the PERS healthcare plan, short-term securities consisting of commercial paper and U.S. Treasury obligations are carried at cost; equity securities, fixed income investments, and investments in real estate are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing plan participants for the multiple-employer plan was 62,332 for the primary government, as of June 30, 1997. Employer contribution requirements are as follows (in thousands):

	<u>Actuarially Determined and Actual Contributions</u>
Primary Government:	
(for the year ended December 31, 1996)	
Regular Employees.....	\$93,458
Law Enforcement Employees	1,313
Total	<u>\$94,771</u>
Component Units:	
(for the year ended June 30, 1997).....	<u>\$46,116</u>

PERS had \$7.2 billion in net assets available for healthcare benefits at December 31, 1995. The actuarial accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used were \$8.6 billion and \$1.4 billion, respectively.

B. State Teachers Retirement System (STRS)

Pension Benefits

STRS is a cost-sharing, defined benefit multiple-employer public employee retirement system. For reporting STRS, the State has early implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 1997.

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 maximum annual retirement allowance is equal to 2.1 percent of an average of a member’s three highest years’ salary multiplied by the member’s number of years of credited service (up to 30 years and 2.5 percent a year for earned Ohio service over 30 years, up to a maximum allowance of 100 percent of final average salary). Under the “money-purchase benefit” calculation, a member’s lifetime



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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. Annually, after retirement, STRS benefits are increased by the greater of the amount of the change in the Consumer Price Index or the cumulative increase in prior years, less previous cost-of-living increases, up to a maximum of three percent.

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. Contributions are made by the member and employer 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.

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.

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. Contribution rates for fiscal year 1997 were 14 percent for employers and 9.3 percent for employees. For STRS, 12 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 (in thousands):

<u>Year Ended June 30,</u>	<u>Primary Government</u>	<u>Component Units</u>
1997	\$5,051	\$111,928
1996	4,780	112,449
1995	4,795	107,210

The pension liability, as calculated in accordance with GASB Statement No. 27, was zero before and after the transition.

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. Additional premiums are required to be paid by retirees 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 two percent of covered payroll are allocated to pay for healthcare benefits.

The employer contribution is advance-funded, but not on an actuarially determined basis. Net healthcare costs paid by the primary government and its component units, for the year ended June 30, 1997, totaled \$842 thousand and \$18.6 million, respectively. Eligible benefit recipients for the primary government, for the same period, totaled 1,020. Net assets available to fund future healthcare benefits was \$1.6 billion, as of June 30, 1996.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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) 466-2268.

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 employer contribution rate is established by the SHPRS Retirement Board and certified to the State of Ohio every two years. By law, the employer rate may not exceed three times the employee contribution rate.

Through June 8, 1996, active members and the employer contributed 10.5 percent and 24.53 percent, respectively, of active member payroll, of which all of the employee's contribution and 19.03 percent of the employer's contribution were used to fund pension benefits. Effective June 9, 1996, active members and the employer began contributing 10 percent and 24 percent, respectively, of active member payroll, of which all of the employee's contribution and 19.87 percent of the employer's contribution were used to fund pension benefits. The difference in the total employer rates charged during 1996 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.

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. 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 are based on the estimated current value and on independent appraisals.

Assets are valued with a method that amortizes each year's investment gain or loss over a closed, four-year period.

Annual pension cost for the State totaled \$11.9 million for the year, 100 percent of which was contributed during the year.

SHPRS used the entry-age normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 1996. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a 7.75 percent rate of return on investments; projected salary increase of five percent attributable to inflation and additional projected salary increases ranging from zero to 3.5 percent per year attributable to seniority and merit; and postretirement increases each year equal to the increase in the Consumer Price Index (not to exceed three percent).



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over a closed period of 16 years.

In addition to retirement and healthcare benefits, SHPRS also provides for disability and survivors' benefits. Qualified dependents of a deceased member are eligible for monthly survivors' benefits.

The Schedule of Funding Progress for the last three years is as follows (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)
1994 ^(a)	\$374,007	\$330,787	\$43,220	88.4%	\$58,117	74.4%
1995	402,450	370,425	32,025	92.0	59,825	53.5
1995 ^(b)	427,757	370,425	57,332	86.6	59,825	95.8
1995 ^{(a)&(b)}	424,351	370,425	53,926	87.3	59,825	90.1
1996	454,514	411,316	43,198	90.5	59,239	72.9

^(a) Revised actuarial assumptions or methods

^(b) Plan amended

Amounts reported in the schedule 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, 1996, was 1,375. The cost of retiree healthcare benefits is recognized as claims are incurred and premiums are paid. The calendar year 1996 expense was \$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 five percent, compounded annually, due to inflation was also used in the valuation. The net assets available for benefits allocated to healthcare costs at December 31, 1996 was \$73.8 million, and include investments, which are carried at fair value, as described above.

As of December 31, 1996, 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 \$61.6 million; the prefunded actuarial accrued liability for healthcare benefits at that date was \$12.2 million.

Employer contributions are made in accordance with actuarially determined requirements. The employer contribution requirement was approximately \$2.9 million or 4.8 percent of active member payroll for the period January 1 to December 31, 1996.



NOTE 10 GENERAL OBLIGATION BONDS

The State has pledged its faith and credit for the payment of principal and interest on general obligation bonds accounted for and included with obligations in the General Long-Term Obligations Account Group.

At various times since 1921, Ohio voters, by 14 constitutional amendments (the last adopted in November 1995), have authorized the incurrence of general obligation debt for the construction and improvement of local infrastructure improvements, highways, research and development of coal technology, parks, recreation, and natural resources, and state facilities. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1987 constitutional amendment authorized 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, 1997, the General Assembly had authorized \$1.2 billion of these bonds to be sold, of which approximately \$1.08 billion had been issued and \$944.3 million (net of unaccreted discount of \$157.3 million on deep-discount bonds issued) was outstanding. In November 1995, voters approved another constitutional amendment to authorize 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, 1997, the General Assembly had authorized \$120 million in Infrastructure Bonds to be issued under the provisions of the 1995 constitutional amendment.

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, 1997, for Highway Obligations, was \$1.86 billion, of which \$1.75 billion had been issued and \$357.7 million was outstanding. Pursuant to a constitutional amendment voters approved in November 1995, the remaining \$109.7 million in General Assembly authorizations for the issuance of Highway Obligations expired December 31, 1996.

Through approval of the November 1995 amendment, voters authorized the issuance of Highway Capital Improvements Bonds in amounts up to \$220 million in any fiscal year (plus any prior fiscal years' principal amounts not issued under the new authorization), with no more than \$1.2 billion outstanding at any time. As of June 30, 1997, the General Assembly had authorized the issuance of \$432.5 million in Highway Capital Improvements Bond, of which \$175 million had been issued and \$170 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, 1997, the General Assembly had authorized the issuance of \$150 million in Coal Research and Development Bonds, of which \$95 million had been issued and \$32.4 million was outstanding. Legislative authorizations for the issuance of Parks and Natural Resources Bonds totaled \$180 million, as of June 30, 1997, of which \$100 million had been issued and \$94.2 million was outstanding.

General obligation bonds outstanding and bonds authorized but unissued, as of June 30, 1997, are as follows (in thousands):

Purpose	Fiscal Years Issued	Average Net Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Infrastructure Improvements.....	1990-97	4.8%-8.2%	2017	\$ 944,346	\$240,000
Highway Obligations	1988-97	4.5%-6.5%	2005	357,700	—
Highway Capital Improvements	1997	4.7%-4.8%	2007	170,000	257,500
Coal Research and Development.....	1992-96	4.5%-5.6%	2005	32,350	55,000
Parks, Recreation, and Natural Resources.....	1995-97	4.5%-5.6%	2012	94,200	80,000
Total General Obligation Bonds.....				<u>\$1,598,596</u>	<u>\$632,500</u>



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

For the year ended June 30, 1997, NOTE 15 summarizes changes in general obligation bonds reported in the General Long-Term Obligations Account Group.

Future general obligation debt service requirements, as of June 30, 1997, are as follows (in thousands):

Year Ending June 30,	Principal	Interest	Total
1998	\$ 164,860	\$ 66,169	\$ 231,029
1999	144,545	59,333	203,878
2000	132,860	53,282	186,142
2001	135,425	48,242	183,667
2002	137,975	42,914	180,889
Thereafter	1,040,190	210,219	1,250,409
	1,755,855	480,159	2,236,014
Less: Unaccrued Discount.....	157,259	—	157,259
Total	<u>\$1,598,596</u>	<u>\$480,159</u>	<u>\$2,078,755</u>

NOTE 11 SPECIAL OBLIGATION BONDS

Special obligation bonds reported in the General Long-Term Obligations Account Group have been authorized and issued by the Ohio Building Authority (OBA), the Ohio Public Facilities Commission (OPFC), and the Treasurer of State for the Department of Education. 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. OPFC bonds finance the cost of capital facilities for the state-supported institutions of higher education, mental hygiene and retardation, and parks and recreation. Elementary and Secondary Education Bonds issued by the Treasurer of State for the Department of Education finance the cost of capital facilities for local school districts.

OBA bonds issued for State agencies are reflected as special obligation bonds, and OBA bonds issued for related local government facilities are shown as revenue bonds (See NOTE 12).

Pledges of lease rental payments from appropriations made to the General Fund and the Highway Safety and Highway Operating Special Revenue funds, moneys held by trustees pursuant to related trust agreements, and other receipts, as required by the respective bond documents secure OBA, OPFC, and the Elementary and Secondary Education bonds.

Special obligation bonds outstanding and bonds authorized but unissued, as of June 30, 1997, are as follows (in thousands):

Organization	Fiscal Years Issued	Average Net Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Ohio Building Authority.....	1986-97	4.6%-9.0%	2017	\$1,988,987	\$ 790,200
Ohio Public Facilities Commission	1986-97	4.5%-7.3%	2012	2,559,040	1,095,470
Elementary and Secondary Education.....	1995-97	5.1%-5.8%	2007	116,810	400,000
Total Special Obligation Bonds.....				<u>\$4,664,837</u>	<u>\$2,285,670</u>



NOTE 11 SPECIAL OBLIGATION BONDS (Continued)

For the year ended June 30, 1997, NOTE 15 summarizes changes in special obligation bonds reported in the General Long-Term Obligations Account Group.

Future special obligation debt service requirements, as of June 30, 1997, are as follows (in thousands):

Year Ending June 30,	Principal	Interest	Total
1998	\$ 430,333	\$ 243,664	\$ 673,997
1999	408,188	225,111	633,299
2000	396,292	205,320	601,612
2001	387,143	181,285	568,428
2002	360,431	157,520	517,951
Thereafter.....	2,682,450	678,740	3,361,190
Total	<u>\$4,664,837</u>	<u>\$1,691,640</u>	<u>\$6,356,477</u>

In August 1996, the OBA issued \$70 million in special obligation bonds with an average interest rate of 4.8 percent to retire \$69 million in bonds with an interest rate of 8.4 percent. In December 1996, the OBA issued \$70 million in special obligation bonds with an average interest rate of 4.9 percent to retire \$99 million in bonds with an interest rate of 6.2 percent. The net proceeds of the refunding bonds, plus an additional \$1.9 million and \$31.1 million from existing debt service moneys were placed with a trustee in August and December, respectively, to retire the bonds at the call date, and consequently, the liability associated with the refunded bonds has been removed from the General Long-Term Obligations Account Group.

The refunding transactions in August and December reduced the OBA's total future debt service payments by about \$16 million and \$40 million and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$10 million and \$9 million, respectively.

In April 1997, the OPFC issued \$132.4 million in special obligation bonds to advance refund \$186.3 million in bonds. The net proceeds of approximately \$133.1 million (after payment of approximately \$625 thousand for underwriter's discount), plus an additional \$64.7 million from existing debt service moneys, were used to purchase U.S. government securities, which were placed in an irrevocable trust with an agent to provide for all future debt service payments on the refunded principal. As a result, the advance refunded bonds are considered defeased under the appropriate trust agreement, and the liability for the advance refunded bonds has been removed from the General Long-Term Obligations Account Group.

The OPFC refunded the special obligation bonds to reduce its debt service over the next seven years by approximately \$27.9 million to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of approximately \$6.4 million.

In prior years, the OBA and OPFC 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, 1997, \$479.7 million and \$129.1 million of OBA and OPFC bonds outstanding, respectively, are considered defeased.

NOTE 12 REVENUE BONDS AND NOTES

The State Constitution permits State agencies and authorities to issue bonds that are not supported by the faith and credit of the State. These bonds pledge income derived from user fees and rentals on the acquired or



NOTE 12 REVENUE BONDS AND NOTES (Continued)

constructed assets to pay the debt service. Issuers for the primary government include the Treasurer of State for the Ohio Department of Development's Office of Financial Incentives, and the Ohio Building Authority (OBA), which has issued revenue bonds on its own behalf and for the Ohio Bureau of Workers' Compensation. Major issuers for the State's component units include the Ohio Water Development Authority, the Ohio State University, the University of Cincinnati, and the University of Toledo.

A. Primary Government

Revenue bonds accounted for in the Enterprise Fund finance the costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus.

OBA revenue bonds reported in the Internal Service Fund finance the costs of office buildings and related facilities for shared use by local governments. The principal and interest requirements on these bonds are paid from rentals received under the long-term lease agreements discussed in NOTE 6.

Economic development bonds, issued by the Treasurer of State for the Office of Financial Incentives' Direct Loan Program, provide financing for loans and loan guarantees to businesses within the State, which cannot obtain conventional financing for economic development projects that create or retain jobs in the State. The bonds are backed with profits derived from the sale of spirituous liquor by the Ohio Department of Liquor Control and pledged moneys and related investment earnings held in reserve under a trust agreement with a financial institution. As of June 30, 1997, approximately \$167 million in economic development bonds payable from liquor profits were outstanding.

Additionally, taxable economic development bonds in the amount of \$4.6 million, issued by the Treasurer of State in connection with the Ohio Enterprise Bond Program, were outstanding, as of June 30, 1997. Proceeds from this bond issuance in fiscal year 1988 were placed in a reserve with trustee and are pledged to support, in part, the payment of principal and interest on other economic development bonds issued under this program.

During fiscal year 1997, \$10 million of Ohio Enterprise Bonds were issued under the authority of Section 166.09, Ohio Revised Code, to provide private entities with capital financing for economic development projects. The Ohio Enterprise Bonds, which are reported as "no commitment" debt in NOTE 16, are primarily secured by the property financed, and payments by the borrowing entities are used to retire the debt and to service interest payments.

Revenue bonds outstanding for the primary government, as of June 30, 1997, are as follows (in thousands):

Organization	Fiscal Year Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Enterprise:				
Ohio Building Authority/ Bureau of Workers' Compensation.....	1994	3.3%-5.1%	2014	\$202,109
Internal Service:				
Ohio Building Authority.....	1986-97	4.5%-9.8%	2008	40,169
General Long-Term Obligations:				
Treasurer of State/Economic Development.....	1997	5.7%-9.7%*	2022	171,595
Total Revenue Bonds.....				<u>\$413,873</u>

*Average net interest rates



NOTE 12 REVENUE BONDS AND NOTES (Continued)

For the year ended June 30, 1997, NOTE 15 summarizes changes in revenue bonds reported in the General Long-Term Obligations Account Group.

Future bond service requirements for revenue bonds of the primary government, as of June 30, 1997, are as follows (in thousands):

Year Ending June 30,	Enterprise Fund			Internal Service Fund			General Long-Term Obligations Account Group		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1998	\$ 5,000	\$ 9,655	\$ 14,655	\$ 2,939	\$ 2,349	\$ 5,288	\$ 4,790	\$ 12,589	\$ 17,379
1999	6,000	9,455	15,455	3,108	2,181	5,289	5,270	12,250	17,520
2000	7,000	9,209	16,209	3,265	2,023	5,288	5,655	11,871	17,526
2001	8,000	8,915	16,915	3,432	1,858	5,290	6,060	11,456	17,516
2002	9,000	8,517	17,517	3,610	1,683	5,293	5,060	11,074	16,134
Thereafter.....	170,255	57,225	227,480	24,300	8,112	32,412	144,760	123,271	268,031
	205,255	102,976	308,231	40,654	18,206	58,860	171,595	182,511	354,106
Less: Unamortized Discount	3,146	—	3,146	485	—	485	—	—	—
Total.....	<u>\$202,109</u>	<u>\$102,976</u>	<u>\$305,085</u>	<u>\$40,169</u>	<u>\$18,206</u>	<u>\$58,375</u>	<u>\$171,595</u>	<u>\$182,511</u>	<u>\$354,106</u>

On October 1, 1996, the Treasurer of State issued \$66.8 million in taxable Series 1996 Development Assistance Bonds to advance refund \$54.4 million of outstanding Series 1989 Liquor Profits Refunding Bonds. The net proceeds of \$65.8 million (after payment of \$944,532 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1989 bonds. As a result, the Series 1989 bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

The State advance refunded the Series 1989 bonds to reduce its total debt service payments over the next four years by approximately \$11.6 million. The refunding resulted in an economic loss of \$2.1 million. The economic loss is the difference between the present value of the debt service payments on the old and new debt.

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 have been issued for the Water Pollution Control Loan Program, which provides low-cost financing to LGAs for the construction of wastewater treatment facilities. In the event pledged program revenues, which consist of interest payments from the LGAs 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, 1996, approximately \$376.8 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, 1996, are as follows (in thousands):



**STATE OF OHIO
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 1997

NOTE 12 REVENUE BONDS AND NOTES (Continued)

Year Ending December 31,	Principal	Interest	Total
1997.....	\$ 13,150	\$ 19,773	\$ 32,923
1998.....	15,880	19,145	35,025
1999.....	16,900	18,392	35,292
2000.....	17,275	17,588	34,863
2001.....	17,820	16,709	34,529
Thereafter.....	293,070	115,378	408,448
	374,095	206,985	581,080
Add: Unamortized Premium.....	2,677	—	2,677
Total.....	<u>\$376,772</u>	<u>\$206,985</u>	<u>\$583,757</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 and dining halls and auxiliary facilities such as 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 in the component unit funds, as of June 30, 1997, are as follows (in thousands):

Year Ending December 31 or June 30,	Ohio Water Development Authority (12/31/96)			Ohio State University			University of Cincinnati		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1997.....	\$ 68,720	\$ 67,792	\$ 136,512						
1998.....	81,315	64,311	145,626	\$ 18,173	\$ 8,130	\$ 26,303	\$ 38,169	\$11,453	\$ 49,622
1999.....	77,020	60,431	137,451	18,633	7,302	25,935	10,241	9,255	19,496
2000.....	79,390	56,497	135,887	17,134	6,518	23,652	9,279	8,735	18,014
2001.....	79,985	52,913	132,898	16,039	5,756	21,795	8,559	8,223	16,782
2002.....				16,598	4,997	21,595	9,115	7,733	16,848
Thereafter.....	909,340	339,488	1,248,828	89,597	19,829	109,426	122,155	53,820	175,975
	1,295,770	641,432	1,937,202	176,174	52,532	228,706	197,518	99,219	296,737
Less: Unamortized Discount	30,216	—	30,216	—	—	—	—	—	—
Total	<u>\$1,265,554</u>	<u>\$641,432</u>	<u>\$1,906,986</u>	<u>\$176,174</u>	<u>\$52,532</u>	<u>\$228,706</u>	<u>\$197,518</u>	<u>\$99,219</u>	<u>\$296,737</u>

Year Ending December 31 or June 30,	University of Toledo			Other Component Units			Total Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1997.....							\$ 68,720	\$ 67,792	\$ 136,512
1998.....	\$ 3,220	\$ 4,765	\$ 7,985	\$ 23,625	\$ 14,760	\$ 38,385	164,502	103,419	267,921
1999.....	2,925	4,559	7,484	14,778	13,960	28,738	123,597	95,507	219,104
2000.....	3,080	4,409	7,489	14,793	13,266	28,059	123,676	89,425	213,101
2001.....	3,225	4,251	7,476	14,599	12,555	27,154	122,407	83,698	206,105
2002.....	3,230	4,082	7,312	15,061	11,827	26,888	44,004	28,639	72,643
Thereafter.....	69,525	42,587	112,112	208,046	99,939	307,985	1,398,663	555,663	1,954,326
	85,205	64,653	149,858	290,902	166,307	457,209	2,045,569	1,024,143	3,069,712
Less: Unamortized Discount	—	—	—	—	—	—	30,216	—	30,216
Total.....	<u>\$85,205</u>	<u>\$64,653</u>	<u>\$149,858</u>	<u>\$290,902</u>	<u>\$166,307</u>	<u>\$457,209</u>	<u>\$2,015,353</u>	<u>\$1,024,143</u>	<u>\$3,039,496</u>



NOTE 13 CERTIFICATES OF PARTICIPATION

As of June 30, 1997, approximately \$26.6 million in certificate of participation obligations were reported in the General Long-Term Obligations Account Group. In fiscal year 1992, the Department of Transportation issued \$8.7 million of certificates of participation obligations to finance the acquisition of the Panhandle Rail Line Project. During fiscal year 1996, the Department also sold \$10 million in certificates of participation 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 certificate of participation financing arrangements, the State is required to make payments from the Transportation Certificate 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 certificate of participation financing arrangements, as of June 30, 1997, are as follows (in thousands):

Project	Fiscal Year Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
General Long-Term Obligations:				
Department of Transportation:				
Panhandle Rail Line Project.....	1992	5.6%-6.5%	2012	\$ 7,475
Waterfront Transit Line Project.....	1996	4.5%-8.0%	2003	9,000
Rickenbacker Port Authority Improvements.....	1996	6.13%	2015	10,155
Total Certificates of Participation Obligations.....				<u>\$26,630</u>

As of June 30, 1997, the primary government's future commitments under the certificate of participation financing arrangements are as follows (in thousands):

Year Ending June 30,	General Long-Term Obligations Account Group		
	Principal	Interest	Total
1998.....	\$ 1,570	\$ 1,542	\$ 3,112
1999.....	1,850	1,430	3,280
2000.....	2,175	1,308	3,483
2001.....	2,285	1,198	3,483
2002.....	2,405	1,079	3,484
Thereafter.....	16,345	6,618	22,963
Total.....	<u>\$26,630</u>	<u>\$13,175</u>	<u>\$39,805</u>

For the year ended June 30, 1997, NOTE 15 summarizes changes in certificate of participation obligations reported in the General Long-Term Obligations Account Group.

For the State's component units, approximately \$86.8 million in certificate of participation obligations are reported in the College and University Funds. The obligations finance building construction costs at the Ohio State University and University of Cincinnati.



NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

As of June 30, 1997, future commitments under the certificate of participation financing arrangements for the State's component units are as follows (in thousands):

Year Ending December 31 or June 30,	Ohio State University			University of Cincinnati			Total Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1998.....	\$ 480	\$163	\$ 643	\$ 320	\$ 4,210	\$ 4,530	\$ 800	\$ 4,373	\$ 5,173
1999.....	490	146	636	250	4,196	4,446	740	4,342	5,082
2000.....	515	128	643	1,025	4,185	5,210	1,540	4,313	5,853
2001.....	530	109	639	1,705	4,142	5,847	2,235	4,251	6,486
2002.....	570	87	657	1,770	4,068	5,838	2,340	4,155	6,495
Thereafter.....	1,630	113	1,743	77,540	51,255	128,795	79,170	51,368	130,538
Total.....	<u>\$4,215</u>	<u>\$746</u>	<u>\$4,961</u>	<u>\$82,610</u>	<u>\$72,056</u>	<u>\$154,666</u>	<u>\$86,825</u>	<u>\$72,802</u>	<u>\$159,627</u>

NOTE 14 OTHER LONG-TERM OBLIGATIONS

As of June 30, 1997, other general long-term obligations of the State reported in the General Long-Term Obligations Account Group are as follows (in thousands):

Compensated Absences (A.).....	\$ 276,547
Lease Agreements (B.).....	12,072
Judgments, Settlements, and Claims (C.).....	122,438
Litigation Liabilities (C.).....	37,310
Workers' Compensation Obligation (D.).....	561,900
Total Other General Long-Term Obligations.....	<u>\$1,010,267</u>

For the year ended June 30, 1997, NOTE 15 summarizes the changes in other general long-term obligations reported in the General Long-Term Obligations Account Group.

A. Compensated Absences

To lessen the impact of terminal leave pay on a given State agency's budget an accrued leave funding program was instituted by law in 1982. State agencies must contribute a percentage of gross payroll to a common pool of resources from which terminal leave expenditures/expenses are paid. The amount of cash equity with Treasurer and related interest receivable available to satisfy terminal pay claims at June 30, 1997 was approximately \$27.2 million. These and related assets are reported as part of the Payroll Withholding and Fringe Benefits Agency Fund.

The compensated absence liability for the primary government's proprietary funds is reported net of the funds' portion of accrued leave funding and is included in "Accrued Liabilities." The compensated absence liability for the primary government's governmental funds is also reported net of the funds' portion of the accrued leave funding and is reported as part of the General Long-Term Obligations Account Group.

For the primary government, the gross compensated absences liability, as of June 30, 1997, was \$336.5 million, of which \$35.6 million is allocable to the proprietary funds and \$300.9 million is allocable to the General Long-Term Obligations Account Group. The net (after reduction of the \$27.2 million) compensated absence liability, as of June 30, 1997, was \$309.3 million, of which \$32.8 million is reported in the proprietary funds and \$276.5 million is reported in the General Long-Term Obligations Account Group.



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

For the State's component units, the compensated absences liability, as of June 30, 1997, in the amount of \$178.2 million is included in "Accrued Liabilities."

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 in the General Long-Term Obligations Account Group or appropriate proprietary fund type for capital leases.

Assets acquired through capital leasing are valued at the lower of fair market value or the present value of the future minimum lease payments at the lease's inception. The noncurrent portion of capital lease obligations for the proprietary fund types are reported in those funds as long-term obligations. The related assets and depreciation of these assets are included in the proprietary funds. Capital lease obligations for the governmental fund types are reported in the General Long-Term Obligations Account Group and the related assets are reported in the General Fixed Assets Account Group.

Operating leases (leases on assets not recorded in the combined balance sheet) 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 1997 were approximately \$93.4 million. Future minimum lease commitments for operating leases and capital leases judged to be noncancelable, as of June 30, 1997, are as follows (in thousands):

Year Ending June 30,	CAPITAL LEASES				
	Operating Leases	Enterprise Fund	Internal Service Fund	General Long-Term Obligations	Total
1998	\$7,074	\$ 9,862	\$20	\$ 5,438	\$15,320
1999	1,818	6,575	—	4,295	10,870
2000	87	—	—	1,956	1,956
2001	78	—	—	1,542	1,542
2002	—	—	—	349	349
Thereafter.....	—	—	—	—	—
Total Minimum Lease Payments	<u>\$9,057</u>	16,437	20	13,580	30,037
Less: Amount Representing Interest.....		<u>832</u>	—	<u>1,508</u>	<u>2,340</u>
Present Value of Net Minimum Lease Payments		<u>\$15,605</u>	<u>\$20</u>	<u>\$12,072</u>	<u>\$27,697</u>

As of June 30, 1997, the primary government had the following fixed assets (net of accumulated depreciation for proprietary funds) under capital leases, which are reported under "Accrued Liabilities" in the proprietary funds (in thousands):



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

	Enterprise Fund	Internal Service Fund	General Fixed Assets	Total
Equipment.....	\$15,605	\$32	\$28,193	\$43,830
Vehicles.....	—	—	37	37
Total.....	<u>\$15,605</u>	<u>\$32</u>	<u>\$28,230</u>	<u>\$43,867</u>

Amortization expense for the proprietary funds is included with depreciation expense.

