

ROBERT SPRAGUE

— OHIO TREASURER —

September 28, 2023

TO: Mike DeWine, Governor
Ohio General Assembly

FROM: Robert Cole Sprague, Ohio Treasurer

TREASURER OF STATE LEASE-REVENUE OBLIGATIONS
(Chapters 154 & 152 of the Ohio Revised Code)

ANNUAL REPORT

AND

ACCOUNTANTS' REPORT

FISCAL YEAR 2023
(July 1, 2022 --- June 30, 2023)

MENTAL HEALTH CAPITAL FACILITIES
PARKS & RECREATION CAPITAL FACILITIES
CULTURAL & SPORTS CAPITAL FACILITIES
STATE CORRECTIONAL CAPITAL FACILITIES
ADMINISTRATIVE CAPITAL FACILITIES
JUVENILE CORRECTIONAL CAPITAL FACILITIES
AND
TRANSPORTATION CAPITAL FACILITIES

LEASE - REVENUE OBLIGATIONS
ANNUAL REPORT
For the period July 1, 2022 through June 30, 2023

The Treasurer of State (“Treasurer”) makes this annual report for the Fiscal Year (“FY”) as of and for the period ended June 30, 2023 in accordance with Section 154.05(B) of the Ohio Revised Code (“Revised Code”) and its lease-revenue bond proceedings.

Chapter 154 of the Revised Code was enacted pursuant to the power granted to the General Assembly by the Ohio Constitution, and, in particular Section 2i of Article VIII, which authorizes the issuance of revenue obligations and other obligations for stated purposes, the owners and holders of which are not given the right to have excises or taxes levied by the General Assembly for payment of principal or interest. The Revised Code originally authorized the Ohio Public Facilities Commission (“Commission”) to issue obligations of the State to pay costs of capital facilities for (a) mental hygiene and retardation, (b) state supported and state assisted institutions of higher education, (c) parks and recreation, and (d) housing branches and agencies of state government (for which no specific authorization to issue obligations was ever granted and which was repealed in FY 2001). Amended Substitute House Bill 640 of the 123rd General Assembly, effective September 14, 2000, reassigned to the Treasurer the issuing authority (generally referred to herein as “Issuing Authority”) and functions and responsibilities of the Commission with respect to these special obligation (lease-revenue) bonds, including previously issued obligations.

Pursuant to House Bill 16 of the 126th General Assembly, effective July 1, 2005, all matters relating to the issuance of obligations for financing cultural and sports facilities, including all arts and sports obligations previously issued by the Ohio Building Authority, under Ohio Revised Code Chapter 152, were transferred to the Treasurer as Issuing Authority. The legislation transferred thirteen bond issuances with combined outstanding principal as of that date in the amount of \$184,150,000. Subsequent to July 1, 2005, all new issuances of cultural and sports facilities bonds are governed by Chapter 154 of the Ohio Revised Code, and the provisions thereof, as described above.

Pursuant to Amended Substitute House Bill 153 of the 129th General Assembly, effective January 1, 2012, all matters relating to the issuance of obligations for financing of capital facilities for housing branches and agencies of State government, which were previously issued by the Ohio Building Authority under Ohio Revised Code Chapter 152, were transferred to the Treasurer as Issuing Authority. The legislation transferred forty-one bond issuances with combined outstanding principal as of that date in the amount of \$1,514,920,000. Subsequent to January 1, 2012, all new issuances of bonds for facilities housing branches and agencies of State government are governed by Chapter 154 of the Ohio Revised Code, and the provisions thereof, as described above.

Pursuant to House Bill 497 of the 130th General Assembly, effective July 1, 2014, the Treasurer is authorized to issue and sell obligations for financing of transportation facilities. This authorization is in addition to the original issuance of obligations authorized by prior acts of the General Assembly. All new issuances of transportation facilities bonds are governed by Chapter 154 and section 307.021 of the Ohio Revised Code, and the provisions thereof, as described above.

The Treasurer may issue obligations only as authorized by the General Assembly, which has authorized lease-revenue obligations (“Obligations”) for capital facilities projects in aggregate principal amounts of up to \$2,075,700,000 for mental health facilities, \$1,590,400,000 for parks and recreation facilities, \$839,000,000 for cultural and sports facilities, \$3,073,000,000 for adult correctional facilities, \$529,800,000 for juvenile correctional facilities, \$2,320,800,000 for administrative facilities, and \$385,000,000 for transportation facilities. Within these authorizations, the Treasurer issued the following Obligations during FY 2023:

Bond Program & Series No.	Amount	Dated Date	Final Maturity Date
Transportation Building – 2023A ¹	\$ 52,865,000	05/09/2023	04/01/2038

The principal and interest requirements related to the Obligations sold and delivered in FY 2023 are set forth in the attached Schedule 1. The Obligations issued in FY 2023 were sold at either public or private sale pursuant to Section 154.08 of the Ohio Revised Code. No bond anticipation notes were issued.

As of June 30, 2023, the Obligations that the Treasurer is authorized to issue were rated as follows:

	Fitch	Moody’s	Standard & Poor’s
Mental Health Facilities	AA+	Aa2	AA
Parks & Recreation Facilities	AA+	Aa2	AA
Cultural & Sports Facilities	AA+	Aa2	AA
Administrative Facilities	AA+	Aa2	AA
Adult Correctional Facilities	AA+	Aa2	AA
Juvenile Correctional Facilities	AA+	Aa2	AA
Transportation Facilities	AA+	Aa2	AA

¹ New money issuance.

As contemplated by the Revised Code, the financing arrangements for the seven categories of capital facilities -- mental health facilities, parks and recreation facilities, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional facilities, and transportation facilities -- involve separate proceedings and separate leasing arrangements between the Commission (its only remaining responsibility with regard to the Obligations) and, respectively, the Ohio Department of Mental Health and Addiction Services, the Ohio Department of Developmental Disabilities, the Ohio Department of Natural Resources, the Ohio Facilities Construction Commission, the Ohio Department of Administrative Services, the Ohio Department of Rehabilitation and Correction, the Ohio Department of Youth Services, and the Ohio Department of Transportation (collectively, the “Using Agencies”), under which the Commission undertakes to finance capital facilities designated by or pursuant to acts of the General Assembly. In turn, the Using Agencies assume the management of those facilities intended for the particular agency’s use. Each Using Agency agrees, in accordance with the applicable lease and the supplements to it entered into in connection with each bond or note issuance, to pay rent in amounts sufficient to pay principal of and interest on the Obligations issued, to establish and maintain any applicable required reserve, and to pay incidental expenditures, such as bond issuance costs.

As provided in each lease, the agreement of the Using Agency to pay rent during any period for which appropriations may lawfully be made by the General Assembly is effective and binding only when and to the extent that funds have been appropriated and are available for that purpose and that period. Bondholders have no right to have excises or taxes levied by the General Assembly for the payment of principal, interest or any call premium.

Trust agreements provide for additional security for the Obligations, each in form and content appropriate to the type of financing. The trustee for the parks and recreation and transportation facilities Obligations is US Bank (successor to National City Bank). The trustee for the mental health and administrative facilities Obligations is Huntington National Bank. The trustee for the cultural and sports, adult correctional, and juvenile correctional Obligations is Bank of New York Mellon.

For the biennium ending June 30, 2025, the General Assembly, by acts passed prior to July 1, 2023, appropriated the following amounts for rental payments under the lease agreements relating to the respective categories of Obligations:

Appropriation to:	Biennial Amount¹	FY 2024	FY 2025
Dept. of Mental Health & Addiction Services	\$ 48,500,000	\$ 25,875,000	\$ 22,625,000
Dept. of Developmental Disabilities	48,500,000	\$ 25,875,000	\$ 22,625,000
Dept. of Natural Resources	127,500,000	\$ 63,750,000	\$ 63,750,000
Facilities Construction Commission	62,000,000	\$ 31,000,000	\$ 31,000,000
Dept. of Administrative Services	136,500,000	\$ 71,000,000	\$ 65,500,000
Dept. of Rehabilitation and Correction	141,000,000	\$ 72,500,000	\$ 68,500,000
Dept. of Youth Services	33,800,000	\$ 15,300,000	\$ 18,500,000
Dept. of Transportation	46,000,000	\$ 23,000,000	\$ 23,000,000
Total Appropriation	\$ 643,800,000	\$ 328,300,000	\$ 315,500,000

¹ Appropriations listed are in accordance with Amended Substitute House Bill 33 as passed by the 135th General Assembly.

