



# Annual Report

Fiscal Year 2020



Office of Budget  
and Management







## OBM & COVID-19

#TeamOBM senior staff members are managing several of Governor DeWine's COVID-19 Strike Forces related to local governments, state personnel, and the economy.

OBM's Ohio Grants Partnership is managing \$3.7 billion in Coronavirus Relief Funds and \$104.9 million in the Governor's Emergency Education Relief Funds.

Ohio Grants Partnership also distributed \$350 million in Coronavirus Relief Funds to all 88 Ohio counties.

## From the Desk of the Director

Ohio's Office of Budget and Management (OBM) is strong and resolute, staffed by forward-thinking professionals who are safeguarding and maximizing Ohio taxpayer dollars.

The efforts of #TeamOBM to find more ways to deliver services, reduce redundancies, secure low interest rates, and refinance debt not only saved Ohio taxpayers millions of dollars this fiscal year but also put us in a position to react quickly to the economic and business impacts of COVID-19 in the fourth quarter.

Due to COVID-19, OBM began teleworking without interruption to any services provided. #TeamOBM is 100% teleworking and the financial operations of the state government enterprise continues to operate smoothly.

This Annual Report attests that OBM and our financial colleagues across state government are expert stewards of your tax dollars and Ohio's treasured assets.

Very respectfully yours,

Director Kimberly Murnieks  
Ohio Office of Budget and Management



OH\_OBM\_Director





# Ohio Fiscal Academy

Twenty-three state employees graduated from OFA's intensive nine-month certification program, equipping these fiscal professionals to lead the great State of Ohio.

Now in its seventh year, OFA has over 205 graduates with operational, theoretical, and hands-on experiences.

Twenty-five students enrolled in Cohort 10 who have all graduated in late calendar year 2021.



## Highlighting Agency Partners and People



## Outreach to Ohio's Public Finance Officials and the General Public

During fiscal year 2020, the OBM Communications staff focused on increasing outreach in several key areas and strengthening their support of state and local partners in the following:

- Enhanced OBM's outreach and communications to local governments with the development of the *Ohio Connects* newsletter and advisory board.
- Went live with the *Ohio Checkbook* interactive budget website, a joint initiative with Lieutenant Governor Jon Husted and Treasurer of State Robert Sprague, delivering \$900,000 in taxpayer savings.
- Created and delivered the *CFO Newsflash* newsletter as well as continued the management of contributions submitted by the editorial board.

The staff continued the long-standing professional partnership with the Department of Administrative Services (DAS) as the two lead agencies of state government in collaboration of MyOhio, Ohio Administrative Knowledge System (OAKS), and general public services on behalf of the Office of the Governor and the taxpayers across Ohio.

# Budget Development and Implementation

OBM's Budget Development and Implementation Section provides operating budget preparation guidance to state agencies, boards, and commissions and is responsible for forecasting and monitoring revenue estimates.

Throughout the first nine months of fiscal year 2020, the Budget Section worked with state agencies to implement the first year of Governor DeWine's inaugural budget, to develop the fiscal year 2021 and 2022 capital budgets and to ensure that unspent prior year capital appropriations were re-appropriated. Then the COVID-19 pandemic hit, and the Budget Section began to work with the Governor's Office and state agencies to ensure a balanced budget for fiscal year 2020. The budget analysts identified upwards of \$750 million in potential reductions that were approved by the Governor's Office and ensured the state met its constitutional obligations.

The Budget Section frequently represents OBM to other state agencies and the public. During the past fiscal year, several of our analysts conducted webinars, demonstrations, and trainings on how to use software applications accessed by nearly all state agencies.

In the coming fiscal year, the Budget Section will work with state agencies during the operating budget development process and provide services to state agencies and the public as we continue to implement the fiscal year 2021 operating budget.

## Controlling Board

OBM chairs the Ohio Controlling Board, which provides the Governor and General Assembly a mechanism for handling limited day-to-day adjustments needed in the state budget.

To quickly react to the COVID-19 pandemic, the Board seamlessly moved from in-person to virtual livestream meetings to continue supporting the state during the months of March, April, May, and June. The Board also added one previously unscheduled meeting in April in response to the ever-changing operating environment.

