



Comprehensive Annual Financial Report

The State of Ohio
Fiscal Year Ended June 30, 2012

Governor John R. Kasich
Office of Budget and Management
Director Timothy S. Keen

ACKNOWLEDGMENTS

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

State of Ohio

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Fiscal Year Ended June 30, 2012



Office of Budget and Management

OBM Director Timothy S. Keen

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Prepared by OBM Division of State Accounting.

STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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Introductory Section



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Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

March 21, 2013

To the Honorable John R. Kasich, Governor;
Members of the Ohio General Assembly; and
Citizens of Ohio:

It is my privilege to present the State of Ohio's *Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2012, prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

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

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

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

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

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

INDEPENDENT AUDIT RESULTS

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

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

PROFILE OF THE GOVERNMENT

History

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

Governmental Structure

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

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

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

Reporting Entity and Its Services

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

The State provides a wide range of services and support to its citizenry that are accounted for in the following functions or programs: primary, secondary and other education; higher education support; public assistance and Medicaid; health and human services; justice and public protection; environmental

protection and natural resources; transportation; general government; community and economic development; workers' compensation; lottery; unemployment compensation; tuition credits; liquor control; and other business-type activities.

Retirement Systems

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

Risk Management

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

Budgetary Control and Accounting System

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

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

Budget-to-actual comparisons can be found in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Job, Family and Other Human Services Special Revenue Fund, these comparisons are presented as part of the basic financial statements. For other budgeted non-major governmental funds with appropriated annual

budgets, budget-to-actual comparisons are in the non-major governmental funds section of the CAFR.

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

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

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

ECONOMIC OVERVIEW AND OUTLOOK

Overview

The recovery from the Great Recession of 2007-09 continued at a moderate pace through 2012, with the third quarter of 2012 representing the thirteenth consecutive quarter of growth in real GDP. Following the longest and most severe recession since World War II, the economy has mounted the weakest recovery during that time, with real GDP increasing at an annual rate of only 2.2 percent. In sharp contrast, real GDP grew at a 3.9 percent annual rate on average during the first thirteen quarters immediately following the three previous recessions of 1981-82, 1990-91, and 2001.

A number of factors have combined to make this current recovery weaker than average, as the reactions to the financial crisis of 2008-09 by households, businesses and the federal government have played a role in the slow recovery. The borrowing by households, especially related to the housing bubble, that boosted economic growth during much of the 2000's has given way to the paying down of debt, which has been subtracting from the pace of economic growth. In reaction to the crisis and generally weak demand thereafter, many businesses have used cash to restructure and strengthen their

balance sheets instead of expanding faster and hiring more workers.

As a result, the economy is still operating well below its potential across an array of measures. Total U.S. employment decreased by 8.7 million jobs, or a record 6.3 percent, during the recession and remains 3.2 million jobs, or 2.3 percent, below the pre-recession peak reached almost five years ago. The unemployment rate spiked to 10.0 percent — the highest since 10.8 percent in the 1981-82 recession — and now remains at a still-lofty 7.9 percent.

Despite the recent improvement in labor markets, the situation of unemployed workers has been more severe than at any time in the post-war period. The average duration of unemployment was a record 38.1 weeks at the end of 2012, down from the all-time high of 44.7 weeks at the end of 2011, but well above the 1948-2007 average of 13.5 weeks. Although down from the record high reached during the recession, the percentage of unemployed people not on temporary layoff remained above the peaks reached in previous cycles during the past 45 years. Including discouraged workers and those working part-time for economic reasons, the unemployment rate was 14.4 percent at the end of 2012 — well above normal.

Industrial production fell by a record 17.2 percent in the recession and still remained 2.6 percent below its pre-recession peak at the end of 2012, with factories operating at only 77.0 percent of capacity. Housing construction and sales decreased by record amounts in the recession, and remain at depressed levels, despite notable improvement during 2012. Home prices fell substantially during the recession, reducing household net worth and damaging the balance sheets of many banks and financial institutions. Expectations of little price appreciation and large supplies of unoccupied homes that have restrained construction in many markets have improved recently, as prices have finally started increasing in most markets and the inventory of houses for sale has decreased almost back to the historical norm.

The Ohio economy has followed a similar course. The decrease in Ohio employment was steeper relative to the rest of the country during the recession, but the rebound has been slightly stronger. Incomes have recovered somewhat faster in Ohio than for the rest of the country. Both Ohio wage and salary income and total personal income recovered at a faster pace through the third quarter of 2012 than they declined during the recession and at a faster pace than across the country. For example, although incomes decreased more rapidly in Ohio than across the country in the recession, incomes have recovered somewhat faster. Wage and salary income, which is an important variable and a key determinant of revenues from both the income tax and the sales tax, has recovered at a faster pace through the third quarter of 2012 than it declined

during the recession. It has also increased at a faster pace than the average across the country. U.S. wage and salary income decreased by 5.3 percent from peak to trough (a 3.5 percent annualized pace) and since then has grown by 10.0 percent (a 3.2 percent annualized pace). In contrast, Ohio wage and salary income decreased by 6.2 percent from peak to trough (an annual rate of 3.6 percent) but since then has grown by 10.8 percent (a 3.8 percent annualized pace).

Outlook

As 2013 gets underway, the U.S. and Ohio economies are more than three years into modest recoveries, and recent patterns in leading economic indicators point toward continued, but moderate growth. The 12-month rate of change in the composite leading economic index from the Conference Board slowed from a peak of 10.2 percent in April 2010 to 1.8 percent in November 2012, but – along with other leading indicators – remains consistent with continued moderate economic growth. The weekly leading economic index from the Economic Cycle Research Institute has traced out a similar pattern. Both indexes are comprised of a number of separate indicators that tend to move in advance of the overall economy.

Leading indicators for Ohio are also consistent with continued, though modest economic growth. The Ohio coincident economic index, compiled by the Federal Reserve Bank of Philadelphia, increased for the 35th consecutive month in November 2012, although the rate of increase slowed late in the year. The Federal Reserve Bank of Philadelphia leading index for Ohio, which is designed to predict the 6-month rate of change in the coincident index, was positive for 41 months straight in November 2012, but was consistent with somewhat slower growth ahead. Importantly, the Ohio leading economic index from Ohio's Labor Market Information Division picked up in 2012 to a pace consistent with that of the Philadelphia Federal Reserve leading index.

The consensus among forecasters is that economic growth will pick up in 2013 and 2014, but not reach 3.0 percent until late in 2014. Activity is expected to remain somewhat weaker than potential across most measures.

The macroeconomic forecasting firm IHS Global Insight predicted in December 2012 that after remaining at 2.0 percent in fiscal year 2013, primarily due to the drag on consumer spending from the payroll tax rate increase, real GDP will be about the same at 2.1 percent in fiscal year 2014 before accelerating to 3.2 percent in fiscal year 2015. Consumer spending, business investment in equipment and software and exports are expected to be key drivers of growth. Investment in residential structures is expected to make a rising contribution to growth, while government spending is expected to be

a drag as federal, state, and local governments continue to wrestle with the multi-year task of aligning spending with reduced levels of revenue.

The forecast is based on the assumption that monetary policy would remain supportive of economic growth well into 2015, that federal government spending would stay at an elevated percentage of GDP and that federal deficit financing would continue at a high, but progressively declining, rate. It is also assumed that the price of oil would decrease to an average of \$85 per barrel on in fiscal year 2015, reflecting the potential for large increases in domestic oil and gas production.

IHS Global Insight expects inflation to remain below 2.0 percent throughout the forecast period. The substantial slack in the economy, in terms of the number of unemployed workers and the gap between observed and potential GDP – even after three years of economic recovery – are expected to prevent a broad and sustained rise in inflation within the forecast period.

U.S. retail sales are projected to rise by a moderate 3.0 percent in fiscal year 2014 and 3.1 percent in fiscal year 2015, as higher taxes, low inflation and modest employment growth restrain the ability and willingness of consumers to spend. Sales of light motor vehicles are projected to continue rising, reaching 15.3 million units in fiscal year 2014 and 16.0 million units in fiscal year 2015, as pent up demand from the lean years is finally met. Corporate profits are expected to continue slackening, as reduced profit margins combine with sluggish demand growth, rising only 3.0 percent in fiscal year 2014 and falling 1.5 percent in fiscal year 2015.

In Ohio, employment is projected to increase 1.4 percent in fiscal year 2014 and 1.3 percent in fiscal year 2015, down from 1.7 percent in fiscal year 2012, but among the best growth rates in many years. The unemployment rate, which is currently approximately a full percentage point below the national average, is projected to continue declining gradually, averaging 6.7 percent in fiscal year 2014 and 6.6 percent in fiscal year 2015. Ohio wage and salary disbursements are projected to accelerate moderately from an estimated 3.2 percent in fiscal year 2013 to 3.7 percent in fiscal year 2014 and 4.0 percent in fiscal year 2015.

Risks to the Outlook

Negative risks to the outlook include:

- Economic policy issues, including the potential for a prolonged impasse on federal debt ceiling extension leading to a loss of economic confidence and disruption of financial markets, a failure to restrain growth in government spending relative to the size of the economy, and/or additional new taxes or tax rate increases.

- Tepid growth in employment, especially in the manufacturing sector affected by sluggish growth in exports.
- A reversal of the housing rebound, resulting in stagnation in house prices, stagnant or reduced household wealth, increased fragility of financial institutions and lost federal and state tax revenue.
- Weaker overseas demand for U.S.-made goods, resulting from a slowdown in the economy of China and/or a prolonged recession or renewed financial stress in the Eurozone.

Positive risks to the outlook include:

- A faster than anticipated recovery by financial markets in response to the aggressive actions by the Federal Reserve, leading to greater confidence among households and businesses.
- The ongoing repair of household and business balance sheets and restructuring of state and local government activities and finances could provide a significant and enduring boost to economic activity.
- A boom in energy production in Ohio and other states with vast, emerging supplies of lower-cost oil and natural gas. Just as the oil embargo of the 1970's ushered in a period of sharply higher energy prices and declining productivity and economic growth, new energy finds could boost productivity and standards of living through lower energy costs.

MAJOR INITIATIVES AND PROJECTS

The “Jobs Budget” – Fiscal Years 2012 and 2013

Consistent with state law, the Governor's biennial Executive Budget for fiscal years 2012 and 2013 was released in March 2011 and introduced in the General Assembly as H.B. 153. After extended hearings and review, the 2012-13 biennial appropriations budget was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2011.

Among major policy initiatives undertaken by the Kasich Administration in conjunction with the biennial operating budget for fiscal years 2012 and 2013:

- Renewing Fiscal Stability and Reining-in Spending: H.B. 153 closed an historic \$7.7 billion budget gap that had been projected for fiscal years 2012-2013 by asking every state agency to tighten its belt – and asking the same of local governments as well. In the wake of a budget that relied heavily on one-time resources and budgeting strategies that made GRF spending appear artificially lower, the fiscal year 2012-2013 budget virtually eliminated reliance on one-time funds by the second year and returned Ohio to more transparent and standard budgeting practices. The fiscal year 2012-2013 budget reduced non-Medicaid appropriations in the GRF by nearly \$700 million compared to actual spending in the previous biennium. Through this and other

cost-reduction strategies in H.B. 153, government spending was restrained and aligned with ongoing resources.

- Making Ohio Jobs Friendly: In January 2011, H.B. 1 created JobsOhio, a private, nonprofit corporation designed to lead Ohio's job-creation efforts. Provisions in H.B. 153 authorized a stable revenue stream for JobsOhio, a source of funding not subject to the vagaries of a budget bill. These efforts were further supported in H.B. 153 with several jobs-friendly initiatives. Through its InvestOhio initiative, the budget bill provided a 10 percent tax credit for long-term investments of up to \$10 million in an Ohio small business. Elimination of Ohio's estate tax now provides more than \$300 million in tax relief annually, helping farmers and small-business owners keep enterprises in the family from generation to generation. In addition, the existing refundable Job Retention Tax Credit (JRTC) was expanded by H.B. 153, allowing the State to issue up to \$25 million of new refundable tax credits between 2011 and 2013 and from 2014 to 2028, up to \$25 million per fiscal year. The budget is providing \$60 million for incumbent worker training to help prevent layoffs created by a skills deficit and to help ensure that Ohio businesses have the workforce they need to be globally competitive.
- Transforming State Healthcare Programs to Achieve Cost Savings and Improve Their Operation: Governor Kasich created the Office of Health Transformation (OHT) in January 2011 in order to immediately address Medicaid spending issues, plan for the long-term, efficient administration of Ohio's Medicaid program and improve overall healthcare system performance in Ohio.
- Improving Educational Opportunities for Ohio Students: H.B. 153 expanded education choices by more than doubling the number of EdChoice scholarships (from 14,000 to 30,000 in fiscal year 2012 and to 60,000 in fiscal year 2013) and lifted the cap on the number of charter schools. The budget required failing schools to implement practices that will turn the school around by replacing staff, hiring an independent organization to run the school or by closing it. A new teacher evaluation system, based on multiple measures, gives students the opportunity to learn from the best, when seniority is no longer the primary focus of teacher employment and compensation. Instead, high-quality educators are receiving better recognition and lower-performing teachers are now able to improve or face removal. A 3.5 percent tuition cap enacted in the budget bill helps make higher education affordable. Additionally, the budget works to keep students in Ohio by extending the in-state resident tuition break to ten years if an Ohio high school graduate leaves the state and wants to return.

- **Maximizing the Value of Existing State Assets:** As part of the Kasich Administration's budget-balancing strategy, H.B. 153 authorized the sale or lease of existing state assets in order to maximize their value for Ohio citizens. The budget bill authorized the State to enter into a long-term lease of its liquor enterprise to JobsOhio, described above, providing an ongoing source of funding for the private-sector agency's economic development efforts. H.B. 153 also addressed projected shortfalls in federal and state highway funding that threaten the future of Ohio's transportation system as a fundamental generator of jobs and commerce. The bill authorized leveraging of the Ohio Turnpike, a plan that when fully implemented by future legislation will provide needed support for new transportation projects and required maintenance that will keep Ohio's job-creating infrastructure moving.

Additional discussion of the 2012-13 biennial budget is provided in the General Fund Budgetary Highlights section of the MD&A.

Mid-Biennium Review

Soon after passage of the fiscal year 2012 and 2013 biennial operating budget in June 2011, the Kasich Administration embarked on an unprecedented Mid-Biennium Review (MBR), a top-to-bottom analysis of state agency budgets, operations and programs.

This effort, led by the Office of Budget and Management, produced hundreds of recommendations for reforms designed to reduce the cost of government and revitalize Ohio's ability to keep and attract jobs.

Proposals generated by the MBR included efficiencies and reform initiatives affecting education, energy policy, healthcare, tax reform, workforce development, veterans' services and cost-saving tools for local governments and schools. Together, these proposals were enacted in seven pieces of legislation passed by the General Assembly in the spring of 2012. Among the MBR's initiatives were those aimed at:

- **Reducing the Cost of State Agency Operations:** Among its achievements, the MBR identified ways to cut more than \$113 million from agency budgets in the following fiscal year, while making significant changes that streamline government operations and improve delivery of services. Many reductions and reforms – including those focused on state healthcare and human services programs – were enacted by the General Assembly in House Bill 487, the Management Efficiency Plan, which was signed by Governor Kasich on June 11, 2012. Management-efficiency reforms included replacing the separate offices of the State Architect and Engineer, and the Office of Energy Services with an Ohio Facilities Construction Commission

(OFCC) to administer the design and construction of state public facilities. The Ohio School Facilities Commission was retained as an independent agency within the OFCC and sharing employees and facilities.

- **Advancing Education and Workforce Training in Ohio:** Education and workforce training initiatives produced by the MBR included those for strengthening Ohio's "third grade reading guarantee," career education, a new school performance measuring system and expansion of digital and online learning. Other measures provided flexibility for teacher evaluations, new standards for dropout recovery schools, assessments of all publicly funded early childhood programs, and support for a reform plan for the City of Cleveland schools. In the realm of workforce development, the MBR led to legislation creating programs to help provide job opportunities for the developmentally disabled, implement an improved workforce development program allowing those undergoing training with an employer to continue collecting unemployment benefits and match skilled veterans to the most in-demand jobs.
- **Reforming Taxation of Financial Institutions:** As further implementation of the MBR, the General Assembly enacted, and the Governor signed into law on December 20, 2012, a new financial institutions tax to take effect for tax year 2014. The tax will apply to many companies that are currently subject to Ohio's corporate franchise tax, primarily banks and other corporations classified as financial institutions, and also generally subjects "dealers in intangibles" (e.g., mortgage brokers, stockbrokers, finance and loan companies that are not classified as financial institutions) to the commercial activity tax. The financial institutions tax will replace the current corporate franchise tax on financial institutions and the current dealers in intangibles tax. The proceeds of those current taxes are, and the proceeds from the new financial institutions tax will be, deposited in the GRF. Based on revenue targets and mechanisms established in this legislation, OBM projects the effect of these tax changes to be revenue neutral to the GRF.

Capital Budget – Fiscal Years 2013 and 2014

Fiscal year 2012 also saw passage of the Kasich Administration's capital budget proposal for the 2013 and 2014 fiscal biennium – the state's first capital budget in four years. The resulting legislation (HB 482) was enacted by the General Assembly and signed by the Governor on April 2, 2012. Focusing on schools, higher education, technological research and workforce development, this capital budget will invest more than \$1.74 billion in fiscal years 2013 and 2014 to maintain and improve the state's educational and public service infrastructure in ways that help keep Ohio a leader in the competitive world economy.

AWARDS AND ACKNOWLEDGEMENTS

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, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Timothy S. Keen
Director

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STATE OF OHIO OFFICIALS

As of June 30, 2012

EXECUTIVE

John Kasich
Governor

Mary Taylor
Lieutenant Governor

Mike DeWine
Attorney General

Dave Yost
Auditor of State

Josh Mandel
Treasurer of State

Jon Husted
Secretary of State

LEGISLATIVE

Thomas E. Niehaus
President of the Senate

William G. Batchelder
Speaker of the House

JUDICIAL

Maureen O'Connor
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

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

PRIMARY GOVERNMENT (Continued)

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

<p>Blended Component Units: Ohio Building Authority (included in Governmental and Business-Type Activities) State Highway Patrol Retirement System (included as Fiduciary Activities) Buckeye Tobacco Settlement Financing Authority (included as Governmental Activities)</p> <p>Discretely Presented Component Units: <i>Financing Authorities:</i> Ohio Air Quality Development Authority Ohio Water Development Authority Ohio Capital Fund</p> <p><i>Commissions:</i> Cultural Facilities Commission School Facilities Commission eTech Ohio Commission</p>	<p>Discretely Presented Component Units (continued): <i>State Universities:</i> Bowling Green State University Central State University Cleveland State University Kent State University Miami University Ohio State University Ohio University Shawnee State University University of Akron University of Cincinnati University of Toledo Wright State University Youngstown State University</p> <p><i>State Community Colleges:</i> Cincinnati State Clark State Columbus State Edison State Northwest State Owens State Southern State Terra State Washington State</p>
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JOINT VENTURES	RELATED ORGANIZATIONS
Great Lakes Protection Fund Local Community Colleges Technical Colleges	Higher Education Facility Commission Ohio Housing Finance Agency Ohio Legal Assistance Foundation Ohio Turnpike Commission Petroleum Underground Storage Tank Release Compensation Board

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, 2011

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.



Christopher P. Movill

President

Jeffrey R. Enev

Executive Director

Financial Section



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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable John Kasich, Governor
State of Ohio
Columbus, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Ohio (the State), as of and for the year ended June 30, 2012, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following organizations:

Primary Government: Office of the Auditor of State; Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio; Office of Financial Incentives; State Treasury Asset Reserve of Ohio; Treasurer of State Lease Revenue Bonds; and Tuition Trust Authority.

Blended Component Units: Ohio Building Authority and State Highway Patrol Retirement System.

Discretely Presented Component Units: Bowling Green State University; Central State University; Cleveland State University; Kent State University; Miami University; Ohio State University; Ohio University; Shawnee State University; University of Akron; University of Cincinnati; University of Toledo; Wright State University; Youngstown State University; Cincinnati State Community College; Clark State Community College; Columbus State Community College; Edison State Community College; Northwest State Community College; Owens State Community College; Southern State Community College; Terra State Community College; Washington State Community College; Ohio Capital Fund; and Ohio Water Development Authority.

In addition, we did not audit the financial statements of the Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, and School Employees Retirement System, whose assets are held by the Treasurer of State and are included as part of the State's Aggregate Remaining Fund Information.

These financial statements reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues / Additions
Governmental Activities	2%	1%
Business-Type Activities	95%	38%
Aggregate Discretely Presented Component Units	98%	94%
Aggregate Remaining Fund Information	95%	15%
Workers' Compensation	100%	100%

Those financial statements listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these independently audited organizations, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Ohio, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we are issuing our report dated March 21, 2013 under separate cover with the State of Ohio Single Audit report, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and the *Required Supplementary Information's Infrastructure Assets Accounted for Using the Modified Approach*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the State's basic financial statements taken as a whole. The introductory section, combining fund statements, individual fund schedules and statistical section provide additional information and are not a required part of the basic financial statements. The financial section's combining statements and individual fund schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We and the other auditors subjected the combining fund statements and individual fund schedules to the auditing procedures applied in the audit of the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, in accordance

with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 21, 2013

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State of Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012 (Unaudited)

Introduction

This section of the State of Ohio's annual financial report presents management's discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2012. The management's discussion and analysis section should be read in conjunction with the preceding transmittal letter and the State's financial statements, which follow.

Financial Highlights

Government-wide Financial Statements

During fiscal year 2012, net assets of the State's primary government increased by \$2.32 billion and ended fiscal year 2012 with a balance of \$25.17 billion. Net assets of the State's component units increased by \$885.8 million, after prior year restatements, and ended fiscal year 2012 with a balance of \$14.37 billion. Additional discussion of the State's government-wide balances and activities, as of and for the year ended June 30, 2012, can be found beginning on page 9.

Fund Financial Statements

Governmental funds reported a combined ending fund balance of \$11.32 billion that was comprised of \$173.7 million in nonspendable, \$8.51 billion restricted for specific purposes, \$1.39 billion committed, \$1.67 billion in assigned, and a \$416.2 million deficit in unassigned. Nonspendable includes amounts for inventories, the noncurrent portion of loans receivables, prepaids, and advances to local governments. The purposes of the restricted, committed, and assigned fund balances are 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, capital outlay and debt service. The balances and activities of the State's governmental funds are discussed further beginning on page 13.

As of June 30, 2012, the General Fund's fund balance was approximately \$3.19 billion, including \$87 million in nonspendable, \$1.03 billion in restricted, \$824.6 million in committed, \$1.67 billion in assigned, and a \$415.7 million deficit in unassigned, as detailed in NOTE 17. The General Fund's fund balance increased by \$968 million (exclusive of a \$1.6 million decrease in inventories) or 43.5 percent during fiscal year 2012. The balances and activities of the General Fund are discussed further beginning on page 13.

Proprietary funds reported net assets of \$6.57 billion, as of June 30, 2012, an increase of \$2.49 billion since June 30, 2011. This increase is largely due to the net increase of \$2.05 billion in the Workers' Compensation Fund. The balances and activities of the proprietary funds are discussed further beginning on page 15.

Capital Assets

The carrying amount of capital assets for the State's primary government increased to \$25.76 billion at June 30, 2012. The majority of the \$35.7 million increase during fiscal year 2012 was the acquisition of highway network infrastructure. Further discussion of the State's capital assets can be found beginning on page 16.

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

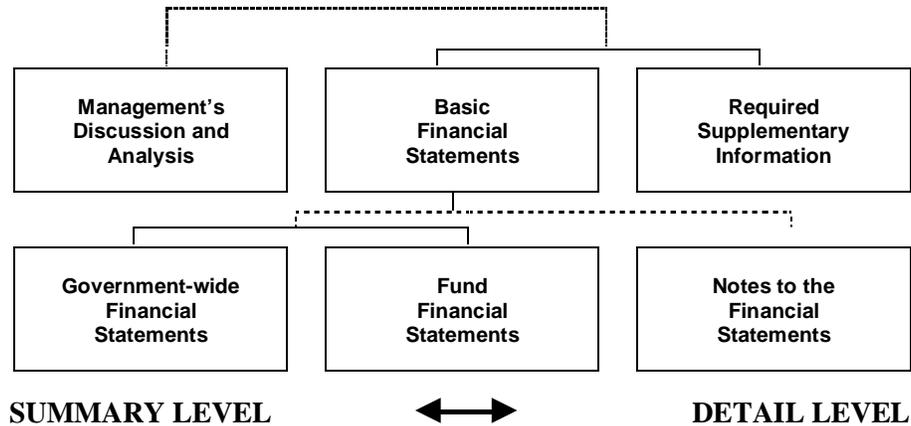
Overall, the carrying amount of total long-term debt for the State's primary government increased \$780.1 million or 4.5 percent during fiscal year 2012 and reported an ending balance of \$18.3 billion. During the year, the State issued, at par, \$2.28 billion in general obligation bonds, \$194 million in revenue bond anticipation notes (BANS), and \$259.2 million in special obligation bonds. Of the general obligation bonds and special obligation bonds issued, at par, \$1.15 billion and \$226.5 million, respectively, were refunding bonds. Additional discussion of the State's bonds, notes, and certificates of participation can be found beginning on page 17.

Overview of the Financial Statements

This annual report consists of management’s discussion and analysis, basic financial statements, including the accompanying notes to the financial statements, required supplementary information, and combining statements and schedules for the nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component unit funds. The basic financial statements are comprised of the government-wide financial statements and fund financial statements.

Figure 1 below illustrates how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, as explained later, this report includes an optional section that contains combining statements that provide details about the State’s nonmajor governmental and proprietary funds and discretely presented component units.

**Figure 1
Required Components of the
State of Ohio’s Annual Financial Report**



The *Government-wide Financial Statements* provide financial information about the State as a whole, including its component units.

The *Fund Financial Statements* focus on the State’s operations in more detail than the government-wide financial statements. The financial statements presented for governmental funds report on the State’s general government services. Proprietary fund statements report on the activities that the State operates like private-sector businesses. Fiduciary fund statements provide information about the financial relationships in which the State acts solely as a trustee or agent for the benefit of others outside of the government, to whom the resources belong.

Following the fund financial statements, the State includes financial statements for its major component units within the basic financial statements section. Nonmajor component units are also presented in aggregation under a single column in the component unit financial statements.

The basic financial statements section includes notes that more fully explain the information in the government-wide and fund financial statements; the notes provide more detailed data that are essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found on pages 52 through 138 of this report.

In addition to the basic financial statements and accompanying notes, a section of required supplementary information further discusses the assessed condition and estimated and actual maintenance and preservation costs of the state’s highway and bridge infrastructure assets that are reported using the modified approach. Limited in application to a government’s infrastructure assets, the modified approach provides an alternative to the traditional recognition of depreciation expense. Required supplementary information can be found on pages 139 through 142 of this report.

Figure 2 on the following page summarizes the major features of the State’s financial statements.

Figure 2
Major Features of the State of Ohio's Government-wide and Fund Financial Statements

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as general government, transportation, justice and public protection, etc.	Activities the State operates similar to private businesses, such as the workers' compensation insurance program, lottery, tuition credit program, etc.	Instances in which the State is the trustee or agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. For these statements, the State applies accounting methods similar to those used by private-sector companies; that is, the State follows the accrual basis of accounting and the economic resources focus when preparing the government-wide financial statements. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of the timing of related cash inflows or outflows.

The two government-wide financial statements report the State's net assets and how they have changed. Net assets — the difference between the State's assets/deferred outflows of resources and liabilities/deferred inflows of resources — is one way to measure the State's financial health, or position. Over time, increases or decreases in the State's net assets indicate whether its financial health has improved or deteriorated, respectively. However, a reader should consider additional nonfinancial factors, such as changes in the State's economic indicators and the condition of the State's highway system, when assessing the State's overall financial status.

The State's government-wide financial statements, which can be found on pages 22 through 25 of this report, are divided into three categories as follows.

Governmental Activities — Most of the State's basic services are reported under this category, such as primary, secondary and other education, higher education support, public assistance and Medicaid, health and human services, justice and public protection, environmental protection and natural resources, transportation, general government, and community and economic development. Taxes, federal grants, charges for services, including license, permit, and other fee income, fines and forfeitures, and other income finance most of these activities.

Business-type Activities — The State charges fees to customers to help cover the costs of certain services it provides. The State reports the following programs and activities as business-type: workers' compensation insurance program, lottery operations, unemployment compensation program, the leasing and maintenance operations

of the Ohio Building Authority, which ceased operations December 31, 2011, guaranteed college tuition credit program, liquor control operations, underground parking garage operations at the statehouse, and the Auditor of State's governmental auditing and accounting services.

Component Units — The State presents the financial activities of the School Facilities Commission, Cultural Facilities Commission, eTech Ohio Commission, Ohio Water Development Authority, Ohio Air Quality Development Authority, the Ohio Capital Fund, and 22 state-assisted colleges and universities as discretely presented component units under a separate column in the government-wide financial statements. The Buckeye Tobacco Settlement Financing Authority is presented as a blended component unit with its activities blended and included under governmental activities. Additionally, the Ohio Building Authority, which ceased operations December 31, 2011, is presented as a blended component unit with its activities blended and included under governmental and business-type activities. Although legally separate, the State is financially accountable for its component units, as is further explained in NOTE 1A. to the financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds — not the State as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. State law and bond covenants mandate the use of some funds. The Ohio General Assembly establishes other funds to control and manage money for particular purposes or to show that the State is properly using certain taxes and grants. The State employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State has three kinds of funds — governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds — Most of the State's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out (i.e., near-term inflows and outflows of spendable resources) and the balances remaining at year-end that are available for spending (i.e., balances of spendable resources). Consequently, the governmental fund financial statements provide a detailed short-term view that helps the financial statement reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The State prepares the governmental fund financial statements by applying the modified accrual basis of accounting and a current financial resources focus. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation schedule, which follows each of the governmental fund financial statements, explains the relationship (or differences) between them.

The State's governmental funds include the General Fund and 10 special revenue funds, 25 debt service funds, and 11 capital projects funds. Under separate columns, information is presented in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Job, Family and Other Human Services Special Revenue Fund, and the Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund, all of which are considered major funds. Data from the other 44 governmental funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic governmental fund financial statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

For budgeted governmental funds, the State also presents budgetary comparison statements and schedules in the basic financial statements and combining statements, respectively, to demonstrate compliance with the appropriated budget. The State's budgetary process is explained further in NOTE 1D. to the financial statements.

The basic governmental fund financial statements can be found on pages 26 through 35 of this report while the combining fund statements and schedules can be found on pages 145 through 204.

Proprietary Funds — Services for which the State charges customers a fee are generally reported in proprietary funds. Financial statements for the proprietary funds, which are classified as enterprise funds, provide both long- and short-term financial information. Like the government-wide financial statements, the State prepares the proprietary fund financial statements for its eight enterprise funds by applying the accrual basis of accounting and an economic resources focus.

Under separate columns, information is presented in the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows for the Workers' Compensation, Lottery Commission, and Unemployment Compensation enterprise funds, all of which are considered to be major funds. Data from the other five enterprise funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the basic proprietary fund financial statements. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The enterprise funds are the same as the State's business-type activities reported in the government-wide financial statements, but the proprietary fund financial statements provide more detail and additional information, such as information on cash flows. The basic proprietary fund financial statements can be found on pages 36 through 43 of this report while the combining fund statements can be found on pages 205 through 213.

Fiduciary Funds — The State is the trustee, or fiduciary, for assets that — because of a trust arrangement — can only be used for the trust beneficiaries. The State is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the State's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The State excludes the State Highway Patrol Retirement System Pension Trust Fund, Variable College Savings Plan Private-Purpose Trust Fund, STAR Ohio Investment Trust Fund, and the agency funds from its government-wide financial statements because the State cannot use these assets to finance its operations. The basic fiduciary fund financial statements can be found on pages 44 through 47 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets. During fiscal year 2012, as shown in the table below, the combined net assets of the State's primary government increased \$2.32 billion or 10.2 percent. Net assets reported for governmental activities decreased \$166.4 million or less than one percent and business-type activities increased \$2.49 billion, or 61 percent. Condensed financial information derived from the Statement of Net Assets for the primary government follows.

	As of June 30, 2012			As of June 30, 2011		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Assets and Deferred						
Outflows of Resources:						
Current Assets and Other						
Noncurrent Assets	\$ 18,274,202	\$ 29,364,751	\$ 47,638,953	\$ 18,125,869	\$ 27,813,243	\$ 45,939,112
Capital assets	25,611,543	144,164	25,755,707	25,559,678	160,302	25,719,980
Total Assets	43,885,745	29,508,915	73,394,660	43,685,547	27,973,545	71,659,092
Total Deferred Outflows						
of Resources	\$ 59,117	\$ -	\$ 59,117	\$ 36,708	\$ -	\$ 36,708
Liabilities						
Current and Other Liabilities.....	6,239,624	(16,211) *	6,223,413	6,659,174	145,688	6,804,862
Noncurrent Liabilities.....	19,107,231	22,956,562	42,063,793	18,298,713	23,748,969	42,047,682
Total Liabilities.....	25,346,855	22,940,351	48,287,206	24,957,887	23,894,657	48,852,544
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	22,147,262	67,331	22,214,593	23,157,156	54,430	23,211,586
Restricted.....	3,579,618	7,884,358	11,463,976	3,856,555	5,844,952	9,701,507
Unrestricted.....	(7,128,873)	(1,383,125)	(8,511,998)	(8,249,343)	(1,820,494)	(10,069,837)
Total Net Assets.....	\$ 18,598,007	\$ 6,568,564	\$ 25,166,571	\$ 18,764,368	\$ 4,078,888	\$ 22,843,256

* Internal balances exceeded current and other liabilities. (See page 22.)

As of June 30, 2012, the primary government's investment in capital assets (i.e., land, buildings, land improvements, machinery and equipment, vehicles, infrastructure, and construction-in-progress), less related outstanding debt, was \$22.21 billion. Restricted net assets were approximately \$11.46 billion, resulting in an \$8.51 billion deficit. Net assets are restricted when constraints on their use are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) legally imposed through constitutional or enabling legislation. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide Statement of Net Assets reflects a \$7.13 billion deficit for unrestricted governmental activities. The State of Ohio, like many other state governments, issues general and special obligation debt, the proceeds of which benefit local governments and component units. The proceeds are used to build facilities for public-assisted colleges and universities and local school districts and finance infrastructure improvements for local governments. The policy of selling general obligation and special obligation bonds for these purposes has been the practice for many years. Of the \$10.98 billion of outstanding general obligation and special obligation debt at

June 30, 2012, \$8.13 billion is attributable to debt issued for state assistance to component units (School Facilities Commission, Cultural Facilities Commission, and the colleges and universities) and local governments. The balance sheets of component unit and local government recipients reflect ownership of the related constructed capital assets without the burden of recording the debt. Unspent proceeds related to these bond issuances are included on the Statement of Net Assets as restricted net assets. By issuing such debt, the State is left to reflect significant liabilities without the benefit of recording the capital assets constructed with the proceeds from the debt issuances.

Additionally, as of June 30, 2012, the State's governmental activities have significant unfunded liabilities for compensated absences in the amount of \$440.4 million (see NOTE 14A.) and a \$699.5 million interfund payable due to the workers' compensation component of business-type activities for the State's workers' compensation liability (see NOTE 7A.). These unfunded liabilities also contribute to the reported deficit for governmental activities.

Condensed financial information derived from the Statement of Activities, which reports how the net assets of the State's primary government changed during fiscal years 2012 and 2011, follows.

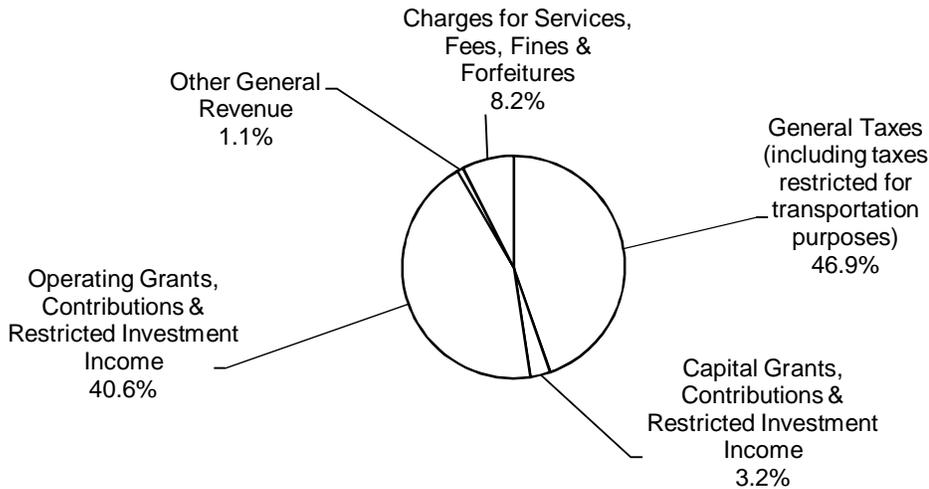
Primary Government Statement of Activities For the Fiscal Year Ended June 30, 2012 With Comparatives for the Fiscal Year Ended June 30, 2011 (dollars in thousands)						
	Fiscal Year 2012			Fiscal Year 2011		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Revenue:						
Charges for Services, Fees, Fines and Forfeitures	\$ 4,031,628	\$ 7,283,146	\$ 11,314,774	\$ 3,776,993	\$ 6,957,195	\$ 10,734,188
Operating Grants, Contributions and Restricted Investment Income/ (loss)	20,053,477	3,568,091	23,621,568	22,041,872	5,002,794	27,044,666
Capital Grants, Contributions and Restricted Investment Income/ (loss)	1,573,765	-	1,573,765	1,465,484	-	1,465,484
Total Program Revenues	<u>25,658,870</u>	<u>10,851,237</u>	<u>36,510,107</u>	<u>27,284,349</u>	<u>11,959,989</u>	<u>39,244,338</u>
General Revenues:						
General Taxes	21,374,384	-	21,374,384	20,626,711	-	20,626,711
Taxes Restricted for Transportation	1,800,473	-	1,800,473	1,759,421	-	1,759,421
Tobacco Settlement	333,148	-	333,148	334,665	-	334,665
Escheat Property	153,556	-	153,556	101,289	-	101,289
Unrestricted Investment Income	3,702	3	3,705	2,688	1,184	3,872
Other	48,078	5	48,083	1,323	-	1,323
Total General Revenues	<u>23,713,341</u>	<u>8</u>	<u>23,713,349</u>	<u>22,826,097</u>	<u>1,184</u>	<u>22,827,281</u>
Total Revenue	<u>49,372,211</u>	<u>10,851,245</u>	<u>60,223,456</u>	<u>50,110,446</u>	<u>11,961,173</u>	<u>62,071,619</u>
Expenses:						
Primary, Secondary and Other Education	12,340,848	-	12,340,848	12,126,435	-	12,126,435
Higher Education Support	2,348,154	-	2,348,154	2,726,016	-	2,726,016
Public Assistance and Medicaid	21,206,515	-	21,206,515	20,111,691	-	20,111,691
Health and Human Services	3,835,369	-	3,835,369	4,295,483	-	4,295,483
Justice and Public Protection	3,202,970	-	3,202,970	3,184,345	-	3,184,345
Environmental Protection and Natural Resources	407,379	-	407,379	350,870	-	350,870
Transportation	2,564,702	-	2,564,702	2,186,332	-	2,186,332
General Government	595,797	-	595,797	792,728	-	792,728
Community and Economic Development	3,867,888	-	3,867,888	4,479,010	-	4,479,010
Interest on Long term Debt (excludes interest charged as program expense)	118,902	-	118,902	134,888	-	134,888
Workers' Compensation	-	1,945,190	1,945,190	-	2,354,296	2,354,296
Lottery Commission	-	2,001,671	2,001,671	-	1,911,105	1,911,105
Unemployment Compensation	-	2,754,835	2,754,835	-	4,094,207	4,094,207
Ohio Building Authority	-	13,010	13,010	-	22,076	22,076
Tuition Trust Authority	-	80,157	80,157	-	79,671	79,671
Liquor Control	-	543,729	543,729	-	507,800	507,800
Underground Parking Garage	-	3,842	3,842	-	3,171	3,171
Office of Auditor of State	-	69,183	69,183	-	69,185	69,185
Total Expenses	<u>50,488,524</u>	<u>7,411,617</u>	<u>57,900,141</u>	<u>50,387,798</u>	<u>9,041,511</u>	<u>59,429,309</u>
Surplus/ (Deficiency) Before Transfers	(1,116,313)	3,439,628	2,323,315	(277,352)	2,919,662	2,642,310
Transfers - Internal Activities	949,952	(949,952)	-	945,551	(945,551)	-
Change In Net Assets	(166,361)	2,489,676	2,323,315	668,199	1,974,111	2,642,310
Net Assets, July 1	18,764,368	4,078,888	22,843,256	18,096,169	2,104,777	20,200,946
Net Assets, June 30	<u>\$ 18,598,007</u>	<u>\$ 6,568,564</u>	<u>\$ 25,166,571</u>	<u>\$ 18,764,368</u>	<u>\$ 4,078,888</u>	<u>\$ 22,843,256</u>

Governmental Activities

Expenses exceeded revenues during fiscal year 2012 for governmental activities. Although partially offset with transfers from the State’s business-type activities, net assets for governmental activities decreased from \$18.76 billion, at July 1, 2011, to \$18.6 billion, at June 30, 2012, or \$166.4 million. Revenues of \$49.37 billion for fiscal year 2012 were 1.5 percent lower than those reported for fiscal year 2011. General taxes (including taxes restricted for transportation purposes) comprised 46.9 percent of fiscal year 2012 total revenues and increased by 3.5 percent compared to fiscal year 2011. Operating grants, contributions and restricted investment income, making up 40.6 percent of total revenues, decreased by nine percent compared to fiscal year 2011. Fiscal year 2012 net transfers of \$950 million and expenses of \$50.49 billion both reflect increases of less than one percent over fiscal year 2011.

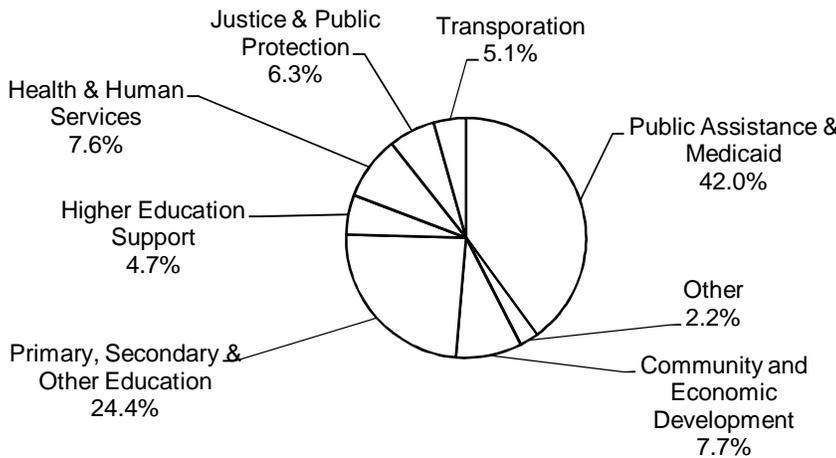
The following charts illustrate revenues by source and expenses by program of governmental activities as percentages of total revenues and program expenses, respectively, reported for the fiscal year ended June 30, 2012.

**Governmental Activities — Sources of Revenue
Fiscal Year 2012**



Total FY 12 Revenue for Governmental Activities = \$49.37 Billion

**Governmental Activities — Expenses by Program
Fiscal Year 2012**



Total FY 12 Program Expenses for Governmental Activities = \$50.49 Billion

The following tables present the total expenses and net cost of each of the State's governmental programs for the fiscal years ended June 30, 2012 and 2011. The net cost (total program expenses less revenues generated by the program) represents the financial burden that was placed on the State's taxpayers by each of these programs. This cost is essentially funded with the State's general revenues from taxes, tobacco settlement, and escheat property.

Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Year Ended June 30, 2012
With Comparatives for the Fiscal Year Ended June 30, 2011
(dollars in thousands)

Program	For the Fiscal Year Ended June 30, 2012			
	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses—All Programs
Primary, Secondary and Other Education.....	\$ 12,340,848	\$ 10,016,493	81.2%	19.8%
Higher Education Support.....	2,348,154	2,320,263	98.8%	4.6%
Public Assistance and Medicaid.....	21,206,515	5,368,909	25.3%	10.6%
Health and Human Services.....	3,835,369	946,317	24.7%	1.9%
Justice and Public Protection.....	3,202,970	2,058,956	64.3%	4.1%
Environmental Protection and Natural Resources.....	407,379	109,574	26.9%	0.2%
Transportation.....	2,564,702	847,524	33.0%	1.7%
General Government.....	595,797	20,614	3.5%	0.1%
Community and Economic Development.....	3,867,888	3,022,102	78.1%	6.0%
Interest on Long-Term Debt.....	118,902	118,902	100.0%	0.2%
Total Governmental Activities.....	<u>\$ 50,488,524</u>	<u>\$ 24,829,654</u>	49.2%	<u>49.2%</u>

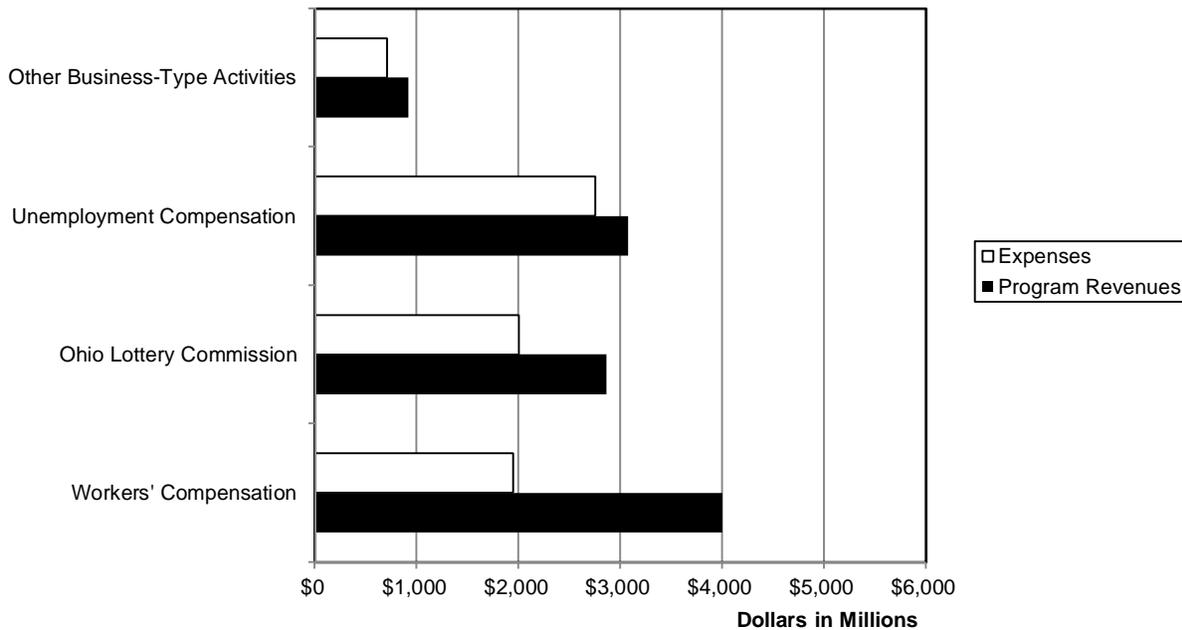
Program	For the Fiscal Year Ended June 30, 2011			
	Program Expenses	Net Cost of Program	Net Cost as Percentage of Total Expenses for Program	Net Cost as Percentage of Total Expenses—All Programs
Primary, Secondary and Other Education.....	\$ 12,126,435	\$ 9,297,999	76.7%	18.5%
Higher Education Support.....	2,726,016	2,407,828	88.3%	4.8%
Public Assistance and Medicaid.....	20,111,691	3,991,432	19.8%	7.9%
Health and Human Services.....	4,295,483	1,214,661	28.3%	2.4%
Justice and Public Protection.....	3,184,345	1,632,939	51.3%	3.2%
Environmental Protection and Natural Resources.....	350,870	46,697	13.3%	0.1%
Transportation.....	2,186,332	552,843	25.3%	1.1%
General Government.....	792,728	407,420	51.4%	0.8%
Community and Economic Development.....	4,479,010	3,416,742	76.3%	6.8%
Interest on Long-Term Debt.....	134,888	134,888	100.0%	0.3%
Total Governmental Activities.....	<u>\$ 50,387,798</u>	<u>\$ 23,103,449</u>	45.9%	<u>45.9%</u>

Business-Type Activities

The State's enterprise funds reported net assets of \$6.57 billion, as of June 30, 2012, as compared to \$4.08 billion in net assets, as of June 30, 2011, an increase of 61 percent. The primary cause for the increase in business-type activities' net assets was the Workers' Compensation Fund, which reported net assets of \$7.82 billion, as of June 30, 2012, as compared to \$5.77 billion, as of June 30, 2011, a \$2.05 billion increase. The Lottery Commission and the Unemployment Compensation Fund also reported increases in net assets during fiscal year 2012. The Lottery Commission Fund reported net assets of \$238.5 million, as of June 30, 2012, as compared to \$150.7 million, as of June 30, 2011, an \$87.8 million increase. The net assets in the Unemployment Compensation Fund increased \$313.8 million from \$(1.93) billion, as of June 30, 2011, to \$(1.61) billion, as of June 30, 2012.

The chart below compares program expenses and program revenues for business-type activities.

**Business-Type Activities — Expenses and Program Revenues
Fiscal Year 2012**



Additional analysis of the Business-Type Activities' revenues and expenses is included with the discussion of the Proprietary Funds beginning on page 15.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds reported the following results, as of and for the fiscal years ended June 30, 2012 and June 30, 2011 (dollars in thousands).

	As of and for the Fiscal Year Ended June 30, 2012			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit)	\$ (415,658)	\$ (547)	\$ -	\$ (416,205)
Total Fund Balance.....	3,189,993	5,340,400	2,786,073	11,316,466
Total Revenues	30,928,235	9,331,664	9,037,918	49,297,817
Total Expenditures.....	29,972,837	9,651,271	11,553,067	51,177,175

	As of and for the Fiscal Year Ended June 30, 2011			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Unassigned Fund Balance (Deficit)	\$ (1,208,029)	\$ -	(25)	\$ (1,208,054)
Total Fund Balance.....	2,223,608	5,638,892	2,860,682	10,723,182
Total Revenues	30,914,677	9,860,521	9,202,236	49,977,434
Total Expenditures.....	29,837,914	9,880,100	\$11,537,549	51,255,563

General Fund

The main operating fund of the State is the General Fund. During fiscal year 2012, General Fund revenue and expenditures increased by \$13.6 million and \$134.9 million, respectively. Other sources and uses showed an increase of net sources of \$482.4 million when compared with fiscal year 2011. Higher personal income tax revenue, increased non-auto sales and use tax revenues from expanded Medicaid Health Insuring Corporations collections, and debt issuance proceeds offset decreased federal funding and increased spending for Public Assistance and Medicaid. Total fund balance at June 30, 2012, increased by \$968 million (exclusive of a \$1.6 million decrease in inventories) or 43.5 percent.

General Fund Budgetary Highlights

The State ended the first year of its 2012-13 biennial budget on June 30, 2012, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$2.33 billion. Total budgetary sources for the General Fund (including \$1.24 billion in transfers from other funds) in the amount of \$33.95 billion were below final estimates by \$648 million or 1.9 percent during fiscal year 2012. Total tax receipts were above final estimates by \$399 million or 1.8 percent.

Total budgetary uses for the General Fund (including \$1.75 billion in transfers to other funds) in the amount of \$34.55 billion were below final estimates by \$2.39 billion or 6.5 percent for fiscal year 2012. There was no budget stabilization designation at June 30, 2011, for use in balancing the final fiscal year 2012 budget.

The appropriations act (Act) for the 2012-13 biennium for the General Revenue Fund (GRF), the largest, non-GAAP, budgetary-basis operating fund included in the State's General Fund, was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2011. To address the use of non-recurring funding sources in the prior budget biennium including amounts received under the American Recovery and Reinvestment Act (ARRA), the Act included targeted spending cuts across most State Agencies and major new Medicaid reform and cost containment measures. The Act provided for GRF biennial appropriations of approximately \$55.78 billion, an 11 percent increase from the 2010-11 GRF biennial expenditures, and GRF biennial estimated revenue of approximately \$56.07 billion, a six percent increase from the 2010-11 GRF biennial revenues.

GRF appropriations for major program categories compared to the 2010-11 biennium actual GRF spending reflected increases of 30 percent for Medicaid and three percent for elementary and secondary education; decreases of nine percent for higher education and eight percent for mental health and developmental disabilities; and flat funding for corrections and youth services. The Act also reflected the restructuring of \$440 million of fiscal year 2012 GRF debt service into fiscal years 2013 through 2025.

The Act authorized the transfer of the State's spirituous liquor distribution and merchandising operations to JobsOhio Beverage Systems, an Ohio nonprofit corporation, the sole member of which is JobsOhio, a nonprofit corporation created to promote economic development, job creation and retention, job training, and the recruitment of business to the State. In consideration of this transfer, the State anticipated receiving a \$500 million one-time payment from JobsOhio in fiscal year 2012 and would have forgone annual deposits to the GRF from net liquor profits. The transfer did not occur in fiscal year 2012 and the State did not receive the anticipated \$500 million one-time payment during fiscal year 2012; however, annual net liquor profits of \$92.5 million were deposited into the GRF.

The Act also authorized the sale of five State-owned prison facilities to private operators. On September 1, 2011, the State announced that it opted to sell only one of the facilities. Litigation has been filed that challenges the authorization in the Act to sell the facilities.

Additional expenditure savings authorized by the Act included reduced allocations to the local government fund and the public library fund and the accelerated phase-out of reimbursement payments in connection with the elimination of the tangible personal property tax and electric power generation deregulation and natural gas deregulation, for local governments and school districts. It also provided for cost savings through changes to the State's construction bidding procedures and authorized transfers to the GRF from unclaimed funds, other non-GRF funds, and a tax amnesty program.

Several tax law changes were enacted, including the implementation of the previously postponed final 4.2 percent annual decrease in State personal income tax rates. The Act created the InvestOhio income tax credit program under which investors in small businesses based in Ohio, who hold their investments for at least two years, may be eligible to receive income tax credits.

New funds were created by the Act, including a \$130 million Medicaid reserve fund and a \$104 million Unemployment Compensation Contingency Fund. The Unemployment Compensation Contingency Fund is used to pay interest on federal advances to the State Unemployment Compensation Fund.

The Ohio Constitution prohibits the State from borrowing money to fund operating expenditures in the GRF. Therefore, by law, the GRF's budget must be balanced so that appropriations do not exceed available cash receipts and cash balances for the current fiscal year.

The State ended fiscal year 2012 with a GRF cash balance of \$973.4 million and a GRF budgetary fund balance of \$371 million. In addition to meeting the State's requirement to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2012 GRF revenues, the State deposited \$235.1 million into the Budget Stabilization Fund in early fiscal year 2013.

Other Major Governmental Funds

The *Job, Family and Other Human Services Fund* had a fund balance of \$196.1 million at June 30, 2012, a decrease of \$224.4 million, or 53.4 percent, compared to fiscal year 2011. The decrease in fund balance is due to expenditures exceeding revenues by \$259.3 million. A 51.9 percent decrease in net Other Financing Sources over the prior fiscal year due to a reduction in bonds and notes issued in fiscal year 2012 over fiscal year 2011 also contributed to the decline in the fund balance.

Federal Government revenue decreased by \$777.3 million, or 9.2 percent, over fiscal year 2011. This decrease in revenue is largely due to the phase out of ARRA stimulus funding. An increase of \$190.2 million, or 21.3 percent, in License, Permits and Fees income is due in part to the rise in the hospital franchise fees.

Health and Human Services expenditures decreased by \$383.3 million and Public Assistance and Medicaid expenditures increased by \$153.2 million compared to fiscal year 2011. These variances are the result of the change in responsibility for the payment of Medicaid for aging programs from the Ohio Department of Aging during fiscal year 2011 to the Ohio Department of Job and Family Services during fiscal year 2012. The reduction in ARRA funding also played a role in the decreased expenditures in the fund.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2012, totaled approximately \$5.14 billion dollars, a decrease of \$74.1 million or 1.4 percent since June 30, 2011. Tobacco settlement revenue was \$5.3 million higher than the amount received for fiscal year 2011 due to a timing difference in collections between fiscal years 2011 and 2012. In general, tobacco settlement revenue has been decreasing in recent years due to declining cigarette consumption and tobacco companies depositing money into the disputed account, as described in Note 19D. Investment income decreased \$2 million from \$2.6 million in fiscal year 2011 to \$667 thousand in fiscal year 2012. Debt Service expenditures decreased by \$4.6 million during fiscal year 2012 as a result of changing debt service requirements for the bonds. Notwithstanding the increases in revenues and decreases in expenditures during fiscal year 2012, the ending fund balance decreased at June 30, 2012, as a result of the total expenditures being in excess of revenue collected during the fiscal year.

Proprietary Funds

Major Proprietary Funds

The State's proprietary fund financial statements report the same type of information found in the business-type activities portion of the government-wide financial statements, but in a slightly different format.

For the *Workers' Compensation Fund*, the \$2.05 billion increase in net assets was due to a steady stream of premium and assessment income and a decrease in benefits and claims expenses of approximately \$406 million or 18.1 percent. Benefits and claims expenses decreased due to lower estimates for future medical expenses attributable to lower claims frequencies and a decrease in the medical inflation rate.

For fiscal year 2012, the *Lottery Commission Fund* reported \$859.2 million in net income before transfers of \$771 million and \$335 thousand to the Education and General Funds, respectively. The \$87.8 million or 58.3 percent increase in the fund's net assets to \$238.5 million, as of June 30, 2012, was predominately due to an increase in ticket sales and new collections of video lottery terminal revenues. Ticket sales increased \$138 million or 5.3 percent, resulting in record sales of \$2.74 billion. Additionally, the Lottery Commission began collecting video lottery terminal and license revenues in fiscal year 2012, receiving \$36.1 million. These events account for the \$174.1 million or 6.7 percent increase in charges for sales and service revenues from \$2.6 billion in fiscal year 2011 to \$2.78 billion in fiscal year 2012. Prizes expenses were \$1.68 billion as of June 30, 2012, compared to \$1.6 billion, as of June 30, 2011, an increase of approximately \$77.7 million or 4.9 percent. This increase was in proportion to ticket sales.

The \$313.8 million increase in net assets in the *Unemployment Compensation Fund* is due to the declining unemployment rate. The unemployment rate in Ohio dropped from an average of 9.3 percent in fiscal year 2011 to an average of 7.9 percent in fiscal year 2012. The decrease in the unemployment rate caused the State's benefits and claims expense to decrease by \$1.34 billion or 32.8 percent from the previous fiscal year. While the State of Ohio's benefits and claims expense decreased, the State received less money from the federal government. During fiscal year 2012, the State received \$1.43 billion from the federal government compared to \$2.52 billion in fiscal year 2011 resulting in a 43.3 percent decrease in federal funding. The premium and assessment income, however, increased by \$49.8 million.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012 and June 30, 2011, the State had invested \$25.76 billion and \$25.72 billion, respectively, net of accumulated depreciation of \$3.28 billion and \$3.11 billion, respectively, in a broad range of capital assets, as detailed in the table below.

Capital Assets, Net of Accumulated Depreciation
As of June 30, 2012
With Comparatives as of June 30, 2011
(dollars in thousands)

	As of June 30, 2012			As of June 30, 2011		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 2,154,598	\$ 11,994	\$ 2,166,592	\$ 2,082,738	\$ 11,994	\$ 2,094,732
Buildings	1,686,151	67,505	1,753,656	1,779,018	75,039	1,854,057
Land Improvements	185,119	9	185,128	181,204	10	181,214
Machinery and Equipment	247,555	55,023	302,578	274,472	71,335	345,807
Vehicles	139,444	2,309	141,753	125,927	1,924	127,851
Infrastructure:						
Highway Network:						
General Subsystem	8,588,032	-	8,588,032	8,544,734	-	8,544,734
Priority Subsystem	8,195,288	-	8,195,288	7,895,454	-	7,895,454
Bridge Network	2,964,043	-	2,964,043	2,937,912	-	2,937,912
Parks, Recreation, and Natural Resources System	81,827	-	81,827	83,732	-	83,732
	<u>24,242,057</u>	<u>136,840</u>	<u>24,378,897</u>	<u>23,905,191</u>	<u>160,302</u>	<u>24,065,493</u>
Construction-in-Progress	1,369,486	7,324	1,376,810	1,654,487	-	1,654,487
Total Capital Assets, Net	<u>\$ 25,611,543</u>	<u>\$ 144,164</u>	<u>\$25,755,707</u>	<u>\$ 25,559,678</u>	<u>\$160,302</u>	<u>\$25,719,980</u>

During fiscal year 2012, the State recognized \$416.8 million in annual depreciation expense relative to its governmental capital assets as compared with \$346.6 million in annual depreciation expense recognized in fiscal year 2011. The State also recognized \$32.6 million in annual depreciation expense relative to its business-type capital assets as compared with \$32.7 million in annual depreciation expense recognized in fiscal year 2011.

Additionally, the State completed construction on a variety of projects at various state facilities during fiscal year 2012 totaling approximately \$574.8 million, as compared with \$550.5 million in the previous fiscal year. The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was .1 percent (approximately a .2 percent increase for governmental activities and a 10.1 percent decrease for business-type activities). As is further detailed in NOTE 19C of the notes to the financial statements, the State had \$83.5 million in major construction commitments (unrelated to infrastructure), as of June 30, 2012, as compared with the \$105.8 million balance reported for June 30, 2011.

Modified Approach

For reporting its highway and bridge infrastructure assets, the State has adopted the use of the modified approach. The modified approach allows a government *not to report depreciation expense* for eligible infrastructure assets if the government manages the eligible infrastructure assets using an asset management system that possesses certain characteristics and the government can document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level it sets (and discloses). Under the modified approach, the State is required to expense all spending (i.e., preservation and maintenance costs) on infrastructure assets except for additions and improvements. Infrastructure assets accounted for using the modified approach include approximately 43,026 in lane miles of highway (13,109 in lane miles for the priority highway subsystem and 29,917 in lane miles for the general highway subsystem) and approximately 105.3 million square feet of deck area that comprises 14,182 bridges for which the State has the responsibility for ongoing maintenance.

Ohio accounts for its pavement network in two subsystems: *Priority*, which comprises interstate highways, free-ways, and multi-lane portions of the National Highway System, and *General*, which comprises two-lane routes outside of cities. It is the State's goal to allow no more than 25 percent of the total lane-miles reported for each of the priority and general subsystems, respectively, to be classified with a "poor" condition rating. The most recent condition assessment, completed by the Ohio Department of Transportation for calendar year 2011, indicates that only 1.3 percent and 3.7 percent of the priority and general subsystems, respectively, were assigned a "poor"

condition rating. For calendar year 2010, only 2.2 percent and 3.9 percent of the priority and general subsystems, respectively, were assigned a “poor” condition rating.

For the bridge network, it is the State’s intention to allow no more than 15 percent of the total number of square feet of deck area to be in “fair” or “poor” condition. The most recent condition assessment, completed by the Ohio Department of Transportation for calendar year 2011, indicates that only four percent and .04 percent of the number of square feet of bridge deck area were considered to be in “fair” and “poor” conditions, respectively. For calendar year 2010, only 3.8 percent and .04 percent of the number of square feet of bridge deck area were considered to be in “fair” and “poor” conditions, respectively.

