



JOSH MANDEL
STATE TREASURER OF OHIO

September 30, 2015

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

FROM: Josh Mandel, State Treasurer of Ohio

**TREASURER OF STATE LEASE-REVENUE OBLIGATIONS
(Chapter 154 & 152 O.R.C.)**

ANNUAL REPORT

AND

ACCOUNTANTS' REPORT

**FISCAL YEAR 2015
(July 1, 2014 --- June 30, 2015)**

**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
HIGHWAY SAFETY CAPITAL FACILITIES
AND
TRANSPORTATION CAPITAL FACILITIES**

LEASE - REVENUE OBLIGATIONS
ANNUAL REPORT
For the period July 1, 2014 through June 30, 2015

The Treasurer of State (“Treasurer”) makes this annual report for the Fiscal Year ending June 30, 2015 (FY 2015) 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, in particular 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 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agencies of state government (for which no specific authorization to issue obligations was ever granted and which was repealed in FY 2001).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, 123rd 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. 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 126th 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 129th General Assembly, effective January 1, 2012, all matters relating to the issuance of obligations for financing of capital facilities for housing branches and agencies of State government, which were previously issued by the Ohio Building Authority under Ohio Revised Code Chapter 152, were transferred to the Treasurer as Issuing Authority. The legislation transferred forty-one bond issuances with combined outstanding principal as of that date in the amount of \$1,514,920,000. Subsequent to January 1, 2012, all new issuances of 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.

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

The Treasurer may issue obligations only as authorized by the General Assembly, which has authorized lease-revenue obligations (“Obligations”) for capital facilities projects in aggregate principal amounts of up to \$4,817,590,000 for higher education, \$1,581,000,000 for mental health, \$598,000,000 for parks and recreation, \$593,000,000 for cultural and sports facilities, \$2,119,000,000 for state correctional facilities, \$351,000,000 for juvenile correctional facilities, \$1,831,000,000 for administrative facilities, \$143,000,000 for highway safety facilities, and \$255,800,000 for transportation 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 2015:

Bond Program & Series No.	Amount	Dated Date	Final Maturity Date
Administrative Facilities – 2015A ¹	\$61,930,000	1/28/2015	4/1/2035
Administrative Facilities – 2015B ¹	\$18,070,000	1/28/2015	4/1/2025
Transportation Facilities – 2015A ¹	\$84,300,000	1/28/2015	4/1/2030
Administrative Facilities –2015C ²	\$11,185,000	2/26/2015	10/1/2022
Adult Correctional Facilities –2015A ^{2,3}	\$10,030,000	2/26/2015	10/1/2022
Cultural Facilities–2015A ²	\$9,920,000	2/26/2015	10/1/2019
Juvenile Correctional Facilities–2015A ²	\$11,180,000	2/26/2015	10/1/2018
Mental Health Facilities – 2015A ¹	\$50,000,000	3/5/2015	2/1/2025
Juvenile Correctional Facilities-2015B ¹	\$20,000,000	3/5/2015	4/1/2030
Parks & Recreation Facilities-2015A ¹	\$40,000,000	3/5/2015	2/1/2030

The principal and interest requirements on the Obligations sold and delivered in FY 2015 are set forth in the attached Schedules 1 through 10. The Obligations issued in FY 2015 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, 2015, the Obligations that the Treasurer is authorized to issue were rated as follows:

	Fitch	Moody’s	Standard & Poor’s
Higher Education Facilities ⁴	AA+	Aa1	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

¹ New money issuance.

² Refunding issuance.

³ Referred to in the Accountants’ Report and Financial Statements as State Correctional Facilities.

⁴ There are no Obligations currently outstanding.

Adult Correctional Facilities	AA	Aa2	AA
Juvenile Correctional Facilities	AA	Aa2	AA
Highway Safety Facilities	AA	Aa2	AA
Transportation Facilities	AA	Aa2	AA

As contemplated by the Act, the financing arrangements for the nine categories of capital facilities -- higher education, mental health, parks and recreation, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional facilities, highway safety facilities, and transportation facilities -- involve separate proceedings and separate leasing arrangements between the Commission (its only remaining responsibility with regard to the Obligations) and, respectively, the Ohio Board of Regents (OBOR), the Ohio Department of Mental Health and Addiction Services (ODMHAS), the Ohio Department of Developmental Disabilities (DODD), the Ohio Department of Natural Resources (ODNR), the Facilities Construction Commission (OFCC), the Department of Administrative Services (DAS), the Department of Rehabilitation and Correction (DRC), the Department of Youth Services (DYS), the Department of Public Safety (DPS), and the Department of Transportation (DOT) (collectively, the "Using Agencies"), under which the Commission undertakes to finance capital facilities designated by or pursuant to acts of the General Assembly. In turn, the Using Agencies assume the management of those facilities intended for the particular 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, parks and recreation, and transportation facilities Obligations is US Bank (successor to National City Bank). The trustee for the mental health and administrative facilities Obligations is Huntington National Bank. The trustee for the cultural and sports, adult correctional, 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, 2017, the General Assembly, by Acts passed prior to July 1, 2015, appropriated from the general revenue fund the following amounts for rental payments under the lease agreements relating to the respective categories of Obligations:

Appropriation to:	Biennial Amount	FY2016	FY2017
Ohio Board of Regents	\$0	\$0	\$0
Ohio Department of Mental Health	40,720,100	20,817,900	19,902,200
Ohio Department of Developmental Disabilities	40,720,100	20,817,900	19,902,200
Ohio Department of Natural Resources	47,895,200	23,239,600	24,655,600
Ohio Facilities Construction Commission	55,465,900	29,728,000	25,737,900
Department of Administrative Services	194,298,500	97,581,900	96,716,600
Department of Rehabilitation and Correction	162,298,500	82,595,700	79,702,800
Department of Youth Services	46,545,100	25,407,400	21,137,700
Department of Public Safety	4,869,000	2,435,800	2,433,200
Department of Transportation	22,262,500	10,100,000	12,162,500
Total Appropriation	\$615,074,900	\$312,724,200	\$302,350,700

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, 2015)**

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Administrative Facilities
Authorized by General Assembly	\$4,817,590,000(d)	\$1,581,000,000	\$598,000,000	\$593,000,000	\$1,831,000,000
Issued in Prior Fiscal Years (a)	4,817,590,000	1,467,085,000	408,000,000	504,690,000	1,696,000,000
Issued in FY2015 (b)	0	50,000,000	40,000,000	0	80,000,000
Authorized by the General Assembly but not yet issued	0	63,915,000	150,000,000	88,310,000	55,000,000
Interest Paid FY2015	0	6,629,648	3,730,991	5,146,234	30,315,114
Principal Paid FY2015	0	27,925,000	17,715,000	23,215,000	61,385,000
Outstanding Principal (c)	\$0	\$191,005,000	\$121,565,000	\$104,700,000	\$675,510,000
	State Correctional Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Facilities	
Authorized by General Assembly	\$2,119,000,000	\$351,000,000	\$143,000,000	\$255,800,000	
Issued in Prior Fiscal Years (a)	1,884,500,000	312,000,000	140,285,000	155,800,000	
Issued in FY2015 (b)	0	20,000,000	0	84,300,000	
Authorized by the General Assembly but not yet issued	234,500,000	19,000,000	2,715,000	15,700,000	
Interest Paid FY2015	24,206,025	4,778,719	503,680	0	
Principal Paid FY2015	74,935,000	22,390,000	1,905,000	0	
Outstanding Principal (c)	\$460,000,000	\$124,920,000	\$11,335,000	\$84,300,000	

- (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 2015, 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, highway safety, and transportation facilities bond service funds, and to the administrative service funds (to pay expenditures, including issuing costs), during FY 2015, and the balances in those funds on June 30, 2015, 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 2016 of principal of and interest on the bonds outstanding on June 30, 2015 (which excludes bonds advance refunded) are as follows:

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Administrative Facilities
Payment Dates					
August 1, 2015	\$0.00	\$6,702,721.39	\$5,157,778.69	\$0.00	\$0.00
October 1, 2015	0.00	0.00	0.00	16,724,919.73	71,395,391.67
December 1, 2015	0.00	10,513,337.50	13,723,731.25	0.00	0.00
February 1, 2016	0.00	14,080,912.50	3,666,978.13	0.00	0.00
April 1, 2016	0.00	0.00	0.00	9,372,016.05	26,083,307.85
June 1, 2016	0.00	10,561,587.50	757,768.75	0.00	0.00
Fiscal Year Total	\$0.00	\$41,858,558.89	\$23,306,256.82	\$26,096,935.78	\$97,478,699.52
	Adult Correctional Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Facilities	
Payment Dates					
August 1, 2015	\$0.00	\$0.00	\$0.00	\$0.00	
October 1, 2015	51,394,231.26	15,058,738.74	1,460,675.00	2,709,585.00	
December 1, 2015	0.00	0.00	0.00	0.00	
February 1, 2016	0.00	0.00	0.00	0.00	
April 1, 2016	29,814,550.01	10,076,771.39	945,050.00	5,437,100.00	
June 1, 2016	0.00	0.00	0.00	0.00	
Fiscal Year Total	\$81,208,781.27	\$25,135,510.13	\$2,405,725.00	\$8,146,685.00	

