



OHIO AUDITOR OF STATE
KEITH FABER



STATE OF OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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ATTACHMENT

State of Ohio *Comprehensive Annual Financial Report*

NOTE: The State of Ohio *Comprehensive Annual Financial Report* for fiscal year ended June 30, 2020, including the Independent Auditor's Report, has been issued under separate cover by the Ohio Office of Budget and Management. This report is included as an attachment herein and can also be viewed at the following website: <http://obm.ohio.gov/>

EXECUTIVE SUMMARY 2020 STATE OF OHIO SINGLE AUDIT

AUDIT OF BASIC FINANCIAL STATEMENTS

There are 11 separate opinion units included in the basic financial statements of the State of Ohio for the state fiscal year (FY) ended June 30, 2020, including a new opinion unit for the Coronavirus Relief Fund. For six of the 11 opinion units, our opinion was based, in whole or in part, on audits performed by independent accounting firms under contract with the Auditor of State. The remaining five opinion unit audits were performed by audit staff of the Auditor of State. This information is described on page 1 in our Independent Auditor's Report included in the Comprehensive Annual Financial Report. The State of Ohio Comprehensive Annual Financial Report is included as an attachment to this report.

We audited the basic financial statements of the State of Ohio as of and for the period ended June 30, 2020, following auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The objective of our audit was to express our opinion concerning whether the financial statements present fairly, in all material respects, the respective financial position of the State of Ohio, and cash flows thereof and the respective budgetary comparisons, in accordance with accounting principles generally accepted in the United States of America. We issued unmodified opinions on 9 of the 11 opinion units and qualified opinions on the Business-Type Activities and Enterprise – Unemployment Compensation Fund opinion units. Our opinion letter, dated December 28, 2020, was provided to the Ohio Office of Budget and Management who released it, along with the Comprehensive Annual Financial Report, under a separate cover.

In addition to our opinions on the basic financial statements, we issued an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*, dated December 28, 2020. There was one noncompliance citation and two material weaknesses required to be reported in this letter for the fiscal year ended June 30, 2020.

AUDIT RESPONSIBILITIES AND REPORTING UNDER FEDERAL UNIFORM GUIDANCE

The Single Audit Act requires an annual audit of the State's federal financial assistance programs. The specific audit and reporting requirements utilized for the June 30, 2020 audit are set forth in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Schedule of Expenditures of Federal Awards (the Schedule) reports federal expenditures for each federal financial assistance program by federal agency, as identified by the Catalog of Federal Domestic Assistance (CFDA) number. As detailed on pages 11 through 20, the State administered 349 federal programs from 25 Federal agencies with total federal expenditures of \$39.9 billion in FY 2020. This included more than \$7.8 billion in additional funding as a result of the pandemic (a 40% increase in total assistance, as compared to the prior year); approximately \$7.1 billion of that increase was related to the Unemployment Insurance Program.

The Schedule is used for identifying Type A and Type B programs. For FY 2020, Type A federal programs for the State of Ohio were those programs with annual federal expenditures exceeding \$59.9 million. There were 26 programs at or above this amount. All other programs were identified as Type B in accordance with the Uniform Guidance requirements. The identification of Type A and B programs is utilized for determining which federal programs will be tested in detail for compliance with federal laws and regulations. Under the Uniform Guidance, the auditor uses a risk-based approach to testing. Once programs are classified as Type A or B, they are then assessed as either high or low risk programs. All

high-risk Type A programs are considered major programs and are tested in detail for compliance with federal regulations. Low-risk Type A programs must be tested at least once every three years. Auditors are not required to identify more high-risk Type B programs than at least 1/4 the number of low-risk Type A programs, and are required to test as a major program each Type B program that is identified as high-risk. The State of Ohio Single Audit included the testing of 20 Type A programs and three high-risk Type B programs as major programs in FY 2020 (listed on pages 38 through 40).

Included in the Schedule are monies paid by the Ohio Department of Job & Family Services and the Ohio Department of Medicaid to their subrecipient county agencies to administer applicable portions of the Medicaid Cluster, Children's Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF), Foster Care, Adoption Assistance, Social Services Block Grant (SSBG), CCDF Cluster, Child Support Enforcement, and Supplemental Nutrition Assistance Program (SNAP) Cluster federal programs. The related county federal schedules will report expenditures for all disbursements made at the county level. However, for the Medicaid, CHIP, TANF (Ohio Works First portion), CCDF Cluster, and SNAP federal programs, the counties performed selected functions and maintained case records to support benefits paid by the Ohio Department of Job & Family Services and the Ohio Department of Medicaid related to these programs. We selected 10 of 88 counties and performed testing related to the specific county level activities for these five major programs. The results of our county level audit procedures are included in the Schedule of Findings and Questioned Costs.

The State's colleges and universities' federal financial assistance, which was approximately \$3.3 billion in FY 2020, is excluded from the State's Schedule although their financial activities are included in the State's financial statements (Discretely Presented Component Units). The State's colleges and universities included in the State's reporting entity are subject to separate audits under the Uniform Guidance.

In accordance with the Uniform Guidance, we issued an *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance*. Our report on compliance includes our opinion on compliance with the 23 major federal financial assistance programs and describes instances of noncompliance with Federal requirements we detected that require reporting per the Uniform Guidance. This report also describes any material weaknesses or significant deficiencies we identified related to controls used to administer Federal financial assistance programs. Due to the significance of 19 of our audit findings, we qualified our opinion on compliance related to Activities Allowed or Unallowed applicable to Unemployment Insurance, Medicaid Cluster, and Children's Health Insurance Plan (CHIP); Allowable Costs/Cost Principles applicable to Unemployment Insurance; Cash Management applicable to the National Guard Military Operations and Maintenance Projects, TANF, Social Services Block Grant, and Low-Income Home Energy Assistance Program; Eligibility applicable to the Unemployment Insurance, TANF, Opioid STR, Medicaid Cluster, and CHIP; Equipment and Real Property Management applicable to the Fish and Wildlife Cluster; Reporting applicable to the Child and Adult Care Food Program, WIOA Cluster, and Opioid STR; Subrecipient Monitoring applicable to the Low Income Home Energy Assistance Program; and, Special Tests and Provisions applicable to the Child Nutrition Cluster, Unemployment Insurance, Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), Supporting Effective Instructions State Grant, TANF, Foster Care, Medicaid Cluster, and CHIP federal programs.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

The FY 2020 Schedule of Findings and Questioned Costs contains 40 findings; two findings related to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*, 38 findings (summarized on pages 41 through 43) related to the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance*, of which 20 were repeated from the FY 2019 State of Ohio Single Audit.

State of Ohio
 Fiscal Year 2020 Single Audit
 Executive Summary

The 38 federal findings, beginning on page 45, relate to the federal programs at 10 state agencies. Of these federal findings, many of which were rated as more than one type, seven resulted in questioned costs (some also included noncompliance and/or control deficiencies), 24 were noncompliance (some also included control deficiencies), 32 were identified as material weaknesses, and three were significant deficiencies. Of the seven findings with questioned costs, questioned amounts totaled \$426,470. In addition, an amount could not be determined for one questioned costs finding.

The schedule below identifies the number of reportable items included in the State of Ohio Single Audit, by state agency, for fiscal years 2015 through 2020.

State Agency	2020	2019	2018	2017	2016	2015
Ohio Department. of Job & Family Services	14	6	6	9	7	12
Ohio Department of Medicaid	4	6	9	6	4	3
Ohio Department of Education	5	7	6	5	5	10
Ohio Development Services Agency	3	1	1	1	0	1
Ohio Department of Developmental Disabilities	1	1	1	0	0	1
Ohio Department of Mental Health & Addiction Services	5	3	1	5	2	1
Opportunities for Ohioans with Disabilities	N/A	1	3	2	N/A	N/A
Ohio Department of Natural Resources	3	4	6	N/A	N/A	N/A
Ohio Department of Public Safety	0	N/A	N/A	N/A	N/A	N/A
Ohio Office of Budget and Management	0	0	0	1	1	2
Ohio Department of Transportation	0	1	2	3	2	1
Ohio Environmental Protection Agency	N/A	0	N/A	N/A	0	1
Ohio Department of Adjutant General	1	1	N/A	N/A	N/A	N/A
Ohio Department of Administrative Services	1	1	0	0	0	0
Ohio Department of Aging	1	1	N/A	N/A	0	N/A
Other Findings / State Agencies	0	0	0	1	0	2
Total	38	33	35	33	21	34

N/A – no major programs tested for this agency

In addition to the comments included in this report, the State of Ohio and each state agency may receive management letters which would include internal control and compliance deficiencies that do not rise to the level required for inclusion in this report. Those management letters are not part of this report.

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**INDEPENDENT AUDITOR'S
REPORTS ON COMPLIANCE
AND INTERNAL CONTROLS**



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
 REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Honorable Mike DeWine, Governor
 State of Ohio
 Columbus, Ohio 43215

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise the State’s basic financial statements and have issued our report thereon dated December 21, 2020. We qualified our opinion on Business-Type Activities and the Unemployment Compensation Fund because the State, or the service organization it contracted with to process Pandemic Unemployment Assistance (PUA) and the corresponding Federal Pandemic Unemployment Compensation (FPUC) benefits, did not provide us with information we requested regarding the design or proper operation of internal controls related to eligibility for recipient benefits and claims processing. We were therefore unable to obtain sufficient appropriate audit evidence about the proper processing of PUA and FPUC unemployment benefits and claims expenses.

Our report refers to other auditors who audited the financial statements of the following organizations, as described in our report on the State’s financial statements:

Opinion Unit	Organization	Percent of Opinion Unit’s Total	
		Assets	Expenditures/ Expenses/ Deductions
Governmental Activities (GA)	Treasurer of State Lease Revenue Bonds and Buckeye Tobacco Settlement Financing Authority (BTSFA)	2%	2%
Business-Type Activities (BTA)	Ohio Bureau of Workers’ Compensation and Tuition Trust Authority	97%	18%
GA/BTSFA Revenue Bonds	Buckeye Tobacco Settlement Finance Authority	100%	100%
BTA / Workers’ Compensation	Ohio Bureau of Workers’ Compensation	100%	100%
Aggregate Discretely Presented Component Units	Bowling Green State University; Cleveland State University; Columbus State Community College; JobsOhio; 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; and Youngstown State University.	90%	93%
Aggregate Remaining Fund Information	Police and Fire Pension Fund, Public Employees Retirement System, School Employees Retirement, State Highway Patrol Retirement System, State Teachers Retirement System, State Treasury Asset Reserve of Ohio, Treasurer of State Lease Revenue Bonds, and Tuition Trust Authority	97%	84%

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. In addition, the financial statements of JobsOhio, which represents six percent of the total assets and nine percent of the total expenses of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the State's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the State's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the State's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

State's Response to Findings

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. We did not subject the State's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 28, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mike DeWine, Governor
State of Ohio
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited the State of Ohio's (the State) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the State of Ohio's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the State's major federal programs.

The State of Ohio's basic financial statements include the operations of State Colleges and Universities, which expended approximately \$3.3 billion in federal awards which is not included in the State of Ohio's Schedule of Expenditures of Federal Awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of State Colleges and Universities because the component units engaged other auditors to audit their Federal award programs in accordance with the Uniform Guidance.

Management's Responsibility

The State's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the State's compliance for each of the State's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the State's major programs. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinion on the Major Federal Programs Listed in the Table

As described in the findings listed in the table below, identified in the summary of findings and questioned costs on pages 41 through 43, and described in the accompanying schedule of findings and questioned costs, the State of Ohio did not comply with requirements regarding the following:

CFDA #	Program (or Cluster) Name	Finding #	State Agency	Compliance Requirement
10.553/10.555/ 10.556/10.559	Child Nutrition Cluster	2020-011	Ohio Department of Education	Special Tests & Provisions – Accountability for USDA-Donated Foods
10.558	Child and Adult Care Food Program	2020-012	Ohio Department of Education	Reporting
12.401	National Guard Military Operations and Maintenance (O&M) Projects	2020-003	Ohio Department of Adjutant General	Cash Management
15.605/15.611	Fish & Wildlife Cluster	2020-038	Ohio Department of Natural Resources	Equipment & Real Property Management
17.225	Unemployment Insurance	2020-016 2020-017	Ohio Department of Job & Family Services	Activities Allowed or Unallowed
17.225	Unemployment Insurance	2020-016 2020-017	Ohio Department of Job & Family Services	Allowable Costs/ Cost Principles
17.225	Unemployment Insurance	2020-016 2020-017	Ohio Department of Job & Family Services	Eligibility
17.225	Unemployment Insurance	2020-019	Ohio Department of Job & Family Services	Special Tests & Provisions - UI Program Integrity - Overpayments
17.258/17.259/ 17.278	WIOA Cluster	2020-021	Ohio Department of Job & Family Services	Reporting
84.010	Title I, Grants to Local Educational Agencies	2020-014	Ohio Department of Education	Special Tests & Provisions – Oversight & Monitoring Responsibilities with Respect to Charter Schools with Relationships with Charter Management Organizations
84.027/84.173	Special Education Cluster (IDEA)	2020-014	Ohio Department of Education	Special Tests & Provisions – Oversight & Monitoring Responsibilities with Respect to Charter Schools with Relationships with Charter Management Organizations

State of Ohio
Independent Auditor's Report on Compliance With Requirements
Applicable to Each Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 3

CFDA #	Program (or Cluster) Name	Finding #	State Agency	Compliance Requirement
84.367	Supporting Effective Instruction State Grants	2020-014	Ohio Department of Education	Special Tests & Provisions – Oversight & Monitoring Responsibilities with Respect to Charter Schools with Relationships with Charter Management Organizations
93.558	TANF	2020-022	Ohio Department of Job & Family Services	Cash Management
93.558	TANF	2020-015 2020-020	Ohio Department of Job & Family Services	Eligibility
93.558	TANF	2020-020	Ohio Department of Job & Family Services	Special Tests & Provisions - IEVS
93.568	Low Income Home Energy Assistance Program	2020-006	Ohio Development Services Agency	Cash Management
93.568	Low Income Home Energy Assistance Program	2020-007	Ohio Development Services Agency	Subrecipient Monitoring
93.658	Foster Care Title IV-E	2020-025	Ohio Department of Job & Family Services	Special Tests & Provisions - Payment Rate Setting & Application
93.667	Social Services Block Grant	2020-022	Ohio Department of Job & Family Services	Cash Management
93.775/93.777/ 93.778	Medicaid Cluster	2020-029	Ohio Department of Medicaid	Activities Allowed or Unallowed
93.775/93.777/ 93.778	Medicaid Cluster	2020-029	Ohio Department of Medicaid	Eligibility
93.775/93.777/ 93.778	Medicaid Cluster	2020-032	Ohio Department of Medicaid	Special Tests & Provisions – Medicaid National Correct Coding Initiative (NCCI)
93.767	Children's Health Insurance Plan (CHIP)	2020-029	Ohio Department of Medicaid	Activities Allowed or Unallowed
93.767	Children's Health Insurance Plan (CHIP)	2020-029	Ohio Department of Medicaid	Eligibility
93.767	Children's Health Insurance Plan (CHIP)	2020-032	Ohio Department of Medicaid	Special Tests & Provisions – Medicaid National Correct Coding Initiative (NCCI)
93.788	Opioid STR	2020-033	Ohio Department of Mental Health & Addiction Services	Eligibility
93.788	Opioid STR	2020-034	Ohio Department of Mental Health & Addiction Services	Reporting

Compliance with these requirements is necessary, in our opinion, for the State to comply with the requirements applicable to these programs.

Qualified Opinion on Major Federal Programs

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Major Federal Programs Listed in the Table* section above, the State of Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect the Child Nutrition Cluster, Child and Adult Care Food Program, National Guard Military Operations and Maintenance (O&M) Projects, Fish & Wildlife Cluster, Unemployment Insurance, WIOA Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), Supporting Effective Instruction State Grants, TANF, Low-Income Home Energy Assistance Program, Foster Care Title IV-E, Social Services Block Grant, Medicaid Cluster, Children's Health Insurance Plan (CHIP), and Opioid STR major federal programs for the year ended June 30, 2020.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, the State of Ohio complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures also disclosed instances of noncompliance which the Uniform Guidance requires us to report. These instances of noncompliance are listed in the table below, identified in the summary of findings and questioned costs on pages 41 through 43, and described in the accompanying schedule of findings and questioned costs. Our opinion on *each* of these major federal programs is not modified with respect to these matters.

State Agency	Noncompliance Finding Numbers
Ohio Department of Aging	2020-005
Ohio Development Services Agency	2020-008
Ohio Department of Education	2020-010, 2020-013
Ohio Department of Job & Family Services	2020-015 and 2020-018 through 2020-026
Ohio Department of Medicaid	2020-029 through 2020-031
Ohio Department of Mental Health & Addiction Services	2020-033

The State's planned corrective action related to our noncompliance findings is described in the accompanying Corrective Action Plan. We did not subject the State's corrective action plan to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

The State's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the State's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected.

We consider the deficiencies in internal control over compliance listed in the table below, identified in the summary of findings and questioned costs on pages 41 through 43, and described in the accompanying schedule of findings and questioned costs to be material weaknesses.

State Agency	Material Weakness Finding Numbers
Ohio Department of Adjutant General	2020-003
Ohio Department of Administrative Services	2020-004
Ohio Department of Aging	2020-005
Ohio Development Services Agency	2020-006 through 2020-008
Ohio Department of Developmental Disabilities	2020-009
Ohio Department of Education	2020-011 through 2020-014
Ohio Department of Job & Family Services	2020-016, 2020-019 through 2020-025, 2020-027, and 2020-028
Ohio Department of Medicaid	2020-029 through 2020-032
Ohio Department of Mental Health & Addiction Services	2020-033 through 2020-036
Ohio Department of Natural Resources	2020-038 through 2020-040

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance listed in the table below, identified in the summary of findings and questioned costs on pages 41 through 43, and described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

State Agency	Significant Deficiency Finding Numbers
Ohio Department of Job & Family Services	2020-022 and 2020-026
Ohio Department of Mental Health and Addiction Services	2020-037

The State's planned corrective action related to our findings on internal control over compliance is described in the accompanying Corrective Action Plan. We did not subject the State's corrective action plan to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 28, 2020 which we modified because the amount by which the lack of internal controls at the State of Ohio or service organization would affect the unemployment benefits and claims expenses of the Unemployment Compensation Fund and the Business-Type Activities could not be reasonably determined.

We conducted our audit to opine on the State's basic financial statements as a whole. We have not performed any procedures to the audited financial statements subsequent to December 28, 2020. The accompanying Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program (schedules) present additional analyses required by the Uniform Guidance and are not a required part of the basic financial statements. The schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements.

We also applied certain additional procedures, including comparing and reconciling these schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2021

**SUPPLEMENTARY
SCHEDULES OF
EXPENDITURES OF
FEDERAL AWARDS**

**STATE OF OHIO
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 SUMMARIZED BY FEDERAL AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Agency	Total Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture	\$ 3,410,412,981	\$ 748,080,568
U.S. Department of Commerce	9,095,380	6,767,835
U.S. Department of Defense	44,239,624	618,839
U.S. Department of Housing and Urban Development	77,285,589	73,390,193
U.S. Department of the Interior	39,944,657	5,831,444
U.S. Department of Justice	131,610,634	113,307,379
U.S. Department of Labor	10,145,285,406	87,378,553
U.S. Department of Transportation	1,621,179,439	356,397,421
U.S. Department of Treasury	437,938,230	356,285,020
U.S. Appalachian Regional Commission	40,761	-
U.S. Equal Employment Opportunity Commission	1,487,193	-
General Services Administration	245,023	-
National Aeronautics and Space Administration	2,000	-
Institute of Museum and Library Services	5,184,826	2,755,051
National Endowment for the Arts	661,726	661,726
U.S. Small Business Administration	5,252,394	4,277,992
U.S. Department of Veteran Affairs	33,661,263	-
U.S. Environmental Protection Agency	161,553,590	122,148,364
U.S. Department of Energy	18,679,101	16,815,643
U.S. Department of Education	1,472,788,572	1,287,823,711
U.S. Election Assistance Commission	9,328,121	6,803,967
U.S. Department of Health and Human Services	22,210,008,710	1,332,525,050
Corporation for National and Community Service	7,904,609	7,077,286
Social Security Administration	68,078,386	-
U.S. Department of Homeland Security	55,486,674	46,434,733
Total Expenditures	\$ 39,967,354,889	\$ 4,575,380,775

STATE OF OHIO
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		Total Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture			
<i>SNAP Cluster:</i>			
10.551	Supplemental Nutrition Assistance Program.....	\$ 2,445,924,439	\$ -
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program.....	119,085,172	68,103,798
	<i>Total SNAP Cluster.....</i>	<i>2,565,009,611</i>	<i>68,103,798</i>
<i>Child Nutrition Cluster:</i>			
10.553	School Breakfast Program.....	93,469,234	93,220,553
10.553	COVID-19 -- School Breakfast Program.....	26,981,047	26,930,885
	<i>Total School Breakfast Program.....</i>	<i>120,450,281</i>	<i>120,151,438</i>
10.555	(c) National School Lunch Program.....	62,730,309	62,730,309
10.555	National School Lunch Program.....	262,700,304	262,115,678
10.555	COVID-19 -- National School Lunch Program.....	57,012,613	56,920,059
	<i>Total National School Lunch Program.....</i>	<i>382,443,226</i>	<i>381,766,046</i>
10.556	Special Milk Program for Children.....	226,032	226,032
10.556	COVID-19 -- Special Milk Program for Children.....	10,569	10,569
	<i>Total Special Milk Program for Children.....</i>	<i>236,601</i>	<i>236,601</i>
10.559	Summer Food Service Program for Children.....	14,465,651	14,465,651
10.559	COVID-19 -- Summer Food Service Program for Children.....	17,746,915	17,746,915
	<i>Total Summer Food Service Program for Children.....</i>	<i>32,212,566</i>	<i>32,212,566</i>
	<i>Total Child Nutrition Cluster.....</i>	<i>535,342,674</i>	<i>534,366,651</i>
<i>Food Distribution Cluster:</i>			
10.565	Commodity Supplemental Food Program.....	2,428,070	-
10.568	Emergency Food Assistance Program (Administrative Costs).....	5,435,543	-
10.568	COVID-19 -- Emergency Food Assistance Program (Administrative Costs).....	1,074,711	-
	<i>Total Emergency Food Assistance Program (Administrative Costs).....</i>	<i>6,510,254</i>	<i>-</i>
	<i>Total Food Distribution Cluster.....</i>	<i>8,938,324</i>	<i>-</i>
<i>Forest Service Schools and Roads Cluster:</i>			
10.665	Schools and Roads - Grants to States.....	220,751	220,751
	<i>Total Forest Service Schools and Roads Cluster.....</i>	<i>220,751</i>	<i>220,751</i>
10.025	Plant and Animal Disease, Pest Control, and Animal Care.....	318,537	-
10.069	Conservation Reserve Program.....	40,800	-
10.072	Wetlands Reserve Program.....	18,600	-
10.163	Market Protection and Promotion.....	23,419	-
10.170	Specialty Crop Block Grant Program - Farm Bill.....	478,416	474,253
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds.....	3,203,001	-
10.304	Homeland Security Agricultural.....	164,919	-
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection.....	4,696,051	-
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children.....	183,628,938	48,931,875
10.558	Child and Adult Care Food Program.....	81,330,317	81,330,317
10.558	COVID-19 -- Child and Adult Care Food Program.....	7,947,937	7,947,937
	<i>Total Child and Adult Care Food Program.....</i>	<i>89,278,254</i>	<i>89,278,254</i>
10.560	State Administrative Expenses for Child Nutrition.....	8,098,929	-
10.572	WIC Farmers' Market Nutrition Program (FMNP).....	433,412	-
10.576	Senior Farmers Market Nutrition Program.....	1,477,054	1,467,054
10.578	WIC Grants To States (WGS).....	524,692	-
10.579	Child Nutrition Discretionary Grants Limited Availability.....	886,947	886,947
10.582	Fresh Fruit and Vegetable Program.....	3,636,217	3,636,217
10.664	(d) Cooperative Forestry Assistance.....	3,123,538	714,768
10.676	Forest Legacy Program.....	28,527	-
10.680	Forest Health Protection.....	82,766	-
10.683	National Fish and Wildlife Foundation.....	429	-
10.699	Partnership Agreements.....	1,233	-
10.902	Soil and water conservation.....	319,442	-
10.912	Environmental Quality Incentives Program.....	290,854	-
10.931	Agricultural Conservation Easement Program.....	146,646	-
	Total U.S. Department of Agriculture.....	3,410,412,981	748,080,568
U.S. Department of Commerce			
11.407	Interjurisdictional Fisheries Act of 1986.....	16,016	16,016
11.419	Coastal Zone Management Administration Awards.....	2,758,995	1,083,845
11.420	Coastal Zone Management Estuarine Research Reserves.....	654,326	102,323
11.611	Manufacturing Extension Partnership.....	5,565,651	5,565,651

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U.S. Department of Commerce (Continued)			
11.611	COVID-19 -- Manufacturing Extension Partnership.....	392	-
	Total Manufacturing Extension Partnership.....	5,566,043	5,565,651
11.619	Arrangements for Interdisciplinary Research Infrastructure.....	100,000	-
	Total U.S. Department of Commerce.....	9,095,380	6,767,835
U.S. Department of Defense			
12.002	Procurement Technical Assistance For Business Firms.....	822,154	610,839
12.005	Conservation and Rehabilitation of Natural Resources on Military Installations.....	9,041	8,000
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services.....	456,843	-
12.401	National Guard Military Operations and Maintenance (O&M) Projects.....	41,401,258	-
12.620	Troops to Teachers Grant Program.....	134,389	-
12.UNKNOWN (c)	1033 Excess Military Property Program.....	1,388,220	-
12.UNKNOWN	FUSRAP Oversight: Diamond Magnesium Site and Luckey Beryllium Site.....	27,719	-
	Total U.S. Department of Defense.....	44,239,624	618,839
U.S. Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii.....	44,603,845	43,724,182
14.231	Emergency Solutions Grant Program.....	5,817,390	5,489,931
14.239	Home Investment Partnerships Program.....	20,142,958	19,728,056
14.241	Housing Opportunities for Persons with AIDS.....	1,459,363	1,440,279
14.261	Homeless Management Information Systems Technical Assistance.....	33,462	33,462
14.267	Continuum of Care Program.....	476,093	424,000
14.275	Housing Trust Fund.....	2,835,411	2,550,283
14.401	Fair Housing Assistance Program State and Local.....	1,195,652	-
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing.....	721,415	-
	Total U.S. Department of Housing and Urban Development.....	77,285,589	73,390,193
U.S. Department of the Interior			
<i>Fish and Wildlife Cluster:</i>			
15.605 (a)	Sport Fish Restoration.....	458,274	393,303
15.605	Sport Fish Restoration.....	6,583,266	1,443,009
15.611 (a)	Wildlife Restoration and Basic Hunter Education.....	862,464	143,857
15.611	Wildlife Restoration and Basic Hunter Education.....	16,456,010	1,132,496
	<i>Total Fish and Wildlife Cluster.....</i>	<i>24,360,014</i>	<i>3,112,665</i>
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining.....	1,562,289	-
15.252	Abandoned Mine Land Reclamation (AMLR).....	9,887,203	-
15.433	Flood Control Act Lands.....	190,490	190,490
15.437	Minerals Leasing Act.....	2,355	2,355
15.438	National Forest Acquired Lands.....	526,664	526,664
15.608	Fish and Wildlife Management Assistance.....	26,260	-
15.615	Cooperative Endangered Species Conservation Fund.....	99,333	81,536
15.616	Clean Vessel Act.....	14,531	14,531
15.634 (a)	State Wildlife Grants.....	336,430	251,441
15.634	State Wildlife Grants.....	1,529,641	1,196,553
15.650	Research Grants (Generic).....	1,414	-
15.658	Natural Resource Damage Assessment and Restoration.....	12,188	-
15.662	Great Lakes Restoration.....	662,694	455,209
15.808 (a)	U.S. Geological Survey Research and Data Collection.....	66,139	-
15.810 (a)	National Cooperative Geologic Mapping.....	44,386	-
15.916	Outdoor Recreation Acquisition, Development and Planning.....	577,364	-
15.980 (a)	National Ground-Water Monitoring Network.....	45,262	-
	Total U.S. Department of the Interior.....	39,944,657	5,831,444
U.S. Department of Justice			
16.017	Sexual Assault Services Formula Program.....	468,468	468,468
16.034 (a)	COVID-19 -- Coronavirus Emergency Supplemental Funding Program.....	42	-
16.034	COVID-19 -- Coronavirus Emergency Supplemental Funding Program.....	11,533	-
16.2019-108	Domestic Cannabis Eradication/Suppression Program.....	291,135	-
16.2020-104	Domestic Cannabis Eradication/Suppression Program.....	24,904	-
16.320	Services for Trafficking Victims.....	310,616	145,936
16.321	Antiterrorism Emergency Reserve.....	115,227	-
16.540	Juvenile Justice and Delinquency Prevention.....	1,431,121	1,239,883
16.550 (a)	State Justice Statistics Program for Statistical Analysis Centers.....	52,727	-
16.550	State Justice Statistics Program for Statistical Analysis Centers.....	5,985	-
16.554	National Criminal History Improvement Program (NCHIP).....	1,304,293	-
16.575	Crime Victim Assistance.....	106,385,961	100,976,499
16.576	Crime Victim Compensation.....	4,181,055	-
16.582	Crime Victim Assistance/Discretionary Grants.....	513,162	325,850

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U.S. Department of Justice (Continued)			
16.585	Drug Court Discretionary Grant Program.....	259,967	74,510
16.588	(a) Violence Against Women Formula Grants.....	13,129	-
16.588	Violence Against Women Formula Grants.....	4,529,576	4,229,978
16.593	Residential Substance Abuse Treatment for State Prisoners.....	384,431	237,987
16.606	State Criminal Alien Assistance Program.....	124,652	-
16.609	(a) Project Safe Neighborhoods.....	85,386	81,979
16.609	Project Safe Neighborhoods.....	259,974	195,771
16.710	Public Safety Partnership and Community Policing Grants.....	1,704,051	-
16.738	(a) Edward Byrne Memorial Justice Assistance Grant Program.....	118,637	59,367
16.738	Edward Byrne Memorial Justice Assistance Grant Program.....	5,158,599	4,602,890
16.741	DNA Backlog Reduction Program.....	823,354	-
16.742	(a) Paul Coverdell Forensic Sciences Improvement Grant Program.....	121	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program.....	599,809	337,927
16.745	(a) Criminal and Juvenile Justice and Mental Health Collaboration Program.....	69,764	69,764
16.750	Support for Adam Walsh Act Implementation Grant Program.....	614	-
16.751	Edward Byrne Memorial Competitive Grant Program.....	98,696	97,840
16.754	(a) Harold Rogers Prescription Drug Monitoring Program.....	3,493	-
16.754	Harold Rogers Prescription Drug Monitoring Program.....	642,693	162,730
16.812	Second Chance Act Reentry Initiative.....	147,291	-
16.816	John R. Justice Prosecutors and Defenders Incentive Act.....	53,877	-
16.823	Emergency Planning for Juvenile Justice Facilities.....	37,405	-
16.827	Justice Reinvestment Initiative.....	454,052	-
16.831	Children of Incarcerated Parents.....	204,632	-
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program.....	121,936	-
16.922	(c) Equitable Sharing Program.....	20,993	-
16.922	Equitable Sharing Program.....	597,273	-
	Total U.S. Department of Justice.....	131,610,634	113,307,379
U.S. Department of Labor			
<i>Employment Service Cluster:</i>			
17.207	Employment Service/Wagner-Peyser Funded Activities.....	24,130,544	1,672,612
17.801	Jobs for Veterans State Grants.....	5,880,396	-
17.804	Local Veterans' Employment Representative Program.....	1,050,232	-
	<i>Total Employment Service Cluster.....</i>	<i>31,061,172</i>	<i>1,672,612</i>
<i>WIOA Cluster:</i>			
17.258	WIOA Adult Program.....	30,214,535	24,417,157
17.259	WIOA Youth Activities.....	32,257,227	25,994,767
17.278	WIOA Dislocated Worker Formula Grants.....	26,052,255	20,096,832
	<i>Total WIOA Cluster.....</i>	<i>88,524,017</i>	<i>70,508,756</i>
17.002	Labor Force Statistics.....	2,459,610	-
17.005	Compensation and Working Conditions.....	174,772	-
17.201	Registered Apprenticeship.....	420,435	-
17.225	Unemployment Insurance.....	2,825,551,880	-
17.225	ARRA -- Unemployment Insurance.....	44,750	-
17.225	COVID-19 -- Unemployment Insurance.....	7,154,236,699	-
	<i>Total Unemployment Insurance.....</i>	<i>9,979,833,329</i>	<i>-</i>
17.235	Senior Community Service Employment Program.....	3,162,125	3,100,216
17.245	Trade Adjustment Assistance.....	19,552,036	291,164
17.271	Work Opportunity Tax Credit Program (WOTC).....	679,263	-
17.273	Temporary Labor Certification for Foreign Workers.....	255,303	-
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants.....	8,074,535	6,873,108
17.283	Workforce Innovation Fund.....	1,404,536	5,728
17.285	Apprenticeship USA Grants.....	1,686,046	-
17.286	Hurricanes and Wildfires of 2017 Supplemental-- National Dislocated Worker Grants.....	4,967,003	4,804,425
17.504	Consultation Agreements.....	1,378,548	-
17.600	Mine Health and Safety Grants.....	283,147	-
17.720	Disability Employment Policy Development.....	1,369,529	122,544
	Total U.S. Department of Labor.....	10,145,285,406	87,378,553
U.S. Department of Transportation			
<i>Highway Planning and Construction Cluster: (b)</i>			
20.205	(a) Highway Planning and Construction.....	4,128,306	-
20.205	Highway Planning and Construction.....	1,549,593,577	321,595,435
20.219	Recreational Trails Program.....	1,179,501	373,276
23.003	Appalachian Development Highway System.....	55,983	-
	<i>Total Highway Planning and Construction Cluster.....</i>	<i>1,554,957,367</i>	<i>321,968,711</i>
<i>Federal Motor Carrier Safety Assistance Cluster:</i>			
20.218	Motor Carrier Safety Assistance.....	8,932,255	-

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U.S. Department of Transportation (Continued)			
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements.....	1,192,719	-
	<i>Total Federal Motor Carrier Safety Assistance Cluster.....</i>	<i>10,124,974</i>	<i>-</i>
<i>Federal Transit Cluster:</i>			
20.500	Federal Transit Capital Investment Grants.....	420,580	420,580
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs.....	2,792,694	-
	<i>Total Federal Transit Cluster.....</i>	<i>3,213,274</i>	<i>420,580</i>
<i>Transit Services Programs Cluster:</i>			
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities.....	111,963	109,724
	<i>Total Transit Services Programs Cluster.....</i>	<i>111,963</i>	<i>109,724</i>
<i>Highway Safety Cluster:</i>			
20.600	State and Community Highway Safety.....	7,287,700	4,754,721
20.616	National Priority Safety Programs.....	7,947,015	2,546,445
	<i>Total Highway Safety Cluster.....</i>	<i>15,234,715</i>	<i>7,301,166</i>
20.106	Airport Improvement Program.....	5,200	-
20.200	Highway Research and Development Program.....	2,797,604	-
20.232	Commercial Driver's License Program Implementation Grant.....	37,669	-
20.301	Railroad Safety.....	31,296	-
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research.....	4,091,985	-
20.509	Formula Grants for Rural Areas and Tribal Transit Program.....	23,582,581	22,639,278
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program.....	219,396	-
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated.....	1,577,988	1,577,988
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements.....	159,155	-
20.700	Pipeline Safety Program State Base Grant.....	1,064,432	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants.....	318,054	136,266
20.933	National Infrastructure Investments.....	2,243,708	2,243,708
20.934	Nationally Significant Freight and Highway Projects.....	1,408,078	-
	Total U.S. Department of Transportation.....	1,621,179,439	356,397,421
U.S. Department of Treasury			
21.016	Equitable Sharing.....	68,160	-
21.019	COVID-19 -- Coronavirus Relief Fund.....	437,870,070	356,285,020
	Total U.S. Department of Treasury.....	437,938,230	356,285,020
U.S. Appalachian Regional Commission			
23.002	Appalachian Area Development.....	40,761	-
	Total U.S. Appalachian Regional Commission.....	40,761	-
U.S. Equal Employment Opportunity Commission			
30.EEO45310020C0070	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts.....	1,487,193	-
	Total U.S. Equal Employment Opportunity Commission.....	1,487,193	-
General Services Administration			
39.003	(c) Donation of Federal Surplus Personal Property.....	245,023	-
	Total General Services Administration.....	245,023	-
National Aeronautics and Space Administration			
43.001	(d) Science.....	2,000	-
	Total National Aeronautics and Space Administration.....	2,000	-
National Endowment for the Arts			
45.025	Promotion of the Arts Partnership Agreements.....	661,726	661,726
	Total National Endowment for the Arts.....	661,726	661,726
Institute of Museum and Library Services			
45.310	Grants to States.....	5,184,826	2,755,051
	Total Institute of Museum and Library Services.....	5,184,826	2,755,051
U.S. Small Business Administration			
59.037	Small Business Development Centers.....	4,480,992	3,506,590
59.037	COVID-19 -- Small Business Development Centers.....	78,225	78,225
	<i>Total Small Business Development Centers.....</i>	<i>4,559,217</i>	<i>3,584,815</i>
59.061	State Trade Expansion.....	693,177	693,177
	Total U.S. Small Business Administration.....	5,252,394	4,277,992

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U.S. Department of Veteran Affairs			
64.005	Grants to States for Construction of State Home Facilities.....	2,655,446	-
64.014	Veterans State Domiciliary Care.....	2,188,897	-
64.014	COVID-19 -- Veterans State Domiciliary Care.....	17,806	-
	Total Veterans State Domiciliary Care.....	2,206,703	-
64.015	Veterans State Nursing Home Care.....	27,318,559	-
64.015	COVID-19 -- Veterans State Nursing Home Care.....	214,723	-
	Total Veterans State Nursing Home Care.....	27,533,282	-
64.2020SAA	State Approving Agency.....	1,024,216	-
64.VA250-14-S-0096	VA-DVS Pharmacy Option 1.....	241,616	-
	Total U.S. Department of Veteran Affairs.....	33,661,263	-
U.S. Environmental Protection Agency			
<i>Clean Water State Revolving Fund Cluster:</i>			
66.458	Capitalization Grants for Clean Water State Revolving Funds.....	89,448,000	89,448,000
	<i>Total Clean Water State Revolving Fund Cluster.....</i>	<i>89,448,000</i>	<i>89,448,000</i>
<i>Drinking Water State Revolving Fund Cluster:</i>			
66.468	Capitalization Grants for Drinking Water State Revolving Funds.....	28,008,082	24,856,538
	<i>Total Drinking Water State Revolving Fund Cluster.....</i>	<i>28,008,082</i>	<i>24,856,538</i>
66.001	Air Pollution Control Program Support.....	4,676,223	1,825,463
66.032	State Indoor Radon Grants.....	249,552	141,000
66.034	(c) Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act.....	272,858	-
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act.....	1,129,265	745,381
66.204	Multipurpose Grants to States and Tribes.....	53,036	-
66.419	Water Pollution Control State, Interstate, and Tribal Program Support.....	5,211,608	-
66.432	State Public Water System Supervision.....	2,394,246	-
66.433	State Underground Water Source Protection.....	281,727	-
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act.....	1,974	-
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d)).....	7,252	-
66.454	Water Quality Management Planning.....	765,485	253,660
66.460	Nonpoint Source Implementation Grants.....	3,579,978	1,514,955
66.461	Regional Wetland Program Development Grants.....	96,982	-
66.469	Great Lakes Program.....	4,569,717	3,197,279
66.472	Beach Monitoring and Notification Program Implementation Grants.....	215,771	166,088
66.605	Performance Partnership Grants.....	1,294,471	-
66.608	Environmental Information Exchange Network Grant Program and Related Assistance.....	18,330	-
66.700	Consolidated Pesticide Enforcement Cooperative Agreements.....	9,726,428	-
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals.....	158,482	-
66.801	Hazardous Waste Management State Program Support.....	4,983,579	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements.....	622,847	-
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program.....	789,406	-
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program.....	1,952,978	-
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements.....	7,600	-
66.817	State and Tribal Response Program Grants.....	1,037,713	-
	Total U.S. Environmental Protection Agency.....	161,553,590	122,148,364
U.S. Department of Energy			
81.041	State Energy Program.....	2,126,666	2,078,127
81.042	Weatherization Assistance for Low-Income Persons.....	15,683,299	14,601,880
81.104	Environmental Remediation and Waste Processing and Disposal.....	533,659	49,886
81.136	Long-Term Surveillance and Maintenance.....	187,734	-
81.UNKNOWN	Petroleum Violation Escrow Funds.....	147,743	85,750
	Total U.S. Department of Energy.....	18,679,101	16,815,643
U.S. Department of Education			
<i>Special Education Cluster (IDEA):</i>			
84.027	Special Education Grants to States.....	472,148,830	454,401,776
84.173	Special Education Preschool Grants.....	13,701,749	12,521,866
	<i>Total Special Education Cluster (IDEA).....</i>	<i>485,850,579</i>	<i>466,923,642</i>
84.002	(a) Adult Education - Basic Grants to States.....	1,261,731	1,157,211
84.002	Adult Education - Basic Grants to States.....	13,521,470	13,033,902
84.010	Title I Grants to Local Educational Agencies.....	563,537,567	558,274,043
84.011	Migrant Education State Grant Program.....	1,928,938	1,908,329
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth.....	722,185	47,870
84.048	Career and Technical Education -- Basic Grants to States.....	42,671,033	36,539,790

STATE OF OHIO
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		Total Expenditures	Amount Provided to Subrecipients
U.S. Department of Education (Continued)			
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States.....	128,247,023	-
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind.....	1,331,166	-
84.181	Special Education-Grants for Infants and Families.....	12,851,380	11,646,413
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs).....	505,419	112,785
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities.....	691,153	-
84.196	Education for Homeless Children and Youth	3,248,044	3,084,375
84.282	Charter Schools.....	1,405,936	1,375,792
84.287	Twenty-First Century Community Learning Centers.....	39,583,064	37,386,535
84.305	(d) Education Research, Development and Dissemination.....	6,182	-
84.323	Special Education - State Personnel Development.....	1,416,627	1,415,839
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities.....	662	-
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs.....	3,427,610	1,534,846
84.358	Rural Education.....	2,526,690	2,404,277
84.365	English Language Acquisition State Grants.....	9,906,033	9,535,723
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants).....	70,631,448	66,939,500
84.369	Grants for State Assessments and Related Activities.....	11,138,932	-
84.371	Comprehensive Literacy Development.....	13,004,729	12,763,984
84.372	Statewide Longitudinal Data Systems.....	11,023	-
84.377	School Improvement Grants.....	12,233,154	11,711,873
84.424	Student Support and Academic Enrichment Program.....	33,966,659	33,120,209
84.425D	COVID-19 -- Elementary and Secondary School Emergency Relief Fund (ESSER Fund).....	16,843,899	16,588,537
84.938	Disaster Recovery Assistance for Education.....	318,236	318,236
	Total U.S. Department of Education.....	1,472,788,572	1,287,823,711
U.S. Election Assistance Commission			
90.404	2018 HAVA Election Security Grants.....	9,257,213	6,733,059
90.404	COVID-19 -- 2018 HAVA Election Security Grants.....	70,908	70,908
	Total 2018 HAVA Election Security Grants.....	9,328,121	6,803,967
	Total U.S. Election Assistance Commission.....	9,328,121	6,803,967
U.S. Department of Health and Human Services			
<i>Aging Cluster:</i>			
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers.....	17,060,234	16,139,293
93.044	COVID-19 -- Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers.....	66,316	-
	Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers.....	17,126,550	16,139,293
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services.....	24,275,175	22,808,789
93.045	COVID-19 -- Special Programs for the Aging, Title III, Part C, Nutrition Services.....	7,048,876	6,797,429
	Total Special Programs for the Aging, Title III, Part C, Nutrition Services.....	31,324,051	29,606,218
93.053	Nutrition Services Incentive Program.....	5,439,722	5,439,722
	<i>Total Aging Cluster.....</i>	<i>53,890,323</i>	<i>51,185,233</i>
<i>Head Start Cluster:</i>			
93.600	Head Start.....	220,801	45,263
	<i>Total Head Start Cluster.....</i>	<i>220,801</i>	<i>45,263</i>
<i>CCDF Cluster:</i>			
93.575	Child Care and Development Block Grant.....	202,096,585	14,440,590
93.575	COVID-19 -- Child Care and Development Block Grant.....	20,748,875	-
	Total Child Care and Development Block Grant.....	222,845,460	14,440,590
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund.....	153,721,375	-
	<i>Total CCDF Cluster.....</i>	<i>376,566,835</i>	<i>14,440,590</i>
<i>Medicaid Cluster:</i>			
93.775	State Medicaid Fraud Control Units.....	9,098,615	-
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare.....	16,491,471	-
93.778	Medical Assistance Program.....	18,985,914,393	223,848,811
93.778	COVID-19 -- Medical Assistance Program.....	83,577,096	-
	Total Medical Assistance Program.....	19,069,491,489	223,848,811
	<i>Total Medicaid Cluster.....</i>	<i>19,095,081,575</i>	<i>223,848,811</i>

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 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		Total Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)			
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation.....	192,306	192,306
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals.....	619,741	193,016
93.042	COVID-19 -- Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals.....	81,185	-
	Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals.....	700,926	193,016
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services.....	890,182	864,542
93.051	Alzheimer's Disease Demonstration Grants to States.....	26,264	21,296
93.052	National Family Caregiver Support, Title III, Part E.....	6,764,260	6,414,159
93.069	Public Health Emergency Preparedness.....	12,619,646	7,634,495
93.070	Environmental Public Health and Emergency Response.....	397,051	34,182
93.071	Medicare Enrollment Assistance Program.....	1,152,989	420,298
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements.....	6,240,820	3,985,050
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance.....	63,525	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program.....	1,434,787	-
93.103	Food and Drug Administration Research.....	139,219	-
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED).....	3,380,884	2,736,533
93.110	Maternal and Child Health Federal Consolidated Programs.....	735,486	437,487
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs.....	1,419,195	51,323
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity.....	11,591	-
93.127	Emergency Medical Services for Children.....	142,554	-
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices.....	238,828	-
93.136	Injury Prevention and Control Research and State and Community Based Programs.....	6,878,629	2,713,107
93.150	Projects for Assistance in Transition from Homelessness (PATH).....	2,101,491	2,033,767
93.165	Grants to States for Loan Repayment.....	139,750	-
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children.....	531,085	-
93.217	Family Planning Services.....	6,265,127	5,578,201
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program.....	2,339,132	2,244,216
93.236	Grants to States to Support Oral Health Workforce Activities.....	123,330	-
93.240	State Capacity Building.....	394,591	-
93.241	State Rural Hospital Flexibility Program.....	665,177	150,000
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance.....	8,000,926	6,078,542
93.251	Early Hearing Detection and Intervention.....	254,362	-
93.262	Occupational Safety and Health Program.....	16,139	-
93.268	(c) Immunization Cooperative Agreements.....	129,106,716	-
93.268	Immunization Cooperative Agreements.....	6,528,230	2,634,641
93.270	Viral Hepatitis Prevention and Control.....	395,279	32,835
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance.....	33,483	-
93.301	Small Rural Hospital Improvement Grant Program.....	344,113	128,114
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF).....	1,381,719	313,730
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program.....	152,844	-
93.322	CSELS Partnership: Strengthening Public Health Laboratories.....	41,360	-
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).....	3,745,684	69,262
93.323	COVID-19 -- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).....	160,365	-
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).....	3,906,049	69,262
93.324	State Health Insurance Assistance Program.....	1,790,449	-
93.336	Behavioral Risk Factor Surveillance System.....	248,720	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response.....	2,798,464	2,616,094
93.354	COVID-19 -- Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response.....	9,088,507	6,533,122
	Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response.....	11,886,971	9,149,216
93.369	ACL Independent Living State Grants.....	3,907,777	-
93.378	Integrated Care for Kids Model.....	71,260	-
93.421	(d) Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health.....	85,205	60,616
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke.....	2,308,276	-
93.434	Every Student Succeeds Act/Preschool Development Grants.....	5,170,253	571,629
93.439	State Physical Activity and Nutrition (SPAN).....	867,122	100,375

STATE OF OHIO
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		Total Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)			
93.448	Food Safety and Security Monitoring Project.....	15,424	-
93.475	TANF Policy Academy for Innovative Employment Strategies (PAIES).....	246,141	-
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees.....	104,947	-
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers.....	59,367	-
93.556	MaryLee Allen Promoting Safe and Stable Families Program.....	12,443,944	9,173,914
93.558	Temporary Assistance for Needy Families.....	691,627,161	252,468,060
93.563	Child Support Enforcement.....	147,713,686	131,961,844
93.564	Child Support Enforcement Research.....	450,418	391,530
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs.....	6,671,050	8,919
93.568	Low-Income Home Energy Assistance.....	165,794,691	161,008,899
93.569	Community Services Block Grant.....	31,697,858	30,690,133
93.576	Refugee and Entrant Assistance Discretionary Grants.....	117,640	-
93.584	Refugee and Entrant Assistance Targeted Assistance Grants.....	67,848	-
93.586	State Court Improvement Program.....	757,131	471,472
93.590	Community-Based Child Abuse Prevention Grants.....	933,587	-
93.597	Grants to States for Access and Visitation Programs.....	361,735	-
93.598	(a) Services to Victims of a Severe Form of Trafficking.....	1,526	-
93.598	Services to Victims of a Severe Form of Trafficking.....	168,362	160,472
93.599	Chafee Education and Training Vouchers Program (ETV).....	1,024,421	-
93.603	Adoption and Legal Guardianship Incentive Payments.....	1,206,146	-
93.630	Developmental Disabilities Basic Support and Advocacy Grants.....	2,798,917	1,104,468
93.634	Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals.....	889,989	506,429
93.643	Children's Justice Grants to States.....	283,924	-
93.645	Stephanie Tubbs Jones Child Welfare Services Program.....	14,424,713	8,619,682
93.658	Foster Care Title IV-E.....	228,005,879	36,406,095
93.659	Adoption Assistance.....	180,047,355	87,549,739
93.665	COVID-19 -- Emergency Grants to Address Mental and Substance Use Disorders During COVID-19.....	499,623	499,623
93.667	Social Services Block Grant.....	132,393,489	110,645,204
93.669	Child Abuse and Neglect State Grants.....	576,928	-
93.670	Child Abuse and Neglect Discretionary Activities.....	325,966	259,621
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services.....	3,203,886	3,028,436
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood.....	4,430,686	3,459,501
93.735	State Public Health Approaches for Ensuring Quiltline Capacity -- Funded in part by Prevention and Public Health Funds (PPHF).....	554,216	-
93.747	Elder Abuse Prevention Interventions Program.....	14,343	-
93.761	Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF).....	29,381	-
93.767	Children's Health Insurance Program.....	555,815,293	5,973,688
93.767	COVID-19 -- Children's Health Insurance Program.....	7,626,268	-
	Total Children's Health Insurance Program.....	563,441,561	5,973,688
93.773	Medicare Hospital Insurance.....	9,941,947	-
93.774	Medicare Supplementary Medical Insurance.....	483,368	-
93.788	Opioid STR.....	48,685,803	36,983,553
93.791	Money Follows the Person Rebalancing Demonstration.....	18,801,873	-
93.791	COVID-19 -- Money Follows the Person Rebalancing Demonstration.....	16,448	-
	Total Money Follows the Person Rebalancing Demonstration.....	18,818,321	-
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid.....	13,243,670	-
93.810	Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion.....	755,282	213,623
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities.....	692,884	156,500
93.870	Maternal, Infant and Early Childhood Home Visiting Grant.....	5,850,784	4,981,915
93.889	National Bioterrorism Hospital Preparedness Program.....	4,969,495	3,074,751
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations.....	4,338,520	1,428,850
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement.....	216,678	-
93.913	Grants to States for Operation of State Offices of Rural Health.....	156,916	5,000
93.917	HIV Care Formula Grants.....	30,943,217	6,014,348
93.940	HIV Prevention Activities Health Department Based.....	7,702,982	4,736,301
93.958	Block Grants for Community Mental Health Services.....	17,631,147	15,786,991
93.959	Block Grants for Prevention and Treatment of Substance Abuse.....	63,937,527	59,623,558
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants.....	2,557,674	1,015,374
93.991	Preventive Health and Health Services Block Grant.....	7,021,093	3,855,339
93.994	Maternal and Child Health Services Block Grant to the States.....	20,080,162	5,898,383
93.HHSF223201710028C	Mammography Quality Standard Act Inspection.....	351,689	-
	Total U.S. Department of Health and Human Services.....	22,210,008,710	1,332,525,050
Corporation for National and Community Service			
94.003	State Commissions.....	419,628	-
94.006	AmeriCorps.....	7,101,073	6,995,640

STATE OF OHIO
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE		Total Expenditures	Amount Provided to Subrecipients
Corporation for National and Community Service (Continued)			
94.009	Training and Technical Assistance.....	241,890	391
94.021	Volunteer Generation Fund.....	142,018	81,255
	Total Corporation for National and Community Service.....	7,904,609	7,077,286
Social Security Administration			
<i>Disability Insurance/SSI Cluster:</i>			
96.001	Social Security Disability Insurance.....	68,078,386	-
	<i>Total Disability Insurance/SSI Cluster.....</i>	<i>68,078,386</i>	<i>-</i>
	Total Social Security Administration.....	68,078,386	-
U.S. Department of Homeland Security			
97.008	Non-Profit Security Program.....	249,970	249,970
97.012	Boating Safety Financial Assistance.....	3,086,563	793,211
97.023	Community Assistance Program State Support Services Element (CAP-SSSE).....	130,586	-
97.029	Flood Mitigation Assistance.....	1,748,187	1,568,320
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	28,811,842	27,954,404
97.039	Hazard Mitigation Grant.....	1,623,680	1,235,643
97.041	National Dam Safety Program.....	144,442	-
97.042	Emergency Management Performance Grants.....	9,392,498	6,226,756
97.047	Pre-Disaster Mitigation.....	1,064,132	698,200
97.056	Port Security Grant Program.....	138	-
97.067	Homeland Security Grant Program.....	8,896,128	7,708,229
97.082	Earthquake Consortium.....	27,500	-
97.091	Homeland Security Biowatch Program.....	311,008	-
	Total U.S. Department of Homeland Security.....	55,486,674	46,434,733
	TOTAL EXPENDITURES	\$ 39,967,354,889	\$ 4,575,380,775

- (a) These programs are a part of the Research and Development Cluster, as defined by OMB Uniform Guidance. See Note 3 to the Supplementary Schedule of Expenditures of Federal Awards.
- (b) This cluster encompasses the U.S. Department of Transportation's federal programs CFDA# 20.205 and CFDA# 20.219 and the U.S. Appalachian Regional Commission's federal program CFDA# 23.003. In accordance with OMB Uniform Guidance, CFDA# 23.003 has been included as part of the U.S. Department of Transportation's programs and excluded from the U.S. Appalachian Regional Commission's programs.
- (c) These programs receive non-cash assistance, as defined by OMB Uniform Guidance. See Note 2 to the Supplementary Schedule Awards of Expenditures of Federal Awards.
- (d) These programs receive assistance from non-federal entities. The table below represents the amounts expended with funding received from the non-federal entities.

CFDA Number	Program Title	Pass-Through Entity	Pass-through Entity Identifying Number	Expenditures	Amount Provided to Subrecipients
10.664	* Cooperative Forestry Assistance.....	Slow the Spread Foundation	19-01-08	\$ 377,764	\$ -
10.664	* Cooperative Forestry Assistance.....	American Forest Foundation	18-DG-1142004-142	20,000	-
43.001	Science.....	Space Science Institute	CON 00949	2,000	-
84.305	Education Research, Development and Dissemination.....	RAND Corporation	9920190061	6,182	-
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health.....	National Association of Chronic Disease Directors Association	221-1500-1/221-1500-2	85,205	60,616

* - The State of Ohio receives a direct federal award under this same CFDA number in addition to receiving the subaward from another entity.



**STATE OF OHIO
NOTES TO THE SUPPLEMENTARY SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Title 2 Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) require a Supplementary Schedule of Expenditures of Federal Awards (Supplementary Schedule). The State of Ohio reports this information using the following presentations:

- Supplementary Schedule of Expenditures of Federal Awards Summarized by Federal Agency
- Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program

1. Federal Financial Assistance

The Supplementary Schedules report the federal financial assistance for the State of Ohio. Federal financial assistance is defined in the Uniform Guidance as assistance that non-Federal entities receive or administer in the form of grants, cooperative agreements, non-cash contribution or donations of property, direct appropriations, food commodities, loans, loan guarantees, interest subsidies, insurance, and other financial assistance.

2. Catalog of Federal Domestic Assistance

The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal financial assistance programs. Programs are assigned a five-digit program identification number (CFDA Number) and program name. The schedules report total disbursements for each federal financial assistance program, as listed in the CFDA. The State of Ohio reports each federal financial assistance program not officially assigned a CFDA number with a two-digit number that identifies the federal grantor agency number followed by a federal contract number, grant number, or 'UNKNOWN', when applicable.

3. Cluster of Programs

Closely related programs that share a common compliance requirement are considered a cluster of programs. OMB identifies those programs that comprise a program cluster. The Supplementary Schedules present federal financial assistance by cluster preceding individual programs. The Research and Development (R&D) Cluster is presented by Federal Agency and Federal Program within the Supplementary Schedule. Refer to NOTE 3 to see a consolidated view of the Federal Programs comprising the R&D Cluster.

B. Reporting Entity

The Supplementary Schedules include all federal programs the State of Ohio has administered for the fiscal year ended June 30, 2020. The State's financial reporting entity includes the primary government and its component units.

The State of Ohio's primary government includes all funds, account groups, elected officials, departments and agencies, bureaus, boards, commissions, and authorities that make up the State's legal entity. Component units, legally separate organizations for which the State's elected officials are financially accountable, also comprise, in part, the State's reporting entity. 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.



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
 OF EXPENDITURES OF FEDERAL AWARDS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial accountability is defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*. The financial accountability of a primary government for a legally separate organization is set forth in two ways as follows:

- the primary government appoints the voting majority of the organization’s governing body, and the primary government is able to impose its will upon the component unit or there is a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- the component unit is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The State has excluded federal financial assistance reported in the Discretely Presented Component Units from the Supplementary Schedules. If applicable, the respective schedules of expenditures of federal awards for the following organizations, which constitute component units of the State since they impose or potentially impose financial burdens on the primary government, are subject to separate audits under the Uniform Guidance.

Discretely Presented Component Units:

State Universities:

Bowling Green State University
 Central State University
 Cleveland State University
 Kent State University
 Miami University
 Northeast Ohio Medical University
 Ohio State University
 Ohio University
 Shawnee State University
 University of Akron
 University of Cincinnati
 University of Toledo
 Wright State University
 Youngstown State University

State Community Colleges:

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

Other Discretely Presented Component Units:

Ohio Air Quality Development Authority – N/A
 Jobs Ohio – N/A
 Ohio Turnpike and Infrastructure Commission – N/A

C. Basis of Accounting

The State prepares the Supplementary Schedules on the cash basis of accounting; therefore, the State recognizes expenditures when paid rather than when it incurs obligations.

1. Direct Costs

Direct costs are those made for the benefit of one federal program and are allocable to that program. The State recognizes direct costs as disbursements in the Supplementary Schedules.

2. Indirect Costs

Indirect costs benefit more than one federal program and are not directly allocable to the programs receiving the benefits. The State recovers these costs from the federal government by applying federally approved indirect cost rates or by allocating the indirect costs among benefiting programs in accordance with federally approved plans. Those entities that have not received a negotiated indirect cost rate from their federal cognizant agency may



**STATE OF OHIO
NOTES TO THE SUPPLEMENTARY SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

elect to use the 10% *de minimus* indirect cost rate, if the program permits such application. The State recognizes indirect costs as disbursements in the Supplementary Schedules. The State does not apply the 10% *de minimus* indirect cost rate for any of its programs.

3. Intrastate Activity Elimination

The State excludes intrastate disbursements of federal moneys among State agencies to avoid the overstatement of federal financial assistance reported on the Supplementary Schedules.

NOTE 2 NON-CASH FEDERAL ASSISTANCE PROGRAMS

The State participated in several federal programs in which non-cash benefits were provided through the state to eligible program participants. These include:

- *National School Lunch Program (CFDA# 10.555)*

A portion of the federal assistance for this program represents the value of food the State distributes to subrecipients during the fiscal year. The U.S. Department of Agriculture assigns the prices at which the State values donated food commodities. The Supplementary Schedules include food commodity distributions of \$62,730,309. The outstanding inventory balance for food commodities as of June 30, 2020, was \$28,215,151.

- *1033 Excess Military Property Program (CFDA# 12.UNKNOWN)*

Federal assistance for this program represents the fair market value of donated federal surplus personal property the State distributes to subrecipients during the fiscal year. The State calculates fair value at 23.34 percent of the property's original costs, in conformity with guidelines the U.S. General Services Administration establishes in conjunction with the U.S. Department of Defense. The Supplementary Schedules include surplus property distributions of \$1,388,220.

- *Equitable Sharing Program (CFDA# 16.922)*

Federal assistance for this program represents the value of donated equipment the State received during the fiscal year. The Supplementary Schedules includes donated equipment of \$20,993.

- *Donation of Federal Surplus Personal Property (CFDA# 39.003)*

Federal assistance for this program represents the fair market value of federal surplus personal property the State distributes to subrecipients during the fiscal year. The State calculates fair value at 23.34 percent of the property's original acquisition costs, in conformity with guidelines the U.S. General Services Administration establishes. The Supplementary Schedules include surplus property distributions of \$245,023.

- *Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act (CFDA# 66.034)*

A portion of the federal assistance for this program represents the value of in-kind assistance the State used during the fiscal year. The U.S. Environmental Protection Agency determines the cost of the in-kind services and supplies provided to the State. The in-kind services and supplies are for specialized lab analysis of particulate matter in air sampling filters, the auditing of the air sampling monitors, and the supplying of filters for air monitors. The Supplementary Schedules include in-kind assistance, as of June 30, 2020, in the amount of \$272,858.



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
 OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 NON-CASH FEDERAL ASSISTANCE PROGRAMS (Continued)

• *Immunization Cooperative Agreements (CFDA# 93.268)*

A portion of the federal assistance for this program represents the value of immunizations distributed, in lieu of cash, directly to the State and/or on behalf of the State to vaccinating providers. The U.S. Department of Health and Human Services determined the value of vaccines received during fiscal year 2020 to be \$129,106,716 which is included in the Supplementary Schedules. The outstanding inventory balance for immunizations as of June 30, 2020, was \$3,405,659.

NOTE 3 RESEARCH AND DEVELOPMENT CLUSTER

The State has reported the following federal programs under the Research and Development Cluster on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

CFDA #	Federal Program Title	Total Expenditures	Amount Provided to Subrecipients
15.605	Sport Fish Restoration.....	\$ 458,274	\$ 393,303
15.611	Wildlife Restoration and Basic Hunter Education.....	862,464	143,857
15.634	State Wildlife Grants.....	336,430	251,441
15.808	U.S. Geological Survey Research and Data Collection.....	66,139	-
15.810	National Cooperative Geologic Mapping.....	44,386	-
15.980	National Ground-Water Monitoring Network.....	45,262	-
16.034	COVID-19 -- Coronavirus Emergency Supplemental Funding Program....	42	-
16.550	State Justice Statistics Program for Statistical Analysis Centers.....	52,727	-
16.588	Violence Against Women Formula Grants.....	13,129	-
16.609	Project Safe Neighborhoods.....	85,386	81,979
16.738	Edward Byrne Memorial Justice Assistance Grant Program.....	118,637	59,367
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program.....	121	-
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program..	69,764	69,764
16.754	Harold Rogers Prescription Drug Monitoring Program.....	3,493	-
20.205	Highway Planning and Construction.....	4,128,306	-
84.002	Adult Education - Basic Grants to States.....	1,261,731	1,157,211
93.598	Services to Victims of a Severe Form of Trafficking.....	1,526	-
Total Research and Development Cluster.....		\$ 7,547,817	\$ 2,156,922



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
 OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 4 TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2020, the State made allowable transfers of approximately \$68.2 million from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The Supplementary Schedule shows the State spent approximately \$691.6 million on the Temporary Assistance for Needy Families program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for this program. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during fiscal year 2020 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families.....	\$759,802,271
Social Services Block Grant.....	<u>(68,175,110)</u>
Total Temporary Assistance for Needy Families.....	<u>\$691,627,161</u>

NOTE 5 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 GRANTS

The State has reported the following federal ARRA program on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

<u>CFDA #</u>	<u>Federal Program Title</u>	<u>Total Expenditures</u>	<u>Amount Provided to Subrecipients</u>
17.225	ARRA -- Unemployment Insurance.....	\$ 44,750	\$ -
	Total ARRA Grants.....	\$ 44,750	\$ -

NOTE 6 UNEMPLOYMENT INSURANCE – CFDA 17.225

The unemployment compensation system is a unique federal-state partnership, founded upon federal law, but implemented through state law. As prescribed by the U.S. Department of Labor in consultation with the Office of Management and Budget, certain state monies, in addition to federal monies, were considered federal awards for determining Type A programs, and were included in the Schedule of Expenditures of Federal Awards. The amount presented in the schedule consists of the following:

Non-Federal Unemployment Compensation Benefits.....	\$ 2,722,562,297
Federal Unemployment Compensation Benefits.....	7,165,596,503
Federal Administrative Costs	<u>91,674,529</u>
Total Expenditures.....	<u>\$ 9,979,833,329</u>



**STATE OF OHIO
 NOTES TO THE SUPPLEMENTARY SCHEDULE
 OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 COVID-19 PROGRAM EXPENDITURES

The State has reported the following federal COVID-19 programs on the Supplementary Schedule of Expenditures of Federal Awards by Federal Agency and Federal Program.

CFDA #	Federal Program Title	Total Expenditures	Amount Provided to Subrecipients
10.553	COVID-19 -- School Breakfast Program.....	\$ 26,981,047	\$ 26,930,885
10.555	COVID-19 -- National School Lunch Program.....	57,012,613	56,920,059
10.556	COVID-19 -- Special Milk Program for Children.....	10,569	10,569
10.558	COVID-19 -- Child and Adult Care Food Program.....	7,947,937	7,947,937
10.559	COVID-19 -- Summer Food Service Program for Children.....	17,746,915	17,746,915
10.568	COVID-19 -- Emergency Food Assistance Program (Administrative Costs).....	1,074,711	-
11.611	COVID-19 -- Manufacturing Extension Partnership.....	392	-
16.034	COVID-19 -- Coronavirus Emergency Supplemental Funding Program.....	11,575	-
17.225	COVID-19 -- Unemployment Insurance.....	7,154,236,699	-
21.019	COVID-19 -- Coronavirus Relief Fund.....	437,870,070	356,285,020
59.037	COVID-19 -- Small Business Development Centers.....	78,225	78,225
64.014	COVID-19 -- Veterans State Domiciliary Care.....	17,806	-
64.015	COVID-19 -- Veterans State Nursing Home Care.....	214,723	-
84.425D	COVID-19 -- Elementary and Secondary School Emergency Relief Fund (ESSER Fund).....	16,843,899	16,588,537
90.404	COVID-19 -- 2018 HAVA Election Security Grants.....	70,908	70,908
93.042	COVID-19 -- Special Programs for the Aging, Title VII, Chapter 2, Long TermCare Ombudsman Services for Older Individuals.....	81,185	-
93.044	COVID-19 -- Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers.....	66,316	-
93.045	COVID-19 -- Special Programs for the Aging, Title III, Part C, Nutrition Services.....	7,048,876	6,797,429
93.323	COVID-19 -- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).....	160,365	-
93.354	COVID-19 -- Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response.....	9,088,507	6,533,122
93.575	COVID-19 -- Child Care and Development Block Grant.....	20,748,875	-
93.665	COVID-19 -- Emergency Grants to Address Mental and Substance Use Disorders During COVID-19.....	499,623	499,623
93.767	COVID-19 -- Children's Health Insurance Program.....	7,626,268	-
93.778	COVID-19 -- Medical Assistance Program.....	83,577,096	-
93.791	COVID-19 -- Money Follows the Person Rebalancing Demonstration.....	16,448	-
Total COVID-19 Grants.....		\$ 7,849,031,648	\$ 496,409,229



**STATE OF OHIO
NOTES TO THE SUPPLEMENTARY SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) FOR COVID-19 PANDEMIC RESPONSE

(Unaudited)

The State received donated PPE and commodities, including masks, gowns, testing kits, and medications, from the Federal Emergency Management Agency (FEMA) and the United States Department of Health and Human Services (HHS) to respond to the COVID-19 pandemic. FEMA and HHS provided values for some of the items provided during the fiscal year. For items where a value was not provided, the State utilized the purchase prices of similar items bought by the State to determine a fair market value. The value of the donated PPE and commodities received during the fiscal year was \$49,471,629. Since the donated PPE and commodities received by the State had no associated assistance listing (CFDA) information or compliance or reporting requirements, the value is not reported on the supplementary schedules as federal assistance.

NOTE 9 SUBSEQUENT EVENTS

Public Assistance COVID-19 funding

On February 2, 2021, the federal government issued a memorandum stating FEMA will retroactively reimburse states in full for work eligible for assistance under the Stafford Act, Public Assistance (PA) Category B back dated to January 20, 2020, which reflects the beginning of FEMA's incident period for the COVID-19 pandemic. Normally, FEMA covers 75% of costs for eligible work and the applicant is responsible for a 25% non-federal share. However, for eligible work performed relating to the COVID-19 emergency, FEMA will provide a 100% cost share. Before the end of fiscal year 2021, the State plans to submit a project worksheet to FEMA for PA funding, CFDA 97.036, for eligible direct costs incurred by the State. As of the opinion date, there has been no formal obligation of funding by FEMA to the State for the direct costs. The State plans to use the PA funding to retroactively cover all eligible work performed and reimburse the funds initially charged, including amounts reported on the current Schedule of Expenditures of Federal Awards under CFDA 21.019, the Coronavirus Relief Fund.

Unemployment Insurance System

The State implemented a new unemployment insurance system in May 2020 to meet the Pandemic Unemployment Assistance requirements of the CARES Act and Unemployment Insurance Disaster Unemployment Assistance claims. In August 2020, potential instances of fraud were detected and became more widespread into the fall and winter. The Ohio Department of Job and Family Services continues to diligently monitor and assess the claims filed for possible fraudulent filings.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

2 CFR § 200.515

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified and Qualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified and Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs	See pages 38 through 40
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/Type B Programs	A: >\$59,951,032 B: >\$14,987,758
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

The State's responses to our findings related to the financial statements are described in the accompanying Corrective Action Plan on pages 131 through 140.

1. PUBLIC ASSISTANCE ELIGIBILITY¹

Finding Number:	2020-001
State Agencies:	Ohio Department of Medicaid (MCD) Ohio Department of Administrative Services (DAS) Ohio Department of Job & Family Services (JFS)
State Agency Numbers:	MCD-01, DAS-01, JFS-01

NONCOMPLIANCE (MEDICAID) AND MATERIAL WEAKNESS (MEDICAID AND SNAP)

The State of Ohio provides public assistance to Ohioans who qualify through the Medicaid Cluster and Supplemental Nutrition Assistance Program Cluster (SNAP) programs which have material transactions reported in the General and Job, Family, and Other Human Services opinion units in the State of Ohio's financial statements. Funding for these programs, which are governed by many state and federal rules and regulations, is shared between the state and federal governments. These rules and regulations (defined at the end of this comment for Medicaid) include ensuring the eligibility of recipients for these programs and maintaining appropriate documentation to support these eligibility determinations and the resulting payments to or on behalf of eligible recipients. It is management's responsibility to implement sufficient controls, systems, processes, and procedures to reasonably ensure the State of Ohio is in compliance with the rules and regulations associated with these programs and only eligible recipients receive benefits.

¹ Findings 2020-004, 2020-027, and 2020-029, starting on pages 47, 96, and 103, detail noncompliance and weaknesses in internal control for each related major federal program at each related state agency.

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

1. PUBLIC ASSISTANCE ELIGIBILITY (Continued)

During state fiscal year (SFY) 2020, the State of Ohio disbursed a combined total of nearly \$26.1 billion in public assistance payments related to the following programs:

Federal Program	Benefits Paid	# of Recipients*
93.775/93.777/93.778 – Medicaid Cluster	\$23,667,537,705	2,495,886
10.551/10.561 – SNAP Cluster	\$ 2,426,458,320	1,382,485
Combined Total	\$26,093,996,025	

* We did not separately identify recipients who could be covered under both programs.

The State of Ohio uses a multi-agency approach to administer these programs, as follows: overall compliance and administration of the Medicaid Cluster falls under the Ohio Department of Medicaid, overall compliance and administration of the SNAP Cluster falls under the Ohio Department of Job & Family Services, and programming and administration of the State’s eligibility determination computer system, Ohio Benefits, falls under the Ohio Department of Administrative Services. The Ohio Benefits system was first implemented for Medicaid in SFY 2014; SNAP was added in August 2018. The State also utilizes the 88 Ohio counties in the eligibility determination process to work with applicants, receive/enter eligibility documentation into the State’s system, and follow up on alerts issued by the system.

Currently, individuals applying to receive public assistance benefits complete an application through one of several input locations including the Ohio Benefits Self-Service Portal, the Federally-Funded Marketplace, Social Security, County Departments of Job & Family Services (CDJFS) offices; the Medicaid Consumer Hotline (the Hotline starts the application and sends to the CDJFS to complete); and paper applications that are sent to the CDJFS. When applying, the CDJFS collects and maintains any documentation provided by the individual either in a paper case file or in the OnBase Enterprise Documentation Management System (EDMS) maintained under contract by the Ohio Department of Administrative Services. After collecting documentation, the county caseworker enters the individual’s information into the Ohio Benefits system which determines the initial eligibility benefit amount, where applicable. This process is also used to perform eligibility redeterminations on an annual basis or when prompted through a system alert. The Ohio Benefits system is programmed with the State Plan recipient eligibility requirements to determine whether the recipient is eligible to receive the related program benefits based on the information entered by the recipient or caseworker and also assigns a benefit aid category. Once the determination is made, the Ohio Benefits system uploads the eligibility information to the MCD or JFS payment system to process the payment.

During SFY 2020, we noted the following weaknesses in the eligibility process:

- Alerts – The Ohio Benefits system is designed to issue alerts to county caseworkers for a variety of items which require review, evaluation, follow-up, and a determination about the impact on the related case and/or program benefits. During SFY 2020, more than 26.3 million alerts were issued according to DAS records (more than 17 million related to Income Eligibility Verification Systems (IEVS) alerts and 9.28 million to non-IEVS alerts). This created an overwhelming volume of information being sent to the counties resulting in an unmanageable workload and ineffective application of the alert process. As a result of the extremely high number of alerts and defects detected (see below) in the Ohio Benefits system, JFS suspended their Fraud Control Triad Reviews until the defects can be corrected. JFS did, however, encourage counties to continue working alerts for the SNAP program, even during the COVID-19 pandemic. MCD obtained approval from the federal awarding agency to suspend the requirement for caseworkers to process negative alerts between March 1, 2020 and May 28, 2020 for the Medicaid program due to the pandemic. Although we were not able to define the full impact of this waiver since the number of negative alerts not processed could not be separately identified, only 1.9 million alerts were generated during the waiver timeframe.

STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. PUBLIC ASSISTANCE ELIGIBILITY (Continued)

- Overwriting – The Ohio Benefits system maintains several pieces of key information related to a recipient’s eligibility (income, household size, age, etc.). If new or updated information is identified, the county caseworker is expected to add this information to the system. Based on our testing, in some cases, the caseworker is replacing/overwriting the existing information with new information instead of adding this new data to the case record. However, there is no system warning or other control in place to identify or prevent this overwrite.
- Caseworker Reliance/Training – The current process relies heavily on the knowledge and judgement of county caseworkers in the eligibility process. Although on-line job aids are made available and various trainings are provided by the state agencies for these caseworkers, this training is typically optional and/or attended by a representative of the county who is expected to relay the information to others.
- Multi-program Info – There are certain pieces of key information (i.e. name, income, age, etc.) maintained in the Ohio Benefits system which impact all public assistance programs. However, due in part to the complexities/variations of the requirements for each federal program, the system currently does not link this information between programs. Therefore, the county caseworker must manually adjust each affected program separately when a change occurs.
- System Design Weaknesses/Defects – Our testing and inquiry with both State and county personnel identified the following system design weaknesses or defects in the Ohio Benefits system:
 - Alerts:
 - Multiple and repetitive alerts (redundancy).
 - Irrelevant alerts (zero or small dollar amounts).
 - Additional steps required to complete an alert (having to leave the alert window, opening an Ohio Benefits window, and then having to go back through the Alert Inventory to clear the alert).
 - Alerts being received on persons not receiving public assistance.
 - Other defects identified in the system for three of 80 (3.8%) Medicaid recipients selected for testing. Of these three cases:
 - One prevented the renewal packet from being sent to the client requiring the caseworker to perform additional procedures to properly set the renewal span.
 - One incorrectly classified household members as fringe members, excluding them from the eligibility determination.
 - One incorrectly excluded household members for dependent non-filer members and included individuals permanently out of the home in the eligibility determination.

In addition, we noted the following Medicaid compliance errors related to eligibility in our testing of 80 Medicaid recipients:

- Six (7.5%) recipients were not eligible to receive benefits on the date services were performed. Since Ohio Benefits is the State’s official eligibility determination system, these items will result in questioned costs in the State’s Single Audit (see finding number 2020-029) for all claims paid for services provided for these individuals during the time they were ineligible, totaling \$109,391.
- 14 (17.5%) recipients were not placed in the correct benefit aid category. Six of these individuals are included above and were deemed ineligible. For the other eight recipients, although their age and/or income deemed them to be in the incorrect benefit aid category, they were qualified to be placed in another benefit aid category; therefore the eligibility of the recipient was not questioned.

STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. PUBLIC ASSISTANCE ELIGIBILITY (Continued)

The revised benefit aid category did not affect the Federal Medical Assistance Percentage (FMAP) used to draw down funds from the federal government for the recipient.

- 25 (31.3%) recipient cases either did not contain adequate documentation (in Ohio Benefits, EDMS, or the CDJFS case files) to support the Department's decision on the recipient's eligibility or incorrect recipient information was entered into Ohio Benefits. However, based on additional information we obtained from other sources, the recipient was still eligible.
- Three (3.8%) recipient cases had an untimely eligibility redetermination. Two of the redeterminations were 49 and 204 days beyond the allowed 45 day processing period. One redetermination had not been completed as of when testing was completed in November 2020; it was due in May 2020. It was also noted eligibility redeterminations were suspended as of March 21, 2020 due to the pandemic, as identified in the Alerts section above.
- One of 13 (7.7%) new recipients, not applying based on a disability, had an untimely initial eligibility determination. The determination was completed 52 days beyond the allowed 45 day processing period.

Without proper controls for entering, processing, and maintaining recipient information and system alerts, there is an increased risk that benefits paid to or on behalf of recipients will be inaccurate or unallowable. This risk is substantially increased if the State's eligibility determination system, Ohio Benefits, contains design or operational flaws that could impact a recipient's eligibility and, as a result, could have a material impact on the amounts reported in the State of Ohio's financial statements. These defects could allow undue subjective decisions, jeopardize accurate eligibility processing, and/or result in improper payments or federal reimbursements. Furthermore, without an effective process in place to ensure eligibility is being redetermined timely when required, the risk is also increased that a recipient's benefit amount or aid category has changed or they are ineligible to receive benefits. Additionally, for new applicants, not processing applications on a timely basis could cause undue harm to an individual that needs health services. Overpayments or payments to or on behalf of ineligible recipients may subject the Department to penalties or sanctions which may jeopardize future funding and limit its ability to fulfill program requirements to provide benefits to those in need. In addition, control weaknesses identified also impact other public assistance programs administered by these state agencies not material to the financial statements, which will be addressed in the State of Ohio's Single Audit. Based on discussions with management, human error and systemic issues led to the issues identified. Management also indicated they have been and are continuing to make corrections and enhancements to the Ohio Benefits system to address the weaknesses and defects identified in the previous and current audit findings.

We recommend management of the State of Ohio and the related state agencies continue to work collectively to implement/update robust processes, procedures, and system programming to address the weaknesses in the overall eligibility process, including those associated with the Ohio Benefits system. These changes/updates should include, but not be limited to:

- Redesigning the alert process to be more effective and efficient. This could include a more centralized evaluation of alert activity and/or better use of automated tools to vet and prioritize items requiring follow-up. This would allow agency level personnel to become more experienced and adept at identifying and investigating anomalies and help focus the resources of both State and county personnel.
- Implementing program changes to address the system design weaknesses/defects identified above, including the issues with overwriting data and making all data stored in the system available/viewable by users. Program changes which could directly impact the eligibility determinations or benefit amounts should be given the highest priority by the State and corrected in a timely manner to prevent and detect further improper payments.

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

1. PUBLIC ASSISTANCE ELIGIBILITY (Continued)

- Implementing program logic to ensure changes made to recipient information in one public assistance program are carried through in Ohio Benefits to other applicable public assistance programs for that recipient without caseworker initiation.
- Requiring mandatory training for all CDJFS employees who are entering the assistance group information into Ohio Benefits to help ensure proper and complete information is being collected, entered, and verified prior to an individual's eligibility determination being made. The State should provide this training initially to ensure all users are knowledgeable of the process, procedures, and impacts of the work they do. As changes occur to the rules/regulations, system, or process, detailed training should be required of all users on those changes.
- Regularly evaluating selected benefit payments for all programs to verify the recipient's eligibility, verify the recipient information entered into Ohio Benefits by the CDJFS is accurate and the information is being maintained to support the State's eligibility decision, and ensure initial eligibility determinations and redeterminations are completed timely. Any problems noted should be promptly corrected to reduce the risk of benefit payments being made on behalf of ineligible individuals and additional training provided to the State and/or county employees affected.

Compliance References – Medicaid

42 C.F.R. Section 435.10 Subpart A, State Plan requirements, states:

A State plan must---

- (a) Provide that the requirements of this part are met; and
- (b) Specify the groups to whom Medicaid is provided, as specified in subparts B, C, and D of this part, and the conditions of eligibility for individuals in those groups.

42 C.F.R. Section 435.912 Timely determination of Eligibility, states in part:

- (3) . . . the determination of eligibility for any applicant may not exceed—
 - (i) Ninety days for applicants who apply for Medicaid on the basis of disability; and
 - (ii) Forty-five days for all other applicants.

42 C.F.R. Section 435.914, Case documentation, states in part:

- (a) The agency must include in each applicant's case record facts to support the agency's decision on his application.

42 C.F.R. Section 435.916, Periodic renewal of Medicaid eligibility, states in part:

- (a) *Renewal of individuals whose Medicaid eligibility is based on modified adjusted gross income methods (MAGI).* (1) Except as provided in paragraph (d) of this section, the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI based income must be renewed once every 12 months, and no more frequently than once every 12 months.
- (b) *Redetermination of individuals whose Medicaid eligibility is determined on a basis other than modified adjusted gross income.* The agency must redetermine the eligibility of Medicaid beneficiaries excepted from modified adjusted gross income for circumstances that may change, at least every 12 months.

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

1. PUBLIC ASSISTANCE ELIGIBILITY (Continued)

The Medicaid State Plan outlines the specific eligibility conditions and standards within Sections 2.2 – Coverage and Conditions of Eligibility and 2.6 A – Financial Eligibility, Eligibility Conditions and Requirements. Furthermore, it is management’s responsibility to implement policies and procedures to provide reasonable assurance only individuals who meet all of the eligibility criteria are able to receive benefits.

Auditor of State Conclusion:

The response to this finding included within the State of Ohio Corrective Action Plan required an Auditor of State Conclusion.

The client did not provide additional information on why they disagreed with only certain Medicaid Cluster compliance errors within their Corrective Action Plan. Also, for recipients enrolled in multiple public assistance programs, it is the State’s responsibility to ensure accurate key information is documented across all programs. We identified certain recipient cases where key information was not properly included/updated across all programs. Therefore, the finding remains as stated above.

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)²

Finding Number:	2020-002
State Agency:	Ohio Department of Job and Family Services
State Agency Number:	JFS-02

MATERIAL WEAKNESS

15 U.S.C. Section 9021 pertaining to Pandemic Unemployment Assistance, states, in part:

(a) Definitions

(3) Covered Individual

The term “covered individual” —

(A) means an individual who –

(i) is not eligible for regular compensation or extended benefits under State or Federal law or pandemic emergency unemployment compensation under section 9025 of this title, including an individual who has exhausted all rights to regular unemployment or extended benefits under State or Federal law or pandemic emergency unemployment compensation under section 9025 of this title; ...

...

(c) Applicability

(1) In general

Except as provided in paragraph (2), the assistance authorized under subsection (b) shall be available to a covered individual—

(A) for weeks of unemployment, partial unemployment, or inability to work caused by COVID–19 –

(i) beginning on or after January 27, 2020; and

(ii) ending on or before December 31, 2020; and

² Finding 2020-019, starting on page 80, details noncompliance and weaknesses in internal control related to the Unemployment Insurance – Pandemic Unemployment Assistance program regarding monitoring procedures for identifying, recovering, and reporting overpayments. Finding 2020-019 is integral to and should be read in conjunction with findings 2020-002 and 2020-016.

STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)
(Continued)

(B) subject to subparagraph (A)(ii), as long as the covered individual's unemployment, partial unemployment, or inability to work caused by COVID–19 continues.

...

(d) Amount of Assistance

...

(A) (i) the weekly benefit amount authorized under the unemployment compensation law of the State where the covered individual was employed, except that the amount may not be less than the minimum weekly benefit amount described in section 625.6 of title 20, Code of Federal Regulations, or any successor thereto; and (ii) ending on or before December 31, 2020; and
(ii) the amount of Federal Pandemic Unemployment Compensation [FPUC] under section 9023 of this title; ...

...

(h) Relationship between pandemic unemployment assistance and disaster unemployment assistance [DUA]

Except otherwise provided in this section or to the extent there is a conflict between this section and section 625 of title 20, Code of Federal Regulations, such section 625 shall apply to this section as if:

- (1) the term "COVID–19 public health emergency" were substituted for the term "major disaster" each place it appears in such section 625; and
- (2) the term "pandemic" were substituted for the term "disaster" each place it appears in such section 625.

...

20 C.F.R. Section 625.6, pertaining to the weekly amount states, in part:

...

(e) . . . An immediate determination of a weekly amount shall also be made where, in conjunction with the filing of an initial application for DUA, the individual submits documentation substantiating employment or self-employment and wages earned or paid for such employment or self-employment, or, in the absence of documentation, where any State agency records of employment or self-employment and wages earned or paid for such employment or self-employment, justify the determination of a weekly amount. . . .

- (1) In the case of a weekly amount determined in accordance with paragraph (e) of this section, based only on the individual's statement of earnings, the individual shall furnish documentation to substantiate the employment or self-employment or wages earned from or paid for such employment or self-employment or documentation to support that the individual was to commence employment or self-employment on or after the date the major disaster began. In either case, documentation shall be submitted within 21 calendar days of the filing of the initial application for DUA.
- (2) Any individual who fails to submit documentation to substantiate employment or self-employment or the planned commencement of employment or self-employment in accordance with paragraph (e)(1) of this section, shall be determined ineligible for the payment of DUA for any week of unemployment due to the disaster. Any weeks for which DUA was already paid on the application prior to the date of the determination of ineligibility under this paragraph (e)(2) are overpaid and a determination shall be issued in accordance with § 625.14(a). In addition, the State agency shall consider whether the individual is subject to a disqualification for fraud in accordance with the provisions set forth in § 625.14(i).

...

STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)
(Continued)

It is management's responsibility to implement controls, processes, and procedures to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with these regulations. When automated systems are utilized to perform certain functions related to this compliance, management must ensure the systems are properly designed and operating effectively. Additionally, when the system is not directly administered by the entity, such as when utilizing a service organization, it is critical the appropriate monitoring controls are designed and implemented to reasonably ensure the service organization has adequate controls to achieve management's goals and objectives and complies with applicable laws and regulations. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations.

During state fiscal year 2020, the Ohio Department of Job and Family Services (the Department) disbursed more than \$9.7 billion in unemployment benefits, which were recorded in the Unemployment Compensation opinion unit in the State of Ohio's financial statements. Approximately \$3 billion of the total disbursed related to PUA and FPUC benefit payments issued from May 14, 2020 through June 30, 2020, through the Unemployment Framework for Automated Claim & Tax Services (uFACTS) system. The Department contracted with a service organization to utilize the uFACTS system and maintain key functions of the benefit claims processing, which were customized to fit Ohio's needs. This service organization contracted with a subservice organization to provide cloud services. The service organization provided a Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls (SOC1 Type 2) specific to the cloud based security and data managed by a subservice organization, as required by the service organization's contract with the subservice organization. However, this report was not provided to the Department until after the auditors inquired as to whether a SOC1 Type 2 report was obtained for the service organization/uFACTS system. Furthermore, the Department did not establish procedures to determine whether the service organization had sufficient controls in place and operating effectively, or obtain a SOC1 Type 2 report in accordance with AT-C 320 specific to the uFACTS system design and implementation, or to verify the service organization had implemented the complimentary user entity controls required by the subservice organization, to ensure pandemic unemployment benefits were paid to eligible claimants and processed completely and accurately.

Additionally, the Department provided us with documentation that allowed us to complete general controls testing related to its procurement and implementation of the uFACTS system as well as certain application controls related to the uFACTS system functionality. Application control testing was performed in a test environment subsequent to the end of the fiscal year. Test environment functionality at the time of testing may not mirror production environment functionality during the fiscal year due to the time that had elapsed and potential changes to the system. The Department was unable to provide sufficient documentation to allow us to perform audit procedures over its general controls for security, program change management, and IT operations.

Without adequate monitoring controls, management cannot be reasonably assured the service organization is complying with applicable laws and regulations and contract requirements, as well as meeting management's goals and objectives. Additionally, without maintenance of documentation and procedures over the PUA eligibility system, there is an increased risk benefit payments will be inaccurate or unallowable. The risk is increased if the system contains significant flaws or eligibility redeterminations are not made timely or accurately. Based on discussions with management, these errors and system issues were due to the significant workload increase because of the impact the pandemic had on the program.

We recommend the Department strengthen current internal control procedures over the UI program and the uFACTS system which should include, but not be limited to:

- Amending the contract with the service organization to require an annual SOC 1 audit or similar independently performed procedures to ensure the service organization has control procedures in place and operating effectively and that any Ohio-specific requirements are operating as intended.

STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)
(Continued)

- Requiring appropriate Department management perform a timely review of the SOC 1 report and other procedures to identify any weaknesses, issues, or required complimentary user entity controls (CUECs), and ensuring the Department implement sufficient controls to address these items.
- Implementing appropriate control procedures to monitor service organization activities to ensure benefits are processed accurately and are paid to eligible claimants. This includes maintaining documentation in an orderly fashion to be provided to external parties for additional review.
- Implementing monitoring procedures to coordinate and track any system changes or issues submitted to the service organization. Specifically, the Department should perform procedures to identify and correct system errors to prevent duplicate benefit payments within the uFACTS and OJI systems.
- Requiring management continually monitor these procedures of both the service organization and Department to ensure the compliance requirements of the program management’s objectives are being met. If not, management should implement additional procedures or revise the requirements of the service organization contract agreement or Department policies and procedures, as necessary. Management should periodically monitor and update internal procedures to ensure management’s objectives are being met.

See Federal Finding Number 2020-016, UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA), in Section 3 below on page 73 related PUA and Federal Pandemic Unemployment Compensation (FPUC) benefit payments, totaling approximately \$3 billion which is material to the Business-Type Activities and Unemployment Compensation opinion units. *Uniform Guidance* also requires us to report this material weakness in internal controls in Section 3 since it relates to the Unemployment Insurance major federal program. Finding 2020-016 also identifies questioned costs related to PUA and FPUC benefit payments.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The findings and questioned costs are summarized by state agency and type on pages 41 through 43.

The questioned costs are summarized by federal agency, program, and amount on page 44.

The findings and questioned costs are detailed by state agency on pages 45 through 130.

The State’s responses to our noncompliance findings and findings on internal control over compliance are described in the accompanying Corrective Action Plan on pages 131 through 172.

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
<u>U.S. Department of Agriculture</u>			
<u>SNAP Cluster</u>			
10.551 / 10.561			
	Ohio Department of Job & Family Services	\$ 2,564,399,978	
	Other Agencies (Not Tested as a Major Program)	\$ 609,633	
	Total SNAP Cluster	\$ 2,565,009,611	6.42%
<u>Child Nutrition Cluster</u>			
10.553 / 10.555 / 10.556 / 10.559			
	Ohio Department of Education	\$ 534,366,651	
	Other Agencies (Not Tested as a Major Program)	\$ 976,023	
	Total Child Nutrition Cluster	\$ 535,342,674	1.34%
10.558	Child and Adult Care Food Program		
	Ohio Department of Education	\$ 89,278,254	
	Total CFDA #10.558	\$ 89,278,254	0.22%
<u>U.S. Department of Defense</u>			
12.401	National Guard Military Operations and Maintenance (O&M) Projects		
	Ohio Adjutant General	\$ 41,401,258	
	Total CFDA #12.401	\$ 41,401,258	0.10%
<u>U.S. Department of the Interior</u>			
<u>Fish and Wildlife Cluster</u>			
15.605 / 15.611			
	Ohio Department of Natural Resources	\$ 24,360,014	
	Total Fish and Wildlife Cluster	\$ 24,360,014	0.06%
<u>U.S. Department of Justice</u>			
16.575	Crime Victim Assistance		
	Ohio Attorney General Office	\$ 106,385,961	
	Total CFDA #16.575	\$ 106,385,961	0.27%
<u>U.S. Department of Labor</u>			
17.225	Unemployment Insurance		
	Ohio Department of Job & Family Services	\$ 9,979,833,329	
	Total CFDA #17.225	\$ 9,979,833,329	24.97%
<u>WIOA Cluster</u>			
17.258 / 17.259 / 17.278			
	Ohio Department of Job & Family Services	\$ 87,929,829	
	Other Agencies (Not Tested as a Major Program)	\$ 594,188	
	Total WIOA Cluster	\$ 88,524,017	0.22%

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
<u>U.S. Department of Transportation</u>			
<u>Highway Planning and Construction Cluster</u>			
20.205 / 20.219 / 23.003			
	Ohio Department of Transportation	\$ 1,553,677,866	
	Other Agencies (Not Tested as a Major Program)	\$ 1,279,501	
	Total Highway Planning and Construction Cluster	\$ 1,554,957,367	3.89%
<u>U.S. Department of Treasury</u>			
21.019	COVID-19 -- Coronavirus Relief Fund		
	Ohio Office of Budget and Management	\$ 384,919,945	
	Ohio Department of Public Safety	\$ 33,144,379	
	Other Agencies (Not Tested as a Major Program)	\$ 19,805,746	
	Total CFDA #21.019	\$ 437,870,070	1.10%
<u>U.S. Department of Education</u>			
84.010	Title I Grants to Local Educational Agencies		
	Ohio Department of Education	\$ 563,537,567	
	Total CFDA #84.010	\$ 563,537,567	1.41%
<u>Special Education Cluster (IDEA)</u>			
84.027 / 84.173			
	Ohio Department of Education	\$ 485,393,804	
	Other Agencies (Not Tested as a Major Program)	\$ 456,775	
	Total Special Education Cluster (IDEA)	\$ 485,850,579	1.22%
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)		
	Ohio Department of Education	\$ 70,631,448	
	Total CFDA #84.367	\$ 70,631,448	0.18%
<u>U.S. Department of Health and Human Services</u>			
93.558	Temporary Assistance for Needy Families		
	Ohio Department of Job & Family Services	\$ 691,439,621	
	Other Agencies (Not Tested as a Major Program)	\$ 187,540	
	Total CFDA #93.558	\$ 691,627,161	1.73%
93.563	Child Support Enforcement		
	Ohio Department of Job & Family Services	\$ 147,713,686	
	Total CFDA #93.563	\$ 147,713,686	0.37%
93.568	Low-Income Home Energy Assistance		
	Ohio Development Services Agency	\$ 165,394,590	
	Other Agencies (Not Tested as a Major Program)	\$ 400,101	
	Total CFDA #93.568	\$ 165,794,691	0.41%

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

MAJOR FEDERAL PROGRAMS

CFDA #	Program Name / State Agency	Disbursements	Percent of Total
<u>U.S. Department of Health and Human Services (continued)</u>			
<u>CCDF Cluster</u>			
93.575 / 93.596			
	Ohio Department of Job & Family Services	\$ 376,566,835	
	Total CCDF Cluster	\$ 376,566,835	0.94%
93.658	Foster Care Title IV-E		
	Ohio Department of Job & Family Services	\$ 225,258,415	
	Other Agencies (Not Tested as a Major Program)	\$ 2,747,464	
	Total CFDA #93.658	\$ 228,005,879	0.57%
93.667	Social Services Block Grant		
	Ohio Department of Job & Family Services	\$ 115,071,584	
	Ohio Department of Mental Health and Addiction Services	\$ 9,029,432	
	Ohio Department of Developmental Disabilities	\$ 8,292,473	
	Total CFDA #93.667	\$ 132,393,489	0.33%
93.767	Children's Health Insurance Program		
	Ohio Department of Medicaid	\$ 548,007,704	
	Other Agencies (Not Tested as a Major Program)	\$ 15,433,857	
	Total CFDA #93.767	\$ 563,441,561	1.41%
93.788	Opioid STR		
	Ohio Department of Mental Health and Addiction Services	\$ 42,865,411	
	Ohio Department of Health	\$ 5,387,690	
	Other Agencies (Not Tested as a Major Program)	\$ 432,702	
	Total CFDA #93.788	\$ 48,685,803	0.12%
<u>Medicaid Cluster</u>			
93.775 / 93.777 / 93.778			
	Ohio Department of Medicaid	\$ 17,167,404,127	
	Ohio Department of Developmental Disabilities	\$ 1,880,260,498	
	Other Agencies (Not Tested as a Major Program)	\$ 47,416,950	
	Total Medicaid Cluster	\$ 19,095,081,575	47.78%
93.959	Block Grants for Prevention and Treatment of Substance Abuse		
	Ohio Department of Mental Health and Addiction Services	\$ 63,937,527	
	Total CFDA # 93.959	\$ 63,937,527	0.16%
Total Major Federal Programs		\$ 38,056,230,356	95.22%
Other Federal Programs		\$ 1,911,124,533	4.78%
Total Federal Awards Expenditures		\$ 39,967,354,889	100.00%

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

The findings listed below represent items which are being reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance Required by the Uniform Guidance*.

AGENCY/FINDINGS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Adjutant General (ADJ)			
1. NGMOMP - Cash Management	2020-003	Noncompliance/ Material Weakness	45
Ohio Department of Administrative Services (DAS)			
1. IT - Ohio Benefits System - Medicaid/CHIP/SNAP/TANF	2020-004	Material Weakness	47
Ohio Department of Aging (AGE)			
1. UG Policies and Procedures	2020-005	Noncompliance/ Material Weakness	52
Ohio Development Services Agency (DEV)			
1. LIHEAP - Cash Management	2020-006	Noncompliance/ Material Weakness	54
2. LIHEAP - Subrecipient Monitoring	2020-007	Noncompliance Material Weakness	56
3. LIHEAP - Reporting	2020-008	Noncompliance/ Material Weakness	58
Ohio Department of Developmental Disabilities (DDD)			
1. IT - Inappropriate Application Administrator Account Access	2020-009	Material Weakness	60
Ohio Department of Education (EDU)			
1. SEI - Payroll Expenditures	2020-010	Questioned Costs	62
2. CNC - Inventory/SEFA & Note	2020-011	Noncompliance/ Material Weakness	63
3. CACFP - Reporting	2020-012	Noncompliance/ Material Weakness	66
4. CACFP - Sponsor Reviews	2020-013	Noncompliance/ Material Weakness	67
5. Charter School Monitoring - Various Programs	2020-014	Noncompliance/ Material Weakness	69
Ohio Department of Job & Family Services (JFS)			
1. TANF - Unsupported Work Participation Activities	2020-015	Questioned Costs	71
2. Unemployment Insurance (UI) - Pandemic Unemployment Assistance (PUA)	2020-016	Questioned Costs/ Material Weakness	73
3. Unemployment Insurance - Benefit Year End Overpayments	2020-017	Questioned Costs	77
4. CCDF Cluster - Pandemic Provider Payments	2020-018	Questioned Costs	78
5. Unemployment Insurance - PUA - Overpayments & Reporting	2020-019	Noncompliance/ Material Weakness	80
6. IEVS Alerts - SNAP Cluster and TANF	2020-020	Noncompliance/ Material Weakness	83
7. Federal Reporting - WIOA Cluster and TANF	2020-021	Noncompliance/ Material Weakness	86

**STATE OF OHIO
JULY 1, 2019 THROUGH JUNE 30, 2020
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

AGENCY/FINDINGS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
Ohio Department of Job & Family Services (JFS) (continued)			
8. Cash Management - Various Programs	2020-022	Noncompliance/ Material Weakness/ Significant Deficiency	88
9. Subrecipient Monitoring - Various Programs	2020-023	Noncompliance/ Material Weakness	90
10. CCDF Cluster - Family Child Care Provider Home Licensing	2020-024	Noncompliance/ Material Weakness	92
11. Foster Care - Payment Rate Setting and Application	2020-025	Noncompliance/ Material Weakness	94
12. IT - Unemployment Insurance - FUTA Certification Match	2020-026	Noncompliance/ Significant Deficiency	95
13. SNAP Cluster and TANF - Eligibility System	2020-027	Material Weakness	96
14. TANF - Work Participation Reviews	2020-028	Material Weakness	100
Ohio Department of Medicaid (MCD)			
1. Medicaid/CHIP - Eligibility	2020-029	Questioned Costs/ Noncompliance/ Material Weakness	103
2. Medicaid/CHIP - IEVS Monitoring	2020-030	Noncompliance/ Material Weakness	110
3. Medicaid/CHIP - Managed Care/MyCare Ohio Provider Panel Reports	2020-031	Noncompliance/ Material Weakness	113
4. IT - NCCI Implementation and Monitoring	2020-032	Noncompliance/ Material Weakness	116
Ohio Department of Mental Health and Addiction Services (MHA)			
1. Opioid STR - Eligibility	2020-033	Questioned Costs/ Noncompliance/ Material Weakness	118
2. Opioid STR - Reporting	2020-034	Noncompliance/ Material Weakness	119
3. Opioid STR – Non-Payroll Expenditures	2020-035	Material Weakness	120
4. SABG - Payroll	2020-036	Material Weakness	122
5. Opioid STR - Cash Management	2020-037	Significant Deficiency	123
Ohio Department of Natural Resources (DNR)			
1. Fish & Wildlife Cluster - Equipment and Real Property Management	2020-038	Noncompliance/ Material Weakness	125
2. Fish & Wildlife Cluster - Expenditure Reconciliations	2020-039	Material Weakness	127
3. IT - Lack of a SOC1 Audit for Service Organizations	2020-040	Material Weakness	128

**STATE OF OHIO
 JULY 1, 2019 THROUGH JUNE 30, 2020
 SUMMARY OF FINDINGS AND QUESTIONED COSTS**

The findings listed below are also reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*.

AGENCY/FINDINGS	FINDING NUMBER	TYPE OF FINDING	PAGE REFERENCE
1. Public Assistance Eligibility *	2020-001	Noncompliance/ Material Weakness	29
2. Unemployment Insurance (UI) - Pandemic Unemployment Assistance (PUA) **	2020-002	Material Weakness	34

* Findings 2020-004, 2020-027, and 2020-029, starting on pages 47, 96, and 103, detail noncompliance and weaknesses in internal control for each related major federal program at each related state agency.

** Finding 2020-016 and 2020-019, starting on pages 73 and 80, detail noncompliance and weaknesses in internal control related to the Unemployment Insurance major federal program, specifically Pandemic Unemployment Assistance.

**STATE OF OHIO
 JULY 1, 2019 THROUGH JUNE 30, 2020
 SUMMARY OF QUESTIONED COSTS BY FEDERAL AGENCY AND PROGRAM**

FEDERAL AGENCY/CFDA NUMBER/PROGRAM TITLE	PAGE NUMBER	QUESTIONED COSTS
U.S. DEPARTMENT OF EDUCATION		
84.367 – Supporting Effective Instruction State Grants	62	\$ 16,877
Total U.S. Department of Education		\$ 16,877
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.558 – Temporary Assistance for Needy Families	71*	Undetermined
93.575/93.596 – CCDF Cluster	78	\$ 658
93.767 – Children's Health Insurance Program	103	\$ 129,308
93.775 / 93.777 / 93.778 - Medicaid Cluster	103	\$ 109,391
93.788 – Opioid STR	118	\$ 157,333
Total U.S. Department of Health and Human Services		\$ 396,690
U.S. DEPARTMENT OF LABOR		
17.225 – Unemployment Insurance	73, 77	\$ 12,903
Total U.S. Department of Labor		\$ 12,903
TOTAL QUESTIONED COSTS - STATE OF OHIO		\$ 426,470

Note: * Finding number 2020-015 on page 71 reported questioned costs for which the amounts could not be determined.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADJUTANT GENERAL

1. NGMOMP – CASH MANAGEMENT

Finding Number:	2020-003
State Agency Number:	ADJ-01
CFDA Number and Title:	12.401 – National Guard Military Operations and Maintenance (O&M) Projects
Federal Award Identification Number/Year:	W91364-20-2-1024T / 2020
Federal Agency:	Department of Defense
Compliance Requirement:	Cash Management
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-004

NONCOMPLIANCE AND MATERIAL WEAKNESS

31 C.F.R. Section 205.33(a) states, in part:

A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs...

National Guard Regulations (NGR) 5 -1, Chapter 11 – states, in part:

11-4. Payment Processing:

a. The National Guard Bureau (NGB) Cooperative Agreement program operates on the basis that the grantee expends State government funds first and then submits request (vouchers) for reimbursement from NGB for allowable CA costs. All approved CA agreement payments (to include Advances) made to the grantee by NGB are reimbursable payments. To process reimbursement payments the grantee shall provide an OMB Standard Form (SF) 270 (Request for Advance or Reimbursement) with supporting documentation to the CA PM. The supporting documentation will itemize, by AMSCO and EEIC, the amount of funds expended and the corresponding grantee accounting classification to be reimbursed.

...

g. The USPFO/Asst USPFO Air (Fiscal) will process reimbursement request from the grantee to DFAS so as to meet the requirements of U.S Treasury, 31 Code of Federal Regulation, Part 205, Rules and Procedures for Efficient Federal-State Funds Transfers 31 CFR Part 205 and the Cash Management Information Act Treasury-State Agreements.

11-5. Advance Payment Method (a)(5):

A statement that the grantee agrees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and their disbursement by the State. (No more than 45 days)

It is management's responsibility to implement control policies and procedures to reasonably ensure advance requests of federal funds are for immediate cash needs, processed accurately, and disbursed timely in accordance with applicable laws and regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADJUTANT GENERAL

1. NGMOMP – CASH MANAGEMENT (Continued)

During state fiscal year 2020, the Department received approximately \$37.5 million in advance federal funding for the National Guard Military Operations and Maintenance Projects program (NGMOMP). The Department utilizes the SF-270 form to request the advances of funds in accordance with 31 C.F.R. Section 205.33(a) and N.G.R. 5-1 - National Guard Grants and Cooperative Agreements. To monitor the cash flow of each cooperative agreement (CA), the State Finance Office and Federal Program Managers track the funding by creating spreadsheets to ensure the revenues, expenditures, cash balance, percent spent, and liquidation percentages are all in accordance with each CA by program and department. However, the Department's controls did not detect or prevent noncompliance with the time limits established in 31 C.F.R. Section 205.33(a) and N.G.R. 5-1. For one of nine (11.1%) advance requests selected for testing, the Department did not disburse the advance within 45 days of the receipt of the federal funds, as required by 31 C.F.R. Section 205.33(a) and N.G.R. 5-1. The Department disbursed the funds 12 days after the required disbursement date.

Not having effective controls over the timely disbursement of federal funds could lead to the Department not limiting funds based on immediate cash needs and not expending funds timely, resulting in noncompliance with 31 C.F.R. Section 205.33(a) and N.G.R. 5-1. These conditions could subject the Department to sanctions or other penalties and a repayment of part of the cooperative agreement amounts. In addition, noncompliance could subject the Department to paying interest charges on these requests. Based on discussions with management, payroll has large cost differences each pay period which make it difficult to estimate the immediate cash needs. The Department projects the cost for advance and requests the highest projected amount. This caused the request to be fully liquidated after the 45 day period.

We recommend the Department evaluate its existing cash management control procedures and update them as necessary to reasonably ensure all federal advance requests are disbursed timely and are only for immediate cash needs, as established in accordance with 31 C.F.R. Section 205.33(a) and N.G.R. 5-1. These procedures should clearly document the responsibilities of the State Finance Office and Federal Program Managers. We also recommend the Department establish procedures to periodically monitor its compliance with the cash management requirements and initiate necessary actions to resolve any noncompliance that results.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES

1. IT – OHIO BENEFITS SYSTEM – MEDICAID/CHIP/SNAP/TANF

Finding Number:	2020-004
State Agency Number:	DAS-02
CFDA Number and Title:	10.551/10.561 SNAP Cluster 93.558 – Temporary Assistance for Needy Families (TANF) 93.767 – Children’s Health Insurance Program (CHIP) 93.775/93.777/93.778 – Medicaid Cluster
Federal Award Identification Number/Year:	182OH102S2514 / 2018 (SNAP Cluster) 182OH102S6018 / 2018 (SNAP Cluster) 192OH102S2514 / 2019 (SNAP Cluster) 192OH102S6018 / 2019 (SNAP Cluster) 202OH102S2514 / 2020 (SNAP Cluster) 202OH102S6018 / 2020 (SNAP Cluster) 1801OHTANF / 2018 (TANF) 1901OHTANF / 2019 (TANF) 2001OHTANF / 2020 (TANF) 1905OH5021 / 2019 (CHIP) 2005OH5021 / 2020 (CHIP) 1905OH5MAP / 2019 (Medicaid) 2005OH5MAP / 2020 (Medicaid)
Federal Agencies:	Department of Agriculture Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Special Tests and Provisions - Income Eligibility Verification System
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-005

MATERIAL WEAKNESS

NOTE: Finding numbers 2020-001³, 2020-020, 2020-027, 2020-029, and 2020-030 contain additional information which is integral to and should be read in conjunction with this finding.

Applications/systems must be properly designed to achieve the business and IT goals of the organization. External factors effecting eligibility must be appropriately considered and properly evaluated to ensure eligibility for benefits is properly determined, and appropriate updates to eligibility are made when applicable. It is critical the appropriate monitoring controls are designed and implemented to reasonably ensure the organization has adequate controls to achieve management’s goals and objectives.

³ Finding number 2020-001, starting on page 29, represents material noncompliance and a material weakness under 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* related to the State of Ohio’s eligibility process for the Medicaid Cluster and SNAP Cluster federal programs.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES

1. IT – OHIO BENEFITS SYSTEM – MEDICAID/CHIP/SNAP/TANF (Continued)

During state fiscal year (SFY) 2020, the State of Ohio disbursed a combined total of \$26.8 billion in public assistance payments related to the following programs:

Federal Program	Benefits Paid	# of Recipients*
93.767 - CHIP	\$536,365,463	202,049
93.775/93.777/93.778 – Medicaid Cluster	\$23,667,537,705	2,495,886
10.551/10.561 – SNAP Cluster	\$2,426,458,320	1,382,485
93.558 – TANF	\$238,062,955	105,398
Combined Total	\$26,868,424,443	4,185,818
*We did not separately identify recipients who could be covered by multiple programs		

The information below summarizes Finding 2020-001 as it relates to the control process and weaknesses identified related to eligibility for the SNAP Cluster and Medicaid Cluster. These issues also apply to the CHIP and TANF programs and additional information was added, where necessary, to identify any errors related to these programs.

The State of Ohio uses a multi-agency approach to administer these programs, as follows: overall compliance and administration of the Medicaid Cluster, and CHIP falls under the Ohio Department of Medicaid (MCD), overall compliance and administration of the SNAP Cluster and TANF programs falls under the Ohio Department of Job & Family Services (ODJFS), and programming and administration of the State’s eligibility determination computer system, Ohio Benefits (OB), falls under the Ohio Department of Administrative Services (DAS). The OB system was first implemented for Medicaid in SFY 2014; CHIP was added in August 2016; and, SNAP and TANF were added in August 2018. The OB system includes the Income Eligibility Verification System (IEVS) functionality which compares reported recipient income to income information maintained by outside data sources (SSA, IRS, etc.). The State also utilizes the 88 Ohio counties in the eligibility determination process to work with applicants, receive/enter eligibility documentation into the State’s system, and follow up on alerts issued by the system.

Currently, individuals applying to receive public assistance benefits complete an application through one of several input locations including the Ohio Benefits Self-Service Portal, the Federally-Funded Marketplace, Social Security, County Departments of Job & Family Services (CDJFS) offices; the Medicaid Consumer Hotline (the Hotline starts the application and sends to the CDJFS to complete); and, paper applications that are sent to the CDJFS. When applying, the CDJFS collects and maintains any documentation provided by the individual either in a paper case file or in the OnBase Enterprise Documentation Management System (EDMS) maintained under contract by DAS. After collecting documentation, the county caseworker enters the individual’s information into the OB system which determines the initial eligibility benefit amount, where applicable. This process is also used to perform eligibility redeterminations on an annual basis or when prompted through a system alert. The OB system is programmed with the State Plan recipient eligibility requirements to determine whether the recipient is eligible to receive the related program benefits based on the information entered by the recipient or caseworker and also assigns a benefit aid category. Once the determination is made, the OB system uploads the eligibility information to the MCD or ODJFS payment system to process the payment.