For fiscal year 2012, total actual maintenance and preservation costs for the priority and general subsystems were \$438.5 million and \$357.3 million, respectively, compared to estimated costs of \$403.8 million for the priority system and \$211.2 million for the general system, while total actual maintenance and preservation costs for the bridge network was \$511.5 million compared to estimated costs of \$509 million. For the previous fiscal year, total actual maintenance and preservation costs for the priority and general subsystems were \$420 million and \$342.2 million respectively, compared to estimated costs of \$406.1 million for the priority system and \$258.4 million for the general system, while total actual maintenance and preservation costs for the bridge network was \$409.7 million compared to estimated costs of \$433.6 million. Overall, the State’s costs for actual maintenance and preservation for highway infrastructure assets have exceeded estimates over the past two years due to steadily increasing underlying costs for the materials and labor associated with infrastructure projects.

More detailed information on the State’s capital assets can be found in NOTE 8 to the financial statements and in the Required Supplementary Information section of this report.

Debt — Bonds and Notes Payable and Certificates of Participation Obligations

As of June 30, 2012 and June 30, 2011, the State had total debt of approximately \$18.3 billion and \$17.52 billion, respectively, as shown in the table below.

**Bonds and Notes Payable and Certificates of Participation
As of June 30, 2012
With Comparatives as of June 30, 2011
(dollars in thousands)**

	As of June 30, 2012			As of June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Bonds and Notes Payable:						
General Obligation Bonds	\$ 8,888,085	\$ -	\$ 8,888,085	\$ 7,872,276	\$ -	\$ 7,872,276
Revenue Bonds and Notes	7,129,786	31,633	7,161,419	7,156,025	47,889	7,203,914
Special Obligation Bonds	2,090,889	-	2,090,889	2,260,853	-	2,260,853
Certificates of Participation.....	156,664	-	156,664	179,935	-	179,935
Total Debt	\$18,265,424	\$31,633	\$18,297,057	\$17,469,089	\$47,889	\$17,516,978

The State’s general obligation bonds are backed by its full faith and credit. Revenue bonds and notes issued by the State are secured with revenues pledged for the retirement of debt principal and the payment of interest. Special obligation bonds issued by the State are supported with lease payments from tenants of facilities constructed with the proceeds from the bond issuances. Under certificate of participation (COPs) financing arrangements, the State is required to make rental payments (subject to appropriations) that approximate interest and principal payments made by trustees to certificate holders.

During fiscal year 2012, the State issued, at par, \$2.28 billion in general obligation bonds, \$194 million in revenue bonds and notes, and \$259.2 million in special obligation bonds. Of the general obligation bonds and special obligation bonds issued, at par, \$1.15 billion and \$226.5 million, respectively, were refunding bonds. The \$194 million in revenue bonds and notes issued were Bond Anticipation Notes (BANS) that are expected to be retired, renewed, or refunded into long term debt. The total increase in the State’s debt obligations for the current fiscal year, as based on carrying amount, was 4.5 percent (a 4.6 percent increase for governmental activities and a 34 percent decrease for business-type activities).

Credit Ratings

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

For special obligation bonds, which the Treasurer of State issues and General Revenue Fund appropriations secure, Moody’s rating is Aa2, Fitch’s rating is AA, and S&P’s rating is AA.

The State's revenue bonds and notes are rated as follows:

Revenue Bonds and Notes	Fitch	Moody's	S&P	Source of State Payment
Governmental Activities:				
Treasurer of State:				
Economic Development.....	AA-	Aa2	AA	Net Liquor Profits
State Infrastructure Bank.....	A+	Aa2	AA	Federal Transportation Grants and Loan Receipts
Revitalization Projects	AA-	Aa3	AA-	Net Liquor Profits
Buckeye Tobacco Settlement Financing Authority (ratings are in a range).....	B- to BBB+	B3 to Aaa	B- to BBB	Pledged Receipts from the Tobacco Master Settlement Agreement
Business-Type Activities:				
Bureau of Workers' Compensation.....	AA	Aa3	AA	Workers' Compensation Enterprise Fund

On March 16, 2012, Moody's revised its "credit outlook" on the State from "negative" to "stable." A credit outlook is an indication of the pressure on the rating over the near-to-intermediate term and is not a precursor to a rating change. This is the first time since February 2007 that Ohio has been at Aa+/Aa1 with a stable outlook from all three rating agencies, including Standard & Poor's.

The ratings and rating outlooks in effect from time to time reflect only the views of the particular rating organization. An explanation of its view of the meaning and significance of its rating or outlook may be obtained from the respective rating agency. Generally, the rating agencies base their rating on submitted information and on their own investigations, studies, and assumptions. There can be no assurance that the ratings or outlooks assigned will continue for any given time. Rating agencies may lower or withdraw a rating at any time, if in its judgment circumstances so warrant.

Limitations on Debt

Section 17 of Article VIII of the Ohio Constitution, approved by Ohio voters in November 1999, establishes an annual debt service "cap" applicable to future issuances of direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, new obligations may not be issued if debt service for any future fiscal year on those new and the then outstanding bonds of those categories would exceed five percent of the total of estimated GRF revenues plus net state lottery proceeds for the fiscal year of issuance.

Those direct obligations of the State include general obligation and special obligation bonds that are paid from the State's GRF, but exclude general obligation debt for Third Frontier Research and Development, development of sites and facilities, and veterans compensation, and general obligation bonds payable from non-GRF funds (such as highway bonds that are paid from highway user receipts). Pursuant to the implementing legislation, the Governor has designated the Director of the Ohio Office of Budget and Management as the State official responsible for making the five percent determinations and certifications. Application of the five percent cap may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly and may be changed by future constitutional amendments.

More detailed information on the State's long-term debt, including changes during the year, can be found in NOTES 10 through 13 and NOTE 15 of the financial statements.

Conditions Expected to Affect Future Operations

Economic Factors

Through February 2013, leading economic indicators have weakened but remain consistent with uninterrupted growth at a moderate pace across the country and especially in Ohio. The Ohio unemployment rate increased to seven percent in January 2013 after having held below seven percent for three consecutive months in late calendar year 2012. The rate is down from 7.6 percent in January 2012 and is .9 percentage points below the national unemployment rate for January 2013.

Nationally, real gross domestic product (GDP) was essentially unchanged in the fourth quarter of calendar year 2012 following a 3.1 percent increase in the third quarter. U.S. nonfarm payroll employment increased by 236 thousand jobs during February 2013 and averaged 205 thousand jobs per month during the previous four months. The national unemployment rate decreased to 7.7 percent in February 2013—the lowest level since December 2008.

The 2012-13 Biennial Budget

Major new sources of expenditure savings and tax law changes in the 2012-13 biennial (beginning July 1, 2011) appropriations bill included the following:

- In fiscal year 2013, allocations to local governments will be reduced by \$340 million and allocations to public libraries will be reduced by \$102.8 million. Beginning in fiscal year 2014, allocations will be made by committing a set percent of annual tax revenues deposited into the GRF (beginning with fiscal year 2013 GRF tax revenues).
- GRF will receive a greater share of commercial activities tax, kilowatt-hour tax, and natural gas consumption tax revenues due to the accelerated phase-out of reimbursement payments for local governments and school districts.
- The estate tax will be eliminated beginning January 1, 2013.

Mid-Biennium Review

In March 2012, the Governor announced a series of policy proposals resulting from a “mid-biennium review” (MBR), with a stated focus on job creation as a priority. In May and June 2012, the General Assembly passed seven pieces of legislation addressing the subjects of energy, tax reform, education, workforce development, and management efficiency for both state and local governments.

General Revenue Fund

For fiscal year 2013, total fiscal year-to-date GRF receipts collected through February 2013 are \$727.2 million above estimates and \$2.08 billion higher than collections through February of the prior fiscal year. Total fiscal year-to-date GRF disbursements through February 2013 are \$177.1 million below estimates and \$993.1 million above expenditures through February of the prior fiscal year. As of February 2013, receipts were 3.9 percent ahead of budget estimates and disbursements were .9 percent below budget estimates. Fiscal year 2013 receipts are 12.1 percent ahead of receipts for the first eight months of fiscal year 2012. Disbursements for fiscal year 2013 are 5.5 percent above disbursements for the same time period of fiscal year 2012.

Unemployment Compensation Fund

Due to the declining revenues and the challenging economic climate, the State has sought federal assistance in meeting its unemployment benefit costs. In accordance with Title XII of the Social Security Act, the State received repayable advances in the Unemployment Trust Fund of \$2.31 billion from the Federal Unemployment Account to cover the insufficient State funds for benefit claims during fiscal years 2009 and 2010. The State continues to make principal and interest payments on these advances. As of June 30, 2012, \$1.88 billion of the repayable advances remains, as detailed in NOTE 14.

Transfer of the State’s Spirituous Liquor Distribution and Merchandising Operations

On February 1, 2013, the State transferred its spirituous liquor distribution and merchandising operations for a period of 25 years to JobsOhio Beverage System in exchange for a payment of \$1.46 billion. A portion of this payment provided for the payment of all debt service on the outstanding Economic Development and Revitalization revenue bonds and notes. Pursuant to the transaction agreement, the State will forgo deposits to the GRF from the net liquor profits and may not issue additional obligations secured by a pledge of profits from the sale of spirituous liquor during the 25-year term. Litigation related to JobsOhio and the General Assembly’s February 2011 law that authorized its creation has been filed and is currently pending. More detailed information on this transfer can be found in NOTE 21 of the financial statements.

Contacting the Ohio Office of Budget and Management

This financial report is designed to provide the State’s citizens, taxpayers, customers, investors and creditors with a general overview of the State’s finances and to demonstrate the State’s accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Ohio Office of Budget and Management, Financial Reporting Section, 30 East Broad Street, 34th Floor, Columbus, Ohio 43215-3457 or by e-mail at obm@obm.state.oh.us.

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Financial Section

Basic Financial Statements



STATE OF OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2012
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash Equity with Treasurer.....	\$ 6,930,670	\$ 225,503	\$ 7,156,173	\$ 561,622
Cash and Cash Equivalents.....	123,145	455,359	578,504	1,490,163
Investments.....	601,389	22,529,389	23,130,778	7,243,375
Collateral on Lent Securities.....	978,638	29,802	1,008,440	75,151
Deposit with Federal Government.....	—	177,795	177,795	—
Taxes Receivable.....	1,595,721	—	1,595,721	—
Intergovernmental Receivable.....	1,471,936	10,322	1,482,258	82,115
Premiums and				
Assessments Receivable.....	—	3,887,981	3,887,981	—
Investment Trade Receivable.....	—	194,429	194,429	—
Loans Receivable, Net.....	1,158,587	—	1,158,587	301,881
Receivable from Primary Government.....	—	—	—	23,248
Receivable from Component Units.....	3,767,380	—	3,767,380	—
Other Receivables.....	591,225	425,229	1,016,454	1,210,315
Inventories.....	105,839	42,921	148,760	89,362
Other Assets.....	109,001	25,604	134,605	670,488
Restricted Assets:				
Cash Equity with Treasurer.....	—	20	20	—
Cash and Cash Equivalents.....	967	89	1,056	1,201,187
Investments.....	518,050	1,169,714	1,687,764	2,248,024
Collateral on Lent Securities.....	—	188,436	188,436	—
Loans Receivable, Net.....	—	—	—	4,539,481
Other Receivables.....	321,654	2,158	323,812	—
Capital Assets Being Depreciated, Net.....	2,277,682	124,846	2,402,528	9,112,431
Capital Assets Not Being Depreciated.....	23,333,861	19,318	23,353,179	1,894,118
TOTAL ASSETS.....	43,885,745	29,508,915	73,394,660	30,742,961
Deferred Outflows of Resources.....	59,117	—	59,117	1,881
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	43,944,862	29,508,915	73,453,777	30,744,842
LIABILITIES:				
Accounts Payable.....	601,021	63,459	664,480	572,937
Accrued Liabilities.....	305,756	3,189	308,945	447,080
Medicaid Claims Payable.....	1,089,155	—	1,089,155	—
Obligations Under Securities Lending.....	978,638	218,238	1,196,876	75,151
Investment Trade Payable.....	—	302,143	302,143	—
Intergovernmental Payable.....	1,285,622	1,659	1,287,281	1,012
Internal Balances.....	707,614	(707,614)	—	—
Payable to Primary Government.....	—	—	—	3,766,898
Payable to Component Units.....	23,248	—	23,248	—
Unearned Revenue.....	497,827	1,738	499,565	513,130
Benefits Payable.....	—	19,297	19,297	—
Refund and Other Liabilities.....	750,743	81,680	832,423	98,977
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year.....	1,328,060	15,914	1,343,974	986,224
Due in More Than One Year.....	16,780,700	15,719	16,796,419	8,268,512
Certificates of Participation:				
Due in One Year.....	21,689	—	21,689	490
Due in More Than One Year.....	134,975	—	134,975	2,845
Other Noncurrent Liabilities:				
Due in One Year.....	129,976	2,828,895	2,958,871	516,674
Due in More Than One Year.....	711,831	20,096,034	20,807,865	1,100,483
TOTAL LIABILITIES.....	25,346,855	22,940,351	48,287,206	16,350,413
Deferred Inflows of Resources.....	—	—	—	23,424
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	25,346,855	22,940,351	48,287,206	16,373,837

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET ASSETS:				
<i>Invested in Capital Assets,</i>				
<i>Net of Related Debt.....</i>	22,147,262	67,331	22,214,593	5,973,417
<i>Restricted for:</i>				
<i>Primary, Secondary and Other Education.....</i>	129,353	—	129,353	312
<i>Public Assistance and Medicaid.....</i>	219,153	—	219,153	—
<i>Health and Human Services.....</i>	101,056	—	101,056	—
<i>Justice and Public Protection.....</i>	29,516	—	29,516	—
<i>Environmental Protection and Natural Resources.....</i>	148,200	—	148,200	—
<i>Transportation.....</i>	2,613,620	—	2,613,620	—
<i>General Government.....</i>	93,089	—	93,089	—
<i>Community and Economic Development.....</i>	245,631	—	245,631	3,150,752
<i>Deferred Lottery Prizes.....</i>	—	123,724	123,724	—
<i>Workers Compensation.....</i>	—	7,760,634	7,760,634	—
<i>Nonexpendable for</i>				
<i>Colleges and Universities.....</i>	—	—	—	3,099,430
<i>Expendable for</i>				
<i>Colleges and Universities.....</i>	—	—	—	2,177,668
<i>Unrestricted.....</i>	(7,128,873)	(1,383,125)	(8,511,998)	(30,574)
TOTAL NET ASSETS.....	\$ 18,598,007	\$ 6,568,564	\$ 25,166,571	\$ 14,371,005

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES, FEES, FINES AND FORFEITURES	OPERATING GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	CAPITAL GRANTS, CONTRIBUTIONS AND RESTRICTED INVESTMENT INCOME/(LOSS)	NET (EXPENSE) REVENUE
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
<i>Primary, Secondary</i>					
and Other Education.....	\$ 12,340,848	\$ 27,154	\$ 2,297,201	\$ —	\$ (10,016,493)
Higher Education Support	2,348,154	1,627	26,264	—	(2,320,263)
Public Assistance and Medicaid	21,206,515	1,289,463	14,548,143	—	(5,368,909)
Health and Human Services	3,835,369	515,014	2,374,038	—	(946,317)
Justice and Public Protection	3,202,970	943,142	200,793	79	(2,058,956)
<i>Environmental Protection</i>					
and Natural Resources.....	407,379	211,818	85,964	23	(109,574)
Transportation	2,564,702	96,888	61,116	1,559,174	(847,524)
General Government	595,797	540,500	34,547	136	(20,614)
<i>Community and Economic</i>					
Development.....	3,867,888	406,022	425,411	14,353	(3,022,102)
<i>Interest on Long-Term Debt</i>					
(excludes interest charged as program expense).....	118,902	—	—	—	(118,902)
TOTAL GOVERNMENTAL ACTIVITIES.....	50,488,524	4,031,628	20,053,477	1,573,765	(24,829,654)
BUSINESS-TYPE ACTIVITIES:					
Workers' Compensation.....	1,945,190	1,958,593	2,043,644	—	2,057,047
Lottery Commission.....	2,001,671	2,781,737	79,105	—	859,171
Unemployment Compensation.....	2,754,835	1,674,456	1,398,843	—	318,464
Ohio Building Authority.....	13,010	15,485	2	—	2,477
Tuition Trust Authority.....	80,157	11,325	46,495	—	(22,337)
Liquor Control.....	543,729	791,454	—	—	247,725
Underground Parking Garage.....	3,842	3,199	2	—	(641)
Office of Auditor of State.....	69,183	46,897	—	—	(22,286)
TOTAL BUSINESS-TYPE ACTIVITIES.....	7,411,617	7,283,146	3,568,091	—	3,439,620
TOTAL PRIMARY GOVERNMENT.....	\$ 57,900,141	\$ 11,314,774	\$ 23,621,568	\$ 1,573,765	\$ (21,390,034)
COMPONENT UNITS:					
School Facilities Commission.....	\$ 280,494	\$ 25,805	\$ 4,465	\$ —	\$ (250,224)
Ohio Water Development Authority.....	157,844	145,136	98,370	—	85,662
Ohio State University.....	4,636,450	3,430,699	634,608	19,072	(552,071)
University of Cincinnati.....	1,065,223	611,959	264,327	10,352	(178,585)
Other Component Units.....	5,222,552	3,087,341	548,158	40,411	(1,546,642)
TOTAL COMPONENT UNITS.....	\$ 11,362,563	\$ 7,300,940	\$ 1,549,928	\$ 69,835	\$ (2,441,860)

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

PRIMARY GOVERNMENT

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>COMPONENT UNITS</u>
CHANGES IN NET ASSETS:				
Net (Expense) Revenue.....	\$ (24,829,654)	\$ 3,439,620	\$ (21,390,034)	\$ (2,441,860)
General Revenues:				
Taxes:				
Income.....	9,017,760	—	9,017,760	—
Sales.....	8,304,263	—	8,304,263	—
Corporate and Public Utility	2,501,140	—	2,501,140	—
Cigarette.....	843,180	—	843,180	—
Other.....	708,041	—	708,041	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,800,473	—	1,800,473	—
Total Taxes.....	23,174,857	—	23,174,857	—
Tobacco Settlement.....	333,148	—	333,148	—
Escheat Property.....	153,556	—	153,556	—
Unrestricted Investment Income.....	3,702	3	3,705	76,330
State Assistance	—	—	—	2,426,427
Other.....	48,078	5	48,083	754,393
Additions to Endowments				
and Permanent Fund Principal.....	—	—	—	73,462
Special Items.....	—	—	—	(2,960)
Transfers-Internal Activities.....	949,952	(949,952)	—	—
TOTAL GENERAL REVENUES, CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS.....				
	24,663,293	(949,944)	23,713,349	3,327,652
CHANGE IN NET ASSETS.....	(166,361)	2,489,676	2,323,315	885,792
NET ASSETS, JULY 1 (as restated).....	18,764,368	4,078,888	22,843,256	13,485,213
NET ASSETS, JUNE 30.....	\$ 18,598,007	\$ 6,568,564	\$ 25,166,571	\$ 14,371,005

STATE OF OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
ASSETS:			
Cash Equity with Treasurer.....	\$ 3,641,069	\$ 331,164	\$ —
Cash and Cash Equivalents.....	90,367	2,934	968
Investments.....	533,588	—	518,050
Collateral on Lent Securities.....	515,042	46,670	—
Taxes Receivable	1,502,090	—	—
Intergovernmental Receivable.....	569,990	220,668	—
Loans Receivable, Net	1,064,764	—	—
Interfund Receivable	67,550	—	858,906
Receivable from Component Units.....	1,054	—	3,766,326
Other Receivables	178,378	334,960	321,654
Inventories	31,307	—	—
Other Assets	16,474	2,470	—
TOTAL ASSETS	\$ 8,211,673	\$ 938,866	\$ 5,465,904
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 212,638	\$ 97,484	\$ —
Accrued Liabilities.....	80,237	13,272	—
Medicaid Claims Payable.....	886,151	—	—
Obligations Under Securities Lending.....	515,042	46,670	—
Intergovernmental Payable.....	866,811	127,599	—
Interfund Payable.....	1,437,010	15,343	—
Payable to Component Units.....	16,528	886	—
Deferred Revenue.....	245,981	90,586	321,616
Unearned Revenue.....	7,375	346,940	—
Refund and Other Liabilities.....	745,963	3,974	—
Liability for Escheat Property.....	7,944	—	—
TOTAL LIABILITIES.....	5,021,680	742,754	321,616
FUND BALANCES:			
Nonspendable.....	86,982	2,470	—
Restricted.....	1,027,885	115,376	5,144,288
Committed.....	824,607	78,813	—
Assigned.....	1,666,177	—	—
Unassigned.....	(415,658)	(547)	—
TOTAL FUND BALANCES.....	3,189,993	196,112	5,144,288
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 8,211,673	\$ 938,866	\$ 5,465,904

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

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
\$ 2,958,437	\$ 6,930,670
29,843	124,112
67,801	1,119,439
416,926	978,638
93,631	1,595,721
681,278	1,471,936
93,823	1,158,587
1,114	927,570
—	3,767,380
77,887	912,879
74,532	105,839
14,342	33,286
\$ 4,509,614	\$ 19,126,057

\$ 290,899	\$ 601,021
47,063	140,572
203,004	1,089,155
416,926	978,638
291,212	1,285,622
182,831	1,635,184
5,834	23,248
143,498	801,681
141,574	495,889
700	750,637
—	7,944
1,723,541	7,809,591

84,221	173,673
2,218,816	8,506,365
483,036	1,386,456
—	1,666,177
—	(416,205)
2,786,073	11,316,466
\$ 4,509,614	\$ 19,126,057

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STATE OF OHIO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2012

(dollars in thousands)

Total Fund Balances for Governmental Funds..... \$ 11,316,466

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Land.....	2,154,598
Buildings and Improvements, net of \$1,916,634 accumulated depreciation.....	1,686,151
Land Improvements, net of \$263,592 accumulated depreciation.....	185,119
Machinery and Equipment, net of \$645,557 accumulated depreciation.....	247,555
Vehicles, net of \$183,537 accumulated depreciation.....	139,444
Infrastructure, net of \$19,040 accumulated depreciation.....	19,829,190
Construction-in-Progress.....	1,369,486
	<u>25,611,543</u>

Some of the State's revenues are collected after year-end but are not available soon enough to pay for the current period's (within 60 days of year-end) expenditures, and therefore, are deferred in the funds.

Taxes Receivable.....	127,692
Intergovernmental Receivable.....	267,141
Other Receivables.....	402,193
Other Assets.....	4,655
	<u>801,681</u>

Unearned capitalized interest revenues are not financial resources, and therefore, are not reported in the funds.

(1,938)

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

75,715

Deferred outflows of resources are not financial resources, and therefore, are not reported in the funds.

59,117

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

<i>Accrued Liabilities:</i>	
Interest Payable.....	(165,184)
Refunds and Other Liabilities.....	(106)
<i>Bonds and Notes Payable:</i>	
General Obligation Bonds.....	(8,888,085)
Revenue Bonds and Notes.....	(7,129,786)
Special Obligation Bonds.....	(2,090,889)
Certificates of Participation.....	(156,664)
<i>Other Noncurrent Liabilities:</i>	
Compensated Absences.....	(440,410)
Net Pension Obligation.....	(8,389)
Net OPEB Obligation.....	(83,911)
Capital Leases Payable.....	(4,199)
Derivatives.....	(81,818)
Estimated Claims Payable.....	(3,030)
Pollution Remediation, net of liabilities reported as accounts payable in the funds and recoveries reported above as other receivables.....	(3,129)
Liability for Escheat Property.....	(208,977)
	<u>(19,264,577)</u>

Total Net Assets of Governmental Activities..... \$ 18,598,007

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

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
REVENUES:			
Income Taxes.....	\$ 9,063,827	\$ —	\$ —
Sales Taxes.....	8,297,544	—	—
Corporate and Public Utility Taxes.....	2,499,601	—	—
Motor Vehicle Fuel Taxes.....	1,104,127	—	—
Cigarette Taxes.....	843,180	—	—
Other Taxes.....	670,831	—	—
Licenses, Permits and Fees.....	781,717	1,083,504	—
Sales, Services and Charges.....	64,025	25	—
Federal Government.....	7,131,978	7,700,326	—
Tobacco Settlement.....	—	—	294,592
Escheat Property.....	151,601	—	—
Investment Income.....	19,654	4,724	667
Other.....	300,150	247,826	—
TOTAL REVENUES.....	30,928,235	9,036,405	295,259
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	8,861,567	205	60,360
Higher Education Support.....	2,175,814	2,522	—
Public Assistance and Medicaid.....	12,345,815	8,828,754	—
Health and Human Services.....	1,001,228	391,373	—
Justice and Public Protection.....	2,309,533	69,433	—
Environmental Protection and Natural Resources.....	65,552	—	—
Transportation.....	10,451	—	—
General Government.....	409,916	3,176	—
Community and Economic Development.....	2,792,961	50	—
CAPITAL OUTLAY.....	—	229	—
DEBT SERVICE.....	—	—	295,169
TOTAL EXPENDITURES.....	29,972,837	9,295,742	355,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	955,398	(259,337)	(60,270)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	1,109,228	15,732	—
Refunding Bonds Issued.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	—
Premiums/Discounts.....	60,983	—	—
Capital Leases.....	560	—	—
Transfers-in.....	314,048	20,207	—
Transfers-out.....	(1,472,254)	(969)	(13,855)
TOTAL OTHER FINANCING SOURCES (USES).....	12,565	34,970	(13,855)
NET CHANGE IN FUND BALANCES.....	967,963	(224,367)	(74,125)
FUND BALANCES, July 1	2,223,608	420,479	5,218,413
Increase (Decrease) for Changes in Inventories.....	(1,578)	—	—
FUND BALANCES, JUNE 30.....	\$ 3,189,993	\$ 196,112	\$ 5,144,288

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

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
\$ 12,457	\$ 9,076,284
7,161	8,304,705
1,304	2,500,905
696,346	1,800,473
—	843,180
37,210	708,041
1,136,951	3,002,172
32,932	96,982
6,563,548	21,395,852
1,144	295,736
—	151,601
5,076	30,121
543,789	1,091,765
9,037,918	49,297,817
3,006,390	11,928,522
32,211	2,210,547
36,782	21,211,351
2,330,483	3,723,084
694,896	3,073,862
324,922	390,474
2,500,291	2,510,742
112,614	525,706
924,149	3,717,160
377,754	377,983
1,212,575	1,507,744
11,553,067	51,177,175
(2,515,149)	(1,879,358)
232,680	1,357,640
1,374,660	1,374,660
(1,604,658)	(1,604,658)
318,523	379,506
—	560
2,468,815	2,803,070
(366,040)	(1,853,118)
2,423,980	2,457,660
(91,169)	578,302
2,860,682	10,723,182
16,560	14,982
\$ 2,786,073	\$ 11,316,466

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds.....	578,302
Change in Inventories.....	14,982
	<u>593,284</u>

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay Expenditures.....	347,099
Depreciation Expense.....	<u>(295,234)</u>
Excess of Capital Outlay Over Depreciation Expense.....	<u>51,865</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, proceeds were received from:

General Obligation Bonds.....	(1,130,910)
Revenue Bonds and Notes.....	(194,030)
Special Obligation Bonds.....	(32,700)
Refunding Bonds, including Bond Premium/Discount, Net.....	(1,612,962)
Premiums and Discounts, Net:	
General Obligation Bonds.....	(138,370)
Special Obligation Bonds.....	(2,835)
Deferred Refunding Loss.....	63,498
Capitalized Interest.....	(1,938)
Capital Leases.....	<u>(560)</u>
Total Debt Proceeds.....	<u>(3,050,807)</u>

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

<i>Debt Principal Retirement and Defeasements:</i>	
General Obligation Bonds.....	1,520,311
Revenue Bonds and Notes.....	263,155
Special Obligation Bonds.....	440,690
Certificates of Participation.....	22,180
Capital Lease Payments.....	<u>2,891</u>
Total Long-Term Debt Repayment.....	<u>2,249,227</u>

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds. Deferred revenues decreased by this amount this year. (27,680)

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

Some expenses reported in the Statement of Activities are not reported as expenditures in the governmental funds. Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the changes in the following balances:

<i>Decrease in Bond Issue Costs Included in Other Assets.....</i>	<i>(2,298)</i>	
<i>Decrease in Accrued Interest and Other Accrued Liabilities.....</i>	<i>29,818</i>	
<i>Amortization of Bond Premiums/Amortization of Bond Discount, Net.....</i>	<i>40,146</i>	
<i>Amortization of Deferred Refunding Loss.....</i>	<i>(34,508)</i>	
<i>Decrease in Compensated Absences.....</i>	<i>23,667</i>	
<i>Increase in Derivative Liabilities (Excluding Hedging Derivatives)</i>	<i>(28,699)</i>	
<i>Decrease in Estimated Claims Payable.....</i>	<i>7,355</i>	
<i>Decrease in Pollution Remediation.....</i>	<i>1,722</i>	
<i>Increase in Net Pension Obligation.....</i>	<i>(4,090)</i>	
<i>Increase in Liability for OPEB Obligation.....</i>	<i>(17,318)</i>	
<i>Decrease in Liability for Escheat Property.....</i>	<i>1,955</i>	
<i>Total additional expenditures.....</i>		<i>17,750</i>
<i>Change in Net Assets of Governmental Activities.....</i>		<i>\$ (166,361)</i>

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

	GENERAL			
	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:				
Income Taxes.....	\$ 8,730,791	\$ 8,730,791	\$ 9,017,200	\$ 286,409
Sales Taxes.....	8,066,181	8,066,181	8,284,383	218,202
Corporate and Public Utility Taxes.....	2,593,194	2,593,194	2,484,118	(109,076)
Motor Vehicle Fuel Taxes.....	1,044,462	1,044,462	1,044,462	—
Cigarette Taxes.....	818,300	818,300	843,180	24,880
Other Taxes.....	691,399	691,399	670,014	(21,385)
Licenses, Permits and Fees.....	933,283	933,283	939,026	5,743
Sales, Services and Charges.....	78,831	78,831	77,585	(1,246)
Federal Government.....	7,691,759	7,691,759	7,451,970	(239,789)
Tobacco Settlement.....	—	—	1,062	1,062
Investment Income.....	13,719	13,719	10,616	(3,103)
Other.....	1,942,609	1,942,609	1,333,929	(608,680)
TOTAL REVENUES.....	32,604,528	32,604,528	32,157,545	(446,983)
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education.....	8,556,929	8,563,262	8,499,215	64,047
Higher Education Support.....	2,716,848	2,716,848	2,367,832	349,016
Public Assistance and Medicaid.....	13,675,434	13,672,566	13,257,107	415,459
Health and Human Services.....	1,225,099	1,227,309	1,152,899	74,410
Justice and Public Protection.....	2,695,793	2,715,210	2,593,250	121,960
Environmental Protection and Natural Resources.....	112,152	113,497	96,787	16,710
Transportation.....	16,710	16,710	16,563	147
General Government.....	901,562	924,820	798,667	126,153
Community and Economic Development.....	3,990,706	4,108,167	3,351,083	757,084
CAPITAL OUTLAY.....	—	—	—	—
DEBT SERVICE.....	748,150	763,775	671,869	91,906
TOTAL BUDGETARY EXPENDITURES.....	34,639,383	34,822,164	32,805,272	2,016,892
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....	(2,034,855)	(2,217,636)	(647,727)	1,569,909
OTHER FINANCING SOURCES (USES):				
Bonds and Notes Issued.....	555,250	555,250	555,250	—
Transfers-in.....	1,442,727	1,442,727	1,241,753	(200,974)
Transfers-out.....	(2,122,822)	(2,122,822)	(1,745,399)	377,423
TOTAL OTHER FINANCING SOURCES (USES).....	(124,845)	(124,845)	51,604	176,449
NET CHANGE IN FUND BALANCES.....	\$ (2,159,700)	\$ (2,342,481)	(596,123)	\$ 1,746,358
BUDGETARY FUND BALANCES				
(DEFICITS), JULY 1.....			1,813,859	
Outstanding Encumbrances at Beginning of Fiscal Year.....			1,115,349	
BUDGETARY FUND BALANCES				
(DEFICITS), JUNE 30.....			\$ 2,333,085	

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

JOB, FAMILY AND OTHER HUMAN SERVICES

<u>BUDGET</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
		\$ —	
		—	
		—	
		—	
		1,824	
		1,093,781	
		25	
		4,554,038	
		—	
		4,724	
		776,159	
		<u>6,430,551</u>	
\$ 229	\$ 229	209	\$ 20
3,500	3,500	3,335	165
8,412,470	8,482,219	6,988,091	1,494,128
435,303	464,646	405,095	59,551
85,676	86,954	72,023	14,931
—	—	—	—
—	—	—	—
3,534	3,534	2,828	706
180	230	230	—
6,861	6,861	718	6,143
—	—	—	—
<u>\$ 8,947,753</u>	<u>\$ 9,048,173</u>	<u>7,472,529</u>	<u>\$ 1,575,644</u>

(1,041,978)

15,732

23,302

(7,967)

31,067

(1,010,911)

(1,118,055)

1,454,817

\$ (674,149)

STATE OF OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2012
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 3,262	\$ 92,608	\$ —
Cash and Cash Equivalents.....	438,920	13,717	—
Collateral on Lent Securities.....	849	13,051	—
Restricted Assets:			
Cash Equity with Treasurer.....	—	20	—
Investments.....	—	46,230	—
Collateral on Lent Securities.....	—	188,436	—
Other Receivables.....	—	2,158	—
Deposit with Federal Government.....	—	—	177,795
Intergovernmental Receivable.....	—	—	14
Premiums and Assessments Receivable.....	809,703	—	34,179
Investment Trade Receivable.....	194,429	—	—
Interfund Receivable.....	74,786	1,518	—
Other Receivables.....	281,900	51,151	77,621
Inventories.....	—	—	—
Other Assets.....	9,284	10,150	5,557
TOTAL CURRENT ASSETS.....	1,813,133	419,039	295,166
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	89	—	—
Investments.....	—	680,611	—
Investments.....	22,432,903	—	—
Premiums and Assessments Receivable.....	3,044,099	—	—
Interfund Receivable.....	637,633	—	—
Capital Assets Being Depreciated, Net.....	69,332	48,089	—
Capital Assets Not Being Depreciated.....	19,318	—	—
TOTAL NONCURRENT ASSETS.....	26,203,374	728,700	—
TOTAL ASSETS.....	28,016,507	1,147,739	295,166
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	11,767	4,542	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	849	201,487	—
Investment Trade Payable.....	302,143	—	—
Intergovernmental Payable.....	—	—	1,659
Deferred Prize Awards Payable.....	—	48,397	—
Interfund Payable.....	—	153	—
Unearned Revenue.....	—	993	—
Benefits Payable.....	2,024,705	—	19,296
Refund and Other Liabilities.....	424,351	64,714	8,719
Bonds and Notes Payable.....	15,914	—	—
TOTAL CURRENT LIABILITIES.....	2,779,729	320,286	29,674
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	1,878,387
Deferred Prize Awards Payable.....	—	557,821	—
Interfund Payable.....	—	2,542	—
Benefits Payable.....	15,790,395	—	—
Refund and Other Liabilities.....	1,612,925	28,589	—
Bonds and Notes Payable.....	15,719	—	—
TOTAL NONCURRENT LIABILITIES.....	17,419,039	588,952	1,878,387
TOTAL LIABILITIES.....	20,198,768	909,238	1,908,061
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	57,105	2,801	—
Restricted for Deferred Lottery Prizes.....	—	123,724	—
Unrestricted.....	7,760,634	111,976	(1,612,895)
TOTAL NET ASSETS (DEFICITS).....	\$ 7,817,739	\$ 238,501	\$ (1,612,895)

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

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	129,633	\$	225,503
	2,722		455,359
	15,902		29,802
	—		20
	84,000		130,230
	—		188,436
	—		2,158
	—		177,795
	10,308		10,322
	—		843,882
	—		194,429
	1,498		77,802
	14,557		425,229
	42,921		42,921
	613		25,604
	302,154		2,829,492
	—		89
	358,873		1,039,484
	96,486		22,529,389
	—		3,044,099
	8,576		646,209
	7,425		124,846
	—		19,318
	471,360		27,403,434
	773,514		30,232,926
	47,150		63,459
	3,189		3,189
	15,902		218,238
	—		302,143
	—		1,659
	—		48,397
	3,579		3,732
	745		1,738
	84,000		2,128,001
	5,683		503,467
	—		15,914
	160,248		3,289,937
	—		1,878,387
	—		557,821
	10,123		12,665
	469,000		16,259,395
	8,924		1,650,438
	—		15,719
	488,047		20,374,425
	648,295		23,664,362
	7,425		67,331
	—		123,724
	117,794		6,377,509
\$	125,219	\$	6,568,564

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS -- ENTERPRISE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ —	\$ 2,775,102	\$ 21,982
Premium and Assessment Income.....	1,944,478	—	1,516,946
Federal Government.....	—	—	1,431,841
Investment Income.....	—	—	—
Other.....	14,115	6,635	102,530
TOTAL OPERATING REVENUES.....	1,958,593	2,781,737	3,073,299
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	—	—
Administration.....	58,161	86,903	—
Bonuses and Commissions.....	—	179,402	—
Prizes.....	—	1,680,790	—
Benefits and Claims.....	1,832,992	—	2,752,427
Depreciation.....	10,666	20,557	—
Other.....	43,371	18	—
TOTAL OPERATING EXPENSES.....	1,945,190	1,967,670	2,752,427
OPERATING INCOME.....	13,403	814,067	320,872
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	2,043,644	79,105	—
Interest Expense.....	—	(2,936)	—
Other.....	—	(31,065)	(2,408)
TOTAL NONOPERATING REVENUES (EXPENSES).....	2,043,644	45,104	(2,408)
INCOME BEFORE TRANSFERS.....	2,057,047	859,171	318,464
TRANSFERS:			
Transfers-in.....	95	—	—
Transfers-out.....	(11,405)	(771,364)	(4,622)
TOTAL TRANSFERS.....	(11,310)	(771,364)	(4,622)
NET INCOME.....	2,045,737	87,807	313,842
NET ASSETS (DEFICITS), JULY 1	5,772,002	150,694	(1,926,737)
NET ASSETS (DEFICITS), JUNE 30.....	\$ 7,817,739	\$ 238,501	\$ (1,612,895)

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 866,201	\$ 3,663,285
—	3,461,424
—	1,431,841
6,896	6,896
41,758	165,038
914,855	8,728,484
549,301	549,301
91,746	236,810
—	179,402
—	1,680,790
66,760	4,652,179
1,405	32,628
690	44,079
709,902	7,375,189
204,953	1,353,295
7	2,122,756
—	(2,936)
(14)	(33,487)
(7)	2,086,333
204,946	3,439,628
26,430	26,525
(189,086)	(976,477)
(162,656)	(949,952)
42,290	2,489,676
82,929	4,078,888
\$ 125,219	\$ 6,568,564

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	\$ 2,740,695	\$ —
Cash Received from Multi-State Lottery for Grand Prize Winner.....	—	65,382	—
Cash Received from Premiums and Assessments.....	2,009,871	—	1,530,615
Cash Received from Interfund Services Provided.....	64,135	3,130	—
Other Operating Cash Receipts.....	43,183	28,555	45,125
Cash Payments to Suppliers for Goods and Services.....	(44,999)	(60,625)	—
Cash Payments to Employees for Services.....	(214,655)	(25,266)	—
Cash Payments for Benefits and Claims.....	(1,988,923)	—	(2,478,022)
Cash Payments for Lottery Prizes.....	—	(1,815,895)	—
Cash Payments for Bonuses and Commissions.....	—	(179,402)	—
Cash Payments for Premium Reductions and Refunds.....	(59,620)	—	—
Cash Payments for Interfund Services Used.....	(15,944)	(4,188)	—
Other Operating Cash Payments.....	—	(18)	(253,221)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(206,952)	752,368	(1,155,503)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	95	—	—
Transfers-out	(11,405)	(771,364)	(4,622)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(11,310)	(771,364)	(4,622)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds, Notes, and Capital Leases.....	(15,890)	(18,156)	—
Interest Paid	(2,326)	(2,652)	—
Acquisition and Construction of Capital Assets	(8,525)	(1,333)	—
Proceeds from Sales of Capital Assets	125	108	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(26,616)	(22,033)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(15,348,352)	(83,689)	(1,513,249)
Proceeds from the Sales and Maturities of Investments	14,969,317	143,027	2,673,374
Investment Income Received	728,662	9,688	—
Borrower Rebates and Agent Fees.....	(7,989)	(308)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	341,638	68,718	1,160,125
NET INCREASE IN CASH & CASH EQUIVALENTS.....	96,760	27,689	—
CASH AND CASH EQUIVALENTS, JULY 1	345,511	78,656	—
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 442,271	\$ 106,345	\$ —

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

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	832,647	\$	3,573,342
	—		65,382
	—		3,540,486
	11,714		78,979
	12,695		129,558
	(530,780)		(636,404)
	(92,566)		(332,487)
	—		(4,466,945)
	—		(1,815,895)
	—		(179,402)
	—		(59,620)
	(7,214)		(27,346)
	(67,307)		(320,546)
	159,189		(450,898)
	27,027		27,122
	(159,923)		(947,314)
	(132,896)		(920,192)
	—		(34,046)
	—		(4,978)
	(1,070)		(10,928)
	4		237
	(1,066)		(49,715)
	(384,667)		(17,329,957)
	441,754		18,227,472
	13,141		751,491
	—		(8,297)
	70,228		1,640,709
	95,455		219,904
	36,900		461,067
\$	132,355	\$	680,971

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)
(continued)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income.....	\$ 13,403	\$ 814,067	\$ 320,872
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	—
Depreciation	10,666	20,557	—
Provision for Uncollectible Accounts.....	47,540	—	—
Amortization of Premiums and Discounts.....	(366)	—	—
Interest on Bonds, Notes, and Capital Leases.....	2,326	—	—
Decrease (Increase) in Assets:			
Deposit with Federal Government.....	—	—	(1,137,150)
Intergovernmental Receivable.....	—	—	81
Premiums and Assessments Receivable.....	(248)	—	(2,040)
Interfund Receivable.....	9,541	(1,518)	—
Other Receivables	(48,056)	(7,062)	(57,433)
Inventories	—	—	—
Other Assets	138	(1,966)	529
Increase (Decrease) in Liabilities:			
Accounts Payable	4,048	(2,239)	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	(295,664)
Deferred Prize Awards Payable.....	—	(67,894)	—
Interfund Payable.....	—	(196)	—
Unearned Revenue	—	(776)	—
Benefits Payable.....	(197,500)	—	17,638
Refund and Other Liabilities.....	(48,444)	(605)	(2,336)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ (206,952)	\$ 752,368	\$ (1,155,503)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in Fair Value of Investments.....	\$ 1,323,434	\$ 56,878	\$ —

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

<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>
\$ 204,953	\$ 1,353,295
(6,896)	(6,896)
1,405	32,628
—	47,540
(3)	(369)
—	2,326
—	(1,137,150)
(664)	(583)
—	(2,288)
602	8,625
(10,714)	(123,265)
(4,388)	(4,388)
172	(1,127)
17,404	19,213
(1,938)	(1,938)
—	(295,664)
—	(67,894)
(471)	(667)
(147)	(923)
(39,599)	(219,461)
<u>(527)</u>	<u>(51,912)</u>
<u>\$ 159,189</u>	<u>\$ (450,898)</u>

\$ — \$ 1,380,312

STATE OF OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012
(dollars in thousands)

	<u>PENSION TRUST</u>	<u>PRIVATE- PURPOSE TRUST</u>	<u>INVESTMENT TRUST</u>
	<u>STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/11)</u>	<u>VARIABLE COLLEGE SAVINGS PLAN</u>	<u>STAR OHIO</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	10,641	106,275	243,173
Investments (at fair value):			
U.S. Government and Agency Obligations.....	25,167	—	1,505,194
Common and Preferred Stock.....	141,527	—	—
Corporate Bonds and Notes.....	45,891	—	53,326
Foreign Stocks and Bonds.....	8,018	—	—
Commercial Paper.....	—	—	646,345
Repurchase Agreements.....	—	—	—
Mutual Funds.....	435,868	6,268,606	281,073
Real Estate.....	32,318	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
Partnership and Hedge Funds.....	—	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	—	—
Collateral on Lent Securities.....	—	—	—
Employer Contributions Receivable.....	961	—	—
Employee Contributions Receivable.....	668	—	—
Other Receivables.....	446	4,063	618
Other Assets.....	52	—	—
Capital Assets, Net.....	16	—	—
TOTAL ASSETS.....	701,573	6,378,944	2,729,729
LIABILITIES:			
Accounts Payable.....	590	—	—
Accrued Liabilities.....	21,524	2,371	—
Obligations Under Securities Lending.....	—	—	—
Investment Trade Payable.....	—	—	89,879
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	54	3,677	191
TOTAL LIABILITIES.....	22,168	6,048	90,070
NET ASSETS:			
Held in Trust for:			
Employees' Pension Benefits.....	583,569	—	—
Employees' Postemployment Healthcare Benefits.....	95,836	—	—
Individuals, Organizations and Other Governments.....	—	6,372,896	—
Pool Participants.....	—	—	2,639,659
TOTAL NET ASSETS.....	\$ 679,405	\$ 6,372,896	\$ 2,639,659

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

AGENCY

\$ 336,309
96,038

15,204,046
46,008,054
12,537,449
38,173,652
4,919,104
309,687
8,517,609
15,166,436
12,429,471
5,667,515
3,737,695
64,219
46,999
—
—
1,288
437,151
—

163,652,722

—
—
46,999
—
153,268

163,452,455

163,652,722

—
—
—
—

\$ —

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STATE OF OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/11)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ADDITIONS:			
Contributions from:			
Employer.....	\$ 24,589	\$ —	\$ —
Employees.....	8,349	—	—
Plan Participants.....	—	1,618,925	—
Other.....	2,678	—	—
Total Contributions.....	35,616	1,618,925	—
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments.....	(25,842)	(82,005)	—
Interest, Dividends and Other.....	11,696	144,188	3,274
Total Investment Income.....	(14,146)	62,183	3,274
Less: Investment Expense.....	4,992	28,555	2,062
Net Investment Income.....	(19,138)	33,628	1,212
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	10,248,745
Reinvested Distributions.....	—	—	1,212
Shares Redeemed.....	—	—	(10,726,260)
Net Capital Share and Individual Account Transactions.....	—	—	(476,303)
TOTAL ADDITIONS.....	16,478	1,652,553	(475,091)
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries.....	55,638	—	—
Healthcare Benefits Paid to Participants or Beneficiaries....	12,361	—	—
Refunds of Employee Contributions.....	452	—	—
Administrative Expense.....	1,107	—	—
Transfers to Other Retirement Systems.....	1,798	—	—
Distributions to Shareholders and Plan Participants.....	—	1,358,163	1,212
TOTAL DEDUCTIONS.....	71,356	1,358,163	1,212
CHANGE IN NET ASSETS HELD FOR:			
Employees' Pension Benefits.....	(43,299)	—	—
Employees' Postemployment Healthcare Benefits.....	(11,579)	—	—
Individuals, Organizations and Other Governments.....	—	294,390	—
Pool Participants.....	—	—	(476,303)
TOTAL CHANGE IN NET ASSETS.....	(54,878)	294,390	(476,303)
NET ASSETS, JULY 1	734,283	6,078,506	3,115,962
NET ASSETS, JUNE 30.....	\$ 679,405	\$ 6,372,896	\$ 2,639,659

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

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2012
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY (as of 12/31/11)	OHIO STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 511,746	\$ —	\$ —
Cash and Cash Equivalents.....	—	37,093	601,095
Investments.....	—	58,312	738,866
Collateral on Lent Securities.....	72,119	—	—
Intergovernmental Receivable.....	—	614	22,021
Loans Receivable, Net.....	541	2,739	24,625
Receivable from Primary Government.....	—	—	2,439
Other Receivables.....	—	5	496,088
Inventories.....	—	—	57,612
Other Assets.....	41	—	26,024
TOTAL CURRENT ASSETS.....	584,447	98,763	1,968,770
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	209,883	714,226
Investments.....	—	1,296,789	—
Loans Receivable, Net.....	—	4,539,481	—
Investments.....	—	11,473	2,442,802
Loans Receivable, Net.....	2,941	63,391	48,585
Other Receivables.....	—	6,811	46,555
Other Assets.....	—	68,454	—
Capital Assets Being Depreciated, Net.....	19	973	2,855,278
Capital Assets Not Being Depreciated.....	23,171	539	987,073
TOTAL NONCURRENT ASSETS.....	26,131	6,197,794	7,094,519
TOTAL ASSETS.....	610,578	6,296,557	9,063,289
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	610,578	6,296,557	9,063,289
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	8,880	73,390	256,639
Accrued Liabilities.....	223	10,626	185,526
Obligations Under Securities Lending.....	72,119	—	—
Intergovernmental Payable.....	296,307	—	—
Unearned Revenue.....	—	—	231,545
Refund and Other Liabilities.....	127	—	78,781
Bonds and Notes Payable.....	—	212,328	549,175
Certificates of Participation.....	—	—	490
TOTAL CURRENT LIABILITIES.....	377,656	296,344	1,302,156
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	211,591	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	797	220	357,439
Payable to Primary Government.....	3,766,326	—	—
Bonds and Notes Payable.....	—	2,731,070	1,909,563
Certificates of Participation.....	—	—	2,845
TOTAL NONCURRENT LIABILITIES.....	3,978,714	2,731,290	2,269,847
TOTAL LIABILITIES.....	4,356,370	3,027,634	3,572,003
Deferred Inflows of Resources.....	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	4,356,370	3,027,634	3,572,003
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	23,190	1,512	2,079,926
Restricted for:			
Primary, Secondary and Other Education.....	—	—	—
Community and Economic Development.....	—	3,085,749	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	1,200,473
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	2,437
Endowments and Quasi-Endowments.....	—	—	104,992
Current Operations.....	—	—	495,679
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted.....	(3,768,982)	181,662	1,607,779
TOTAL NET ASSETS (DEFICITS).....	\$ (3,745,792)	\$ 3,268,923	\$ 5,491,286

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

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
\$ —	\$ 49,876	\$ 561,622
115,109	736,866	1,490,163
197,700	1,660,939	2,655,817
—	3,032	75,151
—	59,480	82,115
6,459	22,891	57,255
525	20,284	23,248
66,392	434,545	997,030
2,272	29,478	89,362
19,162	65,018	110,245
407,619	3,082,409	6,142,008
—	277,078	1,201,187
120,021	831,214	2,248,024
—	—	4,539,481
757,502	1,375,781	4,587,558
25,434	104,275	244,626
36,663	123,256	213,285
424,634	67,155	560,243
1,246,560	5,009,601	9,112,431
214,509	668,826	1,894,118
2,825,323	8,457,186	24,600,953
3,232,942	11,539,595	30,742,961
—	1,881	1,881
3,232,942	11,541,476	30,744,842
60,109	173,919	572,937
47,849	202,856	447,080
—	3,032	75,151
—	1,012	297,319
31,428	269,923	532,896
80,231	140,439	299,578
124,648	100,073	986,224
—	—	490
344,265	891,254	3,211,675
25,168	8,318	245,077
—	3,385	3,385
115,499	378,066	852,021
—	572	3,766,898
934,357	2,693,522	8,268,512
—	—	2,845
1,075,024	3,083,863	13,138,738
1,419,289	3,975,117	16,350,413
—	23,424	23,424
1,419,289	3,998,541	16,373,837
383,662	3,485,127	5,973,417
—	312	312
—	65,003	3,150,752
116,924	117,686	234,610
45,513	11,064	56,577
391,367	704,464	2,296,304
425,893	86,046	511,939
52,843	167,653	220,496
97,377	18,318	115,695
35,155	92,699	127,854
39,795	17,506	57,301
29,338	184,030	213,368
2,452	21,294	23,746
12,951	135,567	150,955
70,079	276,488	451,559
(4,757)	61,875	552,797
43,290	220,607	263,897
71,771	1,877,196	(30,574)
\$ 1,813,653	\$ 7,542,935	\$ 14,371,005

STATE OF OHIO
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	SCHOOL FACILITIES COMMISSION	OHIO WATER DEVELOPMENT AUTHORITY (for the year ended 12/31/11)	OHIO STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education.....	\$ 280,391	\$ —	\$ —
Community and Economic Development.....	—	—	—
Cost of Services.....	—	145,760	—
Administration.....	—	10,878	—
Education and General:			
Instruction and Departmental Research.....	—	—	880,042
Separately Budgeted Research.....	—	—	447,213
Public Service.....	—	—	109,714
Academic Support.....	—	—	162,783
Student Services.....	—	—	90,493
Institutional Support.....	—	—	224,377
Operation and Maintenance of Plant.....	—	—	105,346
Scholarships and Fellowships.....	—	—	110,748
Auxiliary Enterprises.....	—	—	239,570
Hospitals.....	—	—	1,964,039
Interest on Long-Term Debt.....	—	—	59,734
Depreciation.....	103	116	242,391
Other.....	—	1,090	—
TOTAL EXPENSES.....	280,494	157,844	4,636,450
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	25,805	145,136	3,430,699
Operating Grants, Contributions and Restricted Investment Income.....	4,465	98,370	634,608
Capital Grants, Contributions and Restricted Investment Income.....	—	—	19,072
TOTAL PROGRAM REVENUES.....	30,270	243,506	4,084,379
NET PROGRAM (EXPENSE) REVENUE	(250,224)	85,662	(552,071)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	468	60,177
State Assistance.....	675,321	—	470,494
Other.....	—	—	220,683
TOTAL GENERAL REVENUES.....	675,321	468	751,354
ADDITIONS TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	41,299
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	425,097	86,130	240,582
NET ASSETS (DEFICITS), JULY 1 (as restated).....	(4,170,889)	3,182,793	5,250,704
NET ASSETS (DEFICITS), JUNE 30.....	\$ (3,745,792)	\$ 3,268,923	\$ 5,491,286

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

UNIVERSITY OF CINCINNATI	NONMAJOR COMPONENT UNITS	TOTAL
\$ —	\$ 15,284	\$ 295,675
—	24,643	24,643
—	—	145,760
—	—	10,878
268,935	1,640,414	2,789,391
167,694	230,752	845,659
57,708	125,206	292,628
97,441	424,370	684,594
43,260	230,862	364,615
101,797	510,412	836,586
49,854	324,877	480,077
38,104	305,212	454,064
83,992	609,318	932,880
—	290,262	2,254,301
44,218	105,257	209,209
100,413	318,388	661,411
11,807	67,295	80,192
1,065,223	5,222,552	11,362,563
611,959	3,087,341	7,300,940
264,327	548,158	1,549,928
10,352	40,411	69,835
886,638	3,675,910	8,920,703
(178,585)	(1,546,642)	(2,441,860)
—	15,685	76,330
192,347	1,088,265	2,426,427
4,397	529,313	754,393
196,744	1,633,263	3,257,150
697	31,466	73,462
—	(2,960)	(2,960)
18,856	115,127	885,792
1,794,797	7,427,808	13,485,213
\$ 1,813,653	\$ 7,542,935	\$ 14,371,005



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2012, and for the year then ended, conform with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are included in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The State's significant accounting policies are as follows.

A. Financial Reporting Entity

The State of Ohio's primary government includes all funds, elected officials, departments and agencies, bureaus, boards, commissions, and authorities that make up the State's legal entity. Component units, legally separate organizations for which the State's elected officials are financially accountable, also comprise, in part, the State's reporting entity. Additionally, other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete should be included in a government's financial reporting entity.

GASB Statement No. 14 (GASB 14), *The Financial Reporting Entity*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- an organization is fiscally dependent on the primary government.

1. Blended Component Units

The Ohio Building Authority, the Buckeye Tobacco Settlement Financing Authority, and the State Highway Patrol Retirement System are legally separate organizations that provide services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefit the State. Therefore, the State reports these organizations' balances and transactions as though they were part of the primary government using the blending method.

The Ohio Building Authority ceased operations as of December 31, 2011. Pursuant to Amended Substitute House Bill No. 153 of the 129th General Assembly, effective January 1, 2012, the Treasurer of the State of Ohio supersedes and replaces the Authority in all matters relating to the issuance of obligations for the financing of capital facilities for housing branches and agencies of State government. Further, the Treasurer succeeds to all of the duties, powers, obligations and functions of the Authority relating to bonds previously issued by the Authority. The legislation additionally provides that effective January 1, 2012, the building and facility operations and management functions of the Authority are transferred to the Ohio Department of Administrative Services.

2. Discretely Presented Component Units

The component units' columns in the basic financial statements include the financial data of another 28 organizations. The separate discrete column labeled, "Component Units," emphasizes these organizations' separateness from the State's primary government. Officials of the primary government appoint a voting majority of each organization's governing board.

The primary government has the ability to impose its will on the following organizations by modifying or approving their respective budgets or through policy modification authority.

School Facilities Commission
Cultural Facilities Commission
eTech Ohio Commission
Ohio Air Quality Development Authority
Ohio Capital Fund



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following organizations impose or potentially impose financial burdens on the primary government.

Ohio Water Development Authority
Ohio State University
University of Cincinnati
Ohio University
Miami University
University of Akron
Bowling Green State University
Kent State University
University of Toledo
Cleveland State University
Youngstown State University
Wright State University
Shawnee State University
Central State University
Terra State Community College
Columbus State Community College
Clark State Community College
Edison State Community College
Southern State Community College
Washington State Community College
Cincinnati State Community College
Northwest State Community College
Owens State Community College

The School Facilities Commission, Cultural Facilities Commission, and eTech Ohio Commission, which are governmental component units, do not issue separately audited financial reports.

Information on how to obtain financial statements for the State's component units that do issue their own separately audited financial reports is available from the Ohio Office of Budget and Management.

3. Joint Ventures and Related Organizations

As discussed in more detail in NOTE 18, the State participates in several joint ventures and has related organizations. The State does not include the financial activities of these organizations in its financial statements, in conformity with GASB 14.

B. Basis of Presentation

Government-wide Statements — The Statement of Net Assets and the Statement of Activities display information about the primary government (the State) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

Fiduciary funds of the primary government and component units that are fiduciary in nature are reported only in the statements of fiduciary net assets and changes in fiduciary net assets.

For the government-wide financial statements, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the State. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources using the economic resources measurement focus and the accrual basis of accounting. The State presents the statement in a format that displays *assets and deferred outflows of resources less liabilities and deferred inflows of resources equal net assets*. The *net assets* section is displayed in three components:



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *Invested in Capital Assets, Net of Related Debt* component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of debt attributable to significant unspent related debt proceeds at year-end is not included in the calculation of this net assets component.
- The *Restricted Net Assets* component represents net assets with constraints placed on their use that are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2.) imposed by law through constitutional provisions or enabling legislation. For component units with permanent endowments, restricted net assets are displayed in two additional components — nonexpendable and expendable. Nonexpendable net assets are those that are required to be retained in perpetuity.
- The *Unrestricted Net Assets* component consists of net assets that do not meet the definition of the preceding two components.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the State's governmental activities and for the different business-type activities of the State. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Centralized expenses have been included in direct expenses. Indirect expenses have not been allocated to the programs or functions reported in the Statement of Activities.

Program revenues include licenses, permits and other fees, fines, forfeitures, charges paid by the recipients of goods or services offered by the programs, and grants, contributions, and investment earnings that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all tax, tobacco settlement, escheat property revenues, unrestricted investment income, and state assistance, are presented as general revenues.

Fund Financial Statements — The fund financial statements provide information about the State's funds, including the fiduciary funds and blended component units. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Governmental fund types include the General, special revenue, debt service, and capital projects funds. The proprietary funds consist of enterprise funds. Fiduciary fund types include pension trust, private-purpose trust, investment trust, and agency funds.

Operating revenues for the State's proprietary funds mainly consist of charges for the sales and services and premium and assessment income since these revenues result from exchange transactions associated with the principal activity of the respective enterprise fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Revenue from the federal government for the underfunded regular and extended unemployment benefits is also reported as operating revenues for the Unemployment Compensation Fund, since this source provides significant funding for the payment of unemployment benefits — the fund's principal activity. Investment income for the Tuition Trust Authority Fund is also reported as operating revenue, since this source provides significant funding for the payment of tuition benefits. Nonoperating revenues for the proprietary funds result from nonexchange transactions or ancillary activities; nonoperating revenues are primarily comprised of investment income and federal operating grants.

Proprietary fund operating expenses principally consist of expenses for the cost of sales and services, administration, bonuses and commissions, prizes, benefits and claims, and depreciation. Nonoperating expenses principally consist of interest expense on debt and the amortization of discount on deferred lottery prize liabilities, which is reported under "Other" nonoperating expenses.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The State reports the following major governmental funds:

General — The General Fund, the State's primary operating fund, accounts for resources of the general government, except those required to be accounted for in another fund.

Job, Family and Other Human Services Special Revenue Fund — This fund accounts for public assistance programs primarily administered by the Ohio Department of Job and Family Services, which provides financial assistance, services, and job training to those individuals and families who do not have sufficient resources to meet their basic needs. The primary sources of revenue for this fund are licenses, permits and fees and the federal government.

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund — This fund accounts for the payment of principal and interest on the revenue bonds issued to fund long-lived capital projects at State-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State.

The State reports the following major proprietary funds:

Workers' Compensation Enterprise Fund — This fund accounts for the operations of the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio, which provide workers' compensation insurance services.

Lottery Commission Enterprise Fund — This fund accounts for the State's lottery operations.

Unemployment Compensation Enterprise Fund — This fund, which is administered by the Ohio Department of Job and Family Services, accounts for unemployment compensation benefit claims.

The State reports the following fiduciary fund types:

Pension Trust Fund — The State Highway Patrol Retirement System Pension Trust Fund accounts for resources that are required to be held in trust for members and beneficiaries of the defined benefit plan. The financial statements for the State Highway Patrol Retirement System Pension Trust Fund are presented for the fiscal year ended December 31, 2011.

Private-Purpose Trust Fund — The Private-Purpose Trust Fund accounts for trust arrangements under which principal and income benefit participants in the Variable College Savings Plan, which is administered by the Tuition Trust Authority.

Investment Trust Fund — The STAR Ohio Investment Trust Fund accounts for the state-sponsored external investment pool, which the Treasurer of State administers for local government participants.

Agency Funds — These funds account for the receipt, temporary investment, and remittance of fiduciary resources held on behalf of individuals, private organizations, and other governments.

The State reports the following major discretely presented component unit funds:

The *School Facilities Commission* fund accounts for grants that provide assistance to local school districts for the construction of school buildings.

The *Ohio Water Development Authority*, *Ohio State University*, and *University of Cincinnati* funds are business-type activities that use proprietary fund reporting. The financial statements for the Ohio Water Development Authority, which provides financial assistance to local governments for the construction of wastewater and sewage facilities, are presented for the fiscal year ended December 31, 2011. The Ohio State University Fund accounts for the university's operations, including its health system, supercomputer center, agricultural research and development center, and other legally separate entities subject to the control of the university's board. The University of Cincinnati Fund accounts for the university's operations, including its related foundation and other legally separate entities subject to the control of the university's board.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

Government-wide, Enterprise Fund, and Fiduciary Fund Financial Statements — The State reports the government-wide financial statements and the proprietary fund and fiduciary fund financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The State recognizes revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions when the exchange takes place. When resources are received in advance of the exchange, the State reports the unearned revenue as a liability.

Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include derived taxes, grants, and entitlements. The revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Under the accrual basis, the State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue.

Investment income includes the net increase (decrease) in the fair value of investments.

As permitted by GAAP, all governmental and business-type activities and enterprise funds have elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Governmental Fund Financial Statements — The State reports governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers revenues reported in the governmental funds to be available when the revenues are collectible within 60 days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Significant revenue sources susceptible to accrual under the modified accrual basis of accounting include:

- Personal income taxes
- Sales and use taxes
- Motor vehicle fuel taxes
- Charges for goods and services
- Federal government grants
- Tobacco settlement
- Investment income

The State recognizes assets from derived tax revenues (e.g., personal income, sales, and motor vehicle fuel taxes) in the fiscal year when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. The State recognizes derived tax revenues, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred and the revenues are collected during the availability period.

