

### Role and Overview

The Office of Budget and Management (OBM) ensures that the financial operations of state government are handled in a manner consistent with state laws and policies. OBM develops budgets; monitors, processes, and reports on financial transactions; and reviews and coordinates the financial policies and activities of state agencies. OBM provides financial management services and financial information to the Governor, state agencies, the legislature, municipalities, school districts, and other interested parties.

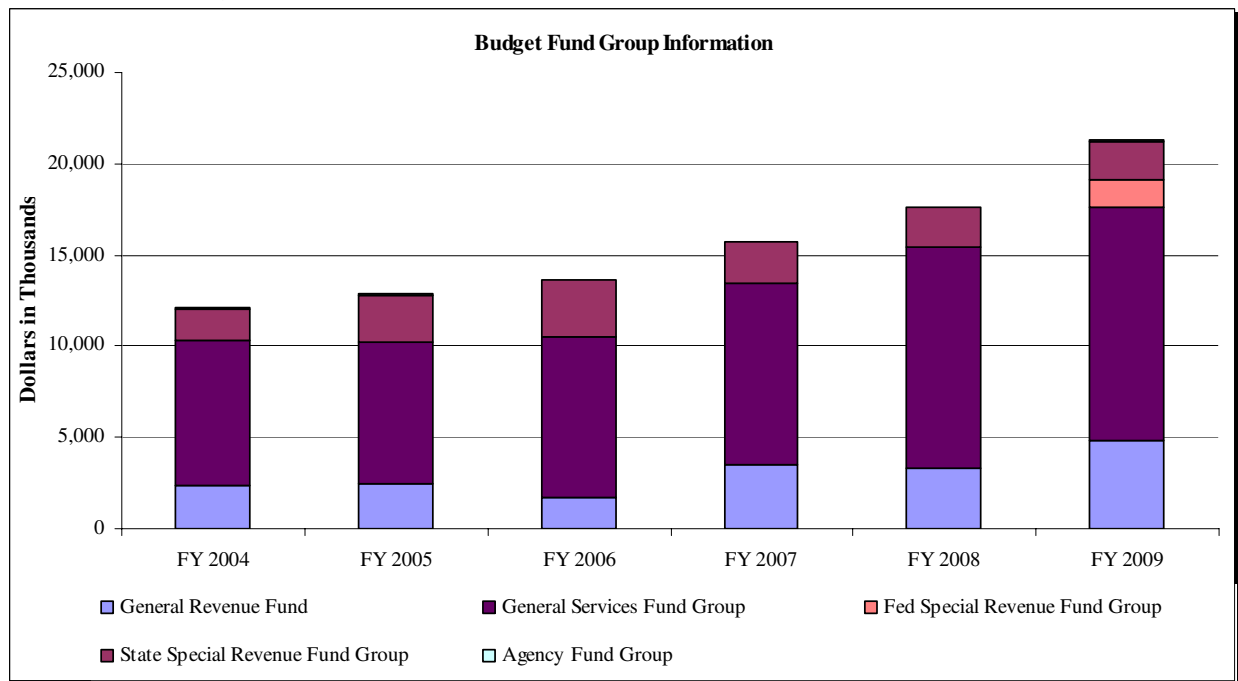
The director of the Office of Budget and Management is appointed by the Governor. As of the end of fiscal year 2007, the office will employ about 113 staff and have an annual budget of approximately \$14.7 million. The sections within OBM deal with accounting, financial reporting, budgeting, coordinating the issuance of state debt, and administering the activities of the state Controlling Board.

Additional information regarding the Office of Budget and Management is available at <http://www.obm.ohio.gov/>.