In fiscal year 2020, the Controlling Board allocated a total of \$17,841,253.00 from the Controlling Board's Emergency Purposes Contingency.

In fiscal year 2020, the Controlling Board transferred a total of \$12,959,897 from the Controlling Board's Disaster Services Fund to the State Disaster Relief Fund.

### Ohio Checkbook

Delivered

**\$900,000**

in savings by merging two interactive state websites into one.

[Checkbook.Ohio.gov](http://Checkbook.Ohio.gov)

Identified

**\$750M**

in potential reductions during Q4 to ensure the state met its constitutional obligations after the COVID-19 pandemic hit.

Graduated

**23**

state employees from OFA's certification program, equipping fiscal professionals to lead the great State of Ohio.

Received

**\$1.38M**

in rebates through OBM Payment Card processing.



# Debt Management

OBM's Debt Management Section is responsible for the issuance and ongoing management of debt backed by the state of Ohio and for ensuring that financial resources are available to meet the state's capital project needs and debt-service requirements.

In fiscal year 2020, the Debt Section oversaw the issuance of fifteen series of bonds aggregating \$1.16 billion for purposes such as local infrastructure projects, K-12 education, highways and bridges, projects at our institutions of higher education, and natural resource conservation. In addition, the Section issued two Certificates of Participation projects to support state information technology systems, aggregating just over \$31 million. All told, fiscal year 2020 debt issuances reached nearly \$1.2 billion.

In September 2020, the Debt Section achieved the lowest interest rate on record (2.35%) to finance the costs of elementary and secondary school construction. Strategic planning on the issuance saved hard-earned taxpayer dollars and freed up resources for future projects that may have otherwise gone to paying for borrowed money.

In February 2020, the Debt Section completed a \$25 million direct private placement with the State Treasurer's Office, which refinanced outstanding debt related to the Veterans Compensation Bonds, and to saving Ohio taxpayers \$2 million. The transaction lowered the cost of borrowing 4.59% to 1.83%.

Following in March, the team serving in its function as staff to the Buckeye Tobacco Settlement Financing Authority closed a \$5.3 billion refinancing of Tobacco Settlement Asset-Backed Bonds. The transaction was enthusiastically received by the Market and prompted more than 150 investors to submit orders in excess of \$50 billion.

In May 2020, the Debt Section closed the first of two negotiated sales of state debt. Since 2012, the Office of Budget and Management had sold transactions only as competitive bid.

Wrapping up the fiscal year, the Debt Section in collaboration with its communications staff partners launched the BuyOHBonds.com website, a new investor outreach platform aimed at attracting more investors to its municipal bond offerings.

The new BuyOHBonds platform was rolled out in coordination with and support of the Ohio Public Facilities Commission's \$780 million refinancing of infrastructure, common schools, and higher education projects. The sale is notable in a number of ways; including but not limited to:

- Largest issuance of general obligation debt by the State of Ohio;
- Largest deal in Ohio history underwritten by a minority business enterprise;
- Largest deal in Ohio history supported by a certified women's business as financial advisor;
- And achieved \$363.6 million in cash flow savings for fiscal year 2021 – roughly 17% of the State's \$2.1 billion budget shortfall expected during the period due from the Coronavirus pandemic;
- Blended all-in-interest cost of 1.54% is amongst the lowest rates ever achieved on OPFC debt.

Fiscal year 2020  
debt issuances  
reached nearly

**\$1.2  
billion**



Secured

**lowest  
interest  
rate**



on record for school  
construction.

Saved Ohio taxpayers

**\$2  
million**



Refinancing  
outstanding debt  
related to Veterans  
Compensation Bonds.

Achieved cash flow  
savings

**\$363.6  
million**



Equal to 17% of states  
\$2.1 billion budget  
shortfall due to COVID-19.



## Highlighting Agency Ingenuity



## Information Technology

In fiscal year 2020, the OBM Information Technology Section deployed an enterprise application Payment Card Reconciliation Portal. This portal provides significant efficiencies for the payment card program, including the elimination of paper for approvals, online workflow, intuitive processing, and full integration to OAKS Financials.