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, highway safety, and transportation facilities Obligations that may be issued during FY 2016 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 131st General Assembly for the fiscal biennium ending June 30, 2017. 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, 2015, principal and interest on additional obligations that are projected to be issued in the biennium, and related applicable administrative and issuance expenditures.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SCHEDULE NO. 1

\$61,930,000

State of Ohio

Administrative Building Fund Bonds

Series 2015A

Dated: 1/28/2015

Date	Principal	Coupon	Interest	Total P+I
10/1/2015			1,756,856.25	1,756,856.25
4/1/2016	835,000.00	3.000%	1,301,375.00	2,136,375.00
10/1/2016			1,288,850.00	1,288,850.00
4/1/2017	1,315,000.00	2.000%	1,288,850.00	2,603,850.00
10/1/2017			1,275,700.00	1,275,700.00
4/1/2018	1,340,000.00	3.000%	1,275,700.00	2,615,700.00
10/1/2018			1,255,600.00	1,255,600.00
4/1/2019	1,385,000.00	2.000%	1,255,600.00	2,640,600.00
10/1/2019			1,241,750.00	1,241,750.00
4/1/2020	1,410,000.00	2.000%	1,241,750.00	2,651,750.00
10/1/2020			1,227,650.00	1,227,650.00
4/1/2021	1,440,000.00	**	1,227,650.00	2,667,650.00
10/1/2021			1,191,775.00	1,191,775.00
4/1/2022	1,510,000.00	2.000%	1,191,775.00	2,701,775.00
10/1/2022			1,176,675.00	1,176,675.00
4/1/2023	1,540,000.00	4.000%	1,176,675.00	2,716,675.00
10/1/2023			1,145,875.00	1,145,875.00
4/1/2024	1,605,000.00	5.000%	1,145,875.00	2,750,875.00
10/1/2024			1,105,750.00	1,105,750.00
4/1/2025	1,680,000.00	5.000%	1,105,750.00	2,785,750.00
10/1/2025			1,063,750.00	1,063,750.00
4/1/2026	3,850,000.00	5.000%	1,063,750.00	4,913,750.00
10/1/2026			967,500.00	967,500.00
4/1/2027	4,040,000.00	5.000%	967,500.00	5,007,500.00
10/1/2027			866,500.00	866,500.00
4/1/2028	4,245,000.00	5.000%	866,500.00	5,111,500.00
10/1/2028			760,375.00	760,375.00
4/1/2029	4,455,000.00	5.000%	760,375.00	5,215,375.00
10/1/2029			649,000.00	649,000.00
4/1/2030	4,680,000.00	5.000%	649,000.00	5,329,000.00
10/1/2030			532,000.00	532,000.00
4/1/2031	4,910,000.00	4.000%	532,000.00	5,442,000.00
10/1/2031			433,800.00	433,800.00
4/1/2032	5,110,000.00	4.000%	433,800.00	5,543,800.00
10/1/2032			331,600.00	331,600.00
4/1/2033	5,310,000.00	4.000%	331,600.00	5,641,600.00
10/1/2033			225,400.00	225,400.00
4/1/2034	5,525,000.00	4.000%	225,400.00	5,750,400.00
10/1/2034			114,900.00	114,900.00
4/1/2035	5,745,000.00	4.000%	114,900.00	5,859,900.00
Total	61,930,000.00		36,767,131.25	98,697,131.25

Average Life		13.776 Years
Average Coupon		4.309535%
Net Interest Cost (NIC)		3.335983%
True Interest Cost (TIC)		3.080947%
Bond Yield for Arbitrage Purposes		2.376740%
All Inclusive Cost (AIC)		3.101959%

Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP

Bond Counsel: Ice Miller LLP

Underwriter's Counsel: Frost, Brown & Todd

Financial Advisor: Acacia Financial Group, Inc.

*Notations for each series of ** indicates a bifurcated coupon.*

SCHEDULE NO. 2

\$18,070,000				
State of Ohio				
Administrative Building Fund Bonds				
Series 2015B				
Dated: 1/28/2015				
Date	Principal	Coupon	Interest	Total P+I
10/1/2015			268,708.15	268,708.15
4/1/2016	1,615,000.00	0.450%	199,043.08	1,814,043.08
10/1/2016			195,409.33	195,409.33
4/1/2017	1,690,000.00	1.101%	195,409.33	1,885,409.33
10/1/2017			186,105.88	186,105.88
4/1/2018	1,710,000.00	1.563%	186,105.88	1,896,105.88
10/1/2018			172,742.23	172,742.23
4/1/2019	1,735,000.00	1.986%	172,742.23	1,907,742.23
10/1/2019			155,513.68	155,513.68
4/1/2020	1,770,000.00	2.226%	155,513.68	1,925,513.68
10/1/2020			135,813.58	135,813.58
4/1/2021	1,810,000.00	2.525%	135,813.58	1,945,813.58
10/1/2021			112,962.33	112,962.33
4/1/2022	1,855,000.00	2.715%	112,962.33	1,967,962.33
10/1/2022			87,780.70	87,780.70
4/1/2023	1,905,000.00	2.844%	87,780.70	1,992,780.70
10/1/2023			60,691.60	60,691.60
4/1/2024	1,960,000.00	2.994%	60,691.60	2,020,691.60
10/1/2024			31,350.40	31,350.40
4/1/2025	2,020,000.00	3.104%	31,350.40	2,051,350.40
Total	18,070,000.00		2,744,490.69	20,814,490.69
Average Life				5.866 Years
Average Coupon				2.589087%
Net Interest Cost (NIC)				2.667323%
True Interest Cost (TIC)				2.657157%
Bond Yield for Arbitrage Purposes				2.571244%
All Inclusive Cost (AIC)				2.741725%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Ice Miller LLP				
Underwriter's Counsel: Frost, Brown & Todd				
Financial Advisor: Acacia Financial Group, Inc.				

SCHEDULE NO. 3

\$84,300,000				
State of Ohio				
Transportation Building Fund Bonds				
Series 2015A				
Dated: 1/28/2015				
Date	Principal	Coupon	Interest	Total P+I
10/1/2015			2,709,585	2,709,585
4/1/2016	3,430,000.00	3.000%	2,007,100	5,437,100
10/1/2016			1,955,650	1,955,650
4/1/2017	4,235,000.00	4.000%	1,955,650	6,190,650
10/1/2017			1,870,950	1,870,950
4/1/2018	4,405,000.00	4.000%	1,870,950	6,275,950
10/1/2018			1,782,850	1,782,850
4/1/2019	4,580,000.00	4.000%	1,782,850	6,362,850
10/1/2019			1,691,250	1,691,250
4/1/2020	4,760,000.00	5.000%	1,691,250	6,451,250
10/1/2020			1,572,250	1,572,250
4/1/2021	5,000,000.00	5.000%	1,572,250	6,572,250
10/1/2021			1,447,250	1,447,250
4/1/2022	5,250,000.00	5.000%	1,447,250	6,697,250
10/1/2022			1,316,000	1,316,000
4/1/2023	5,515,000.00	5.000%	1,316,000	6,831,000
10/1/2023			1,178,125	1,178,125
4/1/2024	5,790,000.00	5.000%	1,178,125	6,968,125
10/1/2024			1,033,375	1,033,375
4/1/2025	6,080,000.00	5.000%	1,033,375	7,113,375
10/1/2025			881,375	881,375
4/1/2026	6,380,000.00	5.000%	881,375	7,261,375
10/1/2026			721,875	721,875
4/1/2027	6,700,000.00	5.000%	721,875	7,421,875
10/1/2027			554,375	554,375
4/1/2028	7,035,000.00	5.000%	554,375	7,589,375
10/1/2028			378,500	378,500
4/1/2029	7,385,000.00	5.000%	378,500	7,763,500
10/1/2029			193,875	193,875
4/1/2030	7,755,000.00	5.000%	193,875	7,948,875
Total	84,300,000.00		37,872,085.00	122,172,085.00
Average Life				9.105 Years
Average Coupon				4.934361%
Net Interest Cost (NIC)				2.849310%
True Interest Cost (TIC)				2.526188%
Bond Yield for Arbitrage Purposes				2.376740%
All Inclusive Cost (AIC)				2.553916%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Ice Miller LLP				
Underwriter's Counsel: Frost, Brown & Todd				
Financial Advisor: Acacia Financial Group, Inc.				

