



**JOSH MANDEL**  
STATE TREASURER OF OHIO

**September 28, 2012**

**TO: John Kasich, Governor  
Ohio General Assembly**

**FROM: Josh Mandel, State Treasurer of Ohio**

**TREASURER OF STATE LEASE-REVENUE OBLIGATIONS  
(Chapter 154 O.R.C.)  
ANNUAL REPORT**

**AND**

**ACCOUNTANTS' REPORT**

**FISCAL YEAR 2012  
(July 1, 2011 --- June 30, 2012)**

**HIGHER EDUCATION CAPITAL FACILITIES  
MENTAL HEALTH CAPITAL FACILITIES  
PARKS & RECREATION CAPITAL FACILITIES  
CULTURAL & SPORTS CAPITAL FACILITIES  
STATE CORRECTIONAL CAPITAL FACILITIES  
ADMINISTRATIVE CAPITAL FACILITIES  
JUVENILE CORRECTIONAL CAPITAL FACILITIES  
AND  
HIGHWAY SAFETY CAPITAL FACILITIES**

**LEASE - REVENUE OBLIGATIONS**  
**ANNUAL REPORT**  
**For the period July 1, 2011 through June 30, 2012**

The Treasurer of State ("Treasurer") makes this annual report for the Fiscal Year ending June 30, 2012 (FY 2012) in accordance with Section 154.05(B) of the Ohio Revised Code ("Act") and its lease-revenue bond proceedings.

Chapter 154 of the Act, was enacted pursuant to the power granted to the General Assembly by the Ohio Constitution, and particularly Section 2i of Article VIII which authorizes the issuance for stated purposes of revenue obligations 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 Act 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 of branches and agencies of state government (for which no specific authorization to issue obligations was ever granted and which was repealed in FY 2001). Am. Sub. H.B. 640, 123<sup>rd</sup> General Assembly, effective September 14, 2000, reassigned to the Treasurer the issuing authority and functions of the Commission with respect to these special obligations (lease-revenue) bonds ("Obligations"). The Treasurer succeeded the Commission as issuer and with all responsibilities and obligations under the bond proceedings relating to previously issued Obligations.

Pursuant to House Bill 16 of the 126<sup>th</sup> General Assembly, effective July 1, 2005, all matters relating to the issuance of obligations for financing of 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 will be 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 129<sup>th</sup> 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 facilities for housing branches and agencies of State government will be governed by Chapter 154 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 for capital facilities projects in aggregate principal amounts of up to \$4,817,590,000 for higher education, \$1,541,000,000 for mental health, \$433,000,000 for parks and recreation, \$518,000,000 for cultural and sports facilities, \$1,993,000,000 for state correctional facilities, \$317,000,000 for juvenile correctional facilities, \$1,711,000,000 for administrative facilities, and \$143,000,000 for highway safety facilities. There is currently no General Assembly authorization for additional lease-revenue obligations for higher education projects.

Within these authorizations, the Treasurer issued the following Obligations in FY 2012:

<b>Bond Program &amp; Series No.</b>	<b>Amount</b>	<b>Dated Date</b>	<b>Final Maturity Date</b>
Administrative Facilities – 2012A <sup>1</sup>	\$32,700,000	3/8/2012	4/1/2023
Administrative Facilities – 2012B <sup>2</sup>	\$28,055,000	3/8/2012	4/1/2021
Adult Correctional Facilities – 2012A <sup>34</sup>	\$17,360,000	5/17/2012	4/1/2023
Parks & Recreation Facilities – 2012A <sup>5</sup>	\$7,570,000	5/17/2012	12/1/2018
Mental Health Facilities – 2012A <sup>6</sup>	\$24,175,000	5/17/2012	6/1/2019

The principal and interest requirements on the Obligations sold and delivered in FY 2012 are set forth in the attached Schedules 1 through 5. The Obligations issued in FY 2012 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, 2012, the Obligations issued by the Treasurer in FY 2012 were rated as follows:

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
Higher Education Facilities	AA	Aa2	AA
Mental Health Facilities	AA	Aa2	AA
Parks and 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
Highway Safety Facilities	AA	Aa2	AA

As contemplated by the Act, the financing arrangements for the eight categories of capital facilities -- higher education, mental health, parks and recreation, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional facilities and highway safety facilities -- involve separate proceedings and separate leasing arrangements between the Commission (its only remaining responsibility with regard to the Obligations) and the Using Agencies, being respectively the Ohio Board of Regents (OBOR), the Ohio Department of Mental Health (ODMH), the Ohio Department of Developmental Disabilities (DODD), the Ohio Department of Natural Resources (ODNR), the Cultural Facilities Commission (OCFC), the Department of Administrative Services (DAS), the Department of Rehabilitation and Correction (DRC), the Department of Youth Services (DYS) and the Department of Public Safety (DPS), under which the Commission undertakes to finance capital facilities designated by or pursuant to

<sup>1</sup> New money issuance.

<sup>2</sup> Refunding issuance.

<sup>3</sup> Refunding issuance.

<sup>4</sup> Referred to in the Accountants' Report and Financial Statements as State Correctional Facilities.

<sup>5</sup> Refunding issuance.

<sup>6</sup> Refunding issuance.

acts of the General Assembly. In turn, OBOR makes those higher education facilities available to the state, and ODMH, DODD, ODNR, OCFC, DAS, DRC and DYS, (and in certain cases, the Department of Alcohol and Drug Addiction Services) assume the management of those facilities intended for the particular department'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 higher education and parks and recreation 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, juvenile correctional and highway safety facilities Obligations is Bank of New York Mellon.

The bond proceedings pursuant to which Obligations have been issued beginning in FY 1991 ("Series II Bonds") impose no requirement of a bond service reserve. Instead, they permit, but do not require, provision for a bond service reserve applicable to particular issues. The proceedings for each series of Series II Bonds issued in FY 1991 and FY 1992 variously required a funded or insured bond service reserve applicable only to the particular series in the amount of one-half the highest future annual principal and interest payments on that series. For Series II Bonds issued after FY 1992, including those issued in FY 2001, no reserve fund of any kind has been established. All Series II Bonds for which a funded bond service reserve fund was established have been matured, refunded or redeemed. Thus, there are currently no funded bond service reserve funds securing any of the outstanding Obligations.

For the biennium ending June 30, 2013, the General Assembly, by Acts passed prior to July 1, 2011 appropriated from the general revenue fund the following amounts for rental payments under the lease agreements relating to the respective categories of Obligations:

<b>Appropriation to:</b>	<b>Biennial Amount</b>	<b>FY2012</b>	<b>FY2013</b>
Ohio Board of Regents	\$140,786,000	\$83,151,600	\$57,634,400
Ohio Department of Mental Health	38,302,150	18,394,250	19,907,900
Ohio Department of Developmental Disabilities	38,302,150	18,394,250	19,907,900
Ohio Department of Natural Resources	40,303,300	20,568,600	19,734,700
Ohio Cultural Facilities Commission	56,269,900	27,804,900	28,465,000
Department of Administrative Services	136,764,200	53,260,000	83,504,200
Department of Rehabilitation and Correction	147,164,600	42,863,100	104,301,500
Department of Youth Services	37,451,900	10,221,800	27,230,100
Department of Public Safety	12,294,000	9,978,300	2,315,700
<b>Total Appropriation</b>	<b>\$647,638,200</b>	<b>\$284,636,800</b>	<b>\$363,001,400</b>

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 (primarily issuance costs) 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, 2012)**

	<b>Higher Education Facilities</b>	<b>Mental Health Facilities</b>	<b>Parks and Recreation Facilities</b>	<b>Cultural and Sports Facilities</b>
Authorized by General Assembly	\$4,817,590,000(d)	\$1,541,000,000	\$433,000,000	\$518,000,000
Issued in Prior Fiscal Years (a)	4,817,590,000	1,392,085,000	408,000,000	486,690,000
Issued in FY2012 (b)	0	0	0	0
Authorized by the General Assembly but not yet issued	0	148,915,000	25,000,000	31,310,000
Interest Paid FY2012	5,127,039	6,641,701	5,460,007	7,568,760
Principal Paid FY2012	77,990,000	28,700,000	15,310,000	21,355,000
Outstanding Principal (c)	\$61,530,000	\$146,730,000	\$129,870,000	\$156,675,000
	<b>Administrative Facilities</b>	<b>State Correctional Facilities</b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>
Authorized by General Assembly	\$1,711,000,000	\$1,993,000,000	\$317,000,000	\$143,000,000
Issued in Prior Fiscal Years (a)	1,646,000,000	1,839,500,000	297,000,000	140,285,000
Issued in FY2012 (b)	32,700,000	0	0	0
Authorized by the General Assembly but not yet issued	65,000,000	153,500,000	20,000,000	2,715,000
Interest Paid FY2012	16,011,611	15,731,200	3,430,087	356,428
Principal Paid FY2012	0	12,105,000	6,890,000	675,000
Outstanding Principal (c)	\$713,245,000	\$642,210,000	\$152,005,000	\$16,820,000

- (a) Includes Obligations advance refunded; excludes advance refunding Obligations. Includes portions of Bond Anticipation Notes retired from rental payments (\$3,000,000 mental health and \$900,000 parks and recreation).
- (b) Excludes refunding Obligations.
- (c) Includes advance refunding Obligations; excludes Obligations advance refunded.
- (d) Includes transfers of subsequent issuing authority from special obligation (lease rental) to general obligations for higher education capital facilities.

The primary sources of moneys for payment of principal of and interest on outstanding Obligations in FY 2012, as in prior years, were funds appropriated by the General Assembly for the 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 higher education, mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional and highway safety facilities bond service funds, and to the administrative service funds (to pay expenditures, including issuing costs), during FY 2012, and the balances in those funds on June 30, 2012, 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 advance refunded are restricted to payment of debt service and any redemption premium on those advance refunded Obligations.