For revenue arising from exchange transactions (e.g., charges for goods and services), the State defers revenue recognition when resources earned from the exchange are not received during the availability period and reports unearned revenue when resources are received in advance of exchange.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental funds recognize federal government revenue in the period when all applicable eligibility requirements have been met and resources are available. Resources transmitted in advance of the State meeting eligibility requirements are reported as unearned revenue. The State defers revenue recognition for reimbursement-type grant programs if the reimbursement is not received during the availability period.

Investment income includes the net increase (decrease) in the fair value of investments.

Licenses, permits, fees, and certain other miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. The "Other" revenue account is comprised of refunds, reimbursements, recoveries, and other miscellaneous income.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, capital lease obligations, compensated absences, and claims and judgments. The governmental funds recognize expenditures for these liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from long-term debt issuances, including refunding bond proceeds, premiums, and acquisitions under capital leases are reported as other financing sources while discounts and payments to refunded bond escrow agents are reported as other financing uses.

D. Budgetary Process

As the Ohio Revised Code requires, the Governor submits biennial operating and capital budgets to the General Assembly.

The General Assembly approves operating appropriations in annual amounts and capital appropriations in two-year amounts.

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.

The State's Controlling Board can transfer or increase a line-item appropriation within the limitations set under Sections 127.14 and 131.35, Ohio Revised Code.

All governmental funds are budgeted except the following activities within the debt service and capital projects fund types:

- Improvements General Obligations
- Highway Improvements General Obligations
- Development General Obligations
- Highway General Obligations
- Public Improvements General Obligations
- Vietnam Conflict Compensation
 - General Obligations
- Economic Development Revenue Bonds
- Infrastructure Bank Revenue Bonds
- Revitalization Project Revenue Bonds
- Buckeye Tobacco Settlement Financing Authority
 - Revenue Bonds
- Lease Rental Special Obligations
- Ohio Building Authority Special Obligations (through December 31, 2011)
- Transportation Certificates of Participation
- OAKS Certificates of Participation
- STARS Certificates of Participation
- OAKS Project
- STARS Project



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Detailed Appropriation Summary by Fund Report* is available for public inspection at the Ohio Office of Budget and Management and on its web site at www.obm.ohio.gov/SectionPages/FinancialReporting. This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

In the *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Fund*, the State reports estimated revenues and other financing sources and uses for the General Fund only; the State does not estimate revenue and other financing sources and uses for the major special revenue fund or its budgeted nonmajor governmental funds.

Additionally, in the non-GAAP budgetary basis financial statement and schedules, "actual" budgetary expenditures include cash disbursements and outstanding encumbrances, as of June 30.

The State Highway Patrol Retirement System Pension Trust Fund, the Variable College Savings Plan Private-Purpose Trust Fund, and the STAR Ohio Investment Trust Fund are not legally required to adopt budgets. The State is not legally required to report budgetary data and comparisons for the budgeted proprietary funds. Also, the State does not present budgetary data for its discretely presented component units.

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

E. Cash Equity with Treasurer and Cash and Cash Equivalents

Cash equity with Treasurer consists of pooled demand deposits and investments carried at fair value. The State's cash pool under the Treasurer of State's administration has the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty.

Cash and cash equivalents include amounts on deposit with financial institutions and cash on hand. The cash and cash equivalents account also include investments with original maturities of three months or less from the date of acquisition for the Workers' Compensation Enterprise Fund.

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

Additional disclosures on the State's deposits can be found in NOTE 4.

F. Investments

Investments include long-term investments that may be restricted by law or other legal instruments. With the exception of certain money market investments, which have remaining maturities at the time of purchase of one year or less and are carried at amortized cost, and holdings in the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool, the State reports investments at fair value based on quoted market prices. STAR Ohio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940; investments in the 2a7-like pool are reported at amortized cost (which approximates fair value).

The colleges and universities report investments received as gifts at their fair value on the donation date.

The primary government does not manage or provide investment services for investments reported in the Agency Fund that are owned by other, legally separate entities that are not part of the State of Ohio's reporting entity.

Additional disclosures on the State's investments can be found in NOTE 4.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Taxes Receivable

Taxes receivable represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, revenue has been recognized for the receivable. In the fund financial statements only the portion of the receivable collected during the 60-day availability period has been recognized as revenue while the remainder is recorded as deferred revenue. Additional disclosures on taxes receivable can be found in NOTE 5.

H. Intergovernmental Receivable

The intergovernmental receivable balance is primarily comprised of amounts due from the federal government for reimbursement-type grant programs. Advances of resources to recipient local governments before eligibility requirements have been met under government-mandated and voluntary nonexchange programs and amounts due for exchanges of State goods and services with other governments are also reported as intergovernmental receivables. Additional details on the intergovernmental receivable balance can be found in NOTE 5.

I. Inventories

Inventories are valued at cost. Principal inventory cost methods applied include first-in/first-out, average cost, moving-average, and retail.

In the governmental fund financial statements, the State recognizes the costs of material inventories as expenditures when purchased. Inventories do not reflect current appropriable resources in the governmental fund financial statements. Therefore, the State reports an equivalent portion of fund balance as nonspendable.

J. Restricted Assets

The primary government reports assets restricted for the payment of deferred lottery prize awards, revenue bonds, and tuition benefits in the enterprise funds.

Generally, the component unit funds hold assets in trust under bond covenants or other financing arrangements that legally restrict the use of these assets.

K. Capital Assets

Primary Government

The State reports capital assets purchased with governmental fund resources in the government-wide financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. The State does not report capital assets purchased with governmental fund resources in the fund financial statements. Governmental capital assets are reported net of accumulated depreciation, except for land, construction-in-progress, transportation infrastructure assets, and individual works of art and historical treasures, including historical land improvements and buildings. Transportation infrastructure assets are reported using the "modified approach," as discussed below, and therefore are not depreciable. Individual works of art and historical treasures, including historical land improvements and buildings, are considered to be inexhaustible, and therefore, are not depreciable.

The State reports capital assets purchased with enterprise fund resources and fiduciary fund resources in the government-wide and the fund financial statements at historical cost, or at estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair value on the donation date. Capital assets, except for land and construction-in-progress, are reported net of accumulated depreciation.

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



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ODOT maintains an inventory of its transportation infrastructure capital assets, and conducts annual condition assessments to establish that the condition level that the State has committed itself to maintaining is, in fact, being achieved. ODOT also estimates the amount that must be spent annually to maintain the assets at the desired condition level.

For its other types of capital assets, the State does not capitalize the costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life. Costs of major improvements are capitalized. Interest costs associated with the acquisition of capital assets purchased using governmental fund resources are not capitalized, while those associated with acquisitions purchased using enterprise and fiduciary fund resources are capitalized.

The State does not capitalize collections of works of art or historical treasures that can be found at the Governor's residence, Malabar Farm (i.e., Louis Bromfield estate), which the Ohio Department of Natural Resources operates, the Ohio Arts Council, the State Library of Ohio, and the Capitol Square Review and Advisory Board for the following reasons:

- The collection is held for public exhibition, education, or research in furtherance of public service rather than for financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State has established the following capitalization thresholds:

Buildings	\$ 15,000
Building Improvements	100,000
Land, including easements	All, regardless of cost
Land Improvements	15,000
Machinery and Equipment	15,000
Vehicles.....	15,000
Infrastructure:	
Highway Network.....	500,000
Bridge Network.....	500,000
Park and Natural Resources Network	All, regardless of cost

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

Buildings	20-45 Years
Land Improvements	10-30 Years
Machinery and Equipment	3-15 Years
Vehicles.....	7-15 Years
Park and Natural Resources Infrastructure Network	10-50 Years

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

Discretely Presented Component Unit Funds

The discretely presented component unit funds value all capital assets at cost and donated fixed assets at estimated fair value on the donation date. They apply the straight-line method to depreciable capital assets. Additional disclosures about the discretely presented component unit funds' capital assets can be found in NOTE 8.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Medicaid Claims Payable

The Medicaid claims liability, which has an average maturity of one year or less, includes an estimate for incurred, but not reported claims.

M. Noncurrent Liabilities

Government-wide Financial Statements — Liabilities whose average maturities are greater than one year are reported in two components — the amount due in one year and the amount due in more than one year. Additional disclosures as to the specific liabilities included in noncurrent liabilities can be found in NOTES 10 through 15.

Fund Financial Statements — Governmental funds recognize noncurrent liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

The proprietary funds and component unit funds report noncurrent liabilities expected to be financed from their operations.

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 four years of employment, up to a maximum rate of 9.2 hours every two weeks after 24 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or retirement, the State pays employees, at their full rate, 100 percent of unused vacation leave, personal leave, and, in certain cases, compensatory time and 50 to 55 percent of unused sick leave.

Such leave is liquidated in cash, under certain restrictions, either annually in December, or at the time of termination from employment.

For the governmental funds, the State reports the matured compensated absences liability as a fund liability (included in the "Accrued Liabilities" account as a component of wages payable) to the extent it will be liquidated with expendable, available financial resources. For the primary government's proprietary funds and its discretely presented component unit funds, the State reports the compensated absences liability as a fund liability included in the "Refund and Other Liabilities" account.

The State's primary government accrues vacation, compensatory time, and personal leaves as liabilities when an employee's right to receive compensation 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.

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

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

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

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



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Classification; Budget Stabilization Fund; Net Assets and Fund Balance Spending Order
Fund balance reported in the governmental fund financial statements is classified as follows:

Nonspendable

The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either 1.) not in spendable form, such as prepaids and inventories or 2.) legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

Restricted

Fund balance amounts should be *restricted* when constraints placed on the use of resources are either 1.) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 2.) imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Committed

Amounts constrained for specific purposes by formal action (i.e., legislation) of the government's highest level of decision-making authority (i.e., General Assembly) should be reported as *committed* fund balance. Committed amounts cannot be used for other purposes unless the General Assembly passes legislation to remove the constraints.

Assigned

Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as *assigned* fund balance, except for stabilization arrangements. The intent should be conveyed by the governing body itself or through delegation to a body or official authorized on behalf of the government to assign amounts to be used for specific purposes. The Controlling Board, created under Chapter 127, Ohio Revised Code, is an example of a body delegated by the government to make assignments. The Director of the Office of Budget and Management is an example of an authorized official granted assignment authority through legislative language, including enacted budget bills. While both the committed and assigned fund balance classifications include amounts constrained for specific use by actions taken by the government itself, the authority for making an assignment is not required to be the government's highest level of decision-making authority. Amounts should not be reported as assigned if the assignment would result in a deficit in unassigned fund balance.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents spendable fund balance that has not been otherwise restricted, committed or assigned to specific purposes within the General Fund. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance due to overspending amounts that are restricted or committed.

Fund balance in the State's Budget Stabilization Fund, as discussed in Sections 131.43 and 131.44, Ohio Revised Code, does not meet the criteria to be classified as restricted or committed and is, therefore, reported as unassigned in the General Fund.

For reporting purposes, restricted amounts are generally considered to have been spent first, followed by unrestricted amounts. Within the unrestricted fund balance amounts, the spending order is generally committed, followed by assigned, and then unassigned when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

P. Risk Management

The State's primary government is self-insured for claims under its traditional healthcare plans and for vehicle liability while it has placed public official fidelity bonding with a private insurer. The State self-funds tort liability and most property losses on a pay-as-you-go basis; however, selected state agencies have acquired private insurance for their property losses. While not the predominant participants, the State's primary government and its discretely presented component units participate in a public entity risk pool, which is accounted for in the Workers' Compensation Enterprise Fund, for the financing of their respective workers' compensation liabilities. These liabilities are reported in the governmental funds under the "Interfund Payable" account. (See NOTE 7).



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Balances and Activities

Interfund transactions and balances have been eliminated from the government-wide financial statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Revenues and expenses associated with reciprocal transactions within governmental or within business-type activities have not been eliminated.

In the fund financial statements, interfund activity within and among the three fund categories (governmental, proprietary, and fiduciary) is classified and reported as follows:

Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions. This activity includes:

Interfund Loans — Amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

Interfund Services Provided and Used — Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. This activity includes:

Interfund Transfers — Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Interfund Reimbursements — Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Details on interfund balances and transfers are disclosed in NOTE 7.

R. Intra-Entity Balances and Activities

Balances due between the primary government and its discretely presented component units are reported as receivables from component units or primary government and payables to component units or primary government. For each major discretely presented component unit, the nature and amount of significant transactions with the primary government are disclosed in NOTE 7.

Resource flows between the primary government and its discretely presented component units are reported like external transactions (i.e., revenues and expenses).

S. Derivatives Instruments

The State's derivative instruments include investment derivatives and interest rate swaps. Interest rate swaps that are ineffective hedging derivatives are reported within the investment derivatives classification.

The State reports its derivative instruments at fair value in the Statement of Net Assets. Changes in fair value for investment derivatives are recorded as investment income in the Statement of Activities. Changes in fair value for effective hedging derivatives are reported as deferred outflows/inflows of resources in the Statement of Net Assets.

Additional disclosures on the State's investment derivatives and its hedging derivatives can be found in NOTE 4 and NOTE 10, respectively.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 RESTATEMENTS AND CHANGES IN ACCOUNTING PRINCIPLES AND STANDARDS

A. Restatements

Restatements of net assets, as of June 30, 2011, for the discretely presented component units are presented in the following table (dollars in thousands).

Government-Wide Financial Statements:

	Total Discretely Presented Component Units
Net Assets, as of June 30, 2011, As Previously Reported	\$ 13,803,750
<i>Change in Reporting Entity:</i>	
University of Cincinnati Component Unit.....	(114,442)
Youngstown State University Component Unit.....	(209)
<i>Correction of an Error:</i>	
University of Cincinnati Component Unit.....	(203,886)
Total Changes in Net Assets.....	(318,537)
Net Assets, July 1, 2011, As Restated	<u>\$ 13,485,213</u>

B. Implementation of Recently Issued Accounting Pronouncements

For the fiscal year ended June 30, 2012, the State implemented the provisions of

- Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.
- Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

GASB 57 clarifies Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, regarding the requirements related to the coordination of the timing and frequency of OPEB measurements by agent employers and the agent multiple-employer OPEB plans in which they participate.

GASB 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. It establishes the criteria for determining when an effective hedging relationship continues and when hedge accounting should continue to be applied.



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

C. Recently Issued GASB Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The provisions of GASB 60 are effective for financial statements for periods beginning after December 15, 2011. GASB 60 establishes guidance for accounting and financial reporting for service concession arrangements (SCAs). This Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators by requiring both to account for and report SCAs in the same manner. This improves the comparability of financial statements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The provisions of GASB 61 are effective for financial statements beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. It addresses reporting entity issues that have arisen since the issuance of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. It also modifies existing requirements for including, presenting, and disclosing information about component units and equity interest transactions.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It eliminates the need to determine which FASB and AICPA pronouncements apply to state and local governments for more consistent application of guidance and improved comparability of financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The provisions of GASB 63 are effective for financial statements beginning after December 15, 2011. GASB 63 standardizes financial reporting of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position and improves the comparability of financial statements by providing guidance where none previously existed.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of GASB 65 are effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It also provides other financial reporting guidance related to the impact of deferred outflows and inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012*. The provisions of GASB 66 are effective for financial statements for periods beginning after December 15, 2012. This statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by providing guidance on (1) accounting for operating lease payments that vary from a straight-line basis, (2) accounting for the difference between the initial investment and the principal amount of a purchased loan or group of loans, and (3) recognition by a transferor for servicing fees related to mortgage loans.



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

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The provisions of GASB 67 are effective for financial statements for fiscal years beginning after June 15, 2013. This Statement amends Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* by establishing financial reporting standards for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements. Additionally, for defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2014. This statement amends Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project and discount benefit payments.

Management is assessing the impact that the new GASB pronouncements will have on the State's financial statements.

NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS

In the accompanying *Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Non-GAAP Budgetary Basis) — General Fund and Major Special Revenue Fund*, actual revenues, transfers-in, expenditures, encumbrances, and transfers-out reported on the non-GAAP budgetary basis do not equal those reported on the GAAP basis in the *Statement of Revenues, Expenditures and Changes in Fund Balances — Major Governmental Funds*.

This inequality results primarily from basis differences in the recognition of accruals, deferred revenue, interfund transactions, and loan transactions, and from timing differences in the budgetary basis of accounting for encumbrances. On the non-GAAP budgetary basis, the State recognizes encumbrances as expenditures in the year encumbered, while on the modified accrual basis, the State recognizes expenditures when goods or services are received regardless of the year encumbered.

Original budget amounts in the accompanying budgetary statements have been taken from the first complete appropriated budget for fiscal year 2012. An appropriated budget is the expenditure authority created by appropriation bills that are signed into law and related estimated revenues. The original budget also includes actual appropriation amounts automatically carried over from prior years by law, including the automatic rolling forward of appropriations to cover prior-year encumbrances.

Final Budget amounts represent original appropriations modified by authorized transfers, supplemental and amended appropriations, and other legally authorized legislative and executive changes applicable to fiscal year 2012, whenever signed into law or otherwise legally authorized.

For fiscal year 2012, no excess expenditures over appropriations were reported in individual funds.

A reconciliation of the fund balances reported under the GAAP basis and budgetary basis for the General Fund and the major special revenue fund is presented on the following page.



NOTE 3 GAAP versus NON-GAAP BUDGETARY BASIS (Continued)

Primary Government
Reconciliation of GAAP Basis Fund Balances to Non-GAAP Budgetary Basis Fund Balances
For the General Fund and Major Special Revenue Fund
As of June 30, 2012
(dollars in thousands)

	General	Job, Family & Other Human Services
Total Fund Balances — GAAP Basis	\$ 3,189,993	\$ 196,112
Less: Nonspendable Fund Balances	86,982	2,470
Less: Restricted Fund Balances	1,027,885	115,376
Less: Committed Fund Balances	824,607	78,813
Less: Assigned Fund Balances	1,666,177	-
Unassigned Fund Balances — GAAP Basis	<u>(415,658)</u>	<u>(547)</u>
BASIS DIFFERENCES		
Revenue Accruals/Adjustments:		
Cash Equity with Treasurer	(36,491)	(2,195)
Taxes Receivable	(1,502,090)	-
Intergovernmental Receivable	(569,990)	(220,668)
Loans Receivable, Net	(1,064,764)	-
Interfund Receivable	(67,550)	-
Receivables from Component Units	(1,054)	-
Other Receivables	(178,378)	(334,960)
Deferred Revenue	245,981	90,586
Unearned Revenue	7,375	346,940
Total Revenue Accruals/Adjustments	<u>(3,166,961)</u>	<u>(120,297)</u>
Expenditure Accruals/Adjustments:		
Cash Equity with Treasurer	(44,389)	(6,460)
Inventories	(31,307)	-
Other Assets	(16,474)	(2,470)
Accounts Payable	212,638	97,484
Accrued Liabilities	80,237	13,272
Medicaid Claims Payable	886,151	-
Intergovernmental Payable	866,811	127,599
Interfund Payable	1,437,010	15,343
Payable to Component Units	16,528	886
Refund and Other Liabilities	745,963	3,974
Liability for Escheat Property	7,944	-
Total Expenditure Accruals/Adjustments	<u>4,161,112</u>	<u>249,628</u>
Other Adjustments:		
Fund Balance Reclassifications:		
From Unassigned (Non-GAAP Budgetary Basis) to:		
Nonspendable	86,982	2,470
Restricted	1,027,885	115,376
Committed	824,607	78,813
Assigned	1,666,177	-
Cash and Investments Held Outside State Treasury	(623,955)	(2,934)
Other	(2)	(1)
Total Other Adjustments	<u>2,981,694</u>	<u>193,724</u>
Total Basis Differences	<u>3,975,845</u>	<u>323,055</u>
TIMING DIFFERENCES		
Encumbrances	(1,227,102)	(996,657)
Budgetary Fund Balances (Deficits) — Non-GAAP Basis	<u>\$ 2,333,085</u>	<u>\$ (674,149)</u>

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:



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Active Deposits – Moneys required to be kept in cash or near cash status to meet current demands. Such moneys must be maintained either as cash in the State's treasury or in any of the following: a commercial account that is payable or about to be withdrawn, 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:

- US Treasury bills, notes, bonds or other obligations or securities issued by or guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
- Bonds and other direct obligations of the State of Ohio issued by the Treasurer of State and of the Ohio Public Facilities Commission, the Ohio Building Authority, and the Ohio Housing Finance Agency;
- Commercial paper issued by any corporation that is incorporated under the laws of the United States or a state;
- Written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer in the securities enumerated above;
- No-load money market mutual funds consisting exclusively of securities and repurchase agreements enumerated above;
- 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;
- Bankers' acceptances maturing in 270 days or less;
- Certificates of deposit in the eligible institutions applying for interim moneys, including linked deposits, as authorized under Sections 135.61 to 135.67, Ohio Revised Code, agricultural linked deposits, as authorized under Sections 135.71 to 135.76, Ohio Revised Code, and housing linked deposits, as authorized under Sections 135.81 to 135.87, Ohio Revised Code;
- The Treasurer of State's investment pool, as authorized under section 135.45, Ohio Revised Code;
- The Treasurer of State's STAR Plus program;
- Debt interest, other than commercial paper as enumerated above, of corporations incorporated under the laws of the United States or a state, of foreign nations diplomatically recognized by the United States, or any instrument based on, derived from, or related to such interests that are denominated and payable in U.S. funds; and
- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code.

The reporting entity's deposits must be held in insured depositories approved by the State Board of Deposit and must be fully collateralized. However, in the case of foundations and other component units of the colleges and universities, deposits of these entities are not subject to the legal requirements for deposits of governmental entities.

Deposit and investment policies of certain individual funds and component units are established by Ohio Revised Code provisions other than the Uniform Depository Act and by bond trust agreements. In accordance with applicable statutory authority, the State Highway Patrol Retirement System Pension Trust Fund, the Tuition Trust Authority Enterprise Fund, the Workers' Compensation Enterprise Fund, the Retirement Systems Agency fund, and the higher education institutions may also invest in common and preferred stocks, domestic and foreign



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

corporate and government bonds and notes, mortgage loans, limited partnerships, venture capital, real estate and other investments.

B. State-Sponsored Investment Pool

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

C. Deposit and Investment Risks

Although exposure to risks is minimized by complying with the legal requirements explained above and internal policies adopted by the Treasurer of State and the investment departments at the various state agencies, the State's deposits and investments are exposed to risks that may lead to losses of value.

The following risk disclosures report investments by type. The "U.S. Agency Obligations" category includes securities issued by federal government agencies and instrumentalities, including government sponsored enterprises.

1. Custodial Credit Risk

Custodial credit risk for deposits exists when a government is unable to recover deposits or recover collateral securities that are in the possession of an outside party in the event of a failure of a depository financial institution.

Deposits of the primary government and its component units are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

In Ohio, legal requirements for depositor-governments are met when deposits are collateralized with securities held by the pledging financial institution, or by the pledging institution's trust department or agent but not in the government's name. The State's reporting entity has not established specific policies for managing custodial credit risk exposure for deposits.

The table below reports the carrying amount of deposits, as of June 30, 2012, held by the primary government, including fiduciary activities, and its major discretely presented component units and the extent of exposure to custodial credit risk.

**Primary Government (including Fiduciary Activities) and
Major Discretely Presented Component Units
Deposits—Custodial Credit Risk
As of June 30, 2012
(dollars in thousands)**

	Carrying Amount	Bank Balance	Uncollateralized	Uninsured Portion of Reported Bank Balance	
				Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Depositor- Government's Name	Collateralized with Securities Held by the Pledging Institution
<i>Primary Government</i>	\$ 1,093,696	\$ 1,090,139	\$ 20,423	\$ 150,962	\$ 19,464
<i>Major Discretely Presented Component Units:</i>					
Ohio Water Development Authority (12/31/11).....	33,336	33,319	-	32,823	-
Ohio State University.....	1,315,321	1,308,345	200,005	1,061,484	-
University of Cincinnati.....	(1,447)	6,514	-	-	-



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk for investments exists when a government is unable to recover the value of investments or collateral securities that are in the possession of an outside party in the event of a failure of a counterparty to a transaction.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department but not in the government's name.

The State's reporting entity has not established specific policies for managing custodial credit risk exposure for investments.

The following table reports the fair value, as of June 30, 2012, of investments by type for the primary government, including fiduciary activities, and the extent of exposure to custodial credit risk (dollars in thousands).

Primary Government (including Fiduciary Activities)		
Investments—Fair Value and Custodial Credit Risk		
As of June 30, 2012		
<i>(dollars in thousands)</i>		
	Total Fair Value	Uninsured, Unregistered, and Held by the Counterparty's Trust Department or Agent but not in the State's Name
<i>Investments Subject to Custodial Credit Risk Exposure:</i>		
U.S. Government Obligations	\$ 15,949,503	\$ -
U.S. Government Obligations—Strips	609,760	311,615
U.S. Agency Obligations	13,069,668	-
U.S. Agency Obligations—Strips	332,120	-
Common and Preferred Stock	50,969,966	-
Corporate Bonds and Notes	17,518,756	-
Corporate Bonds and Notes—Strips	145	-
Municipal Obligations.....	975,824	-
Commercial Paper	7,408,901	-
Repurchase Agreements	298,282	-
Mortgage and Asset-Backed Securities	5,730,882	-
International Investments:		
Foreign Stocks	36,447,756	-
Foreign Bonds	4,971,994	-
High-Yield and Emerging Markets Fixed Income	1,359,647	-
Securities Lending Collateral:		
Commercial Paper	243,434	-
Repurchase Agreements	757,000	-
Variable Rate Notes	276,069	-
Bond Mutual Funds.....	13,102	-
Common Stock	24,174	-
		<u>\$ 311,615</u>
<i>Investments Not Subject to Custodial Credit Risk Exposure:</i>		
<i>Investments Held by Broker-Dealers under Securities Loans with Cash Collateral:</i>		
U.S. Government Obligations	49,990	
U.S. Government Obligations—Strips	69,916	
U.S. Agency Obligations	1,172,820	
U.S. Agency Obligations—Strips	2,450	
International Investments-Commingled Equity Funds	2,108,476	
Equity Mutual Funds	10,718,835	
Bond Mutual Funds	5,110,976	
Real Estate	15,029,576	
Venture Capital	11,707,318	
Partnerships and Hedge Funds	3,737,695	
Deposit with Federal Government	177,795	
Component Units' Equity in State Treasurer's Cash and Investment Pool	(636,773)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio	(248,500)	
Total Investments — Primary Government	<u>\$ 205,957,557</u>	



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following table reports investments with custodial credit risk exposure for the major discretely presented component units. The School Facilities Commission Component Unit Fund participates in the State Treasurer's Cash and Investment Pool and does not hold investments separate from the pool. Risks associated with the School Facilities Commission's share of the pool are included in the disclosures for the Primary Government.

Major Discretely Presented Component Units			
Investment Custodial Credit Risk			
As of June 30, 2012			
<i>(dollars in thousands)</i>			
	Fair Value	Uninsured, Unregistered, and Held by the	
		Counterparty's Trust Department or Agent but not in the Component Unit's Name	Counterparty but not in the Component Unit's Name
<i>Ohio Water Development Authority (12/31/11):</i>			
U.S. Government Obligations	\$ 218,975	\$ 218,975	\$ -
U.S. Agency Obligations	1,106,014	1,106,014	-
Municipal Obligations	6,225	6,225	-
Total Ohio Water Development Authority		<u>\$ 1,331,214</u>	<u>\$ -</u>
<i>Ohio State University:</i>			
U.S. Government Obligations	\$ 82,903	\$ -	\$ 82,903
U.S. Agency Obligations	144,104	-	144,104
Common and Preferred Stock	187,333	-	187,333
Corporate Bonds and Notes	270,107	-	270,107
Repurchase Agreements	179,443	-	179,443
Municipal Obligations	4,019	-	4,019
International Investments:			
Foreign Stocks	65,792	-	65,792
Foreign Bonds	46,217	-	46,217
Total Ohio State University		<u>\$ -</u>	<u>\$ 979,918</u>
<i>University of Cincinnati:</i>			
U.S. Government Obligations	\$ 5,088	\$ 5,088	\$ -
U.S. Government Obligations—Strips	657	657	-
U.S. Agency Obligations	68,213	68,213	-
Common and Preferred Stock	113,559	113,559	-
Corporate Bonds and Notes	234,310	234,310	-
Municipal Obligations	53,756	53,756	-
Certificates of Deposit	239	239	-
International Investments:			
Foreign Stocks	26	26	-
Foreign Bonds	7,883	7,883	-
Total University of Cincinnati		<u>\$ 483,731</u>	<u>\$ -</u>

2. Credit Risk

The risk that an investment's issuer or counterparty will not satisfy its obligation is called credit risk. The exposure to this risk has been minimized through the laws and policies adopted by the State.

For investments that are included in the treasury's cash and investment pool and reported as "Cash Equity with Treasurer" and other investment securities managed by the Treasurer of State's Office, Chapter 135, Ohio Revised Code, requires such investments to carry certain credit ratings at the time of purchase as follows:

- Commercial paper must carry ratings in the two highest categories by two nationally recognized rating agencies; and
- Debt interests (other than commercial paper) must carry ratings in the two highest categories by two nationally recognized rating agencies. This requirement is met when either the debt interest or the issuer of the debt interest carries this rating.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investment policies of the Treasurer of State's Office further define required credit ratings as follows:

- Corporate notes must be rated at a minimum of "Aa" by Moody's Investors Service and a minimum of "AA" by Standard & Poor's for long-term debt;
- Commercial paper must have a short term debt rating of at least "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Banker acceptances must carry a minimum of "AA" for long-term debt ("AAA" for foreign issuers) by a majority of the agencies rating the issuer. For short-term debt, the rating must be "A1" or equivalent by all agencies that rate the issuer, with at least two agencies rating the issuer;
- Foreign debt must be guaranteed as to principal and interest by the United States or be rated in one of the three highest categories by at least two rating agencies; and
- For Registered Investment Companies (Mutual Funds), no-load money market mutual funds must carry a rating of "AAm", "AAM-G", or better by Standard & Poor's or the equivalent rating of another agency.

Investment policies regarding credit risk that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State's reporting entity are as follows:

Workers' Compensation Enterprise Fund

The Fund requires investment-grade ratings by at least two nationally-recognized bond rating services for fixed income securities.

Variable College Saving Plan Private-Purpose Trust Fund

All fixed income securities in non-U.S. Treasury or government sponsored sectors shall carry an investment grade rating by at Standard & Poor's or Moody's. The lowest rating considered investment grade is "BBB-" for Standard & Poor's and "Baa3" for Moody's. No more than 20 percent of the fixed income portfolios shall be in the lowest ratings.

STAR Ohio Investment Trust Fund

Investment policies governing the STAR Ohio external investment pool require that all securities must be rated the equivalent of "A-1" or higher, and at least 50 percent of the total average portfolio must be rated "A-1+" or better.

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, non-investment grade securities are limited to 30 percent of the total Public Fixed Income portfolio assets. Limitations on the holdings of non-investment grade securities are included in the portfolio's guidelines.

For the Ohio Police and Fire Pension Fund,

- Securities in the core fixed income portfolio shall be rated "BBB-" or better by two standard rating agencies at the time of the purchase;
- Securities in the high yield fixed income portfolio are high yield bonds issued by U.S. corporations with a minimum rating of "CCC" or equivalent;
- Investment managers may purchase securities that are "Not Rated" as long as they deem these securities to be at least equivalent to the minimum ratings; and
- Short-term investments must be rated within the two highest classifications established by two standard rating agencies.

Ohio Water Development Authority Component Unit Fund

The Authority's policy authorizes the acquisition of repurchase agreements from financial institutions with a Moody's or Standard & Poor's rating of "A" and the entering into investment agreements with financial institutions rated in the highest short-term categories or one of the top three long-term categories by Moody's and/or Standard and Poor's.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

University of Cincinnati Component Unit Fund

The policy governing the university's temporary investment pool permits investments in securities rated "A" or higher at the time of purchase. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade, high-yield bond investments and certain unrated investments having strategic value to the university are permitted.

The School Facilities Commission Component Unit Fund participates in the State Treasurer's Cash and Investment Pool and does not hold investments separate from the pool. Risks associated with the School Facilities Commission's share of the pool are included in the disclosures for the Primary Government.

All investments, as categorized by credit ratings in the following tables, meet the requirements of the State's laws and policies, when applicable.

Primary Government (including Fiduciary Activities)
Investment Credit Ratings
As of June 30, 2012
(dollars in thousands)

Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$ 4,566,275	\$ 5,706,366	\$ 3,952,719	\$ -	\$ -	\$ -
U.S. Agency Obligations—Strips	319,723	14,847	-	-	-	-
Corporate Bonds and Notes	939,689	1,318,207	5,556,650	5,306,431	1,671,722	1,917,838
Corporate Bonds and Notes—Strips	107	-	-	-	-	-
Municipal Obligations.....	122,943	471,120	369,799	11,263	-	-
Commercial Paper	4,380,142	442,085	2,569,074	-	-	-
Repurchase Agreements	100,000	193,550	-	-	-	-
Mortgage and Asset-Backed Securities	1,452,746	3,221,377	172,414	131,051	77,334	171,988
Foreign Bonds.....	1,589,838	508,415	841,566	1,402,010	247,210	291,531
High-Yield & Emerging Markets Fixed Income	1,149	5,395	18,604	197,612	277,790	511,403
Bond Mutual Funds	1,340,838	2,352,765	197,797	3,980	20,789	6,118
Securities Lending Collateral:						
Commercial Paper	-	-	243,434	-	-	-
Repurchase Agreements	-	86,000	571,000	100,000	-	-
Variable Rate Notes	-	111,197	164,872	-	-	-
Bond Mutual Funds	13,102	-	-	-	-	-
Total Primary Government	\$ 14,826,552	\$ 14,431,324	\$ 14,657,929	\$ 7,152,347	\$ 2,294,845	\$ 2,898,878

Investment Type	Credit Rating					Total
	CCC/Caa	CC/Ca	C	D	Unrated	
U.S. Agency Obligations	\$ -	\$ -	\$ -	\$ -	\$ 17,128	\$14,242,488
U.S. Agency Obligations—Strips	-	-	-	-	-	334,570
Corporate Bonds and Notes	509,644	14,701	3,375	-	280,499	17,518,756
Corporate Bonds and Notes—Strips	-	-	-	-	38	145
Municipal Obligations.....	-	-	-	-	699	975,824
Commercial Paper	-	-	-	-	17,600	7,408,901
Repurchase Agreements	-	-	-	-	4,732	298,282
Mortgage and Asset-Backed Securities	288,600	66,184	56,834	-	92,354	5,730,882
Foreign Bonds.....	53,525	353	1,095	-	36,451	4,971,994
High-Yield & Emerging Markets Fixed Income	188,704	341	3,678	228	154,743	1,359,647
Bond Mutual Funds	3,138	-	-	-	1,185,551	5,110,976
Securities Lending Collateral:						
Commercial Paper	-	-	-	-	-	243,434
Repurchase Agreements	-	-	-	-	-	757,000
Variable Rate Notes	-	-	-	-	-	276,069
Bond Mutual Funds	-	-	-	-	-	13,102
Total Primary Government	\$ 1,043,611	\$ 81,579	\$ 64,982	\$ 228	\$ 1,789,795	\$59,242,070



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Discretely Presented Component Units

Investment Credit Ratings

As of June 30, 2012

(dollars in thousands)

<i>Ohio Water Development Authority (12/31/11):</i>	Credit Rating			Total
	AAA/Aaa	AA/Aa	Unrated	
U.S. Agency Obligations	\$ -	\$ 1,106,014	\$ -	\$ 1,106,014
Municipal Obligations	653	5,572	-	6,225
Bond Mutual Funds	74,230	-	-	74,230
Investment Contracts	-	-	24,117	24,117
Total Ohio Water Development Authority.....	<u>\$ 74,883</u>	<u>\$ 1,111,586</u>	<u>\$ 24,117</u>	<u>\$ 1,210,586</u>

<i>Ohio State University:</i>	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$ -	\$ 142,101	\$ 932	\$ 1,071	\$ -	\$ -
Corporate Bonds and Notes	52,894	45,152	115,603	48,947	3,230	791
Repurchase Agreements	-	179,443	-	-	-	-
Municipal Obligations	1,220	2,658	141	-	-	-
Bond Mutual Funds	79,656	4,614	27,884	7,218	4	1
Foreign Bonds	14,765	7,345	16,268	2,245	-	-
Total Ohio State University.....	<u>\$ 148,535</u>	<u>\$ 381,313</u>	<u>\$ 160,828</u>	<u>\$ 59,481</u>	<u>\$ 3,234</u>	<u>\$ 792</u>

<i>Ohio State University (continued):</i>	Credit Rating		
	CCC/Caa	Unrated	Total
U.S. Agency Obligations	\$ -	\$ -	\$ 144,104
Corporate Bonds and Notes	420	3,070	270,107
Repurchase Agreements	-	-	179,443
Municipal Obligations	-	-	4,019
Bond Mutual Funds	1,109	202	120,688
Foreign Bonds	-	5,594	46,217
Total Ohio State University.....	<u>\$ 1,529</u>	<u>\$ 8,866</u>	<u>\$ 764,578</u>

<i>University of Cincinnati:</i>	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations	\$ 66,707	\$ 1,506	\$ -	\$ -	\$ -	\$ -
Corporate Bonds and Notes	10,794	33,289	151,464	38,536	-	-
Municipal Obligations	12,927	27,490	2,630	930	-	6,030
Bond Mutual Funds	98,337	51,020	2,542	1,704	607	-
Certificates of Deposit	-	-	-	-	-	-
Foreign Bonds	-	6,403	1,047	433	-	-
Total University of Cincinnati.....	<u>\$ 188,765</u>	<u>\$ 119,708</u>	<u>\$ 157,683</u>	<u>\$ 41,603</u>	<u>\$ 607</u>	<u>\$ 6,030</u>

<i>University of Cincinnati (continued):</i>	Credit Rating	
	Unrated	Total
U.S. Agency Obligations	\$ -	\$ 68,213
Corporate Bonds and Notes	227	234,310
Municipal Obligations	3,749	53,756
Bond Mutual Funds	20,311	174,521
Certificates of Deposit	239	239
Foreign Bonds	-	7,883
Total University of Cincinnati.....	<u>\$ 24,526</u>	<u>\$ 538,922</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Descriptions of the investment credit ratings shown in the tables are as follows:

Rating	General Description of Credit Rating
AAA/Aaa	Extremely strong
AA/Aa	Very strong
A/A-1	Strong
BBB/Baa	Adequate
BB/Ba	Less vulnerable
B	More vulnerable
CCC/Caa	Currently vulnerable to nonpayment
CC/Ca	Currently highly vulnerable to nonpayment
C	Currently highly vulnerable to nonpayment due to certain conditions (e.g., filing of bankruptcy petition or similar action by issuer)
D	Currently highly vulnerable to nonpayment for failure to pay by due date

3. Concentration of Credit Risk

The potential for loss of value increases when investments are not diversified. The State has imposed limits on the types of authorized investments to prevent this type of loss.

For investments that are included in the treasury’s cash and investment pool, and reported as “Cash Equity with Treasurer” and other investment securities managed by the Treasurer of State’s Office, Chapter 135, Ohio Revised Code, requires the following:

- Investments in commercial paper may not exceed 25 percent of the State’s total average portfolio;
- Bankers acceptances cannot exceed ten percent of the State’s total average portfolio;
- Corporate notes cannot exceed five percent of the State’s total average portfolio;
- Corporate notes of a single issuer may not exceed one-half of one percent of the State’s total average portfolio; and
- Debt interests in foreign nations may not exceed one percent of the State’s total average portfolio.

Investment policies of the Treasurer of State further restrict concentrations of investments. Maximum concentrations are as follows:

Investment Type	Maximum % of Total Average Portfolio
U.S. Treasury	100
Federal Agency (fixed rate)	100
Federal Agency (callable)	55
Federal Agency (variable rate)	10
Repurchase Agreements	25
Bankers’ Acceptances	10
Commercial Paper	25
Corporate Notes	5
Foreign Notes	1
Certificates of Deposit	20
Municipal Obligations	10
STAR Ohio	25
Mutual Funds	25



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The investment policies of the Treasurer of State's Office also specify that commercial paper is limited to no more than five percent of the issuing corporation's total outstanding commercial paper, and investments in a single issuer are further limited to no more than two percent of the total average portfolio except for the U.S. government obligations, limited at 100 percent; repurchase agreement counterparties, limited at the lesser of five percent or \$250 million; and mutual funds, limited at ten percent.

Investment policies regarding concentration of investments that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State's reporting entity are as follows:

Workers' Compensation Enterprise Fund

No single issuer may comprise more than five percent of the total portfolio with the exception of investments in U.S. government securities.

Lottery Commission Enterprise Fund

No more than two percent of the total average portfolio may be invested in the securities of any single issuer with the following exceptions: U.S. government obligations, 100 percent maximum; repurchase agreements, limited at the lesser of five percent or \$250 million; and mutual funds, ten percent maximum.

State Highway Patrol Retirement System Pension Trust Fund

Policy prohibits the investment of more than ten percent of its fixed income portfolio in securities of any one issuer with the exception of U.S. government securities, or the investment of more than five percent of the Fund's total investments in any one issuer with the exception of U.S. government securities.

Variable College Saving Plan Private-Purpose Trust Fund

No single issuer shall comprise more than five percent of the total portfolio with the exception of investments in U.S. government securities.

STAR Ohio Investment Trust Fund

Investments in a single issuer are further limited to no more than five percent of the total average portfolio except for U.S. Treasury obligations, limited at 100 percent; U.S. Agency obligations, limited at 33 percent; repurchase agreement counterparties, limited at the lesser of ten percent or \$500 million; and mutual funds, limited at ten percent.

Retirement Systems Agency Fund

For the Ohio Police and Fire Pension Fund, no more than ten percent of the core Fixed Income Portfolio may be invested in the securities of any one issuer, and no more than five percent in any one issuer on a dollar duration basis, with the exception of U.S. government or agency securities. For its High Yield Portfolio, no more than ten percent of the portfolio may be invested in securities of a single issue or issuer, unless approved by the Board of Trustees.

Ohio Water Development Authority Component Unit Fund

Policy limits the types of investments exceeding five percent of the Authority's total investments to U.S. Treasuries, U.S. agency securities, and other issuers with the highest short-term ratings or one of the three highest long-term ratings from Moody's or Standard & Poor's.

University of Cincinnati Component Unit Fund

The policy governing the University's endowment investments allows investments to range from 85 percent variable investments and 15 percent fixed income investments to 15 percent variable investments and 85 percent fixed income investments, at any one time. In the University's alternative investment categories, maximum allowable holdings are two percent for private real estate, 15.5 percent for private equity, and 25 percent for hedge funds.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2012, all investments meet the requirements of the State's law and policies, when applicable. However, investments in certain issuers are at least five percent of investment balances, as follows (dollars in thousands):

Issuer	Amount	Percentage of Investment Balance
<i>Governmental and Business-Type Activities:</i>		
Federal National Mortgage Association	\$ 1,721,534	5%
Federal Home Loan Bank	2,019,178	6%
Federal Home Loan Mortgage Corporation	1,652,327	5%
<i>STAR Ohio Investment Trust Fund:</i>		
Federal National Mortgage Association	186,659	6%
Federal Home Loan Bank	1,162,008	35%
Federal Home Loan Mortgage Corporation	228,178	7%
Federal Farm Credit Bank.....	263,671	8%
<i>School Facilities Commission Component Unit Fund:</i>		
Federal National Mortgage Association	70,476	13%
Federal Home Loan Bank	141,549	26%
Federal Home Loan Mortgage Corporation	82,471	15%
Federal Farm Credit Bank.....	53,924	10%
<i>Ohio Water Development Authority Component Unit Fund (12/31/11):</i>		
Federal National Mortgage Association	672,546	43%
Federal Home Loan Bank	234,719	15%
Federal Home Loan Mortgage Corporation	335,671	21%

4. Interest Rate Risk

Certain of the State's investments are exposed to interest rate risk. This risk exists when changes to interest rates will negatively impact the fair value of an investment. The State has adopted policies to mitigate this risk.

Investment policies governing the treasury's cash and investment pool, which is reported as "Cash Equity with Treasurer" and is managed by the Treasurer of State's Office, limit maturities of short term investments to no more than 18 months with a weighted average maturity not to exceed 90 days. For long-term investments, maturities are limited to five years or less, except for those that are matched to a specific obligation or debt of the State. A duration target of three years or less has been established for long-term investments. Policy also limits maturities for specific investment types as follows: two years for corporate notes, 180 days for commercial paper, 90 days for repurchase agreements, 270 days for bankers' acceptances, and five years for foreign debt.

Variable rate notes are permitted if they meet the following criteria:

- the note has an ultimate maturity of less than three years;
- the rate resets frequently to follow money market rates;



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- the note is indexed to a money market rate that correlates (by at least 95 percent) with overall money market rate changes, even during wide swings in interest rates, e.g., federal funds, 3-month treasury bill, LIBOR; and
- any cap on the interest rate is at least 15 percent (1500 basis points) higher than the coupon at purchase.

Investment policies regarding investment maturities that are in addition to Ohio Revised Code requirements and are specific to the following significant entities reported in the State's reporting entity are as follows:

Workers' Compensation Enterprise Fund

Policy requires each fixed-income portfolio to be invested with duration characteristics that are within a range consistent with Barclay's Capital Fixed Income Index ranges.

Lottery Commission Enterprise Fund

Investments are required to have maturities of 30 years or less. In no case may the maturity of an investment exceed the expected date of disbursement of those funds.

STAR Ohio Investment Trust Fund

Investment policies limit maturities of investments to a final stated maturity of 397 days or less. The weighted average maturity of each portfolio is limited to 60 days or less.

Retirement Systems Agency Fund

Investments purchased under the Cash Management Policy of the Ohio Public Employees Retirement System are limited to a weighted average maturity of 120 days. Fixed rate notes are required to have an average maturity of 1.3 years. Its Public Fixed Income Policy requires an average effective duration of all defined benefit and health care assets to be within 20 percent of the option-adjusted duration of the Public Fixed Income asset class, excluding Liquidity Funds. Liquidity Funds duration must be within a range of zero to 120 percent of the average option-adjusted duration.

Ohio Water Development Authority Component Unit Fund

All investments of the Ohio Water Development Authority Component Unit Fund must mature within five years unless the investment is matched to a specific obligation or debt of the Authority.

University of Cincinnati Component Unit Fund

The University's policy stipulates that the weighted average maturity in the Temporary Investment Pool shall be no longer than six years. The weighted average of the fixed income maturities in the university's endowment portfolio shall not exceed 20 years.

As of June 30, 2012, investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to the interest rate changes. The U.S. agency obligations investment type includes \$1.68 billion of investments with call dates during fiscal years 2013 and 2014. The majority of these investments, \$1.67 billion, has maturities between fiscal years 2013 and 2017 and is reported in the table on the following page as maturing in one to five years. The remaining \$10 million of investments is reported as maturing in six to ten years.

In addition, several investments reported as "Investments" have terms that make their fair values highly sensitive to interest rate changes. U.S. agency obligations of \$428.5 million and corporate bonds of \$10 million have daily, weekly, monthly, and quarterly reset dates. Commercial paper of \$67 million has a 31-day put notice. For "Collateral on Lent Securities," variable rate notes of \$255.3 million and commercial paper of \$40 million have quarterly reset dates.

The Lottery Commission Enterprise Fund has several investments with call dates. U.S. agency obligations of \$1.9 million that are callable in fiscal year 2013 have a scheduled maturity during fiscal year 2027. An additional \$3.1 million, also callable in fiscal year 2013, have a scheduled maturity during fiscal year 2032. These investments are reported as maturing in over ten years in the following table. The Lottery Commission Enterprise Fund also has "Collateral on Lent Securities" with reset dates. Variable rate notes of \$20.7 million and commercial paper of \$5 million have quarterly reset dates.

Also during fiscal year 2012, the Treasurer of State acted as the custodian of the Retirement Systems Agency Fund's investments. These investments contain terms that make their fair values highly sensitive to interest rate changes. Specific information on the nature of the investments and their terms can be found in each respective retirement system's Comprehensive Annual Financial Report.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following tables list the investment maturities of the investments for the primary government, including fiduciary activities, and its major discretely presented component units. All investments at June 30, 2012, meet the requirements of the State's laws and policies, when applicable. The School Facilities Commission Component Unit Fund participates in the State Treasurer's Cash and Investment Pool and does not hold investments separate from the pool. Risks associated with the School Facilities Commission's share of the pool are included in the disclosures for the Primary Government.

**Primary Government (including Fiduciary Activities)
Investments Subject to Interest Rate Risk
As of June 30, 2012
(dollars in thousands)**

Investment Type	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 1,554,181	\$ 6,226,530	\$ 2,515,310	\$ 5,703,472	\$ 15,999,493
U.S. Government Obligations—Strips	191,701	269,297	109,788	108,890	679,676
U.S. Agency Obligations	7,157,913	2,256,410	282,417	4,545,748	14,242,488
U.S. Agency Obligations—Strips	35,597	107,557	142,696	48,720	334,570
Corporate Bonds and Notes	1,106,268	5,008,199	5,102,469	6,301,820	17,518,756
Corporate Bonds and Notes—Strips	-	-	38	107	145
Municipal Obligations	1,328	6,168	9,821	958,507	975,824
Commercial Paper	7,408,901	-	-	-	7,408,901
Repurchase Agreements	298,282	-	-	-	298,282
Mortgage and Asset-Backed Securities	4,244	330,199	361,472	5,034,967	5,730,882
Foreign Bonds	216,114	1,507,555	1,060,099	2,188,226	4,971,994
High-Yield & Emerging Markets Fixed Income	33,557	265,755	785,622	274,713	1,359,647
Bond Mutual Funds	3,667,054	102,207	1,329,135	12,580	5,110,976
Securities Lending Collateral:					
Commercial Paper	243,434	-	-	-	243,434
Repurchase Agreements	757,000	-	-	-	757,000
Variable Rate Notes	276,069	-	-	-	276,069
Bond Mutual Funds	13,102	-	-	-	13,102
Total Primary Government	\$ 22,964,745	\$ 16,079,877	\$ 11,698,867	\$ 25,177,750	\$ 75,921,239

**Major Discretely Presented Component Units
Investments Subject to Interest Rate Risk
As of June 30, 2012
(dollars in thousands)**

Ohio Water Development Authority (12/31/11):	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 96,811	\$ 118,868	\$ 2,427	\$ 869	\$ 218,975
U.S. Agency Obligations	748,604	357,410	-	-	1,106,014
Municipal Obligations	4,043	2,182	-	-	6,225
Bond Mutual Funds	74,230	-	-	-	74,230
Investment Contracts	-	-	-	24,117	24,117
Total Ohio Water Development Authority	\$ 923,688	\$ 478,460	\$ 2,427	\$ 24,986	\$ 1,429,561

Ohio State University:	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 8,200	\$ 67,593	\$ 4,545	\$ 2,565	\$ 82,903
U.S. Agency Obligations	21,464	82,760	20,657	19,223	144,104
Corporate Bonds and Notes	53,457	177,923	24,344	14,383	270,107
Repurchase Agreements	179,443	-	-	-	179,443
Municipal Obligations	-	770	-	3,249	4,019
Bond Mutual Funds	9,707	65,504	30,078	15,399	120,688
Foreign Bonds	5,536	26,839	10,411	3,431	46,217
Total Ohio State University	\$ 277,807	\$ 421,389	\$ 90,035	\$ 58,250	\$ 847,481

University of Cincinnati:	Investment Maturities (in years)				Total
	Less than 1	1-5	6-10	More than 10	
U.S. Government Obligations	\$ 56	\$ 1,529	\$ 83	\$ 3,420	\$ 5,088
U.S. Government Obligations—Strips	657	-	-	-	657
U.S. Agency Obligations	26,623	30,863	26	10,701	68,213
Corporate Bonds and Notes	112,185	99,703	20,241	2,181	234,310
Municipal Obligations	18,556	31,721	1,530	1,949	53,756
Bond Mutual Funds	116,776	583	57,055	107	174,521
Certificates of Deposit	-	-	239	-	239
Foreign Bonds	-	7,883	-	-	7,883
Total University of Cincinnati	\$ 274,853	\$ 172,282	\$ 79,174	\$ 18,358	\$ 544,667



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

5. Foreign Currency Risk

Investments in stocks and bonds denominated in foreign currencies are affected by foreign currency risk which arises from changes in currency exchange rates.

As of June, 30, 2012, investments denominated in the currency of foreign nations, as detailed in the following tables for the primary government, including fiduciary activities, and the Ohio State University and the University of Cincinnati major discretely presented component units, meet the requirements of the State's laws and policies, when applicable.

**Primary Government (including Fiduciary Activities)
International Investments—Foreign Currency Risk
As of June 30, 2012
(dollars in thousands)**

Currency	Fiduciary Activities				Total
	Stocks	Bonds	High-Yield & Emerging Markets Fixed Income	Commingled International Equity	
Argentinean Peso	\$ 277	\$ 1,316	\$ 1,262	\$ -	\$ 2,855
Australian Dollar	877,246	12,413	-	8,952	898,611
Brazilian Real	649,242	75,998	3,124	1,954	730,318
British Pound	3,371,092	258,886	1,499	160,964	3,792,441
Bulgarian Lev	268	-	-	-	268
Canadian Dollar	899,276	216,459	-	853	1,116,588
Chilean Peso	58,725	2,615	-	-	61,340
Chinese Yuan	847	-	-	-	847
Colombian Peso	5,132	25,778	4,211	-	35,121
Czech Koruna	32,201	-	-	-	32,201
Danish Krone	200,187	-	-	-	200,187
Egyptian Pound	13,279	-	69	-	13,348
Euro	3,721,070	507,360	9,651	841,390	5,079,471
Ghana Cedi	-	-	1,225	-	1,225
Hong Kong Dollar	1,721,424	-	-	1,818	1,723,242
Hungarian Forint	16,386	8,133	-	-	24,519
Indian Rupee	346,707	-	-	-	346,707
Indonesian Rupiah	210,115	19,859	-	-	229,974
Israeli Shekel	21,616	-	-	-	21,616
Japanese Yen	3,300,019	-	-	2,228	3,302,247
Malaysian Ringgit	191,773	27,151	-	16	218,940
Mexican Peso	227,228	64,465	2,728	1,394	295,815
Moroccan Dirham	448	-	-	-	448
New Zealand Dollar	19,223	6,180	-	(38)	25,365
Norwegian Krone	232,669	592	-	70	233,331
Nigerian Naira	4,531	-	1,478	-	6,009
Omani Rial	2,533	-	-	-	2,533
Pakistani Rupee	76	-	-	-	76
Peruvian New Sol	318	-	-	-	318
Philippines Peso	64,501	14,905	-	-	79,406
Polish Zloty	91,862	16,213	-	-	108,075
Qatari Rial	7,568	-	-	-	7,568
Russian Ruble	28,954	11,843	1,123	-	41,920
Singapore Dollar	311,694	-	-	1,125	312,819
South African Rand	539,034	33,742	-	649	573,425
South Korean Won	1,115,656	10,773	-	-	1,126,429
Swedish Krona	402,461	86,323	-	(1,062)	487,722
Swiss Franc	1,085,658	-	-	(108)	1,085,550
Taiwan Dollar	530,289	-	-	-	530,289
Thailand Baht	276,424	8,727	-	-	285,151
Turkish Lira	178,102	29,872	1,434	58	209,466
Uruguayan Peso	-	9,080	-	-	9,080
Investments Held in Foreign Currency	<u>\$20,756,111</u>	<u>\$ 1,448,683</u>	<u>\$ 27,804</u>	<u>\$ 1,020,263</u>	<u>\$23,252,861</u>
Foreign Investments Held in U.S. Dollars					<u>21,635,012</u>
Total Foreign Investments-Primary Government, including Fiduciary Activities					<u>\$44,887,873</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Discretely Presented Component Units
International Investments—Foreign Currency Risk
As of June 30, 2012
(dollars in thousands)

<u>Ohio State University:</u>	Included in the Balance Reported for Common & Preferred Stock	Included in the Balance Reported for Corporate & International Bonds	Included in the Balance Reported for Partnership and Hedge Funds	Total
Currency				
Australian Dollar	\$ 981	\$ 756	\$ 26,726	\$ 28,463
Brazilian Real	2,749	1,054	-	3,803
British Pound	5,191	4,639	-	9,830
Canadian Dollar	-	5,353	-	5,353
Czech Koruna.....	957	-	-	957
Egyptian Pound.....	822	-	-	822
Euro	4,754	17,380	39,248	61,382
Hong Kong Dollar	14,020	-	-	14,020
Indian Rupee.....	3,294	-	-	3,294
Indonesian Rupiah	971	-	-	971
Japanese Yen	1,331	6,902	-	8,233
Mexican Peso	1,635	4,227	-	5,862
Singapore Dollar	557	-	-	557
South African Rand	7,935	-	-	7,935
South Korean Won	8,206	-	-	8,206
Swedish Krona	736	-	-	736
Swiss Franc	3,791	-	-	3,791
Taiwan Dollar	5,820	-	-	5,820
Thailand Baht	628	-	-	628
Turkish Lira	1,414	-	-	1,414
Total Investments Held in Foreign Currency-Ohio State University	<u>\$ 65,792</u>	<u>\$ 40,311</u>	<u>\$ 65,974</u>	<u>\$ 172,077</u>

<u>University of Cincinnati:</u>	Included in the Balance Reported for Common & Preferred Stock	Included in the Balance Reported for Corporate & International Bonds	Included in the Balance Reported for Partnership and Hedge Funds	Total
Currency				
Brazilian Real	\$ 9	\$ -	\$ -	\$ 9
Canadian Dollar	-	7,883	-	7,883
Chinese Yuan.....	9	-	-	9
South Korean Won	8	-	-	8
Total Investments Held in Foreign Currency-University of Cincinnati.....	<u>\$ 26</u>	<u>\$ 7,883</u>	<u>\$ -</u>	<u>\$ 7,909</u>

The State's laws and investment policies include provisions to limit the exposure to this type of risk. According to Chapter 135, Ohio Revised Code, investments managed by the Treasurer of State's Office, and reported as "Cash Equity with Treasurer", are limited to the debt of nations diplomatically recognized by the United States and that are backed by the full faith and credit of that foreign nation.

Investment policies of the Treasurer of State's Office further limit the types of authorized investments. These requirements include maturity limitations of five years at the date of purchase and denomination of principal and interest in U.S. dollars. Other limitations are noted in the previous sections of this note that discuss credit risk and concentration of credit risk.

Investment policies regarding foreign currency risk have also been adopted for the following significant entities reported in the primary government and are specific to those entities:



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, non-U.S. dollar-based securities are limited to 25 percent of the total Fixed Income assets. Additionally, no more than 30 percent of the Fixed Income assets may be from non-U.S. issuers.

D. Investment Derivatives

As of June 30, 2012, the State reports the following investment derivatives in its financial statements (dollars in thousands):

Investment Derivatives					
As of June 30, 2012					
<i>(dollars in thousands)</i>					
	Notional	Fair Value at 6/30/2012		Increase (Decrease) in Fair Value	
		Amount	Reported as	Amount	Reported as
Governmental Activities:					
Investment Derivatives:					
Pay-fixed interest rate sw aps	\$ 140,150	\$ (22,702)	Other Noncurrent Liability	\$ (6,290)	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
Fiduciary Funds—Agency:					
Investment Derivatives:					
Call options	10,300	(521)	Investments	(509)	Refund and Other Liabilities
Credit default sw aps	46,554	(217)	Investments	(217)	Refund and Other Liabilities
Credit linked notes	6,233	6,233	Investments	(8,349)	Refund and Other Liabilities
Equity sw aps	1,180,773	43,816	Investments	8,639	Refund and Other Liabilities
Foreign currency contracts	1,082,900	8,177	Investments	11,347	Refund and Other Liabilities
Forward contracts	6,134,212	(35,550)	Investments	(23,901)	Refund and Other Liabilities
Futures contracts	303,521	4,056	Investments	5,610	Refund and Other Liabilities
Interest rate sw ap	85,500	(647)	Investments	(1,308)	Refund and Other Liabilities
Options	4,697	69	Investments	69	Refund and Other Liabilities
Put options	4,000	16	Investments	16	Refund and Other Liabilities
S&P 500 Exchange Traded Fund	328,791	-	Investments	(6,714)	Refund and Other Liabilities
Total return sw aps	765,276	13,267	Investments	2,473	Refund and Other Liabilities
Warrants	18	807	Investments	241	Refund and Other Liabilities
Major Discretely Presented Component Units:					
Investment Derivatives:					
<i>Ohio State University:</i>					
Pay-fixed interest rate sw aps	13,962	(2,400)	Accounts Payable	(554)	Other Revenues
<i>University of Cincinnati:</i>					
Pay-fixed interest rate sw ap	24,075	(5,263)	Other Noncurrent Liability	(3,201)	Operating Restricted Investment Loss

For governmental activities, the pay-fixed swaps included in the table above do not meet the criteria for hedging derivatives as of June 30, 2012, and are reported as investment derivatives. The decreases in the fair values for fiscal year 2012 of \$6.3 million are reported as operating restricted investment losses for the primary, secondary and other education function in the Statement of Activities.

The credit quality ratings of JPMorgan Chase, the counterparty, are Aa3/AA+ as of June 30, 2012. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2012. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the derivative's positive fair value.

Each swap counterparty is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement and based on the fair value of the swap. This arrangement protects the State by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities held by a third-party custodian. Net payments are made on the same date, as specified in the agreements.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

These swaps, maturing March 15, 2025, are associated with Common Schools Bonds, Series 2005A and Series 2005B. The underlying index is a variable rate based on 65 percent of the 1 month LIBOR rate plus 20 basis points. The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

The Ohio Public Employees Retirement System, Ohio Police and Fire Pension Fund, School Employees Retirement System of Ohio, and State Teachers Retirement System of Ohio have entered into the derivatives reported in the Agency Fund. All derivatives of these retirement systems are categorized as investment derivatives. The fair values and associated risks of the investment derivatives for the Agency Fund are included in the balances and risks disclosed in the previous sections of this note disclosure.

For the major discretely presented component units, the pay-fixed swaps for the Ohio State University and the University of Cincinnati component units in the table above do not meet the criteria for hedging derivatives. The decrease in fair value for fiscal year 2012 of \$554 thousand for the Ohio State University is reported as general other revenue in the Statement of Activities. The decrease in fair value of \$3.2 million for the University of Cincinnati is reported as an operating investment loss in the Statement of Activities.

The Ohio State University has one pay-fixed swap reported as an investment derivative. This transaction is designed to manage the interest costs and risks associated with the variable interest rate debt. The swap, maturing September 1, 2018, has been used to offset the variable interest rate on \$16 million of the 2010 bond financing for an ambulatory facility. The underlying index is a variable rate based on the 30-day BMA rate at the beginning of each month.

The University of Cincinnati's pay-fixed swap is used to protect the University against the potential of rising interest rates within the variable rate market on the 2012B BANS of \$24.1 million. The swap matures on June 1, 2030. It has an underlying index of 67 percent LIBOR. The University was not exposed to credit risk because the swap had a negative fair value at June 30, 2012. There are no counterparty collateral posting requirements on the swap.

E. Securities Lending Transactions

The Treasurer of State participates in the securities lending programs for securities included in the "Cash Equity with Treasurer" and "Investments" accounts. 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.

At the time of the loan, the Treasurer of State requires its custodial agents to ensure that the State's lent securities are collateralized at no less than 102 percent of fair value. At no point in time can the value of the collateral be less than 100 percent of the underlying securities.

Consequently, as of June 30, 2012, the State had no credit exposure since the amount the State owed to the borrowers at least equaled or exceeded the amount borrowers owed to the State.

The State invests cash collateral in short-term obligations, which have a weighted average maturity of 16 days or less while the weighted average maturity of securities loans is eight days or less.

The State cannot sell securities received as collateral unless the borrower defaults. Consequently, these amounts are not reflected in the financial statements.

According to the lending contracts the Treasurer of State executes for the State's cash and investment pool and for the Ohio Lottery Commission Enterprise Fund, the securities lending agent is to indemnify the Treasurer of State for any losses resulting from either the default of a borrower or any violations of the security lending policy.