Due to the COVID-19 pandemic, this section quickly and effectively transitioned OBM staff to teleworking in a very short time. This enabled OBM staff to work remotely without any disruptions while maintaining high productivity.

During fiscal year-end close, the Reports and Configuration Management (RACM) team in collaboration with the Department of Administrative Services Transactional, Requirements, Architecture, Configuration, and Support (TRACS) partner, completed running all the normal daily, weekly, and monthly jobs first before turning their focus on closing out FY 2020, allowing them to close the year in less than 3 hours – virtually!



# Financial Planning and Supervision Commissions

OBM is responsible for convening and chairing financial planning and supervision commissions when the Auditor of State declares a unit of local government to be in a state of fiscal emergency.

OBM chaired financial planning and supervision commissions for eight local governments in fiscal emergency at some point during the period April 1, 2019 through March 31, 2020 under divisions (A) through (K) of section 118.05 of the Revised Code.

The Ohio Department of Education is responsible for convening and chairing financial planning and supervision commissions when the Auditor of State declares a school district to be in a state of fiscal emergency and OBM is responsible for providing one commission member.

During fiscal year 2020, there were two school districts in fiscal emergency: Coventry of Summit County and Niles of Trumbull County.

## Financial Reporting

During fiscal year 2020, State Accounting's accomplishments included:

- The State of Ohio received an unqualified opinion (in auditor terms, "clean") on its fiscal year 2019 financial statements. The State CAFR (Comprehensive Annual Financial Report) was released by OBM on December 23, 2019, the earliest website release on record.
- The state has been awarded 27 Certificates of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association since 1990. The state expects to receive the Certificate for the fiscal year 2019 CAFR in August 2020.
- In a collaborative effort between the Auditor of State and agency management, the 2019 State Single Audit was released on April 14, 2020, and was consistent with the timeframe for the past 10 years.

## Internal Audit

OBM's Internal Audit Section conducts periodic audits of major systems and controls at state cabinet agencies and at other agencies upon request.

During fiscal year 2020, the Office of Internal Audit completed 40 assurance reports, which resulted in 56 high or moderate risk observations. Of these, 10 were remediated by the client and validated by Internal Audit. Forty-six of the remaining observations will be scheduled for remediation in fiscal year 2021.

Internal Audit also completed 87% of its assurance audit engagements (73 of 84), this was more than the stated goal of 86%. Many of the eleven not completed were delayed due to COVID-19 and the incompletes have been carried forward to fiscal year 2021.

In fiscal year 2020, Internal Audit performed consulting services for major systems, processes, and security. Consulting services consisted of approximately 43% of overall Internal Audit effort in fiscal year 2020.

Received

# "Clean"

opinion on OBM's  
fiscal year 2019  
financial statements.



Awarded

# 27<sup>th</sup> consecutive

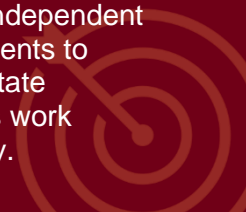
Certificate of  
Achievement for  
Excellence in Financial  
Reporting by the  
Government Finance  
Officers Association.



Surpassed goal with

# 87%


completed Assurance  
Audits, independent  
assessments to  
ensure state  
agencies work  
efficiently.



Virtually closed out  
FY2020 in less than

# 3 hours

due to the efforts of IT  
with RACM and DAS  
TRACS.



# Ohio Grants Partnership

The Ohio Grants Partnership was created by OBM in February 2020 to provide support to Ohio's grant management community. The partnership's vision is to be the leading resource for the Ohio grants community to help build the capacity of its partners to successfully apply for and manage grant programs; and in doing so ensure Ohio maximizes the amount of federal funds awarded while optimizing the use of funds received and prioritizing to achieve the greatest result.

The initial focus of the Ohio Grants Partnership has been federal grants related to COVID-19 response and recovery, to include tracking related funding and managing new programs such as \$3.7 billion in Coronavirus Relief Funds and \$104.9 million in Governor's Emergency Education Relief Funds.