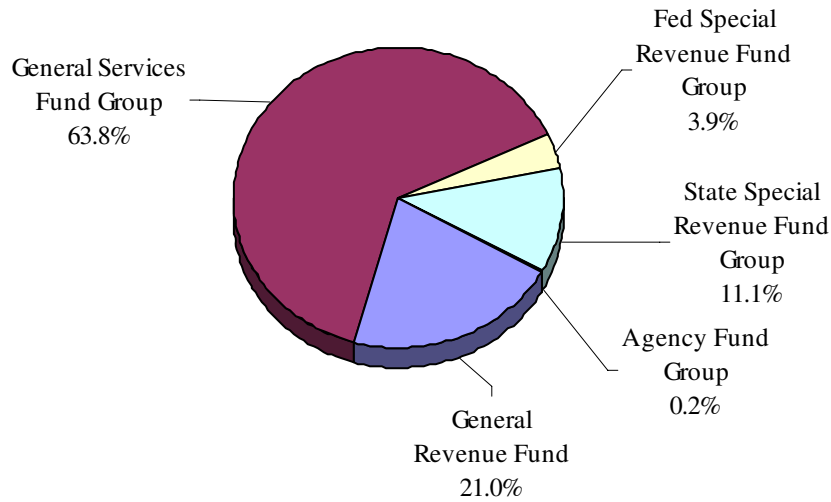
### Agency Priorities

- Develop, implement, and monitor the state's operating, capital, and tobacco budgets.
- Review, process, and report the financial transactions of state agencies.
- Successfully implement the Ohio Administrative Knowledge System for state government.

### Summary of Budget History and Recommendations

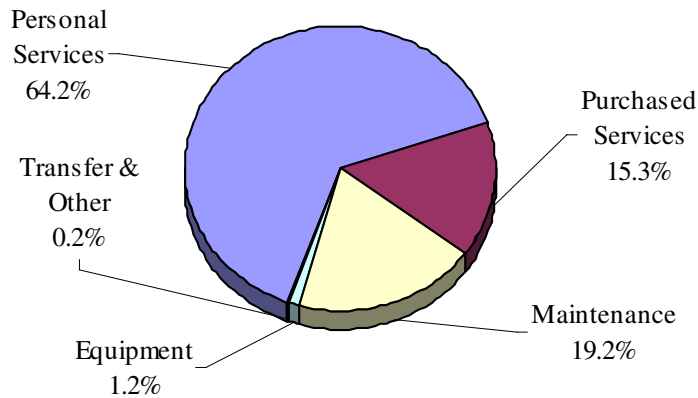


**FY 2008-09 Biennial Appropriation  
by Budget Fund Group**



| (In thousands)<br>BUDGET FUND GROUP | ACTUAL        |               |               | ESTIMATE<br>FY 2007 | %<br>CHANGE<br>FY 06-07 | RECOMMENDED   |             |               |             |
|-------------------------------------|---------------|---------------|---------------|---------------------|-------------------------|---------------|-------------|---------------|-------------|
|                                     | FY 2004       | FY 2005       | FY 2006       |                     |                         | FY 2008       | %<br>CHANGE | FY 2009       | %<br>CHANGE |
| General Revenue Fund                | 2,349         | 2,466         | 1,662         | 3,481               | 109.4                   | 3,307         | (5.0)       | 4,868         | 47.2        |
| General Services Fund Group         | 7,985         | 7,752         | 8,845         | 9,977               | 12.8                    | 12,115        | 21.4        | 12,743        | 5.2         |
| Fed Special Revenue Fund Group      | 0             | 0             | 0             | 0                   | .0                      | 0             | .0          | 1,500         | .0          |
| State Special Revenue Fund Group    | 1,724         | 2,592         | 3,119         | 2,273               | (27.1)                  | 2,201         | (3.2)       | 2,132         | (3.1)       |
| Agency Fund Group                   | 30            | 106           | 13            | 35                  | 163.0                   | 35            | .0          | 35            | .0          |
| <b>TOTAL</b>                        | <b>12,088</b> | <b>12,915</b> | <b>13,640</b> | <b>15,765</b>       | <b>15.6</b>             | <b>17,658</b> | <b>12.0</b> | <b>21,278</b> | <b>20.5</b> |