The amounts, and the dates by which funds must be made available, to make payment during FY 2013 of principal of and interest on the Bonds outstanding on June 30, 2012 (which excludes Bonds advance refunded) are as follows:

	<b>Higher Education Facilities</b>	<b>Mental Health Facilities</b>	<b>Parks and Recreation Facilities</b>	<b>Cultural and Sports Facilities</b>
<b>Payment Dates</b>				
August 1, 2012	\$44,753,875.00	\$9,782,546.25	\$5,621,640.63	\$0.00
October 1, 2012	0.00	0.00	0.00	18,787,915.63
December 1, 2012	12,705,262.50	8,549,377.85	9,166,480.00	0.00
February 1, 2013	140,750.00	390,890.00	2,434,268.76	0.00
April 1, 2013	0.00	0.00	0.00	8,412,065.63
June 1, 2013	0.00	13,493,453.13	1,474,366.25	0.00
<b>Fiscal Year Total</b>	<b>\$57,599,887.50</b>	<b>\$32,216,267.23</b>	<b>\$18,696,755.64</b>	<b>\$27,199,981.26</b>
	<b>Administrative Facilities</b>	<b>Adult Correctional Facilities</b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>
<b>Payment Dates</b>				
August 1, 2012	\$0.00	\$0.00	\$0.00	\$0.00
October 1, 2012	48,336,421.00	66,158,788.90	15,546,747.44	1,257,146.88
December 1, 2012	0.00	0.00	0.00	0.00
February 1, 2013	0.00	0.00	0.00	0.00
April 1, 2013	34,678,046.00	35,053,425.01	11,017,759.94	1,028,496.88
June 1, 2013	0.00	0.00	0.00	0.00
<b>Fiscal Year Total</b>	<b>\$83,014,467.00</b>	<b>\$101,212,213.91</b>	<b>\$26,564,507.38</b>	<b>\$2,285,643.76</b>

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 highway safety facilities Obligations that may be issued during FY 2013 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 129th General Assembly for the fiscal biennium ending June 30, 2013 (as shown on page 4). 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, 2012, principal and interest on additional obligations that are projected to be issued in the biennium, and related applicable administrative and issuance expenditures.

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

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# SCHEDULE NO. 1

<b>\$32,700,000</b>				
State of Ohio				
Administrative Building Facilities Bonds				
Series 2012A				
Dated: 3/8/2012				
<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
04/01/2012			83,058.75	83,058.75
10/01/2012			650,025.00	650,025.00
04/01/2013	1,130,000.00	2.000%	650,025.00	1,780,025.00
10/01/2013			638,725.00	638,725.00
04/01/2014	1,155,000.00	2.000%	638,725.00	1,793,725.00
10/01/2014			627,175.00	627,175.00
04/01/2015	1,175,000.00	3.000%	627,175.00	1,802,175.00
10/01/2015			609,550.00	609,550.00
04/01/2016	1,210,000.00	4.000%	609,550.00	1,819,550.00
10/01/2016			585,350.00	585,350.00
04/01/2017	1,260,000.00	5.000%	585,350.00	1,845,350.00
10/01/2017			553,850.00	553,850.00
04/01/2018	1,325,000.00	5.000%	553,850.00	1,878,850.00
10/01/2018			520,725.00	520,725.00
04/01/2019	1,390,000.00	4.000%	520,725.00	1,910,725.00
10/01/2019			492,925.00	492,925.00
04/01/2020	1,445,000.00	4.000%	492,925.00	1,937,925.00
10/01/2020			464,025.00	464,025.00
04/01/2021	1,505,000.00	4.000%	464,025.00	1,969,025.00
10/01/2021			433,925.00	433,925.00
04/01/2022	1,565,000.00	4.000%	433,925.00	1,998,925.00
10/01/2022			402,625.00	402,625.00
04/01/2023	1,625,000.00	**	402,625.00	2,027,625.00
10/01/2023			366,562.50	366,562.50
04/01/2024	1,700,000.00	5.000%	366,562.50	2,066,562.50
10/01/2024			324,062.50	324,062.50
04/01/2025	1,780,000.00	**	324,062.50	2,104,062.50
10/01/2025			297,100.00	297,100.00
04/01/2026	1,835,000.00	3.000%	297,100.00	2,132,100.00
10/01/2026			269,575.00	269,575.00
04/01/2027	1,890,000.00	3.375%	269,575.00	2,159,575.00
10/01/2027			237,681.25	237,681.25
04/01/2028	1,955,000.00	5.000%	237,681.25	2,192,681.25
10/01/2028			188,806.25	188,806.25
04/01/2029	2,055,000.00	3.500%	188,806.25	2,243,806.25
10/01/2029			152,843.75	152,843.75
04/01/2030	2,125,000.00	5.000%	152,843.75	2,277,843.75
10/01/2030			99,718.75	99,718.75
04/01/2031	2,230,000.00	5.000%	99,718.75	2,329,718.75
10/01/2031			43,968.75	43,968.75
04/01/2032	2,345,000.00	3.750%	43,968.75	2,388,968.75
**2023 bifurcated coupon: \$1,425,000 at 4.500%, \$200,000 at 4.000%				
**2025 bifurcated coupon: \$1,570,000 at 3.000%, \$210,000 at 3.250%				
<b>Total</b>	<b>\$32,700,000.00</b>		<b>\$16,001,496.25</b>	<b>\$48,701,496.25</b>
Average Life				11.860 Years
Average Coupon				4.1260200%
Net Interest Cost (NIC)				3.4381750%
True Interest Cost (TIC)				3.2509220%
Bond Yield for Arbitrage Purposes				2.7295920%
All Inclusive Cost (AIC)				3.2815760%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group, Inc.				



## SCHEDULE NO. 2

<b>\$28,055,000</b>				
State of Ohio				
Administrative Building Facilities Refunding Bonds				
Series 2012B				
Dated: 3/8/2012				
Date	Principal	Coupon	Interest	Total P+I
04/01/2012			89,620.14	89,620.14
10/01/2012			701,375.00	701,375.00
04/01/2013			701,375.00	701,375.00
10/01/2013			701,375.00	701,375.00
04/01/2014			701,375.00	701,375.00
10/01/2014			701,375.00	701,375.00
04/01/2015			701,375.00	701,375.00
10/01/2015			701,375.00	701,375.00
04/01/2016			701,375.00	701,375.00
10/01/2016			701,375.00	701,375.00
04/01/2017			701,375.00	701,375.00
10/01/2017			701,375.00	701,375.00
04/01/2018			701,375.00	701,375.00
10/01/2018			701,375.00	701,375.00
04/01/2019	4,125,000.00	5.000%	701,375.00	4,826,375.00
10/01/2019			598,250.00	598,250.00
04/01/2020	4,335,000.00	5.000%	598,250.00	4,933,250.00
10/01/2020			489,875.00	489,875.00
04/01/2021	4,545,000.00	5.000%	489,875.00	5,034,875.00
10/01/2021			376,250.00	376,250.00
04/01/2022	4,775,000.00	5.000%	376,250.00	5,151,250.00
10/01/2022			256,875.00	256,875.00
04/01/2023	5,010,000.00	5.000%	256,875.00	5,266,875.00
10/01/2023			131,625.00	131,625.00
04/01/2024	5,265,000.00	5.000%	131,625.00	5,396,625.00
<b>Total</b>	<b>\$28,055,000.00</b>		<b>\$13,614,620.14</b>	<b>\$41,669,620.14</b>
Average Life				9.706 Years
Average Coupon				5.0000000%
Net Interest Cost (NIC)				2.8956900%
True Interest Cost (TIC)				2.5977430%
Bond Yield for Arbitrage Purposes				2.7295920%
All Inclusive Cost (AIC)				2.6334680%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group, Inc.				

### SCHEDULE NO. 3

<b>\$17,360,000</b>				
State of Ohio				
Adult Correctional Facilities Refunding Bonds				
Series 2012A				
Dated: 5/17/2012				
Date	Principal	Coupon	Interest	Total P+I
10/01/2012			323,088.89	323,088.89
04/01/2013			434,000.00	434,000.00
10/01/2013			434,000.00	434,000.00
04/01/2014			434,000.00	434,000.00
10/01/2014			434,000.00	434,000.00
04/01/2015			434,000.00	434,000.00
10/01/2015			434,000.00	434,000.00
04/01/2016			434,000.00	434,000.00
10/01/2016			434,000.00	434,000.00
04/01/2017			434,000.00	434,000.00
10/01/2017			434,000.00	434,000.00
04/01/2018			434,000.00	434,000.00
10/01/2018			434,000.00	434,000.00
04/01/2019	3,145,000.00	5.000%	434,000.00	3,579,000.00
10/01/2019			355,375.00	355,375.00
04/01/2020	3,300,000.00	5.000%	355,375.00	3,655,375.00
10/01/2020			272,875.00	272,875.00
04/01/2021	3,460,000.00	5.000%	272,875.00	3,732,875.00
10/01/2021			186,375.00	186,375.00
04/01/2022	3,635,000.00	5.000%	186,375.00	3,821,375.00
10/01/2022			95,500.00	95,500.00
04/01/2023	3,820,000.00	5.000%	95,500.00	3,915,500.00
<b>Total</b>	<b>\$17,360,000.00</b>		<b>\$7,785,338.89</b>	<b>\$25,145,338.89</b>
Average Life				8.969 Years
Average Coupon				5.0000000%
Net Interest Cost (NIC)				2.7375900%
True Interest Cost (TIC)				2.4592560%
Bond Yield for Arbitrage Purposes				1.9020870%
All Inclusive Cost (AIC)				2.5232230%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Frost Brown Todd, LLC				
Co-Bond Counsel: Mann & Carducci Co., L.P.A.				
Underwriter's Counsel: Carlile Patchen & Murphy LLP				
Financial Advisor: Acacia Financial Group, Inc.				