SCHEDULE NO. 4

\$11,185,000				
State of Ohio				
Administrative Building Fund Refunding Bonds				
Series 2015C				
Dated: 2/26/2015				
Date	Principal	Coupon	Interest	Total P+I
4/1/2015			31,290.97	31,290.97
10/1/2015	150,000.00	1.500%	160,925.00	310,925.00
4/1/2016			159,800.00	159,800.00
10/1/2016	150,000.00	1.500%	159,800.00	309,800.00
4/1/2017			158,675.00	158,675.00
10/1/2017	150,000.00	1.500%	158,675.00	308,675.00
4/1/2018			157,550.00	157,550.00
10/1/2018	2,030,000.00	**	157,550.00	2,187,550.00
4/1/2019			124,300.00	124,300.00
10/1/2019	2,080,000.00	1.500%	124,300.00	2,204,300.00
4/1/2020			108,700.00	108,700.00
10/1/2020	2,135,000.00	**	108,700.00	2,243,700.00
4/1/2021			70,325.00	70,325.00
10/1/2021	2,210,000.00	**	70,325.00	2,280,325.00
4/1/2022			30,075.00	30,075.00
10/1/2022	2,280,000.00	**	30,075.00	2,310,075.00
Total	11,185,000.00		1,811,065.97	12,996,065.97
Average Life				5.493 Years
Average Coupon				2.947942%
Net Interest Cost (NIC)				1.590494%
True Interest Cost (TIC)				1.521593%
Bond Yield for Arbitrage Purposes				1.444651%
All Inclusive Cost (AIC)				1.684943%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Brennan, Manna & Diamond				
Underwriter's Counsel: Roetzel & Andress LPA				
Financial Advisor: Public Financial Management				
<i>Notations for each series of ** indicates a bifurcated coupon.</i>				

SCHEDULE NO. 5

\$10,030,000				
State of Ohio				
Adult Correctional Building Fund Refunding Bonds				
Series 2015A				
Dated: 2/26/2015				
Date	Principal	Coupon	Interest	Total P+I
4/1/2015			48,756.94	48,796.94
10/1/2015			250,750.00	250,750.00
4/1/2016			250,750.00	250,750.00
10/1/2016			250,750.00	250,750.00
4/1/2017			250,750.00	250,750.00
10/1/2017			250,750.00	250,750.00
4/1/2018			250,750.00	250,750.00
10/1/2018	1,810,000.00	5.000%	250,750.00	2,060,750.00
4/1/2019			205,500.00	205,500.00
10/1/2019	1,905,000.00	5.000%	205,500.00	2,110,500.00
4/1/2020			157,875.00	157,875.00
10/1/2020	2,000,000.00	5.000%	157,875.00	2,157,875.00
4/1/2021			107,875.00	107,875.00
10/1/2021	2,105,000.00	5.000%	107,875.00	2,212,875.00
4/1/2022			55,250.00	55,250.00
10/1/2022	2,210,000.00	5.000%	55,250.00	2,265,250.00
Total	10,030,000.00		2,857,006.94	12,887,046.94
Average Life				5.697 Years
Average Coupon				5.000000%
Net Interest Cost (NIC)				1.705549%
True Interest Cost (TIC)				1.537874%
Bond Yield for Arbitrage Purposes				1.444651%
All Inclusive Cost (AIC)				1.701930%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Brennan, Manna & Diamond				
Underwriter's Counsel: Roetzel & Andress LPA				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 6

\$9,920,000				
State of Ohio				
Cultural Facilities Refunding Bonds				
Series 2015A				
Dated: 2/26/2015				
Date	Principal	Coupon	Interest	Total P+I
4/1/2015			11,864.95	11,864.95
10/1/2015	255,000.00	0.297%	61,019.73	316,019.73
4/1/2016			60,641.05	60,641.05
10/1/2016	2,380,000.00	0.647%	60,641.05	2,440,641.05
4/1/2017			52,941.75	52,941.75
10/1/2017	2,395,000.00	1.056%	52,941.75	2,447,941.75
4/1/2018			40,296.15	40,296.15
10/1/2018	2,425,000.00	1.512%	40,296.15	2,465,296.15
4/1/2019			21,963.15	21,963.15
10/1/2019	2,465,000.00	1.782%	21,963.15	2,486,963.15
Total	9,920,000.00		424,568.88	10,344,568.88
Average Life				3.047 Years
Average Coupon				1.404488%
Net Interest Cost (NIC)				1.568901%
True Interest Cost (TIC)				1.570955%
Bond Yield for Arbitrage Purposes				1.401680%
All Inclusive Cost (AIC)				1.905576%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Brennan, Manna & Diamond				
Underwriter's Counsel: Roetzel & Andress LPA				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 7

\$11,180,000				
State of Ohio				
Juvenile Correctional Refunding Bonds				
Series 2015A				
Dated: 2/26/2015				
Date	Principal	Coupon	Interest	Total P+I
4/1/2015			11,444.97	11,444.97
10/1/2015	315,000.00	0.297%	58,859.85	373,859.85
4/1/2016			58,392.08	58,392.08
10/1/2016	3,585,000.00	0.647%	58,392.08	3,643,392.08
4/1/2017			46,794.60	46,794.60
10/1/2017	3,615,000.00	1.056%	46,794.60	3,661,794.60
4/1/2018			27,707.40	27,707.40
10/1/2018	3,665,000.00	1.512%	27,707.40	3,692,707.40
Total	11,180,000.00		336,092.98	11,516,092.98
Average Life				2.548 Years
Average Coupon				1.179814%
Net Interest Cost (NIC)				1.367867%
True Interest Cost (TIC)				1.370459%
Bond Yield for Arbitrage Purposes				1.178316%
All Inclusive Cost (AIC)				1.732264%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Brennan, Manna & Diamond				
Underwriter's Counsel: Roetzel & Andress LPA				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 8

\$50,000,000				
State of Ohio				
Mental Health Facilities Bonds				
Series 2015A				
Dated: 3/5/2015				
Date	Principal	Coupon	Interest	Total P+I
8/1/2015			943,808.89	943,808.89
2/1/2016	4,320,000.00	1.000%	1,163,600.00	5,483,600.00
8/1/2016			1,142,000.00	1,142,000.00
2/1/2017	4,145,000.00	5.000%	1,142,000.00	5,287,000.00
8/1/2017			1,038,375.00	1,038,375.00
2/1/2018	4,350,000.00	5.000%	1,038,375.00	5,388,375.00
8/1/2018			929,625.00	929,625.00
2/1/2019	4,570,000.00	5.000%	929,625.00	5,499,625.00
8/1/2019			815,375.00	815,375.00
2/1/2020	4,795,000.00	5.000%	815,375.00	5,610,375.00
8/1/2020			695,500.00	695,500.00
2/1/2021	5,035,000.00	5.000%	695,500.00	5,730,500.00
8/1/2021			569,625.00	569,625.00
2/1/2022	5,285,000.00	5.000%	569,625.00	5,854,625.00
8/1/2022			437,500.00	437,500.00
2/1/2023	5,550,000.00	5.000%	437,500.00	5,987,500.00
8/1/2023			298,750.00	298,750.00
2/1/2024	5,830,000.00	5.000%	298,750.00	6,128,750.00
8/1/2024			153,000.00	153,000.00
2/1/2025	6,120,000.00	5.000%	153,000.00	6,273,000.00
Total	50,000,000.00		14,266,908.89	64,266,908.89
Average Life				5.769 Years
Average Coupon				4.945755%
Net Interest Cost (NIC)				2.207752%
True Interest Cost (TIC)				1.991089%
Bond Yield for Arbitrage Purposes				2.258292%
All Inclusive Cost (AIC)				2.044632%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Tucker Ellis LLP				
Underwriter's Counsel: Shumaker, Loop & Kendrick LLP				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 9

\$40,000,000				
State of Ohio				
Parks & Recreation Facilities Bonds				
Series 2015A				
Dated: 3/5/2015				
Date	Principal	Coupon	Interest	Total P+I
8/1/2015			777,125.56	777,125.56
2/1/2016	2,095,000.00	1.000%	958,100.00	3,053,100.00
8/1/2016			947,625.00	947,625.00
2/1/2017	1,935,000.00	5.000%	947,625.00	2,882,625.00
8/1/2017			899,250.00	899,250.00
2/1/2018	2,030,000.00	5.000%	899,250.00	2,929,250.00
8/1/2018			848,500.00	848,500.00
2/1/2019	2,135,000.00	5.000%	848,500.00	2,983,500.00
8/1/2019			795,125.00	795,125.00
2/1/2020	2,240,000.00	5.000%	795,125.00	3,035,125.00
8/1/2020			739,125.00	739,125.00
2/1/2021	2,350,000.00	5.000%	739,125.00	3,089,125.00
8/1/2021			680,375.00	680,375.00
2/1/2022	2,470,000.00	5.000%	680,375.00	3,150,375.00
8/1/2022			618,625.00	618,625.00
2/1/2023	2,590,000.00	5.000%	618,625.00	3,208,625.00
8/1/2023			553,875.00	553,875.00
2/1/2024	2,720,000.00	5.000%	553,875.00	3,273,875.00
8/1/2024			485,875.00	485,875.00
2/1/2025	2,855,000.00	5.000%	485,875.00	3,340,875.00
8/1/2025			414,500.00	414,500.00
2/1/2026	3,000,000.00	5.000%	414,500.00	3,414,500.00
8/1/2026			339,500.00	339,500.00
2/1/2027	3,150,000.00	5.000%	339,500.00	3,489,500.00
8/1/2027			260,750.00	260,750.00
2/1/2028	3,310,000.00	5.000%	260,750.00	3,570,750.00
8/1/2028			178,000.00	178,000.00
2/1/2029	3,475,000.00	5.000%	178,000.00	3,653,000.00
8/1/2029			91,125.00	91,125.00
2/1/2030	3,645,000.00	5.000%	91,125.00	3,736,125.00
Total	40,000,000.00		17,439,725.56	57,439,725.56
Average Life				8.758 Years
Average Coupon				4.978338%
Net Interest Cost (NIC)				3.089464%
True Interest Cost (TIC)				2.777510%
Bond Yield for Arbitrage Purposes				2.258292%
All Inclusive Cost (AIC)				2.816711%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Tucker Ellis LLP				
Underwriter's Counsel: Shumaker, Loop & Kendrick LLP				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 10