**FY 2008-09 Biennial Appropriation  
by Expense Category**



| (In thousands)<br>OBJECT OF EXPENSE | ACTUAL        |               |               | ESTIMATE      | %           | RECOMMENDED   |             |               |             |
|-------------------------------------|---------------|---------------|---------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                                     | FY 2004       | FY 2005       | FY 2006       | FY 2007       | FY 06-07    | FY 2008       | %           | FY 2009       | %           |
| Personal Services                   | 7,493         | 7,586         | 7,812         | 9,115         | 16.7        | 10,955        | 20.2        | 14,029        | 28.1        |
| Purchased Services                  | 1,044         | 1,880         | 2,283         | 2,161         | (5.4)       | 2,871         | 32.9        | 3,068         | 6.9         |
| Maintenance                         | 3,346         | 3,051         | 3,346         | 4,139         | 23.7        | 3,632         | (12.3)      | 3,840         | 5.7         |
| Equipment                           | 147           | 264           | 184           | 313           | 70.2        | 162           | (48.0)      | 303           | 86.7        |
| Goods For Resale                    | 2             | 1             | 1             | 2             | 94.4        | 2             | (4.8)       | 2             | .0          |
| Transfer & Other                    | 57            | 134           | 13            | 35            | 163.0       | 35            | .0          | 35            | .0          |
| <b>TOTAL</b>                        | <b>12,088</b> | <b>12,915</b> | <b>13,640</b> | <b>15,765</b> | <b>15.6</b> | <b>17,658</b> | <b>12.0</b> | <b>21,278</b> | <b>20.5</b> |

**PROGRAM SERIES 01: Budget Development and Implementation Services**

This program series oversees the state's financial resources through preparation of the operating and capital budgets, coordination of state Controlling Board activities, and management of state debt.

**Program 01.01: Budget Development**

This program evaluates agencies' budget requests and prepares the Governor's operating, tobacco, and capital budget recommendations for submission to the General Assembly. Once budgets are enacted, this program oversees agencies' allotment planning and monitors agencies' spending to ensure it is done in accordance with state law and does not exceed appropriations. This program also prepares economic forecasts and revenue estimates and issues a monthly financial report to the Governor.

**The Executive Recommendation will:**

- Fund the evaluation, implementation, and monitoring of state agencies' operating and capital budgets;
- Support the preparation of economic forecasts and revenue estimates and the issuance of a monthly report analyzing economic trends, year-to-date state revenues and spending and the GRF balance;

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- Fund National Association of State Budget Officers' (NASBO) annual membership dues;
- Support a portion of the agency's internal administration costs;
- Provide \$3 million in FY 2009 to support the transition costs for a stand alone Medicaid agency; and
- Fund the preparation of the Governor's operating and capital budget recommendations.

| FUND                     |      |         |                                   | RECOMMENDED      |                  |
|--------------------------|------|---------|-----------------------------------|------------------|------------------|
| GROUP                    | FUND | ALI     | ALI NAME                          | FY 2008          | FY 2009          |
| GRF                      | GRF  | 042-321 | Budget Development/Implementation | 1,502,649        | 1,575,482        |
| GRF                      | GRF  | 042-410 | National Association Dues         | 28,700           | 29,561           |
| GRF                      | GRF  | 042-416 | Medicaid Agency Transition        | 0                | 1,500,000        |
| GSF                      | 105  | 042-603 | State Accounting and Budgeting    | 1,056,220        | 1,156,211        |
| FED                      | 3CM  | 042-606 | Medicaid Agency Transition        | 0                | 1,500,000        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                   | <b>2,587,569</b> | <b>5,761,254</b> |

**Program 01.02: Controlling Board**

This program coordinates legislative oversight over certain capital and operating expenditures by state agencies and has approval authority over various other state fiscal activities. OBM staff serves as President and Executive Secretary to the Controlling Board, and provide administrative support and oversight.

**The Executive Recommendation will:**

- Fund the administrative functions of the Controlling Board.

| FUND                     |      |         |                                   | RECOMMENDED    |                |
|--------------------------|------|---------|-----------------------------------|----------------|----------------|
| GROUP                    | FUND | ALI     | ALI NAME                          | FY 2008        | FY 2009        |
| GRF                      | GRF  | 042-321 | Budget Development/Implementation | 199,638        | 209,968        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                   | <b>199,638</b> | <b>209,968</b> |

**Program 01.03: Debt Management**

This program coordinates the bond sales of all state bond issuers, reviews certain bond documents to ensure they are complete and accurate, keeps track of all debt service payments, projects future state debt service needs, and informs bond rating agencies of the state's debt and overall financial situation. This program also provides administrative support to the Ohio Public Facilities Commission, one of the state agencies authorized to issue debt.

