

Section I: Revenues, Expenditures, and Year-End Fund Balances

Year-End Fund Balances

In FY 2008, 40 different boards and commissions regulated and licensed various occupations and professions in the state of Ohio. These boards and commissions did not receive any funding from the General Revenue Fund (GRF). Their operations were primarily supported by license fees plus fines, penalties, and some other assessments. The 40 boards and commissions used 23 different non-GRF funds as operating accounts into which their receipts were deposited and from which their expenses were paid. A fund's cash balance is an indicator of whether an entity is financially self-supporting. Table 1 provides a simplified cash balance statement covering 21 of these funds that are used primarily by the boards and commissions.¹ As of July 1, 2007, the first day of FY 2008, these 21 funds had a combined cash balance of \$66.4 million. During FY 2008, a total of \$65.2 million in receipts were deposited into the funds and a total of \$62.9 million in expenditures were paid out of the funds. As of June 30, 2008, the last day of FY 2008, these 21 funds had a combined cash balance of \$68.7 million and outstanding encumbrances of \$2.5 million, leaving the funds with a combined unobligated cash balance of \$66.2 million.

The largest of the 21 funds is the Occupational Licensing and Regulatory Fund (Fund 4K90), which serves as the operating account for 26 of the 40 boards and commissions. Fund 4K90 finished FY 2008 with a cash balance of \$29.4 million, a decrease of \$1.1 million (3.6%) from its beginning cash balance of \$30.5 million. Taking into account its year-end encumbrance of \$1.1 million, Fund 4K90 finished FY 2008 with an unobligated cash balance of \$28.2 million.² Except for two funds that were closed when the Ohio Medical Transportation Board and the Board of Motor Vehicle Collision Repair Registration transitioned to Fund 4K90, each of the 18 other operating funds also finished FY 2008 with positive unencumbered cash balances.

Revenues and Expenditures

In addition to examining a fund's year-end cash balance, it may be helpful to examine a fund's revenue and expenditure patterns without taking into account the fund's beginning cash balance. A sufficient beginning cash balance may help a board or

¹ Table 1 does not include the Industrial Compliance Operating Fund (Fund 5560) or the Bureau of Motor Vehicles Fund (Fund 4W40) because those two funds are used primarily for purposes other than board licensing activities.

² The Fund 4K90 balance reflects the combined cash balance of all boards and commissions operating out of the fund, including the contribution of the State Board of Career Colleges and Schools, which is otherwise not covered in the report.

commission to absorb an operating deficit during a given year. However, a board or commission with an annual expenditure level consistently exceeding its annual revenue level may eventually have to reduce its expenditures, increase its license fees, or both. Table 2 lists revenues and expenditures for each board and commission at the fund level. It also compares each fund's revenues and expenditures to see whether the revenues generated during a given period were sufficient to cover the expenditures incurred in that period. Nearly all of the revenue received by a board or commission comes from license fees. The license renewal cycle can have a significant impact on the annual revenue intake for a board or commission that does not have an annual renewal cycle.

In order to provide a more complete picture of revenue and expenditure patterns, for those boards and commissions issuing annual licenses, the table lists their funds' FY 2008 revenues and expenditures. For those boards and commissions issuing biennial licenses, the table lists their funds' biennial (FY 2007-FY 2008) total revenues and expenditures. The triennial (FY 2006-FY 2008) totals were used for those issuing triennial licenses. Note that some boards and commissions with biennial or triennial license renewal cycles have staggered their license renewals to prevent their revenues from fluctuating significantly from year to year.

As can be seen from Table 2, of the funds used by boards and commissions to process annual licenses, five funds and the State Board of Optometry portion of Fund 4K90 registered expenditures at levels higher than their revenues in FY 2008. Fund 5530, which was used by the Division of Financial Institutions of the Department of Commerce, had the largest deficit with FY 2008 expenditures exceeding FY 2008 revenues by \$261,000 (6%). Of the funds with FY 2008 revenues exceeding expenditures, Fund 5500, which was used by the Division of Securities of the Department of Commerce, registered the largest surplus with FY 2008 revenues exceeding expenditures by over \$11 million, when a transfer-out of \$8 million to the GRF is not included.