These appropriations have been, and in the Office of Budget and Management’s judgment will be, sufficient to pay amounts needed during the current biennium for bond service charges and expenditures payable from the respective administrative service funds.

The following table sets forth certain information with respect to the Obligations as required by Section 154.05 of the Revised Code.

**OBLIGATIONS AUTHORIZED -- ISSUED
(AS OF JUNE 30, 2023)**

	Mental Health Facilities	Parks & Recreation Facilities	Cultural & Sports Facilities	Administrative Facilities
Authorized by General Assembly	\$2,075,700,000	\$1,590,400,000	\$839,000,000	\$2,320,800,000
Issued in Prior Fiscal Years (a)	\$1,817,085,000	\$1,089,000,000	\$740,475,000	\$2,069,900,000
Issued in FY2023 (b)	-	-	-	-
Authorized by General Assembly but not yet issued	\$258,615,000	\$501,400,000	\$98,525,000	\$250,900,000
Interest Paid FY2023	\$13,325,000	\$25,491,777	\$8,632,900	\$20,587,461
Principal Paid FY2023	\$41,370,000	\$34,615,000	\$20,030,000	\$65,955,000
Outstanding Principal (c)	\$225,550,000	\$561,170,000	\$157,910,000	\$450,610,000

	Adult Correctional Facilities	Juvenile Correctional Facilities	Transportation Facilities
Authorized by General Assembly	\$3,073,000,000	\$529,800,000	\$385,000,000
Issued in Prior Fiscal Years (a)	\$2,346,500,000	\$400,000,000	\$326,590,000
Issued in FY2023 (b)	-	-	52,865,000
Authorized by General Assembly but not yet issued	\$726,500,000	\$129,800,000	5,545,000
Interest Paid FY2023	\$19,131,983	\$4,335,850	6,111,250
Principal Paid FY2023	\$87,920,000	\$10,910,000	10,415,000
Outstanding Principal (c)	\$465,740,000	\$83,055,000	164,675,000

- (a) Includes Obligations refunded; excludes refunding Obligations. Includes portions of Bond Anticipation Notes retired from rental payments.
- (b) Excludes refunding Obligations.
- (c) Includes refunding Obligations; excludes Obligations refunded.

The primary sources of moneys for payment of principal of and interest on outstanding Obligations in FY 2023, as in prior years, were funds appropriated by the General Assembly for that purpose. Original issue premium and accrued interest paid by original purchasers of bonds were applied to either bond service charges or the applicable improvement funds.

The amounts credited, in accordance with the leases and supplements, to the mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile

correctional, and transportation facilities bond service funds, and to the administrative service funds (to pay expenditures, including issuing costs), during FY 2023, and the balances in those funds on June 30, 2023, are shown in the financial statements that follow. Except for moneys held for Obligations not yet presented for payment, amounts in those bond service funds are not restricted to payments of bond service charges on particular issues of Obligations. Amounts held in escrow for Obligations refunded are restricted to payment of debt service and any redemption premium on those refunded Obligations.

The amounts, and the dates by which funds must be made available, to make payment during FY 2024 of principal of and interest on the Obligations outstanding on June 30, 2023 (which excludes refunded Obligations) are as follows:

FY 2024 Debt Service Payments

	Mental Health Facilities	Parks & Recreation Facilities¹	Cultural & Sports Facilities	Administrative Facilities
Payment Dates				
August 1, 2023	\$ 4,479,875.00	\$ 4,532,250.00	\$ -	\$ -
October 1, 2023	-	-	15,763,000.00	43,671,054.72
December 1, 2023	1,158,875.00	36,592,424.66	-	-
February 1, 2024	34,044,875.00	9,889,000.00	-	-
April 1, 2024	-	-	15,071,500.00	21,207,147.72
June 1, 2024	<u>12,018,875.00</u>	<u>10,060,918.93</u>	<u>-</u>	<u>-</u>
Fiscal Year Total	<u>\$ 51,702,500.00</u>	<u>\$ 61,074,593.59</u>	<u>\$ 30,834,500.00</u>	<u>\$ 64,878,202.44</u>

	Adult Correctional Facilities¹	Juvenile Correctional Facilities	Transportation Facilities
Payment Dates			
August 1, 2023	\$ -	\$ -	\$ -
October 1, 2023	61,274,941.96	8,763,287.50	3,837,865.28
December 1, 2023	-	-	-
February 1, 2024	-	-	-
April 1, 2024	8,426,576.76	6,513,912.50	17,751,875.00
June 1, 2024	<u>-</u>	<u>-</u>	<u>-</u>
Fiscal Year Total	<u>\$ 69,701,518.72</u>	<u>\$ 15,277,200.00</u>	<u>\$ 21,589,740.28</u>

¹ These figures include estimated amounts of interest payable.

The anticipated sources of payment of amounts for outstanding Obligations and for additional mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional, and transportation facilities Obligations that may be issued during FY 2024 will be, pursuant to the respective leases and supplements, moneys available for the purpose in the respective bond service accounts and the moneys appropriated by the 135th General Assembly for the fiscal biennium ending June 30, 2025. These respective amounts have been and will be sufficient to pay during the biennium all principal and interest requirements on the Obligations outstanding as of June 30, 2023, principal and interest on additional Obligations that are projected to be issued in the biennium, and related applicable administrative and issuance expenditures.

SCHEDULE 1

\$52,865,000

State of Ohio

Capital Facilities Lease-Appropriation Bonds, Series 2023A
(Transportation Building Fund Projects)

Dated: 05/09/2023

Date	Principal	Interest	Debt Service
10/1/2023	-	1,042,615.28	1,042,615.28
4/1/2024	2,705,000.00	1,321,625.00	4,026,625.00
10/1/2024	-	1,254,000.00	1,254,000.00
4/1/2025	2,560,000.00	1,254,000.00	3,814,000.00
10/1/2025	-	1,190,000.00	1,190,000.00
4/1/2026	2,690,000.00	1,190,000.00	3,880,000.00
10/1/2026	-	1,122,750.00	1,122,750.00
4/1/2027	2,820,000.00	1,122,750.00	3,942,750.00
10/1/2027	-	1,052,250.00	1,052,250.00
4/1/2028	2,965,000.00	1,052,250.00	4,017,250.00
10/1/2028	-	978,125.00	978,125.00
4/1/2029	3,110,000.00	978,125.00	4,088,125.00
10/1/2029	-	900,375.00	900,375.00
4/1/2030	3,265,000.00	900,375.00	4,165,375.00
10/1/2030	-	818,750.00	818,750.00
4/1/2031	3,430,000.00	818,750.00	4,248,750.00
10/1/2031	-	733,000.00	733,000.00
4/1/2032	3,600,000.00	733,000.00	4,333,000.00
10/1/2032	-	643,000.00	643,000.00
4/1/2033	3,780,000.00	643,000.00	4,423,000.00
10/1/2033	-	548,500.00	548,500.00
4/1/2034	3,970,000.00	548,500.00	4,518,500.00
10/1/2034	-	449,250.00	449,250.00
4/1/2035	4,170,000.00	449,250.00	4,619,250.00
10/1/2035	-	345,000.00	345,000.00
4/1/2036	4,380,000.00	345,000.00	4,725,000.00
10/1/2036	-	235,500.00	235,500.00
4/1/2037	4,595,000.00	235,500.00	4,830,500.00
10/1/2037	-	120,625.00	120,625.00
4/1/2038	4,825,000.00	120,625.00	4,945,625.00
Total:	\$ 52,865,000.00	\$ 23,146,490.28	\$ 76,011,490.28

Average Life (years)	8.757
Average Coupon	5.000000%

Net Interest Cost (NIC)	3.410514%
True Interest Cost (TIC)	3.117804%
Bond Yield for Arbitrage Purposes	2.821592%
All Inclusive Cost (AIC)	3.169102%

Issuer's Counsel: Dinsmore & Shohl LLP

Bond Counsel: Tucker Ellis LLP

Underwriter's Counsel: Brennan, Manna & Diamond, LLC

Financial Advisor: Acacia Financial Group

The Accountants' Report and Financial Statements that follow are incorporated as part of this Annual Report.

The following Accountants' Report by Rea & Associates, Inc. is provided in accordance with the respective general bond resolutions adopted with regard to the State of Ohio mental health facilities, parks and recreation facilities, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional facilities, and transportation facilities Obligations.