During fiscal year 2012, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2012, the Treasurer of State lent U.S. government and agency obligations in exchange for cash collateral.



NOTE 5 RECEIVABLES

A. Taxes Receivable – Primary Government

Current taxes receivable are expected to be collected in the next fiscal year while noncurrent taxes receivable are not expected to be collected until more than one year from the balance sheet date. As of June 30, 2012, approximately \$127.7 million of the net taxes receivable balance is also reported as deferred revenue on the governmental funds' balance sheet, all of which is reported in the General Fund.

Refund liabilities for income taxes, totaling approximately \$718 million are reported as "Refund and Other Liabilities" for governmental activities on the Statement of Net Assets and in the General Fund on the governmental funds' Balance Sheet.

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

	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Current-Due Within One Year:			
Income Taxes	\$ 446,404	\$ -	\$ 446,404
Sales Taxes	419,573	-	419,573
Motor Vehicle Fuel Taxes	131,195	90,321	221,516
Commercial Activity Taxes	406,181	-	406,181
Public Utility Taxes	79,970	-	79,970
Severance Taxes	-	2,092	2,092
Casino Taxes	-	1,218	1,218
	<u>1,483,323</u>	<u>93,631</u>	<u>1,576,954</u>
Noncurrent-Due in More Than One Year:			
Income Taxes	18,767	-	18,767
Taxes Receivable, Net	<u>\$1,502,090</u>	<u>\$ 93,631</u>	<u>\$1,595,721</u>

B. Intergovernmental Receivable – Primary Government

The intergovernmental receivable balance reported for the primary government, all of which is expected to be collected within the next fiscal year, consists of the following, as of June 30, 2012 (dollars in thousands):

	From Nonexchange Programs		Services		Total Primary Government
	Federal Government	Local Government	Other State Governments	Local Government	
Governmental Activities:					
Major Governmental Funds:					
General	\$ 568,904	\$ 1,086	\$ -	\$ -	\$ 569,990
Job, Family and Other Human Services ...	202,055	18,613	-	-	220,668
Nonmajor Governmental Funds	<u>571,412</u>	<u>92,675</u>	-	<u>17,191</u>	<u>681,278</u>
Total Governmental Activities	<u>1,342,371</u>	<u>112,374</u>	-	<u>17,191</u>	<u>1,471,936</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	-	14	-	14
Nonmajor Proprietary Funds	-	-	-	<u>10,308</u>	<u>10,308</u>
Total Business-Type Activities	-	-	<u>14</u>	<u>10,308</u>	<u>10,322</u>
Intergovernmental Receivable	<u>\$ 1,342,371</u>	<u>\$ 112,374</u>	<u>\$ 14</u>	<u>\$ 27,499</u>	<u>\$ 1,482,258</u>



NOTE 5 RECEIVABLES (Continued)

C. Loans Receivable

Loans receivable for the primary government, as of June 30, 2012, are detailed in the following tables (dollars in thousands):

Primary Government - Loans Receivable			
Loan Program	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Economic Development			
Office of Financial Incentives	\$ 445,578	\$ -	\$ 445,578
Local Infrastructure Improvements	411,887	-	411,887
Housing Finance	184,086	-	184,086
Highway, Transit, & Aviation Infrastructure Bank.....	-	87,356	87,356
School District Solvency Assistance	18,464	-	18,464
Brownfield Revolving Loan	-	4,145	4,145
Wayne Trace Local School District	3,140	-	3,140
Rail Development	-	2,322	2,322
Office of Minority Financial Incentives	1,609	-	1,609
Loans Receivable, Net	<u>1,064,764</u>	<u>93,823</u>	<u>1,158,587</u>
Current-Due Within One Year	126,529	15,806	142,335
Noncurrent-Due in More Than One Year	938,235	78,017	1,016,252
Loans Receivable, Net	<u>\$ 1,064,764</u>	<u>\$ 93,823</u>	<u>\$ 1,158,587</u>

The "Loans Receivable" balance reported in the major discretely presented component units, as of June 30, 2012, is comprised of water and wastewater treatment loans to local governments, student loans, and other miscellaneous loans.

D. Other Receivables

The other receivables balances reported for the primary government, as of June 30, 2012, consist of the following (dollars in thousands):

Primary Government - Other Receivables					
Types of Receivables	Governmental Activities				
	Major Governmental Funds				Total
	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	
Manufacturers' Rebates	\$ 122,111	\$ 218,587	\$ -	\$ 2,149	\$ 342,847
Tobacco Settlement	-	-	321,616	72,720	394,336
Health Facility Bed Assessments	-	103,662	-	-	103,662
Interest	2,811	-	38	156	3,005
Accounts	50,990	12,711	-	1,620	65,321
Environmental Legal Settlements	-	-	-	1,242	1,242
Miscellaneous	2,466	-	-	-	2,466
Other Receivables, Net.....	<u>178,378</u>	<u>334,960</u>	<u>321,654</u>	<u>77,887</u>	<u>912,879</u>
Current-Due Within One Year	178,378	334,960	38	5,167	518,543
Noncurrent-Due in More Than One Year.....	-	-	321,616	72,720	394,336
Other Receivables, Net.....	<u>\$ 178,378</u>	<u>\$ 334,960</u>	<u>\$ 321,654</u>	<u>\$ 77,887</u>	<u>\$ 912,879</u>
Business-Type Activities					
Types of Receivables	Major Proprietary Funds				Total
	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	
Accounts.....	\$ 131,480	\$ -	\$ 141,572	\$ 12,855	\$ 285,907
Interest and Dividends (including restricted portion).....	151,512	2,158	-	1,702	155,372
Lottery Sales Agents.....	-	51,360	-	-	51,360
Other Receivables, Gross.....	282,992	53,518	141,572	14,557	492,639
Estimated Uncollectible.....	(1,092)	(209)	(63,951)	-	(65,252)
Other Receivables, Net-Due Within One Year.....	<u>\$ 281,900</u>	<u>\$ 53,309</u>	<u>\$ 77,621</u>	<u>\$ 14,557</u>	<u>\$ 427,387</u>
Total Primary Government.....					<u>\$ 1,340,266</u>



NOTE 5 RECEIVABLES (Continued)

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2012, is comprised of interest due of approximately \$1.3 million, investment trade receivable of \$3.9 million, and miscellaneous receivables of \$1.3 million.

In the major discretely presented component units, the "Other Receivables" balance reported, as of June 30, 2012, is comprised of accounts receivable, interest receivable, pledges receivable, unbilled charges receivable, grants receivable, and other miscellaneous receivables.

NOTE 6 PAYABLES

A. Accrued Liabilities

Details on accrued liabilities for the primary government, as of June 30, 2012, follow (dollars in thousands):

Primary Government - Accrued Liabilities				
	Wages and Employee Benefits	Accrued Interest	Total Accrued Liabilities	
Governmental Activities:				
Major Governmental Funds:				
General.....	\$ 80,237	\$ -	\$ 80,237	
Job, Family and Other Human Services.....	13,272	-	13,272	
Nonmajor Governmental Funds.....	47,063	-	47,063	
	<u>140,572</u>	<u>-</u>	<u>140,572</u>	
Reconciliation of fund level statements to government- wide statements due to basis differences.....	-	165,184	165,184	
Total Governmental Activities.....	<u>140,572</u>	<u>165,184</u>	<u>305,756</u>	
Business-Type Activities:				
Nonmajor Proprietary Funds.....	3,189	-	3,189	
Total Primary Government.....	<u>\$ 143,761</u>	<u>\$ 165,184</u>	<u>\$ 308,945</u>	
	Wages and Employee Benefits	Health Benefit Claims	Management and Administrative Expenses	Total Accrued Liabilities
Fiduciary Activities:				
State Highway Patrol Retirement System Pension Trust (12/31/2011).....	\$ 21,040	\$ 484	\$ -	\$ 21,524
Variable College Savings Plan Private-Purpose Trust.....	-	-	2,371	2,371
Total Fiduciary Activities.....	<u>\$ 21,040</u>	<u>\$ 484</u>	<u>\$ 2,371</u>	<u>\$ 23,895</u>

The "Accrued Liabilities" balance reported in the major discretely presented component units, as of June 30, 2012, is comprised largely of payables similar to those of the primary government, such as wages and employee benefits, self-insurance, and accrued interest.



NOTE 6 PAYABLES (Continued)

B. Intergovernmental Payable

The intergovernmental payable balances for the primary government, as of June 30, 2012, are comprised of the following (dollars in thousands).

Primary Government - Intergovernmental Payable					
	<u>Local Government</u>				
	Shared				
	Revenue and				
	Local				
	Permissive	Subsidies	Federal	Other	
	Taxes	and Other	Government	States	Total
Governmental Activities:					
Major Governmental Funds:					
General	\$ 771,934	\$ 51,667	\$ 41,244	\$ 1,966	\$ 866,811
Job, Family and Other Human Services ...	-	127,599	-	-	127,599
Nonmajor Governmental Funds	1,097	290,115	-	-	291,212
Total Governmental Activities	<u>773,031</u>	<u>469,381</u>	<u>41,244</u>	<u>1,966</u>	<u>1,285,622</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	470	1,879,576	-	1,880,046
	-	470	1,879,576	-	1,880,046
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the business-type financial statements.....	-	-	(1,878,387)	-	(1,878,387)
Total Business-Type Activities	<u>-</u>	<u>470</u>	<u>1,189</u>	<u>-</u>	<u>1,659</u>
Total Primary Government.....					<u>\$ 1,287,281</u>
Fiduciary Activities:					
Holding and Distribution Agency Fund	\$ -	\$ -	\$ 1,243	\$15,596	\$ 16,839
Payroll Withholding and Fringe Benefits Agency Fund	-	111	-	-	111
Other Agency Fund	125,806	10,512	-	-	136,318
Total Fiduciary Activities	<u>\$ 125,806</u>	<u>\$ 10,623</u>	<u>\$ 1,243</u>	<u>\$15,596</u>	<u>\$ 153,268</u>

As of June 30, 2012, the School Facilities Commission Component Unit Fund reported an intergovernmental payable balance totaling approximately \$507.9 million for long-term funding contracts the Commission has with local school districts. In the government-wide Statement of Net Assets, the intergovernmental payable balance for the Commission is included with "Other Noncurrent Liabilities." The contracts commit the State to cover the costs of construction of facilities of the school districts once the districts have met certain eligibility requirements.



NOTE 6 PAYABLES (Continued)

C. Refund and Other Liabilities

Refund and other liabilities for the primary government, as of June 30, 2012, consist of the balances, as follows (dollars in thousands):

Primary Government - Refund and Other Liabilities						
	Personal Income Tax Estimated Refund Claims		Other	Total		
Governmental Activities:						
Major Governmental Funds:						
General	\$ 732,163	\$ 13,800		\$	745,963	
Job, Family and Other Human Services	-	3,974			3,974	
Nonmajor Governmental Funds	-	700			700	
	732,163	18,474			750,637	
Reconciliation of balances included in the "Refund and Other Liabilities" and "Other Noncurrent Liabilities" balances in the government-wide financial statements.....						
Total Governmental Activities	\$ 732,163	\$ 18,580	106	\$	750,743	106
Business-Type Activities:						
Major Proprietary Funds:						
Workers' Compensation	\$ 1,889,602	\$ 86,285	\$ 26,455	\$ -	\$ 34,934	\$ 2,037,276
Lottery Commission	-	42,871	3,602	45,289	1,541	93,303
Unemployment Compensation	-	8,719	-	-	-	8,719
Nonmajor Proprietary Funds	-	3,474	10,718	-	415	14,607
	1,889,602	141,349	40,775	45,289	36,890	2,153,905
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....						
Total Business-Type Activities	\$ (1,889,602)	\$ (86,285)	\$ (40,775)	\$ (45,289)	\$ (10,274)	\$ (2,072,225)
Total Primary Government.....						\$ 832,423
Fiduciary Activities:						
State Highway Patrol Retirement System Pension Trust (12/31/2011)....						
	\$ -	\$ -	\$ -	\$ -	\$ 54	\$ 54
Variable College Savings Plan						
Private-Purpose Trust.....	-	-	-	-	3,677	3,677
STAR Ohio Investment Trust	-	-	-	-	191	191
Agency Funds:						
Holding and Distribution	-	11,694	-	-	-	11,694
Centralized Child Support Collections.....	60,844	-	-	-	-	60,844
Retirement Systems	-	-	-	162,635,211	-	162,635,211
Payroll Withholding and Fringe Benefits	-	-	175,134	-	-	175,134
Other	-	412,579	-	16,319	140,674	569,572
Total Fiduciary Activities.....	\$ 60,844	\$ 424,273	\$ 175,134	\$ 162,651,530	\$ 144,596	\$ 163,456,377

In the major discretely presented component units, the "Refunds and Other Liabilities" balance reported, as of June 30, 2012, is comprised largely of payables similar to the primary government, such as refund and security deposits, compensated absences, capital leases, and other miscellaneous payables.



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

A. Interfund Balances

Interfund balances, as of June 30, 2012, consist of the following (in thousands):

Due from	Due To				Total
	General	Bonds	Nonmajor Governmental Funds	Total	
Governmental Activities					
Buckeye Tobacco Settlement Financing Authority Revenue					
Major Governmental Funds:					
General	\$ 64,106	\$ 858,906	\$ 1,114	\$ 924,126	
Total Governmental Activities	64,106	858,906	1,114	924,126	
Business-Type Activities:					
Nonmajor Proprietary Funds	3,444	-	-	3,444	
Total Business-Type Activities	3,444	-	-	3,444	
Total Primary Government	\$ 67,550	\$ 858,906	\$ 1,114	\$ 927,570	
Business-Type Activities					
Major Proprietary Fund					
	Workers' Compensation	Lottery Commission	Nonmajor Proprietary Funds	Total	Total Primary Government
Major Governmental Funds:					
General	\$ 502,810	\$ -	\$ 10,074	\$ 512,884	\$ 1,437,010
Job, Family and Other Human Services	15,343	-	-	15,343	15,343
Nonmajor Governmental Funds	181,313	1,518	-	182,831	182,831
Total Governmental Activities	699,466	1,518	10,074	711,058	1,635,184
Business-Type Activities:					
Major Proprietary Funds:					
Lottery Commission	2,695	-	-	2,695	2,695
Nonmajor Proprietary Funds	10,258	-	-	10,258	13,702
Total Business-Type Activities	12,953	-	-	12,953	16,397
Total Primary Government	\$ 712,419	\$ 1,518	\$ 10,074	\$ 724,011	\$ 1,651,581

Interfund balances result from the time lag between dates that 1.) interfund goods and services are provided or reimbursable expenditures/expenses occur, 2.) transactions are recorded in the accounting system, and 3.) payments between funds are made.

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 \$712.4 million as an interfund receivable for the unbilled premium due for the primary government's share of the Bureau's actuarially determined liability for compensation. In the Statement of Net Assets, the State includes the liability in the internal balance reported for governmental activities.



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

B. Interfund Transfers

Interfund transfers, for the fiscal year ended of June 30, 2012, consist of the following (dollars in thousands):

Transferred from	Transferred to			
	Governmental Activities			
	Major Governmental Funds			Total
General	Job, Family & Other Human Services	Nonmajor Governmental Funds		
Major Governmental Funds:				
General	\$ -	\$ 16,320	\$ 1,429,409	\$ 1,445,729
Job, Family and Other Human Services	960	-	9	969
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	13,765	-	90	13,855
Nonmajor Governmental Funds	168,264	14	197,762	366,040
Total Governmental Activities	182,989	16,334	1,627,270	1,826,593
Major Proprietary Funds:				
Workers' Compensation	8,345	-	3,060	11,405
Lottery Commission	335	-	771,029	771,364
Unemployment Compensation	749	3,873	-	4,622
Nonmajor Proprietary Funds	121,630	-	67,456	189,086
Total Business-Type Activities	131,059	3,873	841,545	976,477
Total Primary Government	\$ 314,048	\$ 20,207	\$ 2,468,815	\$ 2,803,070
Business-Type Activities				
Transferred from	Major Proprietary Funds			Total Primary Government
	Workers' Compensation	Nonmajor Proprietary Funds	Total	
Major Governmental Funds:				
General	\$ 95	\$ 26,430	\$ 26,525	\$ 1,472,254
Job, Family and Other Human Services	-	-	-	969
Buckeye Tobacco Settlement Financing Authority Revenue Bonds	-	-	-	13,855
Nonmajor Governmental Funds	-	-	-	366,040
Total Governmental Activities	95	26,430	26,525	1,853,118
Major Proprietary Funds:				
Workers' Compensation	-	-	-	11,405
Lottery Commission	-	-	-	771,364
Unemployment Compensation	-	-	-	4,622
Nonmajor Proprietary Funds	-	-	-	189,086
Total Business-Type Activities	-	-	-	976,477
Total Primary Government	\$ 95	\$ 26,430	\$ 26,525	\$ 2,829,595

Transfers are used to 1.) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, 2.) move receipts restricted to debt service from the funds collecting the receipts, to the debt service fund as the debt service payments become due, and 3.) utilize unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budget authorizations.



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

C. Component Units

For fiscal year 2012, the component units reported \$2.43 billion in state assistance revenue from the primary government in the Statement of Activities.

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

Additionally, the primary government provided financial support to the colleges and universities in the form of state appropriations for instructional and non-instructional purposes and capital appropriations for construction. This assistance is included in "Higher Education Support" expenses reported for governmental activities.

The primary government also transferred bond proceeds to the School Facilities Commission to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. This assistance is included as a receivable of the Buckeye Tobacco Settlement Financing Authority for \$3.77 billion and is being amortized over the projected payment period of the future tobacco settlement receipts.

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

Primary Government <i>(dollars in thousands)</i>					
	Receivable from the Component Units	Payable to the Component Units	Program Expenses for State Assistance to Component Units		
			Primary, Secondary, and Other Education Function	Higher Education Support Function	Total State Assistance to the Component Units
Major Governmental Funds:					
General	\$ 1,054	\$ 16,528	\$ 687,295	\$1,636,727	\$ 2,324,022
Job, Family and Other Human Services ..	-	886	-	-	-
Buckeye Tobacco Settlement Financing Authority Revenue Bonds.....	3,766,326	-	-	-	-
Nonmajor Governmental Funds	-	5,834	-	102,405	102,405
Total Governmental Activities.....	<u>3,767,380</u>	<u>23,248</u>	<u>687,295</u>	<u>1,739,132</u>	<u>2,426,427</u>
Total Primary Government	<u>\$ 3,767,380</u>	<u>\$ 23,248</u>	<u>\$ 687,295</u>	<u>\$1,739,132</u>	<u>\$ 2,426,427</u>

Component Units <i>(dollars in thousands)</i>			
	Receivable from the Primary Government	Payable to the Primary Government	Total State Assistance from the Primary Government
Major Component Units:			
School Facilities Commission	\$ -	\$3,766,326	\$ 675,321
Ohio State University	2,439	-	470,494
University of Cincinnati	525	-	192,347
Nonmajor Component Units	<u>20,284</u>	<u>572</u>	<u>1,088,265</u>
	<u>23,248</u>	<u>3,766,898</u>	<u>2,426,427</u>
Variance Due to Year-End Differences (June 30 versus December 31)	-	482	-
Total Component Units	<u>\$ 23,248</u>	<u>\$3,767,380</u>	<u>\$2,426,427</u>



NOTE 8 CAPITAL ASSETS

A. Primary Government

Capital asset activity, for the year ended June 30, 2012, reported for the primary government was as follows (dollars in thousands):

	Primary Government			
	Balance	Increases	Decreases	Balance
	July 1, 2011			June 30, 2012
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,082,738	\$ 77,436	\$ (5,576)	\$ 2,154,598
Buildings	60,998	-	-	60,998
Land Improvements	1,239	177	-	1,416
Construction-in-Progress	1,654,487	289,845	(574,846)	1,369,486
Infrastructure:				
Highway Network:				
General Subsystem	8,544,734	46,413	(3,115)	8,588,032
Priority Subsystem	7,895,454	299,834	-	8,195,288
Bridge Network	2,937,912	55,218	(29,087)	2,964,043
Total Capital Assets Not Being Depreciated.....	<u>23,177,562</u>	<u>768,923</u>	<u>(612,624)</u>	<u>23,333,861</u>
Other Capital Assets:				
Buildings	3,626,843	68,782	(153,838)	3,541,787
Land Improvements	415,992	31,981	(678)	447,295
Machinery and Equipment	828,096	112,097	(47,081)	893,112
Vehicles	298,474	46,285	(21,778)	322,981
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	98,884	3,172	(1,189)	100,867
Total Other Capital Assets at Historical Cost.....	<u>5,268,289</u>	<u>262,317</u>	<u>(224,564)</u>	<u>5,306,042</u>
Less Accumulated Depreciation for:				
Buildings	1,908,823	104,200	(96,389)	1,916,634
Land Improvements	236,027	27,879	(314)	263,592
Machinery and Equipment	553,624	129,478	(37,545)	645,557
Vehicles	172,547	28,885	(17,895)	183,537
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	15,152	4,792	(904)	19,040
Total Accumulated Depreciation	<u>2,886,173</u>	<u>295,234</u>	<u>(153,047)</u>	<u>3,028,360</u>
Other Capital Assets, Net	<u>2,382,116</u>	<u>(32,917)</u>	<u>(71,517)</u>	<u>2,277,682</u>
Governmental Activities - Capital Assets, Net.....	<u>\$ 25,559,678</u>	<u>\$ 736,006</u>	<u>\$ (684,141)</u>	<u>\$ 25,611,543</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 11,994	\$ -	\$ -	\$ 11,994
Construction-In Progress.....	-	7,324	-	7,324
Total Capital Assets Not Being Depreciated.....	<u>11,994</u>	<u>7,324</u>	<u>-</u>	<u>19,318</u>
Other Capital Assets:				
Buildings	227,079	-	-	227,079
Land Improvements	66	-	-	66
Machinery and Equipment	141,091	8,309	(2,024)	147,376
Vehicles	4,861	1,105	(717)	5,249
Total Other Capital Assets at Historical Cost.....	<u>373,097</u>	<u>9,414</u>	<u>(2,741)</u>	<u>379,770</u>
Less Accumulated Depreciation for:				
Buildings	152,040	7,534	-	159,574
Land Improvements	56	1	-	57
Machinery and Equipment	69,756	24,592	(1,995)	92,353
Vehicles	2,937	566	(563)	2,940
Total Accumulated Depreciation	<u>224,789</u>	<u>32,693</u>	<u>(2,558)</u>	<u>254,924</u>
Other Capital Assets, Net	<u>148,308</u>	<u>(23,279)</u>	<u>(183)</u>	<u>124,846</u>
Business-Type Activities - Capital Assets, Net.....	<u>\$ 160,302</u>	<u>\$ (15,955)</u>	<u>\$ (183)</u>	<u>\$ 144,164</u>



NOTE 8 CAPITAL ASSETS (Continued)

For fiscal year 2012, the State charged depreciation expense to the following functions (dollars in thousands):

	Depreciation Expense
Governmental Activities:	
Primary, Secondary and Other Education.....	\$ 954
Public Assistance and Medicaid.....	4,953
Health and Human Services.....	129,933
Justice and Public Protection.....	110,169
Environmental Protection and Natural Resources.....	26,515
Transportation.....	81,357
General Government.....	55,495
Community and Economic Development.....	7,467
Total Depreciation Expense for Governmental Activities.....	416,843
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	(121,609)
Fiscal Year 2012 Increases to Accumulated Depreciation.....	<u>\$ 295,234</u>
Business-Type Activities:	
Workers' Compensation.....	\$ 10,666
Lottery Commission.....	20,557
Tuition Trust Authority.....	59
Liquor Control.....	354
Underground Parking Garage.....	597
Office of Auditor of State.....	395
Total Depreciation Expense for Business-Type Activities.....	32,628
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	65
Fiscal year 2012 Increase to Accumulated Depreciation.....	<u>\$ 32,693</u>

As of June 30, 2012, the State considered the following governmental capital asset balances as being temporarily impaired and removed from service (dollars in thousands).

	Net Book Value
Governmental Activities:	
Temporarily Impaired Assets Removed from Service:	
Buildings.....	\$ 44,537
Land Improvements	230
Construction-In-Progress.....	2,280
Total.....	<u>\$ 47,047</u>



NOTE 8 CAPITAL ASSETS (Continued)

B. Major Discretely Presented Component Units

Capital asset activity, for the year ended June 30, 2012, reported for major discretely presented component unit funds with significant capital asset balance was as follows (dollars in thousands):

	Major Discretely Presented Component Units			
	Balance July 1, 2011 (as restated)	Increases	Decreases	Balance June 30, 2012
<u>Ohio State University:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 74,013	\$ 1,694	\$ (24)	\$ 75,683
Construction-in-Progress	535,908	375,482	-	911,390
Total Capital Assets Not Being Depreciated.....	<u>609,921</u>	<u>377,176</u>	<u>(24)</u>	<u>987,073</u>
Other Capital Assets:				
Buildings	4,020,588	112,682	(9,236)	4,124,034
Land Improvements	309,297	4,360	-	313,657
Machinery, Equipment and Vehicles	964,056	130,182	(38,228)	1,056,010
Library Books and Publications	159,541	4,075	(1,366)	162,250
Total Other Capital Assets at Historical Cost.....	<u>5,453,482</u>	<u>251,299</u>	<u>(48,830)</u>	<u>5,655,951</u>
Less Accumulated Depreciation for:				
Buildings	1,644,296	122,102	(7,646)	1,758,752
Land Improvements	182,334	9,734	-	192,068
Machinery, Equipment and Vehicles	628,139	107,663	(31,098)	704,704
Library Books and Publications	143,624	2,892	(1,367)	145,149
Total Accumulated Depreciation	<u>2,598,393</u>	<u>242,391</u>	<u>(40,111)</u>	<u>2,800,673</u>
Other Capital Assets, Net	<u>2,855,089</u>	<u>8,908</u>	<u>(8,719)</u>	<u>2,855,278</u>
Total Capital Assets, Net	<u>\$ 3,465,010</u>	<u>\$386,084</u>	<u>\$ (8,743)</u>	<u>\$ 3,842,351</u>
<u>University of Cincinnati:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 26,710	\$ 764	\$ (1,055)	\$ 26,419
Construction-in-Progress	102,810	94,374	(24,164)	173,020
Collections of Works of Art and Historical Treasures...	15,016	54	-	15,070
Total Capital Assets Not Being Depreciated.....	<u>144,536</u>	<u>95,192</u>	<u>(25,219)</u>	<u>214,509</u>
Other Capital Assets:				
Buildings	1,883,133	23,820	-	1,906,953
Land Improvements	101,559	103	-	101,662
Machinery, Equipment and Vehicles	237,365	14,879	(8,269)	243,975
Library Books and Publications	160,487	8,207	(4,235)	164,459
Infrastructure	116,608	412	-	117,020
Total Other Capital Assets at Historical Cost.....	<u>2,499,152</u>	<u>47,421</u>	<u>(12,504)</u>	<u>2,534,069</u>
Less Accumulated Depreciation for:				
Buildings	822,331	65,853	(210)	887,974
Land Improvements	32,601	4,968	-	37,569
Machinery, Equipment and Vehicles	159,422	16,584	(7,889)	168,117
Library Books and Publications	118,740	8,493	(3,243)	123,990
Infrastructure	65,353	4,515	(9)	69,859
Total Accumulated Depreciation	<u>1,198,447</u>	<u>100,413</u>	<u>(11,351)</u>	<u>1,287,509</u>
Other Capital Assets, Net	<u>1,300,705</u>	<u>(52,992)</u>	<u>(1,153)</u>	<u>1,246,560</u>
Total Capital Assets, Net	<u>\$ 1,445,241</u>	<u>\$ 42,200</u>	<u>\$ (26,372)</u>	<u>\$ 1,461,069</u>

For fiscal year 2012, Ohio State University and University of Cincinnati reported approximately \$242.3 million and \$100.4 million in depreciation expense, respectively.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

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

- Ohio Public Employees Retirement System
- State Teachers Retirement System of Ohio
- State Highway Patrol Retirement System
- Alternative Retirement Plan

A. Ohio Public Employees Retirement System (OPERS)

Pension Benefits

OPERS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan.

As established under Chapter 145, Ohio Revised Code, OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and survivor and death benefits to plan members and beneficiaries enrolled in the defined benefit and combined plans.

Most employees who are members of OPERS and who have fewer than five total years of service credit as of December 31, 2002, and new employees hired on or after January 1, 2003, are eligible to select one of the OPERS retirement plans, as listed above, in which they wish to participate. Members not eligible to select a plan include law enforcement officers, (who must participate in the defined benefit plan), college and university employees who choose to participate in one of the university's alternative retirement plans (see NOTE 9D), and re-employed OPERS retirees. Participants may change their selection once prior to attaining five years of service credit, once after attaining five years of service credit but prior to attaining ten years of service credit, and once after attaining ten years of service credit.

Regular employees who participate in the defined benefit plan or the combined plan 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 or 60 contributing months of credited service. Regular employees retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Law enforcement employees may retire at age 48 with 25 or more years of credited service.

The retirement allowance for the defined benefit plan is calculated on the basis of age, years of credited service, and the final average salary, which is the average of the member's three highest years of earnable salary. The annual allowance for regular employees is determined by multiplying the final average salary by 2.2 percent for each year of Ohio contributing service up to 30 years and by 2.5 percent for all other years in excess of 30 years of credited service. The annual allowance for law enforcement employees is determined by multiplying the final average salary by 2.5 percent for the first 25 years of Ohio contributing service, and by 2.1 percent for each year of service over 25 years. Retirement benefits increase three percent annually of the original base amount regardless of changes in the Consumer Price Index.

The retirement allowance for the defined benefit portion of the combined plan is calculated on the basis of age, years of credited service, and the final average salary, which is the average of the member's three highest years of earnable salary. The annual allowance for regular employees is determined by multiplying the final average salary by one percent for each year of Ohio contributing service up to 30 years and by 1.25 percent for all other years in excess of 30 years of credited service. Retirement benefits for the defined benefit portion of the plan increase three percent annually of the original base amount regardless of changes in the Consumer Price Index. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Regular employees who participate in the defined contribution plan may retire after they reach the age of 55. The retirement allowance for the defined contribution plan is based entirely on the total member and vested employer contributions to the plan, plus or minus any investment gains or losses. Employer contributions vest at a rate of 20 percent per year over a five-year vesting period. Retirees may choose from various payment options including monthly annuities, partial lump-sum payments, payments for a guaranteed period, payments for a specific monthly amount, or various combinations of these options. Participants direct the investment of their accounts by selecting from professionally managed OPERS investment options.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirees covered under any one of the three OPERS plan options may also choose to take part of their retirement benefit in a Partial Lump-Sum Option Plan (PLOP). Under this option, the amount of the monthly pension benefit paid to the retiree is actuarially reduced to offset the amount received initially under the PLOP. The amount payable under the PLOP cannot be less than six times or more than 36 times the monthly amount that would be payable to the member under the plan of payment selected, and cannot result in a monthly allowance that is less than 50 percent of that monthly amount.

Employer and employee required contributions to OPERS are established by the Retirement Board and are within the limits authorized by the Ohio Revised Code. The contribution rates are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuaries. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for regular employees and 18.1 percent of covered payroll for law enforcement employees. Contribution rates for fiscal year 2012, which are the same for the defined benefit, defined contribution, and combined plans, were as follows:

	Contribution Rates	
	Employee Share	Employer Share
<u>Regular Employees:</u>		
July 1, 2011 through June 30, 2012	10.00%	14.00%
<u>Law Enforcement Employees:</u>		
July 1, 2011 through December 31, 2011	11.60%	18.10%
January 1, 2012 through June 30, 2012	12.10%	18.10%

In the combined plan, the employer's share finances the defined benefit portion of the plan, while the employee's share finances the defined contribution portion of the plan. In the defined contribution plan, both the employee and employer share of the costs are used to finance the plan.

Employer contributions required and made for the last three years for the defined benefit plan and the defined benefit part of the combined plan were as follows (dollars in thousands):

	2012	2011	2010
<u>Primary Government:</u>			
Regular Employees	\$ 266,051	\$ 267,671	\$ 241,734
Law Enforcement			
Employees	4,277	4,235	3,889
Total	\$ 270,328	\$ 271,906	\$ 245,623

Major Component Units:

School Facilities			
Commission	\$ 429	\$ 378	\$ 345
Ohio Water			
Development Authority.....	113	101	155
Ohio State University.....	104,451	97,145	85,332
University of Cincinnati.....	14,580	14,767	13,814



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan were as follows (dollars in thousands):

	2012	2011	2010
<i>Primary Government:</i>			
Employer Contributions	\$ 6,343	\$ 6,037	\$ 5,085
Employee Contributions	13,251	12,825	11,114
<i>Major Component Units:</i>			
Ohio State University:			
Employer Contributions ..	3,439	2,942	2,427
Employee Contributions .	7,915	6,864	5,871
University of Cincinnati:			
Employer Contributions ..	448	420	372
Employee Contributions .	943	921	812

OPERS issues a stand-alone financial report, copies of which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, making a written request to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or calling (800) 222-7377 or (614) 222-5601.

Other Postemployment Benefits (OPEB)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the defined benefit and combined plans. Members of the defined contribution plan do not qualify for ancillary benefits, including post-employment healthcare coverage.

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the defined benefit and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits.

Employer contribution rates are expressed as a percentage of covered payroll of active members. For fiscal year 2012, state employers contributed at a rate of 14 percent of covered payroll and law enforcement employers contributed at 18.1 percent. These are the maximum contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The contribution rates for regular and law enforcement employees were as follows:

	Employer Share	
	Defined Benefit Plan	Combined Plan
July 1, 2011 through June 30, 2012	4.00%	6.05%



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions required and made for the last three fiscal years for the defined benefit plan and the defined benefit portion of the combined plan were as follows (dollars in thousands):

	2012	2011	2010
<i>Primary Government:</i>			
Regular Employees	\$ 108,138	\$ 128,257	\$ 148,549
Law Enforcement Employees	1,213	1,426	1,694
Total	<u>\$ 109,351</u>	<u>\$ 129,683</u>	<u>\$ 150,243</u>

Major Component Units:

School Facilities			
Commission	\$ 176	\$ 178	\$ 212
Ohio Water			
Development Authority.....	46	58	65
Ohio State University.....	42,800	45,894	52,407
University of Cincinnati.....	5,940	6,977	8,486

Members of the defined contribution plan may access a Retiree Medical Account upon retirement. During fiscal year 2012, employers paid 4.5 percent of their share into members' accounts. An employee's interest in the medical account for qualifying healthcare expenses vests on the basis of length of service, with 100 percent vesting attained after five years of credited service. Employers make no further contributions to a member's medical account after retirement, nor do employers have any further obligation to provide postemployment healthcare benefits.

Employer contributions required and made for the last three fiscal years for the defined contribution plan were as follows (dollars in thousands):

	2012	2011	2010
Primary Government.....	\$ 3,270	\$ 3,112	\$ 2,621
<u>Major Component Units:</u>			
Ohio State University.....	1,773	1,516	1,251
University of Cincinnati.....	231	216	192

The number of active contributing participants for the primary government was 52,620, as of June 30, 2012.

The Health Care Preservation Plan adopted by the OPERS Retirement Board on September 9, 2004, became effective on January 1, 2007. Member and employer contribution rates increased as of January 1, of each year from 2006 to 2008. Rates for law enforcement employees increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

Early Retirement Incentives (ERI)

State agencies, or departments within agencies, may offer voluntary ERI under Section 145.297, Ohio Revised Code. Through the ERI Program, the State can offer to purchase up to a maximum of five years worth of service credit from OPERS on behalf of employees who would then meet the age and service requirements to qualify for retirement. The ERI plan must remain in effect for at least one year and the employees must be given at least thirty days' notice before terminating the plan.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

State agencies are also required under Section 145.298, Ohio Revised Code, to offer a generally similar ERI when terminating a number of employees that equals or exceeds the lesser of 350 employees or 40 percent of the agency's workforce, as a result of a closure of the agency or a lay-off within a six-month period. Under these circumstances, qualifying employees must decide whether to accept the offer in the time between the announcement of the layoffs and the effective date. The amount of service credit offered cannot exceed five years.

The ERI agreements establish an obligation to pay specific amounts on fixed dates. State agencies that implement an ERI must pay their obligation to OPERS within a maximum of two years after the agreement is finalized, so the State does not discount the amount of the liability incurred under the agreement.

As of June 30, 2012, the State had no significant liability balances relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2012, the State incurred expenditures/expenses totaling \$4.3 million for 37 employees who entered into ERI agreements with the State.

B. State Teachers Retirement System of Ohio (STRS)

Pension Benefits

STRS is a cost-sharing, multiple-employer public employee retirement system that administers three separate pension plans – a defined benefit plan, a defined contribution plan, and a combined plan with features of both the defined benefit plan and the defined contribution plan. STRS benefits are established under Chapter 3307, Ohio Revised Code.

STRS also provides death, survivors', disability, healthcare, and supplemental benefits to members in the defined benefit and combined plans.

Participants in the defined benefit plan 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" calculation or the "money-purchase benefit" calculation.

Under the "formula benefit" calculation, the retirement allowance is based on years of credited service and the final average salary, which is the average of the member's three highest salary years. The annual allowance is determined by multiplying the final average salary by 2.2 percent for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1 percent, starting at 2.5 percent for the 31st year of contributing service up to a maximum allowance of 100 percent of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5 percent, and each year over 31 years is incrementally increased by .1 percent starting at 2.6 percent for the 32nd year.

Under the "money-purchase benefit" calculation, a member's lifetime contributions, plus interest at specified rates, are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by three percent of the original base amount.

Retirees can also choose a "partial lump-sum" option plan. Under this option, retirees may take a lump-sum payment that equals from six to 36 times their monthly service retirement benefit. Subsequent monthly benefits are reduced proportionally.

Employees hired after July 1, 2001, and those with less than five years of service credit at that date, may choose to participate in the combined plan or the defined contribution plan, in lieu of participation in the defined benefit plan.

Participants in the defined contribution plan are eligible to retire at age 50. Employee and employer contributions are placed into individual member accounts, and members direct the investment of their accounts by selecting from various professionally managed investment options. Retirees may choose to receive either a lump-sum distribution or a monthly annuity for life. Employer contributions become vested after one year of service, while employee contributions vest immediately.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Participants in the combined plan may start to collect the defined benefit portion of the plan at age 60. The annual allowance is determined by multiplying the final average salary by one percent for each year of Ohio contributing service credit. Participants in the combined plan may also participate in the partial lump-sum option plan, as described previously, for the portion of their retirement benefit that is provided through the defined benefit portion of the plan. The defined contribution portion of the plan may be taken as a lump sum or as a lifetime monthly annuity at age 50.

A retiree of STRS or any other Ohio public retirement system is eligible for re-employment as a teacher after two months from the date of retirement. Members and the employer make contributions during the period of re-employment. Upon termination or the retiree reaches the age of 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Alternatively, the retiree may receive a refund of member contributions with interest before age 65, once employment is terminated.

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 ten 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 2012 were 14 percent for employers and ten percent for employees for the defined benefit, defined contribution, and combined plans. For the defined benefit and combined plans, 13 percent of the employer rate is used to fund pension obligations. For the defined contribution plan, 10.5 percent of the employer's share is deposited into individual employee accounts, while 3.5 percent is paid to the defined benefit plan.

Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2012	2011	2010
Primary Government.....	\$6,006	\$ 6,571	\$8,101
<u>Major Component Units:</u>			
Ohio State University.....	42,973	41,446	39,969
University of Cincinnati.....	15,433	15,599	15,274

Employer and employee contributions required and made for the last three fiscal years for the defined contribution plan and the defined contribution part of the combined plan follow (dollars in thousands):

	2012	2011	2010
<u>Primary Government:</u>			
Employer Contributions	\$ 96	\$ 102	\$ 106
Employee Contributions	124	32	177
<u>Major Component Units:</u>			
Ohio State University:			
Employer Contributions	4,106	3,679	3,290
Employee Contributions	4,836	4,168	3,785
University of Cincinnati:			
Employer Contributions	1,087	993	926
Employee Contributions	1,335	1,222	1,158

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, Attention: Chief Financial Officer, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Other Postemployment Benefits (OPEB)

Ohio law authorizes STRS to offer a cost-sharing, multiple-employer healthcare plan. STRS provides access to healthcare to eligible retirees who participate in the defined benefit plan or combined plan. Benefits include hospitalization, physician’s fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Retirees enrolled in the defined contribution plan receive no post-employment healthcare benefits.

Chapter 3307, Ohio Revised Code, gives the STRS board discretionary authority over how much, if any, of associated healthcare costs are absorbed by the healthcare plan. All benefit recipients, for the most recent year, pay a portion of the healthcare costs in the form of a monthly premium.

Under Ohio law, funding for the post-employment healthcare may be deducted from employer contributions. Of the 14 percent employer contribution rate, one percent of the covered payroll was allocated to post-employment healthcare. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The employer contribution is financed on a pay-as-you-go basis. As of June 30, 2011 (the most recent information available), net assets available for future healthcare benefits were \$3.1 billion. Employer contributions required and made for the last three fiscal years for the defined benefit and the defined benefit portion of the combined plans were as follows (dollars in thousands):

	2012	2011	2010
Primary Government.....	\$ 462	\$ 505	\$ 623
<i>Major Component Units:</i>			
Ohio State University.....	3,306	3,188	3,075
University of Cincinnati.....	1,187	1,200	1,175

The number of eligible benefit recipients for STRS as a whole was 155,078, as of June 30, 2011 (the most recent information available); a breakout of the number of eligible recipients for the primary government and its component units, as of June 30, 2012, is unavailable.

C. State Highway Patrol Retirement System (SHPRS)

SHPRS, a component unit of the State, was established in 1941 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 Blvd., Suite 119, Columbus, Ohio 43229-2553, or by calling (614) 430-3558.

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. In addition to providing pension benefits, SHPRS is authorized by Chapter 5505, Ohio Revised Code, to provide a post-employment healthcare plan, which is considered to be an other post-employment benefit.

Chapter 5505, Ohio Revised Code, requires contributions by active members and the Ohio State Highway Patrol. The employer and employee contribution rates are established by the General Assembly, and any change in the rates requires legislative action. By law, the employer rate may not exceed three times the employee contribution rate, nor be less than nine percent of the total salaries of contributing members.

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

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.”



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Securities traded on a national exchange are valued at the last reported sales price at the current exchange rate. The fair value of real estate and private equity investments are based on independent appraisals. For actuarial purposes, assets are valued with a method that amortizes the difference between actual and assumed return over a closed, four-year period.

Employees are eligible for pension and healthcare benefits upon reaching both an age and service requirement. Employees with at least 15 years of service credit, but less than 20 years of service credit, may retire at age 55. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48.

The pension benefit is a percentage of the member's final average salary, which is the average of the member's three highest salary years. For members with at least 15 years of service credit, but less than 20 years of service credit, the percentage is determined by multiplying 1.5 percent times the number of years of service credit. For members with 20 or more years of service credit, the percentage is determined by multiplying 2.5 percent for the first 20 years of service, plus 2.25 percent for the next five years of service, plus two percent for each year in excess of 25 years of service. A member's pension may not exceed 79.25 percent of the final average salary.

Pension Benefits

The employer and employee contribution rates, as of December 31, 2011, were 26.5 percent and ten percent, respectively.

During calendar year 2011, all of the employees' contributions funded pension benefits while 24.75 percent of the employer's contributions funded pension benefits. The difference in the total employer rates charged and the employer rates applicable to the funding of pension benefits is applied to the funding of postemployment healthcare benefits.

The State's annual pension cost and net pension obligation to SHPRS for the current year were as follows (dollars in thousands):

Annual Required Contribution (ARC)	\$ 26,956
Interest on Net Pension Obligation	344
Adjustment to ARC	(244)
Annual Pension Cost	<u>27,056</u>
Contributions Made	<u>(22,966)</u>
Increase (Decrease) in Net Pension Obligation	4,090
Net Pension Obligation, Beginning of Year	4,299
Net Pension Obligation, End of Year	<u><u>\$ 8,389</u></u>

The State's annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual Pension Cost	Percentage of Employer's Annual Pension Cost Contributed	Net Pension Obligation
2011	\$ 27,056	84.9%	\$ 8,389
2010	22,932	92.5%	4,298
2009	20,048	102.0%	2,578



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

As of December 31, 2011, the most recent actuarial valuation date, the plan was 59.5 percent funded. The actuarial accrued liability was \$1.05 billion, and the actuarial value of assets was \$623.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$424.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$93.1 million, and the ratio of the UAAL to the covered payroll was 455.7 percent.

The Schedule of Funding Progress for Pension Benefits, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years-Pension						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2011	\$ 1,047,700	\$ 623,360	\$ 424,340	59.5%	\$ 93,126	455.7%
2010	1,017,770	630,971	386,799	62.0%	94,768	408.2%
2009	940,084	620,357	319,727	66.0%	94,825	337.2%

SHPRS used the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2011. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: an eight-percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from 0.3 percent to ten percent attributable to seniority and merit; price inflation was assumed to be at least four percent a year; and postretirement increases each year equal to three percent after the retiree reaches age 53. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for pension benefits. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years. Based upon significant declines in investment values during 2008, the SHPRS actuary was unable to amortize unfunded actuarially accrued pension liabilities over a finite period. Without plan design changes, the system is unlikely to be able to pay off future liabilities.

Other Post Employment Benefits (OPEB)

The healthcare coverage provided by SHPRS is considered to be an OPEB as described in GASB Statement 45. Healthcare benefits are not guaranteed and are subject to change at any time. The OPEB valuation is based on the substantive plan as it is currently presented to plan members, including a historical pattern of cost-sharing between the plan and benefit recipients.

During calendar year 2011, 1.75 percent of the employer's contributions funded healthcare benefits. Active members do not make contributions to the OPEB plan. The cost of retiree healthcare benefits is recognized as claims incurred and premiums paid. The number of active contributing plan participants, as of December 31, 2011, was 1,520.

The State's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the State's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the State's net OPEB obligation to SHPRS were as follows (dollars in thousands):



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual Required Contribution (ARC)	\$ 18,600
Interest on Net OPEB Obligation	3,330
Adjustment to ARC	(2,566)
Annual OPEB Cost	<u>19,364</u>
Contributions Made	(2,046)
Increase (Decrease) in Net OPEB Obligation	<u>17,318</u>
Net OPEB Obligation, Beginning of Year	66,593
Net OPEB Obligation, End of Year	<u>\$ 83,911</u>

The State's annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation for the last three calendar years, were as follows (dollars in thousands):

For the Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 19,364	10.6%	\$ 83,911
2010	15,392	24.0%	66,593
2009	19,081	24.8%	54,900

As of December 31, 2011, the most recent actuarial valuation, the plan was 23.3 percent funded. The actuarial accrued liability was \$424.1 million, and the actuarial value of assets was \$99 million, resulting in an unfunded actuarial liability (UAAL) of \$325.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$93.1 million, and the ratio of the UAAL to the covered payroll was 349.1 percent.

The Schedule of Funding Progress for OPEB, displayed in the following table, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

SHPRS Schedule of Funding Progress Last Three Calendar Years – OPEB						
<i>(dollars in thousands)</i>						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Valuation Year	Actuarial Accrued Liability (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liability (UAAL) (B)-(C)	Ratio of Assets to AAL (C)/(B)	Active Member Payroll	UAAL as Percentage of Active Member Payroll (D)/(F)
2011	\$ 424,144	\$ 99,002	\$ 325,142	23.3%	\$ 93,126	349.1%
2010	406,864	104,738	302,126	25.7%	94,768	318.8%
2009	287,582	100,748	186,834	35.0%	94,825	197.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarial determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing in the future. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Healthcare benefits are advance funded by the employer using the entry-age, normal actuarial cost method for the Schedule of Funding Progress for the actuarial valuation, dated December 31, 2011, for OPEB. Assumptions used in preparing the Schedule of Funding Progress and in determining the annual required contribution include: a five percent rate of return on investments; projected salary increase of four percent attributable to inflation and additional projected salary increases ranging from .3 percent to ten percent a year attributable to seniority and merit; and an annual healthcare cost increase of four percent annually, reduced by declining percentages ranging from five percent to .5 percent through 2020. There are no cost-of-living adjustments for OPEB benefits. Maximum contribution rates were not considered in the projection of actuarially accrued liabilities for OPEB benefits.

The unfunded actuarial accrued liability is being amortized using the level-percentage of projected payroll method over an open period of 30 years.

**D. Alternative Retirement Plan (ARP)
Pension Benefits**

The ARP is a defined contribution retirement plan that is authorized under Section 3305.02, Ohio Revised Code. The ARP provides at least three or more alternative retirement plans for academic and administrative employees of Ohio's institutions of higher education, who otherwise would be covered by OPERS or STRS. Unclassified civil service employees hired on or after August 1, 2005, are also eligible to participate in the ARP.

The Board of Trustees of each public institution of higher education enters into contracts with each approved retirement plan provider. Once established, full-time faculty and unclassified employees who are hired subsequent to the establishment of the ARP, or who had less than five years of service credit under the existing retirement plans, may choose to enroll in the ARP. The choice is irrevocable for as long as the employee remains continuously employed in a position for which the ARP is available. For those employees that choose to join the ARP, any prior employee contributions that had been made to OPERS or STRS would be transferred to the ARP. The Ohio Department of Insurance has designated the companies that are eligible to serve as plan providers for the ARP.

Ohio law requires that employee contributions be made to the ARP in an amount equal to those that would otherwise have been required by the retirement system that applies to the employee's position. These contribution rates are ten percent for OPERS and STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2012, each public institution of higher education was required to contribute .77 percent of a participating employee's salary to OPERS in cases when the employee would have otherwise been enrolled in OPERS.

Ohio law also requires each public institution of higher education to contribute 3.5 percent of a participating employee's gross salary, for the year ended June 30, 2012, to STRS in cases when the employee would have otherwise been enrolled in STRS.

The employer contribution amount is subject to actuarial review every third year to determine if the rate needs to be adjusted to mitigate any negative financial impact that the loss of contributions may have on OPERS and STRS. The Board of Trustees of each public institution of higher education may also make additional payments to the ARP based on the gross salaries of employees multiplied by a percentage the respective Board of Trustees approves.

The ARP provides full and immediate vesting of all contributions made on behalf of participants. The contributions are directed to one of the investment management companies as chosen by the participants. The ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement healthcare benefits, or death benefits. Benefits are entirely dependent on the sum of the contributions and related investment income generated by each participant's choice of investment options.



NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the State's major discretely presented component units, employer and employee contributions required and made for the year ended June 30, 2012, for the ARP follow (dollars in thousands):

<u>Major Component Units:</u>	OPERS	STRS
Ohio State University:		
Employer Contributions	\$ 22,836	\$ 20,687
Employee Contributions	17,264	19,697
University of Cincinnati:		
Employer Contributions	7,286	4,818
Employee Contributions	5,507	4,589

NOTE 10 GENERAL OBLIGATION BONDS

At various times since 1921, Ohio voters, by 19 constitutional amendments (the last adopted May 2010 for research and development programs in support of Ohio industry, commerce, and business), have authorized the incurrence of general obligation debt for the construction and improvement of common school and higher education facilities, highways, local infrastructure improvements, research and development of coal technology, natural resources, research and development support for high-tech business, business site development, and veterans compensation. Issuances for highway capital improvements, natural resources, and conservation are, in part, used for acquisition, construction or improvement of capital assets. In practice, general obligation bonds are retired over periods of 10 to 25 years.

A 1999 constitutional amendment provided for the issuance of Common School Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2012, the General Assembly had authorized the issuance of \$4.27 billion in Common Schools Capital Facilities Bonds, of which \$3.87 billion has been issued. As of June 30, 2012, the General Assembly had also authorized the issuance of \$3.03 billion in Higher Education Capital Facilities Bonds, of which \$2.6 billion has been issued.

Through the 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, 2012, the General Assembly has authorized the issuance of approximately \$2.77 billion in Highway Capital Improvements Bonds, of which \$2.29 billion has been issued.

Constitutional amendments in 1995 and 2005 allowed for the issuance of \$3.75 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Issuances are limited to \$120 million in any fiscal year through fiscal year 2012, with an increase in the annual issuance amount to \$150 million beginning in fiscal year 2013. As of June 30, 2012, the General Assembly had authorized \$3.45 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which \$3 billion had been issued (net of \$214 million in unaccreted discounts at issuance).

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, 2012, the General Assembly had authorized the issuance of \$246 million in Coal Research and Development Bonds, of which \$210 million had been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$373 million, as of June 30, 2012, of which \$348 million had been issued.

Constitutional amendments in 2000 and 2008 allowed for outstanding Conservation Projects Bonds of up to \$400 million. No more than \$50 million may be issued during a fiscal year. As of June 30, 2012, the General Assembly had authorized the issuance of approximately \$348 million in Conservation Projects Bonds of which \$300 million had been issued.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Through approval of the May 2010 and November 2005 amendments, voters authorized the issuance of \$1.2 billion of Third Frontier Research and Development Bonds. Obligations that may be issued are limited to \$450 million for fiscal years 2006 through 2011, \$225 million in fiscal year 2012, and \$175 million in any fiscal year thereafter, plus any obligations unissued from previous fiscal years. As of June 30, 2012, the General Assembly had authorized the issuance of \$850 million in Third Frontier Research and Development Bonds, of which \$460.7 million had been issued.

The issuance of \$150 million of Site Development Bonds was also authorized through the approval of the November 2005 amendment. Not more than \$30 million may be issued in each of the first three years, beginning with fiscal year 2006, and not more than \$15 million may be issued in any of the subsequent fiscal years. The General Assembly had authorized the issuance of \$150 million in Site Development Bonds as of June 30, 2012, of which \$115 million had been issued.

A 2009 constitutional amendment provides for the issuance of up to \$200 million in Veterans Compensation Bonds. No obligations may be issued after December 31, 2013. As of June 30, 2012, the General Assembly had authorized all \$200 million in Veterans' Compensation Bonds, of which \$65.9 million had been issued.

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2012, are presented in the table below. For the variable-rate bonds, using the assumption that current interest rates remain the same over their term, the interest and net swap payment amounts are based on rates as of June 30, 2012. As rates vary, variable-rate bond interest payments and net swap payments vary.

**Primary Government-Governmental Activities
Summary of General Obligation Bonds
As of June 30, 2012
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Common Schools Capital Facilities	2002-12	1.8%-5.5%	2032	\$3,279,707	\$ 400,000
Higher Education Capital Facilities	2002-12	1.4%-5.5%	2032	2,145,728	428,000
Highway Capital Improvements	2003-11	2.0%-5.3%	2025	670,927	482,000
Infrastructure Improvements	1993-12	1.8%-6.1%	2032	1,834,587	450,014
Coal Research and Development	2002-12	1.5%-4.3%	2022	28,178	36,000
Natural Resources Capital Facilities	2002-12	2.0%-5.0%	2027	159,063	25,000
Conservation Projects	2004-12	2.0%-5.3%	2026	221,224	48,000
Third Frontier Research and Development	2007-12	.7%-5.5%	2022	387,464	389,300
Site Development	2007-11	2.0%-5.3%	2021	96,297	35,000
Veterans' Compensation	2011-12	.4%-4.9%	2027	64,910	134,090
Total General Obligation Bonds				<u>\$8,888,085</u>	<u>\$ 2,427,404</u>



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

**Primary Government-Governmental Activities
Summary of Future Funding Requirements
As of June 30, 2012
(dollars in thousands)**

Future Funding of Current Interest and Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013.....	\$ 626,485	\$ 340,448	\$ 966,933
2014.....	628,475	323,872	952,347
2015.....	614,925	295,823	910,748
2016.....	594,165	268,817	862,982
2017.....	563,765	241,880	805,645
2018-2022	2,740,550	828,779	3,569,329
2023-2027	1,503,770	291,981	1,795,751
2028-2032	565,650	65,078	630,728
Total Current Interest and Capital Appreciation Bonds	<u>\$ 7,837,785</u>	<u>\$ 2,656,678</u>	<u>\$ 10,494,463</u>

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Sw aps, Net	Total
2013.....	\$ 18,125	\$ 10,936	\$ 10,783	\$ 39,844
2014.....	36,045	10,417	10,528	56,990
2015.....	51,895	9,370	10,116	71,381
2016.....	62,410	8,036	9,539	79,985
2017.....	70,600	6,531	8,940	86,071
2018-2022	266,855	17,516	30,597	314,968
2023-2027	125,555	3,437	5,188	134,180
Total Variable-Rate Bonds	<u>\$ 631,485</u>	<u>\$ 66,243</u>	<u>\$ 85,691</u>	<u>\$ 783,419</u>
Total General Obligation Bonds	\$ 8,469,270			
Unamortized Premium/(Discount), Net.....	567,516			
Deferred Refunding Loss	(148,701)			
Total.....	<u>\$ 8,888,085</u>			

For the year ended June 30, 2012, NOTE 15 summarizes changes in general obligation bonds.

Hedging Derivatives

As of June 30, 2012, approximately \$337 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of (\$59.1) million. The value of these bonds is reported as part of the Bonds and Notes Payable section and the negative fair value of the cash flow hedges is reported in the Other Noncurrent Liabilities section on the Statement of Net Assets. The fair value decreased \$22.4 million during fiscal year 2012. This decrease is reported on the Statement of Net Assets as part of Deferred Outflows of Resources. Fair value of the cash flow hedges is determined using the zero-coupon method.

The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2012. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the derivative's positive fair value.

Except for the swap counterparty on the Infrastructure Improvements, Series 2001B bond, each of the State's swap counterparties is required to post collateral to a third party when their respective credit rating, as determined by specified nationally recognized credit rating agencies, falls below the trigger level defined in the swap agreement. This arrangement protects the State by mitigating credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps must be in the form of cash or U.S. government securities and held by a third-party custodian. Net payments are made on the same date, as specified in the agreements. For Infrastructure Improvements, Series 2001B, the agreement includes a substitution provision that enables the State to substitute counterparties if the long term credit rating falls below the "A" rating category. This provision is akin to the collateral posting provisions of the State's other swaps and serves to mitigate credit and termination risk.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

The combination of the variable-rate bonds and a floating-to-fixed swap creates a low-cost, long-term synthetic fixed-rate debt that protects the State from rising interest rates.

Terms and objectives of the State's hedging derivatives are provided in the following table.

**Hedging Derivatives
As of June 30, 2012
(dollars in thousands)**

Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Sw ap Rate at 06/30/2012	State's Sw ap Rate at 06/30/2012	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate sw ap	\$63,900	SIFMA Index	0.18%	4.63%	11/29/2001	8/1/2021
Objective: Convert Series 2001B variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates							
Embedded Option: The counterparties may elect to terminate the sw ap if the SIFMA index averages 7 percent or higher over a 180-day period.							
Credit Quality Ratings of Counterparty: 50% Aa3/A+ JPMorgan Chase; 50% Baa1/A- Morgan Stanley Capital Services							
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate sw ap	\$54,930	LIBOR (See terms below)	0.41%	3.51%	3/3/2004	2/1/2023
Objective: Convert Series 2004A variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates							
Credit Quality Ratings of Counterparty: Baa1/A- Morgan Stanley Capital Services							
Terms: 63% of LIBOR + 25 basis points							
Common Schools, Series 2003D	Pay-fixed interest rate sw ap	\$67,000	LIBOR (see terms below)	0.41%	3.41%	9/14/2007	3/15/2024
Objective: Convert Series 2003D variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates							
Credit Quality Ratings of Counterparty: 50% Aa3/A+ JPMorgan Chase; 50% Baa1/A- Morgan Stanley Capital Services							
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate sw ap	\$75,580	LIBOR (see terms below)	0.41%	3.20%	6/15/2006	6/15/2026
Objective: Convert Series 2006B variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates							
Credit Quality Ratings of Counterparty: 50% A2/A UBS AG; 50% Aa3/AA- Royal Bank of Canada							
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006C	Pay-fixed interest rate sw ap	\$75,580	LIBOR (see terms below)	0.41%	3.20%	6/15/2006	6/15/2026
Objective: Convert Series 2006C variable-rate bonds into a synthetic fixed rate to minimize exposure to changing interest rates							
Credit Quality Ratings of Counterparty: 50% A2/A UBS AG; 50% Aa3/AA- Royal Bank of Canada							
Terms: 65% of 1-month LIBOR + 25 basis points							



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

These swaps expose the State to basis risk or a mismatch between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds. A mismatch would increase or decrease the interest cost paid by the State.

For Infrastructure Improvements, Series 2001B, the SIFMA municipal swap index has proven to be an effective proxy for the State's variable-rate debt and substantially mitigates basis risk.

For Infrastructure Improvements, Series 2004A and for Common Schools, Series 2003D, 2006B, and 2006C, the State assumes the risk of reductions in marginal federal tax rates or elimination of the tax preference for municipal securities, given that the variable swap receipt is based on a taxable index (LIBOR). Those changes would increase the interest rates on the underlying variable-rate debt but would not impact the variable-rate swap receipt based on the LIBOR index.

The State retains the right to terminate any swap agreement at the market value prior to maturity. The State has termination risk under the contracts, particularly upon the occurrence of an additional termination event (ATE), as defined in the swap agreements. An ATE occurs if either the credit rating of the bonds associated with a specific swap or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. If the swap was terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the State may be liable to the counterparty for a payment. Other termination events include failure to pay, bankruptcy, merger without assumption, and illegality. No termination events have occurred.

Advance Refundings

During fiscal year 2012, there were fifteen advance refundings of general obligations bonds. Four of these refundings, sometimes called restructurings, were for GRF debt service relief rather than economic savings. Details on the advanced refundings are presented in the following table.

**Primary Government — Governmental Activities
General Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2012
(dollars in thousands)**

Refunding Bond Issue	Date of Refunding	Amount of Refunding Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds (in substance)	Refunding Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Common Schools, Series 2011A....	7/28/2011	\$ 211,530	2.77%	\$ 231,990	\$ 245,018	(\$16,110)/14 yrs	\$ 8,157
Higher Education, Series 2011A....	7/28/2011	127,765	2.95%	140,030	147,347	(12,666)/14 yrs	4,207
Infrastructure, Series 2011B.....	7/28/2011	114,285	2.90%	126,670	130,645	(36,949)/14 yrs	(12,374)
Natural Resources, Series P.....	7/28/2011	35,195	2.46%	35,705	37,059	(3,825)/14 yrs	788
Common Schools, Series 2011C....	11/30/2011	63,000	2.80%	67,285	73,005	11,647/12 yrs	8,695
Higher Education, Series 2011B....	11/30/2011	28,765	2.79%	30,945	33,207	5,460/12 yrs	3,930
Infrastructure, Series 2011C.....	11/30/2011	18,320	2.82%	19,000	20,342	2,867/12 yrs	2,220
Common Schools, Series 2012A....	1/24/2012	117,420	1.88%	131,775	143,891	24,705/13 yrs	20,872
Higher Education, Series 2012B....	4/3/2012	102,615	2.25%	110,815	121,474	14,837/13 yrs	11,002
Infrastructure, Series 2012B.....	4/3/2012	40,150	2.11%	43,540	47,613	5,861/10 yrs	4,491
Common Schools, Series 2012C....	6/22/2012	139,135	1.82%	154,335	168,639	26,513/12 yrs	21,412
Higher Education, Series 2012C....	6/22/2012	103,650	2.22%	113,520	127,194	16,440/13 yrs	13,185
Infrastructure, Series 2012C.....	6/22/2012	15,505	2.39%	17,565	19,232	3,872/12 yrs	3,146
Natural Resources, Series R.....	6/22/2012	15,755	1.27%	16,595	17,538	1,149/8 yrs	916
Conservation, Series 2012A.....	6/22/2012	15,070	1.13%	16,155	17,681	1,958/7 yrs	1,678
Total		<u>\$ 1,148,160</u>		<u>\$ 1,255,925</u>	<u>\$ 1,349,885</u>		<u>\$ 92,325</u>



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Proceeds of the refunding (new) bonds are placed in irrevocable trusts to provide for all future debt service payments of the refunded (old) bonds. These refunded amounts are considered defeased and no longer outstanding. The various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements.