## SCHEDULE NO. 4

<b>\$7,570,000</b>				
State of Ohio				
Parks and Recreation Facilities Refunding Bonds				
Series 2012A				
Dated: 5/17/2012				
Date	Principal	Coupon	Interest	Total P+I
12/01/2012			174,842.50	174,842.50
06/01/2013			162,225.00	162,225.00
12/01/2013			162,225.00	162,225.00
06/01/2014			162,225.00	162,225.00
12/01/2014			162,225.00	162,225.00
06/01/2015			162,225.00	162,225.00
12/01/2015	1,780,000.00	3.000%	162,225.00	1,942,225.00
06/01/2016			135,525.00	135,525.00
12/01/2016	1,845,000.00	4.000%	135,525.00	1,980,525.00
06/01/2017			98,625.00	98,625.00
12/01/2017	1,925,000.00	5.000%	98,625.00	2,023,625.00
06/01/2018			50,500.00	50,500.00
12/01/2018	2,020,000.00	5.000%	50,500.00	2,070,500.00
<b>Total</b>	<b>\$7,570,000.00</b>		<b>\$1,717,492.50</b>	<b>\$9,287,492.50</b>
Average Life				5.092 Years
Average Coupon				4.4558820%
Net Interest Cost (NIC)				1.6694900%
True Interest Cost (TIC)				1.5371540%
Bond Yield for Arbitrage Purposes				1.9020870%
All Inclusive Cost (AIC)				1.7542690%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Frost Brown Todd, LLC				
Co-Bond Counsel: Mann & Carducci Co., L.P.A.				
Underwriter's Counsel: Carlile Patchen & Murphy LLP				
Financial Advisor: Acacia Financial Group, Inc.				

# SCHEDULE NO. 5

\$24,175,000				
State of Ohio				
Mental Health Facilities Refunding Bonds				
Series 2012A				
Dated: 5/17/2012				
Date	Principal	Coupon	Interest	Total P+I
12/01/2012			561,037.22	561,037.22
06/01/2013	995,000.00	3.000%	520,550.00	1,515,550.00
12/01/2013			505,625.00	505,625.00
06/01/2014	3,025,000.00	3.000%	505,625.00	3,530,625.00
12/01/2014			460,250.00	460,250.00
06/01/2015	2,435,000.00	4.000%	460,250.00	2,895,250.00
12/01/2015			411,550.00	411,550.00
06/01/2016	6,290,000.00	4.000%	411,550.00	6,701,550.00
12/01/2016			285,750.00	285,750.00
06/01/2017	4,540,000.00	5.000%	285,750.00	4,825,750.00
12/01/2017			172,250.00	172,250.00
06/01/2018	4,765,000.00	5.000%	172,250.00	4,937,250.00
12/01/2018			53,125.00	53,125.00
06/01/2019	2,125,000.00	5.000%	53,125.00	2,178,125.00
<b>Total</b>	<b>\$24,175,000.00</b>		<b>\$4,858,687.22</b>	<b>\$29,033,687.22</b>
Average Life				4.410 Years
Average Coupon				4.5572210%
Net Interest Cost (NIC)				1.5824020%
True Interest Cost (TIC)				1.4563720%
Bond Yield for Arbitrage Purposes				1.9020870%
All Inclusive Cost (AIC)				1.5511180%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Frost Brown Todd, LLC				
Co-Bond Counsel: Mann & Carducci Co., L.P.A.				
Underwriter's Counsel: Carlile Patchen & Murphy LLP				
Financial Advisor: Acacia Financial Group, Inc.				

The following accountants' report by Schneider Downs and Company, Inc. is provided in accordance with the respective general bond resolutions adopted with regard to the State of Ohio higher education facilities, mental health facilities, parks and recreation facilities, cultural and sports facilities, administrative facilities, adult correctional, juvenile correctional and highway safety obligations.

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

Financial Statements  
and  
Supplementary Financial Information  
For the Year Ended June 30, 2012  
and  
Independent Auditors' Report Thereon



INSIGHT ■ INNOVATION ■ EXPERIENCE

[www.schneiderdowns.com](http://www.schneiderdowns.com)

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Financial Report**  
**As of and for the Year Ended June 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

Treasurer of State of Ohio  
Columbus, Ohio

We have audited the accompanying financial statements of the Debt Service Funds as held in the name of the Treasurer of the State of Ohio (the Funds) of the Higher Education Capital Facilities, Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Department of Rehabilitation and Correction, Department of Youth Services, Department of Public Safety, and the Department of Administrative Services Lease Revenue Bonds Governed by the Ohio Revised Code Chapter 154 (the Obligations), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Treasurer of State's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the Treasurer of the State of Ohio (which is part of the reporting entity of the State of Ohio) as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally in the United States of America.

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material aspects, the financial position of the Funds as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 on our consideration of the Funds' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 3 through 6 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Funds, financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
September 28, 2012

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis**  
**As of and For the Year Ended June 30, 2012**  
**(UNAUDITED)**

This section of the annual financial report for the Chapter 154 Lease Revenue Obligations presents management's discussion and analysis of financial performance during the year ended June 30, 2012. 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, 2012, total debt service fund assets exceeded liabilities by \$62.1 million. The total combined ending fund balance, which is reserved for debt service, increased by \$3.5 million during fiscal year 2012.
- For fiscal year 2012, other financing sources from lease principal payments from state agency-lessees totaled \$166.7 million, and lease interest revenue was reported at \$57.3 million.
- During fiscal year 2012, the Treasurer of State issued \$32.7 million in new bonds with a total premium of \$2.8 million and \$77.2 million in refunding bonds with a total premium of \$13.9 million. In addition, \$163.0 million in bond principal and \$60.1 million in bond interest were paid to bondholders.
- Effective January 1, 2012, the Treasurer of State replaced 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.

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

- Higher Education Capital Facilities Bond Service Fund
- Mental Health Facilities Bond Service Fund
- Parks and Recreation Facilities Bond Service Fund
- Cultural and Sports Facilities Bond Service Fund
- State Correctional Facilities Bond Service Fund
- Administrative Facilities Bond Service Fund
- Juvenile Correctional Facilities Bond Service Fund
- Highway Safety 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 financial statements for the funds listed above can be found on Pages 8 to 10 of this report. 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. The notes to the financial statements can be found on Pages 11 to 18 of this report.

In addition, supplementary financial information follows the notes. Supplementary financial information, which can be found on Pages 19 to 34, provides additional information that is considered to be useful to certain users of the financial statements.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2012**  
**(UNAUDITED)**

**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>06/30/12</u>	<u>As of</u> <u>06/30/11</u>	<u>Percentage</u> <u>Change</u>
<b>ASSETS:</b>			
Cash and Investments.....	\$ 2,698	\$ 2,142	26.0%
Receivable from State Agencies:			
Lease Principal.....	2,019,085	639,595	215.7%
Lease Interest.....	22,195	4,303	415.8%
<b>TOTAL ASSETS.....</b>	<b><u>2,043,978</u></b>	<b><u>646,040</u></b>	
<b>LIABILITIES:</b>			
Accounts Payable.....	225	-	100.0%
Deferred Revenue.....	1,981,653	587,427	237.3%
<b>TOTAL LIABILITIES.....</b>	<b><u>1,981,878</u></b>	<b><u>587,427</u></b>	
<b>FUND BALANCES:</b>			
Restricted for Debt Service.....	62,100	58,613	5.9%
<b>TOTAL FUND BALANCES.....</b>	<b><u>62,100</u></b>	<b><u>58,613</u></b>	
<b>TOTAL LIABILITIES</b>			
<b>AND FUND BALANCES.....</b>	<b><u>\$ 2,043,978</u></b>	<b><u>\$ 646,040</u></b>	

The significant increase in lease principal receivable, lease interest receivable and deferred revenue at June 30, 2012 compared to June 30, 2011 is the result of a combination of the Treasurer entering into new lease agreements related to the obligations assumed from the Ohio Building Authority (see NOTE 1.A), the issuance of new and refunding bonds, and the continued payoff of outstanding bond principal and bond service principal payments exceeding new debt issuances bond proceeds. The increases in cash and investments and accounts payable at June 30, 2012 are primarily the result of cash held from the proceeds of bond issuances and related bond issue costs payable at June 30, 2012.

The following tables compare debt service fund revenues, expenditures, other financing sources/(uses) and extraordinary items reported for fiscal year 2012 with fiscal year 2011 results:

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2012**  
**(UNAUDITED)**

**Revenue**  
**Comparative Analysis**  
*(Dollars in 000s)*

	<b>Fiscal Year 2012</b>	<b>Percent of Total 2012 Revenue</b>	<b>Fiscal Year 2011</b>	<b>Percent Change</b>
Lease Interest from State Agencies.....	\$ 57,258	98.8%	\$ 29,352	95.1%
Administrative Fees.....	709	1.2%	652	8.7%
Other Income.....	2	0.0%	-	100.0%
<b>TOTAL REVENUES.....</b>	<b>\$ 57,969</b>	<b>100.0%</b>	<b>\$ 30,004</b>	

As the above table indicates, 98.8% of debt service fund revenues for fiscal year 2012 were composed of lease interest. Lease interest from state agencies increased for fiscal year 2012 primarily due to a combination of the Treasurer entering into new lease agreements related to the obligations assumed from the Ohio Building Authority (see NOTE 1.A), the issuance of new and refunding bonds, and the corresponding decrease in debt service expenditures for bond interest paid.