\$20,000,000				
State of Ohio				
Juvenile Correctional Facilities Bonds				
Series 2015B				
Dated: 3/5/2015				
Date	Principal	Coupon	Interest	Total P+I
10/1/2015			441,955.83	441,955.83
4/1/2016	965,000.00	3.000%	386,175.00	1,351,175.00
10/1/2016			371,700.00	371,700.00
4/1/2017	1,050,000.00	5.000%	371,700.00	1,421,700.00
10/1/2017			345,450.00	345,450.00
4/1/2018	1,100,000.00	5.000%	345,450.00	1,445,450.00
10/1/2018			317,950.00	317,950.00
4/1/2019	1,155,000.00	1.500%	317,950.00	1,472,950.00
10/1/2019			309,287.50	309,287.50
4/1/2020	1,175,000.00	2.000%	309,287.50	1,484,287.50
10/1/2020			297,537.50	297,537.50
4/1/2021	1,195,000.00	2.000%	297,537.50	1,492,537.50
10/1/2021			285,587.50	285,587.50
4/1/2022	1,220,000.00	5.000%	285,587.50	1,505,587.50
10/1/2022			255,087.50	255,087.50
4/1/2023	1,280,000.00	5.000%	255,087.50	1,535,087.50
10/1/2023			223,087.50	223,087.50
4/1/2024	1,345,000.00	5.000%	223,087.50	1,568,087.50
10/1/2024			189,462.50	189,462.50
4/1/2025	1,415,000.00	5.000%	189,462.50	1,604,462.50
10/1/2025			154,087.50	154,087.50
4/1/2026	1,485,000.00	5.000%	154,087.50	1,639,087.50
10/1/2026			116,962.50	116,962.50
4/1/2027	1,560,000.00	5.000%	116,962.50	1,676,962.50
10/1/2027			77,962.50	77,962.50
4/1/2028	1,635,000.00	3.000%	77,962.50	1,712,962.50
10/1/2028			53,437.50	53,437.50
4/1/2029	1,685,000.00	3.125%	53,437.50	1,738,437.50
10/1/2029			27,109.38	27,109.38
4/1/2030	1,735,000.00	3.125%	27,109.38	1,762,109.38
Total	20,000,000.00		6,877,549.59	26,877,549.59
Average Life				8.822 Years
Average Coupon				3.898076%
Net Interest Cost (NIC)				2.816022%
True Interest Cost (TIC)				2.652206%
Bond Yield for Arbitrage Purposes				2.258292%
All Inclusive Cost (AIC)				2.710113%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Tucker Ellis LLP				
Underwriter's Counsel: Shumaker, Loop & Kendrick LLP				
Financial Advisor: Public Financial Management				

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

The following accountants' report by Kennedy Cottrell Richards 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, highway safety, and transportation facilities obligations.

[THIS SPACE INTENTIONALLY LEFT BLANK]

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, 2015
and
Independent Auditors' Report Thereon

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Financial Report
As of and for the Year Ended June 30, 2015

Table of Contents

Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Debt Service Funds Financial Statements.....	8
Balance Sheet	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Notes to the Financial Statements.....	11
Supplementary Information.....	18
Schedule of Net Position - Accrual Basis.....	19
Schedule of Activities - Accrual Basis	20
Reconciliation Schedule Between the Balance Sheet and the Schedule of Net Position	21
Reconciliation Schedule Between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Schedule of Activities.....	22
Schedule of Future Payments Under Lease Agreements with State Agencies.....	23
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding.....	24
Schedule of Changes in Bonds Payable Balance.....	29
Schedule of Future Debt Service Funding Requirements.....	30
Schedule of Current and Advance Refunding Issues and Prior Years' Defeasances	31
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards.....	33

INDEPENDENT AUDITOR'S REPORT

Treasurer of State of Ohio
Columbus, Ohio

Report on the Financial Statements

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 Administrative Services, Department of Youth Services, Department of Public Safety, and the Department of Transportation lease revenue bonds governed by the Ohio Revised Code Chapter 154 (the Obligations), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Funds' internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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 State of Ohio (which is part of the reporting entity of the State of Ohio) as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the financial statements that collectively comprise the Funds' basic financial statements taken as a whole. The supplementary schedules present additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.



KENNEDY COTTRELL RICHARDS LLC

September 30, 2015

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2015
(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, 2015. 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, 2015, total debt service fund assets exceeded liabilities and deferred inflows of resources by \$11.3 million. The total combined ending fund balance, which is restricted for debt service, decreased by \$3.3 million during fiscal year 2015.
- For fiscal year 2015, other financing sources from lease principal payments from state agency-lessees totaled \$227.7 million, and lease interest revenue was reported at \$73.6 million.
- During fiscal year 2015, the Treasurer of State issued \$274.3 million in new bonds with a total premium of \$41.9 million and \$42.3 million in refunding bonds with a total premium of \$2.8 million. In addition, \$229.5 million in bond principal and \$75.3 million in bond interest were paid to bondholders.

OVERVIEW OF THE FUND FINANCIAL STATEMENTS

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Governmental fund financial statements have a focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Treasurer of State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All nine 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
- Adult Correctional Facilities Bond Service Fund
- Administrative Facilities Bond Service Fund
- Juvenile Correctional Facilities Bond Service Fund
- Highway Safety Facilities Bond Service Fund
- Transportation Facilities Bond Service Fund

Debt service funds, by definition, account for resources accumulated and payments made for principal and interest on long-term debt. The 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 17 of this report.

In addition, supplementary financial information follows the notes. Supplementary financial information, which can be found on Pages 19 to 32, 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, 2015
(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>06/30/15</u>	<u>As of</u> <u>06/30/14</u>	<u>Percentage</u> <u>Change</u>
ASSETS:			
Cash and Investments.....	\$ 469	\$ 3,222	-85.4%
Receivable from State Agencies:			
Lease Principal.....	1,773,335	1,726,365	2.7%
Lease Interest.....	21,275	16,459	29.3%
TOTAL ASSETS	<u>1,795,079</u>	<u>1,746,046</u>	
LIABILITIES AND DEFERRED INFLOW OF RESOURCES:			
Accounts Payable.....	-	25	-100.0%
Deferred Inflow of Resources-Unavailable Revenue	1,783,738	1,731,331	3.0%
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>1,783,738</u>	<u>1,731,356</u>	
FUND BALANCES:			
Restricted for Debt Service.....	11,341	14,690	-22.8%
TOTAL FUND BALANCES	<u>11,341</u>	<u>14,690</u>	
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 1,795,079</u>	<u>\$ 1,746,046</u>	

The increase in lease principal receivable and unavailable revenue at June 30, 2015 compared to June 30, 2014 is the result of the Treasurer issuing new bonds and refunding bonds for amounts that exceeded the continued payoff of outstanding bond principal and defeasances of bond principal. The decrease in cash and investments at June 30, 2015 is primarily the result of capitalized interest held as of June 30, 2014 from the Adult Correctional 2014A bond issue that was applied to debt service during fiscal year 2015.

The tables that follow compare debt service fund revenues, expenditures, and other financing sources/(uses) reported for fiscal year 2015 with fiscal year 2014 results.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2015
(UNAUDITED)

Revenue
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2015	Percent of Total 2015 Revenue	Fiscal Year 2014	Percent Change
Lease Interest from State Agencies.....	\$ 73,566	98.7%	\$ 77,982	-5.7%
Administrative Fees.....	974	1.3%	1,020	-4.5%
TOTAL REVENUES.....	\$ 74,540	100.0%	\$ 79,002	

As the above table indicates, 98.7% of debt service fund revenues for fiscal year 2015 were comprised of lease interest from State Agencies. Lease interest decreased for fiscal year 2015 primarily due to a decline in debt service interest requirements due to bond refundings that occurred during the year. Although outstanding leases increased substantially during fiscal year 2015, the debt service requirements related to the new bonds were minimal during the year.