The State had defeased general obligation bonds from prior years and placed the proceeds in irrevocable trusts. As of June 30, 2012, the balances in these trusts for bonds defeased in prior years were \$49.7 million for Infrastructure Improvement Bonds, \$5 million for Natural Resources Bonds, \$197.1 million for Common Schools Bonds, \$39.9 million for Conservation Bonds, and \$181.4 million for Higher Education Bonds.

NOTE 11 REVENUE BONDS AND NOTES

The State Constitution permits state agencies and authorities to issue bonds and notes that are not supported by the full faith and credit of the State. These bonds and notes pledge income derived from user fees and rentals on the acquired or constructed assets to pay the debt service.

Issuers for the primary government include the Treasurer of State for the Ohio Department of Development, including its Office of Financial Incentives, and the Ohio Department of Transportation; and the Buckeye Tobacco Settlement Financing Authority (BTSFA). In addition, the Ohio Building Authority (OBA) issued revenue bonds on its own behalf and for the Ohio Bureau of Workers' Compensation in the past. Effective January 1, 2012, the operations of the OBA were moved to other state agencies and OBA ceased to exist.

Major issuers for the State's component units include the Ohio Water Development Authority, the Ohio State University, and the University of Cincinnati.

A. Primary Government

Economic Development Bonds and Notes, issued by the Treasurer of State for the Office of Financial Incentive's Direct Loan Program, provide financing for loans and loan guarantees to businesses within the State for economic development projects that create or retain jobs in the State. The taxable bonds and notes, payable through 2030, are backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control and pledged moneys and related investment earnings held in reserve under a trust agreement with a financial institution.

Revitalization Project Bonds and Notes provide financing to enable the remediation or cleanup of contaminated publicly or privately owned lands to allow for their environmentally safe and productive development. The bonds and notes, payable through 2026, are also backed with profits derived from the sale of spirituous liquor by the Division of Liquor Control.

Pledged net liquor revenues through the maturity of the Economic Development and Revitalization Project revenue bonds and notes total approximately \$973.1 million. During fiscal year 2012, pledged net revenues were \$248.1 million. Principal and interest requirements for fiscal year 2012 totaled \$151.2 million.

Since fiscal year 1998, the Treasurer of State has issued a total of \$1.75 billion in State Infrastructure Bank Bonds for various transportation construction projects financed by the Department of Transportation. The State has pledged federal highway receipts and loan repayments received under the State Infrastructure Bank Loan Program as the primary source of moneys for meeting the principal and interest requirements on the bonds.

Issuances for the State Infrastructure Bank are, in part, used for the acquisition, construction, or improvement of capital assets. Total pledged federal highway receipts and loan repayments through the maturity of the bonds in 2022 are estimated at approximately \$1.02 billion. For fiscal year 2012, principal and interest payments on the revenue bonds was \$173.6 million and pledged receipts was \$152.6 million.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

BTSFA is authorized by the Ohio General Assembly to issue and to sell obligations, the aggregate principle amount of which shall not exceed \$6 billion, exclusive of obligations issued to refund, renew, or advance refund other obligations issued or incurred. On October 29, 2007, BTSFA successfully securitized 100 percent of the projected tobacco settlement receipts for the next 45 years through the issuance of five series of asset-backed revenue bonds, aggregating in the amount of \$5.53 billion. The future tobacco settlement receipts, including related investment earnings and net of specified operating and enforcement expenses, have been pledged to repay the bonds, which are payable through 2052. Annual principal and interest payments on the bonds will require 100 percent of the net tobacco settlement receipts. As of June 30, 2012, the total principal and interest payments remaining to be paid on the bonds were \$17.92 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2012 were \$295.2 million and \$295 million, respectively. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds. After the bonds and any related operating expenses have been fully paid, any remaining tobacco settlement receipts will become payable to the State. The bonds include fixed rate serial bonds, fixed rate current interest turbo term bonds, and capital appreciation turbo term bonds which will convert to fixed rate current interest turbo term bonds. They were issued to fund long-lived capital projects at state-supported institutions of higher education and to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State. Additional information on these bonds can be found in BTSFA's stand-alone financial report.

Revenue bonds accounted for in business-type activities finance the construction costs of the William Green Building, which houses the main operations of the Ohio Bureau of Workers' Compensation in Columbus. The debt issuance for the William Green Building has been used for acquisition and construction of capital assets. The bonds are collateralized by lease rental payments pledged by BWC to the Treasurer of State. The lease rental payments are based on the estimated debt service of the bonds, but are limited to an amount appropriated by the Ohio General Assembly in the biennial budget. Total pledged payments through the maturity of the bonds in 2014 are estimated at approximately \$33.4 million. For fiscal year 2012, both the total lease rental payments and the principal and interest payments on the revenue bonds were \$18.2 million.

Revenue bonds and notes outstanding for the primary government, as of June 30, 2012, are presented in the following table. For the year ended June 30, 2012, NOTE 15 summarizes changes in revenue bonds and notes.

Primary Government
Summary of Revenue Bonds and Notes
As of June 30, 2012
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Governmental Activities:				
Treasurer of State:				
Economic Development	2004-12	.4%-7.7%	2030	\$ 497,229
Revitalization Project	2003-12	.4%-5.9%	2026	260,465
State Infrastructure Bank	2006-11	2.3%-6.0%	2022	873,856
Buckeye Tobacco Settlement Financing Authority....	2008	4.7%-7.5%	2052	5,498,236
Total Governmental Activities				<u>7,129,786</u>
Business-Type Activities:				
Bureau of Workers' Compensation	2003	1.6%-4.0%	2014	31,633
Total Business-Type Activities				<u>31,633</u>
Total Revenue Bonds				<u>\$7,161,419</u>



NOTE 11 REVENUE BONDS AND NOTES (Continued)

Future bond service requirements for revenue bonds and notes of the primary government, as of June 30, 2012, are presented in the following table.

Primary Government
Future Funding Requirements for Revenue Bonds and Notes
As of June 30, 2012
(dollars in thousands)

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013.....	\$ 411,900 *	\$ 344,386	\$ 756,286	\$ 15,915	\$ 1,543	\$ 17,458
2014.....	213,695	333,061	546,756	15,200	751	15,951
2015.....	221,745	322,944	544,689	-	-	-
2016.....	222,865	312,004	534,869	-	-	-
2017.....	211,775	301,513	513,288	-	-	-
2018-2022	1,062,695	1,338,143	2,400,838	-	-	-
2023-2027.....	720,185	1,094,364	1,814,549	-	-	-
2028-2032.....	617,640	908,124	1,525,764	-	-	-
2033-2037.....	632,169	759,936	1,392,105	-	-	-
2038-2042.....	978,430	612,488	1,590,918	-	-	-
2043-2047.....	1,670,472	3,208,499	4,878,971	-	-	-
2048-2052.....	179,716	3,237,584	3,417,300	-	-	-
	<u>7,143,287</u>	<u>12,773,046</u>	<u>19,916,333</u>	<u>31,115</u>	<u>2,294</u>	<u>33,409</u>
Unamortized						
Premium/(Discount), Net....	(9,276)	-	(9,276)	649	-	649
Deferred Refunding Loss	(4,225)	-	(4,225)	(131)	-	(131)
Total	<u>\$ 7,129,786</u>	<u>\$ 12,773,046</u>	<u>\$ 19,902,832</u>	<u>\$ 31,633</u>	<u>\$ 2,294</u>	<u>\$ 33,927</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2013.....	\$ 427,815	\$ 345,929	\$ 773,744
2014.....	228,895	333,812	562,707
2015.....	221,745	322,944	544,689
2016.....	222,865	312,004	534,869
2017.....	211,775	301,513	513,288
2018-2022	1,062,695	1,338,143	2,400,838
2023-2027.....	720,185	1,094,364	1,814,549
2028-2032.....	617,640	908,124	1,525,764
2033-2037.....	632,169	759,936	1,392,105
2038-2042.....	978,430	612,488	1,590,918
2043-2047.....	1,670,472	3,208,499	4,878,971
2048-2052.....	179,716	3,237,584	3,417,300
	<u>7,174,402</u>	<u>12,775,340</u>	<u>19,949,742</u>
Unamortized			
Premium/(Discount), Net....	(8,627)	-	(8,627)
Deferred Refunding Loss	(4,356)	-	(4,356)
Total	<u>\$ 7,161,419</u>	<u>\$ 12,775,340</u>	<u>\$ 19,936,759</u>

* Fiscal year 2013 principal of the Governmental Activities includes \$194 million of Bond Anticipation Notes (BANS) that are outstanding as of June 30, 2012. These BANS are expected to be retired, renewed, or refunded into long term debt.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

B. Major Discretely Presented Component Units

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

A portion of OWDA's outstanding bonds has been issued for the Water Pollution Control Loan Program, which provides low-cost financing to LGAs for the construction of wastewater treatment facilities. In the event pledged program revenues, which consist of interest payments from the LGAs and 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, 2011, approximately \$1.85 billion in bonds were outstanding for this program.

Future bond service requirements for the Water Pollution Control Loan Program revenue bonds, as of December 31, 2011, were as follows (dollars in thousands):

Year Ending December 31,	Principal	Interest	Total
2012.....	\$ 118,255	\$ 82,339	\$ 200,594
2013.....	114,100	78,021	192,121
2014.....	130,050	72,983	203,033
2015.....	125,530	67,794	193,324
2016.....	123,630	62,225	185,855
2017-2021.....	535,405	223,852	759,257
2022-2026.....	365,770	125,008	490,778
2027-2031.....	237,170	37,830	275,000
2032-2036.....	49,130	3,813	52,943
	<u>1,799,040</u>	<u>753,865</u>	<u>2,552,905</u>
Unamortized			
Premium/(Discount), Net.....	115,604	-	115,604
Deferred Refunding Loss.....	(65,231)	-	(65,231)
Total	<u>\$ 1,849,413</u>	<u>\$ 753,865</u>	<u>\$ 2,603,278</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 educational and student resident facilities and auxiliary facilities such as dining halls, hospitals, parking facilities, bookstores and athletic facilities.

Except as previously discussed with respect to OWDA's Water Pollution Control Loan Program Bonds, the State is not obligated in any manner for the debt of its component units.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

Future bond service requirements for revenue bonds and notes reported for the major discretely presented component units, as of June 30, 2012, are shown in the following tables.

Major Discretely Presented Component Units
Future Funding Requirements for Revenue Bonds and Notes
As of June 30, 2012
(dollars in thousands)

Year Ending December 31 or June 30,	Ohio Water Development Authority (12/31/2011)			Ohio State University		
	Principal	Interest	Total	Principal	Interest	Total
2012.....	\$ 212,025	\$ 128,083	\$ 340,108			
2013.....	213,135	120,520	333,655	\$ 549,175	\$ 68,792	\$ 617,967
2014.....	218,605	112,200	330,805	57,648	65,938	123,586
2015.....	213,915	104,081	317,996	59,909	64,202	124,111
2016.....	225,980	95,459	321,439	60,039	63,132	123,171
2017.....	-	-	-	62,794	62,055	124,849
2017-2021.....	804,105	349,122	1,153,227	-	-	-
2018-2022.....	-	-	-	217,604	294,598	512,202
2022-2026.....	530,130	193,559	723,689	-	-	-
2023-2027.....	-	-	-	134,259	261,203	395,462
2027-2031.....	338,615	73,087	411,702	-	-	-
2028-2032.....	-	-	-	78,856	234,555	313,411
2032-2036.....	106,345	18,826	125,171	-	-	-
2033-2037.....	-	-	-	17,626	225,267	242,893
2037-2041.....	27,040	3,030	30,070	-	-	-
2038-2042.....	-	-	-	654,786	203,590	858,376
2042-2046.....	500	13	513	-	-	-
2043-2047.....	-	-	-	-	120,000	120,000
2048-2052.....	-	-	-	-	120,000	120,000
2053-2057.....	-	-	-	-	120,000	120,000
2058-2062.....	-	-	-	-	120,000	120,000
2063-2067.....	-	-	-	-	120,000	120,000
2068-2072.....	-	-	-	-	120,000	120,000
2073-2077.....	-	-	-	-	120,000	120,000
2078-2082.....	-	-	-	-	120,000	120,000
2083-2087.....	-	-	-	-	120,000	120,000
2088-2092.....	-	-	-	-	120,000	120,000
2093-2097.....	-	-	-	-	120,000	120,000
2098-2102.....	-	-	-	-	120,000	120,000
2103-2107.....	-	-	-	-	120,000	120,000
2108-2112.....	-	-	-	500,000	96,000	596,000
	<u>2,890,395</u>	<u>1,197,980</u>	<u>4,088,375</u>	<u>2,392,696</u>	<u>3,199,332</u>	<u>5,592,028</u>
Unamortized Premium/(Discount), Net....	153,807	-	153,807	66,042	-	66,042
Deferred Refunding Loss	(100,804)	-	(100,804)	-	-	-
Total	<u>\$ 2,943,398</u>	<u>\$ 1,197,980</u>	<u>\$ 4,141,378</u>	<u>\$ 2,458,738</u>	<u>\$3,199,332</u>	<u>\$5,658,070</u>



NOTE 11 REVENUE BONDS AND NOTES (Continued)

**Major Discretely Presented Component Units
Future Funding Requirements for Revenue Bonds and Notes
As of June 30, 2012
(dollars in thousands)**

Year Ending June 30,	University of Cincinnati		
	Principal	Interest	Total
2013.....	\$ 121,340	* \$ 48,464	\$ 169,804
2014.....	43,495	45,328	88,823
2015.....	46,700	43,442	90,142
2016.....	47,275	41,387	88,662
2017.....	52,330	39,268	91,598
2018-2022.....	265,300	158,008	423,308
2023-2027.....	219,825	95,809	315,634
2028-2032.....	144,565	48,521	193,086
2033-2037.....	71,405	19,729	91,134
2038-2042.....	27,430	2,628	30,058
	<u>1,039,665</u>	<u>542,584</u>	<u>1,582,249</u>
Unamortized Premium/(Discount), Net....	<u>19,340</u>	<u>-</u>	<u>19,340</u>
Total	<u>\$1,059,005</u>	<u>\$ 542,584</u>	<u>\$1,601,589</u>

* Fiscal year 2013 principal of the University of Cincinnati includes \$84 million of Bond Anticipation Notes (BANS) that are outstanding as of June 30, 2012. These BANS are expected to be retired, renewed, or refunded into long term debt.

NOTE 12 SPECIAL OBLIGATION BONDS

The Treasurer of State issues special obligation bonds reported in governmental activities. The Ohio Building Authority (OBA) also issued special obligation bonds until Amended Substitute House Bill 153 transferred all matters relating to the issuance of obligations for financing of capital facilities for housing state government to the Treasurer, effective January 1, 2012. At that time, OBA ceased operations.

Under the authority of Chapter 154, Ohio Revised Code, the Treasurer of State is the issuer of special obligation bonds that finance the cost of capital facilities for state-supported institutions of higher education, mental health and developmental disabilities institutions, parks and recreation, cultural and sports facilities, correctional facilities, office buildings for state departments and agencies, and, in some cases, related facilities for local governments. These issuances are, in part, used for acquisition, construction, or improvement of capital assets.

Pledges of lease rental payments from appropriations made to the General Fund, Highway Safety and Highway Operating special revenue funds, and Underground Parking Garage Enterprise Fund, moneys held by trustees pursuant to related trust agreements, and other receipts, as required by the respective bond documents, secure the special obligation bonds. The lease rental payments are reported in the fund financial statements as interfund transfers.

Special obligation bonds outstanding and bonds authorized but unissued, as of June 30, 2012, are presented in the following table.

**Primary Government-Governmental Activities
Summary of Special Obligation Bonds
As of June 30, 2012
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Treasurer of State Lease Rental Bonds.....	2001-12	1.9%-5.6%	2032	<u>\$ 2,090,889</u>	<u>\$ 446,440</u>
Total Special Obligation Bonds.....				<u>\$ 2,090,889</u>	<u>\$ 446,440</u>



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

Future special obligation debt service requirements, as of June 30, 2012, are as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2013.....	\$ 259,525	\$ 89,265	\$ 348,790
2014.....	222,210	78,769	300,979
2015.....	220,625	68,836	289,461
2016.....	200,960	59,396	260,356
2017.....	178,765	50,179	228,944
2018-2022.....	631,740	144,971	776,711
2023-2027.....	258,820	35,663	294,483
2028-2032.....	46,440	4,593	51,033
	<u>2,019,085</u>	<u>531,672</u>	<u>2,550,757</u>
Unamortized			
Premium/(Discount), Net.....	108,307	-	108,307
Deferred Refunding Loss.....	(36,503)	-	(36,503)
Total	<u>\$2,090,889</u>	<u>\$ 531,672</u>	<u>\$2,622,561</u>

For the year ended June 30, 2012, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2012, Treasurer of State Lease Rental had seven current/advance refunding issues. The proceeds of the refunding bonds were used to purchase U.S. Government securities in amounts sufficient without further investment, to pay when due, the principle, interest and redemption premium on the bonds being refunded.

Details on the advanced refunding for fiscal year 2012 are presented in the following table.

Primary Government — Governmental Activities
Special Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2012
(dollars in thousands)

Refunding Bond Issue	Date of Refunding	Amount of Refunding Bonds Issued	True Interest Cost Rates of Refunding Bonds	Carrying Amount of Bonds Refunded (in substance)	Refunding Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Treasurer of State Lease Rental Bonds:							
Administrative Facilities 2011 Series A.....	9/15/2011	\$ 38,595	3.00%	\$ 42,595	\$ 43,338	(10,744)/14 yrs	\$ (354)
State Correctional Facilities 2011 Series B.....	9/15/2011	101,530	2.65%	108,994	111,624	(11,202)/14 yrs	3,477
Juvenile Correctional 2011 Series B.....	9/15/2011	9,215	2.90%	9,365	9,539	(2,322)/14 yrs	(12)
Administrative Facilities 2012 Series B.....	3/8/2012	28,055	2.60%	30,742	33,685	3,709/12 yrs	3,109
Mental Health Facilities 2012 Series A.....	5/17/2012	24,175	1.46%	25,902	27,238	1,984/8 yrs	1,959
Parks and Recreation Facilities 2012 Series A	5/17/2012	7,570	1.54%	8,003	8,554	681/8 yrs	651
State Correctional Facilities 2012 Series A.....	5/17/2012	17,360	2.46%	20,024	20,783	2,461/11 yrs	2,146
Total		<u>\$ 226,500</u>		<u>\$ 245,625</u>	<u>\$ 254,761</u>		<u>\$ 10,976</u>

In prior years, OBA and the Treasurer of State defeased certain bond issues by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements. As of June 30, 2012, \$182.7 million of lease rental special obligations bonds are considered defeased and no longer outstanding.



NOTE 13 CERTIFICATES OF PARTICIPATION

A. Primary Government

As of June 30, 2012, approximately \$156.7 million in certificate of participation (COP) obligations were reported in governmental activities.

Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of \$185.2 million of COP obligations to finance the acquisition of the Ohio Administrative Knowledge System (OAKS), a statewide Enterprise Resource Planning (ERP) system. These issuances are, in part, used for the acquisition, construction, or improvement of capital assets.

In fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of \$40.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue System (STARS).

Under the COP financing arrangements, the State is required to make rental payments from the OAKS Certificates of Participation Debt Service Fund, the STARS Certificates of Participation Debt Service Fund and the General Fund (subject to biennial appropriations) that approximate the interest and principal payments made by trustees to certificate holders.

Obligations outstanding for the primary government under COP financing arrangements, as of June 30, 2012, are presented in the following table.

Primary Government — Governmental Activities				
Summary of Certificate of Participation Obligations				
As of June 30, 2012				
<i>(dollars in thousands)</i>				
	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Department of Administrative Services:				
Ohio Administrative Knowledge System (OAKS)	2005-09	2.5%-5.3%	2019	\$ 126,590
State Taxation Accounting and Revenue System (STARS)...	2008	3.7%-5.0%	2019	30,074
Total Certificates of Participation				<u>\$ 156,664</u>

As of June 30, 2012, the primary government's future commitments under the COP financing arrangements were as follows (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2013.....	\$ 21,610	\$ 6,357	\$ 27,967
2014.....	22,530	5,431	27,961
2015.....	23,540	4,401	27,941
2016.....	24,645	3,289	27,934
2017.....	25,795	2,123	27,918
2018-2019.....	35,575	1,519	37,094
	153,695	23,120	176,815
Unamortized			
Premium, Net.....	2,969	-	2,969
Total	<u>\$ 156,664</u>	<u>\$ 23,120</u>	<u>\$ 179,784</u>

For the year ended June 30, 2012, NOTE 15 summarizes changes in COP obligations.



NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

B. Major Discretely Presented Component Units

Approximately \$3.3 million in COP obligations are reported in the major discretely presented component unit funds. The obligations finance building construction costs at the Ohio State University.

As of June 30, 2012, future commitments under the COP financing arrangements for the State's major discretely presented component units are detailed in the following table.

Major Discretely Presented Component Units			
Future Funding Requirements for Certificate of Participation			
Obligations			
As of June 30, 2012			
<i>(dollars in thousands)</i>			
Year Ending June 30,	<i>Ohio State University</i>		
	Principal	Interest	Total
2013.....	\$ 490	\$ 156	\$ 646
2014.....	515	131	646
2015.....	540	104	644
2016.....	570	76	646
2017.....	595	47	642
2018-2022.....	625	16	641
Total.....	<u>\$ 3,335</u>	<u>\$ 530</u>	<u>\$ 3,865</u>

NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2012, in addition to bonds and certificates of participation obligations discussed in NOTES 10 through 13, the State reports the following noncurrent liabilities in its financial statements (dollars in thousands):

Non-Current Liabilities	
Governmental Activities:	
Compensated Absences	\$ 440,410
Net Pension Obligation.....	8,389
Net OPEB Obligation.....	83,911
Capital Leases Payable	4,199
Derivatives.....	81,818
Pollution Remediation Liabilities.....	3,129
Estimated Claims Payable	3,030
Liability for Escheat Property	216,921
Total Governmental Activities	<u>841,807</u>
Business-Type Activities:	
Compensated Absences	40,774
Capital Leases Payable	45,289
Workers' Compensation:	
Benefits Payable	17,815,100
Other	1,986,161
Unemployment Compensation:	
Intergovernmental Payable	1,878,387
Deferred Prize Awards Payable	606,218
Tuition Benefits Payable	553,000
Total Business-Type Activities	<u>22,924,929</u>
Total Primary Government	<u>\$ 23,766,736</u>

For the year ended June 30, 2012, NOTE 15 summarizes the changes in other noncurrent liabilities. Explanations of certain significant noncurrent liability balances reported in the financial statements follow.

A. Compensated Absences

For the primary government, the compensated absences liability, as of June 30, 2012, was \$481.2 million, of which \$440.4 million is allocable to governmental activities and \$40.8 million is allocable to business-type activities.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

As of June 30, 2012, major discretely presented component units reported a total of \$199.4 million in compensated absences liabilities, as detailed by major discretely presented component unit in NOTE 15.

B. Net Pension Obligation and Net OPEB Obligation

The State recognizes a net pension obligation and a net OPEB obligation in the amount of \$8.4 million and \$83.9 million, respectively, as of June 30, 2012. The net pension obligation represents the cumulative difference between the annual pension cost and the employer's contributions to the State Highway Patrol Retirement System (SHPRS). The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the employer's contributions to the SHPRS. The SHPRS is a blended component unit reported as a fiduciary pension trust fund. See NOTE 9 for further details.

C. Lease Agreements

The State's primary government leases office buildings and computer and office equipment. Although the lease terms vary, most leases are renewable subject to biennial appropriations by the General Assembly. If the likelihood of the exercise of a fiscal funding clause in the lease agreement is, in the management's judgment, remote, then the lease is considered noncancelable for financial reporting purposes and is reported as a fund expenditure/expense for operating leases or as a liability for capital leases.

Operating leases (leases on assets not recorded in the Statement of Net Assets) contain various renewable 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 2012 were approximately \$78.9 million. Fiscal year 2013 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2012, were \$3.7 million.

Assets acquired through capital leasing are valued at the lower of fair value or the present value of the future minimum lease payments at the lease's inception. Capital leases are used for the acquisition of capital assets. Future minimum lease commitments for capital leases judged to be noncancelable, as of June 30, 2012, are below (dollars in thousands):

Year Ending June 30,	Capital Leases		
	Governmental Activities	Business- Type Activities	Total
2013.....	\$ 2,107	\$ 18,814	\$ 20,921
2014.....	1,412	28,728	30,140
2015.....	676	-	676
2016.....	187	-	187
2017.....	33	-	33
2018-2022.....	21	-	21
Total Minimum Lease Payments..	4,436	47,542	51,978
Amount for Interest.....	(237)	(2,253)	(2,490)
Present Value of Net Minimum Lease Payments.....	\$ 4,199	\$ 45,289	\$ 49,488

As of June 30, 2012, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business- Type Activities	Total
Equipment	\$ 11,372	\$ 93,476	\$ 104,848
Vehicles	3,209	-	3,209
Total	\$ 14,581	\$ 93,476	\$ 108,057



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

Amortization expense for the proprietary funds within the Statement of Activities is included with depreciation expense.

Capital leases are reported under the "Refund and Other Liabilities" account in the proprietary and discretely presented component unit funds.

Future minimum lease commitments for capital leases judged to be noncancelable and capital assets under capital leases for the major discretely presented component unit funds, as of June 30, 2012, are presented in the table below (dollars in thousands):

Year Ending June 30,	Capital Leases	
	Major Discretely Presented Component Units	
	Ohio State University	University of Cincinnati
2013.....	\$ 3,885	\$ 9,463
2014.....	3,776	9,809
2015.....	2,067	9,858
2016.....	1,836	10,517
2017.....	1,659	7,693
2018-2022.....	2,802	39,372
2023-2027.....	-	26,647
2028-2032.....	-	17,397
2033-2037.....	-	3,481
Total Minimum Lease Payments.....	16,025	134,237
Amount for Interest.....	(1,115)	(43,572)
Present Value of Net Minimum Lease Payments.....	<u>\$ 14,910</u>	<u>\$ 90,665</u>
Equipment & Vehicles.....	\$ 40,260	\$ -
Buildings	-	183,997
Total	<u>\$ 40,260</u>	<u>\$ 183,997</u>

D. Derivatives

For governmental activities, the State has reported (\$81.8) million of investment and hedging derivatives as of June 30, 2012. Additional information regarding the State's derivatives is included in NOTE 4 and NOTE 10.

As of June 30, 2012, the major discretely presented component units reported a total of (\$5.3) million of investment derivatives. Additional information regarding the major discretely presented component units' derivatives is included in NOTE 4.

E. Litigation Liabilities

In instances when the unfavorable outcome of a pending litigation has been assessed to be probable, liabilities are recorded in the financial statements. As of June 30, 2012, no noncurrent liabilities ultimately payable from various governmental funds have been recorded for this purpose. For information on the State's loss contingencies arising from pending litigation, see NOTE 19.

F. Pollution Remediation Liabilities

The State recognizes a liability for pollution remediation in the amount \$3.1 million, as of June 30, 2012. This represents the cost to the State to the extent that is probable for future clean up and reclamation of polluted sites within the State. See NOTE 19 for further detail.

G. Estimated Claims Payable

For governmental activities, the State reported \$3 million in estimated claims for defaulted loans under the Ohio Enterprise Bond Programs at the Development Services Agency, as of June 30, 2012. The program is included in governmental activities and is accounted for in the nonmajor governmental funds.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

H. Liability for Escheat Property

The State records a liability for escheat property to the extent that it is probable that the escheat property will be reclaimed and paid to claimants. As of June 30, 2012, the liability totaled approximately \$216.9 million.

I. Worker's Compensation

Benefits Payable

As discussed in NOTE 20, the Worker's 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, 2012, in the amount of approximately \$17.82 billion. The reserve, which includes estimates for reported claims and claims incurred but not reported, is included in the "Benefits Payable" balance reported for the enterprise fund.

J. Unemployment Compensation

As of June 30, 2012, the State's Unemployment Compensation Fund is recognizing an intergovernmental payable liability for repayable advances from the Federal government of \$1.88 billion. These advances were used for the payment of compensation benefits.

K. Deferred Prize Awards Payable

Future installment payments for the deferred prize awards payable are reported at present value based upon interest rates that the Treasurer of State provides to the Lottery Commission Enterprise Fund. The interest rates, ranging from 2.3 to 9 percent, represent the expected long-term rate of return on the assets restricted for the payment of deferred prize awards. Once established for a particular deferred prize award, the interest rate does not fluctuate with changes in the expected long-term rate of return. The difference between the present value and gross amount of the obligations is amortized into income over the terms of the obligations using the interest method. The State reduces prize liabilities by an estimate of the amount of the prize that will ultimately be unclaimed. As of June 30, 2012, this payable totals \$606.2 million.

Future payments of prize awards, stated at present value, as of June 30, 2012, follow (dollars in thousands):

Year Ending June 30,	
2013.....	\$ 78,439
2014.....	77,447
2015.....	77,309
2016.....	77,285
2017.....	69,797
2018-2022.....	247,993
2023-2027.....	110,640
2028-2032.....	62,675
2033-2037.....	12,578
2038-2042.....	972
	<u>815,135</u>
Unamortized Discount	<u>(208,917)</u>
Net Prize Liability	<u>\$ 606,218</u>

L. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately \$553 million, as of June 30, 2012. 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 in state universities and state community colleges and termination of participant contracts under the plan.

The following assumptions were used in the actuarial determination of tuition benefits payable: 5.5 percent rate of return, compounded annually, on the investment of current and future assets; a projected annual tuition increase of seven percent, as well as a 2.5 percent Consumer Price Index inflation rate.

As of June 30, 2012, the market value of actuarial net assets available for the payment of the tuition benefits payable was \$520 million.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

M. Other Liabilities

The Workers' Compensation Enterprise Fund reports approximately \$1.99 billion in other noncurrent liabilities, as of June 30, 2012, of which 1.) \$1.89 billion is comprised of the compensation adjustment expenses liability for estimated future expenses to be incurred in the settlement of claims, as discussed further in NOTE 20, 2.) \$86.3 million represents premium payment security deposits collected in advance from private employers to reduce credit risk for premiums collected in subsequent periods, and 3.) \$10.3 million consists of other miscellaneous liabilities.

NOTE 15 CHANGES IN NONCURRENT LIABILITIES

A. Primary Government

Changes in noncurrent liabilities, for the year ended June 30, 2012, are presented for the primary government in the following table.

**Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2012**
(dollars in thousands)

Governmental Activities:	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10)	\$ 7,872,276	\$ 2,655,173	\$ 1,639,364	\$ 8,888,085	\$ 643,639
Revenue Bonds and Notes (NOTE 11)	7,156,025	250,046	276,285	7,129,786	413,243
Special Obligation Bonds (NOTE 12)	2,260,853	300,167	470,131	2,090,889	271,178
Total Bonds and Notes Payable	17,289,154	3,205,386	2,385,780	18,108,760	1,328,060
Certificates of Participation (NOTE 13)	179,935	7	23,278	156,664	21,689
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	464,077	376,747	400,414	440,410	62,054
Net Pension Obligation	4,299	27,056	22,966	8,389	-
Net OPEB Obligation	66,593	19,364	2,046	83,911	-
Capital Leases Payable	6,530	560	2,891	4,199	1,968
Derivatives	53,119	28,699	-	81,818	-
Pollution Remediation Liabilities	4,851	1,271	2,993	3,129	588
Estimated Claims Payable	10,385	-	7,355	3,030	320
Liability for Escheat Property	219,770	45,359	48,208	216,921	65,046
Total Other Noncurrent Liabilities	829,624	499,056	486,873	841,807	129,976
Total Noncurrent Liabilities	\$ 18,298,713	\$ 3,704,449	\$ 2,895,931	\$ 19,107,231	\$ 1,479,725
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bonds (NOTE 11)	\$ 47,889	\$ 166	\$ 16,422	\$ 31,633	\$ 15,914
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	42,948	28,041	30,215	40,774	4,744
Capital Leases Payable	58,007	5,438	18,156	45,289	19,821
Workers' Compensation:					
Benefits Payable	18,012,600	1,476,429	1,673,929	17,815,100	2,024,705
Other:					
Adjustment Expenses Liability	1,937,300	356,571	404,269	1,889,602	386,954
Premium Payment Security Deposits	87,664	2,029	3,408	86,285	-
Miscellaneous	12,701	25,627	28,054	10,274	10,274
Unemployment Compensation:					
Intergovernmental Payable	2,314,187	297,200	733,000	1,878,387	250,000
Deferred Prize Awards Payable	643,074	41,354	78,210	606,218	48,397
Tuition Benefits Payable	592,599	-	39,599	553,000	84,000
Total Other Noncurrent Liabilities	23,701,080	2,232,689	3,008,840	22,924,929	2,828,895
Total Noncurrent Liabilities	\$ 23,748,969	\$ 2,232,855	\$ 3,025,262	\$ 22,956,562	\$ 2,844,809

The State makes payments on bonds and notes payable and certificate of participation obligations that pertain to its governmental activities from the debt service funds. The General Fund and the nonmajor governmental funds will primarily liquidate the other noncurrent liabilities balance attributable to governmental activities.



NOTE 15 CHANGES IN NONCURRENT LIABILITIES (Continued)

For fiscal year 2012, the State's primary government included interest expense on its debt issues in the following governmental functions rather than reporting it separately as interest expense. The related borrowings are essential to the creation or continuing existence of the programs they finance. The various state subsidy programs supported by the borrowings provide direct state assistance to local governments for their respective capital and construction or research projects. None of the financing provided under these programs benefits the general operations of the primary government, and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt.

Governmental Activities:

Primary, Secondary and Other Education	\$ 338,358
Higher Education Support	136,123
Health and Human Services.....	3,170
Environmental Protection and Natural Resources	1,228
Transportation.....	50,431
Community and Economic Development.....	147,975
Total Interest Expense Charged to Governmental Functions	<u>\$ 677,285</u>

B. Major Discretely Presented Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2012 (December 31, 2011 for the Ohio Water Development Authority), are presented in the following table for the State's major discretely presented component units.

**Major Discretely Presented Component Units
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2012
(dollars in thousands)**

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due Within One Year
<i>School Facilities Commission:</i>					
Intergovernmental Payable	\$ 747,697	\$ 212,040	\$ 451,839	\$ 507,898	\$ 296,307
Compensated Absences*	913	26	15	924	127
Total	<u>\$ 748,610</u>	<u>\$ 212,066</u>	<u>\$ 451,854</u>	<u>\$ 508,822</u>	<u>\$ 296,434</u>
<i>Ohio Water Development Authority (12/31/11):</i>					
Revenue Bonds & Notes Payable (NOTE 11)	\$ 3,137,317	\$ 278,423	\$ 472,342	\$ 2,943,398	\$ 212,328
Compensated Absences*	207	142	129	220	-
Total	<u>\$ 3,137,524</u>	<u>\$ 278,565</u>	<u>\$ 472,471</u>	<u>\$ 2,943,618</u>	<u>\$ 212,328</u>
<i>Ohio State University:</i>					
Compensated Absences*	\$ 124,687	\$ 26,025	\$ 12,134	\$ 138,578	\$ 12,134
Capital Leases Payable* (NOTE 14).....	11,209	6,011	2,310	14,910	3,485
Derivatives*.....	1,846	-	1,846	-	-
Other Liabilities*	213,539	372,403	303,210	282,732	63,161
Revenue Bonds & Notes Payable (NOTE 11)	2,018,704	515,047	75,013	2,458,738	549,175
Certificates of Participation (NOTE 13)	3,800	-	465	3,335	490
Total	<u>\$ 2,373,785</u>	<u>\$ 919,486</u>	<u>\$ 394,978</u>	<u>\$ 2,898,293</u>	<u>\$ 628,445</u>
<i>University of Cincinnati:</i>					
Intergovernmental Payable	\$ -	\$ 25,212	\$ 44	\$ 25,168	\$ -
Compensated Absences*	60,894	1,059	2,294	59,659	37,818
Capital Leases Payable* (NOTE 14).....	106,500	-	15,835	90,665	4,920
Derivatives*.....	2,062	3,201	-	5,263	-
Other Liabilities*	38,977	-	35,869	3,108	458
Revenue Bonds & Notes Payable (NOTE 11)	1,096,893	127,920	165,808	1,059,005	124,648
Total	<u>\$ 1,305,326</u>	<u>\$ 157,392</u>	<u>\$ 219,850</u>	<u>\$ 1,242,868</u>	<u>\$ 167,844</u>

*Liability is reported under the "Refund and Other Liabilities" account.



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 a limited obligation payable solely from payments made by the borrowing entities. Most of the bonds are secured by the property financed. Upon repayment of the bonds, ownership of acquired property transfers to the entity served by the bond issuance. This debt is not deemed to constitute debt of the State or a pledge of the faith and credit of the State. Accordingly, these bonds are not reflected in the accompanying financial statements.

As of June 30, 2012 (December 31, 2011 for discretely presented component units), revenue bonds and notes outstanding that represent "no commitment" debt for the State were as follows (dollars in thousands):

	<u>Outstanding Amount</u>
Primary Government:	
Ohio Department of Development:	
Ohio Enterprise Bond Program	\$ 235,550
Hospital Facilities Bonds	6,310
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program.....	29,190
Total Primary Government	<u>\$ 271,050</u>
Discretely Presented Component Units (12/31/11):	
Ohio Water Development Authority	\$ 2,196,125
Ohio Air Quality Development Authority	2,400,000
Total Component Units	<u>\$ 4,596,125</u>

NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING

A. Fund Deficits

The following individual funds reported deficits that are reflected in the State's basic financial statements, as of June 30, 2012 (dollars in thousands):

Primary Government:	
Major Proprietary Funds:	
Unemployment Compensation.....	\$ (1,612,895)
Nonmajor Proprietary Funds:	
Tuition Trust Authority.....	(10,309)
Total Proprietary Funds	<u>\$ (1,623,204)</u>
Discretely Presented Component Units:	
Major Component Units:	
School Facilities Commission Fund	\$ (3,745,792)
Nonmajor Component Units:	
Ohio Capital Fund.....	(41,366)
Total Component Units.....	<u>\$ (3,787,158)</u>

The Unemployment Compensation Fund deficit disclosed above is due to an unusually high level of benefit claims and a reduction in State revenues as a result of current economic conditions. Federal loans have been required to maintain current benefit levels.

Deficits for the other funds are due to the timing of revenue recognition and the accrual of expenses not recorded under the cash basis of accounting.



NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING (Continued)

B. Fund Balance Reporting-Constraints by Purpose

Fund balance constraints reported in the governmental funds, as of June 30, 2012, are presented by purpose in the following table:

Primary Government					
Fund Balance Constraints by Purpose					
<i>(dollars in thousands)</i>					
Major Funds					
	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Revenue Bonds	Nonmajor Governmental Funds	Total
Fund Balance:					
Nonspendable					
Inventories.....	\$ 31,307	\$ -	\$ -	\$ 74,532	\$ 105,839
Noncurrent Portion of Loans Receivable.....	3,099	-	-	-	3,099
Prepays.....	16,416	2,470	-	9,689	28,575
Advances to Local Government.....	36,160	-	-	-	36,160
Total Nonspendable.....	<u>86,982</u>	<u>2,470</u>	<u>-</u>	<u>84,221</u>	<u>173,673</u>
Restricted					
Primary, Secondary and Other Education.....	1,047	41	-	127,018	128,106
Public Assistance and Medicaid.....	-	83,620	-	20	83,640
Health and Human Services.....	-	-	-	49,908	49,908
Justice and Public Protection.....	301	414	-	115,453	116,168
Environmental Protection and Natural Resources.....	6,195	-	-	94,971	101,166
Transportation.....	-	-	-	1,230,223	1,230,223
General Government.....	8,344	31,292	-	36,848	76,484
Community and Economic Development.....	1,011,998	9	-	269,575	1,281,582
Capital Outlay.....	-	-	-	222,778	222,778
Debt Service.....	-	-	5,144,288	72,022	5,216,310
Total Restricted.....	<u>1,027,885</u>	<u>115,376</u>	<u>5,144,288</u>	<u>2,218,816</u>	<u>8,506,365</u>
Committed					
Primary, Secondary and Other Education.....	88,402	-	-	20,739	109,141
Higher Education Support.....	-	-	-	230	230
Public Assistance and Medicaid.....	12,319	63,172	-	-	75,491
Health and Human Services.....	4,509	-	-	24,922	29,431
Justice and Public Protection.....	676	5,059	-	117,695	123,430
Environmental Protection and Natural Resources.....	-	-	-	180,311	180,311
Transportation.....	-	-	-	931	931
General Government.....	20,767	10,582	-	56,956	88,305
Community and Economic Development.....	697,934	-	-	81,252	779,186
Total Committed.....	<u>824,607</u>	<u>78,813</u>	<u>-</u>	<u>483,036</u>	<u>1,386,456</u>
Assigned					
Primary, Secondary and Other Education.....	61,126	-	-	-	61,126
Public Assistance and Medicaid.....	264,454	-	-	-	264,454
Health and Human Services.....	64,659	-	-	-	64,659
Justice and Public Protection.....	116,270	-	-	-	116,270
Environmental Protection and Natural Resources.....	15,534	-	-	-	15,534
General Government.....	1,072,865	-	-	-	1,072,865
Community and Economic Development.....	71,269	-	-	-	71,269
Total Assigned.....	<u>1,666,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,666,177</u>
Unassigned.....	<u>(415,658)</u>	<u>(547)</u>	<u>-</u>	<u>-</u>	<u>(416,205)</u>
Total Fund Balance.....	<u>\$ 3,189,993</u>	<u>\$ 196,112</u>	<u>\$ 5,144,288</u>	<u>\$ 2,786,073</u>	<u>\$11,316,466</u>

As of June 30, 2012, the Budget Stabilization Fund had a fund balance of \$246.9 million which was included as a part of the unassigned fund balance in the General Fund.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS

A. Joint Ventures

Great Lakes Protection Fund (GLPF)

The Great Lakes Protection Fund is an Illinois non-profit organization that was formed to further federal and state commitments to the restoration and maintenance of the Great Lakes Basin's ecosystem. The governors of seven of the eight states that border on the Great Lakes comprise the GLPF's membership. Under the GLPF's articles of incorporation, each state is required to make a financial contribution. Income earned on the contributions provides grants to projects that advance the goals of the Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water 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 they are restricted by the GLPF's articles of incorporation.

Annually, one-third of the GLPF's net earnings is allocated and paid to the member states in proportion to their respective cash contributions to the GLPF. The allocation is based on the amount and period of time the state's 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 applies its distribution (approximately \$78 thousand) to 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, 2011 (the GLPF's year-end), are presented below (dollars in thousands):

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

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

Summary Financial information for the GLPF, for the fiscal year ended December 31, 2011, was as follows (dollars in thousands):

Cash and Investments	\$ 105,517
Other Assets	153
Total Assets	<u>\$ 105,670</u>
Total Liabilities	\$ 904
Total Net Assets	<u>104,766</u>
Total Liabilities and Net Assets	<u>\$ 105,670</u>
Total Revenues and Other Additions.....	\$ 2,846
Total Expenditures	<u>(10,016)</u>
Net Increase in Net Assets	<u>\$ (7,170)</u>

In the event of the Fund's dissolution, the State of Ohio would receive a residual 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.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Local Community and Technical Colleges

The State's primary government has an ongoing financial responsibility for the funding of six local community colleges and eight technical colleges. With respect to the local community colleges, State of Ohio officials appoint three members of each college's respective nine-member board of trustees; county officials appoint the remaining six members.

The governing boards of the technical colleges consist of either seven or nine trustees, of which state officials appoint two or three members, respectively; the remaining members are appointed by the local school boards located in the respective technical college district.

The Ohio General Assembly appropriates moneys to these institutions from the General Fund to subsidize operations so that higher education can become more financially accessible to Ohio residents. The primary government also provides financing for the construction of these institutions' capital facilities by meeting the debt service requirements for the Tobacco Settlement revenue bonds issued by the Buckeye Tobacco Settlement Financing Authority, the Higher Education Capital Facilities general obligation bonds issued by the Ohio Public Facilities Commission (OPFC), and the Higher Education Facilities special obligation bonds, previously issued by the OPFC, for these purposes. The bonds provide funding for capital appropriations, which are available to the local community and technical colleges for spending on capital construction.

Fiscal year 2012 expenses that were included in the "Higher Education Support" function under governmental activities in the Statement of Activities for state assistance to the local community and technical colleges are presented below (dollars in thousands).

	Operating Subsidies	Capital Subsidies	Total
Local Community Colleges:			
Cuyahoga	\$ 56,217	\$ 4,402	\$ 60,619
Eastern.....	4,736	27	4,763
Lakeland	17,682	547	18,229
Lorain County	24,032	2,144	26,176
Rio Grande	4,908	371	5,279
Sinclair	47,137	628	47,765
Total Local Community Colleges.....	<u>154,712</u>	<u>8,119</u>	<u>162,831</u>
Technical Colleges:			
Belmont	5,451	71	5,522
Central Ohio	10,268	162	10,430
Hocking	14,064	216	14,280
James A. Rhodes	9,664	1,070	10,734
Marion	5,657	84	5,741
Zane	6,038	98	6,136
North Central	7,122	599	7,721
Stark	24,728	425	25,153
Total Technical Colleges	<u>82,992</u>	<u>2,725</u>	<u>85,717</u>
Total	<u>\$ 237,704</u>	<u>\$ 10,844</u>	<u>\$ 248,548</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.

B. Related Organizations

Officials of the State's primary government appoint a voting majority of the governing boards of the Ohio Housing Finance Agency, the Ohio Turnpike Commission, the Petroleum Underground Storage Tank Release Compensation Board, 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.



NOTE 18 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

During fiscal year 2012, the State had the following related-party transactions with its related organizations:

- The General Fund reports a \$184.1 million loans receivable balance due from the Ohio Housing Finance Agency. The State made the loans to finance and support the agency's housing programs.
- The Ohio Department of Taxation paid the Ohio Turnpike Commission \$2.1 million from the General Fund for the Commission's share of the State's motor vehicle fuel excise tax allocation.
- Separate funds, established for the Ohio Housing Finance Agency, the Petroleum Underground Storage Tank Release Compensation Board, and the Higher Education Facility Commission, were accounted for on the primary government's Ohio Administrative Knowledge System. The primary purpose of the funds is to streamline payroll and other administrative disbursement processing for these organizations. The financial activities of the funds, which do not receive any funding support from the primary government, have been included in the agency funds.
- From the Job, Family and Other Human Services Fund, the Public Defender's Office paid the Ohio Legal Assistance Foundation approximately \$3.9 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.

NOTE 19 CONTINGENCIES AND COMMITMENTS

A. Litigation

The State, its units, and employees are parties to numerous legal proceedings, which normally occur in governmental operations. Pending litigation affecting the Department of Commerce, the Department of Natural Resources, and the Bureau of Workers' Compensation is discussed below. All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the State's financial position.

Department of Commerce (COM)

In the *Sogg v. Department of Commerce* case, the plaintiff claimed a provision in Section 169.08(D) of Ohio Revised Code created an unconstitutional taking of property in violation of the takings clause of the United States and Ohio Constitutions. In April 2009, the Supreme Court of Ohio declared Section 169.08(D) unconstitutional. The Court held that the State may not retain the interest earned on unclaimed funds and that claimants are entitled to interest on the funds for the four years prior to the filing of the claim. The case was remanded to the trial court to determine the method for determining the amount of interest owed to each claimant in the class. On August 18, 2009, the trial court issued an opinion in which it found that the eligible class members should be awarded interest on their accounts at the rate of six percent per annum as well as a percentage of the State's liability as attorney's fees. On March 19, 2010, the trial court issued a decision on the contested calculations used to determine the State's total liability. This decision was appealed to the Tenth District Court of Appeals, which reversed the decision in part. The plaintiff-class unsuccessfully sought a discretionary appeal in the Ohio Supreme Court. The trial court ordered COM to calculate its liability and share that information with the plaintiff-class counsel. A trial was scheduled for December 22, 2011, but a settlement was tentatively reached in lieu of trial for \$15 million. On June 4, 2012, all parties signed the \$15 million Settlement Agreement and the court granted preliminary approval. The settlement distribution cut-off was set at \$5 dollars. A Fairness Hearing to finalize the class of plaintiffs and award attorney fees was held on September 6, 2012. On September 7, 2012, a Final Judgment Entry was signed in the amount of \$15.4 million. This amount constituted the final settlement amount plus additional interest earned from May 31, 2012, to August 31, 2012.

The settlement requires COM to pay interest on future successful claims for unclaimed funds, unless and until the statute is changed. Interest on claims will be calculated based on a formula of 100 percent of interest earned by COM and 40 percent of interest earned by other state entities. COM estimates the average interest earnings payable annually on future claims to be \$1.2 million, assuming the current interest rates.

During fiscal year 2009, COM deposited \$1.2 million in an escrow account that has been used for the final settlement. The additional \$13.8 million required by the settlement has been included in fiscal year 2012 as "Refund and Other Liabilities" for the General fund in the governmental funds' Balance Sheet and for governmental activities in the government-wide Statement of Net Assets.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Department of Natural Resources (DNR)

In the case originally styled *Doner v. Zody* case, approximately 88 landowners sought a writ of mandamus ordering DNR to appropriate their lands which were alleged to have been “taken” as a result of a 1997 change to the spillway at Grand Lake St. Marys in Mercer County. In December of 2011, the Ohio Supreme Court ruled in favor of the plaintiffs, holding that the actions of DNR to modify the spillway and to cease adjusting water levels at Grand Lake St. Marys constituted a taking of the plaintiffs’ property since those decisions caused intermittent, recurrent flooding on their properties. The Court did not specify how much property was taken nor did it value the property taken.

Since that decision, six landowners effectively separated from the original class by completing appropriations proceedings in Mercer County Common Pleas Court. On December 5, 2012, the Supreme Court ordered DNR to file separate appropriation cases for each remaining landowner from the original class within 120 days. The remaining 82 of the original relators now have separate appropriation cases and Mercer County Court of Common Pleas will determine the value taken. The State’s ultimate liability will be paid from the General fund.

The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

In the *State ex rel. Merrill v. Ohio Dept. of Natural Resources* class action case, property owners bordering Lake Erie sought declaratory relief as to title for shoreline land consistent with their deeds (that they own the land between the “ordinary high-water mark” and the legal boundary of their properties). Plaintiffs also sought to compel appropriations from the State and DNR for taking of this land. DNR and the State sought declaratory judgment that the State actually holds this land in trust for the people of Ohio. On December 11, 2007, the trial court in Lake County Common Pleas Court granted the plaintiffs’ Motion for Summary Judgment and denied DNR’s Motion for Summary Judgment. Defendants other than DNR appealed to the Eleventh District Court of Appeals. Plaintiff filed cross-appeals. On August 24, 2009, the Eleventh District issued its opinion substantially affirming the trial court’s granting of Summary Judgment to Plaintiffs-Appellees. The State and other defendants sought review of the Appellate Court decision by the Ohio Supreme Court.

On March 3, 2010, the Ohio Supreme Court held that the State of Ohio had standing to appeal a judgment when it is an aggrieved party affected by the action (reversing the lower courts). All merit and reply briefing was concluded on December 16, 2010. Oral argument was held February 1, 2011. On September 14, 2011, the Ohio Supreme Court reversed the Court of Appeals and determined that the territory of Lake Erie held in public trust by the State extends to the “natural shoreline” which is the “line at which water usually stands when free from disturbing causes.” Upon remand to the Lake County Common Pleas Court, on August 27, 2012, an order sua sponte was issued certifying a class for the second count of the complaint, which requested relief in mandamus to force DNR to bring a reverse condemnation action against each landowner on the Lake Erie shore. The order further clarified the previous decision regarding whether a taking of “the natural shoreline” is determined by a high or low watermark. DNR was also ordered to repay landowners for all submerged land lease fees collected since 1998.

On September 24, 2012, DNR filed an appeal of the decision. On October 3, 2012, permission was granted to Intervening-Defendants National Wildlife Federation and Ohio Environmental Council to join the appeal of DNR. On November 21, 2012, the court issued an Order to Show Cause to all defendants why the appeal should not be dismissed for lack of a final, appealable order. On December 5, 2012, DNR filed a Brief Regarding the Final Appealable Order in response to the court’s Order to Show Cause. On December 10, 2012, the Intervening-Defendants filed a Motion to Stay. Plaintiffs filed support of the Motion to Stay on December 14, 2012. On the same date, plaintiffs filed a Response in Opposition to the State’s Response in Order to Show Cause. On December 17, 2012, DNR filed a final Merit Brief appeal. On December 19, 2012, Intervening-Defendants filed assignments of error and a brief. On January 8, 2013, Intervening-Plaintiffs Homer S. Taft, et al. filed an Answer Brief. On January 18, 2013, Intervening-Defendants filed a Reply to the Answer Brief of Intervening-Plaintiffs. On February 8, 2013, plaintiffs filed a Merit Brief with a request for oral argument. On February 19, 2013, Intervening-Defendants filed a response to plaintiffs’ Merit Brief.

The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

Bureau of Workers' Compensation/Industrial Commission (BWC/IC)

In the *San Allen, Inc. dba Corky and Lenny's v. BWC* class action case, plaintiffs allege that non-group-rated employers subsidize group-rated employers, and that this bias in premiums violates various provisions of the Ohio Constitution. Plaintiffs have asked the court to declare the group rating plan unconstitutional and require BWC to repay to the class members all excessive premiums collected by BWC, with interest and attorney fees. In April 2008, plaintiffs filed a motion for a preliminary injunction enjoining BWC from enforcing the group rating statutes during pendency of the action (beginning July 1, 2008). A hearing was held on the injunction request in August 2008. In December 2008, the Cuyahoga County Common Pleas Court issued the requested preliminary injunction restraining BWC from continuing its current group rating plan for the policy year beginning July 1, 2009. At the same time, the common pleas court ordered that BWC enact a group retrospective rating plan for the policy year beginning July 1, 2009. BWC filed an appeal and a motion for stay with the common pleas court. On December 17, 2008, the General Assembly passed House Bill 79 clarifying that Ohio's group rating program was not intended to be retrospective only. On January 6, 2009, the Governor signed the bill making it effective immediately. On January 7, 2009, BWC filed a motion to dissolve the preliminary injunction and in March 2009 the common pleas court issued an order vacating the preliminary injunction. Plaintiff has filed a motion for class certification and BWC filed a response in opposition. In January 2010, the common pleas court granted class certification and BWC appealed. Oral arguments on BWC's appeal of the class certification were held on February 16, 2011. On April 7, 2011, the court issued its written decision affirming the trial court's decision to grant class certification and remanding the case to trial court. On August 20, 2012, a bench trial on the merits and the question of damages commenced in the trial court and concluded on August 31, 2012. On October 5, 2012, post-trial briefs were filed by all parties. On December 28, 2012, the Court found for the plaintiffs and awarded damages yet to be specified. The Court found that BWC must pay plaintiffs the unlawfully collected excess premiums but that interest is not to be charged on the overpayment. On March 20, 2013, the Court issued a final order and opinion.

On January 4, 2013, BWC renewed its motion for findings of fact and conclusions of law. On January 14, 2013, plaintiffs filed a Reply to BWC's renewed motion. On January 22, 2013, BWC filed a Response to Plaintiff's Reply. On January 25, 2013, BWC filed an appeal of the Court's Order to the Eighth District Court of Appeals, which appeal was dismissed as untimely by the Court of Appeals on February 15, 2013. BWC will be filing a new notice of appeal now that the restitution amount has been finalized at the trial level. BWC will be appealing both the underlying issue of liability and the amount of restitution awarded.

The ultimate outcome of this litigation cannot be presently determined. Accordingly, no provision for any liability resulting from this case has been reported in the financial statements.

B. Federal Awards

The State of Ohio receives significant awards from the Federal Government in the form of grants and entitlements, including certain non-cash programs. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the spending resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit or to financial compliance audits by the grantor agencies of the federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities to the State.

As a result of the fiscal year 2011 State of Ohio Single Audit (issued in March 2012), \$8.3 million of federal expenditures were in question as not being appropriate under the terms of the respective grants. No provision for any liability or adjustments has been recognized for the questioned costs in the state's financial statements for the fiscal year ended June 30, 2012.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

C. Construction Commitments

As of June 30, 2012, the Ohio Department of Transportation had total contractual commitments of approximately \$2.36 billion for highway construction projects. Funding for future projects is expected to be provided from federal, primary government, general obligation and revenue bonds, and local government sources in amounts of \$1.65 billion, \$345.8 million, \$308.3 million and \$49.1 million, respectively.

As of June 30, 2012, other major non-highway construction commitments for the primary government's budgeted capital projects funds and major discretely presented component unit funds were as follows (dollars in thousands):

Primary Government	
Mental Health/Developmental Disabilities	
Facilities Improvements	\$ 32,421
Parks and Recreation Improvements	8,655
Administrative Services	
Building Improvements	9,580
Youth Services Building Improvements	9,566
Adult Correctional Building Improvements	18,308
Highway Safety Building Improvements	25
Ohio Parks and Natural Resources	4,948
Total	<u>\$ 83,503</u>
Major Discretely Presented Component Units	
Ohio State University	\$ 705,909
University of Cincinnati	229,759

D. Tobacco Settlement

In November 1998, the Attorneys General of 46 states, five U.S. territories, and the District of Columbia signed the Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers. This signaled the end of litigation brought by the Attorneys General against the manufacturers in 1996 for state healthcare expenses attributed to smoking-related claims. The remaining four states (Florida, Minnesota, Mississippi, and Texas) settled separately.

According to the MSA, participating tobacco manufacturers are required to adhere to a variety of new marketing and lobbying restrictions and provide payments to the states in perpetuity.

As of October 23, 2007, the State transferred future rights to the Master Settlement Agreement revenue to the Buckeye Tobacco Settlement Financing Authority (BTSFA).

While BTSFA's share of the total base payments to the states through 2052 will not change over time, estimating the amount of annual payments that actually will be received in any given year can be complex, since under the terms of the MSA, payments are subject to a number of adjustment factors, including an inflation adjustment, a volume adjustment, and a potential adjustment for market share losses of participating manufacturers. Some of these adjustments, such as the inflation adjustment, result in BTSFA receiving higher payments. Other factors, such as the volume adjustment and the market share adjustment can work to reduce the amount of the State's annual payments.

In addition to the base payments, BTSFA will receive payments from the Strategic Contribution Fund. The Strategic Contribution Fund was established to reward states that played leadership roles in the tobacco litigation and settlement negotiations. Allocations from the fund are based on a state's contribution to the litigation and settlement with the tobacco companies. These payments are also subject to the adjustment factors outlined in the MSA.

During fiscal year 2012, Ohio received \$294.6 million, which is approximately \$88.8 million or 23.2 percent less than the pre-adjusted base payment for the year.



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

As of June 30, 2012, the estimated tobacco settlement receivable in the amount of \$394.3 million is included in "Other Receivables" reported for the governmental funds. The receivable includes \$143.2 million for payments withheld from BTSFA beginning fiscal year 2008 and \$72.7 million for payments withheld from the State for fiscal years 2006 and 2007. These amounts were withheld by the cigarette manufacturers when they exercised the market share loss provisions of the MSA. The moneys are on deposit in an escrow account until pending litigation between the States and the manufacturers is resolved. Both the Authority and the State contend that they have met their obligations under the MSA and are due the payments withheld.

The Tobacco Settlement receipts provide funding for the construction of primary and secondary school capital facilities, education technology for primary and secondary education and for higher education, programs for smoking cessation and other health-related purposes, biomedical research and technology, and assistance to tobacco-growing areas in Ohio.

The BTSFA revenue bonds are secured by and payable solely from the tobacco settlement receipts and other collateral pledged under an indenture between BTSFA and U.S. Bank National Association, as trustee. In the event that the assets of BTSFA have been exhausted, no amounts will thereafter be paid on the bonds.

The enforcement of the terms of the MSA has been challenged by lawsuits and may continue to be challenged in the future. In the event of an adverse court ruling, BTFSA may not have adequate financial resources to make payment on the bonds.

A schedule of pre-adjusted base payments and payments from the Strategic Contribution Fund for the State of Ohio in future years follows (dollars in thousands):

Year Ending June 30,	Pre-adjusted MSA Base Payments	Pre-Adjusted Payments from the Strategic Contribution Fund	Total
2013.....	\$ 363,783	\$ 23,966	\$ 387,749
2014.....	367,789	24,230	392,019
2015.....	371,684	24,486	396,170
2016.....	376,306	24,791	401,097
2017.....	380,940	25,096	406,036
2018-2022.....	2,207,289	—	2,207,289
2023-2027.....	2,346,281	—	2,346,281
2028-2032.....	2,505,977	—	2,505,977
2033-2037.....	2,674,512	—	2,674,512
2038-2042.....	2,848,790	—	2,848,790
2043-2047.....	3,030,814	—	3,030,814
2048-2052.....	3,228,246	—	3,228,246
Total	<u>\$ 20,702,411</u>	<u>\$ 122,569</u>	<u>\$ 20,824,980</u>



NOTE 19 CONTINGENCIES AND COMMITMENTS (Continued)

E. Pollution Remediation Activities

During fiscal year 2012, the State was involved in remediation activities for pollution at various sites. These activities include site investigation, cleanup, and monitoring. The following describe the sites and the estimated cost of remediation activities (in general, projects with a liability of less than \$100 thousand at June 30 are not listed).

As a result of the imminent danger to public health, the Ohio Environmental Protection Agency (EPA) has assumed responsibility for operating and maintaining the collection and treatment system at the Lincoln Fields contaminated water system in Mansfield. The liability at June 30 is estimated at \$1.7 million. Cost was estimated by the EPA site coordinator using actual invoices to date.

In accordance with Resource Conservation Recovery Act (RCRA) regulations, the Ohio Department of Natural Resources (DNR) continues pollution monitoring and maintenance activities at the closed Cowan Lake S. P. Wood Treatment Plant at an estimated cost of \$280 thousand. DNR estimated the cost using previous invoices to date and projecting the costs over the remaining 18 year commitment to test the site for contamination.

The Ohio Department of Public Safety has been named as a responsible party to remediate pollution resulting from soil (sandstone) contamination that may be coming from former underground storage facilities at two of its sites. Due to the nature of the activity, cost estimates are currently unavailable.

The Ohio Department of Youth Services (DYS) has assumed responsibility to remediate pollution resulting from soil contamination coming from a former underground storage facility at its Scioto Juvenile Correctional Facility. The liability at June 30 is estimated at \$106 thousand. Cost was estimated by the DYS site coordinator using actual invoices to date.

The Ohio Department of Transportation has been named as a responsible party to remediate pollution at two sites owned by the agency. The pollution at one of the sites is the result of an underground storage tank leak. Another site has contaminated soil on the agency-owned property and contaminated groundwater on the surrounding properties. In total, the June 30 liability to eliminate the pollution and continue monitoring activities is estimated to be \$1.1 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liabilities described above are reported as "Refund and Other Liabilities," "Other Noncurrent Liabilities-Due in One Year," and "Other Noncurrent Liabilities-Due in More Than One Year" for governmental activities in the government-wide Statement of Net Assets. The reported liabilities for these activities are estimates and are subject to change over time. Variances in the final costs may result from changes in technology, changes in responsible parties, results of environmental studies, and changes in laws and regulations. Future recoveries from other responsible parties may also reduce the final cost paid by the State.

Capital assets may be created during the pollution remediation process. These capital assets will be reported in accordance with the State's capital assets policy. As of June 30, 2012, no capital assets were created nor reported as a result of any pollution remediation process.

F. Encumbrances

At June 30, 2012, the State has significant encumbrances of \$603.1 million in the General Fund, \$897.1 million in the Job, Family and Other Human Services Special Revenue Fund, and \$3.75 billion in the nonmajor governmental funds.

NOTE 20 RISK FINANCING

A. Workers' Compensation Benefits

The Ohio Workers' Compensation System, which the Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio administer, is the exclusive provider of workers' compensation insurance to private and public employers in Ohio who are not self-insured. The Workers' Compensation Enterprise Fund provides benefits to employees for losses sustained from job-related injury, disease, or death.