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LEASE REVENUE OBLIGATIONS GOVERNED
BY OHIO REVISED CODE CHAPTER 154
(STATE OF OHIO CHAPTER 154 BONDS)

FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2023



Rea & associates

www.reacpa.com

STATE OF OHIO
LEASE REVENUE OBLIGATIONS
GOVERNED BY OHIO REVISED CODE CHAPTER 154
Franklin County, Ohio
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INDEPENDENT AUDITOR'S REPORT

Treasurer of the State of Ohio
30 East Broad Street
Columbus, Ohio 43215

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Debt Service Funds (the Funds) as held in the name of the Treasurer of the State of Ohio (the Treasurer) of the Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Adult Correctional Facilities, Administrative Facilities, Juvenile Correctional Facilities, and the Transportation Facilities lease revenue bonds governed by the Ohio Revised Code Chapter 154, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds of the Treasurer of the State of Ohio, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Treasurer and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Treasurer's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Treasurer's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, on our consideration of the Treasurer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Treasurer's 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 Treasurer's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
September 21, 2023

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State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

This section of the annual financial report for the Chapter 154 Lease Revenue Obligations presents management's discussion and analysis of financial performance for the fiscal year ended June 30, 2023. The management's discussion and analysis section should be read in conjunction with the Chapter 154 Lease Revenue Obligations debt service funds' financial statements, which follow. Chapter 154 refers to a chapter in the Ohio Revised Code (Ohio's statutes) titled, *Financing for Certain Capital Facilities*.

FINANCIAL HIGHLIGHTS

- As of June 30, 2023, total debt service fund assets exceeded liabilities and deferred inflows of resources by \$8.1 million. The total combined ending fund balance, which is restricted for debt service, decreased by \$890,000 during fiscal year 2023.
- For fiscal year 2023, lease principal payments from state agency-lessees totaled \$271.3 million, and lease interest revenue was reported at \$96.3 million.
- During fiscal year 2023, the Ohio Treasurer issued \$52.9 million in new bonds with a total premium of \$7.6 million. In addition, \$271.2 million in bond principal and \$97.6 million in bond interest were paid to bondholders.

OVERVIEW OF THE FUND FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Chapter 154 Lease Revenue Obligations debt service funds' financial statements. The fund financial statements include a Balance Sheet, a Statement of Revenues, Expenditures and Changes in Fund Balances, and accompanying notes.

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. Governmental fund financial statements have a focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Ohio Treasurer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All seven of the debt service funds listed below fall under the governmental fund classification:

- Mental Health Facilities Bond Service Fund
- Parks and Recreation Facilities Bond Service Fund
- Cultural and Sports Facilities Bond Service Fund
- Adult Correctional Facilities Bond Service Fund
- Administrative Facilities Bond Service Fund
- Juvenile Correctional Facilities Bond Service Fund
- Transportation Facilities Bond Service Fund

Debt service funds, by definition, account for resources accumulated and payments made for principal and interest on long-term debt. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

In addition, supplementary financial information follows the notes. Supplementary financial information provides additional information that is considered to be useful to certain users of the financial statements.

FINANCIAL ANALYSIS OF THE CHAPTER 154 LEASE REVENUE OBLIGATIONS DEBT SERVICE FUNDS

A comparative balance sheet analysis follows:

Balance Sheet
Comparative Analysis
(Dollars in 000s)

	<u>As of</u> <u>06/30/23</u>	<u>As of</u> <u>06/30/22</u>	<u>Percentage</u> <u>Change</u>
ASSETS:			
Cash.....	\$ 400	\$ 525	-23.8%
Receivable from State Agencies:			
Lease Principal.....	2,108,710	2,327,060	-9.4%
Lease Interest.....	21,639	22,521	-3.9%
TOTAL ASSETS.....	<u>\$ 2,130,749</u>	<u>\$ 2,350,106</u>	<u>-9.3%</u>
LIABILITIES AND DEFERRED INFLOW OF RESOURCES:			
Accounts Payable.....	\$ 43	\$ -	100.0%
Deferred Inflow of Resources-Unavailable Revenue.....	2,122,591	2,341,101	-9.3%
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES.....	<u>2,122,634</u>	<u>2,341,101</u>	<u>-9.3%</u>
FUND BALANCES:			
Restricted for Debt Service.....	8,115	9,005	-9.9%
TOTAL FUND BALANCES.....	<u>8,115</u>	<u>9,005</u>	<u>-9.9%</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....	<u>\$ 2,130,749</u>	<u>\$ 2,350,106</u>	<u>-9.3%</u>

The decrease in lease principal and unavailable revenue at June 30, 2023 compared to June 30, 2022 is the result of the continued payoff of outstanding bond principal exceeding the amount the Treasurer issued in new bonds during the fiscal year.

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The tables that follow compare debt service fund revenues, expenditures, and other financing sources/(uses) reported for fiscal year 2023 with fiscal year 2022 results.

Revenue
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2023	Fiscal Year 2022	Percentage Change
Lease Principal from State Agencies.....	\$ 271,320	\$ 223,475	21.4%
Lease Interest from State Agencies.....	96,263	97,866	-1.6%
Administrative and Other Fees.....	1,267	2,162	-41.4%
TOTAL REVENUES.....	\$ 368,850	\$ 323,503	14.0%

A significant portion of debt service fund revenues for fiscal year 2023 were comprised of lease principal and interest from state agencies. Lease interest decreased for fiscal year 2023 primarily due to a decrease in bonds outstanding during the year. Lease principal increased for fiscal year 2023 primarily due to varying maturity schedules for the outstanding bonds and bonds called. The decrease in administrative and other fees was attributable to a decrease in new bond issuances in fiscal year 2023 compared to fiscal year 2022.

Expenditures
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2023	Fiscal Year 2022	Percentage Change
Administrative Costs.....	\$ 458	\$ 415	10.4%
Bond Issuance Costs.....	452	1,458	-69.0%
Debt Service:			
Principal.....	271,215	221,050	22.7%
Interest.....	97,615	95,711	2.0%
TOTAL EXPENDITURES.....	\$ 369,740	\$ 318,634	16.0%

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

A significant portion of total reported expenditures for fiscal year 2023 were for debt service payments principal and interest. Bond issuance costs decreased for fiscal year 2023 because of a decrease in bond principal issued in fiscal year 2023.

Other Financing Sources/(Uses)
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2023	Fiscal Year 2022	Percentage Change
Bond Proceeds:			
Principal.....	\$ 52,865	\$ 206,785	-74.4%
Premium.....	7,590	30,614	-75.2%
Refunding Bond Proceeds:			
Principal.....	-	10,420	-100.0%
Premium.....	-	1,870	-100.0%
Payments to Refunding Escrow Agent.....	-	(12,146)	-100.0%
Financing Provided to			
State Agencies Under Leases.....	(60,455)	(237,543)	-74.5%
TOTAL OTHER			
FINANCING SOURCES/(USES).....	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

The decrease in new money bond proceeds (principal and premium) and financing provided to state agencies are the result of one bond issuance versus three bond issuances in fiscal year 2022. The decrease in refunding bond proceeds (principal and interest) and payments to refunding escrow agent are the result of no refunding issuances during fiscal year 2023.

BUDGETARY HIGHLIGHTS

None of the debt service funds presented in the fund financial statements is required to have a legally adopted budget, and therefore, no budgetary comparisons have been included in this report.

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

ECONOMIC FACTORS

- Generally, interest rates affect the pricing of new bond issues. As of June 30, 2023, the Federal Reserve's Federal Open Market Committee (FOMC) has set the target for the federal funds rate at 5.00% - 5.25%.
- The balances of Chapter 154 Lease Revenue Bonds authorized, but unissued, as of June 30, 2023, were as follows (dollars in thousands):

<u>Bond Type</u>	<u>Authorized, but Unissued</u>
Mental Health Facilities	\$ 258,615
Parks and Recreation Facilities	501,400
Cultural and Sports Facilities	98,525
Adult Correctional Facilities	726,500
Administrative Facilities	250,900
Juvenile Correctional Facilities	129,800
Transportation Facilities	<u>5,545</u>
Total	<u>\$ 1,971,285</u>

- House Bill 687 of the 134th General Assembly, the capital improvements budget for fiscal years 2023-2024, was passed by the legislature and signed by the Governor in June 2022, with an effective date of September 13, 2022. Certain appropriations became effective June 14, 2022. Given the State's strong fiscal position, the capital budget is structured so that \$1.5 billion can be used to pay for capital projects with cash instead of issuing state bonds. The decision to use cash will be made on a project by project basis.