C. Judgments, Settlements, and Claims/Litigation Liabilities

The Ohio Department of Education has been involved with several school desegregation court cases filed against the State by various local boards of education. In cases when the judgment went against the State, the courts decided that the State was responsible for sharing in all past and future desegregation costs. As of June 30, 1997, the State was responsible for an estimated \$82.7 million liability for past desegregation costs, which is recorded in the General Long-Term Obligations Account Group until such time that it becomes payable from the General Fund.

Additionally, the State has accrued approximately \$36.6 million for anticipated federal program disallowances, \$2.8 million for legal costs, and \$316 thousand for claims payable under the Disability Assistance Program that the Ohio Department of Human Services administers.

For information on the State’s loss contingencies arising from pending litigation, see NOTE 23.

D. Workers’ Compensation Obligation

The State’s primary government is permitted to pay its workers’ compensation liability on a terminal funding (pay-as-you-go) basis. As a result, the Workers’ Compensation Enterprise Fund recognized an unbilled premium receivable for the State’s portion of its actuarially determined liability for compensation, which is recorded in the General Long-Term Obligations Account Group, in the amount of \$561.9 million.

E. Liabilities Payable from Restricted Assets

Deferred Prize Awards

Deferred prize awards payable in installments over future years totaling approximately \$1.34 billion, as of June 30, 1997, are recorded as “Liabilities Payable from Restricted Assets” at present value based upon interest rates the Treasurer of State provides the Ohio Lottery Commission Enterprise Fund. The interest rates, ranging from four 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.



NOTE 14 OTHER LONG-TERM OBLIGATIONS (Continued)

The present value of future payments of unpaid prize awards, as of June 30, 1997, is as follows (in thousands):

Year Ending June 30,	
1998.....	\$ 158,033
1999.....	157,875
2000.....	157,742
2001.....	157,705
2002.....	157,634
Thereafter.....	<u>1,532,901</u>
	2,321,890
Less: Unamortized Discount	<u>977,144</u>
Net Prize Liability.....	<u>\$1,344,746</u>

Prizes can be claimed within six months of the drawing date for on-line games and within six months of the closing date for instant games. After the expiration of the statutory six-month period, the prize liability is reduced by the amount estimated for unclaimed prizes.

Tuition Benefits

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund totaling \$208.8 million, as of June 30, 1997, 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 tuition increase of 6.0 percent, compounded annually; and a 3.0 percent Consumer Price Index (CPI) inflation rate. The assumed rate of projected tuition increase is a compounded average result. Tuition rates are assumed to grow based on a formula reflecting CPI, student enrollment, and proportion to total expenditures covered by tuition.

F. Reserve for Compensation

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, 1997, in the amount of \$12.86 billion. The reserve, which includes estimates for reported claims and claims incurred but not reported, is reported as “Workers’ Compensation Benefits Payable.”



NOTE 15 CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations, for the year ended June 30, 1997, are as follows (in thousands):

	General Obligation Bonds (NOTE 10)	Special Obligation Bonds (NOTE 11)	Revenue Bonds (NOTE 12)	Certificates of Participation (NOTE 13)	Other General Long-Term Obligations (NOTE 14)	Total
Balance, as of July 1, 1996 (as restated).....	\$1,304,564	\$4,448,836	\$ 67,490	\$27,895	\$1,028,089	\$6,876,874
Additions:						
Debt Issues.....	445,000	1,034,391	168,740	—	—	1,648,131
Deep-Discount Accretions.....	14,872	2,885	—	—	—	17,757
Increase in Compensated Absences.....	—	—	—	—	4,868	4,868
Increase in Lease Obligations.....	—	—	—	—	3,970	3,970
Increase in Judgments, Settlements, and Claims.....	—	—	—	—	44,386	44,386
Increase in Litigation Liabilities.....	—	—	—	—	32,310	32,310
Total Additions.....	459,872	1,037,276	168,740	—	85,534	1,751,422
Deductions:						
Debt Retirements, Terminations, and Defeasances.....	165,840	821,275	64,635	1,265	—	1,053,015
Decrease in Lease Obligations.....	—	—	—	—	4,940	4,940
Decrease in Judgments, Settlements, and Claims.....	—	—	—	—	59,841	59,841
Decrease in Litigation Liabilities.....	—	—	—	—	3,375	3,375
Decrease in Workers' Compensation Obligation.....	—	—	—	—	35,200	35,200
Total Deductions.....	165,840	821,275	64,635	1,265	103,356	1,156,371
Balance, as of June 30, 1997.....	<u>\$1,598,596</u>	<u>\$4,664,837</u>	<u>\$171,595</u>	<u>\$26,630</u>	<u>\$1,010,267</u>	<u>\$7,471,925</u>

Fiscal year 1997 additions to the general obligation bonds, special obligation bonds, and revenue bonds do not include discounts and bond issuance costs of approximately \$600 thousand, \$6.7 million, and \$1.9 million, respectively, which are netted with bond proceeds reported on the operating statement.

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 pledge of the faith and credit of the State. Accordingly, these bonds are not reflected in the accompanying financial statements.

As of June 30, 1997, revenue bonds and notes outstanding that represent "no commitment" debt for the State are as follows (in thousands):

Organization	Outstanding Amount
Ohio Department of Development:	
Ohio Housing Finance Agency.....	\$1,801,487
Ohio Enterprise Bond Program.....	120,165
Hospital Facilities Bonds.....	8,275
Total No Commitment Debt.....	<u>\$1,929,927</u>



NOTE 17 DEFERRED COMPENSATION PLAN

The State of Ohio offers its employees and elected officials a deferred compensation plan created in accordance with Internal Revenue Code Section 457 that is reported in the Deferred Compensation Agency Fund. The plan, available to any public employee, permits participants to defer a portion of their salary and the related tax liability until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claim of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. The Plan Agreement states that the State and the Ohio Public Employees Deferred Compensation Board, the plan administrator, have no liability for losses under the plan with exception of fraud or wrongful taking.

The State believes that it is unlikely that the assets will be used to satisfy the claims of general creditors in the future, and no assets have been used in the past to satisfy such claims.

The \$852.8 million and \$7.2 million asset balances reported for the primary government and its component units, respectively, on the Combined Balance Sheet — All Fund Types, Account Groups and Discretely Presented Component Units as "Deposit with Deferred Compensation Plan" represent the State of Ohio's assets actually held by the plan administrator. Plan assets are carried at market value.

In October 1997, the Governmental Accounting Standards Board (GASB) issued Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The provisions of this statement are effective for periods beginning after December 31, 1998, or when a government complies with the requirements of subsection (g) of IRC Section 457, whichever is earlier. The statement requires state and local governments, which have fiduciary responsibilities for IRC Section 457 plans, to report such plans as expendable trust funds. The statement also requires plan investments to be reported at fair value. Management has not yet determined the impact that GASB Statement No. 32 will have on the State's financial statements.

NOTE 18 ENTERPRISE FUNDS

A. Segment Information

The State has six enterprise funds, which provide for the tuition guarantee program, liquor sales, lottery sales, workers' compensation insurance services, underground state parking facilities, and government audit and management advisory services.

Segment information, as of and for the fiscal year ended June 30, 1997, is as follows (in thousands):

	Tuition Trust Authority	Liquor Control	Ohio Lottery Commission	Workers' Compensation	Underground Parking Garage	Office of Auditor of State	Total Enterprise Funds
Operating Revenues.....	\$ 15,201	\$366,636	\$2,463,261	\$ 4,348,344	\$ 2,323	\$ 31,466	\$ 7,227,231
Depreciation.....	57	587	6,622	11,575	408	1,874	21,123
Amortization of Premiums/ (Accretion of Discounts)....	(350)	—	99,611	371	—	—	99,632
Operating Income (Loss).....	2,309	95,524	752,015	1,639,902	412	(27,095)	2,463,067
Operating Transfers-in.....	—	75	—	—	—	28,143	28,218
Operating Transfers-out.....	—	89,621	748,520	4,894	1,710	—	844,745
Net Income (Loss).....	18,677	6,050	3,464	1,635,008	(1,231)	494	1,662,462

(Continued)



NOTE 18 ENTERPRISE FUNDS (Continued)

	Tuition Trust Authority	Liquor Control	Ohio Lottery Commission	Workers' Compensation	Underground Parking Garage	Office of Auditor of State	Total Enterprise Funds
Fixed Asset Additions.....	154	4,774	1,530	—	33	3,132	9,623
Fixed Asset Disposals.....	25	330	8,856	56,900	2	2,092	68,205
Net Working Capital.....	20,556	18,128	148,225	1,120,875	1,356	14,852	1,323,992
Increase (Decrease) in Cash & Cash Equivalents..	272	3,050	26,136	645,189	(816)	287	674,118
Total Assets.....	247,316	42,414	2,679,686	24,355,719	10,004	25,899	27,361,038
Bonds and Other Non- current Liabilities Payable from Operating Revenues..	97	2,063	8,181	13,072,451	84	4,422	13,087,298
Total Equity (Deficits).....	38,126	19,804	202,119	4,898,889	8,946	17,548	5,185,432

B. Workers' Compensation Fund

For the Workers' Compensation Enterprise Fund, the reserve for compensation (see NOTE 14F.) consists of reserves for indemnity and medical claims resulting from work-related injuries and illnesses. 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 reserve for compensation adjustment expenses liability, which is included in "Refund and Other Liabilities" in the amount of \$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 claims-related expenses, estimated costs of the 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. 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. For additional information, refer to the Fund's separate audited financial report, for the fiscal year ended June 30, 1997.

NOTE 19 CHANGES IN CONTRIBUTED CAPITAL

For the fiscal year ended June 30, 1997, changes in contributed capital reported in the primary government's Internal Service Funds are as follows (in thousands):

	Internal Service Funds			
	Ohio Data Network	Ohio Penal Industries	Support Services	Total
Contributed Capital Balance, July 1, 1996.....	\$28,476	\$1,497	\$5,257	\$35,230
Additions:				
Capital Contributions from Other Funds (reported as Residual Equity Transfers-out):				
Capital Projects Funds:				
Administrative Services Building Improvements	5,722	—	—	5,722
Adult Correctional Building Improvements.....	—	15	—	15
Total Additions.....	5,722	15	—	5,737
Contributed Capital Balance, June 30, 1997.....	\$34,198	\$1,512	\$5,257	\$40,967



NOTE 20 FUND EQUITY — OTHER RESERVES AND DESIGNATIONS

A. Primary Government

The “Reserved for Other” account reported for the governmental and expendable trust funds in the primary government’s combined balance sheet, as of June 30, 1997, consists of the following (in thousands):

Reserved for Other:	General	Special Revenue	Capital Projects	Expendable Trust	Total
Intergovernmental Receivable:					
Advance Payments to Local Government.....	\$ 21,322	\$ 41,350	\$ —	\$ —	\$ 62,672
Inventories	2,807	33,873	—	—	36,680
Other Assets — Prepays	—	431	—	—	431
Human Services Stabilization.....	111,204	—	—	—	111,204
Loan Commitments	—	91,171	40,240	—	131,411
Health Care Benefits.....	8,905	6,558	3	—	15,466
Advances to Other Funds.....	—	—	—	85,076	85,076
Office of Minority Financial Incentives					
Mini-Loan Deposits.....	2,156	—	—	—	2,156
Total	<u>\$146,394</u>	<u>\$173,383</u>	<u>\$40,243</u>	<u>\$85,076</u>	<u>\$445,096</u>

Reserved retained earnings for the Enterprise Fund, as of June 30, 1997, are provided for future health care benefits funding from the Liquor Control Fund, the payment of deferred lottery prizes from the Ohio Lottery Commission, and insurance claims payable from the Workers’ Compensation Fund in the amounts of \$64 thousand, \$31 million, and \$100.8 million, respectively.

Reserved retained earnings for the Internal Service Fund, as of June 30, 1997, are provided for the funding of future health care benefits in the amount of \$319 thousand.

As of June 30, 1997, designations of the General Fund’s unreserved fund balance are as follows (in thousands):

General Fund	Unreserved, Designated Fund Balance
Income Tax Reduction Program	\$262,900
Public School Building Program	250,000
SchoolNet Plus Program.....	94,400
Instructional Materials Education Program	35,000
Budget Stabilization	34,400
Distance Learning Program.....	9,200
Total Designations.....	<u>\$685,900</u>

B. Component Units

Reservations of fund balances for the component unit funds, as of June 30, 1997, consist of the following (in thousands):

Restricted for:	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
General Operations (includes Auxiliary Enterprises).....	\$ 96,894	\$ 73,281	\$ 63,360	\$ 233,535
Loan Programs	61,068	30,507	93,803	185,378
Endowment and Quasi-Endowment Activities.....	621,281	674,374	124,875	1,420,530
Plant Operations.....	11,338	13,759	11,788	36,885
Annuity and Life Income.....	3,542	3,870	—	7,412
University Foundations.....	—	60,327	—	60,327
Grants and Contracts.....	—	—	1,828	1,828
Student Organizations and Support Services.....	—	—	451	451
Total Reserved Balance.....	<u>\$794,123</u>	<u>\$856,118</u>	<u>\$296,105</u>	<u>\$1,946,346</u>



NOTE 20 FUND EQUITY — OTHER RESERVES AND DESIGNATIONS (Continued)

As of June 30, 1997, designations of unreserved fund balances reported in the component unit funds consist of the following (in thousands):

<u>Unreserved, Designated for:</u>	Total Component Units
Educational and General Programs.....	\$173,723
Auxiliary Enterprises.....	13,603
Hospital Operations.....	317
Loan Programs.....	2,254
Endowment and Quasi-Endowment Activities.....	32,689
Plant Operations.....	61,522
Total Designations.....	<u>\$284,108</u>

NOTE 21 COMPONENT UNIT FUNDS

Condensed financial statements for the component unit funds, as of and for the fiscal year ended June 30, 1997, are as follows (in thousands):

Condensed Balance Sheet — Component Units

	Ohio Water Development Authority (12/31/96)	Ohio State University	University of Cincinnati	Other Component Units	Total Component Units
Assets					
Cash Equity with Treasurer.....	\$ 107	\$ —	\$ —	\$ —	\$ 107
Cash and Cash Equivalents.....	6,892	31,074	3,922	75,834	117,722
Investments.....	725,798	1,160,521	42,094	774,189	2,702,602
Receivables.....	1,612,223	250,691	95,312	247,796	2,206,022
Due from Other Funds.....	344	274,994	10,258	57,890	343,486
Inventories.....	—	17,768	4,610	20,351	42,729
Deposit with Deferred Compensation Plan.....	739	—	—	6,442	7,181
Restricted Assets.....	—	26,667	486,825	13,831	527,323
Fixed Assets (net of accumulated depreciation).....	277	2,238,955	985,380	4,397,994	7,622,606
Other Assets.....	16,216	19,019	539,814	29,529	604,578
Total Assets.....	<u>\$2,362,596</u>	<u>\$4,019,689</u>	<u>\$2,168,215</u>	<u>\$5,623,856</u>	<u>\$14,174,356</u>
Liabilities					
Accounts Payable.....	\$ 29,658	\$ 67,866	\$ 21,595	\$ 64,767	\$ 183,886
Accrued Liabilities.....	5,686	183,910	93,347	266,531	549,474
Intergovernmental Payable.....	—	—	—	309	309
Due to Other Funds.....	344	274,994	10,258	57,890	343,486
Deferred Revenues.....	—	63,372	8,801	84,536	156,709
Refund and Other Liabilities.....	4,855	25,361	63,143	42,612	135,971
Liability for Deferred Compensation...	739	—	—	6,442	7,181
Revenue Bonds and Notes.....	1,265,554	176,174	197,518	376,107	2,015,353
Certificates of Participation.....	—	4,215	82,610	—	86,825
Total Liabilities.....	<u>1,306,836</u>	<u>795,892</u>	<u>477,272</u>	<u>899,194</u>	<u>3,479,194</u>
Fund Equity and Other Credits					
Investment in General Fixed Assets...	—	2,057,201	826,534	4,042,241	6,925,976
Total Unreserved Retained Earnings...	1,055,760	—	—	—	1,055,760
Total Fund Balance.....	—	1,166,596	864,409	682,421	2,713,426
Total Fund Equity and Other Credits..	<u>1,055,760</u>	<u>3,223,797</u>	<u>1,690,943</u>	<u>4,724,662</u>	<u>10,695,162</u>
Total Liabilities, Fund Equity and Other Credits.....	<u>\$2,362,596</u>	<u>\$4,019,689</u>	<u>\$2,168,215</u>	<u>\$5,623,856</u>	<u>\$14,174,356</u>



NOTE 21 COMPONENT UNIT FUNDS (Continued)

Condensed Statement of Changes in Fund Balances — Colleges and Universities

	Ohio State University	University of Cincinnati	Other Colleges and Universities	Total College and University Component Units
Total Revenues and Other Additions.....	\$1,642,461	\$ 809,362	\$2,204,388	\$4,656,211
Total Expenditures and Other Deductions.....	(1,648,111)	(1,105,214)	(2,736,020)	(5,489,345)
Transfers from Primary Government	376,623	175,615	858,429	1,410,667
Net Increase (Decrease) for the Year Before				
Cumulative Effect of Change in Accounting Principle...	370,973	(120,237)	326,797	577,533
Cumulative Effect of Change in Accounting Principle.....	9,254	—	(4,182)	5,072
Net Increase (Decrease) for the Year.....	380,227	(120,237)	322,615	582,605
Fund Balance and Other Credits, July 1 (<i>as restated</i>)....	2,843,570	1,811,180	4,402,047	9,056,797
Fund Balance and Other Credits, June 30.....	<u>\$3,223,797</u>	<u>\$1,690,943</u>	<u>\$4,724,662</u>	<u>\$9,639,402</u>

**Condensed Statement of Current Funds Revenues, Expenditures and Other Changes —
Colleges and Universities**

	Ohio State University	University of Cincinnati	Other Colleges and Universities	Total College and University Component Units
Total Revenues.....	\$1,232,237	\$414,124	\$1,764,630	\$3,410,991
Expenditures:				
Educational and General.....	1,024,432	486,372	2,006,372	3,517,176
Auxiliary Enterprises.....	110,113	51,977	334,305	496,395
Hospitals.....	345,336	—	141,393	486,729
Total Expenditures.....	1,479,881	538,349	2,482,070	4,500,300
Mandatory Transfers, Net.....	28,732	20,622	44,002	93,356
Total Expenditures and Mandatory Transfers.....	1,508,613	558,971	2,526,072	4,593,656
Other Transfers and Additions (Deductions):				
Operating Transfers from Primary Government	373,287	171,932	857,455	1,402,674
Nonmandatory Transfers, Net.....	(38,541)	(15,874)	(40,174)	(94,589)
Additions (Deductions).....	(11,054)	8,397	7,902	5,245
Total Other Transfers and Additions (Deductions)....	323,692	164,455	825,183	1,313,330
Net Increase (Decrease) for the Year Before				
Cumulative Effect of Change in Accounting Principle.....	47,316	19,608	63,741	130,665
Cumulative Effect of Change in Accounting Principle....	9,254	—	—	9,254
Net Increase in Fund Balances.....	<u>\$ 56,570</u>	<u>\$ 19,608</u>	<u>\$ 63,741</u>	<u>\$ 139,919</u>

NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS

A. Joint Ventures

Great Lakes Protection Fund (GLPF)

The Great Lakes Protection Fund is an Illinois nonprofit 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



NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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 \$612 thousand for the year ended December 31, 1996) 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, 1996 (the GLPF's year end), are as follows (in thousands):

	Contribution Required	Contribution Received	Contribution Percentage
Michigan	\$25,000	\$25,000	32.6%
Indiana*	16,000	—	—
Illinois	15,000	10,800	14.0
Ohio.....	14,000	14,000	18.2
New York.....	12,000	12,000	15.6
Wisconsin.....	12,000	12,000	15.6
Minnesota.....	1,500	1,500	2.0
Pennsylvania.....	1,500	1,500	2.0
Total.....	<u>\$97,000</u>	<u>\$76,800</u>	<u>100.0%</u>

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

Summary financial information for the GLPF, for the fiscal year ended December 31, 1996, is as follows (in thousands):

Cash and Investments.....	\$103,397
Other Assets	1,048
Total Assets.....	<u>\$104,445</u>
Total Liabilities	\$ 3,282
Total Fund Equity.....	101,163
Total Liabilities and Fund Equity.....	<u>\$104,445</u>
Total Revenues and Other Additions.....	\$ 9,937
Total Expenditures.....	(6,926)
Change in Unrealized Gain on Investments.....	5,417
Cumulative Effect of Adoption of Financial Accounting Standards Board Statement No. 24, <i>Accounting for Certain Investments Held by Not for Profit Organizations</i>	12,027
Net Increase in Fund Equity.....	<u>\$20,455</u>



NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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; the remaining six members are appointed by county officials. The governing boards of the technical colleges consist of either seven or nine trustees, of which 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. These expenditures are included in the “Higher Education Support” expenditure function reported in the General Fund. The primary government also provides financing for the construction of these institutions’ capital facilities by meeting the debt service requirements for the Higher Education Facilities bonds issued by the Ohio Public Facilities Commission (OPFC) for these purposes. The capital outlay expenditures for the projects financed by the OPFC bond issuances are included in the Higher Education Improvements Capital Projects Fund.

During fiscal year 1997, expenditures reported in the General Fund and the Higher Education Improvements Capital Projects Fund in support of the local community and technical colleges are as follows (in thousands):

	Higher Education Support Expenditures	Capital Outlay Expenditures	Total
Local Community Colleges:			
Cuyahoga Community College.....	\$ 36,637	\$ 5,309	\$ 41,946
Jefferson Community College.....	3,346	622	3,968
Lakeland Community College.....	12,390	3,204	15,594
Lorain County Community College.....	13,934	2,960	16,894
Rio Grande Community College.....	3,571	1,528	5,099
Sinclair Community College.....	30,454	4,425	34,879
Total Local Community Colleges.....	<u>100,332</u>	<u>18,048</u>	<u>118,380</u>
Technical Colleges:			
Belmont Technical College.....	4,230	720	4,950
Central Ohio Technical College.....	3,776	1,715	5,491
Hocking Technical College.....	15,052	1,788	16,840
Lima Technical College.....	5,888	3,078	8,966
Marion Technical College.....	3,117	155	3,272
Muskingum Technical College.....	4,883	68	4,951
North Central Technical College.....	6,235	249	6,484
Stark Technical College.....	7,867	168	8,035
Total Technical Colleges.....	<u>51,048</u>	<u>7,941</u>	<u>58,989</u>
Total.....	<u><u>\$151,380</u></u>	<u><u>\$25,989</u></u>	<u><u>\$177,369</u></u>

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



NOTE 22 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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 1997,

- The primary government distributed \$2.4 million in motor vehicle fuel excise tax collections from the Special Revenue Fund to the Ohio Turnpike Commission.
- Three 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 processing for these organizations. The financial activities of the three funds, which do not receive any funding support from the primary government, have been included in the Other Agency Fund.
- The Public Defender's Office compensated the Ohio Legal Assistance Foundation approximately \$576 thousand from the Special Revenue Fund for administrative services performed under contract for the distribution of State funding to nonprofit legal aid societies. Also, during fiscal year 1997, the Ohio Legal Assistance Foundation received approximately \$580 thousand in state assistance from the Special Revenue Fund.

NOTE 23 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations.

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, 1997, \$37.3 million in liabilities ultimately payable from various governmental funds has been recorded in the General Long-Term Obligations Account Group for this purpose.

Litigation, similar to that in other states, has been pending questioning the constitutionality of Ohio's system of school funding. The Ohio Supreme Court concluded in a decision released March 24, 1997 that major aspects of the system (including basic operating assistance and state loans) are unconstitutional. It ordered the State to provide for and fund sufficiently a system complying with the Ohio Constitution, staying its order for a year to permit time for responsive corrective actions by the Ohio General Assembly. In response to a State motion for reconsideration and clarification, the Court on April 25, 1997 indicated that property taxes may still play a role in, but "can no longer be the primary means" of, school funding. The Court also confirmed that contractual repayment provisions of certain debt obligations issued for school funding will remain valid after the stay terminates.



NOTE 23 CONTINGENCIES AND COMMITMENTS (Continued)

Other litigation pending in the U.S. Court of Appeals for the Sixth Circuit contests the Ohio Department of Human Services' former Medicaid financial eligibility rules for married couples where one spouse is living in a nursing facility and the other spouse resides in the community. The Department promulgated new eligibility rules effective January 1, 1996. It is appealing a court order directing it to provide notice to persons potentially affected by the former rules from 1990 through 1995. It is not possible at this time to state whether this appeal will be successful or, should plaintiffs prevail, 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.

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 financial position of the State's fund types and account groups.

B. Federal Financial Assistance

The State of Ohio receives significant financial assistance from the federal government in the form of grants and entitlements, including non-cash programs (which are not included in the General Purpose 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 of the applicable funds or the General Long-Term Obligations Account Group.

As a result of the 1996 State of Ohio Single Audit (completed in January 1997), approximately \$28.9 million of federal expenditures is 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, 1997.

C. Construction Commitments

As of June 30, 1997, the Department of Transportation had contractual commitments of approximately \$1.07 billion for highway construction projects. Funding for future expenditures is expected to be provided from federal, primary government, general obligation bonds, and local government sources in the amounts of \$546.1 million, \$265.4 million, \$40.5 million, and \$217.3 million, respectively.

As of June 30, 1997, construction (non-highway) commitments for the primary government's budgeted capital projects funds are as follows (in thousands):

Capital Projects Fund	
Higher Education Improvements	\$229,412
Adult Correctional Building Improvements.....	116,381
Arts Facilities Building Improvements	61,024
Administrative Services Building Improvements	57,658
Highway Safety Building Improvements	36,120
Ohio Parks and Natural Resources.....	35,023
Mental Health/Mental Retardation Facilities Improvements.....	33,655
Youth Services Building Improvements.....	18,625
Transportation Building Improvements.....	11,255
Parks and Recreation Improvements	8,569
Sports Facilities Building.....	5,800
Local Infrastructure Improvements	15
Total	\$613,537



NOTE 24 RISK FINANCING

A. OhioMed Health Plan

Employees of the primary government have the option of participating in the OhioMed Health Plan, which is a fully self-insured health benefits 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 (IBNR). The plan’s actuary calculates estimated claims liabilities based on prior claims data, employee enrollment figures, medical trends, and experience.