NOTE 20 RISK FINANCING (Continued)

“Benefits Payable” of \$17.82 billion is reported in the Workers’ Compensation Enterprise Fund (Fund) as of June 30, 2012. This amount represents reserves for indemnity and medical claims resulting from work-related injuries or illnesses, including actuarial estimates for both reported claims and claims incurred but not reported. The liability is based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claims reserves. The compensation adjustment expenses liability, which is included in “Other Liabilities” in the amount of approximately \$1.89 billion, is an estimate of future expenses to be incurred in the settlement of claims. The estimate for this liability is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, nonincremental adjustment expense, and the reserve for compensation.

Management of the Bureau of Workers’ Compensation and the Industrial Commission believes that the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future losses. While management uses available information to estimate the reserves for compensation and compensation adjustment expenses, future changes to the reserves for compensation and compensation adjustment expenses may be necessary based on claims experience and changing claims frequency and severity conditions. The methods of making such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period.

Benefits payable and the compensation adjustment expenses liability have been discounted at four percent to reflect the present value of future benefit payments. The selected discount rate approximates an average yield on United States government securities with durations similar to the expected claims underlying the Fund’s reserves. The undiscounted reserves for the benefits and compensation adjustment expenses totaled \$32.2 billion, as of June 30, 2012, and \$32.5 billion, as of June 30, 2011. For additional information, refer to the Fund’s separate audited financial report, for the fiscal year ended June 30, 2012.

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

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

	Fiscal Year 2012	Fiscal Year 2011
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of July 1	\$ 19,950	\$ 19,804
Incurring Compensation		
and Compensation Adjustment Benefits.....	1,833	2,239
Incurring Compensation		
and Compensation Adjustment Benefit Payments		
and Other Adjustments	<u>(2,078)</u>	<u>(2,093)</u>
Benefits Payable and Compensation		
Adjustment Expenses Liability, as of June 30	<u>\$ 19,705</u>	<u>\$ 19,950</u>

B. State Employee Healthcare Plans

Employees of the primary government have the option of participating in the Ohio Med PPO Plan. The plan is managed by two third party administrators (TPAs), Medical Mutual of Ohio (MMO) and United Healthcare (UHC). The two TPAs are responsible for covering separate regions throughout the State.

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



NOTE 20 RISK FINANCING (Continued)

Governmental and proprietary funds pay a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. The payments are reported in the Payroll Withholding and Fringe Benefits Agency Fund until such time that the primary government pays the accumulated resources to MMO or UHC for claims settlement. Prior to July 1, 2011, Aetna had served as a healthcare plan provider to the State; as such, the primary government may also submit payments to Aetna for claims settlements for claims incurred through June 30, 2011.

For governmental funds, the primary government recognizes claims as expenditures to the extent that the amounts are payable with expendable available financial resources. For governmental and business-type activities, claims are recognized in the Statement of Activities as expenses when incurred.

As of June 30, 2012, approximately \$40 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims for MMO. Changes in the balance of claims liabilities for MMO during the past two fiscal years were as follows (dollars in thousands):

MMO		
	Fiscal Year 2012	Fiscal Year 2011
Claims Liabilities, as of July 1	\$ 34,606	\$ 33,046
Incurred Claims	142,936	258,766
Claims Payments	(161,283)	(257,206)
Claims Liabilities, as of June 30	<u>\$ 16,259</u>	<u>\$ 34,606</u>

As of June 30, 2012, the resources on deposit in the Agency Fund for MMO exceeded the estimated claims liability by approximately \$23.7 million, thereby resulting in a funding surplus. Eighty-five percent or \$20.2 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

As of June 30, 2012, approximately \$45.5 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover claims for UHC. Changes in the balance of claims liabilities for UHC during the past two fiscal years were as follows (dollars in thousands):

UHC		
	Fiscal Year 2012	Fiscal Year 2011
Claims Liabilities, as of July 1	\$ 8,423	\$ 8,582
Incurred Claims	260,358	68,521
Claims Payments	(246,430)	(68,680)
Claims Liabilities, as of June 30	<u>\$ 22,351</u>	<u>\$ 8,423</u>

As of June 30, 2012, the resources on deposit in the Agency Fund for UHC exceeded the estimated claims liability by approximately \$23.1 million, thereby resulting in a funding surplus. Eighty-five percent or \$19.7 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting reduction in expenditures/expenses.

As noted previously, effective July 1, 2011, the State terminated their contract with Aetna to serve as one of the State's healthcare providers. As of June 30, 2012, the State had not yet paid all Aetna claims incurred through June 30, 2011. As of June 30, 2012, approximately \$25.9 million in total assets was available in the Payroll Withholding and Fringe Benefits Agency Fund to cover Aetna claims incurred through June 30, 2011. Changes in the balance of claims liabilities for the plan during the past two fiscal years were as follows (dollars in thousands):

Aetna		
	Fiscal Year 2012	Fiscal Year 2011
Claims Liabilities, as of July 1	\$ 8,424	\$ 10,129
Incurred Claims	-	71,777
Claims Payments	(7,833)	(73,482)
Claims Liabilities, as of June 30	<u>\$ 591</u>	<u>\$ 8,424</u>



NOTE 20 RISK FINANCING (Continued)

As of June 30, 2012, the resources on deposit in the Agency Fund for Aetna exceeded the estimated claims liability by approximately \$25.3 million, thereby resulting in a funding surplus. The residual amount remaining for Aetna after all claims have been paid will be allocated to the MMO and UHC accounts.

C. Other Risk Financing Programs

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

NOTE 21 SUBSEQUENT EVENTS

A. Bond Issuances

Subsequent to June 30, 2012 (December 31, 2011, for the Ohio Water Development Authority), the State issued major debt as detailed in the table below:

Debt Issuances			
Subsequent to June 30, 2012			
<i>(dollars in thousands)</i>			
	Date Issued	Net Interest Rate or True Interest Cost	Amount
Primary Government:			
<i>Ohio Public Facilities Commission-General Obligation Bonds:</i>			
Infrastructure Improvements, Series 2013A.....	01/08/13	2.77%	\$150,000
Infrastructure Improvements, Refunding Series 2013B.....	01/08/13	1.80%	66,385
Common Schools Capital Facilities, Refunding Series 2013A.....	02/14/13	1.83%	194,775
Higher Education Capital Facilities, Refunding Series 2013A.....	02/14/13	1.81%	66,915
Total General Obligation Bonds			<u>478,075</u>
<i>Treasurer of State-General Obligation Bonds:</i>			
Highway Capital Improvement-Tax Exempt, Series Q	10/11/12	2.40%	154,405
Total General Obligation Bonds			<u>154,405</u>
<i>Treasurer of State-Revenue Bonds:</i>			
State Infrastructure Project, Series 2012-1.....	11/06/12	2.08%	183,530
Total Revenue Bonds			<u>183,530</u>
<i>Treasurer of State-Special Obligation Bonds:</i>			
Juvenile Correctional Facilities, Series 2013A.....	01/15/13	2.41%	15,000
Mental Health Facilities Improvement, Series 2013A.....	02/26/13	1.93%	25,000
Mental Health Facilities Improvement, Refunding Series 2013B.....	02/26/13	1.30%	15,375
Cultural and Sports Capital Facilities, Series 2013A	02/26/13	1.96%	18,000
Cultural and Sports Capital Facilities, Refunding Series 2013B	02/26/13	1.40%	19,890
Adult Correctional Facilities, Refunding Series 2013A.....	02/26/13	2.10%	47,320
Total Special Obligation Bonds			<u>140,585</u>
<i>Ohio Department of Administrative Services</i>			
<i>Certificates of Participation:</i>			
Multi-Agency Radio Communications System (MARCS), Series 2012.....	09/05/12	2.63%	56,235
Total Certificates of Participation			<u>56,235</u>
Total Primary Government			<u>\$1,012,830</u>
Major Component Units:			
<i>Ohio Water Development Authority:</i>			
WPCLF Revenue Bonds, Refunding Water Quality Series 2012A.....	03/07/12	0.28% - 1.80%	\$62,555
WPCLF Notes-Water Quality Floating Rate Notes Series 2012A.....	11/20/12	Variable	50,000
Total Ohio Water Development Authority			<u>\$112,555</u>
<i>The Ohio State University:</i>			
General Receipts Bonds-Tax Exempt, Series 2012A	07/19/12	2.00% - 5.00%	\$91,165
General Receipts Bonds-Taxable, Series 2012B	07/19/12	0.48% - 3.67%	23,170
Special Purpose General Receipts Bonds, Series 2013A	01/31/13	3.50% - 5.00%	337,955
Energy Efficiency Improvements Notes	12/20/12	0.56% - 1.56%	6,942
Total The Ohio State University			<u>\$459,232</u>
<i>University of Cincinnati:</i>			
General Receipts Bonds-Tax Exempt, Series 2012C	12/06/12	2.00% - 5.00%	\$82,600
Bond Anticipation Notes, Series 2012D	12/13/12	1.50%	2,500
Total University of Cincinnati			<u>\$85,100</u>



NOTE 21 SUBSEQUENT EVENTS (Continued)

B. Transfer of the State's Spirituous Liquor System Franchise

On February 1, 2013, the State transferred its spirituous liquor distribution and merchandising operations for a period of 25-years to JobsOhio Beverage System, a nonprofit corporation the sole member of which is JobsOhio, which is itself a nonprofit corporation created to promote economic development, job creation and retention, job training, and the recruitment of business to the State. In exchange, the State received a payment of \$1.46 billion, distributed as \$500 million to the GRF, \$863.5 million to provide for the payment of all debt service on the outstanding Economic Development and Revitalization revenue bonds and notes (see NOTE 11), and \$100 million to fund certain revitalization projects. With that transfer, the State will forgo deposits to the GRF from the net liquor profits but expects to receive a portion of future liquor profits annually. In addition, pursuant to the terms of the franchise agreement with JobsOhio, the State may not issue additional obligations secured by a pledge of profits from the sale of spirituous liquor during the 25-year term of that franchise. Litigation related to JobsOhio and the General Assembly's February 2011 law that authorized its creation has been filed and is currently pending.



Financial Section

Required Supplementary Information



Infrastructure Assets Accounted for Using the Modified Approach

Pavement Network

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

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

Ohio accounts for its pavement network in two subsystems: *Priority*, which comprises interstate highways, freeways, and multi-lane portions of the National Highway System, and *General*, which comprises two-lane routes outside of cities.

**Pavement Network
Condition Assessment Data**

Priority Subsystem

Calendar Year	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 65-74		Poor PCR = Below 65		Total	
	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2011	9,145	69.76	2,828	21.58	971	7.40	165	1.26	13,109	100.00
2010	9,009	68.99	2,897	22.18	863	6.61	290	2.22	13,059	100.00
2009	8,662	66.98	2,948	22.80	1,066	8.24	256	1.98	12,932	100.00
2008	8,683	67.70	2,699	21.04	1,154	9.00	290	2.26	12,826	100.00
2007	8,457	66.50	2,752	21.63	1,120	8.81	389	3.06	12,718	100.00

General Subsystem

Calendar Year	Pavement Condition Ratings (PCR)									
	Excellent PCR = 85-100		Good PCR = 75-84		Fair PCR = 55-74		Poor PCR = Below 55		Total	
	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%	Lane-Miles	%
2011	14,610	48.83	8,415	28.13	5,787	19.34	1,105	3.70	29,917	100.00
2010	15,198	50.78	8,062	26.93	5,497	18.36	1,175	3.93	29,932	100.00
2009	15,064	50.28	7,480	24.97	6,059	20.22	1,356	4.53	29,959	100.00
2008	15,037	50.14	6,793	22.65	6,745	22.49	1,416	4.72	29,991	100.00
2007	14,650	48.73	6,531	21.72	7,319	24.34	1,564	5.21	30,064	100.00



Infrastructure Assets Accounted for Using the Modified Approach (Continued)

Pavement Network
Comparison of Estimated-to-Actual Maintenance and Preservation Costs
(dollars in thousands)

Priority Subsystem

<u>Fiscal Year</u>	<u>Estimated</u>	<u>Actual</u>
2012	\$403,829	\$438,510
2011	406,058	419,955
2010	357,393	394,017
2009	352,644	407,564
2008	357,396	405,258

General Subsystem

<u>Fiscal Year</u>	<u>Estimated</u>	<u>Actual</u>
2012	\$211,210	\$357,337
2011	258,410	342,202
2010	209,775	299,450
2009	214,071	347,154
2008	178,252	237,050

Bridge Network

The Ohio Department of Transportation conducts annual inspections of all bridges in the State's Bridge Network. The inspections cover major structural items such as piers and abutments, and assign a General Appraisal Condition Rating (GACR) from 0 (minimum) to nine (maximum) based on a composite measure of these major structural items.

It is the State's intention to maintain at least 85 percent of the square feet of deck area at a general appraisal condition rating level of at least five, and to allow no more than 15 percent of the number of square feet of deck area to fall below a general appraisal condition rating level of five.

Bridge Network
Condition Assessment Data
(square feet in thousands)

Calendar Year	General Appraisal Condition Ratings (GACR)									
	Excellent GACR = 7-9		Good GACR = 5-6		Fair GACR = 3-4		Poor GACR = 0-2		Total	
	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%	Sq Ft Deck Area	%
2011	56,082	53.25	45,029	42.76	4,156	3.95	42	0.04	105,309	100.00
2010	52,590	49.74	49,064	46.41	4,024	3.81	43	0.04	105,721	100.00
2009	51,605	48.95	49,745	47.19	3,433	3.26	630	0.60	104,413	100.00
2008	50,383	48.05	50,554	48.22	3,239	3.09	676	0.64	104,852	100.00
2007	50,056	48.09	50,484	48.50	3,493	3.36	51	0.05	104,084	100.00



Infrastructure Assets Accounted for Using the Modified Approach (Continued)

Bridge Network
Comparison of Estimated-to-Actual Maintenance and Preservation Costs
(dollars in thousands)

Fiscal Year	Estimated	Actual
2012	\$508,955	\$ 511,486
2011	433,593	409,690
2010	330,580	330,262
2009	308,655	360,451
2008	288,329	313,801

A large, leafy tree stands on the left side of a grassy hillside. The hillside slopes down towards a valley filled with dense green trees. In the distance, rolling hills are visible under a bright sky. A wooden fence runs along the right edge of the foreground. A red tractor is partially visible in the background on the right.

Financial Section

Combining Financial Statements & Schedules

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Funds

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

Capital Projects Funds

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

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012
(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
ASSETS:			
Cash Equity with Treasurer.....	\$ 2,704,809	\$ 32,447	\$ 221,181
Cash and Cash Equivalents.....	16,859	12,984	—
Investments.....	19,610	27,518	20,673
Collateral on Lent Securities.....	381,182	4,572	31,172
Taxes Receivable	93,631	—	—
Intergovernmental Receivable.....	681,278	—	—
Loans Receivable, Net	93,823	—	—
Interfund Receivable	1,114	—	—
Other Receivables	77,887	—	—
Inventories	74,532	—	—
Other Assets	14,342	—	—
TOTAL ASSETS	\$ 4,159,067	\$ 77,521	\$ 273,026
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 271,598	\$ 225	\$ 19,076
Accrued Liabilities.....	47,063	—	—
Medicaid Claims Payable.....	203,004	—	—
Obligations Under Securities Lending.....	381,182	4,572	31,172
Intergovernmental Payable.....	291,212	—	—
Interfund Payable.....	182,831	—	—
Payable to Component Units.....	5,834	—	—
Deferred Revenue.....	143,498	—	—
Unearned Revenue.....	141,574	—	—
Refund and Other Liabilities.....	—	700	—
TOTAL LIABILITIES.....	1,667,796	5,497	50,248
FUND BALANCES:			
Nonspendable.....	84,221	—	—
Restricted.....	1,924,014	72,024	222,778
Committed.....	483,036	—	—
TOTAL FUND BALANCES.....	2,491,271	72,024	222,778
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,159,067	\$ 77,521	\$ 273,026

TOTAL

\$ 2,958,437
29,843
67,801
416,926
93,631
681,278
93,823
1,114
77,887
74,532
14,342
\$ 4,509,614

\$ 290,899
47,063
203,004
416,926
291,212
182,831
5,834
143,498
141,574
700
1,723,541

84,221
2,218,816
483,036
2,786,073
\$ 4,509,614

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS
REVENUES:			
Income Taxes.....	\$ 12,457	\$ —	\$ —
Sales Taxes.....	7,161	—	—
Corporate and Public Utility Taxes.....	1,304	—	—
Motor Vehicle Fuel Taxes.....	696,346	—	—
Other Taxes.....	37,210	—	—
Licenses, Permits and Fees.....	1,136,951	—	—
Sales, Services and Charges.....	32,932	—	—
Federal Government.....	6,563,548	—	—
Tobacco Settlement.....	1,144	—	—
Investment Income.....	3,937	462	677
Other.....	540,647	2,937	205
TOTAL REVENUES.....	9,033,637	3,399	882
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	3,006,390	—	—
Higher Education Support.....	32,211	—	—
Public Assistance and Medicaid.....	36,782	—	—
Health and Human Services.....	2,330,483	—	—
Justice and Public Protection.....	694,896	—	—
Environmental Protection and Natural Resources.....	324,922	—	—
Transportation.....	2,500,291	—	—
General Government.....	112,614	—	—
Community and Economic Development.....	924,149	—	—
CAPITAL OUTLAY.....	33,106	—	344,648
DEBT SERVICE.....	—	1,212,575	—
TOTAL EXPENDITURES.....	9,995,844	1,212,575	344,648
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(962,207)	(1,209,176)	(343,766)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	92,000	84,980	55,700
Refunding Bonds Issued.....	—	1,374,660	—
Payment to Refunded Bond Escrow Agents.....	—	(1,604,658)	—
Premiums/Discounts.....	5,162	311,199	2,162
Transfers-in.....	1,413,186	1,037,753	17,876
Transfers-out.....	(365,782)	(258)	—
TOTAL OTHER FINANCING SOURCES (USES).....	1,144,566	1,203,676	75,738
NET CHANGE IN FUND BALANCES.....	182,359	(5,500)	(268,028)
FUND BALANCES, July 1	2,292,352	77,524	490,806
Increase (Decrease) for Changes in Inventories.....	16,560	—	—
FUND BALANCES, JUNE 30.....	\$ 2,491,271	\$ 72,024	\$ 222,778

TOTAL

\$ 12,457
7,161
1,304
696,346
37,210
1,136,951
32,932
6,563,548
1,144
5,076
543,789
9,037,918

3,006,390
32,211
36,782
2,330,483
694,896
324,922
2,500,291
112,614
924,149
377,754
11,553,067

(2,515,149)

232,680
1,374,660
(1,604,658)
318,523
2,468,815
(366,040)
2,423,980

(91,169)

2,860,682
16,560

\$ 2,786,073

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Education Fund** fund accounts for programs administered by the Department of Education, the Ohio Board of Regents, and other various state agencies, which prescribe the State's minimum educational requirements and which provide funding and assistance to local school districts for basic instruction and vocation and technical job training, and to the State's colleges and universities for post-secondary education.

The **Highway Operating Fund** accounts for programs administered by the Department of Transportation, which is responsible for the planning and design, construction, and maintenance of Ohio's highways, roads, and bridges and for Ohio's public transportation programs.

The **Community and Economic Development Fund** accounts for programs administered by the Department of Development and other various state agencies, which were created to assure the efficient use of resources for the State's community and economic growth and development.

The **Health Fund** accounts for public health programs primarily administered by the Department of Health, which promotes the prevention and treatment of diseases and illnesses through technical assistance, health education, and research.

The **Mental Health and Developmental Disabilities Fund** accounts for mental health care and developmental disabilities programs pri-

marily administered by the Department of Mental Health and the Department of Developmental Disabilities, which provide assistance, services, and medical care to those individuals with mental health and developmental disability problems.

The **Highway Safety Fund** accounts for public safety programs primarily administered by the Department of Public Safety, which enforces traffic-related laws for the purpose of reducing accidents, deaths, injuries, and property damages on Ohio's highways.

The **Natural Resources Fund** accounts for environmental programs administered by the Department of Natural Resources, the Environmental Protection Agency, and other various state agencies, which promote, protect, and manage the State's natural resources and environment.

The **Wildlife and Waterways Safety Fund** accounts for programs administered by the Department of Natural Resources' Divisions of Wildlife and Watercraft, which promote, protect, and manage the State's wildlife and waterways and which provide technical assistance and education to the public.

The **Tobacco Settlement Fund** accounts for various health, education, economic, and law enforcement-related programs funded with moneys received under the Master Settlement Agreement with the nation's largest tobacco companies.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
ASSETS:			
Cash Equity with Treasurer.....	\$ 173,487	\$ 1,185,232	\$ 592,461
Cash and Cash Equivalents.....	7	529	11,746
Investments.....	447	—	—
Collateral on Lent Securities.....	24,449	167,032	83,494
Taxes Receivable	—	87,140	2,037
Intergovernmental Receivable.....	145,915	104,986	22,583
Loans Receivable, Net	—	87,356	6,467
Interfund Receivable	—	715	57
Other Receivables	—	1,620	—
Inventories	—	57,634	—
Other Assets	4,872	3,453	1,008
TOTAL ASSETS	\$ 349,177	\$ 1,695,697	\$ 719,853
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 16,523	\$ 150,364	\$ 64,727
Accrued Liabilities.....	1,251	15,874	5,307
Medicaid Claims Payable.....	—	—	—
Obligations Under Securities Lending.....	24,449	167,032	83,494
Intergovernmental Payable.....	77,859	—	19,364
Interfund Payable.....	2,263	78,924	7,693
Payable to Component Units.....	2,432	580	1,673
Deferred Revenue.....	4,655	1,055	—
Unearned Revenue.....	61,143	—	69,701
TOTAL LIABILITIES.....	190,575	413,829	251,959
FUND BALANCES:			
Nonspendable.....	218	61,087	1,008
Restricted.....	137,478	1,220,781	311,752
Committed.....	20,906	—	155,134
TOTAL FUND BALANCES.....	158,602	1,281,868	467,894
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 349,177	\$ 1,695,697	\$ 719,853

HEALTH	MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES	HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	TOBACCO SETTLEMENT
\$ 45,014	\$ 169,947	\$ 215,856	\$ 248,314	\$ 61,757	\$ 12,741
50	—	3,539	288	5	695
—	—	—	—	—	19,163
6,344	23,950	30,420	34,994	8,703	1,796
24	—	—	2,092	2,338	—
41,774	366,020	—	—	—	—
—	—	—	—	—	—
—	—	342	—	—	—
2,149	—	—	1,242	—	72,876
16,898	—	—	—	—	—
485	980	2,244	908	378	14
\$ 112,738	\$ 560,897	\$ 252,401	\$ 287,838	\$ 73,181	\$ 107,285
\$ 11,107	\$ 7,274	\$ 13,786	\$ 4,355	\$ 2,075	\$ 1,387
2,677	4,516	10,829	4,671	1,868	70
—	203,004	—	—	—	—
6,344	23,950	30,420	34,994	8,703	1,796
40,872	153,117	—	—	—	—
2,159	57,346	23,197	4,606	6,636	7
239	399	262	66	183	—
4,729	60,267	—	—	—	72,792
3,732	—	—	6,998	—	—
71,859	509,873	78,494	55,690	19,465	76,052
17,384	980	2,244	908	378	14
7,935	41,970	105,009	83,312	10,268	5,509
15,560	8,074	66,654	147,928	43,070	25,710
40,879	51,024	173,907	232,148	53,716	31,233
\$ 112,738	\$ 560,897	\$ 252,401	\$ 287,838	\$ 73,181	\$ 107,285

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(dollars in thousands)
(continued)

	TOTAL
ASSETS:	
Cash Equity with Treasurer.....	\$ 2,704,809
Cash and Cash Equivalents.....	16,859
Investments.....	19,610
Collateral on Lent Securities.....	381,182
Taxes Receivable	93,631
Intergovernmental Receivable.....	681,278
Loans Receivable, Net	93,823
Interfund Receivable	1,114
Other Receivables	77,887
Inventories	74,532
Other Assets	14,342
TOTAL ASSETS	\$ 4,159,067
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable	\$ 271,598
Accrued Liabilities.....	47,063
Medicaid Claims Payable.....	203,004
Obligations Under Securities Lending.....	381,182
Intergovernmental Payable.....	291,212
Interfund Payable.....	182,831
Payable to Component Units.....	5,834
Deferred Revenue.....	143,498
Unearned Revenue.....	141,574
TOTAL LIABILITIES.....	1,667,796
FUND BALANCES:	
Nonspendable.....	84,221
Restricted.....	1,924,014
Committed.....	483,036
TOTAL FUND BALANCES.....	2,491,271
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,159,067

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

	EDUCATION	HIGHWAY OPERATING	COMMUNITY AND ECONOMIC DEVELOPMENT
REVENUES:			
Income Taxes.....	\$ —	\$ —	\$ 12,457
Sales Taxes.....	—	—	7,161
Corporate and Public Utility Taxes.....	—	—	1,304
Motor Vehicle Fuel Taxes.....	—	672,614	5,903
Other Taxes.....	—	—	26,748
Licenses, Permits and Fees.....	680	64,517	500,089
Sales, Services and Charges.....	697	2,105	16,191
Federal Government.....	2,287,614	1,616,015	581,821
Tobacco Settlement.....	—	—	—
Investment Income.....	271	2,160	492
Other.....	21,156	63,027	70,495
TOTAL REVENUES.....	2,310,418	2,420,438	1,222,661
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	3,005,981	—	409
Higher Education Support.....	24,434	—	7,777
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	852	—	—
Justice and Public Protection.....	13,426	—	242,856
Environmental Protection and Natural Resources.....	—	—	633
Transportation.....	—	2,498,277	2,014
General Government.....	—	—	102,791
Community and Economic Development.....	—	—	915,600
CAPITAL OUTLAY.....	—	—	23,826
TOTAL EXPENDITURES.....	3,044,693	2,498,277	1,295,906
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(734,275)	(77,839)	(73,245)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	—	—	92,000
Premiums/Discounts.....	—	—	5,162
Transfers-in.....	789,289	499,025	50,918
Transfers-out.....	(8)	(353,927)	(47)
TOTAL OTHER FINANCING SOURCES (USES).....	789,281	145,098	148,033
NET CHANGE IN FUND BALANCES.....	55,006	67,259	74,788
FUND BALANCES, July 1	103,596	1,194,053	393,106
Increase (Decrease) for Changes in Inventories.....	—	20,556	—
FUND BALANCES, JUNE 30.....	\$ 158,602	\$ 1,281,868	\$ 467,894

<u>HEALTH</u>	<u>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>	<u>HIGHWAY SAFETY</u>	<u>NATURAL RESOURCES</u>	<u>WILDLIFE AND WATERWAYS SAFETY</u>	<u>TOBACCO SETTLEMENT</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	17,829	—
24	—	—	10,438	—	—
15,198	23,242	351,842	137,670	43,713	—
32	211	11,001	2,279	416	—
535,302	1,434,957	24,395	62,715	20,729	—
—	—	—	—	—	1,144
41	—	435	98	111	329
34,866	278,458	35,264	33,871	2,798	712
585,463	1,736,868	422,937	247,071	85,596	2,185
—	—	—	—	—	—
—	—	—	—	—	—
—	36,782	—	—	—	—
571,754	1,757,678	174	—	—	25
—	—	435,012	324	—	3,278
—	—	—	226,445	85,058	12,786
—	—	—	—	—	—
1,962	—	—	7,755	—	106
3,531	—	—	43	—	4,975
—	—	1,905	—	7,375	—
577,247	1,794,460	437,091	234,567	92,433	21,170
8,216	(57,592)	(14,154)	12,504	(6,837)	(18,985)
—	—	—	—	—	—
—	—	—	—	—	—
13,658	8,626	34,069	3,580	346	13,675
(40)	—	(10,674)	(15)	(9)	(1,062)
13,618	8,626	23,395	3,565	337	12,613
21,834	(48,966)	9,241	16,069	(6,500)	(6,372)
23,041	99,990	164,666	216,079	60,216	37,605
(3,996)	—	—	—	—	—
\$ 40,879	\$ 51,024	\$ 173,907	\$ 232,148	\$ 53,716	\$ 31,233

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	<u>TOTAL</u>
REVENUES:	
Income Taxes.....	\$ 12,457
Sales Taxes.....	7,161
Corporate and Public Utility Taxes.....	1,304
Motor Vehicle Fuel Taxes.....	696,346
Other Taxes.....	37,210
Licenses, Permits and Fees.....	1,136,951
Sales, Services and Charges.....	32,932
Federal Government.....	6,563,548
Tobacco Settlement.....	1,144
Investment Income.....	3,937
Other.....	540,647
TOTAL REVENUES.....	<u>9,033,637</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	3,006,390
Higher Education Support.....	32,211
Public Assistance and Medicaid.....	36,782
Health and Human Services.....	2,330,483
Justice and Public Protection.....	694,896
Environmental Protection and Natural Resources.....	324,922
Transportation.....	2,500,291
General Government.....	112,614
Community and Economic Development.....	924,149
CAPITAL OUTLAY.....	33,106
TOTAL EXPENDITURES.....	<u>9,995,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(962,207)</u>
OTHER FINANCING SOURCES (USES):	
Bonds, Notes, and Certificates of Participation Issued.....	92,000
Premiums/Discounts.....	5,162
Transfers-in.....	1,413,186
Transfers-out.....	<u>(365,782)</u>
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1,144,566</u>
NET CHANGE IN FUND BALANCES.....	182,359
FUND BALANCES, July 1	2,292,352
Increase (Decrease) for Changes in Inventories.....	<u>16,560</u>
FUND BALANCES, JUNE 30.....	<u>\$ 2,491,271</u>

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	EDUCATION		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Sales Taxes.....		—	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		—	
Licenses, Permits and Fees.....		680	
Sales, Services and Charges.....		696	
Federal Government.....		2,291,400	
Tobacco Settlement.....		—	
Investment Income.....		270	
Other.....		31,666	
TOTAL REVENUES.....		2,324,712	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 3,262,619	3,074,022	\$ 188,597
Higher Education Support.....	45,310	32,881	12,429
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	4,118	1,240	2,878
Justice and Public Protection.....	26,864	18,292	8,572
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	—	—	—
Community and Economic Development.....	—	—	—
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 3,338,911	3,126,435	\$ 212,476
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(801,723)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		789,318	
Transfers-out.....		(15)	
TOTAL OTHER FINANCING SOURCES (USES).....		789,303	
NET CHANGE IN FUND BALANCES.....		(12,420)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		53,946	
Outstanding Encumbrances at Beginning of Fiscal Year.....		57,992	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 99,518	

<u>HIGHWAY OPERATING</u>			<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ 12,457	
	—			7,161	
	—			1,304	
	649,050			5,876	
	—			25,484	
	63,993			496,465	
	2,105			15,960	
	1,604,743			647,349	
	—			—	
	2,391			492	
	107,461			79,674	
	<u>2,429,743</u>			<u>1,292,222</u>	
\$ —	—	\$ —	\$ 1,346	523	\$ 823
—	—	—	15,977	15,977	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	443,586	372,059	71,527
—	—	—	806	606	200
7,669,532	4,763,332	2,906,200	8,900	5,589	3,311
—	—	—	175,513	141,974	33,539
—	—	—	1,940,654	1,493,779	446,875
—	—	—	153,967	89,074	64,893
189,924	152,561	37,363	—	—	—
<u>\$ 7,859,456</u>	<u>4,915,893</u>	<u>\$ 2,943,563</u>	<u>\$ 2,740,749</u>	<u>2,119,581</u>	<u>\$ 621,168</u>
	<u>(2,486,150)</u>			<u>(827,359)</u>	
	—			97,162	
	499,025			52,257	
	<u>(201,405)</u>			<u>(1,458)</u>	
	<u>297,620</u>			<u>147,961</u>	
	<u>(2,188,530)</u>			<u>(679,398)</u>	
	(1,073,723)			(369,418)	
	<u>2,221,212</u>			<u>838,528</u>	
	<u>\$ (1,041,041)</u>			<u>\$ (210,288)</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

HEALTH			
BUDGET		VARIANCE WITH FINAL BUDGET	
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	
REVENUES:			
Income Taxes.....	\$ —		
Sales Taxes.....	—		
Corporate and Public Utility Taxes.....	—		
Motor Vehicle Fuel Taxes.....	—		
Other Taxes.....	—		
Licenses, Permits and Fees.....	20,310		
Sales, Services and Charges.....	4,572		
Federal Government.....	503,265		
Tobacco Settlement.....	—		
Investment Income.....	46		
Other.....	99,530		
TOTAL REVENUES.....	627,723		
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	796,710	653,126	143,584
Justice and Public Protection.....	—	—	—
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	4,299	2,177	2,122
Community and Economic Development.....	6,243	5,978	265
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 807,252	661,281	\$ 145,971
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(33,558)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		3,985	
Transfers-out.....		(45)	
TOTAL OTHER FINANCING SOURCES (USES).....		3,940	
NET CHANGE IN FUND BALANCES.....		(29,618)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(45,671)	
Outstanding Encumbrances at Beginning of Fiscal Year		77,427	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 2,138	

<u>MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>			<u>HIGHWAY SAFETY</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ —	
	—			—	
	—			—	
	—			—	
	23,242			349,510	
	211			11,000	
	2,725,163			29,162	
	—			—	
	—			435	
	301,436			36,501	
	<u>3,050,052</u>			<u>426,608</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
1,896,437	1,837,705	58,732	—	—	—
2,523,194	2,425,882	97,312	235	226	9
—	—	—	516,125	488,084	28,041
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	6,844	5,417	1,427
—	—	—	9,978	9,978	—
<u>\$ 4,419,631</u>	<u>4,263,587</u>	<u>\$ 156,044</u>	<u>\$ 533,182</u>	<u>503,705</u>	<u>\$ 29,477</u>
	<u>(1,213,535)</u>			<u>(77,097)</u>	
	—			—	
	5,625			38,293	
	—			(4,949)	
	<u>5,625</u>			<u>33,344</u>	
	<u>(1,207,910)</u>			<u>(43,753)</u>	
	(486,868)			153,079	
	<u>690,575</u>			<u>40,705</u>	
	<u>\$ (1,004,203)</u>			<u>\$ 150,031</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

NATURAL RESOURCES			
BUDGET		VARIANCE WITH FINAL BUDGET	
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	
REVENUES:			
Income Taxes.....	\$ —		
Sales Taxes.....	—		
Corporate and Public Utility Taxes.....	—		
Motor Vehicle Fuel Taxes.....	—		
Other Taxes.....	10,182		
Licenses, Permits and Fees.....	136,610		
Sales, Services and Charges.....	2,842		
Federal Government.....	64,712		
Tobacco Settlement.....	—		
Investment Income.....	98		
Other.....	38,663		
TOTAL REVENUES.....	253,107		
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	—	—	—
Justice and Public Protection.....	686	351	335
Environmental Protection and Natural Resources.....	332,964	276,444	56,520
Transportation.....	—	—	—
General Government.....	9,897	8,378	1,519
Community and Economic Development.....	1,274	417	857
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 344,821	285,590	\$ 59,231
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(32,483)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		2,173	
Transfers-out.....		(1,668)	
TOTAL OTHER FINANCING SOURCES (USES).....		505	
NET CHANGE IN FUND BALANCES.....		(31,978)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		177,910	
Outstanding Encumbrances at Beginning of Fiscal Year		48,445	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 194,377	

<u>WILDLIFE AND WATERWAYS SAFETY</u>			<u>TOBACCO SETTLEMENT</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ —			\$ —	
	—			—	
	—			—	
	17,005			—	
	—			—	
	44,263			—	
	417			—	
	20,042			—	
	—			82	
	111			—	
	2,952			1,298	
	<u>84,790</u>			<u>1,380</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	25	25	—
—	—	—	6,040	3,665	2,375
112,622	99,137	13,485	14,005	13,776	229
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3,163	3,160	3
25,656	10,408	15,248	—	—	—
—	—	—	—	—	—
<u>\$ 138,278</u>	<u>109,545</u>	<u>\$ 28,733</u>	<u>\$ 23,233</u>	<u>20,626</u>	<u>\$ 2,607</u>
	<u>(24,755)</u>			<u>(19,246)</u>	
	—			—	
	4,211			13,585	
	(4,009)			—	
	<u>202</u>			<u>13,585</u>	
	<u>(24,553)</u>			<u>(5,661)</u>	
	40,444			9,910	
	<u>27,798</u>			<u>4,932</u>	
	<u>\$ 43,689</u>			<u>\$ 9,181</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	<u>TOTAL</u>		<u>VARIANCE</u>
	<u>BUDGET</u>		<u>WITH</u>
			<u>FINAL</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>
			<u>POSITIVE/</u>
			<u>(NEGATIVE)</u>
REVENUES:			
Income Taxes.....		\$ 12,457	
Sales Taxes.....		7,161	
Corporate and Public Utility Taxes.....		1,304	
Motor Vehicle Fuel Taxes.....		671,931	
Other Taxes.....		35,666	
Licenses, Permits and Fees.....		1,135,073	
Sales, Services and Charges.....		37,803	
Federal Government.....		7,885,836	
Tobacco Settlement.....		82	
Investment Income.....		3,843	
Other.....		699,181	
TOTAL REVENUES.....		10,490,337	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 3,263,965	3,074,545	\$ 189,420
Higher Education Support.....	61,287	48,858	12,429
Public Assistance and Medicaid.....	1,896,437	1,837,705	58,732
Health and Human Services.....	3,324,282	3,080,499	243,783
Justice and Public Protection.....	993,301	882,451	110,850
Environmental Protection and Natural Resources.....	460,397	389,963	70,434
Transportation.....	7,678,432	4,768,921	2,909,511
General Government.....	189,709	152,529	37,180
Community and Economic Development.....	1,951,334	1,503,334	448,000
CAPITAL OUTLAY.....	186,467	104,899	81,568
DEBT SERVICE.....	199,902	162,539	37,363
TOTAL BUDGETARY EXPENDITURES.....	\$ 20,205,513	16,006,243	\$ 4,199,270
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) BUDGETARY EXPENDITURES.....		(5,515,906)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		97,162	
Transfers-in.....		1,408,472	
Transfers-out.....		(213,549)	
TOTAL OTHER FINANCING SOURCES (USES).....		1,292,085	
NET CHANGE IN FUND BALANCES.....		(4,223,821)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(1,540,391)	
Outstanding Encumbrances at Beginning of Fiscal Year		4,007,614	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (1,756,598)	

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NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The **Coal Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 15 of Article VIII, Ohio Constitution, to finance coal research and development projects.

The **Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2f of Article VIII, Ohio Constitution, to finance the improvement of higher education facilities, public schools, and natural resources.

The **Highway Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2g of Article VIII, Ohio Constitution, to finance the acquisition of rights-of-way and the construction and reconstruction of the State's highways and urban extensions.

The **Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2h of Article VIII, Ohio Constitution, to finance the construction, improvement, and development of higher education facilities, public schools, and natural resources.

The **Highway General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance the construction of the State's highways.

The **Public Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2i of Article VIII, Ohio Constitution, to finance water pollution controls and improvements at higher education facilities, parks, and natural resources.

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

The **Local Infrastructure Improvements General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2k of Article VIII, Ohio Constitution, to finance the cost of local government's public infrastructure improvement projects.

The **State Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2l of Article VIII, Ohio Constitution, to finance capital improvements at state and local parks and other natural resources-related projects.

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

The **Higher Education Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of capital facilities for state-supported and state-assisted institutions of higher education, including those for technical education.

The **Common Schools Capital Facilities General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2n of Article VIII, Ohio Constitution, to finance the costs of facilities for a system of common schools throughout Ohio.

The **Conservation Projects General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2o of Article VIII, Ohio Constitution, to finance the purchase of additional “greenspace” land or interest in land devoted to natural areas, open spaces, and agriculture.

The **Third Frontier Research/Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance research and development in support of Ohio industry, commerce, and business.

The **Job Ready Site Development General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2p of Article VIII, Ohio Constitution, to finance the development of sites for industry, distribution, commerce, and research and development.

The **Persian Gulf Conflict Compensation General Obligations Fund** accounts for the payment of principal and interest on general obligation bonds that have been authorized under Section 2r of Article VIII, Ohio Constitution, to pay compensation to veterans of the Persian Gulf, Afghanistan, and Iraq Conflicts.

The **Economic Development Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds issued to finance loans to individuals, corporations, and agencies within the State for economic development projects that create or retain jobs in the State.

The **Infrastructure Bank Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds issued to finance various highway construction projects sponsored by the Department of Transportation.

The **Revitalization Project Revenue Bonds Fund** accounts for the payment of principal and interest on revenue bonds to finance the costs of environmentally safe and productive development, use, or reuse of publicly and privately owned lands, including those within urban areas.

The **Lease Rental Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of higher education facilities, mental health facilities, parks and recreation projects and facilities, and Cultural Facilities Commission projects.

The **Ohio Building Authority Special Obligations Fund** accounts for the payment of principal and interest on special obligation bonds issued to finance the construction of state office buildings and the costs of capital improvements for the Departments of Administrative Services, Youth Services, Transportation, Rehabilitation and Correction, Natural Resources, and Public Safety.

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

The **OAKS Certificates of Participation Fund** accounts for the payment of certificate of participation-related obligations that finance the State’s enterprise resource planning system project, known as the Ohio Administrative Knowledge System (OAKS).

The **STARS Certificates of Participation Fund** accounts for the payment of certificates of participation related obligations that finance the State’s Taxation Accounting and Revenue System, known as STARS.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2012
(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	IMPROVEMENTS GENERAL OBLIGATIONS	HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer.....	\$ 499	\$ —	\$ —
Cash and Cash Equivalents.....	—	130	55
Investments.....	—	—	—
Collateral on Lent Securities.....	70	—	—
TOTAL ASSETS	\$ 569	\$ 130	\$ 55
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	70	—	—
Refund and Other Liabilities.....	—	130	55
TOTAL LIABILITIES.....	70	130	55
FUND BALANCES:			
Restricted.....	499	—	—
TOTAL FUND BALANCES.....	499	—	—
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 569	\$ 130	\$ 55

DEVELOPMENT GENERAL OBLIGATIONS	HIGHWAY GENERAL OBLIGATIONS	PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	STATE PROJECTS GENERAL OBLIGATIONS
\$ —	\$ —	\$ —	\$ —	\$ 6,789	\$ 1,176
224	170	96	28	—	—
—	—	—	—	—	—
—	—	—	—	957	166
\$ 224	\$ 170	\$ 96	\$ 28	\$ 7,746	\$ 1,342
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	957	166
224	170	96	25	—	—
224	170	96	25	957	166
—	—	—	3	6,789	1,176
—	—	—	3	6,789	1,176
\$ 224	\$ 170	\$ 96	\$ 28	\$ 7,746	\$ 1,342

(continued)

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2012
 (dollars in thousands)
 (continued)

	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS
ASSETS:			
Cash Equity with Treasurer.....	\$ 81	\$ 8,240	\$ 15,661
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	11	1,161	2,207
TOTAL ASSETS	\$ 92	\$ 9,401	\$ 17,868
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	11	1,161	2,207
Refund and Other Liabilities.....	—	—	—
TOTAL LIABILITIES.....	11	1,161	2,207
FUND BALANCES:			
Restricted.....	81	8,240	15,661
TOTAL FUND BALANCES.....	81	8,240	15,661
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 92	\$ 9,401	\$ 17,868

THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS	INFRASTRUCTURE BANK REVENUE BONDS	REVITALIZATION PROJECT REVENUE BONDS	LEASE RENTAL SPECIAL OBLIGATIONS	TOTAL
\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 32,447
—	8,226	—	3,296	759	12,984
—	11,263	8,236	6,080	1,939	27,518
—	—	—	—	—	4,572
\$ 1	\$ 19,489	\$ 8,236	\$ 9,376	\$ 2,698	\$ 77,521
\$ —	\$ —	\$ —	\$ —	\$ 225	\$ 225
—	—	—	—	—	4,572
—	—	—	—	—	700
—	—	—	—	225	5,497
1	19,489	8,236	9,376	2,473	72,024
1	19,489	8,236	9,376	2,473	72,024
\$ 1	\$ 19,489	\$ 8,236	\$ 9,376	\$ 2,698	\$ 77,521

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS
REVENUES:			
Investment Income.....	\$ 1	\$ —	\$ 6
Other.....	—	—	2,361
TOTAL REVENUES.....	1	—	2,367
EXPENDITURES:			
DEBT SERVICE.....	8,002	—	98,620
TOTAL EXPENDITURES.....	8,002	—	98,620
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(8,001)	—	(96,253)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued....	—	—	—
Refunding Bonds Issued.....	—	—	188,260
Payment to Refunded Bond Escrow Agents.....	—	—	(217,831)
Premiums/Discounts.....	639	—	38,441
Transfers-in.....	7,852	—	87,627
Transfers-out.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	8,491	—	96,497
NET CHANGE IN FUND BALANCES.....	490	—	244
FUND BALANCES, July 1	9	3	6,545
FUND BALANCES, JUNE 30.....	\$ 499	\$ 3	\$ 6,789

STATE PROJECTS GENERAL OBLIGATIONS	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS	HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS	COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS	CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS
\$ —	\$ 100	\$ 4	\$ 23	\$ 1	\$ 3
—	19	—	35	—	—
<u>—</u>	<u>119</u>	<u>4</u>	<u>58</u>	<u>1</u>	<u>3</u>
5,160	140,960	93,991	145,092	24,663	38,305
<u>5,160</u>	<u>140,960</u>	<u>93,991</u>	<u>145,092</u>	<u>24,663</u>	<u>38,305</u>
<u>(5,160)</u>	<u>(140,841)</u>	<u>(93,987)</u>	<u>(145,034)</u>	<u>(24,662)</u>	<u>(38,302)</u>
—	—	—	—	—	—
50,950	—	362,795	531,085	15,070	—
(54,597)	—	(429,222)	(630,554)	(17,681)	—
5,303	—	88,640	139,568	2,717	3,518
4,680	140,870	80,014	120,581	21,948	34,778
—	—	—	—	—	—
<u>6,336</u>	<u>140,870</u>	<u>102,227</u>	<u>160,680</u>	<u>22,054</u>	<u>38,296</u>
1,176	29	8,240	15,646	(2,608)	(6)
—	52	—	15	2,608	7
<u>\$ 1,176</u>	<u>\$ 81</u>	<u>\$ 8,240</u>	<u>\$ 15,661</u>	<u>\$ —</u>	<u>\$ 1</u>

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	ECONOMIC DEVELOPMENT REVENUE BONDS
REVENUES:			
Investment Income.....	\$ 2	\$ 1	\$ 6
Other.....	—	—	—
TOTAL REVENUES.....	2	1	6
EXPENDITURES:			
DEBT SERVICE.....	9,455	4,341	82,699
TOTAL EXPENDITURES.....	9,455	4,341	82,699
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(9,453)	(4,340)	(82,693)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	—	178	34,372
Refunding Bonds Issued.....	—	—	—
Payment to Refunded Bond Escrow Agents.....	—	—	—
Premiums/Discounts.....	—	—	—
Transfers-in.....	6,895	4,151	44,719
Transfers-out.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	6,895	4,329	79,091
NET CHANGE IN FUND BALANCES.....	(2,558)	(11)	(3,602)
FUND BALANCES, July 1	2,558	11	23,091
FUND BALANCES, JUNE 30.....	\$ —	\$ —	\$ 19,489

INFRASTRUCTURE BANK REVENUE BONDS	REVITALIZATION PROJECT REVENUE BONDS	LEASE RENTAL SPECIAL OBLIGATIONS	OHIO BUILDING AUTHORITY SPECIAL OBLIGATIONS	TRANSPORTATION CERTIFICATES OF PARTICIPATION	OAKS CERTIFICATES OF PARTICIPATION
\$ 239	\$ 3	\$ —	\$ —	\$ 73	\$ —
—	—	—	—	522	—
239	3	—	—	595	—
170,536	69,041	224,839	67,389	1,532	22,992
170,536	69,041	224,839	67,389	1,532	22,992
(170,297)	(69,038)	(224,839)	(67,389)	(937)	(22,992)
—	50,430	—	—	—	—
—	—	77,160	149,340	—	—
—	—	(90,273)	(164,500)	—	—
—	—	16,190	16,183	—	—
152,561	17,342	222,093	63,694	—	22,990
—	—	—	(235)	(23)	—
152,561	67,772	225,170	64,482	(23)	22,990
(17,736)	(1,266)	331	(2,907)	(960)	(2)
25,972	10,642	2,142	2,907	960	2
\$ 8,236	\$ 9,376	\$ 2,473	\$ —	\$ —	\$ —

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	STARS CERTIFICATES OF PARTICIPATION	TOTAL
REVENUES:		
Investment Income.....	\$ —	\$ 462
Other.....	—	2,937
TOTAL REVENUES.....	—	3,399
EXPENDITURES:		
DEBT SERVICE.....	4,958	1,212,575
TOTAL EXPENDITURES.....	4,958	1,212,575
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,958)	(1,209,176)
OTHER FINANCING SOURCES (USES):		
Bonds and Certificates of Participation Issued.....	—	84,980
Refunding Bonds Issued.....	—	1,374,660
Payment to Refunded Bond Escrow Agents.....	—	(1,604,658)
Premiums/Discounts.....	—	311,199
Transfers-in.....	4,958	1,037,753
Transfers-out.....	—	(258)
TOTAL OTHER FINANCING SOURCES (USES).....	4,958	1,203,676
NET CHANGE IN FUND BALANCES.....	—	(5,500)
FUND BALANCES, July 1	—	77,524
FUND BALANCES, JUNE 30.....	\$ —	\$ 72,024

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	<u>BUDGET</u>		VARIANCE WITH FINAL BUDGET
	<u>FINAL</u>	<u>ACTUAL</u>	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 1	
Other.....		7,852	
TOTAL REVENUES.....		7,853	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 7,861	7,861	\$ —
TOTAL BUDGETARY EXPENDITURES.....	\$ 7,861	7,861	\$ —
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(8)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		499	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		499	
NET CHANGE IN FUND BALANCES.....		491	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		9	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 500	

**LOCAL INFRASTRUCTURE IMPROVEMENTS
GENERAL OBLIGATIONS**

STATE PROJECTS GENERAL OBLIGATIONS

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
BUDGET			BUDGET		
FINAL	ACTUAL		FINAL	ACTUAL	
	\$ 6			\$ —	
	89,988			4,680	
	89,994			4,680	
\$ 113,307	96,770	\$ 16,537	\$ 5,375	4,680	\$ 695
\$ 113,307	96,770	\$ 16,537	\$ 5,375	4,680	\$ 695
	(6,776)			—	
	7,020			1,176	
	—			—	
	7,020			1,176	
	244			1,176	
	6,544			—	
	\$ 6,788			\$ 1,176	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	HIGHWAY CAPITAL IMPROVEMENTS GENERAL OBLIGATIONS		
			VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Investment Income.....		\$ 100	
Other.....		18	
TOTAL REVENUES.....		118	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 143,176	140,960	\$ 2,216
TOTAL BUDGETARY EXPENDITURES.....	\$ 143,176	140,960	\$ 2,216
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(140,842)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		140,870	
TOTAL OTHER FINANCING SOURCES (USES).....		140,870	
NET CHANGE IN FUND BALANCES.....		28	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			
		52	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....			
		\$ 80	

HIGHER EDUCATION CAPITAL FACILITIES GENERAL OBLIGATIONS			COMMON SCHOOLS CAPITAL FACILITIES GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 5			\$ 23	
	80,014			120,617	
	<u>80,019</u>			<u>120,640</u>	
\$ 108,263	90,260	\$ 18,003	\$ 150,605	140,365	\$ 10,240
<u>\$ 108,263</u>	<u>90,260</u>	<u>\$ 18,003</u>	<u>\$ 150,605</u>	<u>140,365</u>	<u>\$ 10,240</u>
	<u>(10,241)</u>			<u>(19,725)</u>	
	18,483			35,372	
	—			—	
	<u>18,483</u>			<u>35,372</u>	
	8,242			15,647	
	—			14	
	<u>\$ 8,242</u>			<u>\$ 15,661</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		
			VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Investment Income.....		\$ 1	
Other.....		21,948	
TOTAL REVENUES.....		21,949	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 24,557	24,557	\$ —
TOTAL BUDGETARY EXPENDITURES.....	\$ 24,557	24,557	\$ —
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(2,608)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(2,608)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		2,608	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ —	

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 2			\$ 2	
	34,778			6,896	
	<u>34,780</u>			<u>6,898</u>	
<u>\$ 37,864</u>	<u>37,862</u>	<u>\$ 2</u>	<u>\$ 9,859</u>	<u>9,455</u>	<u>\$ 404</u>
<u>\$ 37,864</u>	<u>37,862</u>	<u>\$ 2</u>	<u>\$ 9,859</u>	<u>9,455</u>	<u>\$ 404</u>
	<u>(3,082)</u>			<u>(2,557)</u>	
	3,075			—	
	<u>—</u>			<u>—</u>	
	<u>3,075</u>			<u>—</u>	
	(7)			(2,557)	
	<u>7</u>			<u>2,557</u>	
	<u>\$ —</u>			<u>\$ —</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ —	
Other.....		4,152	
TOTAL REVENUES.....		4,152	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 5,498	4,163	\$ 1,335
TOTAL BUDGETARY EXPENDITURES.....	\$ 5,498	4,163	\$ 1,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(11)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(11)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		11	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ —	

<u>TOTAL</u>		
<u>BUDGET</u>		<u>VARIANCE</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH</u>
		<u>FINAL</u>
		<u>BUDGET</u>
		<u>POSITIVE/</u>
		<u>(NEGATIVE)</u>
	\$ 140	
	370,943	
	<u>371,083</u>	
\$ 606,365	556,933	\$ 49,432
<u>\$ 606,365</u>	<u>556,933</u>	<u>\$ 49,432</u>
	<u>(185,850)</u>	
	65,625	
	140,870	
	<u>206,495</u>	
	20,645	
	11,802	
	<u>\$ 32,447</u>	

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

The **Mental Health/Developmental Disabilities Facilities Improvements Fund** accounts for special obligation bond proceeds that finance the construction of mental health and developmental disabilities facilities.

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

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

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

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

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

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

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

The **OAKS Project Fund** accounts for certificate of participation proceeds that finance the costs of the Ohio Administrative Knowledge System (OAKS) project for the statewide enterprise resource planning system.

The **STARS Project Fund** accounts for certificate of participation proceeds that finance the costs of the State's Taxation Accounting and Revenue System (STARS) technology project.

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012
(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
ASSETS:			
Cash Equity with Treasurer.....	\$ 35,714	\$ 11,167	\$ 21,534
Investments.....	—	—	—
Collateral on Lent Securities.....	5,033	1,574	3,035
TOTAL ASSETS	\$ 40,747	\$ 12,741	\$ 24,569
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 5,991	\$ 1,324	\$ 1,105
Obligations Under Securities Lending.....	5,033	1,574	3,035
TOTAL LIABILITIES.....	11,024	2,898	4,140
FUND BALANCES:			
Restricted.....	29,723	9,843	20,429
TOTAL FUND BALANCES.....	29,723	9,843	20,429
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 40,747	\$ 12,741	\$ 24,569

<u>ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS</u>	<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>	<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>	<u>HIGHWAY SAFETY BUILDING IMPROVEMENTS</u>	<u>OHIO PARKS AND NATURAL RESOURCES</u>	<u>HIGHWAY CAPITAL IMPROVEMENT</u>
\$ 31,888	\$ 5,993	\$ 31,800	\$ 1,927	\$ 27,945	\$ 53,213
—	—	—	—	—	—
4,494	845	4,482	272	3,938	7,499
\$ 36,382	\$ 6,838	\$ 36,282	\$ 2,199	\$ 31,883	\$ 60,712
\$ 934	\$ 297	\$ 2,839	\$ —	\$ 210	\$ 4,353
4,494	845	4,482	272	3,938	7,499
5,428	1,142	7,321	272	4,148	11,852
30,954	5,696	28,961	1,927	27,735	48,860
30,954	5,696	28,961	1,927	27,735	48,860
\$ 36,382	\$ 6,838	\$ 36,282	\$ 2,199	\$ 31,883	\$ 60,712

(continued)

STATE OF OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012
(dollars in thousands)
(continued)

	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>	<u>TOTAL</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ 221,181
Investments.....	6,582	14,091	20,673
Collateral on Lent Securities.....	—	—	31,172
TOTAL ASSETS	\$ 6,582	\$ 14,091	\$ 273,026
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 512	\$ 1,511	\$ 19,076
Obligations Under Securities Lending.....	—	—	31,172
TOTAL LIABILITIES.....	512	1,511	50,248
FUND BALANCES:			
Restricted.....	6,070	12,580	222,778
TOTAL FUND BALANCES.....	6,070	12,580	222,778
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 6,582	\$ 14,091	\$ 273,026

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STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
REVENUES:			
Investment Income.....	\$ 229	\$ 37	\$ 58
Other.....	—	120	76
TOTAL REVENUES.....	229	157	134
EXPENDITURES:			
CAPITAL OUTLAY.....	165,799	11,065	11,525
TOTAL EXPENDITURES.....	165,799	11,065	11,525
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(165,570)	(10,908)	(11,391)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and Certificates of Participation Issued.....	—	—	—
Premiums/Discounts.....	—	—	—
Transfers-in.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	—	—	—
NET CHANGE IN FUND BALANCES.....	(165,570)	(10,908)	(11,391)
FUND BALANCES, July 1	195,293	20,751	31,820
FUND BALANCES, JUNE 30.....	\$ 29,723	\$ 9,843	\$ 20,429

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	HIGHWAY SAFETY BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT
\$ 39	\$ 24	\$ 51	\$ 4	\$ 23	\$ 209
—	2	—	—	7	—
39	26	51	4	30	209
21,236	8,842	16,306	—	10,094	93,502
21,236	8,842	16,306	—	10,094	93,502
(21,197)	(8,816)	(16,255)	4	(10,064)	(93,293)
32,700	—	—	—	23,000	—
546	—	—	—	1,616	—
—	—	17,876	—	—	—
33,246	—	17,876	—	24,616	—
12,049	(8,816)	1,621	4	14,552	(93,293)
18,905	14,512	27,340	1,923	13,183	142,153
\$ 30,954	\$ 5,696	\$ 28,961	\$ 1,927	\$ 27,735	\$ 48,860

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	<u>OAKS PROJECT</u>	<u>STARS PROJECT</u>	<u>TOTAL</u>
REVENUES:			
Investment Income.....	\$ 1	\$ 2	\$ 677
Other.....	—	—	205
TOTAL REVENUES.....	1	2	882
EXPENDITURES:			
CAPITAL OUTLAY.....	3,667	2,612	344,648
TOTAL EXPENDITURES.....	3,667	2,612	344,648
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,666)	(2,610)	(343,766)
OTHER FINANCING SOURCES (USES):			
Bonds and Certificates of Participation Issued.....	—	—	55,700
Premiums/Discounts.....	—	—	2,162
Transfers-in.....	—	—	17,876
TOTAL OTHER FINANCING SOURCES (USES).....	—	—	75,738
NET CHANGE IN FUND BALANCES.....	(3,666)	(2,610)	(268,028)
FUND BALANCES, July 1	9,736	15,190	490,806
FUND BALANCES, JUNE 30.....	\$ 6,070	\$ 12,580	\$ 222,778

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STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
			VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Investment Income.....		\$ 228	
Other.....		—	
TOTAL REVENUES.....		228	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 425,659	316,250	\$ 109,409
TOTAL BUDGETARY EXPENDITURES.....	\$ 425,659	316,250	\$ 109,409
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(316,022)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(316,022)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(51,820)	
Outstanding Encumbrances at Beginning of Fiscal Year...		255,041	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (112,801)	

**MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES FACILITIES IMPROVEMENTS**

PARKS AND RECREATION IMPROVEMENTS

MENTAL HEALTH/DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS			PARKS AND RECREATION IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ 37			\$ 58	
	120			76	
	<u>157</u>			<u>134</u>	
<u>\$ 154,012</u>	<u>43,531</u>	<u>\$ 110,481</u>	<u>\$ 58,176</u>	<u>19,308</u>	<u>\$ 38,868</u>
<u>\$ 154,012</u>	<u>43,531</u>	<u>\$ 110,481</u>	<u>\$ 58,176</u>	<u>19,308</u>	<u>\$ 38,868</u>
	<u>(43,374)</u>			<u>(19,174)</u>	
	—			—	
	—			—	
	—			—	
	<u>(43,374)</u>			<u>(19,174)</u>	
	(15,458)			21,285	
	<u>37,579</u>			<u>10,767</u>	
	<u>\$ (21,253)</u>			<u>\$ 12,878</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 39	
Other.....		—	
TOTAL REVENUES.....		39	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 65,662	31,116	\$ 34,546
TOTAL BUDGETARY EXPENDITURES.....	\$ 65,662	31,116	\$ 34,546
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(31,077)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		33,246	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		33,246	
NET CHANGE IN FUND BALANCES.....		2,169	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			
Outstanding Encumbrances at Beginning of Fiscal Year...		4,805	
		15,324	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....			
		\$ 22,298	

<u>YOUTH SERVICES BUILDING IMPROVEMENTS</u>			<u>ADULT CORRECTIONAL BUILDING IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 24			\$ 51	
	3			—	
	<u>27</u>			<u>51</u>	
\$ 25,066	18,832	\$ 6,234	\$ 133,977	33,065	\$ 100,912
<u>\$ 25,066</u>	<u>18,832</u>	<u>\$ 6,234</u>	<u>\$ 133,977</u>	<u>33,065</u>	<u>\$ 100,912</u>
	<u>(18,805)</u>			<u>(33,014)</u>	
	—			—	
	—			17,876	
	—			<u>17,876</u>	
	<u>(18,805)</u>			<u>(15,138)</u>	
	2,589			8,692	
	<u>12,644</u>			<u>19,938</u>	
	<u>\$ (3,572)</u>			<u>\$ 13,492</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	HIGHWAY SAFETY BUILDING IMPROVEMENTS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 3	
Other.....		—	
TOTAL REVENUES.....		3	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 2,081	180	\$ 1,901
TOTAL BUDGETARY EXPENDITURES.....	\$ 2,081	180	\$ 1,901
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(177)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		—	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		(177)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		1,898	
Outstanding Encumbrances at Beginning of Fiscal Year...		180	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 1,901	

<u>OHIO PARKS AND NATURAL RESOURCES</u>			<u>HIGHWAY CAPITAL IMPROVEMENTS</u>		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
	\$ 23			\$ 209	
	6			—	
	<u>29</u>			<u>209</u>	
\$ 44,814	15,420	\$ 29,394	\$ 670,015	261,032	\$ 408,983
<u>\$ 44,814</u>	<u>15,420</u>	<u>\$ 29,394</u>	<u>\$ 670,015</u>	<u>261,032</u>	<u>\$ 408,983</u>
	<u>(15,391)</u>			<u>(260,823)</u>	
	24,616			—	
	—			—	
	<u>24,616</u>			<u>—</u>	
	9,225			(260,823)	
	4,351			(1,691)	
	<u>9,419</u>			<u>155,930</u>	
	<u>\$ 22,995</u>			<u>\$ (106,584)</u>	

(continued)

STATE OF OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	<u>TOTAL</u>		
	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE)</u>
REVENUES:			
Investment Income.....		\$ 672	
Other.....		205	
TOTAL REVENUES.....		877	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 1,579,462	738,734	\$ 840,728
TOTAL BUDGETARY EXPENDITURES.....	\$ 1,579,462	738,734	\$ 840,728
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(737,857)	
OTHER FINANCING SOURCES (USES):			
Bonds and Notes Issued.....		57,862	
Transfers-in.....		17,876	
TOTAL OTHER FINANCING SOURCES (USES).....		75,738	
NET CHANGE IN FUND BALANCES.....		(662,119)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(25,349)	
Outstanding Encumbrances at Beginning of Fiscal Year...		516,822	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ (170,646)	

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

The **Ohio Building Authority Fund** accounts for the Authority's local government office building lease operations and for the maintenance of all government office buildings owned or leased by the Authority.