During SFY 2020, we noted the following weaknesses/defects in the eligibility process, as listed below:

- **Overwriting** – the OB system maintains several pieces of key information related to a recipient’s eligibility (income, household size, age, etc.). If new or updated information is identified, the county caseworker is expected to add this information to the system. Based on our testing, in some cases, the caseworker is replacing/overwriting the existing information with new information instead of adding this new data to the case record. However, there is no system warning or other control in place to identify or prevent this overwrite.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES

1. IT – OHIO BENEFITS SYSTEM – MEDICAID/CHIP/SNAP/TANF (Continued)

- Multi-program Info – There are certain pieces of key information (i.e. name, income, age, etc.) maintained in the OB system which impact all public assistance programs, including SNAP, TANF, Medicaid, and CHIP. However, due in part to the complexities/variations of the requirements for each federal program, the system currently does not link this information between programs. Therefore, the county caseworker must manually adjust each affected program separately when a change occurs.
- System Design Weaknesses/Defects in the OB system:
 - Alerts – During SFY20, an overwhelming volume of alerts were sent to the counties for investigation and follow-up (more than 26.3 million alerts were issued according to DAS records; 17 million related to IEVS alerts and 9.3 million to non-IEVS alerts). This resulted in an unmanageable workload and ineffective application of the alert process. Our testing and inquiry with both State and county personnel identified the following system design weaknesses or defects in the Ohio Benefits system related to alerts:
 - Multiple and repetitive alerts (redundancy).
 - Irrelevant alerts (zero or small dollar amounts).
 - Additional steps required to complete an alert (having to leave the alert window, opening an OB window, and then having to go back through the Alert Inventory to clear the alert).
 - Alerts being received on persons not receiving public assistance.
 - For three of 80 (3.8%) Medicaid recipients and five of 80 (6.3%) CHIP recipients selected for testing, a systemic design and/or issue within Ohio Benefits either impacted the eligibility process and/or eligibility determination for the recipient, which are detailed in the findings for the Ohio Department of Medicaid.

Additionally, we noted the following weakness/issues regarding the contract and monitoring related to the OB system:

- DAS and ODJFS entered into a contract agreement with the developing vendor during SFY 2013 to integrate eligibility systems across public assistance programs, resulting in the implementation of OB. In SFY 2014, MCD and ODJFS were separated into two different departments. However, signed amendments did not include MCD as a separate agency. Since the original contract was signed, there have been numerous amendments to the contract, also not signed by MCD or ODJFS, making organization of the additional deliverables difficult to monitor.
- Although operating protocols were available defining DAS' responsibilities, signed interagency agreements have not been prepared to define the roles and responsibilities of each agency and naming DAS as the administrator for OB. No data governance structure was in place to ensure reliability for management. As a result, it was not always clear if/how program objectives were being met/monitored and program compliance was being achieved.
- DAS engaged a third party evaluator to provide a variety of Quality Assurance and Independent Verification and Validation (QA/IV&V) professional services. One of the services included providing monthly and quarterly IV&V reports. These reports provided a summary of project progress during the reporting period, along with detailed findings, risks, and recommendation items. These reports were provided to DAS, who distributed them to MCD and ODJFS. However, reports for two of 12 (17%) months and three of four (75%) quarters did not have evidence the State reviewed the findings or performed any remediation of the recommendations/issues noted.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES

1. IT – OHIO BENEFITS SYSTEM – MEDICAID/CHIP/SNAP/TANF (Continued)

- There was no comprehensive inventory or other documentation and tracking of internal or external reviews/evaluations/certifications performed for the OB system, or those required to ensure they were completed timely. Such reviews could include a gate review, annual security and privacy control assessments, or other internal or external reviews.

Without proper controls for entering, processing, and maintaining recipient information and system alerts, there is an increased risk that benefits paid to or on behalf of recipients will be inaccurate or unallowable. This risk is substantially increased if the State's eligibility determination system, Ohio Benefits, contains design or operational flaws that could impact a recipient's eligibility and, as a result, could have a material impact on the amounts reimbursed by the federal government. These weaknesses/defects could allow undue subjective decisions, jeopardize accurate eligibility processing, and/or result in improper payments or federal reimbursements. Overpayments or payments to or on behalf of ineligible recipients may subject the State to penalties or sanctions which may jeopardize future funding and limit its ability to fulfill program requirements to provide benefits to those in need. Lack of monitoring the IV&V progress reports, contract amendments, and outside evaluations and assessments could result in a lack of confidence that financial and compliance goals will be achieved. Not obtaining signed agreements from related agencies could result in agreed upon functions not being met. Based on discussions with management, human error/ oversight and systemic issues led to the issues identified.

Based on discussions with management, human error/ oversight and systemic issues led to the issues identified. Management also indicated they have been and are continuing to make corrections and enhancements to the Ohio Benefits system to address the weaknesses and defects identified in the previous and current audit findings.

RECOMMENDATIONS

We recommend DAS work collectively with the related state agencies to implement/update robust processes, procedures, and system controls to address the weaknesses associated with the IEVS process within the OB system. These changes/updates should include, but not be limited to:

- Redesigning the alert process to be more effective and efficient. This could include a more centralized evaluation of alert activity and/or better use of automated tools to analyze and prioritize items requiring follow-up. This would allow related state agency level personnel to become more experienced and adept at identifying and investigating anomalies and help focus the resources of both related state agency and county personnel.
- Identifying and coordinating program changes to address the system design weaknesses/defects identified above. This should include working collaboratively with the related state agencies to prioritize program changes which could directly impact the eligibility determinations or benefit amounts to ensure they are corrected in a timely manner to prevent and detect further improper payments.
- Implementing program logic to ensure changes made to recipient information for one public assistance program are carried through in Ohio Benefits to other applicable public assistance programs for that recipient without caseworker initiation.
- Ensuring vendor contacts/amendments, and interagency agreements are formalized, contain all parties of the agreements, and fully and clearly define the roles, responsibilities, and expectations related to each party, including completion of required risk assessments and evaluations, and any other specific tasks designed to achieve program compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES

1. IT – OHIO BENEFITS SYSTEM – MEDICAID/CHIP/SNAP/TANF (Continued)

- Ensuring appropriate and coordinated monitoring and tracking procedures are in place regarding reviews required and performed, and the timely remediation of issues identified, including, but not limited to:
 - A data governance structure designed to ensure data quality and reliability for management, the grantor agencies, and other users of this information. This should include data subject experts from each related agency to help ensure quality of data requests before external and internal users rely on the data, issues are addressed with a clear escalation path, and establishing accountabilities and alignment between the related agencies.
 - Reviewing and monitoring the IV&V reports prepared by the third party evaluator and to prioritize and develop a remediation plan, along with MCD and ODJFS, to help track and ensure necessary changes to the OB application are completed accurately and timely, and the system is operating as intended.
 - Coordinating and managing the contract contents with the developing vendor to help ensure all contract and amendment deliverables are being met.
 - Ensuring documentation related to all internal and external evaluations and assessments of the Ohio Benefits eligibility environment be tracked, monitored, and maintained to ensure all appropriate monitoring and remediation efforts are completed timely and in compliance with standards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF AGING

1. UNIFORM GUIDANCE POLICIES AND PROCEDURES

Finding Number:	2020-005
State Agency Number:	AGE-01
CFDA Number and Title:	93.044 / 93.045 / 93.053 – Aging Cluster
Federal Award Identification Number / Year:	18AAOHT3SS / 2018
	18AAOHT3CM / 2018
	18AAOHT3HD / 2018
	18AAOHNSIP / 2018
	1901OHOASS / 2019
	1901OHOACM / 2019
	1901OHOAHD / 2019
	1901OHOANS / 2019
	2001OHOASS / 2020
	2001OHOACM / 2020
	2001OHOAHD / 2020
	2001OHOANS / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-006

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 C.F.R. Part 75 establishes uniform administrative requirements, cost principles, and audit requirements for federal awards provided by the Department of Health and Human Services and requires an entity receiving federal funds establish written policies in order to comply with certain requirements. Specifically, 45 C.F.R. Section 75.302(b)(6) and 45 C.F.R. Section 75.305, 45 C.F.R. Section 75.302(b)(7), and 45 C.F.R. Section 75.430(a) relate to written policies for cash management, allowability of costs, and time and effort, respectively. Furthermore, an entity's system of internal controls consists of the policies and procedures established by management to provide reasonable assurance that it complies with applicable rules and regulations and that specific operational objectives are achieved. These policies establish the authorization level for financial and operational transactions to be executed and are meant to accomplish management's goals and professional and statutory requirements. The policies and procedures must be officially approved and distributed to all applicable employees to ensure they are aware of the policies and procedures, and are adhering to them.

During the audit period, the Department disbursed approximately \$54 million in federal funds related to the Aging Cluster, with \$45.7 million distributed to subgrantees. The Department had written policies and procedures in place regarding the general purchase of goods, unallowable costs for contracts and agreements, and time and attendance, but did not address specific allowability of costs and cost principles of 45 C.F.R. Section 75, Subparts D and E, cash management, and the terms and conditions of the federal award. In addition, they were not current (most recent was 2017) and inconsistent with statutory requirements, referenced repealed OMB (Office of Management and Budget) Circulars and defunct accounting systems, and did not contain evidence of formal approval by management. During the current audit period, the Department made progress in updating its related policies and procedures, but most of the documents remained in draft mode.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF AGING

1. UNIFORM GUIDANCE POLICIES AND PROCEDURES (Continued)

Without complete, accurate, updated, and formally approved policies and procedures, the Department subjects itself to risk that transactions will not be processed timely, accurately, consistently, or in accordance with federal requirements. This risk is increased if there is turnover in staff and new employees do not have up-to-date formal policies and procedures as a guide to define processes and requirements. This could lead to the Department not complying with the requirements and could result in decreased future funding, repayment of grant awards, sanctions, and/or fines imposed by the federal grantor agency. Based on discussion with management and review of documents, the Department did not have sufficient time nor the human resources to finish updating the policies.

We recommend the Department continue to finalize, formally approve, and implement updated written policies and procedures over the compliance areas noted above. These policies and procedures should be reflective of the current accounting policies and approaches related to all significant federal funds, including the Aging Cluster. We also recommend management provide these procedures to all employees and periodically monitor them to ensure they are operating as intended and updated as necessary. Lastly, we recommend the Department review, evaluate, and update its policies and procedures on a regular basis to ensure they remain current and are meeting management's objectives and federal requirements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

1. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – CASH MANAGEMENT

Finding Number:	2020-006
State Agency Number:	DEV-01
CFDA Number and Title:	93.568 Low-Income Home Energy Assistance Program
Federal Award Identification Number / Year:	18B1OHLIEA / 2018 1801OHLIE4 / 2018 1901OHLIEA / 2019 1901OHLIE4 / 2019 2001OHLIEA / 2020 2001OHLIE4 / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Cash Management
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-007

NONCOMPLIANCE AND MATERIAL WEAKNESS

31 C.F.R. Section 205.11 states, in part:

- (a) A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds.
- (b) A State and a Federal Program Agency must limit the amount of funds transferred to the minimum required to meet a State's actual and immediate cash needs.

...

To define these allowable timeframes, the State of Ohio and the U.S. Department of the Treasury entered into a Cash Management Improvement Act (CMIA) Agreement which requires the Agency to utilize the Modified Pre-Issuance Methodology when requesting federal funds for the Low-Income Home Energy Assistance Program (LIHEAP). Section 6.2.4 of the agreement regarding the Modified Pre-Issuance Methodology states, in part:

... The State shall request funds such that they are deposited in a State account not more than eight business days prior to the day the State makes a disbursement. . . The amount of the request shall be the amount the State expects to disburse. . .

In addition, 45 C.F.R. Sections 75.302 and .305 give regulatory effect to the Department of Health and Human Services for 2 C.F.R. Section 200.302(b)(6) which requires states to have written procedures to implement the requirements of 2 C.F.R. Section 200.305. 45 C.F.R. Section 75.305(a) indicates for states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 C.F.R. Part 205 "Rules and Procedures for Efficient Federal-State Funds Transfers" and TFM 4A- 2000 Overall Disbursing Rules for All Federal Agencies.

Furthermore, an entity's system of internal controls consists of the policies and procedures established by management to provide reasonable assurance that it complies with applicable rules and regulations and those specific operational objectives are achieved. These policies establish the authorization level for financial and operational transactions to be executed and are meant to accomplish management's goals and professional and statutory requirements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

1. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – CASH MANAGEMENT (Continued)

During state fiscal year 2020, the Agency drew down approximately \$160 million in federal funding for LIHEAP. The Agency utilizes the CMIA Agreement, as well as internal policies and procedures as a guide for completing federal draws; however, these policies and procedures do not specifically address the timeliness of the disbursement/draw process as required by 45 C.F.R. Section 75.302(b)(6). The Agency compiles a worksheet of all payment requests for administrative and program costs associated with providing LIHEAP assistance in order to determine the amount of federal funds to be drawn. This evaluation includes year-to-date disbursements, year-to-date revenues, and any refunds received and/or pending. However, as noted above, the Agency's internal control policies do not contain procedures which allow disbursements to be tied to a specific draw. Due to this, it is not possible to test if draws were disbursed in compliance with the applicable funding techniques specified in the Treasury-State Agreement (within eight business days).

Without procedures in place which allow for ensuring a timely disbursement of funds in accordance with federal requirements and the CMIA Agreement, interest penalties may be incurred by the State of Ohio. This could also subject the Agency to sanctions or other penalties by the federal grantor agency. Based on discussions with management, they have not considered developing a methodology which allows them to trace federal draw amounts to subsequent disbursements since their focus is to draw federal funds based on an amount calculated from disbursements already made.

We recommend the Agency update its written policies and procedures for the cash management process to provide a methodology which allows for disbursements to be tied to related federal draws to help ensure compliance with 45 C.F.R. Section 75.302(b)(6). These policies and procedures should be formally approved and adopted by management, provided to all employees, and monitored periodically by management to ensure the procedures are operating as intended and updated as necessary.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

2. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – SUBRECIPIENT MONITORING

Finding Number:	2020-007
State Agency Number:	DEV-02
CFDA Number and Title:	93.568 Low-Income Home Energy Assistance Program
Federal Award Identification Number / Year:	18B1OHLIEA / 2018 1801OHLIE4 / 2018 1901OHLIEA / 2019 1901OHLIE4 / 2019 2001OHLIEA / 2020 2001OHLIE4 / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Subrecipient Monitoring
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 C.F.R. Section 75.352 gives regulatory effect to the Department of Health and Human Services uniform administrative requirements for grants to states and local governments relating to subrecipient monitoring and management and states, in part:

All pass-through entities must:

. . .

- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section.....
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
 - (1) Providing subrecipients with training and technical assistance on program-related matters;
 - (2) Performing on-site reviews of the subrecipient's program operations; and
 - (3) Arranging for agreed-upon-procedures engagements as described in § 75.425.

Additionally, 45 C.F.R. Section 75.521(d) states:

- (d) *Time requirements.* The . . . pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC [Federal Audit Clearinghouse]. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

During state fiscal year 2020, the Agency awarded LIHEAP funds to 51 subrecipients. As part of the subrecipient monitoring process, the Agency's Office of Community Assistance Field Unit performs annual on-site visits, typically in the spring, to assess each subrecipient's compliance with federal statutes and the terms and conditions of the subaward. However, the Agency was unable to perform on-site reviews of LIHEAP subrecipients during the audit period due to the COVID-19 pandemic restrictions.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

2. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – SUBRECIPIENT MONITORING (Continued)

In addition, the Agency's audit Section monitors all subrecipient audit reports issued during the year to ensure proper disclosure of federal funds and issues closure letters in response to any LIHEAP findings noted in the subrecipient's audit report. However, for two of seven (28.6%) subrecipient audits selected for testing, the Agency did not issue a management decision and send a closure letter responding to any LIHEAP-related comments within six months of the report being accepted by the FAC, as required. The closure letters were issued 17 and 44 days late.

Without adequate procedures in place to monitor subrecipient compliance with federal statutes, laws and regulations, there is an increased risk subrecipients may misuse subaward funds for unauthorized purposes. This could lead to fines, penalties, or repayment of program funds being imposed by the federal grantor agency. Based on discussions with management, on-site reviews were not plausible due to the COVID-19 pandemic and the ensuing stay-at-home order. Management indicated a remote monitoring process has been developed, but was not implemented by the end of the audit period. The pandemic and move to working from home also caused additional delays in the subrecipient audit report monitoring process, which led to the delays in issuing the closure letters.

We recommend the Department evaluate its current control procedures and processes over LIHEAP subrecipient monitoring and update them as necessary to reasonably ensure compliance with 45 C.F.R. Sections 75.352 & 75.521(d). These procedures should include continuing to prioritize development of a remote monitoring process for subrecipients and ensuring closure letters are sent in a timely manner. In addition, management should periodically monitor these activities to help ensure the procedures are functioning as intended.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

3. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – REPORTING

Finding Number:	2020-008
State Agency Number:	DEV-03
CFDA Number and Title:	93.568 Low-Income Home Energy Assistance Program
Federal Award Identification Number / Year:	18B1OHLIEA / 2018 1801OHLIE4 / 2018 1901OHLIEA / 2019 1901OHLIE4 / 2019 2001OHLIEA / 2020 2001OHLIE4 / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Reporting
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 C.F.R. Section 96.82(a) states:

Each grantee which is a State or an insular area which receives an annual allotment of at least \$200,000 shall submit to the Department, as part of its LIHEAP [Low-Income Home Energy Assistance Program] grant application, the data required by section 2605(c)(1)(G) of Public Law 97-35 (42 U.S.C. 8624(c)(1)(G)) for the 12-month period corresponding to the Federal fiscal year (October 1-September 30) preceding the fiscal year for which funds are requested. The data shall be reported separately for LIHEAP heating, cooling, crisis, and weatherization assistance.

42 U.S.C. Section 8624(c)(1)(g) states:

(1) As part of the annual application required in subsection (a), the chief executive officer of each State shall prepare and furnish to the Secretary, in such format as the Secretary may require, a plan which—

...

(G) states, with respect to the 12-month period specified by the Secretary, the number and income levels of households which apply and the number which are assisted with funds provided under this subchapter, and the number of households so assisted with—

- (i) one or more members who had attained 60 years of age;
- (ii) one or more members who were disabled; and
- (iii) one or more young children;

42 U.S.C. Section 8629(a) states:

The Secretary, after consultation with the Secretary of Energy, shall provide for the collection of data, including—

- (1) information concerning home energy consumption;
- (2) the amount, cost and type of fuels used for households eligible for assistance under this subchapter;
- (3) the type of fuel used by various income groups;
- (4) the number and income levels of households assisted by this subchapter;

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEVELOPMENT SERVICES AGENCY

3. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – REPORTING (Continued)

- (5) the number of households which received such assistance and include one or more individuals who are 60 years or older or disabled or include young children; and
- (6) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this subchapter.

It is management's responsibility to implement control policies and procedures to reasonably ensure the federal reports they submit are accurate, complete, and in compliance with program requirements. It is imperative that management maintain the underlying data and related program documentation used to prepare and support these reports.

Each year, the Database Administration Specialist in the Information Technology section prepares a draft of the Annual Report on Households Assisted by LIHEAP (OMB No. 0970-0060) using data/amounts obtained from the Agency's Ohio Community and Energy Assistance Network (OCEAN). The draft report is then reviewed by the Agency's Fiscal Manager and Office of Community Assistance Management for completeness and accuracy. Once approved, the Fiscal Manager submits the annual report numbers electronically to the Department of Health and Human Services by December 15. However, for the Annual Report on Households Assisted by LIHEAP submitted during state fiscal year 2020, the Agency could not provide supporting documentation from OCEAN to corroborate the reported amounts for the following line items:

- Section II. Number of Assisted Households by Poverty Interval, Line 4 Weatherization;
- Section III. Number of Assisted Households by Vulnerable Population, Line 4 Weatherization; and,
- Section VI. Number of Assisted Households by Young Child Age Category, Line 4 Weatherization.

A lack of adequate internal controls and record retention over federal reporting increases the risk that reports submitted to the federal grantor agency are inaccurate. Reporting inaccurate or incomplete information could subject the Agency to federal sanctions, limiting the amount of funding for program activities. Based on discussions with management, copies of the time-sensitive reports were not retained due to oversight.

We recommend the Agency evaluate current procedures and consider altering or implementing additional policies and procedures, as necessary, to provide reasonable assurance the data being used to prepare reports for all federal programs is being maintained and accessible. This data and/or documents should be maintained according to the Agency's record retention policy.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

1. IT – INAPPROPRIATE APPLICATION ADMINISTRATOR ACCOUNT ACCESS

Finding Number:	2020-009
State Agency Number:	DDD-01
CFDA Number and Title:	93.775/93.777/93.778 – Medicaid Cluster
Federal Award Identification Number / Year:	1805OH5MAP / 2018 1905OH5MAP / 2019
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions – Provider Eligibility
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-008

MATERIAL WEAKNESS

Organizations logically restrict access to their computer systems, programs, and data to help reduce the risk of unauthorized use of key computer resources. They establish levels of access commensurate to a specific user's job responsibilities. Access to administrative privileges, which may be used to override other controls, is tightly restricted. Computer systems are regularly monitored for possible misuse and periodic reviews of user access are performed to ensure all access is authorized.

The Department's Information Policies include the following, which govern implementation of the controls described above:

- Completion of Information Technology Services Security Affidavit (ITS-001).
- System Access and User Authentication (ITS-002) Section IV.C: Access Control for DODD Web Applications.

The Medicaid Billing System (MBS) is designed to process Medicaid claims for waiver and targeted case management services provided by eligible providers. During state fiscal year 2020, approximately \$2 billion in payments were processed through MBS. MBS is supported by several ancillary systems, including the Medicaid Services System (MSS) and Provider Services Management (PSM). MSS enrolls clients onto the various waivers and records individual service plans (which ultimately authorize waiver claims) while PSM certifies providers of Medicaid services. The internal controls in the PSM and MSS systems are significant to the Department's efforts to prevent unauthorized disbursements of Medicaid funds. The following MBS and MSS accounts did not require access for the performance of their job functions:

- One of 19 (5.2%) MBS users had administrative access allowing them to upload data, edit the billing schedule, and delete no match claims (claims previously uploaded that could not be processed during the billing cycle they were uploaded; typically a claim on a pending-prior report). A non-matched claim might be deleted if notified by the provider they did not want the subsequent claim to process.
- One of 34 (2.9%) MSS users had administrative access allowing them to submit a Payment Application Waiver Plan and enroll a provider.

Inappropriate access increases the risk that users have inappropriate access to programs and data which could jeopardize the integrity of departmental data. This could result in the transmission of inaccurate transactions, which may misstate federal or state expenditure activity, or result in the misuse or fraudulent misappropriation of state resources or federal program monies. Based on discussions with management, these access exceptions were due to inadequate review processes and updating of access.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

1. IT – INAPPROPRIATE APPLICATION ADMINISTRATOR ACCOUNT ACCESS (Continued)

We recommend the Department evaluate the roles for these accounts and remove all unnecessary access not required for the job function. We also recommend management follow the formal policies in place which prescribe the process for performing periodic reviews of all user accounts, especially administrator accounts. We also recommend the Department update IT policies to reflect approved changes governing how IT security is administered.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

1. SEI – PAYROLL EXPENDITURES

Finding Number:	2020-010
State Agency Number:	EDU-01
CFDA Number and Title:	84.367 – Supporting Effective Instruction State Grants
Federal Award Identification Number / Year:	S367A190034 / 2019 S367A180034 / 2018
Federal Agency:	Department of Education
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Repeat Finding from Prior Audit?	No

QUESTIONED COSTS

\$16,877

2 C.F.R. Section 3474. 1 gives regulatory effect to the Department of Education for 2 C.F.R. Part 200, except for 2 C.F.R. Section 200.102(a) and 2 C.F.R. Section 200.207(a). 2 C.F.R. Section 200.403, establishes requirements over the allowability of costs and states, in part:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

...

In addition, 2 C.F.R. Section 200.430(a) states, in part:

General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

(1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;

...

It is management's responsibility to implement control policies and procedures to reasonably ensure compliance with program requirements. Effective controls require the Department ensure payments for payroll expenditures are allowable, based on complete and accurate employee timesheets, and made in accordance with program rules and regulations.

During state fiscal year 2020, the Department expended \$802,331 in payroll expenditures for the Supporting Effective Instruction State Grants (SEI) program. Employees in the Office of Educator Effectiveness administer various state level activities for the SEI program and are paid from the SEI program through fund 3Y60. Although the Department had controls over processing payroll, they did not prevent or detect an overpayment of payroll costs to the SEI program for one of 22 (4.5%) employee timesheets tested. In February 2020, the employee took another position within the Department that should have been and was paid from the General Revenue Fund (GRF). In April 2020, the Department made adjustments to realign expenditures between its administrative fund (3Z30) and 3Y60. During this process, the Department also

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

1. SEI – PAYROLL EXPENDITURES (Continued)

included the employee who transferred to the other position, resulting in the employee's payroll being incorrectly charged to the SEI program from April until at least the date of testing in January 2021. As a result, the employee was incorrectly paid \$16,877 from the SEI program from April 2020 through June 2020 and we will question the entire overpayment (projects to an amount greater than \$25,000).

Without sufficient controls and monitoring over SEI program expenditures, management cannot be reasonably assured that payroll expenditures are necessary and reasonable for activities related to the program. This could result in a misuse of funds and noncompliance with federal requirements, which could subject the Department to sanctions, other penalties, or repayment of federal grant awards. Based on discussions with management and review of various documents, this issue was caused by the incorrect adjustment to the employee's payroll coding in April 2020.

We recommend the Department evaluate its current control procedures and processes over federal payroll expenditures and update them as necessary to reasonably ensure expenditures are necessary and reasonable for the performance of the federal award. These procedures should include a process for ensuring employees are being paid from the proper fund and/or federal program based on their roles and responsibilities, especially when they transfer positions within the Department. The Department should formally document and communicate these procedures to all employees involved in the process and update the procedures on a regular basis to address any necessary changes. In addition, management should periodically monitor these activities to help ensure the procedures are functioning as intended. Finally, we recommend the Department make adjustments to correct the improper payroll expenditures.

2. CHILD NUTRITION CLUSTER – INVENTORY/FEDERAL SCHEDULE AND NOTE

Finding Number:	2020-011
State Agency Number:	EDU-02
CFDA Number and Title:	10.553/10.555/10.556/10.559 – Child Nutrition Cluster
Federal Award Identification Number / Year:	202020N109942 / 2020 201919N109942 / 2019
Federal Agency:	Department of Agriculture
Compliance Requirement:	Special Tests and Provisions – Accountability for USDA-Donated Foods
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-011

NONCOMPLIANCE AND MATERIAL WEAKNESS

7 C.F.R. Part 250 contains rules and regulations for entities that receive donated foods from the United States Department of Agriculture (USDA) for use in child nutrition programs, including the National School Lunch Program (NSLP) which is part of the Child Nutrition Cluster (CNC). Specifically, 7 C.F.R. Section 250.19(a) requires that distributing agencies, recipient agencies, processors, and other entities must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods and warns that not maintaining required records must be considered prima facie evidence of improper distribution or loss of donated foods and may result in a claim against such party for the loss or misuse of donated foods per 7 C.F.R. Section 250.16. In addition, 7 C.F.R. Section 250.15(a) requires the distributing agency ensure that donated foods that are out-of-condition, as defined in Section 250.2, at any of its storage facilities are removed, destroyed, or otherwise disposed of, in accordance with FNS (Food and Nutrition Service) instruction and State or local food safety and health requirements. Furthermore, 2 C.F.R. Section 400.1 gives regulatory effect to the USDA for the Uniform Guidance contained in 2 C.F.R. Section 200. Specifically, 2 C.F.R. Section 200.510(b) requires the auditee (the State of Ohio) prepare a

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

2. CHILD NUTRITION CLUSTER – INVENTORY/FEDERAL SCHEDULE AND NOTE (Continued)

Schedule of Expenditures of Federal Awards (Schedule) for the period covered by the auditee's financial statements which must include the total federal awards expended. This includes the distributing agency reporting inventory and the distribution of donated foods to schools as required by 7 C.F.R. Section 250.18.

It is management's responsibility to implement control procedures to reasonably ensure compliance with these requirements. It is also management's responsibility to implement an adequate system of internal controls to monitor the accuracy and completeness of accounting and inventory records pertaining to federal programs. Sound internal controls also require a review and verification of information and calculations used to compile an auditee's Schedule and Notes to ensure they are complete and accurate, as well as documentation of the review in some manner.

As the pass-through entity of the CNC federal program for the State of Ohio, the Department oversees the distribution of USDA-donated food goods to various local schools throughout the year. Local schools order food from two USDA web systems - Web Based Supply Chain Management (WBSCM) and Fresh Fruit and Vegetables Order Receipt System (FFAVORS). The food is distributed either directly from USDA to the school (FFAVORS orders) or first to a storage facility or processor before being delivered to the school (WBSCM orders). For the NSLP, the Department contracted with two storage facilities to house these foods during the fiscal year and also contracted with a company to perform physical inventory counts of the donated foods in the facilities in July 2019 and December 2020. The total value of all food distributed during state fiscal year (SFY) 2020 was \$62.7 million dollars, while the value of the food distributed by the storage facilities was \$9.2 million dollars; this is approximately 11.7 % and 1.9%, respectively, of the reported total CNC program expenditures.

The Department receives data about the schools' food orders directly from WBSCM and FFAVORS and uploads the data into its Commodities Allocation Tracking System (CATS), an automated inventory process for administering and monitoring the foods donated by USDA. The Department's procedures require it receive monthly activity reports from the storage facilities which are to be reconciled to CATS. However, the Department did not complete these reconciliations during the audit period due to a CATS issue that began in December 2017 and is still ongoing. Specifically, when school districts ordered food from storage facilities and the number of units shipped by the storage facility differed from the number of units ordered, the shipment was not recorded in CATS. Instead of performing a true reconciliation between CATS and the monthly reports, the Office of Integrated Student Supports made adjustments to CATS to reflect the ending inventory amounts on the monthly reports from the storage facilities. As a result, storage facility inventory in CATS as of June 30, 2020 was overstated by \$14.4 million (3,135.9%) when compared to the physical inventory of foods on-hand at the facilities. In addition, storage facility distributions in CATS during the audit period were understated by \$7.5 million (462.9%) when compared to the storage facility's portion of food commodity distributions recorded on the State of Ohio's Schedule of Expenditures of Federal Awards for SFY 2020. Although the USDA data on food orders reconciled with food orders in CATS, the ending inventory and distributions by the storage facilities did not. Based on the conditions noted above, it appears the CATS system is not operating as intended and the Department did not maintain accurate and complete inventory records during SFY 2020 as required by 7 C.F.R. Section 250.19(a).

Also during SFY 2020, the Department approved 18 requests for disposal of out-of-condition commodities by the storage facilities. The Department's Donation and Disposal of USDA Foods Policy requires the Office for Child Nutrition obtain approval from the USDA Midwest Regional Office prior to donating or disposing of USDA foods. However, for four of the 18 (22.2%) requests, the Department did not obtain pre-approval for the disposal of the item. The Department instructed the storage facilities to dispose of the food commodities on April 13 and April 20, 2020, but did not obtain verbal approval from the USDA Midwest Regional Office until May 6, 2020.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

2. CHILD NUTRITION CLUSTER – INVENTORY/FEDERAL SCHEDULE AND NOTE (Continued)

Furthermore, during SFY 2020, the Ohio Office of Budget and Management (OBM) which compiles and prepares the State of Ohio's Schedule, provided State agencies that received federal funds a reporting package containing a template of the Schedule and its attachments, as well as detailed instructions for completing the reporting package and making adjustments to the award amounts. The Department's reporting package also included a form and instructions for providing information about donated food commodities from the NSLP, for inclusion in the Schedule's Note 2, Non-Cash Federal Assistance Programs. To provide the information for Note 2, the Department utilized reports from the warehouse, its pre-processors, and the USDA WBSCM and FFAVORS systems. Management reviewed the Department's reporting package for accuracy and approved it before submitting it to OBM; however, the Department did not properly calculate or verify the accuracy of the Ending Inventory amount. As a result, the Department reported to OBM \$4,760,162 in the food commodities ending inventory for the NSLP although the actual value was \$28,215,151, or an understatement of \$23,454,989 (83.1%). Once this error was brought to OBM's attention, the State of Ohio's Schedule and Note 2 were adjusted prior to submission to the Federal government.

If the Department does not maintain accurate and complete records of the donated foods and obtain pre-approval for disposals of food commodities, it is not complying with 7 C.F.R. Sections 250.19(a) and 250.15(a). This could subject the Department to repayment for the value of any misplaced food to the USDA or replacement of the goods in-kind, or other sanctions and penalties. Inaccurate inventory records could also prevent schools from placing orders for available foods and lead to misuse or abuse of donated foods to the detriment of those who benefit from the program. It could also affect schools who use and rely on CATS for reporting purposes. By not accurately identifying and reporting the ending inventory value of food commodities, there is an increased risk that program activity and the State of Ohio's Schedule and footnotes may be materially misstated. This could lead to users of the Schedule and footnotes making decisions based on inaccurate program activity or information. Based on discussion with management and review of support documents, the Department added a new File Transfer Protocol site that caused problems with importing the monthly activity delivery reports from the storage facilities, and did not have the resources to maintain accurate and complete inventory records after the CATS system issue and the disposal of food commodities without prior approval was due to oversight. In addition, the understatement of ending inventory was due to a change in the compilation approach from the previous year, which led to an improper calculation of the amount.

We recommend the Department evaluate and strengthen its existing policies, procedures, and CATS system to ensure it updates and maintains complete and accurate inventory records, to ensure all requests for disposal of food commodities are pre-approved by the USDA Midwest Regional Office, and also to ensure the accuracy and completeness of the food commodity ending inventory reported to OBM for inclusion in the Notes to the State of Ohio's Schedule. Management should periodically perform and review inventory reconciliations to ensure accuracy, completeness, and proper and timely resolution of variances or reconciling items noted. In addition, management should review and monitor the compilation of information submitted to OBM to ensure it is complete and accurate. The Department should formally document and communicate these policies and procedures to all employees involved in the process and re-evaluate and update the procedures on a regular basis to address any necessary changes.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

3. CACFP – REPORTING

Finding Number:	2020-012
State Agency Number:	EDU-03
CFDA Number and Title:	10.558 – Child and Adult Care Food Program
Federal Award Identification Number / Year:	202020N109942 / 2020 201919N109942 / 2019
Federal Agency:	Department of Agriculture
Compliance Requirement:	Reporting
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-012

NONCOMPLIANCE AND MATERIAL WEAKNESS

As part of administering the Child and Adult Care Food Program (CACFP), 7 C.F.R. Section 226.7(d) requires a final FNS-44, *Report of the Child and Adult Care Food Program*, report be submitted for each month “no later than 90 days following the last day of the month covered by the report.” In addition to this “90-day report”, which contains actual data only, instructions to the report state a “30-day report”, which may contain actual and estimated data, is due “on the last day of the month following the month being reported.” Report instructions also define “Estimated” as “Projection of the number of meals that were served and are expected to be approved for reimbursement for which claims have not been received or approved by the reporting due date.” In addition, Parts A - Day Care Homes (reported monthly) and B - Participation (reported quarterly) of the report instructions state “Estimates for missing data should be included on the 30-Day report.”

It is management’s responsibility to implement control policies and procedures to reasonably ensure compliance with program requirements. Effective controls require management review reports for accuracy, completeness, and compliance with program rules and regulations prior to submission to the federal grantor agency.

During state fiscal year 2020, the Department disbursed approximately \$89.3 million in subsidy expenditures for CACFP. The Department had controls in place during the fiscal year for reviewing and submitting the required reports. When preparing reports for submission to the U. S. Department of Agriculture via the Food Program Reporting System (FPRS), the Management Analyst generates the support documents in the Claims Reimbursement and Reporting System (CRRS), which aggregates estimated and actual reporting data, including meals served and number of sponsors and sites. The Management Analyst enters the data into FPRS and checks it for validity. The Fiscal Manager then reviews the data to ensure its accuracy and completeness before certifying the report in FPRS. However, for five of 12 (41.7%) 30-day FNS-44 reports submitted during the audit period (including the months June 2019 through October 2019), the Department included only actual data and did not also include projections/estimates for the number of participating entities and recipients in the Day Care Homes (Part A) and Participation (Part B) sections. The November 2019 through May 2020 30-day FNS-44 reports, which were submitted during the audit period, appropriately included both actual data and projections/estimates in Parts A and B.

Without including estimated data for Parts A and B of the 30-day FNS-44 reports, the Department is not submitting accurate and complete reports to the federal grantor agency per the instructions provided. Providing incomplete information to the federal grantor agency on interim reports makes them less effective for the federal grantor agency for monitoring and planning purposes. Any noncompliance could result in repayment, reduction, or elimination of federal funding or sanctions imposed by the federal grantor agency. Based on discussions with management and review of supporting documentation, it appears the Department interpreted the report instructions to mean that if any sponsor does not submit the data by the report due date, the state-wide data available in CRRS is incomplete (not missing) and therefore, not

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

3. CACFP – REPORTING (Continued)

required to be included in the report. It also appears the Department's approach for not including estimates in Parts A and B of the report has been in place for several years although the federal grantor agency has not provided guidance that it is acceptable. Management changed their approach once the auditor brought this to their attention during the prior audit.

We recommend the Department evaluate existing procedures and implement new procedures, if necessary, to provide reasonable assurance the 30-day FNS-44 reports submitted in FPRS are accurate and complete per the report instructions. In addition, we recommend the Department establish procedures to periodically monitor its compliance with the report submission requirements and initiate necessary actions to resolve any noncompliance that results.

4. CACFP – SPONSOR REVIEWS

Finding Number:	2020-013
State Agency Number:	EDU-04
CFDA Number and Title:	10.558 – Child and Adult Care Food Program
Federal Award Identification Number / Year:	202020N109942 / 2020 201919N109942 / 2019
Federal Agency:	Department of Agriculture
Compliance Requirement:	Subrecipient Monitoring
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-013

NONCOMPLIANCE AND MATERIAL WEAKNESS

As part of administering the Child and Adult Care Food Program (CACFP), 7 C.F.R. Section 226.6 requires the Department provide technical and supervisory assistance to institutions and facilities to facilitate effective program operations; monitor progress toward achieving program goals; ensure compliance with all requirements of the program; and maintain documentation of supervisory assistance activities, including reviews conducted, corrective actions prescribed, and follow-up efforts.

Specifically, 7 C.F.R. Section 226.6(m)(6) prescribes the frequency and number of required institution reviews and states, in part:

- (i) Independent centers and sponsoring organizations of 1 to 100 facilities must be reviewed at least once every three years. A review of such a sponsoring organization must include reviews of 10 percent of the sponsoring organization's facilities;

In addition, 7 C.F.R. Section 226.14 states, in part:

- (a) State agencies shall disallow any portion of a claim for reimbursement and recover any payment to an institution not properly payable under this part. . . . Minimum State agency collection procedures for unearned payments shall include:

- (1) Written demand to the institution for the return of improper payments; (2) if, after 30 calendar days, the institution fails to remit full payment or agree to a satisfactory repayment schedule, a second written demand for the return of improper payments sent by certified mail return receipt requested; and (3) if, after 60 calendar days, the institution fails to remit full payment or agree to a satisfactory repayment schedule, the State agency shall refer the claim against the institution to appropriate State or Federal authorities for pursuit of legal remedies.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

4. CACFP – SPONSOR REVIEWS (Continued)

It is management's responsibility to implement control policies and procedures to reasonably ensure compliance with program requirements. Effective controls require the Department monitor the frequency of each sponsor's reviews to ensure they are completed in accordance with program rules and regulations and perform proper collection procedures for unearned payments.

During state fiscal year (SFY) 2020, the Department completed reviews of 258 sponsors that participated in CACFP. Education Program Specialists (EPS) are responsible for visiting these institutions, performing the required reviews, and completing various documents within the Claims Reimbursement Reporting System (CRRS) to evidence what they reviewed and the results. In addition, the Department maintains a CRRS tracking module that lists all participants of the program and when they were reviewed or are scheduled for review. However, the Department's controls did not prevent noncompliance with the review requirements. As a result, for three of 25 (12%) reviews selected for testing (all sponsors with between 1 and 100 facilities), the Department performed the reviews four years after the previous review, which is not within the required three-year period.

In addition, 206 of the 258 reviews completed by the Department included required corrective actions. For reviews where the EPS identifies overpayments of program funds, Financial Associate sends a fiscal action letter to the sponsor, giving the sponsor the option to appeal the decision or repay the identified amount. However, for one of 21 (4.8%) reviews with required corrective actions tested, the Department did not send a fiscal action letter seeking repayment. As a result, the Department has not yet collected \$5,803 of program benefit overpayments from the sponsor.

Not properly monitoring sponsor reviews and performing proper collection procedures could result in noncompliance with federal regulations. Noncompliance with the review requirements could subject the Department to sanctions or other penalties and a repayment of part of the grant award amount. Based on discussions with management and review of support documents, the reviews were not completed timely due to staffing issues. The fiscal action letter was not sent due to a lack of communication between the EPS completing the review and the Financial Associate responsible for sending the letter.

We recommend the Department evaluate its existing sponsor review control procedures and update them as necessary to reasonably ensure all reviews are performed within the timeframes prescribed in 7 C.F.R. Section 226.6(m)(6) and any unearned payments identified during reviews are collected as prescribed by 7 C.F.R. Section 226.14. We also recommend the Department establish procedures to periodically monitor its compliance with the review requirements and initiate necessary actions to resolve any noncompliance that results. Finally, we recommend the Department follow up on the corrective action noted above and obtain repayment from the sponsor, if appropriate.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

5. CHARTER SCHOOL MONITORING – VARIOUS PROGRAMS

Finding Number:	2020-014
State Agency Number:	EDU-05
CFDA Number and Title:	84.010 – Title I Grants to Local Educational Agencies 84.027 / 84.173 – Special Education Cluster (IDEA) 84.367 – Supporting Effective Instruction State Grants (SEI)
Federal Award Identification Number / Year:	S010A190035 / 2019 (Title I) S010A180035 / 2018 (Title I) H027A190111 / 2019 (IDEA) H027A180111 / 2018 (IDEA) H173A190119 / 2019 (IDEA) H173A180119 / 2018 (IDEA) S367A190034 / 2019 (SEI) S367A180034 / 2018 (SEI)
Federal Agency:	Department of Education
Compliance Requirement:	Special Tests and Provisions - Oversight and Monitoring Responsibilities with Respect to Charter Schools with relationships with Charter Management Organizations
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-014

NONCOMPLIANCE AND MATERIAL WEAKNESS

2 C.F.R. Section 3474.1 gives regulatory effect to the Department of Education for 2 C.F.R. Section 200.331 (in the January 1, 2020 edition and 2 C.F.R. Section 200.332 in the January 1, 2021 edition), which establishes requirements over subawards for pass-through entities and states, in part:

All pass-through entities must:

...

- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, . . .

...

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. . . .

Additionally, Part N.3, *Oversight and Monitoring Responsibilities with Respect to Charter Schools with Relationships with Charter Management Organizations [CMOs]*, of the ED-Cross-Cutting Section (2020 OMB Compliance Supplement) states:

Additional requirements applicable to non-federal entities receiving federal funds include: (1) the Code of Federal Regulations (CFR) requirements regarding conflicts of interest [2 C.F.R. Sections 200.112

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF EDUCATION

5. CHARTER SCHOOL MONITORING – VARIOUS PROGRAMS (Continued)

and 200.318], (2) the American Institute of Certified Public Accountants guidance regarding related-party transactions [AU Section 334], and (3) the GAO Green Book and COSO framework guidance regarding segregation of duties [Page 50] applicable to charter schools with relationships with CMOs.

It is management's responsibility to implement control policies and procedures to reasonably ensure compliance with program requirements. Effective controls require the Department complete a review of charter (community) schools with relationships with CMOs, including procedures to assess the risk posed by conflicts of interest, related party transactions, and insufficient segregation of duties.

During state fiscal year (SFY) 2020, the Department had agreements with 1,021 local educational agencies (LEAs), including 232 community schools with CMOs. The Department completed 919 reviews of the LEAs for the Title I Grants to Local Educational Agencies and Supporting Effective Instruction State Grants programs and 987 reviews for the Special Education Cluster during SFY 2020. The Department uses a three-tiered (Self Survey, Desk Review, and On-site Review) risk assessment approach to monitor and assist LEAs in determining whether they are compliant with program requirements. However, monitoring by the program divisions did not include procedures to assess the risk posed by conflicts of interest, related party transactions, and insufficient segregation of duties for community schools with relationships with CMOs as required by the federal grantor agency, although the Grants Management office did complete additional monitoring over 21 of the LEA's that included procedures over conflicts of interest. Furthermore, the Department did not have effective internal controls designed to provide reasonable assurance that community schools with relationships with CMOs have effective controls to mitigate financial risks, provide for accountability over federal funds, and mitigate performance risks.

Without proper controls and monitoring over community schools with CMOs, management is not complying with the federal grantor agency's requirements for these programs and cannot be reasonably assured that the community schools have effective controls to mitigate financial risks, provide for accountability over federal funds, and mitigate performance risks. This could result in a misuse of funds and noncompliance with federal requirements, which could subject the Department to sanctions, other penalties, or having to repay part of the federal grant awards. Based on discussions with management and review of various documents, this issue was caused by the amount of time needed to develop and implement new risk assessment procedures, which the Department is currently developing.

We recommend the Department evaluate its current control procedures and processes over subrecipient monitoring and update them as necessary to include specific procedures for community schools with CMOs. These procedures should include an assessment of the risk posed by conflicts of interest, related party transactions, and insufficient segregation of duties. The Department should also monitor these community schools to ensure controls are in place to mitigate financial risks, provide for accountability over federal funds, and mitigate performance risks, as well as track the correction of any identified non-compliance that results. In addition, management should periodically monitor these activities to help ensure the procedures are performed timely and functioning as intended.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

1. TANF – UNSUPPORTED WORK PARTICIPATION ACTIVITIES

Finding Number:	2020-015
State Agency Number:	JFS-03
CFDA Number and Title:	93.558 – Temporary Assistance for Needy Families (TANF)
Federal Award Identification Number / Year:	1402OHTANF / 2014 1502OHTANF / 2015 1601OHTANF / 2016
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Eligibility
Repeat Finding from Prior Audit?	No

QUESTIONED COSTS

Undetermined Amount

45 C.F.R. Section 75.403 establishes uniform requirements for allowability of costs for Federal awards provided by the Department of Health and Human Services, including TANF, and states, in part:

...

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. . .
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. . .
- (g) Be adequately documented. . .

45 C.F.R. Section 260.31(a) defines the term “assistance”, and states, in part:

...

(2) It includes such benefits even when they are:

- (i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and
- (ii) Conditioned on participation in work experience or community service (or any other work activity under § 261.30 of this chapter).

...

As the lead agency responsible for administering the TANF federal grant award for the State of Ohio, the Department is responsible for providing reasonable assurance that only eligible individuals receive assistance and that documentation maintained is accurate, complete, and properly recorded in the statewide automated eligibility system to ensure appropriate eligibility determinations. The Department is responsible for overall program compliance and must have appropriate oversight and monitoring procedures in place to ensure those they rely on are operating in accordance with all expectations, guidelines, and requirements related to their tasks.

As outlined in the State of Ohio Work Verification Plan, the Department establishes program policy, provides technical assistance, defines performance standards, requires continuous improvement activities, collects data and monitors all County Departments of Job and Family Services (CDJFS). Applications, reapplications, and assignment of work activities are processed by the CDJFS. Work participation data is reported by work sites to the CDJFS who then enters the data into the automated eligibility system. The automated eligibility system requires the CDJFS to track weekly hours of participation per activity for each

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

1. TANF – UNSUPPORTED WORK PARTICIPATION ACTIVITIES (Continued)

work-eligible individual. Each month work activity data is extracted from the statewide automated eligibility system. It is run through a series of extract programs and the resulting data becomes the statewide work participation reports (which are shared with the CDJFS) and the TANF Data Report file which is sent to the federal grantor agency. However, during an investigation to follow up on a complaint related to the South Central Ohio DJFS for the period September 2014 through September 2015, it was determined that a caseworker entered work participation activities, but there was not appropriate supporting documentation for these activities. Because these activities could not be quantified, we will question costs for an undetermined amount. This amount would likely exceed the \$25,000 questioned costs reporting threshold.

Additionally, during an investigation to follow up on a complaint related to the Franklin CDJFS for the period December 2014 through February 2016, it was determined a caseworker was entering work participation activities but there was not appropriate documentation for these activities. It was also noted there was no record of the recipients having completed these hours in the CDJFS external third party system nor in the CDJFS case file or notes to provide verification for these hours. Because these activities could not be quantified, we will question costs for an undetermined amount. This amount would likely exceed the \$25,000 questioned costs reporting threshold.

See finding number 2020-028, TANF – Work Participation Reviews, which starts on page 100 and details a control weakness for the Department's lack of monitoring of work participation hours non-sanctioned case reviews for the TANF program.

Without monitoring procedures in place to ensure the CDJFS are meeting the TANF program requirements, there is an increased risk that benefits paid to or on behalf of recipients will be inaccurate or unallowable. This could result in fines, penalties, or repayment of funds to the federal grantor agency. In addition, without ensuring the CDJFS are accurately documenting and maintaining work participation activities, there is an increased risk the work participation rate is not accurate as reported to the federal grantor agency, thereby impacting the State's reporting of this performance measurement. Based on discussions with management, the CDJFS is responsible for entering, verifying, and ensuring the accuracy of the information placed in the automated eligibility system. In addition, the current monitoring procedures in place by the Department provide them confidence in meeting the TANF program requirements.

We recommend the Department work with the counties to reinforce and strengthen existing control policies and procedures to reasonably ensure supporting documentation is obtained and maintained and agrees with the information input into the statewide automated eligibility system. These procedures must include periodic and timely reviews by the appropriate supervisory personnel (through the statewide automated eligibility system) to monitor the compliance of these recipients. Such requirements should be explicitly identified in the subgrant agreements with the counties and include appropriate ramifications for noncompliance with the stated requirements.

We also recommend the Department, as the pass-through entity, implement stronger monitoring controls over the activities of its county subrecipients to determine if they are following the established controls and are complying with the work participation and verification requirements. Furthermore, we recommend the Department implement more in-depth training for county case workers to ensure proper verification documentation is obtained and maintained by the counties. Finally, we recommend the Department determine the impact on prior reports submitted to the federal grantor agency which may include inaccurate work participation rates.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)⁴

Finding Number:	2020-016
State Agency Number:	JFS-04
CFDA Number and Title:	17.225 – Unemployment Insurance
Federal Award Identification Number/Year:	UI-32619-19-55-A-39 / 2019 UI-34070-20-55-A-39 / 2020 UI-34078-20-55-A-39 / 2020
Federal Agency:	Department of Labor
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Repeat Finding from Prior Audit?	No

QUESTIONED COSTS AND MATERIAL WEAKNESS

\$10,329

15 U.S.C. Section 9021 pertaining to Pandemic Unemployment Assistance, states, in part:

(a) Definitions

(3) Covered Individual

The term “covered individual” —

(A) means an individual who –

(i) is not eligible for regular compensation or extended benefits under State or Federal law or pandemic emergency unemployment compensation under section 9025 of this title, including an individual who has exhausted all rights to regular unemployment or extended benefits under State or Federal law or pandemic emergency unemployment compensation under section 9025 of this title; ...

...

(c) Applicability

(1) In general

Except as provided in paragraph (2), the assistance authorized under subsection (b) shall be available to a covered individual—

(A) for weeks of unemployment, partial unemployment, or inability to work caused by COVID–19 –

(i) beginning on or after January 27, 2020; and

(ii) ending on or before December 31, 2020; and

(B) subject to subparagraph (A)(ii), as long as the covered individual’s unemployment, partial unemployment, or inability to work caused by COVID–19 continues.

...

(d) Amount of Assistance

...

(A) (i) the weekly benefit amount authorized under the unemployment compensation law of the State where the covered individual was employed, except that the amount may not be less than the minimum weekly benefit amount described in section 625.6 of title 20, Code of Federal Regulations, or any successor thereto; and (ii) ending on or before December 31, 2020; and (ii) the amount of Federal Pandemic Unemployment Compensation [FPUC] under section 9023 of this title; ...

⁴ Finding 2020-019, starting on page 80, details noncompliance and weaknesses in internal control related to the Unemployment Insurance – Pandemic Unemployment Assistance program regarding monitoring procedures for identifying, recovering, and reporting overpayments . Finding 2020-019 is integral to and should be read in conjunction with findings 2020-002 and 2020-016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

**2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)
(Continued)**

...

- (h) Relationship between pandemic unemployment assistance and disaster unemployment assistance [DUA]

Except otherwise provided in this section or to the extent there is a conflict between this section and section 625 of title 20, Code of Federal Regulations, such section 625 shall apply to this section as if:

- (1) the term “COVID–19 public health emergency” were substituted for the term “major disaster” each place it appears in such section 625; and
- (2) the term “pandemic” were substituted for the term “disaster” each place it appears in such section 625.

...

20 C.F.R. Section 625.6, pertaining to the weekly amount states, in part:

...

- (e) . . . An immediate determination of a weekly amount shall also be made where, in conjunction with the filing of an initial application for DUA, the individual submits documentation substantiating employment or self-employment and wages earned or paid for such employment or self-employment, or, in the absence of documentation, where any State agency records of employment or self-employment and wages earned or paid for such employment or self-employment, justify the determination of a weekly amount. . . .

- (1) In the case of a weekly amount determined in accordance with paragraph (e) of this section, based only on the individual's statement of earnings, the individual shall furnish documentation to substantiate the employment or self-employment or wages earned from or paid for such employment or self-employment or documentation to support that the individual was to commence employment or self-employment on or after the date the major disaster began. In either case, documentation shall be submitted within 21 calendar days of the filing of the initial application for DUA.

- (2) Any individual who fails to submit documentation to substantiate employment or self-employment or the planned commencement of employment or self-employment in accordance with paragraph (e)(1) of this section, shall be determined ineligible for the payment of DUA for any week of unemployment due to the disaster. Any weeks for which DUA was already paid on the application prior to the date of the determination of ineligibility under this paragraph (e)(2) are overpaid and a determination shall be issued in accordance with § 625.14(a). In addition, the State agency shall consider whether the individual is subject to a disqualification for fraud in accordance with the provisions set forth in § 625.14(i).

...

It is management's responsibility to implement controls, processes, and procedures to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with these regulations. When automated systems are utilized to perform certain functions related to this compliance, management must ensure the systems are properly designed and operating effectively. Additionally, when the system is not directly administered by the entity, such as when utilizing a service organization, it is critical the appropriate monitoring controls are designed and implemented to reasonably ensure the service organization has adequate controls to achieve management's goals and objectives and complies with applicable laws and regulations. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA) (Continued)

During state fiscal year 2020, the Department disbursed more than \$9.7 billion in unemployment benefits, which were recorded in the Unemployment Compensation opinion unit in the State of Ohio's financial statements. Approximately \$3 billion of the total disbursed related to PUA and FPUC benefit payments issued from May 14, 2020 through June 30, 2020, through the Unemployment Framework for Automated Claim & Tax Services (uFACTS) system. The Department contracted with a service organization to utilize the uFACTS system and maintain key functions of the benefit claims processing, which were customized to fit Ohio's needs. This service organization contracted with a subservice organization to provide cloud services. The service organization provided a Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls (SOC1 Type 2) specific to the cloud based security and data managed by a subservice organization, as required by the service organization's contract with the subservice organization. However, this report was not provided to the Department until after the auditors inquired as to whether a SOC1 Type 2 report was obtained for the service organization/uFACTS system. Furthermore, the Department did not establish procedures to determine whether the service organization had sufficient controls in place and operating effectively, or obtain a SOC1 Type 2 report in accordance with AT-C 320 specific to the uFACTS system design and implementation, or to verify the service organization had implemented the complimentary user entity controls required by the subservice organization, to ensure pandemic unemployment benefits were paid to eligible claimants and processed completely and accurately.

Additionally, the Department provided us with documentation that allowed us to complete general controls testing related to its procurement and implementation of the uFACTS system as well as certain application controls related to the uFACTS system functionality. Application control testing was performed in a test environment subsequent to the end of the fiscal year. Test environment functionality at the time of testing may not mirror production environment functionality during the fiscal year due to the time that had elapsed and potential changes to the system. The Department was unable to provide sufficient documentation to allow us to perform audit procedures over its general controls for security, program change management, and IT operations.

Claimants were to submit a PUA application within uFACTS and complete the identity verification, COVID-19 attestation, and enter any relevant wage verification information. Upon initial submission, claimant eligibility was verified within the Ohio Job Insurance (OJI) system used to process regular unemployment benefit payments. If the claimant was not receiving regular unemployment, extended benefits, or pandemic emergency unemployment compensation within OJI and met the remaining PUA program requirements, PUA benefit payments were approved and paid based on the wage information entered by the claimant (or the minimum weekly benefit amount of \$189 if no wages entered) in uFACTS. Claimants eligible for PUA benefits were automatically eligible for an additional \$600 in weekly FPUC benefits, which were paid with the PUA benefits. Weekly, the claimant confirmed their unemployment status and completed the COVID-19 self-attestation questionnaire within uFACTS. If additional review was required, an issue was flagged on the claim within the uFACTS queue module and routed to an adjudicator for further fact finding for either monetary or nonmonetary issues. The claimant continued to receive weekly benefit payments until the adjudicator completed the issue and confirmed the claimant was ineligible. If fraud was suspected during fact finding, the adjudicator assigned the issue to the Benefit Payment Control (BPC) unit for further investigation. BPC performed fact finding to determine if the benefit payment was fraudulent and/or created the overpayment within uFACTS. However, these control procedures did not detect or prevent payments to ineligible claimants resulting in questioned costs totaling \$10,329 (projects to an amount greater than \$25,000), as detailed below.

- For four of 60 (6.7%) benefit payments selected for testing, the claimant was not eligible to receive benefits (in part or in total) for the weeks claimed. For three benefit payments, the weekly benefit amount was corrected once additional wage documentation was submitted, resulting in a partial overpayment. For one benefit payment, the adjudicator voided the issue; however, the claimant was not unemployed due to a COVID-19 issue, resulting in complete overpayment. As a result, we questioned all ineligible benefits paid to these claimants during the audit period, totaling \$2,379.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

2. UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA) (Continued)

- Claimants with benefit payments in OJI and uFACTS totaled \$780,179. For 15 of 15 (100%), benefit payments selected for testing that were included within OJI and uFACTS, the claimant improperly received PUA/FPUC benefits because they were eligible for and received regular unemployment benefits, thus making them ineligible for PUA/FPUC benefits. As a result, we will question all PUA/FPUC benefits paid to these claimants, totaling \$7,950.

Without adequate monitoring controls, management cannot be reasonably assured the service organization is complying with applicable laws and regulations and contract requirements, as well as meeting management's goals and objectives. Additionally, without maintenance of documentation and procedures over the PUA eligibility system, there is an increased risk benefit payments will be inaccurate or unallowable. The risk is increased if the system contains significant flaws or eligibility redeterminations are not made timely or accurately. Overpayments to ineligible claimants may subject the Department to penalties or sanctions which may jeopardize future funding and limit its ability to fulfill program requirements to provide benefits to those in need. Based on discussions with management, these errors and system issues were due to the significant workload increase because of the impact the pandemic had on the program.

We recommend the Department strengthen current internal control procedures over the UI program and the uFACTS system which should include, but not be limited to:

- Amending the contract with the service organization to require an annual SOC 1 audit or similar independently performed procedures to ensure the service organization has control procedures in place and operating effectively and that any Ohio-specific requirements are operating as intended.
- Requiring appropriate Department management perform a timely review of the SOC 1 report and other procedures to identify any weaknesses, issues, or required complimentary user entity controls (CUECs), and ensuring the Department implement sufficient controls to address these items.
- Implementing appropriate control procedures to monitor service organization activities to ensure benefits are processed accurately and are paid to eligible claimants. This includes maintaining documentation in an orderly fashion to be provided to external parties for additional review.
- Implementing monitoring procedures to coordinate and track any system changes or issues submitted to the service organization. Specifically, the Department should perform procedures to identify and correct system errors to prevent duplicate benefit payments within the uFACTS and OJI systems.
- Requiring management continually monitor these procedures of both the service organization and Department to ensure the compliance requirements of the program management's objectives are being met. If not, management should implement additional procedures or revise the requirements of the service organization contract agreement or Department policies and procedures, as necessary. Management should periodically monitor and update internal procedures to ensure management's objectives are being met.

In addition, management should evaluate and seek reimbursement or offset future benefits for all benefits that were paid to ineligible claimants.

See Finding 2020-002, UNEMPLOYMENT INSURANCE (UI) – PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA) in section 2 above on page 34. *Government Auditing Standards* also requires us to report the material weakness portion of this finding in Section 2 of this Schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

3. UNEMPLOYMENT INSURANCE (UI) – BENEFIT YEAR END OVERPAYMENTS

Finding Number:	2020-017
State Agency Number:	JFS-05
CFDA Number and Title:	17.225 – Unemployment Insurance
Federal Award Identification Number/Year:	UI-32619-19-55-A-39 / 2019 UI-34070-20-55-A-39 / 2020 UI-34078-20-55-A-39 / 2020
Federal Agency:	Department of Labor
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Repeat Finding from Prior Audit?	No

QUESTIONED COSTS

\$2,574

2 C.F.R. Section 2900.4 gives regulatory effect to the Department of Labor (DOL) for 2 C.F.R. Section 200.53 (in the January 1, 2020 edition and 2 C.F.R. Section 200.1 in the August 13, 2020 edition) which states, in part:

- (a) Improper payment means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; ...

Additionally, the Ohio Revised Code (ORC) explains only claims for benefits filed regarding weeks within the benefit year may be allowed. Specifically, ORC Section 4141.01(R)(1) states, in part:

"Benefit year" with respect to an individual means the fifty-two week period beginning with the first day of that week with respect to which the individual first files a valid application for determination of benefit rights, and thereafter the fifty-two week period beginning with the first day of that week with respect to which the individual next files a valid application for determination of benefit rights after the termination of the individual's last preceding benefit year. . .

. . .

The "benefit year" of a combined wage claim, as described in division (H) of section 4141.43 of the Revised Code, shall be the benefit year prescribed by the law of the state in which the claim is allowed.

It is management's responsibility to implement controls, processes, and procedures to provide reasonable assurance over the effectiveness and efficiency of operations, and compliance with these regulations. When automated systems are utilized to perform certain functions related to this compliance, management must ensure the systems are properly designed and operating effectively.

During state fiscal year 2020, the Department disbursed more than \$9.7 billion in regular and pandemic unemployment benefits, with approximately \$6.7 billion in regular unemployment payments processed through the Ohio Job Insurance (OJI) benefit system. The OJI system includes automated controls to ensure benefits are not paid in excess of the maximum allowable amount or outside of the benefit year end (BYE). Additionally, the Department performs a daily review to identify any potential improper warrants with a week ending date greater than thirty days past the BYE date. This includes warrants with a week ending date prior to the current claim date and any warrant with a week ending date sixty days prior to the issuance date. A query is run daily and the results are exported to Excel to be filtered and for the creation of the Potential Improper Issuance spreadsheet. However, the potential improper warrants identified from the query were not investigated for May or June. Additionally, seven of 25 (28%) benefit payments selected

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

3. UNEMPLOYMENT INSURANCE (UI) – BENEFIT YEAR END OVERPAYMENTS (Continued)

for testing, were made past the BYE. As a result, we will question these payments, totaling \$2,574 (projected to an amount greater than \$25,000). The days past the BYE ranged from 41 to 6,690 days, with an average of 1,997 days. Once these errors were brought to management’s attention, an adjustment was made in the OJI system to recoup the overpayment.

Without adequate monitoring controls, there is an increased risk inaccurate benefit payments could go undetected or that program objectives may not be achieved. By paying benefits to claimants outside of the BYE, inaccurate eligibility determinations could be made or recipient benefit payment amounts may be miscalculated. This could result in additional improper payments, questioned costs, or sanctions imposed by the federal grantor agency. Based on discussions with management, these errors were due to the significant workload increase because of the impact the COVID-19 pandemic had on the program. Additionally, the timing of the workload increase limited management’s ability to perform existing monitoring procedures during May and June.

We recommend the Department review existing controls and/or update policies and procedures to ensure unemployment benefit payments are in accordance with applicable laws and regulations. Specifically, we recommend the Department implement appropriate control procedures to monitor activities and potential improper payments to ensure benefits are processed accurately and are paid to eligible claimants within the applicable BYE. Additionally, we recommend management continually monitor these procedures to ensure compliance with program requirements and that management’s objectives are being met. If not, management should implement additional procedures or revise the Department policies and procedures, as necessary.

4. CCDF CLUSTER – PANDEMIC PROVIDER PAYMENTS

Finding Number:	2020-018
State Agency Number:	JFS-06
CFDA Number and Title:	93.575/93.596 – CCDF Cluster
Federal Award Identification Number / Year:	1901OHCCDF / 2019 2001OHCCDF / 2020 2001OHCCC3 / 2020 (CARES)
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Repeat Finding from Prior Audit?	No

QUESTIONED COSTS

\$658

45 C.F.R. Section 75.403, pertaining to factors affecting allowability of costs for federal awards provided by the Department of Health and Human Services, including the Child Care Development Fund (CCDF) Cluster, states in part:

...

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. . .

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

4. CCDF CLUSTER – PANDEMIC PROVIDER PAYMENTS (Continued)

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. . .

(g) Be adequately documented.

45 C.F.R. Section 75.2 states, in part:

. . .
Improper payment:

(1) Means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; . . .

It is management's responsibility to design and implement internal controls to reasonably ensure compliance with federal and state laws and regulations.

During state fiscal year (SFY) 2020, the Department disbursed approximately \$166.5 million in pandemic and emergency assistance payments to eligible child care providers from the CCDF Cluster. Beginning March 26, 2020 through May 31, 2020, all child care programs were closed due to the COVID-19 pandemic. Only those programs issued a temporary pandemic child care license were permitted to operate during this period of time. Temporary Pandemic Child Care Programs that were previously licensed/certified child care programs received both closure payments and pandemic child care payments for children determined eligible for publicly funded child care (PFCC). Temporary Pandemic Programs were issued weekly PFCC Pandemic payments, as outlined in the temporary pandemic provider license agreement, which were based on the 5-state rates for the providers' county and the number and ages of enrolled children whose parents were providing health, safety, or essential services and determined eligible for PFCC. In order to receive pandemic child care payments, providers use the spreadsheet template provided by the Department and submit enrollment forms and verification of the parents' employment as providing health, safety, or essential services. Upon receipt of the request for a pandemic payment, Department personnel review the spreadsheet, enrollment forms, and any other supporting documentation and manually perform the payment calculation. A closure payment was also remitted to all licensed programs who were previously licensed/certified child care programs prior to the emergency declaration. All providers were paid a weekly flat payment based on the services provided the week of January 26 through February 1, 2020 (or service week as determined by the Department) for PFCC providers operating that week. The first closure payment was manually calculated by the Department based on the enrollment paid for the service week and then the child care program was paid that same payment amount each week. However, no review or approval of the manual calculation was performed by Department personnel for accuracy prior to entering the calculated pandemic child care or closure payment amounts into the Time, Attendance, and Payment (TAP) system for processing. As a result, three of 25 (12%) pandemic child care/closure payments selected for testing were not calculated accurately. This resulted in underpayments of \$293 and \$265 for two of the three payments and an overpayment of \$658 for one payment. Therefore, we will question costs of \$658 for the pandemic provider overpayment (projected to an amount greater than \$25,000).

Without reviewing the documentation on file and ensuring the accuracy of calculations before entering payments into the system, the Department may not be able to fully support or ensure pandemic provider payments are made for the proper amounts. This could result in fines, penalties, or other sanctions imposed by the federal grantor agency or underpayments to providers who are in need of benefits. Based on discussions with management, the overpayment/underpayments were due to calculation errors in child enrollment.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

4. CCDF CLUSTER – PANDEMIC PROVIDER PAYMENTS (Continued)

We recommend management evaluate and strengthen existing controls to identify where improvements can be made to minimize the risks of inaccurate pandemic provider payments. We also recommend the Department periodically monitor the established controls to determine if they are working as intended by management. In addition, management should perform reviews of provider pandemic payments to reasonably ensure payment information is accurately calculated and entered into the system. Finally, we recommend the Department consider reviewing previous pandemic payments to ensure accuracy of the payments made.

5. UNEMPLOYMENT INSURANCE (UI) – PUA OVERPAYMENTS AND REPORTING

Finding Number:	2020-019
State Agency Number:	JFS-07
CFDA Number and Title:	17.225 – Unemployment Insurance
Federal Award Identification Number/Year:	UI-34078-20-55-A-39 / 2020
Federal Agency:	Department of Labor
Compliance Requirements:	Reporting, Special Tests and Provisions – UI Program Integrity – Overpayments
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

NOTE: Finding numbers 2020-002⁵ and 2020-016 contain additional information over the Unemployment Framework for Automated Claim & Tax Services (uFACTS) system used for the Pandemic Unemployment Assistance (PUA) program which is integral to and should be read in conjunction with this finding.

15 U.S.C. Section 9021 pertaining to PUA, states, in part:

...

- (h) Relationship between pandemic unemployment assistance and disaster unemployment assistance [DUA]

Except otherwise provided in this section or to the extent there is a conflict between this section and section 625 of title 20, Code of Federal Regulations, such section 625 shall apply to this section as if:

- (1) the term “COVID–19 public health emergency” were substituted for the term “major disaster” each place it appears in such section 625; and
- (2) the term “pandemic” were substituted for the term “disaster” each place it appears in such section 625.

20 C.F.R. Section 625.14 pertaining to overpayments and disqualifications for fraud, states, in part:

...

- (h) Fraud Detection and prevention. Provisions in the procedures of each State with respect to detection and prevention of fraudulent overpayments of DUA shall be, as a minimum, commensurate with the procedures adopted by the State with respect to regular compensation and consistent with the Secretary's “Standard for Fraud and Overpayment Detection,” . . .

⁵ Finding number 2020-002, starting on page 34, represents a material weakness under 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* related to the Department’s monitoring of the service organization contracted to maintain the eligibility system and support functions for PUA benefit payments for the Unemployment Insurance federal program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

5. UNEMPLOYMENT INSURANCE (UI) – PUA OVERPAYMENTS AND REPORTING (Continued)

Additionally, the Unemployment Program Insurance Letter (UIPL) No. 23-20 provides additional guidance to states regarding program integrity for the regular UI program and for the UI programs authorized by the CARES Act enacted on March 27, 2020. UIPL 23-20, (4)(b) *Program integrity functions for the regular UI programs and CARES Act programs*, states, in part:

...

The following BPC [Benefit Payment Control] activities are mandatory for states to implement for the regular UI programs on an ongoing basis. States must implement these functions for the Pandemic Unemployment Emergency Compensation (PUEC) and PUA programs in the same manner as for the regular UI programs.

- National Directory of New Hires Cross-match (UIPL Nos. 13-19 and 19-11). UIPL 13-19 provides detailed, recommended operating procedures for cross-matching with state and national directories of new hire data;
- Quarterly Wage Records Cross-match (20 CFR Section 603.23); and
- Systematic Alien Verification for Entitlement (SAVE) (Section 1137(d) of the Social Security Act (SSA) (42 U.S.C. Section 1320b-7).

...

Furthermore, UI Reports Handbook No. 401 contain instructions for completing and submitting various reports for the UI program. Included in the handbook is the ETA 902P Pandemic Unemployment Assistance Activities report, described in section IV-4 of the Handbook, which states, in part:

The ETA 902P report contains monthly data on PUA activities provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (Pub. Law 116-136), enacted on March 27, 2020. PUA is a temporary Federal program created under the CARES Act to provide relief for workers affected by the coronavirus who do not qualify for other Federal benefits such as regular unemployment insurance or extended benefits. ... Reports shall be submitted electronically each month providing PUA activities performed during the preceding calendar month.

It is management's responsibility to establish and implement internal control procedures to reasonably ensure program objectives and requirements are met and information (both financial and non-financial) is accurately and completely processed and maintained. Additionally, outsourcing critical functions of an entity's IT architecture and systems can have a significant impact on an agency's internal control. Effective management of these risks requires implementation of monitoring controls to ensure manual and automated controls are operating effectively. It is imperative management verify the underlying data and related program documentation required to prepare and support the ETA 902P report.

During state fiscal year (SFY) 2020, the Department disbursed more than \$9.7 billion in unemployment benefits using the Ohio Job Insurance (OJI) and uFACTS systems for the regular unemployment and PUA programs, respectively. Approximately \$1 billion and \$2 billion of the total disbursed related to PUA and Federal Pandemic Unemployment Compensation benefit payments, respectively, that were issued from May 14, 2020 through June 30, 2020 through the uFACTS system. The Department reported PUA activities using the monthly ETA 902P report which reported approximately \$2 million in overpayments. The Department's Office of Unemployment Operations (OUIO) obtains the uFACTS data for the report from the service organization and the appeals data from the Unemployment Compensation Review Commission (UCRC). Once all data is received, OUIO Systems Support sorts the data based on the required report parameters and populates each section of the report. The Accounting Unit then obtains and submits the report to the Department of Labor (DOL) via the Unemployment Insurance Data Base (UIDB) system for data validation. If there are no errors, the report is transmitted to the DOL. However:

- In May 2020, the Department completed initial testing of the uFACTS data elements for the ETA 902P report as part of initial user acceptance testing. As part of this testing, any discrepancies were provided to the service organization for correction. However, the Department did not verify

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

5. UNEMPLOYMENT INSURANCE (UI) – PUA OVERPAYMENTS AND REPORTING (Continued)

the monthly data reported from the uFACTS system and UCRC was complete and accurate prior to submission. Additionally, there was no output from the UIDB system since PUA is a new program with no comparative data, thereby increasing the Department's reliance on data validation prior to submission.

- For two of two (100%) ETA 902P reports selected for testing, the total benefit payments and claimant overpayments did not trace and agree to the underlying records. For 60 of the claimants selected for testing from the two reports, two (3.3%) had overpayments requiring reporting in the overpayment category of the ETA 902P. However, neither claimant was included in the claimant data reported for overpayments.

Additionally, the uFACTS system performs an interface on wage data and the OJI system upon initial application for claimants. The Department also performs data analytics, solicits external tips/alerts, or cases referred from internal areas to prevent and detect improper payments processed through uFACTS and OJI. However, the Department did not implement the BPC cross-matches for the PUA benefit payments in uFACTS as required by UIPL 23-30 or the cross-matching used for the regular UI program in OJI as required by 20 C.F.R. Section 625.14. Additionally, the uFACTS system did not include adequate output reports for the Department to monitor potential overpayments, including potential fraud. This resulted in noncompliance with the program requirements to promptly detect and recover fraudulent overpayments for the PUA program.

By not complying with the program requirements, management cannot be reasonably assured benefit payments were allowable and paid to eligible claimants and any fraudulent overpayments were prevented and/or detected in a timely manner and properly reported on the ETA 902P report. Additionally, the lack of adequate internal controls over reporting increase the risk that reports submitted to the federal grantor agency are inaccurate. If the underlying data for the submitted reports cannot be readily verified, the Department and the federal government may not be reasonably assured the information is accurate and complete. Reporting inaccurate or incomplete information could subject the Department to federal sanctions, limiting the amount of funding for program activities. Based on discussions with management, the program changes for the ETA 902P report and BPC cross-matches were delayed due to prioritized system enhancements required to process the volume of claims during the COVID-19 pandemic.

We recommend the Department work with the service organization to implement/update system programming and/or implement additional controls to address the weaknesses within the uFACTS system. These changes/updates should include, but not be limited to:

- Designing and implementing appropriate and effective control procedures to ensure the required BPC cross-matches are performed, as established within the OJI system. Management should periodically review this documentation to ensure the control procedures are being performed timely and as intended.
- Enhancing system reporting capabilities to allow the Department to more readily identify and detect potentially fraudulent overpayments. This would help focus the resources of the Department personnel during times of increased workloads.
- Designing and implementing control procedures to provide assurance the ETA 902P reports are accurate, complete, and in compliance with federal requirements. At a minimum, the procedures should include a review of the report and verifying all amounts prior to submission. Specifically, the Department should evaluate the cause of the error identified above for the claimant overpayments not included on the ETA 902P report.
- Management continually monitoring procedures to ensure compliance with program requirements and that management's objectives are being met. If not, management should implement additional procedures or revise the Department policies and procedures, as necessary.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

6. IEVS ALERTS – SNAP CLUSTER AND TANF

Finding Number:	2020-020
State Agency Number:	JFS-08
CFDA Number and Title:	10.551/10.561 SNAP Cluster 93.558 Temporary Assistance for Needy Families (TANF)
Federal Award Identification Number / Year:	182OH102S2514 / 2018 (SNAP Cluster) 182OH102S6018 / 2018 (SNAP Cluster) 192OH102S2514 / 2019 (SNAP Cluster) 192OH102S6018 / 2019 (SNAP Cluster) 202OH102S2514 / 2020 (SNAP Cluster) 202OH102S6018 / 2020 (SNAP Cluster) 1801OHTANF / 2018 (TANF) 1901OHTANF / 2019 (TANF) 2001OHTANF / 2020 (TANF)
Federal Agencies:	Department of Agriculture Department of Health and Human Services
Compliance Requirements:	Eligibility, Special Tests and Provisions – Income Eligibility Verification System
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-018

NONCOMPLIANCE AND MATERIAL WEAKNESS

NOTE: Finding numbers 2020-001, 2020-004, and 2020-027 contain additional information which is integral to and should be read in conjunction with this finding.

7 C.F.R. Section 272.8(c), states the following regarding the Supplemental Nutrition Assistance Program (SNAP) Cluster:

(1) State agency action on information items about recipient households shall include: (i) Review of the information and comparison of it to case record information; (ii) For all new or previously unverified information received, contact with the households and/or collateral contacts to resolve discrepancies as specified in §§ 273.2(f)(4)(iv) and 273.2 (f)(9)(iii) and (f)(9)(iv); and (iii) If discrepancies warrant reducing benefits or terminating eligibility, notices of adverse action.

(2) State agencies must initiate and pursue the actions on recipient households specified in paragraph (c)(1) of this section so that the actions are completed within 45 days of receipt of the information items. Actions may be completed later than 45 days from the receipt of information if:

(A) The only reason that the actions cannot be completed is the nonreceipt of verification requested from collateral contacts; and

(B) The actions are completed as specified in § 273.12 of this chapter when verification from a collateral contact is received or in conjunction with the next case action when such verification is not received, whichever is earlier.

(3) When the actions specified in paragraph (c)(1) of this section substantiate an over issuance, State agencies must establish and take actions on claims as specified in § 273.18 of this chapter.

(4) State agencies must use appropriate procedures to monitor the timeliness requirements in paragraph (c)(2) of this section.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

6. IEVS ALERTS – SNAP CLUSTER AND TANF (Continued)

45 C.F.R. Section 205.56(a)(1)(iv) states the following regarding the Temporary Assistance for Needy Families (TANF) program:

For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary, except that: Completion of action may be delayed beyond forty-five (45) days on no more than twenty (20) percent of the information items targeted for follow-up, if:

- (A) The reason that the action cannot be completed within forty-five (45) days is the nonreceipt of requested third-party verification; and
- (B) Action is completed promptly, when third party verification is received or at the next time eligibility is redetermined, whichever is earlier. If action is completed when eligibility is redetermined and third party verification has not been received, the State agency shall make its decision based on information provided by the recipient and any other information in its possession.

It is management's responsibility to implement controls, processes, and procedures to ensure compliance with these regulations. When automated systems are utilized to perform certain functions related to this compliance, management must ensure the system is properly designed and operating effectively.

The Ohio Benefits system is utilized for processing eligibility for the SNAP Cluster and TANF programs with total expenditures to recipients of approximately \$2.4 billion and \$238 million, respectively, in state fiscal year (SFY) 2020. The Ohio Benefits system, administered by the Ohio Department of Administrative Services (DAS) for various public assistance programs, includes an Income Eligibility Verification System (IEVS) which compares income, as reported by the recipients, to information maintained by outside sources. Information that does not agree is communicated in the form of an Ohio Benefits system alert, which is forwarded to the appropriate county for investigation and resolution. Each alert has a defined due date, which is unique based on the priority level and other policy and process related factors.

During SFY 2020, more than 9.1 million alerts were issued (5.9 million related to IEVS alerts and 3.2 million to non-IEVS alerts) for the SNAP Cluster and TANF programs. System design weaknesses and defects identified within Ohio Benefits caused a large increase in alerts, including multiple and repetitive alerts, irrelevant alerts, additional steps required to complete an alert, and alerts being received for persons not receiving public assistance. This created an overwhelming volume of information being sent to the counties, resulting in an unmanageable workload and ineffective application of the alert process. As a result of the extremely high number of alerts and defects detected, the Department suspended their Fraud Control Triad Reviews until the defects can be corrected within the Ohio Benefits system. While the Department began to implement monthly IEVS reviews, these were suspended in March 2020 due to the COVID-19 pandemic. However, the Department encouraged counties to continue working alerts for the SNAP Cluster and TANF programs, even during the COVID-19 pandemic. The Department created training resources and guides for county caseworkers to utilize when managing and clearing these alerts, but they were not formally adopted until October 2020. Therefore, the Department did not have controls or procedures in place to review and monitor the IEVS alerts generated and processed by the Ohio Benefits system to ensure they were being completed by the counties in accordance with the requirements and timeframes established in 7 C.F.R. Section 272.8, and 45 C.F.R. Section 205.56. Furthermore, an Ohio Benefits report showed 1,696,781 of the 3,546,669 (48%) IEVS alerts sent to the counties during the audit period were not cleared within 45 days as required. The alerts were cleared between one and 739 days beyond the 45-day requirement, for an average of 150 days late.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

6. IEVS ALERTS – SNAP CLUSTER AND TANF (Continued)

Not correcting system design weaknesses and defects, providing counties with guidance/procedures for working IEVS alerts, performing monitoring activities, and completing IEVS alerts within the established timeframes increases the risk benefits given to ineligible recipients or for inappropriate amounts will not be identified timely. This condition could adversely affect the Department's ability to comply with requirements of these federal programs. Noncompliance with the requirements related to IEVS could also result in federal sanctions or penalties. Based on discussions with management, the time necessary to develop and test system enhancements and the workload increase due to the COVID-19 pandemic caused a delay in the roll-out of system enhancements and making updates to and distributing training curriculum to the appropriate personnel.

We recommend Department management continue to work collectively with the related state agencies to implement/update robust processes, procedures, and system controls to address the weaknesses associated with the IEVS process within the Ohio Benefits system. These changes/updates should include, but not be limited to:

- Performing periodic and timely reviews at the Department level to monitor the status and completion of IEVS alerts. Such procedures should also include required monitoring by each County IEVS Coordinator or other supervisory personnel (through the eligibility system), which should be explicitly identified in the sub-grant agreements with the counties and include appropriate ramifications for noncompliance with the stated requirements.
- Including a more centralized evaluation of alert activity and/or better use of automated tools to vet and prioritize items requiring follow-up at the county level. This would allow Department level personnel to become more experienced and adept at identifying and investigating anomalies and help focus the resources of both Department and county personnel.
- Monitoring the IEVS alert processing procedures guide for the alerts issued by the Ohio Benefits system to ensure alerts are properly documented within the system, worked within the proper timeframes, and proper verification documentation is obtained and maintained by the counties for resolved alerts.
- Determining if the IEVS training for county caseworkers is working as intended to ensure they have the knowledge to properly document and resolve IEVS alerts generated by the Ohio Benefits system.

We also recommend Department management monitor the status of system enhancements and roll-out of resources to the appropriate personnel to ensure they are implemented timely and as planned.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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7. FEDERAL REPORTING – WIOA CLUSTER AND TANF

Finding Number:	2020-021
State Agency Number:	JFS-09
CFDA Number and Title:	17.258/17.259/17.278 WIOA Cluster 93.558 Temporary Assistance for Needy Families (TANF)
Federal Award Identification Number / Year:	AA32186H90 / 2019 (WIOA Cluster) 1901OHTANF / 2019 (TANF) 1801OHTANF / 2018 (TANF)
Federal Agencies:	Department of Labor Department of Health and Human Services
Compliance Requirement:	Reporting
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-019

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 C.F.R. Section 75.302 contains the Department of Health and Human Services uniform administrative requirements for grants to state and local governments relating to financial administration and standards for financial management systems. Specifically, 45 C.F.R. Section 75.302 states, in part:

- (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.
- (b) The financial management system of each non-Federal entity must provide for the following (see also Sections 75.361, .362, .363, .364, and .365):
 - ...
 - (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in Section 75.341 and .342...
 - (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

The Department of Labor implemented similar uniform administrative requirements in 29 C.F.R. Section 97.20 which states, in part:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to -
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

7. FEDERAL REPORTING – WIOA CLUSTER AND TANF (Continued)

(b) The financial management systems of other grantees and sub grantees must meet the following standards:

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and sub grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

...

It is management's responsibility to implement control policies and procedures to reasonably ensure the federal reports they submit are accurate, complete, and in compliance with program requirements. It is imperative that management be able to provide the underlying data and related program documentation required to prepare and support these reports.

The Department's Bureau of Grants Management and Federal Reporting Services (the Bureau) is responsible for the preparation of various federal financial expenditure reports, including the annual TANF ACF-204 and the quarterly WIOA Cluster ETA-9130. The Bureau runs reports from various computer systems, transfers this information to the applicable federal reports, and submits them for a two level review process prior to submitting them to the federal grantor agency. However, the Bureau's review of federal reports was not adequate and/or operating effectively. As a result, the following errors were identified in the reports tested during state fiscal year 2020:

- For the annual TANF ACF-204 report:
 - The Total Number of Families Served Under the Ohio Association of Second Harvest Foodbanks during the fiscal year was incorrectly reported as 1,484,729 instead of 1,479,407, resulting in a 5,322 overstatement. The Bureau incorrectly used 2016 documentation to complete that line of the report.
 - The Total State Expenditures and Total State MOE (maintenance of effort) expenditures for Ohio Department of Education's Early Childhood Care grants was incorrectly reported as \$6,238,871 instead of \$62,388,471, resulting in a \$56,149,600 understatement. The Bureau modified the report and inadvertently deleted one of the digits in the number.
- For one of the four (25%) WIOA Cluster ETA-9130 report submissions selected for testing (September 2019 WIOA Local):
 - The Bureau incorrectly calculated the cumulative balance for Line 11.c Expenditure of Adult Funds on the Dislocated Worker Program for the following grant by including the current activity twice:
 - JFSCDF19 / AA32186H90 – Local Dislocated Worker – Overstated by \$1,746,736.
 - The Bureau incorrectly calculated the cumulative balance for Line 11.g Incumbent Worker Training Expenditures for the following grant by including the current activity twice:
 - JFSCDF19 / AA32186H90 – Local Dislocated Worker – Overstated by \$83,825.

A lack of adequate internal controls over federal reporting increases the risk that reports submitted to the federal grantor agency are inaccurate. If the underlying data for the submitted reports cannot be readily verified, the Department and the federal government may not be reasonably assured the information is accurate and complete. Reporting inaccurate or incomplete information could subject the Department to

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

7. FEDERAL REPORTING – WIOA CLUSTER AND TANF (Continued)

federal sanctions, limiting the amount of funding for program activities. Based on discussions with management, these errors were due to transferring incorrect information, utilizing incorrect documentation, and oversight.

We recommend the Department evaluate current procedures and implement additional policies and procedures as necessary to provide reasonable assurance the data being reported for all federal programs is reasonable and accurate, documentation is for the reporting period, and agrees to supporting documentation. Specifically, the Department should implement procedures to ensure the various subtotals are complete and accurate and the amounts included in the report are properly classified. The Department should ensure all reports (and any necessary corrections to reports) are reviewed and approved by the appropriate level of management.

8. CASH MANAGEMENT – VARIOUS PROGRAMS

Finding Number:	2020-022
State Agency Number:	JFS-10
CFDA Number and Title:	17.207/17.801/17.804 – Employment Services (ES) Cluster 93.558 – Temporary Assistance for Needy Families (TANF) 93.667 – Social Services Block Grant (SSBG)
Federal Award Identification Number / Year:	DV342252055539 / 2019 (ES Cluster) 1901OHTANF / 2019 (TANF) 1901OHSOSR / 2019 (SSBG)
Federal Agencies:	Department of Labor Department of Health and Human Services
Compliance Requirement:	Cash Management
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-020

NONCOMPLIANCE AND MATERIAL WEAKNESS – TANF AND SSBG

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY – ES CLUSTER

U.S. Treasury regulations, 31 C.F.R. Part 205, which implemented the Cash Management Improvement Act of 1990 (CMIA), require state recipients enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The Department's TANF and SSBG programs are covered by such an agreement. The state fiscal year (SFY) 2020 CMIA Agreement between the State of Ohio and the United States Department of the Treasury specifically requires the State use the Modified Pre-Issuance technique of drawing federal funds for certain types of draws related to these programs.

Paragraph 6.2.4 of the CMIA agreement requires the following for the Modified Pre-Issuance funding technique:

The State of Ohio's accounting system requires funding to be available prior to initiating a disbursement. In addition, disbursements take two business days to produce a payment. Given this fact pattern, State of Ohio agencies are typically unable to meet the three business day requirement and an eight business day requirement is necessary for agency compliance with this agreement. The State shall request funds such that they are deposited in a State account not more than eight business days prior to the day the

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

8. CASH MANAGEMENT – VARIOUS PROGRAMS (Continued)

State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.

The ES Cluster was not included in the SFY 2020 CMIA Agreement; therefore, 31 C.F.R. Section 205.33(a) sets guidelines which state the following:

A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs...

The Department draws federal funds for the ES Cluster similarly to those which follow the Modified Pre-Issuance funding technique and considers eight business days a reasonable amount of time to disburse the drawn federal funds for program expenses.

It is management's responsibility to implement control policies and procedures to reasonably ensure draws of federal funds are for immediate cash needs, processed accurately, and disbursed timely in accordance with applicable laws and regulations.

During SFY 2020, the Department drew down approximately \$836 million for the ES Cluster, SSBG, and TANF federal programs. The Department has partnered with the Ohio Office of Budget and Management (OBM)'s Office of Shared Services (OSS) to process transactions. OSS enters the information for these transactions into the Ohio Administrative Knowledge System (OAKS), after which the Department and OBM review and approve them. The Department then draws down the funds to pay these expenditures. Generally, a Fiscal Specialist in the Federal Cash Draw Unit of the Bureau of Cash and Cost Reporting Services calculates the amount of funds to be drawn down based on the Department's cash needs (payroll, administrative costs, county advances, etc.) and the current cash on hand. In addition, the Cash Management Section Supervisor reviews and investigates any discrepancies on the Summary Tracking Report, which lists the grant activities (award amounts, revenue draws, expenditures, and remaining balances) for the federal programs monthly. This document provides a mechanism for the Department to monitor its draws with expenditures on a cumulative basis although it does not match up specific draws and expenditures. However, the Department's controls did not prevent noncompliance with the cash management requirements, as follows:

- Of 25 disbursements tested from 25 draws, the Department did not disburse four TANF payments (16%) within eight business days of the receipt of federal funds, as required by the CMIA Agreement. The Department disbursed the funds one to three days after the required disbursement date.
- Of 25 disbursements tested from 25 draws, the Department did not disburse two SSBG payments (8%) within eight business days of the receipt of the federal funds, as required by the CMIA Agreement. The Department disbursed the funds one and two days after the required disbursement date.
- Of 25 disbursements tested from 25 draws, the Department did not disburse one ES Cluster payment (4%) within eight business days of the receipt of federal funds, as required by 31 CFR Section 205.33(a). The Department disbursed the funds one day after the required disbursement date.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

8. CASH MANAGEMENT – VARIOUS PROGRAMS (Continued)

Not having effective controls over the timely disbursement of federal funds could lead to the Department not limiting draws to immediate cash needs and not expending funds timely. This could result in noncompliance with the CMIA Agreement and 31 C.F.R. Section 205.33(a). These conditions could subject the Department to sanctions or other penalties and a repayment of part of the grant award amounts. In addition, noncompliance could subject the Department to paying interest charges on these draws. Based on discussions with management and review of supporting documents, the errors were due to processing and approval delays.

We recommend the Department evaluate its existing cash management control procedures and update them as necessary to reasonably ensure all federal draw requests are disbursed timely and are drawn only for immediate cash needs, based on the funding technique established for each federal program in the CMIA Agreement or in accordance with 31 C.F.R. Section 205.33(a). If delays in the disbursements are caused by external factors, we recommend the Department communicate with other entities to develop reasonable solutions and follow established protocols, including reinforcing the time period in which payments should be entered, approved, and paid. We also recommend the Department establish procedures to periodically monitor its compliance with the cash management requirements and initiate necessary actions to resolve any noncompliance that results.

9. SUBRECIPIENT MONITORING – VARIOUS PROGRAMS

Finding Number:	2020-023
State Agency Number:	JFS-11
CFDA Number and Title:	10.551/10.561 – SNAP Cluster 17.258/17.259/17.278 WIOA Cluster 93.558 – Temporary Assistance for Needy Families (TANF) 93.563 – Child Support Enforcement 93.575/93.596 – CCDF Cluster 93.667 – Social Services Block Grant (SSBG)
Federal Award Identification Number / Year:	192OH102S2514 / 2019 (SNAP Cluster) 192OH102S6018 / 2019 (SNAP Cluster) 202OH102S2514 / 2020 (SNAP Cluster) 202OH102S6018 / 2020 (SNAP Cluster) AA307421755A39 / 2018 (WIOA Cluster) AA332491955A39 / 2019 (WIOA Cluster) AA348122055A39 / 2020 (WIOA Cluster) 1901OHTANF / 2019 (TANF) 2001OHTANF / 2020 (TANF) 1904OHCSSES / 2019 (Child Support) 2001OHCSSES / 2020 (Child Support) 1801OHCCDF / 2018 (CCDF Cluster) 1901OHCCDF / 2019 (CCDF Cluster) 2001OHCCDF / 2020 (CCDF Cluster) 1901OHSOSR / 2019 (SSBG) 2001OHSOSR / 2020 (SSBG)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

9. SUBRECIPIENT MONITORING – VARIOUS PROGRAMS (Continued)

Federal Agencies:	Department of Agriculture Department of Labor Department of Health and Human Services
Compliance Requirement:	Subrecipient Monitoring
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-021

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 C.F.R. Section 75.521 gives regulatory effect to the Department of Health and Human Services uniform administrative requirements for grants to states and local governments relating to financial administration and standards for financial management systems. In addition, similar administrative requirements were implemented for the Department of Labor in 2 C.F.R. Section 2900.4 and the Department of Agriculture implemented 2 C.F.R. Section 400.1. Specifically, 2 C.F.R. Section 200.521 and 45 C.F.R. Section 75.521 state, in part:

- (c) . . . the pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.
- (d) The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC [Federal Audit Clearinghouse]. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report. . .

Additionally, 2 C.F.R. Section 2900.21 states, in part:

. . . , ordinarily, a management decision is issued within six months of receipt of an audit from the audit liaison of the Office of the Inspector General and is extended an additional six months when the audit contains a finding involving a subrecipient of the pass-through entity being audited. The pass-through entity responsible for issuing a management decision must do so within twelve months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and should begin corrective action no later than upon receipt of the audit report. (See 2 C.F.R. Part 200.521(d)).

It is management's responsibility to develop and implement procedures to ensure a management decision is made on audit findings related to the federal programs it administers within the time requirements outlined by the C.F.R.

The Department's Office of Fiscal and Monitoring Services, Audit Resolution Section (ARS) is responsible for ensuring that subrecipients who expend \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of 2 C.F.R. Part 200. ARS maintains three different spreadsheets: County Department of Job and Family Services, Non-County, and Workforce Innovation and Opportunity Act (WIOA) in order to track the receipt, review, and conclusion of audits. The Department's procedures include: searching the FAC website to identify and obtain subrecipient audit reports; reviewing audit/management letter reports; completing an audit review checklist; submitting corrective action plans to the Pre-Executive Audit Committee (EAC) and EAC workgroups for review and approval; issuing management decision letters to subrecipients within six months of the report being accepted by the FAC; and, issuing closure letters to the subrecipients. During the audit period, the Department reviewed 176 audit reports. However, for one of 20 (5%) audit reports selected for testing, the Department did not issue a management decision within six months of the report being accepted by the FAC; the management decision was 51 days late.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

9. SUBRECIPIENT MONITORING – VARIOUS PROGRAMS (Continued)

Not adequately monitoring subrecipients and the status of compliance issues noted during their audit increases the risk that subrecipients may not properly utilize federal funds or adhere to program requirements, potentially jeopardizing federal funding. In addition, without appropriate management oversight of the review of subrecipient audit reports, there is an increased risk that audit findings may not be addressed appropriately. Noncompliance by the Department could cause federal funding to be reduced, taken away, or sanctions imposed by the federal grantor agency. Based on discussion with management, the management decision was late in part because of oversight in properly identifying the subrecipient on the FAC website.

We recommend the Department evaluate existing policies and procedures related to subrecipient monitoring, and revise where necessary, to ensure they are adequate for ensuring timely management decisions. Procedures performed by the Department should be adequately documented to provide management reasonable assurance they have been performed. Management should periodically monitor these procedures to ensure they are operating as intended.

10. CCDF CLUSTER – FAMILY CHILD CARE PROVIDER HOME LICENSING

Finding Number:	2020-024
State Agency Number:	JFS-12
CFDA Number and Title:	93.575/93.596 – CCDF Cluster
Federal Award Identification Number / Year:	1801OHCCDF / 2018 1901OHCCDF / 2019 2001OHCCDF / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Special Tests and Provisions – Health & Safety Requirements
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

45 C.F.R. Section 98.41(a) - Health and safety requirements, states “Each Lead Agency [primary grantee] shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements (appropriate to provider setting and age of children served) that are designed, implemented, and enforced to protect the health and safety of children. Such requirements must be applicable to child care providers of services for which assistance is provided under this part.”

The Department has incorporated its laws and procedures for the application process for Family Child Care (FCC) Provider Homes (Type A and B home providers) within Ohio Administrative Code (OAC) Section 5101:2-13 which contains numerous requirements a provider must meet to be licensed. Specifically, OAC Section 5101:2-13-02(M) relates to the County Departments of Job and Family Services’ (CDJFS) responsibility for the application and licensure for a FCC provider and states, in part:

. . .

The county agency:

(1) Shall recommend the application for approval or denial to the ODJFS. [Ohio Department of Job and Family Services] within ninety days of receiving a completed application. . .

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

10. CCDF CLUSTER – FAMILY CHILD CARE PROVIDER HOME LICENSING (Continued)

When administering federal grant awards for the Department, management of each CDJFS is responsible for ensuring the approval or denial recommendations for FCC Provider Home licensure applications are made timely to comply with the applicable OAC. Department management is responsible for monitoring CDJFS activities to help ensure they are in compliance with federal and state requirements.

During state fiscal year (SFY) 2020, the Department licensed 7,325 child care programs, which included 4,390 child care centers and 2,935 FCC Providers. Of these child care programs, the Department's licensing specialists licensed approximately 300 new child care centers and CDJFS specialists licensed approximately 180 new FCC Provider Homes. The Department and CDJFS staff utilize the Ohio Child Licensing and Quality System (OCLQS) to receive applications, perform inspections, and monitor licensed providers. CDJFS personnel verify the FCC Provider Home application is complete, includes all necessary documentation, and recommends the application for approval or denial to the Department. In addition, the CDJFS may maintain support outside of OCLQS to identify the status of applications, including the completion date. However, for four of 15 (26.7%) FCC Provider Home applications selected for testing, the CDJFS did not make a recommendation for approval/denial within the required number of days upon receipt of the application. These recommendations ranged from three to 215 days late, with an average of 61 days late. In addition, OCLQS maintains two submission date fields: the "original submission date" field never changes from when the application is first submitted; however, the "submission date" field can be overwritten when a change to the application occurs. Therefore, the OCLQS does not identify the completed application date for FCC Provider Home applications to allow the Department a mechanism to ensure compliance with OAC Section 5101:2-13-02(M)(1).

Without properly designed systems in place to ensure timely recommendations are made for the approval/denial of FCC Provider Home applications, in accordance with OAC Section 5101:2-13, the Department increases the risk that eligibility determinations will be delayed to the detriment of the program recipients. In addition, if the Department is not complying with rules it implemented to meet federal requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. Based on discussions with management, the delays in the application approval/denial submission process were due to the cooperation and timely response of the provider applicants. Management also indicated a system enhancement is scheduled to be implemented in February 2021 to address the date field issue.

We recommend the Department work with CDJFS management to ensure they have current policies and procedures and/or implement control procedures to reasonably ensure the recommendations for approval or denial of FCC Provider Home applicants are made timely. We recommend the Department review and consider if any enhancements to OCLQS are necessary to allow for accurate monitoring of the application completion date in accordance with the OAC. In addition, we recommend the Department evaluate and implement a system update to limit or not allow submission dates to be overwritten in order to maintain an accurate case history and audit trail. Furthermore, management should perform periodic reviews of FCC Provider files to reasonably ensure the applications are being recommended for approval or denial timely and procedures are being followed by CDJFS and Department personnel.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

11. FOSTER CARE – PAYMENT RATE SETTING AND APPLICATION

Finding Number:	2020-025
State Agency Number:	JFS-13
CFDA Number and Title:	93.658 Foster Care – Title IV-E Assistance
Federal Award Identification Number / Year:	2001OHFOST / 2020
Federal Agency:	Department of Health & Human Services
Compliance Requirements:	Allowable Costs/Cost Principles, Special Tests and Provisions – Payment Rate Settings and Application
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

42 U.S.C. Section 671(a) (also known as section 471 of the Social Security Act) states, in part:

In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which—

...

- (11) Provides for periodic review of the standards...and amounts paid as foster care maintenance payments and adoption assistance to assure their continuing appropriateness; . . .

45 C.F.R. Section 1356.21(m) states, in part:

Review of payments and licensing standards. In meeting the requirements of section 471(a)(11) of the Act, the Title IV-E agency must review at reasonable, specific, time-limited periods to be established by the agency:

- (1) The amount of the payments made for foster care maintenance and adoption assistance to assure their continued appropriateness; . . .

The Department oversees statewide foster care services which are provided through foster care agencies, as defined in Ohio Administrative Code Section 5101:2-1-01(12). During state fiscal year 2020, the Department reviewed and approved the maintenance and administrative reimbursement ceiling rates for 148 providers. The Department determines maintenance and administrative reimbursement ceiling rates for the agencies through the use of a survey or cost report depending on the type of agency. During the course of reviewing the survey or cost report, the Department identifies if the inflation rate should be included or excluded. However, one of the 15 (6.7%) providers selected for testing did not include the inflation factor in the calculation for the maintenance and administration ceiling rates even though it was marked as applicable in the survey or cost report. As a result, the provider was approved for a maintenance rate of \$292 and an administration rate of \$21 instead of \$300 and \$22, respectively. These errors did not result in any underpayments for maintenance, but did result in an underpayment of \$172 for administrative costs. This underpayment was corrected once it was brought to management’s attention.

Without properly including or excluding the inflation rate in the calculation for reimbursement ceilings, providers might not receive the appropriate reimbursement. This could result in underpayments, restricting the services provided or causing them to discontinue current programs. This could also result in overpayments, subjecting the Department to fines, penalties, or repayment of funds by the federal grantor agency. Based on our review of documents and discussions with management, it appears the report reviewer correctly marked 'yes' on the cost report to include the inflation rate in the effective rate for the period, but when the report was finalized the inflation rate was inadvertently left out of the calculation.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

11. FOSTER CARE – PAYMENT RATE SETTING AND APPLICATION (Continued)

We recommend the Department reinforce its existing procedures to adequately ensure all Foster Care reimbursement rates are properly calculated. We further recommend management periodically monitor and evaluate these procedures to ensure they are operating as intended.

12. IT – UI FUTA CERTIFICATION MATCH

Finding Number:	2020-026
State Agency Number:	JFS-14
CFDA Number and Title:	17.225 – Unemployment Insurance
Federal Award Identification Number / Year:	UI-32619-19-55-A-39 / 2019 UI-34070-20-55-A-39 / 2020 UI-34078-20-55-A-39 / 2020
Federal Agency:	Department of Labor
Compliance Requirement:	Special Tests and Provisions - Match with IRS 940 FUTA Tax Form
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

26 C.F.R. Section 31.3302(a)-3(a), pertaining to proof of credit states, in part:

Credit against the tax for any calendar year for contributions paid into State unemployment funds shall not be allowed unless there is submitted to the district director:

(a) A certificate of the proper officer of each State (the laws of which required the contributions to be paid) showing, for the taxpayer:

(1) The total amount of contributions required to be paid under the State law with respect to such calendar year (exclusive of penalties and interest) which was actually paid on or before the date the Federal return is required to be filed; and

(2) The amounts and dates of such required payments (exclusive of penalties and interest) actually paid after the date the Federal return is required to be filed.

(b) A statement by the taxpayer that no part of any payment made by him into a State unemployment fund for such calendar year, which is claimed as a credit against the tax, was deducted or is to be deducted from the remuneration of individuals in his employ. Such statement shall contain or be verified by a written declaration that it is made under the penalties of perjury.

(c) Such other or additional proof as the Commissioner or the district director may deem necessary to establish the right to the credit provided for under section 3302(a).

States are required to annually certify for each taxpayer the total amount of contributions required to be paid under the State law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the FUTA tax (26 C.F.R. Section 31.3302(a)-3(a)). In order to accomplish this certification, States annually perform a match of employer tax payments with credit claimed for these payments on the employer's IRS 940 FUTA tax form. The ERIC system is the web-based system used to collect and process Ohio unemployment taxes and store and report wage information for Ohio employers. During state fiscal year 2020, approximately \$1.08 billion in unemployment compensation taxes were collected and processed by the ERIC system. However, one of 60 (1.7%) sampled certifications from the IRS_CERT table did not match the payments included in the ERIC system.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

12. IT – UI FUTA CERTIFICATION MATCH (Continued)

Further analysis and inquiry with the client indicated a bug within the source code of the ERIC system caused unemployment tax payment information to not be properly populated in the IRS_CERT table for transactions with a Form Type Indicator of 4. The Department's FUTA certification process controls did not identify this exception. For state fiscal year 2020, unemployment tax payment transactions with a Form Type Indicator 4 represented 4,818 (2.4%) of the 204,582 total transactions.

Wage reports provide the basis for possible benefit claim awards. Inaccurate and untimely reporting increases the risk taxpayers may not be able to properly claim credit against FUTA taxes. Error or discrepancies in reporting may also require additional reporting for the employer. The Department indicated it was not aware of this programming oversight.

We recommend the Department review existing FUTA certification controls and/or update policies and procedures to ensure tax payments met the stated criteria for FUTA tax credits allowance (e.g., timely state unemployment tax filings and payments). Additionally, we recommend the Department's Management continually monitor these procedures to ensure the compliance requirements of the program management's objectives are being met.

13. SNAP CLUSTER AND TANF – ELIGIBILITY SYSTEM

Finding Number:	2020-027
State Agency Number:	JFS-15
CFDA Number and Title:	10.551/10.561 – SNAP Cluster 93.558 – Temporary Assistance for Needy Families (TANF)
Federal Award Identification Number / Year:	182OH102S2514 / 2018 (SNAP Cluster) 182OH102S6018 / 2018 (SNAP Cluster) 192OH102S2514 / 2019 (SNAP Cluster) 192OH102S6018 / 2019 (SNAP Cluster) 202OH102S2514 / 2020 (SNAP Cluster) 202OH102S6018 / 2020 (SNAP Cluster) 1801OHTANF / 2018 (TANF) 1901OHTANF / 2019 (TANF) 2001OHTANF / 2020 (TANF)
Federal Agencies:	Department of Agriculture Department of Health and Human Services
Compliance Requirement:	Eligibility
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-017

MATERIAL WEAKNESS

NOTE: Finding numbers 2020-001⁶, 2020-004, and 2020-020 contain additional information which is integral to and should be read in conjunction with this finding.

⁶ Finding number 2020-001, starting on page 29, represents a material weakness under 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* related to the State of Ohio's eligibility process for the SNAP Cluster federal program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

13. SNAP CLUSTER AND TANF – ELIGIBILITY SYSTEM (Continued)

7 C.F.R. Section 272.10(b)(1)(i), pertaining to the SNAP Cluster, states in part, that a State's system should:

Determine eligibility and calculate benefits or validate the eligibility worker's calculations by processing and storing all casefile information necessary for the eligibility determination and benefit computation (including but not limited to all household members' names, addresses, dates of birth, social security numbers, individual household members' earned and unearned income by source, deductions, resources and household size)...

45 C.F.R. Section 206.10(a), pertaining to public assistance programs, including TANF, states in part:

...

(8) Each decision regarding eligibility or ineligibility will be supported by facts in the applicant's or recipient's case record...

...

(12) The State agency shall establish and maintain methods by which it shall be kept currently informed about local agencies' adherence to the State plan provisions and to the State agency's procedural requirements for determining eligibility, and it shall take corrective action when necessary.

As the lead agency responsible for administering the SNAP and TANF federal grant awards for the State of Ohio, the Department is responsible for providing reasonable assurance only eligible individuals receive assistance and documentation maintained is accurate, complete, and properly recorded in the Ohio Benefits system to ensure appropriate eligibility determinations. It is the Department's responsibility to implement sufficient controls, systems, processes, and procedures to reasonably ensure compliance with the rules and regulations associated with these programs and only eligible recipients receive benefits. The Department is responsible for overall program compliance and must have appropriate oversight and monitoring procedures in place to ensure those they rely on are operating in accordance with all expectations, guidelines, and requirements related to their tasks.

During state fiscal year (SFY) 2020, the Department disbursed a combined total of nearly \$2.7 billion in public assistance payments, to recipients processed through the Ohio Benefits system related to the following programs:

Federal Program	Benefits Paid	# of Recipients *
10.551/10.561 – SNAP Cluster	\$ 2,426,458,320	1,382,485
93.558 – TANF	\$ 238,062,955	105,398
Combined Total	\$ 2,664,521,275	

* We did not separately identify recipients who could be covered under both programs

The information below summarizes Finding 2020-001 as it relates to the control process and weaknesses identified related to eligibility for the SNAP Cluster. These issues also apply to the TANF program and additional information was added, where necessary, to identify any errors related to the TANF program.

These programs are administered using a multi-agency approach, as follows: overall compliance and administration of the SNAP Cluster and TANF program fall under the Department, and programming and administration of the State's eligibility determination computer system, Ohio Benefits, falls under the Ohio Department of Administrative Services (DAS). In August 2018, the SNAP Cluster and TANF program were added to the Ohio Benefits system. The Department also utilizes the 88 Ohio counties in the eligibility determination process to work with applicants, receive/enter eligibility documentation into the Ohio Benefits system, and follow up on alerts issued by the system.

Currently, individuals applying to receive public assistance benefits complete an application through various methods. The County Departments of Job & Family Services (CDJFS) offices collect and maintain any

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

13. SNAP CLUSTER AND TANF – ELIGIBILITY SYSTEM (Continued)

documentation provided by the individual either in a paper case file or in the OnBase Enterprise Documentation Management System (EDMS) maintained under contract by DAS and utilized by the Department. After collecting documentation, the county caseworker enters the individual's information into the Ohio Benefits system which determines the initial eligibility benefit amount and assigns the benefit aid category, where applicable. Once the determination is made, the Ohio Benefits system uploads the eligibility information to the Department's payment system to process the payment. During SFY 2020, we noted several weaknesses/defects in the eligibility process, as listed below:

- Alerts – The Ohio Benefits system is designed to issue alerts to county caseworkers for a variety of items which require review, evaluation, follow-up, and a determination about the impact on the related case and/or program benefits. During SFY 2020, more than 26.3 million alerts were issued according to DAS records (more than 17 million related to Income Eligibility Verification Systems (IEVS) alerts and 9.28 million to non-IEVS alerts). This created an overwhelming volume of information being sent to the counties resulting in an unmanageable workload and ineffective application of the alert process. As a result of the extremely high number of alerts and defects detected (see below) in the Ohio Benefits system, JFS suspended their Fraud Control Triad Reviews until the defects can be corrected. JFS did, however, encourage counties to continue working alerts for the SNAP Cluster and TANF program, even during the COVID-19 pandemic.
- Overwriting – The Ohio Benefits system maintains several pieces of key information related to a recipient's eligibility (income, household size, age, etc.). If new or updated information is identified, the county caseworker is expected to add this information to the system. Based on our testing, in some cases, the caseworker is replacing/overwriting the existing information with new information instead of adding this new data to the case record. However, there is no system warning or other control in place to identify or prevent this overwrite.
- Caseworker Reliance/Training – The current process relies heavily on the knowledge and judgement of county caseworkers in the eligibility process. Although on-line job aids are made available and various trainings are provided by the state agencies for these caseworkers, this training is typically optional and/or attended by a representative of the county who is expected to relay the information to others.
- Multi-program Info – There are certain pieces of key information (i.e. name, income, age, etc.) maintained in the Ohio Benefits system which impact all public assistance programs. However, due in part to the complexities/variations of the requirements for each federal program, the system currently does not link this information between programs. Therefore, the county caseworker must manually adjust each affected program separately when a change occurs.
- System Design Weaknesses/Defects – Our testing and inquiry with both State and county personnel identified the following system design weaknesses or defects in the Ohio Benefits system related to alerts:
 - Multiple and repetitive alerts (redundancy).
 - Irrelevant alerts (zero or small dollar amounts).
 - Additional steps required to complete an alert (having to leave the alert window, opening an Ohio Benefits window, and then having to go back through the Alert Inventory to clear the alert).
 - Alerts being received on persons not receiving public assistance.

We noted several weaknesses/issues regarding the contract and monitoring related to the Ohio Benefits system in Finding Number 2020-004 for the Department of Administrative Services. These issues, which impact the Department's responsibilities regarding monitoring, updates, and program compliance, are summarized below:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

13. SNAP CLUSTER AND TANF – ELIGIBILITY SYSTEM (Continued)

- The signed agreements/amendments did not separately require signatures from the Ohio Department of Medicaid and the Ohio Department of Job and Family Services was not included on amendments.
- Signed interagency agreements defining each agency's responsibilities and the data governance structure have not been completed.
- No evidence of monitoring procedures related to the Independent Verification and Validation (IV&V) reports prepared by a third-party evaluator.
- No formalized documentation/tracking of reviews/evaluations/certifications performed or required for the Ohio Benefits system by outside or internal reviewers.

