



JOSH MANDEL
STATE TREASURER OF OHIO

September 30, 2013

**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 2013
(July 1, 2012 --- June 30, 2013)**

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

LEASE - REVENUE OBLIGATIONS
ANNUAL REPORT
For the period July 1, 2012 through June 30, 2013

The Treasurer of State (“Treasurer”) makes this annual report for the Fiscal Year ending June 30, 2013 (FY 2013) in accordance with Section 154.05(B) of the Ohio Revised Code (“Act”) and its lease-revenue bond proceedings.

Chapter 154 of the Act, was enacted pursuant to the power granted to the General Assembly by the Ohio Constitution, and particularly Section 2i of Article VIII which authorizes the issuance for stated purposes of revenue obligations and other obligations the owners and holders of which are not given the right to have excises or taxes levied by the General Assembly for payment of principal or interest. The Act originally authorized the Ohio Public Facilities Commission (“Commission”) to issue obligations of the State to pay costs of capital facilities for (a) mental hygiene and retardation, (b) state supported and state assisted institutions of higher education, (c) parks and recreation, and (d) housing 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agencies of state government (for which no specific authorization to issue obligations was ever granted and which was repealed in FY 2001).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 (“Obligations”). The Treasurer succeeded the Commission as issuer and with all responsibilities and obligations under the bond proceedings relating to previously issued Obligations.

Pursuant to House Bill 16 of the 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.

The Treasurer may issue Obligations only as authorized by the General Assembly, which has authorized lease-revenue obligations for capital facilities projects in aggregate principal amounts of up to \$4,817,590,000 for higher education, \$1,541,000,000 for mental health, \$431,000,000 for parks and recreation, \$518,000,000 for cultural and sports facilities, \$1,993,000,000 for state correctional facilities, \$317,000,000 for juvenile correctional facilities, \$1,711,000,000 for administrative facilities, and \$143,000,000 for highway safety facilities. There is currently no General Assembly authorization for additional lease-revenue obligations for higher education projects.

Within these authorizations, the Treasurer issued the following Obligations in FY 2013:

Bond Program & Series No.	Amount	Dated Date	Final Maturity Date
Administrative Facilities – 2013A ²	\$48,660,000	4/11/2013	10/1/2024
Adult Correctional Facilities – 2013A ^{2,3}	\$47,320,000	3/7/2013	10/1/2024
Cultural Facilities – 2013A ¹	\$18,000,000	3/7/2013	4/1/2023
Cultural Facilities – 2013B ²	\$19,890,000	3/7/2013	4/1/2020
Juvenile Correctional Facilities – 2013A ¹	\$15,000,000	1/30/2013	10/1/2026
Mental Health Facilities – 2013A ¹	\$25,000,000	3/7/2013	2/1/2023
Mental Health Facilities – 2013B ²	\$15,375,000	3/7/2013	8/1/2019
Parks and Recreation Facilities – 2013A ²	\$11,085,000	4/11/2013	8/1/2019

The principal and interest requirements on the Obligations sold and delivered in FY 2013 are set forth in the attached Schedules 1 through 8. The Obligations issued in FY 2013 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, 2013, the Obligations issued by the Treasurer in FY 2013 were rated as follows:

	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 & Sports Facilities	AA	Aa2	AA
Administrative Facilities	AA	Aa2	AA
Adult Correctional Facilities	AA	Aa2	AA
Juvenile Correctional Facilities	AA	Aa2	AA
Highway Safety Facilities	AA	Aa2	AA

As contemplated by the Act, the financing arrangements for the eight categories of capital facilities -- higher education, mental health, parks and recreation, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional facilities and highway safety facilities -- involve separate proceedings and separate leasing arrangements between the Commission (its only remaining responsibility with regard to the Obligations) and the Using Agencies, being respectively the Ohio Board of Regents (OBOR), the Ohio Department of

¹ New money issuance.

² Refunding issuance.

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

Mental Health (ODMH), the Ohio Department of Developmental Disabilities (DODD), the Ohio Department of Natural Resources (ODNR), the Cultural Facilities Commission (OCFC), the Department of Administrative Services (DAS), the Department of Rehabilitation and Correction (DRC), the Department of Youth Services (DYS) and the Department of Public Safety (DPS), under which the Commission undertakes to finance capital facilities designated by or pursuant to acts of the General Assembly. In turn, OBOR makes those higher education facilities available to the state, and ODMH, DODD, ODNR, OCFC, DAS, DRC, DHS and DPS (and in certain cases, the Department of Alcohol and Drug Addiction Services) assume the management of those facilities intended for the particular department's use. Each Using Agency agrees, in accordance with the applicable lease and the supplements to it entered into in connection with each bond or note issuance, to pay rent in amounts sufficient to pay principal of and interest on the obligations issued, to establish and maintain any applicable required reserve, and to pay incidental expenditures, such as bond issuance costs.