Of the funds used by boards and commissions to process biennial licenses, the Manufactured Homes Commission, which operated out of Fund 4K90, had the largest biennial deficit, approximately \$454,000, while the Board of Nursing, which also operated out of Fund 4K90, had the largest biennial surplus, \$6.7 million.

Of the funds used by boards and commissions to process triennial licenses, Fund 83M0, which was used by the Board of Emergency Medical Services, was the only one that posted a deficit over a three-year period at \$2.7 million, though a transfer-in of approximately \$3.4 million in FY 2006 has bolstered the fund's cash balance. The Division of Emergency Medical Services (EMS) of the Department of Public Safety is the

administrative arm of the Board. The licenses overseen by the Division of Emergency Medical Services carry no fees and therefore generate no revenue. The EMS Division is funded primarily from traffic fine revenue in the Trauma and Emergency Medical Services Fund (Fund 83M0).

It should be noted that the Central Service Agency (CSA) of the Department of Administrative Services provides centralized administrative support to most of the licensing boards and commissions. Services made available through CSA include items such as budget development, Controlling Board request preparation assistance, management consultation, procurement, fiscal processing, human resources, and payroll. These centralized services help increase overall efficiency. CSA charges boards and commissions various user fees depending upon the services rendered.

Occupational Licensing and Regulatory Fund (Fund 4K90)

As indicated earlier, 26 of the boards and commissions covered in this report operated out of Fund 4K90. Fund 4K90 receipts totaled \$27.7 million in FY 2008, a decrease of \$7.3 million (20.8%) from FY 2007. Much of this decrease was due to differences in renewal cycles. The majority of biennial licenses issued by several larger boards and commissions are renewed in odd-numbered fiscal years. Fund 4K90 expenditures totaled \$27.0 million, an increase of \$1.9 million (7.3%) from FY 2007. This increase was primarily due to higher payroll and fringe benefit costs. As regulatory entities, personal service spending, including payroll, fringe benefit, and purchased services, accounted for the largest share (78%) of total expenditures incurred by boards and commissions in FY 2008, followed by supplies and maintenance (19%). The remainder (3%) was for items such as equipment and other miscellaneous expenditures.

**Table 1: Simplified Cash Balance Statement for Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2008
(Based on OAKS Report OHGL054)**