Without proper controls for entering, processing, and maintaining recipient information and system alerts, there is an increased risk that benefits paid to or on behalf of recipients will be inaccurate or unallowable. This risk is substantially increased if the State's eligibility determination system, Ohio Benefits, contains design or operational flaws that could impact a recipient's eligibility and, as a result, could have a material impact on the amounts reimbursed by the federal government. These weaknesses/defects could allow undue subjective decisions, jeopardize accurate eligibility processing, and/or result in improper payments or federal reimbursements. Overpayments or payments to or on behalf of ineligible recipients may subject the Department to penalties or sanctions which may jeopardize future funding and limit its ability to fulfill program requirements to provide benefits to those in need. Based on discussions with management, human error and systemic issues led to the issues identified. Management also indicated they have been and are continuing to make corrections and enhancements to the Ohio Benefits system to address the weaknesses and defects identified in the previous and current audit findings.

We recommend Department management continue to work collectively with the related state agencies to implement/update robust processes, procedures, and system programming to address the weaknesses in the overall eligibility process, including those associated with the Ohio Benefits system. These changes/updates should include, but not be limited to:

- Redesigning the alert process to be more effective and efficient. This could include a more centralized evaluation of alert activity and/or better use of automated tools to vet and prioritize items requiring follow-up. This would allow agency level personnel to become more experienced and adept at identifying and investigating anomalies and help focus the resources of both State and county personnel.
- Implementing program changes to address the system design weaknesses/defects identified above, including the issues with overwriting data and making all data stored in the system available/viewable by users. Program changes which could directly impact the eligibility determinations or benefit amounts should be given the highest priority by the State and corrected in a timely manner to prevent and detect further improper payments.
- Implementing program logic to ensure changes made to recipient information in one public assistance program are carried through in Ohio Benefits to other applicable public assistance programs for that recipient without caseworker initiation.
- Requiring mandatory training for all CDJFS employees who are entering the assistance group information into Ohio Benefits to help ensure proper and complete information is being collected, entered, and verified prior to an individual's eligibility determination being made. The State should provide this training initially to ensure all users are knowledgeable of the process, procedures, and impacts of the work they do. As changes occur to the rules/regulations, system, or process, detailed training should be required of all users on those changes.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

13. SNAP CLUSTER AND TANF – ELIGIBILITY SYSTEM (Continued)

- Regularly evaluating selected benefit payments for all programs to verify the recipient's eligibility, verify the recipient information entered into Ohio Benefits by the CDJFS is accurate and the information is being maintained to support the State's eligibility decision, and ensure initial eligibility determinations and redeterminations are completed timely. Any problems noted should be promptly corrected to reduce the risk of benefit payments being made on behalf of ineligible individuals and additional training provided to the State and/or county employees affected.
- Ensuring that vendor contacts/amendments, and interagency agreements are formalized, contain all parties of the agreements, and fully and clearly define the roles, responsibilities, and expectations related to each party.
- Ensuring that appropriate and coordinated monitoring and tracking procedures are in place regarding reviews and the timely remediation of issues identified, including, but not limited to:
 - A data governance structure designed to ensure data quality and reliability for management, the grantor agencies, and other users of this information. This should include data subject matter experts from each related agency to help ensure quality of data requests before external and internal users rely on the data, issues are addressed with a clear escalation path, and establishing accountabilities and alignment between the related agencies.
 - Appropriate monitoring procedures related to the IV&V reports prepared by the third-party evaluator.
 - Coordinating and managing the contract contents with the developing vendor to help ensure all contract and amendment deliverables are being met.
 - A formalized documentation/tracking process of reviews/evaluations/certifications performed or required for the OB system.

14. TANF – WORK PARTICIPATION REVIEWS

Finding Number:	2020-028
State Agency Number:	JFS-16
CFDA Number and Title:	93.558 – Temporary Assistance for Needy Families (TANF)
Federal Award Identification Number / Year:	1801OHTANF / 2018 1901OHTANF / 2019 2001OHTANF / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Eligibility, Special Tests and Provisions – Work Verification Plan
Repeat Finding from Prior Audit?	No

MATERIAL WEAKNESS

45 C.F.R. Section 261.62 states, in part:

- (a) To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report, each State must:

...

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

14. TANF – WORK PARTICIPATION REVIEWS (Continued)

- (4) Establish and employ internal controls to ensure compliance with the procedures; and
- (5) Submit to the Secretary for approval the State's Work Verification Plan

...
(b) A State's Work Verification Plan must include the following:

- (5) A description of the internal controls that the State has implemented to ensure a consistent measurement of the work participation rates, including the quality assurance processes and sampling specifications it uses to monitor adherence to the established work verification procedures by State staff, local staff, and contractors. . . .

As the lead agency responsible for administering the TANF federal grant award for the State of Ohio, the Department is responsible for providing reasonable assurance only eligible individuals receive assistance and documentation maintained is accurate, complete, and properly recorded in the statewide automated eligibility system to ensure appropriate eligibility determinations. It is the Department's responsibility to implement sufficient controls, systems, processes, and procedures to reasonably ensure compliance with the rules and regulations associated with the program and only eligible recipients receive benefits. The Department is responsible for overall program compliance and must have appropriate oversight and monitoring procedures in place to ensure those they rely on are operating in accordance with all expectations, guidelines, and requirements related to their tasks.

As outlined in the State of Ohio Work Verification Plan, the Department establishes program policy, provides technical assistance, defines performance standards, requires continuous improvement activities, collects data and monitors all County Departments of Job and Family Services (CDJFS). Applications, reapplications, and assignment of work activities are processed by the CDJFS. Also within the Work Verification Plan, the Department identifies monitoring activities which include: training, case reviews, monitoring county performance, review of work-eligible individual status, and reviews of the data prior to submission to federal regulators. Monthly, the Department generates preliminary TANF data reports for review by the CDJFS to be reviewed for accuracy and completeness. In addition, the Department maintains a TANF Federal Reporting team to ensure all data elements and accurate data reporting occurs per federal regulations. The Department's Quality Control staff also perform reviews over individual cases that were sanctioned for failing to meet work-eligible requirements to ensure the CDJFS came to the proper conclusion. Additionally, eligibility reviews are completed for publicly funded child care cases that may include individuals who receive TANF and in these instances, the Department also verifies that work participation hours are accurate. However, in September 2018, the Department made a business decision to no longer perform specific TANF work participation hour reviews over the non-sanctioned work-eligible cases. As a result, the Department does not have monitoring procedures in place over non-sanctioned work-eligible individuals to validate the reported work participation status and related eligibility information in the statewide automated eligibility system and the county case file, but instead places a heavy reliance on the CDJFS. See finding number 2020-015, TANF – Unsupported Work Participation Activities which starts on page 71, for questioned costs related to possible overpayments of TANF program benefits due to unsupported work participation hours/activities entered in the statewide automated eligibility system.

Without monitoring procedures in place to ensure the CDJFS are meeting the TANF program requirements, there is an increased risk that benefits paid to or on behalf of recipients will be inaccurate or unallowable. This could result in fines, penalties, or repayment of funds to the federal grantor agency. In addition, without ensuring the CDJFS are accurately documenting and maintaining work participation activities, there is an increased risk the work participation rate is not accurate as reported to the federal grantor agency thereby impacting the State's reporting of this performance measurement. Based on discussion with management, a business decision was made to cease completion of non-sanctioned review cases. In addition, the current monitoring procedures in place by the Department provide them confidence in meeting the TANF program requirements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

14. TANF – WORK PARTICIPATION REVIEWS (Continued)

We recommend the Department, as the pass-through entity, implement stronger monitoring controls over the activities of its county subrecipients to determine if they are following the established controls and are complying with the work participation and verification requirements. Also, we recommend the Department evaluate its business decision to cease work participation hour non-sanctioned case reviews and determine if these should be completed going forward or if other monitoring procedures should be implemented to meet these objectives.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY

Finding Number:	2020-029
State Agency Number:	MCD-02
CFDA Number and Title:	93.767 – Children’s Health Insurance Program (CHIP) 93.775/93.777/93.778 – Medicaid Cluster
Federal Award Identification Number / Year:	1905OH5021 / 2019 (CHIP) 2005OH5021 / 2020 (CHIP) 1905OH5MAP / 2019 (Medicaid) 2005OH5MAP / 2020 (Medicaid)
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-022

QUESTIONED COSTS, NONCOMPLIANCE, AND MATERIAL WEAKNESS (CHIP) **\$129,308**

QUESTIONED COSTS, NONCOMPLIANCE, AND MATERIAL WEAKNESS (MEDICAID CLUSTER) **\$109,391**

NOTE: Finding numbers 2020-001⁷, 2020-004, and 2020-030 contain additional information which is integral to and should be read in conjunction with this finding.

42 C.F.R. Section 435.10, State Plan requirements, pertaining to the Medicaid Cluster states in part:

A State plan must---

- (a) Provide that the requirements of this part are met; and
- (b) Specify the groups to whom Medicaid is provided, as specified in subparts B, C, and D of this part, and the conditions of eligibility for individuals in those groups.

42 C.F.R. Section 435.912 Timely determination of Eligibility, states in part:

- (3) . . . the determination of eligibility for any applicant may not exceed—
 - (iii) Ninety days for applicants who apply for Medicaid on the basis of disability; and
 - (iv) Forty-five days for all other applicants.

42 C.F.R. Section 435.914, Case documentation, pertaining to the Medicaid Cluster states in part:

- (a) The agency must include in each applicant's case record facts to support the agency's decision on his application.

⁷ Finding number 2020-001, starting on page 29, represents material noncompliance and a material weakness under 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* related to the State of Ohio's eligibility process for the Medicaid Cluster federal program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY (Continued)

42 C.F.R. Section 435.916, Periodic renewal of Medicaid eligibility, states in part:

- (a) *Renewal of individuals whose Medicaid eligibility is based on modified adjusted gross income methods (MAGI).* (1) Except as provided in paragraph (d) of this section, the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months, and no more frequently than once every 12 months.
- (b) *Redetermination of individuals whose Medicaid eligibility is determined on a basis other than modified adjusted gross income.* The agency must redetermine the eligibility of Medicaid beneficiaries excepted from modified adjusted gross income . . . for circumstances that may change, at least every 12 months.

42 U.S.C. Section 1397bb (b), pertaining to the Children’s Health Insurance Program (CHIP) states, in part:

(1) Eligibility Standards

- (A) The plan shall include a description of the standards used to determine the eligibility of targeted low-income children for child health assistance under the plan.

42 C.F.R. Section 457.343, Periodic renewal of CHIP eligibility, states in part:

The renewal procedures described in 435.916 of this chapter apply equally to the State in administering a separate CHIP. . .

The Medicaid and CHIP State Plan outlines the specific eligibility conditions and standards within Sections 2.2 – Coverage and Conditions of Eligibility and 2.6 A – Financial Eligibility, Eligibility Conditions and Requirements for Medicaid and Section 4 – Eligibility Standards and Methodology for CHIP. It is management’s responsibility to implement policies and procedures to provide reasonable assurance they have complied with these requirements.

As the lead agency responsible for administering the CHIP and Medicaid federal grant awards for the State of Ohio, the Department is responsible for providing reasonable assurance only eligible individuals receive assistance and documentation maintained is accurate, complete, and properly recorded in the Ohio Benefits system to ensure appropriate eligibility determinations. It is also the Department’s responsibility to implement sufficient controls, systems, processes, and procedures to reasonably ensure compliance with the rules and regulations associated with these programs and only eligible recipients receive benefits. The Department is responsible for overall program compliance and must have appropriate oversight and monitoring procedures in place to ensure those they rely on are operating in accordance with all expectations, guidelines, and requirements related to their tasks.

During state fiscal year (SFY) 2020, the Department disbursed a combined total of \$24.2 billion in public assistance payments, to recipients processed through the Ohio Benefits system related to the following programs:

Federal Program	Benefits Paid	# of Recipients *
93.767 - CHIP	\$536,365,463	202,049
93.7775/93.777/93.778 – Medicaid Cluster	\$23,667,537,705	2,495,886
Combined Total	\$24,203,903,168	2,697,935

*We did not separately identify recipients who could be covered by more than one program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY (Continued)

The information below summarizes Finding 2020-001 as it relates to the control process and weaknesses identified related to eligibility for the Medicaid Cluster. These issues also apply to CHIP and additional information was added, where necessary, to identify errors related to CHIP.

These programs are administered using a multi-agency approach, as follows: overall compliance and administration of CHIP and the Medicaid Cluster fall under the Department, and programming and administration of the State's eligibility determination computer system, Ohio Benefits, falls under the Ohio Department of Administrative Services (DAS). The Department also, through a Memorandum of Understanding with the Ohio Department of Job & Family Services (ODJFS), utilizes the 88 Ohio counties in the eligibility determination process to work with applicants, receive/enter eligibility documentation into the Ohio Benefits system, and follow up on alerts issued by the system.

SYSTEM/CONTROL ISSUES

Currently, individuals applying to receive public assistance benefits complete an application through various methods. The County Departments of Job & Family Services (CDJFS) offices collect and maintain any documentation provided by the individual either in a paper case file or in the OnBase Enterprise Documentation Management System (EDMS) maintained under contract by DAS. After collecting documentation, the county caseworker enters the individual's information into the Ohio Benefits system which determines the initial eligibility benefit amount and assigns the benefit aid category. This process is also used to perform eligibility redeterminations on an annual basis or when prompted through a system alert. Additionally, one of several factors in determining eligibility for the Money Follows the Person federal program, although not being tested as a major program in SFY20, is based upon the recipient's eligibility for the Medicaid Cluster program. Once the determination is made, the Ohio Benefits system uploads the eligibility information to the Department's payment system, Medicaid Information Technology System (MITS), to process the payment. During SFY 2020, we noted several weaknesses/defects in the eligibility process, as listed below:

- Alerts – During SFY 2020, an overwhelming volume of alerts were sent to the counties for investigation and follow-up (more than 17.2 million alerts were issued according to DAS records; 11.2 million related to Income Eligibility Verification Systems (IEVS) alerts and 6 million to non-IEVS alerts). This resulted in an unmanageable workload and ineffective application of the alert process. The Department did obtain approval from the federal awarding agency to suspend the requirement for caseworkers to process negative alerts between March 1, 2020 and May 28, 2020 for the Medicaid/CHIP programs due to the COVID-19 pandemic. Although we were not able to define the full impact of this waiver since the number of negative alerts not processed could not be separately identified, only 1.2 million alerts were generated during the waiver timeframe.
- Overwriting – the Ohio Benefits system maintains several pieces of key information related to a recipient's eligibility (income, household size, age, etc.). If new or updated information is identified, the county caseworker is expected to add this information to the system. Based on our testing, in some cases, the caseworker is replacing/overwriting the existing information with new information instead of adding this new data to the case record. However, there is no system warning or other control in place to identify or prevent this overwrite.
- Caseworker Reliance/Training – The current process relies heavily on the knowledge and judgement of county caseworkers in the eligibility process. Although on-line job aids are made available and various trainings are provided by the state agencies for these caseworkers, this training is typically optional and/or attended by a representative of the county who is expected to relay the information to others.
- Multi-program Info – There are certain pieces of key information (i.e. name, income, age, etc.) maintained in the Ohio Benefits system which impact all public assistance programs, including SNAP, TANF, Medicaid, and CHIP. However, due in part to the complexities/variations of the

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY (Continued)

requirements for each federal program, the system currently does not link this information between programs. Therefore, the county caseworker must manually adjust each affected program separately when a change occurs.

- System Design Weaknesses/Defects – Our testing and inquiry with both State and county personnel identified the following system design weaknesses or defects in the Ohio Benefits system:
 - Alerts:
 - Multiple and repetitive alerts (redundancy).
 - Irrelevant alerts (zero or small dollar amounts).
 - Additional steps required to complete an alert (having to leave the alert window, opening an Ohio Benefits window, and then having to go back through the Alert Inventory to clear the alert).
 - Alerts being received on persons not receiving public assistance.
 - For three of 80 (3.8%) Medicaid recipients and five of 80 (6.3%) CHIP recipients selected for testing, a systemic issue within Ohio Benefits that either impacted the eligibility process and/or eligibility determination for the recipient existed.
 - Of the three Medicaid cases:
 - One prevented the renewal packet from being sent to the client, requiring the caseworker to perform additional procedures to properly set the renewal span.
 - One incorrectly classified household members as fringe members, excluding them from the eligibility determination.
 - One incorrectly excluded household members for dependent non-filer members and included individuals permanently out of the home in the eligibility determination.
 - Of the five CHIP cases:
 - Three required additional caseworker procedures to be performed to properly complete parts of the eligibility process. Additionally, one of the cases had a system display issue in which the wrong income threshold was shown in the system; however, the recipient was placed in the correct aid category.
 - One was a result of there being no system control in place to prevent or identify a recipient that was marked as ineligible in Ohio Benefits but that ineligible designation did not transfer to MITS. In this instance, MITS still allowed capitation payments to be made on the behalf of the individual since 2016.
 - One allowed a caseworker to perform an override that is normally processed via a batch process and allowed Transitional Medicaid for the individual to remain active longer than the allowable 12 months.

We noted several weaknesses/issues regarding the contract and monitoring related to the Ohio Benefits system in Finding Number 2020-004 for the Department of Administrative Services. These issues, which impact the Department's responsibilities regarding monitoring, updates, and program compliance, are summarized below:

- The signed agreements/amendments did not separately require signatures from the Ohio Department of Medicaid and the Ohio Department of Job and Family Services was not included on amendments.
- Signed interagency agreements defining each agency's responsibilities and the data governance structure have not been completed.
- No evidence of monitoring procedures related to the Independent Verification and Validation (IV&V) reports prepared by a third-party evaluator.
- No formalized documentation/tracking of reviews/evaluations/certifications performed or required for the Ohio Benefits system by outside or internal reviewers.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY (Continued)

NONCOMPLIANCE ISSUES

The following noncompliance was noted related to eligibility for the Medicaid and CHIP programs:

- Six of 80 (7.5%) Medicaid recipients and 16 of 80 (20%) CHIP recipients selected for testing were not eligible to receive benefits on the date services were performed. Since Ohio Benefits is the State's official eligibility determination system, these items will result in questioned costs for all claims paid for services provided for these individuals during the time they were ineligible, totaling \$109,391 for Medicaid and \$67,533 for CHIP. The items noted included issues such as:
 - The recipient failed to timely report an increase in income and/or new employment.
 - The household size was incorrectly determined.
 - The recipient was covered by other health insurance.
 - The recipient was over the age required for eligibility for the federal program.
 - The recipient exceeded the eligibility period for Transitional Medicaid (see "System Design Weaknesses/Defects" above).
 - The recipient was awarded 'ineligible' status in Ohio Benefits which did not result in a transition to MITS to end Medicaid eligibility (see "System Design Weaknesses/Defects" above).

- 14 of 80 (17.5%) Medicaid recipients and 35 of 80 (43.8%) CHIP recipients selected for testing were not placed in the correct benefit aid category. Six of the 14 Medicaid individuals and 16 of the 35 CHIP individuals are included in the preceding bullet as being deemed ineligible. For the other eight Medicaid recipients, although their age and/or income deemed them to be in the incorrect benefit aid category, they were qualified to be placed in another benefit aid category; therefore, the eligibility of the recipient was not questioned. The revised benefit aid category did not affect the Federal Medical Assistance Percentage (FMAP) used to draw down funds from the federal government for the recipient. For the other 19 CHIP recipients, their age and/or income deemed them to be in the incorrect benefit aid category and ineligible for the CHIP program; however, they were qualified to be placed in a Medicaid benefit aid category. Since Ohio Benefits is the State's official eligibility determination system, these items will result in questioned costs for all claims paid under the CHIP program for services provided for these individuals during the time they were ineligible, totaling \$61,775.

- 25 of 80 (31.3%) Medicaid recipient cases and 42 of 80 (52.5%) CHIP recipient cases selected for testing either did not contain adequate documentation to support the Department's decision on the recipient's eligibility or incorrect recipient information was entered into Ohio Benefits. However, based on additional information we obtained from other sources, the recipient was still eligible. The items noted generally related to the following documentation categories:
 - Income verification and documentation
 - Household size
 - Tax filing status
 - Resource verification and documentation
 - Caseworker processing error
 - Social Security Number verification and documentation

- Three of 80 (3.8%) Medicaid recipient cases and eight of 80 (10%) CHIP recipient cases selected for testing had an untimely eligibility redetermination. Two of the Medicaid redeterminations were 49 and 204 days beyond the allowed 45 day processing period. One Medicaid redetermination was due in May 2020, but had not been completed as of when testing was completed in November 2020. It was also noted eligibility redeterminations were suspended as of March 21, 2020, due to the pandemic, as identified in the Alerts section above. The CHIP redeterminations ranged from 10 to 137 days beyond the allowed 45 day processing period, with an average of 78 days late.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY (Continued)

- One of 13 (7.7%) new Medicaid recipients selected for testing that were not applying based on a disability, had an untimely initial eligibility determination. The determination was completed 52 days beyond the allowed 45 day processing period.

Without proper controls for entering, processing, and maintaining recipient information and system alerts, there is an increased risk that benefits paid to or on behalf of recipients will be inaccurate or unallowable. This risk is substantially increased if the State's eligibility determination system, Ohio Benefits, contains design or operational flaws that could impact a recipient's eligibility and, as a result, could have a material impact on the amounts reimbursed by the federal government. These weaknesses/defects could allow undue subjective decisions, jeopardize accurate eligibility processing, and/or result in improper payments or federal reimbursements. Furthermore, without an effective process in place to ensure eligibility is being redetermined timely when required, the risk is also increased that a recipient's benefit amount or aid category has changed or they are ineligible to receive benefits. Additionally, not processing new applications on a timely basis could cause undue harm to an individual that needs health services. Overpayments or payments to or on behalf of ineligible recipients may subject the Department to penalties or sanctions which may jeopardize future funding and limit its ability to fulfill program requirements to provide benefits to those in need. Based on discussions with management, human error and systemic issues led to the issues identified. Management also indicated they have been and are continuing to make corrections and enhancements to the Ohio Benefits system to address the weaknesses and defects identified in the previous and current audit findings.

RECOMMENDATIONS

We recommend the Department evaluate and seek reimbursement for all claims that were incorrectly paid. We also recommend management continue to work collectively with the related state agencies to implement/update robust processes, procedures, and system programming to address the weaknesses in the overall eligibility process, including those associated with the Ohio Benefits system. These changes/updates should include, but not be limited to:

- Redesigning the alert process to be more effective and efficient. This could include a more centralized evaluation of alert activity and/or better use of automated tools to vet and prioritize items requiring follow-up. This would allow Department level personnel to become more experienced and adept at identifying and investigating anomalies and help focus the resources of both Department and county personnel.
- Implementing program changes to address the system design weaknesses/defects identified above, including the issues with overwriting data and making all data stored in the system available/viewable by users. Program changes which could directly impact the eligibility determinations or benefit amounts should be given the highest priority to ensure they are corrected in a timely manner to prevent and detect further improper payments.
- Implementing program logic to ensure changes made to recipient information for one public assistance program are carried through in Ohio Benefits to other applicable public assistance programs for that recipient without caseworker initiation.
- Requiring mandatory training for all CDJFS employees who are entering the assistance group information into Ohio Benefits to help ensure proper and complete information is being collected, entered, and verified prior to an individual's eligibility determination being made. An initial training should be provided to ensure all users are knowledgeable of the process, procedures, and impact of the work they do. As changes occur to the rules/regulations, system, or process, detailed training should be required of all users on those changes.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

1. MEDICAID/CHIP – ELIGIBILITY (Continued)

- Regularly evaluating selected benefit payments for all programs to verify the recipient's eligibility, verify the recipient information entered into Ohio Benefits by the CDJFS is accurate and the information is being maintained to support the State's eligibility decision, and ensure initial eligibility determinations and redeterminations are completed timely. Any problems noted should be promptly corrected to reduce the risk of benefit payments being made to or on behalf of ineligible individuals and additional training provided to the State and/or county employees affected.
- Ensuring that vendor contracts/amendments, and interagency agreements are formalized, contain all parties of the agreements, and fully and clearly define the roles, responsibilities, and expectations related to each party.
- Ensuring that appropriate and coordinated monitoring and tracking procedures are in place regarding reviews and the timely remediation of issues identified, including, but not limited to:
 - A data governance structure designed to ensure data quality and reliability for management, the grantor agencies, and other users of this information. This should include data subject matter experts from each related agency to help ensure quality of data requests before external and internal users rely on the data, issues are addressed with a clear escalation path, and establishing accountabilities and alignment between the related agencies.
 - Reviewing and monitoring the IV&V reports prepared by the third party evaluator and to prioritize and develop a remediation plan, along with DAS and ODJFS, to help track and ensure necessary changes to the Ohio Benefits application are completed accurately and timely, and the system is operating as intended.
 - Coordinating and managing the contract contents with the developing vendor to help ensure all contract and amendment deliverables are being met.
 - Ensuring documentation related to all internal and external evaluations and assessments of the Ohio Benefits eligibility environment be tracked, monitored, and maintained to ensure all appropriate monitoring and remediation efforts are completed timely and in compliance with standards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

2. MEDICAID/CHIP – IEVS MONITORING

Finding Number:	2020-030
State Agency Number:	MCD-03
CFDA Number and Title:	93.767 – Children’s Health Insurance Program (CHIP) 93.775/93.777/93.778 – Medicaid Cluster
Federal Award Identification Number / Year:	1905OH5021 / 2019 (CHIP) 2005OH5021 / 2020 (CHIP) 1905OH5MAP / 2019 (Medicaid) 2005OH5MAP / 2020 (Medicaid)
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Eligibility
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-023

NONCOMPLIANCE AND MATERIAL WEAKNESS

NOTE: Finding numbers 2020-001, 2020-004, and 2020-029 contain additional information which is integral to and should be read in conjunction with this finding.

42 C.F.R. Section 435.945 states, in part, the following regarding the Medicaid Cluster program:

- (a) Except where the law requires other procedures . . . the agency may accept attestation of information needed to determine the eligibility of an individual for Medicaid . . . without requiring further information (including documentation) from the individual.
- (b) The agency must request and use information relevant to verifying an individual's eligibility for Medicaid in accordance with § 435.948 through 435.956 . . .

42 C.F.R. Section 457.380, states, in part, the following regarding the Children’s Health Insurance Program (CHIP):

- (a) *General requirements.* Except where law requires other procedures . . . the State may accept attestation of information needed to determine the eligibility of an individual for CHIP. . . without requiring further information (including documentation) from the individual.
- (b) *Status as a citizen, national or a non-citizen.* (1) Except for newborns identified in § 435.406(a)(1)(iii)(E) of this chapter, who are exempt from any requirement to verify citizenship, the agency must—
 - ...
 - (ii) Provide a reasonable opportunity period to verify such status in accordance with § 435.956(a)(5) and (b) of this chapter and provide benefits during such reasonable opportunity period to individuals determined to be otherwise eligible for CHIP.

Furthermore, 42 U.S.C. Section 1320b–7(a) Requirements of State eligibility systems states, in part:

In order to meet the requirements of this section, a State must have in effect an income and eligibility verification system which meets the requirements of subsection (d) and under which—

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

2. MEDICAID/CHIP – IEVS MONITORING (Continued)

- (1) the State shall require, as a condition of eligibility for benefits under any program listed in subsection (b), that each applicant for or recipient of benefits under that program furnish to the State his social security account number (or numbers, if he has more than one such number), and the State shall utilize such account numbers in the administration of that program so as to enable the association of the records pertaining to the applicant or recipient with his account number;

- (2) wage information from agencies administering State unemployment compensation laws available pursuant to section 3304(a)(16) of the Internal Revenue Code of 1986, wage information reported pursuant to paragraph (3) of this subsection, and wage, income, and other information from the Social Security Administration and the Internal Revenue Service available pursuant to section 6103(l)(7) of such Code, shall be requested and utilized to the extent that such information may be useful in verifying eligibility for, and the amount of, benefits available under any program listed in subsection (b), as determined by the Secretary of Health and Human Services . . .
...

- (4) the State agencies administering the programs . . . adhere to standardized formats and procedures . . . under which —
 - (A) the agencies will exchange with each other information in their possession which may be of use in establishing or verifying eligibility or benefit amounts under any other such program
...

 - (C) the use of such information shall be targeted to those uses which are most likely to be productive in identifying and preventing ineligibility and incorrect payments. . .

In order to comply with 42 C.F.R. Section 435.945 and 42 U.S.C. Section 1320b-7, the State of Ohio codified specific rules related to its Income Eligibility Verification System (IEVS) in the Ohio Administrative Code (OAC).

OAC Section 5160:1-1-04 states, in part:

- (A) This rule describes the requirements in section 1137 of the Social Security Act and in section 42 C.F.R. 435.945. . . , requiring state agencies administering certain federally funded, state administered public assistance programs, to establish procedures for obtaining, using and verifying information relevant to determinations of eligibility. The Ohio Department of Medicaid shall obtain and share income and benefit information with the following sources:
 - (1) The social security administration (SSA).
 - (2) The internal revenue service (IRS).
 - (3) The state wage information collection agency (SWICA).
 - (4) The agencies administering the State unemployment compensation (UC) laws....

- (C) Administrative agency responsibilities. The administrative agency shall:
...
 - (3) Within forty-five days of receipt of the information, review and compare against the case record all information received to determine whether it affects the individual's eligibility. Obtain verification, if appropriate, to determine eligibility and initiate appropriate action in accordance with 42 C.F.R. 435.952(c). . . For applicants, if the information is received

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

2. MEDICAID/CHIP – IEVS MONITORING (Continued)

during the application period, it must be used to the extent possible to make eligibility determinations, in accordance with 42 C.F.R. 435.952(b) . . .

- (4) Verify the information, in accordance with 42 C.F.R. 435.948 . . . and 42 C.F.R. 435.949...

It is management's responsibility to implement controls, processes, and procedures to ensure compliance with these regulations. When automated systems are utilized to perform certain functions related to this compliance, management must ensure the system is properly designed and operating effectively.

During state fiscal year (SFY) 2020, the Department disbursed approximately \$23.7 billion and \$536.4 million on behalf of recipients who were determined eligible for the Medicaid Cluster and CHIP programs, respectively. The Ohio Benefits (OB) system, administered by the Ohio Department of Administrative Services, determines eligibility for the Medicaid Cluster and CHIP programs. Additionally, one of several factors in determining eligibility for the Money Follows the Person federal program, although not being tested as a major program in SFY20, is based upon the recipient's eligibility for the Medicaid Cluster program. The OB system also includes the IEVS functionality which compares reported recipient income to income information maintained by outside data sources (i.e. SSA, IRS, etc.). Income information that does not agree to the OB amount is communicated as an IEVS alert and forwarded to the appropriate county for investigation and resolution. Each alert has a defined due date, which is unique based on the priority level and other policy and process related factors. System design weaknesses and defects identified within Ohio Benefits caused a large increase in alerts, creating an overwhelming volume of information being sent to the counties and resulting in an unmanageable workload and ineffective application of the alert process. In addition, the Department relies heavily on the Ohio Department of Job and Family Services to coordinate with and provide training to the counties. See finding 2020-004 for more detailed information regarding the OB weaknesses and defects, as well as the training control weaknesses.

The Department's Medicaid Eligibility Quality Control (MEQC) unit began monitoring the status of IEVS alerts in March 2019 within its standard recipient case reviews. However, the MEQC reviews did not document if alerts were cleared timely, only if they were complete or incomplete and no reports were sent to the counties to communicate the review results. No other monitoring was performed by the Department over IEVS alerts during the audit period. Therefore, it appears the Department did not have sufficient or effective controls or procedures in place to review and monitor the IEVS alerts generated and processed by the Ohio Benefits system during SFY 2020 to ensure they were being completed by the counties in accordance with the requirements and timeframes established in 42 C.F.R. Section 435.945, 42 U.S.C Section 1320b-7, and OAC Section 5160:1-1-04. Furthermore, an OB report showed 4,012,153 of the 6,940,980 (57.8%) IEVS alerts sent to the counties during the audit period were not cleared within 45 days as required. The alerts were cleared between one and 466 days beyond the 45-day requirement, with an average of 234 days late. The Department did obtain approval from the federal awarding agency to suspend the requirement for caseworkers to process negative alerts between March 1, 2020 and May 28, 2020 for the Medicaid/CHIP programs due to the COVID-19 pandemic. Although we were not able to define the full impact of this waiver since the number of negative alerts not processed could not be separately identified, only 1.2 million alerts were generated during the waiver timeframe.

A lack of monitoring and ensuring IEVS alerts are completed accurately and timely increases the risk that benefits could be calculated and paid for inappropriate amounts or paid on behalf of ineligible recipients. This could adversely affect the Department's ability to comply with requirements of these federal programs which could result in federal sanctions or penalties. Based on discussions with management, the time necessary to develop and test system enhancements and the workload increase due to the COVID-19 pandemic caused a delay in the roll-out of system enhancements and making updates to and distributing the training curriculum to the appropriate personnel.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

2. MEDICAID/CHIP – IEVS MONITORING (Continued)

We recommend the Department continue to work collectively with the related state agencies to implement/update robust processes, procedures, and system controls to address the weaknesses associated with the IEVS process within the Ohio Benefits system. These changes/updates should include, but not be limited to:

- Designing and implementing appropriate and effective control procedures for monitoring IEVS alerts generated and processed in the Ohio Benefits system to help ensure the counties are completing them properly and timely. These monitoring procedures should be performed frequently, include appropriate follow up with the counties if alerts are not being completed properly and timely, and be documented in some manner. Management should periodically review this documentation to ensure the control procedures are being performed timely and as intended.
- Including a more centralized evaluation of alert activity and/or better use of automated tools to vet and prioritize items requiring follow-up at the county level. This would allow Department level personnel to become more experienced and adept at identifying and investigating anomalies and help focus the resources of both Department and county personnel.
- Monitoring the IEVS alert processing procedures guide for the alerts issued by the Ohio Benefits system to ensure alerts are properly documented within the system, worked within the proper timeframes, and proper verification documentation is obtained and maintained by the counties for resolved alerts.
- Determining if the IEVS training for county caseworkers is working as intended to ensure they have the knowledge to properly document and resolve IEVS alerts generated by the Ohio Benefits system.

We also recommend the Department monitor the status of system enhancements and roll-out of resources to the appropriate personnel to ensure they are implemented timely and as planned.

3. MEDICAID/CHIP – MANAGED CARE/MYCARE OHIO – PROVIDER PANEL REPORTS

Finding Number:	2020-031
State Agency Number:	MCD-04
CFDA Number and Title:	93.767 – Children’s Health Insurance Program (CHIP) 93.775/93.777/93.778 – Medicaid Cluster
Federal Award Identification Number / Year:	1905OH5021 / 2019 (CHIP) 2005OH5021 / 2020 (CHIP) 1905OH5MAP / 2019 (Medicaid) 2005OH5MAP / 2020 (Medicaid)
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-026

NONCOMPLIANCE AND MATERIAL WEAKNESS

42 C.F.R. Section 438.206 states, in part, the following regarding availability of services for Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), and Prepaid Ambulatory Health Plans (PAHPs):

- (a) Basic rule. Each State must ensure that all services covered under the State plan are available and accessible to enrollees of MCOs, PIHPs, and PAHPs in a timely manner...

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

3. MEDICAID/CHIP – MANAGED CARE/MYCARE OHIO – PROVIDER PANEL REPORTS (Continued)

(b) Delivery network. The State must ensure, through its contracts, that each MCO, PIHP and PAHP, consistent with the scope of its contracted services, meets the following requirements:

- (1) Maintains and monitors a network of appropriate providers that is supported by written agreements and is sufficient to provide adequate access to all services covered under the contract for all enrollees...

Additionally, Ohio Admin. Code (OAC) Section 5160-26-10 states, in part:

(A) If a MCO fails to fulfill its duties and obligations under 42 C.F.R. Part 438 ... or the MCO provider agreement, ODM [Ohio Department of Medicaid] will provide timely written notification to the MCO identifying the violations or deficiencies, and may impose corrective actions or sanctions through the provider agreement, or corrective actions or any of the following sanctions in addition to or instead of any actions or sanctions specified in the provider agreement:

...

(2) Sanctions that may be imposed on MCOs by ODM include but are not limited to the following:

...

(g) Imposition of financial sanctions.

...

Furthermore, OAC Section 5160-58-01.1 states MyCare Ohio plans must comply with all of the requirements applicable to managed care plans in the following rules:...(7) Rule 5160-26-10 of the Administrative Code.

It is management's responsibility to maintain internal control procedures to provide reasonable assurance the Managed Care Plans and MyCare Ohio Plans (the Plans) are in compliance with the requirements outlined in the agreements. It is also management's responsibility to ensure the Plans maintain adequate provider access for Medicaid and CHIP recipients, as well as ensure any noncompliance by the Plans is promptly addressed and sanctions are imposed by the Department when necessary.

During state fiscal year (SFY) 2020, the Department disbursed approximately \$17.9 billion in Medicaid Cluster and CHIP capitation payments to the Plans which administer the managed care program throughout the state. The Department enters into a new contract with the Plans at the beginning of each state fiscal year and amends the agreement each January to outline the responsibilities of the Department and the Plans. The agreement requires the Plans to provide or arrange for the delivery of all medically necessary, Medicaid-covered health services, as well as ensure compliance with federally defined provider panel access standards, as outlined in the agreement and as required by 42 C.F.R. Section 438.206. The agreement also specifies the minimum number of providers or the maximum distance recipients can be required to travel for each provider type in each county or region of the state that each Plan must maintain. Additionally, the agreement states the Department may assess a \$1,000 nonrefundable financial sanction, at least quarterly, for any deficiencies in the Plan's provider network for each category, for each county.

The Managed Care Provider Network (MCPN) developed by Automated Health Systems, the Managed Care Enrollment Contractor, is a database used to track the Plans' provider networks. After the Plan agreements are signed, the MCPN database is updated with the provider requirements by type per the agreement. Prior to subcontracting with a Plan, each provider must enroll with the Department and is then entered into the MCPN database. Quarterly, the Department generates two Provider Panel Reports from the MCPN database, one for the Managed Care Plans and one for MyCare Ohio Plans, which show the number of providers for each provider type by county and/or region, and utilizes them to determine if the Plans are compliant with the requirements outlined in the agreements. If deficient, a non-compliance notice is sent to the Plan which identifies any fine assessed.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

3. MEDICAID/CHIP – MANAGED CARE/MYCARE OHIO – PROVIDER PANEL REPORTS (Continued)

Beginning with the January 2020 Managed Care Plan Amended Agreement, the Department implemented a new system requiring the Plans to contract with a provider within a maximum time and distance for the average recipient for 19 provider types. The agreement specified a Plan would not be sanctioned for time and distance standards unless the requirements were not met for two consecutive quarters. The Department utilized a Geo Mapping software system to determine if the time and distance requirements were met for the transitioned provider types for the remaining two quarters of SFY 2020. The remaining Managed Care provider types and MyCare Ohio plans continued to be evaluated with the minimum provider requirements. However, the controls were not operating effectively as evidenced by the following:

- Two of six (33.3%) Provider Panel Reports selected for testing indicated the minimum panel requirement was not met and a noncompliance citation was not issued. Within the reports, there were 10 instances in which the Plan did not meet the minimum panel requirements and a noncompliance citation was not issued. Additionally, for one report, certain provider types/categories were not monitored by the Department for time and distance requirements, resulting in 264 instances where it could not be determined if the minimum panel requirement was met. However, in the previous quarter, only 5 instances of time and distance noncompliance were noted; therefore, five is the maximum number of potential sanctions that could have been issued. The above issues could have resulted in a possible \$1,000 nonrefundable sanction for each instance, totaling \$15,000.
- Two of six (33.3%) Provider Panel Reports selected for testing included information that did not match the requirements listed in the agreements. Within the reports, there were 271 instances (includes the 264 instances noted above) in which no monitoring took place and the minimum requirement on the Provider Panel Report did not agree to the requirements listed in the Plan's provider agreement. Of the remaining 7 instances, none resulted in the minimum panel requirement not being met so no noncompliance citation was deemed necessary.

Without maintaining proper controls to ensure the reporting system is updated when panel standards are modified or added in the Plan agreements or to ensure the provider tables included within the Plan agreements are complete and accurate, there is an increased risk of noncompliance by the Plans that could go undetected or not be detected timely. If a Plan is not meeting the requirements of its agreement, then the population it serves could be in danger of not receiving adequate medical services in their area as required by federal regulations and program rules. Additionally, without proper notice being sent to noncompliant Plans, they may not be able to implement corrective action in a timely manner. Furthermore, by not assessing fines in accordance with the agreement, the Department risks the Plans not making compliance, and timely corrective actions, a priority. Based on discussions with management, the issues were due to clerical and oversight errors and system issues, including the inability to update the MCPN database in time for quarterly reporting.

We recommend the Department review its internal control process and ensure procedures are implemented to regularly evaluate the reporting system to ensure it is updated to agree to Plan standards, including any new requirements, mandated in the Plan agreements. Additionally, the Department should reinforce its current process of reviewing the Plan agreements to ensure the provider tables provided within them are complete and accurate. Any problems noted should be promptly corrected to reduce the risk of a Plan not being in compliance with the agreement. The monitoring procedures performed should be documented to provide assurance they are performed consistently and as management intended. Additionally, these procedures should be updated on a regular basis to address any necessary changes in the contract requirements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

4. IT – NCCI IMPLEMENTATION AND MONITORING

Finding Number:	2020-032
State Agency Number:	MCD-05
CFDA Number and Title:	93.767 – Children’s Health Insurance Program (CHIP) 93.775/93.777/93.778 – Medicaid Cluster
Federal Award Identification Number/Year:	1905OH5021 / 2019 (CHIP) 2005OH5021 / 2020 (CHIP) 1905OH5MAP / 2019 (Medicaid) 2005OH5MAP / 2020 (Medicaid)
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Special Tests and Provisions - Medicaid National Correct Coding Initiative (NCCI)
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

The Center for Medicare & Medicaid Services (CMS) National Correct Coding Initiative (NCCI) promotes national correct coding methodologies and reduces improper coding which may result in inappropriate payments of Medicare Part B claims and Medicaid claims. The coding policies are based on coding conventions defined in the American Medical Association's (AMA) Current Procedural Terminology (CPT) Manual, national Medicare policies, coding guidelines developed by national societies, standard medical and surgical practice, and current coding practice.

Effective October 1, 2010, CMS incorporated five initial NCCI methodologies into the state Medicaid programs pursuant to the requirements of Section 6507, Mandatory State Use of NCCI, of the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the Health Care and Education Recovery Act of 2010 (P.L. 111-152), together referred to as the Affordable Care Act, which amended section 1903(r) of the Social Security Act. CMS has adopted the contents of the NCCI Policy Manual for Medicare Services with minor modifications for state Medicaid programs. Effective in October 2012, CMS implemented a sixth Medicaid NCCI methodology. As such, States are required to implement the six Medicaid NCCI methodologies stated below:

1. NCCI procedure-to procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims;
2. NCCI PTP edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services;
3. Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services;
4. MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services;
5. MUE UOS edits for durable medical equipment (DME) billed by providers; and,
6. NCCI PTP edits for DME.

It is management's responsibility to implement controls and procedures to comply with these regulations. When automated systems are utilized to perform certain functions related to this compliance, management must ensure the system is properly designed and operating effectively. Additionally, when the system is not directly administered by the entity, such as when utilizing a vendor, appropriate monitoring controls must be designed and implemented to reasonably ensure all tasks and controls performed by the vendor on behalf of the entity comply with applicable laws and regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MEDICAID

4. IT – NCCI IMPLEMENTATION AND MONITORING (Continued)

During state fiscal year 2020, the Department disbursed approximately \$6.2 billion for Medicaid and \$31.2 million for Children's Health Insurance Program (CHIP) related to fee-for-services claims. The Department administers the Medicaid Information Technology System (MITS), which is an automated application to determine if the services provided to eligible recipients were by an eligible provider and allowable prior to payment.

The MITS vendor is responsible for the administration of NCCI for the Department, including obtaining the quarterly documentation from CMS used for implementation of the methodologies. Each quarter, the MITS vendor obtains and shares the NCCI files with the Department management for their review. After the review is complete, the MITS vendor tests the configuration of the files for correctness. Once the MITS vendor's testing is satisfactory to Department management, they approve the files to be implemented in MITS. However, this process did not identify that the sixth Medicaid NCCI methodology, requiring PTP edits for DME into MITS, was not implemented. In addition, the Department has not implemented monitoring controls over the NCCI quarterly implementation process to ensure all methodologies were completely and correctly implemented.

Without adequate monitoring controls over the implementation of NCCI, management cannot be reasonably assured the NCCI compliance requirement is being met. In addition, without PTP edits in place for DME, improper payments of DME services could occur. Based on discussions with the Department and MITS vendor management, PTP edits for DME were not implemented in MITS due to an oversight.

We recommend the Department implement monitoring controls over the quarterly implementation process of all NCCI edits to help ensure all information is submitted accurately, completely, and timely, as required. In addition, the Department should implement PTP edits for DME claims to ensure that all NCCI compliance requirements are met and only proper payments are reimbursed.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

1. OPIOID STR – ELIGIBILITY

Finding Number:	2020-033
State Agency Number:	MHA-01
CFDA Number and Title:	93.788 – Opioid STR
Federal Award Identification Number / Year:	H79TI080261 / 2018 (CURES) H79T1081684 / 2019 (SOR) H79TI081684 / 2020 (SOR)
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Repeat Finding from Prior Audit?	No

QUESTIONED COSTS, NONCOMPLIANCE, AND MATERIAL WEAKNESS \$157,333

The Substance Abuse and Mental Health Services Administration (SAMHSA) promulgated the Funding Opportunity Announcement (FOA) No. TI-18-015 to seek applicants for the Opioid STR federal program. Page 68 of the FOA states “Sub-recipient means a non-Federal entity that receives a sub-award from a pass-through entity to carry out part of a Federal award, including a portion of the scope of work or objectives. Grant recipients are responsible for ensuring that all sub-recipients comply with the terms and conditions of the award, per 45 CFR §75.101.” This provision indicates that 45 C.F.R Section 75.202 applies to all grant agreements, including subawards. 45 C.F.R Section 75.202(b) requires the federal awarding agency must provide certain information about the federal award and states, in part:

(5) General Eligibility Requirements: The statutory, regulatory or other eligibility factors or considerations that determine the applicant’s qualification for Federal awards under the program (e.g., type of non-Federal entity); . . .

It is management’s responsibility to implement control policies and procedures to reasonably ensure only entities that meet specific eligibility requirements are approved as a subrecipient and receive funding, in accordance with the program rules and regulations. These controls must be adequately documented to provide assurance the controls are performed timely and consistently and the documentation should be maintained according to an approved retention schedule.

During state fiscal year 2020, the Department disbursed approximately \$35.3 million in federal funding for the Opioid STR program, which includes the Ohio Opioid STR Project (CURE) and State Opioid Response Project (SOR) grants, to 191 subrecipients. The Department issued various Requests for Applications (RFA), geared toward specific services or types of entity applicants, which defined specific eligibility requirements and a set of scoring criteria. Once an entity submitted an application in response to an RFA, the Department graded it using a scoring sheet to determine the applicant’s eligibility as a subrecipient. However, for three of 22 (13.6 %) subawards tested, totaling \$217,088, the Department could not provide the scoring sheets to evidence its determination of the subrecipient’s eligibility. As a result, we could not determine these subrecipients were eligible for the Opioid STR program and will question the costs for all payments made to them during the audit period, totaling \$157,333.

By not maintaining appropriate supporting documentation of subrecipient eligibility determinations, management cannot be reasonably assured disbursements are made to only eligible subrecipients. Without proper monitoring by management to ensure control procedures are operating as intended and the documentation of those procedures are maintained, the risk is increased that eligibility determinations are not proper. This could result in a misuse of funds and noncompliance with federal requirements, which could subject the Department to sanctions, other penalties, or having to repay part of the federal grant awards. Based on discussions with management, the documents were missing or they were misfiled.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

1. OPIOID STR – ELIGIBILITY (Continued)

We recommend the Department evaluate its current control processes related to determining subrecipient eligibility and enforce or change them, if needed, to achieve the intended control objectives. Management should stress the importance of completing the required reviews of documents and the conclusions made and maintaining evidence of such. We also recommend the Department establish procedures to periodically monitor its compliance with the related controls and initiate necessary actions to resolve any noncompliance that results. The Department should maintain evidence of such monitoring procedures to provide management with assurance the controls are operating consistently and effectively, and to identify the need for additional training or modification of the existing procedures.

2. OPIOID STR – REPORTING

Finding Number:	2020-034
State Agency Number:	MHA-02
CFDA Number and Title:	93.788 – Opioid STR
Federal Award Identification Number / Year:	H79TI080261 / 2018 (CURES) H79T1081684 / 2019 (SOR) H79TI081684 / 2020 (SOR)
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Reporting
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

Part VI.1. (Reporting Requirements) of the Funding Opportunity Announcement (FOA) No. TI-18-015, promulgated by the Substance Abuse and Mental Health Services Administration (SAMHSA) to seek applicants for the Opioid STR federal program, states that “Progress Reports - recipients will be expected to submit an annual report.” The Notice of Award for the Opioid STR federal program provides additional information on this reporting requirement and states, in part:

Annual Performance Progress Report (PPR)

The Performance Progress Report (PPR) is required on an annual basis and must be submitted no later than 90 days after the end of the budget period (by December 31, 2019). Note: Recipients must also comply with the GPRA [(Government Performance and Results) Modernization Act of 2010] requirements that include the collection and periodic reporting of performance data as specified in the FOA or by the Grant Program Official (GPO). . . . Additional information on reporting requirements is available at <https://www.samhsa.gov/grants/grants-management/reporting-requirements>.

It is management’s responsibility to implement control policies and procedures to reasonably ensure federal reports are accurate and complete and comply with applicable laws and regulations. Controls must be adequately documented to provide assurance the controls are performed timely and consistently.

During state fiscal year (FY) 2020, the Department disbursed approximately \$48.7 million in federal funding from the Opioid STR program, which includes the Ohio Opioid STR Project (CURE) and State Opioid Response Project (SOR) grants. The PPR submitted on December 31, 2019 covered the period September 30, 2018 through September 29, 2019 and provided both demographic and financial information of the major activities / accomplishments for the six designated state regions and various statewide projects. The Department gathers data required for the PPR by assembling information from the data submitted by providers through the iPortal GPRA data collection application and monthly project management calls with funded organizations. Once the report is compiled, the Project Director reviews the report for completeness and accuracy before submission to the federal grantor agency.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

2. OPIOID STR – REPORTING (Continued)

However, the Department's controls did not detect or prevent errors in the December 31, 2019 PPR. For three of the six regions, the Department (under)/over reported the total Opioid STR program disbursements when compared with the supporting documentation provided by the Department. The variances were \$82,783, (\$1,158,576), and \$2,704,027 and equaled 3.3%, 39%, and 98% of the reported amounts, respectively. In addition, the Department reported amounts from FY 2020 instead of FY 2019 for two of the statewide projects. These variances were \$2,000 and \$26,519 more than the support and equaled 23.5% and 15.2% of the reported amounts, respectively.

If control procedures are not performed properly and consistently, management cannot be reasonably assured the submitted reports were complete and accurate. Without maintaining appropriate support and performing a complete and thorough review of the report before submission, a risk exists that incorrect or inaccurate information could be reported to the federal grantor agency regarding the program's activity. This could result in noncompliance with federal requirements and subject the Department to sanctions, penalties, or repayment of part of the federal grant award. Based on discussions with management and review of supporting documentation, the condition occurred because the Department could not locate support for all the reported financial data amounts and erroneously used the wrong year's data for the statewide projects.

We recommend the Department evaluate its current controls related to preparing the required PPR and enforce or change them, if needed, to ensure the report is complete and accurate. Management should stress the importance of completing the required reviews of documents and maintaining evidence of the reviews and related support. We also recommend the Department establish procedures to periodically monitor its compliance with the related controls and initiate necessary actions to resolve any noncompliance that results. The Department should maintain evidence of such monitoring procedures to provide management with assurance the controls are operating consistently and effectively, and to identify the need for additional training or modification of the existing procedures.

3. OPIOID STR – NON-PAYROLL EXPENDITURES

Finding Number:	2020-035
State Agency Number:	MHA-03
CFDA Number and Title:	93.788 – Opioid STR
Federal Award Identification Number / Year:	H79TI080261 / 2018 (CURES) H79T1081684 / 2019 (SOR) H79TI081684 / 2020 (SOR)
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Repeat Finding from Prior Audit?	No

MATERIAL WEAKNESS

45 C.F.R. Part 75 establishes uniform administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, for federal programs awarded by the Department of Health and Human Services, including the Opioid STR program. Section 75.303 states, in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. . . .

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

3. OPIOID STR – NON-PAYROLL EXPENDITURES (Continued)

It is management's responsibility to implement control policies and procedures to reasonably ensure that controls are established and working as designed/intended so that expenditure transactions are processed accurately and completely, and comply with applicable laws and regulations. Controls must be adequately documented to provide assurance the controls are performed timely and consistently.

During state fiscal year 2020, the Department disbursed approximately \$12.4 million in procurement transactions from the Opioid STR program, which includes the Ohio Opioid SR Project (CURE) and State Opioid Response Project (SOR) grants. The Department established controls that require two different employees review and approve these transactions during processing. These controls existed for regular vouchers and Intra-State Transfer Vouchers (ISTV), which consist of disbursements between state agencies. ISTVs are prepared and coded by the receiving agency to initiate a request for disbursement of funds from the paying agency. However, three (all ISTVs) of the 19 (15.8%) disbursements tested were not reviewed and approved by a second employee. In addition, the employees involved did not realize the accounting system did not forward the ISTVs to the second reviewer, as requested by the first reviewer by checking the "Show to Approver?" box. Instead, the system showed the ISTV was approved and displayed a message "No approvals are required".

Without proper review and approval of expenditure transactions, a risk exists that procedures may not be working as intended or may not be consistently applied. If control procedures are not performed properly and consistently, management cannot be reasonably assured expenditure transactions are accurate or proper. Based on discussions with management and review of supporting documentation, the condition occurred because the receiving agency incorrectly coded the ISTVs to origin code (299 - DMH Support Services Interface instead of origin code 300 - DMH Central Office), which caused the accounting system to mark the transaction as approved and not forward it to the second reviewer. In addition, the Department's employees either did not note the different origin code or recognize the significance of it during the first level review.

We recommend the Department evaluate its current controls related to program disbursements and enforce or change them, if needed, to achieve the control objectives intended. Management should stress the importance of completing the required reviews of invoices and vouchers for the appropriate codes, including the origin code. We also recommend the Department establish procedures to periodically monitor its compliance with the related controls and initiate necessary actions to resolve any noncompliance that results. The Department should maintain evidence of such monitoring procedures to provide management with assurance the controls are operating consistently and effectively, and to identify the need for additional training or modification of the existing procedures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

4. SABG – PAYROLL

Finding Number:	2020-036
State Agency Number:	MHA-04
CFDA Number and Title:	93.959 – Block Grants for Prevention and Treatment of Substance Abuse
Federal Award Identification Number / Year:	B08T1010041-19 / 2019 B08TI83036-01 / 2020
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-029

MATERIAL WEAKNESS

45 C.F.R. Part 96 contains the implementing regulations for the Block Grants for Prevention and Treatment of Substance Abuse (SABG) program, as well as general administrative requirements for SABG. Specifically, 45 C.F.R. Section 96.30 (a) contains fiscal and administrative requirements and states, in part:

Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. . . .

Ohio Rev. Code Chapter 124 contains laws related to state employment. In addition, the Department implemented Policy HR-14, *Central Office Work Schedules, Timekeeping, Overtime and Compensatory Time, and Flexible Scheduling Policy*, to expand on parts of Ohio Rev. Code Chapter 124. Sections B.8 and B.9 of this policy state:

Timekeeping accountability: It is the duty of every employee of the Department to accurately and truthfully report and receive compensation for hours worked. Additionally, it is the duty of an employee's direct supervisor to verify that the hours reported reconcile with the employee's schedule, including approved leave usage.

The employee will enter time worked in his/her MHAS timekeeping record. The timekeeping record and any approved compensatory/overtime requests and/or requests for leave will be reviewed by the section timekeeper before final approval of the timekeeping record by the employee's supervisor.

It is management's responsibility to implement control policies and procedures to reasonably ensure payroll transactions are processed accurately and completely; comply with applicable laws and regulations; and, are based on complete and accurate employee timesheets. Controls must be adequately documented to provide assurance the controls are performed timely and consistently.

During state fiscal year 2020, the Department disbursed approximately \$3.8 million in payroll costs from the SABG program. These payroll costs were for Central Office employees who enter their time worked, as well as leave and overtime/compensatory time (OT/CT) requests, directly into Kronos, the Department's timekeeping system. Each employee's supervisor is to review and approve/disapprove leave and OT/CT requests and the employee's timesheets. To help ensure timesheets are approved timely, the Department had a control in place that an employee from the Payroll Division query Kronos to identify unapproved timesheets after the end of each pay period and notify the supervisor that the timesheet requires approval. The Kronos timesheets are then interfaced with the Ohio Administrative Knowledge System's (OAKS) Human Capital Management (HCM) module for processing. However, six of 60 (10%) timesheets tested did not contain the supervisor's approval.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

4. SABG – PAYROLL (Continued)

Without proper documentation of management’s review and approval of timesheets and other internal controls, a risk exists that procedures may not be working as intended or may not be consistently applied. If control procedures are not performed and documented consistently, management cannot be reasonably assured the employee timesheets are complete and accurate, which increases the risk that employee compensation is not proper. Based on discussions with management and review of supporting documentation, the timesheets were not properly approved because the supervisor was not available on the day they were required to be approved or the supervisor did not get into Kronos before it interfaced with OAKS.

We recommend the Department continue to strengthen and enforce its current control procedures and processes relating to the review of employee timesheets. Management should stress the importance of completing the required reviews of timesheets and the need to document such reviews. The Department should designate alternate approvers if the employee’s supervisor is not available to approve the timesheets. We also recommend the Department establish procedures to periodically monitor its compliance with the related controls and initiate necessary actions to resolve any noncompliance that results. Evidence of such monitoring procedures should be maintained to provide management with assurance the controls are operating consistently and effectively, and to identify the need for additional training or modification of the existing procedures.

5. OPIOID STR – CASH MANAGEMENT

Finding Number:	2020-037
State Agency Number:	MHA-05
CFDA Number and Title:	93.788 – Opioid STR
Federal Award Identification Number / Year:	H79TI080261 / 2018 (CURES) H79T1081684 / 2019 (SOR) H79TI081684 / 2020 (SOR)
Federal Agency:	Department of Health and Human Services
Compliance Requirements:	Cash Management
Repeat Finding from Prior Audit?	No

SIGNIFICANT DEFICIENCY

45 C.F.R. Part 75 establishes uniform administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, for federal programs awarded by the Department of Health and Human Services, including the Opioid STR program. 45 C.F.R. Section 75.303 states, in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. . . .

It is management’s responsibility to implement control policies and procedures to reasonably ensure that controls are established and working as designed/intended so that revenue transactions are processed accurately and completely, and comply with applicable laws and regulations. Controls must be adequately documented to provide assurance the controls are performed timely and consistently.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

5. OPIOID STR – CASH MANAGEMENT (Continued)

During state fiscal year 2020, the Department drew down approximately \$46.4 million in federal revenue for the Opioid STR program, which includes the Ohio Opioid STR Project (CURE) and State Opioid Response Project (SOR) grants. After the Department submits a federal draw request through the Payment Management System (PMS), it generates a Request for Payment federal draw document from PMS. Before the federal funds are transferred to the Department the next day, the Community Funding Operations Manager, or designee, reviews and compares the Request for Payment to the Payment Detail deposit document for accuracy and completeness. This review and approval is to be evidenced by the manager's initials and date on the Payment Detail deposit document. However, for two of 60 (3.3%) federal draws tested for the Opioid STR program, the Department could not provide the Payment Detail deposit document to evidence the manager's review and comparison.

Without proper review and approval of revenue transactions, a risk exists that procedures may not be working as intended or may not be consistently applied. If control procedures are not performed properly and consistently, management cannot be reasonably assured revenue transactions are accurate or proper. Based on discussions with management and review of supporting documentation, the condition occurred because the Department could not locate the missing documents or they were misfiled.

We recommend the Department evaluate its current controls related to revenue and records management processes and enforce or change them, if needed, to achieve the intended control objectives. Management should stress the importance of completing the required reviews and comparison of documents and maintaining evidence of such. We also recommend the Department establish procedures to periodically monitor its compliance with the related controls and initiate necessary actions to resolve any noncompliance that results. The Department should maintain evidence of such monitoring procedures to provide management with assurance the controls are operating consistently and effectively, and to identify the need for additional training or modification of the existing procedures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF NATURAL RESOURCES

1. FISH AND WILDLIFE CLUSTER – EQUIPMENT AND REAL PROPERTY MANAGEMENT

Finding Number:	2020-038
State Agency Number:	DNR-01
CFDA Number and Title:	CFDA 15.605 / 15.611 - Fish and Wildlife Cluster
Federal Award Identification Number / Year:	F15AF00519 / 2015 F11AF00634 / 2016 F17AF01310 / 2018 F15AF00519 / 2018 F18AF00597 / 2018 F15AF01110 / 2019 F19AF00429 / 2019 F19AF00435 / 2019
Federal Agency:	Department of the Interior
Compliance Requirement:	Equipment and Real Property Management
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-032

NONCOMPLIANCE AND MATERIAL WEAKNESS

2 C.F.R. Section 1402.100 gives regulatory effect to the Department of the Interior for 2 CFR Section 200.313, which establishes equipment procedures acquired under Federal awards and states, in part:

(b) A State must use, manage, and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures...

Ohio Rev. Code (ORC) Section 125.16(A) states, in part:

In accordance with procedures prescribed by the director of administrative services, the officer in charge of each state agency, other than an institution of higher education, shall maintain current and accurate records of tangible personal property and real property, as defined by the department of administrative services that the state agency holds either directly or on behalf of the state. These records shall specify the value of the property, the number of acres of land, the number and kind of buildings, and other significant information about the property, as designated by the department.

The Ohio Department of Administrative Services (DAS) serves as the oversight agency for the State's inventory records such as equipment, land, buildings etc. DAS establishes inventory policies and procedures for state agencies to use for managing and reporting inventory within the State of Ohio Asset Management Handbook. The policy within the Handbook requires buildings and land acquisitions be recorded in the State's AMS (Asset Management System) promptly following receipt of the asset. Additionally, the Department's internal inventory policy requires inventory items be entered into AMS within five working days of payment. It also requires staff to forward acquisition information to the division inventory coordinator in a timely manner; however, it does not include who is responsible for maintaining the supporting documentation for building and land purchases. It is management's responsibility to have internal control procedures in place to ensure compliance with these procedures as well as the ORC. Such controls must reasonably ensure inventory is entered promptly and inventory records maintained by the Department are accurate, complete and have proper supporting documentation.

As of June 30, 2020, AMS reported the Department had \$26.1 million in buildings and \$132 million in land recorded as assets on hand purchased with Fish and Wildlife Cluster federal funds. Purchases of land or buildings go through the Department's Office of Real Estate and Land Management (REALM). The Division

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF NATURAL RESOURCES

1. FISH AND WILDLIFE CLUSTER – EQUIPMENT AND REAL PROPERTY MANAGEMENT (Continued)

of Engineering and REALM work with the Division of Wildlife to ensure the purchase is allowable per the grant agreement and the Division of Engineering enters the payment information related to the purchase into the state's accounting system, Ohio Administrative Knowledge System (OAKS). However, these AMS updates are not done within the five business days required by the Department's internal policy and are not considered prompt in accordance with the State's Handbook policies. For buildings, the Office of Business Finance (OBF) Inventory Specialist updates the AMS annually based on a report from the Division of Engineering detailing buildings purchased during the year. For land, the OBF Inventory Control Specialist updates the AMS semi-annually from an OAKS Business Intelligence expenditure report (by account code) and the related voucher and invoice. Additionally, we noted for 37 of 60 (61.7%) non-equipment inventory assets (i.e. land, buildings, etc.) selected for testing, documentation was not provided to support the Department's valuation of the asset, or the documentation provided did not match the Department's valuation in AMS. Furthermore, for five of these assets, no documentation was provided to support the Department's ownership of the assets in AMS.

Without promptly entering inventory purchases or keeping appropriate supporting documentation on file, management cannot be reasonably assured the inventory listing is complete and accurate when certified annually to DAS. This increases the risk assets in the State of Ohio's financial statements could be misstated, improper transactions may not be detected in a timely manner, or the Department could be out of compliance with applicable state and federal laws. Noncompliance with federal regulations could result in federal funds being reduced, taken away, or other sanctions imposed by the federal grantor agency. Based on discussions with management, land and building documentation can be difficult to locate or missing as it could have been obtained decades in the past or is not available on-site. Land and building purchases are not promptly entered into AMS due to Divisions inconsistently submitting documentation for AMS entry.

We recommend the Department continue its efforts to review its existing procedures and develop improved internal controls over asset reporting. Procedures should be updated to ensure they align with DAS regulations and policies, and clarify who should be maintaining the related supporting documentation. The Department should continue in its efforts to update asset information, including obtaining and maintaining proper documentation to support the Department's inventory listing. We also recommend management implement periodic monitoring procedures to ensure the established controls are operating effectively and as intended. In addition, we recommend the Department continue to work with the Ohio Office of Budget and Management (the preparer of the State's financial statements) and DAS to determine how to proceed with assets currently being reported on the AMS if no documentation is able to be located to support the valuation.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF NATURAL RESOURCES

2. FISH AND WILDLIFE CLUSTER – EXPENDITURE RECONCILIATIONS

Finding Number:	2020-039
State Agency Number:	DNR-02
CFDA Number and Title:	CFDA 15.605 / 15.611 – Fish and Wildlife Cluster
Federal Award Identification Number / Year:	F15AF00519 / 2015 F11AF00634 / 2016 F17AF01310 / 2018 F15AF00519 / 2018 F18AF00597 / 2018 F15AF01110 / 2019 F19AF00429 / 2019 F19AF00435 / 2019
Federal Agency:	Department of the Interior
Compliance Requirements:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Repeat Finding from Prior Audit?	No

MATERIAL WEAKNESS

2 C.F.R. Section 1402.100 gives regulatory effect to the Department of Interior for 2 C.F.R. Section 200.303 (a), which requires recipients of federal awards to “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” It is management's responsibility to implement an adequate system of internal controls to monitor the accuracy and completeness of accounting records pertaining to federal expenditures, including periodic reconciliations of their accounts and records to OAKS. Such reconciliations must be performed timely, be thoroughly documented, and include the appropriate follow-up for all significant reconciling items.

During the state fiscal year 2020, the Department's Wildlife Division processed approximately \$24.7 million in expenditures (\$15.1 million related to payroll and \$9.6 million related to non-payroll such as payments for awarded projects to subrecipients, equipment, and supplies) for the Fish and Wildlife Cluster to conserve and improve fish and wildlife resources and their habitats for sustainable use and appreciation by the public. Per Departmental policy, by the tenth of each month, Wildlife Project Leaders must prepare and submit to the Central office a project monitoring statement for each awarded project. The project monitoring statement documents the Project Leader's review and reconciliation over subrecipient's project activities and transactions processed during the month to ensure accuracy and completeness. For payroll expenditures, the Division section timekeepers are required to review and reconcile the payroll register after payroll is processed for their employees and compare it to the related Kronos timesheet/eTARS Time Summary Report/Activity Trackers, as applicable, to ensure accuracy and completeness. However, these reconciliation processes were not performed consistently throughout the audit period, as noted below:

- Five of 60 (8.3%) projects & months selected for non-payroll testing, a project monitoring statement was not completed.
- Two of 60 (3.3%) division payrolls selected for testing, a payroll register reconciliation was not completed.

Without consistently performing reconciliations between the Department's internal records and OAKS, there is an increased risk that amounts recorded in the State's accounting system may be miscoded and/or inaccurate. Furthermore, irregularities or improper transactions could go undetected. Based on discussion

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF NATURAL RESOURCES

2. FISH AND WILDLIFE CLUSTER – EXPENDITURE RECONCILIATIONS (Continued)

with management some projects are difficult to reconcile on a monthly basis as they have a longer span and wide number of expenses. There was also miscommunication between employees regarding who was to complete the procedure when the designated employee was out of office. For payroll, one Division stopped performing reconciliations once the new payroll system, Kronos, was implemented, as they thought it was no longer necessary.

We recommend the Department strengthen existing controls and procedures to ensure expenditures are reconciled timely, appropriately documented, and include appropriate follow-up for all significant reconciling items. Procedures should clearly define responsibility for internal controls when staff are out of the office and be promptly updated when the Department implements a new system to ensure proper internal controls are still being performed. Any updates to procedures should be clearly communicated to all staff. Management should periodically monitor these procedures to verify they are operating effectively and as management intended.

3. IT – LACK OF A SOC 1 AUDIT FOR SERVICE ORGANIZATIONS

Finding Number:	2020-040
State Agency Number:	DNR-03
CFDA Number and Title:	15.605 / 15.611 – Fish and Wildlife Cluster
Federal Award Identification Number / Year:	F15AF00519 / 2015
	F11AF00634 / 2016
	F17AF01310 / 2018
	F15AF00519 / 2018
	F18AF00597 / 2018
	F15AF01110 / 2019
	F19AF00429 / 2019
	F19AF00435 / 2019
Federal Agency:	Department of the Interior
Compliance Requirement:	Reporting
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-034

MATERIAL WEAKNESS

2 C.F.R. Section 1402.100 gives regulatory effect to 2 C.F.R. Section 200.303(a), which requires recipients to maintain internal controls over federal programs that provide reasonable assurance they are in compliance with laws, regulations, and the provisions of contracts or grant agreements. It is management's responsibility to monitor these control procedures to verify they are designed and operating in a manner consistent with federal regulations and program objectives. Furthermore, sound internal control procedures require management to monitor and oversee operations of contractors responsible for carrying out federal requirements to provide reasonable assurance procedures performed by the contractor are functioning as intended and in compliance with federal regulations and contractual obligations.

Entities use outside service organizations to process transactions as part of the entity's information system. Service organizations provide services ranging from performing a specific task under the direction of an entity to replacing entire business units or functions of the entity. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO DEPARTMENT OF NATURAL RESOURCES

3. IT – LACK OF A SOC 1 AUDIT FOR SERVICE ORGANIZATIONS (Continued)

on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should be provided to the Department to provide reasonable assurance that transaction processing conform to the contract.

During state fiscal year (SFY) 2020, the Department used the web-based Ohio Wildlife Licensing System (OWLS) to process sales of approximately \$47 million in hunting and fishing licenses and permits. A portion of these sales must be reported to the federal government annually. The Department contracted with a vendor (service organization) to host this system, which required they provide backups, technical assistance, security monitoring, system enhancements, and system updates for the OWLS application. The service organization, in turn, contracted with another vendor (subservice organization) to house their application and to maintain and oversee the hardware. The Department also relied on the service organization's disaster recovery plan. The Department's contract with the service organization contained a provision requiring it to obtain a SOC 1 Type 2 audit annually; however, a SOC 1 Type 2 audit of the service organization was not completed for the audit period. In the absence of a SOC1 Type 2 report, we were able to perform testing over the service organization's general control environment. However, due to limited availability of information from the service organization we could not gain adequate assurance over change management controls and system level access controls. A SOC 1 Type 2 audit was completed for the subservice organization covering SFY 2020; however, the Department did not review this report.

Without a SOC 1 Type 2 audit of the service organization, the Department may not have sufficient information to reasonably ensure controls are in place, designed properly, and operating effectively to help ensure the integrity of the controls for the data processed, maintained, and reported by the OWLS web application and the service organization. This could also result in inaccurate data reported annually to the federal grantor agency.

Department management indicated the service organization vendor did not initially agree that they were required to have a SOC 1 Type 2 audit performed because of the SOC 1 audit performed of their contracted subservice organization. During SFY 2020, the vendor agreed to complete a SOC 1 Type 2 audit and contracted with an audit firm to conduct the audit; however, the estimated reporting period doesn't start until SFY 2022.

We recommend the Department take steps to ensure a SOC 1 Type 2 audit is completed annually of the service organization for the OWLS web application and its processing environment to provide a description of the system, results of the OWLS internal control testing of operating effectiveness, and an opinion of the overall processing environment. In addition, the Department should review any complementary user entity controls resulting from the SOC 1 audit to ensure those controls are in place and operating effectively. Also, we recommend Department management review the subservice organization's SOC 1 Type 2 report and the complimentary user entity controls to help ensure familiarity with all aspects of the OWLS processing environment.

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SUPPLEMENTAL INFORMATION

Management's Corrective Action Plans



State of Ohio

Finding Number: 2020-001
State Agency: Ohio Department of Administrative Services, Ohio Department of Job and Family Services, Ohio Department of Medicaid
Finding Description: Public Assistance Eligibility

Alerts

The Ohio Benefits Program team has been working toward reduction of the volume of alerts generated in the system for several years, and it remains a top priority for the Program. Reducing alert volume and improving the usability of the alert actioning process is a key focus area for system enhancements.

Beginning in October 2017, the Ohio Benefits Program team, comprised of DAS, ODM, and ODJFS representatives, began meeting bi-weekly to identify opportunities for reducing alert volume and improving the usability of alert processing. This team submitted a comprehensive list of recommendations to DAS, ODM, and ODJFS leadership in October 2018 that would achieve their goals. Those recommendations were approved by leadership and the Ohio Benefits Program team began implementation. Here are some of our major accomplishments:

- August 2019 Release 3.5. – The first significant enhancements were made to reduce alert volume generated in the Ohio Benefits system.
- August 2020 Release 3.6.3 and November 2020 Release 3.6.4 – 22 alert related defects and 4 alert usability enhancements were prioritized and implemented for these releases. The enhancements allowed the Ohio Benefits Program team to clear nearly 3.5 million pending alerts, many of which were duplicate alerts or alerts for discontinued cases, for the county caseworkers.
- Following the August 2020 Release 3.6.3, the Ohio Benefits Program leadership team chose a new approach to reducing alert volume in the Ohio Benefits system – the creation of an “Alerts SWAT Team.” The SWAT Team was established to review the unimplemented recommendations from the 2017-2018 workgroup and to identify additional system enhancements that could reduce alert volume.

The system enhancements needed to continue to achieve the team’s goals are targeted in phases for deployment. Once the alert enhancements are implemented, we project an 80% reduction in the outstanding alert backlog (from 23 million to 4.7 million alerts) and a 50% reduction in the monthly arrival of new alerts (from 2 million monthly alerts to approximately 900,000 alerts).

Overwriting

A prior audit identified the overwriting of income information as a significant issue for the Ohio Benefits system. In response, the Ohio Benefits Program team implemented a system enhancement in its July 2020 Release 3.6.2. That enhancement now warns a system user when they are overwriting income information to prevent overwrites made in error. To supplement the change, a help text was added to the “Income Detail” screen instructing users on how to add new instead of editing (potentially overwriting) the existing income information.

Since the July 2020 Release 3.6.2, two new defects were identified that have contributed to the overwrite issue. Fixes for these two defects will be prioritized and fixed in our normal release cadence. Once implemented, we believe the overwrite issue will be resolved in its entirety.

Caseworker Reliance/Training

The Ohio Benefits Program provides training materials and promotes ongoing learning about related business processes without requiring in-person training. For each major system release or system enhancement that impacts the end user, updated training materials are produced and disseminated. These materials may take the form of job aids that are posted to the project website, train-the-trainer sessions, and video conferences where system users can ask live questions about the system.

In addition to system support and training, ODM and ODJFS have developed a 12-week new worker training which covers Ohio Benefits Program Basics, MAGI, Aged Blind and Disabled Medicaid, SNAP, TANF and Case Maintenance. Each class includes instruction for both system processes and eligibility policy and is currently in its fourth offering. ODM hosts monthly webinars with all 88 counties. Webinars include policy updates, training material and general guidance or instruction on recent changes and issues. ODM and ODJFS also host quarterly webinars to discuss training topics affecting multiple programs. Recordings of previous ODM training and materials are available for viewing at any time on the ODJFS hosted Innerweb, along with current eligibility policy related desk aids.

Multi-program Info

All person-level information that has been entered into the system, including income, is linked between programs. However, program eligibility is determined separately for each requested program. County caseworkers do need to run each impacted program block to apply a person level change, such as an income update. County caseworkers can process program blocks together or individually when a change in circumstances is reported. Related program blocks across cases are automatically companioned (linked) in the Ohio Benefits system when there are individuals listed across cases that have a budgetary impact to one another's program eligibility. This is designed to make it more obvious for county caseworkers to know which program eligibility needs to be updated due to a customer circumstance change. If workers do not process for a related program block within five days, an alert is generated to inform the county caseworker.

System Design Weaknesses/Defects

Please refer to our earlier narrative regarding the significant progress the Ohio Benefits Program has made in addressing issues with system-generated alerts, including correcting defects that cause alerts to generate in error, implementing design changes to reduce alert volume, especially for alerts that are redundant or not actionable, and implementing usability improvements to streamline the process to act on an alert.

Defects that have contributed to the noted findings have been documented, prioritized, and either fixed or will be scheduled to be fixed. The DAS, ODM, and ODJFS workgroup established thirteen focus areas for the Ohio Benefits system. These focus areas have a high impact to audit findings, county caseworker productivity and user experience with the system, as well as the experience Ohio residents have as they interact with the system. The 13 focus areas are as follows in order of priority:

1A. Eligibility Determination Errors	6. Document Management
1B. Alert Management	7. IVR/CSS
1C. Income Overwrites and View History	8. Signatures
2. Renewal Processing	9. Electronic Verification
3. Change Reporting (Redetermination)	10. Intake and No Touch
4. Self Service Portal "Look and Feel"	11. Reports
5. Notices of Action	

Outstanding system defects, planned enhancements, and issues reported by counties, residents, and advocacy groups, as well as issues cited in audits were grouped into a focus area so they could be worked on together. This allowed significant work to progress holistically for a given focus areas with the intent of providing immediately recognizable improvement.

We have made significant progress against these focus areas, as shown in the chart below. However, the vendor may inadvertently create defects in the process of correcting other defects and/or implementing enhancements. If those defects have been identified, they are not shown in this chart.

#	Key Audit or CAP Focus Area Functional Group	Ohio Benefits Plan Component				
		Delivered + Slotted Defects	Delivered + Slotted Enhancements	Unslotted Defects	Unslotted Enhancements	Percent Complete
1A	Eligibility Determination Errors	318	17	31	4	91%
1B	Alert Management	25	3	6	14*	58%
1C	Income Overwrites and View History	54	2	2	0	96%
2	Renewal Processing	15	2	4	12*	52%
3	Change Reporting (Redetermination)	31	1	6	0	84%
4	SSP Look and Feel	33	0	0	3*	89%
5	Notices of Action	34	0	12	4*	68%
6	Document Management	3	0	0	0	100%
7	IVR/CSS	N/A	N/A	N/A	N/A	N/A
8	Signatures	1	0	0	0	100%
9	Electronic Verification	16	0	8	1	64%
10	Intake and No Touch	24	0	5	0	83%
11	Reports	20	2	1	1	92%

Defects and enhancements for these focus areas have been prioritized for production implementation. For example:

- August 2020 Release 3.6.3 – 182 defects fixed, and 7 enhancements implemented.
- November 2020 Release 3.6.4 – 189 defects fixed, and 9 enhancements implemented.
- February 2021 Release 3.6.5 – 63 defect fixes, and 5 enhancements to be implemented.

While much work remains to be done, since February 2020, this effort has resulted in a 50% reduction in the defect backlog, which we expect will significantly impact future case audits as more current case processing is monitored, which will have occurred on a system with a significantly fewer number of defects.

Medicaid Compliance Errors

- Six (7.5%) recipients were not eligible to receive benefits on the date services were performed. Since Ohio Benefits is the State's official eligibility determination system, these items will result in questioned costs for all claims paid for services provided for these individuals during the time they were ineligible, totaling \$109,391.

ODM agrees with five of these six identified errors and is providing training to county caseworkers to address these errors. ODM provided training to counties on processing SWICA alerts on November 19, 2019 and on EDMS scanning guidance on August 5, 2020. Additional training sessions on alert processing are scheduled to be held in the first, second and third quarters of 2021. An income processing training is also scheduled to be held in the second quarter of 2021.

- 14 (17.5%) recipients were not placed in the correct benefit aid category. Six of these individuals are included above and were deemed ineligible. For the other eight recipients, although their age and/or income deemed them to be in the incorrect benefit aid category, they were qualified to be placed in another benefit aid category; therefore, the eligibility of the recipient was not questioned. The revised benefit aid category did not affect the Federal Medical Assistance Percentage (FMAP) used to draw down funds from the federal government for the recipient.

ODM agrees with 12 of these 14 identified errors and is providing training to county caseworkers to address these errors. ODM provided training to counties on processing SWICA alerts on November 19, 2019, MAGI Child verses CHIP Child on March 4, 2020, MAGI case processing on October 5, 2020, ABD case processing on October 6, 2020, and a series of new county caseworker policy trainings in June 2020 which covered MAGI, ABD and LTC Medicaid. ODM has also held multiple Operational Support webinars with counties in the fourth quarter of 2020 and first quarter of 2021 that provided training on common errors that have been found with county overrides. This training will continue throughout 2021. Additional training sessions on alert processing are scheduled to be held in the first, second and third quarters of 2021. An income processing training is scheduled to be held in the second quarter of 2021, as well as another MAGI Child verses CHIP Child training in the second quarter of 2021.

- 25 (31.3%) recipient cases either did not contain adequate documentation (in Ohio Benefits, EDMS, or the CDJFS case files) to support the Department's decision on the recipient's eligibility or incorrect recipient information was entered into Ohio Benefits. However, based on additional information we obtained from other sources; the recipient was still eligible.

ODM agrees with 20 of the 25 errors identified here and is working to address both system and county caseworker errors that led to the errors. Defects were identified in the Ohio Benefits system that caused documentation such as copies of electronic applications to not be displayed. This likely contributed to the recipient cases where adequate documentation was not available in the Ohio Benefits system. Most of these Ohio Benefits system defects have been resolved; however, there are three known defects that remain open and will be prioritized and fixed in our normal release cadence.

Additionally, ODM provided training to counties on EDMS scanning guidance on August 5, 2020, renewal processing on September 28, 2020, MAGI case processing on October 5, 2020, ABD case

processing on October 6, 2020, and a series of new worker policy trainings in June 2020 which covered MAGI, ABD and LTC Medicaid. An income processing training is scheduled to be held in the second quarter of 2021, and additional trainings will be held in 2021 on intake, renewal, and change processing, including how to handle Medicaid when the county is processing a SNAP redetermination.

- Three (3.8%) recipient cases had an untimely eligibility redetermination. Two of the redeterminations were 49 and 204 days beyond the allowed 45-day processing period. One redetermination had not been completed as of when testing was completed in November 2020; it was due in May 2020. It was also noted eligibility redeterminations were suspended as of March 21, 2020 due to the pandemic, as identified in the Alerts section above.

ODM agrees with these identified errors. ODM suspended annual renewals of Medicaid eligibility from March 2020 through June 2020. ODM resumed annual renewals in July 2020; however, due to the public health emergency, eligibility for individuals cannot be discontinued except due to death, moved out of state or voluntary disenrollment. CMS has also provided guidance in SHO# 20-004 that states will have six months once the public health emergency ends to complete all delayed renewals which were due during the public health emergency. In the meantime, Ohio Benefits system defects and needed system enhancements may have contributed to this finding when renewals were actively being completed. Improving the Medicaid redetermination (renewal) process is the fourth highest priority established by the Ohio Benefits Program leadership team (see the 13 focus areas priorities in an earlier response). At present, 52% of the identified Ohio Benefits system defect corrections and process enhancements have been implemented. Any known defects that remain open will be prioritized and fixed in our normal release cadence.

ODM has also provided training to address these errors. ODM provided training to counties on renewal processing on September 28, 2020. Additionally, on February 28, 2020, ODM started sending all counties a weekly report of their past due renewals with an ask for counties to work on processing their backlog of past due renewals. These weekly renewal reports will continue throughout 2021. ODM has worked specifically with Cuyahoga County in the fourth quarter of 2020 to develop a plan for their renewal backlog and provided targeted training to their staff for this project. ODM plans to meet with other counties in the second quarter of 2021 to develop similar renewal backlog plans and provide targeted training. Additionally, intake, renewal, and change processing training will be provided to all counties in 2021.

- One of 13 (7.7%) new recipients, not applying based on a disability, had an untimely initial eligibility determination. The determination was completed 52 days beyond the allowed 45-day processing period.

ODM agrees with this error and is providing technical assistance and training to counties to address the error. In June 2019, ODM started working with counties to address their untimely processing of Medicaid applications. A select group of counties with the highest percentage and/or number of untimely applications were required to meet with ODM weekly to discuss their plan to address their untimely applications, discuss progress made, and to allow time for the county to ask the ODM staff member questions regarding eligibility policy or Ohio Benefits system related questions that were causing delays in their application processing. The ODM staff member then worked to answer the questions or address concerns. This project has continued since June 2019, with a small break taken during the beginning of the COVID-19 public health emergency. ODM has been sending all counties a weekly report of their untimely Medicaid applications since June 2019, asking counties to work on processing their backlog of applications. These weekly application reports, as well as weekly meetings with counties, will continue throughout 2021. Additionally, intake, renewal, and change processing training will be provided to all counties in 2021.

Alert Structure

DAS, ODM, and ODJFS are working to evaluate and redesign the alert structure to be a prioritized, non-duplicative system that the counties can efficiently utilize. As reported in August 2020, ODM and ODJFS mobilized a cross-agency Alerts SWAT team to review the volume and necessity of alerts as well as recommend system usability improvements to improve alert management. This SWAT team includes representatives from DAS, ODM and ODJFS and is focused on the following improvements:

1. **Evaluate and redesign the alert structure and prioritize:** ODM and ODJFS started meeting bi-weekly in April 2020 to review every alert currently generated in the Ohio Benefits system to determine what information the alert communicates, how often the Ohio Benefits system generates the alert, whether the Ohio Benefits system customized how often or why the alert generates, and whether any state and federal mandates address how or why the alert must generate. ODM and ODJFS reviewed the highest volume and the most error prone alerts first and prioritized any defects or enhancements for upcoming releases as capacity is available. ODM and ODJFS continue to meet bi-weekly to analyze the remaining alerts and once we have reviewed all system alerts, the group will present recommendations to the vendor for overall system alert improvements. In addition, the System Integrator, Accenture LLP, submitted additional detailed analysis on the two highest alert producing areas. DAS, ODM, and ODJFS have received recommendations on a plan to reduce the backlog and generation and are currently reviewing.
2. **Fix reporting so alerts are visible to caseworkers:** The Ohio Benefits Program has made several system enhancements to improve the visibility of alerts for county caseworkers. In August 2020 Release 3.6.3, new functionality was implemented which modified the Case Summary page (which is typically the first screen accessed by county caseworkers) to include a new Alert and Task Dashboard. This dashboard displays the number of pending and overdue alerts as well as hyperlinks for county caseworkers to access. In addition, there were 17 outstanding defects corrected that were associated with alert functionality in 2020. Lastly, new reports have been developed for outstanding alerts, and we piloted it with several counties. The Ohio Benefits Program has made these reports available to all 88 counties.
3. **Resume the county workgroup to assess future enhancements:** As previously indicated, ODM and ODJFS are currently working to review all system alerts. This first review is necessary because many of the alerts are dictated by state or federal regulations. Once the ODM and ODJFS internal review is completed and we have identified the federal and state requirements for all the alerts, we will engage counties again on potential system improvements for alert functionality. ODM and ODJFS continues to communicate with the System Integrator, Accenture LLP, about this overhaul so that it can also be looking into solutions to some of the issues the work group is identifying.
4. **Enhance the Ohio Benefits system to force the alerts to be worked before EDBC:** ODM and ODJFS are evaluating the feasibility of enhancing the Integrated Eligibility system to require a caseworker to work alerts before running EDBC. ODM and ODJFS recognize that they may not hold up eligibility for other programs if a county caseworker has not worked an alert that requires follow up for one program. The ODM and ODJFS workgroup will assess whether Ohio Benefits system enhancements can meet this goal while remaining compliant with CMS, FNS, OAC, and ORC requirements.

Program Changes

This issue has been addressed with the Ohio Benefits system enhancements and defect fixes that were implemented July 2020 Release 3.6.2. This release added a help text surrounding the proper income updates, implemented a hard stop, and a soft validation message, should a worker attempt to update a record incorrectly.

- **Help Text:** “To correct an existing income amount, click ‘Edit.’ To add a new income amount, click ‘Add.’”
- **Hard Stop:** The hard stop error message will be displayed when a user clicks the ‘Add’ button without selecting a value from the Display Program dropdown, “Error! Program – Program is required. Please select a program from the ‘Display Program’ dropdown.”
- **Soft Validation:** The soft-warning message will display when the ‘Edit’ button is clicked on the Income Detail page, “Warning! You are about to Edit an existing Income Amount. Income Amounts should only be edited to correct an error. Otherwise, a new Income Amount should be added. If you want to add a new income amount, click ‘Cancel’ to go back and click the ‘Add’ button. If you still want to Edit the Income Amount, click ‘Edit’.”

These safeguards, along with training reminders, should help significantly reduce the inappropriate overwriting of data in the Ohio Benefits system.

Program Logic

Each person’s data is stored in one location in the Ohio Benefits system. Current Ohio Benefits system programming ensures that changes made to person level data are applied across all cases the individual is known to be associated with. Additionally, upon running EDBC, the county caseworker is notified of all other associated cases and program blocks, and then prompted to run EDBC in those cases, if necessary. However, eligibility is not automatically processed for each program associated with that person’s data.

As a supplement to this process, targeted training is performed regularly to remind county caseworkers how to properly complete EDBC runs when multiple programs exist.

Mandatory Training

As reported in August of 2020, the following actions have been taken to provide training and system guidance to CDJFS employees and includes both ODM and ODJFS:

1. **New Worker Training (NWT):** A 12-week, comprehensive Policy and Systems training for new users (or refresher training for existing users) in the Ohio Benefits Worker Portal (OBWP) has been developed. The courses cover Policy and Systems overview, TANF, SNAP, Cash and Case Maintenance, along with the primary Medicaid programs (MAGI & ABD). The training is comprised of multiple, self-guided, Web Based Training (WBT) modules and virtual Instructor Led Training (vILT) sessions that provides ‘hands on’ instruction. The pilot phase began in July 2020 and concluded in September 2020. The production phase, intended for statewide delivery, began in October 2020. To date, two classes have concluded with the next set of sessions planned for March 2021.
2. **Monthly Statewide County Conference:** Monthly statewide webinars to cover general OFA updates for SNAP and Cash. These meetings include OFA’s Policy and TA staff, Outcomes and Analysis, Data Reporting, Quality Control, Automated Systems Training and the OB-IMS Help Desk. All areas share information on both refresher topics and emerging policy as well as systems issues where additional training is needed. The meetings are facilitated by the Program & Policy Services area within the Policy section of OFA and provides input on issues needing additional training and guidance. AST provides copies of job aids and other training documents during these support meetings. Recording of statewide training sessions are made available for counties to access on demand.

3. **Operational Support Webinars:** Bi-weekly webinars are delivered jointly by ODJFS and ODM, to counties for systems-based information and instruction on emerging topics and training related issues. Topics for the webinar are identified through a coordinated effort with the OB-IMS Help Desk, the weekly PBI/Defect Closure meetings and On Demand System Inquiries (received via email), to review any issues or concerns discovered by the Help Desk during the previous week. Counties are also able to submit questions and request topics in advance of the webinars to be reviewed and covered as part of the webinar agenda.
4. **Ohio Benefits System Release Webinars:** These are delivered jointly by ODJFS and ODM to inform counties about updates and enhancements made in each Ohio Benefits system release. During these webinars, counties are provided information regarding proper systems operation based on the items included in the release and target items that no longer require a workaround by the county worker.
5. **Job Aids Available on the Innerweb:** Automated Systems Training (AST) routinely provides systems-related job aids for county use that target specific topics and pain points for the counties. On the average, one to two new job aids are either created or updated each week and the Innerweb training pages are routinely referenced during New Worker Training, Operational Support, and Ohio Benefits system release webinars.
6. **Quarterly Regional County Operational Support Meetings:** Both the Automated Systems Training (AST) and the OB-IMS Help Desk participate in these regionally based, quarterly meetings, along with ODM Operations, Systems, and Policy staff. They provide guidance and system instruction on emerging systems issues and/or where additional training is needed. The meetings are facilitated by the Program & Policy Services area within the Policy section of OFA and provides input on issues needing additional training and guidance. AST provides copies of job aids and other training documents during these support meetings.
7. **Quarterly Work Activity Round Table Meetings:** Automated Systems Training (AST) and the OB-IMS Help Desk participate in these regionally based, quarterly meetings to provide guidance and system instruction related to TANF Work Activities. The meetings are facilitated by the Outcomes & Analysis area within the Policy section of OFA and provides input on issues needing additional training and guidance.
8. **On Demand Systems Inquiries:** Automated Systems Training (AST) maintains an email box where counties can submit inquiries about correct data entry and system functionality within the OBWP. Timely responses are provided to these inquiries frequently providing Help Desk confirmed instructions in a timely manner. Many of these inquiries are shared at the meetings and communications channels listed above.
9. **System Support for Targeted Policy Training:** Automated Systems Training (AST) provides system related content to support targeted Policy training topics to provide a holistic view of the application of policies within OBWP. The targeted training is delivered via virtual meetings and/or WBT modules. Some topic examples include 'Expedited SNAP,' 'Delayed Processing' and 'Early Denial.' Recording of statewide trainings are made available for counties to access later.

Regular Evaluation of Selected Benefit Payments

The Ohio Benefits Program team performs periodic quality control checks on randomly sampled cases for the purpose of verifying correct determinations/redeterminations and validating the processes. In addition, a ODJFS Daily Operations team monitors the accuracy of benefit issuance. Further, both ODM and ODJFS have state level Quality Control and Management Evaluation reviews which pulls and reviews case samples for accuracy.

In November 2019, as an initiative to further investigate and mitigate these issues, DAS, ODM, and ODJFS developed an RFP that focused on a third-party vendor assessment of the current Ohio Benefits system. Areas to be reviewed include: 1) the design and code of the system and identification of issues which may cause risk to performance, 2) capacity, 3) master data management and, 4) data integrity. The vendor will complete an in-depth data model review and its component databases, including Business Intelligence, Operational Data Store, and the Master Client Index. Also, an in-depth review of project management, operational processes and hardware infrastructure will be assessed. The RFP was posted in September 2020 and upon completion of the procurement process, the awarded vendor will be onboarded with tentative project timeline of March 2021 through June 2022. During the project, recurring meetings will be held with the System Integrator, Accenture LLP, along with DAS, ODM, and ODJFS. The contractor will provide reports related to the assessment and its findings to be used to determine the stability, gaps, and recommended improvements of the system.

As a separate initiative, ODM's Medicaid Eligibility Quality Control (MEQC) unit worked with ODM ITS to develop an online application that is designed for reviewers to work in. The purpose is to enable ODM to better review and report eligibility error trends internally and to county partners. The MEQC unit updated its procedures and began a new Medicaid eligibility determination review in the fall of 2020. The MEQC reviewers evaluate the accuracy of the eligibility determinations for randomly selected Medicaid beneficiaries under multiple eligibility categories. This process includes reviewing county caseworker actions, system actions, and documentation in the case file to determine the accuracy of the eligibility determination.

General Response

As a general response to the issues raised in this section, the Ohio Benefits Program leadership team agrees with most of the findings and, as our responses show, has been actively addressing all of them. The leadership team is committed to continually evaluating and resolving system design weakness and defects that contribute to disqualifying eligible applications, qualifying ineligible applications, case errors, and/or inaccurate benefit payments. In addition, the Ohio Benefits Program leadership team knows we must do additional work to support necessary changes to Notices of Action (NOAs), the Self-Service Portal (SSP) and potentially creating an App for mobile phones that will improve the functionality of the Ohio eligibility determination process.

Anticipated Completion Date for Corrective Action:

Please refer to related findings 2020-004, 2020-020, 2020-021, 2020-029.

Contact Person Responsible for Corrective Action:

Please refer to related findings 2020-004, 2020-020, 2020-021, 2020-029.

Finding Number: 2020-002
State Agency: Ohio Department of Job and Family Services
Finding Description: Unemployment Insurance (UI) – Pandemic Unemployment Assistance (PUA)

Corrective Action Plan:

Please refer to related finding 2020-016.

Finding Number: 2020-003
State Agency: Ohio Department of Adjutant General
Finding Description: NGMOMP – Cash Management

Corrective Action Plan:

The Adjutant General's Department acknowledges the cash flow deficiency whereby some advances were not disbursed within 45 days. Specifically, while the Department is closely monitoring the timeliness of requests for advances for payroll costs to ensure that payments are made using the advance funds for which they are intended, our ability to control expenditures for payroll is limited. This is due to the nature of the state accounting system (OAKS FIN) and the fact that funds received for Army and Air National Guard cooperative agreements are co-mingled in two funds (one Army one Air). Thus, the monies deposited for all Army or Air National Guard appendices are fungible. While State finance staff has begun limiting expenditures by appendices that do not have funds on hand, we cannot limit or restrict payroll. Thus, the payroll costs for any given appendix will automatically pay out if there is sufficient cash in the fund, regardless of the source of that cash.

The Department's planned corrective action includes two recommendations which will both require discussion with and the approval of OBM. We have also noted the interim corrective action plan implemented June 2020.

Recommendations:

- 1) 07/21 - Convert the Department from the advance to reimbursement process in which funds are reimbursed by the National Guard Bureau to cover projected spending needs for each, specific appendix. If converting to the reimbursement process is approved the Department will request reimbursement as expenditures are paid. The appropriate cash will be retain its identity. Delays in obligating advanced funds will be eliminated.

The risk of suppliers charging interest for late payments and/or terminating our contracts will be mitigated. Additionally, the various audits of the Department will be simplified for both the audit teams and our staff. The advance process continues to increase the time required to effectively convey the impacts of the advance process on the Department as evidenced by the fieldwork and related documentation in recent audits.

The additional hours and stress on the department to manage the needs of our remote financial departments and their customers across the State in seeking cash for various dated obligations on a timely basis will be relieved. Converting to the reimbursement process would mitigate the impending requests to fill vacant finance positions in order to better manage the existing advance process.

- 2) 07/21 - Convert to a reimbursement process and permit Funds 3E80 and 3420 to run negative during the course of the fiscal year. This approach will allow the department to continue to transact while awaiting reimbursement for specific, appendix expenditures. In addition, funds received for a specific appendix will not require the use other funds from another appendix.

Currently, a number of funds in the state treasury are permitted to run in negative if they have a positive balance at the end of the fiscal year. These funds include the General Revenue Fund (GRF), and several funds of the Departments of Education and Job and Family Services. Again, as with option 1, this option will, at the very least, require approval of the Ohio Office of Budget and Management.

Summary:

In adopting either of the approaches above, the department will not only address the material weakness identified in the audit, but will also eliminate late fees that are regularly incurred due to delays in the receipt of sufficient federal cash. These late fees, regardless of their cause, cannot be funded by federal funds received through the various appendices and must instead be absorbed by the agency's state GRF appropriations. Late fees have totaled \$55,360 over the past four years and were paid from state GRF appropriations leaving less GRF to match federal funding of roughly 75%.

Interim corrective action:

The Department updated its cash flow voucher approval process in June 2020. Below are the steps taken on a daily basis:

- a. Grants Administrator is to review the OAKS accounts payable report for pending transactions.
- b. Grants Administrator is to determine the total dollar amount that is available for voucher approvals in funds 3E80 and 3420. These two funds determine which cost center may be approved.
- c. Financial Associate reviews voucher and if accurate and funded, approves for payment.
- d. Financial Associate makes an entry for the total dollar amount to fund 3420 in the cash flow tracking spreadsheet (CFTS). (The ADJ CFTS sheet is used to track the total dollar amount that has been assigned to approved expenditure transactions)
- e. When the approved dollar amount has been set aside, the Grants Administrator is contacted by Financial Associate to find out if additional money is available for future approvals.
- f. If funds are available, the process above is repeated.

Anticipated Completion Date for Corrective Action:

July 2021

Contact Person Responsible for Corrective Action:

Kevin Brinkerhoff, Chief Financial Officer, Ohio Department of Adjutant General
2825 West Dublin-Granville Road, Columbus, OH 43235
Phone: (614) 307-3581, E-Mail: Kevin.J.Brinkerhoff.nfg@mail.mil

Finding Number: 2020-004
State Agency: Ohio Department of Administrative Services
Finding Description: IT – Ohio Benefits System – Medicaid/CHIP/SNAP/TANF

Corrective Action Plan:

The Ohio Benefits Program team has been working toward reduction of the volume of alerts generated in the system for several years, and it remains a top priority for the Program. Reducing alert volume and improving the usability of the alert actioning process is a key focus area for system enhancements.

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The system enhancements needed to continue to achieve the team’s goals are targeted in phases for deployment. Once the alert enhancements are implemented, we project an 80% reduction in the outstanding alert backlog (from 23 million to 4.7 million alerts) and a 50% reduction in the monthly arrival of new alerts (from 2 million monthly alerts to approximately 900,000 alerts).

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Defects that have contributed to the noted findings have been documented, prioritized, and either fixed or will be scheduled to be fixed. The DAS, ODM, and ODJFS workgroup established thirteen focus areas for the Ohio Benefits system. These focus areas have a high impact to audit findings, county caseworker productivity and user experience with the system, as well as the experience Ohio residents have as they interact with the system.

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20. Intake and No Touch
21. Reports

Outstanding system defects, planned enhancements, and issues reported by counties, residents, and advocacy groups, as well as issues cited in audits were grouped into a focus area so they could be worked on together. This allowed significant work to progress holistically for a given focus areas with the intent of providing immediately recognizable improvement. We have made significant progress against these focus areas, as shown in the chart on page 4. However, the vendor may inadvertently create defects in the

process of correcting other defects and/or implementing enhancements. If those defects have been identified, they are not shown in this chart.

Defects and enhancements for these focus areas have been prioritized for production implementation. For example:

- August 2020 Release 3.6.3 – 182 defects fixed, and 7 enhancements implemented.
- November 2020 Release 3.6.4 – 189 defects fixed, and 9 enhancements implemented.
- February 2021 Release 3.6.5 – 63 defect fixes, and 5 enhancements to be implemented.

While much work remains to be done, since February 2020, this effort has resulted in a 50% reduction in the defect backlog, which we expect will significantly impact future case audits as more current case processing is monitored, which will have occurred on a system with a significantly fewer number of defects.

The Request for Proposals (RFP) – ‘Technical Assessment of the Ohio Benefits System’ – was awarded bid on February 22, 2021. We have selected Currier, McCabe and Associates, Inc. dba CMA Consulting Services as the successful offeror for the RFP. The contract has been executed by all parties. ODM will lead this work effort along with DAS and JFS and plans to kick-off the engagement in April 2021.

DAS, ODM, and JFS have completed the first draft of the IAAs’. However, the draft IAAs’ must be completed, and at that point, reviewed by each agency legal counsel for approval. DAS will continue to work with ODM and JFS to complete the two agreements.

Anticipated Completion Date for Corrective Action:

Defects in the Eligibility Process: The system enhancements needed to achieve the team’s goals are targeted in phases for deployment beyond the initial anticipated completion date June 2021.

Contract and Monitoring: The ‘Technical Assessment of the Ohio Benefits System’ plan is to kick-off the engagement in April 2021 and will likely go through June 2022.

Contact Person Responsible for Corrective Action:

Kristina Hagberg, Chief Transformation Officer, Ohio Department of Administrative Services
DAS OIT, 30 East Broad Street, Columbus, Ohio 43215
Phone: 614-644-9245, E-Mail Address: Kristina.Hagberg@das.ohio.gov

Finding Number: 2020-005
State Agency: Ohio Department of Aging
Finding Description: Uniform Guidance Policies and Procedures

Corrective Action Plan:

We acknowledge some policies are dated, yet we are confident in the compliance of our cost principle practices as governed by Uniform Guidance and terms of federal awards. Relevant Department staff are trained on Uniform Guidance through webinars, trainings, publications, and discussions. The Department has issued multiple formal notices to subrecipients highlighting Uniform Guidance topics and all subrecipient relationships are governed by subrecipient agreements that clearly identify federal requirements for cost principles. All internal processes are documented.

In the spring of 2019, the Department launched a project to systematically overhaul all policies. This need was identified by Department leadership immediately after the change in Administrations and will continue to be a priority until all policies are current. A dedicated staff member is assigned, and an electronic document management system was implemented to manage the drafting and formal approval of the Department's policies, and acknowledgment of receipt of policies by all staff. Within the project, the revised policies reflecting general purchases of goods and unallowable costs for contracts and agreements were approved and implemented in June 2020 and were provided to the auditor. Other policies, such as time and attendance, and cash management were drafted in 2019 to reflect Uniform Guidance requirements. Additionally, revised procedures documents were implemented and distributed to relevant staff after fiscal year 2021 began.

The remaining relevant policies are proceeding through concurrence and are scheduled to be finalized, formally approved by management, and distributed to staff by the June 2021. Policies will be reviewed, evaluated, and updated annually to ensure that they are current.

Anticipated Completion Date for Corrective Action:

June 2021

Contact Person Responsible for Corrective Action:

Jeffrey M. Jordan, Chief Financial Officer, Ohio Department of Aging
246 North High Street, 1st Floor, Columbus, OH 43215
Phone: 614-752-9184, E-Mail: Jjordan@age.ohio.gov

Finding Number: 2020-006
State Agency: Ohio Development Services Agency
Finding Description: LIHEAP – Cash Management

Corrective Action Plan:

The Ohio Development Services Agency consistently minimizes the time between the drawdown of Federal funds and their disbursement for Federal program purposes. Our agency will contact the Federal agency to discuss our process for drawdowns, and review and update procedures where feasible to allow disbursements to be tied to a specific draw.

Anticipated Completion Date for Corrective Action:

Unless the Ohio Development Services Agency receives new guidance from OBM regarding the Cash Management Act changes, we do not anticipate a change in our system until approximately December 2022.

Contact Person Responsible for Corrective Action:

Jennifer Biedenharn, Chief Financial Officer, Ohio Development Services Agency
77 South High Street, Columbus, OH 43215
Phone: 614-995-4030, E-Mail: Jennifer.Biedenharn@development.ohio.gov

Finding Number: 2020-007
State Agency: Ohio Development Services
Finding Description: LIHEAP – Subrecipient Monitoring

Corrective Action Plan:

The reason for this finding was due strictly to COVID-19. When our agency vacated the office in early March 2020, it took some time to establish new procedures and we fell behind schedule on a few audits. These new procedures include: receiving all audit reports electronically, completing all review forms electronically without printing them, obtaining any internal reports electronically instead of making copies from physical files, no longer creating a physical file for each review – all documents are stored electronically, and sending any correspondence, including close letters, via email instead of mailing physical letters.

Anticipated Completion Date for Corrective Action:

This issue has been addressed.

Contact Person Responsible for Corrective Action:

Jennifer Biedenharn, Chief Financial Officer, Ohio Development Services Agency
77 South High Street, Columbus, OH 43215
Phone: 614-995-4030, E-Mail: Jennifer.Biedenharn@development.ohio.gov

Finding Number: 2020-008
State Agency: Ohio Development Services
Finding Description: LIHEAP – Reporting

Corrective Action Plan:

The OCEAN system does not allow the data to be exported, thus IT staff capture a screen shot of the data used, date stamp the screen shot and provide that to the Office of Community Assistance (OCA), in conjunction with an excel document containing detailed information. Due to working offsite during the COVID-19 pandemic, that process, including the reconciliation, was not completed accurately. OCA will work to ensure that the process is being followed and accurate numbers are being reported.

Anticipated Completion Date for Corrective Action:

This policy is already in place and is effective immediately.

Contact Person Responsible for Corrective Action:

Jennifer Biedenharn, Chief Financial Officer, Ohio Development Services Agency
77 South High Street, Columbus, OH 43215
Phone: 614-995-4030, E-Mail: Jennifer.Biedenharn@development.ohio.gov

Finding Number: 2020-009
State Agency: Ohio Department of Developmental Disabilities
Finding Description: IT – Inappropriate Application Administrator Account Access

Corrective Action Plan:

A request was submitted to the Division of Information Technology Services (ITS) on February 9, 2021 to have the admin access removed from the individual that was not a state employee. On February 9, 2021, ITS removed the individual's admin access to the MSS and eMBS systems.

ITS will run a quarterly report and have the report reviewed to confirm the individuals on the list are accurate and have the appropriate access.

Anticipated Completion Date for Corrective Action:

May 2021

Contact Person Responsible for Corrective Action:

Kalyani Thota, Application Development Manager, Ohio Department of Developmental Disabilities
30 East Broad Street, 13th Floor, Columbus, OH 43215
Phone: 614-728-1995, E-Mail: Kalyani.Thota@dodd.ohio.gov

Finding Number: 2020-010
State Agency: Ohio Department of Education
Finding Description: SEI – Payroll Expenditures

Corrective Action Plan:

In February 2021, the Department corrected the payroll coding for the identified employee. The Department will review payroll processing and monitoring procedures and make changes where appropriate.

Anticipated Completion Date for Corrective Action:

March 2021

Contact Person Responsible for Corrective Action:

Donna Jackson, Director, Office of Risk Management, Ohio Department of Education
25 South Front Street, Ground Floor, Columbus, OH 43215
Phone: 614-644-7812, E-Mail: Donna.Jackson@education.ohio.gov

Finding Number: 2020-011
State Agency: Ohio Department of Education
Finding Description: Child Nutrition Cluster – Inventory/Federal Schedule and Note

Corrective Action Plan:

The Department has monthly discussions with the USDA Midwest Regional Office and National Office to increase efficiency, improve operations, and discuss monthly inventory documents. Also, the Department updated the Donation and Disposal USDA Foods policy, and developed a USDA Food Standard Operating Procedure. Both documents specify that USDA written approval must be obtained before disposing of commodities. Further, the policies were communicated with Department staff, and shared with the USDA Midwest Regional Office in January 2021. Future corrective actions include:

- Drafting a policy and procedures document for completing the Schedule of Expenditures of Federal Awards and Note.
- Securing training for staff responsible for providing information for the Schedule and the Note.
- Implementing additional monthly reconciliation procedures. Staff will complete the reconciliations and identify variances. Management will review and approve the reconciliations and determine the appropriate resolution for identified variances.

Anticipated Completion Date for Corrective Action:

June 2021

Contact Person Responsible for Corrective Action:

Donna Jackson, Director, Office of Risk Management, Ohio Department of Education
25 South Front Street, Ground Floor, Columbus, OH 43215
Phone: (614) 644-7812, E-mail: Donna.Jackson@education.ohio.gov

Finding Number: 2020-012
State Agency: Ohio Department of Education
Finding Description: CACFP – Reporting

Corrective Action Plan:

On January 20, 2020, the software vendor implemented changes to the FNS-44 report into the Claims Reimbursement and Reporting System production environment. The office compared the December 2019 FNS-44 to the December 2018 FNS-44 30-day and 90-day reports and confirmed estimates were pulled appropriately.

Anticipated Completion Date for Corrective Action:

Completed January 2020

Contact Person Responsible for Corrective Action:

Donna Jackson, Director, Office of Risk Management, Ohio Department of Education
25 South Front Street, Ground Floor, Columbus, OH 43215
Phone: 614-644-7812, E-Mail: Donna.Jackson@education.ohio.gov

Finding Number: 2020-013
State Agency: Ohio Department of Education
Finding Description: CACFP – Sponsor Reviews

Corrective Action Plan:

The Department will improve the monitoring review process by assigning additional staff to review and confirm that all sponsoring organizations of 1 to 100 facilities are assigned within the required three-year cycle, unless a waiver is granted to allow carry over to a fourth year during program year 2020-2021 due to the pandemic health emergency.

The Department sent the fiscal action letter to the sponsor in January 2021. The sponsor did not appeal the fiscal action decision, and requested a payment plan for the \$5,803 amount due. The first payment is due on March 22, 2021.

Finally, the Department will review fiscal actions for program years 2019-2021 to confirm that collections occurred when the fiscal actions were not appealed. Outstanding fiscal actions will be invoiced or forwarded to the Attorney General's Office for collection. Internal communications procedures for review, approval, and tracking of fiscal action letters has been developed and staff training and implementation will occur on March 22, 2021. The Office of Integrated Student Supports developed a Child and Adult Care Food Program Review Checklist to provide additional support to Education Program Specialists to ensure all components of the review are completed and uploaded to the Claims Reimbursement and Reporting System. The Education Program Specialists attended training on use of the checklist on January 28, 2021.

Anticipated Completion Date for Corrective Action:

April 2021

Contact Person Responsible for Corrective Action:

Donna Jackson, Director, Office of Risk Management, Ohio Department of Education
25 South Front Street, Ground Floor, Columbus, OH 43215
Phone: 614-644-7812, E-Mail: Donna.Jackson@education.ohio.gov

Finding Number: 2020-014
State Agency: Ohio Department of Education
Finding Description: Charter School Monitoring – Various Programs

Corrective Action Plan:

A risk assessment tool was developed to evaluate operator agreements. Part 1 of the tool was completed for the sixty community schools with operators, and that were scheduled for the FY20 subrecipient monitoring by Federal Programs, Exceptional Children, and External Monitoring. The Part 1 results will be forwarded to the offices for consideration in their monitoring. Part 2 of the tool has been finalized and will be released to community school sponsors for completion in March 2021.

Anticipated Completion Date for Corrective Action:

March 2021

Contact Person Responsible for Corrective Action:

Donna Jackson, Director, Office of Risk Management, Ohio Department of Education
25 South Front Street, Ground Floor, Columbus, OH 43215
Phone: 614-644-7812, E-Mail: Donna.Jackson@education.ohio.gov

Finding Number: 2020-015
State Agency: Ohio Department of Job and Family Services
Finding Description: TANF – Unsupported Work Participation Activities

Corrective Action Plan:

The Office of Family Assistance (OFA) will revise the TANF Work Verification Plan and submit it to the United States Department of Health and Human Services for review and approval.