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

For governmental funds, the primary government recognizes claims as expenditures to the extent that the amounts are payable with expendable available financial resources; any remaining accrued unfunded liabilities are reported in the General Long-Term Obligations Account Group. For proprietary funds, claims are recognized as expenses when incurred.

Consequently, claims liabilities that exceed financial resources accounted for in the Payroll Withholding and Fringe Benefits Agency Fund are reported as unfunded liabilities in the proprietary funds and in the General Long-Term Obligations Account Group. As of June 30, 1997, approximately \$36.3 million in assets was available in the Agency Fund.

Changes in the balance of claims liabilities during the past two fiscal years are as follows (in thousands):

	Fiscal Year 1997	Fiscal Year 1996
	<u> </u>	<u> </u>
Claims Liabilities, as of July 1.....	\$17,763	\$13,944
Add: Incurred Claims	69,475	71,532
Less: Claims Payments	<u>(68,506)</u>	<u>(67,713)</u>
Claims Liabilities, as of June 30	<u>\$18,732</u>	<u>\$17,763</u>

As of June 30, 1997, resources on deposit in the Payroll Withholding and Fringe Benefits Agency Fund for the payment of claims exceeded the estimated claims liability amount by \$17.6 million, thereby, resulting in a funding surplus. The surplus is offset with a “Due to Other Funds” balance reported in the Agency Fund with corresponding “Due from Other Funds” balances reported in the paying funds.

B. 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 25 SUBSEQUENT EVENTS

Subsequent to June 30, 1997 (December 31, 1996 for the Ohio Water Development Authority), the State issued the following major debt (in thousands):

<u>Organization/Issue</u>	<u>Delivery Date of Issue</u>	<u>Net Interest Cost</u>	<u>Amount</u>	<u>Type of Debt</u>
Primary Government:				
Ohio Public Facilities Commission:				
Higher Education Capital Facilities Bonds, Series II - 1997B	October 1, 1997	4.7%	<u>\$236,500</u>	Special Obligation
Component Units:				
Ohio Water Development Authority:				
1997 Safe Water Series Refunding.....	February 6, 1997	4.8%	\$ 74,340	Revenue
Water Pollution Control Loan Fund, Water Quality Series 1997.....	October 15, 1997	5.2%	211,440	Revenue
Water Development, Community Assistance Series 1997.....	October 15, 1997	5.3%	<u>51,830</u>	Revenue
Total Component Units			<u>\$337,610</u>	

**COMBINING
FINANCIAL
STATEMENTS
& SCHEDULES**

SPECIAL REVENUE FUNDS

The **Special Revenue Funds** account for specific revenues that are legally restricted to expenditure for designated 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 **Human Services Fund** accounts for public assistance programs primarily administered by the Department of Human Services, which provides financial assistance, services, and training to those individuals and families who do not have sufficient resources to meet their basic needs.

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 **Employment Services Fund** accounts for programs administered by the Ohio Bureau of Employment Services, which provides unemployment benefits, job placement services, and training to eligible individuals.

The **Education 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 vocational and technical job training and to the State's colleges and universities for post-secondary education.

The **Student Aid Commission Fund** accounted for the Federal Family Education Loan Program and other programs administered by the Ohio Student Aid Commission, which provided financial assistance to eligible individuals attending higher education institutions. In late fiscal year 1997, the Commission formally dissolved and closed its operations because of declining student loan market share.

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 **Highway Operating Fund** accounts for programs administered by the Department of Transportation, which provides for the planning and design, construction, and maintenance of Ohio's highways and roads.

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 Waterway 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 **Revenue Distribution 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 **Local Transportation Improvements Fund** accounts for the Local Transportation Improvement Program administered by the Ohio Public Works Commission, which provides grants to local governments for highway, road, and bridge construction.

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)

	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>HUMAN SERVICES</u>	<u>HEALTH</u>
ASSETS			
Cash Equity with Treasurer	\$ 294,792	\$ 202,199	\$ 30,195
Cash and Cash Equivalents	9,248	80	—
Investments	77,546	—	—
Collateral on Lent Securities	173,916	119,290	17,814
Receivables:			
Taxes	1,513	—	—
Intergovernmental	12,031	166,170	15,180
Loans, Net	326,685	—	—
Other	4,288	11,109	10,154
Due from Other Funds	2,969	595	177
Inventories	—	—	—
Food Stamps	—	257,644	—
Other Assets	431	—	687
TOTAL ASSETS	\$ 903,419	\$ 757,087	\$ 74,207
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 35,381	\$ 44,360	\$ 20,682
Accrued Liabilities	6,268	5,133	2,762
Obligations Under Securities Lending	173,916	119,290	17,814
Intergovernmental Payable	7,181	57,039	4,223
Due to Other Funds	520	358	105
Deferred Revenues	1,689	298,261	5,455
Refund and Other Liabilities	630	13,936	—
Advances from Other Funds	85,076	—	—
Total Liabilities	310,661	538,377	51,041
Fund Balances:			
Reserved for:			
Encumbrances	238,608	266,487	22,820
Noncurrent Portion of Loans Receivable	232,304	—	—
Other:			
Inventories	—	—	—
Prepays	431	—	—
Loan Commitments	9,410	—	—
Advance Payments to Local Government	—	41,350	—
Health Care Benefits	452	509	157
Unreserved/Undesignated (Deficits)	111,553	(89,636)	189
Total Fund Balances	592,758	218,710	23,166
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 903,419	\$ 757,087	\$ 74,207

<u>MENTAL HEALTH AND RETARDATION</u>	<u>EMPLOYMENT SERVICES</u>	<u>EDUCATION</u>	<u>STUDENT AID COMMISSION</u>	<u>HIGHWAY SAFETY</u>	<u>HIGHWAY OPERATING</u>
\$ 57,370	\$ 18,147	\$ 305,799	\$ 561	\$ 110,428	\$ 699,134
—	814	1,699	2,183	—	—
—	5,980	361	—	—	—
33,846	10,706	180,410	331	65,148	412,462
—	—	—	—	—	36,423
69,604	—	31,920	—	1,624	50,070
—	—	36,537	—	—	35,000
585	2,939	1,476	—	433	3,206
887	—	398	—	3,419	4,015
—	676	—	—	—	33,197
—	—	—	—	—	—
—	—	6,989	—	1,500	—
<u>\$ 162,292</u>	<u>\$ 39,262</u>	<u>\$ 565,589</u>	<u>\$ 3,075</u>	<u>\$ 182,552</u>	<u>\$ 1,273,507</u>

\$ 36,906	\$ 5,084	\$ 2,503	\$ 24	\$ 4,208	\$ 105,586
930	6,384	1,402	299	10,631	19,894
33,846	10,706	180,410	331	65,148	412,462
27,008	—	31,441	—	3,439	2,188
801	—	153	—	2,420	6,467
—	—	6,998	—	—	—
—	21	143	71	—	—
—	—	—	—	—	—
<u>99,491</u>	<u>22,195</u>	<u>223,050</u>	<u>725</u>	<u>85,846</u>	<u>546,597</u>

191,522	8,105	359,837	280	17,678	918,210
—	—	35,820	—	—	35,000
—	676	—	—	—	33,197
—	—	—	—	—	—
—	—	81,761	—	—	—
—	—	—	—	—	—
884	—	88	—	1,143	2,699
(129,605)	8,286	(134,967)	2,070	77,885	(262,196)
<u>62,801</u>	<u>17,067</u>	<u>342,539</u>	<u>2,350</u>	<u>96,706</u>	<u>726,910</u>
<u>\$ 162,292</u>	<u>\$ 39,262</u>	<u>\$ 565,589</u>	<u>\$ 3,075</u>	<u>\$ 182,552</u>	<u>\$ 1,273,507</u>

(continued)

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)
(continued)

	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAY SAFETY</u>	<u>REVENUE DISTRIBUTION</u>
ASSETS			
Cash Equity with Treasurer	\$ 142,255	\$ 42,802	\$ 260,375
Cash and Cash Equivalents	1,467	—	—
Investments	—	—	—
Collateral on Lent Securities	83,980	25,252	153,611
Receivables:			
Taxes	2,324	579	149,624
Intergovernmental	277	4,050	—
Loans, Net	162	—	—
Other	282	168	264
Due from Other Funds	497	332	9,675
Inventories	—	—	—
Food Stamps	—	—	—
Other Assets	—	—	—
TOTAL ASSETS	\$ 231,244	\$ 73,183	\$ 573,549
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 3,521	\$ 877	\$ —
Accrued Liabilities	4,071	2,007	—
Obligations Under Securities Lending	83,980	25,252	153,611
Intergovernmental Payable	144	—	238,576
Due to Other Funds	118	48	128
Deferred Revenues	766	—	4,119
Refund and Other Liabilities	—	—	56,971
Advances from Other Funds	—	—	—
Total Liabilities	92,600	28,184	453,405
Fund Balances:			
Reserved for:			
Encumbrances	23,529	4,136	—
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Inventories	—	—	—
Prepays	—	—	—
Loan Commitments	—	—	—
Advance Payments to Local Government	—	—	—
Health Care Benefits	380	245	—
Unreserved/Undesignated (Deficits)	114,735	40,618	120,144
Total Fund Balances	138,644	44,999	120,144
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 231,244	\$ 73,183	\$ 573,549

<u>LOCAL TRANSPORTATION IMPROVEMENTS</u>	<u>TOTAL</u>
\$ 68,410	\$ 2,232,467
—	15,491
—	83,887
40,359	1,317,125
—	190,463
—	350,926
—	398,384
296	35,200
4,773	27,737
—	33,873
—	257,644
—	9,607
<u>\$ 113,838</u>	<u>\$ 4,952,804</u>

\$ 2,941	\$ 262,073
16	59,797
40,359	1,317,125
—	371,239
2	11,120
—	317,288
—	71,772
—	85,076
<u>43,318</u>	<u>2,495,490</u>

3	2,051,215
—	303,124
—	33,873
—	431
—	91,171
—	41,350
1	6,558
<u>70,516</u>	<u>(70,408)</u>
<u>70,520</u>	<u>2,457,314</u>
<u>\$ 113,838</u>	<u>\$ 4,952,804</u>

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>HUMAN SERVICES</u>	<u>HEALTH</u>
REVENUES:			
Income Taxes	\$ 4,392	\$ —	\$ —
Sales Taxes	14,711	—	—
Corporate and Public Utility Taxes	396	—	—
Motor Vehicle Fuel Taxes	1,207	—	—
Other Taxes	17,400	4,102	—
Licenses, Permits and Fees	97,314	59,661	13,981
Sales, Services and Charges	15,992	—	121
Federal Government	242,636	2,004,521	308,920
Investment Income	20,864	10,070	205
Other	43,083	286,933	22,653
TOTAL REVENUES	<u>457,995</u>	<u>2,365,287</u>	<u>345,880</u>
EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	256	254	—
Higher Education Support	250	9,240	—
Public Assistance and Medicaid	—	1,967,182	—
Health and Human Services	94	337,955	350,493
Justice and Public Protection	112,150	16,040	—
Environmental Protection and Natural Resources	240	—	—
Transportation	6,115	—	—
General Government	96,949	—	—
Community and Economic Development	223,474	—	1,641
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	838	—
TOTAL EXPENDITURES	<u>439,528</u>	<u>2,331,509</u>	<u>352,134</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,467</u>	<u>33,778</u>	<u>(6,254)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	100,102	—	—
Capital Leases	—	29	—
Operating Transfers-in	55,247	14,261	11,976
Operating Transfers-out	(45,215)	(9,608)	(4,875)
TOTAL OTHER FINANCING SOURCES (USES)	<u>110,134</u>	<u>4,682</u>	<u>7,101</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>128,601</u>	<u>38,460</u>	<u>847</u>
FUND BALANCES, JULY 1	464,157	180,250	22,319
Increase (Decrease) for Changes in Inventories	—	—	—
FUND BALANCES, JUNE 30	<u>\$ 592,758</u>	<u>\$ 218,710</u>	<u>\$ 23,166</u>

<u>MENTAL HEALTH AND RETARDATION</u>	<u>EMPLOYMENT SERVICES</u>	<u>EDUCATION</u>	<u>STUDENT AID COMMISSION</u>	<u>HIGHWAY SAFETY</u>	<u>HIGHWAY OPERATING</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	305,850
—	—	—	—	—	—
4	—	261	—	95,488	20,863
—	—	230	—	16,629	1,396
441,247	213,535	826,932	6,000	9,449	785,526
106	1,778	14,528	942	4,830	32,021
16,619	12,887	17,765	691	23,379	35,963
<u>457,976</u>	<u>228,200</u>	<u>859,716</u>	<u>7,633</u>	<u>149,775</u>	<u>1,181,619</u>
—	—	1,479,129	—	—	—
—	—	7,873	71,109	—	—
301	—	—	—	—	—
459,731	230,443	512	—	96	—
—	—	19,422	—	261,833	—
—	—	—	—	—	—
—	—	—	—	—	1,426,627
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	64,099	—	3,030	—
<u>460,032</u>	<u>230,443</u>	<u>1,571,035</u>	<u>71,109</u>	<u>264,959</u>	<u>1,426,627</u>
<u>(2,056)</u>	<u>(2,243)</u>	<u>(711,319)</u>	<u>(63,476)</u>	<u>(115,184)</u>	<u>(245,008)</u>
—	—	70,117	—	—	—
—	2,834	—	—	—	—
7,037	—	733,466	—	145,529	641,311
—	(3,000)	(10,935)	(6,730)	(2,800)	(184,777)
<u>7,037</u>	<u>(166)</u>	<u>792,648</u>	<u>(6,730)</u>	<u>142,729</u>	<u>456,534</u>
4,981	(2,409)	81,329	(70,206)	27,545	211,526
57,820	19,665	261,210	72,556	69,161	511,957
—	(189)	—	—	—	3,427
<u>\$ 62,801</u>	<u>\$ 17,067</u>	<u>\$ 342,539</u>	<u>\$ 2,350</u>	<u>\$ 96,706</u>	<u>\$ 726,910</u>

(continued)

STATE OF OHIO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)
(continued)

	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAY SAFETY</u>	<u>REVENUE DISTRIBUTION</u>
REVENUES:			
Income Taxes	\$ —	\$ —	\$ 617,229
Sales Taxes	—	—	252,058
Corporate and Public Utility Taxes	11,180	—	91,271
Motor Vehicle Fuel Taxes	—	6,453	976,705
Other Taxes	9,263	—	13,814
Licenses, Permits and Fees	82,267	34,250	314,143
Sales, Services and Charges	1,960	692	—
Federal Government	37,075	15,101	—
Investment Income	1,784	1,914	2,068
Other	25,336	1,798	163
TOTAL REVENUES	<u>168,865</u>	<u>60,208</u>	<u>2,267,451</u>
EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	630	—	—
Environmental Protection and Natural Resources	146,235	50,945	—
Transportation	—	—	—
General Government	4,927	—	—
Community and Economic Development	5,500	—	—
INTERGOVERNMENTAL	—	—	1,627,811
CAPITAL OUTLAY	—	6,495	—
TOTAL EXPENDITURES	<u>157,292</u>	<u>57,440</u>	<u>1,627,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,573</u>	<u>2,768</u>	<u>639,640</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Capital Leases	—	—	—
Operating Transfers-in	546	1,000	42,084
Operating Transfers-out	(3,060)	—	(680,022)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,514)</u>	<u>1,000</u>	<u>(637,938)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>9,059</u>	<u>3,768</u>	<u>1,702</u>
FUND BALANCES, JULY 1	129,585	41,231	118,442
Increase (Decrease) for Changes in Inventories	—	—	—
FUND BALANCES, JUNE 30	<u>\$ 138,644</u>	<u>\$ 44,999</u>	<u>\$ 120,144</u>

**LOCAL
TRANSPORTATION
IMPROVEMENTS**

TOTAL

\$	—	\$	621,621
	—		266,769
	—		102,847
	—		1,290,215
	—		44,579
	—		718,232
	—		37,020
	—		4,890,942
	3,634		94,744
	72		487,342
	3,706		8,554,311

	—		1,479,639
	—		88,472
	—		1,967,483
	—		1,379,324
	—		410,075
	—		197,420
	—		1,432,742
	—		101,876
	347		230,962
	—		1,627,811
	63,099		137,561
	63,446		9,053,365

	(59,740)		(499,054)
--	-----------------	--	------------------

	—		170,219
	—		2,863
	58,247		1,710,704
	—		(951,022)
	58,247		932,764

	(1,493)		433,710
--	----------------	--	----------------

	72,013		2,020,366
	—		3,238

\$	70,520	\$	2,457,314
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STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	COMMUNITY AND ECONOMIC DEVELOPMENT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ 4,384	\$ 4,384	\$ —
Sales Taxes	14,451	14,451	—
Corporate and Public Utility Taxes	397	397	—
Motor Vehicle Fuel Taxes	1,207	1,207	—
Other Taxes	17,402	17,402	—
Licenses, Permits and Fees	96,867	96,867	—
Sales, Services and Charges	9,146	9,146	—
Federal Government	248,856	248,856	—
Investment Income.....	17,254	17,254	—
Other	92,149	92,149	—
TOTAL REVENUES	502,113	502,113	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	500	500	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	175,019	127,777	47,242
Environmental Protection and Natural Resources	319	230	89
Transportation	10,680	9,250	1,430
General Government	121,075	105,906	15,169
Community and Economic Development	353,525	284,597	68,928
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	661,118	528,260	132,858
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(159,005)	(26,147)	132,858
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	100,102	100,102	—
Operating Transfers-in	122,301	122,301	—
Operating Transfers-out	(118,995)	(118,995)	—
Encumbrance Reversions	33,546	33,546	—
TOTAL OTHER FINANCING SOURCES (USES)	136,954	136,954	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (22,051)	110,807	\$ 132,858
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(71,137)	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		\$ 39,670	

HUMAN SERVICES			HEALTH		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
4,102	4,102	—	—	—	—
60,919	60,919	—	18,834	18,834	—
7	7	—	2,190	2,190	—
1,267,617	1,267,617	—	296,774	296,774	—
10,079	10,079	—	190	190	—
352,882	352,882	—	72,885	72,885	—
1,695,606	1,695,606	—	390,873	390,873	—
250	246	4	—	—	—
24,257	12,839	11,418	—	—	—
1,768,409	1,439,361	329,048	—	—	—
432,624	379,829	52,795	447,411	404,210	43,201
15,715	14,804	911	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3,018	2,323	695
—	—	—	—	—	—
2,841	1,172	1,669	—	—	—
—	—	—	—	—	—
2,244,096	1,848,251	395,845	450,429	406,533	43,896
(548,490)	(152,645)	395,845	(59,556)	(15,660)	43,896
—	—	—	—	—	—
3,015	3,015	—	4,747	4,747	—
(5,229)	(5,229)	—	(3,416)	(3,416)	—
87,261	87,261	—	10,691	10,691	—
85,047	85,047	—	12,022	12,022	—
\$ (463,443)	(67,598)	\$ 395,845	\$ (47,534)	(3,638)	\$ 43,896
	(86,981)			(11,767)	
	\$ (154,579)			\$ (15,405)	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	MENTAL HEALTH AND RETARDATION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	—	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	—	—	—
Licenses, Permits and Fees	4	4	—
Sales, Services and Charges	—	—	—
Federal Government	982,682	982,682	—
Investment Income	106	106	—
Other	32,671	32,671	—
TOTAL REVENUES	1,015,463	1,015,463	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	620,708	620,597	111
Health and Human Services	600,079	520,985	79,094
Justice and Public Protection	—	—	—
Environmental Protection and Natural Resources	—	—	—
Transportation	—	—	—
General Government	—	—	—
Community and Economic Development	—	—	—
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	1,220,787	1,141,582	79,205
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(205,324)	(126,119)	79,205
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	(20)	(20)	—
Encumbrance Reversions	126,752	126,752	—
TOTAL OTHER FINANCING SOURCES (USES)	126,732	126,732	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (78,592)	613	\$ 79,205
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(173,110)	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		\$ (172,497)	

EMPLOYMENT SERVICES			EDUCATION		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
20	20	—	278	278	—
4	4	—	230	230	—
207,461	207,461	—	794,446	794,446	—
2,268	2,268	—	14,736	14,736	—
16,329	16,329	—	28,434	28,434	—
226,082	226,082	—	838,124	838,124	—
—	—	—	1,699,958	1,633,873	66,085
—	—	—	7,904	4,701	3,203
—	—	—	—	—	—
302,933	221,929	81,004	690	614	76
—	—	—	35,390	22,248	13,142
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,160	254	906	113,872	6,008	107,864
—	—	—	—	—	—
304,093	222,183	81,910	1,857,814	1,667,444	190,370
(78,011)	3,899	81,910	(1,019,690)	(829,320)	190,370
—	—	—	70,117	70,117	—
—	—	—	856,503	856,503	—
(50)	(50)	—	(130,942)	(130,942)	—
1,150	1,150	—	24,359	24,359	—
1,100	1,100	—	820,037	820,037	—
\$ (76,911)	4,999	\$ 81,910	\$ (199,653)	(9,283)	\$ 190,370
	5,198			(160,189)	
	\$ 10,197			\$ (169,472)	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	STUDENT AID COMMISSION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	—	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	—	—	—
Licenses, Permits and Fees	11,150	11,150	—
Sales, Services and Charges	1	1	—
Federal Government	—	—	—
Investment Income.....	—	—	—
Other	529	529	—
TOTAL REVENUES	11,680	11,680	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	16,444	9,524	6,920
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	16,444	9,524	6,920
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(4,764)	2,156	6,920
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	(2,069)	(2,069)	—
Encumbrance Reversions	369	369	—
TOTAL OTHER FINANCING SOURCES (USES)	(1,700)	(1,700)	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (6,464)	456	\$ 6,920
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1		(271)	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		\$ 185	

HIGHWAY SAFETY			HIGHWAY OPERATING		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	316,562	316,562	—
—	—	—	—	—	—
95,159	95,159	—	20,751	20,751	—
16,594	16,594	—	1,396	1,396	—
9,638	9,638	—	761,224	761,224	—
4,739	4,739	—	31,401	31,401	—
25,064	25,064	—	47,154	47,154	—
151,194	151,194	—	1,178,488	1,178,488	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
200	65	135	—	—	—
310,374	266,484	43,890	—	—	—
—	—	—	—	—	—
—	—	—	1,703,846	1,511,971	191,875
—	—	—	—	—	—
—	—	—	—	—	—
11,155	5,075	6,080	42,825	35,000	7,825
4,816	3,861	955	16,062	15,024	1,038
326,545	275,485	51,060	1,762,733	1,561,995	200,738
(175,351)	(124,291)	51,060	(584,245)	(383,507)	200,738
—	—	—	—	—	—
166,491	166,491	—	639,796	639,796	—
(21,478)	(21,478)	—	(169,752)	(169,752)	—
3,992	3,992	—	112,971	112,971	—
149,005	149,005	—	583,015	583,015	—
\$ (26,346)	24,714	\$ 51,060	\$ (1,230)	199,508	\$ 200,738
	61,390			(522,823)	
	\$ 86,104			\$ (323,315)	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	NATURAL RESOURCES		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	11,180	11,180	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	9,155	9,155	—
Licenses, Permits and Fees	81,908	81,908	—
Sales, Services and Charges	1,925	1,925	—
Federal Government	38,208	38,208	—
Investment Income.....	1,825	1,825	—
Other	33,324	33,324	—
TOTAL REVENUES	177,525	177,525	—
BUDGETARY EXPENDITURES:			
CURRENT:			
Primary, Secondary and Other Education	—	—	—
Higher Education Support	—	—	—
Public Assistance and Medicaid	—	—	—
Health and Human Services	—	—	—
Justice and Public Protection	1,139	663	476
Environmental Protection and Natural Resources	200,979	162,430	38,549
Transportation	—	—	—
General Government	8,067	5,111	2,956
Community and Economic Development	10,843	7,004	3,839
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	—	—	—
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	221,028	175,208	45,820
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(43,503)	2,317	45,820
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	1,546	1,546	—
Operating Transfers-out	(2,000)	(2,000)	—
Encumbrance Reversions	4,844	4,844	—
TOTAL OTHER FINANCING SOURCES (USES)	4,390	4,390	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (39,113)	6,707	\$ 45,820
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1		<u>109,577</u>	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		<u>\$ 116,284</u>	

WILDLIFE AND WATERWAY SAFETY

REVENUE DISTRIBUTION

WILDLIFE AND WATERWAY SAFETY			REVENUE DISTRIBUTION		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ 631,878	\$ 631,878	\$ —
—	—	—	250,706	250,706	—
—	—	—	91,066	91,066	—
6,841	6,841	—	1,035,377	1,035,377	—
—	—	—	13,892	13,892	—
34,273	34,273	—	470,239	470,239	—
692	692	—	—	—	—
13,868	13,868	—	—	—	—
1,918	1,918	—	2,109	2,109	—
2,929	2,929	—	166	166	—
60,521	60,521	—	2,495,433	2,495,433	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
53,980	50,948	3,032	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
31,469	6,885	24,584	1,863,323	1,798,943	64,380
—	—	—	—	—	—
85,449	57,833	27,616	1,863,323	1,798,943	64,380
(24,928)	2,688	27,616	632,110	696,490	64,380
—	—	—	—	—	—
—	—	—	42,084	42,084	—
—	—	—	(668,044)	(668,044)	—
556	556	—	—	—	—
556	556	—	(625,960)	(625,960)	—
\$ (24,372)	3,244	\$ 27,616	\$ 6,150	70,530	\$ 64,380
	34,830			189,845	
	\$ 38,074			\$ 260,375	

(continued)

STATE OF OHIO

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	LOCAL TRANSPORTATION IMPROVEMENTS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Income Taxes	\$ —	\$ —	\$ —
Sales Taxes	—	—	—
Corporate and Public Utility Taxes	—	—	—
Motor Vehicle Fuel Taxes	—	—	—
Other Taxes	—	—	—
Licenses, Permits and Fees	—	—	—
Sales, Services and Charges	—	—	—
Federal Government	—	—	—
Investment Income.....	3,738	3,738	—
Other	73	73	—
TOTAL REVENUES	3,811	3,811	—
BUDGETARY EXPENDITURES:			
CURRENT:			
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	393	354	39
INTERGOVERNMENTAL	—	—	—
CAPITAL OUTLAY	141,893	68,877	73,016
DEBT SERVICE	—	—	—
TOTAL BUDGETARY EXPENDITURES	142,286	69,231	73,055
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	(138,475)	(65,420)	73,055
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	58,247	58,247	—
Operating Transfers-out	—	—	—
Encumbrance Reversions	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	58,247	58,247	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ (80,228)	(7,173)	\$ 73,055
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JULY 1		75,577	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES (DEFICITS), JUNE 30		\$ 68,404	

TOTAL SPECIAL REVENUE

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 636,262	\$ 636,262	\$ —
265,157	265,157	—
102,643	102,643	—
1,359,987	1,359,987	—
44,551	44,551	—
890,402	890,402	—
32,185	32,185	—
4,620,774	4,620,774	—
90,363	90,363	—
704,589	704,589	—
8,746,913	8,746,913	—
1,700,708	1,634,619	66,089
48,605	27,064	21,541
2,389,117	2,059,958	329,159
1,783,937	1,527,632	256,305
537,637	431,976	105,661
255,278	213,608	41,670
1,714,526	1,521,221	193,305
129,142	111,017	18,125
367,779	294,278	73,501
1,863,323	1,798,943	64,380
345,215	123,271	221,944
20,878	18,885	1,993
11,156,145	9,762,472	1,393,673
(2,409,232)	(1,015,559)	1,393,673
170,219	170,219	—
1,894,730	1,894,730	—
(1,121,995)	(1,121,995)	—
406,491	406,491	—
1,349,445	1,349,445	—
\$ (1,059,787)	333,886	\$ 1,393,673
	<u>(549,861)</u>	
	\$ (215,975)	

DEBT SERVICE FUNDS

The **Debt Service Funds** account for the accumulation of resources for the payment of general long-term debt principal and interest.