The **Tuition Trust Authority Fund** accounts for the operations of the Ohio Tuition Trust Authority, including the sale of tuition credits under its guaranteed return option program.

The **Liquor Control Fund** accounts for the State's liquor sales operations of the Ohio Department of Commerce's Division of Liquor Control.

The **Underground Parking Garage Fund** accounts for the operations of the State's underground parking facilities at Capitol Square in Columbus.

The **Office of Auditor of State Fund** accounts for the operations of the Ohio Auditor of State's Office, which provides government audit and management advisory services to Ohio's public offices.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2012
(dollars in thousands)

	TUITION TRUST AUTHORITY	LIQUOR CONTROL	UNDERGROUND PARKING GARAGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 1,152	\$ 110,829	\$ 805
Cash and Cash Equivalents.....	2,722	—	—
Collateral on Lent Securities.....	170	15,619	113
Restricted Assets:			
Investments.....	84,000	—	—
Intergovernmental Receivable.....	—	—	—
Interfund Receivable.....	—	—	—
Other Receivables.....	1,702	12,540	—
Inventories.....	—	42,921	—
Other Assets.....	22	122	14
TOTAL CURRENT ASSETS.....	89,768	182,031	932
NONCURRENT ASSETS:			
Restricted Assets:			
Investments.....	358,873	—	—
Investments.....	96,486	—	—
Interfund Receivable.....	—	—	—
Capital Assets Being Depreciated, Net.....	137	1,047	4,279
TOTAL NONCURRENT ASSETS.....	455,496	1,047	4,279
TOTAL ASSETS.....	545,264	183,078	5,211
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	1,656	44,470	—
Accrued Liabilities.....	332	426	58
Obligations Under Securities Lending.....	170	15,619	113
Interfund Payable.....	—	3,445	—
Unearned Revenue.....	—	—	—
Benefits Payable.....	84,000	—	—
Refund and Other Liabilities.....	415	3,775	34
TOTAL CURRENT LIABILITIES.....	86,573	67,735	205
NONCURRENT LIABILITIES:			
Interfund Payable.....	—	970	577
Benefits Payable.....	469,000	—	—
Refund and Other Liabilities.....	—	1,762	170
TOTAL NONCURRENT LIABILITIES.....	469,000	2,732	747
TOTAL LIABILITIES.....	555,573	70,467	952
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	137	1,047	4,279
Unrestricted.....	(10,446)	111,564	(20)
TOTAL NET ASSETS (DEFICITS).....	\$ (10,309)	\$ 112,611	\$ 4,259

<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ 16,847	\$ 129,633
—	2,722
—	15,902
—	84,000
10,308	10,308
1,498	1,498
315	14,557
—	42,921
455	613
29,423	302,154
—	358,873
—	96,486
8,576	8,576
1,962	7,425
10,538	471,360
39,961	773,514
1,024	47,150
2,373	3,189
—	15,902
134	3,579
745	745
—	84,000
1,459	5,683
5,735	160,248
8,576	10,123
—	469,000
6,992	8,924
15,568	488,047
21,303	648,295
1,962	7,425
16,696	117,794
\$ 18,658	\$ 125,219

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ 14,891	\$ 11,325	\$ 790,196
Investment Income.....	—	6,896	—
Other.....	594	39,599	1,258
TOTAL OPERATING REVENUES.....	15,485	57,820	791,454
OPERATING EXPENSES:			
Costs of Sales and Services.....	10,207	—	476,000
Administration.....	2,614	13,338	66,882
Benefits and Claims.....	—	66,760	—
Depreciation.....	—	59	354
Other.....	189	—	493
TOTAL OPERATING EXPENSES.....	13,010	80,157	543,729
OPERATING INCOME (LOSS).....	2,475	(22,337)	247,725
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	2	—	—
Other.....	—	—	—
TOTAL NONOPERATING REVENUES (EXPENSES).....	2	—	—
INCOME (LOSS) BEFORE TRANSFERS.....	2,477	(22,337)	247,725
TRANSFERS:			
Transfers-in.....	—	—	13
Transfers-out.....	(29,498)	—	(159,540)
TOTAL TRANSFERS.....	(29,498)	—	(159,527)
NET INCOME (LOSS).....	(27,021)	(22,337)	88,198
NET ASSETS, JULY 1	27,021	12,028	24,413
NET ASSETS (DEFICITS), JUNE 30.....	\$ —	\$ (10,309)	\$ 112,611

<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ 3,199	\$ 46,590	\$ 866,201
—	—	6,896
—	307	41,758
<u>3,199</u>	<u>46,897</u>	<u>914,855</u>
—	63,094	549,301
3,237	5,675	91,746
—	—	66,760
597	395	1,405
8	—	690
<u>3,842</u>	<u>69,164</u>	<u>709,902</u>
<u>(643)</u>	<u>(22,267)</u>	<u>204,953</u>
2	3	7
—	(14)	(14)
<u>2</u>	<u>(11)</u>	<u>(7)</u>
<u>(641)</u>	<u>(22,278)</u>	<u>204,946</u>
—	26,417	26,430
(48)	—	(189,086)
<u>(48)</u>	<u>26,417</u>	<u>(162,656)</u>
<u>(689)</u>	<u>4,139</u>	<u>42,290</u>
4,948	14,519	82,929
<u>\$ 4,259</u>	<u>\$ 18,658</u>	<u>\$ 125,219</u>

STATE OF OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	OHIO BUILDING AUTHORITY	TUITION TRUST AUTHORITY	LIQUOR CONTROL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ 13,884	\$ —	\$ 780,629
Cash Received from Interfund Services Provided.....	567	—	20
Other Operating Cash Receipts.....	554	10,595	1,238
Cash Payments to Suppliers for Goods and Services.....	(14,952)	(1,572)	(510,928)
Cash Payments to Employees for Services.....	(689)	(10,941)	(15,312)
Cash Payments for Interfund Services Used.....	—	(314)	(3,421)
Other Operating Cash Payments.....	—	(66,760)	(15)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(636)	(68,992)	252,211
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	—	13
Transfers-out	(335)	—	(159,540)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(335)	—	(159,527)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	—	(6)	(481)
Proceeds from Sales of Capital Assets	—	—	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	—	(6)	(481)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(15,873)	(368,794)	—
Proceeds from the Sales and Maturities of Investments	16,287	425,467	—
Investment Income Received	2	13,134	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	416	69,807	—
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	(555)	809	92,203
CASH AND CASH EQUIVALENTS, JULY 1	555	3,065	18,626
CASH AND CASH EQUIVALENTS, JUNE 30	\$ —	\$ 3,874	\$ 110,829

<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ 2,360	\$ 35,774	\$ 832,647
839	10,288	11,714
—	308	12,695
(1,288)	(2,040)	(530,780)
(1,796)	(63,828)	(92,566)
(169)	(3,310)	(7,214)
(5)	(527)	(67,307)
(59)	(23,335)	159,189
—	27,014	27,027
(48)	—	(159,923)
(48)	27,014	(132,896)
(388)	(195)	(1,070)
—	4	4
(388)	(191)	(1,066)
—	—	(384,667)
—	—	441,754
2	3	13,141
2	3	70,228
(493)	3,491	95,455
1,298	13,356	36,900
\$ 805	\$ 16,847	\$ 132,355

(continued)

STATE OF OHIO
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)
 (continued)

	<u>OHIO BUILDING AUTHORITY</u>	<u>TUITION TRUST AUTHORITY</u>	<u>LIQUOR CONTROL</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 2,475	\$ (22,337)	\$ 247,725
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	(6,896)	—
Depreciation	—	59	354
Amortization of Premiums and Discounts.....	(3)	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	2	—	—
Interfund Receivable.....	—	—	—
Other Receivables	303	(730)	(10,103)
Inventories	—	—	(4,388)
Other Assets	189	4	2
Increase (Decrease) in Liabilities:			
Accounts Payable	(3,364)	1,388	19,306
Accrued Liabilities.....	—	(741)	(481)
Interfund Payable.....	—	—	(20)
Unearned Revenue.....	—	—	—
Benefits Payable.....	—	(39,599)	—
Refund and Other Liabilities.....	(238)	(140)	(184)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ (636)	\$ (68,992)	\$ 252,211

<u>UNDERGROUND PARKING GARAGE</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
\$ (643)	\$ (22,267)	\$ 204,953
—	—	(6,896)
597	395	1,405
—	—	(3)
—	(666)	(664)
—	602	602
6	(190)	(10,714)
—	—	(4,388)
(1)	(22)	172
(65)	139	17,404
(49)	(667)	(1,938)
54	(505)	(471)
—	(147)	(147)
—	—	(39,599)
42	(7)	(527)
<u>\$ (59)</u>	<u>\$ (23,335)</u>	<u>\$ 159,189</u>

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AGENCY FUNDS

Agency Funds account for resources the State holds in a purely custodial capacity (assets equal liabilities) for individuals, private organizations, or other governments.

The **Holding and Distribution Fund** accounts for assets held until such time that a determination has been made to refund amounts to the individuals, private organizations, or other governments.

The **Centralized Child Support Collections Fund** accounts for assets temporarily held for custodial parents.

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

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

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

STATE OF OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012
(dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
ASSETS:			
Cash Equity with Treasurer.....	\$ 26,480	\$ —	\$ —
Cash and Cash Equivalents.....	765	54,446	—
Investments (at fair value):			
U.S. Government and Agency Obligations.....	—	—	15,204,046
Common and Preferred Stock.....	—	—	46,008,054
Corporate Bonds and Notes.....	—	—	12,537,449
Foreign Stocks and Bonds.....	—	—	38,173,652
Commercial Paper.....	—	—	4,919,104
Repurchase Agreements.....	—	—	309,687
Mutual Funds.....	—	—	8,482,102
Real Estate.....	—	—	15,166,436
Venture Capital.....	—	—	12,429,471
Direct Mortgage Loans.....	—	—	5,667,515
Partnership and Hedge Funds.....	—	—	3,737,695
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	6,398	—
Collateral on Lent Securities.....	3,732	—	—
Other Receivables.....	1,288	—	—
Other Assets.....	—	—	—
TOTAL ASSETS.....	\$ 32,265	\$ 60,844	\$ 162,635,211
LIABILITIES:			
Obligations Under Securities Lending.....	\$ 3,732	\$ —	\$ —
Intergovernmental Payable.....	16,839	—	—
Refund and Other Liabilities.....	11,694	60,844	162,635,211
TOTAL LIABILITIES.....	\$ 32,265	\$ 60,844	\$ 162,635,211

PAYROLL WITHHOLDING AND FRINGE BENEFITS	OTHER	TOTAL
\$ 172,619	\$ 137,210	\$ 336,309
2,626	38,201	96,038
—	—	15,204,046
—	—	46,008,054
—	—	12,537,449
—	—	38,173,652
—	—	4,919,104
—	—	309,687
—	35,507	8,517,609
—	—	15,166,436
—	—	12,429,471
—	—	5,667,515
—	—	3,737,695
—	57,821	64,219
23,930	19,337	46,999
—	—	1,288
—	437,151	437,151
\$ 199,175	\$ 725,227	\$ 163,652,722

\$ 23,930	\$ 19,337	\$ 46,999
111	136,318	153,268
175,134	569,572	163,452,455
\$ 199,175	\$ 725,227	\$ 163,652,722

STATE OF OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

	BALANCE July 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2012
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	\$ 33,985	\$ 606,930	\$ 614,435	\$ 26,480
Cash and Cash Equivalents	694	13,908	13,837	765
Collateral on Lent Securities	7,264	3,732	7,264	3,732
Other Receivables	1,336	1,288	1,336	1,288
Total Assets	<u>\$ 43,279</u>	<u>\$ 625,858</u>	<u>\$ 636,872</u>	<u>\$ 32,265</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 7,264	\$ 3,732	\$ 7,264	\$ 3,732
Intergovernmental Payable	17,104	51,231	51,496	16,839
Refund and Other Liabilities	18,911	570,895	578,112	11,694
Total Liabilities	<u>\$ 43,279</u>	<u>\$ 625,858</u>	<u>\$ 636,872</u>	<u>\$ 32,265</u>
CENTRALIZED CHILD SUPPORT COLLECTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 54,523	\$ 1,949,559	\$ 1,949,636	\$ 54,446
Investments.....	6,447	3	52	6,398
Total Assets	<u>\$ 60,970</u>	<u>\$ 1,949,562</u>	<u>\$ 1,949,688</u>	<u>\$ 60,844</u>
LIABILITIES				
Refund and Other Liabilities	\$ 60,970	\$ 1,949,562	\$ 1,949,688	\$ 60,844
Total Liabilities	<u>\$ 60,970</u>	<u>\$ 1,949,562</u>	<u>\$ 1,949,688</u>	<u>\$ 60,844</u>
RETIREMENT SYSTEMS				
ASSETS				
Investments.....	<u>\$ 167,700,462</u>	<u>\$ 377,207,123</u>	<u>\$ 382,272,374</u>	<u>\$ 162,635,211</u>
Total Assets	<u>\$ 167,700,462</u>	<u>\$ 377,207,123</u>	<u>\$ 382,272,374</u>	<u>\$ 162,635,211</u>
LIABILITIES				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System.....	\$ 76,223,984	\$ 316,660,993	\$ 318,943,183	\$ 73,941,794
Police and Fire Pension Fund.....	12,721,274	17,523,024	17,403,874	12,840,424
School Employees Retirement System.....	10,762,618	10,925,624	11,187,082	10,501,160
State Teachers Retirement System.....	67,992,586	32,097,482	34,738,235	65,351,833
Total Liabilities	<u>\$ 167,700,462</u>	<u>\$ 377,207,123</u>	<u>\$ 382,272,374</u>	<u>\$ 162,635,211</u>

	BALANCE July 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2012
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	\$ 118,444	\$ 1,448,811	\$ 1,394,636	\$ 172,619
Cash and Cash Equivalents	9,996	416,039	423,409	2,626
Collateral on Lent Securities	21,458	23,930	21,458	23,930
Total Assets	<u>\$ 149,898</u>	<u>\$ 1,888,780</u>	<u>\$ 1,839,503</u>	<u>\$ 199,175</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 21,458	\$ 23,930	\$ 21,458	\$ 23,930
Intergovernmental Payable	27,519	3,333	30,741	111
Refund and Other Liabilities	100,921	1,475,651	1,401,438	175,134
Total Liabilities	<u>\$ 149,898</u>	<u>\$ 1,502,914</u>	<u>\$ 1,453,637</u>	<u>\$ 199,175</u>
OTHER				
ASSETS				
Cash Equity with Treasurer	\$ 130,607	\$ 2,394,618	\$ 2,388,015	\$ 137,210
Cash and Cash Equivalents	43,212	59,510,985	59,515,996	38,201
Investments.....	93,526	225,409	225,607	93,328
Collateral on Lent Securities	27,904	19,337	27,904	19,337
Other Receivables	—	1	1	—
Other Assets.....	434,393	83,314	80,556	437,151
Total Assets	<u>\$ 729,642</u>	<u>\$ 62,233,664</u>	<u>\$ 62,238,079</u>	<u>\$ 725,227</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 27,904	\$ 19,337	\$ 27,904	\$ 19,337
Intergovernmental Payable	129,816	2,380,996	2,374,494	136,318
Refund and Other Liabilities	571,922	59,833,331	59,835,681	569,572
Total Liabilities	<u>\$ 729,642</u>	<u>\$ 62,233,664</u>	<u>\$ 62,238,079</u>	<u>\$ 725,227</u>
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	\$ 283,036	\$ 4,450,359	\$ 4,397,086	\$ 336,309
Cash and Cash Equivalents	108,425	61,890,491	61,902,878	96,038
Investments.....	167,800,435	377,432,535	382,498,033	162,734,937
Collateral on Lent Securities	56,626	46,999	56,626	46,999
Other Receivables	1,336	1,289	1,337	1,288
Other Assets.....	434,393	83,314	80,556	437,151
Total Assets	<u>\$ 168,684,251</u>	<u>\$ 443,904,987</u>	<u>\$ 448,936,516</u>	<u>\$ 163,652,722</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 56,626	\$ 46,999	\$ 56,626	\$ 46,999
Intergovernmental Payable	174,439	2,435,560	2,456,731	153,268
Refund and Other Liabilities	168,453,186	441,036,562	446,037,293	163,452,455
Total Liabilities	<u>\$ 168,684,251</u>	<u>\$ 443,519,121</u>	<u>\$ 448,550,650</u>	<u>\$ 163,652,722</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNIT FUNDS

Nonmajor Discretely Presented Component Unit Funds account for the financial activities of the State of Ohio's component units, organizations that are legally separate from the State's primary government and for which the primary government is financially accountable.

The **Cultural Facilities Commission Fund** accounts for the Cultural Facilities Commission's operations, including construction of arts and sports facilities for state and local entities.

The **eTech Ohio Commission Fund** accounts for the eTech Ohio Commission's operations, including programs designed to assist Ohio's public schools in acquiring and maximizing the use of educational technology.

The **Ohio Air Quality Development Authority Fund** accounts for the Ohio Air Quality Development Authority's operations, including programs that assist Ohio's businesses, government agencies, and not-for-profit organizations with financing projects that increase energy efficiency and reduce air pollution. The Authority's financial statements are presented for the fiscal year ended December 31, 2011.

The **Ohio Capital Fund** accounts for the operations of the State's venture capital program.

The **Ohio University Fund** accounts for the operations of Ohio University and the Ohio University Foundation. The university is located in Athens, Ohio.

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

The **University of Akron Fund** accounts for the operations of the University of Akron, the University of Akron Foundation, and the University of Akron Research Foundation.

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

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

The **University of Toledo Fund** accounts for the operations of the University of Toledo, the University of Toledo Foundation, and the University of Toledo Physicians, Clinical Faculty, Inc.

The **Cleveland State University Fund** accounts for the operations of Cleveland State University, the Cleveland State University Foundation, and the Euclid Avenue Housing Corporation.

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

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

The **Shawnee State University Fund** accounts for the operations of Shawnee State University and the Shawnee State University Development Foundation. The university is located in Portsmouth, Ohio.

The **Central State University Fund** accounts for the operations of Central State University and the Central State University Foundation. The university is located in Wilberforce, Ohio with a branch campus in Dayton, Ohio.

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

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

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

The **Edison State Community College Fund** accounts for the operations of Edison State Community College and the Edison Foundation, Inc. The college is located in Piqua, Ohio.

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

The **Washington State Community College Fund** accounts for the operations of Washington State Community College and the Washington State Foundation. The college is 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 and the Northwest State Community College Foundation. The college is located in Archbold, Ohio.

The **Owens State Community College Fund** accounts for the operations of Owens State Community College and the Owens State Community College Foundation. The college is located in Toledo, Ohio with a branch campus in Findlay, Ohio.

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2012
(dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/11)
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 18,203	\$ 3,317	\$ 28,356
Cash and Cash Equivalents.....	—	—	19,152
Investments.....	—	—	—
Collateral on Lent Securities.....	2,565	467	—
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	—	4,610
Receivable from Primary Government.....	—	—	—
Other Receivables.....	—	—	50
Inventories.....	—	—	—
Other Assets.....	4	4	8
TOTAL CURRENT ASSETS.....	20,772	3,788	52,176
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	898
Investments.....	—	—	—
Investments.....	—	—	—
Loans Receivable, Net.....	—	—	9,222
Other Receivables.....	—	—	—
Other Assets.....	—	—	—
Capital Assets Being Depreciated, Net.....	37,847	2,773	12
Capital Assets Not Being Depreciated.....	11,858	—	—
TOTAL NONCURRENT ASSETS.....	49,705	2,773	10,132
TOTAL ASSETS.....	70,477	6,561	62,308
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	70,477	6,561	62,308
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	2,684	71	54
Accrued Liabilities.....	22	28	7
Obligations Under Securities Lending.....	2,565	467	—
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	10	31	—
Bonds and Notes Payable.....	—	—	—
TOTAL CURRENT LIABILITIES.....	5,281	597	61
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	70	54	—
Payable to Primary Government.....	—	—	572
Bonds and Notes Payable.....	—	—	—
TOTAL NONCURRENT LIABILITIES.....	70	54	572
TOTAL LIABILITIES.....	5,351	651	633
Deferred Inflows of Resources.....	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	5,351	651	633
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	49,705	2,773	12
Restricted for:			
Primary, Secondary and Other Education.....	—	312	—
Community and Economic Development.....	15,131	—	49,872
Nonexpendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	—	—
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	—	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	—	—	—
Endowments and Quasi-Endowments.....	—	—	—
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted.....	290	2,825	11,791
TOTAL NET ASSETS (DEFICITS).....	\$ 65,126	\$ 5,910	\$ 61,675

OHIO CAPITAL FUND	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY	KENT STATE UNIVERSITY
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
4,431	84,343	282,004	20,920	19,113	102,463
—	431,958	226,646	191,097	178,313	270,186
—	—	—	—	—	—
—	8,318	3,542	—	—	3,958
—	1,980	4,749	1,773	1,223	—
—	3,428	2,878	—	352	1,598
69	69,986	29,403	37,311	17,321	35,910
—	2,633	4,230	986	3,704	2,070
—	16,129	3,337	3,833	2,382	4,425
4,500	618,775	556,789	255,920	222,408	420,610
—	44,144	1,424	—	—	199,342
—	—	379,111	—	49,023	—
112,251	182,493	—	188,746	110,260	182,817
—	10,970	4,623	8,900	7,889	22,834
—	8,902	36,669	9,794	5,275	1,189
3,099	20,707	—	5,219	4,917	3,739
—	614,878	635,994	622,973	418,006	560,886
—	61,730	102,674	112,054	64,724	51,484
115,350	943,824	1,160,495	947,686	660,094	1,022,291
119,850	1,562,599	1,717,284	1,203,606	882,502	1,442,901
—	—	—	—	—	1,881
119,850	1,562,599	1,717,284	1,203,606	882,502	1,444,782
—	16,761	25,243	7,708	13,768	27,476
3,938	26,013	17,595	34,800	10,024	26,046
—	—	—	—	—	—
—	32,490	9,811	26,046	9,682	19,766
—	12,870	14,019	8,905	7,303	17,570
—	12,413	19,403	10,706	12,208	13,880
3,938	100,547	86,071	88,165	52,985	104,738
—	—	—	—	8,318	—
—	—	—	—	—	304
—	33,643	32,654	84,636	22,719	63,711
—	—	—	—	—	—
157,278	214,647	421,006	375,406	194,700	467,666
157,278	248,290	453,660	460,042	225,737	531,681
161,216	348,837	539,731	548,207	278,722	636,419
—	—	—	—	—	—
161,216	348,837	539,731	548,207	278,722	636,419
—	483,738	482,597	332,065	300,564	299,353
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	44,528	—
—	—	—	—	1,131	—
—	182,493	244,955	121,326	8,990	37,558
—	—	—	—	22,669	—
—	6,252	32,099	757	15,464	—
—	2,095	1,727	—	945	—
—	28,326	13,728	—	22,083	—
—	3,985	2,481	—	—	—
—	4,725	30,638	—	—	82,497
—	—	—	28	2,000	—
—	10,375	6,817	2,182	24,588	32,451
—	205,920	—	64,683	2,479	—
—	17,900	11,041	31,048	—	—
—	9,811	81,384	—	—	—
(41,366)	258,142	270,086	103,310	158,339	356,504
\$ (41,366)	\$ 1,213,762	\$ 1,177,553	\$ 655,399	\$ 603,780	\$ 808,363

(continued)

STATE OF OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2012
(dollars in thousands)
(continued)

	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	64,743	27,849	20,094
Investments.....	—	17,109	161,403
Collateral on Lent Securities.....	—	—	—
Intergovernmental Receivable.....	32,403	—	1,239
Loans Receivable, Net.....	2,125	1,094	385
Receivable from Primary Government.....	6,454	134	985
Other Receivables.....	89,214	32,205	10,843
Inventories.....	7,475	136	1,808
Other Assets.....	4,661	1,707	1,610
TOTAL CURRENT ASSETS.....	207,075	80,234	198,367
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	13,293
Investments.....	281,424	3,701	53,243
Investments.....	174,202	130,126	19,249
Loans Receivable, Net.....	15,398	10,438	1,839
Other Receivables.....	19,253	30,271	5,160
Other Assets.....	20,347	5,259	799
Capital Assets Being Depreciated, Net.....	582,875	477,735	174,128
Capital Assets Not Being Depreciated.....	78,993	67,280	24,897
TOTAL NONCURRENT ASSETS.....	1,172,492	724,810	292,608
TOTAL ASSETS.....	1,379,567	805,044	490,975
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	1,379,567	805,044	490,975
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	36,771	10,868	4,218
Accrued Liabilities.....	36,995	4,064	5,857
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	884	—	55
Unearned Revenue.....	44,553	9,715	4,802
Refund and Other Liabilities.....	28,090	17,885	4,595
Bonds and Notes Payable.....	6,271	10,581	2,712
TOTAL CURRENT LIABILITIES.....	153,564	53,113	22,239
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	1,314	—
Refund and Other Liabilities.....	22,716	85,459	10,787
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	337,969	240,458	73,666
TOTAL NONCURRENT LIABILITIES.....	360,685	327,231	84,453
TOTAL LIABILITIES.....	514,249	380,344	106,692
Deferred Inflows of Resources.....	23,424	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	537,673	380,344	106,692
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	336,272	251,117	135,463
Restricted for:			
Primary, Secondary and Other Education.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	50,269	1,201	—
Research.....	3,502	—	—
Endowments and Quasi-Endowments.....	—	43,004	53,180
Loans, Grants and Other College and University Purposes.....	38,936	—	214
Expendable:			
Scholarships and Fellowships.....	68,114	8,494	7,429
Research.....	9,796	271	333
Instructional Department Uses.....	—	6,037	668
Student and Public Services.....	—	4,944	1,025
Academic Support.....	50,603	1,258	983
Debt Service.....	11,862	—	86
Capital Purposes.....	19,929	34	13,274
Endowments and Quasi-Endowments.....	—	191	2,542
Current Operations.....	—	—	1,886
Loans, Grants and Other College and University Purposes.....	68,464	22,510	63
Unrestricted.....	184,147	85,639	167,137
TOTAL NET ASSETS (DEFICITS).....	\$ 841,894	\$ 424,700	\$ 384,283

WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
20,025	2,790	12,723	2,804	12,018	13,463
15,905	248	3,086	1,780	128,373	12,712
—	—	—	—	—	—
6,242	—	—	336	—	1,070
4,646	92	—	71	—	137
2,681	14	—	716	243	388
14,637	7,498	13,004	1,980	26,002	2,457
439	44	570	551	1,987	413
18,637	152	25	157	446	457
83,212	10,838	29,408	8,395	169,069	31,097
1,240	2,043	4,345	—	—	—
44,039	12,769	—	—	3,725	—
230,688	17,271	—	4,806	—	—
12,125	—	—	—	—	—
4,027	299	—	259	—	2,023
802	1,392	—	48	204	187
302,522	68,315	86,575	24,454	129,569	42,134
6,967	19,990	4,680	535	33,775	3,445
602,410	122,079	95,600	30,102	167,273	47,789
685,622	132,917	125,008	38,497	336,342	78,886
—	—	—	—	—	—
685,622	132,917	125,008	38,497	336,342	78,886
13,218	1,020	1,045	271	4,229	658
16,078	1,486	4,662	469	3,313	948
—	—	—	—	—	—
38,948	1,541	10,665	450	27,320	1,460
12,573	1,184	1,324	622	5,623	492
5,250	560	571	—	1,310	590
86,067	5,791	18,267	1,812	41,795	4,221
—	—	—	—	—	—
11,097	1,697	—	—	—	—
—	2,279	1,251	179	1,125	710
78,892	15,410	18,951	—	—	—
89,989	19,386	20,202	179	11,115	15,675
176,056	25,177	38,469	1,991	12,240	16,385
—	—	—	—	—	—
176,056	25,177	38,469	1,991	54,035	20,606
270,770	72,682	75,197	24,989	150,918	29,406
—	—	—	—	—	—
14,564	—	1,065	—	3,647	—
6,431	—	—	—	—	—
15,226	7,758	945	2,073	—	8,935
19,193	—	450	1,194	1,714	2,059
3,320	37	(206)	—	—	—
21,753	—	—	76	—	10
710	—	152	27	—	1,742
12,791	—	442	93	—	—
781	—	381	—	—	187
—	—	—	178	19,854	4,623
—	—	—	—	—	—
26,716	9,527	755	—	—	—
117,311	17,736	7,358	7,876	106,174	11,318
\$ 509,566	\$ 107,740	\$ 86,539	\$ 36,506	\$ 282,307	\$ 58,280

(continued)

STATE OF OHIO

COMBINING STATEMENT OF NET ASSETS
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2012
 (dollars in thousands)
 (continued)

	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	1,775	9,241	4,383
Investments.....	2,533	—	—
Collateral on Lent Securities.....	—	—	—
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	—	—
Receivable from Primary Government.....	—	—	—
Other Receivables.....	6,152	1,228	5,023
Inventories.....	10	317	165
Other Assets.....	163	173	22
TOTAL CURRENT ASSETS.....	10,633	10,959	9,593
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	10,282	—
Investments.....	1,306	2,873	—
Investments.....	1,518	—	576
Loans Receivable, Net.....	—	—	—
Other Receivables.....	97	—	—
Other Assets.....	—	—	—
Capital Assets Being Depreciated, Net.....	17,146	18,591	13,875
Capital Assets Not Being Depreciated.....	688	4,069	980
TOTAL NONCURRENT ASSETS.....	20,755	35,815	15,431
TOTAL ASSETS.....	31,388	46,774	25,024
Deferred Outflows of Resources.....	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	31,388	46,774	25,024
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	752	295	319
Accrued Liabilities.....	336	584	1,105
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	3,897	776	2,777
Refund and Other Liabilities.....	356	208	60
Bonds and Notes Payable.....	160	260	—
TOTAL CURRENT LIABILITIES.....	5,501	2,123	4,261
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	70
Refund and Other Liabilities.....	478	1,350	352
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	3,190	18,710	—
TOTAL NONCURRENT LIABILITIES.....	3,668	20,060	422
TOTAL LIABILITIES.....	9,169	22,183	4,683
Deferred Inflows of Resources.....	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	9,169	22,183	4,683
NET ASSETS (DEFICITS):			
Invested in Capital Assets, Net of Related Debt.....	14,569	14,020	14,855
Restricted for:			
Primary, Secondary and Other Education.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	—	306
Research.....	—	—	—
Endowments and Quasi-Endowments.....	132	1,818	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	—	53	257
Research.....	—	—	—
Instructional Department Uses.....	—	—	—
Student and Public Services.....	—	2,227	—
Academic Support.....	—	—	—
Debt Service.....	2,028	—	—
Capital Purposes.....	—	—	867
Endowments and Quasi-Endowments.....	673	—	—
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	1,044	—	—
Unrestricted.....	3,773	6,473	4,056
TOTAL NET ASSETS (DEFICITS).....	\$ 22,219	\$ 24,591	\$ 20,341

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ 49,876
4,344	1,919	6,269	736,866
6,766	2,434	10,390	1,660,939
—	—	—	3,032
1,772	150	450	59,480
—	—	6	22,891
—	366	47	20,284
8,847	2,627	22,778	434,545
145	621	1,174	29,478
1,906	23	4,755	65,018
23,782	8,140	45,869	3,082,409
—	67	—	277,078
—	—	—	831,214
14,751	6,027	—	1,375,781
—	—	37	104,275
—	38	—	123,256
436	—	—	67,155
80,383	15,583	82,347	5,009,601
5,205	1,876	10,922	668,826
100,775	23,591	93,306	8,457,186
124,557	31,731	139,175	11,539,595
—	—	—	1,881
124,557	31,731	139,175	11,541,476
2,125	1,326	3,039	173,919
3,120	287	5,079	202,856
—	—	—	3,032
—	—	—	1,012
4,063	629	20,532	269,923
3,778	546	2,395	140,439
1,890	—	1,308	100,073
14,976	2,788	32,353	891,254
—	—	—	8,318
—	—	—	3,385
—	267	2,529	378,066
—	—	—	572
43,818	—	4,965	2,693,522
43,818	267	7,494	3,083,863
58,794	3,055	39,847	3,975,117
—	—	—	23,424
58,794	3,055	39,847	3,998,541
39,609	17,458	86,995	3,485,127
—	—	—	312
—	—	—	65,003
—	933	1,173	117,686
—	—	—	11,064
—	—	—	704,464
—	—	298	86,046
30	3,531	563	167,653
—	—	—	18,318
—	18	—	92,699
—	—	213	17,506
—	—	—	184,030
3,941	—	—	21,294
—	395	—	135,567
—	—	—	276,488
—	—	—	61,875
—	130	203	220,607
22,183	6,211	9,883	1,877,196
\$ 65,763	\$ 28,676	\$ 99,328	\$ 7,542,935

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	CULTURAL FACILITIES COMMISSION	eTECH OHIO COMMISSION	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (for the year ended 12/31/11)
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ 15,284	\$ —
Community and Economic Development.....	13,083	—	9,663
Education and General:			
Instruction and Departmental Research.....	—	—	—
Separately Budgeted Research.....	—	—	—
Public Service.....	—	—	—
Academic Support.....	—	—	—
Student Services.....	—	—	—
Institutional Support.....	—	—	—
Operation and Maintenance of Plant.....	—	—	—
Scholarships and Fellowships.....	—	—	—
Auxiliary Enterprises.....	—	—	—
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	—	—	—
Depreciation.....	1,346	402	5
Other.....	—	—	—
TOTAL EXPENSES.....	14,429	15,686	9,668
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	53	1,782	361
Operating Grants, Contributions and Restricted Investment Income.....	55	94	547
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
TOTAL PROGRAM REVENUES.....	108	1,876	908
NET PROGRAM (EXPENSE) REVENUE	(14,321)	(13,810)	(8,760)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	—	100
State Assistance.....	—	11,974	—
Other.....	—	—	406
TOTAL GENERAL REVENUES.....	—	11,974	506
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	—
SPECIAL ITEMS.....	—	—	(2,960)
CHANGE IN NET ASSETS.....	(14,321)	(1,836)	(11,214)
NET ASSETS (DEFICITS), JULY 1 (as restated).....	79,447	7,746	72,889
NET ASSETS (DEFICITS), JUNE 30.....	\$ 65,126	\$ 5,910	\$ 61,675

<u>OHIO CAPITAL FUND</u>	<u>OHIO UNIVERSITY</u>	<u>MIAMI UNIVERSITY</u>	<u>UNIVERSITY OF AKRON</u>	<u>BOWLING GREEN STATE UNIVERSITY</u>	<u>KENT STATE UNIVERSITY</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1,897	—	—	—	—	—
—	237,747	167,278	164,777	122,181	203,436
—	43,361	16,653	35,478	7,049	19,872
—	27,560	1,283	15,323	5,355	16,084
—	64,237	52,829	35,118	24,421	54,743
—	30,300	21,779	14,492	16,356	28,310
—	45,590	45,741	53,987	26,571	69,403
—	52,732	32,576	25,533	17,420	44,683
—	14,291	21,195	31,352	17,171	49,965
—	68,545	105,943	66,965	73,791	84,809
—	—	—	—	—	—
9,668	6,130	17,368	19,567	6,225	11,154
—	36,372	37,940	39,291	29,669	36,531
—	7,933	3,944	1,216	19,232	—
11,565	634,798	524,529	503,099	365,441	618,990
—	282,916	415,633	302,929	235,632	393,392
—	59,939	64,087	46,150	43,537	40,213
—	11,469	7,453	954	1,937	135
—	354,324	487,173	350,033	281,106	433,740
(11,565)	(280,474)	(37,356)	(153,066)	(84,335)	(185,250)
13,914	32,956	(19,478)	—	3,790	(24,550)
—	142,836	76,677	104,840	83,291	126,450
—	186,422	—	50,591	14,629	83,672
13,914	362,214	57,199	155,431	101,710	185,572
—	9,414	13,050	7,275	—	(1,357)
—	—	—	—	—	—
2,349	91,154	32,893	9,640	17,375	(1,035)
(43,715)	1,122,608	1,144,660	645,759	586,405	809,398
\$ (41,366)	\$ 1,213,762	\$ 1,177,553	\$ 655,399	\$ 603,780	\$ 808,363

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY	YOUNGSTOWN STATE UNIVERSITY
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	190,008	92,788	69,553
Separately Budgeted Research.....	57,524	15,300	2,953
Public Service.....	5,381	6,551	6,104
Academic Support.....	37,347	23,036	13,441
Student Services.....	19,858	17,787	8,607
Institutional Support.....	51,689	34,544	28,284
Operation and Maintenance of Plant.....	28,901	27,975	14,617
Scholarships and Fellowships.....	28,939	18,312	20,328
Auxiliary Enterprises.....	62,273	29,314	27,715
Hospitals.....	290,262	—	—
Interest on Long-Term Debt.....	14,993	9,034	2,764
Depreciation.....	50,188	26,465	10,455
Other.....	30,437	—	1,472
TOTAL EXPENSES.....	867,800	301,106	206,293
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	626,906	196,181	123,744
Operating Grants, Contributions and Restricted Investment Income.....	61,207	26,917	34,019
Capital Grants, Contributions and Restricted Investment Income.....	7,841	—	1,582
TOTAL PROGRAM REVENUES.....	695,954	223,098	159,345
NET PROGRAM (EXPENSE) REVENUE	(171,846)	(78,008)	(46,948)
GENERAL REVENUES:			
Unrestricted Investment Income.....	(2,559)	1,049	8,599
State Assistance.....	125,625	70,261	39,680
Other.....	50,889	23,453	438
TOTAL GENERAL REVENUES.....	173,955	94,763	48,717
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	16	—	1,328
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	2,125	16,755	3,097
NET ASSETS (DEFICITS), JULY 1 (as restated).....	839,769	407,945	381,186
NET ASSETS (DEFICITS), JUNE 30.....	\$ 841,894	\$ 424,700	\$ 384,283

WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
133,126	21,129	11,803	8,412	85,662	10,550
30,468	—	1,721	—	—	—
15,745	2,163	3,226	1,087	7,274	3,014
82,110	2,820	7,446	807	7,749	1,073
18,863	4,105	3,620	1,779	14,062	3,142
32,918	11,339	9,160	4,485	37,367	4,976
22,536	5,178	5,606	1,476	18,238	3,363
21,549	7,870	4,669	277	37,536	2,662
25,542	6,330	11,907	2,390	14,667	3,572
—	—	—	—	—	—
2,620	765	1,071	—	599	623
19,706	3,561	4,243	1,022	6,819	1,874
2,738	90	—	—	79	—
407,921	65,350	64,472	21,735	230,052	34,849
174,361	27,406	24,853	5,882	151,196	9,994
93,630	4,601	11,438	1,369	6,131	14,483
7,618	—	—	—	32	931
275,609	32,007	36,291	7,251	157,359	25,408
(132,312)	(33,343)	(28,181)	(14,484)	(72,693)	(9,441)
(202)	157	107	45	677	252
93,972	18,879	18,394	6,685	60,570	10,182
27,813	14,062	11,111	7,880	—	1
121,583	33,098	29,612	14,610	61,247	10,435
—	—	(137)	—	—	198
—	—	—	—	—	—
(10,729)	(245)	1,294	126	(11,446)	1,192
520,295	107,985	85,245	36,380	293,753	57,088
\$ 509,566	\$ 107,740	\$ 86,539	\$ 36,506	\$ 282,307	\$ 58,280

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

(continued)

	EDISON STATE COMMUNITY COLLEGE	SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE
EXPENSES:			
Primary, Secondary and Other Education.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	7,114	9,019	6,538
Separately Budgeted Research.....	—	—	—
Public Service.....	746	845	—
Academic Support.....	1,063	2,863	1,727
Student Services.....	1,764	2,360	2,366
Institutional Support.....	4,475	3,029	4,097
Operation and Maintenance of Plant.....	1,441	1,668	1,347
Scholarships and Fellowships.....	228	7,675	2,970
Auxiliary Enterprises.....	10	3,872	1,825
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	169	346	—
Depreciation.....	989	944	741
Other.....	19	—	—
TOTAL EXPENSES.....	18,018	32,621	21,611
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	4,159	12,358	8,466
Operating Grants, Contributions and Restricted Investment Income.....	1,047	688	7,136
Capital Grants, Contributions and Restricted Investment Income.....	355	—	94
TOTAL PROGRAM REVENUES.....	5,561	13,046	15,696
NET PROGRAM (EXPENSE) REVENUE	(12,457)	(19,575)	(5,915)
GENERAL REVENUES:			
Unrestricted Investment Income.....	41	43	27
State Assistance.....	6,749	7,896	5,510
Other.....	6,215	9,710	207
TOTAL GENERAL REVENUES.....	13,005	17,649	5,744
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	16	—
SPECIAL ITEMS.....	—	—	—
CHANGE IN NET ASSETS.....	548	(1,910)	(171)
NET ASSETS (DEFICITS), JULY 1 (as restated).....	21,671	26,501	20,512
NET ASSETS (DEFICITS), JUNE 30.....	\$ 22,219	\$ 24,591	\$ 20,341

CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ 15,284
—	—	—	24,643
36,815	13,069	49,409	1,640,414
—	—	373	230,752
3,918	328	3,219	125,206
5,684	802	5,054	424,370
8,340	1,766	11,206	230,862
20,666	4,830	17,261	510,412
7,931	1,930	9,726	324,877
519	4,338	13,366	305,212
5,348	2,845	11,655	609,318
—	—	—	290,262
1,964	—	197	105,257
3,374	1,221	5,230	318,388
—	98	37	67,295
94,559	31,227	126,733	5,222,552
35,769	13,743	39,625	3,087,341
25,517	674	4,679	548,158
—	—	10	40,411
61,286	14,417	44,314	3,675,910
(33,273)	(16,810)	(82,419)	(1,546,642)
406	62	249	15,685
31,463	9,325	37,006	1,088,265
—	6,199	35,615	529,313
31,869	15,586	72,870	1,633,263
1,476	—	187	31,466
—	—	—	(2,960)
72	(1,224)	(9,362)	115,127
65,691	29,900	108,690	7,427,808
\$ 65,763	\$ 28,676	\$ 99,328	\$ 7,542,935

STATE OF OHIO
BALANCE SHEET
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2012
(dollars in thousands)

School Facilities
Commission

ASSETS:

Cash Equity with Treasurer.....	\$ 511,746
Collateral on Lent Securities.....	72,119
Loans Receivable, Net.....	3,482
Other Assets.....	41
TOTAL ASSETS.....	<u>\$ 587,388</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable.....	\$ 8,880
Accrued Liabilities.....	223
Obligations Under Securities Lending.....	72,119
Intergovernmental Payable.....	507,898
Payable to Primary Government.....	3,766,326
TOTAL LIABILITIES.....	<u>4,355,446</u>

FUND BALANCES (DEFICITS):

Nonspendable:

Prepays.....	41
Unassigned.....	(3,768,099)
TOTAL FUND BALANCES (DEFICITS).....	<u>(3,768,058)</u>

TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 587,388</u>
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STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SCHOOL FACILITIES COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 JUNE 30, 2012
 (dollars in thousands)

**SCHOOL
 FACILITIES
 COMMISSION**

Total Fund Balances (Deficits)..... **\$ (3,768,058)**

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

<i>Machinery and Equipment, net of \$356 accumulated depreciation.....</i>	19
<i>Construction-in-Progress.....</i>	23,171
	23,190

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

<i>Refund and Other Liabilities-Compensated Absences.....</i>	(924)
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Total Net Assets (Deficits)..... **\$ (3,745,792)**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SCHOOL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	<u>School Facilities Commission</u>
REVENUES:	
State Assistance.....	\$ 675,321
Investment Income.....	4,465
Other.....	25,805
TOTAL REVENUES.....	<u>705,591</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	<u>291,815</u>
TOTAL EXPENDITURES.....	<u>291,815</u>
NET CHANGES IN FUND BALANCES.....	413,776
FUND BALANCES (DEFICITS), JULY 1.....	<u>(4,181,834)</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ (3,768,058)</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 SCHOOL FACILITIES COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

**SCHOOL
 FACILITIES
 COMMISSION**

Net Change in Fund Balances..... **\$ 413,776**

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were in excess/deficient over depreciation in the current period.

<i>Capital Outlay Expenditures</i>	11,435
<i>Depreciation Expense</i>	<u>(103)</u>
<i>Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense</i>	<u>11,332</u>

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.

Change in Net Assets	<u><u>\$ 425,097</u></u>
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STATE OF OHIO
BALANCE SHEET
CULTURAL FACILITIES COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2012
(dollars in thousands)

	<u>Cultural Facilities Commission</u>
ASSETS:	
Cash Equity with Treasurer.....	\$ 18,203
Collateral on Lent Securities.....	2,565
Other Assets.....	4
TOTAL ASSETS.....	<u>\$ 20,772</u>
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable.....	\$ 2,684
Accrued Liabilities.....	22
Obligations Under Securities Lending.....	2,565
TOTAL LIABILITIES.....	<u>5,271</u>
FUND BALANCES:	
Nonspendable:	
Prepays.....	4
Restricted for:	
Community and Economic Development.....	15,207
Committed to:	
Community and Economic Development.....	290
TOTAL FUND BALANCES.....	<u>15,501</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 20,772</u>

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 CULTURAL FACILITIES COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 JUNE 30, 2012
 (dollars in thousands)

	<u>CULTURAL FACILITIES COMMISSION</u>
Total Fund Balances	\$ 15,501
Total net assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:	
Land.....	11,858
Buildings, net of \$22,444 accumulated depreciation.....	<u>37,847</u>
	<u>49,705</u>
The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Refund and Other Liabilities-Compensated Absences.....	<u>(80)</u>
Total Net Assets	\$ 65,126

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CULTURAL FACILITIES COMMISSION
 DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

	<u>Cultural Facilities Commission</u>
REVENUES:	
Licenses, Permits and Fees.....	\$ 2
Sales, Services and Charges.....	51
Investment Income.....	55
TOTAL REVENUES.....	<u>108</u>
EXPENDITURES:	
CURRENT OPERATING:	
Community and Economic Development.....	13,101
TOTAL EXPENDITURES.....	<u>13,101</u>
NET CHANGES IN FUND BALANCES.....	(12,993)
FUND BALANCES, JULY 1	<u>28,494</u>
FUND BALANCES, JUNE 30.....	<u>\$ 15,501</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 CULTURAL FACILITIES COMMISSION
 DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (dollars in thousands)

**CULTURAL
 FACILITIES
 COMMISSION**

Net Change in Fund Balances..... **\$ (12,993)**

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were in excess/deficient over depreciation in the current period.

Capital Outlay Expenditures.....	1
Depreciation Expense.....	<u>(1,346)</u>
Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense.....	<u>(1,345)</u>

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.	<u>17</u>
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Change in Net Assets **\$ (14,321)**

STATE OF OHIO
BALANCE SHEET
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2012
(dollars in thousands)

	<u>eTECH OHIO COMMISSION</u>
ASSETS:	
Cash Equity with Treasurer.....	\$ 3,317
Collateral on Lent Securities.....	467
Other Assets.....	4
TOTAL ASSETS.....	<u>\$ 3,788</u>
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts Payable.....	\$ 71
Accrued Liabilities.....	28
Obligations Under Securities Lending.....	467
TOTAL LIABILITIES.....	<u>566</u>
FUND BALANCES:	
Nonspendable:	
Prepays.....	4
Restricted for:	
Primary, Secondary and Other Education.....	546
Committed to:	
Primary, Secondary and Other Education.....	104
Assigned to:	
Primary, Secondary and Other Education.....	2,568
TOTAL FUND BALANCES.....	<u>3,222</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 3,788</u>

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS

eTECH OHIO COMMISSION

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT

JUNE 30, 2012

(dollars in thousands)

**eTECH
OHIO
COMMISSION**

Total Fund Balances..... **\$ 3,222**

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Machinery and Equipment, net of \$6,534 accumulated depreciation..... 2,773

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

Refund and Other Liabilities-Compensated Absences..... (85)

Total Net Assets..... **\$ 5,910**

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
eTECH OHIO COMMISSION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(dollars in thousands)

	<u>eTECH OHIO COMMISSION</u>
REVENUES:	
State Assistance.....	\$ 11,974
Federal Government.....	94
Other.....	1,782
TOTAL REVENUES.....	<u>13,850</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	15,418
TOTAL EXPENDITURES.....	<u>15,418</u>
NET CHANGES IN FUND BALANCES.....	(1,568)
FUND BALANCES, JULY 1	<u>4,790</u>
FUND BALANCES, JUNE 30.....	<u><u>\$ 3,222</u></u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

eTECH OHIO COMMISSION

DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(dollars in thousands)

**eTECH
OHIO
COMMISSION**

Net Change in Fund Balances..... **\$ (1,568)**

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were in excess/deficient over depreciation in the current period.

<i>Capital Outlay Expenditures</i>	94
<i>Depreciation Expense</i>	<u>(402)</u>
<i>Excess/ (Deficiency) of Capital Outlay Over Depreciation Expense</i>	<u>(308)</u>

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds.

	<u>40</u>
Change in Net Assets	<u><u>\$ (1,836)</u></u>

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Statistical Section

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STATISTICAL SECTION

This section of the State of Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

	<u>Pages</u>
Financial Trends	248-261
<p>These schedules contain trend information to assist the reader in understanding how the State's financial performance and condition have changed over time.</p>	
Revenue Capacity	262-275
<p>These schedules contain information to assist the reader in assessing the State's two most significant own-source revenues: income taxes and sales taxes.</p>	
Debt Capacity	276-285
<p>These schedules present information to assist the reader in assessing the affordability of the State's current levels of outstanding debt and its ability to issue additional debt in the future.</p>	
Economic and Demographic Information	286-289
<p>These schedules offer economic and demographic indicators to assist the reader in understanding the environment within which the State's financial activities take place.</p>	
Operating Information	290-297
<p>These schedules contain service and infrastructure data to assist the reader in understanding how the information in the State's financial report relates to the services the State provides and to the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATE OF OHIO
NET ASSETS BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2012	2011	2010	2009
GOVERNMENTAL ACTIVITIES:				
Invested in Capital Assets, Net of Related Debt.....	\$ 22,147,262	\$ 23,157,156	\$ 22,578,727	\$ 22,325,346
Restricted for:				
Primary, Secondary and Other Education.....	129,353	99,169	38,495	37,174
Higher Education Support.....	—	5,936	—	—
Public Assistance and Medicaid.....	219,153	492,122	—	—
Health and Human Services.....	101,056	107,431	—	—
Justice and Public Protection.....	29,516	86,822	—	—
Environmental Protection and Natural Resources.....	148,200	140,229	—	—
General Government.....	93,089	82,615	—	—
Transportation.....	2,613,620	2,439,080	1,601,532	1,031,932
State and Local Highway Construction.....	—	—	117,769	113,009
Federal Programs.....	—	—	85,232	61,929
Coal Research and Development Program.....	—	—	—	—
Clean Ohio Program.....	—	—	47,254	44,060
Community and Economic Development.....	245,631	403,151	1,001,840	1,045,542
Enterprise Bond Program.....	—	—	10,000	10,000
Total Restricted Net Assets.....	<u>3,579,618</u>	<u>3,856,555</u>	<u>2,902,122</u>	<u>2,343,646</u>
Unrestricted.....	<u>(7,128,873)</u>	<u>(8,249,343)</u>	<u>(7,384,680)</u>	<u>(6,110,855)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....	<u>\$ 18,598,007</u>	<u>\$ 18,764,368</u>	<u>\$ 18,096,169</u>	<u>\$ 18,558,137</u>
BUSINESS-TYPE ACTIVITIES:				
Invested in Capital Assets, Net of Related Debt.....	\$ 67,331	\$ 54,430	\$ 51,578	\$ 37,059
Restricted for:				
Workers' Compensation.....	7,760,634	5,728,951	—	—
Deferred Lottery Prizes.....	123,724	77,142	86,616	57,059
Unemployment Compensation.....	—	—	—	—
Ohio Building Authority.....	—	27,021	—	23,072
Tuition Trust Authority.....	—	11,838	—	—
Auditor of State's Office.....	—	—	—	—
Total Restricted Net Assets.....	<u>7,884,358</u>	<u>5,844,952</u>	<u>86,616</u>	<u>80,131</u>
Unrestricted.....	<u>(1,383,125)</u>	<u>(1,820,494)</u>	<u>1,966,583</u>	<u>1,789,789</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS.....	<u>\$ 6,568,564</u>	<u>\$ 4,078,888</u>	<u>\$ 2,104,777</u>	<u>\$ 1,906,979</u>
PRIMARY GOVERNMENT:				
Invested in Capital Assets, Net of Related Debt.....	\$ 22,214,593	\$ 23,211,586	\$ 22,630,305	\$ 22,362,405
Restricted.....	11,463,976	9,701,507	2,988,738	2,423,777
Unrestricted.....	<u>(8,511,998)</u>	<u>(10,069,837)</u>	<u>(5,418,097)</u>	<u>(4,321,066)</u>
TOTAL PRIMARY GOVERNMENT NET ASSETS.....	<u>\$ 25,166,571</u>	<u>\$ 22,843,256</u>	<u>\$ 20,200,946</u>	<u>\$ 20,465,116</u>

Source:
Ohio Office of Budget and Management

Notes:

Beginning in fiscal year 2011, restricted net assets categories have been revised to correspond with the categories presented for restricted fund balance.

When practical, net assets reported on the above table have been restated for prior period adjustments, corrections, and reclassifications. However, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expense activity reported for the applicable fiscal years on the "Changes in Net Assets" table may not have been determined for presentation on that table.

2008	2007	2006	2005	2004	2003
\$ 21,983,900	\$ 21,477,381	\$ 20,889,063	\$ 20,285,186	\$ 19,941,259	\$ 19,261,553
41,842	34,019	9,607	8,200	15,862	5,128
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
844,666	1,032,112	921,993	744,913	698,428	638,615
118,011	126,323	127,121	129,299	126,517	124,022
76,396	81,639	75,776	38,656	32,858	75,967
—	—	—	—	—	8,488
90,485	85,209	93,682	41,673	80,530	79,457
1,420,180	991,094	883,385	935,842	924,533	929,213
10,000	10,000	10,000	10,000	10,000	10,000
<u>2,601,580</u>	<u>2,360,396</u>	<u>2,121,564</u>	<u>1,908,583</u>	<u>1,888,728</u>	<u>1,870,890</u>
<u>(4,006,732)</u>	<u>(4,315,273)</u>	<u>(4,067,042)</u>	<u>(3,988,883)</u>	<u>(4,331,377)</u>	<u>(4,277,649)</u>
<u>\$ 20,578,748</u>	<u>\$ 19,522,504</u>	<u>\$ 18,943,585</u>	<u>\$ 18,204,886</u>	<u>\$ 17,498,610</u>	<u>\$ 16,854,794</u>
\$ 32,068	\$ 19,322	\$ 10,363	\$ (1,839)	\$ 5,873	\$ 19,827
—	—	—	—	866,307	545,756
44,126	13,272	56,669	102,614	83,603	169,822
452,082	608,364	675,666	663,921	809,037	1,286,679
25,558	28,390	28,041	26,996	28,457	24,600
—	32,100	—	—	—	—
—	—	—	—	—	—
<u>521,766</u>	<u>682,126</u>	<u>760,376</u>	<u>793,531</u>	<u>1,787,404</u>	<u>2,026,857</u>
<u>2,582,265</u>	<u>2,425,083</u>	<u>(247,241)</u>	<u>(1,141,542)</u>	<u>(223,611)</u>	<u>(264,186)</u>
<u>\$ 3,136,099</u>	<u>\$ 3,126,531</u>	<u>\$ 523,498</u>	<u>\$ (349,850)</u>	<u>\$ 1,569,666</u>	<u>\$ 1,782,498</u>
\$ 22,015,968	\$ 21,496,703	\$ 20,899,426	\$ 20,283,347	\$ 19,947,132	\$ 19,281,380
3,123,346	3,042,522	2,881,940	2,702,114	3,676,132	3,897,747
<u>(1,424,467)</u>	<u>(1,890,190)</u>	<u>(4,314,283)</u>	<u>(5,130,425)</u>	<u>(4,554,988)</u>	<u>(4,541,835)</u>
<u>\$ 23,714,847</u>	<u>\$ 22,649,035</u>	<u>\$ 19,467,083</u>	<u>\$ 17,855,036</u>	<u>\$ 19,068,276</u>	<u>\$ 18,637,292</u>

STATE OF OHIO
CHANGES IN NET ASSETS
FOR THE LAST TEN FISCAL YEARS

(accrual basis of accounting)
(dollars in thousands)

	2012	2011	2010	2009
EXPENSES:				
GOVERNMENTAL ACTIVITIES:				
Primary, Secondary and Other Education.....	\$ 12,340,848	\$ 12,126,435	\$ 12,259,233	\$ 11,888,145
Higher Education Support.....	2,348,154	2,726,016	2,771,611	2,967,485
Public Assistance and Medicaid.....	21,206,515	20,111,691	18,828,082	17,903,102
Health and Human Services.....	3,835,369	4,295,483	4,003,033	4,061,765
Justice and Public Protection.....	3,202,970	3,184,345	3,077,704	3,251,316
Environmental Protection and Natural Resources.....	407,379	350,870	416,071	413,398
Transportation.....	2,564,702	2,186,332	2,187,406	2,171,475
General Government.....	595,797	792,728	620,090	642,467
Community and Economic Development.....	3,867,888	4,479,010	4,491,643	4,265,827
Intergovernmental.....	—	—	—	—
Interest on Long-Term Debt (excludes interest charged as program expense).....	118,902	134,888	133,335	165,908
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES.....	50,488,524	50,387,798	48,788,208	47,730,888
BUSINESS-TYPE ACTIVITIES:				
Workers' Compensation.....	1,945,190	2,354,296	2,861,222	2,158,753
Lottery Commission.....	2,001,671	1,911,105	1,816,213	1,774,308
Unemployment Compensation.....	2,754,835	4,094,207	5,605,830	3,485,942
Ohio Building Authority.....	13,010	22,076	22,492	26,837
Tuition Trust Authority.....	80,157	79,671	81,119	94,888
Liquor Control.....	543,729	507,800	489,087	479,919
Underground Parking Garage.....	3,842	3,171	3,755	2,804
Office of Auditor of State.....	69,183	69,185	70,637	85,575
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES.....	7,411,617	9,041,511	10,950,355	8,109,026
TOTAL PRIMARY GOVERNMENT EXPENSES.....	\$ 57,900,141	\$ 59,429,309	\$ 59,738,563	\$ 55,839,914
PROGRAM REVENUES:				
GOVERNMENTAL ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Public Assistance and Medicaid.....	\$ 1,289,463	\$ 1,045,698	\$ 1,302,439	\$ 966,010
Justice and Public Protection.....	943,142	1,163,286	996,420	938,297
General Government.....	540,500	341,275	683,603	591,405
Community and Economic Development.....	406,022	504,275	479,727	388,895
Other Activities.....	852,501	722,459	652,449	763,620
Operating Grants, Contributions and Restricted Investment Income.....	20,053,477	22,041,872	20,839,250	18,225,832
Capital Grants, Contributions and Restricted Investment Income.....	1,573,765	1,465,484	1,241,422	1,198,200
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES.....	25,658,870	27,284,349	26,195,310	23,072,259
BUSINESS-TYPE ACTIVITIES:				
Charges for Services, Fees, Fines and Forfeitures:				
Workers' Compensation.....	1,958,593	1,950,169	2,133,439	2,378,127
Lottery Commission.....	2,781,737	2,608,235	2,498,785	2,425,832
Unemployment Compensation.....	1,674,456	1,587,385	1,304,308	1,172,554
Liquor Control.....	791,454	733,573	706,736	689,283
Other Activities.....	76,906	77,833	79,380	84,418
Operating Grants, Contributions and Restricted Investment Income.....	3,568,091	5,002,794	5,403,784	1,028,756
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—	—
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES.....	10,851,237	11,959,989	12,126,432	7,778,970
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....	\$ 36,510,107	\$ 39,244,338	\$ 38,321,742	\$ 30,851,229

2008	2007	2006	2005	2004	2003
\$ 11,304,014	\$ 11,467,076	\$ 11,157,283	\$ 10,500,807	\$ 10,234,524	\$ 8,498,696
2,729,423	2,546,530	2,608,007	2,475,281	2,494,828	2,515,379
16,003,345	15,782,074	14,909,149	14,247,598	13,557,787	12,683,617
3,651,313	3,538,858	3,526,763	3,333,997	2,950,880	2,930,071
3,128,087	3,102,172	3,111,577	2,972,666	2,809,295	2,435,774
393,704	435,235	406,632	397,852	397,884	403,445
2,078,732	1,998,166	1,925,841	2,080,958	1,433,439	1,532,040
746,485	884,590	952,248	670,146	607,376	486,013
4,017,838	3,789,404	3,618,550	3,432,302	3,493,357	827,530
—	—	—	—	—	3,587,357
173,934	169,776	175,732	175,700	189,583	195,559
44,226,875	43,713,881	42,391,782	40,287,307	38,168,953	36,095,481
2,675,254	2,760,313	2,011,480	3,232,669	3,072,477	4,088,796
1,704,848	1,696,881	1,625,309	1,581,100	1,575,279	1,523,764
1,333,180	1,175,682	1,161,776	1,194,040	1,639,014	1,838,949
28,117	28,188	25,797	27,327	27,524	30,824
121,673	91,416	67,162	30,214	118,834	388,469
460,398	444,119	423,373	401,187	374,507	354,547
2,665	2,519	2,993	2,692	2,199	2,515
73,225	74,487	71,729	73,501	75,758	84,087
6,399,360	6,273,605	5,389,619	6,542,730	6,885,592	8,311,951
\$ 50,626,235	\$ 49,987,486	\$ 47,781,401	\$ 46,830,037	\$ 45,054,545	\$ 44,407,432
\$ 1,021,341	\$ 832,275	\$ 639,821	\$ 612,629	\$ 556,006	\$ 526,679
879,534	929,689	912,421	850,032	832,787	694,517
694,492	455,656	474,975	405,805	413,028	330,249
362,388	338,337	288,490	313,724	295,078	260,705
582,208	545,050	494,550	372,243	432,251	364,752
15,123,481	14,964,098	14,336,540	13,774,602	12,979,579	11,772,552
1,070,309	1,286,426	1,288,100	1,088,146	890,444	930,497
19,733,753	19,351,531	18,434,897	17,417,181	16,399,173	14,879,951
2,160,649	4,288,636	2,118,571	2,213,121	2,138,634	2,184,192
2,332,866	2,267,134	2,227,386	2,164,857	2,166,512	2,083,108
1,174,979	1,112,423	1,163,397	1,044,500	61,033	50,634
663,830	639,664	606,905	556,213	520,161	493,195
86,327	81,693	81,555	77,414	110,820	178,340
877,482	1,339,887	883,003	1,183,511	2,455,783	1,895,246
—	—	—	—	332	956
7,296,133	9,729,437	7,080,817	7,239,616	7,453,275	6,885,671
\$ 27,029,886	\$ 29,080,968	\$ 25,515,714	\$ 24,656,797	\$ 23,852,448	\$ 21,765,622

(continued)

STATE OF OHIO
CHANGES IN NET ASSETS
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)
(continued)

	2012	2011	2010	2009
NET (EXPENSE) REVENUE:				
Governmental Activities.....	\$ (24,829,654)	\$ (23,103,449)	\$ (22,592,898)	\$ (24,658,629)
Business-Type Activities.....	3,439,620	2,918,478	1,176,077	(330,056)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE).....	\$ (21,390,034)	\$ (20,184,971)	\$ (21,416,821)	\$ (24,988,685)
GENERAL REVENUES AND				
OTHER CHANGES IN NET ASSETS:				
GOVERNMENTAL ACTIVITIES:				
TAXES:				
Income.....	\$ 9,017,760	\$ 8,815,468	\$ 7,760,084	\$ 8,228,349
Sales.....	8,304,263	7,793,045	7,295,428	7,276,288
Corporate and Public Utility.....	2,501,140	2,462,681	2,351,084	2,443,059
Cigarette.....	843,180	855,610	886,875	924,764
Other.....	708,041	699,907	647,999	648,284
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	1,800,473	1,759,421	1,766,204	1,743,151
TOTAL TAXES.....	23,174,857	22,386,132	20,707,674	21,263,895
Tobacco Settlement.....	333,148	334,665	336,259	366,197
Escheat Property.....	153,556	101,289	160,755	117,172
Unrestricted Investment Income.....	3,702	2,688	(52,677)	(8,765)
Federal.....	—	—	—	—
Other.....	48,078	1,323	592	134
Transfers-Internal Activities.....	949,952	945,551	978,327	899,385
TOTAL GOVERNMENTAL ACTIVITIES.....	24,663,293	23,771,648	22,130,930	22,638,018
BUSINESS-TYPE ACTIVITIES:				
Unrestricted Investment Income.....	3	1,184	—	—
Federal.....	—	—	—	—
Other.....	5	—	48	321
Transfers-Internal Activities.....	(949,952)	(945,551)	(978,327)	(899,385)
TOTAL BUSINESS-TYPE ACTIVITIES.....	(949,944)	(944,367)	(978,279)	(899,064)
TOTAL PRIMARY GOVERNMENT.....	\$ 23,713,349	\$ 22,827,281	\$ 21,152,651	\$ 21,738,954
CHANGE IN NET ASSETS:				
Governmental Activities.....	\$ (166,361)	\$ 668,199	\$ (461,968)	\$ (2,020,611)
Business-Type Activities.....	2,489,676	1,974,111	197,798	(1,229,120)
TOTAL PRIMARY GOVERNMENT	\$ 2,323,315	\$ 2,642,310	\$ (264,170)	\$ (3,249,731)

Source:

Ohio Office of Budget and Management

Notes:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

For comparative purposes, data for fiscal year 2003 has not been restated for the effects of reclassifying the "Intergovernmental" expense function to other functions.