**The Executive Recommendation will:**

- Support the management of functions related to the state's indebtedness including: coordinating all state bond issuances, reviewing certain bond documents, tracking current debt service payments and projecting future payments, and interacting with bond rating agencies; and
- Fund the administrative functions of the Ohio Public Facilities Commission.

| FUND                     |      |         |                                   | RECOMMENDED    |                |
|--------------------------|------|---------|-----------------------------------|----------------|----------------|
| GROUP                    | FUND | ALI     | ALI NAME                          | FY 2008        | FY 2009        |
| GRF                      | GRF  | 042-321 | Budget Development/Implementation | 214,292        | 230,426        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                   | <b>214,292</b> | <b>230,426</b> |

**PROGRAM SERIES 02: Financial Accounting Services**

This program series manages the state's accounting operations and publishes the state's financial reports.

**Program 02.01: Accounting Operations and Processing**

This program oversees and maintains the state's accounting system, manages the state's payment writing function, and reviews and processes fiscal transactions on behalf of state agencies. This program enters and oversees agencies' appropriations in the state accounting system and exercises control over spending to ensure that appropriations are not exceeded, and maintains the state's vendor database. This program also supports the agency's information technology needs.

**The Executive Recommendation will:**

- Fund the state accounting section functions, including entering appropriations in the state accounting system, maintaining and controlling spending within legally established appropriations, maintaining the state's vendor database, calculating and distributing quarterly interest, providing assistance to state fiscal personnel through training programs and help desk activities, and completing a monthly reconciliation between the state accounting system, the Auditor of State, and the Treasurer of State;
- Support the management information services (MIS) section functions, including accounting system maintenance, network administration, database management, programming, and the production of monthly and ad hoc reports to state agencies, the governor's office, and the public; and
- Beginning in fiscal year 2008 support the costs associated with the issuance of warrants and electronic fund transfers to state employees, vendors, taxpayers, and other recipients of state payments.

| FUND                     |      |         |                                | RECOMMENDED       |                   |
|--------------------------|------|---------|--------------------------------|-------------------|-------------------|
| GROUP                    | FUND | ALI     | ALI NAME                       | FY 2008           | FY 2009           |
| GRF                      | GRF  | 042-413 | Payment Issuance               | 1,191,802         | 1,150,192         |
| GSF                      | 105  | 042-603 | State Accounting and Budgeting | 8,905,488         | 9,329,850         |
| AGY                      | 5EH  | 042-604 | Forgery Recovery               | 35,000            | 35,000            |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                | <b>10,132,290</b> | <b>10,515,042</b> |

**Program 02.02: Electronic Commerce**

This program manages the state's payment card, electronic data interchange, and electronic revenue programs to facilitate electronic payment for certain goods and services or electronic receipt and processing of revenue. This program also prepares and files the Statewide Cost Allocation Plan annually with the federal government.

**The Executive Recommendation will:**

- Support the management of the state payment card, electronic data interchange (EDI), and electronic revenue programs; and
- Fund preparation of the Statewide Cost Allocation Plan (SWCAP).

| FUND                     |      |         |                                | RECOMMENDED    |                |
|--------------------------|------|---------|--------------------------------|----------------|----------------|
| GROUP                    | FUND | ALI     | ALI NAME                       | FY 2008        | FY 2009        |
| GSF                      | 105  | 042-603 | State Accounting and Budgeting | 600,285        | 628,568        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                | <b>600,285</b> | <b>628,568</b> |

**Program 02.03: Financial Reporting**

This program compiles and publishes the Ohio *Comprehensive Annual Financial Report* (CAFR) which is prepared in conformity with Generally Accepted Accounting Principles (GAAP), and the annual Ohio *Budgetary Financial Report* which presents the state's financial statements on a budgetary basis of accounting. This program also compiles the state's Schedule of Federal Awards and coordinates the annual statewide GAAP audit conducted by the Auditor of State.