**Expenditures**  
**Comparative Analysis**  
*(Dollars in 000s)*

	<b>Fiscal Year 2012</b>	<b>Percent of Total 2012 Expenditures</b>	<b>Fiscal Year 2011</b>	<b>Percent Change</b>
Administrative Costs.....	\$ 703	0.3%	\$ 632	11.2%
Debt Service:				
Principal.....	163,025	72.5%	164,540	-0.9%
Interest.....	60,077	26.7%	30,537	96.7%
Bond Issue Costs.....	1,049	0.5%	540	94.3%
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 224,854</b>	<b>100.0%</b>	<b>\$ 196,249</b>	

As the table above shows, 99.2% of total reported expenditures for fiscal year 2012 were for debt service payments (principal and interest). Interest expenditures for fiscal year 2012 were more than fiscal year 2011 by 96.7%, due to a combination of the Treasurer assuming the debt obligations from the Ohio Building Authority (see NOTE 1.A), and the issuance of new and refunding bonds. Bond issuance costs increased for fiscal year 2012 primarily due to the costs associated with the one new money bond issuance and the five refunding bond issuances.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2012**  
**(UNAUDITED)**

**Other Financing Sources/(Uses) and Extraordinary Item**  
**Comparative Analysis**  
*(Dollars in 000s)*

	<b>Fiscal Year 2012</b>	<b>Fiscal Year 2011</b>	<b>Percent Change</b>
Lease Principal Payments			
from State Agencies.....	\$ 166,775	\$ 169,355	-1.5%
Bond Proceeds:			
Principal.....	32,700	58,000	-43.6%
Premium.....	2,835	3,864	-26.6%
Refunding Bond Proceeds:			
Principal.....	77,160	-	100.0%
Premium.....	13,901	-	100.0%
Payments to Refunding Escrow Agent	(90,260)	-	100.0%
Financing Provided to			
State Agencies Under Leases.....	(33,246)	(59,200)	-43.8%
<b>TOTAL OTHER</b>			
<b>FINANCING SOURCES/(USES).....</b>	<u><u>\$ 169,865</u></u>	<u><u>\$ 172,019</u></u>	
Extraordinary Item.....	<u><u>507</u></u>	<u><u>-</u></u>	100.0%

The decrease in new money bond proceeds (principal and premium) and financing provided to state agencies under leases are the result of smaller bond issuances in fiscal year 2012 compared to 2011. The increase in refunding bond proceeds (principal and interest) and payments to refunding escrow agent are the result of four refunding issuances during the 2012 fiscal year compared to none in 2011.

The increase in the extraordinary item is related to the Treasurer replacing the Ohio Building Authority in all matters relating to the issuance of obligations for the financing of capital facilities for housing branches and agencies of State government and taking over all of the duties, powers, obligations and functions relating to bonds previously issued by the Ohio Building Authority. This amount represents the fund balances that were transferred to the Treasurer. See NOTE 1.H. for further details.

**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 (Continued)**  
**As of and For the Year Ended June 30, 2012**  
**(UNAUDITED)**

**ECONOMIC FACTORS**

- Generally, interest rates affect the pricing of new bond issues. Currently the Federal Open Market Committee (FOMC) at the Federal Reserve has decided to keep its target for the federal funds rate 0% to 0.25%.
- The balances of Chapter 154 Lease Revenue Bonds authorized, but unissued, as of June 30, 2012, were as follows (dollars in thousands):

<u>Bond Type</u>	<u>Authorized, but Unissued</u>
Higher Education Facilities	\$ -
Mental Health Facilities	154,915
Parks and Recreation Facilities	10,000
Cultural and Sports Facilities	25,310
State Correctional Facilities	693,415
Administrative Facilities	561,860
Juvenile Correctional Facilities	126,165
Highway Safety Facilities	37,715
<b>Total</b>	<b>\$ 1,609,380</b>

**CONTACTING THE TREASURER OF STATE'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 Deputy Director of Debt Management, Ohio Treasurer of State's Office, 30 East Broad Street, 9<sup>th</sup> Floor, Columbus, Ohio 43215.

**CHAPTER 154**  
**LEASE REVENUE OBLIGATIONS**  
**DEBT SERVICE FUNDS**  
**FINANCIAL STATEMENTS**

STATE OF OHIO  
CHAPTER 154 LEASE REVENUE OBLIGATIONS  
Debt Service Funds  
Balance Sheet  
As of June 30, 2012  
(Dollars in 000s)

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	State Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total Debt Service
<b>ASSETS:</b>									
Cash.....	\$ 21	\$ 83	\$ 64	\$ 21	\$ 179	\$ 217	\$ 129	\$ 45	\$ 759
Investments.....	-	-	-	-	-	1,939	-	-	1,939
Receivable from State Agencies:									
Lease Principal.....	61,530	146,730	129,870	156,675	642,210	713,245	152,005	16,820	2,019,085
Lease Interest.....	1,058	916	1,123	1,693	7,346	8,386	1,545	128	22,195
<b>TOTAL ASSETS.....</b>	<b>62,609</b>	<b>147,729</b>	<b>131,057</b>	<b>158,389</b>	<b>649,735</b>	<b>723,787</b>	<b>153,679</b>	<b>16,993</b>	<b>2,043,978</b>
<b>LIABILITIES:</b>									
Accounts Payable.....	-	64	51	-	63	47	-	-	225
Deferred Revenue.....	18,060	137,984	125,556	158,368	649,556	721,631	153,550	16,948	1,981,653
<b>TOTAL LIABILITIES.....</b>	<b>18,060</b>	<b>138,048</b>	<b>125,607</b>	<b>158,368</b>	<b>649,619</b>	<b>721,678</b>	<b>153,550</b>	<b>16,948</b>	<b>1,981,878</b>
<b>FUND BALANCES:</b>									
Restricted for Debt Service.....	44,549	9,681	5,450	21	116	2,109	129	45	62,100
<b>TOTAL FUND BALANCES.....</b>	<b>44,549</b>	<b>9,681</b>	<b>5,450</b>	<b>21</b>	<b>116</b>	<b>2,109</b>	<b>129</b>	<b>45</b>	<b>62,100</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 62,609</b>	<b>\$ 147,729</b>	<b>\$ 131,057</b>	<b>\$ 158,389</b>	<b>\$ 649,735</b>	<b>\$ 723,787</b>	<b>\$ 153,679</b>	<b>\$ 16,993</b>	<b>\$ 2,043,978</b>

The notes to the financial statements are an integral part of this statement.



**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Debt Service Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2012**

(Dollars in 000s)

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	State Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total Debt Service
<b>REVENUES:</b>									
Lease Interest from State Agencies.....	\$ 4,245	\$ 6,401	\$ 5,515	\$ 5,901	\$ 15,729	\$ 15,911	\$ 3,201	\$ 355	\$ 57,258
Administrative Fees.....	35	40	35	549	-	-	50	-	709
Other Income.....	-	-	-	2	-	-	-	-	2
<b>TOTAL REVENUES.....</b>	<b>4,280</b>	<b>6,441</b>	<b>5,550</b>	<b>6,452</b>	<b>15,729</b>	<b>15,911</b>	<b>3,251</b>	<b>355</b>	<b>57,969</b>
<b>EXPENDITURES:</b>									
Administrative Costs.....	14	25	29	530	48	38	14	5	703
Debt Service:									
Principal.....	77,990	28,700	15,310	21,355	12,105	-	6,890	675	163,025
Interest.....	5,127	6,642	5,459	7,569	15,729	15,994	3,201	356	60,077
Bond Issue Costs.....	-	210	131	-	193	515	-	-	1,049
<b>TOTAL EXPENDITURES.....</b>	<b>83,131</b>	<b>35,577</b>	<b>20,929</b>	<b>29,454</b>	<b>28,075</b>	<b>16,547</b>	<b>10,105</b>	<b>1,036</b>	<b>224,854</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES.....</b>	<b>(78,851)</b>	<b>(29,136)</b>	<b>(15,379)</b>	<b>(23,002)</b>	<b>(12,346)</b>	<b>(636)</b>	<b>(6,854)</b>	<b>(681)</b>	<b>(166,885)</b>
<b>OTHER FINANCING SOURCES/(USES):</b>									
Lease Principal Payments from State Agencies.....	80,180	26,720	18,850	21,355	12,105	-	6,890	675	166,775
Bond Proceeds:									
Principal.....	-	-	-	-	-	32,700	-	-	32,700
Premium.....	-	-	-	-	-	2,835	-	-	2,835
Refunding Bond Proceeds:									
Principal.....	-	24,175	7,570	-	17,360	28,055	-	-	77,160
Premium.....	-	3,277	1,121	-	3,620	5,883	-	-	13,901
Payments to Refunding Escrow Agent	-	(27,238)	(8,554)	-	(20,783)	(33,685)	-	-	(90,260)
Financing Provided to State Agencies Under Leases:									
Administrative Facilities.....	-	-	-	-	-	(33,246)	-	-	(33,246)
<b>TOTAL OTHER FINANCING SOURCES/(USES).....</b>	<b>80,180</b>	<b>26,934</b>	<b>18,987</b>	<b>21,355</b>	<b>12,302</b>	<b>2,542</b>	<b>6,890</b>	<b>675</b>	<b>169,865</b>
Extraordinary Item.....	-	-	-	-	160	203	93	51	507
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,329</b>	<b>(2,202)</b>	<b>3,608</b>	<b>(1,647)</b>	<b>116</b>	<b>2,109</b>	<b>129</b>	<b>45</b>	<b>3,487</b>
<b>FUND BALANCE, JULY 1.....</b>	<b>43,220</b>	<b>11,883</b>	<b>1,842</b>	<b>1,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,613</b>
<b>FUND BALANCE, JUNE 30.....</b>	<b>\$ 44,549</b>	<b>\$ 9,681</b>	<b>\$ 5,450</b>	<b>\$ 21</b>	<b>\$ 116</b>	<b>\$ 2,109</b>	<b>\$ 129</b>	<b>\$ 45</b>	<b>\$ 62,100</b>

The notes to the financial statements are an integral part of this statement.

**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 reassigned the issuing authority and functions of the Commission with respect to the obligations to the Ohio Treasurer of the State (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 Ohio Board of Regents for higher education facilities, the Department of Mental Health 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, 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.