The **Economic Development Bond Service Fund** accounts for the payment of principal and interest on revenue bonds issued to finance loans to individuals, corporations, and agencies within the State, which cannot obtain conventional financing for economic development projects that create or retain jobs in the State.

The **Transportation Certificate Retirement Fund** accounts for the payment of certificate of participation-related obligations that financed the acquisition of the Department of Transportation's Panhandle Rail Line Project.

The **Coal Research/Development Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 15, Article VIII of the Ohio Constitution, to provide financing for coal research and development projects.

The **Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2f, Article VIII of the Ohio Constitution, to provide financing for the improvement of higher education facilities, public schools, and natural resources and for other purposes.

The **Highway Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2g, Article VIII of the Ohio Constitution, to provide financing for the acquisition of rights-of-way and for the construction and reconstruction of the State's highways and urban extensions.

The **Development Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2h, Article VIII of the Ohio Constitution, to provide financing for the construction, improvement, and development of higher education facilities, public schools, and natural resources and for other purposes.

The **Highway Obligations Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2i, Article VIII of the Ohio Constitution, to provide financing for construction of the State's highways.

The **Public Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2i, Article VIII of the Ohio Constitution, to provide financing for the improvement of higher education facilities, water pollution controls, parks and natural resources, and other projects.

The **Vietnam Conflict Compensation Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2j, Article VIII of the Ohio Constitution, to provide compensation to Ohioans that served in the military during the Vietnam Conflict.

The **Local Infrastructure Improvements Bond Retirement Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2k, Article VIII of the Ohio Constitution, to provide financing for the cost of local government's public infrastructure improvement projects.

The **Ohio Public Facilities Commission Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of mental health, higher education, parks and recreation, and State park facilities.

The **Ohio Building Authority 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 the Arts Facilities Commission.

The **Enterprise Bond Retirement Fund** accounts for the payment of principal and interest on taxable revenue bonds issued to provide a reserve and pledge to secure, in part, the payment of principal and interest on the Ohio Enterprise Bonds, a no commitment debt for the State that is issued under the authority of Section 166.09, Ohio Revised Code.

The **State Projects Bond Service Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 21, Article VIII of the Ohio Constitution, to provide financing for capital improvements at state and local parks and other natural resources-related projects.

The **School Building Program Bond Service Fund** accounts for the payment of principal and interest on special obligation bonds, authorized by Section 2i of Article VIII of the Ohio Constitution, that finance the costs of school buildings and classroom facilities used by public school districts for elementary and secondary education purposes.

The **Highway Capital Improvements Bond Service Fund** accounts for the payment of principal and interest on general obligation bonds, authorized by Section 2m of Article VIII of the Ohio Constitution, that finance capital improvements to the state highway system.

STATE OF OHIO
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)

	<u>ECONOMIC DEVELOPMENT BOND SERVICE</u>	<u>TRANSPORTATION CERTIFICATE RETIREMENT</u>	<u>COAL RESEARCH/ DEVELOPMENT BOND RETIREMENT</u>
ASSETS			
Cash Equity with Treasurer	\$ —	\$ —	\$ 50
Cash and Cash Equivalents	—	—	—
Investments	5,239	887	—
Collateral on Lent Securities	—	—	29
Receivables:			
Loans, Net	—	—	—
Other	—	—	—
Due from Other Funds	—	—	—
TOTAL ASSETS	<u>\$ 5,239</u>	<u>\$ 887</u>	<u>\$ 79</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Liabilities	\$ —	\$ —	\$ —
Obligations Under Securities Lending	—	—	29
Deferred Revenues	—	—	—
Refund and Other Liabilities	—	—	—
Total Liabilities	<u>—</u>	<u>—</u>	<u>29</u>
Fund Balances:			
Reserved for:			
Debt Service	5,239	887	50
Noncurrent Portion of Loans Receivable	—	—	—
Unreserved/Undesignated	—	—	—
Total Fund Balances	<u>5,239</u>	<u>887</u>	<u>50</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 5,239</u>	<u>\$ 887</u>	<u>\$ 79</u>

<u>IMPROVEMENTS BOND RETIREMENT</u>	<u>HIGHWAY IMPROVEMENTS BOND RETIREMENT</u>	<u>DEVELOPMENT BOND RETIREMENT</u>	<u>HIGHWAY OBLIGATIONS BOND RETIREMENT</u>	<u>PUBLIC IMPROVEMENTS BOND RETIREMENT</u>	<u>VIETNAM CONFLICT COMPENSATION BOND RETIREMENT</u>
\$ 212	\$ 1	\$ 45	\$ 107,515	\$ 11	\$ —
193	60	480	450	420	38
—	—	—	—	—	—
125	1	27	63,430	6	—
—	—	—	—	—	—
1	—	—	459	—	—
—	—	—	127	—	—
<u>\$ 531</u>	<u>\$ 62</u>	<u>\$ 552</u>	<u>\$ 171,981</u>	<u>\$ 437</u>	<u>\$ 38</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
125	1	27	63,430	6	—
—	—	—	—	—	—
178	55	330	200	245	35
<u>303</u>	<u>56</u>	<u>357</u>	<u>63,630</u>	<u>251</u>	<u>35</u>
—	—	—	108,351	—	—
—	—	—	—	—	—
228	6	195	—	186	3
<u>228</u>	<u>6</u>	<u>195</u>	<u>108,351</u>	<u>186</u>	<u>3</u>
<u>\$ 531</u>	<u>\$ 62</u>	<u>\$ 552</u>	<u>\$ 171,981</u>	<u>\$ 437</u>	<u>\$ 38</u>

(continued)

STATE OF OHIO
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)
(continued)

	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS BOND RETIREMENT</u>	<u>OHIO PUBLIC FACILITIES COMMISSION</u>	<u>OHIO BUILDING AUTHORITY</u>
ASSETS			
Cash Equity with Treasurer	\$ 272	\$ —	\$ —
Cash and Cash Equivalents	—	174	1
Investments	—	87,812	58,440
Collateral on Lent Securities	161	—	—
Receivables:			
Loans, Net	—	6,224	—
Other	1	—	505
Due from Other Funds	—	1,115	—
TOTAL ASSETS	<u>\$ 434</u>	<u>\$ 95,325</u>	<u>\$ 58,946</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accrued Liabilities	\$ 254	\$ —	\$ 442
Obligations Under Securities Lending	161	—	—
Deferred Revenues	—	—	1,500
Refund and Other Liabilities	—	125	—
Total Liabilities	<u>415</u>	<u>125</u>	<u>1,942</u>
<i>Fund Balances:</i>			
<i>Reserved for:</i>			
Debt Service	19	88,976	57,004
Noncurrent Portion of Loans Receivable	—	6,224	—
Unreserved/Undesignated	—	—	—
Total Fund Balances	<u>19</u>	<u>95,200</u>	<u>57,004</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 434</u>	<u>\$ 95,325</u>	<u>\$ 58,946</u>

<u>ENTERPRISE BOND RETIREMENT</u>	<u>STATE PROJECTS BOND SERVICE</u>	<u>SCHOOL BUILDING PROGRAM BOND SERVICE</u>	<u>HIGHWAY CAPITAL IMPROVEMENT BOND SERVICE</u>	<u>TOTAL</u>
\$ —	\$ 175	\$ —	\$ 183	\$ 108,464
—	—	104	—	1,920
23,669	—	133	—	176,180
—	103	—	108	63,990
—	—	—	—	6,224
71	—	—	—	1,037
—	—	—	—	1,242
<u>\$ 23,740</u>	<u>\$ 278</u>	<u>\$ 237</u>	<u>\$ 291</u>	<u>\$ 359,057</u>
\$ —	\$ 72	\$ —	\$ 172	\$ 940
—	103	—	108	63,990
—	—	—	—	1,500
464	—	—	—	1,632
<u>464</u>	<u>175</u>	<u>—</u>	<u>280</u>	<u>68,062</u>
23,276	103	237	11	284,153
—	—	—	—	6,224
—	—	—	—	618
<u>23,276</u>	<u>103</u>	<u>237</u>	<u>11</u>	<u>290,995</u>
<u>\$ 23,740</u>	<u>\$ 278</u>	<u>\$ 237</u>	<u>\$ 291</u>	<u>\$ 359,057</u>

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	<u>ECONOMIC DEVELOPMENT BOND SERVICE</u>	<u>TRANSPORTATION CERTIFICATE RETIREMENT</u>	<u>COAL RESEARCH/ DEVELOPMENT BOND RETIREMENT</u>
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Federal Government	—	—	—
Investment Income	—	—	16
Other	179	762	2
TOTAL REVENUES	<u>179</u>	<u>762</u>	<u>18</u>
EXPENDITURES:			
DEBT SERVICE	17,013	760	9,010
TOTAL EXPENDITURES	<u>17,013</u>	<u>760</u>	<u>9,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,834)</u>	<u>2</u>	<u>(8,992)</u>
OTHER FINANCING SOURCES (USES):			
Refunding Bond Proceeds	66,760	—	—
Payment to Refunded Bond Escrow Agents	(65,815)	—	—
Operating Transfers-in	21,052	—	9,026
Operating Transfers-out	—	—	(6)
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,997</u>	<u>—</u>	<u>9,020</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>5,163</u>	<u>2</u>	<u>28</u>
FUND BALANCES, JULY 1	<u>76</u>	<u>885</u>	<u>22</u>
FUND BALANCES, JUNE 30	<u>\$ 5,239</u>	<u>\$ 887</u>	<u>\$ 50</u>

<u>IMPROVEMENTS BOND RETIREMENT</u>	<u>HIGHWAY IMPROVEMENTS BOND RETIREMENT</u>	<u>DEVELOPMENT BOND RETIREMENT</u>	<u>HIGHWAY OBLIGATIONS BOND RETIREMENT</u>	<u>PUBLIC IMPROVEMENTS BOND RETIREMENT</u>	<u>VIETNAM CONFLICT COMPENSATION BOND RETIREMENT</u>
\$ —	\$ —	\$ —	\$ 61,261	\$ —	\$ —
—	—	—	43,517	—	—
—	—	—	—	—	—
11	—	—	6,387	1	—
—	—	—	—	—	—
<u>11</u>	<u>—</u>	<u>—</u>	<u>111,165</u>	<u>1</u>	<u>—</u>
—	—	—	121,957	—	—
—	—	—	<u>121,957</u>	—	—
<u>11</u>	<u>—</u>	<u>—</u>	<u>(10,792)</u>	<u>1</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	(24)	(109)	(13)	—
—	—	<u>(24)</u>	<u>(109)</u>	<u>(13)</u>	—
11	—	(24)	(10,901)	(12)	—
<u>217</u>	<u>6</u>	<u>219</u>	<u>119,252</u>	<u>198</u>	<u>3</u>
<u>\$ 228</u>	<u>\$ 6</u>	<u>\$ 195</u>	<u>\$ 108,351</u>	<u>\$ 186</u>	<u>\$ 3</u>

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	LOCAL INFRASTRUCTURE IMPROVEMENTS BOND RETIREMENT	OHIO PUBLIC FACILITIES COMMISSION	OHIO BUILDING AUTHORITY
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Federal Government	—	50	—
Investment Income	41	8,631	3,887
Other	3	—	—
TOTAL REVENUES	<u>44</u>	<u>8,681</u>	<u>3,887</u>
EXPENDITURES:			
DEBT SERVICE	81,198	559,815	220,023
TOTAL EXPENDITURES	<u>81,198</u>	<u>559,815</u>	<u>220,023</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(81,154)</u>	<u>(551,134)</u>	<u>(216,136)</u>
OTHER FINANCING SOURCES (USES):			
Refunding Bond Proceeds	—	133,100	142,801
Payment to Refunded Bond Escrow Agents	—	(133,100)	(142,801)
Operating Transfers-in	80,623	444,603	202,747
Operating Transfers-out	—	—	(862)
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,623</u>	<u>444,603</u>	<u>201,885</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(531)</u>	<u>(106,531)</u>	<u>(14,251)</u>
FUND BALANCES, JULY 1	<u>550</u>	<u>201,731</u>	<u>71,255</u>
FUND BALANCES, JUNE 30	<u>\$ 19</u>	<u>\$ 95,200</u>	<u>\$ 57,004</u>

<u>ENTERPRISE BOND RETIREMENT</u>	<u>STATE PROJECTS BOND SERVICE</u>	<u>SCHOOL BUILDING PROGRAM BOND SERVICE</u>	<u>HIGHWAY CAPITAL IMPROVEMENT BOND SERVICE</u>	<u>TOTAL</u>
\$ —	\$ —	\$ —	\$ —	\$ 61,261
19	—	—	—	43,536
—	—	—	—	50
1,548	—	—	14	20,536
570	—	233	—	1,749
<u>2,137</u>	<u>—</u>	<u>233</u>	<u>14</u>	<u>127,132</u>
1,408	5,150	10,695	6,391	1,033,420
<u>1,408</u>	<u>5,150</u>	<u>10,695</u>	<u>6,391</u>	<u>1,033,420</u>
729	(5,150)	(10,462)	(6,377)	(906,288)
—	—	—	—	342,661
—	—	—	—	(341,716)
27,536	5,234	10,695	6,476	807,992
(32,815)	(25)	—	(88)	(33,942)
<u>(5,279)</u>	<u>5,209</u>	<u>10,695</u>	<u>6,388</u>	<u>774,995</u>
(4,550)	59	233	11	(131,293)
27,826	44	4	—	422,288
<u>\$ 23,276</u>	<u>\$ 103</u>	<u>\$ 237</u>	<u>\$ 11</u>	<u>\$ 290,995</u>

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	COAL RESEARCH / DEVELOPMENT BOND RETIREMENT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	16	16	—
Other	9,027	9,027	—
TOTAL REVENUES	9,043	9,043	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	11,304	9,015	2,289
TOTAL BUDGETARY EXPENDITURES	11,304	9,015	2,289
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES			
	(2,261)	28	2,289
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES			
	\$ (2,261)	28	\$ 2,289
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1			
		22	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30			
		\$ 50	

IMPROVEMENTS BOND RETIREMENT			HIGHWAY IMPROVEMENTS BOND RETIREMENT		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
11	11	—	—	—	—
—	—	—	—	—	—
<u>11</u>	<u>11</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
11	11	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>\$ 11</u>	<u>11</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
	201			1	
	<u>\$ 212</u>			<u>\$ 1</u>	

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	DEVELOPMENT BOND RETIREMENT		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	1	1	—
Other	49	49	—
TOTAL REVENUES	50	50	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	24	24	—
TOTAL BUDGETARY EXPENDITURES	24	24	—
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES	26	26	—
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	—	—
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ 26	26	\$ —
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1		19	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30		\$ 45	

**HIGHWAY OBLIGATIONS
BOND RETIREMENT**

**PUBLIC IMPROVEMENTS
BOND RETIREMENT**

HIGHWAY OBLIGATIONS BOND RETIREMENT			PUBLIC IMPROVEMENTS BOND RETIREMENT		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 65,420	\$ 65,420	\$ —	\$ —	\$ —	\$ —
43,517	43,517	—	—	—	—
6,512	6,512	—	1	1	—
—	—	—	—	—	—
115,449	115,449	—	1	1	—
122,288	122,288	—	13	13	—
122,288	122,288	—	13	13	—
(6,839)	(6,839)	—	(12)	(12)	—
221	221	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
221	221	—	—	—	—
\$ (6,618)	(6,618)	\$ —	\$ (12)	(12)	\$ —
	114,133			23	
	\$ 107,515			\$ 11	

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	LOCAL INFRASTRUCTURE IMPROVEMENTS BOND RETIREMENT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Motor Vehicle Fuel Taxes	\$ —	\$ —	\$ —
Licenses, Permits and Fees	—	—	—
Investment Income	46	46	—
Other	80,625	80,625	—
TOTAL REVENUES	80,671	80,671	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	89,032	81,548	7,484
TOTAL BUDGETARY EXPENDITURES	89,032	81,548	7,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES			
	(8,361)	(877)	7,484
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	254	254	—
Operating Transfers-in	58,361	58,361	—
Operating Transfers-out	(58,361)	(58,361)	—
TOTAL OTHER FINANCING SOURCES (USES)	254	254	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES			
	\$ (8,107)	(623)	\$ 7,484
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1			
		895	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30			
		\$ 272	

**STATE PROJECTS
BOND SERVICE**

**HIGHWAY CAPITAL IMPROVEMENT
BOND SERVICE**

STATE PROJECTS BOND SERVICE			HIGHWAY CAPITAL IMPROVEMENT BOND SERVICE		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	13	13	—
5,234	5,234	—	—	—	—
<u>5,234</u>	<u>5,234</u>	<u>—</u>	<u>13</u>	<u>13</u>	<u>—</u>
8,506	5,175	3,331	6,592	6,592	—
<u>8,506</u>	<u>5,175</u>	<u>3,331</u>	<u>6,592</u>	<u>6,592</u>	<u>—</u>
<u>(3,272)</u>	<u>59</u>	<u>3,331</u>	<u>(6,579)</u>	<u>(6,579)</u>	<u>—</u>
72	72	—	285	285	—
—	—	—	6,477	6,477	—
—	—	—	—	—	—
<u>72</u>	<u>72</u>	<u>—</u>	<u>6,762</u>	<u>6,762</u>	<u>—</u>
<u>\$ (3,200)</u>	<u>131</u>	<u>\$ 3,331</u>	<u>\$ 183</u>	<u>183</u>	<u>\$ —</u>
	<u>44</u>			<u>—</u>	
	<u>\$ 175</u>			<u>\$ 183</u>	

(continued)

STATE OF OHIO

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	TOTAL DEBT SERVICE		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Motor Vehicle Fuel Taxes	\$ 65,420	\$ 65,420	\$ —
Licenses, Permits and Fees	43,517	43,517	—
Investment Income	6,600	6,600	—
Other	94,935	94,935	—
TOTAL REVENUES	210,472	210,472	—
BUDGETARY EXPENDITURES:			
DEBT SERVICE	237,759	224,655	13,104
TOTAL BUDGETARY EXPENDITURES	237,759	224,655	13,104
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES			
	(27,287)	(14,183)	13,104
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	832	832	—
Operating Transfers-in	64,838	64,838	—
Operating Transfers-out	(58,361)	(58,361)	—
TOTAL OTHER FINANCING SOURCES (USES)	7,309	7,309	—
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) BUDGETARY EXPENDITURES AND OTHER FINANCING USES			
	\$ (19,978)	(6,874)	\$ 13,104
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JULY 1			
		115,338	
UNRESERVED, UNDESIGNATED BUDGETARY FUND BALANCES, JUNE 30			
		\$ 108,464	

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CAPITAL PROJECTS FUNDS

The **Capital Projects Funds** account for the acquisition and construction of major capital facilities and for major repairs and replacements other than those financed by proprietary funds and trust funds.

The **Arts Facilities Building Improvements Fund** accounts for bond proceeds that finance construction of and improvements to various arts and sciences facilities in the State.

The **Higher Education Improvements Fund** accounts for bond proceeds that finance the construction of facilities for State-assisted higher education institutions.

The **Highway Obligations Construction Fund** accounts for bond proceeds that finance capital outlay and major repairs and replacements for the State's highways.

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 **Local Infrastructure Improvements Fund** accounts for bond proceeds that finance the cost of local government's public infrastructure improvement projects.

The **Ohio Building Authority Fund** accounts for bond proceeds that finance the construction of State office buildings and rehabilitation and correctional 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.

The **Sports Facilities Building Fund** accounts for bond proceeds that finance capital facilities, as defined in Section 3383.01(J), Ohio Revised Code, as Ohio sports facilities.

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)

	<u>ARTS FACILITIES BUILDING IMPROVEMENTS</u>	<u>HIGHER EDUCATION IMPROVEMENTS</u>	<u>HIGHWAY OBLIGATIONS CONSTRUCTION</u>
ASSETS			
Cash Equity with Treasurer	\$ 35,913	\$ 85,970	\$ 33,855
Investments	—	—	—
Collateral on Lent Securities	21,187	50,719	19,973
Receivables:			
Loans, Net	—	—	—
Other	154	398	149
Due from Other Funds	<u>43</u>	<u>110</u>	<u>41</u>
TOTAL ASSETS	<u>\$ 57,297</u>	<u>\$ 137,197</u>	<u>\$ 54,018</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 859	\$ 35,590	\$ 1,484
Accrued Liabilities	—	—	—
Obligations Under Securities Lending	21,187	50,719	19,973
Due to Other Funds	<u>—</u>	<u>1,121</u>	<u>—</u>
Total Liabilities	<u>22,046</u>	<u>87,430</u>	<u>21,457</u>
Fund Balances:			
Reserved for:			
Encumbrances	60,167	199,484	31,311
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Loan Commitments	—	1,252	—
Health Care Benefits	—	—	—
Unreserved/Undesignated (Deficits)	<u>(24,916)</u>	<u>(150,969)</u>	<u>1,250</u>
Total Fund Balances	<u>35,251</u>	<u>49,767</u>	<u>32,561</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 57,297</u>	<u>\$ 137,197</u>	<u>\$ 54,018</u>

<u>MENTAL HEALTH/ MENTAL RETARDATION FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS</u>	<u>OHIO BUILDING AUTHORITY</u>	<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>
\$ 20,056	\$ 8,858	\$ 80,743	\$ —	\$ 44,180	\$ 20,492
—	—	—	7,337	—	—
11,832	5,226	47,635	—	26,064	12,090
—	—	109,664	—	—	—
89	40	349	29	194	88
25	11	1,169	—	54	24
<u>\$ 32,002</u>	<u>\$ 14,135</u>	<u>\$ 239,560</u>	<u>\$ 7,366</u>	<u>\$ 70,492</u>	<u>\$ 32,694</u>
\$ 3,472	\$ 50	\$ 5,439	\$ 81	\$ 3,217	\$ 772
—	—	39	—	—	—
11,832	5,226	47,635	—	26,064	12,090
—	—	5	—	—	—
<u>15,304</u>	<u>5,276</u>	<u>53,118</u>	<u>81</u>	<u>29,281</u>	<u>12,862</u>
30,667	8,520	7	—	54,752	17,853
—	—	108,554	—	—	—
—	—	38,988	—	—	—
—	—	3	—	—	—
<u>(13,969)</u>	<u>339</u>	<u>38,890</u>	<u>7,285</u>	<u>(13,541)</u>	<u>1,979</u>
<u>16,698</u>	<u>8,859</u>	<u>186,442</u>	<u>7,285</u>	<u>41,211</u>	<u>19,832</u>
<u>\$ 32,002</u>	<u>\$ 14,135</u>	<u>\$ 239,560</u>	<u>\$ 7,366</u>	<u>\$ 70,492</u>	<u>\$ 32,694</u>

(continued)

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)
(continued)

	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>
ASSETS			
Cash Equity with Treasurer	\$ 9,959	\$ 96,466	\$ 49,979
Investments	—	—	—
Collateral on Lent Securities	5,876	56,911	29,486
Receivables:			
Loans, Net	—	—	—
Other	44	423	215
Due from Other Funds	<u>12</u>	<u>117</u>	<u>60</u>
TOTAL ASSETS	<u>\$ 15,891</u>	<u>\$ 153,917</u>	<u>\$ 79,740</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,022	\$ 11,293	\$ 5,651
Accrued Liabilities	—	—	—
Obligations Under Securities Lending	5,876	56,911	29,486
Due to Other Funds	<u>17</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>6,915</u>	<u>68,204</u>	<u>35,137</u>
Fund Balances:			
Reserved for:			
Encumbrances	10,240	108,155	30,468
Noncurrent Portion of Loans Receivable	—	—	—
Other:			
Loan Commitments	—	—	—
Health Care Benefits	—	—	—
Unreserved/Undesignated (Deficits)	<u>(1,264)</u>	<u>(22,442)</u>	<u>14,135</u>
Total Fund Balances	<u>8,976</u>	<u>85,713</u>	<u>44,603</u>
TOTAL LIABILITIES AND FUND BALANCES ...	<u>\$ 15,891</u>	<u>\$ 153,917</u>	<u>\$ 79,740</u>

<u>OHIO PARKS AND NATURAL RESOURCES</u>	<u>HIGHWAY CAPITAL IMPROVEMENT</u>	<u>SPORTS FACILITIES BUILDING</u>	<u>TOTAL</u>
\$ 53,910	\$ 168,673	\$ 37,404	\$ 746,458
—	—	—	7,337
31,805	99,511	22,067	440,382
—	—	—	109,664
22	189	160	2,543
6	53	45	1,770
<u>\$ 85,743</u>	<u>\$ 268,426</u>	<u>\$ 59,676</u>	<u>\$ 1,308,154</u>
\$ 233	\$ 8,667	\$ —	\$ 77,830
—	—	—	39
31,805	99,511	22,067	440,382
—	—	—	1,143
<u>32,038</u>	<u>108,178</u>	<u>22,067</u>	<u>519,394</u>
34,789	177,292	5,800	769,505
—	—	—	108,554
—	—	—	40,240
—	—	—	3
<u>18,916</u>	<u>(17,044)</u>	<u>31,809</u>	<u>(129,542)</u>
<u>53,705</u>	<u>160,248</u>	<u>37,609</u>	<u>788,760</u>
<u>\$ 85,743</u>	<u>\$ 268,426</u>	<u>\$ 59,676</u>	<u>\$ 1,308,154</u>