Fund Name	Fund Code	Beginning Cash Balance	Revenues (including transfers-in)	Expenditures (including transfers-out)	Ending Cash Balance	Year-end Encumbrances	Unobligated Ending Cash Balance
Occupational Licensing & Regulatory Fund	4K90	\$30,519,065	\$27,972,963	\$29,123,405	\$29,368,623	\$1,127,657	\$28,240,966
State Medical Board Operating Fund	5C60	\$5,440,135	\$8,068,196	\$8,000,956	\$5,507,375	\$195,100	\$5,312,275
Nurse Education Grant Program Fund	5AC0	\$616,566	\$1,473,435	\$789,633	\$1,300,368	\$0	\$1,300,368
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$600,224	\$22,491	\$70,959	\$551,756	\$6,123	\$545,633
CPA Education Assistance Fund	4J80	\$266,303	\$47,170	\$62,233	\$251,240	\$0	\$251,240
Dangerous Drug Database Fund	3BC0	\$28,727	\$358,139	\$371,375	\$15,491	\$0	\$15,491
Medical Transportation Board Operating Fund	4N10	\$176,685	\$0	\$176,685	\$0	\$0	\$0
Motor Vehicle Collision Repair Registration Fund	5H90	\$81,557	\$0	\$81,557	\$0	\$0	\$0
Auctioneers Fund	5B80	\$611,633	\$356,274	\$403,180	\$564,727	\$1,216	\$563,511
Auction Education Fund	4D20	\$192,522	\$49,545	\$27,613	\$214,454	\$1,608	\$212,846
Consumer Finance Fund	5530	\$11,066,997	\$4,163,309	\$4,550,874	\$10,679,432	\$254,247	\$10,425,185
Division of Securities Fund	5500	\$4,064,535	\$14,916,294	\$11,620,249	\$7,360,580	\$274,574	\$7,086,006
Division of Real Estate Operating Fund	5490	\$2,160,616	\$3,325,481	\$2,998,859	\$2,487,238	\$34,093	\$2,453,145
Real Estate Education & Research Fund	5470	\$1,788,884	\$302,198	\$145,027	\$1,946,055	\$232,703	\$1,713,352
Real Estate Recovery Fund	5480	\$1,239,389	\$256,959	\$117,180	\$1,379,168	\$0	\$1,379,168
Real Estate Appraiser Operating Fund	6A40	\$1,113,794	\$674,343	\$554,355	\$1,233,782	\$74,942	\$1,158,840
Real Estate Appraiser Recovery Fund	4B20	\$1,075,279	\$98,495	\$380,000	\$793,774	\$0	\$793,774
Cemetery Registration Fund	4H90	\$531,650	\$245,363	\$235,765	\$541,248	\$34,017	\$507,231
Trauma & Emergency Medical Services Fund	83M0	\$3,014,821	\$1,355,180	\$2,336,808	\$2,033,193	\$106,408	\$1,926,785
Priv. Investigator & Security Guard Provider Fund	5B90	\$1,070,521	\$1,319,230	\$847,671	\$1,542,080	\$18,368	\$1,523,712
Motor Vehicle Dealers Board Fund	5390	\$716,470	\$226,505	\$29,350	\$913,625	\$172,638	\$740,987
Total		\$66,376,373	\$65,231,570	\$62,923,734	\$68,684,209	\$2,533,694	\$66,150,515

**Table 2: Summary of Revenues and Expenditures by Agency by Fund
(Based on Data Reported by Boards and Commissions)**

Agency Name	License Renewal Cycle	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
FY 2008					
Ohio Athletic Commission	Annual	4K90	\$429,167	\$247,624	\$181,543
State Chiropractic Board	Annual	4K90	\$607,145	\$541,455	\$65,690
Ohio Board of Dietetics	Annual	4K90	\$351,605	\$311,067	\$40,538
State Board of Registration for Professional Engineers and Surveyors	Annual	4K90	\$1,051,560	\$902,772	\$148,788
Ohio Medical Transportation Board	Annual	4K90	\$574,025	\$452,955	\$121,070
Board of Motor Vehicle Collision Repair Registration	Annual	4K90	\$347,661	\$288,745	\$58,916
Ohio Optical Dispensers Board	Annual	4K90	\$343,799	\$326,910	\$16,889
State Board of Optometry	Annual	4K90	\$295,811	\$325,185	(\$29,374)
State Board of Orthotics, Prosthetics, and Pedorthics	Annual	4K90	\$110,750	\$99,087	\$11,663
State Board of Pharmacy	Annual	4K90	\$5,233,863	\$5,223,813	\$10,050
State Board of Pharmacy	Annual	3BC0	\$358,139	\$371,375	(\$13,236)
State Board of Pharmacy	Annual	4A50	\$22,491	\$70,959	(\$48,468)
State Board of Sanitarian Registration	Annual	4K90	\$137,045	\$127,426	\$9,619
Board of Building Standards (Commerce)*	Annual	5560	\$110,650	\$157,600	(\$46,950)
Ohio Construction Industry Licensing Board (Commerce)	Annual	5560	\$1,360,685	\$799,794	\$560,891
Division of Financial Institutions (Commerce)	Annual	5530	\$4,287,600	\$4,548,874	(\$261,274)
Division of Industrial Compliance (Commerce)	Annual	5560	\$1,891,906	\$923,078	\$968,828
Division of Real Estate and Professional Licensing (Commerce)	Annual	4B20	\$99,400	\$30,000	\$69,400
Division of Real Estate and Professional Licensing (Commerce)	Annual	4H90	\$247,800	\$235,765	\$12,035
Division of Real Estate and Professional Licensing (Commerce)	Annual	5470	\$303,225	\$145,027	\$158,198
Division of Real Estate and Professional Licensing (Commerce)	Annual	5480	\$257,549	\$17,180	\$240,369
Division of Real Estate and Professional Licensing (Commerce)	Annual	6A40	\$674,230	\$554,365	\$119,865