CONTACTING THE OHIO TREASURER'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of the financial activities of the Chapter 154 Lease Revenue Obligations. If you have questions about this report or need additional financial information, please contact the Office of Debt Management, Ohio Treasurer's Office, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215.

FINANCIAL STATEMENTS

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Balance Sheet
As of June 30, 2023
(Dollars in 000s)

	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Transportation Facilities Bond Service	Total Debt Service Funds
ASSETS:								
Cash.....	\$ 16	\$ 122	\$ 27	\$ 71	\$ 52	\$ 41	\$ 71	\$ 400
Receivable from State Agencies:								
Lease Principal.....	225,550	561,170	157,910	465,740	450,610	83,055	164,675	2,108,710
Lease Interest.....	3,879	3,359	1,924	5,112	4,741	953	1,671	21,639
TOTAL ASSETS.....	\$ 229,445	\$ 564,651	\$ 159,861	\$ 470,923	\$ 455,403	\$ 84,049	\$ 166,417	\$ 2,130,749
LIABILITIES:								
Accounts Payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ 43
TOTAL LIABILITIES.....	-	-	-	-	-	-	43	43
DEFERRED INFLOW OF RESOURCES:								
Unavailable Revenue.....	225,737	560,463	159,834	470,852	455,351	84,008	166,346	2,122,591
TOTAL DEFERRED INFLOW OF RESOURCES	225,737	560,463	159,834	470,852	455,351	84,008	166,346	2,122,591
FUND BALANCES:								
Restricted for Debt Service.....	3,708	4,188	27	71	52	41	28	8,115
TOTAL FUND BALANCES.....	3,708	4,188	27	71	52	41	28	8,115
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....	\$ 229,445	\$ 564,651	\$ 159,861	\$ 470,923	\$ 455,403	\$ 84,049	\$ 166,417	\$ 2,130,749

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Transportation Facilities Bond Service	Total Debt Service Funds
REVENUES:								
Lease Principal Payments from State Agencies.....	\$ 41,370	\$ 34,720	\$ 20,030	\$ 87,920	\$ 65,955	\$ 10,910	\$ 10,415	\$ 271,320
Lease Interest from State Agencies.....	12,671	25,247	8,604	18,868	20,488	4,300	6,085	96,263
Administrative and Other Fees.....	40	274	53	239	100	65	496	1,267
TOTAL REVENUES.....	54,081	60,241	28,687	107,027	86,543	15,275	16,996	368,850
EXPENDITURES:								
Administrative Costs.....	24	159	26	161	48	24	16	458
Bond Issue Costs.....	-	-	-	-	-	-	452	452
Debt Service:								
Principal.....	41,370	34,615	20,030	87,920	65,955	10,910	10,415	271,215
Interest.....	13,321	25,557	8,633	19,122	20,535	4,336	6,111	97,615
TOTAL EXPENDITURES.....	54,715	60,331	28,689	107,203	86,538	15,270	16,994	369,740
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES.....	(634)	(90)	(2)	(176)	5	5	2	(890)
OTHER FINANCING SOURCES/(USES):								
Bond Proceeds:								
Principal.....	-	-	-	-	-	-	52,865	52,865
Premium.....	-	-	-	-	-	-	7,590	7,590
Financing Provided to State Agencies Under Leases:								
Transportation Building.....	-	-	-	-	-	-	(60,455)	(60,455)
TOTAL OTHER FINANCING SOURCES/(USES).....	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(634)	(90)	(2)	(176)	5	5	2	(890)
FUND BALANCE, JULY 1.....	4,342	4,278	29	247	47	36	26	9,005
FUND BALANCE, JUNE 30.....	\$ 3,708	\$ 4,188	\$ 27	\$ 71	\$ 52	\$ 41	\$ 28	\$ 8,115

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying debt service fund financial statements for the Chapter 154 Lease Revenue Obligations have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted 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*. Significant accounting policies are as follows:

A. Reporting Entity

In 1969, the Ohio General Assembly enacted Chapter 154, Ohio Revised Code, pursuant to Section 2i of Article VIII of the Ohio Constitution. This constitutional provision authorizes the issuance of revenue and other obligations, the owners and holders of which are not given the right to have excises or taxes levied by the General Assembly for payment of principal or interest.

The Ohio Public Facilities Commission (Commission) was created at that time and was initially authorized to issue obligations of the State of Ohio to pay costs of capital facilities for (a) state-supported and state-assisted higher education institutions, (b) mental hygiene and retardation, and (c) parks and recreation. Under Section 154.23, Ohio Revised Code, enacted in 1980, the Commission was also authorized to issue obligations to pay costs of capital facilities for the housing of branches and agencies of state government. The General Assembly, however, never granted specific dollar authorization to the Commission to issue obligations for this additional purpose, and in 2000, Section 154.23, Ohio Revised Code, was repealed.

Effective on September 14, 2000, Amended Substitute House Bill 640 of the 123rd General Assembly reassigned the issuing authority and functions of the Commission with respect to the obligations to the Ohio Treasurer (Treasurer). The Treasurer succeeded the Commission as issuer with all responsibilities and obligations under the bond proceedings relative to the previously issued obligations. Under the authority of this legislation, the Treasurer has the authority to issue obligations only in such amounts as are previously authorized by the General Assembly, and the proceeds are to be applied only to capital improvements designated by or pursuant to action by the General Assembly. The financing arrangements for such obligations for capital improvements so designated involve separate bond proceedings and lease arrangements between the Commission (its only remaining responsibility relating to the obligations) and the respective state agencies, including the Department of Mental Health and Addiction Services and the Department of Developmental Disabilities for mental health facilities, and the Department of Natural Resources for parks and recreation facilities.

Pursuant to House Bill 16 of the 126th General Assembly which became effective on July 1, 2005, all matters relative to the issuance of obligations for the financing of Cultural and Sports Facilities, including all related obligations previously issued by the Ohio Building Authority under Chapter 152, Ohio Revised Code, were transferred to the Treasurer, including the lease agreements with the Cultural Facilities Commission. Subsequent to July 1, 2005, all new issuances of Cultural and Sports Facilities bonds were to be governed by the provisions of Chapter 154, Ohio Revised Code, as previously described above. Effective September 29, 2013, House Bill 59 of the 130th General Assembly abolished the Cultural Facilities Commission and transferred all assets and lease agreements with the Treasurer to the Ohio Facilities Construction Commission.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

Amended Substitute House Bill 153, as enacted by the 129th General Assembly and effective January 1, 2012, provided that the Treasurer replace the Ohio Building Authority (the Authority) in all matters relating to the issuance of obligations for the financing of capital facilities for housing branches and agencies of State government. The legislation also provided that the Treasurer succeeds to all of the duties, powers, obligations and functions of the Authority relating to bonds previously issued by the Authority.

As part of the Treasurer succeeding in all matters of the Authority, the Treasurer assumed the following:

Community College Intercept Program –In fiscal year 2013, the Treasurer issued \$4,125 of bonds at rates from 2.0% to 4.0%, with payments due through 2033 on behalf of Rhodes State College (the College). Since the College is a proprietary component unit of the State of Ohio, its financial statements report the assets and debt financed through the Authority or Treasurer. Accordingly, the Treasurer’s Debt Service Fund financial statements do not include the College’s activity. At June 30, 2023, \$2,535 of College bonds were outstanding.

The Treasurer, a constitutional member of the State’s executive branch who is separately elected, is considered to be part of the primary government within the State of Ohio’s financial reporting entity. In addition, the Ohio Public Facilities Commission, a legally separate organization from the State, meets the definition of a component unit of the State of Ohio’s financial reporting entity, since the voting majority of its governing board is composed of state elected and appointed officials, and the Commission provides services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefits the State. Consequently, the debt service fund financial statements presented herein are also included in the State of Ohio’s Annual Comprehensive Financial Report and are reported as part of the State of Ohio’s primary government, as explained further in Note 4.

B. Fund Accounting and Basis of Presentation

The Debt Management Section of the Treasurer’s Office uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Transactions related to certain functions or activities are reported in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information about the debt service activities of the Chapter 154 Lease Revenue Obligations at a more detailed level. In governmental accounting, debt service funds are classified as governmental funds.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

The following debt service funds are presented in separate columns in the fund financial statements:

Mental Health Facilities Bond Service Fund — This fund accounts for the debt service activities of the Mental Health Lease Revenue Bonds issued under the authority of Chapter 154, Ohio Revised Code.