Based on the revised TANF Work Verification Plan, the Office of Fiscal and Monitoring (OFMS) will perform the following case reviews:

- a. Work Eligible Individual (WEI) cases (10 cases monthly)
Data Elements to review:
 - WEI status
 - Financial eligibility
 - Non-financial eligibility
 - Documentation of completed hours of work participation
- b. Sanctioned WEI cases (10 cases monthly)
Data Elements to review:
 - WEI status
 - Financial eligibility
 - Non-financial eligibility
 - Documentation of failed hours of work participation or non-cooperation with child support
 - Timely imposition of sanction
- c. Child Only cases (10 cases monthly)
Data Elements to review:
 - Documentation of household relationship status

The samples for the case reviews will be selected by OFA from the monthly TANF 199 report. OFMS will notify the county agency and OFA of any errors for correction. OFA will conduct follow-up technical assistance and training with the county agencies as needed.

Anticipated Completion Date for Corrective Action:

April 2021

Contact Person Responsible for Corrective Action:

Brenda Soto, Human Services Program Administrator III, Ohio Department of Job and Family Services
4200 East Fifth Avenue, Columbus, OH 43219
Phone: 614-752-3145, E-Mail: Brenda.Soto@jfs.ohio.gov

Finding Number: 2020-016
State Agency: Ohio Department of Job and Family Services
Finding Description: Unemployment Insurance (UI) – Pandemic Unemployment Assistance (PUA)

Corrective Action Plan:

The Ohio Department of Job and Family Services has already started a productivity plan to ensure backlog is worked as quickly as possible and management will be checking the quality of adjudication. The expectation is that staff work 200 issues per week or 40 issues per day. For those who adjudicate over 40 issues, management is expected to review 2 claims per week. For those who adjudicate under 40 issues, management are to review 3 claims per week. The results of the audit will be shared in a one-on-one meeting with staff to discuss any shortcomings and areas of improvements. Staff will be given three weeks to work with management to work on performance improvements. This new productivity procedure is expected to ensure benefit payments are timely and are issues accurately.

Since the inception of the uFACTS system, JFS has documented the priority to implement controls between OJI and uFACTS to prevent a payment for the same week ending date. The project request to prevent any such duplicate payment have been prioritized behind implementation of basic PUA eligibility rules/benefits (Child Support Withholding, Lost Wage Assistance (LWA) program, Continued Assistance Act, and State EB High Unemployment), due process requirements (Appeals functionality), and fraud counter measures (limit backdating, Integrity Data Hub cross match, rules to identify fraudulent claims) to prevent improper payments considerations for the PUA program. Currently, the duplicate payment project request is prioritized behind ID Proofing/Multi-factor Authentication, Continued Cares Assistance Act extension provisions, National Directory of New Hires cross match, wage record cross match and PUA program expansion as detailed in UIPL 16-20 Change 5. Once the project team is capable to address the duplicate payment project based on priority, it will be implemented accordingly.

In the interim since we don't have that system capability in place, we have been producing a weekly cross match list of duplicate payments that are provided to staff for investigation and follow up for appropriate action. If such payment is denied in PUA and creates the overpayment, the system will offset future benefits at 50% once the determination is final.

Anticipated Completion Date for Corrective Action:

The enhancements for the uFACTS system to prevent duplicate payments has been prioritized behind other PUA eligibility rules and will be implemented as soon as such items are completed.

Completed February 2021 - To ensure benefit payments are timely and accurate, management has already implemented a quality review process.

Contact Person Responsible for Corrective Action:

Misty Sidwell, Unemployment Compensation Administrator I, Ohio Department of Job and Family Services

4020 East Fifth Avenue, Columbus, Ohio 43219

Phone: (614) 466-8772, E-Mail: Misty.Sidwell@jfs.ohio.gov

Finding Number: 2020-017
State Agency: Ohio Department of Job and Family Services
Finding Description: Unemployment Insurance (UI) – Benefit Year End Overpayments

Corrective Action Plan:

Daily, the Finance Section creates a file of potential improper warrants and sends the file to Tech Services. The file includes warrants, where the oldest week paid is either thirty days greater than the Benefit Year Ending of the paying claim, the oldest week paid is prior to the Benefit Year Beginning of the paying claim, or the oldest week paid is greater than sixty days from the issuance date. A staff member in Tech Services reviews the file, determines if the issuance is proper or improper, and responds to the Finance Section. Beginning with the files created after June 30, 2020, Tech Services will add a redundancy layer by having a second staff member review the first staff member's review to confirm the proper determination was made. The response to Finance will include the name of both staff members that reviewed the file. If the issuance is determined to be improper, the Tech Services staff member will create a manual overpayment to assist with the improper payment recovery.

During this unprecedented time in the Unemployment Program, the need exists to shift staff to our highest priority of processing claims for benefits. This shift moved staff within the Tech Services unit from the daily improper warrant review to investigate and resolve claim issues to allow payments to be issued to claimants. However, we believe that the current procedures will ensure improper warrant issuances are identified once the workload reduces and the improper warrant review returns to normal.

Anticipated Completion Date for Corrective Action:

Based on the unprecedented workload and the continued implementation of additional programs or benefit extensions we will continue to work through this process and review. Effective December 1, 2020, we have added a team member to this process, and they have been assigned the duties of reviewing the list received on a full-time basis. We plan to continue this process for the unforeseen future.

Contact Person Responsible for Corrective Action:

Michael Godfrey, Unemployment Compensation Administrator I, Ohio Department of Job and Family Services
4020 East Fifth Avenue, Columbus, Ohio 43219
Phone: (614) 466-4520, E-Mail: Michael.Godfrey@jfs.ohio.gov

Finding Number: 2020-018
State Agency: Ohio Department of Job and Family Services
Finding Description: CCDF Cluster – Pandemic Provider Payments

Corrective Action Plan:

JFS anticipated approximately 200 child care programs to provide care during the nine weeks of required shut down (March 29-May 30). A manual process was implemented to quickly get funding out to these programs, nearly 3,000 were eventually approved and tracked and paid manually. When programs were permitted to open on May 31 the existing automated systems were utilized. This resulted in the automated tracking of child attendance, payment calculation and payment issuance. Functionality is embedded in these automated processes to ensure errors are not made to payments. The automated systems, Ohio

Child Licensing and Quality System (OCLQS) and the Time, Attendance and Payment (TAP) System are already being utilized and payment errors identified during this audit have been corrected. The two underpayments have been processed to make the programs whole and the one overpayment has been addressed by following JFS' established process of issuing an invoice and notice of overpayment to the program.

Anticipated Completion Date for Corrective Action:

OFA implemented system enhancement to allow programs to use our TAP system on May 2020, the date programs were allowed to reopen.

Contact Person Responsible for Corrective Action:

Matthew Cunningham, Bureau Chief, Ohio Department of Job and Family Services
4200 East Fifth Avenue, Columbus, Ohio 43219
Phone: (614) 644-1296, E-Mail: Matthew.Cunningham@jfs.ohio.gov

Finding Number: 2020-019
State Agency: Ohio Department of Job and Family Services
Finding Description: Unemployment Insurance (UI) – PUA Overpayments and Reporting

Corrective Action Plan:

JFS has implemented the Systematic Alien Verification for Entitlement (SAVE) (Section 1137(d) of the Social Security Act (SSA) (42 U.S.C. §1320b-7) to the same extent as is appropriately implemented in the Ohio Job Insurance (OJI) system. Since the inception of the uFACTS system, JFS has documented the priority to implement the NDNH and Wage Record Cross matches in the PUA program. The integrity cross matches have been prioritized behind implementation of basic PUA eligibility rules/benefits (Child Support Withholding, Lost Wage Assistance (LWA) program, Continued Assistance Act, and State EB High Unemployment), due process requirements (Appeals functionality), and fraud counter measures (limit backdating, Integrity Data Hub cross match, rules to identify fraudulent claims) to prevent improper payments considerations for the PUA program. Currently, the NDNH and Wage Record Cross matches are prioritized behind ID Proofing/Multi-factor Authentication, Continued Cares Assistance Act extension provisions, and PUA program expansion as detailed in UIPL 16-20 Change 5. Once the project team is capable to address the cross matches based on priority, the two will be implemented as similarly established in OJI.

JFS will implement procedures to document the steps needed to verify the ETA 902 and ensure the report is compliant with federal requirements. The procedures will include the review of the report numbers, compare it to other sources of available data that can assist with verifying accuracy, and test the details of records supporting the aggregate numbers. In addition, the Department has identified the defect for the identified cases and is prioritizing a fix to the extract logic. Once fixed, prior reports will be amended to provide an accurate number for overpayments.

Anticipated Completion Date for Corrective Action:

Anticipated implementation of Wage Record Cross Match – June 2021 target, but ultimately determine based on priority and capacity.

Anticipated implementation of NDNH Cross Match – June 2021 target, but ultimately determined based on priority and capacity.

Implementation of improved procedures to verify reports are accurate, complete, and in compliance with federal requirements – March 2021.

ETA 902 defect resolution anticipated implementation of April 2021.

Contact Person Responsible for Corrective Action:

Jason Turner, Project Manager, Ohio Department of Job and Family Services
4020 East Fifth Avenue, Columbus, Ohio 43219
Phone: (614) 466-9232, E-Mail: Jason.Turner@jfs.ohio.gov

Finding Number: 2020-020
State Agency: Ohio Department of Job and Family Services
Finding Description: SNAP Cluster and TANF – Eligibility System

Corrective Action Plan:

The Department of Administrative Services (DAS) administers Ohio Benefits and will oversee the corrective action. The following steps will be undertaken.

- Alert Structure - DAS, ODM, and ODJFS are working to evaluate and redesign the alert structure to be a prioritized, non-duplicative system that the counties can efficiently utilize. As reported in August 2020, ODM and ODJFS mobilized a cross-agency Alerts SWAT team to review the volume and necessity of alerts as well as recommend system usability improvements to improve alert management. This SWAT team includes representatives from DAS, ODM and ODJFS and is focused on the following improvements:
 - Evaluate and redesign the alert structure and prioritize: ODM and ODJFS started meeting bi-weekly in April 2020 to review every alert currently generated in the Ohio Benefits system to determine what information the alert communicates, how often the Ohio Benefits system generates the alert, whether the Ohio Benefits system customized how often or why the alert generates, and whether any state and federal mandates address how or why the alert must generate. ODM and ODJFS reviewed the highest volume and the most error prone alerts first and prioritized any defects or enhancements for upcoming releases as capacity is available. ODM and ODJFS continue to meet bi-weekly to analyze the remaining alerts and once we have reviewed all system alerts, the group will present recommendations to the vendor for overall system alert improvements. In addition, the System Integrator Vendor submitted additional detailed analysis on the two highest alert producing areas. DAS, ODM, and ODJFS have received recommendations on a plan to reduce the backlog and generation and are currently reviewing.
 - Fix reporting so alerts are visible to caseworkers: The Ohio Benefits Program has made several system enhancements to improve the visibility of alerts for county caseworkers. In August 2020 Release 3.6.3, new functionality was implemented which modified the Case Summary page (which is typically the first screen accessed by county caseworkers) to include a new Alert and Task Dashboard. This dashboard displays the number of pending and overdue alerts as well as hyperlinks for county caseworkers to access. In addition, there were 17 outstanding defects corrected that were associated with alert functionality in 2020. Lastly, new reports have been developed for outstanding alerts, and we piloted it with several counties. The Ohio Benefits Program has made these reports available to all 88 counties.

- Resume the county workgroup to assess future enhancements: As previously indicated, ODM and ODJFS are currently working to review all system alerts. This first review is necessary because many of the alerts are dictated by state or federal regulations. Once the ODM and ODJFS internal review is completed and we have identified the federal and state requirements for all the alerts, we will engage counties again on potential system improvements for alert functionality. ODM and ODJFS continues to communicate with the System Integrator, Accenture LLP, about this overhaul so that it can also be looking into solutions to some of the issues the work group is identifying.
- Enhance the Ohio Benefits system to force the alerts to be worked before EDBC: ODM and ODJFS are evaluating the feasibility of enhancing the Integrated Eligibility system to require a caseworker to work alerts before running EDBC. ODM and ODJFS recognize that they may not hold up eligibility for other programs if a county caseworker has not worked an alert that requires follow up for one program. The ODM and ODJFS workgroup will assess whether Ohio Benefits system enhancements can meet this goal while remaining compliant with CMS, FNS, OAC, and ORC requirements.
- Program Changes - This issue has been addressed with the Ohio Benefits system enhancements and defect fixes that were implemented July 2020 Release 3.6.2. This release added a help text surrounding the proper income updates, implemented a hard stop, and a soft validation message, should a worker attempt to update a record incorrectly.
 - Help Text: "To correct an existing income amount, click 'Edit.' To add a new income amount, click 'Add.'
 - Hard Stop: The hard stop error message will be displayed when a user clicks the 'Add' button without selecting a value from the Display Program dropdown, "Error! Program – Program is required. Please select a program from the 'Display Program' dropdown."
 - Soft Validation: The soft-warning message will display when the 'Edit' button is clicked on the Income Detail page, "Warning! You are about to Edit an existing Income Amount. Income Amounts should only be edited to correct an error. Otherwise, a new Income Amount should be added. If you want to add a new income amount, click 'Cancel' to go back and click the 'Add' button. If you still want to Edit the Income Amount, click 'Edit'."

These safeguards, along with training reminders, should help significantly reduce the inappropriate overwriting of data in the Ohio Benefits system.

- Program Logic – Each person's data is stored in one location in the Ohio Benefits system. Current Ohio Benefits system programming ensures that changes made to person level data are applied across all cases the individual is known to be associated with. Additionally, upon running EDBC, the county caseworker is notified of all other associated cases and program blocks, and then prompted to run EDBC in those cases, if necessary. However, eligibility is not automatically processed for each program associated with that person's data.

As a supplement to this process, targeted training is performed regularly to remind county caseworkers how to properly complete EDBC runs when multiple programs exist.

- Mandatory Training – As reported in August of 2020, the following actions have been taken to provide training and system guidance to CDJFS employees and includes both ODM and ODJFS:
 1. New Worker Training (NWT): A 12-week, comprehensive Policy and Systems training for new users (or refresher training for existing users) in the Ohio Benefits Worker Portal (OBWP) has been developed. The courses cover Policy and Systems overview, TANF, SNAP, Cash and Case

Maintenance, along with the primary Medicaid programs (MAGI & ABD). The training is comprised of multiple, self-guided, Web Based Training (WBT) modules and virtual Instructor Led Training (vILT) sessions that provides 'hands on' instruction. The pilot phase began in July 2020 and concluded in September 2020. The production phase, intended for statewide delivery, began in October 2020. To date, two classes have concluded with the next set of sessions planned for March 2021.

2. **Monthly Statewide County Conference:** Monthly statewide webinars to cover general OFA updates for SNAP and Cash. These meetings include OFA's Policy and TA staff, Outcomes and Analysis, Data Reporting, Quality Control, Automated Systems Training and the OB-IMS Help Desk. All areas share information on both refresher topics and emerging policy as well as systems issues where additional training is needed. The meetings are facilitated by the Program & Policy Services area within the Policy section of OFA and provides input on issues needing additional training and guidance. AST provides copies of job aids and other training documents during these support meetings. Recording of statewide training sessions are made available for counties to access on demand.
3. **Operational Support Webinars:** Bi-weekly webinars are delivered jointly by ODJFS and ODM, to counties for systems-based information and instruction on emerging topics and training related issues. Topics for the webinar are identified through a coordinated effort with the OB-IMS Help Desk, the weekly PBI/Defect Closure meetings and On Demand System Inquiries (received via email), to review any issues or concerns discovered by the Help Desk during the previous week. Counties are also able to submit questions and request topics in advance of the webinars to be reviewed and covered as part of the webinar agenda.
4. **Ohio Benefits System Release Webinars:** These are delivered jointly by ODJFS and ODM to inform counties about updates and enhancements made in each Ohio Benefits system release. During these webinars, counties are provided information regarding proper systems operation based on the items included in the release and target items that no longer require a workaround by the county worker.
5. **Job Aids Available on the Innerweb:** Automated Systems Training (AST) routinely provides systems-related job aids for county use that target specific topics and pain points for the counties. On the average, one to two new job aids are either created or updated each week and the Innerweb training pages are routinely referenced during New Worker Training, Operational Support, and Ohio Benefits system release webinars.
6. **Quarterly Regional County Operational Support Meetings:** Both the Automated Systems Training (AST) and the OB-IMS Help Desk participate in these regionally based, quarterly meetings, along with ODM Operations, Systems, and Policy staff. They provide guidance and system instruction on emerging systems issues and/or where additional training is needed. The meetings are facilitated by the Program & Policy Services area within the Policy section of OFA and provides input on issues needing additional training and guidance. AST provides copies of job aids and other training documents during these support meetings.
7. **Quarterly Work Activity Round Table Meetings:** Automated Systems Training (AST) and the OB-IMS Help Desk participate in these regionally based, quarterly meetings to provide guidance and system instruction related to TANF Work Activities. The meetings are facilitated by the Outcomes & Analysis area within the Policy section of OFA and provides input on issues needing additional training and guidance.
8. **On Demand Systems Inquiries:** Automated Systems Training (AST) maintains an email box where counties can submit inquiries about correct data entry and system functionality within the OBWP. Timely responses are provided to these inquiries frequently providing Help Desk confirmed instructions in a timely manner. Many of these inquiries are shared at the meetings and communications channels listed above.

9. System Support for Targeted Policy Training: Automated Systems Training (AST) provides system related content to support targeted Policy training topics to provide a holistic view of the application of policies within OBWP. The targeted training is delivered via virtual meetings and/or WBT modules. Some topic examples include 'Expedited SNAP,' 'Delayed Processing' and 'Early Denial.' Recording of statewide trainings are made available for counties to access later.
- Regular Evaluation of Selected Benefit Payments - The Ohio Benefits Program team performs periodic quality control checks on randomly sampled cases for the purpose of verifying correct determinations/redeterminations and validating the processes. In addition, a ODJFS Daily Operations team monitors the accuracy of benefit issuance. Further, both ODM and ODJFS have state level Quality Control and Management Evaluation reviews which pulls and reviews case samples for accuracy.

In November 2019, as an initiative to further investigate and mitigate these issues, DAS, ODM, and ODJFS developed an RFP that focused on a third-party vendor assessment of the current Ohio Benefits system. Areas to be reviewed include: 1) the design and code of the system and identification of issues which may cause risk to performance, 2) capacity, 3) master data management and, 4) data integrity. The vendor will complete an in-depth data model review and its component databases, including Business Intelligence, Operational Data Store, and the Master Client Index. Also, an in-depth review of project management, operational processes and hardware infrastructure will be assessed. The RFP was posted in September 2020 and upon completion of the procurement process, the awarded vendor will be onboarded with tentative project timeline of March 2021 through June 2022. During the project, recurring meetings will be held with the System Integrator, Accenture LLP, along with DAS, ODM, and ODJFS. The contractor will provide reports related to the assessment and its findings to be used to determine the stability, gaps, and recommended improvements of the system.

As a separate initiative, ODM's Medicaid Eligibility Quality Control (MEQC) unit worked with ODM ITS to develop an online application that is designed for reviewers to work in. The purpose is to enable ODM to better review and report eligibility error trends internally and to county partners. The MEQC unit updated its procedures and began a new Medicaid eligibility determination review in the fall of 2020. The MEQC reviewers evaluate the accuracy of the eligibility determinations for randomly selected Medicaid beneficiaries under multiple eligibility categories. This process includes reviewing county caseworker actions, system actions, and documentation in the case file to determine the accuracy of the eligibility determination.

As a general response to the issues raised in this section, the Ohio Benefits Program leadership team agrees with most of the findings and, as our responses show, has been actively addressing all of them. The leadership team is committed to continually evaluating and resolving system design weakness and defects that contribute to disqualifying eligible applications, qualifying ineligible applications, case errors, and/or inaccurate benefit payments. In addition, the Ohio Benefits Program leadership team knows we must do additional work to support necessary changes to Notices of Action (NOAs), the Self-Service Portal (SSP) and potentially creating an App for mobile phones that will improve the functionality of the Ohio eligibility determination process.

Anticipated Completion Date for Corrective Action:

ODJFS is following DAS' guidance on releases. Final corrective action is not anticipated being completed until June 2022. Please see DAS Cap Management Response that is attached for more details.

Contact Person Responsible for Corrective Action:

Christina Burt, Bureau Chief, SNAP/Cash Operations, Ohio Department of Job and Family Services
4200 East Fifth Avenue, Columbus, Ohio 43219
Phone: (614) 644-1621, Email: Christina.Burt@jfs.ohio.gov

Finding Number: 2020-021
State Agency: Ohio Department of Job and Family Services
Finding Description: IEVS Alerts – SNAP Cluster and TANF

Corrective Action Plan:

Department management will continue to work with other agencies to enhance, update and implement innovative processes, procedures and system controls to address known weaknesses associated with the IEVS process in Ohio Benefits; in fact, this has been an ongoing process since conversion to Ohio Benefits. The following changes and updates have been implemented or will be implemented:

- The Fraud Control Triad Reviews resumed effective January 4, 2021 with emphasis on processing IEVS alerts. Although the volume of alerts is not completely resolved, the process for handling IEVS alerts timely has been refined. The Triad Review also focuses on disposition coding for completed alerts and verifications of information not known to the agency. All county agencies are encouraged to perform random supervisory reviews on a monthly basis to ensure IEVS alerts are being handled as efficiently and accurately as possible.
- The Department developed and provided county staff with IEVS Alert Processing training and an updated copy of the IEVS Alert Processing Guide in October 2020. The training session was recorded and will continue to be available to county staff for an indefinite period of time. Future training events on IEVS Alert Processing are currently being scheduled by the Fraud Control Section.
- The Department continues to work with the Project Team to refine existing IEVS reports so a more centralized evaluation can be conducted with a high level of efficiency and effectiveness on a monthly basis. The Fraud Control Section will use the reports to conduct a more thorough examination of the county's performance of handling IEVS alerts; and as a result, provide recommendations for continued improvement.
- The Department will continue to monitor the IEVS alert processing procedures to ensure alerts are properly documented within the system, worked within the proper timeframes, and proper verification documentation is obtained and maintained by the county agencies for resolved alerts. As enhancements are implemented, so will the procedures be updated, if required.
- The Department will monitor timeliness on a monthly basis while encouraging county agency supervisors and IEVS Coordinators to perform monthly reviews of workers handling IEVS alerts. The IEVS training will equip county agency caseworkers with the knowledge to properly document and resolve IEVS alerts generated by the Ohio Benefits system.

Anticipated Completion Date for Corrective Action:

The Department began the Triad Reviews in January 2021 which includes reviewing the county agency's procedure for processing IEVS alerts. A randomly selected number of IEVS alerts are reviewed to ensure proper documentation, disposition coding, proper verifications received and timely completion.

County agencies were reminded to conduct internal supervisory reviews of completed IEVS alerts during the statewide IEVS training session held in October 2020 and they will continue to be reminded in future training events. The Department will continue to work with the Project Team to improve centralize IEVS reports for monitoring purposes and to reduce the high volume of alerts. The anticipated completion date is September 2021.

Contact Person Responsible for Corrective Action:

Chris Dickens, Fraud Control Section Chief, Ohio Department of Job and Family Services
30 East Broad Street, Columbus, Ohio 43215
Phone: (614) 387-5499, E-Mail: Chris.Dickens@jfs.ohio.gov

Finding Number: 2020-022
State Agency: Ohio Department of Job and Family Services
Finding Description: Federal Reporting – WIOA Cluster and TANF

Corrective Action Plan:

- In December 2020 there were several training sessions completed on the ACF-204 in its entirety. The reported error was corrected on 12/22/2020.
- When the WIOA Cluster ETA-9130 error occurred, it was the first quarter the checklist was used.
- In July 2019 the department began using checklists to review and approve federal reports. This new process took some time to implement the details. The Senior Financial Analysts, Senior Financial Analyst Supervisors, and the Financial Manager each have separate checklists that are included in the review process.

Anticipated Completion Date for Corrective Action:

- Completed December 2019 – Checklists fully implemented.
- ACF-204 training occurred 12/21/20, 12/24/20 and 12/28/20 – training was completed December 2020.
- June 2021 – The WIOA Cluster ETA-9130 errors will be fixed on the April-June 2021 quarter.

Contact Person Responsible for Corrective Action:

Thomas Goard, Financial Manager, Ohio Department of Job and Family Services
30 East Broad Street, Columbus, Ohio 43215
Phone: (614) 377-9505, E-Mail: Thomas.Goard@jfs.ohio.gov

Finding Number: 2020-023
State Agency: Ohio Department of Job and Family Services
Finding Description: Cash Management – Various Programs

Corrective Action Plan:

The Bureau of Accounting (BOA) CMIA Internal Process To Ensure CMIA Agreement has been updated to include this updated process:

A new report has been created that is reviewed daily which will target all federally funded invoices that have not been approved, or that are in a match or budget exception at 5 days from the date it has been entered into OAKS. This process improvement will place additional focus on when a voucher needs to be deleted due to issues that cannot be resolved within the CMIA timeframe. This report will be monitored daily by the BOA/AP staff. If it has been determined that the issues pertaining to the unpaid voucher cannot be resolved

within 8 days, the voucher will then be deleted. Also, if it is determined that the invoices were incorrect and the program area didn't catch it until it was processed, BOA will delete then reject the invoice back to the program area. This will allow the program office to correct and re-enter once all issues have been resolved, allowing the invoice to be processed in normal processing timeframes.

Anticipated Completion Date for Corrective Action:

August 2020

Contact Person Responsible for Corrective Action:

Yvonne Gore, Senior Financial Manager, Ohio Department of Job and Family Services
30 East Broad Street, 37th Floor, Columbus, Ohio 43215
Phone: (614) 466-9596, Email: Yvonne.Gore@jfs.ohio.gov

Finding Number: 2020-024
State Agency: Ohio Department of Job and Family Services
Finding Description: Subrecipient Monitoring – Various Programs

Corrective Action Plan:

The audit resolution section will continue to review internal reports and the FAC website regularly to identify ODJFS subrecipients subject to single audit requirements. Management will continue to monitor tracking spreadsheets to identify impending deadlines for management decisions. Pre-EAC meetings will be held more frequently to ensure management decisions are made and submitted to subrecipients timely.

Anticipated Completion Date for Corrective Action:

June 2021

Contact Person Responsible for Corrective Action:

Lynn Pierson, Project Manager, Ohio Department of Job and Family Services
4200 East Fifth Avenue, Columbus, Ohio 43219
Phone: (614) 752-3251, E-Mail: Lynn.Pierson@jfs.ohio.gov

Finding Number: 2020-025
State Agency: Ohio Department of Job and Family Services
Finding Description: CCDF Cluster – Family Child Care Provider Home Licensing

Corrective Action Plan:

ODJFS plans to implement a new field in the Ohio Child Licensing and Quality System (OCLQS) for county agencies to indicate when an initial application is completed. This field will provide a specified date to reference for the 90-day deadline for county agencies to recommend an initial application to ODJFS for approval. The field is estimated to be available in OCLQS and be implemented by the end of the state fiscal year. County agencies will be informed of the new field and procedures for completing the field during

the monthly county meetings. ODJFS is also researching a method to include data regarding the 90-day deadline on the monthly quality assurance monitoring report that is provided to county agencies to ensure deadlines are met.

In addition to the new field in OCLQS, ODJFS is proposing to add language to Ohio Administrative Code clarifying that a completed application also includes that the provider has indicated he or she is ready for the pre-licensing inspection. ODJFS will also provide technical assistance to the county agencies identified as non-compliant with the 90-day deadline and provide technical assistance to all county agencies regarding the deadline during the February monthly video conference. ODJFS will continue to monitor and provide technical assistance during annual county monitoring visits.

Anticipated Completion Date for Corrective Action:

By the end of the state fiscal year, the system will be updated to include the additional field, the county agencies will be notified of the procedures for completing the field, and technical assistance will be provided to all county agencies, with directed technical assistance to the county agencies identified as non-compliant. The tentative effective date for the additional rule language is October 2021. By June 2022, all county agencies will have at least one annual county monitoring visit during which the requirement to submit by the 90-day deadline will be monitored and additional technical assistance will be provided, if applicable.

Contact Person Responsible for Corrective Action:

Laura Harper, Bureau Chief of Child Care Licensing and Monitoring, Ohio Department of Job and Family Services
4020 East Fifth Avenue, Columbus, Ohio 43219
Phone: (614) 387-8801, E-Mail: Laura.Harper@jfs.ohio.gov

Finding Number: 2020-026
State Agency: Ohio Department of Job and Family Services
Finding Description: Foster Care – Payment Rate Setting and Application

Corrective Action Plan:

Bureau of Fiscal Operations, Rate Setting Unit, will modify the Desk Review Procedure List and add a control measure to review each calculated/approved Title IV-E reimbursement ceiling per diem amounts calculation to determine the appropriateness of an included/excluded inflation factor.

Anticipated Completion Date for Corrective Action:

February 2021

Contact Person Responsible for Corrective Action:

Alicia Allen, Program Administrator II, Ohio Department of Job and Family Services
4200 East Fifth Avenue, Columbus, OH 43219
Phone: (614) 752-0267, E-Mail: Alicia.Allen@jfs.ohio.gov

Finding Number: 2020-027
State Agency: Ohio Department of Job and Family Services
Finding Description: IT – UI FUTA Certification Match

Corrective Action Plan:

JFS currently has in place a process with both the IRS and employers to correct erroneous certifications. In many cases, JFS will provide the IRS with recertifications correcting the issue before the employer is even aware of the issue. In these cases, there is no negative impact to the employer. In cases where the employer is made aware of the issue, either the IRS or the employer requests a recertification which will correct the issue. The certification does not impact the process of unemployment tax quarterly reports and payments or benefit payments to claimants.

JFS is working to implement a new Tax system called The SOURCE (State of Ohio Unemployment Resource for Claimants and Employers). The SOURCE is programmed to process the annual certification file and continue the recertification process. Testing will be completed to ensure this issue is corrected.

JFS will monitor any updates to this process from the IRS and will review for any needed changes to our system or procedures. The Contribution section, in conjunction with System Support and Information Services will continue to monitor this process to ensure the system is operating correctly during the next scheduled annual certification process.

Anticipated Completion Date for Corrective Action:

The SOURCE is planned for go live in CY 2021.

Contact Person Responsible for Corrective Action:

Byron Archer, Unemployment Compensation Administrator II, Ohio Department of Job and Family Services

4020 East Fifth Avenue, Columbus, Ohio 43219

Phone: (614) 644-6203, E-Mail: Byron.Archer@jfs.ohio.gov

Finding Number: 2020-028
State Agency: Ohio Department of Job and Family Services
Finding Description: TANF – Work Participation Reviews

Corrective Action Plan:

The Office of Family Assistance (OFA) will revise the TANF Work Verification Plan and submit it to the United States Department of Health and Human Services for review and approval.

Based on the revised TANF Work Verification Plan, the Office of Fiscal and Monitoring (OFMS) will perform the following case reviews:

- Work Eligible Individual (WEI) cases (10 cases monthly)
Data Elements to review:
 - WEI status
 - Financial eligibility

- Non-financial eligibility
- Documentation of completed hours of work participation
- Sanctioned WEI cases (10 cases monthly)
Data Elements to review:
 - WEI status
 - Financial eligibility
 - Non-financial eligibility
 - Documentation of failed hours of work participation or non-cooperation with child support
 - Timely imposition of sanction
- Child Only cases (10 cases monthly)
Data Elements to review:
 - Documentation of household relationship status

The samples for the case reviews will be selected by OFA from the monthly TANF 199 report. OFMS will notify the county agency and OFA of any errors for correction. OFA will conduct follow-up technical assistance and training with the county agencies as needed.

Anticipated Completion Date for Corrective Action:

April 2021

Contact Person Responsible for Corrective Action:

Brenda Soto, Human Services Program Administrator III, Ohio Department of Job and Family Services
4200 East Fifth Avenue, Columbus, OH 43219
Phone: 614-752-3145, E-Mail: Brenda.Soto@jfs.ohio.gov

Finding Number: 2020-029
State Agency: Ohio Department of Medicaid
Finding Description: Medicaid/CHIP - Eligibility

Corrective Action Plan:

Alerts - The Ohio Benefits Program team has been working toward reduction of the volume of alerts generated in the system for several years, and it remains a top priority for the Program. Reducing alert volume and improving the usability of the alert actioning process is a key focus area for system enhancements.

Beginning in October 2017, the Ohio Benefits Program team, comprised of DAS, ODM, and ODJFS representatives, began meeting bi-weekly to identify opportunities for reducing alert volume and improving the usability of alert processing. This team submitted a comprehensive list of recommendations to DAS, ODM, and ODJFS leadership in October 2018 that would achieve their goals. Those recommendations were approved by leadership and the Ohio Benefits Program team began implementation. Here are some of our major accomplishments:

- August 2019 Release 3.5. – The first significant enhancements were made to reduce alert volume generated in the Ohio Benefits system.

- August 2020 Release 3.6.3 and November 2020 Release 3.6.4 – 22 alert related defects and 4 alert usability enhancements were prioritized and implemented for these releases. The enhancements allowed the Ohio Benefits Program team to clear nearly 3.5 million pending alerts, many of which were duplicate alerts or alerts for discontinued cases, for the county caseworkers.
- Following the August 2020 Release 3.6.3, the Ohio Benefits Program leadership team chose a new approach to reducing alert volume in the Ohio Benefits system – the creation of an “Alerts SWAT Team.” The SWAT Team was established to review the unimplemented recommendations from the 2017-2018 workgroup and to identify additional system enhancements that could reduce alert volume.

Overwriting Data - A prior audit identified the overwriting of income information as a significant issue for the Ohio Benefits system. In response, the Ohio Benefits Program team implemented a system enhancement in its July 2020 Release 3.6.2. That enhancement now warns a system user when they are overwriting income information to prevent overwrites made in error. To supplement the change, a help text was added to the “Income Detail” screen instructing users on how to add new instead of editing (potentially overwriting) the existing income information.

Since the July 2020 Release 3.6.2, two new defects were identified that have contributed to the overwrite issue. Fixes for these two defects will be prioritized and fixed in our normal release cadence. Once implemented, we believe the overwrite issue will be resolved in its entirety.

County Caseworker Training - The Ohio Benefits Program provides training materials and promotes ongoing learning about related business processes without requiring in-person training. For each major system release or system enhancement that impacts the end user, updated training materials are produced and disseminated. These materials may take the form of job aids that are posted to the project website, train-the-trainer sessions, and video conferences where system users can ask live questions about the system.

In addition to system support and training, ODM and ODJFS have developed a 12-week new worker training which covers OB Basics, MAGI, Aged Blind and Disabled Medicaid, SNAP, TANF and Case Maintenance. Each class includes instruction for both system processes and eligibility policy and is currently in its fourth offering. ODM hosts monthly webinars with all 88 counties. Webinars include policy updates, training material and general guidance or instruction on recent changes and issues. ODM and JFS also host quarterly webinars to discuss training topics affecting multiple programs. Recordings of previous ODM training and materials are available for viewing at any time on the JFS hosted Innerweb, along with current eligibility policy related desk aids.

Linking of Data - All person-level information that has been entered into the system, including income, is linked between programs. However, program eligibility is determined separately for each requested program. County caseworkers do need to run each impacted program block to apply a person level change, such as an income update. County caseworkers can process program blocks together or individually when a change in circumstances is reported. Related program blocks across cases are automatically companioned (linked) in the Ohio Benefits system when there are individuals listed across cases that have a budgetary impact to one another’s program eligibility. This is designed to make it more obvious for county caseworkers to know which program eligibility needs to be updated due to a customer circumstance change. If workers do not process for a related program block within five days, an alert is generated to inform the county caseworker.

Anticipated Completion Date for Corrective Action:

Ohio Benefits system fixes will occur through calendar year 2022, with the most recent release occurring in February 2021. Corrective action related to caseworker training has started as of February 2021 and will continue through the calendar year.

Contact Person Responsible for Corrective Action:

Chris Berry, Audit Coordinator, Ohio Department of Medicaid
50 West Town Street, Columbus, Ohio 43215
Phone: (614) 752-3471, E-Mail: Chris.Berry@medicaid.ohio.gov

Finding Number: 2020-030
State Agency: Ohio Department of Medicaid
Finding Description: Medicaid/CHIP – IEVS Monitoring

Corrective Action Plan:

Ohio's corrective action plan for this finding includes system improvements, additional coordination with the Ohio Department of Job and Family Services (ODJFS) on monitoring the processing of IEVS alerts, and additional monitoring of county caseworkers processing of IEVS alerts by ODM's MEQC unit. ODM and ODJFS continue to meet bi-weekly to analyze the alerts in Ohio Benefits and the group will present recommendations to our vendor for overall system alert improvements; these recommendations will be prioritized and corrected in our normal release cadence. ODM's Eligibility Compliance section started meeting with ODJFS in FY 21 to receive updates on ODJFS's triad reviews that evaluate, among other areas, county department of job and family services' IEVS alert processing, and it shares this information with ODM's County Engagement team for further follow up with counties. These triad reviews resumed in January 2021, with an emphasis on processing IEVS alerts. ODM is utilizing the IEVS training provided by ODJFS. ODJFS developed an IEVS Alert Processing training and IEVS Alert Processing Guide for counties in October 2020. The training was recorded and is still available for counties and ODJFS is currently planning future training events related to IEVS processing.

Also, in FY 21, ODM's MEQC unit updated its case review procedures and its reporting capabilities. It now identifies each incomplete IEVS alert as a technical deficiency in a review and notifies the county each time a case is processed with an unworked alert. These errors are also tracked in the new Eligibility Quality Control application, which allows cumulative reporting on IEVS alerts processing errors by county.

Anticipated Completion Date for Corrective Action:

The Ohio Benefits system improvement work is expected to continue throughout fiscal year 2022. The additional monitoring and review work described is implemented as of February 2021.

Contact Person Responsible for Corrective Action:

Chris Berry, Audit Coordinator, Ohio Department of Medicaid
50 West Town Street, Columbus, Ohio 43215
Phone: (614) 752-3471, E-Mail: Chris.Berry@medicaid.ohio.gov

Finding Number: 2020-031
State Agency: Ohio Department of Medicaid
Finding Description: Medicaid/CHIP – Managed Care/MyCare Ohio – Provider Panel Reports

Corrective Action Plan:

ODM's oversight of managed care plan (MCP) contracting standards has been included in recent findings from the Auditor of State (AOS). These findings have identified opportunities to strengthen ODM's monitoring of the reporting tools used to measure MCP compliance with provider panel requirements.

In 2019, ODM reviewed the process for monitoring MCP compliance with provider minimum contracting standards. Through this review it determined additional oversight was necessary to ensure it maintains and periodically updates the reporting tools used by ODM to measure this compliance to reflect the most current program agreement between the MCP and the State. As a result, ODM implemented an internal process to evaluate the tools and processes used to monitor MCP provider contracting. This process utilizes staff in the Office of Managed Care's Network Management and Operations section to validate that the reporting tools correctly reflect the minimum contracting standards for each of the State's 88 counties.

In 2020, and as a result of the technical issues outlined in the AOS findings, ODM has enhanced this process to include additional testing of compliance reports. This includes a review of report composition to ensure calculations are accurate and report indicators are correctly coded.

ODM is working to formally document these processes. When completed, ODM's Network Management and Operations staff will utilize this information to guide the internal review of MCP provider panel reporting. The Network Management and Operations Section Lead will finalize this documentation with the approval of the Chief of the Bureau of Managed Care Compliance and Oversight. This documentation will be completed prior to the next audit in April 2021. These processes will be reviewed at least annually by the Network Management and Operations Section Lead to align with the renewal of the program agreement between the State and MCPs.

Anticipated Completion Date for Corrective Action:

April 2021

Contact Person Responsible for Corrective Action:

Chris Berry, Audit Coordinator, Ohio Department of Medicaid
50 West Town Street, Columbus, Ohio 43215
Phone: (614) 752-3471, E-Mail: Chris.Berry@medicaid.ohio.gov

Finding Number: 2020-032
State Agency: Ohio Department of Medicaid
Finding Description: IT – NCCI Implementation and Monitoring

Corrective Action Plan:

ODM will work with Gainwell to have the NCCI for PTP DME edits implemented in MITS by March 31, 2021.

ODM will work with Gainwell to mass adjust all claims once the DME edits are implemented and will be completed by June 30, 2021.

ODM Policy, ODM MITS & Systems Operations and Gainwell will meet quarterly starting in April 2021 to monitor the NCCI quarterly implementations to ensure all methodologies were completely and correctly implemented.

Anticipated Completion Date for Corrective Action:

July 2021

Contact Person Responsible for Corrective Action:

Chris Berry, Audit Coordinator, Ohio Department of Medicaid
50 West Town Street, Columbus, Ohio 43215
Phone: (614) 752-3471, E-Mail: Chris.Berry@medicaid.ohio.gov

Finding Number: 2020-033
State Agency: Ohio Department of Mental Health and Addictive Services
Finding Description: Opioid STR - Eligibility

Corrective Action Plan:

Ohio MHAS will maintain scoring records in an electronic format in a single location. The Bureau of Grants Administration has already created this electronic repository and will engage in training of staff as well as periodic checks as grants are awarded to validate that all required forms are maintained.

Anticipated Completion Date for Corrective Action:

Training will be completed by April 2021. The repository is already operational.

Contact Person Responsible for Corrective Action:

Daniel Schreiber, Deputy Director - CFO, Ohio MHAS
30 East Broad Street, 11th Floor, Columbus, Ohio 43215
Phone: (614) 644-8219, E-Mail: Daniel.Schreiber@mha.ohio.gov

Finding Number: 2020-034
State Agency: Ohio Department of Mental Health and Addictive Services
Finding Description: Opioid STR - Reporting

Corrective Action Plan:

All reports documenting financial and service data will be reviewed and approved by multiple supervisors prior to submission to SAMHSA. The project director will compile and review the information prepared by fiscal department and program staff prior to submission to Grants Administration Bureau Chief. The Bureau Chief will provide final approval prior to the reports being sent to SAMHSA.

Anticipated Completion Date for Corrective Action:

April 2021

Contact Person Responsible for Corrective Action:

Daniel Schreiber, Deputy Director - CFO, Ohio Department of Mental Health and Addictive Services
30 East Broad Street, 11th Floor, Columbus, Ohio 43215
Phone: (614) 644-8219, E-Mail: Daniel.Schreiber@mha.ohio.gov

Finding Number: 2020-035
State Agency: Ohio Department of Mental Health and Addictive Services
Finding Description: Opioid STR – Non-Payroll Expenditures

Corrective Action Plan:

A review of the procedure will be completed and any necessary updates will be made to ensure that all ISTVs or any transaction requiring two levels of approval will be reviewed by all necessary parties. Staff training of this requirement in writing, as well as verbally in a staff meeting.

Anticipated Completion Date for Corrective Action:

May 2021

Contact Person Responsible for Corrective Action:

Daniel Schreiber, Deputy Director - CFO, Ohio Department of Mental Health and Addictive Services
30 East Broad Street, 11th Floor, Columbus, Ohio 43215
Phone: (614) 644-8219, E-Mail: Daniel.Schreiber@mha.ohio.gov

Finding Number: 2020-036
State Agency: Ohio Department of Mental Health and Addictive Services
Finding Description: SABG - Payroll

Corrective Action Plan:

The department's current procedure is to send recurring e-mail reminders to all central office supervisors and notifications to supervisors found to have not completed approvals by noon on the Monday following the close of the payroll period. A communication emphasizing the importance of the approval process will again be sent to all supervisors. A report of any timesheets that remain unapproved is sent to the Deputy Director and the Chief of Staff for review one week following the first communication. The deputy director of HR will send a communication to the supervisors with unapproved timesheets instructing them to review and respond with their decision to approve to employee's timesheet within one (1) week.

Anticipated Completion Date for Corrective Action:

This will be implemented in March 2021.

Contact Person Responsible for Corrective Action:

Vincent Conner, Deputy Director – Chief Human Resources Officer, Ohio Department of Mental Health and Addictive Services

30 East Broad Street, 11th Floor, Columbus, Ohio 43215

Phone: (614) 466-9914, E-Mail: Vincent.Conner@mha.ohio.gov

Finding Number: 2020-037
State Agency: Ohio Department of Mental Health and Addictive Services
Finding Description: Opioid STR – Cash Management

Corrective Action Plan:

Staff will review the procedure and will be provided additional training to ensure successful completion, including emphasis on the need to appropriately file all required documentation. This will be communicated in writing to all relevant staff.

Anticipated Completion Date for Corrective Action:

May 2021

Contact Person Responsible for Corrective Action:

Daniel Schreiber, Deputy Director - CFO, Ohio Department of Mental Health and Addictive Services

30 East Broad Street, 11th Floor, Columbus, Ohio 43215

Phone: (614) 644-8219, E-Mail: Daniel.Schreiber@mha.ohio.gov

Finding Number: 2020-038
State Agency: Ohio Department of Natural Resources
Finding Description: Fish and Wildlife Cluster – Equipment and Real Property Management

Corrective Action Plan:

The Division of Wildlife (DOW) will work with the Office of Real Estate (RE), Office of Budget and Finance (OBF), and Division of Engineering (DOE) to reconcile land and building records and add supporting data. Meetings among DOW, RE, OBF and DOE staff will be scheduled to identify division point of contacts and workflow to develop a policy/procedure document.

DOW will work with RE to determine the value of existing OAKS asset records. Methods to value assets include research of ODNR acquisition records, research of appropriate county office data, and finally, work with a Department of Administrative Services (DAS) appraiser to establish an estimate for the value field for those assets that have no supporting documentation. Due to COVID-19, the DAS appraisals have been delayed and are expected to take to three to five years to complete and are out of DOW's control.

DOW has established a process to gather asset information from all Divisions/Offices involved with the lands and building record keeping. DOW has also attended several training sessions with DAS to understand how to enter and update real estate assets within the OAKS Asset Management System (AMS).

As information on purchases, sales, valuations, etc. are compiled, DOW will work to correct all errors and omissions associated with the list of assets. Once DOW ensures all assets are entered into OAKS, we will use processes established within the Asset Manual to establish an historical value for those assets.

Anticipated Completion Date for Corrective Action:

We have divided the correction of this issue into three phases. The first phase is to compile the complete and accurate listing of real estate holdings. This phase is expected to be completed by July 2021. Phase 2 is to correct the location codes within OAKS AMS and is expected to be completed by October 2021. The final phase is to correct any errors and add omitted assets within OAKS AMS. Phase 3 will also include updating the historical costs based upon the DAS appraisals. The expected completion date of phase 3 is December 2023.

Contact Person Responsible for Corrective Action:

Kelley Moseley, Executive Business Administrator, Ohio Department of Natural Resources
Division of Wildlife, 2045 Morse Road, Building G-2, Columbus, Ohio 43229
Phone: (614) 265-7024, E-Mail: Kelley.Moseley@dnr.ohio.gov

Finding Number: 2020-039
State Agency: Ohio Department of Natural Resources
Finding Description: Fish and Wildlife Cluster – Expenditure Reconciliations

Corrective Action Plan:

The Division of Wildlife has developed a policy requiring periodic reconciliations of Division records to the State's Accounting System (OAKS). There were multiple issues that complicated the reconciliation process including a payroll change that did not provide a reconciliation report and the work from home status due to COVID-19. An Activity Tracker directive was put in place to outline the process to enter and reconcile payroll. For non-payroll reconciliation, the business administrator will work with wildlife management to determine how to assist with reconciliation of statewide projects. After establishment of this new process, statewide implementation and enforcement will be put in place.

Anticipated Completion Date for Corrective Action:

May 2021

Contact Person Responsible for Corrective Action:

Kelley Moseley, Executive Business Administrator, Ohio Department of Natural Resources
Division of Wildlife, 2045 Morse Road, Building G-2, Columbus, Ohio 43229
Phone: (614) 265-7024, E-Mail: Kelley.Moseley@dnr.ohio.gov

Finding Number: 2020-040
State Agency: Ohio Department of Natural Resources
Finding Description: IT – Lack of a SOC 1 Audit for Service Organizations

Corrective Action Plan:

During state fiscal year (SFY) 2021, the Department worked with the Department of Administrative Services (DAS) to amend the service organization's contract to clarify that the service organization is required to complete SOC-1, Type 2 audit. The amendment was signed on 12/5/2020. The service organization has contracted with a vendor to perform the audit. The reporting period for the audit will start in SFY 2022.

Anticipated Completion Date for Corrective Action:

April 2022

Contact Person Responsible for Corrective Action:

Kelley Moseley, Executive Business Administrator, Ohio Department of Natural Resources
Division of Wildlife, 2045 Morse Road, Building G-2, Columbus, Ohio 43229
Phone: (614) 265-7024, E-Mail: Kelley.Moseley@dnr.ohio.gov

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Management's Summary Schedule of Prior Audit Findings



State of Ohio

2017 Audit Findings with Questioned Costs

Ohio Department of Job and Family Services

2017-009 / SNAP Cluster and TANF Cluster – Eligibility Documentation
Questioned Costs: \$1,431

The audit finding is no longer valid and does not require further action because two years have passed since the fiscal year 2017 Single Audit was submitted to the Federal Audit Clearinghouse and the U.S. Department of Agriculture/Health and Human Services have not issued a management decision and is currently not engaged with the Ohio Department of Job and Family Services on the finding.

Ohio Department of Medicaid

2017-018 / IT – Provider Licenses Not Updated in MITS
Questioned Costs: Undetermined Amount

The audit finding is no longer valid and does not require further action because two years have passed since the fiscal year 2017 Single Audit was submitted to the Federal Audit Clearinghouse and the U.S. Department of Health and Human Services have not issued a management decision and is currently not engaged with the Ohio Department of Medicaid on the finding.

2017-019 / Medicaid/CHIP – Ineligible Recipients
Questioned Costs: \$42,628

The audit finding is no longer valid and does not require further action because two years have passed since the fiscal year 2017 Single Audit was submitted to the Federal Audit Clearinghouse and the U.S. Department of Health and Human Services have not issued a management decision and is currently not engaged with the Ohio Department of Medicaid on the finding.

2017-020 / MFP – Ineligible Recipients – Home Choice/MITS Variances
Questioned Costs: \$27,407

The audit finding is no longer valid and does not require further action because two years have passed since the fiscal year 2017 Single Audit was submitted to the Federal Audit Clearinghouse and the U.S. Department of Health and Human Services have not issued a management decision and is currently not engaged with the Ohio Department of Medicaid on the finding.

2018 Audit Findings with Questioned Costs

Ohio Department of Developmental Disabilities

2018-002 / Medicaid Cluster – Payroll Overpayment
Questioned Costs: \$52
Status: Partially Corrected
Finding first reported in fiscal year 2018.

The noncompliance has been fully corrected. In February 2019, the employee's paycheck was adjusted and decreased by the \$52 overtime paid in error. No final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received to close the finding.

Ohio Department of Job and Family Services

2018-010 / Adoption Assistance – Lack of Supporting Documentation
Questioned Costs: \$10,707
Status: Fully Corrected

A final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received and the finding closed.

Ohio Department of Medicaid

2018-016 / IT – Provider Licenses Not Updated in MITS
Questioned Costs: Undetermined Amount
Status: Partially Corrected
Finding first reported in fiscal year 2016.

The control deficiency and noncompliance have been fully corrected; the questioned cost resolution is pending. No final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received to close the finding.

Ohio Department of Medicaid (Continued)

2018-017 / Medicaid / CHIP – Ineligible Recipients

Questioned Costs: Medicaid - \$98,954 and CHIP - \$31,657

Status: Partially Corrected

Finding first reported in fiscal year 2010.

The Ohio Department of Medicaid (ODM) conducted quarterly new worker policy trainings during fiscal year 2020. Beginning in April 2020, COVID-19 update webinars were conducted weekly and the county resource page (Innerweb) has been updated with the training information for all county staff to access. ODM and the Ohio Department of Job and Family Services (JFS) conducted operational support webinars throughout fiscal year 2020 providing county caseworkers with information on current Ohio Benefits issues, defects, work-around solutions, enhancements and functionality, and proper case processing. ODM's county engagement unit began contributing an article on best practices in the Bi-monthly Medicaid Matters Newsletter in May 2020. Topics have included renewal processing, case transfers and LTC case processing learned from high performing counties. The ODM county engagement team also provides regular hyper-care support to counties when requested which includes assistance in case processing, completing renewals and navigating new system enhancements after the operational support webinars. During submission of the March 2019 quarterly report, decreasing adjustments were made to account for the questioned costs. No final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received.

2018-018 / MFP – Ineligible Recipients

Questioned Costs: \$52,625

Status: Partially Corrected

Finding first reported in fiscal year 2010.

The control deficiency and noncompliance have been fully corrected. During submission of the March 2019 quarterly report, decreasing adjustments were made to account for the questioned costs. No final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received to close the finding.

2018-019 / MFP – Payment Processing SOC 1 Audit and Ineligible Recipient

Questioned Costs: \$281

Status: Partially Corrected

Finding first reported in fiscal year 2018.

The control deficiency and noncompliance have been fully corrected. During submission of the March 2019 quarterly report, decreasing adjustments were made to account for the questioned costs. No final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received to close the finding.

Opportunities for Ohioans with Disabilities

2018-031 / Various Programs – Remaining Cash Balance
Questioned Costs: \$27,802
Status: Partially Corrected
Finding first reported in fiscal year 2018.

No final federal determination letter pertaining to the fiscal year 2018 questioned costs has been received to close the finding.

2019 Audit Findings

**Ohio Department of Medicaid
Ohio Department of Administrative Services
Ohio Department of Job & Family Services**

2019-001 / Public Assistance Eligibility
Status: Not Corrected
Finding first reported in Fiscal Year 2019.

A cross-agency alerts team started working in earnest in April 2020 to review the volume and necessity of alerts as well as recommend system usability improvements to improve alert management. This team includes representatives from ODM and JFS and is focused on reduction of alert volumes by revisiting the necessity of alerts and addressing alert related system defects, and usability improvements in the alerts management system's functionality. The two agencies are working with DAS and the outside contractor for system enhancements and focusing on eligibility determinations, alerts, renewal and change reporting, and the self-service portal. In addition, a system update is being implemented to add help text and hard stop and soft stop error messages. ODM and JFS are also developing additional eligibility training for county workers to improve eligibility determination accuracy. Since all the changes haven't been fully implemented yet, this resulted in a repeat finding.

Ohio Department of Medicaid

2019-002 / Medicaid/CHIP – Drug Rebate Monitoring
Status: Fully Corrected

Ohio Office of Budget and Management

2019-003 / OAKS Supplier Record Integrity and Access
Status: Fully Corrected

Ohio Department of Adjutant General

2019-004 / NGMOMP – Cash Management

Status: Not Corrected

Finding first reported in Fiscal Year 2019.

The Department of Adjutant General (ADJ) closely monitored the Air Wings and did not process pending invoices until adequate cash was received from the federal government (USPFO - DFAS) for the particular Air Wing. Approximately 90% of the Air Wing budget is payroll and cannot be suspended long term. ADJ's long-term plan is to move to a reimbursement basis. To accomplish this goal the ADJ will set a meeting with OBM in mid to late November to discuss changing the program to reimbursement basis. Since the changes haven't been implemented yet, this resulted in a repeat finding.

Ohio Department of Administrative Services

2019-005 / IT – Ohio Benefits System – Medicaid/CHIP/MFP/SNAP/TANF

Status: Not Corrected

Finding first reported in Fiscal Year 2019.

A cross-agency alerts team started working in earnest in April 2020 to review the volume and necessity of alerts as well as recommend system usability improvements to improve alert management. This team includes representatives from ODM and JFS and is focused on reduction of alert volumes by revisiting the necessity of alerts and addressing alert related system defects, and usability improvements in the alerts management system's functionality. The two agencies are working with DAS and the outside contractor for system enhancements and focusing on eligibility determinations, alerts, renewal and change reporting, and the self-service portal. In addition, a system update is being implemented to add help text and hard stop and soft stop error messages. ODM and JFS are also developing additional eligibility training for county workers to improve eligibility determination accuracy. Since all the changes haven't been fully implemented yet, this resulted in a repeat finding.

Ohio Department of Aging

2019-006 / Uniform Guidance Policies and Procedures

Status: Partially Corrected

Finding first reported in Fiscal Year 2019.

The Ohio Department of Aging has completed several key policy updates including purchasing of goods, contract and agreement and time and attendance. These documents were approved by agency leadership and were submitted to agency staff for implementation. There are policies and procedures that have been drafted but are not through the process of approval by agency leadership. The agency has taken great strides in updating policies and is on a trajectory to complete this process in the near future. Since all the policies have not been approved yet, this resulted in a repeat finding.

Ohio Development Services Agency

2019-007 / HEAP – Cash Management

Status: Not Corrected

Finding first reported in Fiscal Year 2017.

The state fiscal year 2019 Cash Management Improvement Act (CMIA) agreement between the State of Ohio and the U.S. Department of Treasury was amended at the end of fiscal year 2019 to change the “modified pre-issuance methodology” from five business days to eight business days. While this modification may resolve some of the errors noted in the past, there still may be issues due to the current system the Ohio Development Services Agency (DSA) has in place. As DSA discussed previously with the Auditor of State, it would not be feasible nor cost effective to replace our current system or modify it to avoid this finding. Due to the lack of feasibility and cost effectiveness of correcting this issue, this resulted in a repeat finding.

Ohio Development of Developmental Disabilities

2019-008 / IT – Inappropriate Application Administrator Account Access

Status: Not Corrected

Finding first reported in Fiscal Year 2019.

In January 2020, the Ohio Department of Developmental Disabilities (DODD) removed access privileges from users not requiring administrative functions. In addition, DODD reduced access privileges to an appropriate level in alignment with user job functions, with a few exceptions. Given this is a technical issue, and not an issue with job functions, these will remain as a documented exception until account access/privilege assignment can be corrected. In addition, DODD ITS will institute a management verification before allocating administrative privileges to users. The policy System Access and User Authentication - (ITS002) has been updated to include procedures for conducting account access reviews annually. The account review, coupled with the requirement for DODD Medicaid management to authorize allocation of administrative privileges, will help ensure adherence to the least privilege principle. Since the management verification has not yet been implemented, this resulted in a repeat finding.

Ohio Department of Education

2019-009 / Timely Allocations to Charter Schools – Various Programs

Status: Fully Corrected

2019-010 / Special Education Cluster – Subrecipient Monitoring

Status: Fully Corrected

Ohio Department of Education (Continued)

2019-011 / Child Nutrition Cluster – Inventory

Status: Not Corrected

Finding First Reported in Fiscal Year 2018.

The Department implemented the two-step process for entry of USDA meal reimbursement rates into CRRS. Also, formal written policies and procedures for the monthly inventory reconciliation process were developed in February 2020. This process was intended to be an alternate approach to be implemented until the full electronic inventory reconciliation process could be re-established through coordinated efforts with the software vendor. Based on the FY20 audit tests of the reconciliation process, we understand that the process was not implemented as designed resulting in the repeat finding.

2019-012 / CACFP – Reporting

Status: Partially Corrected

Finding first reporting in Fiscal Year 2015.

On January 20, 2020, the software vendor implemented changes to the FNS-44 report into the Claims Reimbursement and Reporting System production environment. The office compared the December 2019 FNS-44 to the December 2018 FNS-44 30-day and 90-day reports and confirmed estimates were pulled appropriately. Since the implementation did not occur until January 2020, this resulted in the repeat finding.

2019-013 / CACFP – Sponsor Reviews

Status: Not Corrected

Finding first reported in Fiscal Year 2018.

The Department was granted several nationwide monitoring waivers and flexibilities due to the pandemic. Also, centers shut down between March and June 2020, which impacted scheduled monitoring. The Department has some flexibility to move reviews to 20-21. Due to staffing issues and lack of communication between staff members completing and submitting the review results, this resulted in a repeat finding.

2019-014 / Charter School Monitoring – Various Programs

Status: Not Corrected

Finding first reported in Fiscal Year 2019.

Drafts of a risk assessment tool were developed based on concepts in the IRS Charter School Guide. A mock assessment was completed for one agreement. The Department continues to finalize the tool, thus resulting in a repeat finding.

Ohio Department of Education (Continued)

2019-015 / Title I and Supporting Effective Instruction – Maintenance of Effort
Status: Fully Corrected

Ohio Department of Job and Family Services

2019-016 / CCDF Cluster / TANF / SSBG – Ineligible Recipient and Missing Documentation
Questioned Costs: \$1,080
Status: Partially Corrected

Finding first reported in Fiscal Year 2019.

The control deficiency and noncompliance have been fully corrected. No final federal determination letter pertaining to the fiscal year 2019 questioned costs has been received to close the finding.

2019-017 / SNAP Cluster and TANF Cluster – Eligibility System

Status: Partially Corrected

Finding first reported in Fiscal Year 2019.

The non-compliance portion of the comment was resolved, but the control deficiency was repeated. A cross-agency alerts team started working in earnest in April 2020 to review the volume and necessity of alerts as well as recommend system usability improvements to improve alert management. This team includes representatives from ODM and JFS and is focused on reduction of alert volumes by revisiting the necessity of alerts and addressing alert related system defects, and usability improvements in the alerts management system's functionality. The two agencies are working with DAS and the outside contractor for system enhancements and focusing on eligibility determinations, alerts, renewal and change reporting, and the self-service portal. In addition, a system update is being implemented to add help text and hard stop and soft stop error messages. ODM and JFS are also developing additional eligibility training for county workers to improve eligibility determination accuracy. Since all the changes haven't been fully implemented yet, this resulted in a repeat finding.

2019-018 / IEVS Alerts – SNAP and TANF – COMMENT RECEIVED

Status: Not Corrected

Finding first reported in Fiscal Year 1997.

The IEVS Alert Processing Guide has been updated as well as the IEVS Alert Processing PowerPoint presentation. Copies of the guide and presentation will be distributed in the days leading up to October 20, 2020, when the statewide IEVS Alert Processing training is scheduled. New methods for processing IEVS alerts will be discussed during the new training session that will assist counties with meeting timeliness standards while keeping high quality results. Correct coding and supervisory random reviews will be covered and encouraged. Since all the changes haven't been fully implemented yet, this resulted in a repeat finding.

Ohio Department of Job and Family Services (Continued)

2019-019 / Foster Care and Child Support Enforcement – Federal Reporting

Status: Partially Corrected

Finding first reported in Fiscal Year 2014.

Foster Care and Child Support Enforcement programs were not listed in the fiscal year 2020 finding, but two other programs were listed. Since the federal reporting process is the same over all the programs, the control deficiency still existed. The department implemented the checklist changes in July 2019. The Project Manager has completed the 3rd level review for Foster Care. The 3rd level review of Child Support began with the April-June 2020 quarterly report and is ongoing. Since all the changes haven't been fully implemented, this resulted in a repeat finding.

2019-020 / Cash Management – Various Programs

Status: Not Corrected

Finding first reported in Fiscal Year 2017.

The Bureau of Accounting (BOA) internal CMIA procedures were updated July 2020. Since the changes didn't occur until fiscal year 2021, this resulted in a repeat finding.

2019-021 / Subrecipient Monitoring – Various Programs

Status: Not Corrected

Finding first reported in Fiscal Year 2018.

JFS did not agree with one of the issues identified in the finding 2019-021. However, the tracking spreadsheets were modified to clearly identify the management decision dates and the closure letter dates. There was an oversight identifying the subrecipient on the Federal Audit Clearinghouse website which resulted in the repeat finding.

Ohio Department of Medicaid

2019-022 / Medicaid / CHIP / MFP – Eligibility

Questioned Costs: Medicaid - \$27,910 and CHIP - \$162,571

Status: Partially Corrected

Finding first reported in Fiscal Year 2010.

The questioned costs have been repaid to the U.S. Department of Health and Human Services. A cross-agency alerts team started working in earnest in April 2020 to review the volume and necessity of alerts as well as recommend system usability improvements to improve alert management. This team includes representatives from ODM and JFS and is focused on reduction of alert volumes by revisiting the necessity of alerts and addressing alert related system defects, and usability improvements in the alerts management system's functionality. The two agencies are working with DAS and the outside contractor for system enhancements and focusing on eligibility determinations, alerts, renewal and change reporting, and the self-service portal. In addition, a system update is being implemented to add help text and hard stop and soft stop error messages. ODM and JFS are also developing additional eligibility training for county workers to improve eligibility determination accuracy. Since all the changes haven't been fully implemented yet, this resulted in a repeat finding.

2019-023 / Medicaid/CHIP/MFP – IEVS Monitoring

Status: Not Corrected

Finding first reported in Fiscal Year 2017.

ODM conducted IEVS Basics training October 2019 VC. In March 2020, the CDJFS Triad Reviews, which include the county IEVS Reviews conducted by the ODJFS Fraud Control Section (FCS), were suspended due to the state of emergency related to the COVID-19 pandemic. The target date for resuming the Triad Reviews is January 2021. The contractor continues to work closely with the state to improve the methods and filters for generating the IEVS alerts in Ohio Benefits. County agencies continue to receive a high number of alerts making it difficult for them to complete 80% or more within 45 days of receipt. Several defects in the programming logic have been corrected; however, more repairs are required. County agencies have received training on how to handle IEVS alerts in Ohio Benefits and several online job aids are available. Future enhancements include new filters and the production of certain IEVS reports. New enhancements and reports are expected to be available in early 2021. The following defects with IEVS Alerts in Ohio Benefits have either been reduced considerably or nearly eliminated: volume of alerts; multiple and repetitive alerts; irrelevant alerts; and alerts being received on persons not receiving public assistance. ODM's MEQC unit will begin reviewing cases in October and will review whether IEVS alerts were timely processed. Additionally, the MEQC unit is working with ODM ITS to enhance its online application to allow separate reporting of IEVS errors. The ODJFS Fraud Control Section has updated the IEVS Alert Completion Guide in its entirety. Many of the updates were based on the enhancements that have already been developed and implemented in Ohio Benefits. The IEVS Alert Processing PowerPoint training presentation has been updated for a newly scheduled statewide training event on October 20, 2020. The IEVS Alert Processing Guide and copy of the PowerPoint will be distributed to all state and county workers for the October 2020 IEVS training event. Currently, county agencies have been encouraged to work their IEVS alerts in Ohio Benefits while new enhancements continue to be implemented and new IEVS training is scheduled. When reliable IEVS reports are available and new filters further reduce the number of IEVS alerts, the FCS Triad Reviews will resume and IEVS training will continue to be provided to county agencies. The following training materials are currently available to county agencies: training videos; job aids (online); BENDEX Interface; IRS Unearned Income Interface; SDX Interface; SWICA Alerts; and UCB Interface. Since steps were postponed due to the pandemic, this resulted in a repeat finding.

Ohio Department of Medicaid (Continued)

2019-024 / Medicaid/CHIP – Drug Rebate Monitoring

Status: Fully Corrected

2019-025 / IT – Lack of Internal Testing of IT Security Systems

Status: Fully Corrected

2019-026 / Medicaid/CHIP – Managed Care/MyCare Ohio – Provider Panel Reports

Status: Not Corrected

Finding first reported in Fiscal Year 2018.

In 2019, ODM reviewed the process for monitoring MCP compliance with provider minimum contracting standards. Through this review, it was determined additional oversight was necessary to ensure it maintains and periodically updates the reporting tools used by ODM to measure this compliance to reflect the most current program agreement between the MCP and the State. As a result, ODM implemented an internal process to evaluate the tools and processes used to monitor MCP provider contracting. This process utilizes staff in the Office of Managed Care's Network Management and Operations section to validate that the reporting tools correctly reflect the minimum contracting standards for each of the State's 88 counties.

In 2020, because of the technical issues outlined in the AOS findings, ODM has enhanced this process to include additional testing of compliance reports. This includes a review of report composition to ensure calculations are accurate and report indicators are correctly coded.

ODM is working to formally document these processes. When completed, ODM's Network Management and Operations staff will utilize this information to guide the internal review of MCP provider panel reporting. The Network Management and Operations Section Lead will finalize this documentation with the approval of the Chief of the Bureau of Managed Care Compliance and Oversight. This documentation will be completed prior to the next audit in April 2021. These processes will be reviewed annually by the Network Management and Operations Section Lead to align with the renewal of the program agreement between the State and MCPs. Staff oversight and system errors resulted in a repeat finding.

2019-027 / MFP – Payroll Reconciliations

Status: Fully Corrected

Ohio Department of Mental Health and Addiction Services

2019-028 / SABG – SF-425 Report Submission

Status: Fully Corrected

Ohio Department of Mental Health and Addiction Services (Continued)

2019-029 / SABG – Payroll

Status: Not Corrected

Finding first reported in fiscal year 2016.

The department is sending recurring e-mail reminders to all central office supervisors and notifications to supervisors found to have not completed approvals by noon on the Monday following the close of the payroll period. A communication emphasizing the importance of the approval process will be sent to all relevant staff. This policy will further be strengthened by including the Deputy Director of Human Resources to the notification of unapproved timesheets and will also include a report to the Deputy Director one week following the first communication of any timesheets that remain unapproved for review. Supervisors were out of the office when the approvals were required which resulted in a repeat finding.

2019-030 / SABG – Coding Errors

Status: Fully Corrected

Ohio Department of Natural Resources

2019-031 / Fish and Wildlife Cluster – Suspension and Debarment

Status: Fully Corrected

2019-032 / Fish and Wildlife Cluster – Equipment and Real Property Management

Status: Not Corrected

Finding first reported in Fiscal Year 2018.

The Department of Administrative Services (DAS) will be performing appraisals of the Ohio Department of Natural Resource's (DNR) buildings. Due to COVID-19, DAS has temporarily suspended the appraisals. Since the appraisals were suspended, this resulted in a repeat finding.

2019-033 / Fish and Wildlife Cluster – Subrecipient Monitoring

Status: Fully Corrected

Ohio Department of Natural Resources (Continued)

2019-034 / IT – Lack of a SOC 1 Audit for Service Organizations

Status: Partially Corrected

Finding first reported in Fiscal Year 2018.

The Department of Administrative Services (DAS) has finalized an amendment on December 5, 2020 with the assistance of the Ohio Department of Natural Resources (DNR) to require S3 to provide a SOC-1, Type 2 report. Since the amendment has just been finalized, this resulted in a repeat finding.

Opportunities for Ohioans with Disabilities

2019-035 / VR – Maintenance of Effort

Status: Fully Corrected

Ohio Department of Transportation

2019-036 / Highway Planning and Construction Cluster – Subrecipient Monitoring

Status: Fully Corrected

Ohio Department of Commerce

2019-037 / Finding For Recovery Resolved Under Audit – Payroll Overpayment

Finding number 2019-037 is a finding for recovery and not part of the Independent Auditor's Report on compliance and internal controls as listed in the table of contents; a summary schedule of prior audit findings is not required.

Ohio Environmental Protection Agency

2019-038 / Finding For Recovery Repaid Under Audit – Payroll Overpayment

Finding number 2019-038 is a finding for recovery and not part of the Independent Auditor's Report on compliance and internal controls as listed in the table of contents; a summary schedule of prior audit findings is not required.

Ohio Department of Natural Resources

2019-039 / Finding For Recovery – Grant Award Payments

Finding number 2019-039 is a finding for recovery and not part of the Independent Auditor's Report on compliance and internal controls as listed in the table of contents; a summary schedule of prior audit findings is not required.

Ohio Occupational Therapy, Physical Therapy and Athletic Trainers Board

2019-040 / Finding For Recovery Repaid Under Audit – Payroll Overpayment

Finding number 2019-040 is a finding for recovery and not part of the Independent Auditor's Report on compliance and internal controls as listed in the table of contents; a summary schedule of prior audit findings is not required.

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ATTACHMENTS

State of Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



Governor Mike DeWine

Office of Budget and Management

Director Kimberly A. Murnieks

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended
June 30, 2020



Office of Budget and Management

Kimberly A. Murnieks
Director

Melvin Striblin
Deputy Director
State Accounting and Reporting

Prepared by OBM State Accounting and Reporting

STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION



TAKE A VIRTUAL
TRIP WITH US





Mike DeWine, Governor
Jon Husted, Lt. Governor

Office of Budget and Management

Kimberly Murnieks, Director

December 28, 2020

The Honorable Mike DeWine, Governor of Ohio;
The Honorable Jon Husted, Lieutenant Governor of Ohio;
Members of the General Assembly;
Agencies, Boards, Commissions;
And fellow Citizens:

It is my privilege to present the State of Ohio's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020, 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 of the Ohio Revised Code. The report includes the state's basic financial statements, providing an overview of the state's financial position and the management of Ohio's financial operations. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with OBM.

To the best of my knowledge and belief, the information presented is accurate in all material respects and reported in a manner that fairly depicts 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 the reimbursement-supported funds used for activities administered by state agencies for which special revenue or proprietary fund classifications were inappropriate.

The state 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 the cost of a control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT RESULTS

In compliance with the 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 opinion is included in the Financial Section of this report. This opinion indicates a qualification on Business-Type Activities and the Unemployment Compensation Fund related to a new benefits system. The unmodified section of the opinion indicates all other financial statements present fairly, in all material respects, in accordance 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) Uniform Guidance. 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 like 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: Attorney General, Auditor of State, Secretary of State, and Treasurer of State. Each of these officials are elected to four-year terms.

Approximately 100 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 the 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, 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. The criteria set forth in Governmental Accounting Standards Board's (GASB) Statement 14, the Financial Reporting Entity

Statement 39, Determining Whether Certain Organizations are Component Units, an amendment of GASB 14, Statement 61, the Financial Reporting Entity: Omnibus, an amendment of GASB 14 and Statement 80, Blending Requirements for Certain Component Units, an amendment of GASB 14, 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, 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, State Teachers Retirement System of Ohio, State Highway Patrol Retirement System, or an 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 1Q to the financial statements, the state's primary government is self-insured for claims under its traditional healthcare plan and its vehicle liability plan. Employee and public official fidelity bonding are placed with a private insurer. Tort liability is self-funded; however, several state agencies have also acquired private insurance. State-owned buildings are covered under a catastrophic property policy for both real and personal property losses. All other liability risk to State property is self-funded on a pay-as-you-go basis. 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 biennial 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 into 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 schedules 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 Job, Family and Other Human Services Special Revenue Fund, these comparisons are presented as part of the required supplementary information. 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 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. Reconciliation between the GAAP basis and non-GAAP budgetary basis fund balances is presented in the CAFR as a note to the budgetary section of required supplementary information.

ECONOMIC OVERVIEW AND OUTLOOK

The Economy in 2020

All indicators show that fiscal year 2020 brought two drastically different economies for both the nation and Ohio. Between July 2019 and February 2020, the moderate growth seen in recent years continued. However, with the onset of the global coronavirus pandemic in March, the historic economic expansion that began in the middle of 2009, ended abruptly.

According to the Bureau of Economic Analysis, Real Gross Domestic Product (GDP) grew at a seasonally adjusted annual rate of 2.6 percent and 2.4 percent in the first two quarters of the fiscal year. Growth in the first half of the fiscal year reflected positive contributions from personal consumption, federal government spending, state and local government investment, and residential investment. National GDP fell 5.0 percent in the third quarter of fiscal year 2020, and an additional 31.4 percent in the final quarter of the fiscal year. These decreases in GDP reflected negative contributions in personal consumption, exports, private inventory investment that were partially offset by federal government spending.

Ohio's GDP followed a similar pattern. The first two quarters of the fiscal year showed measured growth with the seasonally adjusted state GDP growing by 1.7 percent and 1.6 percent. The increases in the first half of the fiscal year reflected positive contributions in non-durable goods manufacturing and government spending. The modest growth reversed in the third quarter of the fiscal year, decreasing 5.5 percent in the third quarter and then falling 33.0 percent in the fourth quarter. The decreases in the second half of the fiscal year reflected negative contributions in durable goods manufacturing, health care and social assistance, and accommodation and food services.

For the first eight months of the fiscal year the average unemployment rate was 4.1 percent. The pandemic drove the unemployment rate to 5.8 percent in March and 17.6 percent in April. As the economy began to reopen, people were called back to work, the unemployment rate reduced further, and by June 2020, was down to 11.0 percent, just below the high of the Great Recession, and as of October 2020, is down to 5.6 percent.

Despite the dramatic changes in unemployment, Ohio personal income increased at an annual rate of 10.8 percent during fiscal year 2020. In comparison, personal income increased at an annual rate of 10.4 percent across the country. This growth at both the national level and in Ohio was largely spurred by federal transfer payments (e.g., the \$1,200 stimulus payments and

additional \$600 per week in unemployment insurance benefits) in the final quarter of the fiscal year, which balanced lost wage and salary disbursements.

Nationally, real disposable personal income was higher in the third quarter of fiscal year 2020 than any prior quarter in history. In the first eight months of the fiscal year, the personal savings rate averaged 7.4 percent. From March through June, the savings rate averaged 22.6 percent. This was a 204.0 percent increase between the first eight months of the fiscal year and the following four months, which was largely due to the distribution of federal stimulus payments.

Real personal consumption grew at a 0.9 percent seasonally adjusted annual rate during the first eight months of the fiscal year. Then consumption plummeted at a 17.9 percent annualized rate between February and April. However, due to strong spending between April and June, consumption grew at a 15.0 percent annual rate during the last few months of the fiscal year. Despite the strong growth in the end of fiscal year personal consumption declined 4.6 percent during the fiscal year.

Ohio's Economic Outlook

The economy continued to improve during the first quarter of fiscal year 2021. Moody's Analytics and CNN created the "Back-to-Normal" Index to track the economic recovery. As of November 25, the national index was at 82.4 percent, while Ohio's index was three percentage points ahead at, 85.4 percent. Consumer spending has returned to near normal and Ohio's unemployment rate in October 2020 was down to 5.6 percent, just 1.5 percentage points above February's pre-pandemic lows.

The U.S. economy is likely headed towards a prolonged recovery amidst the continued spread of the coronavirus. The November 2020 Wall Street Journal of Economists reported that more than half of survey respondents projected that it would be 2023 before the labor market would recover to pre-pandemic levels. Likewise, IHS Markit's November 2020 forecast notes that although GDP for goods has recovered, that consumer spending on services will not regain its previous peak until mid-2023.

The recent announcement of effective vaccines for COVID-19 brings hope for an end to the pandemic. Individuals willingness to receive the vaccination will be an important factor in reaching the levels of immunity required for the economy to fully recover.

Until then, economic recovery is closely linked to Ohioans ability to reduce the spread of the disease through behavioral changes such as wearing a mask or staying socially distant.

Finally, additional federal stimulus may shorten the recovery period. Some important federal programs initiated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, including relief for the unemployed, renters and student loan borrowers are set to expire at the end of December 2020. Renewal or extension of these programs, additional aid to small businesses, and unrestricted funds to state and local governments will aid in the economic recovery. However, the uncertainty of federal action has resulted in many economic forecasters to downgrade their expectations for the speed of the recovery.

Fiscal Year 2020 State Finances in Review

Ohio's fiscal year 2020 General Revenue Fund (GRF) performance can be divided into two different time periods: before the onset of the COVID-19 pandemic; and the period thereafter, when the virus began its spread, mitigation measures took effect, and Ohioans began adapting to a dramatically altered public health environment. During the first 8 months of the fiscal year,

GRF tax revenues grew by 3.1 percent over the previous year and exceeded estimate by 1.6 percent. During the remainder of the fiscal year (March-June 2020), tax revenues declined by 16.1 percent and were 16.2 percent below estimate. However, nearly one-half of the March-June decline stemmed from a postponement in income tax payment deadlines, which were extended from April 15/June 15 to July 15 (within the first month of fiscal year 2021).

For the fiscal year as a whole, GRF tax revenues declined by \$866.4 million (-3.7%) from fiscal year 2019. Furthermore, fiscal year 2020 GRF tax revenues displayed a negative variance from estimate, falling \$1,098.7 million (-4.6%) short of estimate. To reiterate, an estimated \$719 million of the shortfall emanates from the extension of the income tax due dates.

The variances for the major tax categories – non-auto sales, auto sales, personal income, and commercial activity – ranged from -9.7 percent for the personal income tax to 2.0 percent for the commercial activity tax.

	Actual FY 2020	Estimated FY 2020	Variance	Pct. Variance
Non-Auto Sales & Use	\$9,183.0	\$9,465.8	-\$282.8	-3.0%
Auto Sales & Use	\$1,502.7	\$1,548.0	-\$45.3	-2.9%
Personal Income	\$7,881.3	\$8,726.4	-\$845.1	-9.7%
Commercial Activity Tax	\$1,671.7	\$1,638.5	\$33.2	2.0%

Total (tax and non-tax) GRF receipts displayed a less negative outcome than tax sources alone, due to a significant increase in Federal grant revenue traced to substantially larger Medicaid payments. Federal grant revenue exceeded estimate by \$613.1 million (6.2%) for the year. The preponderance of the non-tax overage occurred in May and June, as the state received enhanced Federal Medical Assistance Percentage (FMAP) payments through the Families First Coronavirus Response Act. Accordingly, total fiscal year 2020 GRF revenue displayed a \$559.4 million (1.6%) negative variation from estimate.

After historically negative revenue performance during the final quarter of fiscal year 2020, tax revenues stabilized during the first quarter of fiscal year 2021. In fact, several sources – including non-auto sales tax and auto sales tax – exceeded estimates. Stronger-than-normal revenue growth during this period was not totally unanticipated, given the resurgence of economic activity during the third quarter of calendar year 2020. Even so, certain aspects of the state’s tax structure and how they interact with the economy, appear to have given the additional resonance to the state’s revenue recovery during the first three months of fiscal year 2021. Most notably, there appears to have been a substantial shift in consumer spending that is relatively well-suited to the sales tax. As in most states, Ohio’s sales tax is more heavily reliant on purchases of goods than services. As households have reduced their consumption of services during the crisis, they have substantially increased their purchases of goods, particularly durable goods associated with enhancing their homes and domestic environments. The synergies of a recovering economy and shifts in purchases toward goods appear to be borne out by the fact that Ohio GRF sales tax revenues increased by 8.5 percent during the first quarter of fiscal year 2021.

Nonetheless, the COVID-19 crisis remains and OBM continues its vigilant monitoring and review of revenue performance and remains poised to take actions necessary to ensure a balanced budget as the biennium comes to a close.

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, 2019.

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.

Acknowledgments

In conclusion, I wish to express my appreciation to the Financial Reporting staff of OBM's State Accounting Section and staffs of the various state agencies whose time and dedicated efforts made this report possible. I encourage you to access Ohio's Comprehensive Annual Financial Report at obm.ohio.gov.

Very respectfully yours,



*Kimberly A. Murnieks
Director
Office of Budget and Management
State of Ohio*

STATE OF OHIO OFFICIALS

As of June 30, 2020

EXECUTIVE

Mike DeWine
Governor

Jon Husted
Lieutenant Governor

Dave Yost
Attorney General

Keith Faber
Auditor of State

Robert Sprague
Treasurer of State

Frank LaRose
Secretary of State

LEGISLATIVE

Larry Obhof
President of the Senate

Larry Householder
Speaker of the House

JUDICIAL

Maureen O'Connor
Chief Justice
Supreme Court

STATE OF OHIO ORGANIZATION CHART

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT		
<p style="text-align: center;">LEGISLATIVE</p> <p style="text-align: center;">Senate (33 Members)</p> <p style="text-align: center;">House of Representatives (99 Members)</p>	<p style="text-align: center;">EXECUTIVE</p> <p style="text-align: center;">Governor Lieutenant Governor Attorney General Auditor of State Secretary of State Treasurer of State State Board of Education (11 Elected Members, and 8 At-Large Members)</p>	<p style="text-align: center;">JUDICIAL</p> <p style="text-align: center;">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 Broadcast Educational Media Commission Department of Education School for the Blind School for the Deaf State Library Board</p> <p><i>Higher Education Support:</i> Department of Higher Education State Board of Career Colleges and Schools</p> <p><i>Public Assistance and Medicaid:</i> Department of Job and Family Services Department of Medicaid</p> <p><i>Health and Human Services:</i> Commission on Hispanic/Latino Affairs Commission on Minority Health Department of Aging Department of Developmental Disabilities Department of Health Department of Mental Health and Addiction Services Department of Veteran Services Opportunities for Ohioans with Disabilities</p> <p><i>Justice and Public Protection:</i> Adjutant General's Department 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 Commission 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 Sinking Fund Commission State Racing Commission Other Boards and Commissions</p> <p><i>Community and Economic Development:</i> Department of Agriculture Development Services Agency Expositions Commission Public Works Commission Southern Ohio Agricultural & Community Development Foundation</p> <p>Business-Type Activities: Bureau of Workers' Compensation and Industrial Commission 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: Buckeye Tobacco Settlement Financing Authority (included as Governmental Activities)</p> <p>Fiduciary Component Unit: State Highway Patrol Retirement System</p> <p>Discretely Presented Component Units: <i>Financing Authorities and Commissions:</i> Ohio Air Quality Development Authority Ohio Capital Fund Ohio Facilities Construction Commission Ohio Turnpike and Infrastructure Commission</p> <p><i>Nonprofit Organizations:</i> Jobs Ohio</p>	<p>Discretely Presented Component Units (continued): <i>State Universities:</i></p> <table border="0" style="width: 100%;"> <tr> <td>Bowling Green State University</td> <td>Ohio University</td> </tr> <tr> <td>Central State University</td> <td>Shawnee State University</td> </tr> <tr> <td>Cleveland State University</td> <td>University of Akron</td> </tr> <tr> <td>Kent State University</td> <td>University of Cincinnati</td> </tr> <tr> <td>Miami University</td> <td>University of Toledo</td> </tr> <tr> <td>Northeast Ohio Medical University</td> <td>Wright State University</td> </tr> <tr> <td>Ohio State University</td> <td>Youngstown State University</td> </tr> </table> <p><i>State Community Colleges:</i></p> <table border="0" style="width: 100%;"> <tr> <td>Cincinnati State</td> <td>Owens State</td> </tr> <tr> <td>Clark State</td> <td>Southern State</td> </tr> <tr> <td>Columbus State</td> <td>Terra State</td> </tr> <tr> <td>Edison State</td> <td>Washington State</td> </tr> <tr> <td>Northwest State</td> <td></td> </tr> </table>	Bowling Green State University	Ohio University	Central State University	Shawnee State University	Cleveland State University	University of Akron	Kent State University	University of Cincinnati	Miami University	University of Toledo	Northeast Ohio Medical University	Wright State University	Ohio State University	Youngstown State University	Cincinnati State	Owens State	Clark State	Southern State	Columbus State	Terra State	Edison State	Washington State	Northwest State	
Bowling Green State University	Ohio University																								
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Cleveland State University	University of Akron																								
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Miami University	University of Toledo																								
Northeast Ohio Medical University	Wright State University																								
Ohio State University	Youngstown State University																								
Cincinnati State	Owens State																								
Clark State	Southern State																								
Columbus State	Terra State																								
Edison State	Washington State																								
Northwest State																									

FIDUCIARY

Star Ohio Variable College Savings Plan Agency Funds

JOINT VENTURES

RELATED ORGANIZATIONS

Great Lakes Protection Fund Local Community Colleges Technical Colleges	Higher Educational Facility Commission Ohio Housing Finance Agency Ohio Legal Assistance Foundation Ohio Water Development Authority Petroleum Underground Storage Tank Release Compensation Board
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For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
StateRegion@ohioauditor.gov

INDEPENDENT AUDITOR’S REPORT

The Honorable Mike DeWine, Governor
State of Ohio
Columbus, Ohio 43215

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise the State’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the following organizations which represent the percentages of total assets and expenditures/expenses/deductions indicated for the related opinion units:

Opinion Unit	Organization	Percent of Opinion Unit’s Total	
		Assets	Expenditures/ Expenses/ Deductions
Governmental Activities (GA)	Treasurer of State Lease Revenue Bonds and Buckeye Tobacco Settlement Financing Authority (BTSFA)	2%	2%
Business-Type Activities (BTA)	Ohio Bureau of Workers’ Compensation and Tuition Trust Authority	97%	18%
GA/BTSFA Revenue Bonds	Buckeye Tobacco Settlement Finance Authority	100%	100%
BTA / Workers’ Compensation	Ohio Bureau of Workers’ Compensation	100%	100%
Aggregate Discretely Presented Component Units	Bowling Green State University; Cleveland State University; Columbus State Community College; JobsOhio; 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; and Youngstown State University.	90%	93%
Aggregate Remaining Fund Information	Police and Fire Pension Fund, Public Employees Retirement System, School Employees Retirement, State Highway Patrol Retirement System, State Teachers Retirement System, State Treasury Asset Reserve of Ohio, Treasurer of State Lease Revenue Bonds, and Tuition Trust Authority	97%	84%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for these independently audited organizations, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of JobsOhio, which represents six percent of the total assets and nine percent of the total expenses of the aggregate discretely presented component units, in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the State's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the State's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
Aggregate Discretely Presented Component Units	Unmodified
Governmental - General Fund	Unmodified
Governmental - Job Family & Other Human Services Fund	Unmodified
Governmental - BTSFA Revenue Bonds Fund	Unmodified
Governmental - Coronavirus Relief Fund	Unmodified
Enterprise - Workers' Compensation Fund	Unmodified
Enterprise - Lottery Commission Fund	Unmodified
Enterprise - Unemployment Compensation Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Business-Type Activities and Unemployment Compensation Fund

The State has outsourced unemployment benefit claims processing to a service organization for the Pandemic Unemployment Assistance (PUA) and the corresponding Federal Pandemic Unemployment Compensation (FPUC) benefits. The financial statements report benefits and claims expenses in the Unemployment Compensation Fund (a major enterprise fund) and in the Business-Type Activities. The State or the service organization did not provide us with information we requested regarding the design or proper operation of internal controls related to eligibility for recipient benefits and claims processing. We were therefore unable to obtain sufficient appropriate audit evidence about the proper processing of PUA and FPUC unemployment benefits and claims expenses. Those transactions represent 19% of expenses reported within Business-Type Activities and 30% of the expenses reported within the Unemployment Compensation Fund. Consequently, the amount by which the lack of internal controls at the State or service

organization would affect the unemployment benefits and claims expenses of the Unemployment Compensation Fund and the Business-Type Activities cannot be reasonably determined.

Qualified Opinions

In our opinion, based on our audit and the report of other auditors, except for the matters described in the *Basis for Qualified Opinion on Business-Type Activities and Unemployment Compensation Fund* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the Unemployment Compensation Fund of the State, as of June 30, 2020, and the respective changes in its financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, aggregate discretely presented component units, the General Fund, the Job Family and Other Human Services Fund, the BTSFA Revenue Bonds fund, the Coronavirus Relief Fund, the Workers' Compensation fund, the Lottery Commission fund, and the aggregate remaining fund information of the State, as of June 30, 2020, and the respective changes in its financial position and, where applicable its cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis, Required Budgetary Comparison Schedules, Schedules for Infrastructure Assets Accounted for using the Modified Approach, Schedules of Net Pension and Other Post-employment Benefit Liabilities, and Pension and Other Post-Employment Benefit Contributions* 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries and to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the State's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to 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, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 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.

That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 28, 2020

State of Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

(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, 2020. 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 2020, net position of the State's primary government increased by \$79.5 million and ended fiscal year 2020 with a \$30.19 billion balance. Net position of the State's component units decreased by \$65.3 million (after a restatement of beginning balance) and ended fiscal year 2020 with a \$10.55 billion balance. See additional discussion beginning on page 10.

Fund Financial Statements

Governmental funds reported a combined ending fund balance of \$16.92 billion that was comprised of \$200.3 million in nonspendable, \$8.98 billion restricted for specific purposes, \$1.61 billion committed, \$3.21 billion in assigned, and \$2.92 billion in unassigned. See additional discussion beginning on page 14.

As of June 30, 2020, the General Fund's fund balance was approximately \$8.37 billion, including \$60.5 million in nonspendable, \$1.41 billion in restricted, \$764.3 million in committed, \$3.21 billion in assigned, and \$2.92 billion in unassigned. The General Fund's fund balance increased by \$645.9 million (exclusive of a \$3.1 million increase in inventories) or 8.4 percent during fiscal year 2020. See additional discussion beginning on page 14.

Proprietary funds reported net position of \$11.64 billion, as of June 30, 2020, a decrease of \$1.22 billion or 9.5 percent since June 30, 2019. This decrease is largely due to the net decrease of \$1.48 billion in the Unemployment Compensation Fund. See additional discussion beginning on page 16.

Capital Assets

The carrying amount of capital assets for the State's primary government increased to \$29.1 billion at June 30, 2020. The majority of the \$579 million increase during fiscal year 2020 was from additions made to the highway network infrastructure system. See additional discussion 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 \$90.5 million or 0.5 percent during fiscal year 2020, for an ending balance of \$18.72 billion. During the year, the State issued a par amount of \$7.57 billion dollars in long-term debt of which \$6.37 billion was refunding bonds. See additional discussion beginning on page 18.

Overview of the Financial Statements

This annual report consists of three required components: management's discussion and analysis, basic financial statements, including the accompanying notes to the financial statements, and required supplementary information. In addition, this report includes an optional section that contains combining statements and schedules for the non-major 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. The table on the following page summarizes the major features of these statements.

Major Features of the State of Ohio's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund 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 Position • 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 Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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 – Reporting the State as a Whole

The two government-wide financial statements, prepared on a basis and focus similar to those used by private-sector companies, report the State's net position and how it has changed. Net position — 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 position 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.

These statements, 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, and transportation. Taxes, federal grants, and charges for services, fees, fines and forfeitures 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, guaranteed college tuition credit program, and the Auditor of State's governmental auditing and accounting services.

Component Units — The State presents the financial activities of the Ohio Facilities Construction Commission, Ohio State University, and other entities 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. Although legally separate, the State is financially accountable for its component units. For further explanation and a complete list of component units, see NOTE 1A. to the financial statements.

Fund Financial Statements – Reporting more detail about the State’s most significant funds

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 basic fund financial statements can be found on pages 26 through 45 of this report while the combining fund statements and schedules can be found on pages 179 through 253. The State has three kinds of funds as follows:

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. Because these statements do not encompass the 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, Job, Family and Other Human Services Special Revenue Fund, Buckeye Tobacco Settlement Financing Authority Revenue Bonds Debt Service Fund, and Coronavirus Relief Special Revenue Fund, all of which are considered major funds. Data from the other 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 schedules in required supplementary information and combining statements to demonstrate compliance with the appropriated budget. The State’s budgetary process is explained further in NOTE 1D. to the financial statements.

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.

Presented under separate columns on the three statements is information for the Workers’ Compensation, Lottery Commission, and Unemployment Compensation enterprise funds, all of which are considered to be major funds. Data from the other enterprise funds, which are classified as nonmajor funds, are combined into an aggregated presentation under a single column on the 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.

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 also fiduciary of some agency funds. The State is responsible for ensuring the assets reported in these funds are used for their intended purposes. 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 are presented on two statements. Fiduciary information is excluded from the government-wide financial statements because the State cannot use these assets to finance its operations.

Discretely Presented Component Unit Statements (Component Unit)

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

Notes to the 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 additional detail that is essential to a full understanding of the data presented in the financial statements. The notes can be found on pages 50 through 149 of this report.

Required Supplementary Information

Following the notes is a section of required supplementary information in three parts. The first part 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. The second part presents schedules disclosing the following for the various retirement systems in which the State participates: the State's share of pension and other postemployment benefit (OPEB) obligations, required employer contributions for pension/actuarially determined employer contributions for OPEB as compared to employer contributions actually paid, and covered payroll. The final part is the budgetary comparison schedule for the General Fund and major special revenue funds and the accompanying note that explains the GAAP versus budgetary basis. Required supplementary information can be found on pages 151 through 177 of this report.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

During fiscal year 2020, as shown in the table below, the combined net position of the State's primary government increased by \$79.5 million or a modest 0.3 percent. Net position reported for governmental activities increased approximately \$1.3 billion or 7.5 percent, compared to the net position on July 1, 2019, and business-type activities decreased \$1.22 billion, or 9.5 percent. Condensed financial information derived from the Statement of Net Position for the primary government is presented in the following table.

	As of June 30, 2020			As of June 30, 2019		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current and Other Assets	\$ 25,837,583	\$ 28,405,731	\$ 54,243,314	\$ 22,402,143	\$ 31,221,878	\$ 53,624,021
Capital Assets.....	28,983,214	114,253	29,097,467	28,379,111	139,382	28,518,493
Total Assets.....	54,820,797	28,519,984	83,340,781	50,781,254	31,361,260	82,142,514
Deferred Outflow s of Resources.....	5,314,116	68,905	5,383,021	6,081,404	182,493	6,263,897
Current and Other Liabilities.....	10,816,307	692,521	11,508,828	8,691,295	566,953	9,258,248
Noncurrent Liabilities.....	27,418,195	16,154,457	43,572,652	28,843,447	18,054,050	46,897,497
Total Liabilities.....	38,234,502	16,846,978	55,081,480	37,534,742	18,621,003	56,155,745
Deferred Inflow s of Resources.....	3,346,892	102,024	3,448,916	2,073,057	63,682	2,136,739
Net Position:						
Net Investment in Capital Assets....	24,838,706	111,342	24,950,048	24,458,022	134,728	24,592,750
Restricted.....	4,683,057	11,674,798	16,357,855	3,928,893	12,645,810	16,574,703
Unrestricted.....	(10,968,244)	(146,253)	(11,114,497)	(11,132,056)	78,530	(11,053,526)
Total Net Position.....	\$ 18,553,519	\$ 11,639,887	\$ 30,193,406	\$ 17,254,859	\$ 12,859,068	\$ 30,113,927

As of June 30, 2020, the primary government's net investment in capital assets (e.g., land, buildings, infrastructure, and construction-in-progress) was \$24.95 billion. Restricted net position was approximately \$16.36 billion, resulting in an unrestricted \$11.11 billion deficit. Net position is restricted when constraints placed on their use are either 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 position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." The State's Budget Stabilization Fund balance of over \$2.69 billion at June 30, 2020, is included within unrestricted net position.

The government-wide Statement of Net Position reflects a \$10.97 billion deficit for unrestricted governmental activities, which is primarily attributable to the following three factors:

1) 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 \$11.7 billion of outstanding general obligation and special obligation debt at June 30, 2020, \$8.21 billion is attributable to debt issued for state assistance to component units (Ohio Facilities Construction 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 Position as restricted net position. 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.

2) The State reported liabilities of \$4.34 billion as of June 30, 2020, for its proportionate share of the net pension liability of the associated pension plans that provide benefits to State employees. This liability was a 29.2 percent decrease from fiscal year 2019.

3) The State reported OPEB liabilities of \$3.12 billion as of June 30, 2020. This liability was a 9 percent increase from the fiscal year 2019 amount.

For more information related to pensions and OPEB see NOTES 9, 14, 15, and 18.

Condensed financial information derived from the Statement of Activities, which reports how the net position of the State's primary government changed during fiscal years 2020 and 2019 follows.

Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019
(dollars in thousands)

	Fiscal Year 2020			Fiscal Year 2019		
	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	\$ 5,504,069	\$ 6,766,392	\$ 12,270,461	\$ 5,283,218	\$ 6,929,185	\$ 12,212,403
Operating Grants, Contributions and Restricted Investment Income/ (loss)...	28,234,460	9,011,299	37,245,759	25,555,901	2,303,277	27,859,178
Capital Grants, Contributions and Restricted Investment Income/ (loss)...	1,509,920	-	1,509,920	1,481,791	-	1,481,791
Total Program Revenues.....	<u>35,248,449</u>	<u>15,777,691</u>	<u>51,026,140</u>	<u>32,320,910</u>	<u>9,232,462</u>	<u>41,553,372</u>
General Revenues:						
General Taxes.....	24,775,978	-	24,775,978	25,388,418	-	25,388,418
Taxes Restricted for Transportation.....	2,593,158	-	2,593,158	1,874,409	-	1,874,409
Tobacco Settlement.....	324,269	-	324,269	343,125	-	343,125
Escheat Property.....	194,814	-	194,814	147,736	-	147,736
Unrestricted Investment Income.....	210,539	21	210,560	235,370	24	235,394
Other.....	67	15	82	20	38	58
Total General Revenues.....	<u>28,098,825</u>	<u>36</u>	<u>28,098,861</u>	<u>27,989,078</u>	<u>62</u>	<u>27,989,140</u>
Total Revenue.....	<u>63,347,274</u>	<u>15,777,727</u>	<u>79,125,001</u>	<u>60,309,988</u>	<u>9,232,524</u>	<u>69,542,512</u>
Expenses:						
Primary, Secondary and Other Education	13,500,953	-	13,500,953	13,115,806	-	13,115,806
Higher Education Support.....	2,696,257	-	2,696,257	2,731,166	-	2,731,166
Public Assistance and Medicaid.....	32,728,623	-	32,728,623	30,187,506	-	30,187,506
Health and Human Services.....	1,922,794	-	1,922,794	1,926,151	-	1,926,151
Justice and Public Protection.....	4,213,200	-	4,213,200	4,383,344	-	4,383,344
Environmental Protection and Natural Resources.....	505,950	-	505,950	557,249	-	557,249
Transportation.....	2,661,529	-	2,661,529	2,715,640	-	2,715,640
General Government.....	1,331,397	-	1,331,397	1,223,453	-	1,223,453
Community and Economic Development..	3,498,595	-	3,498,595	3,386,936	-	3,386,936
Interest on Long term Debt (excludes interest charged as program expense).....	98,824	-	98,824	102,143	-	102,143
Workers' Compensation.....	-	2,772,348	2,772,348	-	2,113,612	2,113,612
Lottery Commission.....	-	3,209,778	3,209,778	-	3,242,547	3,242,547
Unemployment Compensation.....	-	9,765,240	9,765,240	-	841,040	841,040
Tuition Trust Authority.....	-	44,813	44,813	-	50,778	50,778
Office of Auditor of State.....	-	95,221	95,221	-	102,347	102,347
Total Expenses.....	<u>63,158,122</u>	<u>15,887,400</u>	<u>79,045,522</u>	<u>60,329,394</u>	<u>6,350,324</u>	<u>66,679,718</u>
Surplus/ (Deficiency) Before Gains (Losses) and Transfers.....	189,152	(109,673)	79,479	(19,406)	2,882,200	2,862,794
Transfers - Internal Activities.....	1,109,508	(1,109,508)	-	1,141,335	(1,141,335)	-
Change In Net Position.....	1,298,660	(1,219,181)	79,479	1,121,929	1,740,865	2,862,794
Net Position, July 1.....	17,254,859	12,859,068	30,113,927	16,132,930	11,118,203	27,251,133
Net Position, June 30.....	<u>\$ 18,553,519</u>	<u>\$ 11,639,887</u>	<u>\$ 30,193,406</u>	<u>\$ 17,254,859</u>	<u>\$ 12,859,068</u>	<u>\$ 30,113,927</u>

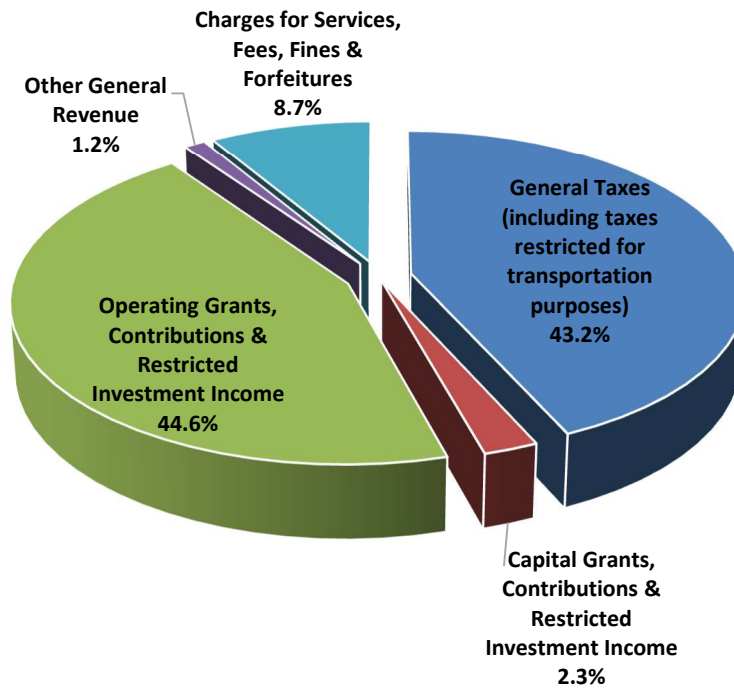
Governmental Activities

Revenues exceeded expenses during fiscal year 2020 for governmental activities. Revenues of \$63.35 billion for fiscal year 2020 were \$3.04 billion higher than those reported for fiscal year 2019. General taxes (including taxes restricted for transportation purposes) comprised 43.2 percent of fiscal year 2020 total revenues and increased by a modest 0.4 percent over the prior fiscal year. Operating grants, contributions and restricted investment income, making up 44.6 percent of total revenues, increased by 10.5 percent compared to fiscal year 2019. Expenses for fiscal year 2020 increased \$2.83 billion or 4.7 percent from fiscal year 2019 primarily in the Public Assistance and

Medicaid and Primary, Secondary and Other Education functions. Fiscal year 2020 net transfers-in of \$1.11 billion reflect a decrease of 2.8 percent from fiscal year 2019.

The following chart illustrates revenues by source of governmental activities as percentages of total reported for the fiscal year ended June 30, 2020.

Governmental Activities -- Sources of Revenue Fiscal Year 2020



Total FY 2020 Revenue for Governmental Activities = \$63.35 Billion

The following table presents the total expenses and net cost of each of the State's governmental programs for the fiscal year ended June 30, 2020, with comparative numbers from June 30, 2019. 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, unrestricted investment income, and escheat property.

Program Expenses and Net Costs of Governmental Activities by Program
For the Fiscal Years Ended June 30, 2020 and 2019

(dollars in thousands)

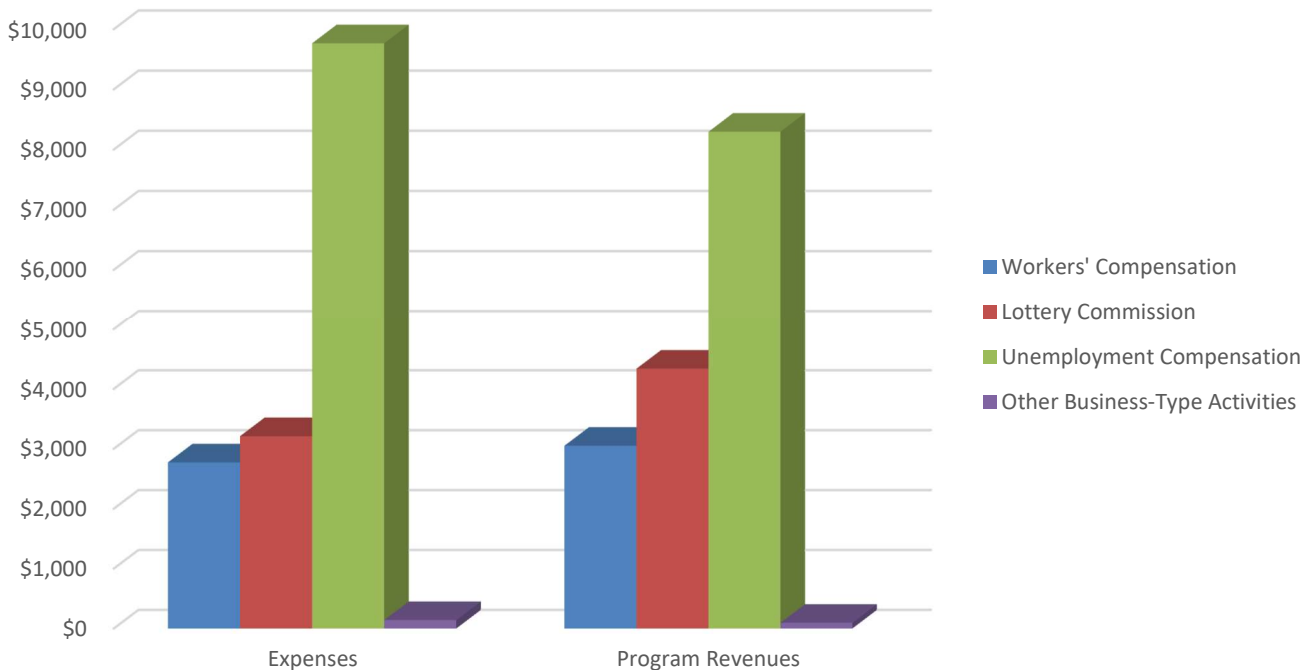
Program	Program Expenses	Percent of Total Expense	Net Cost of Program		Net Cost as Percentage of Total Expenses for Program		Net Cost as Percentage of Total Expenses — All Programs	
			2020	2019	2020	2019	2020	2019
Primary, Secondary and Other Education.....	\$ 13,500,953	21.4%	\$ 11,551,466	\$ 11,115,257	85.6%	84.7%	18.3%	18.4%
Higher Education Support.....	2,696,257	4.3%	2,667,194	2,701,161	98.9%	98.9%	4.2%	4.5%
Public Assistance and Medicaid.....	32,728,623	51.8%	5,862,560	5,809,722	17.9%	19.2%	9.3%	9.6%
Health and Human Services.....	1,922,794	3.0%	360,956	869,496	18.8%	45.1%	0.5%	1.4%
Justice and Public Protection.....	4,213,200	6.7%	2,823,042	2,979,975	67.0%	68.0%	4.5%	4.9%
Environmental Protection and Natural Resources.....	505,950	0.8%	170,329	207,819	33.7%	37.3%	0.3%	0.3%
Transportation.....	2,661,529	4.2%	896,290	994,590	33.7%	36.6%	1.4%	1.7%
General Government.....	1,331,397	2.1%	776,160	537,500	58.3%	43.9%	1.2%	0.9%
Community and Economic Development.....	3,498,595	5.5%	2,702,852	2,690,821	77.3%	79.4%	4.3%	4.5%
Interest on Long-Term Debt.....	98,824	0.2%	98,824	102,143	100.0%	100.0%	0.2%	0.2%
Total Governmental Activities.....	\$ 63,158,122	100.0%	\$ 27,909,673	\$ 28,008,484	44.2%	46.4%	44.2%	46.4%

Business-Type Activities

The State's enterprise funds reported net position of \$11.64 billion, as of June 30, 2020, compared to \$12.86 billion, as of June 30, 2019, a decrease of \$1.22 billion, or 9.5 percent. The Unemployment Compensation Fund reported a \$1.48 billion decrease in net position during fiscal year 2020, primarily due to the novel coronavirus (COVID-19) pandemic and the resulting spike in unemployment rates. The Workers' Compensation Fund reported a \$268.5 million increase in net position during fiscal year 2020 primarily from higher returns on its investment portfolio.

The chart below compares program expenses and program revenues for business-type activities. Additional analysis of the Business-Type Activities' revenues, expenses, and other changes in net position is included with the discussion of the Proprietary Funds beginning on page 16.

Business-Type Activities — Expenses and Program Revenues
Fiscal Year 2020
(dollars in millions)



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, 2020, and June 30, 2019 (dollars in thousands).

	As of and for the Fiscal Year Ended June 30, 2020			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
	Unassigned Fund Balance (Deficit).....	\$ 2,924,183	\$ -	\$ -
Total Fund Balance.....	8,367,212	4,643,948	3,911,273	16,922,433
Total Revenues.....	37,891,148	15,364,846	9,962,291	63,218,285
Total Expenditures.....	36,005,625	15,692,379	13,296,752	64,994,756

	As of and for the Fiscal Year Ended June 30, 2019			
	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
	Unassigned Fund Balance (Deficit).....	\$ 2,455,345	\$ -	\$ (6,242)
Total Fund Balance.....	7,718,152	4,712,294	3,370,405	15,800,851
Total Revenues.....	37,653,335	13,510,855	9,219,966	60,384,156
Total Expenditures.....	34,554,711	13,335,634	13,076,201	60,966,546

General Fund

The main operating fund of the State is the General Fund. During fiscal year 2020, General Fund revenue increased by \$237.8 million. Federal grant revenue rose \$659.4 million or 7 percent primarily due to increased funding for Medicaid and COVID-19 related expenditures. Sales Tax and Motor Vehicle Fuel Tax revenues each rose over \$200 million. A decrease in Income Tax revenue of \$726.5 million or 7.6 percent was due to a combination of tax policy changes providing a four percent personal income tax reduction effective for tax year 2019 and a rise in the unemployment rate due to the COVID-19 pandemic. Expenditures increased \$1.45 billion, or 4.2 percent, from the prior year. Public Assistance and Medicaid and Primary, Secondary and Other Education showed increased expenditures of \$635.7 million and \$541.5 million, respectively, largely due to higher Medicaid spending in response to COVID-19 and new spending for the Student Wellness and Success fund that addresses nonacademic barriers such as mental health services and mentoring. Total fund balance at June 30, 2020, increased by \$645.9 million (exclusive of a \$3.1 million increase in inventories) or 8.4 percent. The State's Budget Stabilization Fund remained unchanged with a balance of over \$2.69 billion that is included within unassigned fund balance.

General Fund Budgetary Highlights

The State ended the first year of its 2020-21 biennial budget on June 30, 2020, with a General Fund budgetary fund balance (i.e., cash less encumbrances) of \$5.73 billion. Total budgetary sources for the General Fund (including \$1.12 billion in transfers from other funds) in the amount of \$40.23 billion were below final estimates by \$402.8 million or 1 percent during fiscal year 2020. Primarily this shortfall was the result of lower than expected transfers from other funds. Total tax receipts were above final estimates by \$372.4 million or 1.5 percent due to higher than expected income and sales tax receipts.

Total budgetary uses for the General Fund (including \$1.52 billion in transfers to other funds) in the amount of \$41.49 billion were below final estimates by \$3.2 billion or 7.2 percent for fiscal year 2020. The majority of lower than appropriated spending came from community and economic development and higher education programs. Additionally, there were lower than expected transfers to other funds. There was no budget stabilization designation at June 30, 2019, for use in balancing the final fiscal year 2020 budget.