Expenditures
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2015	Percent of Total 2015 Expenditures	Fiscal Year 2014	Percent Change
Administrative Costs.....	\$ 847	0.3%	\$ 889	-4.7%
Debt Service:				
Principal.....	229,470	74.4%	226,810	1.2%
Interest.....	75,311	24.4%	81,642	-7.8%
Bond Issue Costs.....	2,637	0.9%	1,274	107.0%
TOTAL EXPENDITURES.....	\$ 308,265	100.0%	\$ 310,615	

As the table above shows, 98.8% of total reported expenditures for fiscal year 2015 were for debt service payments (principal and interest). Interest expenditures for fiscal year 2015 were less than fiscal year 2014 by 7.8% due to the Treasurer issuing refunding bonds in fiscal year 2015 that refunded a portion of the interest that was due in fiscal year 2015. Principal expenditures for fiscal year 2015 were more than fiscal year 2014 by 1.2%. This increase is due to varying maturity schedules for the outstanding bonds. Though outstanding bonds increased substantially in fiscal year 2015, debt service requirements on the new bonds were minimal during the year. Bond issuance costs increased for fiscal year 2015 primarily because the costs associated with the two new money bond issuances and the one refunding bond issuance were more than the issuance costs associated with the prior year issuances.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2015
(UNAUDITED)

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

	Fiscal Year 2015	Fiscal Year 2014	Percent Change
Lease Principal Payments from State Agencies.....	\$ 227,705	\$ 224,770	1.3%
Bond Proceeds:			
Principal.....	274,300	145,000	89.2%
Premium.....	41,878	13,533	209.5%
Refunding Bond Proceeds:			
Principal.....	42,315	3,815	1009.2%
Premium.....	2,820	280	907.1%
Payments to Refunding Escrow Agent	(44,521)	(3,991)	1015.5%
Financing Provided to State Agencies Under Leases.....	(314,121)	(150,082)	109.3%
TOTAL OTHER FINANCING SOURCES/(USES).....	<u>\$ 230,376</u>	<u>\$ 233,325</u>	

The increase in new money bond proceeds (principal and premium) and financing provided to state agencies under leases are the result of two larger bond issuances, involving six new series of bonds, in fiscal year 2015 compared to three bond issuances in fiscal year 2014. The increase in refunding bond proceeds (principal and interest) and payments to refunding escrow agent are the result of one larger refunding issuance, involving four series of bonds, during the 2015 fiscal year compared to the one smaller refunding issuance during the 2014 fiscal year.

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.

This space intentionally left blank.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2015
(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, 2015, were as follows (dollars in thousands):

<u>Bond Type</u>	<u>Authorized, but Unissued</u>
Higher Education Facilities	\$ -
Mental Health Facilities	63,915
Parks and Recreation Facilities	150,000
Cultural and Sports Facilities	88,310
Adult Correctional Facilities	234,500
Administrative Facilities	55,000
Juvenile Correctional Facilities	19,000
Highway Safety Facilities	2,715
Transportation Facilities	15,700
Total	<u>\$ 629,140</u>

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 Director of Debt Management, Ohio Treasurer of State's Office, 30 East Broad Street, 9th 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, 2015
 (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	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Building Bond Service	Total Debt Service Funds
ASSETS:										
Cash.....	\$ 19	\$ 2	\$ 20	\$ 23	\$ 47	\$ 9	\$ 28	\$ 17	\$ 4	\$ 169
Investments.....	-	-	-	-	-	300	-	-	-	300
Receivable from State Agencies:										
Lease Principal.....	-	191,005	121,565	104,700	460,000	675,510	124,920	11,335	84,300	1,773,335
Lease Interest.....	-	2,233	1,225	1,095	5,530	8,129	1,260	101	1,702	21,275
TOTAL ASSETS.....	19	193,240	122,810	105,818	465,577	683,948	126,208	11,453	86,006	1,795,079
LIABILITIES:										
TOTAL LIABILITIES.....	-	-	-	-	-	-	-	-	-	-
DEFERRED INFLOW OF RESOURCES:										
Unavailable Revenue.....	-	187,132	118,024	105,795	465,530	683,639	126,180	11,436	86,002	1,783,738
TOTAL DEFERRED INFLOW OF RESOURCES.....	-	187,132	118,024	105,795	465,530	683,639	126,180	11,436	86,002	1,783,738
FUND BALANCES:										
Restricted for Debt Service.....	19	6,108	4,786	23	47	309	28	17	4	11,341
TOTAL FUND BALANCES.....	19	6,108	4,786	23	47	309	28	17	4	11,341
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....	\$ 19	\$ 193,240	\$ 122,810	\$ 105,818	\$ 465,577	\$ 683,948	\$ 126,208	\$ 11,453	\$ 86,006	\$ 1,795,079

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, 2015
(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	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Building Bond Service	Total Debt Service Funds
REVENUES:										
Lease Interest from State Agencies.....	\$ -	\$ 7,158	\$ 4,125	\$ 5,132	\$ 21,297	\$ 30,611	\$ 4,756	\$ 487	\$ -	\$ 73,566
Administrative Fees.....	-	40	40	594	100	100	70	30	-	974
TOTAL REVENUES.....	-	7,198	4,165	5,726	21,397	30,711	4,826	517	-	74,540
EXPENDITURES:										
Administrative Costs.....	7	38	19	573	56	95	46	13	-	847
Debt Service:										
Principal.....	-	27,925	17,715	23,215	74,935	61,385	22,390	1,905	-	229,470
Interest.....	-	6,630	3,731	5,146	24,206	30,315	4,779	504	-	75,311
Bond Issue Costs.....	-	369	307	144	146	754	339	-	578	2,637
TOTAL EXPENDITURES.....	7	34,962	21,772	29,078	99,343	92,549	27,554	2,422	578	308,265
DEFICIENCY OF REVENUES UNDER EXPENDITURES.....	(7)	(27,764)	(17,607)	(23,352)	(77,946)	(61,838)	(22,728)	(1,905)	(578)	(233,725)
OTHER FINANCING SOURCES/(USES):										
Lease Principal Payments from State Agencies.....	-	28,075	15,800	23,215	74,935	61,385	22,390	1,905	-	227,705
Bond Proceeds:										
Principal.....	-	50,000	40,000	-	-	80,000	20,000	-	84,300	274,300
Premium.....	-	8,111	6,794	-	-	8,593	2,004	-	16,376	41,878
Refunding Bond Proceeds:										
Principal.....	-	-	-	9,920	10,030	11,185	11,180	-	-	42,315
Premium.....	-	-	-	-	1,932	888	-	-	-	2,820
Payments to Refunding Escrow Agent	-	-	-	(9,768)	(11,812)	(11,918)	(11,023)	-	-	(44,521)
Financing Provided to State Agencies Under Leases:										
Mental Health Capital Facilities.....	-	(57,739)	-	-	-	-	-	-	-	(57,739)
Parks and Recreation Capital Facilities.....	-	-	(46,486)	-	-	-	-	-	-	(46,486)
Administrative Facilities.....	-	-	-	-	-	(87,987)	-	-	-	(87,987)
Juvenile Correctional Capital Facilities.....	-	-	-	-	-	-	(21,815)	-	-	(21,815)
Transportation Building.....	-	-	-	-	-	-	-	-	(100,094)	(100,094)
TOTAL OTHER FINANCING SOURCES/(USES).....	-	28,447	16,108	23,367	75,085	62,146	22,736	1,905	582	230,376
NET CHANGE IN FUND BALANCES.....	(7)	683	(1,499)	15	(2,861)	308	8	-	4	(3,349)
FUND BALANCE, JULY 1.....	26	5,425	6,285	8	2,908	1	20	17	-	14,690
FUND BALANCE, JUNE 30.....	\$ 19	\$ 6,108	\$ 4,786	\$ 23	\$ 47	\$ 309	\$ 28	\$ 17	\$ 4	\$ 11,341

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 Addiction Services and the Department of Developmental Disabilities for mental health facilities, and the Department of Natural Resources for parks and recreation facilities.

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

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:

Community College Intercept Program – In August 2010, the Authority issued \$20,145 of bonds at rates from 2.0% to 4.45%, with payments due through 2019 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”). In fiscal year 2013, the Treasurer of State issued \$4,125 of bonds at rates from 2.0% to 4.0%, with payments due through 2033 on behalf of Rhodes State College. 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 or Treasurer. Accordingly, the Treasurer’s Debt Service Fund financial statements do not include the College’s activity. At June 30, 2015, \$16,685 of College 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.

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.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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.

Transportation Facilities Bond Service Fund — This fund accounts for the debt service activities of the Transportation Facilities Revenue Bonds authorized by Chapter 154, Ohio Revised Code. The transportation facilities bond program was established in House Bill 497 of the 130th General Assembly, and the fund is newly presented for fiscal year 2015 when the first bond issuance occurred.

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 unavailable 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.

NOTE 2 — DEPOSITS AND INVESTMENTS

As of June 30, 2015, the total carrying amount of deposits was \$169. The entire bank balance of \$169 was 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, 2015. Investment balances held, as of June 30, 2015, are as follows:

	<u>Rating</u>	<u>Fair Value</u>	<u>Investment Maturity 12 Months or Less</u>
Star Ohio	AAA	<u>\$ 300</u>	<u>\$ 300</u>

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

The respective obligations of each of the ten 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 2014-15 biennium, the 130th General Assembly appropriated the amounts necessary from the General Revenue Fund to meet the payments required under such leases. The appropriated amounts and the lease amounts paid during fiscal years 2014 and 2015 are detailed in the schedule, below. Such amounts were paid into the Treasurer's respective Bond Service Funds that are established to receive rental and other payments and to make payments of bond service charges (principal and interest).