Parks and Recreation Facilities Bond Service Fund — This fund accounts for the debt service activities of the Parks and Recreation Facilities Lease Revenue Bonds issued under the authority of Chapter 154, Ohio Revised Code.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

Cultural and Sports Facilities Bond Service Fund — This fund accounts for the debt service activities of the Cultural and Sports Facilities Lease Revenue Bonds issued under the authority of Chapter 154, Ohio Revised Code. These bonds were previously issued by the Ohio Building Authority under Chapter 152 of the Ohio Revised Code.

Adult Correctional Facilities Bond Service Fund — This fund accounts for the debt service activities of the Adult Correctional Facilities Lease Revenue Bonds authorized by Chapter 154, Ohio Revised Code. These bonds were previously issued by the Ohio Building Authority under Chapter 152 of the Ohio Revised Code.

Administrative Facilities Bond Service Fund — This fund accounts for the debt service activities of the Administrative Facilities Lease Revenue Bonds authorized by Chapter 154, Ohio Revised Code. These bonds were previously issued by the Ohio Building Authority under Chapter 152 of the Ohio Revised Code.

Juvenile Correctional Facilities Bond Service Fund — This fund accounts for the debt service activities of the Juvenile Correctional Facilities Lease Revenue Bonds authorized by Chapter 154, Ohio Revised Code. These bonds were previously issued by the Ohio Building Authority under Chapter 152 of the Ohio Revised Code.

Transportation Facilities Bond Service Fund — This fund accounts for the debt service activities of the Transportation Facilities Revenue Bonds authorized by Chapter 154, Ohio Revised Code. The transportation facilities bond program was established in House Bill 497 of the 130th General Assembly.

C. Measurement Focus and Basis of Accounting

The debt service funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The debt service funds use the modified accrual basis of accounting. On a modified accrual basis, revenue, including lease interest, and other financing sources, pertaining to lease principal receipts, are recorded in the fiscal year in which the resources are measurable and become available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues and other financing sources are considered to be available when they are collectible within 60 days of the fiscal year-end.

In governmental fund financial statements, leases receivable and deferred amounts are used to account for leases. Only the portion of lease receivables that represents other financing sources that are measurable and available is recognized in the debt service funds. The remainder, or the noncurrent portion, of the receivable is deferred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as amortization, are not recognized in the debt service funds.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made in the subsequent fiscal year, soon after June 30 (i.e., generally within less than one month of year-end).

D. Budget

None of the debt service funds presented in the fund financial statements is required to have a legally adopted budget, and therefore, no budgetary comparisons have been included in this report.

E. Leases

Receivables are reported for principal and interest due under lease agreements between the Ohio Public Facilities Commission and the state agencies that are required to make the payments. Lease principal and interest receivable not collectible within 60 days are reported as unavailable revenue. Additional disclosures on lease-related receivables can be found in Note 3.

F. Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For Chapter 154 Lease Revenue Bonds, deferred inflows of resources include unavailable revenue. Unavailable revenue represents receivables which will not be collected within the available period. For Chapter 154 Lease Revenue Bonds, unavailable revenue includes lease principal and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

G. Fund Balance

Fund balance restricted for debt service represents amounts that are legally segregated for debt service.

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 — DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Treasurer will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The bank balance of deposits was \$400. Of the bank balance, \$367 was insured or collateralized.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

NOTE 3 — LEASES

The primary sources of payments, as contemplated under the respective bond and note proceedings, for meeting bond interest and principal requirements and establishing and maintaining any funded "required reserve" and meeting any note interest and principal (partial) requirements, are rents paid to the Treasurer by the following from moneys appropriated for such purposes by the General Assembly:

- Ohio Department of Mental Health and Addiction Services and Ohio Department of Developmental Disabilities – Mental Health Facilities
- Ohio Department of Natural Resources – Parks and Recreation Facilities
- Ohio Facilities Construction Commission – Cultural and Sports Facilities
- Ohio Department of Administrative Services – Administrative Facilities
- Ohio Department of Rehabilitation and Correction – Adult Correctional Facilities
- Ohio Department of Youth Services – Juvenile Correctional Facilities
- Ohio Department of Transportation – Transportation Facilities

The respective obligations of each of the eight state agencies to make such rental payments pursuant to the respective leases with the Ohio Public Facilities Commission are expressly made subject to the availability of appropriations for such purposes. Each lease terminates when the Treasurer has paid or retired all of the bonds or bond anticipation notes contemplated by that lease for the respective category of facilities.

For the 2022-23 fiscal biennium, the 134th General Assembly appropriated the amounts necessary from the General Revenue Fund to meet the payments required under such leases. The appropriated amounts and the lease amounts paid during fiscal years 2022 and 2023 are detailed in the schedule below. Such amounts were paid into the Treasurer’s respective Bond Service Funds that are established to receive rental and other payments and to make payments of bond service charges (principal, interest, and administrative costs).

	2022-2023 Biennium <u>Appropriations</u>	Principal, Interest, and Administrative <u>Fees Paid</u>
Ohio Department of Mental Health and Addiction Services and Ohio Department of Developmental Disabilities – Mental Health Facilities	\$ 109,600	\$ 109,432
Ohio Department of Natural Resources – Parks and Recreation Facilities	140,500	106,038
Ohio Facilities Construction Commission – Cultural and Sports Facilities	56,420	56,248
Ohio Department of Rehabilitation and Correction – Adult Correctional Facilities	195,000	177,163
Ohio Department of Administrative Services – Administrative Facilities	174,600	170,159
Ohio Department of Youth Services – Juvenile Correctional Facilities	38,150	34,322
Ohio Department of Transportation – Transportation Facilities	36,862	33,078

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

There were additional unappropriated funds available to supplement the rental payments required under the respective bond proceedings for the payment of the lease revenue obligations. These funds were composed of interest earnings, capitalized interest, and net original issue premium on bond sales.

The respective bond service accounts under the trust agreements for the bonds are restricted to payments of principal and interest on the bonds issued and outstanding under those respective trust agreements. No debt service reserve funds have been established for the outstanding Chapter 154 lease revenue bonds.

As of June 30, 2023, future payments to be received from the state agencies responsible for making the requisite payments under the lease agreements are detailed in the following schedule by debt service fund.

Schedule of Future Payments
Under Lease Agreements with State Agencies
as of June 30, 2023

Year Ending June 30,	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service
2024.....	\$ 51,686	\$ 62,163	\$ 30,807	\$ 71,377
2025.....	45,191	62,285	30,828	66,793
2026.....	38,765	62,296	26,836	43,259
2027.....	32,114	59,416	26,841	43,343
2028.....	32,113	59,428	21,800	43,240
2029-2033.....	70,341	264,174	51,745	174,898
2034-2038.....	-	162,980	-	135,745
2039-2042.....	-	100,318	-	34,462
	<u>270,210</u>	<u>833,060</u>	<u>188,857</u>	<u>613,117</u>
Amount Representing Interest.....	(44,660)	(271,890)	(30,947)	(147,377)
Leases Receivable, as of June 30, 2023.....	\$ 225,550	\$ 561,170	\$ 157,910	\$ 465,740

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

Continued from the previous page

Year Ending June 30,	Juvenile			Total
	Administrative Facilities Bond Service	Correctional Facilities Bond Service	Transportation Facilities Bond Service	
2024.....	\$ 64,826	\$ 15,236	\$ 21,561	\$ 317,656
2025.....	65,106	15,321	21,592	307,116
2026.....	42,436	9,257	21,590	244,439
2027.....	42,486	9,263	21,588	235,051
2028.....	42,750	7,900	21,589	228,820
2029-2033.....	185,710	34,115	83,504	864,487
2034-2038.....	125,355	13,581	25,338	462,999
2039-2042.....	37,068	2,714	-	174,562
	<u>605,737</u>	<u>107,387</u>	<u>216,762</u>	<u>2,835,130</u>
Amount Representing Interest.....	(155,127)	(24,332)	(52,087)	(726,420)
Leases Receivable, as of June 30, 2023.....	<u>\$ 450,610</u>	<u>\$ 83,055</u>	<u>\$ 164,675</u>	<u>\$ 2,108,710</u>

A summary of the unavailable portion of leases receivable by debt service fund as of June 30, 2023 is presented in the table below:

	Mental Health Facilities Bond Service	Parks & Recreation Facilities Bond Service	Cultural & Sports Facilities Bond Service	Adult Correctional Facilities Bond Service
Lease Principal	\$ 225,550	\$ 558,640	\$ 157,910	\$ 465,740
Lease Interest	187	1,823	1,924	5,112
Total Unavailable Revenue as of June 30, 2023.....	<u>\$ 225,737</u>	<u>\$ 560,463</u>	<u>\$ 159,834</u>	<u>\$ 470,852</u>

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

Continued from the previous page

	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Transportation Facilities Bond Service	Total Debt Service Funds
Lease Principal	\$ 450,610	\$ 83,055	\$ 164,675	\$ 2,106,180
Lease Interest	4,741	953	1,671	16,411
Total Unavailable Revenue as of June 30, 2023.....	\$ 455,351	\$ 84,008	\$ 166,346	\$ 2,122,591

NOTE 4 — CONSOLIDATION OF DEBT SERVICE FUND BALANCES IN THE STATE OF OHIO’S ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Ohio Office of Budget and Management will consolidate the accompanying financial statements of the debt service funds in the financial statements presented in the State of Ohio’s Annual Comprehensive Financial Report as of and for the year ended June 30, 2023.