The main appropriations act (Act) for the 2020-21 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 July 18, 2019, following a 17-day interim appropriations act. Reflecting a goal of making wise investments to positively impact Ohio's future, the budget targeted resources to children and families, as well as to Ohio's education system, workforce, local communities, environment, and mental health and addiction recovery efforts. The Act provided for GRF appropriations of approximately \$34 billion in fiscal year 2020, a 4 percent increase from fiscal year 2019 expenditures, and approximately \$36 billion in fiscal year 2021, a 6 percent increase from fiscal year 2020 appropriations. The underlying economic forecast does not consider the possible economic effects of the COVID-19 pandemic.

GRF appropriations for major program categories in fiscal year 2020, relative to 2019 actual spending, and 2021, relative to 2020 appropriations, reflect the following changes: 3.3 percent increase in Medicaid in fiscal year 2020 and 11.8 percent increase in fiscal year 2021; increases of 3.9 percent in fiscal year 2020 and 0.2 percent in fiscal year 2021, which include transfers from the GRF in support of student wellness and success, for primary and secondary education; increases of 4.6 percent in fiscal year 2020 and 2.6 percent in fiscal year 2021 for higher education; 1.4 percent decrease in fiscal year 2020 and a 2.8 percent increase in fiscal year 2021 for mental health and developmental disabilities; and increases of 4 percent in fiscal year 2020 and 3.5 percent in fiscal year 2021 for corrections and youth services.

The Act reflects tax law changes that are projected to decrease GRF revenues by approximately \$410 million in fiscal year 2020 and \$177 million in fiscal year 2021. These items include an across-the-board four percent reduction in State personal income tax rates and elimination of the bottom two tax brackets (effective in tax year 2019), which will eliminate tax liability for individuals with taxable income less than \$21,750, and the creation of two new non-refundable tax credits, one for lead abatement expenses and one for Qualified Opportunity Zone investments. Also reflected in the 2020-21 Act is the creation of the H2Ohio Fund to pay for water quality projects in Lake Erie and across Ohio's rivers, lakes, and waterways. A \$172 million GRF transfer initially funded the H2Ohio Fund in fiscal year 2020. The Act requires that fiscal year 2021 GRF surplus, if any, be transferred in equal amounts to the H2Ohio Fund and the Budget Stabilization Fund.

As widely reported, the COVID-19 pandemic late in fiscal year 2020 had negative impacts on global and local economies. The State took steps to mitigate some effects on the State's financial position for later fiscal year 2020 and for fiscal year 2021 by reducing non-essential expenditures. The mitigating measures included non-essential hiring freezes, pay freezes, contract services freezes not essential for the emergency response and, state agency spending cuts not related to the pandemic response or other essential government functions up to 20 percent. Some agencies increased spending in targeted areas to mitigate the health and economic impacts of COVID-19.

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 2020 with a GRF cash balance of \$1.27 billion and a GRF budgetary fund balance of \$784.8 million. The State continues to meet its statutory target to maintain an ending fund balance reflecting one-half of one percent of fiscal year 2020 GRF revenues.

Other Major Governmental Funds

The *Job, Family and Other Human Services Fund* had a fund balance of \$312.5 million at June 30, 2020, an increase of \$25.9 million, or 9.1 percent, compared to fiscal year 2019. During fiscal year 2020, Federal Government revenue increased \$1.2 billion and Public Assistance and Medicaid expenditures increased \$1.61 billion related to Medicaid spending partly due to COVID-19 pandemic effects. Contributing to the increase in fund balance was a \$227.1 million increase in Sales, Services and Charges revenue and a decrease of nearly \$200 million in Transfers-out of cash.

The fund balance for the *Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund*, as of June 30, 2020, totaled approximately \$4.31 billion dollars, a decrease of \$118.9 million or 2.7 percent since June 30, 2019. In fiscal year 2020, the Authority issued a par amount of \$5.35 billion in refunding bonds, which had an associated net premium of \$511.9 million. The Payment to Refunded Bond Escrow Agents of \$5.57 billion and Debt Service payments of \$593.7 million offsets the bond related proceeds and Tobacco Settlement revenue of \$286.5 million resulting in a net decrease in fund balance.

The *Coronavirus Relief Fund* was created in late fiscal year 2020 to receive \$3.75 billion of federal funding under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) for emergency expenditures related to the COVID-19 pandemic. Total expenditures of \$430.2 million include General Government expenditures of \$350.1 million in allowable distributions to local governments to cover expenses incurred due to the public health emergency. The \$80.1 million balance of expenditures consists primarily of State agency purchases for personal protection equipment and other allowable COVID-19 related costs. The State reports \$430.3 million in revenue which includes \$9.6 million in Investment Income. The balance of funding received but not expended as of June 30, 2020, is reported as a \$3.3 billion Unearned Revenue liability. The fund balance as of June 30, 2020, totaled \$24.6 million.

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.

The *Workers' Compensation Fund's* fiscal year 2020 net position increased by \$268.5 million, or 2.4 percent, to \$11.56 billion, as compared to the prior year. Despite an increase in Benefits and Claims expense of \$500.7 million and an Investment Income decrease of \$398.2 million, overall revenues exceeded expenses resulting in a modest net position increase over the prior year.

For fiscal year 2020, the *Lottery Commission Fund* reported \$1.13 billion in net income before transfers of approximately \$1.13 billion to the Lottery Profits Education Fund. Net position at June 30, 2020, in the amount of \$246.6 million, decreased a slight 0.3 percent from fiscal year 2019.

The Unemployment Compensation Fund ended fiscal year 2020 with a \$176.6 million net deficit. The \$1.48 billion net position decrease in the Unemployment Compensation Fund over the prior year is due to the economic impact of the COVID-19 pandemic and resulting unemployment rate increases. The unemployment rate in Ohio increased from an average of 4.3 percent in fiscal year 2019 to an average of 6.7 percent in fiscal year 2020, with spikes starting late in fiscal year 2020. Federal Government revenue increased \$7.1 billion in response to the crisis compared to the prior fiscal year. Unemployment Benefits and Claims expense increased \$8.92 billion over the previous fiscal year. Additionally, to assist in offsetting rising unemployment benefit costs, the State secured \$217.8 million in federal repayable advances (loans) in accordance with Title XII of the Social Security Act from the Federal Unemployment Account. The total amount of federal repayable advances is outstanding at June 30, 2020, and reported as an Intergovernmental Payable.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, and June 30, 2019, the State's primary government had invested \$29.1 billion and \$28.52 billion, respectively, net of accumulated depreciation of \$4.99 billion and \$4.86 billion, respectively, in a broad range of capital assets, as detailed in the table on the following page.

The total increase in the State's capital assets, net of accumulated depreciation, for the current fiscal year was 2 percent (a 2.1 percent increase for governmental activities and an 18 percent decrease for business-type activities). Depreciation expense decreased 35.2 percent for governmental activities and decreased 7.3 percent for business-type activities.

The State completed construction on a variety of infrastructure, facilities and software projects during fiscal year 2020 totaling approximately \$1.01 billion, as compared with \$648.8 million in the previous fiscal year. As further detailed in the notes to the financial statements (NOTE 20D), the State had \$487.9 million in major construction commitments (unrelated to infrastructure), as of June 30, 2020, compared to \$398.2 million for the prior year.

Capital Assets, Net of Accumulated Depreciation

As of June 30, 2020 and 2019

(dollars in thousands)

	As of June 30, 2020			As of June 30, 2019		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 2,519,465	\$ 9,466	\$ 2,528,931	\$ 2,471,922	\$ 9,466	\$ 2,481,388
Buildings	1,644,209	7,960	1,652,169	1,546,166	15,084	1,561,250
Land Improvements	172,476	-	172,476	178,841	-	178,841
Machinery and Equipment	505,189	21,491	526,680	503,472	27,815	531,287
Vehicles	226,724	1,413	228,137	224,713	1,837	226,550
Infrastructure:						
Highway Network:						
General Subsystem	9,074,849	-	9,074,849	8,713,214	-	8,713,214
Priority Subsystem	9,143,435	-	9,143,435	8,875,085	-	8,875,085
Bridge Network	2,996,353	-	2,996,353	2,920,096	-	2,920,096
Parks, Recreation, and Natural Resources System	225,860	-	225,860	130,877	-	130,877
	<u>26,508,560</u>	<u>40,330</u>	<u>26,548,890</u>	<u>25,564,386</u>	<u>54,202</u>	<u>25,618,588</u>
Construction-in-Progress	2,474,654	73,923	2,548,577	2,814,725	85,180	2,899,905
Total Capital Assets, Net	<u>\$ 28,983,214</u>	<u>\$ 114,253</u>	<u>\$ 29,097,467</u>	<u>\$ 28,379,111</u>	<u>\$ 139,382</u>	<u>\$ 28,518,493</u>

Modified Approach

For reporting its highway and bridge infrastructure assets, the State has adopted the use of the modified approach. To use this approach, a government must maintain an asset management system and demonstrate that the infrastructure is being preserved approximately at or above an established condition level. Under this approach, infrastructure is not depreciated, and maintenance and preservation costs are expensed. Infrastructure assets accounted for using the modified approach include approximately 43,422 lane miles of highway and approximately 108.4 million square feet of deck area that comprises 14,352 bridges for which the State has the responsibility for ongoing maintenance.

Ohio accounts for its pavement network in two subsystems: Priority and General. 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 to be classified with a "poor" condition rating. The most recent condition assessment, completed by the Ohio Department of Transportation (ODOT) for fiscal year 2020, indicates that 4.1 percent and 2.2 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating. Comparatively, 3.2 percent and 2.5 percent of the priority and general subsystems, respectively, were assigned a "poor" condition rating in fiscal year 2019.

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 ODOT for fiscal year 2020, indicates that only 1.4 percent of the number of square feet of bridge deck area was considered to be in "fair" and "poor" conditions, a 0.2 percent decrease over the prior year.

Fiscal year 2020 total actual maintenance and preservation costs for the pavement network were \$898.5 million, compared to estimated costs of \$699.2 million, while total actual maintenance and preservation costs for the bridge network were \$447.5 million, \$55.4 million above estimate. In the previous fiscal year, total actual maintenance and preservation costs for the pavement network were \$870.7 million, compared to estimated costs of \$744.3 million, while total actual maintenance and preservation costs for the bridge network were \$451.6 million, \$27.2 million above estimate. 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 Infrastructure section of this report.

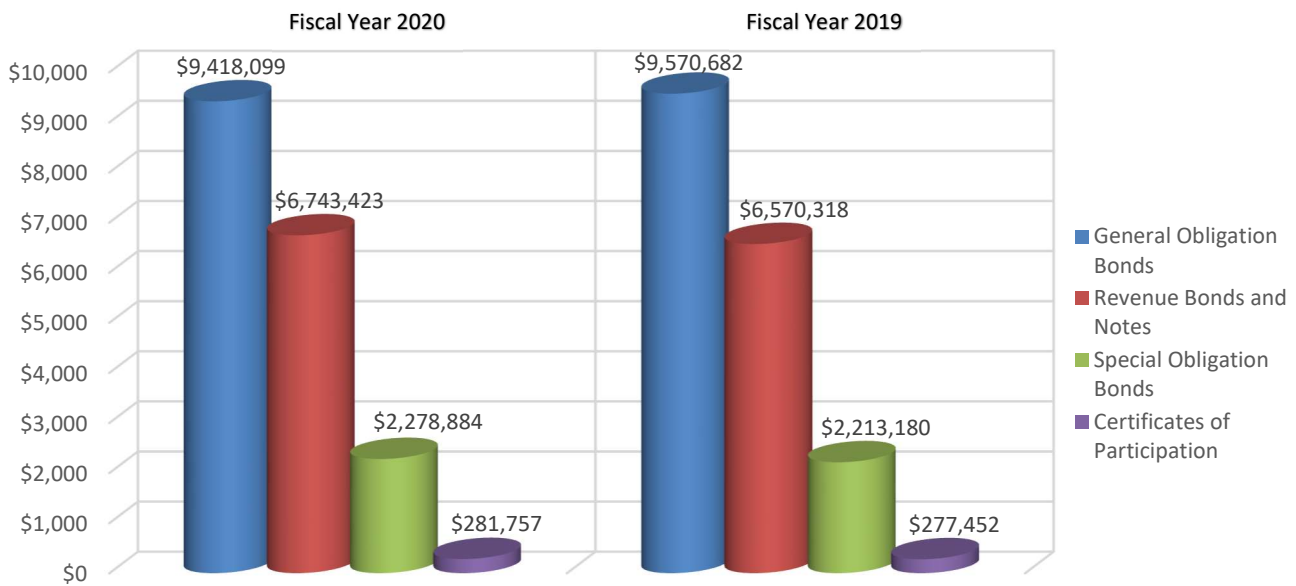
Debt — Bonds and Notes Payable and Certificates of Participation Obligations

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

During fiscal year 2020, the State issued a par amount of \$1.53 billion in general obligation bonds, \$5.53 billion in revenue bonds, \$472.2 million in special obligation bonds, and \$31.1 million in certificates of participation. Of the general obligation bonds, revenue bonds, and special obligation bonds issued, \$805.1 million, \$5.35 billion, and \$215.3 million, respectively, were refunding bonds. The total increase in the State’s debt for the current fiscal year, based on carrying amount, was 0.5 percent, all in governmental activities.

As of June 30, 2020, and June 30, 2019, the State had total debt, all in governmental activities, of approximately \$18.72 billion and \$18.63 billion, respectively, as shown in the chart below.

**Bonds and Notes Payable and Certificates of Participation
As of June 30, 2020 and 2019
(dollars in thousands)**



Credit Ratings

Both the State’s general and special obligation bonds carry a “stable” credit outlook from all three credit rating agencies. A credit outlook is an indication of the pressure on the rating over the near-to-intermediate term and should not be viewed as a precursor to a rating change.

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.

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

Credit Ratings							
As of June 30, 2020							
Bonds and Notes	Issuer	Fitch Inc.	Kroll Bond Rating Agency	Moody's Investor Services, Inc.	S & P Global Ratings Services	Security and Source of Funds	
General Obligations Bonds:							
Common Schools Capital Facilities ...	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Higher Education Capital Facilities	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Highway Capital Improvements	Treasurer of State	AA+	AAA	Aa1	AAA	Highway User Receipts	
Infrastructure Improvements	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Coal Research and Development	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Natural Resources Capital Facilities ..	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Conservation Projects	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Third Frontier Research and Development	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Site Development	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Veterans' Compensation	Ohio Public Facilities Commission	AA+	N/A	Aa1	AA+	General Revenue Funds	
Revenue Bonds:							
Major New State Infrastructure.....	Treasurer of State	N/A	N/A	Aa2	AA	Federal Transportation Grants	
Tobacco Settlement Asset-Backed.....	Buckeye Tobacco Settlement Financing Authority	N/A	N/A	N/A	BBB+ to A*	Pledged Receipts from the Tobacco Master Settlement Agreement	
*The Class 2 Senior Current Interest Bonds and the Class 2 Turbo Capital Appreciation Bonds are Non-Rated.							
Special Obligation Bonds:							
Mental Health Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	General Revenue Funds	
Parks and Recreation Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	General Revenue Funds	
Cultural and Sports Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	General Revenue Funds	
Adult Correctional Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	General Revenue Funds	
Administrative Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	General Revenue Funds	
Juvenile Correctional Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	General Revenue Funds	
Transportation Building Projects.....	Treasurer of State	AA	N/A	Aa2	AA	Highway User Receipts	
Highway Safety Facilities.....	Treasurer of State	AA	N/A	Aa2	AA	Highway User Receipts	

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 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.

The State met the requirements of Section 17 of Article VIII of the Ohio Constitution. 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 to the financial statements.

Conditions Expected to Affect Future Operations

Economic Factors

In March 2020, the onset of the COVID-19 pandemic in the United States resulted in the temporary closure of many non-essential businesses and a sharp decrease in economic activity. Ohio's unemployment rate rose from 4.2 percent in October 2019 to 17.3 percent in April 2020. In May 2020, restrictions eased, and economic recovery began at a slow pace. At the beginning of November 2020, the consensus among forecasters suggest the economy with continue to grow in the fourth quarter of calendar year 2020. Ohio's unemployment rate in October 2020 was 5.6 percent, a decrease of 11.7 percent from April 2020. From October 2019 to October 2020, Ohio's nonfarm payroll employment decreased by approximately 354 thousand jobs.

Nationally, real gross domestic product (GDP) expanded in the third quarter at an annualized rate of 33.1 percent, following a 31.4 percent decrease in the second quarter of the calendar year. Growth has slowed on a year-over-year basis due to the response in combating the impact of the COVID-19 pandemic. Compared with a year earlier, the real GDP is approximately 2.9 percent lower.

The national labor market outlook strengthened further in October 2020, as the level of nonfarm payroll employment increased by 638 thousand jobs. While this is the sixth straight month of increases, these gains were smaller than in the prior five months. The U.S. unemployment rate for October 2020 was 6.9 percent, up from 3.6 percent in October 2019.

General Revenue Fund

For fiscal year 2021, total fiscal year-to-date GRF receipts collected through October 2020 are \$25.6 million below estimates and \$2.1 billion higher than collections through October of the prior fiscal year. Total fiscal year-to-date GRF disbursements through October 2020 are \$725.6 million below estimates for the first four months of fiscal year 2021 and \$858.3 million above expenditures for the first four months of the prior fiscal year. As of October 2020, receipts were 0.2 percent below budget estimates and disbursements were 5.2 percent below budget estimates for fiscal year 2021. Fiscal year 2021 receipts are 18.5 percent ahead of receipts for the first four months of fiscal year 2020, due largely to an increase in federal grant funding. Disbursements for fiscal year 2021 are 7 percent above disbursements for the same time period of fiscal year 2020.

Budget Stabilization Fund

The Budget Stabilization Fund (BSF) is Ohio's rainy day savings account, a reserve balance set aside in good economic times to protect the State's budget from cyclical changes in revenues and expenditures should the economy become weakened unexpectedly. By law, the target balance for the BSF can be up to 8.5 percent of the prior fiscal year's GRF revenues. The BSF continues to maintain a balance of over \$2.69 billion.

Workers' Compensation Fund

The Ohio Bureau of Workers' Compensation (BWC) has taken measures to address the economic impact on its financial situation and the challenges its customers are experiencing related to the COVID-19 pandemic. BWC's actions include: negotiating cost reductions with current suppliers and limiting non-critical purchases in compliance with Governor DeWine's Executive Orders and other State guidance, reducing private employer estimated annual payroll by 20 percent for the policy year beginning July 1, 2020, and approving a policy holder dividend of up to \$1.5 billion to private and public taxing district (PEC) employers. In addition, private employer statewide average base rates will decrease an average of 13 percent for the July 1, 2020, policy year, while those for PEC will decrease 10 percent for the January 1, 2021, policy year.

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 Contact@obm.ohio.gov.

FINANCIAL SECTION

Basic Financial Statements



STATE OF OHIO
STATEMENT OF NET POSITION
JUNE 30, 2020
(dollars in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash Equity with Treasurer.....	\$ 14,581,951	\$ 120,987	\$ 14,702,938	\$ 330,491
Cash and Cash Equivalents.....	170,576	632,058	802,634	3,019,493
Deposit with Federal Government.....	—	36,169	36,169	—
Investments.....	1,686,727	25,502,145	27,188,872	13,061,448
Collateral on Lent Securities.....	2,073,624	17,353	2,090,977	47,156
Taxes Receivable.....	2,729,214	—	2,729,214	—
Intergovernmental Receivable.....	1,027,626	6,607	1,034,233	57,122
Premiums and Assessments Receivable.....	—	655,693	655,693	—
Investment Trade Receivable.....	—	322,223	322,223	—
Loans Receivable, Net.....	1,363,734	—	1,363,734	335,022
Receivable from Primary Government.....	—	—	—	18,709
Receivable from Component Units.....	27,971	—	27,971	—
Other Receivables.....	941,020	363,782	1,304,802	1,433,155
Inventories.....	165,502	—	165,502	198,434
Other Assets.....	43,964	8,389	52,353	1,842,823
Restricted Assets:				
Cash Equity with Treasurer.....	—	15	15	—
Cash and Cash Equivalents.....	898	736	1,634	767,630
Investments.....	372,244	642,046	1,014,290	2,688,725
Collateral on Lent Securities.....	—	97,528	97,528	—
Other Receivables.....	652,532	—	652,532	—
Capital Assets Being Depreciated, Net.....	2,710,555	30,864	2,741,419	14,618,692
Capital Assets Not Being Depreciated.....	26,272,659	83,389	26,356,048	1,949,895
TOTAL ASSETS.....	54,820,797	28,519,984	83,340,781	40,368,795
DEFERRED OUTFLOWS OF RESOURCES.....	5,314,116	68,905	5,383,021	1,787,218
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	60,134,913	28,588,889	88,723,802	42,156,013
LIABILITIES:				
Accounts Payable.....	746,652	33,752	780,404	801,265
Accrued Liabilities.....	435,140	5,668	440,808	735,387
Medicaid Claims Payable.....	758,202	—	758,202	—
Obligations Under Securities Lending.....	2,073,624	114,881	2,188,505	47,156
Investment Trade Payable.....	—	506,106	506,106	—
Intergovernmental Payable.....	996,000	3,590	999,590	2,169
Internal Balances.....	505,850	(505,850)	—	—
Payable to Primary Government.....	—	—	—	12,961
Payable to Component Units.....	18,709	—	18,709	—
Unearned Revenue.....	3,899,612	337,526	4,237,138	812,995
Benefits Payable.....	—	75,344	75,344	—
Refund and Other Liabilities.....	1,382,518	121,504	1,504,022	147,669
Noncurrent Liabilities:				
Bonds and Notes Payable:				
Due in One Year.....	977,087	—	977,087	648,307
Due in More Than One Year.....	17,463,319	—	17,463,319	10,566,179
Certificates of Participation:				
Due in One Year.....	29,116	—	29,116	—
Due in More Than One Year.....	252,641	—	252,641	—
Other Noncurrent Liabilities:				
Due in One Year.....	204,938	2,051,859	2,256,797	673,637
Due in More Than One Year.....	8,491,094	14,102,598	22,593,692	11,725,762
TOTAL LIABILITIES.....	38,234,502	16,846,978	55,081,480	26,173,487
DEFERRED INFLOWS OF RESOURCES.....	3,346,892	102,024	3,448,916	5,429,735
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	41,581,394	16,949,002	58,530,396	31,603,222

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION (DEFICITS):				
Net Investment in Capital Assets.....	24,838,706	111,342	24,950,048	9,103,285
Restricted for:				
Primary, Secondary and Other Education.....	101,891	—	101,891	—
Higher Education Support.....	7,710	—	7,710	—
Public Assistance and Medicaid.....	419,930	—	419,930	—
Health and Human Services.....	192,898	—	192,898	—
Justice and Public Protection.....	99,642	—	99,642	—
Environmental Protection and Natural Resources.....	339,004	—	339,004	—
Transportation.....	2,421,542	—	2,421,542	198,570
General Government.....	245,143	—	245,143	—
Community and Economic Development.....	855,297	—	855,297	7,570
Lottery Prizes.....	—	99,467	99,467	—
Workers Compensation.....	—	11,466,770	11,466,770	—
Tuition Trust Authority.....	—	108,561	108,561	—
Nonexpendable for				
Colleges and Universities.....	—	—	—	4,262,513
Expendable for				
Colleges and Universities.....	—	—	—	2,901,703
Unrestricted.....	(10,968,244)	(146,253)	(11,114,497)	(5,920,850)
TOTAL NET POSITION (DEFICITS).....	\$ 18,553,519	\$ 11,639,887	\$ 30,193,406	\$ 10,552,791

STATE OF OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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.....	\$ 13,500,953	\$ 21,573	\$ 1,927,914	\$ —	\$ (11,551,466)
Higher Education Support	2,696,257	3,635	25,428	—	(2,667,194)
Public Assistance and Medicaid	32,728,623	2,887,667	23,978,396	—	(5,862,560)
Health and Human Services	1,922,794	173,259	1,388,579	—	(360,956)
Justice and Public Protection	4,213,200	1,091,454	298,461	243	(2,823,042)
<i>Environmental Protection</i>					
and Natural Resources.....	505,950	245,619	90,002	—	(170,329)
Transportation	2,661,529	195,233	73,770	1,496,236	(896,290)
General Government	1,331,397	438,463	116,268	506	(776,160)
<i>Community and Economic</i>					
Development.....	3,498,595	447,166	335,642	12,935	(2,702,852)
<i>Interest on Long-Term Debt</i>					
(excludes interest charged as program expense).....	98,824	—	—	—	(98,824)
TOTAL GOVERNMENTAL ACTIVITIES.....	63,158,122	5,504,069	28,234,460	1,509,920	(27,909,673)
BUSINESS-TYPE ACTIVITIES:					
Workers' Compensation.....	2,772,348	1,257,429	1,792,931	—	278,012
Lottery Commission.....	3,209,778	4,294,220	43,568	—	1,128,010
Unemployment Compensation.....	9,765,240	1,162,361	7,132,926	—	(1,469,953)
Tuition Trust Authority.....	44,813	5,586	41,874	—	2,647
Office of Auditor of State.....	95,221	46,796	—	—	(48,425)
TOTAL BUSINESS-TYPE ACTIVITIES.....	15,887,400	6,766,392	9,011,299	—	(109,709)
TOTAL PRIMARY GOVERNMENT.....	\$ 79,045,522	\$ 12,270,461	\$ 37,245,759	\$ 1,509,920	\$ (28,019,382)
COMPONENT UNITS:					
Ohio Facilities Construction Commission.....	\$ 269,217	\$ 13,257	\$ 8,346	\$ —	\$ (247,614)
Ohio State University.....	7,649,183	5,481,979	796,229	77,425	(1,293,550)
Other Component Units.....	8,936,703	5,639,991	801,166	34,123	(2,461,423)
TOTAL COMPONENT UNITS.....	\$ 16,855,103	\$ 11,135,227	\$ 1,605,741	\$ 111,548	\$ (4,002,587)

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

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
CHANGES IN NET POSITION:				
Net (Expense) Revenue.....	\$ (27,909,673)	\$ (109,709)	\$ (28,019,382)	\$ (4,002,587)
General Revenues:				
Taxes:				
Income.....	8,793,396	—	8,793,396	—
Sales.....	11,000,053	—	11,000,053	—
Corporate and Public Utility	2,964,107	—	2,964,107	—
Cigarette.....	913,712	—	913,712	—
Other.....	1,104,710	—	1,104,710	—
Restricted for Transportation Purposes:				
Motor Vehicle Fuel Taxes.....	2,593,158	—	2,593,158	—
Total Taxes.....	27,369,136	—	27,369,136	—
Tobacco Settlement.....	324,269	—	324,269	—
Escheat Property.....	194,814	—	194,814	—
Unrestricted Investment Income.....	210,539	21	210,560	382,626
State Assistance	—	—	—	2,518,717
Other.....	67	15	82	931,955
Additions to Endowments and Permanent Fund Principal.....				
	—	—	—	104,029
Transfers-Internal Activities.....	1,109,508	(1,109,508)	—	—
TOTAL GENERAL REVENUES, GAINS (LOSSES), CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS.....				
	29,208,333	(1,109,472)	28,098,861	3,937,327
CHANGE IN NET POSITION.....	1,298,660	(1,219,181)	79,479	(65,260)
NET POSITION (DEFICITS), JULY 1 (as restated)....	17,254,859	12,859,068	30,113,927	10,618,051
NET POSITION (DEFICITS), JUNE 30.....	\$ 18,553,519	\$ 11,639,887	\$ 30,193,406	\$ 10,552,791

STATE OF OHIO

BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
ASSETS:			
Cash Equity with Treasurer.....	\$ 7,128,365	\$ 303,488	\$ —
Cash and Cash Equivalents.....	115,831	3,135	898
Investments.....	1,617,840	—	372,244
Collateral on Lent Securities.....	1,005,132	43,506	—
Taxes Receivable	2,544,356	—	—
Intergovernmental Receivable.....	376,617	248,111	—
Loans Receivable, Net	1,165,136	—	—
Interfund Receivable	—	—	—
Receivable from Component Units.....	—	—	—
Other Receivables	265,519	628,105	652,532
Inventories	25,760	—	—
Other Assets	61	—	—
TOTAL ASSETS	14,244,617	1,226,345	1,025,674
DEFERRED OUTFLOWS OF RESOURCES.....	—	—	3,933,711
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	\$ 14,244,617	\$ 1,226,345	\$ 4,959,385
LIABILITIES:			
Accounts Payable	\$ 259,226	\$ 199,617	\$ —
Accrued Liabilities.....	196,425	27,694	—
Medicaid Claims Payable.....	510,593	—	—
Obligations Under Securities Lending.....	1,005,132	43,506	—
Intergovernmental Payable.....	756,452	119,397	—
Interfund Payable.....	399,650	10,528	—
Payable to Component Units.....	12,248	3,485	—
Unearned Revenue.....	—	429,670	—
Refund and Other Liabilities.....	1,378,963	2,890	—
Liability for Escheat Property.....	332,217	—	—
TOTAL LIABILITIES.....	4,850,906	836,787	—
DEFERRED INFLOWS OF RESOURCES.....	1,026,499	77,067	652,531
FUND BALANCES (DEFICITS):			
Nonspendable.....	60,524	—	—
Restricted.....	1,410,994	145,552	4,306,854
Committed.....	764,322	166,939	—
Assigned.....	3,207,189	—	—
Unassigned.....	2,924,183	—	—
TOTAL FUND BALANCES (DEFICITS)	8,367,212	312,491	4,306,854
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 14,244,617	\$ 1,226,345	\$ 4,959,385

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

CORONAVIRUS RELIEF FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
\$ 3,327,559	\$ 3,822,539	\$ 14,581,951
—	51,610	171,474
—	68,887	2,058,971
477,016	547,970	2,073,624
—	184,858	2,729,214
—	402,898	1,027,626
—	198,598	1,363,734
—	117	117
—	27,971	27,971
—	47,396	1,593,552
24,468	115,274	165,502
—	—	61
<u>3,829,043</u>	<u>5,468,118</u>	<u>25,793,797</u>
—	—	3,933,711
<u>\$ 3,829,043</u>	<u>\$ 5,468,118</u>	<u>\$ 29,727,508</u>
\$ 28,763	\$ 259,046	\$ 746,652
—	72,940	297,059
—	247,609	758,202
477,016	547,970	2,073,624
—	120,151	996,000
—	95,789	505,967
—	2,976	18,709
3,298,661	171,281	3,899,612
—	665	1,382,518
—	—	332,217
<u>3,804,440</u>	<u>1,518,427</u>	<u>11,010,560</u>
—	38,418	1,794,515
24,468	115,274	200,266
135	3,117,659	8,981,194
—	678,340	1,609,601
—	—	3,207,189
—	—	2,924,183
<u>24,603</u>	<u>3,911,273</u>	<u>16,922,433</u>
<u>\$ 3,829,043</u>	<u>\$ 5,468,118</u>	<u>\$ 29,727,508</u>

STATE OF OHIO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2020 (dollars in thousands)

Total Fund Balances for Governmental Funds..... \$ 16,922,433

Total net position reported for governmental activities in the Statement of Net Position is different because:

Net Pension Assets Reported for Governmental Activities are not Financing Resources and therefore are not Reported in the Funds..... 43,903

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

Land.....	2,519,465	
Buildings and Improvements, net of \$2,606,045 accumulated depreciation.....	1,644,209	
Land Improvements, net of \$381,540 accumulated depreciation.....	172,476	
Machinery and Equipment, net of \$1,245,760 accumulated depreciation.....	505,189	
Vehicles, net of \$323,108 accumulated depreciation.....	226,724	
Infrastructure, net of \$58,561 accumulated depreciation.....	21,440,497	
Construction-in-Progress.....	2,474,654	
Total Capital Assets.....		<u>28,983,214</u>

The following Deferred Outflows of Resources are not related to the current period and therefore, are not reported in the funds.

Hedging Derivative Instruments	13,974	
Loss on Debt Refundings.....	81,248	
Net Pension and OPEB Liability/Asset.....	1,141,363	
Resources of Future Period.....	143,820	
Total Deferred Outflows of Resources.....		<u>1,380,405</u>

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

Accrued Liabilities:		
Interest Payable.....	(138,081)	
Bonds and Notes Payable:		
General Obligation Bonds.....	(9,418,099)	
Revenue Bonds and Notes.....	(6,743,423)	
Special Obligation Bonds.....	(2,278,884)	
Certificates of Participation.....	(281,757)	
Other Noncurrent Liabilities:		
Compensated Absences.....	(515,895)	
Net Pension Liability.....	(4,339,320)	
Net OPEB Liability.....	(3,120,471)	
Capital Leases Payable.....	(24,278)	
Derivative Instruments.....	(19,976)	
Pollution Remediation.....	(1,880)	
Infrastructure Liabilities.....	(341,995)	
Total Liabilities.....		<u>(27,224,059)</u>

The following Deferred Inflows of Resources are not related to the current period and therefore, are not reported in the funds.

Resources from the Sale of Future Revenues.....	(995,233)	
Net Pension and OPEB Liability/Asset.....	(1,572,070)	
Debt Refundings.....	(14,998)	
Less Unavailable Resources Reported in the Funds:		
Taxes Receivable.....	112,933	
Intergovernmental Receivable.....	236,703	
Other Receivables.....	680,288	
Total Deferred Inflows of Resources.....	<u>1,029,924</u>	<u>(1,552,377)</u>

Total Net Position of Governmental Activities..... \$ 18,553,519

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, 2020
(dollars in thousands)

	MAJOR FUNDS		
	GENERAL	JOB, FAMILY AND OTHER HUMAN SERVICES	BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY REVENUE BONDS
REVENUES:			
Income Taxes.....	\$ 8,777,052	\$ —	\$ —
Sales Taxes.....	11,000,053	—	—
Corporate and Public Utility Taxes.....	2,895,596	—	—
Motor Vehicle Fuel Taxes.....	1,391,745	—	—
Cigarette Taxes.....	913,712	—	—
Other Taxes.....	756,390	931	—
Licenses, Permits and Fees.....	1,175,303	2,353,420	—
Sales, Services and Charges.....	112,172	814	—
Federal Government.....	10,064,078	12,021,891	—
Tobacco Settlement.....	214	—	286,503
Escheat Property.....	194,814	—	—
Investment Income.....	351,873	10,789	8,047
Other.....	258,146	252,046	63
TOTAL REVENUES.....	37,891,148	14,639,891	294,613
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	10,019,697	214	88,575
Higher Education Support.....	2,538,782	—	—
Public Assistance and Medicaid.....	16,004,391	14,178,339	—
Health and Human Services.....	692,525	325,348	—
Justice and Public Protection.....	3,362,746	66,558	—
Environmental Protection and Natural Resources.....	92,545	—	—
Transportation.....	50,187	—	—
General Government.....	543,330	3,014	2,000
Community and Economic Development.....	2,701,422	—	—
CAPITAL OUTLAY.....	—	4,412	—
DEBT SERVICE.....	—	—	593,712
TOTAL EXPENDITURES.....	36,005,625	14,577,885	684,287
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,885,523	62,006	(389,674)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....	497,000	—	—
Refunding Bonds and COPs Issued.....	—	—	5,352,196
Payment to Refunded Bond and COPs Escrow Agents.....	—	—	(5,572,925)
Premiums/Discounts.....	115,596	—	511,875
Capital Leases.....	1,042	—	—
Transfers-in.....	312,304	4,467	—
Transfers-out.....	(2,165,522)	(40,529)	(20,365)
TOTAL OTHER FINANCING SOURCES (USES).....	(1,239,580)	(36,062)	270,781
NET CHANGE IN FUND BALANCES.....	645,943	25,944	(118,893)
FUND BALANCES (DEFICITS), July 1.....	7,718,152	286,547	4,425,747
Increase (Decrease) for Changes in Inventories.....	3,117	—	—
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 8,367,212	\$ 312,491	\$ 4,306,854

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

<u>CORONAVIRUS RELIEF FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ —	\$ 39	\$ 8,777,091
—	—	11,000,053
—	68,511	2,964,107
—	1,201,414	2,593,159
—	—	913,712
—	347,389	1,104,710
—	773,487	4,302,210
—	33,843	146,829
420,751	6,828,390	29,335,110
—	2,347	289,064
—	—	194,814
9,591	43,691	423,991
—	663,180	1,173,435
430,342	9,962,291	63,218,285
—	3,078,194	13,186,680
—	29,311	2,568,093
—	2,499,544	32,682,274
15,173	737,090	1,770,136
47,710	389,718	3,866,732
—	355,690	448,235
—	2,658,360	2,708,547
358,967	304,573	1,211,884
8,357	693,093	3,402,872
—	735,731	740,143
—	1,815,448	2,409,160
430,207	13,296,752	64,994,756
135	(3,334,461)	(1,776,471)
—	695,590	1,192,590
—	1,020,350	6,372,546
—	(1,082,442)	(6,655,367)
—	194,349	821,820
—	—	1,042
—	3,485,910	3,802,681
—	(466,757)	(2,693,173)
—	3,847,000	2,842,139
135	512,539	1,065,668
—	3,370,405	15,800,851
24,468	28,329	55,914
\$ 24,603	\$ 3,911,273	\$ 16,922,433

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, 2020
(dollars in thousands)

Net Change in Fund Balances -- Total Governmental Funds.....	\$ 1,065,668
Change in Inventories.....	55,914
	<u>1,121,582</u>

The change in net position 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.....	851,941
Depreciation Expense.....	<u>(247,838)</u>
Excess of Capital Outlay Over Depreciation Expense.....	<u>604,103</u>

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

General Obligation Bonds.....	(724,535)
Revenue Bonds and Notes.....	(180,010)
Special Obligation Bonds.....	(256,960)
Refunding Bonds, including Bond Premium/Discount, Net.....	(6,951,965)
Certificates of Participation.....	(31,085)
Premiums and Discounts, Net:	
General Obligation Bonds.....	(147,361)
Revenue Bonds and Notes.....	(41,095)
Special Obligation Bonds.....	(49,191)
Certificates of Participation.....	<u>(4,755)</u>
Total Debt Proceeds.....	<u>(8,386,957)</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 Position. In the current year, these amounts consist of:

<i>Debt Principal Retirement and Defeasements:</i>	
General Obligation Bonds.....	1,748,035
Revenue Bonds and Notes.....	5,981,349
Special Obligation Bonds.....	429,552
Certificates of Participation.....	<u>26,025</u>
Total Long-Term Debt Repayment.....	<u>8,184,961</u>

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

Some revenues and expenses reported in the Statement of Activities are not reported as revenue and 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, liabilities, and deferred resources 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>Increase in Other Assets</i>	17,318	
<i>Increase in Capital Leases</i>	(3,234)	
<i>Decrease in Accrued Interest and Other Accrued Liabilities</i>	25,627	
<i>Amortization of Bond Premiums/Accretion of Bond Discount, Net</i>	111,465	
<i>Decrease in Refunding Loss Included in Deferred Outflows of Resources</i>	(19,905)	
<i>Decrease in Pension/OPEB Related Balances Included in Deferred Outflows of Resources</i>	(783,195)	
<i>Increase in Resources of a Future Period</i>	143,820	
<i>Increase in Compensated Absences</i>	(36,706)	
<i>Decrease in Derivative Instrument Liabilities (Excluding Hedging Derivative Instruments)</i>	102	
<i>Decrease in Estimated Claims Payable</i>	137	
<i>Increase in Pollution Remediation</i>	(10)	
<i>Decrease in Infrastructure Liability</i>	22,814	
<i>Decrease in Net Pension Liability</i>	1,788,558	
<i>Increase in OPEB Liability</i>	(258,632)	
<i>Increase in Deferred Inflow of Resources</i>	<u>(1,233,188)</u>	
 <i>Total Additional Revenues and Expenditures</i>		<u>(225,029)</u>
 Change in Net Position of Governmental Activities		<u>\$ 1,298,660</u>

STATE OF OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS -- ENTERPRISE
JUNE 30, 2020
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 29,070	\$ 60,058	\$ —
Cash and Cash Equivalents.....	457,822	160,343	229
Deposit with Federal Government.....	—	—	36,169
Collateral on Lent Securities.....	4,167	8,609	—
Restricted Assets:			
Cash Equity with Treasurer.....	—	15	—
Investments.....	—	44,072	—
Collateral on Lent Securities.....	—	97,528	—
Intergovernmental Receivable.....	—	—	378
Premiums and Assessments Receivable.....	11,682	—	64,827
Investment Trade Receivable.....	322,223	—	—
Interfund Receivable.....	50,119	—	—
Other Receivables.....	270,795	71,733	20,811
Other Assets.....	600	5,289	20
TOTAL CURRENT ASSETS.....	1,146,478	447,647	122,434
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	736	—	—
Investments.....	—	366,818	—
Investments.....	25,502,145	—	—
Premiums and Assessments Receivable.....	579,184	—	—
Interfund Receivable.....	454,867	—	—
Other Assets.....	1,230	355	—
Capital Assets Being Depreciated, Net.....	13,818	16,294	—
Capital Assets Not Being Depreciated.....	83,389	—	—
TOTAL NONCURRENT ASSETS.....	26,635,369	383,467	—
TOTAL ASSETS.....	27,781,847	831,114	122,434
DEFERRED OUTFLOWS OF RESOURCES.....	45,563	7,025	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	27,827,410	838,139	122,434
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	18,576	13,920	—
Accrued Liabilities.....	—	—	—
Obligations Under Securities Lending.....	4,167	106,137	—
Investment Trade Payable.....	506,106	—	—
Intergovernmental Payable.....	—	—	3,790
Prize Awards Payable.....	—	44,085	—
Interfund Payable.....	—	108	—
Unearned Revenue.....	335,968	1,558	—
Benefits Payable.....	1,364,331	—	75,344
Refund and Other Liabilities.....	686,552	45,800	2,272
TOTAL CURRENT LIABILITIES.....	2,915,700	211,608	81,406
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	217,626
Prize Awards Payable.....	—	308,642	—
Interfund Payable.....	—	849	—
Benefits Payable.....	11,404,323	—	—
Refund and Other Liabilities.....	1,875,885	60,214	—
TOTAL NONCURRENT LIABILITIES.....	13,280,208	369,705	217,626
TOTAL LIABILITIES.....	16,195,908	581,313	299,032
DEFERRED INFLOWS OF RESOURCES.....	67,525	10,227	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	16,263,433	591,540	299,032
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	97,207	13,383	—
Restricted for Lottery Prizes.....	—	99,467	—
Unrestricted.....	11,466,770	133,749	(176,598)
TOTAL NET POSITION (DEFICITS).....	\$ 11,563,977	\$ 246,599	\$ (176,598)

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

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	31,859	\$	120,987
	13,664		632,058
	—		36,169
	4,577		17,353
	—		15
	28,400		72,472
	—		97,528
	6,229		6,607
	—		76,509
	—		322,223
	1,821		51,940
	443		363,782
	—		5,909
	<u>86,993</u>		<u>1,803,552</u>
	—		736
	202,756		569,574
	—		25,502,145
	—		579,184
	—		454,867
	895		2,480
	752		30,864
	—		83,389
	<u>204,403</u>		<u>27,223,239</u>
	<u>291,396</u>		<u>29,026,791</u>
	<u>16,317</u>		<u>68,905</u>
	<u>307,713</u>		<u>29,095,696</u>
	1,256		33,752
	5,668		5,668
	4,577		114,881
	—		506,106
	—		3,790
	—		44,085
	—		108
	—		337,526
	28,400		1,468,075
	<u>1,723</u>		<u>736,347</u>
	<u>41,624</u>		<u>3,250,338</u>
	—		217,626
	—		308,642
	—		849
	104,200		11,508,523
	131,708		2,067,807
	<u>235,908</u>		<u>14,103,447</u>
	<u>277,532</u>		<u>17,353,785</u>
	<u>24,272</u>		<u>102,024</u>
	<u>301,804</u>		<u>17,455,809</u>
	752		111,342
	—		99,467
	5,157		11,429,078
\$	<u>5,909</u>	\$	<u>11,639,887</u>

STATE OF OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS -- ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ —	\$ 4,292,677	\$ 23,308
Premium and Assessment Income.....	1,248,759	—	1,106,816
Federal Government.....	—	—	7,112,652
Investment Income.....	—	—	—
Other.....	8,670	1,543	26,299
TOTAL OPERATING REVENUES.....	1,257,429	4,294,220	8,269,075
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	—	—
Administration.....	77,872	138,352	—
Bonuses and Commissions.....	—	779,498	—
Prizes.....	—	2,259,251	—
Benefits and Claims.....	1,260,821	—	9,765,240
Depreciation.....	20,993	8,647	—
Other.....	1,412,662	9,115	—
TOTAL OPERATING EXPENSES.....	2,772,348	3,194,863	9,765,240
OPERATING INCOME (LOSS).....	(1,514,919)	1,099,357	(1,496,165)
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	1,792,931	43,568	26,212
Interest Expense.....	—	(996)	—
Other.....	—	(13,919)	—
TOTAL NONOPERATING REVENUES (EXPENSES).....	1,792,931	28,653	26,212
INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....	278,012	1,128,010	(1,469,953)
Transfers-in.....	—	—	—
Transfers-out.....	(9,561)	(1,128,766)	(10,501)
TOTAL GAIN (LOSS) AND TRANSFERS.....	(9,561)	(1,128,766)	(10,501)
NET INCOME (LOSS).....	268,451	(756)	(1,480,454)
NET POSITION (DEFICITS), JULY 1 (as restated).....	11,295,526	247,355	1,303,856
NET POSITION (DEFICITS), JUNE 30.....	\$ 11,563,977	\$ 246,599	\$ (176,598)

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

NONMAJOR PROPRIETARY FUNDS	TOTAL
\$ 52,268	\$ 4,368,253
—	2,355,575
—	7,112,652
10,574	10,574
31,414	67,926
94,256	13,914,980
89,042	89,042
15,114	231,338
—	779,498
—	2,259,251
35,621	11,061,682
257	29,897
—	1,421,777
140,034	15,872,485
(45,778)	(1,957,505)
21	1,862,732
—	(996)
15	(13,904)
36	1,847,832
(45,742)	(109,673)
39,320	39,320
—	(1,148,828)
39,320	(1,109,508)
(6,422)	(1,219,181)
12,331	12,859,068
\$ 5,909	\$ 11,639,887

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(dollars in thousands)

	MAJOR PROPRIETARY FUNDS		
	WORKERS' COMPENSATION	LOTTERY COMMISSION	UNEMPLOYMENT COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	\$ 4,285,248	\$ —
Cash Received from Multi-State Lottery for Grand Prize Winner.....	—	255,582	—
Cash Received from Premiums and Assessments.....	1,373,006	—	1,078,847
Cash Received from Interfund Services Provided.....	52,404	—	—
Other Operating Cash Receipts.....	32,420	1,760	7,161,152
Cash Payments to Suppliers for Goods and Services.....	(68,204)	(91,055)	—
Cash Payments to Employees for Services.....	(219,767)	(37,012)	—
Cash Payments for Benefits and Claims.....	(1,522,468)	—	(9,155,653)
Cash Payments for Lottery Prizes.....	—	(2,547,631)	—
Cash Payments for Bonuses and Commissions.....	—	(779,498)	—
Cash Payments for Premium Reductions and Refunds.....	(2,915,148)	—	—
Cash Payments for Interfund Services Used.....	(41,483)	(8,249)	—
Other Operating Cash Payments.....	—	(4,462)	(550,855)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(3,309,240)	1,074,683	(1,466,509)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Federal Advance (Loan)	—	—	217,826
Transfers-in	—	—	—
Transfers-out	(9,561)	(1,128,766)	(10,501)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	(9,561)	(1,128,766)	207,325
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bonds, Notes and Capital Leases.....	—	(1,742)	—
Acquisition and Construction of Capital Assets	(1,788)	(3,021)	—
Proceeds from Sales of Capital Assets	247	—	—
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,541)	(4,763)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(17,394,557)	(45,362)	—
Proceeds from the Sales and Maturities of Investments	20,166,996	83,505	—
Investment Income Received	658,034	4,962	26,212
Borrower Rebates and Agent Fees.....	(56,417)	(1,038)	—
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	3,374,056	42,067	26,212
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	53,714	(16,779)	(1,232,972)
CASH AND CASH EQUIVALENTS, JULY 1	433,914	237,195	1,269,370
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 487,628	\$ 220,416	\$ 36,398

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

NONMAJOR PROPRIETARY FUNDS		TOTAL	
\$	36,439	\$	4,321,687
	—		255,582
	—		2,451,853
	8,605		61,009
	7,777		7,203,109
	(7,525)		(166,784)
	(82,369)		(339,148)
	—		(10,678,121)
	—		(2,547,631)
	—		(779,498)
	—		(2,915,148)
	(4,755)		(54,487)
	(35,621)		(590,938)
	(77,449)		(3,778,515)
	—		217,826
	39,218		39,218
	—		(1,148,828)
	39,218		(891,784)
	—		(1,742)
	(206)		(5,015)
	15		262
	(191)		(6,495)
	(96,022)		(17,535,941)
	111,993		20,362,494
	761		689,969
	—		(57,455)
	16,732		3,459,067
	(21,690)		(1,217,727)
	67,213		2,007,692
\$	45,523	\$	789,965

(continued)

STATE OF OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS -- ENTERPRISE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 (Loss).....	\$ (1,514,919)	\$ 1,099,357	\$ (1,496,165)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	—	—	—
Depreciation	20,993	8,647	—
Provision for Uncollectible Accounts.....	15,202	—	—
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	—	(352)
Premiums and Assessments Receivable.....	24,063	—	(40,413)
Interfund Receivable.....	6,793	—	—
Other Receivables	106,075	(7,417)	(755)
Other Assets	—	(1,110)	3,005
Increase (Decrease) in Liabilities:			
Accounts Payable	2,489	699	—
Accrued Liabilities.....	—	—	—
Intergovernmental Payable.....	—	—	3,050
Prize Awards Payable.....	—	(38,392)	—
Interfund Payable.....	—	(105)	—
Unearned Revenue	(95,161)	205	—
Benefits Payable.....	(429,906)	—	68,145
Refund and Other Liabilities.....	(1,444,869)	12,799	(3,024)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	<u>\$ (3,309,240)</u>	<u>\$ 1,074,683</u>	<u>\$ (1,466,509)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in Fair Value of Investments.....	\$ 1,206,417	\$ 13,060	\$ —

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

<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>
\$ (45,778)	\$ (1,957,505)
(10,574)	(10,574)
257	29,897
—	15,202
27,468	27,116
—	(16,350)
(102)	6,691
304	98,207
—	1,895
(18,296)	(15,108)
825	825
—	3,050
—	(38,392)
—	(105)
(1,016)	(95,972)
(31,300)	(393,061)
763	(1,434,331)
<u>\$ (77,449)</u>	<u>\$ (3,778,515)</u>

\$ — \$ 1,219,477

STATE OF OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020
(dollars in thousands)

	PENSION TRUST	PRIVATE- PURPOSE TRUST	INVESTMENT TRUST
	STATE HIGHWAY PATROL RETIREMENT SYSTEM (as of 12/31/19)	VARIABLE COLLEGE SAVINGS PLAN	STAR OHIO
ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	23,667	320,727	723,460
Investments (at fair value):			
U.S. Government and Agency Obligations.....	19,874	—	3,278,551
Common and Preferred Stock.....	70,617	—	—
Corporate Bonds and Notes.....	15,512	—	935,669
Foreign Stocks and Bonds.....	4,586	—	—
Commercial Paper.....	—	—	2,977,626
Repurchase Agreements.....	—	—	—
Mutual Funds.....	502,045	12,617,888	4,478,893
Real Estate.....	66,401	—	—
Venture Capital.....	—	—	—
Direct Mortgage Loans.....	—	—	—
Partnership and Hedge Funds.....	229,454	—	—
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	—	—
Collateral on Lent Securities.....	—	—	—
Employer Contributions Receivable.....	2,134	—	—
Employee Contributions Receivable.....	1,499	—	—
Other Receivables.....	1,002	126,825	19,227
Other Assets.....	20	—	31
Capital Assets, Net.....	9	—	—
TOTAL ASSETS.....	936,820	13,065,440	12,413,457
DEFERRED OUTFLOWS OF RESOURCES.....	449	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	937,269	13,065,440	12,413,457
LIABILITIES:			
Accounts Payable.....	580	—	—
Accrued Liabilities.....	5,910	3,112	226
Obligations Under Securities Lending.....	—	—	—
Intergovernmental Payable.....	—	—	—
Refund and Other Liabilities.....	1,857	123,989	505
TOTAL LIABILITIES.....	8,347	127,101	731
DEFERRED INFLOWS OF RESOURCES.....	76	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	8,423	127,101	731
NET POSITION (DEFICITS):			
Restricted for:			
Employees' Pension Benefits.....	817,860	—	—
Employees' Postemployment Healthcare Benefits.....	110,986	—	—
Individuals, Organizations and Other Governments.....	—	12,938,339	—
Pool Participants.....	—	—	12,412,726
TOTAL NET POSITION (DEFICITS).....	\$ 928,846	\$ 12,938,339	\$ 12,412,726

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

AGENCY

\$	479,532
	220,039
	21,588,721
	45,910,806
	12,770,494
	50,741,060
	2,437,096
	1,555,000
	10,655,156
	22,035,096
	26,697,458
	7,772,142
	15,215,313
	50,802
	68,742
	—
	—
	—
	445,333
	—
	218,642,790
	—
	218,642,790
	—
	—
	68,742
	200,272
	218,373,776
	218,642,790
	—
	218,642,790
	—
	—
	—
	—
\$	—

STATE OF OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (dollars in thousands)

	<u>PENSION TRUST</u>	<u>PRIVATE- PURPOSE TRUST</u>	<u>INVESTMENT TRUST</u>
	<u>STATE HIGHWAY PATROL RETIREMENT SYSTEM (for the fiscal year ended 12/31/19)</u>	<u>VARIABLE COLLEGE SAVINGS PLAN</u>	<u>STAR OHIO</u>
ADDITIONS:			
Contributions from:			
Employer.....	\$ 33,107	\$ —	\$ —
Employees.....	15,618	—	—
Plan Participants.....	—	3,887,433	—
Other.....	7,772	—	—
Total Contributions.....	56,497	3,887,433	—
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments.....	138,273	199,733	—
Interest, Dividends and Other.....	17,388	415,722	189,403
Total Investment Income.....	155,661	615,455	189,403
Less: Investment Expense.....	7,945	37,220	5,598
Net Investment Income.....	147,716	578,235	183,805
Capital Share and Individual Account Transactions:			
Shares Sold.....	—	—	26,668,867
Reinvested Distributions.....	—	—	204,406
Shares Redeemed.....	—	—	(25,126,386)
Net Capital Share and Individual Account Transactions.....	—	—	1,746,887
TOTAL ADDITIONS.....	204,213	4,465,668	1,930,692
DEDUCTIONS:			
Pension Benefits Paid to Participants or Beneficiaries.....	73,485	—	—
Healthcare Benefits Paid to Participants or Beneficiaries...	15,609	—	—
Refunds of Employee Contributions.....	1,556	—	—
Administrative Expense.....	1,879	—	—
Transfers to Other Retirement Systems.....	147	—	—
Distributions to Shareholders and Plan Participants.....	—	3,738,995	183,805
TOTAL DEDUCTIONS.....	92,676	3,738,995	183,805
CHANGE IN NET POSITION RESTRICTED FOR:			
Employees' Pension Benefits.....	102,378	—	—
Employees' Postemployment Healthcare Benefits.....	9,159	—	—
Individuals, Organizations and Other Governments.....	—	726,673	—
Pool Participants.....	—	—	1,746,887
TOTAL CHANGE IN NET POSITION.....	111,537	726,673	1,746,887
NET POSITION (DEFICITS), JULY 1 (as restated).....	817,309	12,211,666	10,665,839
NET POSITION (DEFICITS), JUNE 30.....	\$ 928,846	\$ 12,938,339	\$ 12,412,726

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

STATE OF OHIO
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020
(dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 328,950	\$ —	\$ 1,541
Cash and Cash Equivalents.....	—	2,031,151	988,342
Investments.....	3,282	1,815,808	3,274,349
Collateral on Lent Securities.....	47,156	—	—
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	229,784
Investments.....	—	—	66,518
Intergovernmental Receivable.....	—	10,481	46,641
Loans Receivable, Net.....	—	25,655	29,400
Receivable from Primary Government.....	—	3,756	14,953
Other Receivables.....	—	669,515	475,979
Inventories.....	—	81,112	117,322
Other Assets.....	—	93,899	88,964
TOTAL CURRENT ASSETS.....	379,388	4,731,377	5,333,793
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	401,664	136,182
Investments.....	—	—	2,622,207
Investments.....	—	5,588,807	2,379,202
Loans Receivable, Net.....	—	52,275	227,692
Other Receivables.....	—	59,248	228,413
Other Assets.....	—	77,901	1,582,059
Capital Assets Being Depreciated, Net.....	15	4,813,107	9,805,570
Capital Assets Not Being Depreciated.....	—	1,108,908	840,987
TOTAL NONCURRENT ASSETS.....	15	12,101,910	17,822,312
TOTAL ASSETS.....	379,403	16,833,287	23,156,105
DEFERRED OUTFLOWS OF RESOURCES.....	—	717,357	1,069,861
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	379,403	17,550,644	24,225,966
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	3,002	476,371	321,892
Accrued Liabilities.....	255	193,256	541,876
Obligations Under Securities Lending.....	47,156	—	—
Intergovernmental Payable.....	370,306	—	2,169
Unearned Revenue.....	—	559,120	285,075
Refund and Other Liabilities.....	3,451	139,426	276,923
Payable to Primary Government.....	—	—	12,961
Bonds and Notes Payable.....	—	366,352	281,955
TOTAL CURRENT LIABILITIES.....	424,170	1,734,525	1,722,851
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	277,986	—	66,223
Unearned Revenue.....	—	—	24,765
Refund and Other Liabilities.....	1,054	6,044,378	5,311,356
Bonds and Notes Payable.....	—	2,868,025	7,698,154
TOTAL NONCURRENT LIABILITIES.....	279,040	8,912,403	13,100,498
TOTAL LIABILITIES.....	703,210	10,646,928	14,823,349
DEFERRED INFLOWS OF RESOURCES.....	3,203,221	1,221,395	1,005,119
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	3,906,431	11,868,323	15,828,468
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	—	3,226,206	5,877,079
Restricted for:			
Transportation.....	—	—	198,570
Community and Economic Development.....	6,301	—	1,269
Nonexpendable:			
Scholarships and Fellowships.....	—	—	433,063
Research.....	—	—	82,156
Endowments and Quasi-Endowments.....	—	1,622,782	1,564,440
Loans, Grants and Other College and University Purposes.....	—	—	560,072
Expendable:			
Scholarships and Fellowships.....	—	—	331,088
Research.....	—	—	164,159
Instructional Department Uses.....	—	—	155,498
Student and Public Services.....	—	—	103,400
Academic Support.....	—	—	161,409
Debt Service.....	—	—	20,363
Capital Purposes.....	—	4,326	100,254
Endowments and Quasi-Endowments.....	—	389,047	284,677
Current Operations.....	—	731,986	35,496
Loans, Grants and Other College and University Purposes.....	—	—	420,000
Unrestricted.....	(3,533,329)	(292,026)	(2,095,495)
TOTAL NET POSITION (DEFICITS).....	\$ (3,527,028)	\$ 5,682,321	\$ 8,397,498

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

	TOTAL
\$	330,491
	3,019,493
	5,093,439
	47,156
	229,784
	66,518
	57,122
	55,055
	18,709
	1,145,494
	198,434
	182,863
	<u>10,444,558</u>
	537,846
	2,622,207
	7,968,009
	279,967
	287,661
	1,659,960
	14,618,692
	1,949,895
	<u>29,924,237</u>
	<u>40,368,795</u>
	<u>1,787,218</u>
	<u>42,156,013</u>
	801,265
	735,387
	47,156
	372,475
	844,195
	419,800
	12,961
	648,307
	<u>3,881,546</u>
	344,209
	24,765
	11,356,788
	10,566,179
	<u>22,291,941</u>
	<u>26,173,487</u>
	<u>5,429,735</u>
	<u>31,603,222</u>
	9,103,285
	198,570
	7,570
	433,063
	82,156
	3,187,222
	560,072
	331,088
	164,159
	155,498
	103,400
	161,409
	20,363
	104,580
	673,724
	767,482
	420,000
	(5,920,850)
\$	<u>10,552,791</u>

STATE OF OHIO
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (dollars in thousands)

	MAJOR COMPONENT UNITS		
	OHIO FACILITIES CONSTRUCTION COMMISSION	OHIO STATE UNIVERSITY	NONMAJOR COMPONENT UNITS
EXPENSES:			
Primary, Secondary and Other Education.....	\$ 240,278	\$ —	\$ —
Transportation.....	—	—	239,018
Community and Economic Development.....	28,854	—	1,433,842
<i>Education and General:</i>			
Instruction and Departmental Research.....	—	1,105,075	2,103,114
Separately Budgeted Research.....	—	553,835	383,310
Public Service.....	—	200,097	208,774
Academic Support.....	—	250,674	556,720
Student Services.....	—	95,070	339,648
Institutional Support.....	—	398,919	780,234
Operation and Maintenance of Plant.....	—	123,190	360,098
Scholarships and Fellowships.....	—	140,370	373,229
Auxiliary Enterprises.....	—	320,392	644,844
Hospitals.....	—	3,908,367	366,121
Interest on Long-Term Debt.....	—	117,910	334,281
Depreciation.....	85	435,284	653,429
Other.....	—	—	160,041
TOTAL EXPENSES.....	269,217	7,649,183	8,936,703
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	13,257	5,481,979	5,639,991
Operating Grants, Contributions and Restricted Investment Income.....	8,346	796,229	801,166
Capital Grants, Contributions and Restricted Investment Income.....	—	77,425	34,123
TOTAL PROGRAM REVENUES.....	21,603	6,355,633	6,475,280
NET PROGRAM (EXPENSE) REVENUE	(247,614)	(1,293,550)	(2,461,423)
GENERAL REVENUES:			
Unrestricted Investment Income.....	—	233,115	149,511
State Assistance.....	470,186	531,743	1,516,788
Other.....	415	474,390	457,150
TOTAL GENERAL REVENUES.....	470,601	1,239,248	2,123,449
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	63,695	40,334
CHANGE IN NET POSITION.....	222,987	9,393	(297,640)
NET POSITION (DEFICITS), JULY 1 (as restated).....	(3,750,015)	5,672,928	8,695,138
NET POSITION (DEFICITS), JUNE 30.....	\$ (3,527,028)	\$ 5,682,321	\$ 8,397,498

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

<u>TOTAL</u>	
\$	240,278
	239,018
	1,462,696
	3,208,189
	937,145
	408,871
	807,394
	434,718
	1,179,153
	483,288
	513,599
	965,236
	4,274,488
	452,191
	1,088,798
	160,041
	<u>16,855,103</u>
	11,135,227
	1,605,741
	111,548
	<u>12,852,516</u>
	<u>(4,002,587)</u>
	382,626
	2,518,717
	931,955
	<u>3,833,298</u>
	104,029
	<u>(65,260)</u>
	10,618,051
\$	<u><u>10,552,791</u></u>



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Ohio, as of June 30, 2020, 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 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations are Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus*, and GASB 80, *Blending Requirements for Certain Component Units*, 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 and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

1. Blended Component Units

The Buckeye Tobacco Settlement Financing Authority (BTSFA) is a legally separate organization for which the State has financial accountability through voting majority and the State has the potential to receive a financial benefit. The BTSFA provides services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, for the benefit of the State. Therefore, the State reports this organization's balances and transactions as though they were part of the primary government using the blending method.

2. Fiduciary Component Units

The State Highway Patrol Retirement System is a legally separate organization that provides services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, for the benefit of the State. Therefore, the State reports this organization's balances and transactions separately in the fiduciary fund financial statements.

3. 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 can impose its will on the following organizations by modifying or approving their respective budgets, through policy modification authority, or by modifying or approving rate or fee changes.

Ohio Facilities Construction Commission
Ohio Air Quality Development Authority
Ohio Capital Fund
JobsOhio

The Ohio Turnpike and Infrastructure Commission has the potential to provide a financial benefit to the primary government.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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
Northeast Ohio Medical 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 Ohio Facilities Construction Commission, a governmental component unit, does 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.

4. Joint Ventures and Related Organizations

As discussed in more detail in NOTE 19, 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, as amended by GASB 39, GASB 61 and GASB 80.

B. Basis of Presentation

Government-wide Statements — The Statement of Net Position 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 position and changes in fiduciary net position.

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 Position 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 position*. The *net position* section is displayed in three components:



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *Net Investment in Capital Assets* component consists of 1) capital assets, net of accumulated depreciation, and deferred outflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt less 2) outstanding balances of any bonds or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt. The portion of debt and deferred inflows of resources attributable to significant unspent related debt proceeds at year-end is not included in the calculation of this net position component.
- The *Restricted Net Position* component represents the net position with constraints placed on its 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 position is displayed in two additional components — nonexpendable and expendable. Nonexpendable net position is for those endowments that are required to be retained in perpetuity.
- The *Unrestricted Net Position* component consists of the net position that does 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 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 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.

Coronavirus Relief Fund — This fund accounts for federal Coronavirus Relief Funds authorized by the CARES Act to provide relief to the State for necessary expenditures incurred due to the novel coronavirus (COVID-19) pandemic.

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, 2019.

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 *Ohio Facilities Construction Commission Fund* primarily accounts for grants that provide assistance to local entities for the construction of school buildings. The fund also provides construction services for arts and sports facilities.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Ohio State University Fund* is a business-type activity that uses proprietary fund reporting. It reports the university's operations, including the University's health system, supercomputer center, agricultural research and development center, and other legally separate entities subject to the control of the university's board.

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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB 65, *Items Previously Reported as Assets and Liabilities*.

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.

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.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For revenue arising from exchange transactions (e.g., charges for goods and services), the State recognizes deferred inflows of resources 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.

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 recognizes deferred inflows of resources for reimbursement-type grant programs if the reimbursement is not received during the availability period.

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
- Infrastructure Bank Revenue Bonds
- Buckeye Tobacco Settlement Financing Authority Revenue Bonds
- Lease Rental Special Obligations
- Certificates of Participation as follows:
 - MARCS Certificates of Participation
 - OAKS Certificates of Participation
 - STARS Certificates of Participation
 - TMS Certificates of Participation
 - EDCS Certificates of Participation



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BCIRS Certificates of Participation
VSA Certificates of Participation
UIS Certificates of Participation
MARCS Project
OAKS Project
STARS Project
TMS Project
EDCS Project
BCIRS Project
UIS Project

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 <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/state-accounting/financial-reporting/dasf>. This Summary provides a more comprehensive accounting of activity on the budgetary basis at the legal level of budgetary control.

In the *Schedule 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 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, the budgetary required supplementary information notes present 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 includes investments with original maturities of three months or less from the date of acquisition for the Workers' Compensation Enterprise Fund.

The Unemployment Compensation Enterprise Fund Trust Account 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, without prior notice or penalty. The balance in the account at fiscal year-end is reported by the State as "Deposit with Federal Government" and is considered a cash equivalent for cash flow purposes.

Cash equity with Treasurer and cash and cash equivalents, including the portions reported under "Restricted Assets" and the Deposit with Federal Government 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.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 primarily reports investments at fair value. STAR Ohio reports investments 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.

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 inflows of resources. 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 primarily for the payment of lottery prize awards payable, revenue bonds, and tuition benefits.

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 reported at acquisition value as of 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.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reported at acquisition value as of 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.

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.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit Funds

The discretely presented component unit funds value capital assets at cost and donated capital assets at acquisition 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.

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 discretely presented 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. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and net OPEB liabilities/(assets), Deferred Outflows of Resources, Deferred Inflows of Resources, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from each fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, pension benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Health care benefits are also recognized when due and payable, net of certain health care receipts, in accordance with benefit terms. The pension systems report investments at fair value. Additional disclosures on the pension systems can be found in NOTE 9.

P. Fund Balance Classification; Budget Stabilization Fund; Net Position/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.



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Risk Management

The State's primary government is self-insured for claims under its traditional healthcare plan and for vehicle liability while it has placed employee and public official fidelity bonding with a private insurer. The State self-funds tort liability although several agencies also choose to participate in private insurance programs. All State-owned buildings are covered under a catastrophic property policy that covers both real and personal property losses. All other liability risk to State property is self-funded on a pay-as-you-go basis.

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 and proprietary funds under the "Interfund Payable" account. (See NOTE 7).

R. 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 position.

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.

S. 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 the discretely presented component units, 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).



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Derivative Instruments

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

The State reports its derivative instruments at fair value in the Statement of Net Position. Changes in fair value for investment derivative instruments are recorded as investment income in the Statement of Activities. Changes in fair value for effective hedging derivative instruments are reported as deferred outflows/inflows of resources in the Statement of Net Position and disclosed in NOTE 18.

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

U. 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, CHANGES IN ACCOUNTING PRINCIPLES, EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS

A. Restatements

Restatements of net position, as of June 30, 2019, for discretely presented component units are presented in the following table (dollars in thousands):

Government-Wide Financial Statements:

	Total Discretely Presented Component Units
Net Position, as of June 30, 2019, As Previously Reported	<u>\$ 10,599,854</u>
<i>Implementation of a New Accounting Standard:</i>	
GASB Statement No. 83.....	(216)
<i>Change in Reporting Entity:</i>	
The Ohio State University.....	18,913
<i>Correction of an Error:</i>	
Terra State Community College.....	(500)
Total Changes in Net Position.....	<u>18,197</u>
Net Position, July 1, 2019, As Restated	<u>\$ 10,618,051</u>

B. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

For the fiscal year ended June 30, 2020, the State implemented the provisions of:

GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides governments and other stakeholders temporary relief in response to the COVID-19 pandemic. It postpones effective dates for certain provisions in Statement and Implementation Guides for periods beginning after June 15, 2018 and later. Most notably affecting the State’s fiscal year 2020 CAFR was the postponement of the implementation of GASB 84, *Fiduciary Activities*, to fiscal year 2021.



**NOTE 2 RESTATEMENTS, CHANGES IN ACCOUNTING PRINCIPLES,
EXTINGUISHMENTS OF DEBT AND SPECIAL ITEMS (Continued)**

C. GASB Pronouncements for Fiscal Year 2021 Implementation

In the January 2017 issuance of GASB Statement No. 84, *Fiduciary Activities*, the provisions of GASB 84 were effective for reporting periods beginning after December 15, 2018. However, GASB 95 provided for the postponement of this implementation date by one year. This statement enhances consistency and comparability by 1) establishing criteria to identify fiduciary activities and 2) clarifying whether and how business-type activities should report their fiduciary activities.

In the August 2018 issuance of GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, the provisions of GASB 90 were effective for reporting periods beginning after December 15, 2018. However, GASB 95 provided for the postponement of this implementation date by one year. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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

D. Extinguishments of Debt – Major Funds

As of June 30, 2020, the State had no material extinguishments of debt to report.

NOTE 3 TAX ABATEMENTS

As of June 30, 2020, the State offers the following tax abatement programs – Job Creation Credit, Sales of Qualified Property Used in an Eligible Computer Data Center (Computer Data Center), Job Retention Credit, Historic Preservation Tax Credit, Motion Picture Tax Credit and New Markets Tax Credit. The programs are described below:

Job Creation Credit

As established in Ohio Revised Code 122.17, a taxpayer proposing a project to create new jobs in the state may be granted a refundable tax credit through an agreement with the Ohio Tax Credit Authority. This tax credit applies to non-retail projects or the non-retail portion of a project only. The credit equals an agreed upon percentage of the taxpayer's "excess payroll", which is the taxpayer's "Ohio employee payroll" less "baseline payroll." "Ohio employee payroll" is compensation paid by an employer that is subject to Ohio income tax withholding requirements. "Baseline payroll" is "Ohio employee payroll," for the 12 months immediately preceding the agreement. The Ohio Tax Credit Authority must determine that the project will increase payroll; is economically sound, will provide increasing opportunities for employment, and will strengthen the economy; and the tax credit was a major factor in the decision to go forward with the project. The taxpayer is required to maintain operations at the project location for at least the greater of seven years or the term of the credit plus three years. The types of taxes to be abated are insurance, financial institutions, foreign insurance, petroleum activity, income, and commercial activity.

The tax abatements are subject to recapture if the taxpayer fails to maintain operations at the project location, or has failed to meet its commitments, which information should be included in annual reports the taxpayer is required to file.

The computer data center tax abatement, established in Ohio Revised Code 122.175, also requires job creation and is included in the job creation credit category on the following tax abatement table. Sales, storage, use or other consumption of computer data center equipment used or to be used at an eligible computer data center are exempt from the sales and use tax. To be eligible for this tax exemption, the Ohio Tax Credit Authority must determine: that the computer data center will increase payroll and the corresponding taxes withheld; the applicant is economically sound, can affect the completion of the capital investment project, and intends to maintain operations at the project site for the term of agreement; and the exemption was a major factor in the applicant's decision to be part of the capital investment project. The taxpayer operating a computer data center at the project site will in the



NOTE 3 TAX ABATEMENTS (Continued)

aggregate pay annual compensation that is subject to the withholding obligation of at least \$1.5 million to employees at the eligible computer data center. If it is determined that a taxpayer who received the exemption no longer meets eligibility criteria, and/or is no longer in compliance with the agreement, the agreement may be terminated or the taxpayer may have to pay to the state all or a portion of the taxes the taxpayer would have owed.

Job Retention Credit

The job retention credit, established in Ohio Revised Code 122.171, allows an eligible business to be granted a nonrefundable tax credit through an agreement with the Ohio Tax Credit Authority. The credit is equal to a designated percentage of the taxpayer's Ohio employee payroll. The taxpayer is required to maintain operations at the project location for at least the greater of seven years or the term of the credit plus three years. The taxpayer must also retain at least 500 full-time equivalent employees at the project site and within this state for the entire term of the credit, maintain an annual Ohio employee payroll of at least \$35 million dollars for the entire term of the credit, or remain located in a foreign trade zone for the entire term of the credit. The types of taxes to be abated are insurance, financial institutions, foreign insurance, petroleum activity, income, and commercial activity.

The tax abatements are subject to recapture if the taxpayer fails to maintain operations at the project location, or has failed to meet its commitments, which information should be included in annual reports the taxpayer is required to file.

Historic Preservation Tax Credit

Ohio Revised Code section 149.311 establishes the historic preservation tax credit. The program provides a tax credit to leverage the private redevelopment of historically designated buildings. The State uses a cost-benefit analysis to determine whether rehabilitation of the historic building will result in a net revenue gain in state taxes once the building is placed into use. The analysis must be completed prior to eligibility approval. The credit shall equal 25 percent of the taxpayer's qualified rehabilitation expenditures. The credit claimed shall not exceed \$5 million for any calendar or tax year. Tax credits received by the applicant shall be deemed to be an unpaid tax assessment subject to collection if all required criteria are not met. The tax credit can be applied to the financial institution tax, foreign and domestic insurance taxes and individual income tax.

Motion Picture Tax Credit

The motion picture tax credit is established by Ohio Revised Code 122.85. A refundable tax credit may be claimed for Ohio production expenditures by eligible motion picture or Broadway theatrical productions. The credit equals 30 percent of eligible expenditures. The credit is based on the lesser of initially budgeted production expenditures or actual production expenditures. No credits will be issued until a minimum of \$300 thousand in eligible expenditures have been made. The total amount of issued credits may not exceed \$40 million per fiscal year. The abated tax types are insurance, financial institutions, foreign insurance, and income tax.

No tax credits may be taken until the production is complete and a report has been filed showing the expenses that were incurred, which provides the basis for determining the amount of the tax credit. The Department of Taxation has the authority, under Ohio Revised Code 122.85(C)(3), to examine the claimed expenses for validity.

New Markets Tax Credit

Ohio Revised Code sections 5725.33, 5726.54, and 5729.16 establish the new markets tax credit. Taxpayers with an equity investment in a qualified community development entity may claim a nonrefundable tax credit equal to a designated percentage of the adjusted purchase price of qualified low-income community investments. The credit percentage is zero percent in the first two years of the investment, seven percent in the third year of the investment, and eight percent in the following four years. The taxes abated are insurance, financial institutions, and foreign insurance.



NOTE 3 TAX ABATEMENTS (Continued)

The foregone revenue through tax abatements for fiscal year 2020 is presented in the following table (dollars in thousands):

<u>Abatement Program</u>	<u>Amount of Taxes Abated</u>
Job Creation Credit	\$ 229,854
Job Retention Credit.....	36,786
Historic Preservation Tax Credit	24,602
Motion Picture Tax Credit	11,717
New Markets Tax Credit	7,154
Total of Tax Abatements	<u>\$ 310,113</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:

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 Housing Finance Agency, the Ohio Water Development Authority, and the Ohio Turnpike and Infrastructure Commission;
- 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 registered U.S. government securities dealer;
- No-load money market mutual funds;



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- 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 of any domestic bank or federally chartered domestic branch office of a foreign bank;
- Certificates of deposit in the eligible institutions applying for interim moneys as provided in section 135.08 of the Ohio Revised Code, 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, business linked deposits as authorized under Sections 135.77 to 135.774, 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 interests, other than commercial paper as described above, of corporations incorporated under the laws of the United States or a state, or 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;
- Bonds, notes, and other obligations of any state or political subdivision thereof;
- Obligations of a board of education, as authorized under Section 133.10, Ohio Revised Code; and
- Obligations of a political subdivision issued under Chapter 133, Ohio Revised Code.

The reporting entity's deposits must be held in insured depositories approved by the State Board of Deposit or appropriate governing authority and generally must be fully collateralized. However, financial institutions that are part of the Ohio Pooled Collateral System may apply to the Treasurer of State to be approved for a reduced collateral floor, at a level as low as 50 percent. The Treasurer of State then conducts an analysis to determine if the financial institution is eligible for a reduced collateral floor. The financial institution will then notify the Treasurer of State of each account holder's contractual collateral floor.

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 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 1-800-648-7827, or by accessing the Treasurer of State's website at www.tos.ohio.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.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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 uninsured deposits are collateralized in one of two methods. The Treasurer's office administers the Ohio Pooled Collateral System (OPCS) that allows eligible financial institutions to pool collateral to secure Ohio's public deposits. The total market value of pledged securities is 102 percent of all uninsured public deposits or at a percentage determined by the Treasurer's rules. Another option is for the financial institutions outside of OPCS to pledge 105 percent of the uninsured public deposits. In both methods, a qualified trustee must hold the eligible securities in an account indicating the public depositor's security interest in the eligible securities. 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, 2020, held by the primary government, including fiduciary activities, and its major discretely presented component unit and the extent of exposure to custodial credit risk.

Primary Government (including Fiduciary Activities) and Major Discretely Presented Component Unit Deposits—Custodial Credit Risk As of June 30, 2020 (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>	\$ 2,144,751	\$2,356,773	\$ 99,739	\$ 50,020	\$ -
<i>Major Discretely Presented Component Unit:</i>					
Ohio State University	2,119,381	2,114,764	-	-	2,107,127

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.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following table reports the fair value, as of June 30, 2020, of investments by type for the primary government, including fiduciary activities, and the extent of exposure to custodial credit risk:

Primary Government (including Fiduciary Activities)		
Investments - Fair Value and Custodial Credit Risk		
As of June 30, 2020		
<i>(dollars in thousands)</i>		
	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.....	\$ 30,212,134	\$ -
U.S. Government Obligations - strips.....	1,480,844	983,848
U.S. Agency Obligations.....	7,899,157	-
U.S. Agency Obligations-strips.....	118,539	-
Common and Preferred Stock.....	50,510,586	-
Corporate Bonds and Notes.....	19,801,098	-
Municipal Obligations.....	488,247	-
Negotiable Certificates of Deposit.....	644,818	-
Commercial Paper.....	6,290,791	-
Repurchase Agreements.....	1,563,684	-
Mortgage and Asset-Backed Securities.....	8,664,583	-
International Investments:		
Foreign Stocks.....	40,432,527	-
Foreign Bonds.....	3,571,640	-
High-Yield/Emerging Markets Fixed Income.....	8,330,140	-
Securities Lending Collateral:		
U.S. Agency Obligations.....	41,993	-
Corporate Bonds and Notes.....	56,812	-
Commercial Paper.....	91,994	-
Repurchase Agreements.....	1,298,683	-
Variable Rate Notes.....	678,268	-
		<u>\$ 983,848</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.....	2,107,762	
U.S. Government Obligations-strips.....	95,519	
U.S. Agency Obligations.....	1,514	
Corporate Bonds and Notes.....	71,570	
International Investments:		
Commingled Equity Funds.....	7,247,368	
Equity Mutual Funds.....	15,717,981	
Bond Mutual Funds.....	14,653,306	
Real Estate.....	25,569,816	
Venture Capital.....	26,697,458	
Partnerships and Hedge Funds.....	15,444,767	
Deposit with Federal Government.....	36,169	
Component Units' Equity in State Treasurer's Cash and Investment Pool.....	(377,647)	
Component Units' Equity in the State Treasury Asset Reserve of Ohio.....	(1,014,614)	
Total Investments — Primary Government.....	<u>\$ 288,427,507</u>	



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The following table reports investments with custodial credit risk exposure for the major discretely presented component unit. The Ohio Facilities Construction Commission Component Unit also participates in the State Treasurer’s Cash and Investment Pool. Risks associated with the Ohio Facilities Construction Commission’s share of the pool are included in the disclosures for the Primary Government. The Ohio State University’s policy is to hold investments in custodial accounts with the securities registered solely in the name of the university.

Major Discretely Presented Component Unit
Investments - Fair Value and Custodial Credit Risk
As of June 30, 2020
(dollars in thousands)

<i>Ohio State University</i>	Fair Value	Uninsured, Unregistered, and Held by the Counterparty
U.S. Government Obligations.....	\$ 154,494	\$ 154,494
U.S. Agency Obligations.....	113,498	113,498
Common and Preferred Stock.....	664,055	664,055
Corporate Bonds and Notes.....	1,286,896	1,286,896
Municipal Obligations.....	19,543	19,543
Negotiable Certificates of Deposit.....	1,453,271	1,453,271
Commercial Paper.....	27,780	27,780
International Investments:		
Foreign Stocks.....	475,277	475,277
Foreign Bonds.....	18,725	18,725
Securities Lending Collateral:		
Commercial Paper.....	525	525
Repurchase Agreements.....	4,877	4,877
Variable Rate Notes.....	4,850	4,850
Total Ohio State University.....		<u>\$ 4,223,791</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;
- Debt interests (other than commercial paper) must carry ratings in the three 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;
- No-load money market mutual funds must carry a rating of the highest category by one nationally recognized rating agency; and
- Bonds and notes of any other State or political subdivision thereof must be rated in the three highest categories by one nationally recognized rating agency.

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

- Commercial paper must have a short-term debt rating in the two highest categories by two or more of the nationally recognized statistical rating organizations (NRSROs);
- Bonds and notes of any other State or political subdivision thereof must be rated in the three highest categories by at least one NRSRO;



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- Corporate bonds and notes must be rated in the three highest categories by two nationally recognized rating agencies;
- Banker acceptances must carry a minimum of “A+” for long-term debt (“AAA” for foreign issuers) by a majority of the nationally recognized rating agencies rating the issuer. For short-term debt, the rating must be at least “A-1” or equivalent by at least two nationally recognized rating agencies;
- Foreign debt, or the implicit rating of the issuer of the debt, must be rated in one of the three highest categories by at least two nationally recognized rating agencies;
- Repurchase agreements must, in the case when issued by a counterparty that is not either: an Ohio financial institution that is a member of the Federal Reserve System, or a Federal Home Loan Bank, or a recognized government securities dealer, then such counterparty must have a short-term debt rating in the two highest categories by one or more of the NRSROs, if the counterparty is not explicitly rated in such a category, the counterparty must possess a guarantee from an NRSRO-rated parent company; and
- Registered investment companies open-end, no-load money market mutual funds must be rated in the highest category from one or more of the NRSROs.

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 of the following nationally recognized bond rating services: Moody’s, Fitch or Standard & Poor’s, for fixed income securities. If only one of the rating services rates a security, the rating must be investment grade.

Variable College Savings Plan Private-Purpose Trust Fund

The fixed income portfolio should consist primarily of domestic investment grade bonds and may be partially invested in below investment grade bonds. Any portion of the portfolio in below-investment grade securities should be mostly invested in “BB” and “B” rated securities.

STAR Ohio Investment Trust Fund

Investment policies governing the STAR Ohio external investment pool generally require that all securities must be rated the equivalent of “A-1+” or “A-1” by Standard & Poor’s rating agency. Exceptions to the general policy are: mutual funds must be rated “AAA” or “AAAm” by Standard and Poor’s, while commercial paper, corporate bonds and notes, and bankers’ acceptances must have a second equivalent rating from another nationally recognized rating agency, and municipal obligations must be rated in the three highest categories by Standard & Poor’s.

Retirement Systems Agency Fund

For the Ohio Public Employees Retirement System, the percentage by market value of non-investment grade securities in the Fixed Income Asset Class will be within 15 percentage points of the percentage by market value of non-investment grade securities in the Fixed Income Aggregate Benchmark.

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 in the portfolios mentioned above that are “Not Rated” if 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.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

The Ohio Facilities Construction Commission Component Unit also participates in the State Treasurer's Cash and Investment Pool. Risks associated with the Ohio Facilities Construction Commission's share of the pool are included in the disclosures for the Primary Government.

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

Primary Government (including Fiduciary Activities)
Investment Credit Ratings
As of June 30, 2020
(dollars in thousands)

Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations.....	\$ 245,430	\$ 7,629,883	\$ 546	\$ 856	\$ 1,167	\$ 190
U.S. Agency Obligations-strips.....	7,808	110,731	-	-	-	-
Corporate Bonds and Notes.....	510,861	1,908,892	7,502,869	6,512,553	2,033,943	1,019,960
Municipal Obligations.....	50,103	298,745	101,050	29,507	5,770	-
Negotiable Certificates of Deposit.....	616,825	-	6,981	252	-	-
Commercial Paper.....	1,779,143	902,990	3,472,661	135,997	-	-
Repurchase Agreements.....	-	-	930,000	-	-	-
Mortgage and Asset-Backed Securities.....	4,086,875	3,239,256	266,547	573,327	123,564	23,305
Bond Mutual Funds.....	10,018,643	3,121,366	1,047,425	82,844	42,943	83,466
International Investments:						
Foreign Bonds.....	666,934	389,995	870,476	1,353,027	195,703	43,436
High-Yield/Emerging Markets Fixed Income.....	76,915	278,274	1,124,361	2,090,715	1,799,698	1,866,404
Securities Lending Collateral:						
U.S. Agency Obligations.....	-	41,993	-	-	-	-
Corporate Bonds and Notes.....	-	-	56,812	-	-	-
Commercial Paper.....	-	-	91,994	-	-	-
Repurchase Agreements.....	-	-	740,000	558,683	-	-
Variable Rate Notes.....	-	25,025	653,243	-	-	-
Bond Mutual Funds.....	136,494	-	-	-	-	-
Total Primary Government.....	<u>\$18,196,031</u>	<u>\$17,947,150</u>	<u>\$16,864,965</u>	<u>\$11,337,761</u>	<u>\$4,202,788</u>	<u>\$ 3,036,761</u>

Investment Type	Credit Rating					Total
	CCC/Caa	CC/Ca	C	D	Unrated	
U.S. Agency Obligations.....	\$ -	\$ 579	\$ -	\$ -	\$ 22,020	\$ 7,900,671
U.S. Agency Obligations-strips.....	-	-	-	-	-	118,539
Corporate Bonds and Notes.....	184,879	3,322	1,847	5,990	187,552	19,872,668
Municipal Obligations.....	61	-	-	-	3,011	488,247
Negotiable Certificates of Deposit.....	-	-	-	-	20,760	644,818
Commercial Paper.....	-	-	-	-	-	6,290,791
Repurchase Agreements.....	-	-	-	-	633,684	1,563,684
Mortgage and Asset-Backed Securities.....	38,303	14,790	311	13,413	284,892	8,664,583
Bond Mutual Funds.....	3,829	591	30	28	115,647	14,516,812
International Investments:						
Foreign Bonds.....	10,400	2,859	209	3,247	35,354	3,571,640
High-Yield/Emerging Markets Fixed Income.....	500,399	23,757	103,814	34,267	431,536	8,330,140
Securities Lending Collateral:						
U.S. Agency Obligations.....	-	-	-	-	-	41,993
Corporate Bonds and Notes.....	-	-	-	-	-	56,812
Commercial Paper.....	-	-	-	-	-	91,994
Repurchase Agreements.....	-	-	-	-	-	1,298,683
Variable Rate Notes.....	-	-	-	-	-	678,268
Bond Mutual Funds.....	-	-	-	-	-	136,494
Total Primary Government.....	<u>\$ 737,871</u>	<u>\$ 45,898</u>	<u>\$ 106,211</u>	<u>\$ 56,945</u>	<u>\$1,734,456</u>	<u>\$74,266,837</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Discretely Presented Component Unit

Investment Credit Ratings

As of June 30, 2020

(dollars in thousands)

Ohio State University: Investment Type	Credit Rating					
	AAA/Aaa	AA/Aa	A/A-1	BBB/Baa	BB/Ba	B
U.S. Agency Obligations.....	\$ 5,502	\$ 26,126	\$ 77,729	\$ -	\$ -	\$ -
Corporate Bonds and Notes.....	80,858	227,536	468,449	354,052	26,780	2,774
Municipal Obligations.....	575	9,493	7,317	922	-	-
Negotiable Certificates of Deposit.....	542	-	-	-	-	-
Commercial Paper.....	-	-	27,780	-	-	-
Bond Mutual Funds.....	20,091	49,902	17,461	17,404	955	695
International Investments:						
Foreign Bonds.....	17,326	-	-	-	-	-
Securities Lending Collateral:						
Commercial Paper.....	-	-	525	-	-	-
Repurchase Agreements.....	-	-	-	-	-	-
Variable Rate Notes.....	-	925	3,925	-	-	-
Total Ohio State University.....	<u>\$ 124,894</u>	<u>\$ 313,982</u>	<u>\$ 603,186</u>	<u>\$372,378</u>	<u>\$ 27,735</u>	<u>\$ 3,469</u>

Ohio State University (continued): Investment Type	Credit Rating		
	CCC/Caa	Unrated	Total
U.S. Agency Obligations.....	\$ -	\$ 4,141	\$ 113,498
Corporate Bonds and Notes.....	-	126,447	1,286,896
Municipal Obligations.....	-	1,236	19,543
Negotiable Certificates of Deposit.....	-	1,452,729	1,453,271
Commercial Paper.....	-	-	27,780
Bond Mutual Funds.....	660	28	107,196
International Investments:			
Foreign Bonds.....	-	1,399	18,725
Securities Lending Collateral:			
Commercial Paper.....	-	-	525
Repurchase Agreements.....	-	4,877	4,877
Variable Rate Notes.....	-	-	4,850
Total Ohio State University.....	<u>\$ 660</u>	<u>\$1,590,857</u>	<u>\$3,037,161</u>

At June 30, 2020, the Ohio Facilities Construction Commission had \$3.3 million invested in Bond Mutual Funds with a credit rating of AAA.

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



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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 40 percent of the State’s total average portfolio;
- Bankers acceptances cannot exceed ten percent of the State’s total average portfolio;
- Debt interest (other than commercial paper) shall not exceed 25 percent of the State’s total average portfolio, and when combined with commercial paper, the amount of a single issuer may not exceed five percent of the total average portfolio; and
- Debt interests in foreign nations may not exceed two percent of the State’s 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	50
Bankers’ Acceptances	10
Commercial Paper	40
Corporate Notes	25
Foreign Notes	2
Certificates of Deposit	20
Municipal Obligations	20
STAR Ohio	25
Mutual Funds	100

The investment policies of the Treasurer of State’s Office also specify that:

- Commercial paper, when combined with investments in other corporate obligations of a single issuer, are further limited to no more than five percent of the book value of the portfolio;
- Bankers’ Acceptances are further limited to no more than five percent of the book value of the portfolio in any single issuer;
- Mutual funds are limited in that the Treasurer’s holdings in a single mutual fund cannot be more than ten percent of the total assets of that mutual fund, nor more than ten percent of the book value of the portfolio;
- Repurchase Agreements are limited in that any one counterparty may not exceed ten percent of the book value of the portfolio; and
- Municipal obligations are limited to no more than 2.5 percent of the book value of the portfolio in any single issuer.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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:

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, 10 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 except for U.S. government securities, or the investment of more than five percent of the Fund’s total investments in any one issue except for U.S. government securities.

STAR Ohio Investment Trust Fund

Investments in a single issuer are limited to no more than five percent of the net assets except as follows:

- U.S. Treasury obligations, limited at 100 percent;
- U.S. Agency obligations, limited to 100 percent with no single U.S. Agency exceeding 33 percent unless maturing in 30 days or less and rated “AA-“ or higher;
- Repurchase agreements with terms to maturity of 5 days or less, limited at 100 percent; investments with any one counterparty limited at a maximum of 5 percent for “A-2” rated counterparties, a maximum of 25 percent for “A-1” rated counterparties, and at a maximum of 50 percent for “A-1+” rated counterparties, with further limitations based on the maturity of the investment;
- Mutual funds, limited at 100 percent; with no more than 10 percent of the total average portfolio invested in any single mutual fund and limited to STAR Ohio representing no more than 10 percent of the total assets under management of any single mutual fund;
- Corporate obligations, limited to 25 percent, and when added to investments in commercial paper, no more than five percent invested with any single issuer;
- Municipal bonds, limited at 10 percent and limited to no more than 2.5 percent with any single issuer;
- Commercial paper, limited to 40 percent, and when added to investments in other corporate obligations, no more than 5 percent invested with any single issuer; and
- Bankers’ acceptances, limited at 10 percent, with no more than 5 percent invested with any single issuer.

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 issue 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.

As of June 30, 2020, 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>STAR Ohio Investment Trust Fund:</i>		
Federal Farm Credit Bank.....	\$1,251,180	9%
Federal Home Loan Bank	1,724,659	13%
<i>Ohio Facilities Construction Commission Component Unit Fund:</i>		
Federal Home Loan Mortgage Corporation	\$ 23,247	6%



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

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 laws and policies to mitigate this risk.

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 that Bankers Acceptances must mature in 270 days or less.

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:

- Corporate notes - five years;
- Commercial paper - 270 days;
- Repurchase agreements - 90 days; and
- Foreign debt - five years.

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 Bloomberg Barclay's 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.

Variable College Savings Plan Private-Purpose Trust Fund

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

STAR Ohio Investment Trust Fund

Investment policies limit maturities of investments to a final stated maturity of 397 days or less, with a 762-day limit for floating rate U.S. Treasury and U.S. Agency obligations. Repurchase agreements are limited to maturities of 30 days and both commercial paper and bankers' acceptances are limited to maturities of 270 days.

Retirement Systems Agency Fund

The Fixed Income Policy of the Ohio Public Employees Retirement System requires that the Fixed Income Asset Class duration will be within 20 percent of the option-adjusted duration of the aggregate market value weighted Fixed Income sub-asset class benchmarks.

As of June 30, 2020, investments reported as "Cash Equity with Treasurer" have terms that make their fair values highly sensitive to interest rate changes. The U.S. agency obligations investment type includes \$1.70 billion with call dates from fiscal years 2021 through 2022, and maturity dates from fiscal years 2022 through 2025. The Corporate Bonds and Notes investment type has \$815.7 million with call dates and maturity dates from fiscal years 2021 through 2025.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Additionally, several investments reported as "Investments" have terms that make their fair values highly sensitive to interest rate changes. U.S. agency obligations of \$76 million have call dates in fiscal year 2021, and maturity dates from fiscal years 2021 through 2024. Corporate bonds in the amount of \$448.7 million have call dates and maturity dates in fiscal year 2021.

Also, during fiscal year 2020, the Treasurer of State acted as the custodian of the Retirement Systems Agency Fund's investments. These investments may 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.

The table below and on the following page 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, 2020, meet the requirements of the State's laws and policies, when applicable. The Ohio Facilities Construction Commission Component Unit Fund also participates in the State Treasurer's Cash and Investment Pool. Risks associated with the Ohio Facilities Construction 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, 2020					
<i>(dollars in thousands)</i>					
Investment Type	Investment Maturities (in years)				Total
	< 1	1 - 5	6 - 10	> 10	
U.S. Government Obligations.....	\$10,966,712	\$12,646,099	\$ 5,245,669	\$ 3,461,416	\$ 32,319,896
U.S. Government Obligations - strips.....	634,673	493,614	105,937	342,139	1,576,363
U.S. Agency Obligations.....	2,973,776	3,446,561	243,165	1,237,169	7,900,671
U.S. Agency Obligations-strips.....	37,205	58,934	16,028	6,372	118,539
Corporate Bonds and Notes.....	2,375,704	5,975,835	4,534,931	6,986,198	19,872,668
Municipal Obligations.....	56,259	29,302	17,072	385,614	488,247
Negotiable Certificates of Deposit.....	619,492	25,326	-	-	644,818
Commercial Paper.....	6,290,791	-	-	-	6,290,791
Repurchase Agreements.....	1,563,684	-	-	-	1,563,684
Mortgage and Asset-Backed Securities.....	614,678	841,223	574,337	6,634,345	8,664,583
Bond Mutual Funds.....	11,012,574	160,921	1,479,862	1,863,455	14,516,812
International Investments:					
Foreign Bonds.....	310,017	1,073,256	849,337	1,339,030	3,571,640
High-Yield/Emerging Markets Fixed Income..	461,867	2,178,586	3,204,044	2,485,643	8,330,140
Securities Lending Collateral:					
U.S. Agency Obligations.....	41,993	-	-	-	41,993
Corporate Bonds and Notes.....	56,812	-	-	-	56,812
Commercial Paper.....	91,994	-	-	-	91,994
Repurchase Agreements.....	1,298,683	-	-	-	1,298,683
Variable Rate Notes.....	678,268	-	-	-	678,268
Bond Mutual Funds.....	136,494	-	-	-	136,494
Total Primary Government.....	<u>\$40,221,676</u>	<u>\$26,929,657</u>	<u>\$16,270,382</u>	<u>\$24,741,381</u>	<u>\$108,163,096</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

**Major Discretely Presented Component Unit
Investments Subject to Interest Rate Risk
As of June 30, 2020
(dollars in thousands)**

Ohio State University: Investment Type	Investment Maturities (in years)				Total
	< 1	1 - 5	6 - 10	> 10	
U.S. Government Obligations.....	\$ 31,439	\$ 93,906	\$ 13,339	\$ 15,810	\$ 154,494
U.S. Agency Obligations.....	4,045	20,692	21,012	67,749	113,498
Corporate Bonds and Notes.....	326,619	804,270	80,001	76,006	1,286,896
Municipal Obligations.....	1,108	15,568	994	1,873	19,543
Negotiable Certificates of Deposit.....	1,453,271	-	-	-	1,453,271
Commercial Paper.....	27,780	-	-	-	27,780
Bond Mutual Funds.....	1,805	66,374	24,065	14,952	107,196
International Investments:					
Foreign Bonds.....	-	514	782	17,429	18,725
Securities Lending Collateral:					
Commercial Paper.....	525	-	-	-	525
Repurchase Agreements.....	4,877	-	-	-	4,877
Variable Rate Notes.....	4,850	-	-	-	4,850
Total Ohio State University.....	<u>\$ 1,856,319</u>	<u>\$ 1,001,324</u>	<u>\$ 140,193</u>	<u>\$ 193,819</u>	<u>\$ 3,191,655</u>

At June 30, 2020, the Ohio Facilities Construction Commission had \$3.3 million invested in Bond Mutual Funds with a maturity of less than one year.

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, 2020, 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, a major discretely presented component unit, meet the requirements of the State's laws and policies, when applicable.



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

JUNE 30, 2020

**Primary Government (including Fiduciary Activities)
International Investments—Foreign Currency Risk
As of June 30, 2020
(dollars in thousands)**

Currency	Stocks	Bonds	High-Yield/ Emerging Markets Fixed Income	Commingled International Equity	Total
Argentinean Peso.....	\$ -	\$ 956	\$ 25,764	\$ 172	\$ 26,892
Australian Dollar.....	1,122,243	448	-	105,368	1,228,059
Bermudian Dollar.....	-	-	-	1,681	1,681
Brazilian Real.....	583,136	432	308,503	36,121	928,192
British Pound.....	2,917,770	12,262	-	341,137	3,271,169
Canadian Dollar.....	1,092,237	293	-	159,040	1,251,570
Caymanian Dollar.....	-	-	-	1,163	1,163
Chilean Peso.....	18,820	-	49,134	4,138	72,092
Chinese Renminbi.....	214,945	-	164	267,345	482,454
Colombian Peso.....	10,529	-	176,266	1,280	188,075
Costa Rican Colon.....	-	-	1,988	-	1,988
Czech Koruna.....	16,623	-	81,186	712	98,521
Danish Krone.....	512,418	-	-	37,144	549,562
Dominican Peso.....	-	-	51,788	-	51,788
Egyptian Pound.....	9,096	-	66,754	759	76,609
Euro.....	5,191,518	10,795	105,918	529,517	5,837,748
Georgian Lari.....	-	-	9,452	-	9,452
Ghana Cedi.....	-	-	14,916	-	14,916
Hong Kong Dollar.....	2,440,145	-	-	73,883	2,514,028
Hungarian Forint.....	49,463	-	50,600	1,667	101,730
Indian Rupee.....	577,723	-	38,828	56,103	672,654
Indonesian Rupiah.....	183,189	-	350,507	10,297	543,993
Israeli Shekel.....	65,126	-	-	10,113	75,239
Japanese Yen.....	4,567,964	21	-	403,018	4,971,003
Kazakhstani Tenge.....	-	-	9,881	-	9,881
Kenya Shilling.....	-	-	18,730	-	18,730
Kuwait Dinar.....	4,492	-	-	-	4,492
Macau Pataca.....	-	-	-	1,484	1,484
Malaysian Ringgit.....	72,090	-	120,004	13,184	205,278
Manx Pound.....	-	-	-	864	864
Mexican Peso.....	147,203	3,743	353,549	12,129	516,624
Moroccan Dirham.....	82	-	-	-	82
New Zealand Dollar.....	110,383	-	-	5,145	115,528
Nigerian Naira.....	10,791	-	6,403	-	17,194
Norwegian Krone.....	149,616	-	-	8,215	157,831
Pakistani Rupee.....	-	-	-	171	171
Papua New Guinea Kina.....	-	-	-	513	513
Peruvian New Sol.....	491	2,271	82,609	234	85,605
Philippines Peso.....	53,110	-	9,343	5,809	68,262
Polish Zloty.....	55,214	1,459	188,778	5,034	250,485
Qatari Rial.....	20,954	-	-	5,858	26,812
Romanian Leu.....	3,559	376	22,704	-	26,639
Russian Ruble.....	107,720	-	309,099	22,295	439,114
Saudi Riyal.....	38,865	-	-	18,668	57,533
Singapore Dollar.....	302,727	-	-	17,725	320,452
South African Rand.....	290,143	-	3,128	25,898	319,169
South Korean Won.....	1,304,843	-	297,348	81,288	1,683,479
Swedish Krona.....	494,494	-	-	45,784	540,278
Swiss Franc.....	1,552,501	-	-	169,246	1,721,747
Taiwan Dollar.....	955,678	-	-	84,910	1,040,588
Thailand Baht.....	234,053	-	114,430	15,737	364,220
Turkish Lira.....	132,434	-	114,606	2,989	250,029
Ukraine Hryvana.....	-	-	39,494	-	39,494
United Arab Emirates Dirham.....	33,756	-	-	3,678	37,434
Uruguayan Peso.....	-	50	55,497	-	55,547
Vietnamese Dong.....	11,852	-	-	-	11,852
Zimbabwean Dollar.....	401	-	-	-	401
Investments Held in Foreign Currency.....	<u>\$ 25,660,397</u>	<u>\$ 33,106</u>	<u>\$ 3,077,371</u>	<u>\$ 2,587,516</u>	<u>31,358,390</u>
Foreign Investments Held in U.S. Dollars.....					<u>28,223,285</u>
Total Foreign Investments - Primary Government, including Fiduciary Activities.....					<u>\$ 59,581,675</u>



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Major Discretely Presented Component Unit
International Investments—Foreign Currency Risk
As of June 30, 2020
(dollars in thousands)

<i>Ohio State University:</i>	Commingled International			
Currency	Stocks	Bonds	Equity	Total
Australian Dollar.....	\$ 10,707	\$ -	\$ -	\$ 10,707
Brazilian Real.....	4,197	-	-	4,197
British Pound.....	33,694	16,075	147,093	196,862
Canadian Dollar.....	12,121	-	-	12,121
Chilean Peso.....	482	-	-	482
Chinese Renminbi.....	3,403	-	-	3,403
Colombian Peso.....	153	-	-	153
Czech Koruna.....	83	-	-	83
Danish Krone.....	6,695	-	-	6,695
Egyptian Pound.....	110	-	-	110
Euro.....	138,326	2,650	108,723	249,699
Hong Kong Dollar.....	56,825	-	-	56,825
Hungarian Forint.....	171	-	-	171
Indian Rupee.....	6,536	-	-	6,536
Indonesian Rupiah.....	1,180	-	-	1,180
Israeli Shekel.....	162	-	-	162
Japanese Yen.....	115,796	-	-	115,796
Malaysian Ringgit.....	1,493	-	-	1,493
Mexican Peso.....	1,389	-	-	1,389
New Zealand Dollar.....	306	-	-	306
Norwegian Krone.....	4,451	-	-	4,451
Pakistani Rupee.....	49	-	-	49
Philippines Peso.....	657	-	-	657
Polish Zloty.....	680	-	-	680
Qatari Rial.....	666	-	-	666
Russian Ruble.....	2,112	-	-	2,112
Saudi Riyal.....	2,093	-	-	2,093
Singapore Dollar.....	928	-	-	928
South African Rand.....	2,948	-	-	2,948
South Korean Won.....	14,830	-	-	14,830
Swedish Krona.....	10,618	-	-	10,618
Swiss Franc.....	28,265	-	19,763	48,028
Taiwan Dollar.....	10,446	-	-	10,446
Thailand Baht.....	1,876	-	-	1,876
Turkish Lira.....	414	-	-	414
United Arab Emirates Dirham.....	415	-	-	415
Total Foreign Currency Investments - Ohio State University...	<u>\$ 475,277</u>	<u>\$ 18,725</u>	<u>\$ 275,579</u>	<u>\$769,581</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, and provided that all denomination of principal and interest be in U.S. dollars.

The Ohio Public Employees Retirement System, an agency fund, has also adopted a foreign currency risk investment policy stating that non-U.S. dollar-based securities are limited to 25 percent of the total Fixed Income assets. Additionally, no more than 40 percent of the Fixed Income assets may be from non-U.S. issuers.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

D. 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, with the exception of U.S. Treasury Bills, which are purchased at a discount and are collateralized at par. 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, 2020, 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 15 days while the weighted average maturity of securities loans is seven days.

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 the insolvency default of the lending counterparty.

During fiscal year 2020, the State had not experienced any losses due to credit or market risk on securities lending activities.

In fiscal year 2020, the Treasurer of State lent U.S. government and agency obligations and corporate notes in exchange for cash collateral.

E. Investment Derivative Instruments

As of June 30, 2020, the State reports the following investment derivative instruments in its financial statements:



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Investment Derivative Instruments					
As of June 30, 2020					
<i>(dollars in thousands)</i>					
	Notional	Fair Value at 6/30/2020 or 12/31/2019		Increase (Decrease) in Fair Value	
		Amount	Reported as	Amount	Reported as
Governmental Activities:					
Investment Derivative Instruments:					
Pay-fixed interest rate sw aps	\$ 60,750	\$ (6,003)	Other Noncurrent Liability	\$ 101	Operating Restricted Investment Loss - Primary, Secondary and Other Education Function
Fiduciary Funds—Agency:					
Investment Derivative Instruments:					
Credit default sw aps	(256,323)	485	Investments	236	Investment Income
Equity sw aps	1,063,959	(4,128)	Investments	(20,707)	Investment Income
Foreign exchange forward currency contracts	9,947,916	5,144	Investments	61,065	Investment Income
Futures contracts	89,615	13,428	Investments	8,502	Investment Income
Interest rate sw ap	397,453	(5,797)	Investments	(4,798)	Investment Income
Options	5,572,678	(35,053)	Investments	(23,035)	Investment Income
Total return sw aps	(1,527,531)	(1,141)	Investments	(24,169)	Investment Income
Warrants	7,857	2,973	Investments	(715)	Investment Income

For governmental activities, the pay-fixed swaps included in the table above do not meet the criteria for hedging derivative instruments as of June 30, 2020 and are reported as investment derivative instruments. The increases in fair values for fiscal year 2020 of \$101 thousand are reported as operating restricted investment gains for the primary, secondary, and other education function in the Statement of Activities.

The credit quality ratings of JPMorgan Chase, the counterparty, are “Aa2/A+/AA” as of June 30, 2020. The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2020. 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 instrument’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.

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 62 percent of the 10-year LIBOR. 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 derivative instruments reported in the Agency Fund. All derivative instruments of these retirement systems are categorized as investment derivative instruments. The fair values and associated risks of the investment derivative instruments for the Agency Fund are included in the balances and risks disclosed in the previous sections of this note disclosure.



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

F. Fair Value Disclosures

The State categorizes fair value measurements of its investments within the fair value hierarchy shown in the tables below and on the following page:

Primary Government (including Fiduciary Activities)				
Investments - Fair Value Disclosures				
As of June 30, 2020				
<i>(dollars in thousands)</i>				
	Fair Value	Amount of Fair Value Measured Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Investments Measured by Fair Value Level:</i>				
U.S. Government Obligations.....	\$ 32,304,521	\$ 3,855,605	\$ 28,414,794	\$ 34,122
U.S. Government Obligations-Strips.....	1,274,879	1,267,184	7,695	-
U.S. Agency Obligations.....	7,900,232	-	7,891,356	8,876
U.S. Agency Obligations-Strips.....	118,539	-	118,539	-
Common and Preferred Stock.....	49,166,101	49,001,750	133,909	30,442
Corporate Bonds and Notes.....	19,826,196	6,757	19,463,418	356,021
Municipal Obligations.....	488,247	-	485,589	2,658
Negotiable Certificates of Deposit.....	629,884	616,825	13,059	-
Commercial Paper.....	4,426,808	506,217	3,920,591	-
Repurchase Agreements.....	8,684	8,684	-	-
Mortgage and Asset-Backed Securities.....	8,655,077	-	8,461,246	193,831
Equity Mutual Funds.....	12,849,712	12,823,502	26,210	-
Bond Mutual Funds.....	8,746,954	8,708,674	38,280	-
Real Estate.....	8,695,490	1,068,531	-	7,626,959
Venture Capital.....	1,838,958	1,707,494	-	131,464
Partnerships and Hedge Funds.....	685,366	587,559	-	97,807
International Investments:				
Foreign Stocks.....	39,131,781	37,723,262	1,379,817	28,702
Foreign Bonds.....	3,577,567	5,240	2,593,103	979,224
High-Yield/Emerging Markets Fixed Income.....	8,329,213	66,667	8,238,214	24,332
Commingled Equity Funds.....	68,431	64,847	-	3,584
Securities Lending Collateral:				
U.S. Agency Obligations.....	41,993	-	41,993	-
Corporate Bonds and Notes.....	56,812	-	56,812	-
Variable Rate Notes.....	678,268	-	678,268	-
Bond Mutual Funds.....	136,494	136,494	-	-
	\$209,636,207	\$ 118,155,292	\$ 81,962,893	\$ 9,518,022
<i>Investment Derivative Instruments:</i>				
Pay Fixed Interest Rate Sw aps.....	\$ (6,003)	\$ -	\$ (6,003)	\$ -
Credit Default Sw aps.....	485	-	485	-
Equity Sw aps.....	(4,128)	-	(4,128)	-
Foreign Exchange Forward Currency Contracts.....	5,144	(1,698)	6,842	-
Futures Contracts.....	13,428	13,428	-	-
Interest Rate Sw ap.....	(5,813)	-	(5,813)	-
Options.....	(35,053)	(511)	(34,542)	-
Total Return Sw aps.....	(1,125)	-	(1,125)	-
Warrants.....	2,973	-	-	2,973
	\$ (30,092)	\$ 11,219	\$ (44,284)	\$ 2,973



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

Primary Government (including Fiduciary Activities)
Investments—Fair Value Disclosures
As of June 30, 2020
(dollars in thousands)

	Net Asset Value
<i>Investments Measured at Net Asset Value Level:</i>	
Common and Preferred Stock.....	\$ 1,330,124
Mortgage and Asset-Backed Securities.....	9,506
Equity Mutual Funds.....	2,867,218
Bond Mutual Funds.....	3,637,650
Real Estate.....	16,874,326
Venture Capital.....	24,894,146
Partnerships and Hedge Funds.....	14,765,617
International Investments:	
Foreign Stocks.....	1,291,054
Commingled Equity Funds.....	7,178,937
	<u>\$ 72,848,578</u>

For investments held by the Treasurer of State, \$2.53 billion classified in Level 1 were valued using inputs based on published share price. Level 2 classifications in the amount of \$12.73 billion were valued using either matrix pricing, or, in the case of variable rate notes, were valued by discounting the current and future coupons using a yield calculation or scale based on the characteristics of the security. For matrix pricing, inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications were used. Interactive Data pricing used by the Treasurer’s office also monitors market indicators, and industry and economic events. The Ohio Lottery Commission’s structured investments are included in the Treasurer of State’s Level 2 investments noted above. Investments in the amount of \$185 million, classified in Level 3, were bonds for which there is no secondary market, and were therefore, valued at the original principal.

For investments held by the STAR Ohio investment pool, \$5.22 billion in open-end investment companies, including money market funds, were classified in Level 1 and were valued using the daily redemption value as reported by the underlying fund, while the \$8.39 billion in short-term investments classified in Level 2 was valued using market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids and offers. Market indicators and industry and economic events were also monitored to see if further market data was needed.

Investments held by the Department of Commerce in the amount of \$983.8 million for escheat property classified in Level 1, were valued using quoted prices for identical securities in an active market. Investments held by other state agencies in the amount \$60.5 million classified in Level 1, were valued using quoted prices in a large and active market.

