

**Ohio Office of Budget
and Management**

State of Ohio
George V. Voinovich
Governor



OHIO

C	O	M	P	R	E	H	E	N	S	I	V	E
A	N	N	U	A	L							
F	I	N	A	N	C	I	A	L				
R	E	P	O	R	T							

FOR THE FISCAL YEAR
ENDED JUNE 30, 1998



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, 1998, 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:

Office of Financial Incentives
 Capitol Square Review and Advisory Board
 Office of the Auditor of State

Ohio Bureau of Workers' Compensation
 and Industrial Commission of Ohio
 State Treasury Asset Reserve of Ohio

Also, we did not audit the following component units:

Blended

Ohio Building Authority
 Ohio Public Facilities Commission

State Highway Patrol Retirement System

Discretely Presented

Ohio Water Development Authority
 Bowling Green State University
 Columbus State Community College
 Youngstown State University
 Medical College of Ohio at Toledo

University of Akron
 Miami University
 Kent State University
 Ohio State University
 Cleveland State University

Ohio University
 University of Cincinnati
 University of Toledo
 Wright State University

In addition, we did not audit the financial statements of the Public Employees Retirement System, Police and Firemen's Disability and Pension Fund System, State Teachers Retirement System, and School Employees Retirement System, whose assets are held by the Treasurer of State and are included as part of the State's trust and agency fund type. These financial statements reflect the following percentages 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	7%	0%
Debt Service Fund Type	39%	10%
Capital Projects Fund Type	1%	66%
Enterprise Fund Type	88%	64%
Internal Service Fund Type	30%	11%
Trust and Agency Fund Type	96%	49%
General Fixed Assets Account Group	9%	—
General Long-Term Obligations Account Group	(69%)	—
Discretely Presented Component Units	96%	96%

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, 1998, 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 2 to the general-purpose financial statements, the State of Ohio has 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, 1998.

As discussed in Note 25 to the general-purpose financial statements, the State of Ohio has implemented Technical Bulletin 98-1 of the Governmental Accounting Standards Board, *Disclosures about Year 2000 Issues* for the fiscal year ended June 30, 1998. The Bulletin requires auditors' reports dated after October 31, 1998 to include certain Year 2000 disclosures. The component units for the State of Ohio, which were audited by other auditors, issued their audit reports prior to October 31, 1998 and were not required to include Year 2000 disclosures. As such, the component units are not included within the State of Ohio's Note 25 regarding Year 2000 disclosures.

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 20, 1998