	<u>Appropriations</u>	<u>Rent Paid to Treasurer of State</u>
Ohio Board of Regents – Higher Education Facilities	\$ 5,805	\$ 5,783
Ohio Department of Mental Health and Addiction Services and Ohio Department of Developmental Disabilities – Mental Health Facilities	63,840	63,985
Ohio Department of Natural Resources – Parks and Recreation Facilities	45,566	42,951
Ohio Facilities Construction Commission – Cultural and Sports Facilities	62,961	61,766
Ohio Department of Rehabilitation and Correction – Adult Correctional Facilities	203,634	199,330
Ohio Department of Administrative Services – Administrative Facilities	176,907	175,656
Ohio Department of Youth Services – Juvenile Correctional Facilities	53,865	53,250
Ohio Department of Public Safety – Highway Safety Facilities	4,945	4,876
Ohio Department of Transportation – Transportation Facilities	-	-

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.

STATE OF OHIO
 CHAPTER 154 LEASE REVENUE OBLIGATIONS
 Debt Service Funds
 Notes to the Financial Statements

As of and for the Year Ended June 30, 2015

NOTE 3 — LEASES (Continued)

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, 2015, 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, 2015**

Year Ending June 30,	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service
2016.....	\$ 41,856	\$ 23,286	\$ 26,074	\$ 81,162
2017.....	35,097	20,998	21,209	74,056
2018.....	32,451	18,690	21,197	65,134
2019.....	25,835	15,055	19,374	56,729
2020.....	23,601	12,910	15,665	44,286
2021-2025.....	68,021	38,134	14,968	200,576
2026-2030.....	-	22,128	-	46,617
2031-2035.....	-	-	-	17,530
	226,861	151,201	118,487	586,090
Amount Representing Interest.....	(35,856)	(29,636)	(13,787)	(126,090)
Leases Receivable, as of June 30, 2015.....	\$ 191,005	\$ 121,565	\$ 104,700	\$ 460,000

Year Ending June 30,	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Facilities Bond Service	Total
2016.....	\$ 97,169	\$ 25,108	\$ 2,389	\$ 8,143	\$ 305,187
2017.....	92,779	19,541	2,403	8,146	274,229
2018.....	93,195	16,970	2,407	8,147	258,191
2019.....	82,479	14,217	2,411	8,146	224,246
2020.....	75,080	10,508	1,566	8,142	191,758
2021-2025.....	291,587	52,590	1,568	40,729	708,173
2026-2030.....	98,080	11,806	-	40,715	219,346
2031-2035.....	46,966	-	-	-	64,496
	877,335	150,740	12,744	122,168	2,245,626
Amount Representing Interest.....	(201,825)	(25,820)	(1,409)	(37,868)	(472,291)
Leases Receivable, as of June 30, 2015.....	\$ 675,510	\$ 124,920	\$ 11,335	\$ 84,300	\$ 1,773,335

**STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Debt Service Funds
Notes to the Financial Statements**

As of and for the Year Ended June 30, 2015

NOTE 3 — LEASES (Continued)

A summary of the unavailable portion of leases receivable by debt service fund as of June 30, 2015 is presented in the table below:

	Mental Health Facilities Bond Service	Parks & Recreation Facilities Bond Service	Cultural & Sports Facilities Bond Service	Adult Correctional Facilities Bond Service
Lease Principal	\$ 186,925	\$ 117,855	\$ 104,700	\$ 460,000
Lease Interest	207	169	1,095	5,530
Total Unavailable Revenue as of June 30, 2015.....	<u>\$ 187,132</u>	<u>\$ 118,024</u>	<u>\$ 105,795</u>	<u>\$ 465,530</u>

	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Facilities Bond Service	Total Debt Service Funds
Lease Principal	\$ 675,510	\$ 124,920	\$ 11,335	\$ 84,300	\$ 1,765,545
Lease Interest	8,129	1,260	101	1,702	18,193
Total Unavailable Revenue as of June 30, 2015.....	<u>\$ 683,639</u>	<u>\$ 126,180</u>	<u>\$ 11,436</u>	<u>\$ 86,002</u>	<u>\$ 1,783,738</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, 2015.

When the debt service funds' financial statements are consolidated at the state level, the leases receivable, both principal and interest, and unavailable revenue balances will not be reported on the State's balance sheet for governmental funds, 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 Position - Accrual Basis
As of June 30, 2015
(Dollars in 000s)

	<u>Total Debt Service Funds</u>
ASSETS:	
Cash.....	\$ 169
Investments.....	300
Receivables from State Agencies:	
Leases.....	1,773,335
Unamortized Lease Premium/Discount, Net.....	105,605
Interest.....	<u>21,275</u>
TOTAL ASSETS.....	<u>1,900,684</u>
DEFERRED OUTFLOW OF RESOURCES:	
Deferred Charge on Refunding.....	<u>27,905</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES.....	<u>27,905</u>
LIABILITIES:	
Accounts Payable.....	19
Bond Interest Payable.....	21,726
Bonds Payable, net of premiums and discount:	
Due in One Year.....	250,257
Due in More Than One Year.....	<u>1,656,587</u>
TOTAL LIABILITIES.....	<u>1,928,589</u>
NET POSITION	
Restricted for Debt Service.....	<u>-</u>
TOTAL NET POSITION.....	<u><u>\$ -</u></u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Activities - Accrual Basis
For the Year Ended June 30, 2015

(Dollars in 000s)

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Building Facilities	Total Debt Service Funds
EXPENSES:										
Administrative.....	\$ -	\$ 38	\$ 19	\$ 573	\$ 56	\$ 95	\$ 46	\$ 13	\$ -	\$ 840
Bond Issue Costs.....	-	369	307	144	146	754	339	-	578	2,637
Interest on Debt.....	-	4,956	3,753	3,315	19,660	26,276	4,139	387	1,706	64,192
TOTAL EXPENSES.....	-	5,363	4,079	4,032	19,862	27,125	4,524	400	2,284	67,669
PROGRAM REVENUES:										
Charges for Services (1).....	-	5,363	4,079	4,032	19,862	27,125	4,524	400	2,284	67,669
TOTAL PROGRAM REVENUES.....	-	5,363	4,079	4,032	19,862	27,125	4,524	400	2,284	67,669
NET EXPENSE AND CHANGES IN NET POSITION.....	-	-	-	-	-	-	-	-	-	-
NET POSITION, JULY 1.....	-	-	-	-	-	-	-	-	-	-
NET POSITION, JUNE 30.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Reconciliation Schedule Between the Balance Sheet
and the Schedule of Net Position
As of June 30, 2015
(Dollars in 000s)

Fund Balance per Debt Service Funds' Balance Sheet	\$ <u>11,341</u>
-----------------------------------------------------------	-------------------------

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

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

Leases Receivable from State Agencies:	
Lease Principal	1,765,545
Lease Interest	18,193
	<u>1,783,738</u>

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

Unamortized Lease Premium/Discount, Net	105,605
	<u>105,605</u>

The accounting loss reported as a deferred outflow of resources is applicable to future reporting periods and is not reported on the fund statements.	27,905
-------------------------------------------------------------------------------------------------------------------------------------------------------	--------

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

Accounts Payable	(19)
Bonds Payable	(1,906,844)
Bond Interest Payable	(21,726)
	<u>(1,928,589)</u>

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

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, 2015
(Dollars in 000s)

Net Change in Fund Balance per Debt Service Funds'	
Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (3,349)

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

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

Lease Principal	48,735
Lease Interest	3,672
	52,407

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

Unamortized Lease Premium/Discount, Net	27,137
	27,137

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

Bonds	(274,300)
Refunding Bonds	(42,315)
Premiums	(44,698)
Deferred Amount on Refunding	3,545
	(357,768)

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

Debt Principal Refundings	40,175
Scheduled Debt Principal Retirements	229,470
	269,645

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:

Decrease in Bond Interest Payable	(2,097)
Increase in Accounts Payable	7
Amortization of Bond Premiums/Accretion of Bond Discounts, Net	20,958
Amortization of Deferred Refunding Amount	(6,940)
	11,928

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

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Future Payments
Under Lease Agreements with State Agencies
As of June 30, 2015
(Dollars in 000s)

Year Ending June 30,	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Facilities	Total
2016.....	\$ 41,856	\$ 23,286	\$ 26,074	\$ 81,162	\$ 97,169	\$ 25,108	\$ 2,389	\$ 8,143	\$ 305,187
2017.....	35,097	20,998	21,209	74,056	92,779	19,541	2,403	8,146	274,229
2018.....	32,451	18,690	21,197	65,134	93,195	16,970	2,407	8,147	258,191
2019.....	25,835	15,055	19,374	56,729	82,479	14,217	2,411	8,146	224,246
2020.....	23,601	12,910	15,665	44,286	75,080	10,508	1,566	8,142	191,758
2021-2025.....	68,021	38,134	14,968	200,576	291,587	52,590	1,568	40,729	708,173
2026-2030.....	-	22,128	-	46,617	98,080	11,806	-	40,715	219,346
2031-2035.....	-	-	-	17,530	46,966	-	-	-	64,496
	226,861	151,201	118,487	586,090	877,335	150,740	12,744	122,168	2,245,626
Amount Representing Interest.....	(35,856)	(29,636)	(13,787)	(126,090)	(201,825)	(25,820)	(1,409)	(37,868)	(472,291)
	191,005	121,565	104,700	460,000	675,510	124,920	11,335	84,300	1,773,335
Premium/(Discount), Net.....	16,429	7,995	4,482	23,563	31,994	4,443	323	16,376	105,605
Leases Receivable, as of June 30, 2015.....	\$ 207,434	\$ 129,560	\$ 109,182	\$ 483,563	\$ 707,504	\$ 129,363	\$ 11,658	\$ 100,676	\$ 1,878,940