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	<u>ARTS FACILITIES BUILDING IMPROVEMENTS</u>	<u>HIGHER EDUCATION IMPROVEMENTS</u>	<u>HIGHWAY OBLIGATIONS CONSTRUCTION</u>
REVENUES:			
Federal Government	\$ —	\$ —	\$ —
Investment Income	1,105	5,357	2,804
Other	—	70	38
TOTAL REVENUES	<u>1,105</u>	<u>5,427</u>	<u>2,842</u>
EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	<u>17,013</u>	<u>323,092</u>	<u>108,336</u>
TOTAL EXPENDITURES	<u>17,013</u>	<u>323,092</u>	<u>108,336</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,908)</u>	<u>(317,665)</u>	<u>(105,494)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	295,026	100,051
Operating Transfers-in	40,525	—	—
Operating Transfers-out	—	(540)	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,525</u>	<u>294,486</u>	<u>100,051</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>24,617</u>	<u>(23,179)</u>	<u>(5,443)</u>
FUND BALANCES, JULY 1	10,634	72,946	38,004
Residual Equity Transfers-out	—	—	—
FUND BALANCES, JUNE 30	<u>\$ 35,251</u>	<u>\$ 49,767</u>	<u>\$ 32,561</u>

<u>MENTAL HEALTH/ MENTAL RETARDATION FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>	<u>LOCAL INFRASTRUCTURE IMPROVEMENTS</u>	<u>OHIO BUILDING AUTHORITY</u>	<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>
\$ —	\$ —	\$ —	\$ —	\$ 835	\$ —
1,356	554	3,404	814	1,484	1,152
822	328	933	—	171	17
<u>2,178</u>	<u>882</u>	<u>4,337</u>	<u>814</u>	<u>2,490</u>	<u>1,169</u>
—	—	812	—	—	—
40,779	5,501	104,074	3,481	64,578	5,360
<u>40,779</u>	<u>5,501</u>	<u>104,886</u>	<u>3,481</u>	<u>64,578</u>	<u>5,360</u>
<u>(38,601)</u>	<u>(4,619)</u>	<u>(100,549)</u>	<u>(2,667)</u>	<u>(62,088)</u>	<u>(4,191)</u>
39,435	—	120,004	347,149	—	—
—	—	—	—	85,522	—
—	—	(46)	(368,143)	—	—
<u>39,435</u>	<u>—</u>	<u>119,958</u>	<u>(20,994)</u>	<u>85,522</u>	<u>—</u>
834	(4,619)	19,409	(23,661)	23,434	(4,191)
15,864	13,478	167,033	30,946	23,499	24,023
—	—	—	—	(5,722)	—
<u>\$ 16,698</u>	<u>\$ 8,859</u>	<u>\$ 186,442</u>	<u>\$ 7,285</u>	<u>\$ 41,211</u>	<u>\$ 19,832</u>

(continued)

STATE OF OHIO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)
(continued)

	<u>TRANSPORTATION BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>
REVENUES:			
Federal Government	\$ —	\$ —	\$ —
Investment Income	786	2,710	1,188
Other	—	624	99
TOTAL REVENUES	<u>786</u>	<u>3,334</u>	<u>1,287</u>
EXPENDITURES:			
CURRENT:			
Community and Economic Development	—	—	—
CAPITAL OUTLAY	<u>14,208</u>	<u>91,271</u>	<u>53,650</u>
TOTAL EXPENDITURES	<u>14,208</u>	<u>91,271</u>	<u>53,650</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,422)</u>	<u>(87,937)</u>	<u>(52,363)</u>
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	—	—	—
Operating Transfers-in	—	109,080	75,344
Operating Transfers-out	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	<u>—</u>	<u>109,080</u>	<u>75,344</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(13,422)</u>	<u>21,143</u>	<u>22,981</u>
FUND BALANCES, JULY 1	22,398	64,585	21,622
Residual Equity Transfers-out	—	(15)	—
FUND BALANCES, JUNE 30	<u>\$ 8,976</u>	<u>\$ 85,713</u>	<u>\$ 44,603</u>

OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT	SPORTS FACILITIES BUILDING	TOTAL
\$ —	\$ —	\$ —	\$ 835
1,000	1,537	931	26,182
<u>1</u>	<u>—</u>	<u>1</u>	<u>3,104</u>
<u>1,001</u>	<u>1,537</u>	<u>932</u>	<u>30,121</u>
—	—	—	812
<u>29,767</u>	<u>16,398</u>	<u>—</u>	<u>877,508</u>
<u>29,767</u>	<u>16,398</u>	<u>—</u>	<u>878,320</u>
<u>(28,766)</u>	<u>(14,861)</u>	<u>932</u>	<u>(848,199)</u>
49,262	175,109	—	1,126,036
—	—	36,677	347,148
<u>(642)</u>	<u>—</u>	<u>—</u>	<u>(369,371)</u>
<u>48,620</u>	<u>175,109</u>	<u>36,677</u>	<u>1,103,813</u>
19,854	160,248	37,609	255,614
<u>33,851</u>	<u>—</u>	<u>—</u>	<u>538,883</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,737)</u>
<u>\$ 53,705</u>	<u>\$ 160,248</u>	<u>\$ 37,609</u>	<u>\$ 788,760</u>

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ENTERPRISE FUNDS

The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises — where the State's intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

The **Tuition Trust Authority Fund** accounts for the operations of the Ohio Tuition Trust Authority.

The **Liquor Control Fund** accounts for the operations of the Department of Liquor Control.

The **Ohio Lottery Commission Fund** accounts for the operations of the Ohio Lottery Commission.

The **Workers' Compensation Fund** accounts for the operations of the Ohio Bureau of Workers' Compensation and the Ohio Industrial Commission.

The **Underground Parking Garage Fund** accounts for the operations of the statehouse underground parking garage in Columbus, Ohio.

The **Office of Auditor of State Fund** accounts for the operations of the Ohio Auditor of State.

STATE OF OHIO
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)

	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>	<u>OHIO LOTTERY COMMISSION</u>
ASSETS			
<i>Current Assets:</i>			
Cash Equity with Treasurer	\$ 174	\$ 6,258	\$ 128,464
Cash and Cash Equivalents	612	5,656	11,140
Investments	19,799	—	—
Collateral on Lent Securities	102	3,692	86,734
<i>Receivables:</i>			
Intergovernmental	—	—	—
Premiums and Assessments	—	—	—
Other	181	—	40,998
Due from Other Funds	—	88	—
Inventories	—	22,948	—
Other Assets	—	33	4,086
Total Current Assets	20,868	38,675	271,422
<i>Restricted Assets:</i>			
Cash Equity with Treasurer	—	—	18,552
Cash and Cash Equivalents	36	—	—
Dedicated Investments	225,346	—	1,338,870
Collateral on Lent Securities	—	—	1,001,443
Other Receivables	834	—	18,337
Total Restricted Assets	226,216	—	2,377,202
<i>Noncurrent Assets-Investments</i>			
	—	—	—
<i>Fixed Assets (net of accumulated depreciation)</i>			
	232	3,739	31,062
TOTAL ASSETS	\$ 247,316	\$ 42,414	\$ 2,679,686
LIABILITIES AND FUND EQUITY			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 143	\$ 12,261	\$ 6,082
Accrued Liabilities	62	896	9,176
Obligations Under Securities Lending	102	3,692	86,734
Intergovernmental Payable	—	350	—
Due to Other Funds	—	16	—
Deferred Revenues	5	—	2,286
Refund and Other Liabilities	—	3,332	18,919
Revenue Bonds	—	—	—
Total Current Liabilities	312	20,547	123,197
<i>Liabilities Payable from Restricted Assets:</i>			
Deferred Prize Awards Payable	—	—	1,344,746
Obligations Under Securities Lending	—	—	1,001,443
Tuition Benefits Payable	208,781	—	—
Total Liabilities Payable from Restricted Assets	208,781	—	2,346,189
<i>Noncurrent Liabilities:</i>			
Accrued Liabilities	97	2,063	8,181
Workers' Compensation Benefits Payable	—	—	—
Revenue Bonds	—	—	—
Total Noncurrent Liabilities	97	2,063	8,181
Total Liabilities	209,190	22,610	2,477,567
<i>Fund Equity:</i>			
<i>Retained Earnings:</i>			
<i>Reserved for:</i>			
Deferred Lottery Prizes	—	—	31,012
Insurance Claims Payable	—	—	—
Health Care Benefits	—	64	—
Unreserved	38,126	19,740	171,107
Total Fund Equity	38,126	19,804	202,119
TOTAL LIABILITIES AND FUND EQUITY	\$ 247,316	\$ 42,414	\$ 2,679,686

<u>WORKERS' COMPENSATION</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ 8,342	\$ 1,438	\$ 9,945	\$ 154,621
1,136,235	—	—	1,153,643
—	—	—	19,799
3,932,878	848	—	4,024,254
—	—	5,401	5,401
1,946,318	—	—	1,946,318
315,973	44	1,845	359,041
—	—	1,590	1,678
—	—	—	22,948
165,508	—	—	169,627
<u>7,505,254</u>	<u>2,330</u>	<u>18,781</u>	<u>7,857,330</u>
—	—	—	18,552
—	—	—	36
—	—	—	1,564,216
—	—	—	1,001,443
—	—	—	19,171
—	—	—	2,603,418
16,614,110	—	—	16,614,110
236,355	7,674	7,118	286,180
<u>\$ 24,355,719</u>	<u>\$ 10,004</u>	<u>\$ 25,899</u>	<u>\$ 27,361,038</u>
\$ 163,564	\$ 65	\$ 959	\$ 183,074
—	58	2,891	13,083
3,932,878	848	—	4,024,254
—	—	—	350
—	—	—	16
443,299	3	—	445,593
1,839,638	—	79	1,861,968
5,000	—	—	5,000
<u>6,384,379</u>	<u>974</u>	<u>3,929</u>	<u>6,533,338</u>
—	—	—	1,344,746
—	—	—	1,001,443
—	—	—	208,781
—	—	—	2,554,970
18,302	84	4,422	33,149
12,857,040	—	—	12,857,040
197,109	—	—	197,109
<u>13,072,451</u>	<u>84</u>	<u>4,422</u>	<u>13,087,298</u>
<u>19,456,830</u>	<u>1,058</u>	<u>8,351</u>	<u>22,175,606</u>
—	—	—	31,012
100,815	—	—	100,815
—	—	—	64
4,798,074	8,946	17,548	5,053,541
4,898,889	8,946	17,548	5,185,432
<u>\$ 24,355,719</u>	<u>\$ 10,004</u>	<u>\$ 25,899</u>	<u>\$ 27,361,038</u>

STATE OF OHIO
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>	<u>OHIO LOTTERY COMMISSION</u>
OPERATING REVENUES:			
Charges for Sales and Services	\$ 5,950	\$ 363,146	\$ 2,299,998
Premium and Assessment Income	—	—	—
Investment Income	9,250	—	158,091
Other	<u>1</u>	<u>3,490</u>	<u>5,172</u>
TOTAL OPERATING REVENUES	<u>15,201</u>	<u>366,636</u>	<u>2,463,261</u>
OPERATING EXPENSES:			
Costs of Sales and Services	—	225,771	—
Administration	2,279	44,415	86,048
Bonuses and Commissions	—	—	144,689
Prizes	—	—	1,312,220
Benefits and Claims	10,556	—	—
Depreciation	57	587	6,622
Other	<u>—</u>	<u>339</u>	<u>161,667</u>
TOTAL OPERATING EXPENSES	<u>12,892</u>	<u>271,112</u>	<u>1,711,246</u>
OPERATING INCOME (LOSS)	<u>2,309</u>	<u>95,524</u>	<u>752,015</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income	16,369	—	—
Other	<u>(1)</u>	<u>72</u>	<u>(31)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>16,368</u>	<u>72</u>	<u>(31)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>18,677</u>	<u>95,596</u>	<u>751,984</u>
OPERATING TRANSFERS:			
Operating Transfers-in	—	75	—
Operating Transfers-out	<u>—</u>	<u>(89,621)</u>	<u>(748,520)</u>
TOTAL OPERATING TRANSFERS	<u>—</u>	<u>(89,546)</u>	<u>(748,520)</u>
NET INCOME (LOSS)	<u>18,677</u>	<u>6,050</u>	<u>3,464</u>
RETAINED EARNINGS, JULY 1 (as restated)	<u>19,449</u>	<u>13,754</u>	<u>198,655</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 38,126</u>	<u>\$ 19,804</u>	<u>\$ 202,119</u>

<u>WORKERS' COMPENSATION</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ —	\$ 2,322	\$ 31,444	\$ 2,702,860
1,605,143	—	—	1,605,143
2,718,755	—	—	2,886,096
24,446	1	22	33,132
<u>4,348,344</u>	<u>2,323</u>	<u>31,466</u>	<u>7,227,231</u>
—	—	49,120	274,891
62,534	1,503	7,218	203,997
—	—	—	144,689
—	—	—	1,312,220
2,522,434	—	—	2,532,990
11,575	408	1,874	21,123
111,899	—	349	274,254
<u>2,708,442</u>	<u>1,911</u>	<u>58,561</u>	<u>4,764,164</u>
<u>1,639,902</u>	<u>412</u>	<u>(27,095)</u>	<u>2,463,067</u>
—	67	—	16,436
—	—	(554)	(514)
<u>—</u>	<u>67</u>	<u>(554)</u>	<u>15,922</u>
<u>1,639,902</u>	<u>479</u>	<u>(27,649)</u>	<u>2,478,989</u>
—	—	28,143	28,218
(4,894)	(1,710)	—	(844,745)
<u>(4,894)</u>	<u>(1,710)</u>	<u>28,143</u>	<u>(816,527)</u>
<u>1,635,008</u>	<u>(1,231)</u>	<u>494</u>	<u>1,662,462</u>
<u>3,263,881</u>	<u>10,177</u>	<u>17,054</u>	<u>3,522,970</u>
<u>\$ 4,898,889</u>	<u>\$ 8,946</u>	<u>\$ 17,548</u>	<u>\$ 5,185,432</u>

STATE OF OHIO

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	TUITION TRUST AUTHORITY	LIQUOR CONTROL	OHIO LOTTERY COMMISSION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 2,309	\$ 95,524	\$ 752,015
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income	(8,900)	—	(158,091)
Depreciation	57	587	6,622
Provision for Uncollectible Accounts	—	—	—
Amortization of Premiums and Discounts	(350)	—	99,611
Interest on Bonds, Notes and Capital Leases	—	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivables.....	—	—	—
Premiums and Assessments Receivable	—	—	—
Other Receivables	183	63	15,952
Due from Other Funds	—	24	—
Inventories	—	(1,397)	—
Other Assets	—	17	2,039
Increase (Decrease) in Liabilities:			
Accounts Payable	99	1,375	(1,389)
Accrued Liabilities	32	(66)	41
Intergovernmental Payable	—	(7)	—
Due to Other Funds	—	(34)	—
Deferred Revenues	5	—	439
Workers' Compensation Benefits Payable	—	—	—
Refund and Other Liabilities	—	4	(10,737)
Liabilities Payable from Restricted Assets	46,080	—	(31,406)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:	39,515	96,090	675,096
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Transfers-in	—	75	—
Operating Transfers-out	—	(89,621)	(748,520)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES:	—	(89,546)	(748,520)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Payments on Bonds	—	—	—
Interest Paid	—	—	—
Acquisition and Construction of Capital Assets	(155)	(3,640)	(1,530)
Proceeds from Sales of Fixed Assets	—	146	—
Principal Payments on Capital Leases	—	—	(8,643)
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(155)	(3,494)	(10,173)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the Sales and Maturities of Investments	531,285	—	216,872
Purchase of Investments	(595,992)	—	(236,981)
Investment Income Received	25,619	—	190,468
Borrower Rebate and Agent Fees.....	—	—	(60,626)
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:	(39,088)	—	109,733
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	272	3,050	26,136
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	550	8,864	132,020
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 822	\$ 11,914	\$ 158,156

<u>WORKERS' COMPENSATION</u>	<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL</u>
\$ 1,639,902	\$ 412	\$ (27,095)	\$ 2,463,067
(2,718,755)	—	—	(2,885,746)
11,575	408	1,874	21,123
86,563	—	—	86,563
371	—	—	99,632
9,807	—	—	9,807
—	—	(417)	(417)
341,046	—	—	341,046
(94,349)	(17)	(437)	(78,605)
—	—	—	24
—	—	—	(1,397)
(75,461)	—	—	(73,405)
69,773	53	406	70,317
—	8	976	991
—	—	—	(7)
—	—	—	(34)
(4,801)	(5)	—	(4,362)
40,012	—	—	40,012
675,925	—	14	665,206
—	—	—	14,674
(18,392)	859	(24,679)	768,489
—	—	28,013	28,088
(4,894)	(1,710)	—	(844,745)
(4,894)	(1,710)	28,013	(816,657)
(4,000)	—	—	(4,000)
(9,807)	—	—	(9,807)
—	(33)	(3,047)	(8,405)
32,123	1	—	32,270
—	—	—	(8,643)
18,316	(32)	(3,047)	1,415
9,533,787	—	—	10,281,944
(9,591,564)	—	—	(10,424,537)
707,936	67	—	924,090
—	—	—	(60,626)
650,159	67	—	720,871
645,189	(816)	287	674,118
499,388	2,254	9,658	652,734
\$ 1,144,577	\$ 1,438	\$ 9,945	\$ 1,326,852

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INTERNAL SERVICE FUNDS

The **Internal Service Funds** account for the financing of goods or services provided by a State department or agency to other agencies and to other government units, on a cost-reimbursement basis.

The **Ohio Building Authority Fund** accounts for the revenues and operating expenses of State office buildings and other government buildings owned by the Ohio Building Authority.

The **Ohio Data Network Fund** accounts for the revenues and expenses associated with electronic data-processing of goods and services provided to user State agencies and to local government.

The **Ohio Penal Industries Fund** accounts for the revenues and expenses associated with the purchase of raw materials and labor costs incurred in the production of manufactured goods sold to user State agencies.

The **Support Services Fund** accounts for the revenues and expenses associated with the purchase of food, medical, and other institutional supplies and the costs of services provided to user State agencies.

The **Telecommunications Fund** accounts for the revenues and expenses related to telecommunications services provided to State agencies and to local governments.

STATE OF OHIO
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997
(amounts expressed in thousands)

	OHIO BUILDING AUTHORITY	OHIO DATA NETWORK	OHIO PENAL INDUSTRIES
ASSETS			
<i>Current Assets:</i>			
Cash Equity with Treasurer	\$ —	\$ 33,338	\$ 10,968
Cash and Cash Equivalents	322	—	—
Investments	1,597	—	—
Collateral on Lent Securities	—	19,668	6,471
<i>Receivables:</i>			
Intergovernmental	—	1	363
Other	6,877	1,124	977
Due from Other Funds	—	7,486	22,359
Inventories	—	176	13,658
Other Assets	395	—	—
Total Current Assets	9,191	61,793	54,796
<i>Restricted Assets:</i>			
Cash and Cash Equivalents	67	—	—
Investments	42,154	—	—
Total Restricted Assets	42,221	—	—
<i>Noncurrent Assets:</i>			
Other Receivables	34,611	—	—
Total Noncurrent Assets	34,611	—	—
Fixed Assets (net of accumulated depreciation)	—	19,320	4,055
TOTAL ASSETS	\$ 86,023	\$ 81,113	\$ 58,851
LIABILITIES AND FUND EQUITY			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 11,968	\$ 763	\$ 5,141
Accrued Liabilities	610	965	2,166
Obligations Under Securities Lending	—	19,668	6,471
Due to Other Funds	—	56	1,860
Deferred Revenues	836	—	—
Revenue Bonds	2,939	—	—
Total Current Liabilities	16,353	21,452	15,638
<i>Noncurrent Liabilities:</i>			
Accrued Liabilities	—	2,197	3,586
Revenue Bonds	37,230	—	—
Total Noncurrent Liabilities	37,230	2,197	3,586
Total Liabilities	53,583	23,649	19,224
<i>Fund Equity:</i>			
Contributed Capital	—	34,198	1,512
<i>Retained Earnings:</i>			
<i>Reserved for:</i>			
Health Care Benefits	—	51	246
Unreserved	32,440	23,215	37,869
Total Fund Equity	32,440	57,464	39,627
TOTAL LIABILITIES AND FUND EQUITY	\$ 86,023	\$ 81,113	\$ 58,851

<u>SUPPORT SERVICES</u>	<u>TELE-COMMUNICATIONS</u>	<u>TOTAL</u>
\$ 420	\$ 5,523	\$ 50,249
—	—	322
—	—	1,597
248	3,259	29,646
929	83	1,376
—	2,156	11,134
4,701	3,673	38,219
8,321	—	22,155
—	—	395
<u>14,619</u>	<u>14,694</u>	<u>155,093</u>
—	—	67
—	—	42,154
—	—	42,221
—	—	34,611
—	—	34,611
3,914	3,286	30,575
<u>\$ 18,533</u>	<u>\$ 17,980</u>	<u>\$ 262,500</u>
\$ 2,112	\$ 2,097	\$ 22,081
318	154	4,213
248	3,259	29,646
95	27	2,038
9	—	845
—	—	2,939
<u>2,782</u>	<u>5,537</u>	<u>61,762</u>
603	256	6,642
—	—	37,230
603	256	43,872
<u>3,385</u>	<u>5,793</u>	<u>105,634</u>
5,257	—	40,967
12	10	319
<u>9,879</u>	<u>12,177</u>	<u>115,580</u>
<u>15,148</u>	<u>12,187</u>	<u>156,866</u>
<u>\$ 18,533</u>	<u>\$ 17,980</u>	<u>\$ 262,500</u>

STATE OF OHIO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	<u>OHIO BUILDING AUTHORITY</u>	<u>OHIO DATA NETWORK</u>	<u>OHIO PENAL INDUSTRIES</u>
OPERATING REVENUES:			
Charges for Sales and Services	\$ 23,254	\$ 47,239	\$ 111,204
Other	<u>2,872</u>	<u>2,198</u>	<u>254</u>
TOTAL OPERATING REVENUES	<u>26,126</u>	<u>49,437</u>	<u>111,458</u>
OPERATING EXPENSES:			
Costs of Sales and Services	22,661	—	20,081
Administration	2,884	33,785	100,506
Depreciation	—	7,295	993
Other	<u>1,368</u>	<u>2,471</u>	<u>1,943</u>
TOTAL OPERATING EXPENSES	<u>26,913</u>	<u>43,551</u>	<u>123,523</u>
OPERATING INCOME (LOSS)	<u>(787)</u>	<u>5,886</u>	<u>(12,065)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income	1,803	—	—
Interest Expense	(3,396)	—	—
Other	—	(2,410)	(123)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,593)</u>	<u>(2,410)</u>	<u>(123)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(2,380)</u>	<u>3,476</u>	<u>(12,188)</u>
OPERATING TRANSFERS:			
Operating Transfers-in	27,901	—	8,827
Operating Transfers-out	<u>(26,521)</u>	<u>—</u>	<u>—</u>
TOTAL OPERATING TRANSFERS	<u>1,380</u>	<u>—</u>	<u>8,827</u>
NET INCOME (LOSS)	<u>(1,000)</u>	<u>3,476</u>	<u>(3,361)</u>
RETAINED EARNINGS, JULY 1	<u>33,440</u>	<u>19,790</u>	<u>41,476</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 32,440</u>	<u>\$ 23,266</u>	<u>\$ 38,115</u>

<u>SUPPORT SERVICES</u>	<u>TELE- COMMUNICATIONS</u>	<u>TOTAL</u>
\$ 71,720	\$ 28,607	\$ 282,024
3	1,003	6,330
<u>71,723</u>	<u>29,610</u>	<u>288,354</u>
63,081	19,006	124,829
7,837	5,983	150,995
523	1,416	10,227
251	1,685	7,718
<u>71,692</u>	<u>28,090</u>	<u>293,769</u>
<u>31</u>	<u>1,520</u>	<u>(5,415)</u>
—	—	1,803
—	—	(3,396)
<u>(29)</u>	<u>(18)</u>	<u>(2,580)</u>
<u>(29)</u>	<u>(18)</u>	<u>(4,173)</u>
<u>2</u>	<u>1,502</u>	<u>(9,588)</u>
—	—	36,728
—	—	(26,521)
<u>—</u>	<u>—</u>	<u>10,207</u>
2	1,502	619
<u>9,889</u>	<u>10,685</u>	<u>115,280</u>
<u>\$ 9,891</u>	<u>\$ 12,187</u>	<u>\$ 115,899</u>

STATE OF OHIO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	OHIO BUILDING AUTHORITY	OHIO DATA NETWORK	OHIO PENAL INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ (787)	\$ 5,886	\$ (12,065)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	—	7,295	993
Decrease (Increase) in Assets:			
Intergovernmental Receivables	—	4	148
Other Receivables	72	(84)	(596)
Due from Other Funds	—	40	583
Inventories	—	4	(854)
Other Assets	3	—	—
Increase (Decrease) in Liabilities:			
Accounts Payable	45	(561)	334
Accrued Liabilities	—	195	681
Due to Other Funds	—	(9)	135
Deferred Revenues	(44)	—	—
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:	(711)	12,770	(10,641)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers-in	27,901	—	8,827
Operating Transfers-out	(26,521)	—	—
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES:	1,380	—	8,827
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payment on Bonds	(3,480)	—	—
Interest Paid	(1,801)	—	—
Principal Receipts on Capital Leases	2,671	—	—
Acquisition and Construction of Capital Assets	—	(447)	(1,734)
Proceeds from Sales of Fixed Assets	—	131	—
Principal Payments on Capital Leases	—	(298)	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(2,610)	(614)	(1,734)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the Sales and Maturities of Investments	261	—	—
Investment Income Received	1,802	—	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:	2,063	—	—
NET INCREASE (DECREASE)			
IN CASH AND CASH EQUIVALENTS	122	12,156	(3,548)
CASH AND CASH EQUIVALENTS, JULY 1	267	21,182	14,516
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 389	\$ 33,338	\$ 10,968
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	\$ —	\$ 5,722	\$ 15
INCREASE (DECREASE) IN CONTRIBUTED CAPITAL	\$ —	\$ 5,722	\$ 15

<u>SUPPORT SERVICES</u>	<u>TELE-COMMUNICATIONS</u>	<u>TOTAL</u>
\$ 31	\$ 1,520	\$ (5,415)
523	1,416	10,227
285	(7)	430
—	(458)	(1,066)
(566)	287	344
(1,201)	—	(2,051)
—	—	3
(63)	162	(83)
72	(83)	865
13	(28)	111
(31)	—	(75)
<u>(937)</u>	<u>2,809</u>	<u>3,290</u>
—	—	36,728
—	—	(26,521)
—	—	<u>10,207</u>
—	—	(3,480)
—	—	(1,801)
—	—	2,671
(121)	(1,048)	(3,350)
3	—	134
—	—	(298)
<u>(118)</u>	<u>(1,048)</u>	<u>(6,124)</u>
—	—	261
—	—	1,802
—	—	<u>2,063</u>
(1,055)	1,761	9,436
1,475	3,762	41,202
<u>\$ 420</u>	<u>\$ 5,523</u>	<u>\$ 50,638</u>
\$ —	\$ —	\$ 5,737
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,737</u>

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TRUST AND AGENCY FUNDS

The **Trust Funds** account for assets held by the State in a trustee capacity. The **Agency Funds** account for assets held by the State as an agent for individuals, private organizations, other governments, and/or other funds.