For investments held by independently audited organizations of the primary government, more information regarding investment valuations can be found in the organizations’ stand-alone financial reports. The stand-alone financial reports for the independently audited organizations included in the table above may be found as follows:

- STAR Ohio investment pool at the Treasurer of State’s Office, at <http://www.tos.ohio.gov/>;
- Development Services Agency-Office of Loan Administration, at <https://development.ohio.gov/>;
- Buckeye Tobacco Settlement Financing Authority, at <http://obm.ohio.gov/BondsInvestors/tobacco.aspx>;
- Southern Ohio Agricultural and Community Development Foundation, at <http://www.soacdf.net/>;
- Bureau of Workers’ Compensation/Industrial Commission of Ohio, at <https://www.bwc.ohio.gov/>;
- Tuition Trust Authority, at <https://www.collegeadvantage.com/>;
- State Highway Patrol Retirement System, at <https://www.statepatrol.ohio.gov/>;



NOTE 4 DEPOSITS AND INVESTMENTS (Continued)

- State Teachers Retirement System, at <https://www.strsoh.org/>;
- School Employees Retirement System, at <https://www.ohsers.org/>;
- Ohio Public Employees Retirement System, at <https://www.opers.org/>; and
- Ohio Police and Fire Pension Fund, at <https://www.op-f.org/>.

The fair value investment hierarchy for the Ohio State University, a major discretely presented component unit, is reported in the table below:

Major Discretely Presented Component Unit				
Investments - Fair Value Disclosures				
As of June 30, 2020				
<i>(dollars in thousands)</i>				
	Fair Value	Amount of Fair Value Measured Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Ohio State University:</i>				
<i>Investments Measured by Fair Value Level:</i>				
U.S. Government Obligations	\$ 154,494	\$ 1,448	\$ 153,046	\$ -
U.S. Agency Obligations	113,498	-	113,498	-
Common and Preferred Stock	664,055	664,055	-	-
Corporate Bonds and Notes	1,286,896	-	1,286,896	-
Municipal Obligations.....	19,543	-	19,543	-
Negotiable Certificates of Deposit	1,453,271	1,453,273	(2)	-
Commercial Paper	27,780	-	27,780	-
Equity Mutual Funds	208,213	208,213	-	-
Bond Mutual Funds	107,196	107,196	-	-
Real Estate	22,875	6,749	-	16,126
Partnerships and Hedge Funds	186,335	-	-	186,335
Life Insurance	3,338	-	-	3,338
<i>International Investments:</i>				
Foreign Stocks	475,277	475,277	-	-
Foreign Bonds	18,725	-	18,725	-
Commingled Equity Funds	182,206	-	-	182,206
<i>Securities Lending Collateral:</i>				
Commercial Paper	525	-	525	-
Repurchase Agreements	4,877	-	4,877	-
Variable Rate Notes	4,850	-	4,850	-
	<u>\$ 4,933,954</u>	<u>\$ 2,916,211</u>	<u>\$ 1,629,738</u>	<u>\$ 388,005</u>
<i>Ohio State University:</i>				
	<u>Net Asset Value</u>			
<i>Investments Measured at Net Asset Value Level:</i>				
Equity Mutual Funds	\$ 353,503			
Real Estate	16			
Partnerships and Hedge Funds	2,031,747			
<i>International Investments:</i>				
Commingled Equity Funds	93,374			
	<u>\$ 2,478,640</u>			

More information on Ohio State University's fair value investment valuations can be found in its audited stand-alone financial report at <https://www.osu.edu/>.

The Ohio Facilities Construction Commission's investments in the amount of \$3.3 million were classified in Level 1 based on their valuation using the market approach.



NOTE 5 RECEIVABLES

A. Taxes Receivable – Primary Government

Current taxes receivable is expected to be collected in the next fiscal year while noncurrent taxes receivable is not expected to be collected until more than one year from the balance sheet date. As of June 30, 2020, approximately \$113 million of the net taxes receivable balance is also reported as Deferred Inflows of Resources on the governmental funds' balance sheet, all of which is reported in the General Fund.

Refund liabilities for income taxes, totaling approximately \$1.38 billion are reported as "Refund and Other Liabilities" for governmental activities on the Statement of Net Position 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	\$ 1,273,257	\$ -	\$ 1,273,257
Sales Taxes	552,651	-	552,651
Motor Vehicle Fuel Taxes	222,008	171,172	393,180
Commercial Activity Taxes	394,149	8,307	402,456
Public Utility Taxes	87,158	-	87,158
Casino Taxes	-	5,379	5,379
	<u>2,529,223</u>	<u>184,858</u>	<u>2,714,081</u>
Noncurrent-Due in More Than One Year:			
Income Taxes	15,133	-	15,133
Taxes Receivable, Net	<u>\$ 2,544,356</u>	<u>\$ 184,858</u>	<u>\$ 2,729,214</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, 2020 (dollars in thousands):

	From Nonexchange Programs		From Sales of Goods and Services		Total Primary Government
	Federal Government	Local Government	Other State Governments	Local Government	
Governmental Activities:					
Major Governmental Funds:					
General	\$ 376,617	\$ -	\$ -	\$ -	\$ 376,617
Job, Family and Other Human Services	241,065	7,046	-	-	248,111
Nonmajor Governmental Funds	332,941	56,461	-	13,496	402,898
Total Governmental Activities	<u>950,623</u>	<u>63,507</u>	<u>-</u>	<u>13,496</u>	<u>1,027,626</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	-	-	378	-	378
Nonmajor Proprietary Funds	-	-	-	6,229	6,229
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>378</u>	<u>6,229</u>	<u>6,607</u>
Intergovernmental Receivable	<u>\$ 950,623</u>	<u>\$ 63,507</u>	<u>\$ 378</u>	<u>\$ 19,725</u>	<u>\$ 1,034,233</u>



NOTE 5 RECEIVABLES (Continued)

C. Loans Receivable

Loans receivable for the primary government, as of June 30, 2020, are detailed in the following table (dollars in thousands):

Loan Program	Primary Government - Loans Receivable		
	Governmental Activities		
	General	Nonmajor Governmental Funds	Total Primary Government
Economic Development Office of Loan Administration.....	\$ 179,972	\$ -	\$ 179,972
Local Infrastructure Improvements	640,684	-	640,684
Housing Finance	343,953	-	343,953
Highway, Transit, & Aviation Infrastructure Bank.....	-	151,539	151,539
Third Frontier Program Loans.....	-	43,910	43,910
Wayne Trace Local School District	527	-	527
Capital Access Loan Program.....	-	3,149	3,149
Loans Receivable, Net	<u>\$ 1,165,136</u>	<u>\$ 198,598</u>	<u>\$ 1,363,734</u>
Current-Due Within One Year	\$ 113,460	\$ 24,568	\$ 138,028
Noncurrent-Due in More Than One Year	1,051,676	174,030	1,225,706
Loans Receivable, Net	<u>\$ 1,165,136</u>	<u>\$ 198,598</u>	<u>\$ 1,363,734</u>

The "Loans Receivable" balance reported in the major discretely presented component units, as of June 30, 2020, is comprised of student loans and other miscellaneous loans.



NOTE 5 RECEIVABLES (Continued)

D. Other Receivables

The other receivables balances reported for the primary government, as of June 30, 2020, consists of the following (dollars in thousands):

Primary Government - Other Receivables						
Governmental Activities						
Major Governmental Funds						
Types of Receivables	General	Job, Family & Other Human Services	Revenue Bonds	Buckeye Tobacco Settlement Financing Authority	Nonmajor Governmental Funds	Total
Manufacturers' Rebates	\$ 194,422	\$ 437,777	\$ -	\$ -	\$ 3,669	\$ 635,868
Tobacco Settlement	-	-	652,532	-	34,100	686,632
Health Facility Bed Assessments	-	103,869	-	-	-	103,869
Managed Care Franchise Fees.....	-	69,866	-	-	-	69,866
Interest	23,802	-	-	-	-	23,802
Accounts	12,596	16,593	-	-	9,627	38,816
Miscellaneous	34,699	-	-	-	-	34,699
Other Receivables, Net.....	<u>\$ 265,519</u>	<u>\$ 628,105</u>	<u>\$ 652,532</u>	<u>\$ 47,396</u>	<u>\$ 1,593,552</u>	
Current-Due Within One Year	\$ 265,519	\$ 628,105	\$ -	\$ -	\$ 13,296	\$ 906,920
Noncurrent-Due in More Than One Year.....	-	-	652,532	-	34,100	686,632
Other Receivables, Net.....	<u>\$ 265,519</u>	<u>\$ 628,105</u>	<u>\$ 652,532</u>	<u>\$ 47,396</u>	<u>\$ 1,593,552</u>	
Business-Type Activities						
Major Proprietary Funds						
Types of Receivables	Workers' Compensation	Lottery Commission	Unemployment Compensation	Nonmajor Proprietary Funds	Total	
Accounts.....	\$ 166,492	\$ -	\$ 35,642	\$ -	\$ 202,134	
Interest and Dividends (including restricted portion)..	105,531	-	-	443	105,974	
Lottery Sales Agents.....	-	72,346	-	-	72,346	
Other Receivables, Gross.....	272,023	72,346	35,642	443	380,454	
Estimated Uncollectible.....	(1,228)	(613)	(14,831)	-	(16,672)	
Other Receivables, Net-Due Within One Year.....	<u>\$ 270,795</u>	<u>\$ 71,733</u>	<u>\$ 20,811</u>	<u>\$ 443</u>	<u>\$ 363,782</u>	
Total Primary Government.....					<u>\$ 1,957,334</u>	

The "Other Receivables" balance reported in the fiduciary funds as of June 30, 2020, is comprised of interest due of approximately \$10.2 million and investment trade receivables of \$136.8 million.

In the major discretely presented component units, the "Other Receivables" balance reported, as of June 30, 2020, 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 and fiduciary activities, as of June 30, 2020, follow (dollars in thousands):

Primary Government and Fiduciary Activities - Accrued Liabilities				
	Wages and Employee Benefits	Accrued Interest	Management and Administrative Expenses	Total Accrued Liabilities
Governmental Activities:				
Major Governmental Funds:				
General.....	\$ 196,425	\$ -		\$ 196,425
Job, Family and Other Human Services.....	27,694	-		27,694
Nonmajor Governmental Funds.....	72,940	-		72,940
	297,059	-		297,059
Reconciliation of fund level statements to government-wide statements due to basis differences.....	-	138,081		138,081
Total Governmental Activities.....	297,059	138,081		435,140
Business-Type Activities:				
Nonmajor Proprietary Funds.....	5,668	-		5,668
Total Primary Government.....	<u>\$ 302,727</u>	<u>\$ 138,081</u>		<u>\$ 440,808</u>
Fiduciary Activities:				
State Highway Patrol Retirement System				
Pension Trust (12/31/2019).....	\$ 5,102	\$ 808	\$ -	\$ 5,910
Variable College Savings Plan				
Private-Purpose Trust.....	-	-	3,112	3,112
STAR Ohio Investment Trust.....	-	-	226	226
Total Fiduciary Activities.....	<u>\$ 5,102</u>	<u>\$ 808</u>	<u>\$ 3,338</u>	<u>\$ 9,248</u>

The "Accrued Liabilities" balance reported in the major discretely presented component units, as of June 30, 2020, 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 and fiduciary activities, as of June 30, 2020, are comprised of the following (dollars in thousands):

Primary Government and Fiduciary Activities - Intergovernmental Payable					
	Local Government				
	Shared				
	Revenue and				
	Local				
	Permissive	Subsidies	Federal	Other	
	Taxes	and Other	Government	States	Total
Governmental Activities:					
Major Governmental Funds:					
General	\$ 719,595	\$ 34,852	\$ 2,005	\$ -	\$ 756,452
Job, Family and Other Human Services ...	-	119,397	-	-	119,397
Nonmajor Governmental Funds	32,990	87,161	-	-	120,151
Total Governmental Activities	<u>\$ 752,585</u>	<u>\$ 241,410</u>	<u>\$ 2,005</u>	<u>\$ -</u>	<u>\$ 996,000</u>
Business-Type Activities:					
Major Proprietary Funds:					
Unemployment Compensation	\$ -	\$ 152	\$ 221,264	\$ -	\$ 221,416
Nonmajor Proprietary Funds	-	-	-	-	-
	-	152	221,264	-	221,416
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	-	-	(217,826)	-	(217,826)
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 3,438</u>	<u>\$ -</u>	<u>\$ 3,590</u>
Total Primary Government.....					<u>\$ 999,590</u>
Fiduciary Activities:					
Holding and Distribution Agency Fund	\$ -	\$ 928	\$ 4,232	\$ 1,675	\$ 6,835
Other Agency Fund	162,039	31,398	-	-	193,437
Total Fiduciary Activities	<u>\$ 162,039</u>	<u>\$ 32,326</u>	<u>\$ 4,232</u>	<u>\$ 1,675</u>	<u>\$ 200,272</u>

As of June 30, 2020, the Ohio Facilities Construction Commission, a major discretely presented component unit fund, reported an intergovernmental payable balance totaling approximately \$648.3 million for long-term funding contracts the Commission has with local school districts. In the government-wide Statement of Net Position, 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 and fiduciary activities, as of June 30, 2020, consist of the balances, as follows (dollars in thousands):

Primary Government and Fiduciary Activities - Refund and Other Liabilities						
				Personal Income Tax Estimated Refund Claims	Other	Total
Governmental Activities:						
Major Governmental Funds:						
General				\$ 1,378,845	\$ 118	\$ 1,378,963
Job, Family and Other Human Services				-	2,890	2,890
Nonmajor Governmental Funds				-	665	665
Total Governmental Activities				<u>\$ 1,378,845</u>	<u>\$ 3,673</u>	<u>\$ 1,382,518</u>
	Reserve for Compensation Adjustment	Net Pension / OPEB Liability	Refund and Security Deposits	Compensated Absences	Other	Total
Business-Type Activities:						
Major Proprietary Funds:						
Workers' Compensation	\$ 1,749,500	\$334,815	\$ -	\$ 30,569	\$ 447,553	\$ 2,562,437
Lottery Commission	-	54,732	39,521	4,446	7,315	106,014
Unemployment Compensation	-	-	2,272	-	-	2,272
Nonmajor Proprietary Funds	-	122,825	-	10,606	-	133,431
	<u>1,749,500</u>	<u>512,372</u>	<u>41,793</u>	<u>45,621</u>	<u>454,868</u>	<u>2,804,154</u>
Reconciliation of balances included in the "Other Noncurrent Liabilities" balance in the government-wide financial statements.....	(1,749,500)	(512,372)	-	(45,621)	(375,157)	(2,682,650)
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,793</u>	<u>\$ -</u>	<u>\$ 79,711</u>	<u>\$ 121,504</u>
Total Primary Government						<u>\$ 1,504,022</u>
	Child Support Collections	Refund and Security Deposits	Payroll Withholdings	Retirement Systems' Assets	Other	Total
Fiduciary Activities:						
State Highway Patrol Retirement						
System Pension Trust (12/31/2019).....	\$ -	\$ -	\$ -	\$ -	\$ 1,857	\$ 1,857
Variable College Savings Plan						
Private-Purpose Trust.....	-	-	-	-	123,989	123,989
STAR Ohio Investment Trust	-	-	-	-	505	505
Agency Funds:						
Holding and Distribution	-	104,376	-	-	-	104,376
Centralized Child Support Collections.....	146,152	-	-	-	-	146,152
Retirement Systems	-	-	-	217,363,300	-	217,363,300
Payroll Withholding and Fringe Benefits ..	-	-	176,272	-	-	176,272
Other	-	-	-	-	583,676	583,676
Total Fiduciary Activities	<u>\$ 146,152</u>	<u>\$ 104,376</u>	<u>\$ 176,272</u>	<u>\$ 217,363,300</u>	<u>\$ 710,027</u>	<u>\$ 218,500,127</u>

In the major discretely presented component units, the "Refunds and Other Liabilities" balance reported, as of June 30, 2020, 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, 2020, consist of the following (dollars in thousands):

Due from	Due To			Total
	Nonmajor Governmental Funds	Workers' Compensation	Nonmajor Proprietary Funds	
General	\$ -	\$ 397,829	\$ 1,821	\$399,650
Job, Family and Other Human Services	-	10,528	-	10,528
Nonmajor Governmental Funds	117	95,672	-	95,789
Lottery Commission	-	957	-	957
Total.....	<u>\$ 117</u>	<u>\$ 504,986</u>	<u>\$ 1,821</u>	<u>\$506,924</u>

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 \$505 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 Position, the State includes the liability in the internal balance reported for governmental activities.

B. Interfund Transfers

Interfund transfers, for the fiscal year ended of June 30, 2020, consist of the following (dollars in thousands):

Transferred from	Transferred to				Total
	General	Job, Family & Other Human Services	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
General	\$ -	\$ 545	\$ 2,125,657	\$ 39,320	\$2,165,522
Job, Family and Other Human Buckeye Tobacco Settlement	35,008	-	5,521	-	40,529
Authority Revenue Bonds.....	20,200	-	165	-	20,365
Nonmajor Governmental Funds .	239,248	70	227,439	-	466,757
Workers' Compensation	9,561	-	-	-	9,561
Lottery Commission	1,638	-	1,127,128	-	1,128,766
Unemployment Compensation ..	6,649	3,852	-	-	10,501
Total.....	<u>\$312,304</u>	<u>\$ 4,467</u>	<u>\$ 3,485,910</u>	<u>\$ 39,320</u>	<u>\$3,842,001</u>

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. Discretely Presented Component Units

For fiscal year 2020, the discretely presented component units reported \$2.52 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 Ohio Facilities Construction Commission for capital construction at local school districts. The primary government also transferred bond proceeds to the Ohio Facilities Construction Commission to pay the State's share of the cost of rebuilding elementary and secondary school facilities across the State.

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.

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 (dollars in thousands)						
Program Expenses for State Assistance to Component Units						
	Receivable from the Component Units	Payable to the Component Units	Primary, Secondary, and Other Education Function	Higher Education Support Function	Transportation Function	Total State Assistance to the Component Units
Major Governmental Funds:						
General	\$ -	\$ 12,248	\$ 470,186	\$2,045,080	\$ 3,451	\$ 2,518,717
Job, Family and Other Human Services ...	-	3,485	-	-	-	-
Nonmajor Governmental Funds	27,971	2,976	-	-	-	-
Total Primary Government.....	<u>\$ 27,971</u>	<u>\$ 18,709</u>	<u>\$ 470,186</u>	<u>\$2,045,080</u>	<u>\$ 3,451</u>	<u>\$ 2,518,717</u>

Discretely Presented Component Units (dollars in thousands)			
	Receivable from the Primary Government	Payable to the Primary Government	Total State Assistance from the Primary Government
Major Discretely Presented Component Units:			
Ohio Facilities Construction Commission.....	\$ -	\$ -	\$ 470,186
Ohio State University	3,756	-	531,743
Nonmajor Discretely Presented Component Units	14,953	12,961	1,516,788
Total Discretely Presented Component Units	<u>\$ 18,709</u>	<u>\$ 12,961</u>	<u>\$ 2,518,717</u>



NOTE 8 CAPITAL ASSETS

A. Primary Government

Capital asset activity, for the year ended June 30, 2020, reported for the primary government was as follows (dollars in thousands):

	Primary Government			Balance June 30, 2020
	Balance July 1, 2019	Increases	Decreases	
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,471,922	\$ 49,194	\$ (1,651)	\$ 2,519,465
Buildings	62,464	-	-	62,464
Land Improvements	1,439	-	-	1,439
Construction-in-Progress	2,814,725	656,359	(996,430)	2,474,654
Infrastructure:				
Highway Network:				
General Subsystem	8,713,214	361,646	(11)	9,074,849
Priority Subsystem	8,875,085	268,350	-	9,143,435
Bridge Network	2,920,096	114,110	(37,853)	2,996,353
Total Capital Assets Not Being Depreciated.....	25,858,945	1,449,659	(1,035,945)	26,272,659
Other Capital Assets:				
Buildings	4,023,293	207,300	(42,803)	4,187,790
Land Improvements	543,486	17,069	(7,978)	552,577
Machinery and Equipment	1,742,860	82,777	(74,688)	1,750,949
Vehicles	519,507	58,025	(27,700)	549,832
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	181,865	102,556	-	284,421
Total Other Capital Assets at Historical Cost.....	7,011,011	467,727	(153,169)	7,325,569
Less Accumulated Depreciation for:				
Buildings	2,539,591	98,603	(32,149)	2,606,045
Land Improvements	366,084	21,598	(6,142)	381,540
Machinery and Equipment	1,239,388	69,485	(63,113)	1,245,760
Vehicles	294,794	50,579	(22,265)	323,108
Infrastructure:				
Parks, Recreation and Natural Resources Network.....	50,988	7,573	-	58,561
Total Accumulated Depreciation	4,490,845	247,838	(123,669)	4,615,014
Other Capital Assets, Net	2,520,166	219,889	(29,500)	2,710,555
Governmental Activities - Capital Assets, Net.....	\$ 28,379,111	\$ 1,669,548	\$ (1,065,445)	\$ 28,983,214
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 9,466	\$ -	\$ -	\$ 9,466
Construction-In Progress.....	85,180	-	(11,257)	73,923
Total Capital Assets Not Being Depreciated.....	94,646	-	(11,257)	83,389
Other Capital Assets:				
Buildings	209,439	-	-	209,439
Machinery and Equipment	197,047	5,015	(4,371)	197,691
Vehicles	3,700	-	-	3,700
Total Other Capital Assets at Historical Cost.....	410,186	5,015	(4,371)	410,830
Less Accumulated Depreciation for:				
Buildings	194,355	7,124	-	201,479
Machinery and Equipment	169,232	11,137	(4,169)	176,200
Vehicles	1,863	424	-	2,287
Total Accumulated Depreciation	365,450	18,685	(4,169)	379,966
Other Capital Assets, Net	44,736	(13,670)	(202)	30,864
Business-Type Activities - Capital Assets, Net.....	\$ 139,382	\$ (13,670)	\$ (11,459)	\$ 114,253



NOTE 8 CAPITAL ASSETS (Continued)

For fiscal year 2020, the State charged depreciation expense to the following functions (dollars in thousands):

	<i>Depreciation Expense</i>
Governmental Activities:	
Primary, Secondary and Other Education.....	\$ 2,220
Public Assistance and Medicaid.....	7,769
Health and Human Services.....	14,113
Justice and Public Protection.....	61,063
Environmental Protection and Natural Resources.....	28,615
Transportation.....	81,068
General Government.....	58,062
Community and Economic Development.....	7,232
Total Depreciation Expense for Governmental Activities.....	<u>260,142</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	<u>(12,304)</u>
Fiscal Year 2020 Increases to Accumulated Depreciation.....	<u>\$ 247,838</u>
Business-Type Activities:	
Workers' Compensation.....	\$ 20,993
Lottery Commission.....	8,647
Tuition Trust Authority.....	9
Office of Auditor of State.....	248
Total Depreciation Expense for Business-Type Activities.....	<u>29,897</u>
Gains (Losses) on Capital Asset Disposals Included in Depreciation.....	<u>(11,212)</u>
Fiscal year 2020 Increase to Accumulated Depreciation.....	<u>\$ 18,685</u>

As of June 30, 2020, the State considered the following governmental capital asset balances as being impaired and removed from service (dollars in thousands):

	<i>Net Book Value</i>
Governmental Activities:	
Permanently Impaired Assets Removed from Service:	
Buildings.....	\$ 4,198
Land Improvements	225
Total.....	<u>\$ 4,423</u>



NOTE 8 CAPITAL ASSETS (Continued)

B. Major Discretely Presented Component Unit

Capital asset activity, for the year ended June 30, 2020, reported for major discretely presented component unit funds with significant capital asset balance was as follows (dollars in thousands):

	Major Discretely Presented Component Unit			
	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
<u>Ohio State University:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 122,247	\$ 17,403	\$ (53)	\$ 139,597
Construction-in-Progress	437,245	664,391	(150,914)	950,722
Patents and Trademarks.....	18,475	150	(36)	18,589
Total Capital Assets Not Being Depreciated.....	<u>577,967</u>	<u>681,944</u>	<u>(151,003)</u>	<u>1,108,908</u>
Other Capital Assets:				
Buildings	6,810,419	230,486	(2,828)	7,038,077
Land Improvements	939,931	41,996	(2,888)	979,039
Machinery, Equipment and Vehicles	1,691,680	166,454	(86,479)	1,771,655
Library Books and Publications	194,331	2,571	(434)	196,468
Total Other Capital Assets at Historical Cost.....	<u>9,636,361</u>	<u>441,507</u>	<u>(92,629)</u>	<u>9,985,239</u>
Less Accumulated Depreciation for:				
Buildings	3,059,523	257,325	(2,918)	3,313,930
Land Improvements	354,824	47,871	(2,369)	400,326
Machinery, Equipment and Vehicles	1,220,893	145,095	(80,643)	1,285,345
Library Books and Publications	168,733	4,232	(434)	172,531
Total Accumulated Depreciation	<u>4,803,973</u>	<u>454,523</u>	<u>(86,364)</u>	<u>5,172,132</u>
Other Capital Assets, Net	<u>4,832,388</u>	<u>(13,016)</u>	<u>(6,265)</u>	<u>4,813,107</u>
Total Capital Assets, Net	<u>\$ 5,410,355</u>	<u>\$ 668,928</u>	<u>\$ (157,268)</u>	<u>\$ 5,922,015</u>

For fiscal year 2020, Ohio State University reported approximately \$435.3 million in depreciation expense. Increases to accumulated depreciation not included in depreciation expense include \$19.2 million related to a change in reporting entity.

NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

All part-time and full-time employees and elected officials of the State, including its component units (unless otherwise excluded in Ohio Revised Code), 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

GASB 68 and 75 require employers participating in cost-sharing multiple-employer retirement plans to recognize a proportionate share of net pension and OPEB liabilities, expenses, and deferrals. For the year ended June 30, 2020, the State recognized total pension expense for all retirement plans of \$729.3 million, net pension liabilities of \$4.64 billion, net pension assets of \$40.4 million, deferred outflows of \$626.1 million, and deferred inflows of \$1.13 billion. The State also recognized total OPEB expense of \$347.4 million, net OPEB liabilities of \$3.33 billion, net OPEB assets of \$6 million, deferred outflows of \$584.7 million, and deferred inflows of \$547.2 million.

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 – the Traditional Pension Plan (Traditional Plan) which is a defined benefit plan, the Member-Directed Plan which is a defined contribution plan, and the Combined Plan with features of both the defined benefit plan and the defined contribution plan.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

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

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.

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.

Senate Bill 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members eligible to retire under the law in effect prior to Senate Bill 343 or who will be eligible to retire no later than five years after January 7, 2013, comprise Transition Group A. Members with 20 years of service credit prior to January 7, 2013, or who will be eligible to retire no later than 10 years after January 7, 2013, are included in Transition Group B. Those members who are not in Group A or B or were hired after January 7, 2013, are in Transition Group C.

The age and service requirements for State and Law Enforcement employees in all transition groups are shown in the table below:

Unreduced Benefit	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
State	Any	30	52	31	55	32
	N/A	N/A	Any	32	N/A	N/A
	65	5	66	5	67	5
Law Enforcement	48	25	50	25	52	25
	62	15	64	15	64	15

Reduced Benefit	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
State	55	25	55	25	57	25
	60	5	60	5	62	5
Law Enforcement	52	15	52	15	56	15
	N/A	N/A	48	25	48	25

The retirement allowance for the Traditional Plan (defined benefit) is calculated based on age, years of credited service, and the final average salary. The annual allowance for regular employees for members in Transition Groups A and B 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 regular employees for members in Transition Group C is determined by multiplying the final average salary by 2.2 percent for each year of Ohio contributing service up to 35 years and by 2.5 percent for all other years in excess of 35 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 for those who retired prior to January 7, 2013. For those retiring after January 7, 2013, beginning in calendar year 2019, the increase will be based on the average increase in the Consumer Price Index, capped at three percent.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

The retirement allowance for the Combined Plan (defined benefit portion) is calculated based on age, years of credited service, and the final average salary. The annual allowance for regular employees for members in Transition Groups A and B 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. The annual allowance for regular employees for members in Transition Group C is determined by multiplying the final average salary by one percent for each year of Ohio contributing service up to 35 years and by 1.25 percent for all other years in excess of 35 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, for those who retired prior to January 7, 2013. For those retiring after January 7, 2013, the increase will be based on the average increase in the Consumer Price Index, capped at three percent. Additionally, retirees receive the proceeds of their individual retirement plans in a manner similar to retirees in the defined contribution plan, as discussed below.

Certain retirees and benefit recipients 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.

Regular employees who participate in the Member-Directed Plan (defined contribution) 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, a PLOP, rollovers to another eligible retirement plan, or made payable to the member, or various combinations of these options. Participants direct the investment of their accounts by selecting from professionally managed OPERS investment options.

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 2020, 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, 2019 through June 30, 2020.....	10.00%	14.00%
<u>Law Enforcement Employees:</u>		
July 1, 2019 through June 30, 2020.....	13.00%	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 Member Directed defined contribution plan, both the employee and employer share of the costs are used to finance the plan.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

At June 30, 2020, the State reports a liability of \$4.12 billion for its proportionate share of the net pension liability for the Traditional Plan and an asset for its proportionate share of the net pension asset of \$40.4 million for the Combined Plan. Ohio State University discretely presented component unit reports liabilities of \$2 billion, for its proportionate share of the net pension liability for the Traditional Plan. The net pension liability/asset was measured as of December 31, 2019. The Plan's total pension liability used to calculate the Plan's net pension liability/asset was determined by an actuarial valuation as of December 31, 2019. The State's proportion of the net pension liability/asset is determined by a measure of the State's proportionate relationship of employer contributions made to OPERS to the total contributions made to OPERS by all employers and non-employer contributing entities to the Plan. At December 31, 2019, the State's proportion was 20.82 percent for the Traditional Plan based on employer contributions of \$411.4 million, as compared to the December 31, 2018, proportion of 20.86 percent. For the Combined Plan, the State's proportion at December 31, 2019 was 19.36 percent based on employer contributions of \$11.6 million, as compared to the December 31, 2018, proportion of 19.59 percent. The proportion for the Traditional Plan for Ohio State University discretely presented component unit was 10.2 percent based on employer contributions totaling \$232 million compared to 9.9 percent for the previous fiscal year. For purposes of measuring the net pension liability/asset, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, deductions are recorded when the liability is incurred, and revenues are recognized when earned. Refunds are payable two months after termination of the member's employment. All investments are reported at fair value.

For the year ended June 30, 2020, the State recognized pension expense of \$649 million for the Traditional Plan, and \$4.5 million for the Combined Plan. Ohio State University discretely presented component unit, recognized \$183 million in pension expense.

At June 30, 2020, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

	Pension	
	Primary Government	Ohio State University
Traditional Plan		
Deferred Outflow of Resources:		
Differences Between Expected and Actual Experience	\$ -	\$ 1,582
Changes of Assumptions	220,104	107,584
Change in Employers' Proportionate Share	3,934	5,966
Contributions Subsequent to the Measurement Date	192,371	116,139
Total	<u>\$ 416,409</u>	<u>\$ 231,271</u>
Deferred Inflow of Resources:		
Net Difference Between Projected and Actual Earnings		
on Pension Plan Investments	\$ (821,388)	\$ (399,896)
Change in Employers' Proportionate Share	(8,769)	(40)
Differences Between Expected and Actual Experience	(52,346)	(32,072)
Total	<u>\$ (882,503)</u>	<u>\$ (432,008)</u>
Combined Plan		
Deferred Outflow of Resources:		
Change in Employers' Proportionate Share	\$ 353	
Change in Assumptions	4,033	
Contributions Subsequent to the Measurement Date	5,292	
Total	<u>\$ 9,678</u>	
Deferred Inflow of Resources:		
Change in Employers' Proportionate Share	(155)	
Net Difference Between Projected and Actual Earnings		
on Pension Plan Investments	(5,073)	
Differences Between Expected and Actual Experience	(9,182)	
Total	<u>\$ (14,410)</u>	

Deferred Outflows of Resources of \$192.4 million related to pensions resulting from State contributions subsequent to the measurement date for the Traditional Plan will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Deferred Outflows of Resources of \$5.3 million resulting from State contributions subsequent to the measurement period for the Combined Plan will be recognized as an increase to the net pension asset in the year ended June 30, 2021. Ohio State University, a discretely presented component unit, will recognize \$116.1 million resulting from contributions subsequent to the measurement period as a reduction of its net pension liability in the following year.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Traditional Plan	Pension	
	Primary Government	Ohio State University
Year Ended June 30:		
2021.....	\$ (97,733)	\$ (40,868)
2022.....	(267,609)	(125,155)
2023.....	32,999	11,056
2024.....	(326,070)	(161,519)
2025.....	(21)	(193)
Thereafter.....	(31)	(197)
Combined Plan	Primary Government	
Year Ended June 30:		
2021.....	\$ (2,450)	
2022.....	(2,354)	
2023.....	(939)	
2024.....	(2,797)	
2025.....	(497)	
Thereafter.....	(987)	

OPEB Benefits

In addition to the pension plan, OPERS maintains a cost-sharing, multiple-employer postemployment health care plan for the Traditional Plan and Combined Plan, which includes hospitalization, medical expenses and prescription drugs for non-Medicare retirees and eligible dependents. Medicare Eligible retirees must select coverage through the OPERS Medicare Connector and may receive an allowance to offset a portion of the monthly premium to retirees and eligible dependents. The allowance is deposited into a Health Retirement Account to be used to reimburse eligible health care expenses. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage, but qualify for a Retiree Medical Account.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible recipients, with one exception. Ohio law currently requires OPERS to provide a Medicare Part A equivalent plan or reimbursement for members and dependents who do qualify for Medicare Part A. Authority to establish and amend OPEB benefits is provided in Chapter 145 of the Ohio Revised Code as well.

To qualify for postemployment health care coverage, age-and-service retirees under the Traditional and Combined plans must have 20 years of qualifying Ohio service credit with a minimum age of 60, or 30 or more years of qualifying service at any age. The Member Directed Plan participants can use vested retiree medical account funds upon retirement for reimbursement of qualified medical expenses. Currently, an employee's interest in the medical account for qualifying health care expenses vests based on length of service, with 100 percent vesting attained after five years of credited service for employees hired prior to July 1, 2015. Members who elect the Member-Directed Plan after July 1, 2015, will vest at 15 years of service at a rate of 10 percent each year starting with the sixth year of participation.

Medicare-eligible retirees who choose to become re-employed in an OPERS covered position must enroll in the employer's health care plan if the employer offers a plan. After the two-month forfeiture period, the retiree may continue participation in an OPERS health care plan. The coverage provided by the employer plan is primary coverage and the OPERS health care plan is secondary coverage. OPERS provides a monthly allowance to offset a portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan if the retiree is enrolled. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Spouses eligible for Medicare will have access to OPERS Medicare Connector and, if not yet eligible for Medicare, will have access to OPERS group coverage at full cost to the spouse.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

The Ohio Revised Code provides the statutory authority which allows public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside for the funding of post-retirement health care benefits. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The OPEB contribution rates for regular and law enforcement employees for 2019 and 2020 was zero percent for the Traditional and Combined Plans. The employer contribution to the Member Directed Plan participants health care accounts for 2019 was four percent (last year available). Employers make no further contributions to a member's health care account after retirement, nor do employers have any further obligation to provide postemployment health care benefits.

At June 30, 2020, the State reports a liability of \$2.86 billion for its proportionate share of the net OPEB liability compared to \$2.7 billion at June 30, 2019. Ohio State University discretely presented component unit reports liabilities of \$1.44 billion for its proportionate share of the net OPEB liability, as compared to \$1.32 billion as of June 30, 2019. The net OPEB liability was measured as of December 31, 2019. The Plan's total OPEB liability used to calculate the Plan's net OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The State's proportion of the net OPEB liability is determined by a measure of the State's proportionate relationship of employer contributions made to OPERS to the total contributions made to OPERS by all employers. At December 31, 2019, the State's proportion was 20.71 percent based on employer contributions of \$437.9 million, as compared to the December 31, 2018, proportion of 20.75 percent. The proportion for the Ohio State University discretely presented component unit was 10.4 percent based on employer contributions totaling \$232 million compared to 10.1 percent for the previous fiscal year. For purposes of measuring the net OPEB liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB, and OPEB expense, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, deductions are recorded when the liability is incurred, and revenues are recognized when earned.

For the year ended June 30, 2020, the State recognized OPEB expense of \$322.3 million. Ohio State University discretely presented component unit, recognized \$193 million in OPEB expense. At June 30, 2020, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (dollars in thousands):

	OPEB	
	Primary Government	Ohio State University
Deferred Outflow of Resources:		
Differences Between Expected and Actual Experience	\$ 77	\$ 36
Changes of Assumptions	452,711	227,196
Change in Employers' Proportionate Share	1,350	3,562
Total	<u>\$ 454,138</u>	<u>\$ 230,794</u>
Deferred Inflow of Resources:		
Differences Between Expected and Actual Experience	\$ (261,558)	\$ (131,362)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	(145,639)	(72,837)
Change in Employers' Proportionate Share	(4,951)	-
Total	<u>\$ (412,148)</u>	<u>\$ (204,199)</u>

There were no State contributions related to OPEB subsequent to the measurement date and therefore, there will be no reduction of the net OPEB liability resulting from state contributions subsequent to the measurement date recognized in the year ended June 30, 2021.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

	OPEB	
	Primary Government	Ohio State University
Year Ending June 30:		
2021.....	\$ 71,798	\$ 39,896
2022.....	32,961	18,721
2023.....	(540)	(756)
2024.....	(62,229)	(31,267)

Actuarial Assumptions for Pension and OPEB Liabilities

The total pension and OPEB liabilities were determined using the following actuarial assumptions listed in the individual tables below, applied to all periods included in the measurement:

	Pension	
	Traditional Plan	Combined Plan
Wage Inflation	3.25%	3.25%
Salary Increases (including wage inflation)	3.25-10.75%	3.25-8.25%
Investment Rate of Return	7.20%	7.20%
COLA or Ad Hoc COLA *	3.00%	3.00%
Actuarial Cost Method	Individual Entry Age (Both Plans)	

*The COLA, for both the Traditional and Combined Plans, for retirees prior to January 7, 2013, is three percent simple. For retirees after that date, the COLA is 1.4 percent simple through 2020, and then becomes 2.15 percent simple.

	OPEB
Wage Inflation	3.25%
Salary Increases (including wage inflation)	3.25%-10.75%
Single Discount Rate	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

There were no changes in assumptions for pension since the prior measurement date. The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at statutory contribution rates. In each period of the projection, employer contributions were assumed to be applied first to the service cost of all members, with any remaining amount included in projected employer contributions for current members. Therefore, the long-term expected rate of return of 7.2 percent was applied to all periods of projected benefit payments to determine the total liability.

A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019 as compared to a single discount rate of 3.96 percent on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects a long-term expected rate of return on OPEB plan investments and tax-exempt municipal bond rates based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined rate; therefore, the contributions were sufficient for health care costs to 2034. The health care investment rate was applied to projected costs to 2034, and the municipal bond rate applied thereafter.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

For both tables, mortality rates are based on the RP-2014 Employees mortality table. For disabled retirees, mortality rates are based on the RP-2014 Disabled mortality table. The Healthy Annuitant Mortality tables were adjusted for mortality improvements back to the observation period base year of 2006, and then established the base year as 2010 for females, and 2015 for males.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted in 2016, for the five-year period 2011 through 2015.

An estimate range for investment return assumption for pension and OPEB is developed and based on the target allocation adopted by the OPERS Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Pension		OPEB	
	Target Allocation	Weighted, Average Long-Term Expected Real Rate of Return*	Target Allocation	Weighted, Average Long-Term Expected Real Rate of Return*
Fixed Income	25%	1.83%	36%	1.53%
Domestic Equity	19%	5.75%	21%	5.75%
Real Estate	10%	5.20%	6%	5.69%
Private Equity	12%	10.70%	0%	0.00%
International Equities	21%	7.66%	23%	7.66%
Other Investments	13%	4.98%	14%	4.90%
Total Fund	100%	5.61%	100%	4.55%

*Arithmetic.

Sensitivity of the State's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate – The following table represents the net pension liability/(asset) as of December 31, 2019, calculated using the current period discount rate assumption of 7.2 percent. Also shown is what the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current assumption (dollars in thousands):

	Pension		
	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
<u>Traditional Plan</u>			
Net Pension Liability:			
Primary Government	\$ 6,787,940	\$ 4,115,589	\$ 1,713,225
Ohio State University	3,296,325	1,984,881	807,535
<u>Combined Plan</u>			
Net Pension (Asset):			
Primary Government	\$ (24,396)	\$ (40,375)	\$ (51,891)

The table below represents sensitivity of the State's proportionate share of the net OPEB liability to changes in the current period single discount rate assumption of 3.16 percent, as of December 31, 2019. The table below shows the expected net OPEB liability if it were calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current single discount rate (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

	OPEB		
	1% Decrease 2.16%	Current Single Discount Rate 3.16%	1% Increase 4.16%
Net OPEB Liability:			
Primary Government	\$ 3,742,714	\$ 2,859,959	\$ 2,153,157
Ohio State University	1,880,345	1,436,889	1,081,750

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.5 percent. The actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.5 percent in the most recent valuation. The following table represents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate assumption (dollars in thousands):

	OPEB		
	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Net OPEB Liability:			
Primary Government	\$ 2,775,564	\$ 2,859,959	\$ 2,943,277
Ohio State University	1,394,447	1,436,889	1,478,707

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.

State agencies are also required under Section 145.298, Ohio Revised Code, to offer a generally similar ERI when the terminations equal or exceed 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 or 20 percent of the total service credited to any participant. The ERI agreements establish an obligation to pay specific amounts on fixed dates.

As of June 30, 2020, the State had no significant liabilities relative to existing ERI agreements with state employees covered by OPERS. During fiscal year 2020, the State did not incur any significant expenditures/expenses related to ERI agreements.

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 – the Defined Benefit Plan, the Defined Contribution Plan, and the 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, survivor, and disability benefits to members in the Defined Benefit and Combined Plans.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

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 Website at <https://www.strsoh.org>.

For retirement dates between August 1, 2017 and July 1, 2019, participants in the Defined Benefit Plan may retire with an unreduced benefit after 33 years of credited service regardless of age, or age 65 with five years of credited service. Participants may also retire with reduced benefit amounts at any age with 30 years of credited service, or at age 55 with 27 years of credited service, or at age 60 with 5 years of credited service. Effective between August 1, 2019 and July 1, 2021, any member may retire with reduced benefit amounts at any age with 30 years of service, or at age 55 with 28 years of credited service, or at age 60 with 5 years of credited service. Eligibility changes will be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60; or 30 years of service credit regardless of age. Benefits are based on the final average salary based on the five highest years of earnings, and by multiplying 2.2 percent times the number of years of service credit. Retirees are entitled to a maximum annual retirement benefit, payable in monthly installments for life, equal to the "formula benefit" calculation

For members who were eligible to retire on July 1, 2015, or later, the annual benefit amount will be the greater of either the benefit amount calculated under the current benefit formula as described above, or the benefit amount calculated as of July 1, 2015, under the previous benefit formula, as described below.

For members who were eligible to retire on or before July 1, 2015, the annual retirement allowance is the greater of the benefit amount calculated upon retirement under the current benefit formula or the previous benefit formula, which is frozen as of July 1, 2015. The previous benefit formula was 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 0.1 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 0.1 percent starting at 2.6 percent for the 32nd year.

Retirees choose from one of four payment options, including annuity options and a "partial lump-sum" option. Under the partial lump-sum 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, may choose to participate in the Combined Plan or the Defined Contribution Plan, in lieu of participation in the Defined Benefit Plan.

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 are based on percentages of covered employees' gross salaries, which are calculated annually by the retirement system's actuary.

Contribution rates for fiscal year 2020 were 14 percent for employers and 14 percent for employees for the Defined Benefit, Defined Contribution, and Combined Plans.

Participants in the Defined Contribution Plan are eligible to retire at age 50. All employee contributions and 9.53 percent of earned compensation is placed into individual member accounts (the remaining 4.47 percent of earned compensation is allocated to the defined benefit unfunded liability), and members direct the investment of their accounts by selecting from various professionally managed investment options. Members vest 20 percent per year in employer contributions, including associated gains and losses on those contributions. Employee contributions vest immediately. Retirees may select from various annuity payment plans or a lump-sum payment option.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Participants in the Combined Plan may start to collect the unreduced defined benefit portion of the plan at age 60 with five years of service, or participants may collect a reduced defined benefit portion of the plan before age 60 with five years of service. Of employee contributions, 12 percent of earned compensation is deposited into the defined contribution portion of the plan, while the remaining two percent is deposited into the defined benefit portion of the plan. Employee contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefits payment. The annual allowance for the defined benefit portion of the Plan is determined by multiplying the final average salary for the five highest paid years 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 if the member withdraws before the age of 50, or as a lifetime monthly annuity, if paid on or after the age of 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 an annuity 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.

At June 30, 2020, the State reports a liability of \$80.2 million for its proportionate share of the net pension liability, as compared to \$81.3 million at June 30, 2019. Ohio State University discretely presented component unit reports a net pension liability of \$1.04 billion for its proportionate share, as compared to \$1.02 billion at June 30, 2019. The net pension liability was measured as of June 30, 2019. The Plan's total pension liability was used to calculate the net pension liability, as determined by an actuarial valuation as of June 30, 2019. The State's proportion of the net pension liability is determined by a measure of the State's proportionate relationship of employer contributions made to STRS to the total contributions made to STRS by all employers and non-employer contributing entities to the plan. At June 30, 2020, the State's proportion was .36 percent based on employer contributions totaling \$6 million as compared to the State's proportion at June 30, 2019, of .37 percent. Ohio State University's proportionate share was 4.7 percent based on employer contributions of \$82.6 million, as compared to 4.6 percent for June 30, 2019.

For purposes of measuring the net pension liability, and related deferred inflows and outflows of resources and pension expenses, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

For the year ended June 30, 2020, the State recognized pension expense of \$8.9 million and Ohio State University discretely presented component unit recognized pension expense of \$76 million.

At June 30, 2020, the State and Ohio State University reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

	Pension	
	Primary Government	Ohio State University
Deferred Outflows of Resources:		
Differences Between Expected and Actual Experience	\$ 653	\$ 8,469
Changes of Assumptions	9,419	122,186
Change in Employer Proportionate Share	152	1,187
Employer Contributions Subsequent to the Measurement Date	6,622	82,656
Total	<u>\$ 16,846</u>	<u>\$ 214,498</u>
Deferred Inflows of Resources:		
Differences Between Expected and Actual Experience	\$ (347)	\$ (4,503)
Change in Employer Proportionate Share	(2,899)	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	(3,919)	(50,837)
Total	<u>\$ (7,165)</u>	<u>\$ (55,340)</u>

Deferred Outflows of Resources of \$6.6 million related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Ohio State University discretely presented component unit will recognize \$82.7 million as a reduction of its net pension liability.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Year Ended June 30:	Pension	
	Primary Government	Ohio State University
2021.....	\$ 3,758	\$ 63,225
2022.....	339	13,342
2023.....	(1,241)	(6,062)
2024.....	203	5,997

OPEB Benefits

Additionally, STRS offers a cost-sharing, multiple employer health care plan which provides access to health care to eligible retirees who participate in the Defined Benefit Plan or Combined Plan. Benefits include hospitalization, physician's fees, prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Medicare part B premium reimbursements will be discontinued effective January 1, 2021. Retirees enrolled in the Defined Contribution Plan receive no postemployment health care benefits.

Ohio Revised Code Chapter 3307 gives the STRS board discretionary authority over how much, if any, of associated health care costs are absorbed by the health care plan. All benefit recipients of the health care plan, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Medicare Part D allows STRS Ohio to recover part of the health care cost for providing prescription coverage through its health care plans which include creditable prescription drug coverage. For the Defined Benefit and Combined Plans, all employer contributions are used to fund pension obligations, and none was allocable to postemployment health care benefits for 2020. Under Ohio law, funding for the postemployment health care may be deducted from employer contributions. This action will reduce the amortization period for the pension fund. The Board has authority to direct part of the employer contribution back to the Health Care Fund in the future.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

At June 30, 2020, the State reports a net OPEB asset of \$6 million for its proportionate share, as compared to \$5.9 million at June 30, 2019. Ohio State University discretely presented component unit reports a net OPEB asset of \$77.9 million for its proportionate share, as compared to \$74.5 million as of June 30, 2019. The net OPEB liability/(asset) was measured as of June 30, 2019. The Plan's total OPEB liability was used to calculate the net OPEB liability/(asset) determined by an actuarial valuation as of June 30, 2019. The State's proportion of the net OPEB liability/(asset) is determined by a measure of the State's proportionate relationship of employer contributions made to STRS to the total contributions made to STRS by all employers to the plan. At June 30, 2020, the State's proportion was 0.36 percent based on employer contributions totaling \$6 million, as compared to the State's proportion at June 30, 2019, of 0.37 percent. Ohio State University's proportionate share was 4.7 percent based on employer contributions of \$82.6 million, as compared to 4.6 percent at June 30, 2019.

For purposes of measuring the net OPEB liability/(asset), related deferred inflows and outflows of resources and expenses, information about the fiduciary net position of the system and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by STRS. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

For the year ended June 30, 2020, the State recognized OPEB expense of \$(1.9) million and Ohio State University discretely presented component unit recognized OPEB expense of \$(23.5) million.

At June 30, 2020, the State and Ohio State University reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (dollars in thousands):

	OPEB	
	Primary Government	Ohio State University
Deferred Outflows of Resources:		
Differences Between Expected and Actual Experience	\$ 544	\$ 7,062
Changes of Assumptions	126	1,638
Change in Employer Proportionate Share	44	135
Total	<u>\$ 714</u>	<u>\$ 8,835</u>
Deferred Inflows of Resources:		
Differences Between Expected and Actual Experience	\$ (305)	\$ (3,963)
Changes of Assumptions	(6,584)	(85,409)
Change in Employer Proportionate Share	(368)	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	(377)	(4,893)
Total	<u>\$ (7,634)</u>	<u>\$ (94,265)</u>

There were no State contributions to OPEB subsequent to the measurement date and therefore, there will be no reduction of the net OPEB liability/(asset) resulting from subsequent contributions recognized in the year ended June 30, 2021

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

	OPEB	
	Primary	Ohio
	Government	State University
Year Ending June 30:		
2021.....	\$ (1,502)	\$ (18,598)
2022.....	(1,502)	(18,598)
2023.....	(1,351)	(16,701)
2024.....	(1,298)	(15,996)
2025.....	(1,277)	(15,574)
Thereafter.....	10	37

Actuarial Assumptions for Pension and OPEB Liabilities

The total pension liability and total OPEB liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions, respectively, applied to all periods included in the measurement:

	Pension	
	Entry Age Normal	
Actuarial Cost Method		
Inflation	2.50	percent
Salary Increases	12.50	percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45	percent, net of pension plan investment expenses, including inflation
Discount Rate	7.45	percent
COLA or Ad Hoc COLA	0	percent

	OPEB	
	Entry Age Normal	
Actuarial Cost Method		
Salary Increases	12.50	percent at age 20 to 2.50 percent at age 65
Payroll Increases	3.00	percent
Municipal Bond Yield	3.50	percent as of June 30, 2019
Discount Rate	7.45	percent, based on a blend of 3.50% municipal bond yield/expected return
COLA or Ad Hoc COLA	0	percent
Health Care Cost Trends	4.0 to 9.6	percent initial, 4 percent ultimate

Pension and OPEB mortality rates were based on the RP-2014 Annuitant mortality table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. The disabled rates are based on the RP-2014 Disabled mortality table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. The actuarial assumptions used in the valuation were adopted by the board based on the results of an actuarial experience study for July 1, 2011 through June 30, 2016.

The pension and OPEB actuarial assumptions used in this valuation for fiscal year 2019 are the same as those recommended for the prior actuary. The total pension liability for 2019 was determined by an actuarial valuation as of June 30, 2019, using actuarial assumptions related to inflation of 2.5 percent, investments rate of return of 7.45 percent, and zero percent for COLA. Projected salary increases range from 2.5 percent at age 65 to 12.5 percent at age 20.

An estimate range for investment return assumption is developed and based on the target allocation adopted by the STRS Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Asset Class	Pension and OPEB	
	Target Allocation*	Long-Term Expected Real Rate of Return**
Domestic Equity	28%	7.35%
International Equity	23%	7.55%
Alternatives	17%	7.09%
Fixed Income	21%	3.00%
Real Estate	10%	6.00%
Liquidity Reserves	1%	2.25%
Total Fund	100%	

*Target weights will be phased in over 24-month period concluding on July 1, 2019.

**10-year annualized geometric nominal returns, which include the real rate of return and inflation, and does not include investment expenses.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at statutory contribution rates. Only employer contributions that are intended to fund benefits of current plan members and beneficiaries are included. Projected employer contributions that are intended to fund the costs of future plan members and beneficiaries, and projected contributions from future plan members, are not included. In each period of the projection, employer contributions are assumed to be applied first to the service cost of all members, with any remaining amount included in projected employer contributions for current members. Therefore, the long-term expected rate of return of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table represents the net pension liability as of the June 30, 2019, measurement date, calculated using the current period discount rate assumption of 7.45 percent. Also shown in the table below is what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption (dollars in thousands):

	Pension		
	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Net Pension Liability:			
Primary Government	\$ 117,182	\$ 80,186	\$ 48,866
Ohio State University	1,520,062	1,040,149	633,878

The projection of cash flows used to determine the net OPEB liability/(asset) discount rates assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019. Shown in the table below is what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

	OPEB		
	Current		
	1% Decrease 6.45%	Discount Rate 7.45%	1% Increase 8.45%
Net OPEB Liability/(Asset):			
Primary Government	\$ (5,124)	\$ (6,005)	\$ (6,746)
Ohio State University	(66,473)	(77,901)	(87,509)

Sensitivity of the net OPEB liability/(asset) to changes in the health care cost trend rates calculated using the assumed trend rates as well as what the plan's net OPEB liability/(asset) would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher is presented below (dollars in thousands):

	OPEB		
	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Net OPEB Liability/(Asset):			
Primary Government	\$ (6,810)	\$ (6,005)	\$ (5,020)
Ohio State University	(88,336)	(77,901)	(65,121)

There were no economic assumption changes from the prior year. The only changes since the last valuation were updates to the benefit percentage elections to reflect current elections for blended premiums. Claims cost assumptions were developed based on actual medical and prescription drug claims paid from July 1, 2015 to June 30, 2017, and an adjustment was made to these claims to account for children of retirees. Additionally, administrative expenses and prescription drug plan subsidy was included resulting in a per person per month cost and then adjusted using age curves. Retiree subsidies paid out to Non-Medicare retirees, Medicare retirees, and Medicare Part B premiums are accounted for as well. A weighted average total cost across medical plans is used as the STRS Ohio subsidy.

**C. State Highway Patrol Retirement System (SHPRS)
Pension Benefits**

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 covers all employees of the State Highway Patrol.

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, 1900 Polaris Parkway, Suite 201, Columbus, Ohio 43240-4037, or by calling (614) 431-0781 or (800) 860-2268. SHPRS's Comprehensive Annual Financial Report for the year ended December 31, 2019, may also be found at <https://www.ohprs.org>.

SHPRS is authorized under Chapter 5505, Ohio Revised Code, to provide retirement and disability benefits to retired members and survivor benefits to qualified dependents of deceased members of the Ohio State Highway Patrol.

Chapter 5505, Ohio Revised Code, 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 the employee rate paid by contributing members.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

SHPRS' 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.

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 information provided by the Fund's managers or by 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 an age and service pension, and health care benefits, upon reaching both an age and service requirement. Employees with at least 20 years of service credit, but less than 25 years of service credit may retire at age 52 with unreduced benefits, or age 48 with reduced benefits. Employees with more than 25 years of service may retire at age 48 with unreduced benefits. The pension benefit is a percentage of the member's final average salary, which is the average of the member's five highest salary years. 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.

Employees who left SHPRS prior to meeting the requirements for receiving an age and service pension, but who have at least 15 years of service credit, are eligible for a deferred pension. Such employees who have less than 20 years of service credit, may collect a pension at age 55, at a percentage of their final average salary determined by multiplying 1.5 percent times the number of years of service credit. These employees are not eligible for health care benefits. Employees who are eligible for the deferred pension and who have at least 20 years of service credit, may receive a pension once they meet the age requirements for the age and service pension, calculated in the same manner as the age and service pension described above.

Membership data for SHPRS is presented in the table below:

Membership Data as of December 31, 2019

Active Members	1,614
Retirees Receiving Benefits	1,699
Retirees not Receiving Benefits	18
	3,331

The SHPRS Board sets employee contribution rates and cost-of-living adjustment rates. Employee contribution rates may range between 10 and 14 percent and cost-of-living adjustments range between zero and three percent. The Board may set the cost-of-living adjustments annually, but in no case shall it exceed three percent. The cost-of-living adjustment eligibility is 60 years of age, or age 53 for members retired prior to January 7, 2013.

The employer and employee contribution rates, as of December 31, 2019, were 26.5 percent and 12.5 percent, respectively. During calendar year 2019, none of the employers' contributions funded postemployment health care. The employees' contributions funded pension benefits only.

The State's net pension liability was determined by an actuarial valuation as of December 31, 2018, and update procedures were used to roll forward the total pension liability to December 31, 2019. Detailed information about SHPRS' pension plan fiduciary net position and the OPEB plan fiduciary net position is available in the separately issued SHPRS financial report. SHPRS uses the accrual basis of accounting, under which expenses are recorded when incurred and revenues are recorded when earned and measurable. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded at the trade date.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

The Schedule of Changes in Net Pension Liability is presented below (dollars in thousands):

Fiscal year ended December 31, 2019	Pension
<u>Total Pension Liability:</u>	
Service Cost	\$ 29,856
Interest on the Total Pension Liability	85,534
Difference Between Expected and Actual Experience	(7,403)
Assumption Changes	(241,353)
Benefit Payments	<u>(75,134)</u>
Net Change in Total Pension Liability	(208,500)
Total Pension Liability - Beginning	<u>1,472,338</u>
Total Pension Liability - Ending (a)	<u>\$1,263,838</u>
<u>Plan Fiduciary Net Position:</u>	
Employer Contributions	\$ 33,107
Employee Contributions	16,253
Pension Plan Net Investment Income	129,802
Benefit Payments	(75,134)
Pension Plan Administrative Expense	<u>(1,650)</u>
Net Change in Plan Fiduciary Net Position	102,378
Plan Fiduciary Net Position - Beginning	<u>715,481</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 817,859</u>
Net Pension Liability - Ending (a) - (b)	\$ 445,979
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.71%
Covered Payroll*	\$ 118,370
Net Pension Liability as a Percentage of Covered Payroll	376.77%
Notes to Schedule:	N/A

*Includes members of the DROP.

For the year ended June 30, 2020, the State recognized pension expense of \$66.8 million. The amount of employer contributions from the State for the calendar year ended December 31, 2019, totaled \$33.1 million for pension. At June 30, 2020, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources (dollars in thousands):

	Pension
<u>Deferred Outflows of Resources:</u>	
Differences Between Expected and Actual Experience	\$ 7,929
Changes of Assumptions	158,881
Contributions Subsequent to Measurement Date	16,370
Total	<u>\$ 183,180</u>
<u>Deferred Inflows of Resources:</u>	
Difference Between Expected and Actual Experience	\$ (8,210)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	(22,041)
Changes of Assumptions	(193,083)
Total	<u>\$ (223,334)</u>



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Deferred Outflows of Resources of \$16.4 million related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

	Pension
Year Ending June 30:	
2021.....	\$ (770)
2022.....	(2,450)
2023.....	4,622
2024.....	(57,926)

OPEB Benefits

In addition to providing pension benefits, SHPRS, a single employer plan, is authorized by Chapter 5505, Ohio Revised Code, to provide a postemployment health care plan which includes medical, hospitalization and prescription drug coverage. Health care benefits are not guaranteed and are subject to change at any time, as determined by the Board and certified by the Office of Budget and Management. For actuarial purposes, assets are valued with a method that amortizes the difference between actual and assumed return over a closed, four-year period. Qualifications for postemployment health care coverage are described along with pension qualifications under the Pension Plan section.

During calendar year 2019, the employer’s contribution rate for postemployment health care benefits was zero percent of payroll. None of the employees’ contributions funded postemployment health care. The cost of retiree health care benefits is recognized as claims are incurred and premiums are paid.

The pension and OPEB plans’ fiduciary net position has been determined on the same basis used by the pension plan.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

The Schedule of Changes in Net OPEB Liability is presented as follows (dollars in thousands):

Fiscal year ending December 31, 2019	OPEB
<u>Total OPEB Liability:</u>	
Service Cost	\$ 18,125
Interest on the Total OPEB Liability	16,992
Difference Between Expected and Actual Experience	(26,860)
Assumption Changes	122,197
Benefit Payments	(8,619)
Net Change in Total OPEB Liability	<u>121,835</u>
Total OPEB Liability - Beginning	459,601
Total OPEB Liability - Ending (a)	<u>\$ 581,436</u>
<u>Plan Fiduciary Net Position:</u>	
Net Investment Income	\$ 18,006
Benefit Payments (includes refunds of employee contributions)	(8,619)
OPEB Plan Administrative Expense	(229)
Net Change in Plan Fiduciary Net Position	<u>9,158</u>
Plan Fiduciary Net Position - Beginning	101,828
Plan Fiduciary Net Position - Ending (b)	<u>\$ 110,986</u>
Net OPEB Liability - Ending (a) - (b)	\$ 470,450
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	19.09%
Covered Payroll*	\$ 118,370
Net OPEB Liability as a Percentage of Covered Payroll	397.44%
Notes to Schedule:	N/A

*Includes members of the DROP.

For the year ended June 30, 2020, the State recognized OPEB expense of \$27 million. At June 30, 2020, the State reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources (dollars in thousands):

	OPEB
<u>Deferred Outflows of Resources:</u>	
Changes of Assumptions	\$ 129,818
Total	<u>\$ 129,818</u>
<u>Deferred Inflows of Resources:</u>	
Difference Between Expected and Actual Experience	\$ (76,245)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	(2,829)
Changes of Assumptions	(48,383)
Total	<u>\$ (127,457)</u>

There were no State contributions to OPEB subsequent to the measurement date and therefore, there will be no reduction of the net OPEB liability resulting from subsequent state contributions recognized in the year ending June 30, 2021.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows (dollars in thousands):

	OPEB
Year Ending June 30:	
2021.....	\$ (1,256)
2022.....	(1,256)
2023.....	90
2024.....	(6,132)
2025.....	(1,640)
Thereafter.....	12,555

Actuarial Assumptions for Pension and OPEB Liabilities

The pension and OPEB actuarial assumptions are the same as those recommended for the prior actuary. The total pension and OPEB liabilities at December 31, 2019, were determined using the following actuarial assumptions applied to all periods included in the measurement: an investment rate of return of 7.25 percent compounded annually, projected salary increase of 3.5 percent attributable to inflation and additional projected salary increases ranging from 3.8 percent to 13.5 percent attributable to seniority and merit, and price inflation of 2.5 percent annually. The actuarial assumptions were based off a December 31, 2018 actuarial valuation date and rolled forward to December 31, 2019. A five-year experience study covering the five-year period ending December 31, 2018 was the basis for the assumptions.

Mortality rates were based on the RP-2014 Mortality tables for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for females was then established to be 2012. Mortality rates for a particular calendar year are determined by applying the MP-2018 mortality improvement scales to the above described tables.

An estimate range for investment return assumptions is developed and based on the target allocation adopted by the SHPRS' Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Pension	
	Target Allocation	Long-Term Expected Real Rate of Return*
Cash	2%	0.00%
Domestic Equity - Large Cap	25%	5.60%
Domestic Equity - Small Cap	5%	6.70%
Developed Markets Equities	14%	5.90%
Emerging Markets	4%	8.40%
Opportunistic Fixed Income	8%	4.20%
Core Fixed Income	10%	0.90%
Real Estate	7%	8.20%
Private Equity	13%	9.60%
Absolute Return	7%	4.80%
Real Assets	5%	6.70%
Total Fund	100%	

*Long-Term expected rates of return as shown were calculated arithmetically.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

Asset Class	OPEB	
	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	25%	5.02%
Domestic Equity - Small/Mid Cap	5%	6.17%
Developed Markets Equities	14%	6.12%
Emerging Markets	4%	8.23%
Domestic Core Fixed Income	10%	1.51%
US Treasuries/Cash Equivalents	2%	0.48%
High-Yield Bonds	4%	3.37%
Real Estate	7%	4.62%
Private Equity	13%	8.89%
Hedge Funds	7%	3.39%
Commodities	2%	3.14%
Infrastructure	3%	5.52%
Private Debt	4%	5.78%
Total Fund	100%	

*Long-Term expected rates of return as shown were calculated arithmetically.

The single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and the municipal bond rate of 3.26 percent. The projection of cash flows used to determine the discount rate assumes employer contribution rates allocated to pensions will be 26.5 percent for each year, and employee contribution rates of 14 percent in each year. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.25 percent on investments and 3.26 percent on municipal bonds, was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2019.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of December 31, 2019, calculated using the current period discount rate assumption of 7.25 percent. Also shown is what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current assumption (dollars in thousands):

Pension		
	Current Single Discount Rate	
1% Decrease		1% Increase
6.25%	7.25%	8.25%
\$ 587,339	\$ 445,979	\$ 328,392

Net OPEB Liability uses a single discount rate of 3.36 percent as compared to a single discount rate of 3.82 percent as of measurement date December 31, 2018. This Single Discount Rate was based on an expected rate of return on OPEB plan investments of 7.25 percent and a municipal (fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds) bond rate of 3.26 percent. The projection of cash flows used to determine this Single Discount Rate assumed no contributions and total payroll for the initial projection year consists of the payroll of the active membership as of the valuation date who are expected to be actively employed on the measurement date, the net position and contributions were sufficient through 2029. Therefore, the long-term expected rate of return was applied through 2029 and the municipal rate was applied thereafter. Shown in the table below is what the net OPEB liability would be if it were calculated using a single discount rate that is one percentage point lower (2.36 percent) or one percentage point higher (4.36 percent) than the current assumption (dollars in thousands):



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

OPEB		
1% Decrease	Current Single Discount Rate	1% Increase
2.36%	3.36%	4.36%
\$ 589,407	\$ 470,450	\$ 378,436

It is assumed health care cost will increase between 4 percent and 8.25 percent per year until 2028, ultimately declining to 3.5 percent for future years. The sensitivity of the net OPEB liability to changes in the health care cost trend rates calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher is presented below (dollars in thousands):

OPEB		
1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
\$ 369,256	\$ 470,450	\$ 604,513

**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 four 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 Higher Education 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. For the fiscal year ended June 30, 2020, these contribution rates are 10 percent for OPERS and 14 percent for STRS. Employees may also voluntarily make additional contributions to the ARP.

For the year ended June 30, 2020, each public institution of higher education was required to contribute 2.44 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 4.47 percent of a participating employee's gross salary, for the year ended June 30, 2020, to STRS in cases when the employee would have otherwise been enrolled in STRS.



**NOTE 9 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS
(Continued)**

The employer contribution amount is subject to actuarial review every fifth 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 vesting of all contributions made on behalf of participants is based on the employer’s vesting requirements. 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 health care 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.

For the State’s major discretely presented component unit, employer and employee contributions required and made for the year ended June 30, 2020, for the ARP follow (dollars in thousands):

<u>Major Component Unit:</u>	<u>OPERS</u>	<u>STRS</u>
Ohio State University:		
Employer Contributions	\$ 31,498	\$ 33,864
Employee Contributions	27,248	49,747

NOTE 10 GENERAL OBLIGATION BONDS

At various times since 1921, Ohio voters, by 20 constitutional amendments (the last adopted May 2014 for a ten-year extension of the local government infrastructure program adopted in 2005), 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. The State’s general obligation bonds are described below.

A 1999 constitutional amendment provided for the issuance of Common School Capital Facilities Bonds and Higher Education Capital Facilities Bonds. As of June 30, 2020, the General Assembly had authorized the issuance of \$5.65 billion in Common Schools Capital Facilities Bonds, of which \$5.37 billion has been issued. As of June 30, 2020, the General Assembly had also authorized the issuance of \$4.45 billion in Higher Education Capital Facilities Bonds, of which \$4.13 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, 2020, the General Assembly has authorized the issuance of approximately \$3.74 billion in Highway Capital Improvements Bonds, of which \$3.38 billion has been issued.

Constitutional amendments in 1995, 2005, and 2014 allowed for the issuance of \$5.63 billion of general obligation bonds for infrastructure improvements (Infrastructure Bonds). Not more than \$175 million of Infrastructure Bonds may be issued in each fiscal year beginning in 2018 through fiscal year 2022 and \$200 million in each fiscal year beginning in fiscal year 2023 through fiscal year 2027, plus any obligations unissued from previous fiscal years. As of June 30, 2020, the General Assembly had authorized \$4.43 billion of these bonds to be sold (excluding any amounts for unaccreted discount on capital appreciation bonds at issuance), of which \$4.23 billion had been issued (net of \$214 million in unaccreted discounts at issuance).



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

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. Not more than \$50 million of Natural Resources Bonds may be issued in any fiscal year. As of June 30, 2020, the General Assembly had authorized the issuance of \$260 million in Coal Research and Development Bonds, of which \$254 million had

been issued. Legislative authorizations for the issuance of Natural Resources Capital Facilities Bonds totaled \$492 million, as of June 30, 2020, of which \$484.6 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 (plus any obligations unissued from previous fiscal years). As of June 30, 2020, the General Assembly had authorized the issuance of approximately \$700 million in Conservation Projects Bonds of which \$600 million had been issued.

Through approval of the November 2005 and May 2010 amendments, voters authorized the issuance of \$1.2 billion of Third Frontier Research and Development Bonds. Obligations that may be issued are limited to \$175 million in any fiscal year (plus any obligations unissued from previous fiscal years). As of June 30, 2020, the General Assembly had authorized the issuance of \$1.2 billion in Third Frontier Research and Development Bonds, of which \$971 million had been issued.

A November 2005 amendment authorized the issuance of \$150 million of Site Development Bonds. As of fiscal year 2014, all \$150 million had been issued.

A 2009 constitutional amendment provided for the issuance of up to \$200 million in Veterans Compensation Bonds. No obligations may be issued after December 31, 2013. The General Assembly authorized all \$200 million in Veterans' Compensation Bonds, of which \$83.9 million had been issued.

General obligation bonds outstanding and future general obligation debt service requirements, as of June 30, 2020, 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, 2020. As rates vary, variable-rate bond interest payments and net swap payments vary.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

**Primary Government-Governmental Activities
Summary of General Obligation Bonds
and Future Funding Requirements
As of June 30, 2020
(dollars in thousands)**

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized But Unissued
Common Schools Capital Facilities	2004-20	1.3%-5.5%	2039	\$2,884,393	\$ 275,000
Higher Education Capital Facilities	2009-20	0.9%-5.3%	2039	2,498,623	323,000
Highway Capital Improvements	2010-20	1.3%-5.0%	2035	1,128,928	359,000
Infrastructure Improvements	2002-20	1.3%-5.5%	2039	1,955,617	193,014
Coal Research and Development	2012-20	1.5%-5.0%	2030	38,361	6,000
Natural Resources Capital Facilities	2010-20	2.0%-5.0%	2035	165,392	7,380
Conservation Projects	2010-20	2.0%-5.0%	2034	333,490	100,000
Third Frontier Research and Development	2011-20	1.6%-5.0%	2029	369,622	229,000
Site Development	2011-14	3.0%-4.5%	2023	18,483	-
Veterans' Compensation	2012-20	1.6%-3.2%	2026	25,190	116,090
Total General Obligation Bonds				<u>\$9,418,099</u>	<u>\$1,608,484</u>

Future Funding of Fixed-Rate Bonds:

Year Ending June 30,	Principal	Interest	Total
2021.....	\$ 509,995	\$ 361,365	\$ 871,360
2022.....	827,275	339,599	1,166,874
2023.....	780,995	302,627	1,083,622
2024.....	748,350	266,893	1,015,243
2025.....	714,510	231,970	946,480
2026-2030.....	2,470,260	773,064	3,243,324
2031-2035.....	1,669,665	315,409	1,985,074
2036-2040.....	577,295	57,178	634,473
Total Fixed-Rate Bonds	<u>\$ 8,298,345</u>	<u>\$ 2,648,105</u>	<u>\$10,946,450</u>

Future Funding of Variable-Rate Bonds:

Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2021.....	\$ 52,305	\$ 7,475	\$ 1,058	\$ 60,838
2022.....	54,300	5,790	725	60,815
2023.....	46,560	4,174	453	51,187
2024.....	39,315	2,649	247	42,211
2025.....	26,060	1,330	110	27,500
2026-2030.....	13,620	408	56	14,084
Total Variable-Rate Bonds.....	<u>\$ 232,160</u>	<u>\$ 21,826</u>	<u>\$ 2,649</u>	<u>\$ 256,635</u>

Total General Obligation Bonds	\$ 8,530,505
Unamortized Premium/(Discount), Net.....	887,594
Total.....	<u>\$ 9,418,099</u>

For the year ended June 30, 2020, NOTE 15 summarizes changes in general obligation bonds.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Hedging Derivative Instruments

As of June 30, 2020, approximately \$171.4 million of Infrastructure Improvement Bonds and Common Schools Bonds have associated cash flow hedges with a fair value of (\$14) 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 Position. The fair value decreased \$767 thousand during fiscal year 2020. This decrease is reported on the Statement of Net Position as part of Deferred Outflows of Resources. Fair value of the cash flow hedges is determined using the zero-coupon method. For information on the State's Deferred Outflows of Resources and Deferred Inflows of Resources, see NOTE 18.

Terms and objectives of the State's hedging derivative instruments are provided in the following table:

Hedging Derivative Instruments							
As of June 30, 2020							
<i>(dollars in thousands)</i>							
Issue	Type of Cash Flow Hedge	Notional Amount	Underlying Index	Counterparty's Sw ap Rate at 06/30/2020	State's Sw ap Rate at 06/30/2020	Effective Date	Termination (Maturity) Date
Infrastructure Improvements, Series 2001B	Pay-fixed interest rate sw ap	\$18,200	SIFMA Index	0.13%	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: JPMorgan Chase may elect to terminate its portion of the sw ap if the SIFMA index averages 7 percent or higher over a 180-day period.							
Credit Quality Ratings of Counterparty:		50% Aa2/A+/AA JPMorgan Chase; 50% Aa2/A+/AA- Wells Fargo					
Infrastructure Improvements, Refunding Series 2004A	Pay-fixed interest rate sw ap	\$24,760	LIBOR (See terms below)	0.36%	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:		Aa2/A+/AA- Wells Fargo					
Terms: 63% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2003D	Pay-fixed interest rate sw ap	\$54,400	LIBOR (see terms below)	0.37%	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% Aa2/A+/AA JPMorgan Chase; 50% Aa2/A+/AA- Wells Fargo					
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006B	Pay-fixed interest rate sw ap	\$37,025	LIBOR (see terms below)	0.37%	3.20%	11/21/2014	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:		A1/AA-/AA- US Bank National Association					
Terms: 65% of 1-month LIBOR + 25 basis points							
Common Schools, Series 2006C	Pay-fixed interest rate sw ap	\$37,025	LIBOR (see terms below)	0.37%	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:		Aa2/AA-/AA Royal Bank of Canada					
Terms: 65% of 1-month LIBOR + 25 basis points							

The State was not exposed to credit risk because these swaps had negative fair values at June 30, 2020. 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 instrument's positive fair value.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

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. 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.

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.

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 2020, there were seven advance refundings of general obligation bonds. Proceeds of the refunding (new) bonds were 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. Details on the advance refunding are presented in the table on the following page.

In prior years, the State defeased certain bond issues by placing the proceeds of refunding (new) bonds in irrevocable trusts to provide for all future debt service payments on the refunded (old) bonds. Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the State's financial statements. At June 30, 2020, Conservation Bonds of \$22.6 million, Common School Bonds of \$370.8 million, Higher Education Bonds of \$281.5 million, Infrastructure Improvement Bonds of \$133.2 million, Natural Resources Bonds of \$39.4 million, Third Frontier Bonds of \$22.6 million, and Highway Capital Improvement Bonds of \$143 million are outstanding and considered defeased.



NOTE 10 GENERAL OBLIGATION BONDS (Continued)

Primary Government — Governmental Activities
General Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2020
(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 Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Common Schools, Series 2020A	6/26/2020	\$156,575	1.76%	\$ 143,110	\$155,718	\$ 42,345 /15 yrs	\$ 37,123
Common Schools, Series 2020B.....	6/26/2020	115,175	0.60%	133,650	136,962	(3,523) /12 yrs	(424)
Higher Education, Series 2020A.....	6/26/2020	194,680	1.69%	179,010	193,638	47,314 /14 yrs	43,274
Higher Education, Series 2020B.....	6/26/2020	97,820	0.52%	113,985	116,792	(2,582) / 6 yrs	57
Infrastructure, Series 2020A.....	6/26/2020	140,940	1.81%	124,735	140,246	34,570 /16 yrs	31,245
Infrastructure, Series 2020B.....	6/26/2020	74,820	1.24%	89,440	91,385	(6,875) /19 yrs	(3,774)
Veterans Compensation, Series 2020..	2/5/2020	25,065	1.83%	24,455	25,031	2,228 / 8 yrs	2,042
Total		<u>\$805,075</u>		<u>\$ 808,385</u>	<u>\$859,772</u>		<u>\$109,543</u>

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.

The Treasurer of State and the Buckeye Tobacco Settlement Financing Authority (BTSFA) issue revenue bonds and notes for the primary government. The Treasurer of State issues bonds and notes on behalf of the Ohio Department of Transportation. The Ohio State University issues revenue bonds and notes as a major discretely presented component unit.

A. Primary Government

The Treasurer of State, since fiscal year 1998, has issued a total of \$2.92 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 2032 are estimated at approximately \$1.11 billion. For fiscal year 2020, principal and interest payments on the revenue bonds was \$183.3 million and pledged receipts was \$179.8 million.

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 through the issuance of five series of asset-backed revenue bonds, aggregating in the amount of \$5.53 billion (Series 2007 Bonds). On March 4, 2020, the authority issued \$5.35 billion in Asset-Backed Refunding Bonds, Series 2020 Senior Bonds (Series 2020 Bonds) the proceeds of which were used to refund, through redemption and defeasance, all of the Authority's Series 2007 Bonds. The carrying amount of the bonds refunded, \$5.69 billion, and refunding bond proceeds placed in escrow of \$375.8 million, included par and accreted amounts on the Series 2007B and 2007 Capital Appreciation Bonds. The economic gain resulting from the refunding was \$5.9 billion.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

The Authority has pledged future tobacco settlement receipts, including related investment earnings, and net of specified operating and enforcement expenses, to repay the bonds, which have a final stated maturity in 2057. Annual principal and interest payments on the bonds will require 100 percent of the net tobacco settlement receipts.

As of June 30, 2020, the total principal and interest payments remaining to be paid on the bonds were \$10.07 billion. Principal and interest paid and total net tobacco settlement receipts for fiscal year 2020 were \$321 million and \$292.3 million, respectively.

The Series 2007 Bonds were issued on a tax-exempt basis 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 Series 2020 Bonds were issued on a federally-tax basis and on a tax-exempt basis. After the bonds and any related operating expenses have been fully paid, any remaining tobacco settlement receipts will become payable to the State. Additional information on these bonds can be found in BTSFA's stand-alone financial report.

Revenue bonds and notes outstanding and future bond service requirements for the primary government, as of June 30, 2020, are presented in the following tables:

Primary Government-Governmental Activities
Summary of Revenue Bonds and Notes
As of June 30, 2020
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Treasurer of State: State Infrastructure Bank	2007-20	2.0%-6.0%	2032	\$1,002,489
Buckeye Tobacco Settlement Financing Authority.....	2020	1.5%-5.6%	2057	5,740,934
Total Revenue Bonds and Notes.....				<u>\$6,743,423</u>

Primary Government-Governmental Activities
Future Funding Requirements for Revenue Bonds and Notes
As of June 30, 2020
(dollars in thousands)

Year Ending June 30,	Principal	Interest	Total
2021.....	\$ 287,090	\$ 267,157	\$ 554,247
2022.....	202,890	251,461	454,351
2023.....	208,365	242,723	451,088
2024.....	214,515	233,669	448,184
2025.....	221,465	224,260	445,725
2026-2030.....	1,059,975	981,691	2,041,666
2031-2035.....	942,360	737,317	1,679,677
2036-2040.....	1,168,650	486,971	1,655,621
2041-2045.....	1,307,729	520,165	1,827,894
2046-2050.....	505,282	1,115,335	1,620,617
	<u>6,118,321</u>	<u>5,060,749</u>	<u>11,179,070</u>
Unamortized Premium/(Discount), Net.....	625,102	-	625,102
Total	<u>\$6,743,423</u>	<u>\$ 5,060,749</u>	<u>\$11,804,172</u>

For the year ended June 30, 2020, NOTE 15 summarizes changes in revenue bonds and notes.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

The preceding future funding table for the Authority's portion includes (i) serial bond maturities that the Authority must pay as of specific distribution dates in order to avoid an event of default under the Trust Indenture, (ii) turbo term bond payments that the Authority would pay according to the Trust Indenture if sufficient tobacco settlement receipts are collected; however, a failure to pay before final maturity does not constitute an event of default under the Trust Indenture, and (iii) capital appreciation turbo term bond maturities.

In prior years, the Treasurer of State defeased certain bond issues by placing cash and other monetary assets and 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. At June 30, 2020, \$17.4 million of Economic Development Bonds outstanding are considered defeased.

B. Major Discretely Presented Component Units

Future bond service requirements for revenue bonds and notes reported for the major discretely presented component units, as of June 30, 2020, are shown in the following table:

Major Discretely Presented Component Units			
Future Funding Requirements for Revenue Bonds and Notes			
As of June 30, 2020			
<i>(dollars in thousands)</i>			
Year Ending June 30,	Ohio State University		
	Principal	Interest	Total
2021.....	\$ 366,352	\$ 140,802	\$ 507,154
2022.....	67,484	137,497	204,981
2023.....	74,670	134,378	209,048
2024.....	70,317	131,354	201,671
2025.....	63,928	127,974	191,902
2026 – 2030.....	294,602	594,383	888,985
2031 – 2035.....	154,703	541,039	695,742
2036 – 2040.....	807,954	507,338	1,315,292
2041 – 2045.....	119,823	252,762	372,585
2046 – 2050.....	350,000	190,540	540,540
2051 – 2055.....	-	170,600	170,600
2056 – 2060.....	250,000	135,180	385,180
2061 – 2065.....	-	120,000	120,000
2066 – 2070.....	-	120,303	120,303
2071 – 2075.....	-	120,000	120,000
2076 – 2080.....	-	120,000	120,000
2081 – 2085.....	-	120,000	120,000
2086 – 2090.....	-	120,000	120,000
2091 – 2095.....	-	120,000	120,000
2096 – 2100.....	-	120,000	120,000
2101 – 2105.....	-	120,000	120,000
2106 – 2110.....	-	120,000	120,000
2111 – 2115.....	500,000	500,000	1,000,000
	<u>3,119,833</u>	<u>4,764,150</u>	<u>7,883,983</u>
Unamortized Premium/(Discount), Net.....	114,544	-	114,544
Total	<u>\$3,234,377</u>	<u>\$4,764,150</u>	<u>\$ 7,998,527</u>

The bonds and notes of 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 and note agreements. The proceeds of the bonds and notes are used for the construction of educational and student resident facilities and auxiliary facilities such as dining halls, hospitals, parking facilities, bookstores and athletic facilities. The State is not obligated for the debt of its discretely presented component units.



NOTE 11 REVENUE BONDS AND NOTES (Continued)

The Ohio State University, a major discretely presented component unit, has entered into two pay fixed/receive floating interest rate swap agreements, which are considered effective hedging derivative instruments, to convert all or a portion of variable-rate debt into a synthetic fixed rate to protect against the potential of rising interest rates. Both swaps have a notional amount of \$164.4 million, effective date of June 1, 2023, termination date of June 1, 2043, and cancellation option June 1, 2035 at the University's option. The two swaps differ in their June 30, 2020, fair value, counterparty credit rating, and what fixed rate the University pays, with the respective information as: Swap one \$2.6 million, A1/A, and 1.19 percent and Swap two \$4 million, Aa2/A+, and 1.26 percent. The derivative instruments are reported at fair value in noncurrent liabilities and changes in fair value are part of deferred outflows on the Statement of Net Position.

NOTE 12 SPECIAL OBLIGATION BONDS

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 mental health and developmental disabilities institutions, parks and recreation, cultural and sports facilities, correctional facilities, office buildings for state departments and agencies, transportation, 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 and the Highway Safety and Highway Operating special revenue funds, moneys held by trustees pursuant to related trust agreements, and other receipts, as required by the respective bond documents, secure the special obligation bonds. The lease rental payments are reported in the fund financial statements as interfund transfers.

Special obligation bonds outstanding, bonds authorized but unissued, and future debt service requirements, as of June 30, 2020, are presented in the following tables:

Primary Government-Governmental Activities
Summary of Special Obligation Bonds
As of June 30, 2020
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance	Authorized but Unissued
Treasurer of State Lease Rental Bonds.....	2001-20	0.12%-5.14%	2040	\$2,278,884	\$ 848,275
Total Special Obligation Bonds.....				\$2,278,884	\$ 848,275

Future Funding of Special Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2021.....	\$ 209,550	\$ 86,388	\$ 295,938
2022.....	193,705	78,347	272,052
2023.....	194,830	70,327	265,157
2024.....	186,055	62,036	248,091
2025.....	177,685	53,931	231,616
2026-2030.....	573,415	178,544	751,959
2031-2035.....	346,165	65,331	411,496
2036-2040.....	167,160	13,280	180,440
	2,048,565	608,184	2,656,749
Unamortized Premium/(Discount), Net.....	230,319	-	230,319
Total	\$ 2,278,884	\$ 608,184	\$ 2,887,068

For the year ended June 30, 2020, NOTE 15 summarizes changes in special obligation bonds.

During fiscal year 2020, the Treasurer of State Lease Rental had six current/advanced refunding issues. Details on the refundings for fiscal year 2020 are presented in the table below:



NOTE 12 SPECIAL OBLIGATION BONDS (Continued)

Primary Government — Governmental Activities
Special Obligation Bonds
Details of Advance Refundings
For the Year Ended June 30, 2020
(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 Bond Proceeds Placed in Escrow	Reduction (Increase) in Debt Service Payments	Economic Gain / (Loss) Resulting from Refunding
Treasurer of State Lease Rental Bonds:							
Adult Correctional 2019 Series A.....	7/9/2019	\$ 25,350	2.92%	\$ 26,255	\$ 26,911	\$ 1,549 / 5 yrs	\$ 1,448
Administrative Building 2019 Series A.....	7/9/2019	25,935	2.92%	26,865	27,532	1,534 / 5 yrs	1,434
Administrative Building 2019 Series B.....	11/5/2019	22,270	1.68%	25,565	26,111	2,827 / 11 yrs	2,576
Juvenile Correctional 2019 Series B.....	11/5/2019	13,205	1.45%	14,300	14,464	0.775 / 5 yrs	1
Adult Correctional Facilities 2020 Series A.	3/10/2020	57,055	2.02%	53,680	56,669	5,982 / 14 yrs	5,576
Administrative Building 2020 Series A.....	3/10/2020	71,460	2.00%	67,560	70,980	6,639 / 13 yrs	6,219
Total		<u>\$ 215,275</u>		<u>\$ 214,225</u>	<u>\$222,667</u>		<u>\$17,254</u>

In prior years, 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. At June 30, 2020, \$256.1 million of lease rental special obligations bonds outstanding are considered defeased.

NOTE 13 CERTIFICATES OF PARTICIPATION

As of June 30, 2020, approximately \$281.8 million in certificate of participation (COP) obligations were reported in governmental activities.

Beginning in fiscal year 2015, the Ohio Department of Administrative Services participated in the issuance of \$105.4 million of COP obligations to finance the cost of acquisition of the Enterprise Data Center Solutions (EDCS).

Beginning in fiscal year 2013, the Ohio Department of Administrative Services participated in the issuance of \$72 million of COP obligations to finance the upgrade of the Ohio Multi-Agency Radio Communications System (MARCS).

Beginning in fiscal year 2005, the Ohio Department of Administrative Services participated in the issuance of \$204.3 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.

Beginning in fiscal year 2008, the Ohio Department of Administrative Services participated in the issuance of \$67.1 million of COP obligations to finance the cost of acquisition of the State Taxation Accounting and Revenue System (STARS).

In fiscal year 2015, the Ohio Treasurer of State's Office participated in the issuance of \$8.8 million of COP obligations to finance the cost of acquisition of the Treasury Management System (TMS).

In fiscal year 2017, the Ohio Attorney General's Office participated in the issuance of \$19.6 million of COP obligations to finance the cost of acquisition of the Bureau of Criminal Investigation Records System (BCIRS).

In fiscal year 2019, the Ohio Secretary of State participated in the issuance of \$72.4 million of COP obligations to finance Voting Systems Acquisitions (VSA).



NOTE 13 CERTIFICATES OF PARTICIPATION (Continued)

In fiscal year 2020, the Ohio Department of Jobs and Family Services participated in the issuance of \$12.2 million of COP obligations to finance the Unemployment Insurance System (UIS).

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

Obligations outstanding and future commitments for the primary government under COP financing arrangements, as of June 30, 2020, are presented in the following tables:

Primary Government — Governmental Activities
Summary of Certificate of Participation Obligations
As of June 30, 2020
(dollars in thousands)

	Fiscal Years Issued	Interest Rates	Maturing Through Fiscal Year	Outstanding Balance
Attorney General:				
Bureau of Criminal Investigation Records System (BCIRS).....	2017	4.0%-5.0%	2027	\$ 15,863
Department of Administrative Services:				
Enterprise Data Center Solutions (EDCS).....	2015-20	1.4%-5.0%	2030	90,541
Multi-Agency Radio Communications System (MARCS)	2013-15	4.0%-5.0%	2028	48,938
Ohio Administrative Knowledge System (OAKS)	2017	5.0%	2027	16,009
State Taxation Accounting and Revenue System (STARS).....	2015-17	5.0%	2027	18,390
Job and Family Services:				
Unemployment Insurance System (UIS).....	2020	2.5%-5.0%	2030	14,156
Secretary of State:				
Voting Systems Acquisitions (VSA).....	2019	5.0%	2029	72,551
Treasurer of State:				
Treasury Management Systems (TMS).....	2015	5.0%	2025	5,309
Total Certificates of Participation				<u>\$ 281,757</u>

Future Commitments for Certificate of Participation Obligations (dollars in thousands):

Year Ending June 30,	Principal	Interest	Total
2021.....	\$ 28,730	\$ 11,569	\$ 40,299
2022.....	29,835	10,453	40,288
2023.....	31,325	8,953	40,278
2024.....	32,885	7,361	40,246
2025.....	34,485	5,768	40,253
2026-2030.....	98,845	9,325	108,170
	<u>256,105</u>	<u>53,429</u>	<u>309,534</u>
Unamortized Premium, Net.....	25,652	-	25,652
Total	<u>\$ 281,757</u>	<u>\$ 53,429</u>	<u>\$ 335,186</u>

For the year ended June 30, 2020, NOTE 15 summarizes changes in COP obligations.



NOTE 14 OTHER NONCURRENT LIABILITIES

As of June 30, 2020, in addition to bonds, notes, 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	\$ 515,895
Net Pension Liability	4,339,320
Net OPEB Liability	3,120,471
Capital Leases Payable	24,278
Derivative Instruments	19,976
Pollution Remediation Liabilities	1,880
Infrastructure, Capital Assets	341,995
Liability for Escheat Property	332,217
Total Governmental Activities	<u>8,696,032</u>
Business-Type Activities:	
Compensated Absences	45,621
Net Pension Liability	302,434
Net OPEB Liability	209,938
Capital Leases Payable	2,911
Workers' Compensation:	
Benefits Payable	12,768,654
Other	2,121,746
Unemployment Compensation:	
Intergovernmental Payable	217,826
Prize Awards Payable	352,727
Tuition Benefits Payable	132,600
Total Business-Type Activities	<u>16,154,457</u>
Total Primary Government	<u>\$ 24,850,489</u>

For the year ended June 30, 2020, 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, 2020, was \$561.5 million, of which \$515.9 million is allocable to governmental activities and \$45.6 million is allocable to business-type activities.

As of June 30, 2020, major discretely presented component units reported a total of \$226.8 million in compensated absences liabilities, as detailed by major discretely presented component unit in NOTE 15.

B. Net Pension Liability and Net OPEB Liability

The State recognizes a net pension liability in the amount of \$4.64 billion, as of June 30, 2020, for the primary government of which \$4.34 billion is allocable to governmental activities and \$302.4 million is allocable to business-type activities. The net pension liability represents the State's proportionate share of the difference between the total pension liability and the fiduciary net position for OPERS, STRS, and SHPRS.

For the primary government, the State recognizes a net OPEB liability in the amount of \$3.33 billion as of June 30, 2020, of which \$3.12 billion is allocable to governmental activities and \$209.9 million is allocable to business-type activities. The net OPEB liability represents the State's proportionate share of the difference between the total OPEB liability and the fiduciary net position for OPERS and SHPRS, whereas, STRS resulted in a net OPEB asset. See NOTE 9 for further details.

C. Lease Agreements

The State's primary government leases office buildings, computers 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



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

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 Position) 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 2020 were approximately \$122.3 million. Fiscal year 2021 future minimum lease commitments for operating leases judged to be noncancelable, as of June 30, 2020, were \$4.3 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, 2020, are as follows (dollars in thousands):

Year Ending June 30,	Capital Leases		
	Governmental Activities	Business-Type Activities	Total
2021.....	\$ 8,146	\$ 1,247	\$ 9,393
2022.....	7,198	1,664	8,862
2023.....	4,946	-	4,946
2024.....	3,175	-	3,175
2025.....	1,812	-	1,812
2026-2027.....	539	-	539
Total Minimum Lease Payments.....	25,816	2,911	28,727
Amount for Interest.....	(1,539)	-	(1,539)
Present Value of Net Minimum Lease Payments.....	<u>\$ 24,277</u>	<u>\$ 2,911</u>	<u>\$ 27,188</u>

As of June 30, 2020, the primary government had the following capital assets under capital leases (dollars in thousands):

	Capital Assets		
	Governmental Activities	Business-Type Activities	Total
Equipment	\$ 9,518	\$ 112,258	\$ 121,776
Vehicles	40,723	-	40,723
Total	<u>\$ 50,241</u>	<u>\$ 112,258</u>	<u>\$ 162,499</u>

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, 2020, (dollars in thousands):



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

Capital Leases	
Major Discretely Presented Component Unit	
Year Ending June 30,	Ohio State University
2021	\$ 10,558
2022	7,015
2023	5,889
2024	2,945
Total Minimum Lease Payments	26,407
Amount for Interest	(1,709)
Present Value of Net Minimum Lease Payments	<u>\$ 24,698</u>
Equipment & Vehicles	\$ 44,824
Total	<u>\$ 44,824</u>

D. Derivative Instruments

For governmental activities, the State has reported \$(20) million of investment and hedging derivative instruments as of June 30, 2020. Additional information regarding the State’s derivative instruments is included in NOTE 4, NOTE 10, and NOTE 18.

E. Pollution Remediation Liabilities

The State recognizes a liability for pollution remediation in the amount of \$1.9 million, as of June 30, 2020. 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 20 for further detail.

F. Infrastructure, Capital Assets

The State records a liability for the Portsmouth Bypass Highway. Since the completion of construction in fiscal year 2020, the State has recognized payments of \$87.7 million. As of June 30, 2020, the liability totaled approximately \$342 million.

G. 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, 2020, no noncurrent liabilities ultimately payable from various governmental funds have been recorded for this purpose. For more information on the State’s loss contingencies arising from pending litigation, see NOTE 20.

H. Estimated Claims Payable

The State had no estimated claims payable to report at June 30, 2020.

I. 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, 2020, the liability totaled approximately \$332.2 million.

J. Worker’s Compensation

Benefits Payable

As discussed in NOTE 21, 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, 2020, in the amount of approximately \$12.8 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.



NOTE 14 OTHER NONCURRENT LIABILITIES (Continued)

K. Unemployment Compensation

As of June 30, 2020, the State's Unemployment Compensation Fund is recognizing a liability for repayable advances from the Federal government of \$217.8 million. These advances were used for the payment of compensation benefits.

L. Prize Awards Payable

Future installment payments for the 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 two to eight percent, represent the expected long-term rate of return on the assets restricted for the payment of prize awards. Once established for a particular 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, 2020, the prize awards payable totals \$352.7 million.

Future payments of prize awards, stated at present value, as of June 30, 2020, follow (dollars in thousands):

Year Ending June 30,	
2021.....	\$ 55,101
2022.....	46,607
2023.....	39,313
2024.....	35,294
2025.....	30,763
2026-2030.....	120,454
2031-2035.....	73,270
2036-2040.....	22,414
2041-2045.....	6,100
	<u>429,316</u>
Unamortized Discount	(76,589)
Net Prize Liability	<u>\$ 352,727</u>

M. Tuition Benefits Payable

The actuarial present value of future tuition benefits payable from the Tuition Trust Authority Enterprise Fund was approximately \$132.6 million, as of June 30, 2020. 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: 1.5 percent rate of return, compounded annually, on the investment of current and future assets, a tuition inflation assumption equal to the maximum amount of tuition and mandatory fee increases permitted by the State of Ohio biennial budget of 4.25 percent.

As of June 30, 2020, the market value of actuarial net position available for the payment of the tuition benefits payable was \$210.6 million.

N. Other Liabilities

The Workers' Compensation Enterprise Fund reports approximately \$2.12 billion in other noncurrent liabilities, as of June 30, 2020, of which 1) \$1.75 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 21, 2) \$7.7 million consists of the premium rebate due to private employers and public taxing district employers, 3) \$312.6 million consists of retrospective rating adjustments for employers within similar industries that are enrolled in group experience rating plans, 4) \$4.5 million is contingent liabilities, and 5) \$47.5million consists of other miscellaneous liabilities.



NOTE 15 CHANGES IN NONCURRENT LIABILITIES

A. Primary Government

Changes in noncurrent liabilities, for the year ended June 30, 2020, are presented for the primary government in the following table:

**Primary Government
Changes in Noncurrent Liabilities
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)**

Governmental Activities:	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds (NOTE 10)	\$ 9,570,682	\$ 1,735,504	\$ 1,888,087	\$ 9,418,099	\$ 567,366
Revenue Bonds and Notes (NOTE 11)	6,570,318	6,178,187	6,005,082	6,743,423	164,567
Special Obligation Bonds (NOTE 12)	2,213,180	530,437	464,733	2,278,884	245,154
Total Bonds and Notes Payable	<u>18,354,180</u>	<u>8,444,128</u>	<u>8,357,902</u>	<u>18,440,406</u>	<u>977,087</u>
Certificates of Participation (NOTE 13)	277,452	35,840	31,535	281,757	29,116
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	479,189	379,693	342,987	515,895	68,979
Net Pension Liability	6,127,878	36	1,788,594	4,339,320	-
Net OPEB Liability	2,861,839	258,632	-	3,120,471	-
Capital Leases Payable	21,044	3,234	-	24,278	7,470
Derivative Instruments	19,311	665	-	19,976	-
Pollution Remediation Liabilities	1,870	119	109	1,880	65
Infrastructure, Capital Assets	364,809	-	22,814	341,995	27,822
Estimated Claims Payable	137	-	137	-	-
Liability for Escheat Property	335,738	81,049	84,570	332,217	100,602
Total Other Noncurrent Liabilities	<u>10,211,815</u>	<u>723,428</u>	<u>2,239,211</u>	<u>8,696,032</u>	<u>204,938</u>
Total Noncurrent Liabilities	<u>\$28,843,447</u>	<u>\$ 9,203,396</u>	<u>\$10,628,648</u>	<u>\$27,418,195</u>	<u>\$ 1,211,141</u>
Business-Type Activities:					
Other Noncurrent Liabilities (NOTE 14):					
Compensated Absences	\$ 41,875	\$ 28,771	\$ 25,025	\$ 45,621	\$ 4,492
Net Pension Liability	424,667	-	122,233	302,434	-
Net OPEB Liability	200,743	9,195	-	209,938	-
Capital Leases Payable	4,654	-	1,743	2,911	1,247
Workers' Compensation:					
Benefits Payable	13,198,560	1,301,882	1,731,788	12,768,654	1,364,331
Other:					
Adjustment Expenses Liability	1,736,000	13,500	-	1,749,500	430,404
Miscellaneous	1,906,408	357,428	1,891,590	372,246	178,700
Unemployment Compensation:					
Intergovernmental Payable	-	217,826	-	217,826	200
Prize Awards Payable	377,243	32,002	56,518	352,727	44,085
Tuition Benefits Payable	163,900	-	31,300	132,600	28,400
Total Other Noncurrent Liabilities	<u>\$18,054,050</u>	<u>\$ 1,960,604</u>	<u>\$ 3,860,197</u>	<u>\$16,154,457</u>	<u>\$ 2,051,859</u>

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 2020, 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 and accordingly, such expense is not reported separately on the Statement of Activities under the expense category for interest on long-term debt. 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.

	<i>(in 000s)</i>
Governmental Activities:	
Primary, Secondary and Other Education	\$ 612,641
Higher Education Support	224,986
Health and Human Services.....	784
Environmental Protection and Natural Resources	1,463
Transportation.....	38,797
Community and Economic Development.....	102,976
Total Interest Expense Charged to Governmental Functions	<u>\$ 981,647</u>

B. Major Discretely Presented Component Units

Changes in noncurrent liabilities, for the year ended June 30, 2020, 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, 2020
*(dollars in thousands)***

	Balance			Balance	Amount Due
	June 30, 2019	Additions	Reductions	June 30, 2020	Within One Year
<i>Ohio Facilities Construction Commission</i>					
Intergovernmental Payable	\$ 781,124	\$ 233,303	\$ 366,135	\$ 648,292	\$ 370,306
Compensated Absences*	1,085	835	697	1,223	169
Total	<u>\$ 782,209</u>	<u>\$ 234,138</u>	<u>\$ 366,832</u>	<u>\$ 649,515</u>	<u>\$ 370,475</u>
<i>Ohio State University:</i>					
Compensated Absences*	\$ 192,940	\$ 48,024	\$ 15,403	\$ 225,561	\$ 15,403
Capital Leases Payable* (NOTE 14).....	21,047	10,958	7,307	24,698	9,972
Hedging Derivative Instruments*.....	-	6,629	-	6,629	-
Net Pension Liability*	3,715,194	-	690,165	3,025,029	-
Net OPEB Liability*	1,339,443	120,129	-	1,459,572	-
Advance from Concessionaire*	1,024,555	-	21,786	1,002,769	-
Other Liabilities*	398,838	445,037	416,421	427,454	101,959
Revenue Bonds & Notes Payable (NOTE 11) .	3,199,240	336,598	301,461	3,234,377	366,352
Total	<u>\$ 9,891,257</u>	<u>\$ 967,375</u>	<u>\$1,452,543</u>	<u>\$ 9,406,089</u>	<u>\$ 493,686</u>

*Liability is reported under the "Refund and Other Liabilities" account.



NOTE 16 CONDUIT 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.

Ohio Enterprise Bond Fund bonds are issued through the Treasurer of State for the purpose of financing eligible projects of private industry organizations. The actual bonds are sold through private placement. These bonds are not general obligations of the State of Ohio or of any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payments of amounts due are limited solely to the pledged receipts deposited into the Ohio Enterprise Bond Fund Accounts. The bonds represent conduit debt and are not reflected in the accompanying financial statements. The scheduled payment of the bonds currently outstanding is, however, guaranteed through the Development Services Agency, Office of Loan Administration, under Chapter 166, Ohio Revised Code. As of June 30, 2020, no liability has been recorded in the accompanying financial statements for guarantees extended to defaulted organizations. See NOTE 14H for additional information. The cumulative guarantee payments made for defaulted organizations with bonds currently outstanding is \$5.5 million. Recoveries for guarantee payments are submitted to the Attorney General's Office for collection; however, no amounts are expected to be recovered from guarantee payments made through June 30, 2020.

The Development Services Agency also participates in the issuance of Hospital Facilities Bonds, as authorized under Chapter 140, Ohio Revised Code. These revenue bonds are payable solely from payments made by the borrowing entities and are secured by the property financed. 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.

Under Chapter 5531, Ohio Revised Code, the Ohio Department of Transportation is authorized to issue State Infrastructure Bond Program debt issuances through the Treasurer of State for highway and transit capital projects of eligible Ohio political subdivisions. These bonds are not general obligations of the State of Ohio or of any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payments of amounts due are limited to the pledged receipts and those special funds pledged by each debt issuance. The bonds represent conduit debt and are not reflected in the accompanying financial statements. The scheduled payment of the bonds currently outstanding is, however, guaranteed through the State Infrastructure Bank program of the Ohio Department of Transportation. In the event of a borrower's default, amounts recovered from the secured capital project would be used to replenish any reserve funds and any remaining amounts would be transferred to the State Infrastructure Bank accounts. Any amounts provided to repay bonds using appropriations of the Ohio Department of Transportation would be submitted to the Attorney General's Office for collection. Currently, guarantees are outstanding through fiscal year 2044, when the bonds mature, and no circumstances presently exist that indicate the State will be required to make any payments as a result of these guarantees.

As of June 30, 2020, revenue bonds and notes outstanding that represent conduit debt for the State were as follows (dollars in thousands):

	Outstanding Amount
Primary Government:	
Development Services Agency:	
Ohio Enterprise Bond Program	\$ 74,965
Hospital Facilities Bonds	4,895
Ohio Department of Transportation:	
State Transportation Infrastructure Bond Fund Program.....	<u>75,880</u>
Total Primary Government	<u>\$ 155,740</u>



NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING

A. Fund Balance Reporting-Constraints by Purpose

Fund balance constraints reported in the governmental funds, as of June 30, 2020, are presented by purpose in the table on the following page:



Primary Government
Fund Balance Constraints by Purpose
(dollars in thousands)

	Major Funds					Total
	General	Job, Family & Other Human Services	Buckeye Tobacco Settlement Financing Authority Bonds	Coronavirus Relief Fund	Nonmajor Governmental Funds	
Fund Balance:						
<i>Nonspendable</i>						
Inventories.....	\$ 25,759	\$ -	\$ -	\$ 24,468	\$ 115,274	\$ 165,501
Noncurrent Portion of Loans Receivable.....	527	-	-	-	-	527
Prepays.....	-	-	-	-	-	-
Advances to Local Government.....	34,238	-	-	-	-	34,238
Total Nonspendable.....	60,524	-	-	24,468	115,274	200,266
<i>Restricted</i>						
Primary, Secondary and Other Education.....	19	-	-	-	100,142	100,161
Higher Education Support.....	184,686	-	-	-	8,406	193,092
Public Assistance and Medicaid.....	-	117,319	-	-	242,063	359,382
Health and Human Services.....	-	2,117	-	135	83,307	85,559
Justice and Public Protection.....	23,570	2,548	-	-	22,804	48,922
Environmental Protection and Natural Resources..	12,533	-	-	-	251,150	263,683
Transportation.....	-	-	-	-	9,863	9,863
Transit Project Loans.....	-	-	-	-	238,306	238,306
Highway Construction/Preservation.....	-	-	-	-	1,119,597	1,119,597
General Government.....	5,546	23,560	-	-	111,146	140,252
Community and Economic Development.....	49,112	8	-	-	382,809	431,929
Grants/Loans-Local Government Capital Projects..	866,750	-	-	-	-	866,750
Local Government Road/Bridge Improvements.....	268,778	-	-	-	-	268,778
Capital Outlay.....	-	-	-	-	539,101	539,101
Debt Service.....	-	-	4,306,854	-	8,965	4,315,819
Total Restricted.....	1,410,994	145,552	4,306,854	135	3,117,659	8,981,194
<i>Committed</i>						
Primary, Secondary and Other Education.....	-	-	-	-	87,676	87,676
Higher Education Support.....	-	-	-	-	1,895	1,895
Public Assistance and Medicaid.....	-	142,698	-	-	82,350	225,048
Health and Human Services.....	1,470	2,556	-	-	13,387	17,413
Justice and Public Protection.....	1,190	3,775	-	-	90,930	95,895
Environmental Protection and Natural Resources..	-	-	-	-	226,477	226,477
Transportation.....	-	-	-	-	1,321	1,321
General Government.....	22,243	17,910	-	-	99,884	140,037
Community and Economic Development.....	68,360	-	-	-	74,420	142,780
Business Development Loans.....	671,059	-	-	-	-	671,059
Total Committed.....	764,322	166,939	-	-	678,340	1,609,601
<i>Assigned</i>						
Primary, Secondary and Other Education.....	62,133	-	-	-	-	62,133
Higher Education Support.....	15,510	-	-	-	-	15,510
Public Assistance and Medicaid.....	408,174	-	-	-	-	408,174
Health and Human Services.....	122,986	-	-	-	-	122,986
Justice and Public Protection.....	130,754	-	-	-	-	130,754
Environmental Protection and Natural Resources..	190,002	-	-	-	-	190,002
General Government.....	571,392	-	-	-	-	571,392
Escheat Investments used for Mortgage Insurance/ Minority Contractor Bonding/Housing Loans.....	1,629,332	-	-	-	-	1,629,332
Community and Economic Development.....	76,906	-	-	-	-	76,906
Total Assigned.....	3,207,189	-	-	-	-	3,207,189
<i>Unassigned</i>	2,924,183	-	-	-	-	2,924,183
Total Fund Balance.....	\$8,367,212	\$ 312,491	\$4,306,854	\$ 24,603	\$ 3,911,273	\$16,922,433



NOTE 17 FUND DEFICITS AND FUND BALANCE REPORTING (Continued)

As of June 30, 2020, the Budget Stabilization Fund had a fund balance of \$2.69 billion, which was included as a part of the unassigned fund balance in the General Fund.

B. Fund Deficits

The following individual funds reported deficits that are reflected in the State's basic financial statements, as of June 30, 2020 (dollars in thousands):

Primary Government:

Major Proprietary Fund:

Unemployment Compensation..... \$ (176,598)

Nonmajor Proprietary Fund:

Office of Auditor of State..... (102,680)

Total Primary Government..... \$ (279,278)

Discretely Presented Component Units:

Major Component Unit:

Ohio Facilities Construction Commission \$ (3,527,028)

Nonmajor Component Units:

Ohio Capital Fund..... (93,218)

Total Component Units..... \$ (3,620,246)

Deficits are due to the timing of revenue recognition and the accrual of expenses not recorded under the cash basis of accounting.

NOTE 18 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

A. Deferred Outflows of Resources

Details on deferred outflows of resources for the primary government, as of June 30, 2020, follow (dollars in thousands):

Primary Government - Deferred Outflows of Resources

	Net Pension and OPEB Liability/Asset	Hedging Derivative Instruments	Loss on Debt Refundings	Resources of a Future Period	Total
Governmental Activities:					
Major Governmental Funds:					
Buckeye Tobacco Settlement Financing					
Authority Revenue Bonds.....	\$ -	\$ -	\$ -	\$ 3,933,711	\$ 3,933,711
Total Governmental Activities	-	-	-	3,933,711	3,933,711
Reconciliation of fund level statements to government-wide statements due to basis differences.....					
	1,141,363	13,974	81,248	143,820	1,380,405
Total Governmental Activities	\$ 1,141,363	\$ 13,974	\$ 81,248	\$ 4,077,531	\$ 5,314,116
Business-Type Activities:					
Major Proprietary Funds:					
Workers' Compensation.....	\$ 45,563	\$ -	\$ -	\$ -	\$ 45,563
Lottery Commission.....	7,025	-	-	-	7,025
Nonmajor Proprietary Funds	16,317	-	-	-	16,317
Total Business-Type Activities	\$ 68,905	\$ -	\$ -	\$ -	\$ 68,905
Total Primary Government.....					\$ 5,383,021

As of June 30, 2020, The Ohio State University, a major discretely presented component unit, reported Deferred Outflows of Resources totaling approximately \$685.4 million for net pension and OPEB liability/asset, \$30.4 million for losses on debt-related transactions and \$1.6 million for future asset retirement obligation.



NOTE 18 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (Continued)

B. Deferred Inflows of Resources

The deferred inflows of resources for the primary government, as of June 30, 2020, are comprised of the following (dollars in thousands):

Primary Government - Deferred Inflows of Resources					
	Net Pension and OPEB Liability/Asset	Resources from the Sale of Future Revenues	Unavailable Resources	Debt Refundings	Total
Governmental Activities:					
Major Governmental Funds:					
General	\$ -	\$ 730,491	\$ 296,008	\$ -	\$ 1,026,499
Job, Family and Other Human Services	-	-	77,067	-	77,067
Buckeye Tobacco Settlement Financing					
Authority Revenue Bonds.....	-	-	652,531	-	652,531
Nonmajor Governmental Funds	-	34,100	4,318	-	38,418
Total Governmental Activities	-	764,591	1,029,924	-	1,794,515
Reconciliation of fund level statements to government-wide statements due to basis differences.....					
	1,572,070	995,233	(1,029,924)	14,998	1,552,377
Total Governmental Activities	<u>\$ 1,572,070</u>	<u>\$ 1,759,824</u>	<u>\$ -</u>	<u>\$ 14,998</u>	<u>\$ 3,346,892</u>
Business-Type Activities:					
Major Proprietary Funds:					
Workers' Compensation.....	\$ 67,525	\$ -	\$ -	\$ -	\$ 67,525
Lottery Compensation.....	10,227	-	-	-	10,227
Nonmajor Proprietary Funds	24,272	-	-	-	24,272
Total Business-Type Activities	<u>\$ 102,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,024</u>
Total Primary Government.....					<u>\$ 3,448,916</u>

As of June 30, 2020, the Ohio Facilities Construction Commission, a major discretely presented component unit, reported Deferred Inflows of Resources totaling approximately \$3.20 billion pertaining to resources from the sale of future revenues. In addition, the Ohio State University, another major discretely presented component unit, reported Deferred Inflows of Resources of \$785.8 million for net pension and OPEB liability/asset, \$18.5 million for gains on debt-related transactions, \$10.1 million for irrevocable split-interest agreements, and \$407 million related to service concession arrangements.