When the debt service funds’ financial statements are consolidated at the state level, the leases receivable, both principal and interest, and unavailable revenue balances will not be reported on the State’s balance sheet for governmental funds, because the lease agreements are between organizations included within the State’s primary government. The accounting treatment at the state level is in conformity with the guidance provided in Section L20 of the GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*.

NOTE 5 — IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2023, Chapter 154 Lease Revenue Bonds has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93 paragraph 11b, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

GASB Statement No. 93 paragraph 11b replaces or amends the interbank offered rate with other reference rates by either changing the reference rate or adding or changing fallback provisions related to the reference rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraph 11b did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

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SUPPLEMENTARY INFORMATION

State of Ohio
Chapter 154 Lease Revenue Obligations
 Schedule of Net Position - Accrual Basis
 As of June 30, 2023
(Dollars in 000s)

	Total Debt Service Funds
ASSETS:	
Cash.....	\$ 400
Receivables from State Agencies:	
Leases.....	2,108,710
Unamortized Lease Premium/Discount, Net.....	222,301
Interest.....	21,639
TOTAL ASSETS.....	2,353,050
DEFERRED OUTFLOW OF RESOURCES:	
Deferred Charge on Refunding.....	6,481
TOTAL DEFERRED OUTFLOW OF RESOURCES.....	6,481
LIABILITIES:	
Accounts Payable.....	43
Bond Interest Payable.....	21,996
Bonds Payable, Net of Premiums and Discount:	
Due in One Year.....	264,505
Due in More Than One Year.....	2,072,987
TOTAL LIABILITIES.....	2,359,531
NET POSITION	
Restricted for Debt Service.....	-
TOTAL NET POSITION.....	\$ -

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Activities - Accrual Basis
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Transportation Facilities Bond Service	Total Debt Service Funds
EXPENSES:								
Administrative.....	\$ 24	\$ 159	\$ 26	\$ 161	\$ 48	\$ 24	\$ 16	\$ 458
Bond Issue Costs.....	-	-	-	-	-	-	452	452
Interest on Debt.....	3,124	14,603	2,258	8,348	13,738	2,469	3,888	48,428
TOTAL EXPENSES.....	3,148	14,762	2,284	8,509	13,786	2,493	4,356	49,338
PROGRAM REVENUES:								
Charges for Services (1).....	3,148	14,762	2,284	8,509	13,786	2,493	4,356	49,338
TOTAL PROGRAM REVENUES.....	3,148	14,762	2,284	8,509	13,786	2,493	4,356	49,338
NET EXPENSE AND CHANGES IN NET POSITION.....								
	-	-	-	-	-	-	-	-
NET POSITION, JULY 1.....	-	-	-	-	-	-	-	-
NET POSITION, JUNE 30.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Includes interest charges from leases receivable (due from state agencies) and administrative and other fees.

State of Ohio
Chapter 154 Lease Revenue Obligations
Reconciliation Schedule Between the Balance Sheet
and the Schedule of Net Position
As of June 30, 2023
(Dollars in 000s)

Fund Balance per Debt Service Funds' Balance Sheet	\$ <u>8,115</u>
---	------------------------

Amounts reported in the Schedule of Net Position are different from the Balance Sheet because:

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the debt service fund.

Leases Receivable from State Agencies:	
Lease Principal	2,106,180
Lease Interest	<u>16,411</u>
	<u>2,122,591</u>

The following are not financial resources, and therefore are not reported in the fund.

Unamortized Lease Premium/Discount, Net	222,301
	<u>222,301</u>

The accounting loss reported as a deferred outflow of resources is applicable to future reporting periods and is not reported on the fund statements.	6,481
---	-------

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

Bonds Payable	(2,337,492)
Bond Interest Payable	<u>(21,996)</u>
	<u>(2,359,488)</u>

Net Position per Schedule of Net Position	\$ <u>-</u>
--	--------------------

State of Ohio
Chapter 154 Lease Revenue Obligations
Reconciliation Schedule Between
Statement of Revenues, Expenditures and Changes in Fund Balances
and the Schedule of Activities
For the Fiscal Year Ended June 30, 2023
(Dollars in 000s)

Net Change in Fund Balance per Debt Service Funds'
Statement of Revenues, Expenditures and Changes in Fund Balances **\$ (890)**

Amounts reported in the Schedule of Activities are different from the Debt Service Funds' Statement of Revenue, Expenditures and Changes in Fund Balances because:

Lease principal and interest revenues are unavailable revenue in the debt service funds. During the fiscal year, unavailable revenue changed by the following amounts.

Lease Principal	(218,455)
Lease Interest	(55)
	(218,510)

Increases and decreases in unamortized lease premiums/discounts are not reported in the debt service funds

Unamortized Lease Premium/Discount, Net	(40,547)
	(40,547)

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

Bonds	(52,865)
Premiums	(7,590)
	(60,455)

Repayments and refundings of long-term debt are reported as expenditures or other financing uses in the debt service funds, but the repayments and refundings reduce long-term liabilities in the Schedule of Net Position. During the fiscal year, these amounts consisted of:

Scheduled Debt Principal Retirements	271,215
	271,215

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

Increase in Bond Interest Payable	1,048
Amortization of Bond Premiums/Accretion of Bond Discounts, Net	50,172
Amortization of Deferred Refunding Amount	(2,033)
	49,187

Change in Net Position per Schedule of Activities **\$ -**

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Future Payments
Under Lease Agreements with State Agencies
As of June 30, 2023
(Dollars in 000s)

Year Ending June 30,	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Transportation Facilities	Total
2024.....	\$ 51,686	\$ 62,163	\$ 30,807	\$ 71,377	\$ 64,826	\$ 15,236	\$ 21,561	\$ 317,656
2025.....	45,191	62,285	30,828	66,793	65,106	15,321	21,592	307,116
2026.....	38,765	62,296	26,836	43,259	42,436	9,257	21,590	244,439
2027.....	32,114	59,416	26,841	43,343	42,486	9,263	21,588	235,051
2028.....	32,113	59,428	21,800	43,240	42,750	7,900	21,589	228,820
2029-2033.....	70,341	264,174	51,745	174,898	185,710	34,115	83,504	864,487
2034-2038.....	-	162,980	-	135,745	125,355	13,581	25,338	462,999
2039-2042.....	-	100,318	-	34,462	37,068	2,714	-	174,562
	270,210	833,060	188,857	613,117	605,737	107,387	216,762	2,835,130
Amount Representing Interest...	(44,660)	(271,890)	(30,947)	(147,377)	(155,127)	(24,332)	(52,087)	(726,420)
Lease Principal.....	225,550	561,170	157,910	465,740	450,610	83,055	164,675	2,108,710
Premium.....	33,500	56,024	23,073	31,614	50,423	8,916	18,751	222,301
Leases Receivable, as of June 30, 2023.....	\$ 259,050	\$ 617,194	\$ 180,983	\$ 497,354	\$ 501,033	\$ 91,971	\$ 183,426	\$ 2,331,011

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2023
(Dollars in 000s)

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2023 are in the form of fully registered bonds that mature in various amounts and at various dates and bear interest payable semiannually at various interest rates. The bonds mature after specified dates and are subject to redemption prior to maturity, in whole or in part.