Amended Substitute House Bill No. 153, as enacted by the 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.

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Bureau of Workers' Compensation ("BWC")* – In October 1993, the Authority issued \$214,255 of bonds at rates from 3.3% to 5.1%, with payments due through 2014 on behalf of the Bureau of Workers' Compensation ("BWC"). In May 2003, the Authority issued \$142,500 of refunding bonds at rates from 2.0% to 5.0% to completely refund the bonds issued in 1993. The Authority retained title to BWC's facility and is authorized to be transferred to the Treasurer by Amended Substitute House Bill No. 153 described above, however; as of June 30, 2012, title has yet to be transferred.

Since BWC is a proprietary component unit of the State of Ohio, its financial statements report the assets and debt previously financed through the Authority (and subsequently the Treasurer). Accordingly, the Treasurer's Debt Service Fund does not include BWC's facility. At June 30, 2012, \$31,115 of BWC bonds were outstanding.

*Community College Intercept Program* - In August 2010, the Authority issued \$20,145 of bonds at rates from 2.0% to 5.97%, with payments due through 2030 on behalf of Stark State College, and, in October 2010, the Authority issued \$9,525 of bonds at rates from 1.5% to 6.17%, with payments due through 2035 on behalf of Clark State Community College (collectively, the "Colleges"). Since the Colleges are a proprietary component unit of the State of Ohio, its financial statements report the assets and debt financed through the Authority and transferred to the Treasurer. Accordingly, the Treasurer's Debt Service Fund financial statements do not include the College's activity. At June 30, 2012, \$28,620 of Colleges bonds were outstanding.

The Treasurer of State, 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 Comprehensive Annual Financial Report (CAFR) 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 of State'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:

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

*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.

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*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.

*State Correctional Facilities Bond Service Fund* — This fund accounts for the debt service activities of the State 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.

*Highway Safety Facilities Bond Service Fund* — This fund accounts for the debt service activities of the Highway Safety 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.

**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.

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).

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 deferred revenue. Additional disclosures on lease-related receivables can be found in NOTE 3.

**F. Fund Balance**

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

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**H. Extraordinary Item**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. As described in NOTE 1.A., effective January 1, 2012, the Treasurer replaced 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 amounts reported as an extraordinary item represent the fund balances of the Authority that were transferred to the Treasurer as a result of this action.

**NOTE 2 — DEPOSITS AND INVESTMENTS**

As of June 30, 2012, the total carrying amount of deposits was \$759; the bank balance of \$759 was entirely insured or collateralized.

Investments are carried at amortized cost, which approximates market value. Investments are restricted to U.S. government or agency obligations thereof (and funds consisting exclusively of, and repurchase agreements secured by, those obligations), obligations of the State of Ohio or any political subdivision thereof, the State Treasury Asset Reserve of Ohio (STAR Ohio), and certificates of deposit of any national bank located in Ohio and certain other banks incorporated in Ohio and subject to inspection by the Superintendent of Institutions. Investment income is credited to the debt service fund from which the investment is made.

STAR Ohio is an investment pool managed by the Treasurer of State, which allows Ohio governments to pool funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are held in the State's name and are valued at the pool's share price, which is the price the investment could be sold for on June 30, 2012.

**NOTE 2 — DEPOSITS AND INVESTMENTS (continued)**

Investment balances held, as of June 30, 2012, are as follows:

			Investment Maturity 12 Months or Less
	Rating	Fair Value	
Star Ohio	AAA	\$ 1,939	\$ 1,939

**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 rentals paid to the Treasurer by the following from moneys appropriated for such purposes by the General Assembly:

- Ohio Board of Regents – Higher Education Facilities
- Ohio Department of Mental Health and Ohio Department of Developmental Disabilities – Mental Health Facilities
- Ohio Department of Natural Resources – Parks and Recreation Facilities
- Ohio Cultural Facilities Commission – Cultural and Sports Facilities
- Ohio Department of Administrative Services – Administrative Facilities
- Ohio Department Rehabilitation and Correction – State Correctional Facilities
- Ohio Department of Youth Services – Juvenile Correctional Facilities
- Ohio Department of Public Safety – Highway Safety Facilities

The respective obligations of each of the nine 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 2012-13 biennium, the 129th 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 year 2012 are detailed in the schedule, below. Such amounts were paid into the Treasurer's or Authority's (prior to January 1, 2012) respective Bond Service Funds that are established to receive rental and other payments and to make payments of bond service charges (principal and interest).

STATE OF OHIO  
 CHAPTER 154 LEASE REVENUE OBLIGATIONS  
 Debt Service Funds  
 Notes to the Financial Statements  
 (Dollars in thousands)

As of and for the Year Ended June 30, 2012

NOTE 3 — LEASES (Continued)

		<u>Rent Paid to:</u>	
	<u>Appropriations</u>	<u>Ohio Building Authority</u>	<u>Ohio Treasurer of State</u>
Ohio Board of Regents –			
Higher Education Facilities	\$ 140,785	\$ -	\$ 83,098
Ohio Department of Mental Health and			
Ohio Department of Developmental Disabilities –			
Mental Health Facilities	76,604	-	35,329
Ohio Department of Natural Resources –			
Parks and Recreation Facilities	40,303	-	20,328
Ohio Cultural Facilities Commission –			
Cultural and Sports Facilities	56,270	-	27,256
Ohio Department Rehabilitation and Correction –			
State Correctional Facilities	147,165	12,812	27,834
Ohio Department of Administrative Services –			
Administrative Facilities	136,764	34,651	15,911
Ohio Department of Youth Services –			
Juvenile Correctional Facilities	37,452	7,171	10,091
Ohio Department of Public Safety –			
Highway Safety Facilities	12,294	8,917	1,031

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, accrued interest, and 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, 2012, 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, 2012**

<b>Year Ending June 30,</b>	<b>Higher Education Facilities Bond Service</b>	<b>Mental Health Facilities Bond Service</b>	<b>Parks and Recreation Facilities Bond Service</b>	<b>Cultural and Sports Facilities Bond Service</b>	<b>State Correctional Facilities Bond Service</b>
2013.....	57,579	32,133	18,633	27,179	101,034
2014.....	5,771	28,602	21,588	30,105	102,999
2015.....	-	28,600	21,581	26,478	96,227
2016.....	-	25,826	19,611	24,075	78,265
2017.....	-	19,058	17,303	19,183	71,110
2018-2022.....	-	33,790	45,613	58,231	240,364
2023-2027.....	-	-	11,923	-	115,925
2028-2032.....	-	-	-	-	19,362
	63,350	168,009	156,252	185,251	825,286
Amount Representing Interest....	(1,820)	(21,279)	(26,382)	(28,576)	(183,076)
<b>Leases Receivable, as of June 30, 2012.....</b>	<b>\$ 61,530</b>	<b>\$ 146,730</b>	<b>\$ 129,870</b>	<b>\$ 156,675</b>	<b>\$ 642,210</b>

<b>Year Ending June 30,</b>	<b>Administrative Facilities Bond Service</b>	<b>Juvenile Correctional Facilities Bond Service</b>	<b>Highway Safety Facilities Bond Service</b>	<b>Total</b>
2013.....	83,035	26,436	2,157	348,186
2014.....	84,873	24,598	2,442	300,978
2015.....	88,153	25,979	2,443	289,461
2016.....	88,158	21,976	2,444	260,355
2017.....	83,464	16,385	2,441	228,944
2018-2022.....	343,928	46,761	8,024	776,711
2023-2027.....	144,703	21,934	-	294,485
2028-2032.....	31,671	-	-	51,033
	947,985	184,069	19,951	2,550,153
Amount Representing Interest....	(234,740)	(32,064)	(3,131)	(531,068)
<b>Leases Receivable, as of June 30, 2012.....</b>	<b>\$ 713,245</b>	<b>\$ 152,005</b>	<b>\$ 16,820</b>	<b>\$ 2,019,085</b>



STATE OF OHIO  
CHAPTER 154 LEASE REVENUE OBLIGATIONS  
Debt Service Funds  
Notes to the Financial Statements  
(Dollars in thousands)

As of and for the Year Ended June 30, 2012

**NOTE 3 — LEASES (Continued)**

A summary of the deferred portion of leases receivable by debt service fund as of June 30, 2012 is presented in the table below:

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks & Recreation Facilities Bond Service	Cultural & Sports Facilities Bond Service	State Correctional Facilities Bond Service
Lease Principal .....	\$ 18,005	\$ 137,555	\$ 125,285	\$ 156,675	\$ 642,210
Lease Interest .....	55	429	271	1,693	7,346
Total Deferred Revenue, as of June 30, 2012 .....	<u>\$ 18,060</u>	<u>\$ 137,984</u>	<u>\$ 125,556</u>	<u>\$ 158,368</u>	<u>\$ 649,556</u>

	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total Debt Service Funds
Lease Principal .....	\$ 713,245	\$ 152,005	\$ 16,820	\$ 1,961,800
Lease Interest .....	8,386	1,545	128	19,853
Total Deferred Revenue, as of June 30, 2012 .....	<u>\$ 721,631</u>	<u>\$ 153,550</u>	<u>\$ 16,948</u>	<u>\$ 1,981,653</u>

**NOTE 4 — CONSOLIDATION OF DEBT SERVICE FUND BALANCES IN THE STATE OF OHIO'S CAFR**

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 CAFR as of and for the year ended June 30, 2012.

When the debt service funds' financial statements are consolidated at the state level, the leases receivable, both principal and interest, and deferred revenue balances will not be reported on the State's balance sheet for governmental funds, since 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*.