NOTE 19 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.



NOTE 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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 \$206 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, 2019 (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%</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, 2019, was as follows (dollars in thousands):

Cash and Investments	\$ 141,704
Other Assets	102
Total Assets	<u>\$ 141,806</u>
Total Liabilities	\$ 1,342
Total Net Position	140,464
Total Liabilities and Net Position	<u>\$ 141,806</u>
Total Revenues and Other Additions	\$ 23,294
Total Expenditures and Other Deductions	(6,322)
Change in Net Position	<u>\$ 16,972</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.

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.



NOTE 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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 2020 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	\$ 69,467	\$ 11,617	\$ 81,084
Eastern Gateway.....	11,052	1,576	12,628
Lakeland	20,064	810	20,874
Lorain County	29,288	1,478	30,766
Rio Grande	5,809	82	5,891
Sinclair	50,909	7,565	58,474
Total Local Community Colleges.....	<u>186,589</u>	<u>23,128</u>	<u>209,717</u>
Technical Colleges:			
Belmont	4,404	207	4,611
Central Ohio	11,058	1,348	12,406
Hocking	11,419	238	11,657
James A. Rhodes	10,652	3,173	13,825
Marion	7,600	230	7,830
Zane	7,374	2,396	9,770
North Central	8,603	1,642	10,245
Stark	28,065	3,502	31,567
Total Technical Colleges	<u>89,175</u>	<u>12,736</u>	<u>101,911</u>
Total	<u>\$ 275,764</u>	<u>\$ 35,864</u>	<u>\$ 311,628</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 Water Development Authority, 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 19 JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

During fiscal year 2020, the State had the following related-party transactions with its related organizations:

- The General Fund reports a \$344 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.
- 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 \$5.1 million for administrative services performed under contract for the distribution of state funding to nonprofit legal aid societies.

NOTE 20 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 Education and the Department of Natural Resources 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 Education (EDU)

Three school district boards of education representing the Dayton City School District ("Dayton"), the Cleveland Metropolitan School District ("Cleveland"), and the Toledo City School District ("Toledo"), (collectively the "districts"), filed separate actions against the State Board of Education, the State Superintendent of Public Instruction, and the Department of Education (the "State"). In 2012, the districts claims were consolidated. The claims involve the distribution of state funding under the school foundation formula in fiscal years 2005 to 2007. The foundation formula is the primary basis for state subsidy funding to public school districts in Ohio which in part pays schools based on student enrollment. The primary issue in the litigation involves the constitutionality of a provision of law barring the districts' claims against the State for funding restitution related to offsets applied to the foundation formula in fiscal years 2005 to 2007, by not counting students that were not enrolled in or attending the respective districts in the formula calculation.

On September 10, 2020, the trial court issued a decision on cross-motions for summary judgment finding in favor of the State on all Ohio Constitutional claims. However, the court also held that the districts were owed equitable restitution on statutory construction grounds and ordered the State to pay Dayton \$23,671,895, Cleveland \$13,776,885, and Toledo \$4,886,540, plus interest from the date of the judgment plus costs. The districts and the State have both filed appeals in the 10th District Court of Appeals. The parties are currently involved in mediation.

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.

Department of Natural Resources (DNR)

In 2014, in response to several earthquakes, the Department of Natural Resources suspended drilling activity on a well owned by American Water Management Services (AWMS) Water Solutions, L.L.C., AWMS Holdings L.L.C., and AWMS Rt. 169, L.L.C. (collectively "AWMS"). AWMS originally instituted an action alleging that this suspension constituted a taking of private property, requiring the State to pay for such taking. Litigation proceeded over the last few years, resolving procedural issues but establishing an issue of material fact whether the State's suspension of activity at this well constituted a total taking and to determine any potential economic injury related to that issue.



NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)

On December 2, 2020, the Ohio Supreme Court found that there continues to be an issue of material fact whether the State's suspension of AWMS' operations constituted a total taking depriving AWMS of all economically beneficial use of the well. In addition, the Court held that the State waived a nuisance defense to this total takings claim and ordered the court of appeals on remand to weigh evidence related the economic impact, interference with investment-backed expectations, and the character of the State's actions with respect to this claim. Litigation is ongoing.

Given the recent action in this litigation, the outcome 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 of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit or to financial compliance audits by the grantor agencies of the federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities to the State.

Federal Single Audit

As a result of the fiscal year 2019 State of Ohio Single Audit (issued in April 2020), \$192 thousand 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 these questioned costs in the state's financial statements for the fiscal year ended June 30, 2020.

C. 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 2057 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 in 2008 through 2017, BTSFA received 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 were based on a state's contribution to the litigation and settlement with the tobacco companies. These payments were also subject to the adjustment factors outlined in the MSA. Strategic contribution payments ended in 2017. Beginning in 2018, payments consist solely of the base payment plus amounts, if any, paid by participating manufacturers relating to prior years and amounts, if any, released from the disputed payment account.



NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)

During fiscal year 2020, Ohio received \$286.5 million, which is approximately \$47.6 million or 14.25 percent less than the pre-adjusted base payment for the year.

In March 2020, the Authority issued \$5.35 billion in Asset-Backed Refunding Bonds (Series 2020 Bonds) to advance refund and current refund the outstanding 2007 Series Bonds. The Series 2020 Bonds have a final stated maturity in 2057.

As of June 30, 2020, the estimated tobacco settlement receivable in the amount of \$686.6 million is included in "Other Receivables" reported for the governmental funds. The receivable includes \$488.7 million for payments withheld from BTSFA beginning fiscal year 2008 and \$34.1 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 pledged collateral. 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 for the State of Ohio in future years follows (dollars in thousands):

Year Ending June 30,	Pre-Adjusted MSA Base Payments
2021.....	\$ 327,717
2022.....	324,045
2023.....	322,070
2024.....	319,878
2025.....	318,116
2026-2030.....	1,586,663
2031-2035.....	1,600,906
2036-2040.....	1,613,571
2041-2045.....	1,621,512
2046-2050.....	1,628,282
2051-2055.....	1,635,907
2056-2057.....	657,211
Total	<u>\$ 11,955,878</u>

D. Construction Commitments

As of June 30, 2020, the Ohio Department of Transportation had total contractual commitments of approximately \$2.60 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 \$1.40 billion, \$786.1 million, \$334.3 million, and \$79.5 million, respectively.



NOTE 20 CONTINGENCIES AND COMMITMENTS (Continued)

As of June 30, 2020, other major non-highway construction commitments for the primary government’s budgeted capital projects funds and major discretely presented component unit were as follows (dollars in thousands):

<u>Primary Government</u>	
Mental Health/Developmental Disabilities Facilities Improvements	\$ 54,618
Parks and Recreation Improvements	188,751
Administrative Services Building Improvements	61,998
Youth Services Building Improvements	11,601
Adult Correctional Building Improvements	138,617
Ohio Parks and Natural Resources	30,783
Transportation Building Improvements.....	1,523
Total	<u>\$ 487,891</u>
<u>Major Discretely Presented Component Unit</u>	
Ohio State University	\$ 494,077

E. Pollution Remediation Activities

During fiscal year 2020, the State was involved in remediation activities for pollution as described in the following paragraph. These activities include site investigation, cleanup, and monitoring. The associated estimated cost of remediation activities is shown below (in general, projects with a liability of less than \$1 million at June 30 are not listed).

The Ohio Department of Transportation has been named as a responsible party to remediate pollution resulting from contaminated soil on the agency-owned property and contaminated groundwater on the surrounding properties. The June 30 liability to eliminate the pollution and continue monitoring activities is estimated to be \$1.9 million. Cost was estimated by the onsite coordinators using actual invoices to date.

The liability described above is reported as “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 Position. The reported liability for this activity is an estimate and 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, 2020, no capital assets were created nor reported as a result of any pollution remediation process.

F. Encumbrances

At June 30, 2020, the State has significant encumbrances of \$874.3 million in the General Fund, \$1.06 billion in the Job, Family and Other Human Services Special Revenue Fund, \$93.5 million in the Coronavirus Relief Fund and \$4.29 billion in the nonmajor governmental funds.

NOTE 21 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 (Fund) provides benefits to employees for losses sustained from job-related injury, disease, or death.



NOTE 21 RISK FINANCING (Continued)

“Benefits Payable” of \$12.8 billion is reported in the Fund as of June 30, 2020. 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 \$1.75 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 \$23.7 billion, as of June 30, 2020, and \$24.6 billion, as of June 30, 2019. For additional information, refer to the Fund’s separately audited financial report, for the fiscal year ended June 30, 2020.

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		
<i>(dollars in millions)</i>		
	Fiscal Year 2020	Fiscal Year 2019
Benefits Payable and Compensation Adjustment Expenses Liability, as of July 1	\$ 14,934	\$ 15,912
Incurring Compensation and Compensation Adjustment Benefits.....	1,261	760
Incurring Compensation and Compensation Adjustment Benefit Payments and Other Adjustments	(1,677)	(1,738)
Benefits Payable and Compensation Adjustment Expenses Liability, as of June 30	<u>\$ 14,518</u>	<u>\$ 14,934</u>

B. State Employee Healthcare Plan

Employees of the State’s primary government have the option of participating in the State of Ohio medical plan (Plan). The Plan offers two options: the Ohio Med PPO (preferred provider organization) and the Ohio Med HDHP (high deductible health plan). The Plan is managed by two third party administrators (TPAs), Medical Mutual of Ohio (MMO) and Anthem. The two TPAs are responsible for processing claims for separate regions throughout the State.



NOTE 21 RISK FINANCING (Continued)

When it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, liabilities are reported in the governmental and proprietary funds for claims that have been incurred but not reported. The Plan's actuaries calculate estimated claims liabilities based on prior claims data, employee enrollment figures, medical trends, and experience.

Governmental and proprietary funds pay a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. The payments are reported in the Payroll Withholding and Fringe Benefits Agency Fund (Agency Fund) until such time that the accumulated resources are distributed to MMO or Anthem for claims settlement.

For governmental funds, claims are recognized 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, 2020, approximately \$258.3 million in total assets was available in the Agency Fund to cover healthcare claims. Changes in the balance of claims liabilities for the Plan during the past two fiscal years were as follows (dollars in thousands):

Ohio Med PPO		
	Fiscal Year 2020	Fiscal Year 2019
Claims Liabilities, as of July 1	\$ 75,439	\$ 75,076
Incurred Claims	802,902	592,537
Claims Payments	(812,069)	(592,174)
Claims Liabilities, as of June 30	<u>\$ 66,272</u>	<u>\$ 75,439</u>

As of June 30, 2020, the resources on deposit in the Agency Fund were more than the estimated claims liability by approximately \$192 million, thereby resulting in a funding surplus. Eighty-five percent or \$163.2 million of the surplus, representing the employer share, was reallocated back to the governmental and proprietary funds, with a resulting decrease in expenditures/expenses.

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 22 SUBSEQUENT EVENTS

A. Bond Issuances

Subsequent to June 30, 2020, the State issued major debt as detailed in the table below:

Debt Issuances			
Subsequent to June 30, 2020			
<i>(dollars in thousands)</i>			
	<u>Date Issued</u>	<u>Net Interest Rate or True Interest Cost</u>	<u>Amount</u>
Primary Government:			
<i>Ohio Public Facilities Commission (OPFC)-General Obligation Bonds:</i>			
Conservation Projects, Series 2020B.....	12/08/2020	1.20%	\$ 42,175
Conservation Projects, Refunding Series 2020C.....	12/08/2020	0.52%	14,610
Infrastructure Improvements, Series 2020C.....	12/08/2020	1.84%	<u>145,240</u>
Total General Obligation Bonds.....			<u>202,025</u>
<i>Treasurer of State-Special Obligation Bonds:</i>			
Parks and Recreation Facilities, New and Refunding Series 2020A.....	08/04/2020	0.90%	56,300
State Facilities (Administrative Building)-Taxable, Refunding Series 2020D.....	08/04/2020	1.45%	58,960
Parks and Recreation Facilities, Series 2020B.....	08/11/2020	3.03%	57,000
Cultural and Sports Capital Facilities, Series 2020A	09/15/2020	0.95%	44,000
Juvenile Correctional Facilities, Refunding Series 2020A.....	09/15/2020	1.11%	<u>5,500</u>
Total Special Obligation Bonds			<u>221,760</u>
Total Primary Government.....			<u>\$ 423,785</u>

B. Workers' Compensation Rebate

In September and November 2020, the Bureau of Workers' Compensation Board of Directors approved two dividends to reduce the net position in State Insurance Fund. The dividends totaled approximately \$6.5 billion. Both private and public employers will see benefits from the dividends in fiscal year 2021 based on the premiums paid.

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.

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.

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.

Pavement Network Condition Assessment Data

Priority Subsystem

Fiscal 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	%
2020	8,020	58.10	3,548	25.71	1,667	12.08	568	4.11	13,803	100.00
2019	7,895	57.53	3,981	29.01	1,404	10.23	444	3.23	13,724	100.00
2018	8,236	59.47	3,856	27.85	1,331	9.61	426	3.07	13,849	100.00
2017	8,103	59.06	4,345	31.67	990	7.22	282	2.05	13,720	100.00
2016	8,245	59.97	4,309	31.34	933	6.79	261	1.90	13,748	100.00

General Subsystem

Fiscal 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	%
2020	16,186	54.65	7,406	25.00	5,379	18.16	648	2.19	29,619	100.00
2019	16,392	55.31	7,080	23.89	5,420	18.29	745	2.51	29,637	100.00
2018	15,589	52.87	7,395	25.08	6,090	20.65	413	1.40	29,487	100.00
2017	14,022	47.58	8,472	28.74	6,755	22.92	224	0.76	29,473	100.00
2016	12,940	43.91	8,884	30.15	7,480	25.38	166	0.56	29,470	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

Fiscal Year	Estimated	Actual
2020	\$406,088	\$499,858
2019	444,620	443,984
2018	447,590	504,877
2017	416,249	491,309
2016	619,382	533,788

General Subsystem

Fiscal Year	Estimated	Actual
2020	\$293,150	\$398,642
2019	299,640	426,696
2018	303,715	404,677
2017	314,433	427,531
2016	283,059	369,117

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)

Fiscal 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	%
2020	73,766	68.05	33,080	30.52	1,552	1.43	3	0.00	108,401	100.00
2019	72,499	67.01	34,012	31.44	1,680	1.55	4	0.00	108,195	100.00
2018	70,768	65.91	34,831	32.44	1,772	1.65	0	0.00	107,371	100.00
2017	69,581	64.73	35,891	33.39	2,017	1.88	0	0.00	107,489	100.00
2016	67,201	63.05	37,216	34.92	2,163	2.03	0	0.00	106,580	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
2020	\$392,111	\$447,480
2019	424,377	451,586
2018	462,821	452,276
2017	469,804	526,003
2016	499,522	552,021



STATE OF OHIO

SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY/(ASSET)
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST SIX YEARS ^(A)
 (dollars in thousands)

	2019	2018	2017
Traditional Plan:			
Employer's Proportion of the Collective Net Pension Liability.....	20.82%	20.86%	20.85%
Employer's Proportionate Share of the Collective Net Pension Liability.....	\$ 4,115,589	\$ 5,714,426	\$ 3,271,382
Covered Payroll.....	\$ 2,952,641	\$ 2,862,809	\$ 2,791,773
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll.....	139.39%	199.61%	117.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	82.17%	74.70%	84.66%
Combined Plan:			
Employer's Proportion of the Collective Net Pension/(Asset).....	19.36%	19.59%	19.13%
Employer's Proportionate Share of the Collective Net Pension/(Asset).....	\$ (40,375)	\$ (21,905)	\$ (26,038)
Covered Payroll.....	\$ 86,872	\$ 85,111	\$ 81,048
Employer's Proportionate Share of the Collective Net Pension/(Asset) as a Percentage of the Employer's Covered Payroll.....	46.48%	25.74%	32.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset.....	145.28%	126.64%	137.28%

Notes:

^(A) This table will present ten years of information as it becomes available.



<u>2016</u>	<u>2015</u>	<u>2014</u>
20.95%	20.65%	20.73%
\$ 4,736,652	\$ 3,561,458	\$ 2,496,359
\$ 2,754,860	\$ 2,589,575	\$ 2,608,075
171.94%	137.53%	95.72%
77.25%	81.08%	86.45%
19.67%	19.64%	20.23%
\$ (10,623)	\$ (9,355)	\$ (7,577)
\$ 77,885	\$ 72,010	\$ 69,383
13.64%	12.99%	10.92%
116.55%	116.90%	114.83%



STATE OF OHIO

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 FOR THE LAST SIX FISCAL YEARS ^{(A)(B)}

(dollars in thousands)

	2020	2019	2018
Traditional Plan:			
Statutorily Required Employer Contribution.....	\$ 421,955	\$ 407,968	\$ 383,973
Actual Employer Contributions Received.....	421,955	407,968	383,973
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 3,003,237	\$ 2,903,850	\$ 2,834,015
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	14.05%	14.05%	13.55%
Combined Plan:			
Statutorily Required Employer Contribution.....	\$ 12,317	\$ 12,139	\$ 11,345
Actual Employer Contributions Received.....	12,317	12,139	11,345
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 87,664	\$ 86,407	\$ 83,734
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	14.05%	14.05%	13.55%

Notes:

^(A) This table will present ten years of information as it becomes available.

^(B) Ohio Public Employees Retirement System reports on a December 31 calendar yearend, but is included in the State's fiscal yearend of June 30. Year reflected is fiscal year instead of calendar year (ex. CY 2017 is reflected as FY 2018, etc.).



2017	2016	2015
\$ 343,330	\$ 314,599	\$ 308,797
<u>343,330</u>	<u>314,599</u>	<u>308,797</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,794,847	\$ 2,613,331	\$ 2,573,692
12.28%	12.04%	12.00%
\$ 9,977	\$ 9,366	\$ 8,587
<u>9,977</u>	<u>9,366</u>	<u>8,587</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 81,219	\$ 77,801	\$ 71,573
12.28%	12.04%	12.00%



STATE OF OHIO

SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY

STATE TEACHERS RETIREMENT SYSTEM

AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST SIX YEARS ^(A)

(dollars in thousands)

	2019	2018	2017
Employer's Proportion of the Collective Net Pension Liability.....	0.36%	0.37%	0.38%
Employer's Proportionate Share of the Collective Net Pension Liability.....	\$ 80,186	\$ 81,261	\$ 90,418
Covered Payroll.....	\$ 42,360	\$ 42,066	\$ 41,881
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll.....	189.30%	193.18%	215.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	77.40%	77.31%	75.29%

Notes:

^(A) This table will present ten years of information as it becomes available.



2016	2015	2014
0.38%	0.39%	0.41%
\$ 126,919	\$ 107,522	\$ 99,431
\$ 39,990	\$ 40,509	\$ 41,996
317.38%	265.43%	236.76%
66.78%	72.10%	74.71%



STATE OF OHIO
 SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
 STATE TEACHERS RETIREMENT SYSTEM
 FOR THE LAST SIX FISCAL YEARS ^{(A)(B)}
 (dollars in thousands)

	2020	2019	2018
Statutorily Required Employer Contribution.....	\$ 6,622	\$ 5,929	\$ 5,888
Actual Employer Contributions Received.....	6,622	5,929	5,888
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll.....	\$ 47,303	\$ 42,360	\$ 42,066
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	14.00%	14.00%	14.00%

Notes:

- ^(A) This table will present ten years of information as it becomes available.
- ^(B) Starting in fiscal year 2017, the 2015 and 2016 data presented was adjusted to reflect the State's fiscal reporting year rather than measurement date.



2017	2016	2015
\$ 5,863	\$ 5,692	\$ 5,671
5,863	5,692	5,671
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,881	\$ 39,990	\$ 40,509
14.00%	14.23%	14.00%



STATE OF OHIO

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
STATE HIGHWAY PATROL RETIREMENT SYSTEM
AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST SIX YEARS ^(A)
(dollars in thousands)

	2019	2018	2017
Total Pension Liability:			
Service Cost.....	\$ 29,856	\$ 19,679	\$ 19,635
Interest on the Total Pension Liability.....	85,534	89,298	85,936
Benefit Changes.....	-	-	(5,681)
Difference between Expected and Actual Experience.....	(7,403)	538	17,854
Assumption Changes.....	(241,353)	256,572	-
Benefit Payments.....	(75,134)	(71,577)	(75,393)
Refunds.....	-	(717)	(1,075)
Net Change in Total Pension Liability.....	(208,500)	293,793	41,276
Total Pension Liability - Beginning.....	1,472,338	1,178,545	1,137,269
Total Pension Liability - Ending (a).....	<u>\$ 1,263,838</u>	<u>\$ 1,472,338</u>	<u>\$ 1,178,545</u>
Plan Fiduciary Net Position:			
Employer Contributions.....	\$ 33,107	\$ 26,014	\$ 26,110
Employee Contributions.....	16,253	14,452	14,505
Pension Plan Net Investment Income.....	129,802	(37,810)	101,482
Benefit Payments.....	(75,134)	(71,577)	(75,393)
Refunds.....	-	(717)	(1,075)
Pension Plan Administrative Expense.....	(1,650)	(1,436)	(1,437)
Other.....	-	199	479
Net Change in Plan Fiduciary Net Position.....	102,378	(70,875)	64,671
Plan Fiduciary Net Position - Beginning.....	715,481	786,356	721,685
Plan Fiduciary Net Position - Ending (b).....	<u>\$ 817,859</u>	<u>\$ 715,481</u>	<u>\$ 786,356</u>
Net Pension Liability - Ending (a) - (b).....	<u>\$ 445,979</u>	<u>\$ 756,857</u>	<u>\$ 392,189</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability.....	64.71%	48.59%	66.72%
Covered Payroll..... ^(B)	\$ 118,370	\$ 116,010	\$ 112,705
Net Pension Liability as a Percentage of Covered Payroll.....	376.77%	652.41%	347.98%

Notes:

- ^(A) This table will present ten years of information as it becomes available.
- ^(B) Covered payroll includes Deferred Retirement Option Program (DROP) employees.



2016	2015	2014
\$ 18,094	\$ 17,805	\$ 17,657
84,195	81,577	79,175
-	-	-
(8,633)	(6,366)	-
-	40,773	-
(65,720)	(66,213)	(64,526)
(1,731)	(858)	(2,177)
26,205	66,718	30,129
1,111,064	1,044,346	1,014,217
<u>\$ 1,137,269</u>	<u>\$ 1,111,064</u>	<u>\$ 1,044,346</u>
\$ 25,384	\$ 22,895	\$ 22,325
14,101	13,686	11,577
46,423	(5,702)	45,105
(65,721)	(66,213)	(64,526)
(1,731)	(858)	(2,177)
(1,353)	(1,084)	(1,031)
357	839	421
17,460	(36,437)	11,694
704,225	740,662	728,968
<u>\$ 721,685</u>	<u>\$ 704,225</u>	<u>\$ 740,662</u>
<u>\$ 415,584</u>	<u>\$ 406,839</u>	<u>\$ 303,684</u>
63.46%	63.38%	70.92%
\$ 108,789	\$ 99,983	\$ 99,212
382.01%	406.91%	306.10%



STATE OF OHIO

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
STATE HIGHWAY PATROL RETIREMENT SYSTEM
FOR THE LAST TEN FISCAL YEARS (B)
(dollars in thousands)

	2020	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 31,270	\$ 26,014	\$ 25,349	\$ 24,407	\$ 22,446
Actual Employer Contributions Received.....	33,107	26,014	26,110	25,383	22,895
Difference.....	\$ (1,837)	\$ -	\$ (761)	\$ (976)	\$ (449)
Covered Payroll..... (A)	\$ 118,371	\$ 116,010	\$ 112,705	\$ 108,789	\$ 99,983
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	27.97%	22.42%	23.17%	23.33%	22.90%

Notes:

- (A) Covered payroll includes Deferred Retirement Option Program (DROP) employees.
- (B) State Highway Patrol Retirement System reports on a December 31 calendar yearend, but is included in the State's fiscal yearend of June 30. Year reflected is now fiscal year instead of calendar year (ex. CY 2017 is reflected as FY 2018, etc.).

Actuarial Assumptions	
Valuation Date	December 31, 2018
Notes	Actuarially determined contribution amounts for the measurement period ending on December 31, 2019 are calculated as of December 31, 2017 (for the period beginning January 1, 2018 and ending on December 31, 2018) and December 31, 2018 (for the period beginning January 1, 2019 and ending on December 31, 2019). The actuarial assumptions and methods as of December 31, 2018 were used to determine the actuarially determined Employer contribution amounts reported for the fiscal year ending on December 31, 2019.
Actuarial Cost Method	Entry age normal (level percent of pay)
Amortization Method	Level-percentage closed
Remaining Amortization Period	23 years
Asset Valuation Method	Four-year smoothed market with a 20 percent corridor
Inflation	3.5 percent wage inflation; 2.75 percent price inflation
Salary Increases	3.8 percent to 13.5 percent including inflation
Investment Rate of Return	7.25 percent
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Mortality Tables for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for females was then established to be 2012. Mortality rates for a particular calendar year are determined by applying the MP-2018 mortality improvement scale to the above described tables.
Other Information	The investment return assumption was lowered from 7.75 percent to 7.25 percent for the 2018 actuarial valuation, and the mortality table was updated from MP-2015 to MP-2018.



2015	2014	2013	2012	2011
\$ 29,767	\$ 35,430	\$ 30,488	\$ 26,956	\$ 22,872
22,325	22,908	23,766	22,966	21,212
<u>\$ 7,442</u>	<u>\$ 12,522</u>	<u>\$ 6,722</u>	<u>\$ 3,990</u>	<u>\$ 1,660</u>
\$ 99,212	\$ 98,520	\$ 98,117	\$ 93,126	\$ 94,768
22.50%	23.25%	24.22%	24.66%	22.38%



STATE OF OHIO

SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST THREE YEARS ^(A)

(dollars in thousands)

All Plans:	2019	2018	2017
Employer's Proportion of the Collective Net OPEB Liability.....	20.71%	20.75%	20.74%
Employer's Proportionate Share of the Collective Net OPEB Liability.....	\$ 2,859,959	\$ 2,704,808	\$ 2,252,428
Covered Payroll.....	\$ 3,103,935	\$ 2,986,152	\$ 2,915,630
Employer's Proportionate Share of the Collective Net OPEB Liability as a Percentage of the Employer's Covered Payroll.....	92.14%	90.58%	77.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	47.80%	46.33%	54.14%

Notes:

^(A) This table will present ten years of information as it becomes available.



STATE OF OHIO
 SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 FOR THE LAST THREE FISCAL YEARS ^{(A)(B)}
 (dollars in thousands)

	2020	2019	2018
Actuarially Determined Employer Contribution.....	\$ 177,136	\$ 176,568	\$ 153,362
Actual Employer Contributions Received.....	0	0	18,802
Difference.....	<u>\$ 177,136</u>	<u>\$ 176,568</u>	<u>\$ 134,560</u>
Covered Payroll.....	\$ 3,173,961	\$ 3,070,283	\$ 2,994,040
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	0.00%	0.00%	0.63%

Notes:

- ^(A) This table will present ten years of information as it becomes available.
- ^(B) Ohio Public Employees Retirement System reports on a December 31 calendar yearend, but is included in the State's fiscal yearend of June 30. Year reflected is fiscal year instead of calendar year (ex. CY 2017 is reflected as FY 2018, etc.).



STATE OF OHIO

SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY/(ASSET)

STATE TEACHERS RETIREMENT SYSTEM

AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST THREE YEARS ^(A)

(dollars in thousands)

	2019	2018	2017
Employer's Proportion of the Collective Net OPEB Liability/(Asset).....	0.36%	0.37%	0.38%
Employer's Proportionate Share of the Collective Net OPEB Liability/(Asset).....	\$ (6,005)	\$ (5,939)	\$ 14,850
Covered Payroll.....	\$ 42,360	\$ 42,066	\$ 40,918
Employer's Proportionate Share of the Collective Net OPEB Liability/(Asset) as a Percentage of the Employer's Covered Payroll.....	14.18%	14.12%	36.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset).....	174.74%	176.00%	47.11%

Notes:

^(A) This table will present ten years of information as it becomes available.



STATE OF OHIO
 SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
 STATE TEACHERS RETIREMENT SYSTEM
 FOR THE LAST THREE FISCAL YEARS ^(A)
 (dollars in thousands)

	2020	2019	2018
Actuarially Determined Employer Contribution.....	\$ -	\$ -	\$ 910
Actual Employer Contributions Received.....	-	-	-
Difference.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910</u>
Covered Payroll..... ^(B)	\$ 47,303	\$ 42,360	\$ 42,066
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	0.00%	0.00%	0.00%

Notes:

^(A) This table will present ten years of information as it becomes available.

^(B) The covered payroll amount includes a small portion of the defined contribution plan payroll; which this portion of the plan is not covered for OPEB.



STATE OF OHIO

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HIGHWAY PATROL RETIREMENT SYSTEM

AS OF THE CURRENT MEASUREMENT DATE FOR THE LAST THREE YEARS ^(A)

(dollars in thousands)

	2019	2018	2017
Total OPEB Liability:			
Service Cost.....	\$ 18,125	\$ 26,137	\$ 23,657
Interest on the Total OPEB Liability.....	16,992	19,663	19,243
Benefit Changes.....	-	-	709
Difference between Expected and Actual Experience.....	(26,860)	(74,912)	(1,204)
Assumption Changes.....	122,197	(68,878)	46,862
Benefit Payments, including refunds of employee contributions.....	(8,619)	(8,539)	(9,434)
Net Change in Total OPEB Liability.....	121,835	(106,529)	79,833
Total OPEB Liability - Beginning.....	459,601	566,130	486,297
Total OPEB Liability - Ending (a).....	<u>\$ 581,436</u>	<u>\$ 459,601</u>	<u>\$ 566,130</u>
Plan Fiduciary Net Position:			
Employer Contributions.....	\$ -	\$ 4,623	\$ 4,640
Employee Contributions.....	-	-	-
Net Investment Income.....	18,006	(5,852)	14,467
Benefit Payments, including refunds of employee contributions.....	(8,619)	(8,538)	(9,433)
Administrative Expense.....	(229)	(204)	(204)
Other.....	-	-	-
Net Change in Plan Fiduciary Net Position.....	9,158	(9,971)	9,470
Plan Fiduciary Net Position - Beginning.....	101,828	111,799	102,329
Plan Fiduciary Net Position - Ending (b).....	<u>\$ 110,986</u>	<u>\$ 101,828</u>	<u>\$ 111,799</u>
Net OPEB Liability - Ending (a) - (b).....	<u>\$ 470,450</u>	<u>\$ 357,773</u>	<u>\$ 454,331</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability.....	19.09%	22.16%	19.75%
Covered Payroll..... ^(B)	\$ 118,370	\$ 116,010	\$ 112,705
Net OPEB Liability as a Percentage of Covered Payroll.....	397.44%	308.39%	403.11%

Notes:

^(A) This table will present ten years of information as it becomes available.

^(B) Covered payroll includes Deferred Retirement Option Program (DROP) employees.



STATE OF OHIO
 SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
 STATE HIGHWAY PATROL RETIREMENT SYSTEM
 FOR THE LAST THREE FISCAL YEARS ^{(A)(C)}

(dollars in thousands)

	2020	2019	2018
Actuarially Determined Contribution.....	\$ 15,228	\$ 22,105	\$ 30,774
Actual Employer Contributions Received.....	-	4,623	4,640
Difference.....	<u>\$ 15,228</u>	<u>\$ 17,482</u>	<u>\$ 26,134</u>
Covered Payroll..... ^(B)	\$ 118,370	\$ 116,010	\$ 112,705
Actual Employer Contributions Received as a Percentage of Covered Payroll.....	0.00%	3.99%	4.12%

Notes:

- (A) This table will present ten years of information as it becomes available.
- (B) Covered payroll includes Deferred Retirement Option Program (DROP) employees.
- (C) State Highway Patrol Retirement System reports on a December 31 calendar yearend, but is included in the State's fiscal yearend of June 30. Year reflected is now fiscal year instead of calendar year (ex. CY 2017 is reflected as FY 2018, etc.).

Actuarial Assumptions	
Valuation Date	December 31, 2017 rolled forward to December 31, 2018
Notes	Actuarially determined contribution amounts for the measurement period ending on December 31, 2019 are calculated as of December 31, 2017 (for the period beginning January 1, 2019 and ending on June 30, 2019) and December 31, 2018 (for the period beginning July 1, 2019 and ending on December 31, 2019). The actuarial assumptions and methods as of December 31, 2018 were used to determine the actuarially determined Employer contribution amounts reported for the second half of the fiscal year ending on December 31, 2019.
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of pay over open period
Remaining Amortization Period	30 years
Asset Valuation Method	Four-year smoothed market with a 20 percent Corridor
Inflation	3.25 percent wage inflation
Salary Increases	3.25 percent to 10.75 percent, includes wage inflation of 3.25 percent
Investment Rate of Return	6.00 percent
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Healthy Annuitant and RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.



STATE OF OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

	GENERAL			VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Income Taxes.....	\$ 9,120,047	\$ 8,069,944	\$ 8,274,984	\$ 205,040
Sales Taxes.....	11,240,069	10,773,662	10,912,054	138,392
Corporate and Public Utility Taxes.....	2,924,122	2,946,808	2,960,771	13,963
Motor Vehicle Fuel Taxes.....	1,354,600	1,354,600	1,354,600	—
Cigarette Taxes.....	891,700	909,455	913,017	3,562
Other Taxes.....	739,946	744,954	756,366	11,412
Licenses, Permits and Fees.....	1,159,868	1,168,343	1,168,126	(217)
Sales, Services and Charges.....	153,462	153,462	171,561	18,099
Federal Government.....	9,947,579	10,492,071	10,560,667	68,596
Tobacco Settlement.....	126	126	214	88
Investment Income.....	141,439	165,107	163,088	(2,019)
Other.....	1,666,943	1,683,462	1,640,910	(42,552)
TOTAL REVENUES.....	39,339,901	38,461,994	38,876,358	414,364
BUDGETARY EXPENDITURES:				
CURRENT OPERATING:				
Primary, Secondary and Other Education.....	11,045,375	10,018,234	9,604,689	413,545
Higher Education Support.....	3,284,884	3,270,984	2,759,319	511,665
Public Assistance and Medicaid.....	18,254,196	17,517,594	17,235,988	281,606
Health and Human Services.....	950,026	935,938	847,070	88,868
Justice and Public Protection.....	3,762,855	3,663,658	3,475,347	188,311
Environmental Protection and Natural Resources.....	227,481	224,818	187,806	37,012
Transportation.....	101,069	100,789	83,077	17,712
General Government.....	1,646,422	1,633,829	1,357,475	276,354
Community and Economic Development.....	4,617,700	3,676,605	2,967,647	708,958
CAPITAL OUTLAY.....	—	—	—	—
DEBT SERVICE.....	2,940,090	1,473,027	1,451,507	21,520
TOTAL BUDGETARY EXPENDITURES.....	46,830,098	42,515,476	39,969,925	2,545,551
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....	(7,490,197)	(4,053,482)	(1,093,567)	2,959,915
OTHER FINANCING SOURCES (USES):				
Bonds, Notes, and COPs Issued.....	230,985	230,985	230,985	—
Transfers-in.....	1,898,686	1,940,062	1,122,894	(817,168)
Transfers-out.....	(2,177,787)	(2,175,973)	(1,521,841)	654,132
TOTAL OTHER FINANCING SOURCES (USES).....	(48,116)	(4,926)	(167,962)	(163,036)
NET CHANGE IN FUND BALANCES.....	\$ (7,538,313)	\$ (4,058,408)	(1,261,529)	\$ 2,796,879
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....			6,133,653	
Outstanding Encumbrances at Beginning of Fiscal Year...			862,536	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....			\$ 5,734,660	

JOB, FAMILY AND OTHER HUMAN SERVICES				CORONAVIRUS RELIEF FUND			
BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)	ORIGINAL	FINAL		POSITIVE/ (NEGATIVE)
		\$ —				\$ —	
		—				—	
		—				—	
		—				—	
		931				—	
		2,348,310				—	
		814				—	
		8,112,586				3,754,115	
		—				—	
		10,789				9,591	
		1,678,393				—	
		<u>12,151,823</u>				<u>3,763,706</u>	
\$ —	\$ —	—	\$ —	\$ —	\$ —	—	\$ —
375	375	—	375	—	—	—	—
13,765,656	13,527,066	12,797,216	729,850	—	—	—	—
409,512	399,265	364,629	34,636	—	63,360	55,987	7,373
81,748	78,534	69,279	9,255	—	113,800	84,268	29,532
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
2,929	2,800	2,728	72	—	472,800	407,348	65,452
—	—	—	—	—	—	—	—
44,511	44,581	21,755	22,826	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 14,304,731</u>	<u>\$ 14,052,621</u>	<u>13,255,607</u>	<u>\$ 797,014</u>	<u>\$ —</u>	<u>\$ 649,960</u>	<u>547,603</u>	<u>\$ 102,357</u>
		<u>(1,103,784)</u>				<u>3,216,103</u>	
		—				—	
		1,615				—	
		(42,877)				—	
		<u>(41,262)</u>				<u>—</u>	
		<u>(1,145,046)</u>				<u>3,216,103</u>	
		(617,159)				—	
		<u>942,549</u>				<u>—</u>	
		<u>\$ (819,656)</u>				<u>\$ 3,216,103</u>	

Note: GAAP versus NON-GAAP BUDGETARY BASIS

In the accompanying *Schedule 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 resources, 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 schedules have been taken from the first complete appropriated budget for fiscal year 2020. 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 2020, whenever signed into law or otherwise legally authorized.

For fiscal year 2020, 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: 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 Funds
As of June 30, 2020
(dollars in thousands)

	General	Job, Family & Other Human Services	Coronavirus Relief
Total Fund Balances — GAAP Basis	\$ 8,367,212	\$ 312,491	\$ 24,603
Less: Nonspendable Fund Balances.....	60,524	-	24,468
Less: Restricted Fund Balances.....	1,410,994	145,552	135
Less: Committed Fund Balances.....	764,322	166,939	-
Less: Assigned Fund Balances.....	3,207,189	-	-
Unassigned Fund Balances — GAAP Basis	<u>2,924,183</u>	<u>-</u>	<u>-</u>
BASIS DIFFERENCES			
Revenue Accruals/Adjustments:			
Cash Equity with Treasurer	(195,210)	(2,548)	-
Taxes Receivable	(2,544,356)	-	-
Intergovernmental Receivable	(376,617)	(248,111)	-
Loans Receivable, Net	(1,165,136)	-	-
Other Receivables	(265,519)	(628,105)	-
Unearned Revenue	-	429,670	3,298,661
Total Revenue Accruals/Adjustments	<u>(4,546,838)</u>	<u>(449,094)</u>	<u>3,298,661</u>
Expenditure Accruals/Adjustments:			
Cash Equity with Treasurer	(140,995)	(17,765)	(136)
Inventories	(25,760)	-	(24,468)
Other Assets	(61)	-	-
Accounts Payable	259,226	199,617	28,763
Accrued Liabilities	196,425	27,694	-
Medicaid Claims Payable	510,593	-	-
Intergovernmental Payable	756,452	119,397	-
Interfund Payable	399,650	10,528	-
Payable to Component Units	12,248	3,485	-
Refund and Other Liabilities	1,378,963	2,890	-
Liability for Escheat Property	332,217	-	-
Total Expenditure Accruals/Adjustments	<u>3,678,958</u>	<u>345,846</u>	<u>4,159</u>
Deferred Inflows of Resources.....	1,026,499	77,067	-
Other Adjustments:			
Fund Balance Reclassifications:			
From Unassigned (Non-GAAP Budgetary Basis) to:			
Nonspendable	60,524	-	24,468
Restricted.....	1,410,994	145,552	135
Committed	764,322	166,939	-
Assigned.....	3,207,189	-	-
Cash and Investments Held Outside State Treasury	(1,733,671)	(3,135)	-
Total Other Adjustments	<u>3,709,358</u>	<u>309,356</u>	<u>24,603</u>
Total Basis Differences	<u>3,867,977</u>	<u>283,175</u>	<u>3,327,423</u>
TIMING DIFFERENCES			
Encumbrances	<u>(1,057,500)</u>	<u>(1,102,831)</u>	<u>(111,320)</u>
Budgetary Fund Balances (Deficits) — Non-GAAP Basis	<u>\$ 5,734,660</u>	<u>\$ (819,656)</u>	<u>\$ 3,216,103</u>

FINANCIAL SECTION

Combining Financial Statements & Schedules



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, 2020
 (dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 3,317,194	\$ 980	\$ 504,365
Cash and Cash Equivalents.....	50,074	1,121	415
Investments.....	667	7,745	60,475
Collateral on Lent Securities.....	475,529	140	72,301
Taxes Receivable	184,858	—	—
Intergovernmental Receivable.....	402,898	—	—
Loans Receivable, Net	198,598	—	—
Interfund Receivable	117	—	—
Receivable from Component Units.....	27,971	—	—
Other Receivables	47,396	—	—
Inventories	115,274	—	—
TOTAL ASSETS	<u>\$ 4,820,576</u>	<u>\$ 9,986</u>	<u>\$ 637,556</u>
LIABILITIES:			
Accounts Payable	\$ 232,712	\$ 215	\$ 26,119
Accrued Liabilities.....	72,940	—	—
Medicaid Claims Payable.....	247,609	—	—
Obligations Under Securities Lending.....	475,529	140	72,301
Intergovernmental Payable.....	120,151	—	—
Interfund Payable.....	95,789	—	—
Payable to Component Units.....	2,940	—	36
Unearned Revenue.....	171,281	—	—
Refund and Other Liabilities.....	—	665	—
TOTAL LIABILITIES.....	<u>1,418,951</u>	<u>1,020</u>	<u>98,456</u>
DEFERRED INFLOWS OF RESOURCES.....	<u>38,418</u>	<u>—</u>	<u>—</u>
FUND BALANCES (DEFICITS):			
Nonspendable.....	115,274	—	—
Restricted.....	2,569,593	8,966	539,100
Committed.....	678,340	—	—
TOTAL FUND BALANCES (DEFICITS).....	<u>3,363,207</u>	<u>8,966</u>	<u>539,100</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,820,576</u>	<u>\$ 9,986</u>	<u>\$ 637,556</u>

TOTAL

\$ 3,822,539
51,610
68,887
547,970
184,858
402,898
198,598
117
27,971
47,396
115,274
\$ 5,468,118

\$ 259,046
72,940
247,609
547,970
120,151
95,789
2,976
171,281
665
1,518,427
38,418

115,274
3,117,659
678,340
3,911,273

\$ 5,468,118

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>
REVENUES:			
Income Taxes.....	\$ 39	\$ —	\$ —
Corporate and Public Utility Taxes.....	68,511	—	—
Motor Vehicle Fuel Taxes.....	1,201,414	—	—
Other Taxes.....	347,389	—	—
Licenses, Permits and Fees.....	773,487	—	—
Sales, Services and Charges.....	33,843	—	—
Federal Government.....	6,828,390	—	—
Tobacco Settlement.....	2,347	—	—
Investment Income (Loss).....	30,768	2,923	10,000
Other.....	658,307	278	4,595
TOTAL REVENUES.....	9,944,495	3,201	14,595
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	3,078,194	—	—
Higher Education Support.....	29,311	—	—
Public Assistance and Medicaid.....	2,499,544	—	—
Health and Human Services.....	737,090	—	—
Justice and Public Protection.....	389,718	—	—
Environmental Protection and Natural Resources.....	355,690	—	—
Transportation.....	2,658,360	—	—
General Government.....	304,573	—	—
Community and Economic Development.....	693,093	—	—
CAPITAL OUTLAY.....	18,143	—	717,588
DEBT SERVICE.....	—	1,815,448	—
TOTAL EXPENDITURES.....	10,763,716	1,815,448	717,588
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(819,221)	(1,812,247)	(702,993)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....	127,670	645	567,275
Refunding Bonds and COPs Issued.....	—	1,020,350	—
Payment to Refunded Bond and COPs Escrow Agents.....	—	(1,082,442)	—
Premiums/Discounts.....	5,528	73,293	115,528
Transfers-in.....	1,686,139	1,799,770	1
Transfers-out.....	(466,725)	—	(32)
TOTAL OTHER FINANCING SOURCES (USES).....	1,352,612	1,811,616	682,772
NET CHANGE IN FUND BALANCES.....	533,391	(631)	(20,221)
FUND BALANCES (DEFICITS), July 1.....	2,801,487	9,597	559,321
Increase (Decrease) for Changes in Inventories.....	28,329	—	—
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 3,363,207	\$ 8,966	\$ 539,100

TOTAL

\$ 39
68,511
1,201,414
347,389
773,487
33,843
6,828,390
2,347
43,691
663,180
9,962,291

3,078,194
29,311
2,499,544
737,090
389,718
355,690
2,658,360
304,573
693,093
735,731
1,815,448
13,296,752

(3,334,461)

695,590
1,020,350
(1,082,442)
194,349
3,485,910
(466,757)
3,847,000

512,539

3,370,405
28,329

\$ 3,911,273

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

Education Fund

The Education Fund accounts for programs administered by the Department of Education, the Department of Higher Education, 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.

Highway Operating Fund

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.

Community and Economic Development Fund

The Community and Economic Development Fund accounts for programs administered by the Development Services Agency 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.

Health Fund

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.

Mental Health and Developmental Disabilities Fund

The Mental Health and Developmental Disabilities Fund accounts for mental health care and developmental disabilities programs primarily administered by the Department of Mental Health and Addiction Services and the Department of Developmental Disabilities, which provide assistance, services, and medical care to those individuals with mental health and developmental disability problems.

Highway Safety Fund

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.

Natural Resources Fund

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.

Wildlife and Waterways Safety Fund

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.

Tobacco Settlement Fund

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, 2020
 (dollars in thousands)

	<u>EDUCATION</u>	<u>HIGHWAY OPERATING</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 223,507	\$ 1,145,931	\$ 721,222
Cash and Cash Equivalents.....	—	113	46,039
Investments.....	—	—	—
Collateral on Lent Securities.....	32,040	164,273	103,389
Taxes Receivable	—	166,117	14,769
Intergovernmental Receivable.....	67,060	95,178	18,226
Loans Receivable, Net	—	151,539	47,059
Interfund Receivable	—	—	—
Receivable from Component Units.....	—	27,971	—
Other Receivables	—	5,126	—
Inventories	4,760	91,031	—
TOTAL ASSETS	\$ 327,367	\$ 1,847,279	\$ 950,704
LIABILITIES:			
Accounts Payable	\$ 9,727	\$ 149,677	\$ 35,562
Accrued Liabilities.....	2,083	30,837	10,467
Medicaid Claims Payable.....	—	—	—
Obligations Under Securities Lending.....	32,040	164,273	103,389
Intergovernmental Payable.....	51,951	—	37,494
Interfund Payable.....	1,512	48,586	4,058
Payable to Component Units.....	367	654	831
Unearned Revenue.....	19,434	—	39,651
TOTAL LIABILITIES.....	117,114	394,027	231,452
DEFERRED INFLOWS OF RESOURCES.....	—	4,318	—
FUND BALANCES (DEFICITS):			
Nonspendable.....	4,760	91,031	—
Restricted.....	115,841	1,357,903	503,166
Committed.....	89,652	—	216,086
TOTAL FUND BALANCES (DEFICITS).....	210,253	1,448,934	719,252
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 327,367	\$ 1,847,279	\$ 950,704

HEALTH	MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES	HIGHWAY SAFETY	NATURAL RESOURCES	WILDLIFE AND WATERWAYS SAFETY	TOBACCO SETTLEMENT
\$ 140,697	\$ 505,645	\$ 59,944	\$ 440,348	\$ 75,294	\$ 4,606
56	—	176	2,973	5	712
—	—	—	—	—	667
20,169	72,486	8,593	63,125	10,794	660
108	—	—	—	3,864	—
13,640	208,794	—	—	—	—
—	—	—	—	—	—
117	—	—	—	—	—
—	—	—	—	—	—
3,669	—	—	4,501	—	34,100
19,483	—	—	—	—	—
\$ 197,939	\$ 786,925	\$ 68,713	\$ 510,947	\$ 89,957	\$ 40,745
\$ 10,634	\$ 15,835	\$ 866	\$ 4,233	\$ 3,911	\$ 2,267
4,912	7,461	3,463	9,932	3,761	24
—	247,609	—	—	—	—
20,169	72,486	8,593	63,125	10,794	660
13,104	17,602	—	—	—	—
2,252	29,395	2,294	3,598	4,092	2
113	324	26	273	352	—
15,961	85,892	—	10,343	—	—
67,145	476,604	15,242	91,504	22,910	2,953
—	—	—	—	—	34,100
19,483	—	—	—	—	—
97,912	227,603	12,749	236,715	17,536	168
13,399	82,718	40,722	182,728	49,511	3,524
130,794	310,321	53,471	419,443	67,047	3,692
\$ 197,939	\$ 786,925	\$ 68,713	\$ 510,947	\$ 89,957	\$ 40,745

(continued)

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020
 (dollars in thousands)
 (continued)

	TOTAL
ASSETS:	
Cash Equity with Treasurer.....	\$ 3,317,194
Cash and Cash Equivalents.....	50,074
Investments.....	667
Collateral on Lent Securities.....	475,529
Taxes Receivable	184,858
Intergovernmental Receivable.....	402,898
Loans Receivable, Net	198,598
Interfund Receivable	117
Receivable from Component Units.....	27,971
Other Receivables	47,396
Inventories	115,274
TOTAL ASSETS	\$ 4,820,576
LIABILITIES:	
Accounts Payable	\$ 232,712
Accrued Liabilities.....	72,940
Medicaid Claims Payable.....	247,609
Obligations Under Securities Lending.....	475,529
Intergovernmental Payable.....	120,151
Interfund Payable.....	95,789
Payable to Component Units.....	2,940
Unearned Revenue.....	171,281
TOTAL LIABILITIES.....	1,418,951
DEFERRED INFLOWS OF RESOURCES.....	38,418
FUND BALANCES (DEFICITS):	
Nonspendable.....	115,274
Restricted.....	2,569,593
Committed.....	678,340
TOTAL FUND BALANCES (DEFICITS).....	3,363,207
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,820,576

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

	<u>EDUCATION</u>	<u>HIGHWAY OPERATING</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>
REVENUES:			
Income Taxes.....	\$ —	\$ —	\$ 39
Corporate and Public Utility Taxes.....	—	—	68,511
Motor Vehicle Fuel Taxes.....	—	1,169,072	7,150
Other Taxes.....	—	—	276,459
Licenses, Permits and Fees.....	336	47,362	445,180
Sales, Services and Charges.....	2	206	16,731
Federal Government.....	1,944,705	1,542,560	553,889
Tobacco Settlement.....	—	—	—
Investment Income.....	4,974	18,659	4,042
Other.....	3,699	147,731	—
TOTAL REVENUES.....	<u>1,953,716</u>	<u>2,925,590</u>	<u>1,372,001</u>
EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	3,078,055	—	139
Higher Education Support.....	22,955	—	6,356
Public Assistance and Medicaid.....	186	—	—
Health and Human Services.....	830	—	—
Justice and Public Protection.....	5,425	—	306,536
Environmental Protection and Natural Resources.....	—	—	484
Transportation.....	—	2,655,980	2,380
General Government.....	723	—	297,934
Community and Economic Development.....	—	—	678,774
CAPITAL OUTLAY.....	—	—	9,139
TOTAL EXPENDITURES.....	<u>3,108,174</u>	<u>2,655,980</u>	<u>1,301,742</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(1,154,458)</u>	<u>269,610</u>	<u>70,259</u>
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....	—	—	127,670
Premiums/Discounts.....	—	—	5,528
Transfers-in.....	1,128,630	474,642	24,485
Transfers-out.....	(5,601)	(383,192)	(76,026)
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1,123,029</u>	<u>91,450</u>	<u>81,657</u>
NET CHANGE IN FUND BALANCES.....	<u>(31,429)</u>	<u>361,060</u>	<u>151,916</u>
FUND BALANCES (DEFICITS), July 1	241,682	1,059,545	567,336
Increase (Decrease) for Changes in Inventories.....	—	28,329	—
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 210,253</u>	<u>\$ 1,448,934</u>	<u>\$ 719,252</u>

<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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	25,192	—
4,210	—	—	66,720	—	—
17,184	61,532	12,204	141,440	48,249	—
—	128	4,169	6,820	5,787	—
538,749	2,129,451	33,832	56,222	28,982	—
—	—	—	—	—	2,347
65	3	896	1,370	722	37
63,293	363,025	29,250	45,950	5,359	—
623,501	2,554,139	80,351	318,522	114,291	2,384
—	—	—	—	—	—
—	—	—	—	—	—
33,119	2,466,239	—	—	—	—
599,469	134,715	76	—	—	2,000
26	—	76,272	262	—	1,197
—	—	—	261,880	93,308	18
—	—	—	—	—	—
365	—	—	5,270	—	281
4,328	—	—	8,529	—	1,462
—	—	—	566	8,438	—
637,307	2,600,954	76,348	276,507	101,746	4,958
(13,806)	(46,815)	4,003	42,015	12,545	(2,574)
—	—	—	—	—	—
—	—	—	—	—	—
39,164	5,550	3,754	7,380	129	2,405
(324)	—	(1,575)	(7)	—	—
38,840	5,550	2,179	7,373	129	2,405
25,034	(41,265)	6,182	49,388	12,674	(169)
105,760	351,586	47,289	370,055	54,373	3,861
—	—	—	—	—	—
\$ 130,794	\$ 310,321	\$ 53,471	\$ 419,443	\$ 67,047	\$ 3,692

(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, 2020

(dollars in thousands)

(continued)

	<u>TOTAL</u>
REVENUES:	
Income Taxes.....	\$ 39
Corporate and Public Utility Taxes.....	68,511
Motor Vehicle Fuel Taxes.....	1,201,414
Other Taxes.....	347,389
Licenses, Permits and Fees.....	773,487
Sales, Services and Charges.....	33,843
Federal Government.....	6,828,390
Tobacco Settlement.....	2,347
Investment Income.....	30,768
Other.....	658,307
TOTAL REVENUES.....	<u>9,944,495</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	3,078,194
Higher Education Support.....	29,311
Public Assistance and Medicaid.....	2,499,544
Health and Human Services.....	737,090
Justice and Public Protection.....	389,718
Environmental Protection and Natural Resources.....	355,690
Transportation.....	2,658,360
General Government.....	304,573
Community and Economic Development.....	693,093
CAPITAL OUTLAY.....	18,143
TOTAL EXPENDITURES.....	<u>10,763,716</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(819,221)</u>
OTHER FINANCING SOURCES (USES):	
Bonds, Notes, and COPs Issued.....	127,670
Premiums/Discounts.....	5,528
Transfers-in.....	1,686,139
Transfers-out.....	(466,725)
TOTAL OTHER FINANCING SOURCES (USES).....	<u>1,352,612</u>
NET CHANGE IN FUND BALANCES.....	533,391
FUND BALANCES (DEFICITS), July 1.....	2,801,487
Increase (Decrease) for Changes in Inventories.....	28,329
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ 3,363,207</u>

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, 2020

(dollars in thousands)

	EDUCATION		
			VARIANCE WITH FINAL BUDGET
	BUDGET		POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Income Taxes.....		\$ —	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		—	
Licenses, Permits and Fees.....		336	
Sales, Services and Charges.....		2	
Federal Government.....		1,923,153	
Tobacco Settlement.....		—	
Investment Income.....		4,974	
Other.....		12,933	
TOTAL REVENUES.....		1,941,398	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 3,438,188	3,073,374	\$ 364,814
Higher Education Support.....	33,852	31,980	1,872
Public Assistance and Medicaid.....	357	186	171
Health and Human Services.....	2,197	1,538	659
Justice and Public Protection.....	11,588	9,402	2,186
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	847	763	84
Community and Economic Development.....	—	—	—
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 3,487,029	3,117,243	\$ 369,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(1,175,845)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		1,129,179	
Transfers-out.....		(6,203)	
TOTAL OTHER FINANCING SOURCES (USES).....		1,122,976	
NET CHANGE IN FUND BALANCES.....		(52,869)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		219,209	
Outstanding Encumbrances at Beginning of Fiscal Year.....		27,721	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 194,061	

HIGHWAY OPERATING			COMMUNITY AND ECONOMIC DEVELOPMENT		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ 39	
	—			75,420	
	1,058,381			7,150	
	—			274,097	
	47,362			449,914	
	205			16,747	
	1,584,406			576,351	
	—			—	
	18,659			4,042	
	230,940			56,346	
	<u>2,939,953</u>			<u>1,460,106</u>	
\$ —	—	\$ —	\$ 5,620	4,381	\$ 1,239
—	—	—	8,326	6,471	1,855
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	409,382	341,000	68,382
—	—	—	644	499	145
6,825,227	5,335,810	1,489,417	7,516	6,401	1,115
—	—	—	433,971	380,439	53,532
—	—	—	1,511,135	1,204,471	306,664
—	—	—	47,316	16,514	30,802
208,513	196,354	12,159	—	—	—
<u>\$ 7,033,740</u>	<u>5,532,164</u>	<u>\$ 1,501,576</u>	<u>\$ 2,423,910</u>	<u>1,960,176</u>	<u>\$ 463,734</u>
	<u>(2,592,211)</u>			<u>(500,070)</u>	
	—			133,198	
	474,642			31,087	
	(186,838)			(82,637)	
	<u>287,804</u>			<u>81,648</u>	
	<u>(2,304,407)</u>			<u>(418,422)</u>	
	(1,569,660)			26,925	
	<u>2,439,639</u>			<u>525,813</u>	
	<u>\$ (1,434,428)</u>			<u>\$ 134,316</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, 2020

(dollars in thousands)

(continued)

	HEALTH		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		5,513	
Licenses, Permits and Fees.....		17,155	
Sales, Services and Charges.....		—	
Federal Government.....		427,129	
Tobacco Settlement.....		—	
Investment Income.....		65	
Other.....		131,357	
TOTAL REVENUES.....		581,219	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	38,198	34,841	3,357
Health and Human Services.....	763,543	678,413	85,130
Justice and Public Protection.....	15,954	12	15,942
Environmental Protection and Natural Resources.....	—	—	—
Transportation.....	—	—	—
General Government.....	1,277	826	451
Community and Economic Development.....	8,009	7,605	404
CAPITAL OUTLAY.....	—	—	—
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 826,981	721,697	\$ 105,284
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(140,478)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		39,164	
Transfers-out.....		(368)	
TOTAL OTHER FINANCING SOURCES (USES).....		38,796	
NET CHANGE IN FUND BALANCES.....		(101,682)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		29,128	
Outstanding Encumbrances at Beginning of Fiscal Year....		62,204	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ (10,350)	

<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>
	\$ —			\$ —	
	—			—	
	—			—	
	62,278			12,001	
	128			4,169	
	2,149,369			33,832	
	—			—	
	3			896	
	493,623			30,289	
	<u>2,705,401</u>			<u>81,187</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
2,967,735	2,853,945	113,790	—	—	—
274,557	206,104	68,453	270	152	118
—	—	—	141,123	107,335	33,788
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>\$ 3,242,292</u>	<u>3,060,049</u>	<u>\$ 182,243</u>	<u>\$ 141,393</u>	<u>107,487</u>	<u>\$ 33,906</u>
	<u>(354,648)</u>			<u>(26,300)</u>	
	—			—	
	5,550			3,754	
	(3)			—	
	<u>5,547</u>			<u>3,754</u>	
	<u>(349,101)</u>			<u>(22,546)</u>	
	269,401			25,585	
	255,967			27,891	
	<u>\$ 176,267</u>			<u>\$ 30,930</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, 2020

(dollars in thousands)
(continued)

	NATURAL RESOURCES		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Income Taxes.....		\$ —	
Corporate and Public Utility Taxes.....		—	
Motor Vehicle Fuel Taxes.....		—	
Other Taxes.....		66,709	
Licenses, Permits and Fees.....		144,682	
Sales, Services and Charges.....		6,833	
Federal Government.....		57,121	
Tobacco Settlement.....		—	
Investment Income.....		1,370	
Other.....		49,555	
TOTAL REVENUES.....		326,270	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ —	—	\$ —
Higher Education Support.....	—	—	—
Public Assistance and Medicaid.....	—	—	—
Health and Human Services.....	—	—	—
Justice and Public Protection.....	333	267	66
Environmental Protection and Natural Resources.....	450,559	355,500	95,059
Transportation.....	—	—	—
General Government.....	6,213	5,905	308
Community and Economic Development.....	9,039	9,039	—
CAPITAL OUTLAY.....	1,193	576	617
DEBT SERVICE.....	—	—	—
TOTAL BUDGETARY EXPENDITURES.....	\$ 467,337	371,287	\$ 96,050
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(45,017)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		—	
Transfers-in.....		23,567	
Transfers-out.....		(16,315)	
TOTAL OTHER FINANCING SOURCES (USES).....		7,252	
NET CHANGE IN FUND BALANCES.....		(37,765)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		292,972	
Outstanding Encumbrances at Beginning of Fiscal Year....		88,448	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 343,655	

WILDLIFE AND WATERWAYS SAFETY			TOBACCO SETTLEMENT		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ —			\$ —	
	—			—	
	24,338			—	
	—			—	
	47,888			—	
	5,787			—	
	28,982			—	
	—			2,347	
	722			—	
	5,675			216	
	<u>113,392</u>			<u>2,563</u>	
\$ —	—	\$ —	\$ —	—	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	2,000	2,000	—
—	—	—	2,880	1,428	1,452
125,741	113,288	12,453	77	77	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	295	270	25
74,681	11,438	63,243	—	—	—
—	—	—	—	—	—
<u>\$ 200,422</u>	<u>124,726</u>	<u>\$ 75,696</u>	<u>\$ 5,252</u>	<u>3,775</u>	<u>\$ 1,477</u>
	<u>(11,334)</u>			<u>(1,212)</u>	
	—			—	
	673			2,239	
	(544)			—	
	<u>129</u>			<u>2,239</u>	
	<u>(11,205)</u>			<u>1,027</u>	
	39,147			916	
	<u>15,264</u>			<u>306</u>	
	<u>\$ 43,206</u>			<u>\$ 2,249</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, 2020

(dollars in thousands)

(continued)

	TOTAL		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	BUDGET		
	FINAL	ACTUAL	
REVENUES:			
Income Taxes.....		\$ 39	
Corporate and Public Utility Taxes.....		75,420	
Motor Vehicle Fuel Taxes.....		1,089,869	
Other Taxes.....		346,319	
Licenses, Permits and Fees.....		781,616	
Sales, Services and Charges.....		33,871	
Federal Government.....		6,780,343	
Tobacco Settlement.....		2,347	
Investment Income.....		30,731	
Other.....		1,010,934	
TOTAL REVENUES.....		10,151,489	
BUDGETARY EXPENDITURES:			
CURRENT OPERATING:			
Primary, Secondary and Other Education.....	\$ 3,443,808	3,077,755	\$ 366,053
Higher Education Support.....	42,178	38,451	3,727
Public Assistance and Medicaid.....	3,006,290	2,888,972	117,318
Health and Human Services.....	1,042,567	888,207	154,360
Justice and Public Protection.....	581,260	459,444	121,816
Environmental Protection and Natural Resources.....	577,021	469,364	107,657
Transportation.....	6,832,743	5,342,211	1,490,532
General Government.....	442,308	387,933	54,375
Community and Economic Development.....	1,528,478	1,221,385	307,093
CAPITAL OUTLAY.....	123,190	28,528	94,662
DEBT SERVICE.....	208,513	196,354	12,159
TOTAL BUDGETARY EXPENDITURES.....	\$ 17,828,356	14,998,604	\$ 2,829,752
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(4,847,115)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		133,198	
Transfers-in.....		1,709,855	
Transfers-out.....		(292,908)	
TOTAL OTHER FINANCING SOURCES (USES).....		1,550,145	
NET CHANGE IN FUND BALANCES.....		(3,296,970)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(666,377)	
Outstanding Encumbrances at Beginning of Fiscal Year....		3,443,253	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ (520,094)	

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.

Coal Research/Development General Obligations Fund

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.

Improvements General Obligations Fund

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.

Highway Improvements General Obligations Fund

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.

Development General Obligations Fund

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.

Highway General Obligations Fund

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.

Public Improvements General Obligations Fund

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.

Vietnam Conflict Compensation General Obligations Fund

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.

Local Infrastructure Improvements General Obligations Fund

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.

State Projects General Obligations Fund

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.

Highway Capital Improvements General Obligations Fund

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.

Higher Education Capital Facilities General Obligations Fund

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.

Common Schools Capital Facilities General Obligations Fund

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.

Conservation Projects General Obligations Fund

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.

Third Frontier Research/Development General Obligations Fund

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.

Job Ready Site Development General Obligations Fund

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.

Persian Gulf Conflict Compensation General Obligations Fund

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.

Infrastructure Bank Revenue Bonds Fund

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.

Lease Rental Special Obligations Fund

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 Ohio Facilities Construction Commission projects.

Certificates of Participation Fund

The Certificates of Participation Fund accounts for the payment of certificate of participation-related obligations that finance some of the State's capital projects including the Multi Agency Radio Communications (MARCS), the Ohio Administrative Knowledge System (OAKS), the State's Taxation Accounting and Revenue System (STARS), the Treasury Management System (TMS), the Enterprise Data Center Solutions (EDCS), the Bureau of Criminal Investigation Records System (BCIRS), the Voters System Acquisition (VSA) project, and the Unemployment Insurance System (UIS).

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2020
 (dollars in thousands)

	<u>COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS</u>	<u>IMPROVEMENTS GENERAL OBLIGATIONS</u>	<u>HIGHWAY IMPROVEMENTS GENERAL OBLIGATIONS</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 3	\$ —	\$ —
Cash and Cash Equivalents.....	—	115	55
Investments.....	—	—	—
Collateral on Lent Securities.....	—	—	—
TOTAL ASSETS	<u>\$ 3</u>	<u>\$ 115</u>	<u>\$ 55</u>
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	—	—	—
Refund and Other Liabilities.....	—	115	55
TOTAL LIABILITIES.....	<u>—</u>	<u>115</u>	<u>55</u>
FUND BALANCES (DEFICITS):			
Restricted.....	3	—	—
TOTAL FUND BALANCES (DEFICITS).....	<u>3</u>	<u>—</u>	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3</u>	<u>\$ 115</u>	<u>\$ 55</u>

DEVELOPMENT GENERAL OBLIGATIONS	HIGHWAY GENERAL OBLIGATIONS	PUBLIC IMPROVEMENTS GENERAL OBLIGATIONS	VIETNAM CONFLICT COMPENSATION GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	STATE PROJECTS GENERAL OBLIGATIONS
\$ —	\$ —	\$ —	\$ —	\$ 25	\$ 4
212	170	85	28	—	—
—	—	—	—	—	—
—	—	—	—	4	1
\$ 212	\$ 170	\$ 85	\$ 28	\$ 29	\$ 5
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	4	1
212	170	85	28	—	—
212	170	85	28	4	1
—	—	—	—	25	4
—	—	—	—	25	4
\$ 212	\$ 170	\$ 85	\$ 28	\$ 29	\$ 5

(continued)

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2020
 (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.....	\$ 640	\$ 10	\$ 281
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	92	1	40
TOTAL ASSETS	\$ 732	\$ 11	\$ 321
LIABILITIES:			
Accounts Payable	\$ —	\$ —	\$ —
Obligations Under Securities Lending.....	92	1	40
Refund and Other Liabilities.....	—	—	—
TOTAL LIABILITIES.....	92	1	40
FUND BALANCES (DEFICITS):			
Restricted.....	640	10	281
TOTAL FUND BALANCES (DEFICITS).....	640	10	281
TOTAL LIABILITIES AND FUND BALANCES	\$ 732	\$ 11	\$ 321

CONSERVATION PROJECTS GENERAL OBLIGATIONS	THIRD FRONTIER RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS	INFRASTRUCTURE BANK REVENUE BONDS	LEASE RENTAL SPECIAL OBLIGATIONS	CERTIFICATES OF PARTICIPATION
\$ 6	\$ 9	\$ 2	\$ —	\$ —	\$ —
—	—	—	—	422	34
—	—	—	7,680	—	65
1	1	—	—	—	—
\$ 7	\$ 10	\$ 2	\$ 7,680	\$ 422	\$ 99
\$ —	\$ —	\$ —	\$ —	\$ 215	\$ —
1	1	—	—	—	—
—	—	—	—	—	—
1	1	—	—	215	—
6	9	2	7,680	207	99
6	9	2	7,680	207	99
\$ 7	\$ 10	\$ 2	\$ 7,680	\$ 422	\$ 99

(continued)

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2020
 (dollars in thousands)
 (continued)

	<u>TOTAL</u>
ASSETS:	
Cash Equity with Treasurer.....	\$ 980
Cash and Cash Equivalents.....	1,121
Investments.....	7,745
Collateral on Lent Securities.....	140
TOTAL ASSETS	<u>\$ 9,986</u>
LIABILITIES:	
Accounts Payable	\$ 215
Obligations Under Securities Lending.....	140
Refund and Other Liabilities.....	665
TOTAL LIABILITIES.....	<u>1,020</u>
FUND BALANCES (DEFICITS):	
Restricted.....	<u>8,966</u>
TOTAL FUND BALANCES (DEFICITS).....	<u>8,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,986</u>

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (dollars in thousands)

	COAL RESEARCH/ DEVELOPMENT GENERAL OBLIGATIONS	LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS	STATE PROJECTS GENERAL OBLIGATIONS
REVENUES:			
Investment Income.....	\$ 4	\$ 116	\$ 6
Other.....	—	—	—
TOTAL REVENUES.....	4	116	6
EXPENDITURES:			
DEBT SERVICE.....	7,897	228,133	19,725
TOTAL EXPENDITURES.....	7,897	228,133	19,725
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(7,893)	(228,017)	(19,719)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....	—	—	—
Refunding Bonds and COPs Issued.....	—	215,760	—
Payment to Refunded Bond and COPs Escrow Agents.....	—	(231,631)	—
Premiums/Discounts.....	77	17,202	119
Transfers-in.....	7,813	226,688	19,601
TOTAL OTHER FINANCING SOURCES (USES).....	7,890	228,019	19,720
NET CHANGE IN FUND BALANCES.....	(3)	2	1
FUND BALANCES (DEFICITS), July 1.....	6	23	3
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 3	\$ 25	\$ 4

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	JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS
\$ 898	\$ 90	\$ 47	\$ 22	\$ 30	\$ 6
—	—	278	—	—	—
898	90	325	22	30	6
153,247	325,384	414,903	43,964	81,848	15,514
153,247	325,384	414,903	43,964	81,848	15,514
(152,349)	(325,294)	(414,578)	(43,942)	(81,818)	(15,508)
—	—	—	—	330	—
—	292,500	271,750	—	—	—
—	(310,430)	(292,680)	—	—	—
529	19,378	23,629	262	108	—
151,884	323,842	412,148	43,681	81,378	15,499
152,413	325,290	414,847	43,943	81,816	15,499
64	(4)	269	1	(2)	(9)
576	14	12	5	11	11
\$ 640	\$ 10	\$ 281	\$ 6	\$ 9	\$ 2

(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, 2020

(dollars in thousands)

(continued)

	PERSIAN GULF CONFLICT COMPENSATION GENERAL OBLIGATIONS	INFRASTRUCTURE BANK REVENUE BONDS	LEASE RENTAL SPECIAL OBLIGATIONS
REVENUES:			
Investment Income.....	\$ —	\$ 1,690	\$ —
Other.....	—	—	—
TOTAL REVENUES.....	—	1,690	—
EXPENDITURES:			
DEBT SERVICE.....	5,007	183,635	298,151
TOTAL EXPENDITURES.....	5,007	183,635	298,151
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,007)	(181,945)	(298,151)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....	—	—	315
Refunding Bonds and COPs Issued.....	25,065	—	215,275
Payment to Refunded Bond and COPs Escrow Agents.....	(25,031)	—	(222,670)
Premiums/Discounts.....	—	1,105	10,575
Transfers-in.....	4,973	179,823	294,642
TOTAL OTHER FINANCING SOURCES (USES).....	5,007	180,928	298,137
NET CHANGE IN FUND BALANCES.....	—	(1,017)	(14)
FUND BALANCES (DEFICITS), July 1	—	8,697	221
FUND BALANCES (DEFICITS), JUNE 30.....	\$ —	\$ 7,680	\$ 207

<u>CERTIFICATES OF PARTICIPATION</u>	<u>TOTAL</u>
\$ 14	\$ 2,923
—	278
<u>14</u>	<u>3,201</u>
<u>38,040</u>	<u>1,815,448</u>
<u>38,040</u>	<u>1,815,448</u>
<u>(38,026)</u>	<u>(1,812,247)</u>
—	645
—	1,020,350
—	(1,082,442)
309	73,293
<u>37,798</u>	<u>1,799,770</u>
<u>38,107</u>	<u>1,811,616</u>
81	(631)
18	9,597
<u>\$ 99</u>	<u>\$ 8,966</u>

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, 2020

(dollars in thousands)

	COAL RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 4	
Other.....		7,813	
TOTAL REVENUES.....		7,817	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 8,123	7,820	\$ 303
TOTAL BUDGETARY EXPENDITURES.....	\$ 8,123	7,820	\$ 303
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(3)	
OTHER FINANCING SOURCES (USES):			
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....			(3)
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		6	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 3	

**LOCAL INFRASTRUCTURE IMPROVEMENTS
GENERAL OBLIGATIONS**

STATE PROJECTS GENERAL OBLIGATIONS

LOCAL INFRASTRUCTURE IMPROVEMENTS GENERAL OBLIGATIONS			STATE PROJECTS GENERAL OBLIGATIONS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ 116			\$ 6	
	226,688			19,601	
	<u>226,804</u>			<u>19,607</u>	
\$ 229,339	226,802	\$ 2,537	\$ 20,360	19,606	\$ 754
<u>\$ 229,339</u>	<u>226,802</u>	<u>\$ 2,537</u>	<u>\$ 20,360</u>	<u>19,606</u>	<u>\$ 754</u>
	<u>2</u>			<u>1</u>	
	—			—	
	<u>—</u>			<u>—</u>	
	2			1	
	23			3	
	<u>\$ 25</u>			<u>\$ 4</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, 2020

(dollars in thousands)

(continued)

	HIGHWAY CAPITAL IMPROVEMENTS		
	GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 898	
Other.....		—	
TOTAL REVENUES.....		898	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 152,796	152,718	\$ 78
TOTAL BUDGETARY EXPENDITURES.....	\$ 152,796	152,718	\$ 78
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(151,820)	
OTHER FINANCING SOURCES (USES):			
Transfers-in.....		151,884	
TOTAL OTHER FINANCING SOURCES (USES).....		151,884	
NET CHANGE IN FUND BALANCES.....		64	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		576	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 640	

HIGHER EDUCATION CAPITAL FACILITIES
GENERAL OBLIGATIONS

COMMON SCHOOLS CAPITAL FACILITIES
GENERAL OBLIGATIONS

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>
	\$ 90			\$ 47	
	323,842			412,426	
	<u>323,932</u>			<u>412,473</u>	
\$ 323,936	323,936	\$ —	\$ 412,204	412,204	\$ —
<u>\$ 323,936</u>	<u>323,936</u>	<u>\$ —</u>	<u>\$ 412,204</u>	<u>412,204</u>	<u>\$ —</u>
	<u>(4)</u>			<u>269</u>	
	<u>—</u>			<u>—</u>	
	<u>(4)</u>			<u>269</u>	
	<u>14</u>			<u>12</u>	
	<u>\$ 10</u>			<u>\$ 281</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, 2020

(dollars in thousands)
(continued)

	CONSERVATION PROJECTS GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 22	
Other.....		43,681	
TOTAL REVENUES.....		43,703	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 44,219	43,702	\$ 517
TOTAL BUDGETARY EXPENDITURES.....	\$ 44,219	43,702	\$ 517
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		1	
OTHER FINANCING SOURCES (USES):			
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		1	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		5	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ 6	

**THIRD FRONTIER RESEARCH/DEVELOPMENT
GENERAL OBLIGATIONS**

**JOB READY SITE DEVELOPMENT
GENERAL OBLIGATIONS**

THIRD FRONTIER RESEARCH/DEVELOPMENT GENERAL OBLIGATIONS			JOB READY SITE DEVELOPMENT GENERAL OBLIGATIONS		
<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
<u>FINAL</u>	<u>ACTUAL</u>		<u>FINAL</u>	<u>ACTUAL</u>	
	\$ 30			\$ 6	
	81,379			15,499	
	<u>81,409</u>			<u>15,505</u>	
\$ 84,181	81,411	\$ 2,770	\$ 15,516	15,514	\$ 2
<u>\$ 84,181</u>	<u>81,411</u>	<u>\$ 2,770</u>	<u>\$ 15,516</u>	<u>15,514</u>	<u>\$ 2</u>
	(2)			(9)	
	—			—	
	—			—	
	(2)			(9)	
	11			11	
	<u>\$ 9</u>			<u>\$ 2</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, 2020

(dollars in thousands)
(continued)

	PERSIAN GULF CONFLICT COMPENSATION		
	GENERAL OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL		POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ —	
Other.....		4,973	
TOTAL REVENUES.....		4,973	
BUDGETARY EXPENDITURES:			
DEBT SERVICE.....	\$ 5,092	4,973	\$ 119
TOTAL BUDGETARY EXPENDITURES.....	\$ 5,092	4,973	\$ 119
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		—	
OTHER FINANCING SOURCES (USES):			
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		—	
NET CHANGE IN FUND BALANCES.....		—	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		—	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ —	

TOTAL		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
BUDGET	ACTUAL	
	\$ 1,219	
	1,135,902	
	<u>1,137,121</u>	
\$ 1,295,766	1,288,686	\$ 7,080
<u>\$ 1,295,766</u>	<u>1,288,686</u>	<u>\$ 7,080</u>
	 <u>(151,565)</u>	
	 151,884	
	<u>151,884</u>	
	 319	
	 661	
	 <u>\$ 980</u>	



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.

Infrastructure Bank Obligations Fund

The Infrastructure Bank Obligations Fund accounts for revenue bond proceeds that finance various highway construction projects sponsored by the Department of Transportation.

Mental Health/Developmental Disabilities Facilities Improvements Fund

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.

Parks and Recreation Improvements Fund

The Parks and Recreation Improvements Fund accounts for special obligation bond proceeds that finance the capital improvement of parks and recreation facilities.

Administrative Services Building Improvements Fund

The Administrative Services Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Administrative Services.

Youth Services Building Improvements Fund

The Youth Services Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Youth Services.

Adult Correctional Building Improvements Fund

The Adult Correctional Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Rehabilitation and Correction.

Ohio Parks and Natural Resources Fund

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.

Highway Capital Improvement Fund

The Highway Capital Improvement Fund accounts for general obligation bond proceeds that finance capital improvements to the state highway system.

Transportation Building Improvements Fund

The Transportation Building Improvements Fund accounts for special obligation bond proceeds that finance capital improvements for the Department of Transportation.

Certificates of Participation Projects Fund

The Certificates of Participation Projects Fund accounts for certificates of participation proceeds that finance the costs of the Multi Agency Radio Communications (MARCS), the Ohio Administrative Knowledge System (OAKS), the State's Taxation Accounting and Revenue System (STARS), the Treasury Management System (TMS), the Enterprise Data Center Solutions (EDCS), the Bureau of Criminal Investigation Records System (BCIRS), and the Unemployment Insurance System (UIS).

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020
 (dollars in thousands)

	<u>INFRASTRUCTURE BANK OBLIGATIONS</u>	<u>MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS</u>	<u>PARKS AND RECREATION IMPROVEMENTS</u>
ASSETS:			
Cash Equity with Treasurer.....	\$ 136,742	\$ 44,687	\$ 20,364
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Collateral on Lent Securities.....	19,602	6,406	2,919
TOTAL ASSETS	<u>\$ 156,344</u>	<u>\$ 51,093</u>	<u>\$ 23,283</u>
LIABILITIES:			
Accounts Payable	\$ 3,973	\$ 2,695	\$ 4,994
Obligations Under Securities Lending.....	19,602	6,406	2,919
Payable to Component Units.....	—	—	—
TOTAL LIABILITIES	<u>23,575</u>	<u>9,101</u>	<u>7,913</u>
FUND BALANCES (DEFICITS):			
Restricted.....	132,769	41,992	15,370
TOTAL FUND BALANCES (DEFICITS)	<u>132,769</u>	<u>41,992</u>	<u>15,370</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 156,344</u>	<u>\$ 51,093</u>	<u>\$ 23,283</u>

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT	TRANSPORTATION BUILDING IMPROVEMENTS
\$ 83,251	\$ 44,515	\$ 42,089	\$ 40,876	\$ 86,362	\$ 5,479
—	—	—	—	—	—
—	—	—	—	—	—
11,934	6,381	6,034	5,860	12,380	785
\$ 95,185	\$ 50,896	\$ 48,123	\$ 46,736	\$ 98,742	\$ 6,264
\$ 5,037	\$ 1,013	\$ 4,009	\$ 225	\$ 2,038	\$ 502
11,934	6,381	6,034	5,860	12,380	785
36	—	—	—	—	—
17,007	7,394	10,043	6,085	14,418	1,287
78,178	43,502	38,080	40,651	84,324	4,977
78,178	43,502	38,080	40,651	84,324	4,977
\$ 95,185	\$ 50,896	\$ 48,123	\$ 46,736	\$ 98,742	\$ 6,264

(continued)

STATE OF OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020
 (dollars in thousands)
 (continued)

	CERTIFICATES OF PARTICIPATION PROJECTS	TOTAL
ASSETS:		
Cash Equity with Treasurer.....	\$ —	\$ 504,365
Cash and Cash Equivalents.....	415	415
Investments.....	60,475	60,475
Collateral on Lent Securities.....	—	72,301
TOTAL ASSETS	<u>\$ 60,890</u>	<u>\$ 637,556</u>
LIABILITIES:		
Accounts Payable	\$ 1,633	\$ 26,119
Obligations Under Securities Lending.....	—	72,301
Payable to Component Units.....	—	36
TOTAL LIABILITIES.....	<u>1,633</u>	<u>98,456</u>
FUND BALANCES (DEFICITS):		
Restricted.....	<u>59,257</u>	<u>539,100</u>
TOTAL FUND BALANCES (DEFICITS).....	<u>59,257</u>	<u>539,100</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 60,890</u>	<u>\$ 637,556</u>



STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS	MENTAL HEALTH/ DEVELOPMENTAL DISABILITIES FACILITIES IMPROVEMENTS	PARKS AND RECREATION IMPROVEMENTS
REVENUES:			
Investment Income (Loss).....	\$ 2,657	\$ 478	\$ 1,606
Other.....	—	—	—
TOTAL REVENUES.....	2,657	478	1,606
EXPENDITURES:			
CAPITAL OUTLAY.....	228,395	45,144	96,467
TOTAL EXPENDITURES.....	228,395	45,144	96,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(225,738)	(44,666)	(94,861)
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....	180,010	50,000	—
Premiums/Discounts.....	39,990	10,371	—
Transfers-in.....	—	—	—
Transfers-out.....	—	—	—
TOTAL OTHER FINANCING SOURCES (USES).....	220,000	60,371	—
NET CHANGE IN FUND BALANCES.....	(5,738)	15,705	(94,861)
FUND BALANCES (DEFICITS), July 1	138,507	26,287	110,231
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 132,769	\$ 41,992	\$ 15,370

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS	YOUTH SERVICES BUILDING IMPROVEMENTS	ADULT CORRECTIONAL BUILDING IMPROVEMENTS	OHIO PARKS AND NATURAL RESOURCES	HIGHWAY CAPITAL IMPROVEMENT	TRANSPORTATION BUILDING IMPROVEMENTS
\$ 869	\$ 626	\$ 1,390	\$ 409	\$ 1,257	\$ 196
95	—	—	—	—	—
964	626	1,390	409	1,257	196
80,198	6,387	68,110	18,604	142,830	16,401
80,198	6,387	68,110	18,604	142,830	16,401
(79,234)	(5,761)	(66,720)	(18,195)	(141,573)	(16,205)
75,850	33,000	97,795	31,490	68,045	—
18,250	6,839	12,168	6,510	16,955	—
—	—	—	1	—	—
—	—	—	—	—	—
94,100	39,839	109,963	38,001	85,000	—
14,866	34,078	43,243	19,806	(56,573)	(16,205)
63,312	9,424	(5,163)	20,845	140,897	21,182
\$ 78,178	\$ 43,502	\$ 38,080	\$ 40,651	\$ 84,324	\$ 4,977

(continued)

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

(continued)

	CERTIFICATES OF PARTICIPATION PROJECTS	TOTAL
REVENUES:		
Investment Income (Loss).....	\$ 512	\$ 10,000
Other.....	4,500	4,595
TOTAL REVENUES.....	5,012	14,595
EXPENDITURES:		
CAPITAL OUTLAY.....	15,052	717,588
TOTAL EXPENDITURES.....	15,052	717,588
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(10,040)	(702,993)
OTHER FINANCING SOURCES (USES):		
Bonds, Notes, and COPs Issued.....	31,085	567,275
Premiums/Discounts.....	4,445	115,528
Transfers-in.....	—	1
Transfers-out.....	(32)	(32)
TOTAL OTHER FINANCING SOURCES (USES).....	35,498	682,772
NET CHANGE IN FUND BALANCES.....	25,458	(20,221)
FUND BALANCES (DEFICITS), July 1.....	33,799	559,321
FUND BALANCES (DEFICITS), JUNE 30.....	\$ 59,257	\$ 539,100



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, 2020

(dollars in thousands)

	INFRASTRUCTURE BANK OBLIGATIONS		
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 2,657	
Other.....		—	
TOTAL REVENUES.....		2,657	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 564,847	492,179	\$ 72,668
TOTAL BUDGETARY EXPENDITURES.....	\$ 564,847	492,179	\$ 72,668
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(489,522)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		220,000	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		220,000	
NET CHANGE IN FUND BALANCES.....		(269,522)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		(331,316)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		484,069	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ (116,769)	

**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 POSITIVE/ (NEGATIVE)	BUDGET		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
FINAL	ACTUAL		FINAL	ACTUAL	
	\$ 477			\$ 1,605	
	<u>—</u>			<u>—</u>	
	<u>477</u>			<u>1,605</u>	
\$ 301,650	99,041	\$ 202,609	\$ 367,533	280,374	\$ 87,159
<u>\$ 301,650</u>	<u>99,041</u>	<u>\$ 202,609</u>	<u>\$ 367,533</u>	<u>280,374</u>	<u>\$ 87,159</u>
	<u>(98,564)</u>			<u>(278,769)</u>	
	60,371			—	
	<u>—</u>			<u>—</u>	
	<u>60,371</u>			<u>—</u>	
	<u>(38,193)</u>			<u>(278,769)</u>	
	(35,450)			31,144	
	<u>63,678</u>			<u>79,199</u>	
	<u>\$ (9,965)</u>			<u>\$ (168,426)</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, 2020

(dollars in thousands)
(continued)

ADMINISTRATIVE SERVICES BUILDING IMPROVEMENTS			
	BUDGET		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	FINAL	ACTUAL	
REVENUES:			
Investment Income.....		\$ 870	
Other.....		95	
TOTAL REVENUES.....		965	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 312,579	140,531	\$ 172,048
TOTAL BUDGETARY EXPENDITURES.....	\$ 312,579	140,531	\$ 172,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(139,566)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		94,100	
Transfers-in.....		—	
TOTAL OTHER FINANCING SOURCES (USES).....		94,100	
NET CHANGE IN FUND BALANCES.....		(45,466)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		(34,715)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		101,288	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 21,107	

YOUTH SERVICES BUILDING IMPROVEMENTS

ADULT CORRECTIONAL BUILDING IMPROVEMENTS

YOUTH SERVICES BUILDING IMPROVEMENTS			ADULT CORRECTIONAL BUILDING IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)	BUDGET		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
FINAL	ACTUAL		FINAL	ACTUAL	
	\$ 626			\$ 1,390	
	<u>—</u>			<u>—</u>	
	626			1,390	
\$ 41,829	17,643	\$ 24,186	\$ 350,619	214,712	\$ 135,907
\$ 41,829	17,643	\$ 24,186	\$ 350,619	214,712	\$ 135,907
	(17,017)			(213,322)	
	39,839			109,963	
	<u>—</u>			<u>—</u>	
	39,839			109,963	
	22,822			(103,359)	
	1,250			(97,492)	
	<u>8,835</u>			<u>104,396</u>	
	\$ 32,907			\$ (96,455)	

(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, 2020

(dollars in thousands)
(continued)

OHIO PARKS AND NATURAL RESOURCES			
	BUDGET		VARIANCE WITH FINAL BUDGET
	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
REVENUES:			
Investment Income.....		\$ 409	
Other.....		—	
TOTAL REVENUES.....		409	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 72,481	49,458	\$ 23,023
TOTAL BUDGETARY EXPENDITURES.....	\$ 72,481	49,458	\$ 23,023
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....			
		(49,049)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		38,000	
Transfers-in.....		1	
TOTAL OTHER FINANCING SOURCES (USES).....		38,001	
NET CHANGE IN FUND BALANCES.....		(11,048)	
BUDGETARY FUND BALANCES			
(DEFICITS), JULY 1.....		191	
Outstanding Encumbrances at Beginning of Fiscal Year.....		20,948	
BUDGETARY FUND BALANCES			
(DEFICITS), JUNE 30.....		\$ 10,091	

HIGHWAY CAPITAL IMPROVEMENTS			TRANSPORTATION BUILDING IMPROVEMENTS		
BUDGET		VARIANCE WITH FINAL BUDGET	BUDGET		VARIANCE WITH FINAL BUDGET
FINAL	ACTUAL	POSITIVE/ (NEGATIVE)	FINAL	ACTUAL	POSITIVE/ (NEGATIVE)
	\$ 1,257			\$ 196	
	<u>—</u>			<u>—</u>	
	<u>1,257</u>			<u>196</u>	
\$ 298,704	242,139	\$ 56,565	\$ 80,038	19,778	\$ 60,260
<u>\$ 298,704</u>	<u>242,139</u>	<u>\$ 56,565</u>	<u>\$ 80,038</u>	<u>19,778</u>	<u>\$ 60,260</u>
	<u>(240,882)</u>			<u>(19,582)</u>	
	85,000			—	
	<u>—</u>			<u>—</u>	
	<u>85,000</u>			<u>—</u>	
	<u>(155,882)</u>			<u>(19,582)</u>	
	(43,430)			3,500	
	<u>204,892</u>			<u>20,038</u>	
	<u>\$ 5,580</u>			<u>\$ 3,956</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, 2020

(dollars in thousands)

(continued)

	<u>TOTAL</u>		VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
	<u>BUDGET</u>		
	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:			
Investment Income.....		\$ 9,487	
Other.....		95	
TOTAL REVENUES.....		9,582	
BUDGETARY EXPENDITURES:			
CAPITAL OUTLAY.....	\$ 2,390,280	1,555,855	\$ 834,425
TOTAL BUDGETARY EXPENDITURES.....	\$ 2,390,280	1,555,855	\$ 834,425
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) BUDGETARY EXPENDITURES.....		(1,546,273)	
OTHER FINANCING SOURCES (USES):			
Bonds, Notes, and COPs Issued.....		647,273	
Transfers-in.....		1	
TOTAL OTHER FINANCING SOURCES (USES).....		647,274	
NET CHANGE IN FUND BALANCES.....		(898,999)	
BUDGETARY FUND BALANCES (DEFICITS), JULY 1.....		(506,318)	
Outstanding Encumbrances at Beginning of Fiscal Year.....		1,087,343	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30.....		\$ (317,974)	

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.

Tuition Trust Authority Fund

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.

Office of Auditor of State Fund

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 POSITION NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE JUNE 30, 2020

(dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ 1,143	\$ 30,716	\$ 31,859
Cash and Cash Equivalents.....	13,664	—	13,664
Collateral on Lent Securities.....	163	4,414	4,577
Restricted Assets:			
Investments.....	28,400	—	28,400
Intergovernmental Receivable.....	—	6,229	6,229
Interfund Receivable.....	—	1,821	1,821
Other Receivables.....	443	—	443
TOTAL CURRENT ASSETS.....	43,813	43,180	86,993
NONCURRENT ASSETS:			
Restricted Assets:			
Investments.....	202,756	—	202,756
Other Assets.....	28	867	895
Capital Assets Being Depreciated, Net.....	28	724	752
TOTAL NONCURRENT ASSETS.....	202,812	1,591	204,403
TOTAL ASSETS.....	246,625	44,771	291,396
DEFERRED OUTFLOWS OF RESOURCES.....	507	15,810	16,317
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	247,132	60,581	307,713
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	740	516	1,256
Accrued Liabilities.....	465	5,203	5,668
Obligations Under Securities Lending.....	163	4,414	4,577
Benefits Payable.....	28,400	—	28,400
Refund and Other Liabilities.....	—	1,723	1,723
TOTAL CURRENT LIABILITIES.....	29,768	11,856	41,624
NONCURRENT LIABILITIES:			
Benefits Payable.....	104,200	—	104,200
Refund and Other Liabilities.....	3,833	127,875	131,708
TOTAL NONCURRENT LIABILITIES.....	108,033	127,875	235,908
TOTAL LIABILITIES.....	137,801	139,731	277,532
DEFERRED INFLOWS OF RESOURCES.....	742	23,530	24,272
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	138,543	163,261	301,804
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	28	724	752
Unrestricted.....	108,561	(103,404)	5,157
TOTAL NET POSITION (DEFICITS).....	\$ 108,589	\$ (102,680)	\$ 5,909

STATE OF OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

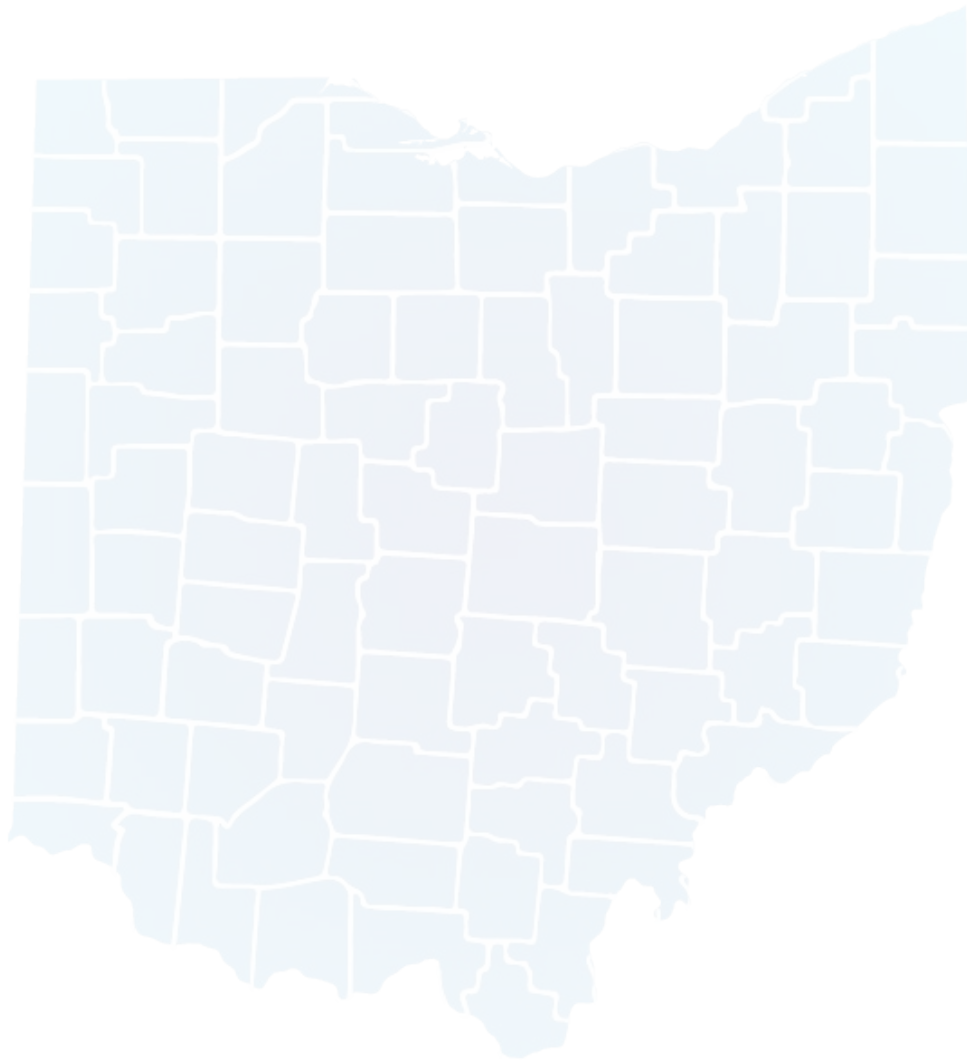
	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
OPERATING REVENUES:			
Charges for Sales and Services.....	\$ 5,586	\$ 46,682	\$ 52,268
Investment Income.....	10,574	—	10,574
Other.....	31,300	114	31,414
TOTAL OPERATING REVENUES.....	47,460	46,796	94,256
OPERATING EXPENSES:			
Costs of Sales and Services.....	—	89,042	89,042
Administration.....	9,183	5,931	15,114
Benefits and Claims.....	35,621	—	35,621
Depreciation.....	9	248	257
TOTAL OPERATING EXPENSES.....	44,813	95,221	140,034
OPERATING INCOME (LOSS).....	2,647	(48,425)	(45,778)
NONOPERATING REVENUES (EXPENSES):			
Investment Income.....	—	21	21
Other.....	—	15	15
TOTAL NONOPERATING REVENUES (EXPENSES).....	—	36	36
INCOME (LOSS) BEFORE GAIN (LOSS) AND TRANSFERS.....	2,647	(48,389)	(45,742)
Transfers-in.....	—	39,320	39,320
TOTAL GAIN (LOSS) AND TRANSFERS.....	—	39,320	39,320
NET INCOME (LOSS).....	2,647	(9,069)	(6,422)
NET POSITION (DEFICITS), JULY 1 (as restated).....	105,942	(93,611)	12,331
NET POSITION (DEFICITS), JUNE 30.....	\$ 108,589	\$ (102,680)	\$ 5,909

STATE OF OHIO
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (dollars in thousands)

	TUITION TRUST AUTHORITY	OFFICE OF AUDITOR OF STATE	TOTAL NONMAJOR PROPRIETARY FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers.....	\$ —	\$ 36,439	\$ 36,439
Cash Received from Interfund Services Provided.....	—	8,605	8,605
Other Operating Cash Receipts.....	5,891	1,886	7,777
Cash Payments to Suppliers for Goods and Services.....	(5,794)	(1,731)	(7,525)
Cash Payments to Employees for Services.....	(2,651)	(79,718)	(82,369)
Cash Payments for Interfund Services Used.....	(410)	(4,345)	(4,755)
Other Operating Cash Payments.....	(35,621)	—	(35,621)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	(38,585)	(38,864)	(77,449)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in	—	39,218	39,218
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES.....	—	39,218	39,218
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(1)	(205)	(206)
Proceeds from Sales of Capital Assets	—	15	15
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1)	(190)	(191)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments.....	(96,022)	—	(96,022)
Proceeds from the Sales and Maturities of Investments	111,993	—	111,993
Investment Income Received	740	21	761
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES.....	16,711	21	16,732
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	(21,875)	185	(21,690)
CASH AND CASH EQUIVALENTS, JULY 1	36,682	30,531	67,213
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 14,807	\$ 30,716	\$ 45,523

STATE OF OHIO
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS -- ENTERPRISE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (dollars in thousands)

	<u>TUITION TRUST AUTHORITY</u>	<u>OFFICE OF AUDITOR OF STATE</u>	<u>TOTAL NONMAJOR PROPRIETARY FUNDS</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss).....	\$ 2,647	\$ (48,425)	\$ (45,778)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Investment Income.....	(10,574)	—	(10,574)
Depreciation	9	248	257
Decrease (Increase) in Assets:			
Intergovernmental Receivable.....	—	27,468	27,468
Interfund Receivable.....	—	(102)	(102)
Other Receivables	304	—	304
Increase (Decrease) in Liabilities:			
Accounts Payable	11	(18,307)	(18,296)
Accrued Liabilities.....	63	762	825
Unearned Revenue.....	—	(1,016)	(1,016)
Benefits Payable.....	(31,300)	—	(31,300)
Refund and Other Liabilities.....	255	508	763
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES.....	<u>\$ (38,585)</u>	<u>\$ (38,864)</u>	<u>\$ (77,449)</u>



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.

Holding and Distribution Fund

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.

Centralized Child Support Collections Fund

The Centralized Child Support Collections Fund accounts for assets temporarily held for custodial parents.

Retirement Systems Fund

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.

Payroll Withholding and Fringe Benefits Fund

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

Other Fund

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, 2020
 (dollars in thousands)

	HOLDING AND DISTRIBUTION	CENTRALIZED CHILD SUPPORT COLLECTIONS	RETIREMENT SYSTEMS
ASSETS:			
Cash Equity with Treasurer.....	\$ 108,643	\$ —	\$ —
Cash and Cash Equivalents.....	2,568	139,816	—
Investments (at fair value):.....			
U.S. Government and Agency Obligations.....	—	—	21,578,777
Common and Preferred Stock.....	—	—	45,910,806
Corporate Bonds and Notes.....	—	—	12,770,494
Foreign Stocks and Bonds.....	—	—	50,741,060
Commercial Paper.....	—	—	2,437,096
Repurchase Agreements.....	—	—	1,555,000
Mutual Funds.....	—	—	10,650,058
Real Estate.....	—	—	22,035,096
Venture Capital.....	—	—	26,697,458
Direct Mortgage Loans.....	—	—	7,772,142
Partnership and Hedge Funds.....	—	—	15,215,313
State Treasury Asset Reserve of Ohio (STAR Ohio).....	—	6,336	—
Collateral on Lent Securities.....	15,574	—	—
Other Assets.....	—	—	—
TOTAL ASSETS.....	<u>\$ 126,785</u>	<u>\$ 146,152</u>	<u>\$ 217,363,300</u>
LIABILITIES:			
Obligations Under Securities Lending.....	\$ 15,574	\$ —	\$ —
Intergovernmental Payable.....	6,835	—	—
Refund and Other Liabilities.....	104,376	146,152	217,363,300
TOTAL LIABILITIES.....	<u>\$ 126,785</u>	<u>\$ 146,152</u>	<u>\$ 217,363,300</u>

PAYROLL WITHHOLDING AND FRINGE BENEFITS	OTHER	TOTAL
\$ 176,272	\$ 194,617	\$ 479,532
—	77,655	220,039
—	9,944	21,588,721
—	—	45,910,806
—	—	12,770,494
—	—	50,741,060
—	—	2,437,096
—	—	1,555,000
—	5,098	10,655,156
—	—	22,035,096
—	—	26,697,458
—	—	7,772,142
—	—	15,215,313
—	44,466	50,802
25,269	27,899	68,742
—	445,333	445,333
<u>\$ 201,541</u>	<u>\$ 805,012</u>	<u>\$ 218,642,790</u>
\$ 25,269	\$ 27,899	\$ 68,742
—	193,437	200,272
176,272	583,676	218,373,776
<u>\$ 201,541</u>	<u>\$ 805,012</u>	<u>\$ 218,642,790</u>

STATE OF OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

	<u>BALANCE</u> <u>July 1, 2019</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>June 30, 2020</u>
HOLDING AND DISTRIBUTION				
ASSETS				
Cash Equity with Treasurer	\$ 23,935	\$ 7,354,185	\$ 7,269,477	\$ 108,643
Cash and Cash Equivalents	2,767	18,914	19,113	2,568
Collateral on Lent Securities	7,750	15,574	7,750	15,574
Total Assets	<u>\$ 34,452</u>	<u>\$ 7,388,673</u>	<u>\$ 7,296,340</u>	<u>\$ 126,785</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 7,750	\$ 15,574	\$ 7,750	\$ 15,574
Intergovernmental Payable	9,567	80,947	83,679	6,835
Refund and Other Liabilities	17,135	7,292,152	7,204,911	104,376
Total Liabilities	<u>\$ 34,452</u>	<u>\$ 7,388,673</u>	<u>\$ 7,296,340</u>	<u>\$ 126,785</u>
CENTRALIZED CHILD SUPPORT COLLECTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 56,338	\$ 1,944,647	\$ 1,861,169	\$ 139,816
Investments.....	6,234	104	2	6,336
Total Assets	<u>\$ 62,572</u>	<u>\$ 1,944,751</u>	<u>\$ 1,861,171</u>	<u>\$ 146,152</u>
LIABILITIES				
Refund and Other Liabilities	\$ 62,572	\$ 1,944,751	\$ 1,861,171	\$ 146,152
Total Liabilities	<u>\$ 62,572</u>	<u>\$ 1,944,751</u>	<u>\$ 1,861,171</u>	<u>\$ 146,152</u>
RETIREMENT SYSTEMS				
ASSETS				
Investments.....	<u>\$ 204,458,497</u>	<u>\$ 615,506,900</u>	<u>\$ 602,602,097</u>	<u>\$ 217,363,300</u>
Total Assets	<u>\$ 204,458,497</u>	<u>\$ 615,506,900</u>	<u>\$ 602,602,097</u>	<u>\$ 217,363,300</u>
LIABILITIES				
Refund and Other Liabilities :				
Liability to:				
Public Employees Retirement System.....	\$ 93,822,051	\$ 519,491,735	\$ 507,163,798	\$ 106,149,988
Police and Fire Pension Fund.....	14,766,712	6,609,810	4,819,705	16,556,817
School Employees Retirement System.....	14,976,560	41,337,711	41,492,830	14,821,441
State Teachers Retirement System.....	80,893,174	48,067,644	49,125,764	79,835,054
Total Liabilities	<u>\$ 204,458,497</u>	<u>\$ 615,506,900</u>	<u>\$ 602,602,097</u>	<u>\$ 217,363,300</u>

	BALANCE July 1, 2019	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2020
PAYROLL WITHHOLDING AND FRINGE BENEFITS				
ASSETS				
Cash Equity with Treasurer	\$ 149,578	\$ 1,908,290	\$ 1,881,596	\$ 176,272
Cash and Cash Equivalents	—	604,189	604,189	—
Collateral on Lent Securities	48,435	25,269	48,435	25,269
Total Assets	<u>\$ 198,013</u>	<u>\$ 2,537,748</u>	<u>\$ 2,534,220</u>	<u>\$ 201,541</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 48,435	\$ 25,269	\$ 48,435	\$ 25,269
Refund and Other Liabilities	149,578	1,818,825	1,792,131	176,272
Total Liabilities	<u>\$ 198,013</u>	<u>\$ 1,844,094</u>	<u>\$ 1,840,566</u>	<u>\$ 201,541</u>
OTHER				
ASSETS				
Cash Equity with Treasurer	\$ 226,736	\$ 3,707,059	\$ 3,739,178	\$ 194,617
Cash and Cash Equivalents	45,513	92,730,815	92,698,673	77,655
Investments.....	72,842	51,617	64,951	59,508
Collateral on Lent Securities	73,420	27,899	73,420	27,899
Other Assets.....	452,619	70,507	77,793	445,333
Total Assets	<u>\$ 871,130</u>	<u>\$ 96,587,897</u>	<u>\$ 96,654,015</u>	<u>\$ 805,012</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 73,420	\$ 27,899	\$ 73,420	\$ 27,899
Intergovernmental Payable	223,067	3,694,552	3,724,182	193,437
Refund and Other Liabilities	574,643	92,865,446	92,856,413	583,676
Total Liabilities	<u>\$ 871,130</u>	<u>\$ 96,587,897</u>	<u>\$ 96,654,015</u>	<u>\$ 805,012</u>
TOTAL AGENCY				
ASSETS				
Cash Equity with Treasurer	\$ 400,249	\$ 12,969,534	\$ 12,890,251	\$ 479,532
Cash and Cash Equivalents	104,618	95,298,565	95,183,144	220,039
Investments.....	204,537,573	615,558,621	602,667,050	217,429,144
Collateral on Lent Securities	129,605	68,742	129,605	68,742
Other Assets.....	452,619	70,507	77,793	445,333
Total Assets	<u>\$ 205,624,664</u>	<u>\$ 723,965,969</u>	<u>\$ 710,947,843</u>	<u>\$ 218,642,790</u>
LIABILITIES				
Obligations Under Securities Lending.....	\$ 129,605	\$ 68,742	\$ 129,605	\$ 68,742
Intergovernmental Payable	232,634	3,775,499	3,807,861	200,272
Refund and Other Liabilities	205,262,425	719,428,074	706,316,723	218,373,776
Total Liabilities	<u>\$ 205,624,664</u>	<u>\$ 723,272,315</u>	<u>\$ 710,254,189</u>	<u>\$ 218,642,790</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.

Ohio Turnpike and Infrastructure Commission Fund

The Ohio Turnpike and Infrastructure Commission Fund accounts for the operations of the Ohio Turnpike and Infrastructure Commission, including its projects to construct, maintain and operate public roadways, express or limited access highways, superhighways, or motorways necessary for safe movement of traffic including bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, and toll booths. The Commission's Financial Statements are presented for the fiscal year end December 31, 2018. The Commission is located in Berea, Ohio.

Ohio Air Quality Development Authority Fund

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, 2018.

Ohio Capital Fund

The Ohio Capital Fund accounts for the operations of the State's venture capital program.

JobsOhio Fund

The JobsOhio Fund accounts for the operations of the nonprofit corporation, JobsOhio, including promoting economic development, job creation, job retention, job training, and the recruitment of business to the State of Ohio.

University of Cincinnati Fund

The University of Cincinnati Fund accounts for the operations of University of Cincinnati and The University of Cincinnati Foundation. The university is located in Cincinnati, Ohio.

Ohio University Fund

The Ohio University Fund accounts for the operations of Ohio University and the Ohio University Foundation. The university is located in Athens, Ohio.

Miami University Fund

The Miami University Fund accounts for the operations of Miami University and the Miami University Foundation. The university is located in Oxford, Ohio.

University of Akron Fund

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.

Bowling Green State University Fund

The Bowling Green State University Fund accounts for the operations of Bowling Green State University and the Bowling Green State University Foundation.

Kent State University Fund

The Kent State University Fund accounts for the operations of Kent State University and the Kent State University Foundation.

University of Toledo Fund

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.

Cleveland State University Fund

The Cleveland State University Fund accounts for the operations of Cleveland State University, the Cleveland State University Foundation, and the Euclid Avenue Housing Corporation.

Youngstown State University Fund

The Youngstown State University Fund accounts for the operations of Youngstown State University and the Youngstown State University Foundation.

Wright State University Fund

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.

Shawnee State University Fund

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.

Northeast Ohio Medical University Fund

The Northeast Ohio Medical University Fund accounts for the operations of Northeast Ohio Medical University and NEOMED Foundation. The college is located in Rootstown, Ohio.

Central State University Fund

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.

Terra State Community College Fund

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.

Columbus State Community College Fund

The Columbus State Community College Fund accounts for the operations of Columbus State Community College and the Columbus State Community College Development Foundation, Inc.

Clark State Community College Fund

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.

Edison State Community College Fund

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.

Southern State Community College Fund

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.

Washington State Community College Fund

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.

Cincinnati State Community College Fund

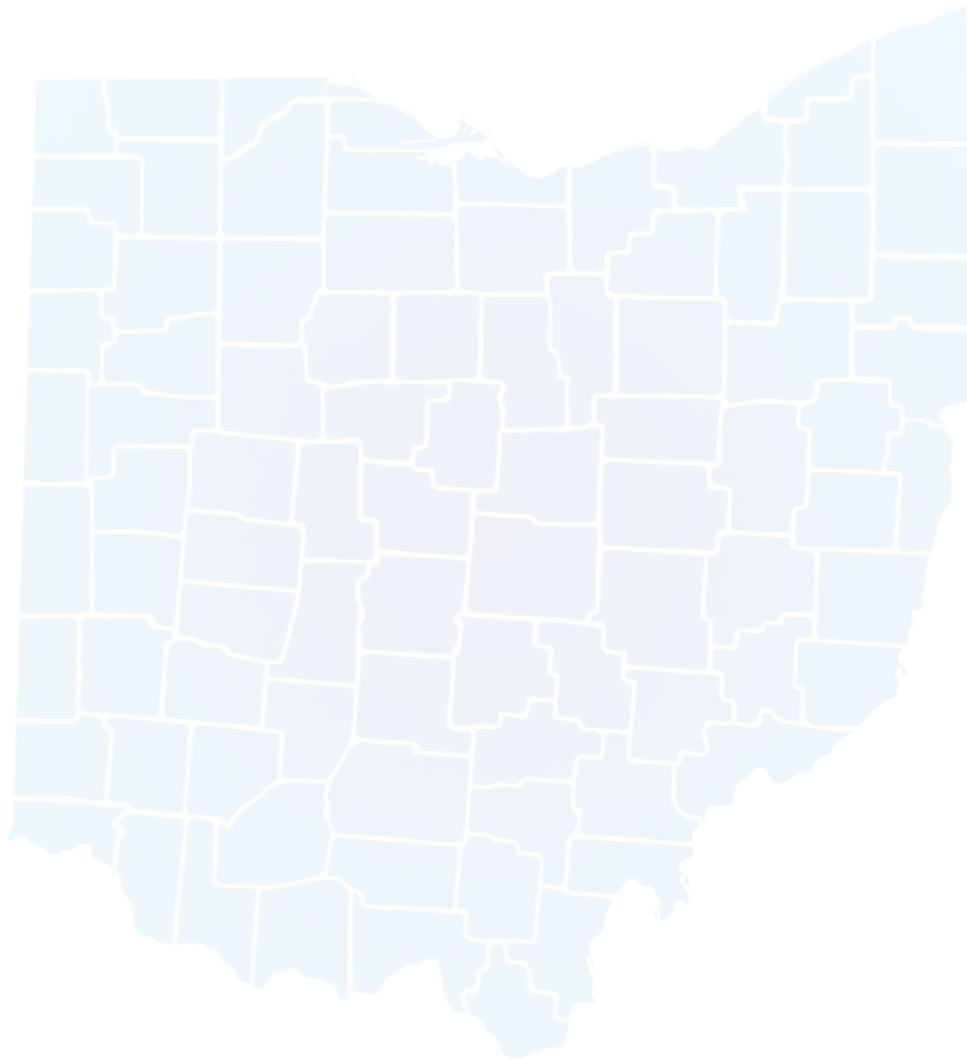
The Cincinnati State Community College Fund accounts for the operations of Cincinnati State Technical and Community College.