Expendable Trust

The **Employment Services Fund** accounts for unemployment insurance benefit claims.

The **Unclaimed Funds Fund** accounts for assets held for owners of unclaimed intangible property. Unclaimed property is property for which the owner has not taken some action to indicate ownership interest over a certain period of time specified under Chapter 169, Ohio Revised Code.

Pension Trust

The **State Highway Patrol Retirement System Fund** accounts for the accumulation of resources for pension benefit payments to qualified employees who participate in the State Highway Patrol Retirement System.

Agency

The **Holding and Distribution Fund** accounts for assets held until such time that a determination has been made to refund amounts to the original owners or to distribute amounts to other State funds.

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

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

The **Ohio Building Authority Fund** accounts for assets held on the Ohio Bureau of Workers' Compensation's behalf.

The **Star Ohio Fund** accounts for assets held for local government units that participate in the State Treasury Asset Reserve of Ohio (STAROhio), a pooled investment fund managed by the Treasurer of State.

The **Deferred Compensation Fund** accounts for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

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.

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

STATE OF OHIO
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)

	<u>EXPENDABLE TRUST</u>		<u>PENSION TRUST</u>
	<u>EMPLOYMENT SERVICES</u>	<u>UNCLAIMED FUNDS</u>	<u>STATE HIGHWAY PATROL</u>
ASSETS			
Cash Equity with Treasurer	\$ —	\$ 305	\$ —
Cash and Cash Equivalents	—	4,298	37,864
Investments	157,046	135,023	468,622
Collateral on Lent Securities	—	180	—
Deposit with Federal Government	1,818,503	—	—
Receivables:			
Taxes	160,046	—	—
Intergovernmental	40	—	—
Other	—	22,060	1,736
Due from Other Funds	—	257	1,589
Deposit with Deferred Compensation Plan	—	—	—
Advances to Other Funds	—	85,076	—
Fixed Assets (net of accumulated depreciation)	—	—	2,986
Other Assets	—	—	32
Sureties	7,223	—	—
TOTAL ASSETS	\$ 2,142,858	\$ 247,199	\$ 512,829
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ —	\$ —	\$ 428
Accrued Liabilities	—	—	290
Obligations Under Securities Lending	—	180	—
Intergovernmental Payable	—	—	—
Due to Other Funds	—	—	—
Refund and Other Liabilities	49,047	—	39
Liability for Escheat Property	—	71,044	—
Liability for Deferred Compensation	—	—	—
Total Liabilities	49,047	71,224	757
Fund Balances:			
Reserved for:			
Pension and Other Postemployment Benefits	—	—	512,072
Unemployment Benefits	2,093,811	—	—
Other:			
Advances to Other Funds	—	85,076	—
Unreserved/Undesignated	—	90,899	—
Total Fund Balances	2,093,811	175,975	512,072
TOTAL LIABILITIES AND FUND BALANCES ...	\$ 2,142,858	\$ 247,199	\$ 512,829

<u>AGENCY FUNDS</u>	<u>TOTAL</u>
\$ 208,484	\$ 208,789
143,035	185,197
87,442,978	88,203,669
1,054,606	1,054,786
—	1,818,503
—	160,046
—	40
837	24,633
3,362	5,208
852,788	852,788
—	85,076
—	2,986
—	32
<u>384,179</u>	<u>391,402</u>
<u>\$ 90,090,269</u>	<u>\$ 92,993,155</u>

\$ —	\$ 428
—	290
1,054,606	1,054,786
3,701,875	3,701,875
39,025	39,025
84,438,743	84,487,829
—	71,044
<u>856,020</u>	<u>856,020</u>
<u>90,090,269</u>	<u>90,211,297</u>

—	512,072
—	2,093,811
—	85,076
—	90,899
—	<u>2,781,858</u>
<u>\$ 90,090,269</u>	<u>\$ 92,993,155</u>

STATE OF OHIO
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(amounts expressed in thousands)

	<u>EMPLOYMENT SERVICES</u>	<u>UNCLAIMED FUNDS</u>	<u>TOTAL</u>
REVENUES:			
Unemployment Taxes.....	\$ 777,675	\$ —	\$ 777,675
Federal Government.....	13,155	—	13,155
Investment Income.....	123,784	6,541	130,325
Other.....	5,827	43,908	49,735
TOTAL REVENUES	<u>920,441</u>	<u>50,449</u>	<u>970,890</u>
EXPENDITURES:			
CURRENT:			
Health and Human Services.....	760,691	—	760,691
General Government.....	—	40,787	40,787
TOTAL EXPENDITURES	<u>760,691</u>	<u>40,787</u>	<u>801,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	159,750	9,662	169,412
FUND BALANCES, JULY 1	<u>1,934,061</u>	<u>166,313</u>	<u>2,100,374</u>
FUND BALANCES, JUNE 30	<u>\$ 2,093,811</u>	<u>\$ 175,975</u>	<u>\$ 2,269,786</u>

STATE OF OHIO
STATEMENT OF PLAN NET ASSETS
STATE HIGHWAY PATROL RETIREMENT SYSTEM
PENSION TRUST FUND
JUNE 30, 1997
(amounts expressed in thousands)

	<u>PENSION</u>	<u>POST- EMPLOYMENT</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 32,127	\$ 5,737	\$ 37,864
Receivables:			
Employer's Contributions	929	193	1,122
Employees' Contributions	467	—	467
Interest	1,447	258	1,705
Other	26	5	31
Total Receivables	<u>2,869</u>	<u>456</u>	<u>3,325</u>
Investments:			
Government and Corporate Bonds	116,734	20,845	137,579
Common Stock	204,579	36,530	241,109
Real Estate	20,268	3,619	23,887
Other Investments	56,040	10,007	66,047
Total Investments	<u>397,621</u>	<u>71,001</u>	<u>468,622</u>
Other Assets	27	5	32
Total Current Assets	<u>432,644</u>	<u>77,199</u>	<u>509,843</u>
Fixed Assets (net of accumulated depreciation)	2,534	452	2,986
TOTAL ASSETS	<u>435,178</u>	<u>77,651</u>	<u>512,829</u>
LIABILITIES			
Accounts Payable	363	65	428
Accrued Healthcare Benefits	—	267	267
Other Liabilities	52	10	62
TOTAL LIABILITIES	<u>415</u>	<u>342</u>	<u>757</u>
FUND BALANCE RESERVED FOR EMPLOYEES'			
PENSION AND POSTEMPLOYMENT			
HEALTHCARE BENEFITS	<u>\$ 434,763</u>	<u>\$ 77,309</u>	<u>\$ 512,072</u>

STATE OF OHIO

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	BALANCE JULY 1, 1996	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1997
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	\$ 18,145	\$ 867,461	\$ 855,822	\$ 29,784
Cash and Cash Equivalents	5,723	533,678	532,777	6,624
Collateral on Lent Securities	11,239	17,571	11,239	17,571
Other Receivables	586	347	832	101
Total Assets	<u>\$ 35,693</u>	<u>\$ 1,419,057</u>	<u>\$ 1,400,670</u>	<u>\$ 54,080</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 11,239	\$ 17,571	\$ 11,239	\$ 17,571
Intergovernmental Payable	1,278	8,742	7,591	2,429
Due to Other Funds	14,093	806,687	803,346	17,434
Refund and Other Liabilities	9,083	52,454	44,891	16,646
Total Liabilities	<u>\$ 35,693</u>	<u>\$ 885,454</u>	<u>\$ 867,067</u>	<u>\$ 54,080</u>
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	\$ 124,164	\$ 1,632,152	\$ 1,656,163	\$ 100,153
Cash and Cash Equivalents	6,346	128,078	79,606	54,818
Collateral on Lent Securities.....	77,070	59,086	77,070	59,086
Other Receivables	403	2,183	2,287	299
Due from Other Funds	68	3,618	3,603	83
Total Assets	<u>\$ 208,051</u>	<u>\$ 1,825,117</u>	<u>\$ 1,818,729</u>	<u>\$ 214,439</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 77,070	\$ 59,086	\$ 77,070	\$ 59,086
Intergovernmental Payable	1,118	458,571	440,177	19,512
Due to Other Funds	17,319	130,935	126,663	21,591
Refund and Other Liabilities	112,544	1,085,015	1,083,309	114,250
Total Liabilities	<u>\$ 208,051</u>	<u>\$ 1,733,607</u>	<u>\$ 1,727,219</u>	<u>\$ 214,439</u>
TAX REFUNDS				
ASSETS				
Cash Equity with Treasurer	\$ 15,085	\$ 1,022,588	\$ 1,030,039	\$ 7,634
Collateral on Lent Securities.....	9,363	4,503	9,363	4,503
Total Assets	<u>\$ 24,448</u>	<u>\$ 1,027,091</u>	<u>\$ 1,039,402</u>	<u>\$ 12,137</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 9,363	\$ 4,503	\$ 9,363	\$ 4,503
Refund and Other Liabilities	15,085	1,022,588	1,030,039	7,634
Total Liabilities	<u>\$ 24,448</u>	<u>\$ 1,027,091</u>	<u>\$ 1,039,402</u>	<u>\$ 12,137</u>
OHIO BUILDING AUTHORITY				
ASSETS				
Investments	\$ 12,955	\$ 34,045	\$ 33,742	\$ 13,258
Other Receivables	138	756	659	235
Total Assets	<u>\$ 13,093</u>	<u>\$ 34,801</u>	<u>\$ 34,401</u>	<u>\$ 13,493</u>
LIABILITIES				
Refund and Other Liabilities	\$ 13,093	\$ 756	\$ 356	\$ 13,493
Total Liabilities	<u>\$ 13,093</u>	<u>\$ 756</u>	<u>\$ 356</u>	<u>\$ 13,493</u>

	BALANCE JULY 1, 1996	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1997
STAR OHIO				
ASSETS				
Investments	\$ 3,370,475	\$ 16,866,026	\$ 16,626,580	\$ 3,609,921
Collateral on Lent Securities.....	564,485	931,610	564,485	931,610
Total Assets	<u>\$ 3,934,960</u>	<u>\$ 17,797,636</u>	<u>\$ 17,191,065</u>	<u>\$ 4,541,531</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 564,485	\$ 931,610	\$ 564,485	\$ 931,610
Intergovernmental Payable	3,370,475	16,866,026	16,626,580	3,609,921
Total Liabilities	<u>\$ 3,934,960</u>	<u>\$ 17,797,636</u>	<u>\$ 17,191,065</u>	<u>\$ 4,541,531</u>
DEFERRED COMPENSATION				
ASSETS				
Due from Other Funds	\$ 20	\$ 86,911	\$ 83,699	\$ 3,232
Deposit with Deferred Compensation Plan	714,129	179,762	41,103	852,788
Total Assets	<u>\$ 714,149</u>	<u>\$ 266,673</u>	<u>\$ 124,802</u>	<u>\$ 856,020</u>
LIABILITIES				
Liability for Deferred Compensation	\$ 714,149	\$ 182,974	\$ 41,103	\$ 856,020
Total Liabilities	<u>\$ 714,149</u>	<u>\$ 182,974</u>	<u>\$ 41,103</u>	<u>\$ 856,020</u>
RETIREMENT SYSTEMS				
ASSETS				
Investments	\$ 76,516,007	\$ 151,731,490	\$ 144,468,742	\$ 83,778,755
Total Assets	<u>\$ 76,516,007</u>	<u>\$ 151,731,490</u>	<u>\$ 144,468,742</u>	<u>\$ 83,778,755</u>
LIABILITIES				
Refund and Other Liabilities:				
Liability to:				
Public Employees Retirement System	\$ 34,281,018	\$ 55,767,637	\$ 52,665,518	\$ 37,383,137
Police and Firemen's Disability and Pension Fund	4,853,075	7,415,037	6,996,308	5,271,804
School Employees Retirement System	4,783,876	30,101,832	29,725,638	5,160,070
State Teachers Retirement System	32,598,038	58,446,984	55,081,278	35,963,744
Total Liabilities	<u>\$ 76,516,007</u>	<u>\$ 151,731,490</u>	<u>\$ 144,468,742</u>	<u>\$ 83,778,755</u>
OTHER				
ASSETS				
Cash Equity with Treasurer	\$ 61,003	\$ 1,291,780	\$ 1,281,870	\$ 70,913
Cash and Cash Equivalents.....	66,758	147,796,549	147,781,714	81,593
Investments	46,422	17,669	23,047	41,044
Collateral on Lent Securities.....	37,857	41,836	37,857	41,836
Other Receivables	223	1,492	1,513	202
Due from Other Funds	31	1,105	1,089	47
Sureties	367,803	78,298	61,922	384,179
Total Assets	<u>\$ 580,097</u>	<u>\$ 149,228,729</u>	<u>\$ 149,189,012</u>	<u>\$ 619,814</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 37,857	\$ 41,836	\$ 37,857	\$ 41,836
Intergovernmental Payable	60,365	1,290,452	1,280,804	70,013
Refund and Other Liabilities	481,875	147,851,790	147,825,700	507,965
Total Liabilities	<u>\$ 580,097</u>	<u>\$ 149,184,078</u>	<u>\$ 149,144,361</u>	<u>\$ 619,814</u>

(continued)

STATE OF OHIO

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	BALANCE JULY 1, 1996	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1997
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	\$ 218,397	\$ 4,813,981	\$ 4,823,894	\$ 208,484
Cash and Cash Equivalents.....	78,827	148,458,305	148,394,097	143,035
Investments	79,945,859	168,649,230	161,152,111	87,442,978
Collateral on Lent Securities.....	700,014	1,054,606	700,014	1,054,606
Other Receivables	1,350	4,778	5,291	837
Due from Other Funds	119	91,634	88,391	3,362
Deposit with Deferred Compensation Plan	714,129	179,762	41,103	852,788
Sureties	367,803	78,298	61,922	384,179
Total Assets	\$ 82,026,498	\$ 323,330,594	\$ 315,266,823	\$ 90,090,269
LIABILITIES				
Obligations Under Securities Lending.....	\$ 700,014	\$ 1,054,606	\$ 700,014	\$ 1,054,606
Intergovernmental Payable	3,433,236	18,623,791	18,355,152	3,701,875
Due to Other Funds	31,412	937,622	930,009	39,025
Refund and Other Liabilities	77,147,687	301,744,093	294,453,037	84,438,743
Liability for Deferred Compensation	714,149	182,974	41,103	856,020
Total Liabilities	\$ 82,026,498	\$ 322,543,086	\$ 314,479,315	\$ 90,090,269

GENERAL FIXED ASSETS ACCOUNT GROUP

The **General Fixed Assets Account Group** accounts for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets except those accounted for in the proprietary, trust, and college and university funds.

STATE OF OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	BALANCE JULY 1, 1996	BEGINNING BALANCE ADJUSTMENTS	ADDITIONS	DELETIONS/ NET TRANSFERS	BALANCE JUNE 30, 1997
GENERAL FIXED ASSETS:					
Land	\$ 178,597	\$ 135	\$ 7,902	\$ (465)	\$ 186,169
Buildings	2,052,579	66,704	87,836	(39,862)	2,167,257
Land Improvements	149,076	3,918	5,790	(3,420)	155,364
Machinery and Equipment	190,204	(2,808)	38,917	(11,752)	214,561
State Vehicles	217,554	(3,963)	27,803	(16,299)	225,095
Construction-in-Progress	479,197	(18,731)	442,628	(456,999)	446,095
TOTAL GENERAL FIXED ASSETS	<u>\$ 3,267,207</u>	<u>\$ 45,255</u>	<u>\$ 610,876</u>	<u>\$ (528,797)</u>	<u>\$ 3,394,541</u>
INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:					
ACQUIRED BEFORE JULY 1, 1987	\$ 1,118,285	\$ 7,349	\$ —	\$ (44,639)	\$ 1,080,995
ACQUIRED ON OR AFTER JULY 1, 1987:					
General Fund Revenues	144,519	(18,748)	12,117	(7,538)	130,350
Special Revenue Fund Revenues	400,837	(5,829)	75,065	(24,704)	445,369
Capital Projects Funds:					
Special Obligation Bonds	1,573,256	49,516	522,815	(451,575)	1,694,012
Certificates of Participation	4,044	—	—	—	4,044
Donations	26,266	12,967	879	(341)	39,771
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 3,267,207</u>	<u>\$ 45,255</u>	<u>\$ 610,876</u>	<u>\$ (528,797)</u>	<u>\$ 3,394,541</u>

STATE OF OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	BALANCE JULY 1, 1996	BEGINNING BALANCE ADJUSTMENTS	ADDITIONS	DELETIONS/ NET TRANSFERS	BALANCE JUNE 30, 1997
REPORTING FUNCTION:					
Primary, Secondary and Other Education	\$ 75,549	\$ 61,032	\$ 494	\$ (58)	\$ 137,017
Higher Education Support	7,076	—	171	(6,894)	353
Public Assistance and Medicaid	3,817	—	—	(9)	3,808
Health and Human Services	592,672	11,281	30,857	(44,554)	590,256
Justice and Public Protection	853,944	12,996	60,240	(8,276)	918,904
Environmental Protection and Natural Resources ...	337,739	923	18,165	(2,485)	354,342
Transportation	394,819	(6,508)	32,995	(6,635)	414,671
General Government	462,688	(9,131)	15,620	(2,332)	466,845
Community and Economic Development	59,706	(6,607)	9,706	(555)	62,250
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	2,788,010	63,986	168,248	(71,798)	2,948,446
Construction-in-Progress	479,197	(18,731)	442,628	(456,999)	446,095
TOTAL GENERAL FIXED ASSETS	\$ 3,267,207	\$ 45,255	\$ 610,876	\$ (528,797)	\$ 3,394,541

STATE OF OHIO

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1997

(amounts expressed in thousands)

	<u>LAND</u>	<u>BUILDINGS</u>	<u>LAND IMPROVEMENTS</u>	<u>MACHINERY and EQUIPMENT</u>	<u>STATE VEHICLES</u>	<u>TOTAL</u>
REPORTING FUNCTION:						
Primary, Secondary and Other Education	\$ 14,001	\$ 107,900	\$ 2,857	\$ 11,318	\$ 941	\$ 137,017
Higher Education Support	—	—	—	339	14	353
Public Assistance and Medicaid	—	—	—	3,794	14	3,808
Health and Human Services	6,587	467,713	55,023	51,922	9,011	590,256
Justice and Public Protection	8,646	794,934	41,781	26,683	46,860	918,904
Environmental Protection and Natural Resources	122,640	150,538	35,303	16,691	29,170	354,342
Transportation	16,397	175,979	11,052	83,167	128,076	414,671
General Government	15,074	418,948	8,133	17,773	6,917	466,845
Community and Economic Development	2,824	51,245	1,215	2,874	4,092	62,250
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	<u>\$ 186,169</u>	<u>\$ 2,167,257</u>	<u>\$ 155,364</u>	<u>\$ 214,561</u>	<u>\$ 225,095</u>	<u>2,948,446</u>
Construction-in-Progress						446,095
TOTAL GENERAL FIXED ASSETS						<u>\$ 3,394,541</u>

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DISCRETELY PRESENTED COMPONENT UNIT FUNDS

The **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 Discretely Presented Component Unit Funds are presented in two separate reporting categories, **Proprietary Funds** and **College and University Funds**.

Proprietary Funds

The **Ohio Water Development Authority Fund** accounts for the revenues and expenses associated with the Ohio Water Development Authority's operations and its programs, which provide financial assistance to local governments for the construction of wastewater and sewage facilities.

College and University Funds

The **Ohio State University Fund** accounts for operations of Ohio State University, its hospitals and clinics, the Ohio State University Foundation, the Ohio Agricultural Research Development Center, the Ohio Supercomputer Center, the Ohio State University Research Foundation, the Ohio State University Student Loan Foundation, the Transportation Research Center of Ohio, Inc., Campus Partners for Community Urban Redevelopment, Inc., and the Hospital Helicopter Consortium of Central Ohio, Inc.

The **University of Cincinnati Fund** accounts for the operations of the University of Cincinnati and the University of Cincinnati Foundation.

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 **Central State University Fund** accounts for the operations of Central State University located in Wilberforce, Ohio. As further discussed in NOTE 2, the University's financial statements for fiscal year 1997 were not available in time for publication in this report.

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

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
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 1997
(amounts expressed in thousands)

	<u>PROPRIETARY</u>
	<u>OHIO WATER DEVELOPMENT AUTHORITY</u>
ASSETS	
Cash Equity with Treasurer	\$ 107
Cash and Cash Equivalents	6,892
Investments	725,798
Receivables:	
Intergovernmental	3,205
Loans, Net	1,608,445
Other	573
Due from Other Funds	344
Inventories	—
Deposit with Deferred Compensation Plan	739
Restricted Assets:	
Cash and Cash Equivalents	—
Investments	—
Fixed Assets (net of accumulated depreciation)	277
Other Assets	16,216
TOTAL ASSETS	\$ 2,362,596
LIABILITIES, FUND EQUITY AND OTHER CREDITS	
Liabilities:	
Accounts Payable	\$ 29,658
Accrued Liabilities	5,686
Intergovernmental Payable	—
Due to Other Funds	344
Deferred Revenues	—
Refund and Other Liabilities	4,855
Liability for Deferred Compensation	739
Revenue Bonds and Notes	1,265,554
Certificates of Participation	—
Total Liabilities	<u>1,306,836</u>
Fund Equity and Other Credits:	
Investment in General Fixed Assets	—
Retained Earnings:	
Unreserved	1,055,760
Fund Balances:	
Reserved for:	
Restricted Fund Balances	—
Unreserved/Designated	—
Unreserved/Undesignated (Deficits)	—
Total Fund Equity and Other Credits	<u>1,055,760</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 2,362,596

COLLEGES AND UNIVERSITIES

OHIO STATE UNIVERSITY	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
31,074	3,922	5,681	9,341	491	1,057	11,452	3,436
1,160,521	42,094	96,369	125,818	120,211	71,023	83,109	51,370
6,596	—	—	—	455	101	814	395
53,960	29,856	8,390	8,366	9,366	8,589	18,377	11,498
190,135	65,456	17,212	10,512	10,519	17,661	11,772	9,865
274,994	10,258	4,432	6,334	658	10,458	8,662	1,875
17,768	4,610	2,510	2,861	1,294	2,521	4,331	162
—	—	1,423	—	—	—	724	—
—	31,349	—	—	—	15	—	—
26,667	455,476	—	—	294	—	152	373
2,238,955	985,380	544,332	487,828	460,453	364,762	389,172	415,699
19,019	539,814	5,236	484	5,045	29	4,388	5,756
\$ 4,019,689	\$ 2,168,215	\$ 685,585	\$ 651,544	\$ 608,786	\$ 476,216	\$ 532,953	\$ 500,429
\$ 67,866	\$ 21,595	\$ 8,681	\$ 7,808	\$ 6,563	\$ 4,514	\$ 6,339	\$ 4,446
183,910	93,347	29,791	38,688	29,557	22,984	27,450	22,804
274,994	10,258	4,432	6,334	658	10,458	8,662	1,875
63,372	8,801	12,080	6,641	11,886	4,716	10,514	8,912
25,361	63,143	3,020	3,211	2,062	233	1,645	4,388
—	—	1,423	—	—	—	724	—
176,174	197,518	50,970	29,853	46,161	43,955	54,705	85,205
4,215	82,610	—	—	—	—	—	—
795,892	477,272	110,397	92,535	96,887	86,860	110,039	127,630
2,057,201	826,534	492,388	437,856	435,907	320,807	364,483	318,190
—	—	—	—	—	—	—	—
794,123	856,118	36,116	62,313	40,270	46,656	22,305	24,572
—	—	45,652	52,297	31,786	21,893	22,361	23,130
372,473	8,291	1,032	6,543	3,936	—	13,765	6,907
3,223,797	1,690,943	575,188	559,009	511,899	389,356	422,914	372,799
\$ 4,019,689	\$ 2,168,215	\$ 685,585	\$ 651,544	\$ 608,786	\$ 476,216	\$ 532,953	\$ 500,429

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS COMBINING BALANCE SHEET

JUNE 30, 1997

(amounts expressed in thousands)

(continued)

COLLEGES AND UNIVERSITIES

	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY
ASSETS				
Cash Equity with Treasurer	\$ —	\$ —	\$ —	\$ —
Cash and Cash Equivalents	823	6,487	13,253	5,808
Investments	51,627	17,726	49,187	6,894
Receivables:				
Intergovernmental	—	—	1,286	—
Loans, Net	8,371	2,310	11,381	3
Other	7,673	3,457	11,028	1,635
Due from Other Funds	71	3,456	7,413	890
Inventories	160	1,491	547	393
Deposit with Deferred Compensation Plan	—	—	—	—
Restricted Assets:				
Cash and Cash Equivalents	—	421	90	423
Investments	—	3,114	—	172
Fixed Assets (net of accumulated depreciation)	420,155	275,787	302,944	82,210
Other Assets	1,660	555	4,284	462
TOTAL ASSETS	\$ 490,540	\$ 314,804	\$ 401,413	\$ 98,890
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
<i>Liabilities:</i>				
Accounts Payable	\$ 3,476	\$ 2,113	\$ 4,723	\$ 103
Accrued Liabilities	14,434	23,100	16,842	3,563
Intergovernmental Payable	—	—	—	—
Due to Other Funds	71	3,456	7,413	890
Deferred Revenues	6,891	4,724	7,520	201
Refund and Other Liabilities	4,764	739	8,561	24
Liability for Deferred Compensation	—	—	—	—
Revenue Bonds and Notes	14,015	16,729	14,219	4,395
Certificates of Participation	—	—	—	—
Total Liabilities	43,651	50,861	59,278	9,176
<i>Fund Equity and Other Credits:</i>				
Investment in General Fixed Assets	406,155	258,141	287,536	78,471
Retained Earnings:				
Unreserved	—	—	—	—
Fund Balances:				
Reserved for:				
Restricted Fund Balances	16,882	10,936	23,616	705
Unreserved/Designated	23,066	—	30,983	5,095
Unreserved/Undesignated (Deficits)	786	(5,134)	—	5,443
Total Fund Equity and Other Credits	446,889	263,943	342,135	89,714
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 490,540	\$ 314,804	\$ 401,413	\$ 98,890