## **SUPPLEMENTARY INFORMATION**

STATE OF OHIO  
CHAPTER 154 LEASE REVENUE OBLIGATIONS  
Schedule of Net Assets - Accrual Basis  
As of June 30, 2012  
(Dollars in 000s)

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**ASSETS:**

Cash.....	\$	759
Investments.....		1,939
Receivables from State Agencies:		
Leases.....		2,019,085
Unamortized Lease Premium/Discount, Net.....		62,200
Interest.....		22,195
Unamortized Bond Issue Costs.....		<u>9,605</u>

<b>TOTAL ASSETS.....</b>		<u><b>2,115,783</b></u>
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**LIABILITIES:**

Accounts Payable.....		225
Bond Interest Payable.....		22,730
Unearned Revenue.....		1,939
Bonds Payable, net of deferred refunding amounts, premiums and discount:		
Due in One Year.....		271,178
Due in More Than One Year.....		<u>1,819,711</u>

<b>TOTAL LIABILITIES.....</b>		<u><b>2,115,783</b></u>
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**NET ASSETS:**

Restricted for Debt Service.....		<u>-</u>
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<b>TOTAL NET ASSETS.....</b>	<b>\$</b>	<u><b>-</b></u>
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**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Activities - Accrual Basis**  
**For the Year Ended June 30, 2012**

(Dollars in 000s)

	Total Debt Service Funds	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	State Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities
<b>EXPENSES:</b>									
Administrative.....	\$ 703	\$ 14	\$ 25	\$ 29	\$ 530	\$ 48	\$ 38	\$ 14	\$ 5
Amortization of Bond Issue Costs.....	1,278	124	216	153	233	239	234	70	9
Interest on Debt.....	69,393	3,666	5,548	5,217	6,016	21,304	22,586	4,558	498
<b>TOTAL EXPENSES.....</b>	<b>71,374</b>	<b>3,804</b>	<b>5,789</b>	<b>5,399</b>	<b>6,779</b>	<b>21,591</b>	<b>22,858</b>	<b>4,642</b>	<b>512</b>
<b>PROGRAM REVENUES:</b>									
Charges for Services (1).....	70,867	3,804	5,789	5,399	6,779	21,431	22,655	4,549	461
<b>TOTAL PROGRAM REVENUES.....</b>	<b>70,867</b>	<b>3,804</b>	<b>5,789</b>	<b>5,399</b>	<b>6,779</b>	<b>21,431</b>	<b>22,655</b>	<b>4,549</b>	<b>461</b>
Extraordinary Item.....	507	-	-	-	-	160	203	93	51
<b>NET EXPENSE AND CHANGES IN NET ASSETS.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, JULY 1.....</b>	<b>-</b>								
<b>NET ASSETS, JUNE 30.....</b>	<b>\$ -</b>								

<sup>(1)</sup>Includes interest charges from leases receivable (due from state agencies) and administrative fees.

See Independent Auditors' Report.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Reconciliation Schedule Between the Balance Sheet**  
**and the Schedule of Net Assets**  
**As of June 30, 2012**  
*(Dollars in 000s)*

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**Fund Balance per Debt Service Funds' Balance Sheet** **\$ 62,100**

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

Some of the revenues and other financing sources are collectible after year-end, but are not available soon enough to pay for the current period's (i.e., within 60 days of year-end) expenditures, and therefore, are deferred in the funds.

Leases Receivable from State Agencies:

Principal	1,961,800
Interest	19,853
	<u>1,981,653</u>

Some of the other financing sources collected during the year are not available to pay for current period expenditures and therefore are unearned

Capitalized Interest on Issued bonds	(1,939)
--------------------------------------	---------

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

Unamortized Lease Premium/Discount, Net	62,200
Unamortized Bond Issue Costs	9,605
	<u>71,805</u>

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

Bonds Payable	(2,090,889)
Bond Interest Payable	(22,730)
	<u>(2,113,619)</u>

**Net Assets per Schedule of Net Assets** **\$ -**

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Reconciliation Schedule Between**  
**the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**and the Schedule of Activities**  
**For the Fiscal Year Ended June 30, 2012**

(Dollars in 000s)

**Net Change in Fund Balance per Debt Service Funds'**

**Statement of Revenues, Expenditures and Changes in Fund Balances** **\$ 3,487**

Amounts reported in the Schedule of Activities is different from the Debt Service Funds' Statement of

Lease interest revenues and other financing sources from lease principal receipts are deferred in the debt service funds. During fiscal year 2012, deferred revenue changed by the following amounts.

Lease Principal	1,375,740
Lease Interest	18,562
	1,394,302

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

Unamortized Lease Premium/Discount, Net	51,738
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Debt proceeds provide current financial resources to the debt service funds, but issuing debt increases long-term liabilities in the Schedule of Net Assets. In the current period, proceeds were received from:

Bonds	(32,700)
Refunding Bonds	(77,160)
Premiums/Discounts, Net	(13,840)
Deferred Amount on Refunding	5,590
Capitalized Interest	(2,013)
	(120,123)

The debt obligations transferred from the Ohio Building Authority do not provide current financial resources to the debt service funds, but increases long-term liabilities in the Schedule of Net Assets.

Bonds	(1,514,920)
Premiums/Discounts, Net	(89,280)
Deferred Amount on Refunding	32,319
	(1,571,881)

Repayments of long-term debt are reported as expenditures in the debt service funds, but the repayments reduce long-term liabilities in the Schedule of Net Assets. During the fiscal year, these amounts consisted of:

Bond Defeasances	82,265
Scheduled Debt Principal Retirements	163,025
	245,290

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/(Decrease) in Unamortized Bond Issue Costs	6,506
Decrease in Bond Interest Payable	(16,285)
Amortization of Bond Premiums/Accretion of Bond Discounts, Net	11,870
Amortization of Deferred Refunding Amount	(4,904)
	(2,813)

Change in Net Assets per Schedule of Activities	\$ -
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**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Future Payments**  
**Under Lease Agreements with State Agencies**  
**As of June 30, 2012**

(Dollars in 000s)

Year Ending June 30,	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	State Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Total
2013.....	57,579	32,133	18,633	27,179	101,034	83,035	26,436	2,157	348,186
2014.....	5,771	28,602	21,588	30,105	102,999	84,873	24,598	2,442	300,978
2015.....	-	28,600	21,581	26,478	96,227	88,153	25,979	2,443	289,461
2016.....	-	25,826	19,611	24,075	78,265	88,158	21,976	2,444	260,355
2017.....	-	19,058	17,303	19,183	71,110	83,464	16,385	2,441	228,944
2018-2022.....	-	33,790	45,613	58,231	240,364	343,928	46,761	8,024	776,711
2023-2027.....	-	-	11,923	-	115,925	144,703	21,934	-	294,485
2028-2032.....	-	-	-	-	19,362	31,671	-	-	51,033
Amount	63,350	168,009	156,252	185,251	825,286	947,985	184,069	19,951	2,550,153
Representing Interest.....	(1,820)	(21,279)	(26,382)	(28,576)	(183,076)	(234,740)	(32,064)	(3,131)	(531,068)
Premium/(Discount), Net.	61,530	146,730	129,870	156,675	642,210	713,245	152,005	16,820	2,019,085
	115	3,531	1,593	4,628	22,719	27,209	2,177	228	62,200
<b>Leases Receivable, as of June 30, 2012.....</b>	<b>\$ 61,645</b>	<b>\$ 150,261</b>	<b>\$ 131,463</b>	<b>\$ 161,303</b>	<b>\$ 664,929</b>	<b>\$ 740,454</b>	<b>\$ 154,182</b>	<b>\$ 17,048</b>	<b>\$ 2,081,285</b>

See Independent Auditors' Report.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2012**  
*(Dollars in 000s)*

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2012 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, in inverse order of maturity. The redemption price varies from 100% to 102%, dependent upon the terms of the particular series of the bonds and the redemption date.

As of June 30, 2012, the Chapter 154 Lease Revenue Obligations had the following credit ratings assigned by the major bond rating agencies:

	Fitch	Moody's	Standard & Poor's
Higher Education Facilities	AA+	Aa1	AA
Mental Health Facilities	AA	Aa2	AA
Parks and Recreation Facilities	AA	Aa2	AA
Cultural and Sports Facilities	AA	Aa2	AA
State Correctional Facilities	AA	Aa2	AA
Administrative Facilities	AA	Aa2	AA
Juvenile Correctional Facilities	AA	Aa2	AA
Highway Safety Facilities	AA	Aa2	AA

Through June 30, 2012, 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:

Type of Bond	Amount
Higher Education Facilities* .....	\$4,817,590
Mental Health Facilities .....	1,517,000
Parks and Recreation Facilities.....	418,000
Cultural and Sports Facilities.....	512,000
State Correctional Facilities	1,943,000
Administrative Facilities	1,646,000
Juvenile Correctional Facilities	304,000
Highway Safety Facilities	143,000
<b>Total Authorization .....</b>	<b>\$11,300,590</b>

\* Includes transfers of subsequent issuing authority from special obligations (lease revenue) to general obligations for higher education capital facilities.