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2015 (Continued)
(Dollars in 000s)

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2015 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, 2015, 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
Adult Correctional Facilities	AA	Aa2	AA
Administrative Facilities	AA	Aa2	AA
Juvenile Correctional Facilities	AA	Aa2	AA
Highway Safety Facilities	AA	Aa2	AA
Transportation Facilities	AA	Aa2	AA

Through June 30, 2015, 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:

<u>Bond Program</u>	<u>Amount</u>
Higher Education Facilities*	\$ 4,817,590
Mental Health Facilities	1,581,000
Parks and Recreation Facilities	598,000
Cultural and Sports Facilities	593,000
Adult Correctional Facilities	2,119,000
Administrative Facilities	1,831,000
Juvenile Correctional Facilities	351,000
Highway Safety Facilities	143,000
Transportation Facilities	100,000
Total Authorization	<u>\$ 12,133,590</u>

* 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, 2015 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, 2015 (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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$4,817,590	\$1,746,385	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
None outstanding						
Total	<u>\$4,817,590</u>	<u>\$1,746,385</u>				<u>\$ —</u>

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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,292,085	\$ 386,465	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2005A	30,000	—	8/31/2005	8/1/2019	4.37%	300
II-2006B	—	26,775	12/14/2006	12/1/2016	4.75%	7,840
II-2008A	30,000	—	11/19/2008	6/1/2018	3.72%	10,280
2009A	40,000	—	12/17/2009	12/1/2019	2.56%	21,800
2012A	—	24,175	5/17/2012	6/1/2019	4.56%	17,720
2013A	25,000	—	3/7/2013	2/1/2013	3.55%	20,425
2013B	—	15,375	3/7/2013	8/1/2019	4.59%	13,640
2014A	50,000	—	1/30/2014	2/1/2024	4.42%	49,000
2015A	50,000	—	5/5/2015	2/1/2025	4.95%	50,000
Total	<u>\$1,517,085</u>	<u>\$ 452,790</u>				<u>\$ 191,005</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2015 (Continued)
(Dollars in 000s)

Parks and Recreation Facilities Bonds

Series	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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 313,000	\$ 84,125	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2006A	—	15,410	12/14/2006	12/1/2016	4.32%	6,675
II-2007A	30,000	—	11/13/2007	12/1/2017	3.82%	10,460
II-2009A	35,000	—	3/12/2009	12/1/2020	3.95%	21,370
II-2011A	30,000	—	3/3/2011	8/1/2025	4.06%	26,180
II-2012A	—	7,570	5/17/2012	12/1/2018	4.46%	7,570
2013A	—	11,200	4/11/2013	8/1/2019	3.43%	9,310
2015A	40,000	—	3/5/2015	2/1/1930	4.98%	40,000
Total	<u>\$ 448,000</u>	<u>\$ 118,305</u>				<u>\$ 121,565</u>

Cultural and Sports Facilities Bonds

Series	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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 373,690	\$ 6,880	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2006A	25,000	—	12/14/2006	4/1/2020	4.45%	2,035
2006B	—	28,295	12/14/2006	10/1/2015	4.83%	4,760
2008B	30,000	—	12/3/2008	10/1/2018	3.68%	13,710
2010A	30,000	—	2/10/2010	10/1/2020	3.73%	20,175
2011A	28,000	—	3/3/2011	10/1/2020	4.84%	21,950
2013A	18,000	—	3/7/2013	4/1/2023	1.88%	14,970
2013B	—	19,890	3/7/2013	4/1/2020	1.30%	17,180
2015A	—	9,920	2/26/2015	10/1/2019	1.40%	9,920
Total	<u>\$ 504,690</u>	<u>\$ 64,985</u>				<u>\$ 104,700</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2015 (Continued)
(Dollars in 000s)

Adult Correctional 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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,734,500	958,420	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2002B	—	90,560	10/8/02	4/1/17	4.38%	23,215
2004C	—	225,350	10/21/04	10/1/18	5.11%	67,055
2008A	25,000	—	3/6/08	4/1/23	4.77%	5,055
2009A	40,000	—	1/22/09	10/1/28	4.76%	31,890
2009B	—	75,790	9/17/09	10/1/24	3.46%	63,130
2010A	—	79,325	8/31/10	10/1/24	4.59%	66,190
2011A	40,000	—	2/1/11	4/1/31	4.91%	36,050
2011B	—	101,530	9/15/11	10/1/24	2.65%	49,160
2012A	—	17,360	5/17/12	4/1/23	5.00%	17,360
2013A	—	47,320	3/7/13	10/1/24	5.00%	47,320
2014A	45,000	—	5/7/14	4/1/34	4.85%	43,545
2015A	—	10,030	2/26/15	10/1/22	5.00%	10,030
Total	<u>\$1,884,500</u>	<u>\$1,605,685</u>				<u>\$ 460,000</u>

Administrative 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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 1,328,300	\$ 696,383	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2001A	120,000	—	4/1/2001	10/1/2020	5.14%	18,790
2004B	—	130,750	10/21/2004	10/1/2018	4.94%	36,740
2006A	40,000	—	10/3/2006	4/1/2016	4.40%	4,465
2006B	—	70,335	10/3/2006	4/1/2018	3.93%	50,840
2008A	25,000	—	3/6/2008	4/1/2023	4.85%	5,060
2009A	60,000	—	1/22/2009	10/1/2028	4.24%	48,420
2009B	—	86,590	9/17/2009	10/1/2024	4.93%	71,645
2010A	9,005	—	4/1/2010	10/1/2016	3.99%	3,235
2010B	30,995	—	4/1/2010	10/1/2029	5.58%	30,995
2010C	—	148,865	8/31/2010	10/1/2024	4.84%	124,090
2011A	—	38,595	9/15/2011	10/1/2024	2.65%	35,810
2012A	32,700	—	3/8/2012	4/1/2032	4.13%	29,240
2012B	—	28,055	3/8/2012	4/1/2024	5.00%	28,055
2013A	—	48,660	4/11/2013	4/1/2025	4.95%	48,660
2013B	50,000	—	7/31/2013	4/1/1933	4.80%	48,280
2015A	61,930	—	1/28/2015	4/1/1935	4.31%	61,930
2015B	18,070	—	1/28/2015	4/1/2025	2.59%	18,070
2015C	—	11,185	2/26/2015	10/1/2022	2.95%	11,185
Total	<u>\$ 1,776,000</u>	<u>\$ 1,259,418</u>				<u>\$ 675,510</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2015 (Continued)
(Dollars in 000s)

Juvenile Correctional 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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 232,000	\$ 108,615	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2005A	15,000	—	10/6/2005	10/1/2015	4.68%	1,755
2005B	—	27,445	10/6/2005	10/1/2018	4.01%	3,180
2007A	20,000	—	5/2/2007	4/1/2017	1.85%	4,760
2007B	—	16,410	5/2/2007	4/1/2016	3.94%	3,610
2009B	—	16,820	9/17/2009	10/1/2024	3.67%	14,475
2010A	5,445	—	4/1/2010	10/1/2016	2.77%	1,920
2010B	—	11,450	4/1/2010	10/1/2017	5.00%	7,630
2010C	9,555	—	4/1/2010	10/1/2024	4.97%	9,555
2010D	—	15,005	8/31/2010	10/1/2024	4.11%	12,890
2011A	15,000	—	5/3/2011	4/1/2025	4.13%	12,225
2011B	—	9,215	9/15/2011	10/1/2024	2.90%	8,505
2013A	15,000	—	1/30/2013	10/1/2026	4.24%	13,235
2015A	—	11,180	2/26/2015	10/1/2018	1.18%	11,180
2015B	20,000	—	3/5/2015	4/1/2030	3.90%	20,000
Total	<u>\$ 332,000</u>	<u>\$ 216,140</u>				<u>\$ 124,920</u>

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, 2015
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 140,285	\$ 41,695	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2010A	—	10,860	4/1/2010	10/1/2020	4.49%	8,260
2014A	—	3,815	5/7/2014	4/1/2019	3.59%	3,075
Total	<u>\$ 140,285</u>	<u>\$ 56,370</u>				<u>\$ 11,335</u>

Transportation 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, 2015
<i>Outstanding Bonds:</i>						
2015A	84,300	\$ —	1/28/2015	4/1/1930	4.93%	84,300
Total	<u>\$ 84,300</u>	<u>\$ —</u>				<u>\$ 84,300</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Changes in Bonds Payable Balance
For the Year Ended June 30, 2015
(Dollars in 000s)