COLLEGES AND UNIVERSITIES

MEDICAL COLLEGE OF OHIO	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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
699	1,833	9,375	144	845	767	1,266	1,257
50,480	1,612	30,000	4,296	1,326	—	—	2,661
18,870	174	—	—	—	470	1,210	—
4,633	—	536	32	—	73	—	873
17,665	578	3,292	963	1,331	549	602	1,961
—	299	10,141	—	259	—	—	2,728
1,467	206	1,227	165	200	77	91	—
—	339	—	—	—	—	—	—
180	—	8,406	—	—	—	—	—
—	—	—	—	—	—	—	—
272,470	35,868	99,379	38,724	21,533	15,715	21,035	57,511
281	40	55	245	114	93	355	6
\$ 366,745	\$ 40,949	\$ 162,411	\$ 44,569	\$ 25,608	\$ 17,744	\$ 24,559	\$ 66,997
\$ 10,196	\$ 104	\$ 2,431	\$ 623	\$ —	\$ —	\$ 155	\$ 1,418
27,577	819	1,126	639	373	321	628	2,389
—	299	10,141	—	259	—	—	2,728
—	218	4,163	391	1,099	595	700	1,933
4,422	—	7,237	1,156	56	12	416	502
—	339	—	—	—	—	—	—
—	—	15,470	—	430	—	—	—
—	—	—	—	—	—	—	—
42,195	1,779	40,568	2,809	2,217	928	1,899	8,970
269,697	35,845	92,637	38,649	21,103	15,683	21,035	55,279
—	—	—	—	—	—	—	—
6,684	225	607	1,761	140	321	—	359
3,582	841	15,529	1,350	2,148	812	226	1,504
44,587	2,259	13,070	—	—	—	1,399	885
324,550	39,170	121,843	41,760	23,391	16,816	22,660	58,027
\$ 366,745	\$ 40,949	\$ 162,411	\$ 44,569	\$ 25,608	\$ 17,744	\$ 24,559	\$ 66,997

(continued)

STATE OF OHIO
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 1997

(amounts expressed in thousands)

(continued)

COLLEGES AND UNIVERSITIES

	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL
ASSETS			
Cash Equity with Treasurer	\$ —	\$ —	\$ 107
Cash and Cash Equivalents	1,347	472	117,722
Investments	—	10,480	2,702,602
Receivables:			
Intergovernmental	152	175	33,903
Loans, Net	—	627	1,785,686
Other	350	1,644	386,433
Due from Other Funds	17	197	343,486
Inventories	170	478	42,729
Deposit with Deferred Compensation Plan	—	3,956	7,181
Restricted Assets:			
Cash and Cash Equivalents	191	—	41,075
Investments	—	—	486,248
Fixed Assets (net of accumulated depreciation)	17,710	74,707	7,622,606
Other Assets	—	441	604,578
TOTAL ASSETS	\$ 19,937	\$ 93,177	\$ 14,174,356
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
<i>Liabilities:</i>			
Accounts Payable	\$ 196	\$ 878	\$ 183,886
Accrued Liabilities	179	3,267	549,474
Intergovernmental Payable	—	309	309
Due to Other Funds	17	197	343,486
Deferred Revenues	174	1,178	156,709
Refund and Other Liabilities	108	56	135,971
Liability for Deferred Compensation	—	3,956	7,181
Revenue Bonds and Notes	—	—	2,015,353
Certificates of Participation	—	—	86,825
Total Liabilities	<u>674</u>	<u>9,841</u>	<u>3,479,194</u>
<i>Fund Equity and Other Credits:</i>			
Investment in General Fixed Assets	17,710	74,669	6,925,976
Retained Earnings:			
Unreserved	—	—	1,055,760
Fund Balances:			
Reserved for:			
Restricted Fund Balances	196	1,441	1,946,346
Unreserved/Designated	903	950	284,108
Unreserved/Undesignated (Deficits)	454	6,276	482,972
Total Fund Equity and Other Credits	<u>19,263</u>	<u>83,336</u>	<u>10,695,162</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 19,937	\$ 93,177	\$ 14,174,356

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STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	OHIO STATE UNIVERSITY	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Fund Revenues	\$ 915,626	\$ 305,978	\$ 181,079
Local Appropriations-Restricted	14,314	20	—
Federal Grants and Contracts-Restricted	154,820	81,257	27,711
State Grants and Contracts-Restricted	26,570	5,588	5,811
Local Grants and Contracts-Restricted	645	718	335
Private Gifts, Grants and Contracts-Restricted	184,525	39,851	11,952
Endowment Income-Restricted	6,136	15,760	570
Investment Income-Restricted	9,890	3,297	1,106
Realized Gain on Investments-Restricted (net)	105,854	16,356	—
Interest on Loans Receivable	1,942	689	163
Investment in Plant-Additions	222,139	159,512	39,328
Other	—	180,336	421
TOTAL REVENUES AND OTHER ADDITIONS	1,642,461	809,362	268,476
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	1,024,432	486,372	282,840
Auxiliary Enterprises Expenditures	110,113	51,976	48,243
Hospital Expenditures	345,336	—	—
Indirect Costs Recovered	35,811	18,949	3,525
Grant Refunds and Adjustments	240	271	323
Loan Cancellations and Write-offs	990	183	143
Administrative and Collection Costs	715	—	248
Expended for Plant Facilities	74,525	19,312	9,509
Retirement of Indebtedness	22,518	94,834	2,156
Interest on Indebtedness	8,724	14,685	2,460
Investment in Plant-Deductions	23,718	417,019	4,265
Other	989	1,613	—
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,648,111	1,105,214	353,712
TRANSFERS:			
Operating Transfers from Primary Government	376,623	175,615	122,117
NET INCREASE (DECREASE) FOR THE YEAR BEFORE			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	370,973	(120,237)	36,881
Cumulative Effect of Change in Accounting Principle.....	9,254	—	—
NET INCREASE (DECREASE) FOR THE YEAR	380,227	(120,237)	36,881
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	2,843,570	1,811,180	538,307
FUND BALANCE AND OTHER CREDITS, JUNE 30	\$ 3,223,797	\$ 1,690,943	\$ 575,188

<u>MIAMI UNIVERSITY</u>	<u>UNIVERSITY OF AKRON</u>	<u>BOWLING GREEN STATE UNIVERSITY</u>	<u>KENT STATE UNIVERSITY</u>	<u>UNIVERSITY OF TOLEDO</u>	<u>CLEVELAND STATE UNIVERSITY</u>
\$ 190,018	\$ 116,913	\$ 148,058	\$ 164,774	\$ 142,880	\$ 72,105
—	—	—	—	—	—
10,602	16,173	9,541	26,779	15,704	12,216
3,023	2,578	3,438	6,848	6,148	5,760
263	2,225	45	87	526	468
8,621	16,822	2,299	2,889	6,938	4,420
1,827	480	360	—	—	189
958	98	3,503	209	953	59
4,512	600	—	—	1,806	—
166	184	—	592	130	256
40,773	23,364	30,376	41,558	46,866	38,220
10,213	3,397	10,346	1,435	389	6
270,976	182,834	207,966	245,171	222,340	133,699
196,842	203,590	181,988	230,195	193,563	138,117
62,612	25,909	45,181	52,507	40,528	11,519
—	—	—	—	—	—
1,316	2,315	675	1,679	1,077	1,012
14	2	—	8	—	59
71	123	20	—	356	52
204	791	77	24	—	178
13,849	1,748	12,820	3,378	14,600	959
2,480	2,979	3,800	14,922	4,677	740
2,496	1,233	2,622	2,759	5,229	742
14,599	5,070	11,131	29,573	6,928	1,334
6	338	133	111	262	—
294,489	244,098	258,447	335,156	267,220	154,712
66,794	92,405	73,365	99,964	78,064	64,053
43,281	31,141	22,884	9,979	33,184	43,040
—	—	—	—	—	—
43,281	31,141	22,884	9,979	33,184	43,040
515,728	480,758	366,472	412,935	339,615	403,849
\$ 559,009	\$ 511,899	\$ 389,356	\$ 422,914	\$ 372,799	\$ 446,889

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)
(continued)

	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Fund Revenues	\$ 53,953	\$ 92,543	\$ 12,638
Local Appropriations-Restricted	—	—	—
Federal Grants and Contracts-Restricted	6,660	20,320	3,922
State Grants and Contracts-Restricted	1,876	4,455	2,600
Local Grants and Contracts-Restricted	150	613	271
Private Gifts, Grants and Contracts-Restricted	8,894	6,560	529
Endowment Income-Restricted	129	124	—
Investment Income-Restricted	278	762	55
Realized Gain on Investments-Restricted (net)	—	292	—
Interest on Loans Receivable	46	281	—
Investment in Plant-Additions	13,456	20,345	6,577
Other	452	112	188
TOTAL REVENUES AND OTHER ADDITIONS	85,894	146,407	26,780
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	88,313	170,960	28,185
Auxiliary Enterprises Expenditures	15,101	14,731	2,918
Hospital Expenditures	—	—	—
Indirect Costs Recovered	45	3,178	—
Grant Refunds and Adjustments	—	48	—
Loan Cancellations and Write-offs	92	180	—
Administrative and Collection Costs	72	173	—
Expended for Plant Facilities	4,335	5,036	69
Retirement of Indebtedness	255	1,123	253
Interest on Indebtedness	1,029	705	298
Investment in Plant-Deductions	5,348	6,061	185
Other	704	—	204
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	115,294	202,195	32,112
TRANSFERS:			
Operating Transfers from Primary Government	44,992	81,220	13,756
NET INCREASE (DECREASE) FOR THE YEAR BEFORE			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	15,592	25,432	8,424
Cumulative Effect of Change in Accounting Principle.....	(4,182)	—	—
NET INCREASE (DECREASE) FOR THE YEAR	11,410	25,432	8,424
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	252,533	316,703	81,290
FUND BALANCE AND OTHER CREDITS, JUNE 30	\$ 263,943	\$ 342,135	\$ 89,714

MEDICAL COLLEGE OF OHIO	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE
\$ 204,656	\$ 4,767	\$ 37,244	\$ 6,973	\$ 5,052	\$ 3,807
—	—	—	—	—	—
10,894	1,599	5,178	1,673	1,199	2,270
982	219	2,070	189	—	1,194
—	2	—	—	—	127
1,875	—	51	45	67	37
—	—	—	310	10	—
4	2	—	—	5	—
—	—	—	—	—	—
83	—	6	—	—	—
22,156	1,514	7,417	2,662	1,213	1,506
396	—	217	—	51	—
241,046	8,103	52,183	11,852	7,597	8,941
93,163	11,484	60,446	13,415	10,012	9,455
1,425	709	5,024	1,760	694	673
141,393	—	—	—	—	—
—	16	—	—	—	—
—	—	—	—	—	—
—	—	1	—	—	—
—	—	—	—	—	—
12,892	340	—	—	—	—
—	—	—	—	—	—
6,459	63	409	348	188	—
—	—	—	8	3	46
255,332	12,612	65,880	15,531	10,897	10,174
34,200	5,855	27,251	5,875	4,398	3,378
19,914	1,346	13,554	2,196	1,098	2,145
—	—	—	—	—	—
19,914	1,346	13,554	2,196	1,098	2,145
304,636	37,824	108,289	39,564	22,293	14,671
\$ 324,550	\$ 39,170	\$ 121,843	\$ 41,760	\$ 23,391	\$ 16,816

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)
(continued)

	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Fund Revenues	\$ 5,626	\$ 16,381	\$ 5,174
Local Appropriations-Restricted	—	—	—
Federal Grants and Contracts-Restricted	1,905	2,437	1,117
State Grants and Contracts-Restricted	549	1,777	415
Local Grants and Contracts-Restricted	—	36	—
Private Gifts, Grants and Contracts-Restricted	—	341	2
Endowment Income-Restricted	—	2	—
Investment Income-Restricted	—	—	14
Realized Gain on Investments-Restricted (net)	—	—	—
Interest on Loans Receivable	—	5	—
Investment in Plant-Additions	341	4,484	5,588
Other	—	—	—
TOTAL REVENUES AND OTHER ADDITIONS	8,421	25,463	12,310
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	10,974	33,953	8,589
Auxiliary Enterprises Expenditures	629	638	962
Hospital Expenditures	—	—	—
Indirect Costs Recovered	—	48	—
Grant Refunds and Adjustments	—	—	—
Loan Cancellations and Write-offs	—	68	—
Administrative and Collection Costs	—	—	—
Expended for Plant Facilities	—	2,091	23
Retirement of Indebtedness	—	—	—
Interest on Indebtedness	—	—	—
Investment in Plant-Deductions	60	2,265	—
Other	—	—	—
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	11,663	39,063	9,574
TRANSFERS:			
Operating Transfers from Primary Government	3,863	14,464	3,099
NET INCREASE (DECREASE) FOR THE YEAR BEFORE			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	621	864	5,835
Cumulative Effect of Change in Accounting Principle.....	—	—	—
NET INCREASE (DECREASE) FOR THE YEAR	621	864	5,835
FUND BALANCE AND OTHER CREDITS, JULY 1 (as restated)	22,039	57,163	13,428
FUND BALANCE AND OTHER CREDITS, JUNE 30	\$ 22,660	\$ 58,027	\$ 19,263

OWENS STATE COMMUNITY COLLEGE	TOTAL
\$ 20,153	\$ 2,706,398
—	14,334
5,906	419,883
2,429	84,519
—	6,511
—	296,718
—	25,897
112	21,305
—	129,420
21	4,564
8,886	738,281
422	208,381
37,929	4,656,211
42,451	3,519,339
3,447	497,299
—	486,729
—	69,646
—	965
7	2,286
42	2,524
1,852	177,338
—	150,737
—	42,982
60	535,083
—	4,417
47,859	5,489,345
19,316	1,410,667
9,386	577,533
—	5,072
9,386	582,605
73,950	9,056,797
\$ 83,336	\$ 9,639,402

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

	OHIO STATE UNIVERSITY	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY
REVENUES:			
Tuition, Fees and Other Student Charges	\$ 285,408	\$ 152,047	\$ 118,452
Local Appropriations	14,629	—	—
Federal Grants and Contracts	153,895	81,179	27,330
State Grants and Contracts	30,553	6,276	5,870
Local Grants and Contracts	2,108	562	346
Private Gifts, Grants and Contracts	135,860	39,101	10,491
Endowment Income	21,973	24,010	693
Sales and Services	527,884	88,866	49,951
Temporary Investment Income	20,625	5,340	3,572
Other Sources	39,302	16,743	5,388
TOTAL REVENUES	1,232,237	414,124	222,093
EXPENDITURES AND MANDATORY TRANSFERS:			
EDUCATIONAL AND GENERAL:			
Instruction and Departmental Research	430,411	188,983	127,979
Separately Budgeted Research	183,611	65,403	16,902
Public Service	81,779	37,723	8,442
Academic Support	89,610	46,174	31,843
Student Services	35,433	20,476	15,475
Institutional Support	76,949	35,967	29,309
Operation and Maintenance of Plant	57,318	36,922	22,035
Scholarships and Fellowships	69,321	54,724	30,855
TOTAL EDUCATIONAL AND GENERAL	1,024,432	486,372	282,840
AUXILIARY ENTERPRISES	110,113	51,977	48,243
HOSPITALS	345,336	—	—
TOTAL EXPENDITURES	1,479,881	538,349	331,083
MANDATORY TRANSFERS, NET:			
Principal and Interest	28,711	20,490	3,132
Renewals and Replacements	—	—	—
Other	21	132	42
TOTAL MANDATORY TRANSFERS, NET	28,732	20,622	3,174
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	1,508,613	558,971	334,257
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	373,287	171,932	121,586
NONMANDATORY TRANSFERS, NET:			
Capital Improvements	(47,013)	(9,452)	(7,646)
Other	8,472	(6,422)	179
ADDITIONS/(DEDUCTIONS):			
Excess of Restricted Receipts over Transfers to Revenue	24,762	28,664	5,266
Indirect Costs Recovered	(35,811)	(18,949)	(3,525)
Other	(5)	(1,318)	(323)
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	323,692	164,455	115,537
NET INCREASE (DECREASE) FOR THE YEAR BEFORE			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	47,316	19,608	3,373
Cumulative Effect of Change in Accounting Principle.....	9,254	—	—
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 56,570	\$ 19,608	\$ 3,373

<u>MIAMI UNIVERSITY</u>	<u>UNIVERSITY OF AKRON</u>	<u>BOWLING GREEN STATE UNIVERSITY</u>	<u>KENT STATE UNIVERSITY</u>	<u>UNIVERSITY OF TOLEDO</u>	<u>CLEVELAND STATE UNIVERSITY</u>
\$ 121,639	\$ 79,731	\$ 91,621	\$ 108,804	\$ 95,416	\$ 57,344
10,935	15,909	9,523	26,512	14,548	11,826
2,838	3,037	2,831	6,782	5,855	5,875
283	2,428	40	66	589	458
8,093	12,453	2,383	3,532	7,707	4,004
1,849	996	—	2	39,741	154
60,696	30,122	49,402	43,654	1,255	10,973
3,237	4,335	2,371	4,943	1,987	2,427
588	214	3,694	4,427	2,409	319
210,158	149,225	161,865	198,722	169,507	93,380
101,019	84,339	81,121	104,377	92,805	58,618
5,505	11,704	2,551	10,587	6,713	8,810
1,652	12,192	9,145	9,307	5,671	4,773
23,033	21,552	20,090	22,128	21,704	14,482
14,854	10,634	13,760	20,381	13,261	11,051
18,565	21,980	19,323	22,294	17,115	15,950
18,271	15,714	12,011	19,514	14,347	13,081
14,848	25,616	23,987	21,607	21,947	11,352
197,747	203,731	181,988	230,195	193,563	138,117
61,707	25,908	45,181	52,507	40,528	11,519
—	—	—	—	—	—
259,454	229,639	227,169	282,702	234,091	149,636
4,902	1,824	5,448	9,148	9,799	1,476
—	—	2,601	447	—	—
1	68	1	114	119	67
4,903	1,892	8,050	9,709	9,918	1,543
264,357	231,531	235,219	292,411	244,009	151,179
66,688	92,405	73,435	99,964	78,064	64,207
(5,215)	(595)	(1,415)	(1,715)	—	(606)
(360)	(4,393)	798	(27)	18	97
2,887	2,679	894	1,650	—	1,118
(1,316)	(2,315)	(675)	(1,680)	(1,077)	(1,012)
(12)	—	71	(8)	1,703	(59)
62,672	87,781	73,108	98,184	78,708	63,745
8,473	5,475	(246)	4,495	4,206	5,946
—	—	—	—	—	—
\$ 8,473	\$ 5,475	\$ (246)	\$ 4,495	\$ 4,206	\$ 5,946

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY
REVENUES:			
Tuition, Fees and Other Student Charges	\$ 40,839	\$ 60,777	\$ 9,908
Local Appropriations	—	—	—
Federal Grants and Contracts	6,637	20,312	3,923
State Grants and Contracts	859	2,744	3,160
Local Grants and Contracts	133	538	271
Private Gifts, Grants and Contracts	5,510	5,403	565
Endowment Income	—	90	—
Sales and Services	11,084	22,930	1,338
Temporary Investment Income	891	2,353	378
Other Sources	1,139	3,029	963
TOTAL REVENUES	67,092	118,176	20,506
EXPENDITURES AND MANDATORY TRANSFERS:			
EDUCATIONAL AND GENERAL:			
Instruction and Departmental Research	41,985	73,448	10,206
Separately Budgeted Research	634	11,470	—
Public Service	3,585	8,175	2,590
Academic Support	7,884	27,880	1,872
Student Services	5,835	9,568	2,200
Institutional Support	9,381	15,888	3,035
Operation and Maintenance of Plant	7,444	10,660	2,745
Scholarships and Fellowships	11,565	13,871	5,537
TOTAL EDUCATIONAL AND GENERAL	88,313	170,960	28,185
AUXILIARY ENTERPRISES	15,101	14,731	2,918
HOSPITALS	—	—	—
TOTAL EXPENDITURES	103,414	185,691	31,103
MANDATORY TRANSFERS, NET:			
Principal and Interest	1,218	1,827	538
Renewals and Replacements	—	—	—
Other	—	80	—
TOTAL MANDATORY TRANSFERS, NET	1,218	1,907	538
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	104,632	187,598	31,641
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	44,992	81,220	13,210
NONMANDATORY TRANSFERS, NET:			
Capital Improvements	(899)	(702)	—
Other	(1,237)	(2,795)	—
ADDITIONS/(DEDUCTIONS):			
Excess of Restricted Receipts over Transfers to Revenue	976	6,531	(204)
Indirect Costs Recovered	(45)	(3,179)	—
Other	—	(39)	—
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	43,787	81,036	13,006
NET INCREASE (DECREASE) FOR THE YEAR BEFORE			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	6,247	11,614	1,871
Cumulative Effect of Change in Accounting Principle.....	—	—	—
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 6,247	\$ 11,614	\$ 1,871

<u>MEDICAL COLLEGE OF OHIO</u>	<u>TERRA STATE COMMUNITY COLLEGE</u>	<u>COLUMBUS STATE COMMUNITY COLLEGE</u>	<u>CLARK STATE COMMUNITY COLLEGE</u>	<u>EDISON STATE COMMUNITY COLLEGE</u>	<u>SOUTHERN STATE COMMUNITY COLLEGE</u>
\$ 8,535	\$ 3,639	\$ 29,145	\$ 4,990	\$ 3,640	\$ 2,900
20	—	—	—	—	—
11,078	1,569	5,177	1,787	1,199	2,270
523	243	2,070	275	207	1,267
—	2	—	—	—	127
6,299	10	713	57	67	37
—	—	—	—	—	—
153,810	791	5,281	1,009	891	767
2,133	197	1,800	—	—	—
33,229	145	573	888	365	67
215,627	6,596	44,759	9,006	6,369	7,435
42,414	4,274	27,715	4,258	3,533	2,753
9,420	—	—	—	—	—
470	868	612	1,601	460	1,057
3,131	1,083	1,413	339	304	636
1,130	1,317	5,531	1,131	2,255	656
22,856	1,553	8,884	2,753	2,332	822
9,678	1,263	9,010	1,955	763	652
1,083	1,126	7,293	1,377	75	2,878
90,182	11,484	60,458	13,414	9,722	9,454
1,425	709	5,024	1,760	694	673
141,393	—	—	—	—	—
233,000	12,193	65,482	15,174	10,416	10,127
—	—	1,000	—	—	—
—	—	—	—	—	—
—	—	126	—	—	—
—	—	1,126	—	—	—
233,000	12,193	66,608	15,174	10,416	10,127
34,200	5,840	27,251	5,875	4,398	3,378
(15,074)	—	—	—	(290)	—
3,846	—	—	(27)	—	—
(336)	8	—	(122)	—	—
—	(16)	—	—	—	—
—	—	—	—	—	—
22,636	5,832	27,251	5,726	4,108	3,378
5,263	235	5,402	(442)	61	686
—	—	—	—	—	—
\$ 5,263	\$ 235	\$ 5,402	\$ (442)	\$ 61	\$ 686

(continued)

STATE OF OHIO

DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(amounts expressed in thousands)

(continued)

	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE
REVENUES:			
Tuition, Fees and Other Student Charges	\$ 4,243	\$ 13,440	\$ 3,972
Local Appropriations	—	—	—
Federal Grants and Contracts	1,905	2,384	1,187
State Grants and Contracts	1,085	1,777	415
Local Grants and Contracts	—	36	—
Private Gifts, Grants and Contracts	—	341	25
Endowment Income	—	—	—
Sales and Services	721	2,338	—
Temporary Investment Income	37	289	14
Other Sources	90	264	1,109
TOTAL REVENUES	8,081	20,869	6,722
EXPENDITURES AND MANDATORY TRANSFERS:			
EDUCATIONAL AND GENERAL:			
Instruction and Departmental Research	3,386	14,029	3,413
Separately Budgeted Research	—	—	—
Public Service	—	1,715	649
Academic Support	1,553	3,936	360
Student Services	1,434	2,440	1,001
Institutional Support	2,017	5,932	1,413
Operation and Maintenance of Plant	712	2,584	540
Scholarships and Fellowships	1,872	3,354	1,213
TOTAL EDUCATIONAL AND GENERAL	10,974	33,990	8,589
AUXILIARY ENTERPRISES	629	638	963
HOSPITALS	—	—	—
TOTAL EXPENDITURES	11,603	34,628	9,552
MANDATORY TRANSFERS, NET:			
Principal and Interest	—	—	—
Renewals and Replacements	—	—	—
Other	—	13	—
TOTAL MANDATORY TRANSFERS, NET	—	13	—
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	11,603	34,641	9,552
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
OPERATING TRANSFERS FROM PRIMARY GOVERNMENT	3,863	14,464	3,099
NONMANDATORY TRANSFERS, NET:			
Capital Improvements	—	(400)	—
Other	(250)	—	—
ADDITIONS/(DEDUCTIONS):			
Excess of Restricted Receipts over Transfers to Revenue	—	—	—
Indirect Costs Recovered	—	49	—
Other	—	13	—
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	3,613	14,126	3,099
NET INCREASE (DECREASE) FOR THE YEAR BEFORE			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	91	354	269
Cumulative Effect of Change in Accounting Principle.....	—	—	—
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 91	\$ 354	\$ 269

OWENS STATE COMMUNITY COLLEGE	TOTAL
\$ 16,025	\$ 1,312,515
—	14,649
6,142	417,227
2,495	87,037
—	7,987
—	242,651
—	89,508
3,165	1,066,928
502	57,431
113	115,058
28,442	3,410,991
15,658	1,516,724
155	333,465
2,610	195,076
2,018	343,025
4,942	194,765
4,942	339,260
5,322	262,541
6,819	332,320
42,466	3,517,176
3,447	496,395
—	486,729
45,913	4,500,300
—	89,513
—	3,048
11	795
11	93,356
45,924	4,593,656
19,316	1,402,674
(1,477)	(92,499)
11	(2,090)
—	74,773
—	(69,551)
—	23
17,850	1,313,330
368	130,665
—	9,254
\$ 368	\$ 139,919

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**STATISTICAL
SECTION**

Table 1

STATE OF OHIO

REVENUE BY SOURCE
ALL GENERAL GOVERNMENTAL FUND TYPES^(a)
FOR THE LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<i>SOURCE</i>	1997	1996	1995	1994	1993	1992 ^(b)	1991	1990	1989	1988
<i>Income Taxes.....</i>	\$ 5,879,016	\$ 5,890,587	\$ 5,456,017	\$ 5,032,305	\$ 4,732,247	\$ 4,408,835	\$ 4,241,483	\$ 4,078,371	\$ 3,903,008	\$ 3,362,694
<i>Sales Taxes.....</i>	5,262,460	5,003,024	4,763,109	4,475,796	4,001,398	3,739,576	3,573,995	3,603,922	3,397,204	3,225,852
<i>Corporate and Public Utility Taxes</i>	1,897,439	1,831,300	1,810,396	1,585,557	1,500,475	1,393,528	1,437,142	1,492,646	1,524,635	1,419,351
<i>Motor Vehicle Fuel Taxes.....</i>	1,351,476	1,332,294	1,293,038	1,290,315	1,189,184	1,160,405	1,052,504	993,612	824,273	811,222
<i>Other Taxes</i>	872,869	842,688	852,166	881,994	750,120	673,472	724,942	706,350	706,746	690,210
<i>Licenses, Permits and Fees</i>	849,279	805,605	771,501	739,433	623,980	639,996	679,447	635,790	584,155	546,786
<i>Sales, Services and Charges.....</i>	79,051	106,517	103,620	66,198	57,831	44,189	46,873	76,985	67,612	63,015
<i>Federal Government^(c)</i>	8,454,831	8,435,891	8,305,109	7,314,031	6,376,312	5,847,198	5,204,395	4,553,955	4,114,718	3,850,251
<i>Investment Income^(d)</i>	418,799	—	—	—	—	—	—	—	—	—
<i>Other</i>	660,782	654,457	773,037	932,074	649,360	656,385	676,419	708,305	582,194	531,067
<i>Total Revenues by Source</i>	<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>	<u>\$18,563,584</u>	<u>\$17,637,200</u>	<u>\$16,849,936</u>	<u>\$15,704,545</u>	<u>\$14,500,448</u>

Notes:

- (a) This table includes revenues for the General, special revenue, debt service and capital projects funds.
- (b) For comparative purposes, the revenue data for fiscal year 1992 have been restated for changes in the State of Ohio's reporting entity that resulted from the implementation of GASB Statement No. 14, *The Financial Reporting Entity*, for fiscal year 1993.
- (c) For fiscal years 1995 through 1997, 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 1988 through 1994, however, have not been restated for the effect of this change in accounting principle.
- (d) For fiscal years 1988 through 1996, investment income has been included in "Other" revenue.