**The Executive Recommendation will:**

- Support preparation and publication of the Ohio *Comprehensive Annual Financial Report* (CAFR) and the Ohio *Budgetary Financial Report*;
- Fund the reconciliation and verification of the annual year-end closing of the state accounting system;
- Coordinate the state's compliance with the federal Cash Management Improvement Act; and
- Support the compilation of the state's Schedule of Expenditures of Federal Awards, as required under the federal Single Audit Act, and the coordination of agency corrective action plans.

| FUND                     |      |         |                                | RECOMMENDED      |                  |
|--------------------------|------|---------|--------------------------------|------------------|------------------|
| GROUP                    | FUND | ALI     | ALI NAME                       | FY 2008          | FY 2009          |
| GRF                      | GRF  | 042-412 | Audit of Auditor of State      | 60,460           | 60,460           |
| GSF                      | 105  | 042-603 | State Accounting and Budgeting | 1,312,963        | 1,374,491        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                | <b>1,373,423</b> | <b>1,434,951</b> |

**Program 02.04: Internal Accounting Control Program Oversight**

This program coordinates the state's Internal Accounting Control Program (IACP) to ensure accounting controls exist to provide reasonable assurance of accountable government. This program offers ongoing training to agencies on internal control procedures, annually assesses each agency's approach and methodology to completing their IACP review, and offers suggestions for improvement.

**The Executive Recommendation will:**

- Fund the review and monitoring of state agencies' internal accounting control plans;
- Provide ongoing training to state agencies on internal control procedures, as well as specific technical guidance and on-site consultations;
- Support the annual Agency Review Evaluation Subprogram (ARES) assessment; and
- Provide technical and administrative support to the Ohio Internal Audit Committee (OIAC).

| FUND                     |      |         |                              | RECOMMENDED    |                |
|--------------------------|------|---------|------------------------------|----------------|----------------|
| GROUP                    | FUND | ALI     | ALI NAME                     | FY 2008        | FY 2009        |
| GSF                      | 105  | 042-603 | State Accounting & Budgeting | 240,178        | 253,431        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                              | <b>240,178</b> | <b>253,431</b> |

**PROGRAM SERIES 03: Governmental Services**

This program series provides financial management services to other governmental entities and coordinates the Ohio Administrative Knowledge System (OAKS), in coordination with other governmental units.

**Program 03.01: Financial Planning and Supervision Commissions**

This program assists municipalities and school districts in fiscal emergency to develop plans to overcome their financial difficulties. The OBM Director, or her designee, serves as a member of each financial planning and supervision commission established upon the occurrence or declaration of a fiscal emergency.

**The Executive Recommendation will:**

- Fund staffing required by Chapter 118 and Chapter 3316 of the Ohio Revised Code regarding the declaration of the existence of fiscal emergencies in any local unit of government or school district.

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| FUND                     |      |         |                                   | RECOMMENDED    |                |
|--------------------------|------|---------|-----------------------------------|----------------|----------------|
| GROUP                    | FUND | ALI     | ALI NAME                          | FY 2008        | FY 2009        |
| GRF                      | GRF  | 042-321 | Budget Development/Implementation | 109,432        | 112,408        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                   | <b>109,432</b> | <b>112,408</b> |

**Program 03.02: Ohio Administrative Knowledge System**

This program, in conjunction with the Department of Administrative Services, Auditor of State, and Treasurer of State, is implementing OAKS, an Enterprise Resource Planning system to improve the effectiveness, efficiency, and integration of central government business functions. OAKS will integrate five major statewide business functions including capital improvements, financials, fixed assets, human resources, and procurement and replace several existing legacy systems. The OAKS program began a phased implementation schedule in December 2006. The sixth and final phase will be implemented in fiscal year 2009.

**The Executive Recommendation will:**

- Support project management consultants, supplies, and equipment needed to maintain the OAKS project management office.

| FUND                     |      |         |                             | RECOMMENDED      |                  |
|--------------------------|------|---------|-----------------------------|------------------|------------------|
| GROUP                    | FUND | ALI     | ALI NAME                    | FY 2008          | FY 2009          |
| SSR                      | 5N4  | 042-602 | OAKS Project Implementation | 2,200,725        | 2,132,168        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                             | <b>2,200,725</b> | <b>2,132,168</b> |