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Agency Name	License Renewal Cycle	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Division of Securities (Commerce)	Annual	5500	\$14,916,241	\$3,458,732	\$11,457,509
Hearing Aid Dealers and Fitters Licensing Board (Health)	Annual	4700	\$131,451	\$117,760	\$13,691
Board of Examiners of Nursing Home Administrators (Health)	Annual	4700	\$509,495	\$516,264	(\$6,769)
Private Investigator/Security Guard Section (Public Safety)	Annual	5B90	\$1,319,230	\$847,671	\$471,559
Combined FY 2007-FY 2008 Total					
Architects Board/State Board of Landscape Architect Examiners	Biennial	4K90	\$1,330,087	\$960,462	\$369,625
Auctioneers Program (Agriculture)	Biennial	5B80	\$675,970	\$622,418	\$53,552
Auctioneers Program (Agriculture)	Biennial	4D20	\$88,714	\$48,207	\$40,507
Barber Board	Biennial	4K90	\$1,493,449	\$1,172,020	\$321,429
Chemical Dependency Professionals Board	Biennial	4K90	\$867,421	\$920,779	(\$53,358)
State Board of Cosmetology	Biennial	4K90	\$7,435,716	\$6,929,522	\$506,194
Counselor, Social Worker, and Marriage and Family Therapist Board	Biennial	4K90	\$2,115,825	\$2,126,152	(\$10,327)
State Dental Board	Biennial	4K90	\$2,962,816	\$2,882,821	\$79,995
Board of Embalmers and Funeral Directors	Biennial	4K90	\$1,258,739	\$1,161,741	\$96,998
Manufactured Homes Commission	Biennial	4K90	\$246,140	\$700,325	(\$454,185)
State Medical Board	Biennial	5C60	\$15,196,415	\$15,526,193	(\$329,778)
Motor Vehicle Dealer Licensing Board (Public Safety)	Biennial	4W40; 5390	\$760,175	\$304,507	\$455,668
Motor Vehicle Salvage Dealer Licensing Board (Public Safety)	Biennial	4W40	\$108,646	\$96,021	\$12,625
Board of Nursing	Biennial	4K90	\$17,629,406	\$10,881,300	\$6,748,106
Board of Nursing	Biennial	5AC0	\$1,919,895	\$1,538,468	\$381,427
Occupational Therapy, Physical Therapy and Athletic Trainers Board	Biennial	4K90	\$1,777,304	\$1,370,784	\$406,520
State Board of Psychology	Biennial	4K90	\$1,248,463	\$973,848	\$274,615
Ohio Respiratory Care Board	Biennial	4K90	\$1,006,770	\$927,982	\$78,788

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Agency Name	License Renewal Cycle	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Board of Speech-Language Pathology and Audiology	Biennial	4K90	\$862,344	\$838,688	\$23,656
State Veterinary Medical Licensing Board	Biennial	4K90	\$901,602	\$614,687	\$286,915
	Combined FY 2006-FY 2008 Total				
Division of Real Estate and Professional Licensing (Commerce)	Triennial	5490	\$10,540,265	\$9,471,112	\$1,069,153
Accountancy Board	Triennial	4K90	\$4,067,537	\$2,853,760	\$1,213,777
Accountancy Board's CPA Education Assistance Fund	Triennial	4J80	\$567,635	\$419,629	\$148,006
Board of Emergency Medical Services (Public Safety)	Triennial	83M0	\$3,961,791	\$6,656,332	(\$2,694,541)
Board of Building Standards (Commerce)*	Triennial	5560	\$309,110	\$486,890	(\$177,780)

**All but one certification (Commercial Fire Protection Designer) issued by the Board of Building Standards are renewed on a triennial basis.*