More than \$608,053,280 was appropriated to support Ohio in fiscal year 2020 through Federal Coronavirus Relief Funding and \$113,906,540 has been appropriated for fiscal year 2021. OBM and House Bill 481 provided management guidance and distributed Federal Coronavirus Relief Funds in the amount of \$350 million to all 88 of Ohio's counties and local governments.



**#IN THIS**  
**TOGETHER**   
**Ohio**



# Shared Services

OBM's Shared Services Section delivered cost-savings opportunities and customer service excellence. Shared Services, in direct partnership with state agencies, improved and modernized various management practices and business activities.

During fiscal year 2020, Shared Services:

- Processed and paid 137,862 Accounts Payable transactions for 30 agencies, averaging 2.2 days per transaction.
- Processed and paid 44,256 Travel and Expense reports for 74 agencies, averaging 1.5 days per transaction.
- Received 21,518 calls to the Contact Center, achieving a 90.0% Service Level (the percentage of calls answered within 30 seconds).
- Processed 17,655 Supplier Operations requests (e.g., Supplier Information Form, banking verification, W9, electronic funds transfer), averaging 1.2 days per transaction.
- Processed 874 Accounts Receivable deposits consisting of 8,428 checks worth a total of \$241,005,660.04 for four agencies.
- Processed 28,076 IntraState Transfer Voucher (ISTV) invoices for two agencies and processed 5,997 ISTV coding updates for one agency.

Turned around

**44,256**

T&E reports within

**1.5 days**

on average per transaction.

Contact Center answered

**90%**

of calls within the first

**30 seconds.**

# State Accounting

OBM's State Accounting Section monitors and controls both the spending and revenue collection activities of state agencies, providing up-to-date accounting information for the State of Ohio.

2020 FY Highlights:

- Processed 7,615,710 vouchers totaling \$72.05 billion dollars. Ninety-Seven-point five percent of these vouchers were processed electronically.
- Processed the addition of 388 new cardholders. Total spend for the program in fiscal year 2020 was \$69.4 million, resulting in a rebate of \$1.38 million.
- Identified \$1,035,032 in potential duplicate payments with funds restored to the State.
- Monitored over \$7.7 billion in operating expenditures for compliance with policies, laws, and regulations of the state. During fiscal year 2020, the team reviewed 69,548 vouchers totaling \$2,308,388,709.
- Processed 244 cash transfers, 11,257 requisition approvals, 1,714 Controlling Board transactions and 244 director memo transactions.

Reviewed over

**\$72.05 billion**

in operating expenditures in over 7.6 million vouchers.

Restored

**\$1,035,032**

to the state in duplicate payments.

# Annual Expenditures – Fiscal Year 2020

Office of Budget and Management  
Cash Basis by Appropriation Line Item  
July 2019 – June 2020

FUND	ALI	Appropriation Line Item	Expenditures
GRF	042321	Budget Development & Implementation	\$ 3,043,100
GRF	042409	Commission Closure	\$ --
GRF	042425	Shared Services Development	\$ 1,015,524
GRF	042435	Gubernatorial Transition	\$ --
Total GRF			\$ 4,058,624
GRF	042425	Shared Services Development	\$ 1,015,524
1050	042603	Financial Management	\$ 14,911,437
1050	042620	Shared Services	\$ 5,408,504
5CV1	042501	Coronavirus Relief – Local Government	\$ 350,000,000
5CV1	042621	Coronavirus Relief – Agency Reimbursement	\$ 34,919,945
5EH0	042604	Forgery Recovery	\$ 12,652
7026	C10031	Operations Facilities Improvements	\$ --
Total Non-GRF			\$ 405,252,538
Total All Funds			\$409,311,162

Office of Budget and Management  
Cash Basis by Account Category  
July 2019 – June 2020

Account	Account Description	Expenditures
500	Payroll and Benefits	\$ 20,851,689
510	Purchased Personal Services	\$ 928,383
520	Maintenance and Supplies	\$ 2,603,409
530	Equipment	\$ 149,275
550	Subsidy	\$ 350,062,605
570	Capital Improvements	-
595	Payment of Forged Warrants/Federal Passthrough Funds	\$34,715,801
Total		\$409,311,162





Office of Budget  
and Management

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