As of June 30, 2023, the Chapter 154 Lease Revenue Obligations had the following credit ratings assigned by the major bond rating agencies:

	Fitch	Moody's	Standard & Poor's
Mental Health Facilities	AA+	Aa2	AA
Parks and Recreation Facilities	AA+	Aa2	AA
Cultural and Sports Facilities	AA+	Aa2	AA
Adult Correctional Facilities	AA+	Aa2	AA
Administrative Facilities	AA+	Aa2	AA
Juvenile Correctional Facilities	AA+	Aa2	AA
Transportation Facilities	AA+	Aa2	AA

Through June 30, 2023, the Ohio General Assembly has authorized issuance of Chapter 154 Lease Revenue Obligations, including bonds and bond anticipation notes for capital facilities, in the following amounts. The amounts below include new debt authorizations included in the House Bill 529 of the 132rd General Assembly and the 2022-23 operating budget bills, House Bill 110 of the 134rd General Assembly.

<u>Bond Program</u>	<u>Total</u>
Mental Health Facilities	\$ 2,075,700
Parks and Recreation Facilities	1,590,400
Cultural and Sports Facilities	839,000
Adult Correctional Facilities	3,073,000
Administrative Facilities	2,320,800
Juvenile Correctional Facilities	529,800
Transportation Facilities	385,000
Total Authorization	<u>\$10,813,700</u>

Details on bonds issued through June 30, 2023 are displayed in the following tables. Bond amounts issued in accordance with the above authorization amounts are listed under the “Original Issues at Par” column. Bond issue authorization limits do not apply to refunding issues. The final maturity dates and average effective interest rates reported on the following tables represent data valid at the time of the original issue; this data has not been adjusted for the effects of any refunding issues that occurred subsequent to the original bond series issue.

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2023
(Dollars in 000s)

Mental Health Facilities Bonds

Series	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2023
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,467,085	\$452,790	Various	Various	Various	\$ -
<i>Outstanding bonds:</i>						
2015A	50,000	-	03/05/2015	02/01/2025	4.95%	11,950
2016A	50,000	-	06/28/2016	06/01/2026	4.86%	18,125
2017A	-	17,765	11/07/2017	02/01/2024	4.74%	6,195
2018A	50,000	-	04/26/2018	06/01/2028	5.00%	28,230
2020A	50,000	-	03/10/2020	02/01/2030	5.00%	37,275
2021A	150,000	-	05/18/2021	02/01/2031	5.00%	123,775
Total	<u>\$1,817,085</u>	<u>\$470,555</u>				<u>\$ 225,550</u>

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State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2023
(Dollars in 000s)

Parks and Recreation Facilities Bonds

Series	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate*	Outstanding Balance at Par, as of June 30, 2023
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 408,000	\$ 118,305	Various	Various	Various	\$ -
<i>Outstanding bonds:</i>						
2015A	40,000	-	03/05/2015	02/01/2030	4.98%	22,155
2016A	80,000	-	03/31/2016	02/01/2031	4.99%	49,945
2016B	-	10,415	06/28/2016	08/01/2025	4.81%	7,990
2016C	100,000	-	10/06/2016	12/01/2031	4.86%	68,090
2017A	100,000	-	12/14/2017	12/01/2032	5.00%	74,580
2018A	100,000	-	11/15/2018	12/01/2038	5.00%	87,115
2020A	54,000	2,300	08/12/2020	12/01/2032	5.00%	50,225
2020B	57,000	-	08/12/2020	12/01/2040	3.95%	57,000
2022A	75,000	-	01/05/2022	12/01/2031	5.00%	69,070
2022B	75,000	-	01/05/2022	12/01/2041	3.90%	75,000
Total	<u>\$ 1,089,000</u>	<u>\$ 131,020</u>				<u>\$ 561,170</u>

*The interest rate for the Series 2020B and 2022B bonds is set on a weekly basis and the above rate is as of June 30, 2023. The rate is set on Tuesdays, and remains effective Wednesday through the following Tuesday (for a total period of 7 days). The rates for the Series 2020B and 2022B bonds are determined by a remarketing agent.

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2023
(Dollars in 000s)

Cultural and Sports Facilities Bonds

Series	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2023
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 504,690	\$ 64,985	Various	Various	Various	\$ -
<i>Outstanding bonds:</i>						
2015B	30,000	-	08/12/2015	04/01/2025	5.00%	7,430
2016A	40,000	-	08/25/2016	10/01/2026	4.80%	18,280
2017A	30,000	-	12/14/2017	10/01/2027	5.00%	16,865
2019A	35,000	-	05/16/2019	04/01/2029	5.00%	22,870
2020A	44,000	-	09/24/2020	10/01/2030	5.00%	44,000
2021A	56,785	-	08/31/2021	04/01/2032	4.93%	48,465
Total	<u>\$740,475</u>	<u>\$ 64,985</u>				<u>\$ 157,910</u>

Adult Correctional Facilities Bonds

Series	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate*	Outstanding Balance at Par, as of June 30, 2023
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 1,969,880	\$ 1,558,365	Various	Various	Various	\$ -
<i>Outstanding bonds:</i>						
2013A	-	47,320	03/07/2013	10/01/2024	5.00%	14,675
2016A	-	20,565	05/25/2016	10/01/2028	4.95%	14,705
2016B	32,320	-	10/26/2016	10/01/2036	3.95%	30,570
2016C	32,300	-	10/26/2016	10/01/2036	4.25%	30,600
2017A	100,000	-	11/07/2017	10/01/2037	4.96%	81,520
2017B	-	62,320	11/07/2017	10/01/2030	4.93%	53,530
2019A	-	25,350	07/09/2019	10/01/2024	5.00%	10,910
2019B	53,000	-	08/07/2019	10/01/2032	5.00%	43,630
2019C	45,000	-	08/07/2019	10/01/2039	4.25%	45,000
2020A	-	57,055	03/10/2020	10/01/2033	1.95%	33,735
2021A	57,000	-	04/21/2021	10/01/2030	5.00%	49,865
2021B	57,000	-	04/21/2021	10/01/2040	3.95%	57,000
Total	<u>\$ 2,346,500</u>	<u>\$ 1,770,975</u>				<u>\$ 465,740</u>

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2023
(Dollars in 000s)

Continued from the previous page

*The interest rates for the Adult Correctional Facilities Bonds Series 2016B, 2016C, 2019C, and 2021B bonds are set on a weekly basis and the above rates are as of June 30, 2023. The rates are set on Tuesdays, and are effective Wednesday through the following Tuesday (for a total period of 7 days). The rates for the Series 2016B, 2019C, and 2021B bonds are determined by a remarketing agent. The rate for the Series 2016C bonds is established in a bid process that is held on the Clarity Bidrate Alternative Trading System. Subscribers to the Clarity System can submit bids to purchase Series 2016C bonds, and the weekly rate is the lowest interest rate at which the entire principal amount of the Series 2016C bonds would be sold based on the bids submitted.

Administrative Facilities Bonds

	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2023
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 1,703,000	\$ 1,285,353	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2015A	61,930	-	01/28/2015	04/01/2035	4.31%	51,155
2015B	18,070	-	01/28/2015	04/01/2025	2.59%	3,980
2016A	-	31,095	05/25/2016	10/01/2028	4.95%	18,025
2017A	70,000	-	04/19/2017	04/01/2037	4.91%	51,000
2017B	-	30,790	11/07/2017	10/01/2029	4.86%	19,550
2018A	63,000	-	11/15/2018	10/01/2038	4.96%	60,545
2019B	-	22,270	11/05/2019	10/01/2029	4.85%	17,085
2020A	-	71,460	03/10/2020	10/01/2032	1.91%	32,280
2020B	68,750	-	04/30/2020	04/01/2040	5.00%	68,750
2020C	7,210	-	04/30/2020	04/01/2025	1.81%	4,310
2020D	-	58,960	08/12/2020	10/01/2036	1.32%	40,855
2021A	77,940	-	05/18/2021	04/01/2041	5.00%	72,655
2022A	-	10,420	01/05/2022	04/01/2031	3.86%	10,420
Total	<u>\$2,069,900</u>	<u>\$1,510,348</u>				<u>\$ 450,610</u>

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2023
(Dollars in 000s)

Juvenile Correctional Facilities Bonds

	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2023
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Previously issued bonds with no outstanding balance:

Various	\$ 312,000	\$ 216,140	Various	Various	Various	\$ -
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Outstanding bonds:

2015B	20,000	-	03/05/2015	04/01/2030	3.90%	10,860
2017A	-	10,515	12/14/2017	10/01/2026	4.39%	7,940
2018A	35,000	-	04/26/2018	04/01/2033	5.00%	26,180
2019A	33,000	-	11/05/2019	04/01/2039	4.95%	29,475
2019B	-	13,205	11/05/2019	10/01/2024	4.95%	5,740
2020A	-	5,500	09/24/2020	10/01/2024	4.34%	2,860
Total	<u>\$400,000</u>	<u>\$245,360</u>				<u>\$ 83,055</u>

Transportation Facilities Bonds

	Original Issues at Par	Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2023
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Previously issued bonds with no outstanding balance:

Various	\$155,800	\$ —	Various	Various	Various	\$ —
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Outstanding Bonds:

2015A	84,300	—	01/28/2015	04/01/2030	4.93%	47,125
2018A	86,490	—	02/21/2018	04/01/2033	5.00%	64,685
2023A	52,865	—	05/09/2023	04/01/2038	5.00%	52,865
Total	<u>\$379,455</u>	<u>\$ —</u>				<u>\$ 164,675</u>

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Changes in Bonds Payable Balance
For the Year Ended June 30, 2023
(Dollars in 000s)

	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Transportation Facilities Bond Service	Total
Outstanding Balance, June 30, 2022.....	\$ 309,944	\$ 663,228	\$ 207,138	\$ 598,816	\$ 578,791	\$ 104,726	\$ 135,780	\$2,598,423
Additions:								
New Issuances:								
Bond Principal	-	-	-	-	-	-	52,865	52,865
Bond Premium	-	-	-	-	-	-	7,590	7,590
Total Additions	-	-	-	-	-	-	60,455	60,455
Deductions:								
Bond Principal Repayments	41,370	34,615	20,030	87,920	65,955	10,910	10,415	271,215
Amortization of Premium	9,523	11,166	6,125	11,793	7,380	1,790	2,394	50,171
Total Deductions	50,893	45,781	26,155	99,713	73,335	12,700	12,809	321,386
Outstanding Balance, June 30, 2023...	\$ 259,051	\$ 617,447	\$ 180,983	\$ 499,103	\$ 505,456	\$ 92,026	\$ 183,426	\$2,337,492
Amount Due in One Year	\$ 48,592	\$ 46,599	\$ 28,717	\$ 58,260	\$ 52,758	\$ 12,983	\$ 16,596	\$ 264,505
Amount Due in More Than One Year	210,459	570,848	152,266	440,843	452,698	79,043	166,830	2,072,987
Outstanding Balance, June 30, 2023...	\$ 259,051	\$ 617,447	\$ 180,983	\$ 499,103	\$ 505,456	\$ 92,026	\$ 183,426	\$2,337,492

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Future Debt Service Funding Requirements
As of June 30, 2023
(Dollars in 000s) Continued

Fiscal Year Ending June 30,	Mental Health Facilities			Parks & Recreation Facilities			Cultural Facilities		
	Principal	Interest	Total	Principal	Interest*	Total	Principal	Interest	Total
2024	\$ 40,425	\$ 11,278	\$ 51,703	\$ 36,360	\$ 25,925	\$ 62,285	\$ 23,325	\$ 7,509	\$ 30,834
2025	35,935	9,256	45,191	38,215	24,070	62,285	24,410	6,418	30,828
2026	31,305	7,460	38,765	40,175	22,121	62,296	21,655	5,181	26,836
2027	26,220	5,894	32,114	39,270	20,146	59,416	22,760	4,081	26,841
2028	27,530	4,583	32,113	41,285	18,143	59,428	18,745	3,055	21,800
2029-2033	64,135	6,206	70,341	199,395	64,779	264,174	47,015	4,730	51,745
2034-2038	-	-	-	103,045	59,935	162,980	-	-	-
2039-2042	-	-	-	63,425	36,893	100,318	-	-	-
	225,550	44,677	270,227	561,170	272,012	833,182	157,910	30,974	188,884
Premium/Discount, Net	33,501	-	33,501	56,277	-	56,277	23,073	-	23,073
Total, as of June 30, 2023	\$ 259,051	\$ 44,677	\$ 303,728	\$ 617,447	\$ 272,012	\$ 889,459	\$ 180,983	\$ 30,974	\$ 211,957

Fiscal Year Ending June 30,	Adult Correctional Facilities			Administrative Facilities			Juvenile Correctional Facilities		
	Principal	Interest*	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 51,790	\$ 19,659	\$ 71,449	\$ 46,110	\$ 18,768	\$ 64,878	\$ 11,470	\$ 3,807	\$ 15,277
2025	49,220	17,573	66,793	47,570	17,536	65,106	12,070	3,251	15,321
2026	27,360	15,899	43,259	26,160	16,276	42,436	6,430	2,827	9,257
2027	28,810	14,533	43,343	27,455	15,031	42,486	6,745	2,518	9,263
2028	30,145	13,095	43,240	29,145	13,605	42,750	5,680	2,220	7,900
2029-2033	128,995	45,903	174,898	136,210	49,500	185,710	26,875	7,240	34,115
2034-2038	116,685	19,060	135,745	103,655	21,699	125,354	11,200	2,381	13,581
2039-2042	32,735	1,727	34,462	34,305	2,763	37,068	2,585	129	2,714
	465,740	147,449	613,189	450,610	155,178	605,788	83,055	24,373	107,428
Premium/Discount, Net	33,363	-	33,363	54,846	-	54,846	8,971	-	8,971
Total, as of June 30, 2023	\$ 499,103	\$ 147,449	\$ 646,552	\$ 505,456	\$ 155,178	\$ 660,634	\$ 92,026	\$ 24,373	\$ 116,399

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Future Debt Service Funding Requirements
As of June 30, 2023
(Dollars in 000s) Continued

Fiscal Year Ending June 30,	Transportation Facilities			Total Chapter 154 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 13,635	\$ 7,955	\$ 21,590	\$ 223,115	\$ 94,901	\$ 318,016
2025	14,040	7,552	21,592	221,460	85,656	307,116
2026	14,740	6,850	21,590	167,825	76,614	244,439
2027	15,475	6,113	21,588	166,735	68,316	235,051
2028	16,250	5,339	21,589	168,780	60,040	228,820
2029-2033	68,595	14,909	83,504	671,220	193,267	864,487
2034-2038	21,940	3,398	25,338	356,525	106,473	462,998
2039-2042	-	-	-	133,050	41,512	174,562
	164,675	52,116	216,791	2,108,710	726,779	2,835,489
Premium/Discount, Net	18,751	-	18,751	228,782	-	228,782
Total, as of June 30, 2023	\$ 183,426	\$ 52,116	\$ 235,542	\$ 2,337,492	\$ 726,779	\$ 3,064,271

*The future interest payments for Adult Correctional Facilities, shown above, include interest on the Series 2016B, 2016C, 2019C, and 2021B variable rate bonds. The future interest payments for Parks and Recreation Facilities, shown above, include interest on the Series 2020B and 2022B variable rate bonds. The interest of these bonds are based on the effective interest rates as of June 30, 2023.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Prior Years' Defeasances
As of and For the Year Ended June 30, 2023
(Dollars in 000s)

Prior Years' Defeasances

The Treasurer has defeased certain Chapter 154 Lease Revenue Obligations by placing the net 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 financial statements of the Chapter 154 Lease Revenue Obligations. The following table details bonds refunded in fiscal years 2023 and prior, which are considered to be defeased and no longer outstanding as of June 30, 2023.

<u>Refunded Issue</u>	<u>Principal Yet to be Paid as of June 30, 2023</u>	<u>Scheduled Redemption Date</u>
Administrative Facilities:		
2016A	\$ 4,180	October 1, 2026
2017A	5,410	April 1, 2027
2017B	2,390	October 1, 2027
2019A	5,440	October 1, 2023
2019A	5,720	October 1, 2024
Total	<u>\$ 23,140</u>	

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Treasurer of the State of Ohio
30 East Broad Street
Columbus, Ohio 43215

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Debt Service Funds (the Funds), as held in the name of the Treasurer of the State of Ohio (the Treasurer) of the Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Adult Correctional Facilities, Administrative Facilities, Juvenile Correctional Facilities, and the Transportation Facilities lease revenue bonds governed by the Ohio Revised Code Chapter 154, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Funds’ basic financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Treasurer’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Treasurer’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Treasurer’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Treasurer’s financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Treasurer's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
September 21, 2023