	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Facilities	Total
Outstanding Balance, July 1, 2014	\$ 181,187	\$ 101,890	\$ 134,915	\$ 573,113	\$ 699,808	\$ 131,191	\$ 14,032	\$ -	\$1,836,136
Additions:									
New Issuances:									
Bond Principal	50,000	40,000	-	-	80,000	20,000	-	84,300	274,300
Bond Premium	8,110	6,794	-	-	8,593	2,004	-	16,376	41,877
Advance Refunding Issuances:									
Bond Principal	-	-	9,920	10,030	11,185	11,180	-	-	42,315
Bond Premium	-	-	-	1,932	888	-	-	-	2,820
Total Additions	58,110	46,794	9,920	11,962	100,666	33,184	-	100,676	361,312
Deductions:									
Bond Principal Repayments	27,925	17,715	23,215	74,935	61,385	22,390	1,905	-	229,470
Refunded Bonds:									
Bond Principal	-	-	9,110	10,255	10,270	10,540	-	-	40,175
Bond Premium	-	-	204	165	245	189	-	-	803
Amortization of Premium	2,740	722	1,886	6,313	7,389	899	207	-	20,156
Total Deductions	30,665	18,437	34,415	91,668	79,289	34,018	2,112	-	290,604
Outstanding Balance, June 30, 2015	\$ 208,632	\$ 130,247	\$ 110,420	\$ 493,407	\$ 721,185	\$ 130,357	\$ 11,920	\$ 100,676	\$1,906,844
Amount Due in One Year	37,852	19,798	23,594	65,745	74,150	21,499	2,149	5,470	250,257
Amount Due in More Than One Year	170,780	110,449	86,826	427,662	647,035	108,858	9,771	95,206	1,656,587
Outstanding Balance, June 30, 2015	\$ 208,632	\$ 130,247	\$ 110,420	\$ 493,407	\$ 721,185	\$ 130,357	\$ 11,920	\$ 100,676	\$1,906,844

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Future Debt Service Funding Requirements
As of June 30, 2015
(Dollars in 000s)

Fiscal Year Ending June 30,	Mental Health Facilities			Parks & Recreation Facilities			Cultural Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 34,220	\$ 7,639	\$ 41,859	\$ 18,515	\$ 4,791	\$ 23,306	\$ 21,965	\$ 4,132	\$ 26,097
2017	28,400	6,697	35,097	16,665	4,333	20,998	17,905	3,304	21,209
2018	26,945	5,505	32,450	15,025	3,665	18,690	18,625	2,572	21,197
2019	21,410	4,425	25,835	11,935	3,120	15,055	17,555	1,819	19,374
2020	20,040	3,561	23,601	10,250	2,660	12,910	14,515	1,149	15,664
2021-2025	59,990	8,031	68,021	29,685	8,449	38,134	14,135	834	14,969
2026-2030	-	-	-	19,490	2,638	22,128	-	-	-
2031-2035	-	-	-	-	-	-	-	-	-
	191,005	35,858	226,863	121,565	29,656	151,221	104,700	13,810	118,510
Premium/Discount, Net	17,627	-	17,627	8,682	-	8,682	5,720	-	5,720
Total, as of June 30, 2015	\$ 208,632	\$ 35,858	\$ 244,490	\$ 130,247	\$ 29,656	\$ 159,903	\$ 110,420	\$ 13,810	\$ 124,230

Fiscal Year Ending June 30,	Adult Correctional Facilities			Administrative Facilities			Juvenile Correctional Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 59,840	\$ 21,369	\$ 81,209	\$ 66,565	\$ 30,914	\$ 97,479	\$ 20,540	\$ 4,596	\$ 25,136
2017	55,580	18,476	74,056	65,445	27,334	92,779	15,760	3,781	19,541
2018	49,350	15,783	65,133	68,970	24,225	93,195	13,705	3,265	16,970
2019	43,085	13,645	56,730	61,280	21,199	82,479	11,335	2,881	14,216
2020	32,455	11,830	44,285	56,605	18,475	75,080	7,910	2,598	10,508
2021-2025	166,520	34,056	200,576	236,225	55,362	291,587	44,860	7,730	52,590
2026-2030	37,420	9,197	46,617	78,105	19,975	98,080	10,810	996	11,806
2031-2035	15,750	1,781	17,531	42,315	4,651	46,966	-	-	-
	460,000	126,137	586,137	675,510	202,135	877,645	124,920	25,847	150,767
Premium/Discount, Net	33,407	-	33,407	45,675	-	45,675	5,437	-	5,437
Total, as of June 30, 2015	\$ 493,407	\$ 126,137	\$ 619,544	\$ 721,185	\$ 202,135	\$ 923,320	\$ 130,357	\$ 25,847	\$ 156,204

Fiscal Year Ending June 30,	Highway Safety Facilities			Transportation Facilities			Total Chapter 154 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 1,965	\$ 441	\$ 2,406	\$ 3,430	\$ 4,717	\$ 8,147	\$ 227,040	\$ 78,599	\$ 305,639
2017	2,040	363	2,403	4,235	3,911	8,146	206,030	68,199	274,229
2018	2,125	282	2,407	4,405	3,742	8,147	199,150	59,039	258,189
2019	2,215	196	2,411	4,580	3,566	8,146	173,395	50,851	224,246
2020	1,460	106	1,566	4,760	3,382	8,142	147,995	43,761	191,756
2021-2025	1,530	38	1,568	27,635	13,094	40,729	580,580	127,594	708,174
2026-2030	-	-	-	35,255	5,460	40,715	181,080	38,266	219,346
2031-2035	-	-	-	-	-	-	58,065	6,432	64,497
	11,335	1,426	12,761	84,300	37,872	122,172	1,773,335	472,741	2,246,076
Premium/Discount, Net	585	-	585	16,376	-	16,376	133,509	-	133,509
Total, as of June 30, 2015	\$ 11,920	\$ 1,426	\$ 13,346	\$ 100,676	\$ 37,872	\$ 138,548	\$ 1,906,844	\$ 472,741	\$ 2,379,585

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, 2015
(Dollars in 000s)

Current and Advance Refunding Issues

During fiscal year 2015, four current refunding issues were transacted whereby the Treasurer refunded 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 the refundings represents the difference between the present values of the debt service payments on the old and new debt. Detail on the current refunding bond transactions are discussed below.

- A. On February 26, 2015, the Treasurer refunded portions of four series of previously issued bonds to reduce the State's total debt service payments by issuing \$9,920 of 2015A Cultural Facilities refunding bonds, \$10,030 of 2015A Adult Correctional refunding bonds, \$11,185 of 2015C Administrative refunding bonds, and \$11,180 of 2015A Juvenile Correctional refunding bonds. The overall transaction resulted in an economic gain of \$2,702 and total issuance costs and underwriter's discount of \$602. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$3,018.

2015A Cultural Facilities Bonds – The 2015A Cultural Facilities Bonds, with an average interest rate of 1.40%, refunded \$9,110 in principal, plus interest of the 2006A Cultural Facilities Bonds due on April 1, 2015-2020. The refunded bonds had an average interest rate of 5.00%.

2015A Adult Correctional Facilities Bonds – The 2015A Adult Correctional Facilities Bonds, with an average interest rate of 5.00%, refunded \$10,255 in principal, plus interest of the 2008A Adult Correctional Facilities Bonds due on April 1, 2015-2023. The refunded bonds had an average interest rate of 5.25%.

2015C Administrative Facilities Bonds – The 2015C Administrative Facilities Bonds, with an average interest rate of 2.95%, refunded \$10,270 in principal, plus interest of the 2008A Administrative Facilities Bonds due on April 1, 2015-2023. The refunded bonds had an average interest rate of 5.50%.

2015A Juvenile Correctional Facilities Bonds – The 2015A Juvenile Correctional Facilities Bonds, with an average interest rate of 1.18%, refunded \$10,540 in principal, plus interest of the 2005B Juvenile Correctional Facilities Bonds due on April 1, 2015 – October 1, 2018. The refunded bonds had an average interest rate of 4.52%.

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, 2015 (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, 2015 that were refunded in fiscal year 2015 and prior.

<u>Refunded Issue</u>	<u>Principal Yet to be Paid as of June 30, 2015</u>	<u>Scheduled Redemption Date</u>
Cultural & Sports Facilities: 2006A	9,110 <u>9,110</u>	April 1, 2016
Adult Correctional Facilities: 2008A	10,255 <u>10,255</u>	April 1, 2018
Administrative Facilities: 2008A	10,270 <u>10,270</u>	April 1, 2018
Juvenile Correctional Facilities: 2005B	10,540 <u>10,540</u>	October 1, 2015
Total	<u>\$ 40,175</u>	

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Treasurer of State of Ohio
Columbus, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Debt Service Funds as held in the name of the Treasurer of 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 Administrative Services, Department of Youth Services, Department of Public Safety, and the Department of Transportation lease revenue bonds governed by the Ohio Revised Code Chapter 154 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements and have issued our report thereon dated September 30, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Funds' internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Funds' internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Funds' financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Funds' financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Funds' internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Funds' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

KENNEDY COTTRELL RICHARDS LLC

September 30, 2015