Table 2

STATE OF OHIO

**EXPENDITURES BY FUNCTION
ALL GENERAL GOVERNMENTAL FUND TYPES^(a)
FOR THE LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

<i>FUNCTION</i>	1997	1996	1995	1994	1993	1992 ^(b)	1991	1990	1989	1988
<i>Current:</i>										
<i>Primary, Secondary and Other Education</i>	\$ 5,449,086	\$ 5,251,805	\$ 4,850,750	\$ 4,599,643	\$ 4,497,568	\$ 4,195,920	\$ 4,158,997	\$ 3,972,048	\$ 3,777,680	\$ 3,573,459
<i>Higher Education Support ^(c).....</i>	422,482	423,473	407,839	421,041	368,611	327,874	1,549,614	1,502,610	1,357,778	1,283,026
<i>Public Assistance and Medicaid ^(d).....</i>	8,367,021	7,936,578	8,306,686	7,682,159	6,774,178	6,174,833	5,530,500	4,895,836	4,191,661	3,764,405
<i>Health and Human Services</i>	2,328,762	2,333,583	2,197,732	1,974,086	1,854,715	1,723,860	1,648,319	1,609,917	1,467,552	1,432,124
<i>Justice and Public Protection</i>	1,761,521	1,588,026	1,403,177	1,202,815	1,060,778	970,653	932,001	805,899	742,957	661,102
<i>Environmental Protection and Natural Resources</i>	299,607	286,987	273,138	247,324	223,304	226,284	222,507	212,368	195,193	176,017
<i>Transportation</i>	1,465,258	1,319,120	1,461,012	1,426,207	1,293,349	1,372,885	1,365,769	1,129,980	1,079,675	1,146,734
<i>General Government</i>	528,592	371,996	355,154	347,443	335,470	336,046	325,530	294,985	277,122	252,375
<i>Community and Economic Development.....</i>	344,950	323,277	335,159	337,760	284,061	301,392	360,215	337,975	325,580	316,646
<i>Intergovernmental</i>	2,570,501	2,467,137	2,312,160	2,211,669	1,983,308	2,077,469	1,908,442	1,834,230	1,721,921	1,549,713
<i>Capital Outlay</i>	1,138,286	884,456	872,236	893,279	739,463	724,823	678,812	435,462	494,305	559,221
<i>Debt Service</i>	1,033,948	909,134	801,994	1,064,523	681,207	764,294	653,309	635,298	621,829	629,615
<i>Total Expenditures by Function</i>	<u>\$25,710,014</u>	<u>\$24,095,572</u>	<u>\$23,577,037</u>	<u>\$22,407,949</u>	<u>\$20,096,012</u>	<u>\$19,196,333</u>	<u>\$19,334,015</u>	<u>\$17,666,608</u>	<u>\$16,253,253</u>	<u>\$15,344,437</u>

Notes:

- (a) This table includes expenditures for the General, special revenue, debt service, and capital projects funds.
- (b) For comparative purposes, the expenditure data for fiscal year 1992 have been restated for changes in the State of Ohio's reporting entity that resulted from the implementation of GASB Statement No. 14, *The Financial Reporting Entity*, for fiscal year 1993.
- (c) Within the higher education support function, the significant decline between fiscal years 1991 and 1992 is primarily a result of reclassifying budgetary expenditures made for the state universities and state community colleges to "Operating Transfers to Component Units" on a GAAP basis. The reclassification is necessary to conform with the reporting requirements of GASB Statement No. 14.
- (d) For fiscal years 1995 through 1997, 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 1988 through 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**

(amounts expressed in thousands)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
REVENUES:										
Income Taxes.....	\$ 5,257,395	\$ 5,268,111	\$ 4,879,232	\$ 4,486,225	\$ 4,270,124	\$ 3,880,594	\$ 3,750,847	\$ 3,618,929	\$ 3,478,469	\$ 3,013,257
Sales Taxes	4,995,691	4,750,430	4,522,230	4,246,093	3,810,631	3,539,700	3,378,515	3,418,135	3,231,133	3,088,586
Corporate and Public Utility Taxes.....	1,794,592	1,731,956	1,708,674	1,497,948	1,419,293	1,304,142	1,351,791	1,409,040	1,445,514	1,341,358
Other Taxes	828,290	802,912	812,957	843,548	712,400	631,830	598,417	585,296	587,852	575,631
Licenses, Permits and Fees.....	87,511	89,249	81,772	81,761	80,629	76,210	73,741	68,541	68,368	58,799
Sales, Services and Charges.....	42,031	64,693	65,015	35,556	32,082	24,200	25,751	21,484	47,384	41,863
Federal Government.....	3,563,004	3,672,610	3,451,126	3,533,853	3,276,727	3,083,886	2,718,754	2,299,581	1,963,912	1,857,073
Investment Income ^(a)	277,337	—	—	—	—	—	—	—	—	—
Other.....	168,587	302,772	268,114	227,857	189,935	286,191	254,098	272,609	207,508	140,010
TOTAL REVENUES.....	17,014,438	16,682,733	15,789,120	14,952,841	13,791,821	12,826,753	12,151,914	11,693,615	11,030,140	10,116,577
EXPENDITURES:										
Current.....	13,678,474	13,170,207	12,416,565	11,983,625	11,369,030	12,010,762	11,520,077	10,606,492	9,591,782	9,288,206
Intergovernmental	942,690	898,190	814,803	782,014	741,099	703,853	661,452	622,351	613,826	539,869
Capital Outlay.....	123,217	1,969	5,597	5,552	5,524	17,087	21,810	21,989	36,570	34,290
Debt Service.....	528	1,428	9,740	—	2	—	—	—	—	—
TOTAL EXPENDITURES.....	14,744,909	14,071,794	13,246,705	12,771,191	12,115,655	12,731,702	12,203,339	11,250,832	10,242,178	9,862,365
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....										
	2,269,529	2,610,939	2,542,415	2,181,650	1,676,166	95,051	(51,425)	442,783	787,962	254,212
OTHER FINANCING SOURCES (USES):										
Bond Proceeds	—	10,159	—	—	—	—	—	—	—	—
Capital Leases.....	1,107	335	—	—	—	—	—	—	—	—
Operating Transfers-in	142,605	93,457	144,114	88,284	89,228	92,392	92,012	94,113	67,886	292,588
Operating Transfers-out.....	(847,794)	(807,457)	(660,799)	(626,006)	(554,393)	(493,947)	(499,842)	(508,054)	(491,028)	(499,170)
Operating Transfers to Component Units	(1,410,667)	(1,359,487)	(1,276,925)	(1,175,190)	(1,113,491)	—	—	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	(2,114,749)	(2,062,993)	(1,793,610)	(1,712,912)	(1,578,656)	(401,555)	(407,830)	(413,941)	(423,142)	(206,582)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES.....										
	154,780	547,946	748,805	468,738	97,510	(306,504)	(459,255)	28,842	364,820	47,630
FUND BALANCES, JULY 1.....										
Increase (Decrease) for Changes in Inventories	2,167,739	1,656,135	908,212	426,200	327,261	696,642	1,154,780	1,124,614	759,817	712,187
Residual Equity Transfers-out.....	(2,252)	(889)	(882)	1,265	1,429	185	1,117	1,324	(23)	—
	—	(22,986)	—	—	—	—	—	—	—	—
FUND BALANCES, JUNE 30.....	\$ 2,320,267	\$ 2,180,206	\$ 1,656,135	\$ 896,203	\$ 426,200	\$ 390,323	\$ 696,642	\$ 1,154,780	\$ 1,124,614	\$ 759,817

(a) For fiscal years 1988 through 1996, investment income has been included in "Other" revenue.

STATE OF OHIO

PERCENT OF ANNUAL DEBT SERVICE FOR GENERAL AND SPECIAL
BONDED DEBT^(a) TO TOTAL ALL GENERAL GOVERNMENTAL FUND TYPES^(b) REVENUES
AND EXPENDITURES
FOR THE LAST TEN FISCAL YEARS
(amounts expressed in thousands)

For the Year Ended June 30,	Total Debt Service Expenditures	Governmental Fund Revenues	Percent	Governmental Fund Expenditures	Percent
1988	\$ 562,506	\$ 14,500,448	3.88%	\$ 5,344,437	3.67%
1989	562,195	15,704,545	3.58%	16,253,253	3.46%
1990	587,070	16,849,936	3.48%	17,666,608	3.32%
1991	632,230	17,637,200	3.58%	19,334,015	3.27%
1992 ^(c)	743,468	18,563,584	4.00%	19,196,333	3.87%
1993	658,945	19,880,907	3.31%	20,096,012	3.28%
1994	1,033,745	22,317,703	4.63%	22,407,949	4.61%
1995 ^(d)	780,482	24,127,993	3.23%	23,577,037	3.31%
1996 ^(d)	888,693	24,902,363	3.57%	24,095,572	3.69%
1997 ^(d)	1,014,767	25,726,002	3.95%	25,710,014	3.95%

Notes:

(a) Includes general and special obligation bonds for which debt service payments are made from the General Fund and the following combining funds in the Debt Service Fund:

Coal Research/Development Bond Retirement	Local Infrastructure Improvements Bond Retirement
Improvements Bond Retirement	Ohio Public Facilities Commission
Highway Improvements Bond Retirement	Ohio Building Authority
Development Bond Retirement	State Projects Bond Service
Highway Obligations Bond Retirement	School Building Program Bond Service
Public Improvements Bond Retirement	Highway Capital Improvement Bond Service
Vietnam Conflict Compensation Bond Retirement	

(b) This table includes revenues and expenditures for the General, special revenue, debt service and capital project funds.

(c) For comparative purposes, the revenue and expenditure data for fiscal year 1992 have been restated for changes in the State of Ohio's reporting entity that resulted from the implementation of GASB Statement No. 14, *The Financial Reporting Entity*, for fiscal year 1993.

(d) Revenue and expenditures for fiscal years 1995 through 1997 include the effects of recognizing the distribution of food stamp benefits as revenue 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 1988 through 1994, however, have not been restated for the effect of this change in accounting principle.

STATE OF OHIO

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

For the Year Ended June 30,	Population (in 000s)	General and Special Obligation Bonds				Net Bonded Debt Per Capita
		Total Outstanding (in 000s)	Less Amount Reserved in the General and Debt Service Funds (in 000s)	Net Bonded Debt (in 000s)		
1988	10,800	\$ 3,743,526	\$ 548,376	\$ 3,195,150	\$ 296	
1989	10,830	4,009,894	625,526	3,384,368	312	
1990	10,847	3,974,040	592,116	3,381,924	312	
1991	10,941	4,045,661	624,807	3,420,854	313	
1992	11,016	4,261,059	560,936	3,700,123	336	
1993	11,091	4,658,431	552,339	4,106,092	370	
1994	11,102	5,169,302	440,399	4,728,903	426	
1995	11,150	5,538,663	425,553	5,113,110	459	
1996	11,173	5,753,400	386,059	5,367,341	480	
1997	11,173 ^(b)	6,263,433	254,751	6,008,682	538	

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 are made from the General Fund and the following combining funds in the Debt Service Fund:

Coal Research/Development Bond Retirement	Local Infrastructure Improvements Bond Retirement
Improvements Bond Retirement	Ohio Public Facilities Commission
Highway Improvements Bond Retirement	Ohio Building Authority
Development Bond Retirement	State Projects Bond Service
Highway Obligations Bond Retirement	School Building Program Bond Service
Public Improvements Bond Retirement	Highway Capital Improvement Bond Service
Vietnam Conflict Compensation Bond Retirement	

(b) An estimate for 1997 was not available; therefore, population data from the prior year was used.

STATE OF OHIO

SCHEDULE OF REVENUE BOND COVERAGE FOR THE LAST TEN FISCAL YEARS *(amounts expressed in thousands)*

**Treasurer of State/
Office of Financial Incentives (Liquor Bonds)**

Fiscal Year	Gross Revenue ^(a)	Direct Operating Expenses ^(b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1988	\$ 350,376	\$ 280,215	\$ 70,161	\$ 2,130	\$ 15,962	\$ 18,092	3.88
1989	369,305	301,125	68,180	2,390	15,712	18,102	3.77
1990	347,551	274,771	72,780	12,030	6,073	18,103	4.02
1991	354,560	277,644	76,916	10,325	7,783	18,108	4.25
1992	355,201	281,236	73,965	11,015	7,113	18,128	4.08
1993	350,914	273,967	76,947	11,800	6,392	18,192	4.23
1994	341,674	267,368	74,306	12,645	5,608	18,253	4.07
1995	346,979	267,545	79,434	13,500	4,761	18,261	4.35
1996	350,744	265,820	84,924	14,410	3,851	18,261	4.65
1997	366,636	270,525	96,111	9,330	6,738	16,068	5.98

**Treasurer of State/
Office of Financial Incentives (Ohio Enterprise Bonds)**

Fiscal Year	Gross Revenue ^(c)	Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1989	\$19,964	\$ —	\$19,964	\$ —	\$1,132	\$1,132	17.64
1990	2,444	—	2,444	475	947	1,422	1.72
1991	7,008	—	7,008	520	899	1,419	4.94
1992	25,892	—	25,892	570	846	1,416	18.29
1993	21,184	—	21,184	630	788	1,418	14.94
1994	22,436	—	22,436	690	734	1,424	15.76
1995	27,733	—	27,733	755	654	1,409	19.68
1996	26,298	—	26,298	830	577	1,407	18.69
1997	29,673	—	29,673	910	492	1,402	21.16

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 Enterprise Bond Retirement Debt Service Fund and operating transfers to the debt service fund from the Community and Economic Development Special Revenue Fund.

Ohio Building Authority Internal Service Fund

Fiscal Year ^(a)	Gross Revenue ^(d)	Direct Operating Expenses ^(e)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1988	\$ 32,731	\$ 11,922	\$ 20,809	\$ 1,543	\$ 5,299	\$ 6,842	3.04
1989	39,899	16,881	23,018	1,653	5,056	6,709	3.43
1990	25,879	19,426	6,453	1,761	4,626	6,387	1.01
1991	30,098	22,599	7,499	1,662	4,764	6,426	1.17
1992	35,924	22,345	13,579	1,982	4,200	6,182	2.20
1993	26,924	20,895	6,029	2,222	3,043	5,265	1.15
1994	33,700	25,763	7,937	2,349	3,881	6,230	1.27
1995	30,638	22,046	8,592	1,878	4,275	6,153	1.40
1996	28,251	22,473	5,778	2,602	3,279	5,881	0.99
1997	27,929	26,913	1,016	3,480	1,801	5,281	0.19

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
1993	\$3,158,992	\$2,375,518	\$ 783,474	\$ —	\$ —	\$ —	—
1994	3,161,387	665,854	2,495,533	2,000	9,947	11,947	208.88
1995	3,365,892	2,264,097	1,101,795	2,000	9,947	11,947	92.23
1997	4,348,344	2,696,867	1,651,477	4,000	9,807	13,807	119.61

Notes:

- (d) Includes only the revenues reported in the Ohio Building Authority Internal Service Fund.
- (e) Includes only the expenses, exclusive of depreciation, reported in the Ohio Building Authority Internal Service Fund.
- (f) Beginning in fiscal year 1997, the Bureau of Workers' Compensation changed its accounting from calendar year to fiscal year. Please refer to Note 2 for further details.
- (g) Includes only the revenues reported in the Bureau of Workers' Compensation Enterprise Fund.
- (h) Includes only the expenses, exclusive of depreciation, reported in the Bureau of 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 <i>(in millions)</i>	Percent Change	Per Capita Personal Income	
			Ohio	United States
1987	\$ 157,837	5.9%	\$ 14,667	\$ 15,638
1988	169,902	7.6%	15,732	16,610
1989	180,248	6.1%	16,644	17,690
1990	190,608	5.7%	17,547	18,667
1991	196,927	3.3%	18,001	19,199
1992	208,560	5.9%	18,923	20,131
1993	217,693	4.4%	19,627	20,781
1994	231,843	6.5%	20,883	21,699
1995	251,037	8.3%	22,514	23,208
1996	262,077	4.4%	23,457	24,426

Source: Survey of Current Business, U.S Department of Commerce, Bureau of Economic Analysis

Table 8

STATE OF OHIO

**PERSONAL INCOME BY INDUSTRY
FOR THE LAST TEN CALENDAR YEARS**

(amounts expressed in millions)

Calendar Year	MANUFACTURING		SERVICES		GOVERNMENT		WHOLESALE & RETAIL TRADE		Ohio's Total Personal Income
	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	
1987	\$ 35,646	22.7%	\$ 25,374	16.1%	\$ 14,842	9.4%	\$ 17,895	11.4%	\$ 157,161 ^(b)
1988	37,871	22.4%	28,286	16.8%	16,059	9.5%	19,429	11.5%	
1989	39,989	21.6%	30,690	17.0%	17,010	9.4%	20,355	11.3%	
1990	39,723	20.8%	32,274	16.9%	18,586	9.8%	21,898	11.5%	
1991	40,949	20.8%	33,232	16.9%	19,684	10.0%	22,614	11.5%	
1992	43,433	20.8%	36,134	17.3%	20,901	10.0%	23,949	11.5%	
1993	44,723	20.5%	38,197	17.6%	21,766	10.0%	24,855	11.4%	
1994	47,770	20.6%	40,913	17.7%	22,692	9.8%	26,848	11.6%	
1995	51,343	20.5%	43,703	17.4%	23,491	9.4%	28,240	11.2%	
1996	51,493	19.6%	45,475	17.4%	24,242	9.3%	29,465	11.2%	

Calendar Year	CONSTRUCTION		TRANSPORTATION & PUBLIC UTILITIES		FINANCE, INSURANCE & REAL ESTATE		OTHER ^(a)		Ohio's Total Personal Income
	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	Personal Income	Percent of Total Income	
1987	\$ 5,955	3.8%	\$ 6,987	4.4%	\$ 6,540	4.2%	\$ 43,922	27.9%	\$ 157,161 ^(b)
1988	6,592	3.9%	7,373	4.4%	6,668	4.0%	46,478	27.5%	
1989	6,919	3.8%	7,622	4.2%	6,822	3.8%	51,790	28.7%	
1990	7,188	3.8%	7,921	4.2%	6,758	3.5%	56,260	29.5%	
1991	6,896	3.5%	7,996	4.0%	7,856	4.0%	57,700	29.3%	
1992	7,074	3.4%	8,390	4.0%	8,697	4.2%	59,982	28.8%	
1993	7,733	3.5%	8,727	4.0%	9,270	4.3%	62,422	28.7%	
1994	8,588	3.7%	9,365	4.0%	9,678	4.2%	65,989	28.4%	
1995	9,433	3.8%	10,317	4.1%	10,409	4.1%	74,101	29.5%	
1996	10,134	3.9%	10,509	4.0%	11,525	4.4%	79,234	30.2%	

Source: Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis

Notes:

- (a) Primarily includes investment and rental income.
- (b) For calendar years 1987 through 1989, revised personal income figures by industry were not available from the U.S. Department of Commerce. Therefore, the total personal income figures presented in Table 8 for these years do not agree with the total revised personal income figures presented on Table 7, page 194.

STATE OF OHIO

POPULATION BY AGE GROUP

(amounts expressed in thousands)

OHIO

Age Group	1990 Actual	Percent	1996 Estimated ^(a)	Percent
Under 5 years	797	7.3%	759	6.8%
5 through 19 years	2,356	21.7	2,402	21.5
20 through 44 years	4,204	38.8	4,194	37.5
45 through 64 years	2,088	19.3	2,321	20.8
65 years and over	1,402	12.9	1,497	13.4
	<u>10,847</u>	<u>100.0%</u>	<u>11,173</u>	<u>100.0%</u>

UNITED STATES

Age Group	1990 Actual	Percent	1996 Estimated ^(a)	Percent
Under 5 years	18,757	7.5%	19,286	7.3%
5 through 19 years	52,981	21.3	57,085	21.5
20 through 44 years	99,731	40.1	101,321	38.2
45 through 64 years	46,169	18.6	53,731	20.2
65 years and over	31,080	12.5	33,861	12.8
	<u>248,718</u>	<u>100.0%</u>	<u>265,284</u>	<u>100.0%</u>

OHIO'S TOTAL POPULATION AS A PERCENTAGE OF U.S. TOTAL POPULATION

1990 Actual			1996 Estimated ^(a)		
Ohio	U.S.	Percent	Ohio	U.S.	Percent
<u>10,847</u>	<u>248,718</u>	<u>4.4%</u>	<u>11,173</u>	<u>265,284</u>	<u>4.2%</u>

Source: Current Population Reports — U.S. Bureau of Census

Notes:

(a) The most recent information available.

STATE OF OHIO

AVERAGE MONTHLY UNEMPLOYMENT RATES
FOR THE LAST TEN CALENDAR YEARS AND
THE FIRST HALF OF CALENDAR 1997

Calendar Year	Ohio	United States
1987	7.0%	6.2%
1988	6.0%	5.5%
1989	5.6%	5.3%
1990	5.7%	5.5%
1991	6.4%	6.7%
1992	7.2%	7.4%
1993	6.5%	6.8%
1994	5.5%	6.1%
1995	4.8%	5.6%
1996	4.9%	5.4%
1997 - First Half ^(a)	4.8%	5.1%

Source: Ohio Bureau of Employment Services

Notes:

(a) Average subject to revision, seasonally adjusted

STATE OF OHIO

LIST OF MAJOR CORPORATIONS WITH HEADQUARTERS IN OHIO

American Electric Power (Columbus)	Limited (Columbus)
American Financial Group (Cincinnati)	Mead Corporation (Dayton)
Banc One Corporation (Columbus)	Mercantile Stores (Fairfield)
Borden (Columbus)	National City Corporation (Cleveland)
Caliber Systems (Akron)	Nationwide Insurance Enterprise (Columbus)
Cardinal Health (Dublin)	OfficeMax (Shaker Heights)
Cinergy (Cincinnati)	Owens-Corning Fiberglas Corporation (Toledo)
Consolidated Stores (Columbus)	Owens-Illinois Incorporated (Toledo)
Dana Corporation (Toledo)	Parker-Hannifin Corporation (Cleveland)
Eaton Corporation (Cleveland)	Proctor & Gamble Company (Cincinnati)
Federated Department Stores (Cincinnati)	Progressive (Mayfield Village)
Goodyear Tire & Rubber (Akron)	Revco Drug Stores (Twinsburg)
KeyCorp (Cleveland)	Sherwin-Williams Company (Cleveland)
Kroger (Cincinnati)	TRW Incorporated (Cleveland)
LTV Corporation (Cleveland)	

Source: The Fortune 500 Listing, *Fortune Magazine*, April 28, 1997

STATE OF OHIORETAIL SALES
FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Retail Sales		Per Capita	
	Ohio's Total <i>(in millions)</i>	Percent Change	Retail Sales	Percent Change
1987	\$ 64,217	2.3%	\$ 5,967	2.1%
1988	66,751	3.9%	6,181	3.6%
1989	70,491	5.6%	6,509	5.3%
1990	72,768	3.2%	6,709	3.1%
1991	73,275	.7%	6,699	(.1%)
1992	81,163	10.8%	7,318	9.2%
1993	92,428	13.9%	8,334	13.1%
1994	98,034	6.1%	8,830	6.0%
1995	104,357	6.5%	9,359	6.0%
1996	109,773	5.2%	9,825	5.0%

Source: Combined Annual and Revised Monthly Retail Trade, U.S. Bureau of Census

STATE OF OHIO

CONSTRUCTION CONTRACTS AND
RESIDENTIAL BUILDING ACTIVITY
FOR THE LAST TEN CALENDAR YEARS

Year	Construction Contracts (in millions)	Residential Building Activity	
		Permits	Valuation (in thousands)
1987	\$ 9,218	45,153	\$ 2,998,651
1988	9,607	45,105	3,075,962
1989	10,338	41,228	3,079,962
1990	9,902	38,491	3,039,007
1991	9,442	35,810	3,146,887
1992	10,757	42,610	3,926,554
1993	11,037	44,235	4,318,976
1994	11,935	47,152	4,799,052
1995	12,364	44,812	4,375,036
1996	12,364 ^(a)	49,280	5,000,781

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 1996 was not available; therefore, construction contracts data from the prior year was used.

STATE OF OHIO**ASSESSED AND MARKET VALUE OF TAXABLE REAL PROPERTY
FOR THE LAST TEN CALENDAR YEARS***(amounts expressed in thousands)*

<u>Calendar Year</u>	<u>Assessed Value^(a)</u>	<u>Market Value</u>
1987	\$ 78,908,191	\$ 225,451,974
1988	83,770,581	239,344,517
1989	86,466,335	247,046,671
1990	93,677,819	267,650,911
1991	99,937,534	285,535,811
1992	102,548,627	292,996,077
1993	110,319,626	315,198,931
1994	116,576,831	333,076,660
1995	121,046,340	345,846,686
1996	129,853,309	371,009,454

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	112 ^(a)
Number of State Employees	62,803
Number of State Representatives	99
Number of State Senators	33

PARKS AND RECREATION:

Number of State Parks	72
Area of State Parks, Natural and Wildlife Lands	279,711.19 acres
Area of State Forest Lands	182,172.99 acres

EDUCATION:

Number of State-Assisted Higher Education Institutions	40
1996-97 Student Enrollment at State-Assisted Higher Education Institutions	410,745
Number of Public School Districts	612
Number of Joint Vocational School Districts	49

MISCELLANEOUS:

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	14.2 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
Ohio Public Facilities Commission's Official Statement

Notes:

(a) Limited to those entities that have financial activity recorded on the State of Ohio's Central Accounting System.