## LINE ITEM SUMMARY - Budget and Management

| FUND   | ALI     | ALI TITLE                    | FY 2004<br>ACTUAL | FY 2005<br>ACTUAL | FY 2006<br>ACTUAL | FY 2007<br>ESTIMATE | FY 2008<br>RECOMMENDED | % CHANGE     | FY 2009<br>RECOMMENDED | % CHANGE     |
|--|---------|------------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|--------------|------------------------|--------------|
| GRF  | 042-321 | Budget Dev./Implementation   | 2,225,924         | 2,383,772         | 1,578,989         | 2,143,886           | 2,026,011              | (5.5)        | 2,128,284              | 5.0          |
| GRF  | 042-401 | Office of Quality Services   | 35,003            | 0                 | 0                 | 0                   | 0                      | .0           | 0                      | .0           |
| GRF  | 042-410 | National Association Dues    | 26,300            | 26,300            | 27,089            | 28,173              | 28,700                 | 1.9          | 29,561                 | 3.0          |
| GRF  | 042-412 | Audit of Auditor of State    | 62,110            | 55,760            | 55,900            | 58,700              | 60,460                 | 3.0          | 60,460                 | .0           |
| GRF  | 042-413 | Payment Issuance             | 0                 | 0                 | 0                 | 0                   | 1,191,802              | .0           | 1,150,192              | (3.5)        |
| GRF  | 042-416 | Medicaid Agency Transition   | 0                 | 0                 | 0                 | 1,000,000           | 0                      | (100.0)      | 1,500,000              | .0           |
| GRF  | 042-435 | Gubernatorial Transition     | 0                 | 0                 | 0                 | 250,000             | 0                      | (100.0)      | 0                      | .0           |
| <b>TOTAL General Revenue Fund</b>              |         |                              | <b>2,349,337</b>  | <b>2,465,832</b>  | <b>1,661,978</b>  | <b>3,480,759</b>    | <b>3,306,973</b>       | <b>(5.0)</b> | <b>4,868,497</b>       | <b>47.2</b>  |
| 105  | 042-603 | State Accounting & Budgeting | 7,984,879         | 7,751,974         | 8,845,316         | 9,976,689           | 12,115,134             | 21.4         | 12,742,551             | 5.2          |
| <b>TOTAL General Services Fund Group</b>       |         |                              | <b>7,984,879</b>  | <b>7,751,974</b>  | <b>8,845,316</b>  | <b>9,976,689</b>    | <b>12,115,134</b>      | <b>21.4</b>  | <b>12,742,551</b>      | <b>5.2</b>   |
| 3CM  | 042-606 | Medicaid Agency Transition   | 0                 | 0                 | 0                 | 0                   | 0                      | .0           | 1,500,000              | .0           |
| <b>TOTAL Fed Special Revenue Fund Group</b>    |         |                              | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>            | <b>0</b>               | <b>.0</b>    | <b>1,500,000</b>       | <b>.0</b>    |
| 5N4  | 042-602 | OAKS Project Implementation  | 1,724,168         | 2,591,932         | 3,119,113         | 2,272,595           | 2,200,725              | (3.2)        | 2,132,168              | (3.1)        |
| <b>TOTAL State Special Revenue Fund Group</b>  |         |                              | <b>1,724,168</b>  | <b>2,591,932</b>  | <b>3,119,113</b>  | <b>2,272,595</b>    | <b>2,200,725</b>       | <b>(3.2)</b> | <b>2,132,168</b>       | <b>(3.1)</b> |
| 5EH  | 042-604 | Forgery Recovery             | 29,680            | 105,577           | 13,306            | 35,000              | 35,000                 | .0           | 35,000                 | .0           |
| <b>TOTAL Agency Fund Group</b>                 |         |                              | <b>29,680</b>     | <b>105,577</b>    | <b>13,306</b>     | <b>35,000</b>       | <b>35,000</b>          | <b>.0</b>    | <b>35,000</b>          | <b>.0</b>    |
| <b>TOTAL Office of Budget &amp; Management</b> |         |                              | <b>12,088,064</b> | <b>12,915,315</b> | <b>13,639,713</b> | <b>15,765,043</b>   | <b>17,657,832</b>      | <b>12.0</b>  | <b>21,278,216</b>      | <b>20.5</b>  |