Northwest State Community College Fund

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.

Owens State Community College Fund

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 POSITION
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2020
 (dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION (as of 12/31/19)	OHIO AIR QUALITY DEVELOPMENT AUTHORITY (as of 12/31/19)	OHIO CAPITAL FUND
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ 1,541	\$ —
Cash and Cash Equivalents.....	44,409	2,222	4,199
Investments.....	186,563	3,275	—
Restricted Assets:			
Cash and Cash Equivalents.....	15,583	—	—
Investments.....	66,518	—	—
Intergovernmental Receivable.....	—	—	—
Loans Receivable, Net.....	—	1,269	—
Receivable from Primary Government.....	—	—	—
Other Receivables.....	19,072	25	1
Inventories.....	5,593	—	—
Other Assets.....	3,298	4	—
TOTAL CURRENT ASSETS.....	341,036	8,336	4,200
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	515,041	—	—
Investments.....	—	2,799	68,054
Loans Receivable, Net.....	—	—	—
Other Receivables.....	—	—	—
Other Assets.....	386	—	—
Capital Assets Being Depreciated, Net.....	1,523,613	20	—
Capital Assets Not Being Depreciated.....	56,552	—	—
TOTAL NONCURRENT ASSETS.....	2,095,592	2,819	68,054
TOTAL ASSETS.....	2,436,628	11,155	72,254
DEFERRED OUTFLOWS OF RESOURCES.....	45,475	183	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	2,482,103	11,338	72,254
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	20,979	90	—
Accrued Liabilities.....	33,177	13	5,880
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	32,857	—	—
Payable to Primary Government.....	12,961	—	—
Bonds and Notes Payable.....	32,045	—	14,925
TOTAL CURRENT LIABILITIES.....	132,019	103	20,805
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	158,169	648	51,499
Bonds and Notes Payable.....	2,075,200	—	93,168
TOTAL NONCURRENT LIABILITIES.....	2,233,369	648	144,667
TOTAL LIABILITIES.....	2,365,388	751	165,472
DEFERRED INFLOWS OF RESOURCES.....	3,979	30	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	2,369,367	781	165,472
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	1,093,939	20	—
Restricted for:			
Transportation.....	198,570	—	—
Community and Economic Development.....	—	1,269	—
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.....	(1,179,773)	9,268	(93,218)
TOTAL NET POSITION (DEFICITS).....	\$ 112,736	\$ 10,557	\$ (93,218)

JOB	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
53,184	126,828	108,033	134,881	16,372	13,362
724,121	144,495	340,884	551,287	177,532	219,025
214,201	—	—	—	—	—
—	—	—	—	—	—
—	—	5,162	3,917	—	—
8,179	3,854	1,073	6,341	1,088	1,397
—	1,492	898	338	—	—
4,682	92,518	52,801	40,795	13,620	12,264
87,830	2,279	3,286	3,008	583	641
6,010	28,954	12,714	4,231	1,202	2,165
<u>1,098,207</u>	<u>400,420</u>	<u>524,851</u>	<u>744,798</u>	<u>210,397</u>	<u>248,854</u>
—	—	84,764	32,619	474	—
—	1,081,646	—	508,757	8,433	30,361
—	399,640	774,722	—	267,486	201,760
129,059	16,748	8,529	—	5,142	3,824
42,263	73,452	5,595	46,565	11,833	6,344
970,551	455,292	35,506	14,468	10,958	12,735
2,965	1,613,720	968,655	1,323,710	618,529	553,407
—	86,660	169,687	66,453	56,805	61,157
<u>1,144,838</u>	<u>3,727,158</u>	<u>2,047,458</u>	<u>1,992,572</u>	<u>979,660</u>	<u>869,588</u>
<u>2,243,045</u>	<u>4,127,578</u>	<u>2,572,309</u>	<u>2,737,370</u>	<u>1,190,057</u>	<u>1,118,442</u>
<u>29,080</u>	<u>167,769</u>	<u>106,980</u>	<u>97,563</u>	<u>90,253</u>	<u>41,468</u>
<u>2,272,125</u>	<u>4,295,347</u>	<u>2,679,289</u>	<u>2,834,933</u>	<u>1,280,310</u>	<u>1,159,910</u>
55,179	67,912	38,073	23,533	2,742	11,606
243,448	21,759	37,135	17,854	27,754	11,931
—	—	—	—	—	—
—	49,447	30,369	15,583	14,885	15,202
373	94,507	11,504	14,060	10,213	8,899
—	—	—	—	—	—
<u>51,880</u>	<u>42,680</u>	<u>13,631</u>	<u>33,205</u>	<u>17,502</u>	<u>7,389</u>
<u>350,880</u>	<u>276,305</u>	<u>130,712</u>	<u>104,235</u>	<u>73,096</u>	<u>55,027</u>
—	17,234	—	—	—	5,890
—	22,946	—	—	—	—
426	911,570	549,849	435,229	375,560	267,649
1,259,577	1,054,751	647,363	589,872	382,564	283,536
<u>1,260,003</u>	<u>2,006,501</u>	<u>1,197,212</u>	<u>1,025,101</u>	<u>758,124</u>	<u>557,075</u>
<u>1,610,883</u>	<u>2,282,806</u>	<u>1,327,924</u>	<u>1,129,336</u>	<u>831,220</u>	<u>612,102</u>
—	135,635	112,646	86,274	99,617	46,010
<u>1,610,883</u>	<u>2,418,441</u>	<u>1,440,570</u>	<u>1,215,610</u>	<u>930,837</u>	<u>658,112</u>
2,965	570,651	703,811	764,897	292,337	361,997
—	—	—	—	—	—
—	—	—	—	—	—
—	192,139	—	—	—	68,307
—	60,192	—	—	—	726
—	481,352	259,076	348,965	213,658	11,339
—	435,958	6,809	—	—	31,212
—	64,846	14,470	38,888	891	32,851
—	107,814	2,066	1,753	40,911	409
—	35,317	31,660	19,848	—	36,005
—	81,421	6,173	4,101	—	—
—	28,180	7,446	40,794	—	—
—	—	—	—	827	—
—	28,344	2,903	—	1,595	20,494
—	72,355	149,692	—	35,859	3,584
—	—	11,227	11,579	—	—
—	130,860	10,944	62,433	—	—
<u>658,277</u>	<u>(412,523)</u>	<u>32,442</u>	<u>326,065</u>	<u>(236,605)</u>	<u>(65,126)</u>
<u>\$ 661,242</u>	<u>\$ 1,876,906</u>	<u>\$ 1,238,719</u>	<u>\$ 1,619,323</u>	<u>\$ 349,473</u>	<u>\$ 501,798</u>

(continued)

STATE OF OHIO
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2020
 (dollars in thousands)
 (continued)

	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	37,799	125,115	158,384
Investments.....	493,845	—	20,729
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Intergovernmental Receivable.....	3,447	10,498	—
Loans Receivable, Net.....	—	2,060	1,360
Receivable from Primary Government.....	1,019	1,927	—
Other Receivables.....	29,963	75,973	33,101
Inventories.....	902	8,869	1,476
Other Assets.....	6,215	9,881	1,293
TOTAL CURRENT ASSETS.....	573,190	234,323	216,343
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	8,358	1,344	—
Investments.....	—	331,148	—
Investments.....	120,340	182,648	94,276
Loans Receivable, Net.....	40,142	5,965	8,576
Other Receivables.....	9,469	3,740	8,917
Other Assets.....	22,597	23,245	—
Capital Assets Being Depreciated, Net.....	841,110	518,000	474,022
Capital Assets Not Being Depreciated.....	85,199	48,075	75,788
TOTAL NONCURRENT ASSETS.....	1,127,215	1,114,165	661,579
TOTAL ASSETS.....	1,700,405	1,348,488	877,922
DEFERRED OUTFLOWS OF RESOURCES.....	130,553	152,055	38,858
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	1,830,958	1,500,543	916,780
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	34,561	22,956	6,714
Accrued Liabilities.....	36,278	56,512	2,337
Intergovernmental Payable.....	—	519	—
Unearned Revenue.....	21,931	63,454	8,712
Refund and Other Liabilities.....	18,574	32,056	16,362
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	26,090	10,010	9,334
TOTAL CURRENT LIABILITIES.....	137,434	185,507	43,459
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	1,014
Refund and Other Liabilities.....	636,681	705,532	255,529
Bonds and Notes Payable.....	400,210	262,246	250,462
TOTAL NONCURRENT LIABILITIES.....	1,036,891	967,778	507,005
TOTAL LIABILITIES.....	1,174,325	1,153,285	550,464
DEFERRED INFLOWS OF RESOURCES.....	112,880	130,327	46,950
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	1,287,205	1,283,612	597,414
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	470,226	279,830	270,141
Restricted for:			
Transportation.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	—	73,053	47,501
Research.....	—	14,389	888
Endowments and Quasi-Endowments.....	91,956	—	16,055
Loans, Grants and Other College and University Purposes.....	—	57,827	1,495
Expendable:			
Scholarships and Fellowships.....	—	87,776	21,699
Research.....	—	6,711	753
Instructional Department Uses.....	—	—	7,983
Student and Public Services.....	—	—	4,768
Academic Support.....	—	68,120	—
Debt Service.....	—	18,935	—
Capital Purposes.....	—	30,181	—
Endowments and Quasi-Endowments.....	—	—	222
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	128,716	17,965	34,743
Unrestricted.....	(147,145)	(437,856)	(86,882)
TOTAL NET POSITION (DEFICITS).....	\$ 543,753	\$ 216,931	\$ 319,366

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
7,866	79,704	1,444	4,326	9,541	420
230,713	—	—	31,457	—	406
—	—	—	—	—	—
—	—	—	—	—	—
1,270	16,621	—	2,487	—	366
476	1,780	84	288	—	77
2,442	3,597	—	525	—	354
9,872	17,817	5,208	3,210	14,750	4,362
90	100	20	168	—	8
1,640	3,525	764	1,802	766	110
<u>254,369</u>	<u>123,144</u>	<u>7,520</u>	<u>44,263</u>	<u>25,057</u>	<u>6,103</u>
18	—	1,912	1,640	811	—
76,915	—	17,608	48,810	—	—
15,581	137,225	8,550	—	4,733	5,715
103	4,736	—	4,826	—	—
7,031	5,735	442	322	1,485	548
5,446	9,862	2,360	2,082	—	—
197,136	339,434	75,372	178,949	140,010	29,012
23,024	4,250	19,517	23,361	2,878	535
<u>325,254</u>	<u>501,242</u>	<u>125,761</u>	<u>259,990</u>	<u>149,917</u>	<u>35,810</u>
<u>579,623</u>	<u>624,386</u>	<u>133,281</u>	<u>304,253</u>	<u>174,974</u>	<u>41,913</u>
<u>27,833</u>	<u>41,663</u>	<u>7,160</u>	<u>11,831</u>	<u>6,710</u>	<u>2,782</u>
<u>607,456</u>	<u>666,049</u>	<u>140,441</u>	<u>316,084</u>	<u>181,684</u>	<u>44,695</u>
3,310	13,995	1,653	3,039	822	833
6,942	12,168	2,151	8,463	3,899	18
1,650	—	—	—	—	—
5,468	22,768	1,668	4,637	9,222	2,260
4,289	14,101	1,537	602	3,040	—
—	—	—	—	—	—
3,954	5,873	950	3,335	2,455	145
<u>25,613</u>	<u>68,905</u>	<u>7,959</u>	<u>20,076</u>	<u>19,438</u>	<u>3,256</u>
—	—	—	43,099	—	—
—	805	—	—	—	—
161,564	227,644	44,257	35,366	36,175	16,728
70,243	59,067	22,295	139,716	30,792	4,980
<u>231,807</u>	<u>287,516</u>	<u>66,552</u>	<u>218,181</u>	<u>66,967</u>	<u>21,708</u>
<u>257,420</u>	<u>356,421</u>	<u>74,511</u>	<u>238,257</u>	<u>86,405</u>	<u>24,964</u>
<u>32,374</u>	<u>74,761</u>	<u>11,576</u>	<u>13,139</u>	<u>6,949</u>	<u>4,463</u>
<u>289,794</u>	<u>431,182</u>	<u>86,087</u>	<u>251,396</u>	<u>93,354</u>	<u>29,427</u>
147,353	277,422	66,272	46,314	110,903	24,380
—	—	—	—	—	—
—	—	—	—	—	—
—	24,222	4,592	7,403	4,252	2,869
—	5,961	—	—	—	—
106,348	—	—	14,979	—	—
—	19,979	6,330	—	—	—
12,510	20,912	1,561	—	4,227	1,568
1,099	2,621	22	—	—	—
2,825	21,747	—	—	—	—
830	1,288	—	—	—	739
2,266	14,603	—	—	—	—
—	—	—	—	—	—
6,899	2,835	—	—	—	233
16,495	—	—	—	—	—
1,713	—	—	10,947	—	—
1,079	25,613	5,993	—	—	127
18,245	(182,336)	(30,416)	(14,955)	(31,052)	(14,648)
<u>\$ 317,662</u>	<u>\$ 234,867</u>	<u>\$ 54,354</u>	<u>\$ 64,688</u>	<u>\$ 88,330</u>	<u>\$ 15,268</u>

(continued)

STATE OF OHIO

COMBINING STATEMENT OF NET POSITION
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2020
 (dollars in thousands)
 (continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
ASSETS:			
CURRENT ASSETS:			
Cash Equity with Treasurer.....	\$ —	\$ —	\$ —
Cash and Cash Equivalents.....	19,423	12,916	2,962
Investments.....	68,645	22,470	3,230
Restricted Assets:			
Cash and Cash Equivalents.....	—	—	—
Investments.....	—	—	—
Intergovernmental Receivable.....	—	819	—
Loans Receivable, Net.....	—	74	—
Receivable from Primary Government.....	—	544	—
Other Receivables.....	18,238	3,688	2,946
Inventories.....	1,714	96	3
Other Assets.....	2,099	232	111
TOTAL CURRENT ASSETS.....	110,119	40,839	9,252
NONCURRENT ASSETS:			
Restricted Assets:			
Cash and Cash Equivalents.....	906	—	—
Investments.....	—	—	783
Investments.....	69,349	247	2,471
Loans Receivable, Net.....	—	—	—
Other Receivables.....	3,857	248	—
Other Assets.....	7,254	1,252	567
Capital Assets Being Depreciated, Net.....	145,960	48,423	18,179
Capital Assets Not Being Depreciated.....	31,903	2,442	781
TOTAL NONCURRENT ASSETS.....	259,229	52,612	22,781
TOTAL ASSETS.....	369,348	93,451	32,033
DEFERRED OUTFLOWS OF RESOURCES.....	32,184	5,446	3,197
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	401,532	98,897	35,230
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable.....	4,411	741	561
Accrued Liabilities.....	3,669	1,686	926
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	9,512	235	662
Refund and Other Liabilities.....	7,389	416	—
Payable to Primary Government.....	—	—	—
Bonds and Notes Payable.....	1,641	770	245
TOTAL CURRENT LIABILITIES.....	26,622	3,848	2,394
NONCURRENT LIABILITIES:			
Intergovernmental Payable.....	—	—	—
Unearned Revenue.....	—	—	—
Refund and Other Liabilities.....	203,276	37,037	16,570
Bonds and Notes Payable.....	23,702	10,226	1,669
TOTAL NONCURRENT LIABILITIES.....	226,978	47,263	18,239
TOTAL LIABILITIES.....	253,600	51,111	20,633
DEFERRED INFLOWS OF RESOURCES.....	26,540	5,143	3,277
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	280,140	56,254	23,910
NET POSITION (DEFICITS):			
Net Investment in Capital Assets.....	154,161	39,936	17,437
Restricted for:			
Transportation.....	—	—	—
Community and Economic Development.....	—	—	—
Nonexpendable:			
Scholarships and Fellowships.....	4,919	—	—
Research.....	—	—	—
Endowments and Quasi-Endowments.....	—	10,555	212
Loans, Grants and Other College and University Purposes.....	—	—	—
Expendable:			
Scholarships and Fellowships.....	14,827	7,504	—
Research.....	—	—	—
Instructional Department Uses.....	—	94	—
Student and Public Services.....	—	4,080	—
Academic Support.....	—	—	—
Debt Service.....	—	—	—
Capital Purposes.....	3,036	2,968	—
Endowments and Quasi-Endowments.....	—	—	1,429
Current Operations.....	—	—	—
Loans, Grants and Other College and University Purposes.....	—	—	—
Unrestricted.....	(55,551)	(22,494)	(7,758)
TOTAL NET POSITION (DEFICITS).....	\$ 121,392	\$ 42,643	\$ 11,320

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,541
2,740	8,968	2,015	3,437	7,792	988,342
—	—	26,775	3,438	25,459	3,274,349
—	—	—	—	—	229,784
—	—	—	—	—	66,518
—	—	1,191	712	151	46,641
—	—	—	—	—	29,400
—	78	611	576	552	14,953
3,827	3,644	4,830	2,999	5,773	475,979
8	—	121	527	—	117,322
427	191	1,157	37	136	88,964
<u>7,002</u>	<u>12,881</u>	<u>36,700</u>	<u>11,726</u>	<u>39,863</u>	<u>5,333,793</u>
672	—	2,664	—	—	136,182
2,705	—	—	—	—	2,622,207
—	1,347	4,344	6,635	11,280	2,379,202
—	—	—	—	42	227,692
—	—	—	—	567	228,413
864	518	2,753	765	2,598	1,582,059
22,058	14,206	72,227	18,047	68,806	9,805,570
4,645	1,003	2,273	1,755	16,244	840,987
<u>30,944</u>	<u>17,074</u>	<u>84,261</u>	<u>27,202</u>	<u>99,537</u>	<u>17,822,312</u>
<u>37,946</u>	<u>29,955</u>	<u>120,961</u>	<u>38,928</u>	<u>139,400</u>	<u>23,156,105</u>
<u>2,862</u>	<u>2,153</u>	<u>11,733</u>	<u>3,888</u>	<u>10,182</u>	<u>1,069,861</u>
<u>40,808</u>	<u>32,108</u>	<u>132,694</u>	<u>42,816</u>	<u>149,582</u>	<u>24,225,966</u>
—	1,254	889	890	5,149	321,892
235	114	3,952	270	3,305	541,876
—	—	—	—	—	2,169
—	1,810	3,877	1,088	2,285	285,075
1,536	64	2,164	245	2,135	276,923
—	—	—	—	—	12,961
1,050	—	2,846	—	—	281,955
<u>2,821</u>	<u>3,242</u>	<u>13,728</u>	<u>2,493</u>	<u>12,874</u>	<u>1,722,851</u>
—	—	—	—	—	66,223
—	—	—	—	—	24,765
17,205	11,863	66,760	21,653	66,917	5,311,356
11,512	—	25,003	—	—	7,698,154
<u>28,717</u>	<u>11,863</u>	<u>91,763</u>	<u>21,653</u>	<u>66,917</u>	<u>13,100,498</u>
<u>31,538</u>	<u>15,105</u>	<u>105,491</u>	<u>24,146</u>	<u>79,791</u>	<u>14,823,349</u>
<u>5,391</u>	<u>2,251</u>	<u>21,686</u>	<u>4,328</u>	<u>18,893</u>	<u>1,005,119</u>
<u>36,929</u>	<u>17,356</u>	<u>127,177</u>	<u>28,474</u>	<u>98,684</u>	<u>15,828,468</u>
14,897	15,209	47,130	19,802	85,049	5,877,079
—	—	—	—	—	198,570
—	—	—	—	—	1,269
—	570	—	1,305	1,931	433,063
—	—	—	—	—	82,156
2,750	—	7,195	—	—	1,564,440
—	—	—	—	462	560,072
151	657	—	4,584	1,166	331,088
—	—	—	—	—	164,159
—	—	—	19	—	155,498
—	—	—	—	—	103,400
—	—	—	—	—	161,409
—	—	601	—	—	20,363
—	401	—	365	—	100,254
—	—	5,041	—	—	284,677
—	—	—	30	—	35,496
—	—	—	96	1,431	420,000
(13,919)	(2,085)	(54,450)	(11,859)	(39,141)	(2,095,495)
<u>\$ 3,879</u>	<u>\$ 14,752</u>	<u>\$ 5,517</u>	<u>\$ 14,342</u>	<u>\$ 50,898</u>	<u>\$ 8,397,498</u>

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (dollars in thousands)

	OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION <i>(as of 12/31/19)</i>	OHIO AIR QUALITY DEVELOPMENT AUTHORITY <i>(as of 12/31/19)</i>	OHIO CAPITAL FUND
EXPENSES:			
Transportation.....	\$ 239,018	\$ —	\$ —
Community and Economic Development.....	—	1,488	973
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.....	99,162	—	6,877
Depreciation.....	83,422	3	—
Other.....	—	—	—
TOTAL EXPENSES.....	421,602	1,491	7,850
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	334,939	1,052	—
Operating Grants, Contributions and Restricted Investment Income.....	—	276	—
Capital Grants, Contributions and Restricted Investment Income.....	—	—	—
TOTAL PROGRAM REVENUES.....	334,939	1,328	—
NET PROGRAM (EXPENSE) REVENUE	(86,663)	(163)	(7,850)
GENERAL REVENUES:			
Unrestricted Investment Income.....	22,027	234	(4,613)
State Assistance.....	3,451	—	—
Other.....	—	—	—
TOTAL GENERAL REVENUES.....	25,478	234	(4,613)
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	—
CHANGE IN NET POSITION.....	(61,185)	71	(12,463)
NET POSITION (DEFICITS), JULY 1 (as restated).....	173,921	10,486	(80,755)
NET POSITION (DEFICITS), JUNE 30.....	\$ 112,736	\$ 10,557	\$ (93,218)

JOB	UNIVERSITY OF CINCINNATI	OHIO UNIVERSITY	MIAMI UNIVERSITY	UNIVERSITY OF AKRON	BOWLING GREEN STATE UNIVERSITY
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1,431,381	—	—	—	—	—
—	371,207	278,330	193,920	123,222	146,415
—	165,738	41,971	13,066	18,012	10,137
—	81,368	30,828	1,979	5,065	5,670
—	136,140	79,230	61,664	29,085	29,404
—	60,935	54,080	29,910	13,893	17,388
—	174,112	67,163	61,607	42,227	41,814
—	55,263	51,523	29,300	17,907	20,099
—	65,781	23,224	45,880	29,785	22,054
—	116,775	82,216	100,158	43,145	62,522
—	—	—	—	—	—
48,472	46,082	27,969	25,343	17,554	9,091
750	132,171	59,511	69,782	43,107	38,918
—	5,084	11,230	50,920	1,269	28,918
1,480,603	1,410,656	807,275	683,529	384,271	432,430
1,440,384	942,540	322,714	512,022	173,805	226,588
—	164,588	51,019	74,198	32,568	69,876
—	9,492	7,835	1,880	3,473	5,636
1,440,384	1,116,620	381,568	588,100	209,846	302,100
(40,219)	(294,036)	(425,707)	(95,429)	(174,425)	(130,330)
29,453	16,573	32,604	(3,333)	6,052	17,130
—	234,329	189,050	87,273	109,502	82,301
429	4,324	164,104	—	41,684	10,641
29,882	255,226	385,758	83,940	157,238	110,072
—	392	7,465	17,530	(488)	6,468
(10,337)	(38,418)	(32,484)	6,041	(17,675)	(13,790)
671,579	1,915,324	1,271,203	1,613,282	367,148	515,588
\$ 661,242	\$ 1,876,906	\$ 1,238,719	\$ 1,619,323	\$ 349,473	\$ 501,798

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

(continued)

	KENT STATE UNIVERSITY	UNIVERSITY OF TOLEDO	CLEVELAND STATE UNIVERSITY
EXPENSES:			
Transportation.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	249,856	209,899	106,587
Separately Budgeted Research.....	20,780	42,541	9,172
Public Service.....	14,346	10,300	5,434
Academic Support.....	64,195	41,687	28,184
Student Services.....	39,971	23,569	17,891
Institutional Support.....	84,016	85,030	40,169
Operation and Maintenance of Plant.....	43,176	26,715	27,025
Scholarships and Fellowships.....	53,569	24,289	20,769
Auxiliary Enterprises.....	63,585	60,657	29,404
Hospitals.....	—	366,121	—
Interest on Long-Term Debt.....	12,909	13,567	8,569
Depreciation.....	54,876	55,111	31,525
Other.....	29,949	17,207	8,529
TOTAL EXPENSES.....	731,228	976,693	333,258
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	378,439	596,572	181,066
Operating Grants, Contributions and Restricted Investment Income.....	97,756	56,709	24,023
Capital Grants, Contributions and Restricted Investment Income.....	—	196	—
TOTAL PROGRAM REVENUES.....	476,195	653,477	205,089
NET PROGRAM (EXPENSE) REVENUE	(255,033)	(323,216)	(128,169)
GENERAL REVENUES:			
Unrestricted Investment Income.....	16,282	(3,667)	(2,274)
State Assistance.....	174,659	135,035	90,154
Other.....	13,800	113,130	29,205
TOTAL GENERAL REVENUES.....	204,741	244,498	117,085
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	—	—
CHANGE IN NET POSITION.....	(50,292)	(78,718)	(11,084)
NET POSITION (DEFICITS), JULY 1 (as restated).....	594,045	295,649	330,450
NET POSITION (DEFICITS), JUNE 30.....	\$ 543,753	\$ 216,931	\$ 319,366

YOUNGSTOWN STATE UNIVERSITY	WRIGHT STATE UNIVERSITY	SHAWNEE STATE UNIVERSITY	NORTHEAST OHIO MEDICAL UNIVERSITY	CENTRAL STATE UNIVERSITY	TERRA STATE COMMUNITY COLLEGE
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
68,758	119,157	17,357	24,914	10,138	4,855
4,183	41,317	—	12,447	3,739	—
5,580	11,659	3,330	5,166	5,292	568
17,677	28,898	2,633	9,066	6,262	458
12,233	15,081	4,956	2,612	3,992	2,080
20,521	37,919	12,502	13,878	10,627	4,038
15,704	13,296	4,024	7,903	7,296	1,297
30,762	17,801	5,316	670	5,676	341
24,904	18,522	5,991	9,662	11,568	414
—	—	—	—	—	—
3,496	2,606	606	7,832	1,299	177
14,112	20,692	4,040	10,904	7,591	1,451
323	293	—	57	872	949
218,253	327,241	60,755	105,111	74,352	16,628
113,563	130,745	21,701	36,200	24,208	4,539
26,339	85,551	4,328	22,867	30,472	1,534
3,115	2,493	—	—	—	—
143,017	218,789	26,029	59,067	54,680	6,073
(75,236)	(108,452)	(34,726)	(46,044)	(19,672)	(10,555)
6,658	2,251	604	4,111	309	(86)
47,276	99,364	19,583	26,226	18,418	8,400
357	23,911	12,770	12,496	196	3,292
54,291	125,526	32,957	42,833	18,923	11,606
8,047	—	—	620	—	—
(12,898)	17,074	(1,769)	(2,591)	(749)	1,051
330,560	217,793	56,123	67,279	89,079	14,217
\$ 317,662	\$ 234,867	\$ 54,354	\$ 64,688	\$ 88,330	\$ 15,268

(continued)

STATE OF OHIO

COMBINING STATEMENT OF ACTIVITIES NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(dollars in thousands)

(continued)

	COLUMBUS STATE COMMUNITY COLLEGE	CLARK STATE COMMUNITY COLLEGE	EDISON STATE COMMUNITY COLLEGE
EXPENSES:			
Transportation.....	\$ —	\$ —	\$ —
Community and Economic Development.....	—	—	—
Education and General:			
Instruction and Departmental Research.....	81,397	14,280	7,053
Separately Budgeted Research.....	—	—	—
Public Service.....	14,059	2,638	444
Academic Support.....	8,335	1,238	633
Student Services.....	18,066	4,566	2,392
Institutional Support.....	33,513	6,684	7,344
Operation and Maintenance of Plant.....	20,254	2,893	1,445
Scholarships and Fellowships.....	11,517	4,685	1,076
Auxiliary Enterprises.....	9,502	1,174	8
Hospitals.....	—	—	—
Interest on Long-Term Debt.....	783	380	67
Depreciation.....	9,215	2,163	1,118
Other.....	38	2,769	—
TOTAL EXPENSES.....	206,679	43,470	21,580
PROGRAM REVENUES:			
Charges for Services, Fees, Fines and Forfeitures.....	112,782	11,033	5,271
Operating Grants, Contributions and Restricted Investment Income.....	14,137	11,706	2,007
Capital Grants, Contributions and Restricted Investment Income.....	—	3	—
TOTAL PROGRAM REVENUES.....	126,919	22,742	7,278
NET PROGRAM (EXPENSE) REVENUE	(79,760)	(20,728)	(14,302)
GENERAL REVENUES:			
Unrestricted Investment Income.....	5,369	851	96
State Assistance.....	73,065	18,898	9,378
Other.....	1,142	—	3,943
TOTAL GENERAL REVENUES.....	79,576	19,749	13,417
ADDITIONS (DEDUCTIONS) TO ENDOWMENTS AND PERMANENT FUND PRINCIPAL.....	—	244	—
CHANGE IN NET POSITION.....	(184)	(735)	(885)
NET POSITION (DEFICITS), JULY 1 (as restated).....	121,576	43,378	12,205
NET POSITION (DEFICITS), JUNE 30.....	\$ 121,392	\$ 42,643	\$ 11,320

SOUTHERN STATE COMMUNITY COLLEGE	WASHINGTON STATE COMMUNITY COLLEGE	CINCINNATI STATE COMMUNITY COLLEGE	NORTHWEST STATE COMMUNITY COLLEGE	OWENS STATE COMMUNITY COLLEGE	TOTAL NONMAJOR COMPONENT UNITS
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 239,018
—	—	—	—	—	1,433,842
5,851	4,966	22,631	15,882	26,439	2,103,114
—	—	—	—	207	383,310
1,282	—	2,169	32	1,565	208,774
1,882	1,417	5,079	1,035	2,518	556,720
2,104	1,265	4,454	2,205	6,005	339,648
2,402	2,972	13,339	5,394	12,963	780,234
1,409	1,507	5,054	1,042	5,966	360,098
2,212	1,628	1,296	1,933	2,965	373,229
982	—	1,911	1,286	458	644,844
—	—	—	—	—	366,121
451	—	989	—	—	334,281
1,203	874	3,396	1,530	5,964	653,429
—	—	1,566	19	49	160,041
19,778	14,629	61,884	30,358	65,099	8,936,703
6,199	6,434	16,953	12,802	27,440	5,639,991
1,420	1,953	19,513	4,151	4,175	801,166
—	—	—	—	—	34,123
7,619	8,387	36,466	16,953	31,615	6,475,280
(12,159)	(6,242)	(25,418)	(13,405)	(33,484)	(2,461,423)
216	224	1,044	171	1,225	149,511
8,249	6,183	32,099	11,617	32,278	1,516,788
4,081	—	4,911	—	12,734	457,150
12,546	6,407	38,054	11,788	46,237	2,123,449
—	—	—	—	56	40,334
387	165	12,636	(1,617)	12,809	(297,640)
3,492	14,587	(7,119)	15,959	38,089	8,695,138
\$ 3,879	\$ 14,752	\$ 5,517	\$ 14,342	\$ 50,898	\$ 8,397,498

STATE OF OHIO
 BALANCE SHEET
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2020
 (dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
	<u> </u>
ASSETS:	
Cash Equity with Treasurer.....	\$ 328,950
Investments.....	3,282
Collateral on Lent Securities.....	47,156
TOTAL ASSETS.....	<u>\$ 379,388</u>
LIABILITIES:	
Accounts Payable.....	\$ 3,002
Accrued Liabilities.....	255
Obligations Under Securities Lending.....	47,156
Intergovernmental Payable.....	648,292
Refund and Other Liabilities.....	3,282
TOTAL LIABILITIES.....	<u>701,987</u>
DEFERRED INFLOWS OF RESOURCES.....	<u>3,203,221</u>
FUND BALANCES (DEFICITS):	
Restricted for:	
Community and Economic Development.....	6,301
Unassigned.....	(3,532,121)
TOTAL FUND BALANCES (DEFICITS).....	<u>(3,525,820)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 379,388</u>

STATE OF OHIO

RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2020
 (dollars in thousands)

	<u>OHIO FACILITIES CONSTRUCTION COMMISSION</u>
Total Fund Balances (Deficits).....	\$ (3,525,820)
<p>Total net position reported for governmental activities in the Statement of Net Position is different because:</p> <p>Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:</p>	
<i>Machinery and Equipment, net of \$3,919 accumulated depreciation.....</i>	<u>15</u>
<p>The following liabilities are not due and payable in the current period, and therefore, are not reported in the funds:</p>	
<i>Refund and Other Liabilities-Compensated Absences.....</i>	<u>(1,223)</u>
Total Net Position (Deficits).....	<u><u>\$ (3,527,028)</u></u>

STATE OF OHIO

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(dollars in thousands)

	OHIO FACILITIES CONSTRUCTION COMMISSION
REVENUES:	
State Assistance.....	\$ 470,186
Investment Income.....	8,346
Other.....	13,672
TOTAL REVENUES.....	<u>492,204</u>
EXPENDITURES:	
CURRENT OPERATING:	
Primary, Secondary and Other Education.....	240,140
Community and Economic Development.....	28,854
TOTAL EXPENDITURES.....	<u>268,994</u>
NET CHANGE IN FUND BALANCES.....	223,210
FUND BALANCES (DEFICITS), JULY 1.....	<u>(3,749,030)</u>
FUND BALANCES (DEFICITS), JUNE 30.....	<u>\$ (3,525,820)</u>

STATE OF OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 OHIO FACILITIES CONSTRUCTION COMMISSION
 DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(dollars in thousands)

**OHIO FACILITIES
 CONSTRUCTION
 COMMISSION**

Net Change in Fund Balances..... **\$ 223,210**

The change in net position 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.

Depreciation Expense..... (85)

Expenses for compensated absences reported in the Statement of Activities are not reported as expenditures in the governmental funds. (138)

Change in Net Position..... **\$ 222,987**



STATISTICAL SECTION





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	278-291
<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	292-305
<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	306-313
<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	314-317
<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	318-325
<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>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATE OF OHIO
NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018	2017
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets.....	\$ 24,838,706	\$ 24,458,022	\$ 24,363,007	\$ 24,140,366
Restricted for:				
Primary, Secondary and Other Education.....	101,891	133,130	139,583	95,110
Higher Education Support.....	7,710	14,444	23,579	25,999
Public Assistance and Medicaid.....	419,930	459,789	500,747	736,002
Health and Human Services.....	192,898	126,724	116,726	143,264
Justice and Public Protection.....	99,642	38,126	159,884	160,990
Environmental Protection and Natural Resources.....	339,004	359,593	275,626	191,591
Transportation.....	2,421,542	1,919,480	2,534,052	3,369,425
General Government.....	245,143	218,522	277,782	266,681
Community and Economic Development.....	855,297	659,085	529,084	424,992
Total Restricted Net Position.....	<u>4,683,057</u>	<u>3,928,893</u>	<u>4,557,063</u>	<u>5,414,054</u>
Unrestricted.....	<u>(10,968,244)</u>	<u>(11,132,056)</u>	<u>(12,787,140)</u>	<u>(10,571,925)</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION.....	<u>\$ 18,553,519</u>	<u>\$ 17,254,859</u>	<u>\$ 16,132,930</u>	<u>\$ 18,982,495</u>
BUSINESS-TYPE ACTIVITIES:				
Net Investment in Capital Assets.....	\$ 111,342	\$ 134,728	\$ 162,367	\$ 176,237
Restricted for:				
Workers' Compensation.....	11,466,770	11,178,867	9,791,094	9,603,996
Lottery Prizes.....	99,467	57,181	27,954	46,998
Unemployment Compensation.....	—	1,303,856	974,990	644,872
Ohio Building Authority.....	—	—	—	—
Tuition Trust Authority.....	108,561	105,906	97,366	97,985
Total Restricted Net Position.....	<u>11,674,798</u>	<u>12,645,810</u>	<u>10,891,404</u>	<u>10,393,851</u>
Unrestricted.....	<u>(146,253)</u>	<u>78,530</u>	<u>64,432</u>	<u>154,915</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION.....	<u>\$ 11,639,887</u>	<u>\$ 12,859,068</u>	<u>\$ 11,118,203</u>	<u>\$ 10,725,003</u>
PRIMARY GOVERNMENT:				
Net Investment in Capital Assets.....	\$ 24,950,048	\$ 24,592,750	\$ 24,525,374	\$ 24,316,603
Restricted.....	16,357,855	16,574,703	15,448,467	15,807,905
Unrestricted.....	<u>(11,114,497)</u>	<u>(11,053,526)</u>	<u>(12,722,708)</u>	<u>(10,417,010)</u>
TOTAL PRIMARY GOVERNMENT NET POSITION.....	<u>\$ 30,193,406</u>	<u>\$ 30,113,927</u>	<u>\$ 27,251,133</u>	<u>\$ 29,707,498</u>

Source:
Ohio Office of Budget and Management

Note:

Ohio Building Authority ceased operations December 31, 2011.

When practical or material, net position reported on the above table has 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 Position" table may not have been determined for presentation on that table.

2016	2015	2014	2013	2012	2011
\$ 23,925,328	\$ 23,396,447	\$ 22,627,911	\$ 22,489,929	\$ 22,147,262	\$ 23,157,156
148,740	110,978	137,427	236,391	129,353	99,169
26,255	25,974	26,320	—	—	5,936
810,132	746,730	508,588	535,410	219,153	492,122
103,534	81,982	54,834	100,424	101,056	107,431
132,257	122,305	30,570	42,623	29,516	86,822
199,490	199,409	160,607	147,955	148,200	140,229
3,191,913	3,370,828	3,238,716	3,064,127	2,613,620	2,439,080
169,286	200,748	133,877	131,823	93,089	82,615
329,909	243,166	164,784	250,797	245,631	403,151
5,111,516	5,102,120	4,455,723	4,509,550	3,579,618	3,856,555
(9,089,117)	(9,180,751)	(5,828,679)	(5,784,139)	(7,128,873)	(8,249,343)
\$ 19,947,727	\$ 19,317,816	\$ 21,254,955	\$ 21,215,340	\$ 18,598,007	\$ 18,764,368
\$ 186,037	\$ 159,466	\$ 129,804	\$ 92,290	\$ 67,331	\$ 54,430
8,596,001	9,125,985	9,334,215	6,690,414	7,760,634	5,728,951
77,464	66,332	73,751	85,085	123,724	77,142
315,980	—	—	—	—	—
—	—	—	—	—	27,021
74,559	89,896	73,631	39,379	—	11,838
9,064,004	9,282,213	9,481,597	6,814,878	7,884,358	5,844,952
131,660	(163,314)	(670,679)	(1,085,302)	(1,383,125)	(1,820,494)
\$ 9,381,701	\$ 9,278,365	\$ 8,940,722	\$ 5,821,866	\$ 6,568,564	\$ 4,078,888
\$ 24,111,365	\$ 23,555,913	\$ 22,757,715	\$ 22,582,219	\$ 22,214,593	\$ 23,211,586
14,175,520	14,384,333	13,937,320	11,324,428	11,463,976	9,701,507
(8,957,457)	(9,344,065)	(6,499,358)	(6,869,441)	(8,511,998)	(10,069,837)
\$ 29,329,428	\$ 28,596,181	\$ 30,195,677	\$ 27,037,206	\$ 25,166,571	\$ 22,843,256

STATE OF OHIO
 CHANGES IN NET POSITION
 FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018
EXPENSES:			
GOVERNMENTAL ACTIVITIES:			
Primary, Secondary and Other Education.....	\$ 13,500,953	\$ 13,115,806	\$ 13,244,868
Higher Education Support.....	2,696,257	2,731,166	2,771,493
Public Assistance and Medicaid.....	32,728,623	30,187,506	30,454,468
Health and Human Services.....	1,922,794	1,926,151	1,744,243
Justice and Public Protection.....	4,213,200	4,383,344	3,670,780
Environmental Protection and Natural Resources.....	505,950	557,249	567,788
Transportation.....	2,661,529	2,715,640	2,598,688
General Government.....	1,331,397	1,223,453	951,063
Community and Economic Development.....	3,498,595	3,386,936	3,458,487
Interest on Long-Term Debt (excludes interest charged as program expense).....	98,824	102,143	97,799
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES.....	63,158,122	60,329,394	59,559,677
BUSINESS-TYPE ACTIVITIES:			
Workers' Compensation.....	2,772,348	2,113,612	2,227,977
Lottery Commission.....	3,209,778	3,242,547	3,022,690
Unemployment Compensation.....	9,765,240	841,040	929,460
Ohio Building Authority.....	-	-	-
Tuition Trust Authority.....	44,813	50,778	57,115
Liquor Control.....	-	-	-
Office of Auditor of State.....	95,221	102,347	81,574
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES.....	15,887,400	6,350,324	6,318,816
TOTAL PRIMARY GOVERNMENT EXPENSES.....	\$ 79,045,522	\$ 66,679,718	\$ 65,878,493
PROGRAM REVENUES:			
GOVERNMENTAL ACTIVITIES:			
Charges for Services, Fees, Fines and Forfeitures:			
Public Assistance and Medicaid.....	\$ 2,887,667	\$ 2,663,006	\$ 2,680,920
Justice and Public Protection.....	1,091,454	1,125,871	1,129,008
General Government.....	438,463	500,983	460,910
Community and Economic Development.....	447,166	402,064	343,546
Other Activities.....	639,319	591,294	615,324
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	28,234,460	25,555,901	25,162,423
Capital Grants, Contributions and Restricted Investment Income/(Loss).....	1,509,920	1,481,791	1,424,697
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES.....	35,248,449	32,320,910	31,816,828
BUSINESS-TYPE ACTIVITIES:			
Charges for Services, Fees, Fines and Forfeitures:			
Workers' Compensation.....	1,257,429	1,299,895	1,172,347
Lottery Commission.....	4,294,220	4,423,668	4,153,363
Unemployment Compensation.....	1,162,361	1,154,235	1,253,015
Liquor Control.....	-	-	-
Other Activities.....	52,382	51,387	54,954
Operating Grants, Contributions and Restricted Investment Income/(Loss).....	9,011,299	2,303,277	1,402,895
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES.....	15,777,691	9,232,462	8,036,574
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES.....	\$ 51,026,140	\$ 41,553,372	\$ 39,853,402

	2017	2016	2015	2014	2013	2012	2011
\$	13,227,781	\$ 12,728,780	\$ 12,767,328	\$ 12,287,325	\$ 11,461,600	\$ 12,340,848	\$ 12,126,435
	2,760,035	2,603,480	2,536,850	2,474,851	2,403,149	2,348,154	2,726,016
	29,873,408	29,103,304	28,265,942	25,283,157	21,624,298	21,206,515	20,111,691
	1,636,753	1,656,750	1,576,185	1,579,156	3,504,235	3,835,369	4,295,483
	3,883,836	3,587,845	3,210,965	3,385,337	3,136,239	3,202,970	3,184,345
	571,532	586,001	507,889	419,539	437,297	407,379	350,870
	2,860,338	2,602,708	2,660,362	2,706,248	2,657,961	2,564,702	2,186,332
	946,923	948,796	921,426	835,785	921,636	599,639	795,899
	3,256,655	3,353,699	3,518,678	3,448,735	3,510,004	3,867,888	4,479,010
	94,290	99,819	102,980	103,283	114,859	118,902	134,888
	59,111,551	57,271,182	56,068,605	52,523,416	49,771,278	50,492,366	50,390,969
	2,419,185	3,322,700	2,533,883	2,417,674	3,428,859	1,945,190	2,354,296
	2,882,887	2,866,920	2,724,306	2,310,169	2,100,887	2,001,671	1,911,105
	985,624	1,021,152	1,034,060	1,444,870	1,976,518	2,754,835	4,094,207
	—	—	—	—	—	13,010	22,076
	63,711	67,385	71,801	72,215	80,560	80,157	79,671
	—	—	—	—	310,209	543,729	507,800
	91,100	78,917	70,032	70,586	65,845	69,183	69,185
	6,442,507	7,357,074	6,434,082	6,315,514	7,962,878	7,407,775	9,038,340
\$	65,554,058	64,628,256	62,502,687	58,838,930	57,734,156	57,900,141	59,429,309
\$	1,746,969	\$ 1,946,102	\$ 1,438,860	\$ 1,506,096	\$ 1,152,467	\$ 1,289,463	\$ 1,045,698
	1,135,411	1,103,131	1,071,484	1,030,928	1,078,277	943,142	1,163,286
	532,489	557,775	480,796	548,649	418,085	543,699	344,451
	500,766	571,317	519,685	506,511	594,030	406,022	504,275
	641,013	749,346	709,606	632,883	950,819	852,501	722,459
	25,070,684	24,721,794	23,965,473	21,454,316	20,189,757	20,053,479	22,041,874
	1,442,906	1,430,936	1,398,463	1,523,237	1,695,846	1,573,765	1,465,484
	31,070,238	31,080,401	29,584,367	27,202,620	26,079,281	25,662,071	27,287,527
	1,554,566	1,451,585	1,962,587	2,093,962	1,504,112	1,958,593	1,950,169
	3,933,361	3,987,235	3,776,450	3,288,039	2,939,773	2,781,737	2,608,235
	1,311,094	1,178,304	1,228,403	1,270,232	1,342,217	1,674,456	1,587,385
	—	—	—	—	485,607	791,454	733,573
	55,109	57,035	52,811	57,531	60,028	73,707	74,657
	1,959,320	1,444,535	609,269	3,398,375	1,697,735	3,568,089	5,002,792
	8,813,450	8,118,694	7,629,520	10,108,139	8,029,472	10,848,036	11,956,811
\$	39,883,688	39,199,095	37,213,887	37,310,759	34,108,753	36,510,107	39,244,338

(continued)

STATE OF OHIO
CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS

(accrual basis of accounting)

(dollars in thousands)

(continued)

	2020	2019	2018
NET (EXPENSE) REVENUE:			
Governmental Activities.....	\$ (27,909,673)	\$ (28,008,484)	\$ (27,742,849)
Business-Type Activities.....	(109,709)	2,882,138	1,717,758
TOTAL PRIMARY GOVERNMENT NET (EXPENSE).....	\$ (28,019,382)	\$ (25,126,346)	\$ (26,025,091)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:			
GOVERNMENTAL ACTIVITIES:			
TAXES:			
Income.....	\$ 8,793,396	\$ 9,532,285	\$ 8,474,637
Sales.....	11,000,053	10,791,460	10,358,501
Corporate and Public Utility.....	2,964,107	3,072,683	2,843,017
Cigarette.....	913,712	917,278	939,953
Other.....	1,104,710	1,074,712	1,024,397
Restricted for Transportation Purposes:			
Motor Vehicle Fuel Taxes.....	2,593,158	1,874,409	1,891,116
TOTAL TAXES.....	27,369,136	27,262,827	25,531,621
Tobacco Settlement.....	324,269	343,125	352,355
Escheat Property.....	194,814	147,736	158,770
Unrestricted Investment Income.....	210,539	235,370	24,741
Other.....	67	20	17
Gain (Loss) on Extinguishment of Debt.....	-	-	-
Transfers-Internal Activities.....	1,109,508	1,141,335	1,168,236
TOTAL GOVERNMENTAL ACTIVITIES.....	29,208,333	29,130,413	27,235,740
BUSINESS-TYPE ACTIVITIES:			
Unrestricted Investment Income.....	21	24	15
Other.....	15	38	-
Gain on Extinguishment of Debt.....	-	-	-
Transfers-Internal Activities.....	(1,109,508)	(1,141,335)	(1,168,236)
TOTAL BUSINESS-TYPE ACTIVITIES.....	(1,109,472)	(1,141,273)	(1,168,221)
TOTAL PRIMARY GOVERNMENT.....	\$ 28,098,861	\$ 27,989,140	\$ 26,067,519
CHANGE IN NET POSITION:			
Governmental Activities.....	\$ 1,298,660	\$ 1,121,929	\$ (507,109)
Business-Type Activities.....	(1,219,181)	1,740,865	549,537
TOTAL PRIMARY GOVERNMENT	\$ 79,479	\$ 2,862,794	\$ 42,428

Source:

Ohio Office of Budget and Management

Note:

During fiscal year 2014, Ohio House Bill 59 line item restructuring resulted in increases to Public Assistance and Medicaid expenses and decreases to Health and Human Services expenses.

Ohio Building Authority ceased operations December 31, 2011.

On February 1, 2013, the State granted a 25-year franchise on its spirituous liquor system.

Activity of the Liquor Control Enterprise Fund ceased as of January 31, 2013.

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical or material.

2017	2016	2015	2014	2013	2012	2011
\$ (28,041,313)	\$ (26,190,781)	\$ (26,484,238)	\$ (25,320,796)	\$ (23,691,997)	\$ (24,830,295)	\$ (23,103,442)
2,370,943	761,620	1,195,438	3,792,625	66,594	3,440,261	2,918,471
\$ (25,670,370)	\$ (25,429,161)	\$ (25,288,800)	\$ (21,528,171)	\$ (23,625,403)	\$ (21,390,034)	\$ (20,184,971)
\$ 8,021,202	\$ 7,984,708	\$ 8,906,476	\$ 8,356,216	\$ 9,826,097	\$ 9,017,760	\$ 8,815,468
10,804,340	10,548,038	10,170,995	9,386,554	8,635,076	8,304,263	7,793,045
2,754,290	2,737,316	2,687,540	2,682,274	2,560,420	2,501,140	2,462,681
979,973	1,008,677	808,270	813,056	828,812	843,180	855,610
1,019,058	1,006,342	953,339	888,059	993,217	708,041	699,907
1,952,512	1,798,483	1,827,134	1,782,437	1,774,781	1,800,473	1,759,421
25,531,375	25,083,564	25,353,754	23,908,596	24,618,403	23,174,857	22,386,132
350,378	341,130	284,267	362,472	336,255	333,148	334,665
159,585	161,904	220,486	192,184	167,140	153,556	101,289
2,975	70,897	36,462	1,733	25,881	3,702	2,688
30	1,683	275	839	239,435	48,078	1,323
—	—	1,276	—	(154,607)	—	—
1,031,738	1,160,878	1,082,061	955,721	1,082,887	949,952	945,551
27,076,081	26,820,056	26,978,581	25,421,545	26,315,394	24,663,293	23,771,648
12	8	5	3	3	3	1,184
—	—	—	11	—	5	—
4,085	502,586	402,562	281,938	273,851	—	—
(1,031,738)	(1,160,878)	(1,082,061)	(955,721)	(1,082,887)	(949,952)	(945,551)
(1,027,641)	(658,284)	(679,494)	(673,769)	(809,033)	(949,944)	(944,367)
\$ 26,048,440	\$ 26,161,772	\$ 26,299,087	\$ 24,747,776	\$ 25,506,361	\$ 23,713,349	\$ 22,827,281
\$ (965,232)	\$ 629,275	\$ 494,343	\$ 100,749	\$ 2,623,397	\$ (167,002)	\$ 668,206
1,343,302	103,336	515,944	3,118,856	(742,439)	2,490,317	1,974,104
\$ 378,070	\$ 732,611	\$ 1,010,287	\$ 3,219,605	\$ 1,880,958	\$ 2,323,315	\$ 2,642,310

STATE OF OHIO

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS FOR THE LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(dollars in thousands)

	2020	2019	2018	2017	2016
REVENUES:					
Income Taxes.....	\$ 8,777,091	\$ 9,503,674	\$ 8,463,731	\$ 8,035,064	\$ 7,996,349
Sales Taxes.....	11,000,053	10,791,460	10,358,501	10,804,340	10,548,038
Corporate and Public Utility Taxes.....	2,964,107	3,072,683	2,843,017	2,754,290	2,737,316
Motor Vehicle Fuel Taxes.....	2,593,159	1,874,409	1,891,116	1,952,512	1,798,483
Cigarette Taxes.....	913,712	917,278	939,953	979,973	1,008,677
Other Taxes.....	1,104,710	1,074,712	1,024,397	1,019,058	1,006,342
Licenses, Permits and Fees.....	4,302,210	4,043,779	4,004,408	3,281,235	3,498,903
Sales, Services and Charges.....	146,829	154,222	152,991	149,800	145,147
Federal Government.....	29,335,110	26,813,932	26,294,572	26,258,500	26,281,700
Tobacco Settlement.....	289,064	298,121	331,911	270,680	300,051
Escheat Property.....	194,814	147,736	158,770	159,585	161,904
Investment Income.....	423,991	485,415	157,172	74,314	113,375
Other	1,173,435	1,206,735	1,194,775	1,219,676	1,392,958
TOTAL REVENUES.....	63,218,285	60,384,156	57,815,314	56,959,027	56,989,243
EXPENDITURES:					
Current Operating:					
Primary, Secondary and					
Other Education.....	13,186,680	12,689,272	12,881,773	12,836,664	12,383,787
Higher Education Support.....	2,568,093	2,585,035	2,627,892	2,620,509	2,467,060
Public Assistance and Medicaid.....	32,682,274	30,105,826	30,327,824	29,666,058	28,937,506
Health and Human Services.....	1,770,136	1,689,843	1,643,314	1,528,658	1,560,412
Justice and Public Protection.....	3,866,732	3,659,939	3,495,950	3,444,724	3,324,692
Environmental Protection and					
Natural Resources.....	448,235	420,258	442,004	420,190	411,046
Transportation.....	2,708,547	2,627,115	2,518,937	2,689,150	2,841,556
General Government.....	1,211,884	1,007,616	898,737	827,684	875,371
Community and Economic					
Development.....	3,402,872	3,268,371	3,344,971	3,156,209	3,226,354
Capital Outlay.....	740,143	820,209	771,797	673,399	678,594
Debt service:					
Principal.....	1,381,785	1,249,145	1,196,470	1,209,865	1,199,620
Interest.....	1,027,375	843,917	806,468	796,699	802,556
TOTAL EXPENDITURES.....	64,994,756	60,966,546	60,956,137	59,869,809	58,708,554
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES.....	(1,776,471)	(582,390)	(3,140,823)	(2,910,782)	(1,719,311)

2015	2014	2013	2012	2011
\$ 8,906,259	\$ 8,411,694	\$ 9,811,982	\$ 9,076,284	\$ 8,785,047
10,170,995	9,386,554	8,643,468	8,304,705	7,791,128
2,687,540	2,682,274	2,555,959	2,500,905	2,463,512
1,827,134	1,782,437	1,774,781	1,800,473	1,759,421
808,270	813,056	828,812	843,180	855,610
953,339	888,059	993,217	708,041	699,907
3,000,470	3,058,221	3,207,414	3,002,172	2,796,122
115,672	107,676	95,686	96,982	96,717
24,533,971	22,920,755	21,537,101	21,395,852	23,301,445
285,916	331,129	295,086	295,736	289,293
220,486	208,508	175,284	151,601	124,026
62,431	21,356	38,255	30,121	44,207
1,307,559	1,126,759	1,207,030	1,091,765	970,999
<u>54,880,042</u>	<u>51,738,478</u>	<u>51,164,075</u>	<u>49,297,817</u>	<u>49,977,434</u>
12,385,866	11,908,976	11,029,898	11,928,522	11,711,365
2,400,039	2,335,509	2,263,026	2,210,547	2,589,416
28,632,189	25,302,660	21,660,378	21,211,351	20,207,348
1,519,151	1,586,232	3,369,506	3,723,084	4,166,075
3,195,731	3,091,789	3,062,006	3,073,862	3,004,953
413,028	403,119	416,875	390,474	375,810
2,835,705	2,647,937	2,637,989	2,510,742	2,369,967
782,777	794,985	821,512	525,706	527,377
3,431,424	3,329,205	3,376,928	3,717,160	4,331,441
510,109	379,698	352,670	377,983	503,314
1,229,971	1,177,305	1,813,180	702,345	693,006
729,002	732,849	72,103	805,399	775,491
<u>58,064,992</u>	<u>53,690,264</u>	<u>50,876,071</u>	<u>51,177,175</u>	<u>51,255,563</u>
<u>(3,184,950)</u>	<u>(1,951,786)</u>	<u>288,004</u>	<u>(1,879,358)</u>	<u>(1,278,129)</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)

	2020	2019	2018	2017	2016
OTHER FINANCING SOURCES (USES):					
Bonds, Notes and COPs Issued.....	\$ 1,192,590	\$ 1,001,327	\$ 1,937,489	\$ 1,391,350	\$ 1,070,000
Refunding Bonds and COPs Issued.....	6,372,546	—	748,540	—	473,270
Payment to Refunded Bond and COPs					
Escrow Agents.....	(6,655,367)	—	(925,161)	—	(584,504)
Premiums.....	821,820	156,207	454,339	220,157	273,422
Capital Leases.....	1,042	792	198	540	—
Transfers-in.....	3,802,681	4,036,526	4,055,349	3,579,105	3,751,704
Transfers-out.....	(2,693,173)	(2,895,191)	(2,887,113)	(2,547,367)	(2,590,826)
TOTAL OTHER FINANCING SOURCES (USES).....	2,842,139	2,299,661	3,383,641	2,643,785	2,393,066
SPECIAL ITEMS.....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	\$ 1,065,668	\$ 1,717,271	\$ 242,818	\$ (266,997)	\$ 673,755
Debt Service as a Percentage of Noncapital Expenditures.....	3.7%	3.5%	3.3%	3.4%	3.5%
Additional Information:					
Increase (Decrease) for Changes in Inventories.....	\$ 55,914	\$ 14,738	\$ (16,831)	\$ (19,689)	\$ 26,495

Source:

Ohio Office of Budget and Management

Note:

During fiscal year 2014, Ohio House Bill 59 line item restructuring resulted in increases to Public Assistance and Medicaid expenditures and decreases to Health and Human Services expenditures.

Revenues, expenditures, and other financing sources (uses) have been restated for prior period adjustments, corrections, and reclassifications, when practical or material.

2015	2014	2013	2012	2011
\$ 1,110,591	\$ 1,347,005	\$ 712,470	\$ 1,357,640	\$ 1,332,425
254,590	407,540	470,520	1,374,660	544,775
(382,933)	(479,249)	(1,465,468)	(1,604,658)	(621,223)
219,999	207,372	209,381	379,506	123,831
—	2,196	108	560	915
3,673,216	3,426,036	4,448,253	2,803,070	3,030,096
(2,591,155)	(2,470,315)	(3,365,366)	(1,853,118)	(2,084,545)
<u>2,284,308</u>	<u>2,440,585</u>	<u>1,009,898</u>	<u>2,457,660</u>	<u>2,326,274</u>
-	-	1,463,506	-	-
<u>\$ (900,642)</u>	<u>\$ 488,799</u>	<u>\$ 2,761,408</u>	<u>\$ 578,302</u>	<u>\$ 1,048,145</u>
3.4%	3.6%	3.7%	3.0%	2.9%
\$ 924	\$ 14,593	\$ (21,245)	\$ 14,982	\$ 126

STATE OF OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018	2017	2016
GENERAL FUND:					
Nonspendable.....	\$ 60,524	\$ 55,497	\$ 52,267	\$ 43,576	\$ 45,953
Restricted.....	1,410,994	1,592,716	1,465,460	1,370,010	1,270,315
Committed.....	764,322	728,698	772,528	739,749	820,878
Assigned.....	3,207,189	2,885,896	2,539,407	2,995,792	2,653,290
Unassigned.....	2,924,183	2,455,345	667,887	239,478	863,925
TOTAL GENERAL FUND.....	8,367,212	7,718,152	5,497,549	5,388,605	5,654,361
ALL OTHER GOVERNMENTAL FUNDS:					
Nonspendable, reported in:					
Special Revenue Funds.....	139,742	92,572	84,330	94,241	109,665
Restricted, reported in:					
Special Revenue Funds.....	2,715,280	2,257,872	2,277,693	2,348,843	2,326,231
Debt Service Funds.....	4,315,820	4,435,344	4,524,129	4,634,898	4,764,200
Capital Projects Funds.....	539,100	564,484	910,048	512,771	528,827
Committed, reported in:					
Special Revenue Funds.....	845,279	738,669	777,030	864,815	746,685
Unassigned, reported in:					
Special Revenue Funds.....	-	(1,079)	(1,937)	(1,318)	(428)
Capital Projects Funds.....	-	(5,163)	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	8,555,221	8,082,699	8,571,293	8,454,250	8,475,180
TOTAL GOVERNMENTAL FUNDS.....	\$ 16,922,433	\$ 15,800,851	\$ 14,068,842	\$ 13,842,855	\$ 14,129,541

Source:
Ohio Office of Budget and Management

Note:

When practical or material, 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.

2015	2014	2013	2012	2011
\$ 49,655	\$ 69,787	\$ 59,896	\$ 86,982	\$ 65,080
1,153,828	1,462,971	1,126,686	1,027,885	1,078,652
803,551	773,730	751,615	824,607	671,210
2,585,575	2,366,979	2,042,246	1,666,177	1,616,695
411,190	1,255,489	1,259,670	(415,658)	(1,208,029)
5,003,799	5,928,956	5,240,113	3,189,993	2,223,608
80,141	76,987	59,902	86,691	99,806
2,197,584	2,460,777	2,671,751	2,039,390	2,091,135
4,869,269	4,989,278	5,087,771	5,216,312	5,295,937
672,113	474,897	387,874	222,778	490,806
606,055	631,086	613,984	561,849	521,915
(306)	(163)	(395)	(547)	(25)
-	-	(5,388)	-	-
8,424,856	8,632,862	8,815,499	8,126,473	8,499,574
\$ 13,428,655	\$ 14,561,818	\$ 14,055,612	\$ 11,316,466	\$ 10,723,182

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)

	2020	2019	2018	2017	2016
REVENUES:					
Income Taxes.....	\$ 8,777,052	\$ 9,503,588	\$ 8,463,620	\$ 8,034,901	\$ 7,995,959
Sales Taxes.....	11,000,053	10,791,460	10,358,501	10,804,340	10,547,926
Corporate and Public Utility Taxes	2,895,596	2,984,810	2,776,908	2,697,003	2,670,854
Motor Vehicle Fuel Tax.....	1,391,745	1,153,540	1,139,218	1,175,285	1,109,241
Cigarette Taxes	913,712	917,278	939,953	979,973	1,008,677
Other Taxes	756,390	722,801	694,845	706,841	691,250
Licenses, Permits and Fees	1,175,303	1,200,753	1,186,458	748,344	706,064
Sales, Services and Charges	112,172	115,337	121,708	93,120	85,579
Federal Government	10,064,078	9,404,643	9,239,529	11,593,813	11,309,010
Tobacco Settlement.....	214	386	117	449	2,953
Escheat Property	194,814	147,736	158,770	159,585	161,904
Investment Income	351,873	416,878	111,458	41,986	93,014
Other	258,146	294,125	309,746	270,734	354,151
TOTAL REVENUES	37,891,148	37,653,335	35,500,831	37,306,374	36,736,582
EXPENDITURES:					
Current Operating	36,005,625	34,554,711	34,908,401	36,730,447	34,842,685
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	36,005,625	34,554,711	34,908,401	36,730,447	34,842,685
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	1,885,523	3,098,624	592,430	575,927	1,893,897
OTHER FINANCING SOURCES (USES):					
Bonds, Notes and COPs Issued.....	497,000	617,435	855,000	849,941	530,000
Premiums	115,596	89,878	93,912	71,161	56,696
Capital Leases	1,042	792	198	540	-
Transfers-in	312,304	531,759	629,232	292,078	286,624
Transfers-out	(2,165,522)	(2,119,050)	(2,062,561)	(2,054,788)	(2,116,780)
TOTAL OTHER FINANCING SOURCES (USES).....	(1,239,580)	(879,186)	(484,219)	(841,068)	(1,243,460)
SPECIAL ITEMS.....					
	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....					
	645,943	2,219,438	108,211	(265,141)	650,437
FUND BALANCES, JULY 1 (as restated).....					
	7,718,152	5,497,549	5,388,605	5,654,361	5,004,435
Increase (Decrease) for Changes in Inventories	3,117	1,165	733	(615)	(511)
FUND BALANCES, JUNE 30	\$ 8,367,212	\$ 7,718,152	\$ 5,497,549	\$ 5,388,605	\$ 5,654,361

Source:

Ohio Office of Budget and Management

Note:

The July 1 fund balances, revenues, and expenditures have been restated for prior period adjustments, corrections, and reclassifications, when practical or material.

2015	2014	2013	2012	2011
\$ 8,895,192	\$ 8,398,840	\$ 9,798,658	\$ 9,063,827	\$ 8,771,965
10,166,332	9,380,762	8,637,501	8,297,544	7,785,452
2,597,993	2,680,923	2,554,965	2,499,601	2,462,363
1,114,542	1,091,123	1,087,748	1,104,127	1,070,014
808,270	813,056	828,812	843,180	855,610
648,099	661,870	747,882	670,831	682,637
734,839	722,403	816,564	781,717	657,629
76,208	68,918	59,839	64,025	63,323
8,942,561	8,313,226	7,225,992	7,131,978	8,122,729
94	38,620	-	-	-
220,486	208,508	175,284	151,601	124,026
47,438	8,662	26,454	19,654	20,997
244,296	246,632	283,339	300,150	297,932
34,496,350	32,633,543	32,243,038	30,928,235	30,914,677
33,941,965	30,970,485	29,451,874	29,972,837	29,837,914
-	734	42	-	-
33,941,965	30,971,219	29,451,916	29,972,837	29,837,914
554,385	1,662,324	2,791,122	955,398	1,076,763
460,000	800,000	178,000	1,109,228	624,890
48,536	28,310	7,911	60,983	1,200
-	2,196	108	560	915
321,156	221,697	545,356	314,048	477,418
(2,072,234)	(2,026,789)	(2,928,231)	(1,472,254)	(1,574,293)
(1,242,542)	(974,586)	(2,196,856)	12,565	(469,870)
-	-	1,463,506	-	-
(688,157)	687,738	2,057,772	967,963	606,893
5,695,511	5,240,486	3,188,956	2,223,608	1,612,899
(3,555)	732	(6,615)	(1,578)	3,816
\$ 5,003,799	\$ 5,928,956	\$ 5,240,113	\$ 3,189,993	\$ 2,223,608

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Personal Income Tax Revenue.....	\$8,777	\$9,504	\$8,464	\$8,035	\$7,996
Personal Income(A).....	<u>\$586,784</u>	<u>\$569,727</u>	<u>\$544,828</u>	<u>\$517,918</u>	<u>\$505,950</u>
Average Effective State Income Tax Rate.....	<u>1.50%</u>	<u>1.67%</u>	<u>1.55%</u>	<u>1.55%</u>	<u>1.58%</u>
<u>SALES TAX</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
State Sales Tax Revenue.....	\$11,000	\$10,791	\$10,359	\$10,804	\$10,548

Source:

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$8,906	\$8,412	\$9,812	\$9,076	\$8,785
<u>\$489,695</u>	<u>\$472,846</u>	<u>\$462,424</u>	<u>\$436,818</u>	<u>\$417,376</u>
<u>1.82%</u>	<u>1.78%</u>	<u>2.12%</u>	<u>2.08%</u>	<u>2.10%</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$10,171	\$9,387	\$8,643	\$8,305	\$7,791

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

(dollars in millions)

	2019	2018	2017	2016	2015
Services.....	\$ 168,726	\$ 162,998	\$ 157,563	\$ 149,264	\$ 147,288
Manufacturing.....	59,254	58,528	55,478	54,677	54,536
Government.....	61,287	59,721	58,272	57,702	56,281
Wholesale and Retail Trade.....	45,863	44,369	43,680	42,530	42,141
Finance, Insurance, and Real Estate.....	32,430	31,650	30,219	27,024	26,349
Construction.....	24,984	24,072	23,727	20,997	19,967
Transportation and Public Utilities.....	22,642	20,990	19,090	19,605	17,363
Other	171,598	167,399	156,799	146,119	142,025
Total Personal Income.....	<u>\$ 586,784</u>	<u>\$ 569,727</u>	<u>\$ 544,828</u>	<u>\$ 517,918</u>	<u>\$ 505,950</u>
Average Effective State Income Tax Rate.....	<u>1.50%</u>	<u>1.67%</u>	<u>1.55%</u>	<u>1.55%</u>	<u>1.58%</u>

EXEMPTIONS BY CALENDAR YEAR

Exemptions	2019	2018	2017	2016	2015
Personal/Dependent Exemption:					
\$0-\$40,000.....	2,350	2,350	2,300	2,250	2,200
\$40,001-80,000.....	2,100	2,100	2,050	2,000	1,950
\$80,001 and above.....	1,850	1,850	1,800	1,750	1,700
Exemption Credit per Taxpayer, Spouse, and Dependent(A).....	20	20	20	20	20

Source:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management
Ohio Department of Taxation

Note:

(A) The \$20 personal and dependent exemption credit is only available to taxpayers with Ohio taxable income of less than \$30,000.

2014	2013	2012	2011	2010
\$ 142,532	\$ 137,541	\$ 132,344	\$ 123,939	\$ 118,820
52,490	50,541	50,024	48,612	47,291
54,715	53,485	53,886	49,969	49,452
40,997	39,565	38,687	37,048	35,684
28,766	27,397	25,873	24,116	22,307
18,837	17,523	16,341	15,473	14,244
15,129	15,207	14,837	13,813	13,229
136,229	131,587	130,432	123,848	116,349
<u>\$ 489,695</u>	<u>\$ 472,846</u>	<u>\$ 462,424</u>	<u>\$ 436,818</u>	<u>\$ 417,376</u>
<u>1.82%</u>	<u>1.78%</u>	<u>2.12%</u>	<u>2.08%</u>	<u>2.10%</u>

2014	2013	2012	2011	2010
2,200	1,700	1,700	1,650	1,600
1,950	1,700	1,700	1,650	1,600
1,700	1,700	1,700	1,650	1,600
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)	2019 (B)	2018	2017	2016
Tax Bracket 1.....	0.000%	0.000%	0.000%	0.495%
Tax Bracket 2.....	2.850%	1.980%	1.980%	0.990%
Tax Bracket 3.....	3.326%	2.476%	2.476%	1.980%
Tax Bracket 4.....	3.802%	2.969%	2.969%	2.476%
Tax Bracket 5.....	4.413%	3.465%	3.465%	2.969%
Tax Bracket 6.....	4.797%	3.960%	3.960%	3.465%
Tax Bracket 7.....	(D)	4.597%	4.597%	3.960%
Tax Bracket 8.....		4.997%	4.997%	4.597%
Tax Bracket 9.....		(C)	(C)	4.997%

TAX BRACKETS BY CALENDAR YEAR

Ohio Income Tax Brackets (A)	2019 (B)	2018	2017	2016
Tax Bracket 1.....	\$0- \$21,750	\$0- \$10,850	\$0- \$10,650	\$0- \$5,250
Tax Bracket 2.....	21,751- 43,450	10,851- 16,300	10,651- 16,000	5,250- 10,500
Tax Bracket 3.....	43,450- 86,900	16,300- 21,750	16,000- 21,350	10,500- 15,800
Tax Bracket 4.....	86,900-108,700	21,750- 43,450	21,350- 42,650	15,800- 21,100
Tax Bracket 5.....	108,700- 217,400	43,450- 86,900	42,650- 85,300	21,100- 42,100
Tax Bracket 6.....	217,400 & above	86,900- 108,700	85,300- 106,650	42,100- 84,200
Tax Bracket 7.....	(D)	108,700- 217,400	106,650- 213,350	84,200- 105,300
Tax Bracket 8.....		217,400 & above	213,350 & above	105,300- 210,600
Tax Bracket 9.....		(C)	(C)	210,600 & above

Source:

Ohio Department of Taxation

Note:

(A) O.R.C. 5747.02 (A) directs that the Tax Commission will adjust the income brackets for inflation.

(B) Calendar year 2019 is most recent year for which data available.

(C) Starting in calendar year 2017, there are only eight tax brackets.

(D) Starting in calendar year 2019, there are only six tax brackets.

2015	2014	2013	2012	2011	2010
0.495%	0.528%	0.537%	0.587%	0.587%	0.618%
0.990%	1.057%	1.074%	1.174%	1.174%	1.236%
1.980%	2.113%	2.148%	2.348%	2.348%	2.473%
2.476%	2.642%	2.686%	2.935%	2.935%	3.091%
2.969%	3.169%	3.222%	3.521%	3.521%	3.708%
3.465%	3.698%	3.760%	4.109%	4.109%	4.327%
3.960%	4.226%	4.296%	4.695%	4.695%	4.945%
4.597%	4.906%	4.988%	5.451%	5.451%	5.741%
4.997%	5.333%	5.421%	5.925%	5.925%	6.240%

2015	2014	2013	2012	2011	2010
\$0- \$5,200	\$0- \$5,200	\$0- \$5,200	\$0- \$5,200	\$0- \$5,100	\$0- \$5,050
5,200- 10,400	5,200- 10,400	5,200- 10,400	5,200- 10,400	5,101- 10,200	5,050- 10,100
10,400- 15,650	10,400- 15,650	10,400- 15,650	10,400- 15,650	10,201- 15,350	10,100- 15,150
15,650- 20,900	15,650- 20,900	15,650- 20,900	15,650- 20,900	15,351- 20,450	15,150- 20,200
20,900- 41,700	20,900- 41,700	20,900- 41,700	20,900- 41,700	20,451- 40,850	20,200- 40,350
41,700- 83,350	41,700- 83,350	41,700- 83,350	41,700- 83,350	40,851- 81,650	40,350- 80,700
83,350- 104,250	83,350- 104,250	83,350- 104,250	83,350- 104,250	81,651- 102,100	80,700- 100,900
104,250- 208,500	104,250- 208,500	104,250- 208,500	104,250- 208,500	102,101- 204,200	100,900- 201,800
208,500 & above	208,500 & above	208,500 & above	208,500 & above	204,200 & above	201,800 & above

STATE OF OHIO

STATE INDIVIDUAL INCOME TAX RETURNS AND LIABILITY BY INCOME LEVEL FOR TAX YEAR 2018 WITH COMPARATIVES FOR TAX YEAR 2009 (NINE YEARS PRIOR)

2018 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	\$233,676,322	266,763	4.74%
\$100,001-\$200,000	96,846,685	725,075	12.88%
\$80,001-\$100,000	37,196,437	415,721	7.39%
\$40,001-\$80,000	85,134,771	1,486,467	26.42%
\$20,001-\$40,000	38,056,886	1,284,512	22.83%
\$15,001-\$20,000	6,191,577	354,348	6.30%
\$10,001-\$15,000	4,792,967	383,277	6.81%
\$5,001-\$10,000	2,747,500	366,865	6.52%
\$5,000 & Under	903,569	343,719	6.11%
	<u>\$505,546,714</u>	<u>5,626,747</u>	<u>100.00%</u>

2009 TAX YEAR			
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	25.94%
\$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	5,499,086	440,323	8.51%
\$5,001-\$10,000	3,274,139	434,946	8.40%
\$5,000 & Under	1,021,264	377,666	7.30%
	<u>\$303,061,548</u>	<u>5,173,688</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)
\$3,325,986	39.62%	1.42%
2,359,572	28.11%	2.44%
780,322	9.30%	2.10%
1,512,147	18.01%	1.78%
381,207	4.54%	1.00%
26,745	0.32%	0.43%
8,774	0.10%	0.18%
263	0.00%	0.01%
263	0.00%	0.03%
<u>\$8,395,279</u>	<u>100.00%</u>	1.66%

Ohio Income Tax Liability		
Tax Receipts (in thousands)	Percentage of Total Taxes	Effective Tax Rate (A)
\$2,268,685	29.98%	2.61%
1,923,657	25.42%	3.46%
849,539	11.23%	2.92%
1,843,074	24.36%	2.41%
610,893	8.07%	1.60%
54,438	0.72%	0.76%
16,943	0.22%	0.31%
161	0.00%	0.00%
110	0.00%	0.01%
<u>\$7,567,500</u>	<u>100.00%</u>	2.50%

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)

	2020	2019	2018	2017
Vendors' Sales.....	\$ 9,365,035	\$ 9,234,581	\$ 8,865,860	\$ 9,370,739
Motor Vehicles and Watercraft.....	1,526,635	1,524,842	1,461,660	1,413,448
Alcoholic Beverages.....	81,022	67,565	61,751	58,688
Delinquencies and Assessments.....	45,807	60,900	64,119	65,500
Permissive Taxes:				
County Levies.....	22,437	21,554	20,862	21,288
Transit Authorities.....	4,806	4,686	4,592	4,789
Total Sales Tax Revenue.....	<u>\$ 11,045,742</u>	<u>\$ 10,914,128</u>	<u>\$ 10,478,844</u>	<u>\$ 10,934,452</u>
Base State Sales Tax Rates.....	<u>5.75%</u>	<u>5.75%</u>	<u>5.75%</u>	<u>5.75%</u>

Source:

Ohio Department of Taxation

Ohio Office of Budget and Management

2016	2015	2014	2013	2012	2011
\$ 9,128,017	\$ 8,816,637	\$ 8,132,482	\$ 7,485,702	\$ 7,190,870	\$ 6,752,244
1,363,324	1,332,239	1,224,236	1,110,055	1,066,141	988,447
55,005	50,285	46,087	41,683	38,814	36,218
90,158	60,793	62,726	63,708	74,956	63,582
20,848	19,221	17,163	16,046	14,970	14,249
4,691	4,474	4,180	4,008	3,845	3,635
<u>\$ 10,662,043</u>	<u>\$ 10,283,649</u>	<u>\$ 9,486,874</u>	<u>\$ 8,721,202</u>	<u>\$ 8,389,596</u>	<u>\$ 7,858,375</u>
<u>5.75%</u>	<u>5.75%</u>	<u>5.75%</u>	<u>5.75%</u>	<u>5.50%</u>	<u>5.50%</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

	2020	2019	2018	2017	2016
Active Employers by Type					
Private.....	245,040	244,247	236,591	237,249	239,331
Public (Local).....	3,802	3,796	3,784	3,796	3,796
Public (State).....	114	115	115	121	121
Self-Insured.....	1,139	1,160	1,173	1,166	1,178
Black Lung.....	26	26	28	28	31
Marine Fund.....	129	128	121	114	138
Total.....	<u>250,250</u>	<u>249,472</u>	<u>241,812</u>	<u>242,474</u>	<u>244,595</u>
Premium & Assessment Income <i>(dollars in thousands)</i>					
Premium & Assessment Income.....	\$ 1,263,961	\$ 1,322,274	\$ 1,202,517	\$ 1,574,212	\$ 1,456,855
Provision for Uncollectibles.....	(15,202)	(31,775)	(39,577)	(29,662)	(17,712)
Total Premium & Assessment Income.....	<u>\$ 1,248,759</u>	<u>\$ 1,290,499</u>	<u>\$ 1,162,940</u>	<u>\$ 1,544,550</u>	<u>\$ 1,439,143</u>
Average Published Rate per \$100 of Payroll:					
Private Employers.....	\$0.76	\$0.95	\$0.95	\$1.10	\$1.07
Public Employers-Taxing Districts.....	0.77	0.85	0.97	1.03	1.03

Source:

Ohio Bureau of Workers' Compensation Year-End Statistics Report

2015	2014	2013	2012	2011
247,829	249,602	249,085	249,668	250,432
3,807	3,815	3,794	3,801	3,802
121	121	129	122	125
1,180	1,197	1,205	1,196	1,203
34	36	36	35	39
135	146	139	132	120
<u>253,106</u>	<u>254,917</u>	<u>254,388</u>	<u>254,954</u>	<u>255,721</u>

\$ 1,993,706	\$ 2,142,549	\$ 1,533,153	\$ 1,992,018	\$ 1,983,255
(39,532)	(56,728)	(40,764)	(47,540)	(48,075)
<u>\$ 1,954,174</u>	<u>\$ 2,085,821</u>	<u>\$ 1,492,389</u>	<u>\$ 1,944,478</u>	<u>\$ 1,935,180</u>

\$1.17	\$1.30	\$1.43	\$1.43	\$1.49
1.12	1.23	1.24	1.31	1.38

STATE OF OHIO

LOTTERY COMMISSION ENTERPRISE FUND TICKET SALES BY MAJOR GAME TYPE FOR THE LAST TEN FISCAL YEARS *(dollars in millions)*

	2020	2019	2018	2017	2016
Online Games:					
Pick 3.....	\$ 400.6	\$ 354.0	\$ 340.1	\$ 340.0	\$ 343.0
Pick 4.....	240.5	216.9	205.1	201.0	200.3
Pick 5 (B).....	51.2	44.5	40.8	38.1	36.4
Rolling Cash 5.....	51.7	52.1	53.0	55.5	60.3
Classic Lotto/Kicker(A).....	28.8	31.4	34.4	30.9	35.8
Raffle.....	-	-	-	3.6	-
Kicker(A).....	-	-	-	-	-
Mega Millions/Megaplier(A).....	102.0	192.7	120.1	93.3	102.2
EZPLAY.....	88.4	100.4	113.2	120.2	115.2
Ten-OH!(B).....	-	-	-	-	-
Keno.....	439.4	453.9	421.1	396.3	365.9
Power Ball/Power Play.....	85.2	143.3	148.1	129.8	193.5
EZPLAY TAP(C).....	38.9	40.8	31.8	30.0	31.5
EZPLAY Touch & Win(D)(E).....	31.4	30.4	19.5	16.0	0.7
Lucky for Life(D).....	19.5	20.4	20.7	19.9	14.1
The Lucky One(F).....	20.1	16.9	11.6	-	-
Total Online Games.....	1,597.7	1,697.7	1,559.5	1,474.6	1,498.9
Instant Games.....	1,873.8	1,663.0	1,600.6	1,527.1	1,560.7
Total Ticket Sales.....	\$ 3,471.5	\$ 3,360.7	\$ 3,160.1	\$ 3,001.7	\$ 3,059.6

Source:

Ohio Lottery Commission

Note:

- (A) In fiscal year 2011, the Kicker was retired and the Megaplier was added. Kicker was reintroduced in 2012 as an add-on to Classic Lotto.
- (B) August 2012, the Ten-Oh game was replaced by Pick 5.
- (C) In fiscal year 2015, the EZPLAY TAP game was introduced.
- (D) In fiscal year 2016, the EZPLAY QUICKENO and Lucky for Life was introduced.
- (E) In fiscal year 2018, EZPLAY QUICKENO was rebranded to EZPLAY Touch & Win.
- (F) In fiscal year 2018, the Lucky One was introduced.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$	338.0	\$ 339.0	\$ 345.2	\$ 357.4	\$ 364.4
	192.8	185.8	189.8	207.9	209.0
	33.3	27.9	28.0	-	-
	62.6	63.4	61.5	63.8	62.4
	31.0	54.1	41.5	42.3	42.7
	7.0	1.0	9.1	10.0	10.0
	4.7	6.0	5.1	0.9	10.3
	113.3	133.4	102.8	179.3	165.0
	99.8	84.8	68.0	46.5	30.9
	-	-	0.8	8.3	9.2
	329.5	298.1	251.5	209.8	157.9
	105.0	122.8	166.6	105.3	76.4
	24.0	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>1,341.0</u>	<u>1,316.3</u>	<u>1,269.9</u>	<u>1,231.5</u>	<u>1,138.2</u>
	<u>1,551.0</u>	<u>1,426.8</u>	<u>1,428.0</u>	<u>1,507.5</u>	<u>1,462.8</u>
\$	<u><u>2,892.0</u></u>	<u><u>2,743.1</u></u>	<u><u>2,697.9</u></u>	<u><u>2,739.0</u></u>	<u><u>2,601.0</u></u>

STATE OF OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

(dollars in thousands)

Governmental Activities

As of June 30,	General Obligation Bonds	Revenue Bonds and Notes	Special Obligation Bonds	Certificates of Participation	Capital Leases
2020	\$ 9,418,099	\$ 6,743,423	\$ 2,278,884	\$ 281,757	\$ 24,278
2019	9,570,682	6,570,318	2,213,180	277,452	21,044
2018	9,734,361	6,689,337	2,237,096	204,620	19,632
2017	9,297,641	6,394,647	2,016,991	241,627	17,361
2016	9,283,156	6,261,882	1,930,592	194,899	8,806
2015	9,149,055	6,409,774	1,906,844	231,837	2,072
2014	9,366,348	6,355,222	1,836,136	173,603	3,055
2013	8,812,499	6,486,884	1,925,252	198,266	2,294
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

Source:

U.S. Department of Commerce, Bureau of Economic Analysis
Ohio Office of Budget and Management

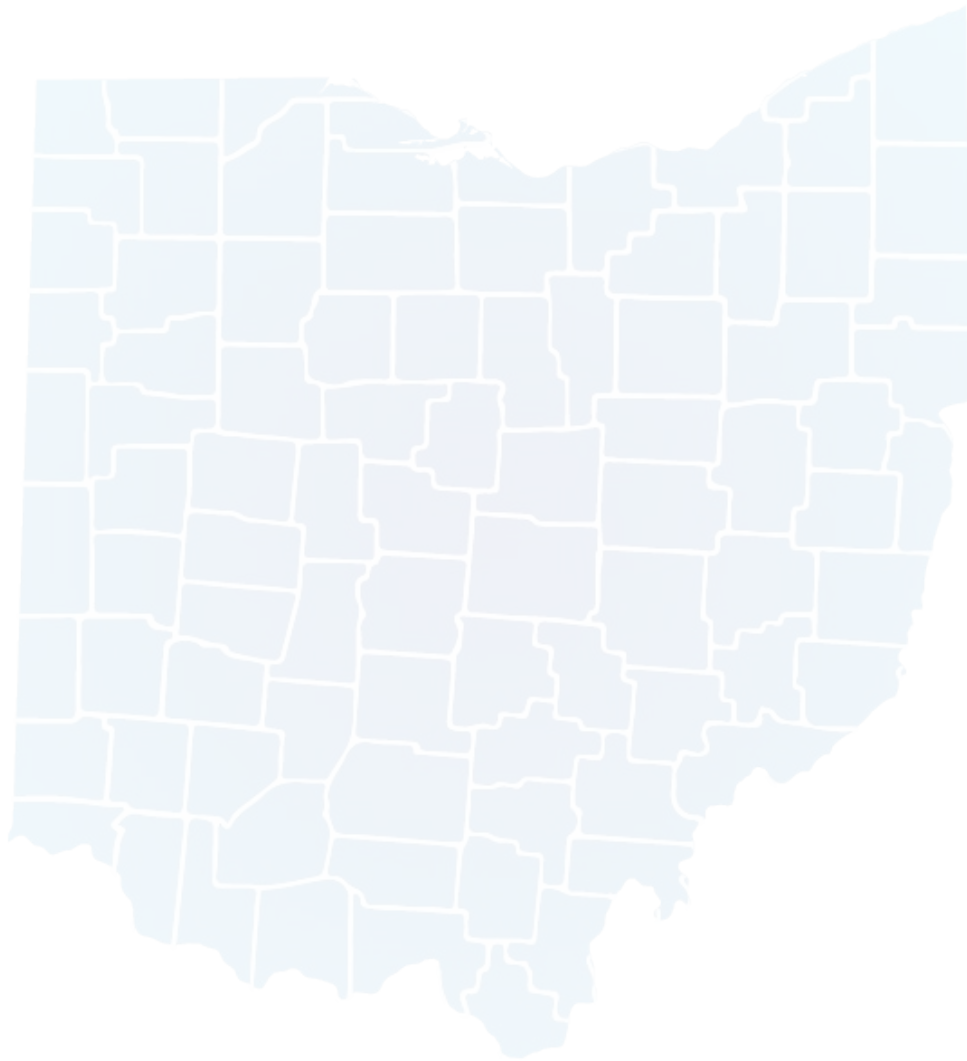
Note:

Balances have been restated for prior period adjustments, corrections, and reclassifications, when practical.

(dollars in thousands)

Business-Type Activities

Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 2,911	\$ 18,749,352	3.20%	1,604
-	4,654	18,657,330	3.27%	1,596
-	3,164	18,888,210	3.47%	1,620
-	6,277	17,974,544	3.47%	1,548
-	10,077	17,689,412	3.50%	1,523
-	13,094	17,712,676	3.62%	1,528
-	15,357	17,749,721	3.75%	1,534
15,422	33,009	17,473,626	3.78%	1,514
31,633	45,289	18,346,545	4.21%	1,589
47,889	58,007	17,581,515	4.21%	1,524



STATE OF OHIO

RATIOS OF GENERAL AND SPECIAL OBLIGATION BONDED DEBT OUTSTANDING FOR THE LAST TEN FISCAL YEARS

As of June 30,	Bonded Debt (<i>dollars in thousands</i>)				
	General Obligation Bonds	Special Obligation Bonds	Total Bonded Debt	Percentage of Personal Income	Per Capita Total Bonded Debt
2020	\$9,418,099	\$2,278,884	\$11,696,983	1.99%	1,001
2019	9,570,682	2,213,180	11,783,862	2.07%	1,008
2018	9,734,361	2,237,096	11,971,457	2.20%	1,027
2017	9,297,641	2,016,991	11,314,632	2.18%	974
2016	9,283,156	1,930,592	11,213,748	2.22%	966
2015	9,149,055	1,906,844	11,055,899	2.26%	954
2014	9,366,348	1,836,136	11,202,484	2.37%	968
2013	8,812,499	1,925,252	10,737,751	2.32%	930
2012	8,888,085	2,090,889	10,978,974	2.52%	951
2011	7,872,276	2,260,853	10,133,129	2.43%	878

Source:

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.

In fiscal year 2018, the table was restated to reflect Total Bonded Debt rather than Net Bonded Debt for the ten year period. The Total Bonded Debt, Percentage of Personal Income, and Per Capita Total Bonded Debt were restated accordingly.

Debt Service Fund:

- Coal Research/Development 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
- Job Ready Site Development General Obligations
- Persian Golf Conflict Compensation General Obligations
- Lease Rental Special Obligations*

Capital Projects Fund:

- Mental Health/Developmental Disabilities Facilities Improvements
- Adult Correctional Building Improvements

* 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)

	2020	2019	2018	2017	2016
Debt Service Expenditures.....	\$ 1,414,867	\$ 1,402,757	\$ 1,338,396	\$ 1,328,277	\$ 1,314,513
General Revenue Fund (GRF)					
Revenues and Transfers from the Lottery Enterprise Fund.....	\$ 34,551,772	\$ 34,921,508	\$ 33,642,813	\$ 35,218,700	\$ 34,997,700
Calculation of Annual 5% Debt Service Cap.....	\$ 1,727,589	\$ 1,746,075	\$ 1,682,141	\$ 1,760,935	\$ 1,749,885
Amount Under the Debt Service Expenditure Cap.....	\$ 312,722	\$ 343,318	\$ 343,745	\$ 432,658	\$ 435,372
Ratio of Debt Service Expenditures to Total GRF Revenues and Lottery Transfers.....	4.09%	4.02%	3.98%	3.77%	3.76%

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.

(B) Revenues and Transfers from the Lottery enterprise Fund excludes federal funds from the American Recovery Act of 2009.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012(A)</u>	<u>2011(A)(B)</u>
\$ 1,278,259	\$ 1,237,701	\$ 1,204,776	\$ 692,776	\$ 755,023
\$ 32,463,100	\$ 30,137,140	\$ 30,362,815	\$ 27,956,513	\$ 26,777,100
\$ 1,623,155	\$ 1,506,857	\$ 1,518,141	\$ 1,397,826	\$ 1,338,855
\$ 344,896	\$ 269,156	\$ 313,365	\$ 705,050	\$ 583,832
3.94%	4.11%	3.97%	2.48%	2.82%

STATE OF OHIO
REVENUE BOND AND NOTE COVERAGE
FOR THE LAST TEN FISCAL YEARS
(dollars in thousands)

Buckeye Tobacco Settlement Financing Authority Revenue Bonds

Fiscal Year	Buckeye Tobacco Settlement Financing Authority Revenue Bonds Fund			Debt Service Requirements			
	Gross Revenues (A)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2020 (B)	\$294,613	N/A	\$294,613	\$395,807	\$197,905	\$593,712	0.50
2019	307,169	N/A	307,169	11,890	288,351	300,241	1.02
2018	337,774	N/A	337,774	44,590	290,659	335,249	1.01
2017	282,512	N/A	282,512	38,995	292,609	331,604	0.85
2016	299,239	N/A	299,239	35,000	294,359	329,359	0.91
2015	286,914	N/A	286,914	26,640	295,691	322,331	0.89
2014	293,573	N/A	293,573	23,995	296,892	320,887	0.91
2013	296,261	N/A	296,261	12,320	285,700	298,020	0.99
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

Infrastructure Bank Revenue Bonds
Issuer: Treasurer of State

Fiscal Year	Highway Operating Fund			Debt Service Requirements			
	Gross Revenues (C)	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2020	\$179,823	N/A	\$179,823	\$144,495	\$38,797	\$183,292	0.98
2019	185,013	N/A	185,013	139,380	48,461	187,841	0.98
2018	149,213	N/A	149,213	117,555	34,154	151,709	0.98
2017	151,170	N/A	151,170	124,280	38,571	162,851	0.93
2016	176,933	N/A	176,933	144,405	35,414	179,819	0.98
2015	170,368	N/A	170,368	200,801	38,699	239,500	0.71
2014	167,653	N/A	167,653	136,415	41,511	177,926	0.94
2013	160,339	N/A	160,339	123,685	44,357	168,042	0.95
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

(continued)

Notes:

- (A) 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.
- (B) In March 2020, BTSFA refunded its outstanding bonds and issued Series 2020 Senior Bonds. Because of the refunding, fiscal year 2020 principal amount also includes bond issuance costs and the advance refunding payment to escrow.
- (C) 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)

Economic Development and Revitalization Project Revenue Bonds and Notes
Issuer: Treasurer of State

Fiscal Year	Liquor Control Enterprise Fund			Debt Service Requirements			
	Gross Liquor Revenues	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2013 (D)	\$485,607	\$310,209	\$175,398	\$26,440	\$15,168	\$41,608	4.22
2012 (E)	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

Bureau of Workers' Compensation Revenue Bonds
Issuer: Ohio Building Authority

Fiscal Year	Workers' Compensation Enterprise Fund			Debt Service Requirements			
	Gross Revenues (F)	Direct Operating Expenses Exclusive of Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2014 (G)	\$5,107,570	\$2,408,977	\$2,698,593	\$15,200	\$751	\$15,951	169.18
2013 (H)	2,404,966	3,419,204	(1,014,238)	15,915	1,543	17,458	N/A
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

Source:

Ohio Office of Budget and Management

Note (continued):

- (D) On February 1, 2013, the State granted a 25-year franchise on its spirituous liquor system. Activity of the Liquor Control Enterprise Fund ceased as of January 31, 2013. The final debt service payments on the Economic Development and Revitalization Project Revenue Bonds and Notes were made during fiscal year 2013.
- (E) Fiscal year 2012 debt service requirements includes payments for Bond Anticipation Notes (BANS), the term of which is no longer than one year.
- (F) Gross revenues consist of operating revenues and investment income.
- (G) The final debt service payments on the Bureau of Workers' Compensation Revenue Bonds were made during fiscal year 2014.
- (H) During fiscal year 2013, the Bureau of Workers' Compensation (BWC) adjusted its premium rates and recorded a premium rebate.

STATE OF OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS FOR THE LAST TEN CALENDAR YEARS

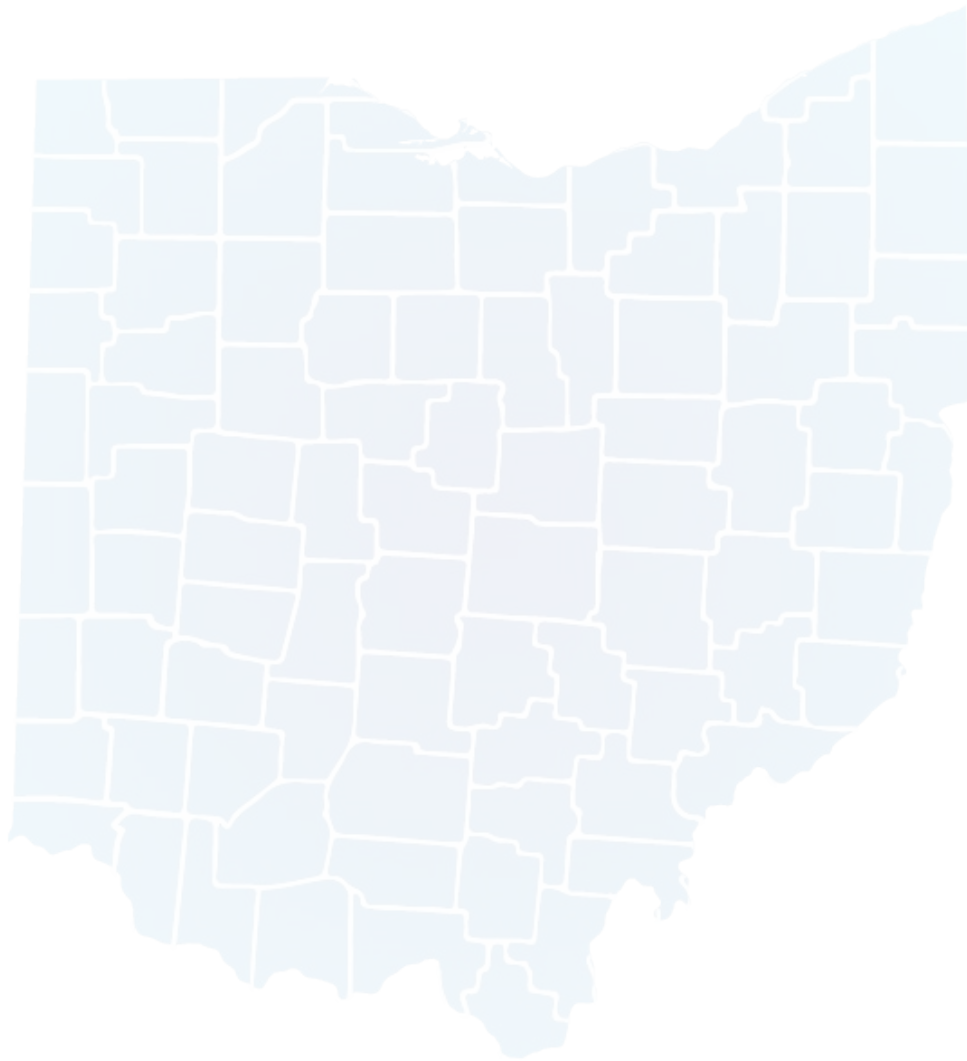
Calendar Year	Population <i>(in thousands)</i>				Per Capita Personal Income		
	U.S.	Change from Prior Period	Ohio	Change from Prior Period	U.S.	Ohio	Ohio as a Percentage of U.S.
2019	328,240	1,073	11,689	0	\$56,490	\$50,199	88.9%
2018	327,167	1,448	11,689	30	54,446	48,739	89.5%
2017	325,719	2,591	11,659	45	51,640	46,732	90.5%
2016	323,128	1,709	11,614	1	49,246	44,593	90.6%
2015	321,419	2,562	11,613	19	48,112	43,566	90.6%
2014	318,857	2,728	11,594	23	46,049	42,236	91.7%
2013	316,129	2,215	11,571	27	44,543	40,865	91.7%
2012	313,914	2,322	11,544	(1)	42,693	40,057	93.8%
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%

Source:

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)

Ohioans Employed	Ohio's Unemployment Rate	Public School Enrollment in Ohio (in thousands)	Motor Vehicles Registered in Ohio (in thousands)
7,142	4.1%	1,776	13,285
7,093	4.6%	1,783	13,232
6,995	5.0%	1,791	13,127
6,958	4.9%	1,790	13,157
6,886	4.9%	1,784	13,039
6,753	5.7%	1,799	11,443
6,663	7.4%	1,845	11,998
6,617	7.2%	1,850	11,840
6,521	8.6%	1,860	11,788
6,454	10.1%	1,872	12,027



STATE OF OHIO
 PRINCIPAL EMPLOYERS
 FOR CALENDAR YEARS 2019 AND 2010

Employer	2019			2010		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
United States Government	79,790	1	1.12%	84,802	1	1.32%
Cleveland Clinic	50,825	2	0.71%	40,000	4	0.62%
Wal-Mart	49,330	3	0.69%	51,780	3	0.81%
State of Ohio	48,138	4	0.67%	54,105	2	0.84%
Kroger Company	45,340	5	0.63%	39,000	5	0.61%
The Ohio State University	34,470	6	0.48%	27,500	7	0.43%
Bon Secours Mercy Health	31,500	7	0.44%			
University Hospitals Health System	28,000	8	0.39%	24,000	8	0.37%
OhioHealth	26,600	9	0.37%			
ProMedica Health System	22,500	10	0.32%			
Catholic Healthcare Partners				29,650	6	0.46%
JP Morgan				18,500	9	0.29%
Giant Eagle				15,600	10	0.24%

Source:
 U.S. Department of Commerce, Bureau of Economic Analysis
 Ohio Development Services Agency, Office of Strategic Research
 State of Ohio Comprehensive Annual Financial Report for Fiscal Year 2011

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			
	2020	2019	2018	2017
Primary, Secondary and Other Education.....	998	998	982	997
Higher Education Support.....	66	67	68	69
Public Assistance and Medicaid.....	2,032	2,176	2,209	2,229
Health and Human Services.....	8,279	8,244	8,195	8,273
Justice and Public Protection.....	20,026	20,102	20,189	20,285
Environmental Protection and Natural Resources.....	2,640	2,620	2,630	2,662
Transportation.....	4,860	4,925	4,874	4,917
General Government.....	4,568	4,643	4,635	4,705
Community and Economic Development.....	854	866	861	990
Workers' Compensation.....	1,718	1,721	1,721	1,744
Lottery Commission.....	377	387	375	378
Unemployment Compensation.....	654	581	636	703
Other.....	811	808	821	817
Total.....	<u>47,883</u>	<u>48,138</u>	<u>48,196</u>	<u>48,769</u>

Source:

Ohio Department of Administrative Services
Ohio Department of Job and Family Services

2016	2015	2014	2013	2012	2011
1,014	950	971	971	970	1,034
72	71	73	70	70	77
2,202	2,259	2,638	2,621	2,769	2,811
8,303	8,128	8,290	8,301	8,604	9,018
20,194	20,114	19,827	19,974	20,196	21,477
2,606	2,651	2,700	2,712	2,745	2,796
4,873	4,884	4,913	4,964	5,218	5,507
4,705	4,739	4,826	4,839	4,984	5,183
870	853	870	860	820	852
1,778	1,784	1,842	1,847	1,882	2,019
378	376	355	335	326	330
744	786	524	587	611	599
818	805	806	799	818	896
<u>48,557</u>	<u>48,400</u>	<u>48,635</u>	<u>48,880</u>	<u>50,013</u>	<u>52,599</u>

STATE OF OHIO
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 FOR THE LAST TEN FISCAL YEARS

Function/Program	2020	2019	2018	2017	2016
<i>Primary, Secondary and Other Education</i>					
Ohio Department of Education:					
Fall Student Enrollment (Public Schools).....	1,779,475	1,782,974	1,791,218	1,790,089	1,784,397
Public School Districts (A).....	610	610	610	610	611
Community School Districts (A).....	313	320	340	362	372
Vocational School Districts.....	49	49	49	49	49
High School Graduation Rate (by School year).....	(B)	85.9%	85.3%	84.1%	83.5%
<i>Higher Education Support</i>					
Ohio Department of Higher Education (I):					
Student Enrollment at State-Assisted Institutions.....	492,424	490,082	490,243	491,402	492,555
State-Assisted Institutions.....	37	37	37	37	37
Ohio College Opportunity Grant Recipients.....	56,482	60,756	69,454	68,495	76,171
<i>Public Assistance and Medicaid</i>					
Ohio Department of Job and Family Services:					
Individuals with Medicaid Coverage (G)(J).....	-	—	—	—	—
Individuals Receiving Cash Assistance (OWF).....	93,904	90,247	101,602	103,900	108,262
Individuals on Medicaid Waiver (G)(J).....	-	—	—	—	—
Ohio Department of Medicaid:					
Individuals with Medicaid Coverage (G).....	2,830,520	2,866,000	3,007,745	3,083,568	3,024,213
Individuals on Medicaid Waiver (G).....	6,590	5,854	5,819	5,503	5,630
Ohio Department of Aging:					
Individuals on PASSPORT Waiver (J).....	24,209	24,014	25,083	23,111	23,106
Ohio Department of Developmental Disabilities:					
Individuals on DDD Waiver.....	41,293	40,349	39,627	38,487	36,627
<i>Health and Human Services</i>					
Ohio Department of Aging:					
Clients Served-PASSPORT (H).....	32,982	28,007	28,215	28,048	28,064
Clients Served-Congregate Meals (E).....	43,422	44,263	45,085	45,435	46,473
Clients Served-Home Delivered Meals.....	50,302	40,269	39,546	38,781	38,130
Clients Served-Transportation Provided.....	14,182	20,004	18,968	19,691	20,818
Ohio Department of Health:					
Average Monthly Caseload-Women, Infants, & Children.....					
	186,526	195,897	212,420	224,816	237,987
Ohio Department of Mental Health & Addiction Services:					
Clients Served (Addiction Services) (F).....	137,999	127,641	139,464	154,870	112,777
Facilities' Admissions.....	4,733	5,932	5,948	6,542	6,933
Facilities' Average Daily Residence Population.....	1,027	1,070	1,068	1,050	1,028
Individuals Served-Community Facilities (D).....	375,219	448,391	535,022	415,639	417,963
Ohio Department of Developmental Disabilities:					
Individuals Served-Community Facilities (D).....	94,885	94,768	92,980	93,892	94,056
Facilities' Average Daily Residence Population.....	618	640	661	701	806
<i>Justice and Public Protection</i>					
Ohio Department of Public Safety:					
Crashes Investigated.....	57,710	63,773	66,485	65,726	66,027
Total Arrests.....	420,955	570,520	634,084	578,579	642,268
Ohio Department of Rehabilitation and Correction:					
Inmate Population.....	46,657	49,031	49,379	50,174	51,001
<i>Environmental Protection and Natural Resources</i>					
Ohio Department of Natural Resources:					
Licenses and Registrations (C).....	2,308,423	2,232,201	2,299,572	2,308,438	2,346,769

2015	2014	2013	2012	2011
1,799,107	1,845,441	1,850,281	1,859,821	1,872,370
612	612	612	612	612
382	393	369	341	295
49	49	49	49	49
83.0%	82.2%	82.2%	81.3%	79.7%
498,276	510,794	521,368	539,058	543,468
37	37	37	37	37
80,344	86,435	94,479	98,751	78,334
—	—	2,382,381	2,213,104	2,151,760
114,913	124,033	140,368	181,934	224,647
—	—	10,941	13,410	13,146
2,960,279	2,509,360	—	—	—
6,896	10,715	—	—	—
21,492	38,771	38,379	42,060	41,443
35,119	34,411	29,066	28,077	26,416
27,513	43,593	42,521	42,060	41,443
47,225	47,384	48,541	50,347	63,453
37,441	35,298	35,960	36,056	39,037
20,058	20,095	20,273	21,702	20,144
246,142	252,253	267,011	277,379	283,997
97,673	94,685	104,058	99,605	103,763
7,282	7,761	7,089	6,756	5,753
1,027	1,021	1,013	1,008	977
—	—	—	—	—
514,579	546,041	466,634	451,907	446,939
926	942	1,000	1,184	1,228
68,967	70,170	63,599	64,519	69,113
606,888	603,094	576,700	554,794	508,418
50,407	50,420	50,153	49,774	50,561
2,345,788	2,426,968	2,387,225	2,506,036	2,434,183

(continued)

STATE OF OHIO
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 FOR THE LAST TEN FISCAL YEARS
 (continued)

Function/Program	2020	2019	2018	2017	2016
<i>Transportation</i>					
Ohio Department of Transportation:					
Pavement Resurfacing (in miles):					
Two-Lane.....	2,478	2,854	3,103	4,029	3,347
Four-Lane.....	942	625	1,236	1,112	1,018
Interstate.....	1,164	1,014	980	1,145	1,147
<i>Workers' Compensation</i>					
Ohio Bureau of Workers' Compensation:					
Claims Filed.....	81,863	96,604	97,185	97,931	99,082
Open Claims.....	609,965	646,379	672,188	704,756	752,312
<i>Lottery</i>					
Ohio Lottery Commission:					
Prize Awards Paid (in billions).....	\$ 2.26	\$ 2.14	\$ 2.00	\$ 1.91	\$ 1.93
Bonuses and Commissions Paid (in millions).....	\$ 233.6	\$ 223.4	\$ 206.1	\$ 185.7	\$ 188.6
Transfers to					
Lottery Profits Education Fund (in millions).....	\$ 846.3	\$ 810.1	\$ 794.7	\$ 739.4	\$ 784.1
<i>Unemployment Compensation</i>					
Ohio Department of Job and Family Services:					
Initial Claims.....	1,641,914	354,259	384,578	414,766	440,484
Continuing Claims.....	9,738,755	2,715,458	3,009,916	3,250,737	3,400,000

Source:

Various state agencies, as noted above.

Note:

- (A) The number of school districts include only those with enrollment.
- (B) Data for the year indicated was not readily available.
- (C) Data includes hunting licenses, fishing licenses, permits, and boating licenses.
- (D) Prior to fiscal year 2016, the clients served by both the Department of Mental Health & Addiction Services and Department of Developmental Disabilities were reported as one total.
- (E) Department of Aging began using a new reporting system in fiscal year 2012, resulting in lower count for Congregate Meals served.
- (F) Beginning in fiscal year 2014, the Department of Mental Health and the Department of Alcohol & Drug Addiction Services merged to form the Department of Mental Health & Addiction Services (MHAS).
- (G) In fiscal year 2014, the Ohio Department of Medicaid was formed and the Medicaid and Medicaid Waiver operations were transferred to the new agency from the Ohio Department of Job and Family Services.
- (H) In fiscal year 2015, a number of clients transferred from the PASSPORT program to the MyCare Ohio program.
- (I) In fiscal year 2016, the Ohio Board of Regents was renamed the Ohio Department of Higher Education.
- (J) Average total.

2015	2014	2013	2012	2011
2,843	2,362	2,296	2,683	2,237
1,048	892	624	1,098	942
680	1,024	1,589	1,417	703
104,997	108,549	108,090	112,613	116,378
791,638	858,773	958,625	1,070,056	1,129,873
\$ 1.88	\$ 1.70	\$ 1.67	\$ 1.68	\$ 1.60
\$ 179.2	\$ 169.9	\$ 166.9	\$ 172.0	\$ 161.3
\$ 990.0	\$ 904.3	\$ 803.1	\$ 771.0	\$ 738.8
472,813	548,361	629,525	635,733	717,775
3,647,400	4,492,364	4,942,305	5,388,767	6,784,230

STATE OF OHIO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

FOR THE LAST TEN FISCAL YEARS

Function/Program	2020	2019	2018	2017	2016
<i>Primary, Secondary and Other Education</i>					
Historical Sites Owned by the State.....	38	38	38	33	32
Historical Sites Jointly Owned by the State and the Ohio Historical Society.....	8	9	9	12	12
<i>Health and Human Services</i>					
Developmental Disabilities Institutions.....	8	8	10	10	10
Mental Health Institutions.....	6	6	6	6	6
<i>Justice and Public Protection</i>					
Rehabilitation and Correction Institutions.....	25	25	25	25	25
Youth Services Institutions.....	3	3	3	3	3
State Highway Patrol Structures.....	77	75	75	75	75
Number of Readiness Centers (B).....	57	48	48	48	48
<i>Environmental Protection and Natural Resources</i>					
Number of State Parks.....	75	75	74	74	74
Area of State Parks, Natural & Wildlife Lands (in acres).....	351,581	345,539	342,795	333,727	333,525
Area of State Forest Lands (in acres).....	201,695	200,690	200,183	200,185	199,344
<i>Transportation</i>					
Buildings.....	838	836	805	819	809
Number of Rest Stops.....	84	85	88	89	91
Licensed Vehicles.....	5,308	5,107	4,987	4,265	4,247
Infrastructure Assets(A):					
Pavement (in lane-miles):					
Priority Subsystem.....	13,803	13,724	13,849	13,720	13,748
General Subsystem.....	29,619	29,637	29,487	29,473	29,470
Bridges:					
Number of Bridges.....	14,352	14,344	14,305	14,276	14,266
Deck Area (in thousand square feet).....	108,401	108,195	107,372	107,489	106,580
<i>General Government</i>					
State Office Buildings (C).....	9	9	10	5	5
<i>Community and Economic Development</i>					
Permanent Agricultural Easement Land (in acres).....	83,549	75,996	71,420	65,860	62,942

Source:

Ohio Department of Developmental Disabilities
Ohio Department of Mental Health and Addiction Services
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 Department of Administrative Services
Ohio Department of Public Safety
Ohio Historical Society
Ohio Adjutant General's Department

Note:

- (A) 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.
- (B) Three buildings were previously classified as armories/readiness centers.
In 2013 changes in federal regulation have changed the classifications of the three buildings.
- (C) Prior to fiscal year 2018, State Office Buildings consisted of state owned office towers.
Starting in fiscal year 2018, State Office Building includes state owned office towers and buildings.

2015	2014	2013	2012	2011
33	34	35	35	35
11	9	8	8	8
10	10	10	10	10
6	6	6	6	9
25	25	26	26	29
3	3	4	4	4
75	76	76	77	81
49	48	51	50	50
74	74	74	74	74
333,196	332,903	332,754	332,106	327,906
204,247	204,054	203,736	203,078	191,155
818	828	830	830	825
96	96	96	116	109
4,029	4,428	4,475	4,604	4,530
13,737	13,650	13,499	13,109	13,059
29,461	29,512	29,591	29,918	29,932
14,229	14,236	14,223	14,182	14,234
106,206	106,474	105,690	105,309	105,721
5	5	5	5	5
56,761	54,214	52,452	47,424	40,726



Office of Budget
and Management

*Prepared by Ohio Office of Budget and Management
State Accounting and Reporting*

OHIO AUDITOR OF STATE KEITH FABER



STATE OF OHIO

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/25/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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