Details on bonds issued through June 30, 2012 are displayed in the following tables. Bond amounts issued in accordance with the above authorizations amounts are listed under the "Original Issues at Par" column. Bond issue authorization limits do not apply to advance 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 advance 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, 2012 (Continued)**  
*(Dollars in 000s)*

**Higher Education Facilities Bonds**

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2012
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$4,817,590	\$1,319,135	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
IL-2002A	—	253,275	8/1/2002	12/1/2012	3.54%	12,375
IL-2004A	—	173,975	10/5/2004	8/1/2013	3.50%	49,155
<b>Total</b>	<b>\$4,817,590</b>	<b>\$1,746,385</b>				<b>\$61,530</b>

**Mental Health Facilities Bonds**

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2012
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,207,085	\$356,430	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
IL-2003B	30,000	—	6/1/2003	6/1/2018	3.54%	2,230
IL-2004A	—	30,035	10/5/2004	8/1/2012	3.54%	7,140
IL-2004B	25,000	—	12/29/2004	6/1/2019	3.54%	6,905
IL-2005A	30,000	—	8/31/2005	8/1/2019	4.37%	19,025
IL-2006A	30,000	—	8/10/2006	6/1/2016	4.09%	10,405
IL-2006B	—	26,775	12/14/2006	12/1/2016	4.75%	24,530
IL-2008A	—	—	11/19/2008	6/1/2018	3.72%	19,250
2009A	40,000	—	12/17/2009	12/1/2019	2.56%	33,070
2012A	—	24,175	5/17/2012	6/1/2019	4.56%	24,175
<b>Total</b>	<b>\$1,362,085</b>	<b>\$ 437,415</b>				<b>\$ 146,730</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2012 (Continued)**  
*(Dollars in 000s)*

**Parks and Recreation Facilities Bonds**

<b>Series</b>	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2012</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$264,900	\$72,385	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2004B	—	11,740	10/5/2004	8/1/2014	4.11%	8,350
II-2005A	23,100	—	3/9/2005	2/1/2020	4.11%	13,895
II-2006A	—	15,410	12/14/2006	12/1/2016	4.32%	15,040
II-2007A	30,000	—	11/13/2007	12/1/2017	3.82%	19,735
II-2009A	35,000	—	3/12/2009	12/1/2020	3.95%	30,230
II-2011A	30,000	—	3/3/2011	8/1/2025	4.06%	30,000
II-2011A	—	7,570	5/17/2012	12/1/2018	4.46%	7,570
<b>Total</b>	<b>\$408,000</b>	<b>\$ 107,105</b>				<b>\$ 124,820</b>

**Cultural and Sports Facilities Bonds**

	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2012</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$303,690	\$6,880	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2003A	20,000	—	3/14/2003	4/1/2018	3.53%	9,295
2004A	20,000	—	10/21/2004	10/1/2014	3.57%	6,860
2005A	30,000	—	8/31/2005	4/1/2020	4.61%	19,600
2006A	25,000	—	12/14/2006	4/1/2020	4.45%	16,795
2006B	—	28,295	12/14/2006	10/1/2015	4.83%	24,585
2008B	30,000	—	12/3/2008	10/1/2018	3.68%	22,540
2010A	30,000	—	2/10/2010	10/1/2020	3.73%	29,000
2011A	28,000	—	3/3/2011	10/1/2020	4.84%	28,000
<b>Total</b>	<b>\$486,690</b>	<b>\$35,175</b>				<b>\$156,675</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2012 (Continued)**  
*(Dollars in 000s)*

<b>State Correctional Facilities Bonds</b>						
	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2012</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 1,012,185	\$ —	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2002B	—	90,560	10/8/2002	4/1/2017	4.38%	63,325
2004A	57,400	—	3/23/2004	4/1/2024	4.19%	9,575
2004C	—	225,350	10/21/2004	10/1/2018	5.11%	141,815
2005A	75,000	—	6/1/2005	4/1/2025	5.00%	56,800
2008A	25,000	—	3/6/2008	4/1/2023	4.77%	19,790
2009A	40,000	—	1/22/2009	10/1/2028	4.76%	36,900
2009B	—	75,790	9/17/2009	10/1/2024	3.46%	75,790
2010A	—	79,325	8/31/2010	10/1/2024	4.59%	79,325
2011A	40,000	—	2/1/2011	4/1/2031	4.91%	40,000
2011B	—	101,530	9/15/2011	10/1/2024	2.65%	101,530
2012A	—	17,360	5/17/2012	4/1/2023	5.00%	17,360
<b>Total</b>	<b>\$ 1,249,585</b>	<b>\$ 589,915</b>				<b>\$ 642,210</b>

<b>Administrative Facilities Bonds</b>						
	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2012</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 506,440	\$ —	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2001A	120,000	—	4/1/2001	10/1/2020	5.14%	18,790
2002B	—	58,670	6/25/2002	10/1/2012	3.88%	4,505
2003A	100,000	—	7/22/2003	4/1/2023	4.79%	4,830
2004A	75,000	—	5/11/2004	4/1/2024	4.58%	6,835
2004B	—	130,750	10/21/2004	10/1/2018	4.94%	79,045
2005A	85,000	—	3/30/2005	4/1/2025	5.00%	64,080
2006A	40,000	—	10/3/2006	4/1/2016	4.40%	16,665
2006B	—	70,335	10/3/2006	4/1/2018	3.93%	70,335
2008A	25,000	—	3/6/2008	4/1/2023	4.85%	19,790
2009A	60,000	—	1/22/2009	10/1/2028	4.24%	55,645
2009B	—	86,590	9/17/2009	10/1/2024	4.93%	85,880
2010A	9,005	—	4/1/2010	10/1/2016	3.99%	7,635
2010B	30,995	—	4/1/2010	10/1/2029	5.58%	30,995
2010C	—	148,865	8/31/2010	10/1/2024	4.84%	148,865
2011A	—	38,595	9/15/2011	10/1/2024	2.65%	38,595
2012A	32,700	—	3/8/2012	4/1/2032	4.13%	32,700
2012B	—	28,055	3/8/2012	4/1/2024	5.00%	28,055
<b>Total</b>	<b>\$1,084,140</b>	<b>\$ 561,860</b>				<b>\$ 713,245</b>

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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, 2012 (Continued)**  
*(Dollars in 000s)*

**Juvenile Correctional Facilities Special Obligation Bonds**

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2012
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 67,830	\$ —	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2003A	30,000	—	3/14/2003	4/1/2013	3.60%	2,085
2005A	15,000	—	10/6/2005	10/1/2015	4.68%	6,635
2005B	—	27,445	10/6/2005	10/1/2018	4.01%	22,360
2007A	20,000	—	5/2/2007	4/1/2017	1.85%	11,080
2007B	—	16,410	5/2/2007	4/1/2016	3.94%	13,440
2009A	—	37,825	1/22/2009	10/1/2014	2.06%	14,765
2009B	—	16,820	9/17/2009	10/1/2024	3.67%	16,820
2010A	5,445	—	4/1/2010	10/1/2016	2.77%	4,595
2010B	—	11,450	4/1/2010	10/1/2017	5.00%	11,450
2010C	9,555	—	4/1/2010	10/1/2024	4.97%	9,555
2010D	15,005	—	8/31/2010	10/1/2024	4.11%	15,005
2011A	15,000	—	5/3/2011	4/1/2025	4.13%	15,000
2011B	—	9,215	9/15/2011	10/1/2024	2.90%	9,215
<b>Total</b>	<b>\$177,835</b>	<b>\$ 119,165</b>				<b>\$ 152,005</b>

**Highway Safety Facilities Bonds**

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2012
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 90,285	\$ —	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2004A	5,000	—	3/23/2004	4/1/2019	2.78%	5,380
2009A	10,000	—	1/22/2009	10/1/2012	3.00%	580
2010A	—	35,000	4/1/2010	10/1/2020	4.49%	10,860
<b>Total</b>	<b>\$ 105,285</b>	<b>\$ 35,000</b>				<b>\$ 16,820</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Changes in Bonds Payable Balance**  
**For the Year Ended June 30, 2012**

(Dollars in 000s)

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	State Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Total
Outstanding Balance, July 1, 2011	\$ 140,121	\$ 180,490	\$ 147,753	\$184,793	\$ -	\$ -	\$ -	\$ -	\$ 653,157
Additions:									
Transfers from Ohio Building Authority:									
Bond Principal	-	-	-	-	655,930	682,600	158,895	17,495	1,514,920
Bond Premium	-	-	-	-	39,368	43,705	5,301	916	89,290
New Issuances:									
Bond Principal	-	-	-	-	-	32,700	-	-	32,700
Bond Premium	-	-	-	-	-	2,835	-	-	2,835
Advance Refunding Issuances:									
Bond Principal	-	24,175	7,570	-	17,360	28,055	-	-	77,160
Bond Premium	-	3,277	1,121	-	3,620	5,883	-	-	13,901
Accretion of Discount	-	-	4	-	-	-	-	1	5
Amortization of Deferred Refunding Amount	1,086	312	236	206	1,452	1,299	260	51	4,902
Total Additions	1,086	27,764	8,931	206	717,730	797,077	164,456	18,463	1,735,713
Deductions:									
Transfers from Ohio Building Authority:									
Bond Discount	-	-	-	-	-	-	-	12	12
Deferred Refunding Amount	-	-	-	-	13,508	16,112	2,134	564	32,318
Bond Principal Repayments	77,990	28,700	15,310	21,355	12,105	-	6,890	675	163,025
Refunded Bonds:									
Bond Principal	-	25,380	7,800	-	18,975	30,110	-	-	82,265
Bond Premium	-	694	270	-	1,137	794	-	-	2,895
Deferred Refunding Amount	-	1,336	551	-	759	2,943	-	-	5,589
Amortization of Premium	1,523	1,128	506	1,456	3,339	3,263	577	85	11,877
Total Deductions	79,513	57,238	24,437	22,811	49,823	53,222	9,601	1,336	297,981
<b>Outstanding Balance, June 30, 2012</b>	<b>\$ 61,694</b>	<b>\$ 151,016</b>	<b>\$ 132,247</b>	<b>\$162,188</b>	<b>\$ 667,907</b>	<b>\$ 743,855</b>	<b>\$ 154,855</b>	<b>\$ 17,127</b>	<b>\$2,090,889</b>
Amount Due in One Year	\$ 56,028	\$ 26,314	\$ 15,398	\$ 20,725	\$ 81,679	\$ 49,641	\$ 20,355	\$ 1,038	\$ 271,178
Amount Due in More Than One Year	5,666	124,702	116,849	141,463	586,228	694,214	134,500	16,089	1,819,711
<b>Outstanding Balance, June 30, 2012</b>	<b>\$ 61,694</b>	<b>\$ 151,016</b>	<b>\$ 132,247</b>	<b>\$162,188</b>	<b>\$ 667,907</b>	<b>\$ 743,855</b>	<b>\$ 154,855</b>	<b>\$ 17,127</b>	<b>\$2,090,889</b>