2008	2007	2006	2005	2004	2003
\$ (24,493,122)	\$ (24,362,350)	\$ (23,956,885)	\$ (22,870,126)	\$ (21,769,780)	\$ (21,215,530)
896,773	3,455,832	1,691,198	696,886	567,683	(1,426,280)
\$ (23,596,349)	\$ (20,906,518)	\$ (22,265,687)	\$ (22,173,240)	\$ (21,202,097)	\$ (22,641,810)
\$ 9,887,502	\$ 9,630,983	\$ 9,854,803	\$ 9,450,119	\$ 8,526,572	\$ 8,231,233
7,863,969	7,755,604	7,623,513	8,135,552	7,915,493	6,470,645
1,610,629	2,615,648	2,359,338	1,838,882	1,755,736	1,682,945
950,646	986,546	1,084,143	577,699	557,543	599,943
1,732,034	672,598	645,856	651,646	641,273	649,027
1,820,336	1,835,478	1,850,939	1,753,390	1,631,631	1,462,608
23,865,116	23,496,857	23,418,592	22,407,288	21,028,248	19,096,401
362,897	361,552	336,044	321,335	316,799	345,075
185,016	31,009	93,782	91,867	74,268	43,173
250,293	206,414	128,772	46,797	18,159	5,285
2	—	—	—	193,033	193,033
200	383	295	287	1,940	1,802
885,842	853,171	818,636	807,653	781,149	755,855
25,549,366	24,949,386	24,796,121	23,675,227	22,413,596	20,440,624
—	—	—	2,040	622	29,726
—	—	—	—	12	44
19	372	932	5,837	—	4,833
(885,842)	(853,171)	(818,636)	(807,653)	(781,149)	(755,855)
(885,823)	(852,799)	(817,704)	(799,776)	(780,515)	(721,252)
\$ 24,663,543	\$ 24,096,587	\$ 23,978,417	\$ 22,875,451	\$ 21,633,081	\$ 19,719,372
\$ 1,056,244	\$ 587,036	\$ 839,236	\$ 805,101	\$ 643,816	\$ (774,906)
10,950	2,603,033	873,494	(102,890)	(212,832)	(2,147,532)
\$ 1,067,194	\$ 3,190,069	\$ 1,712,730	\$ 702,211	\$ 430,984	\$ (2,922,438)

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)

	2012	2011	2010	2009	2008
REVENUES:					
Income Taxes.....	\$ 9,076,284	\$ 8,785,047	\$ 7,818,405	\$ 8,404,218	\$ 9,766,337
Sales Taxes.....	8,304,705	7,791,128	7,299,285	7,265,514	7,863,969
Corporate and Public Utility Taxes.....	2,500,905	2,463,512	2,348,948	2,449,060	2,679,751
Motor Vehicle Fuel Taxes.....	1,800,473	1,759,421	1,766,204	1,743,151	1,820,336
Cigarette Taxes.....	843,180	855,610	886,875	924,764	950,646
Other Taxes.....	708,041	699,907	647,999	648,284	662,913
Licenses, Permits and Fees.....	3,002,172	2,796,122	2,887,560	2,419,459	2,289,420
Sales, Services and Charges.....	96,982	96,717	92,600	88,089	83,167
Federal Government.....	21,395,852	23,301,445	21,969,544	18,905,780	15,740,008
Tobacco Settlement.....	295,736	289,293	306,144	366,895	334,270
Escheat Property.....	151,601	124,026	113,131	102,347	137,125
Investment Income.....	30,121	44,207	18,925	284,400	605,935
Other	1,091,765	970,999	1,145,925	1,132,565	1,198,425
TOTAL REVENUES.....	49,297,817	49,977,434	47,301,545	44,734,526	44,132,302
EXPENDITURES:					
Current Operating:					
Primary, Secondary and					
Other Education.....	11,928,522	11,711,365	11,849,154	11,474,274	10,962,026
Higher Education Support.....	2,210,547	2,589,416	2,635,983	2,815,624	2,587,466
Public Assistance and Medicaid.....	21,211,351	20,207,348	18,872,273	17,882,194	16,003,057
Health and Human Services.....	3,723,084	4,166,075	3,899,232	3,974,954	3,592,273
Justice and Public Protection.....	3,073,862	3,004,953	3,022,427	3,177,545	3,126,680
Environmental Protection and					
Natural Resources.....	390,474	375,810	369,124	396,812	409,643
Transportation.....	2,510,742	2,369,967	1,995,280	2,077,597	2,080,166
General Government.....	525,706	527,377	533,326	579,457	648,774
Community and Economic					
Development.....	3,717,160	4,331,441	4,337,066	4,139,904	3,906,709
Intergovernmental	—	—	—	—	—
Capital Outlay.....	377,983	503,314	542,529	565,799	547,825
Debt service:					
Principal.....	702,345	693,006	703,380	1,108,850	1,154,719
Interest.....	805,399	775,491	735,721	794,302	719,856
TOTAL EXPENDITURES.....	51,177,175	51,255,563	49,495,495	48,987,312	45,739,194
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES.....	(1,879,358)	(1,278,129)	(2,193,950)	(4,252,786)	(1,606,892)

2007	2006	2005	2004	2003
\$ 9,700,901	\$ 9,726,268	\$ 9,398,979	\$ 8,479,900	\$ 8,210,130
7,755,605	7,623,513	8,135,552	7,915,493	6,470,643
2,615,649	2,359,337	1,838,883	1,755,736	1,682,943
1,835,477	1,850,940	1,753,389	1,631,632	1,462,608
986,546	1,084,143	577,698	557,543	599,943
672,598	645,857	651,647	641,274	649,027
2,261,667	2,137,549	1,851,739	1,804,291	1,564,429
78,807	77,071	83,846	85,547	87,628
15,663,148	15,421,095	14,640,717	13,893,741	12,791,973
308,488	294,725	321,050	316,322	369,619
83,991	145,695	118,719	103,767	84,642
619,645	440,623	228,186	110,876	121,592
762,191	627,312	640,076	577,637	526,164
<u>43,344,713</u>	<u>42,434,128</u>	<u>40,240,481</u>	<u>37,873,759</u>	<u>34,621,341</u>
11,300,752	11,026,085	10,377,748	10,127,804	8,451,164
2,437,150	2,499,074	2,369,279	2,386,570	2,408,059
15,774,452	14,907,511	14,240,939	13,617,263	12,731,148
3,465,552	3,461,571	3,276,589	3,098,669	2,894,321
3,049,826	3,055,124	2,903,061	2,522,823	2,348,232
419,324	395,016	379,273	365,511	369,119
2,186,036	2,185,928	2,077,669	1,807,912	1,942,040
754,441	792,645	585,161	493,237	501,966
3,664,551	3,549,065	3,362,574	3,380,557	718,088
—	—	—	—	3,573,227
453,761	485,904	466,913	458,118	498,066
1,061,912	962,443	1,162,970	877,116	815,034
545,172	496,822	253,260	458,330	435,970
<u>45,112,929</u>	<u>43,817,188</u>	<u>41,455,436</u>	<u>39,593,910</u>	<u>37,686,434</u>
<u>(1,768,216)</u>	<u>(1,383,060)</u>	<u>(1,214,955)</u>	<u>(1,720,151)</u>	<u>(3,065,093)</u>

(continued)

STATE OF OHIO
CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)
(continued)

	2012	2011	2010	2009	2008
OTHER FINANCING SOURCES (USES):					
Bonds, Notes, and Certificates of					
Participation Issued.....	\$ 1,357,640	\$ 1,332,425	\$ 1,008,029	\$ 1,000,770	\$ 6,214,699
Refunding Bonds Issued.....	1,374,660	544,775	1,154,210	506,480	—
Payment to Refunded Bond					
Escrow Agents.....	(1,604,658)	(621,223)	(1,319,366)	(555,025)	—
Premiums.....	379,506	123,831	162,697	74,345	24,139
Discounts.....	—	—	—	(2,732)	(66,884)
Capital Leases.....	560	915	708	600	1,533
Transfers-in.....	2,803,070	3,030,096	3,497,705	3,470,851	3,663,030
Transfers-out.....	(1,853,118)	(2,084,545)	(2,519,378)	(2,571,466)	(2,777,188)
TOTAL OTHER FINANCING SOURCES (USES).....	2,457,660	2,326,274	1,984,605	1,923,823	7,059,329
NET CHANGE IN FUND BALANCES.....	\$ 578,302	\$ 1,048,145	\$ (209,345)	\$ (2,328,963)	\$ 5,452,437
Debt Service as a Percentage of Noncapital Expenditures.....	3.0%	2.9%	2.9%	3.9%	4.1%
Additional Information:					
Increase (Decrease) for Changes in Inventories.....	\$ 14,982	\$ 126	\$ (1,699)	\$ 19,833	\$ 24,571

Source:
Ohio Office of Budget and Management

Notes:

Revenues, expenditures, and other financing sources (uses) have been restated for prior period adjustments, corrections, and reclassifications, when practical. Significant items of note are as follows:

For comparative purposes, data for fiscal year 2003 has not been restated for the effects of reclassifying the "Intergovernmental" expenditure function to other functions.

2007	2006	2005	2004	2003
\$ 1,482,830	\$ 1,524,269	\$ 1,347,285	\$ 1,574,566	\$ 1,405,000
259,205	156,240	706,835	247,297	1,025,040
(279,651)	(172,770)	(768,952)	(260,146)	(1,091,881)
87,878	71,475	142,926	111,270	188,952
—	—	(94)	(7,923)	(33,649)
18,942	4,959	335	400	3,391
3,548,419	3,319,821	3,323,250	3,246,329	3,250,997
(2,695,248)	(2,501,185)	(2,515,597)	(2,465,180)	(2,495,142)
<u>2,422,375</u>	<u>2,402,809</u>	<u>2,235,988</u>	<u>2,446,613</u>	<u>2,252,708</u>
<u>\$ 654,159</u>	<u>\$ 1,019,749</u>	<u>\$ 1,021,033</u>	<u>\$ 726,462</u>	<u>\$ (812,385)</u>
3.6%	3.4%	3.5%	3.4%	3.4%
\$ (3,216)	\$ 12,636	\$ (1,102)	\$ 1,710	\$ (8,143)

STATE OF OHIO

FUND BALANCES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(dollars in thousands)

	2012	2011
GENERAL FUND:		
Nonspendable.....	\$ 86,982	\$ 65,080
Restricted.....	1,027,885	1,078,652
Committed.....	824,607	671,210
Assigned.....	1,666,177	1,616,695
Unassigned.....	(415,658)	(1,208,029)
TOTAL GENERAL FUND.....	3,189,993	2,223,608
ALL OTHER GOVERNMENTAL FUNDS:		
Nonspendable, reported in:		
Special Revenue Funds.....	86,691	99,806
Restricted, reported in:		
Special Revenue Funds.....	2,039,390	2,091,135
Debt Service Funds.....	5,216,312	5,295,937
Capital Projects Funds.....	222,778	490,806
Committed, reported in:		
Special Revenue Funds.....	561,849	521,915
Unassigned, reported in:		
Special Revenue Funds.....	(547)	(25)
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	8,126,473	8,499,574
TOTAL GOVERNMENTAL FUNDS.....	\$ 11,316,466	\$ 10,723,182

	2010	2009	2008	2007	2006
GENERAL FUND:					
Reserved	\$ 634,254	\$ 560,762	\$ 744,371	\$ 687,131	\$ 617,733
Unreserved.....	(141,212)	213,054	1,857,001	1,568,395	1,291,950
TOTAL GENERAL FUND.....	493,042	773,816	2,601,372	2,255,526	1,909,683
ALL OTHER GOVERNMENTAL FUNDS:					
Reserved.....	12,975,477	11,549,682	11,237,699	5,391,969	6,371,192
Unreserved, reported in:					
Special Revenue Funds.....	(3,599,509)	(2,289,388)	(1,387,802)	(688,422)	(2,048,150)
Debt Service Funds.....	—	—	140	(20)	—
Capital Projects Funds.....	(194,099)	(148,155)	(256,324)	(240,976)	(165,591)
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	9,181,869	9,112,139	9,593,713	4,462,551	4,157,451
TOTAL GOVERNMENTAL FUNDS.....	\$ 9,674,911	\$ 9,885,955	\$ 12,195,085	\$ 6,718,077	\$ 6,067,134

Source:
Ohio Office of Budget and Management

Notes:

As a result of implementing GASB Statement 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances have been classified in new categories beginning in fiscal year 2011.

When practical, fund balances reported on the above table have been restated for prior period adjustments, corrections, and reclassifications; however, restatements do not include changes in reporting entity. For comparative purposes, however, the effects of such adjustments and corrections on the revenue and expenditure activity reported for the applicable fiscal years on the "Changes in Fund Balances for Governmental Funds" table and the "Condensed Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund" table may not have been determined for presentation on each of the two respective tables.

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 627,395	\$ 661,238	\$ 557,638
<u>649,420</u>	<u>105,333</u>	<u>(452,491)</u>
<u>1,276,815</u>	<u>766,571</u>	<u>105,147</u>
6,194,524	5,240,145	4,863,068
(2,369,192)	(1,614,473)	(1,229,230)
—	—	(49)
<u>33,139</u>	<u>(178,063)</u>	<u>(252,928)</u>
<u>3,858,471</u>	<u>3,447,609</u>	<u>3,380,861</u>
<u>\$ 5,135,286</u>	<u>\$ 4,214,180</u>	<u>\$ 3,486,008</u>

STATE OF OHIO

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

(modified accrual basis of accounting)
(dollars in thousands)

	2012	2011	2010	2009	2008
REVENUES:					
Income Taxes.....	\$ 9,063,827	\$ 8,771,965	\$ 7,172,356	\$ 7,705,081	\$ 8,955,642
Sales Taxes.....	8,297,544	7,785,452	7,108,573	7,062,149	7,556,034
Corporate and Public Utility Taxes	2,499,601	2,462,363	549,596	814,415	1,198,202
Motor Vehicle Fuel Tax.....	1,104,127	1,070,014	-	-	-
Cigarette Taxes	843,180	855,610	886,875	924,764	950,644
Other Taxes	670,831	682,637	589,121	587,806	601,557
Licenses, Permits and Fees	781,717	657,629	237,690	435,849	328,260
Sales, Services and Charges	64,025	63,323	51,811	51,653	51,351
Federal Government	7,131,978	8,122,729	6,753,767	6,848,974	5,626,381
Tobacco Settlement.....	-	-	-	-	1,135
Escheat Property	151,601	124,026	113,131	102,347	137,125
Investment Income	19,654	20,997	(12,331)	170,371	395,408
Other	300,150	297,932	498,261	455,254	582,672
TOTAL REVENUES	30,928,235	30,914,677	23,948,850	25,158,663	26,384,411
EXPENDITURES:					
Current Operating	29,972,837	29,837,914	23,719,349	26,290,239	25,122,530
Intergovernmental	-	-	-	-	-
Capital Outlay	-	-	-	67	10
Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	29,972,837	29,837,914	23,719,349	26,290,306	25,122,540
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	955,398	1,076,763	229,501	(1,131,643)	1,261,871
OTHER FINANCING SOURCES (USES):					
Bonds, Notes and Certificates of Participation Issued.....	1,109,228	624,890	97,739	30,000	7,998
Premiums	60,983	1,200	3,560	500	-
Capital Leases	560	915	708	600	1,533
Transfers-in	314,048	477,418	373,807	446,576	496,538
Transfers-out	(1,472,254)	(1,574,293)	(990,195)	(1,173,439)	(1,424,672)
TOTAL OTHER FINANCING SOURCES (USES).....	12,565	(469,870)	(514,381)	(695,763)	(918,603)
NET CHANGE IN FUND BALANCES.....					
	967,963	606,893	(284,880)	(1,827,406)	343,268
FUND BALANCES, JULY 1	2,223,608	1,612,899	773,816	2,601,372	2,255,526
Increase (Decrease) for Changes in Inventories	(1,578)	3,816	4,106	(150)	2,578
FUND BALANCES, JUNE 30	\$ 3,189,993	\$ 2,223,608	\$ 493,042	\$ 773,816	\$ 2,601,372

Source:

Ohio Office of Budget and Management

Notes:

As a result of implementing GASB Statement 54: *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund is reporting balances and activities previously reported within special revenue funds beginning in fiscal year 2011.

The July 1 fund balances, revenues, and expenditures have been restated for prior period adjustments, corrections, and reclassifications, when practical. Significant items of note are as follows:

- For comparative purposes, data for fiscal year 2003 has not been restated for the effects of reclassifying the "Intergovernmental" expenditure function to other functions.

2007	2006	2005	2004	2003
\$ 8,863,302	\$ 8,889,463	\$ 8,563,376	\$ 7,645,597	\$ 7,374,239
7,432,423	7,302,441	7,816,395	7,596,254	6,153,743
1,583,791	1,774,113	1,468,576	1,381,752	1,302,968
-	-	-	-	-
986,546	1,084,142	577,671	557,532	599,941
612,304	584,689	591,998	580,143	595,498
288,648	209,054	148,877	121,953	115,199
48,876	46,067	41,911	44,233	44,899
5,362,256	5,526,049	5,724,597	5,904,388	5,251,885
-	-	-	-	-
83,991	145,695	118,719	103,767	84,642
416,563	305,425	140,891	43,029	33,095
252,599	177,066	259,019	240,020	192,573
25,931,299	26,044,204	25,452,030	24,218,668	21,748,682
25,129,616	25,215,213	24,439,150	23,696,295	21,131,783
-	-	-	-	1,294,797
114	204	-	-	-
14,575	536	543	541	2,300
25,144,305	25,215,953	24,439,693	23,696,836	22,428,880
786,994	828,251	1,012,337	521,832	(680,198)
525,000	629,392	419,349	613,000	470,000
-	921	26	-	-
9,999	4,959	122	260	2,692
346,399	365,326	366,376	543,443	630,122
(1,322,012)	(1,201,618)	(1,216,051)	(1,019,566)	(991,261)
(440,614)	(201,020)	(430,178)	137,137	111,553
346,380	627,231	582,159	658,969	(568,645)
1,909,683	1,276,815	695,788	105,147	762,250
(537)	5,637	(1,132)	2,455	(818)
\$ 2,255,526	\$ 1,909,683	\$ 1,276,815	\$ 766,571	\$ 192,787

STATE OF OHIO

TAX REVENUES OF GOVERNMENTAL FUNDS BY MAJOR SOURCE AND EFFECTIVE STATE INCOME TAX RATE FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(dollars in millions)

<u>INCOME TAX</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Personal Income Tax Revenue.....	\$9,076	\$8,785	\$7,818	\$8,404	\$9,766
Personal Income(A).....	<u>\$436,818</u>	<u>\$417,376</u>	<u>\$408,395</u>	<u>\$407,874</u>	<u>\$395,710</u>
Average Effective State Income Tax Rate.....	<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>	<u>2.48%</u>
<u>SALES TAX</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
State Sales Tax Revenue.....	\$8,305	\$7,791	\$7,299	\$7,266	\$7,864

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management

Note:

(A)-Data presented is as of December 31 of the given fiscal year.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$9,701	\$9,726	\$9,399	\$8,480	\$8,210
<u>\$381,260</u>	<u>\$365,319</u>	<u>\$356,774</u>	<u>\$342,533</u>	<u>\$331,968</u>
<u>2.54%</u>	<u>2.66%</u>	<u>2.63%</u>	<u>2.48%</u>	<u>2.47%</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 7,756	\$ 7,624	\$ 8,136	\$ 7,915	\$ 6,471

STATE OF OHIO

PERSONAL INCOME BY INDUSTRY, EFFECTIVE TAX RATE, EXEMPTIONS, AND INCOME TAX RATES FOR THE LAST TEN CALENDAR YEARS

STATE INCOME TAX BY INDUSTRY

<i>(dollars in millions)</i>	2011	2010	2009	2008	2007
Services.....	\$ 123,939	\$ 118,820	\$ 115,300	\$ 112,598	\$ 107,901
Manufacturing.....	48,612	47,291	43,948	54,155	55,365
Government.....	49,969	49,452	49,779	47,866	45,811
Wholesale and Retail Trade.....	37,048	35,684	35,015	36,065	35,563
Finance, Insurance, and Real Estate.....	24,116	22,307	21,526	22,440	22,906
Construction.....	15,473	14,244	14,279	14,742	15,499
Transportation and Public Utilities.....	13,813	13,229	13,558	14,056	13,655
Other	123,848	116,349	114,990	105,952	99,010
Total Personal Income.....	<u>\$ 436,818</u>	<u>\$ 417,376</u>	<u>\$ 408,395</u>	<u>\$ 407,874</u>	<u>\$ 395,710</u>
Average Effective State Income Tax Rate.....	<u>2.08%</u>	<u>2.10%</u>	<u>1.91%</u>	<u>2.06%</u>	<u>2.48%</u>

EXEMPTIONS BY CALENDAR YEAR

Exemptions	2011	2010	2009	2008	2007
Personal Exemption for Taxpayer and Spouse.....	\$ 1,650	\$ 1,600	\$ 1,550	\$ 1,500	\$ 1,450
Dependent Exemption.....	1,650	1,600	1,550	1,500	1,450
Exemption Credit per Taxpayer, Spouse, and Dependent.....	20	20	20	20	20

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management
Ohio Department of Taxation

2006	2005	2004	2003	2002
\$ 102,092	\$ 97,988	\$ 93,224	\$ 82,694	\$ 84,835
55,876	55,000	54,686	55,520	52,775
44,563	43,648	42,545	38,966	37,656
34,343	34,049	33,379	32,395	31,910
22,522	22,251	22,179	20,850	19,534
15,790	15,459	14,730	14,110	13,891
13,420	12,055	11,164	10,725	10,438
92,654	84,869	84,867	87,273	80,929
<u>\$ 381,260</u>	<u>\$ 365,319</u>	<u>\$ 356,774</u>	<u>\$ 342,533</u>	<u>\$ 331,968</u>

<u>2.54%</u>	<u>2.66%</u>	<u>2.63%</u>	<u>2.48%</u>	<u>2.47%</u>
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2006	2005	2004	2003	2002
\$ 1,400	\$ 1,350	\$ 1,300	\$ 1,250	\$ 1,200
1,400	1,350	1,300	1,250	1,200
20	20	20	20	20

(continued)

STATE OF OHIO

PERSONAL INCOME BY INDUSTRY, EFFECTIVE TAX RATE,
EXEMPTIONS, AND INCOME TAX RATES
FOR THE LAST TEN CALENDAR YEARS
(continued)

INCREMENTAL TAX RATES BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2011	2010	2009	2008
Tax Bracket 1.....	0.587%	0.618%	0.618%	0.618%
Tax Bracket 2.....	1.174%	1.236%	1.236%	1.236%
Tax Bracket 3.....	2.348%	2.473%	2.473%	2.473%
Tax Bracket 4.....	2.935%	3.091%	3.091%	3.091%
Tax Bracket 5.....	3.521%	3.708%	3.708%	3.708%
Tax Bracket 6.....	4.109%	4.327%	4.327%	4.327%
Tax Bracket 7.....	4.695%	4.945%	4.945%	4.945%
Tax Bracket 8.....	5.451%	5.741%	5.741%	5.741%
Tax Bracket 9.....	5.925%	6.240%	6.240%	6.240%

TAX BRACKETS BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2011	2010	2009-2002
Tax Bracket 1.....	\$0- \$5,100	\$0- \$5,050	\$0 - \$5,000
Tax Bracket 2.....	5,101- 10,200	5,051- 10,100	5,001 - 10,000
Tax Bracket 3.....	10,201- 15,350	10,101- 15,150	10,001 - 15,000
Tax Bracket 4.....	15,351- 20,450	15,151- 20,200	15,001 - 20,000
Tax Bracket 5.....	20,451- 40,850	20,201- 40,350	20,001 - 40,000
Tax Bracket 6.....	40,851- 81,650	40,351- 80,700	40,001 - 80,000
Tax Bracket 7.....	81,651- 102,100	80,701- 100,900	80,001 - 100,000
Tax Bracket 8.....	102,101- 204,200	100,901- 201,800	100,001 - 200,000
Tax Bracket 9.....	204,201 & above	201,801 & above	200,001 & above

Note:

(A) - Beginning in 2010, O.R.C. 5747.02 (A) directed that the Tax Commission will adjust the income brackets for inflation.

2007	2006	2005	2004	2003	2002
0.649%	0.681%	0.712%	0.743%	0.743%	0.743%
1.299%	1.361%	1.424%	1.486%	1.486%	1.486%
2.598%	2.722%	2.847%	2.972%	2.972%	2.972%
3.247%	3.403%	3.559%	3.715%	3.715%	3.715%
3.895%	4.083%	4.270%	4.457%	4.457%	4.457%
4.546%	4.764%	4.983%	5.201%	5.201%	5.201%
5.194%	5.444%	5.693%	5.943%	5.943%	5.943%
6.031%	6.320%	6.610%	6.900%	6.900%	6.900%
6.555%	6.870%	7.185%	7.500%	7.500%	7.500%

STATE OF OHIO

STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2009 WITH COMPARATIVES FOR TAX YEAR 2000 (NINE YEARS AGO)

2009 TAX YEAR (most recent information available)			
Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$86,830,859	119,514	2.31%
\$100,001-\$200,000	55,663,205	425,093	8.22%
\$80,001-\$100,000	29,119,092	326,628	6.31%
\$40,001-\$80,000	76,387,366	1,341,938	25.92%
\$20,001-\$40,000	38,132,288	1,299,019	25.11%
\$15,001-\$20,000	7,134,249	408,561	7.90%
\$10,001-\$15,000	5,499,087	440,323	8.51%
\$5,001-\$10,000	3,274,139	434,946	8.41%
\$5,000 & Under	983,586	378,253	7.31%
	<u>\$303,023,871</u>	<u>5,174,275</u>	<u>100.00%</u>

2000 TAX YEAR			
Income Level	Federal Adjusted Gross Income (in thousands)	Ohio Tax Returns	
		Number	Percentage of Total Returns
\$200,001 & Above	\$70,943,532	95,231	1.76%
\$100,001-\$200,000	34,931,567	265,489	4.90%
\$80,001-\$100,000	21,041,859	237,037	4.38%
\$40,001-\$80,000	77,621,413	1,379,202	25.46%
\$20,001-\$40,000	44,147,673	1,514,155	27.96%
\$15,001-\$20,000	8,227,582	470,232	8.68%
\$10,001-\$15,000	5,808,645	464,382	8.57%
\$5,001-\$10,000	3,647,207	489,357	9.04%
\$5,000 & Under	1,375,858	501,005	9.25%
	<u>\$267,745,336</u>	<u>5,416,090</u>	<u>100.00%</u>

Source:

Ohio Department of Taxation

Note:

(A) The effective tax rate is calculated by dividing Ohio income tax receipts by federal adjusted gross income.

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$2,268,685	29.97%	2.61%
1,923,657	25.41%	3.46%
849,539	11.22%	2.92%
1,843,074	24.37%	2.41%
610,893	8.07%	1.60%
54,438	0.72%	0.76%
16,944	0.22%	0.31%
161	0.00%	0.00%
1,798	0.02%	0.18%
\$7,569,189	100.00%	2.50%

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$2,279,587	29.83%	3.21%
1,393,905	18.24%	3.99%
721,205	9.44%	3.43%
2,210,711	28.93%	2.85%
900,884	11.80%	2.04%
88,082	1.15%	1.07%
36,234	0.47%	0.62%
10,638	0.14%	0.29%
301	0.00%	0.02%
\$7,641,547	100.00%	2.85%

STATE OF OHIO

SALES TAX REVENUE BY TYPE, TAX REVENUES OF GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(cash basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009	2008
Vendors' Sales.....	\$ 7,190,870	\$ 6,752,244	\$ 6,349,058	\$ 6,430,446	\$ 6,794,114
Motor Vehicles and Watercraft.....	1,066,141	988,447	894,332	885,234	975,833
Alcoholic Beverages.....	38,814	36,218	35,051	33,676	31,435
Delinquencies and Assessments.....	74,956	63,582	62,046	52,204	64,293
Permissive Taxes:					
County Levies.....	14,970	14,249	13,644	13,763	14,250
Transit Authorities.....	3,845	3,635	3,383	3,436	3,088
Total Sales Tax Revenue.....	<u>\$ 8,389,596</u>	<u>\$ 7,858,375</u>	<u>\$ 7,357,514</u>	<u>\$ 7,418,759</u>	<u>\$ 7,883,013</u>
Base State Sales Tax Rates.....	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>	<u>5.50%</u>

Source:

Ohio Department of Taxation
Ohio Office of Budget and Management

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 6,677,060	\$ 6,621,450	\$ 6,957,051	\$ 6,601,482	\$ 5,630,678
978,029	994,121	1,122,538	1,183,196	1,024,026
29,132	27,118	26,878	24,918	20,341
46,366	30,354	24,867	25,099	26,389
13,921	13,044	12,157	11,984	11,360
2,940	2,929	2,907	2,835	2,764
<u>\$ 7,747,448</u>	<u>\$ 7,689,016</u>	<u>\$ 8,146,398</u>	<u>\$ 7,849,514</u>	<u>\$ 6,715,558</u>
<u>5.50%</u>	<u>5.50%</u>	<u>6.00%</u>	<u>6.00%</u>	<u>5.00%</u>

STATE OF OHIO

WORKERS' COMPENSATION ENTERPRISE FUND ACTIVE EMPLOYERS, PREMIUM AND ASSESSMENT INCOME AND ACTUAL AVERAGE COLLECTED PREMIUM RATE FOR THE LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Active Employers by Type					
Private.....	249,668	250,432	251,009	257,012	264,870
Public (Local).....	3,801	3,802	3,790	3,791	3,810
Public (State).....	122	125	124	124	125
Self-Insured.....	1,196	1,203	1,202	1,188	1,174
Black Lung.....	35	39	37	38	39
Marine Fund.....	132	120	106	98	92
Total.....	254,954	255,721	256,268	262,251	270,110
Premium & Assessment Income <i>(dollars in thousands)</i>					
Premium Income.....	\$ 1,600,965	\$ 1,572,603	\$ 1,417,613	\$ 1,896,525	\$ 1,851,763
Assessment Income.....	391,053	410,652	730,667	573,025	383,329
Provision for Uncollectibles.....	(47,540)	(48,075)	(29,859)	(108,620)	(96,690)
Total Premium & Assessment Income.....	\$ 1,944,478	\$ 1,935,180	\$ 2,118,421	\$ 2,360,930	\$ 2,138,402
Average Published Rate per \$100 of Payroll:					
Private Employers.....	\$1.43	\$1.43	\$1.49	\$1.55	\$1.76
Public Employers-Taxing Districts.....	1.31	1.38	1.46	1.76	1.85

Sources:

Ohio Bureau of Workers' Compensation Year-End Statistics Report
Ohio Bureau of Workers' Compensation Actuarial Report

Note:

In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a \$1.9 billion increase in assessment income during fiscal year 2007.

2007	2006	2005	2004	2003
270,499	283,038	283,733	283,620	278,494
3,783	3,771	3,765	3,733	3,717
126	126	129	126	129
1,139	1,136	1,127	1,104	1,092
37	36	37	36	36
95	91	82	90	87
<u>275,679</u>	<u>288,198</u>	<u>288,873</u>	<u>288,709</u>	<u>283,555</u>

\$ 1,802,634	\$ 1,762,823	\$ 1,732,563	\$ 1,743,766	\$ 1,723,294
2,526,728	410,504	536,641	488,889	508,039
<u>(58,429)</u>	<u>(70,038)</u>	<u>(68,070)</u>	<u>(105,873)</u>	<u>(56,395)</u>
<u>\$ 4,270,933</u>	<u>\$ 2,103,289</u>	<u>\$ 2,201,134</u>	<u>\$ 2,126,782</u>	<u>\$ 2,174,938</u>

\$1.85	\$1.85	\$1.76	\$1.98	\$1.94
1.84	1.87	1.89	1.84	1.81

STATE OF OHIO

LOTTERY COMMISSION ENTERPRISE FUND
 TICKET SALES BY MAJOR GAME TYPE
 FOR THE LAST TEN FISCAL YEARS
 (dollars in millions)

	2012	2011	2010	2009	2008
Online Games:					
Pick 3.....	\$ 357.4	\$ 364.4	\$ 366.7	\$ 382.5	\$ 387.1
Pick 4.....	207.9	209.0	201.3	205.9	198.8
Buckeye 5/Rolling Cash 5	63.8	62.4	67.1	67.2	70.5
Super Lotto/Classic Lotto(A).....	-	-	-	-	-
Classic Lotto(A).....	42.3	42.7	42.8	43.9	41.2
Raffle(B).....	10.0	10.0	9.1	9.3	10.0
Kicker(G).....	0.9	10.3	24.1	21.4	21.4
Mega Millions/Megaplier(G).....	179.3	165.0	215.8	193.0	201.0
EZ Play(C).....	46.5	30.9	30.4	34.3	12.3
Ten-OH!(D).....	8.3	9.2	9.7	11.0	18.0
Keno(E).....	209.8	157.9	120.6	99.8	-
Power Ball/Power Play(F).....	105.3	76.4	23.6	-	-
Total Online Games.....	1,231.5	1,138.2	1,111.2	1,068.3	960.3
Instant Games.....	1,507.5	1,462.8	1,379.0	1,349.4	1,364.8
Total Ticket Sales.....	\$ 2,739.0	\$ 2,601.0	\$ 2,490.2	\$ 2,417.7	\$ 2,325.1

Source:
 Ohio Lottery Commission

Notes:

- (A) - In January 2007, the Classic Lotto game replaced the Super Lotto game.
- (B) - Raffle to Riches was a new game started in 2007.
- (C) - In April 2008, the new EZ Play game was introduced.
- (D) - In August 2007, the game Ten-OH! was introduced.
- (E) - In 2009, the Keno game was introduced.
- (F) - In fiscal year 2010, the Power Ball / Power Play was introduced.
- (G) - In fiscal year 2011, the Kicker was retired and the Megaplier was added.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 370.9	\$ 377.3	\$ 387.7	\$ 396.8	\$ 401.8
183.0	175.7	170.1	165.2	154.2
72.9	72.6	74.8	66.6	68.9
21.8	76.3	113.0	143.8	160.7
21.8	-	-	-	-
17.8	-	-	-	-
21.3	21.6	19.9	24.5	27.3
196.1	223.4	176.4	191.8	176.2
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
905.6	946.9	941.9	988.7	989.1
<u>1,353.8</u>	<u>1,274.0</u>	<u>1,217.2</u>	<u>1,166.0</u>	<u>1,089.1</u>
<u>\$ 2,259.4</u>	<u>\$ 2,220.9</u>	<u>\$ 2,159.1</u>	<u>\$ 2,154.7</u>	<u>\$ 2,078.2</u>

STATE OF OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

As of June 30,	Governmental Activities				
	General Obligation Bonds	Revenue Bonds and Notes	Special Obligation Bonds	Certificates of Participation	Capital Leases
2012	\$ 8,888,085	\$ 7,129,786	\$ 2,090,889	\$ 156,664	\$ 4,199
2011	7,872,276	7,156,025	2,260,853	179,935	6,530
2010	7,343,289	6,891,331	2,338,094	200,428	8,624
2009	7,138,051	6,646,593	2,427,556	216,537	9,929
2008	7,310,376	6,413,182	2,585,319	187,336	9,804
2007	7,583,266	811,910	2,966,105	122,182	18,737
2006	6,893,521	720,675	3,317,325	90,389	3,366
2005	6,039,203	591,888	3,699,936	92,142	2,471
2004	5,420,711	607,958	3,914,168	6,480	3,460
2003	4,603,842	450,598	4,093,614	7,370	4,888

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis

Ohio Office of Budget and Management

Note:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

(dollars in thousands)

<u>Business-Type Activities</u>				
<u>Revenue</u> <u>Bonds</u>	<u>Capital</u> <u>Leases</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Per</u> <u>Capita</u>
\$ 31,633	\$ 45,289	\$ 18,346,545	4.21%	1,589
47,889	58,007	17,581,515	4.21%	1,524
64,200	66,757	16,912,723	4.12%	1,465
80,657	3	16,519,326	4.05%	1,438
97,286	12	16,603,315	4.20%	1,448
115,740	22	11,617,962	3.05%	1,012
135,215	12	11,160,503	3.06%	974
151,063	205	10,576,908	2.96%	923
158,578	30,368	10,141,723	2.96%	887
167,310	44,151	9,371,773	2.82%	821

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STATE OF OHIO

RATIOS OF GENERAL AND SPECIAL OBLIGATION BONDED DEBT OUTSTANDING FOR THE LAST TEN FISCAL YEARS

As of June 30,	Bonded Debt (dollars in thousands)					Percentage of Personal Income	Per Capita Net Bonded Debt
	General Obligation Bonds	Special Obligation Bonds	Less Amount Restricted for Bond Repayment	Net Bonded Debt			
2012	\$8,888,085	\$2,090,889	\$34,923	\$10,944,051	2.51%	948	
2011	7,872,276	2,260,853	16,857	10,116,272	2.42%	877	
2010	7,343,289	2,338,094	1,124	9,680,259	2.36%	839	
2009	7,138,051	2,427,556	931	9,564,676	2.35%	833	
2008	7,310,376	2,585,319	8,954	9,886,741	2.50%	862	
2007	7,583,266	2,966,105	11,680	10,537,691	2.76%	918	
2006	6,893,521	3,317,325	10,994	10,199,852	2.79%	890	
2005	6,039,203	3,699,936	39,877	9,699,262	2.72%	846	
2004	5,420,711	3,914,168	71,736	9,263,143	2.70%	810	
2003	4,603,842	4,093,614	102,055	8,595,401	2.59%	753	

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management

Note:

This table includes general and special obligation bonds for which debt service payments have been made from the following combining funds in the Debt Service and Capital Projects Funds. Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

Debt Service Fund:

- Coal Research/Development General Obligations
- Highway General Obligations
- Local Infrastructure Improvements General Obligations
- State Projects General Obligations
- Highway Capital Improvements General Obligations
- Higher Education Capital Facilities General Obligations
- Common Schools Capital Facilities General Obligations
- Conservation Projects General Obligations
- Third Frontier Research/Development General Obligations
- Persian Gulf Conflict Compensation General Obligation
- Job Ready Site Development General Obligations
- School Building Program Special Obligation
- Lease Rental Special Obligations*

Capital Projects Fund:

- Mental Health/Developmental Disabilities Facilities Improvements
- Parks and Recreation Improvements
- Adult Correctional Building Improvements
- Administrative Service Building Improvements
- Youth Services Building Improvements
- Highway Safety Building Improvements
- Ohio Parks and Natural Resources
- Highway Capital Improvement

* - As of fiscal year 2012, Lease Rental Special Obligations encompasses Chapter 154 Special Obligations, Higher Education Facilities Special Obligations, Mental Health Facilities Special Obligations, Parks and Recreation Facilities Special Obligations, and Ohio Building Authority Special Obligations.

STATE OF OHIO

ANNUAL LIMITATION ON DEBT SERVICE EXPENDITURES (BUDGETARY BASIS)

FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

	2012(A)	2011(A)	2010(A)	2009	2008
Debt Service Expenditures.....	\$ 692,776	\$ 755,023	\$ 710,284	\$ 1,075,938	\$ 1,231,640
General Revenue Fund (GRF) Revenues and Transfers from the Lottery Enterprise Fund.....	\$ 27,956,513	\$ 26,777,100	\$ 24,108,466	\$ 27,386,792	\$ 27,331,442
Calculation of Annual 5% Debt Service Cap.....	\$ 1,397,826	\$ 1,338,855	\$ 1,205,423	\$ 1,369,340	\$ 1,366,572
Amount Under the Debt Service Expenditure Cap.....	\$ 705,050	\$ 583,832	\$ 495,139	\$ 293,402	\$ 134,932
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	2.48%	2.82%	2.95%	3.93%	4.51%

Limitations on Debt

A 1999 amendment to the Ohio Constitution provides an annual debt service "cap" on general obligation bonds and other direct obligations payable from the General Revenue Fund (GRF) or net state lottery proceeds. Generally, such bonds may not be issued if the future fiscal year debt service on the new bonds and previously issued bonds exceeds five percent of total estimated GRF revenues plus net state lottery proceeds during the fiscal year of issuance. Application of the cap may be waived in a particular instance by a three-fifths vote of each house of the General Assembly and may be changed by future constitutional amendments. Direct obligations of the State include, for example, special obligation bonds issued by the Ohio Building Authority and the Treasurer of State that are paid from GRF appropriations, but exclude bonds such as highway bonds that are paid from highway user receipts.

Source:

Ohio Office of Budget and Management

Note:

(A) Debt Service Expenditures reflect the restructuring of net debt service payments into later fiscal years.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,216,382	\$ 1,128,592	\$ 1,097,800	\$ 1,013,200	\$ 959,490
\$ 26,447,719	\$ 26,492,278	\$ 26,195,600	\$ 24,678,900	\$ 23,055,920
\$ 1,322,386	\$ 1,324,614	\$ 1,309,780	\$ 1,233,945	\$ 1,152,796
\$ 106,004	\$ 196,022	\$ 211,980	\$ 220,745	\$ 193,306
4.60%	4.26%	4.19%	4.11%	4.16%

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)

Economic Development and Revitalization Project Revenue Bonds and Notes
Issuer: Treasurer of State

Fiscal Year	Liquor Control Enterprise Fund			Debt Service Requirements			Coverage
	Gross Liquor Revenues	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	
2012 (A)	\$791,454	\$543,375	\$248,079	\$119,625	\$31,613	\$151,238	1.64
2011	733,573	507,417	226,156	24,710	31,682	56,392	4.01
2010	706,736	488,730	218,006	21,940	25,447	47,387	4.60
2009	689,283	479,412	209,871	21,470	23,853	45,323	4.63
2008	663,830	459,638	204,192	16,480	23,094	39,574	5.16
2007	639,664	443,708	195,956	15,445	23,810	39,255	4.99
2006	606,905	422,577	184,328	10,950	20,914	31,864	5.78
2005	556,213	400,878	155,335	9,130	19,170	28,300	5.49
2004	520,161	374,275	145,886	8,195	15,627	23,822	6.12
2003	493,195	354,318	138,877	5,415	11,898	17,313	8.02

Infrastructure Bank Revenue Bonds
Issuer: Treasurer of State

Fiscal Year	Highway Operating Fund			Debt Service Requirements			Coverage
	Gross Revenues (B)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	
2012	\$152,561	N/A	\$152,561	\$123,235	\$50,338	\$173,573	0.88
2011	147,045	N/A	147,045	114,095	40,395	154,490	0.95
2010	145,094	N/A	145,094	111,080	36,632	147,712	0.98
2009	150,609	N/A	150,609	123,240	34,716	157,956	0.95
2008	119,077	N/A	119,077	104,960	23,092	128,052	0.93
2007	92,167	N/A	92,167	80,520	18,876	99,396	0.93
2006	73,373	N/A	73,373	60,840	13,628	74,468	0.99
2005	66,592	N/A	66,592	53,045	14,020	67,065	0.99
2004	65,542	N/A	65,542	38,380	11,459	49,839	1.32
2003	49,409	N/A	49,409	37,965	11,653	49,618	1.00

(continued)

Notes:

- (A) Fiscal year 2012 debt service requirements includes payments for Bond Anticipation Notes (BANS), the term of which is no longer than one year.
- (B) The gross revenue for Infrastructure Bank Revenue Bonds includes GARVEE receipts, which stands for Grant Anticipation Revenue Vehicles, and other revenue. GARVEE receipts are capital market borrowings repaid by federal transportation funds deposited in the State's Highway Operating Fund.

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)
(continued)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds

Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (C)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2012	\$295,259	N/A	\$295,259	\$20,295	\$274,874	\$295,169	1.00
2011	291,908	N/A	291,908	23,760	275,967	299,727	0.97
2010	305,096	N/A	305,096	28,695	277,323	306,018	1.00
2009	374,674	N/A	374,674	98,585	282,012	380,597	0.98
2008	348,028	N/A	348,028	33,285	167,255	200,540	1.74

Ohio Building Authority Revenue Bonds

Ohio Building Authority Enterprise Fund				Debt Service Requirements			
Fiscal Year	Gross Revenues (D)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2008 (E)	\$27,527	\$28,078	(\$551)	\$2,686	\$30	\$2,716	N/A
2007	27,581	27,923	(342)	4,653	149	4,802	N/A
2006	27,980	25,165	2,815	2,047	298	2,345	1.20
2005	27,257	26,562	695	1,691	408	2,099	0.33
2004	26,484	26,881	(397)	3,730	5,544	9,274	N/A
2003	27,388	29,330	(1,942)	3,531	1,394	4,925	N/A

(continued)

Notes (continued):

(C) The Buckeye Tobacco Settlement Financing Authority revenue bonds were first issued in fiscal year 2008.

Gross revenues consist of tobacco settlement receipts (TSRs) and investment income.

(D) Gross revenues consist of operating revenues and investment income.

(E) The final debt service payments on the Ohio Building Authority Revenue Bonds were made during fiscal year 2008.

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)
(continued)

Bureau of Workers' Compensation Revenue Bonds
Issuer: Ohio Building Authority

Fiscal Year	Workers' Compensation Enterprise Fund			Debt Service Requirements			
	Gross Revenues (D)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2012	\$4,002,237	\$1,934,524	\$2,067,713	\$15,890	\$2,326	\$18,216	113.51
2011	4,314,528	2,343,117	1,971,411	15,865	3,110	18,975	103.90
2010	4,183,060 (F)	2,849,661	1,333,399	15,930	3,866	19,796	67.36
2009	2,183,392	2,145,947	37,445	16,005	4,596	20,601	1.82
2008	2,880,519	2,663,456	217,063	15,055	5,291	20,346	10.67
2007	5,200,066 (G)	2,749,217	2,450,849	14,150	5,901	20,051	122.23
2006	2,882,383	2,002,722	879,661	13,190	6,472	19,662	44.74
2005	3,201,561	3,229,197	(27,636)	5,300	6,578	11,878	N/A
2004	3,388,523	3,056,227	332,296	—	6,183	6,183	53.74
2003	2,759,594	4,070,231	(1,310,637)	10,000	8,175	18,175	N/A

Source:
Ohio Office of Budget and Management

Notes (continued):

- (D) Gross revenues consist of operating revenues and investment income.
- (F) The Bureau of Workers' Compensation's (BWC) investment income for fiscal year 2010 increased by approximately \$2 billion as a result of the implementation of a strategy to diversify fixed and equity investments, a comprehensive update to BWC's investment policy, and the selection of investment managers to execute its passive investment strategy.
- (G) In June 2007, House Bill 100 passed granting BWC the authority to assess employers in future periods for amounts needed to fund the Disabled Worker's Relief Fund. The net impact of this change was a \$1.9 billion increase in operating revenues during fiscal year 2007.

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STATE OF OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FOR THE LAST TEN CALENDAR YEARS

Calendar Year	Population (in thousands)				Per Capita Personal Income		
	U.S.	Change from Prior Period	Ohio	Change from Prior Period	U.S.	Ohio	Ohio as a Percentage of U.S.
2011	311,592	2,242	11,545	9	\$41,663	\$37,791	90.7%
2010	309,350	2,343	11,536	(7)	39,945	36,180	90.6%
2009	307,007	2,947	11,543	57	39,138	35,381	90.4%
2008	304,060	2,439	11,486	19	39,751	35,511	89.3%
2007	301,621	2,223	11,467	(11)	38,611	34,874	90.3%
2006	299,398	2,988	11,478	14	36,276	33,338	91.9%
2005	296,410	2,755	11,464	5	34,495	31,867	92.4%
2004	293,655	2,866	11,459	21	33,041	31,135	94.2%
2003	290,789	2,848	11,438	28	31,487	29,947	95.1%
2002	287,941	2,839	11,410	22	30,814	29,094	94.4%

Sources:

- U.S. Department of Commerce, Bureau of Economic Analysis for Population, Income, and Employment
- Ohio Department of Job and Family Services for unemployment rates
- Ohio Department of Education for school enrollment
- Ohio Department of Public Safety for motor vehicle registrations

Civilian Labor Force

(in thousands)

<u>Ohioans Employed</u>	<u>Ohio's Unemployment Rate</u>	<u>Public School Enrollment in Ohio (in thousands)</u>	<u>Motor Vehicles Registered in Ohio (in thousands)</u>
6,521	8.6%	1,860	11,788
6,454	10.1%	1,872	12,027
6,469	10.2%	1,893	11,792
6,819	6.6%	1,882	11,945
6,829	5.6%	1,890	12,022
6,894	5.5%	1,835	12,128
6,792	5.9%	1,845	12,018
6,733	6.1%	1,844	12,192
6,669	6.1%	1,838	12,084
6,688	5.7%	1,831	12,064

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STATE OF OHIO
PRINCIPAL EMPLOYERS
FOR CALENDAR YEARS 2011 AND 2002

Employer	2011			2002		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	80,543	1	1.24%	78,939	1	1.19%
State of Ohio	52,599	2	0.81%	59,941	2	0.90%
Wal-Mart Stores	52,275	3	0.80%	37,000	3	0.56%
Cleveland Clinic Health System	39,400	4	0.60%	23,700	5	0.36%
Kroger Company	39,000	5	0.60%	29,000	4	0.44%
Catholic Healthcare Partners	30,300	6	0.46%			
The Ohio State University	28,300	7	0.43%			
University Hospitals Health System	21,000	8	0.32%	17,070	10	0.26%
JP Morgan Chase & Co	19,500	9	0.30%			
Giant Eagle, Inc	17,000	10	0.26%			
General Motors Corporation				21,350	6	0.32%
Delphi Automotive				20,300	7	0.31%
General Electric Company				20,300	8	0.31%
Ford Motor Company				17,800	9	0.27%

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis
 Ohio Department of Development, Office of Strategic Research
 State of Ohio Comprehensive Annual Report for Fiscal Year 2011 and 2002

STATE OF OHIO

FULL-TIME AND PART-TIME PERMANENT STATE EMPLOYEES DURING THE MONTH OF JUNE BY FUNCTION/PROGRAM FOR THE LAST TEN FISCAL YEARS

Function/Program	Number of Employees				
	2012	2011	2010	2009	2008
Primary, Secondary and Other Education.....	970	1,034	1,045	1,122	1,174
Higher Education Support.....	70	77	76	92	93
Public Assistance and Medicaid.....	2,769	2,811	2,880	2,772	3,108
Health and Human Services.....	8,604	9,018	9,401	9,671	10,312
Justice and Public Protection.....	20,196	21,477	21,906	22,465	23,410
Environmental Protection and Natural Resources.....	2,745	2,796	2,900	3,004	3,058
Transportation.....	5,218	5,507	5,562	5,549	5,624
General Government.....	4,984	5,183	5,305	5,214	5,338
Community and Economic Development.....	820	852	902	924	902
Workers' Compensation.....	1,882	2,019	2,231	2,335	2,382
Lottery Commission.....	326	330	353	346	339
Unemployment Compensation.....	611	599	622	554	552
Other.....	818	896	922	959	981
Total.....	<u>50,013</u>	<u>52,599</u>	<u>54,105</u>	<u>55,007</u>	<u>57,273</u>

Source:

Ohio Department of Administrative Services

Note:

(A) For fiscal year 2003, the number of individuals employed in the Unemployment Compensation Program is included in the number of employees reported for the Public Assistance and Medicaid Function.

2007	2006	2005	2004	2003
1,207	1,194	1,186	1,201	1,168
98	91	81	83	94
3,314	3,299	3,272	3,115	3,621
10,549	10,665	11,037	11,144	10,984
23,682	23,599	23,683	23,319	23,705
3,086	3,095	3,146	3,232	3,253
5,711	5,831	5,808	5,819	5,899
5,294	5,419	5,362	5,400	5,350
914	955	1,029	1,007	1,009
2,549	2,548	2,668	2,675	2,759
329	331	335	339	345
535	564	590	613	(A)
958	979	972	1,018	1,060
<u>58,226</u>	<u>58,570</u>	<u>59,169</u>	<u>58,965</u>	<u>59,247</u>

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2012	2011	2010	2009	2008
<i>Primary, Secondary and Other Education</i>					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools).....	1,859,821	1,872,370	1,895,768	1,881,631	1,890,154
Public School Districts (A).....	612	612	612	612	612
Community School Districts (A).....	341	295	310	318	312
Vocational School Districts.....	49	49	49	49	49
High School Graduation Rate (by School year).....	(B)	79.7%	84.3%	83.0%	84.6%
<i>Higher Education Support</i>					
Ohio Board of Regents:					
Student Enrollment at State-Assisted Institutions.....	539,058	543,468	522,913	478,376	465,856
State-Assisted Institutions.....	37	37	37	37	37
Ohio Instructional Grant Recipients (C)(D).....	—	—	—	51,138	63,601
Ohio College Opportunity Grant Recipients (C).....	98,751	78,334	66,779	77,481	52,130
Student Choice Grant Program Recipients (D).....	—	—	—	58,562	58,499
<i>Public Assistance and Medicaid</i>					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage.....	2,213,104	2,151,760	2,035,693	1,878,345	1,761,529
Individuals Receiving Cash Assistance (OWF).....	181,934	224,647	227,657	187,878	170,570
Individuals on ODJFS Medicaid Waiver.....	13,410	13,146	12,897	12,102	12,029
Ohio Department of Aging:					
Individuals on PASSPORT Waiver.....	42,060	41,443	38,185	36,273	35,872
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver.....	28,077	26,416	24,023	21,429	18,264
<i>Health and Human Services</i>					
Ohio Department of Alcohol & Drug Addiction Services:					
Clients Treated	91,841	97,033	100,802	103,469	100,270
Ohio Department of Aging:					
Clients Served-PASSPORT.....	42,060	41,443	38,188	36,273	35,751
Clients Served-Congregate Meals (G).....	50,347	63,453	60,264	67,653	66,132
Clients Served-Home Delivered Meals.....	36,056	39,037	44,735	47,036	46,432
Clients Served-Transportation Provided.....	21,702	20,144	27,413	29,665	30,798
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children.....	277,379	283,997	301,587	301,684	289,593
Ohio Department of Mental Health:					
Clients Served.....	7,764	6,730	6,745	5,600	5,859
Facilities' Admissions.....	6,756	5,753	5,756	6,084	6,111
Facilities' Average Daily Residence Population.....	1,008	977	989	1,011	1,036
Ohio Department of Developmental Disabilities:					
Individuals Served (F).....	451,907	446,939	429,132	412,341	354,004
Facilities' Average Daily Residence Population.....	1,184	1,228	1,335	1,462	1,517
<i>Justice and Public Protection</i>					
Ohio Department of Public Safety:					
Crashes Investigated.....	64,519	69,113	68,222	68,861	68,974
Total Arrests.....	554,794	508,418	497,915	556,635	582,282
Ohio Department of Rehabilitation and Correction:					
Inmate Population.....	49,774	50,561	50,807	50,919	50,191
<i>Environmental Protection and Natural Resources</i>					
Ohio Department of Natural Resources:					
Licenses and Registrations (E).....	2,506,036	2,434,183	2,520,192	2,592,488	2,452,929

2007	2006	2005	2004	2003
1,835,188	1,842,943	1,845,351	1,843,898	1,838,068
611	610	612	611	611
309	293	248	164	129
49	49	49	49	49
86.9%	86.1%	86.2%	85.9%	84.3%
457,322	455,786	457,333	457,281	450,470
37	38	38	37	37
83,942	106,310	104,512	102,227	100,737
25,567	—	—	—	—
59,400	58,656	57,621	55,859	54,959
1,736,971	1,730,544	1,687,465	1,618,900	1,527,076
169,135	180,253	190,265	193,943	194,320
11,606	10,135	10,391	10,066	9,433
33,943	33,279	31,656	29,242	26,698
16,533	14,978	12,438	10,828	9,859
99,314	95,081	93,919	89,389	89,894
33,943	33,042	31,499	29,093	27,055
65,366	71,522	70,817	75,279	77,478
44,607	52,317	39,926	46,304	44,853
29,800	32,558	29,756	30,517	31,421
279,735	276,757	272,632	267,300	255,804
7,419	7,728	7,669	7,486	7,427
6,424	6,715	6,584	6,399	6,307
1,053	1,050	1,034	1,046	1,056
343,955	319,930	319,965	335,814	342,678
1,603	1,605	1,659	2,826	2,979
67,850	70,904	79,359	83,740	84,340
555,587	554,570	500,036	460,305	(B)
49,199	46,356	43,928	43,889	45,216
2,481,574	2,417,488	2,436,105	2,497,563	2,645,660

(continued)

STATE OF OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS
(continued)

Function/Program	2012	2011	2010	2009	2008
<i>Transportation</i>					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane.....	2,683	2,237	3,551	2,673	2,521
Four-Lane.....	1,098	942	1,220	1,076	871
Interstate.....	1,417	703	897	921	1,302
<i>Workers' Compensation</i>					
Ohio Bureau of Workers' Compensation:					
Claims Filed.....	112,613	116,378	116,042	132,549	159,611
Open Claims.....	1,070,056	1,129,873	1,221,302	1,321,214	1,415,491
<i>Lottery</i>					
Ohio Lottery Commission:					
Prize Awards Paid (in billions).....	\$ 1.68	\$ 1.60	\$ 1.51	\$ 1.50	\$ 1.40
Bonuses and Commissions Paid (in millions).....	\$ 172.0	\$ 161.3	\$ 153.4	\$ 150.1	\$ 143.9
Transfers to					
Lottery Profits Education Fund (in millions).....	\$ 771.0	\$ 738.8	\$ 728.6	\$ 702.3	\$ 672.2
<i>Unemployment Compensation</i>					
Ohio Department of Job and Family Services:					
Initial Claims.....	635,733	717,775	877,640	1,184,136	685,090
Continuing Claims.....	5,388,767	6,784,230	9,682,672	10,168,422	5,604,605

Sources: Various state agencies, as noted above.

Notes:

- (A) The number of school districts include only those with enrollment.
- (B) Data for the year indicated was not readily available.
- (C) In fiscal year 2007, the Ohio Instructional Grant began to be phased out and was replaced by the Ohio College Opportunity Grant.
- (D) The Ohio Instructional Grant and Student Choice Grant were eliminated at the end of fiscal year 2009.
- (E) Data includes hunting licenses, fishing licenses, permits, and boating licenses.
- (F) Represents clients served by the Department of Mental Health and Department of Developmental Disabilities.
- (G) Department of Aging began using a new reporting system in FY12, resulting in lower count for Congregate Meals served.

2007	2006	2005	2004	2003
1,673	1,502	2,535	1,280	1,275
506	252	563	234	233
428	229	371	134	4
171,692	185,232	197,083	207,847	229,307
1,540,543	1,664,368	1,792,944	1,930,550	2,157,516
\$ 1.34	\$ 1.31	\$ 1.28	\$ 1.28	\$ 1.21
\$ 140.0	\$ 139.8	\$ 133.8	\$ 132.8	\$ 137.0
\$ 669.3	\$ 646.2	\$ 645.1	\$ 655.6	\$ 641.4
591,614	636,722	689,412	750,783	812,169
4,709,523	5,094,129	5,352,206	6,395,391	6,733,498

STATE OF OHIO
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2012	2011	2010	2009	2008
<i>Primary, Secondary and Other Education</i>					
Historical Sites Owned by the State.....	35	35	35	35	35
Historical Sites Jointly Owned by the State and the Ohio Historical Society.....	8	8	8	8	8
<i>Health and Human Services</i>					
Developmental Disabilities Institutions.....	10	10	10	10	10
Mental Health Institutions.....	6	9	9	9	9
<i>Justice and Public Protection</i>					
Rehabilitation and Correction Institutions.....	26	29	29	30	30
Youth Services Institutions.....	4	4	5	6	8
State Highway Patrol Structures.....	77	81	79	79	79
Number of Readiness Centers.....	50	50	50	52	53
<i>Environmental Protection and Natural Resources</i>					
Number of State Parks.....	74	74	74	74	74
Area of State Parks, Natural & Wildlife Lands (in acres).....	332,106	327,906	324,421	323,835	323,133
Area of State Forest Lands (in acres).....	203,078	191,155	191,143	191,144	191,144
<i>Transportation</i>					
Buildings.....	830	825	830	827	816
Number of Rest Stops.....	116	109	110	116	116
Licensed Vehicles (A).....	4,604	4,530	4,524	4,482	4,579
Infrastructure Assets(B)(C):					
Pavement (in lane-miles):					
Priority Subsystem.....	13,109	13,059	12,932	12,826	12,718
General Subsystem.....	29,917	29,932	29,960	29,991	30,063
Bridges:					
Number of Bridges.....	14,182	14,234	14,253	14,230	14,242
Deck Area (in thousand square feet).....	105,309	105,721	105,413	104,852	104,084
<i>General Government</i>					
State Office Buildings.....	5	5	5	5	5
<i>Community and Economic Development</i>					
Permanent Agricultural Easement Land (in acres).....	47,424	40,726	36,124	31,694	29,168

Sources:

- Ohio Department of Developmental Disabilities
- Ohio Department of Mental Health
- Ohio Department of Rehabilitation and Correction
- Ohio Department of Youth Services
- Ohio Department of Natural Resources
- Ohio Department of Transportation
- Ohio Department of Agriculture
- Ohio Building Authority
- Ohio Department of Public Safety
- Ohio Historical Society

Notes:

- (A) The Ohio Department of Transportation does not use FleetOhio.
- (B) Data presented is for the calendar year.
- (C) The Priority Subsystem includes the interstate highways, freeways, and multi-lane portions of the National Highway System. The General Subsystem consists of two-lane routes outside of cities.

2007	2006	2005	2004	2003
35	36	36	36	36
8	8	8	8	8
10	10	12	12	12
9	9	9	9	9
30	28	28	28	29
8	8	8	9	9
86	91	79	85	89
58	60	63	63	63
74	74	74	74	74
315,381	315,611	314,646	310,964	309,271
191,142	191,142	191,117	185,838	185,709
822	830	810	793	769
114	108	126	126	126
4,739	4,701	4,626	4,741	4,789
12,655	12,500	12,355	12,225	12,210
30,118	30,168	30,207	30,246	30,317
12,793	12,531	12,544	12,416	12,394
84,447	83,443	82,684	82,260	80,608
5	5	5	5	5
24,012	20,186	15,155	12,514	9,602

[BACK COVER]