See Independent Auditors' Report.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Future Debt Service Funding Requirements**  
**As of June 30, 2012**  
*(Dollars in 000s)*

	Higher Education Facilities			Mental Health Facilities			Parks & Recreation Facilities			Cultural Facilities		
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 55,900	\$ 1,700	\$ 57,600	\$ 26,220	\$ 5,996	\$ 32,216	13,600	5,097	\$ 18,697	20,665	6,535	\$ 27,200
2014	5,630	141	5,771	23,695	4,907	28,602	17,050	4,538	21,588	24,490	5,615	30,105
2015	-	-	-	24,675	3,925	28,600	17,680	3,901	21,581	21,765	4,713	26,478
2016	-	-	-	22,940	2,886	25,826	16,360	3,251	19,611	20,230	3,845	24,075
2017	-	-	-	17,185	1,873	19,058	14,685	2,618	17,303	16,155	3,028	19,183
2018-2022	-	-	-	32,015	1,775	33,790	39,620	5,993	45,613	53,370	4,861	58,231
2023-2027	-	-	-	-	-	-	10,875	1,047	11,922	-	-	-
2028-2032	-	-	-	-	-	-	-	-	-	-	-	-
	61,530	1,841	63,371	146,730	21,362	168,092	129,870	26,445	156,315	156,675	28,597	185,272
Premium/Discount, Net	584	-	584	6,100	-	6,100	3,379	-	3,379	5,822	-	5,822
Deferred Refunding Amount	(420)	-	(420)	(1,814)	-	(1,814)	(1,002)	-	(1,002)	(309)	-	(309)
Total, as of June 30, 2012	\$ 61,694	\$ 1,841	\$ 63,535	\$ 151,016	\$ 21,362	\$ 172,378	\$ 132,247	\$ 26,445	\$ 158,692	\$ 162,188	\$ 28,597	\$ 190,785

  

	State Correctional Facilities			Administrative Facilities			Juvenile Correctional Facilities			Highway Safety Facilities		
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 71,745	\$ 29,467	\$ 101,212	\$ 49,490	\$ 33,524	\$ 83,014	\$ 20,300	\$ 6,265	\$ 26,565	\$ 1,605	\$ 681	\$ 2,286
2014	76,550	26,450	103,000	53,765	31,108	84,873	19,205	5,393	24,598	1,825	617	2,442
2015	73,480	22,747	96,227	59,665	28,488	88,153	21,455	4,524	25,979	1,905	538	2,443
2016	58,630	19,635	78,265	62,495	25,663	88,158	18,315	3,662	21,977	1,990	454	2,444
2017	54,350	16,760	71,110	60,800	22,664	83,464	13,515	2,870	16,385	2,075	366	2,441
2018-2022	188,050	52,314	240,364	272,505	71,423	343,928	38,760	8,001	46,761	7,420	604	8,024
2023-2027	101,875	14,049	115,924	125,615	19,088	144,703	20,455	1,479	21,934	-	-	-
2028-2032	17,530	1,832	19,362	28,910	2,761	31,671	-	-	-	-	-	-
	642,210	183,254	825,464	713,245	234,719	947,964	152,005	32,194	184,199	16,820	3,260	20,080
Premium/Discount, Net	38,513	-	38,513	48,366	-	48,366	4,723	-	4,723	820	-	820
Deferred Refunding Amount	(12,816)	-	(12,816)	(17,756)	-	(17,756)	(1,873)	-	(1,873)	(513)	-	(513)
Total, as of June 30, 2012	\$ 667,907	\$ 183,254	\$ 851,161	\$ 743,855	\$ 234,719	\$ 978,574	\$ 154,855	\$ 32,194	\$ 187,049	\$ 17,127	\$ 3,260	\$ 20,387

See Independent Auditors' Report.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Future Debt Service Funding Requirements**  
**As of June 30, 2012 (Continued)**  
*(Dollars in 000s)*

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<b>Total Chapter 154 Bonds</b>			
<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>2013</b>	\$ 259,525	\$ 89,265	\$ 348,790
<b>2014</b>	222,210	78,769	300,979
<b>2015</b>	220,625	68,836	289,461
<b>2016</b>	200,960	59,396	260,356
<b>2017</b>	178,765	50,179	228,944
<b>2018-2022</b>	631,740	144,971	776,711
<b>2023-2027</b>	258,820	35,663	294,483
<b>2028-2032</b>	46,440	4,593	51,033
	2,019,085	531,672	2,550,757
<b>Premium/Discount, Net</b>	108,307	-	108,307
<b>Deferred Refunding Amount</b>	(36,503)	-	(36,503)
<b>Total, as of June 30, 2012</b>	<b>\$ 2,090,889</b>	<b>\$ 531,672</b>	<b>\$ 2,622,561</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Current and Advance Refunding Issues and Prior Years' Defeasances**  
**As of and For the Year Ended June 30, 2012**  
*(Dollars in 000s)*

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**Current and Advance Refunding Issues**

During fiscal year 2012, four advance refunding issues were transacted whereby the Treasurer defeased lease revenue bond issues. The net proceeds of the refunding bonds, after payment of underwriting fees and bond issue costs, were deposited in escrow with a trustee pending the bond's maturity or call date. A resulting economic gain or loss from an advance refunding represents the difference between the present values of the debt service payments on the old and new debt. Details on the advanced refunding bond transactions are discussed below.

- A. On March 8, 2012, the Treasurer refunded a portion of one series of previously issued bonds to reduce the State's total debt service payments by issuing \$28,055 of 2012B Administrative Facilities refunding bonds. The overall transaction resulted in an economic gain of \$3,109 and issuance cost of \$248. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$3,709.

The 2012B Administrative Facilities Bonds, with an average interest rate of 5.00%, refunded \$30,110 in principal, plus interest of the 2004A Administrative Facilities Bonds due on April 1, 2019 - 2024. The refunded bonds had an average interest rate of 5.00%.

- B. On May 17, 2012, the Treasurer refunded portions of seven series of previously issued bonds to reduce the State's total debt service payments by issuing \$49,105 of refunding bonds (2012A Mental Health Facilities Bonds, 2012A Parks and Recreation Facilities Bonds, and 2012A State Correctional Facilities Bonds). The overall transaction resulted in an economic gain of \$4,749 and issuance cost of \$540. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$5,126.

2012A Mental Health Facilities Bonds – The 2012A Mental Health Facilities Bonds, with an average interest rate of 4.55%, refunded \$25,380 in principal, plus interest of the 2001B Mental Health Facilities Bonds due on June 1, 2013; 2002A Mental Health Facilities Bonds due on June 1, 2014; 2003B Mental Health Facilities Bonds due on June 1, 2014 - 2018; 2004B Mental Health Facilities Bonds due on June 1, 2017 - 2019; and 2006A Mental Health Facilities Bonds due on June 1, 2016. The refunded bonds had an average interest rate of 4.75%.

2012A Parks and Recreation Facilities Bonds – The 2012A Parks and Recreation Facilities Bonds, with an average interest rate of 4.45%, refunded \$7,800 in principal, plus interest of the 2004A Parks and Recreation Facilities due on December 1, 2015 - 2018. The refunded bonds had an average interest rate of 5.00%.

2012A State Correctional Facilities Bonds – The 2012A Parks and Recreation Facilities Bonds, with an average interest rate of 5.00%, refunded \$18,975 in principal, plus interest of the 2004B State Correctional Facilities Bonds due on April 1, 2019 – 2023. The refunded bonds had an average interest rate of 5.00%.



**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Current and Advance Refunding Issues and Prior Years' Defeasances**  
**As of and For the Year Ended June 30, 2012 (continued)**  
*(Dollars in 000s)*

**Prior Years' Defeasances**

The Treasurer has defeased certain Chapter 154 Lease Revenue Obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the financial statements of the Chapter 154 Lease Revenue Obligations. The following table details advance refunded bonds, which are considered to be defeased and no longer outstanding as of June 30, 2012 that were refunded in fiscal year 2012 and prior.

<b>Refunded Issue</b>	<b>Principal Yet to be Paid as of June 30, 2012</b>	<b>Scheduled Redemption Date</b>
<b>Mental Health:</b>		
Series 2003B	\$ 12,600	June 1, 2013
Series 2004B	6,050	June 1, 2014
Series 2006A	3,755	June 1, 2013
	<u>22,405</u>	
<b>Adult Correctional:</b>		
Series 2004A	18,975	April 1, 2014
Series 2004A	12,100	April 1, 2014
	<u>31,075</u>	
<b>Parks and Recreation:</b>		
Series 2004A	7,800	December 1, 2013
	<u>7,800</u>	
<b>Administrative Facilities:</b>		
Series 2003A	63,720	April 1, 2013
Series 2004A	45,805	April 1, 2014
	<u>109,525</u>	
<b>Juvenile Correctional:</b>		
Series 2003A	11,890	April 1, 2013
	<u>11,890</u>	
<b>Total</b>	<b>\$ <u>182,695</u></b>	



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**INDEPENDENT AUDITORS' 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 State of Ohio  
Columbus, Ohio

We have audited the financial statements of the Debt Service Funds as held in the name of the Treasurer of the State of Ohio (the Funds) of the Higher Education Capital Facilities, Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Department of Rehabilitation and Correction, Department of Youth Services, Department of Public Safety, and the Department of Administrative Services Lease Revenue Bonds Governed by the Ohio Revised Code Chapter 154 as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. The financial statements present only the State Lease Revenue Bonds and do not purport to, and do not, present fairly the financial position of the Treasurer of the State of Ohio, which is part of the reporting entity of the State of Ohio. We conducted our audit in accordance with 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.

**Internal Control over Financial Reporting**

The Treasurer of State of Ohio is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Treasurer of State and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
September 28, 2012