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

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

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

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For the biennium ending June 30, 2013, the General Assembly, by Acts passed prior to July 1, 2012 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	FY2012	FY2013
Ohio Board of Regents	\$140,786,000	\$83,151,600	\$57,634,400
Ohio Department of Mental Health	36,102,150	18,394,250	17,907,900
Ohio Department of Developmental Disabilities	36,102,150	18,394,250	17,907,900
Ohio Department of Natural Resources	40,303,300	20,568,600	19,734,700
Ohio Cultural Facilities Commission	56,269,900	27,804,900	28,465,000
Department of Administrative Services	136,764,200	53,260,000	83,504,200
Department of Rehabilitation and Correction	147,164,600	42,863,100	104,301,500
Department of Youth Services	37,451,900	10,221,800	27,230,100
Department of Public Safety	12,294,000	9,978,300	2,315,700
Total Appropriation	\$643,238,200	\$284,636,800	\$358,801,400

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.

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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, 2013)**

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities
Authorized by General Assembly	\$4,817,590,000(d)	\$1,541,000,000	\$431,000,000	\$518,000,000
Issued in Prior Fiscal Years (a)	4,817,590,000	1,392,085,000	408,000,000	486,690,000
Issued in FY2013 (b)	0	25,000,000	0	18,000,000
Authorized by the General Assembly but not yet issued	0	148,915,000	23,000,000	31,310,000
Interest Paid FY2013	1,699,888	5,916,683	5,063,696	6,018,306
Principal Paid FY2013	55,900,000	26,220,000	13,600,000	20,665,000
Outstanding Principal (c)	\$5,630,000	\$144,930,000	\$116,445,000	\$152,945,000
	Administrative Facilities	State Correctional Facilities	Juvenile Correctional Facilities	Highway Safety Facilities
Authorized by General Assembly	\$1,711,000,000	\$1,993,000,000	\$317,000,000	\$143,000,000
Issued in Prior Fiscal Years (a)	1,613,300,000	1,839,500,000	297,000,000	140,285,000
Issued in FY2013 (b)	0	0	15,000,000	0
Authorized by the General Assembly but not yet issued	97,700,000	153,500,000	20,000,000	2,715,000
Interest Paid FY2013	33,524,467	28,201,758	6,264,507	680,644
Principal Paid FY2013	49,490,000	71,745,000	20,300,000	1,605,000
Outstanding Principal (c)	\$709,745,000	\$556,710,000	\$146,705,000	\$15,215,000

- (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 2013, as in prior years, were funds appropriated by the General Assembly for the purpose. Original issue premium and accrued interest paid by original purchasers of bonds were applied to either bond service charges or the applicable improvement funds.

The amounts credited, in accordance with the leases and supplements, to the higher education, mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional and highway safety facilities bond service funds, and to the administrative service funds (to pay expenditures, including issuing costs), during FY 2013, and the balances in those funds on June 30, 2013, 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 2014 of principal of and interest on the Bonds outstanding on June 30, 2013 (which excludes Bonds advance refunded) are as follows:

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities
Payment Dates				
August 1, 2013	\$5,770,750.00	\$2,787,128.13	\$4,651,522.23	\$0.00
October 1, 2013	0.00	0.00	0.00	22,426,338.54
December 1, 2013	0.00	12,533,981.26	13,221,306.25	0.00
February 1, 2014	0.00	3,078,962.50	2,358,212.51	0.00
April 1, 2014	0.00	0.00	0.00	9,787,909.38
June 1, 2014	0.00	13,052,556.26	1,222,093.75	0.00
Fiscal Year Total	\$5,770,750.00	\$31,452,628.15	\$21,453,134.74	\$32,214,247.92
	Administrative Facilities	Adult Correctional Facilities	Juvenile Correctional Facilities	Highway Safety Facilities
Payment Dates				
August 1, 2013	\$0.00	\$0.00	\$0.00	\$0.00
October 1, 2013	55,607,414.75	68,067,514.59	16,853,725.77	1,427,446.88
December 1, 2013	0.00	0.00	0.00	0.00
February 1, 2014	0.00	0.00	0.00	0.00
April 1, 2014	30,499,532.59	34,924,731.26	9,167,350.56	1,014,821.88
June 1, 2014	0.00	0.00	0.00	0.00
Fiscal Year Total	\$86,106,947.34	\$102,992,245.85	\$26,021,076.33	\$2,442,268.76

The anticipated sources of payment of amounts for outstanding Obligations and for additional mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional and highway safety facilities Obligations that may be issued during FY 2014 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 130th General Assembly for the first half of the fiscal biennium ending June 30, 2014. These respective amounts have been and will be sufficient to pay during the first half of the biennium all principal and interest requirements on the Obligations outstanding as of June 30, 2013, principal and interest on additional obligations that are projected to be issued in the biennium, and related applicable administrative and issuance expenditures.

SCHEDULE NO. 1

\$15,000,000				
State of Ohio				
Juvenile Correctional Capital Facilities Bonds				
Series 2013A				
Dated: 1/30/2013				
Date	Principal	Coupon	Interest	Total P+I
10/1/2013	830,000	3.000%	346,487.71	1,176,487.71
4/1/2014			246,337.50	246,337.50
10/1/2014	935,000	1.000%	246,337.50	1,181,337.50
4/1/2015			241,662.50	241,662.50
10/1/2015	945,000	1.000%	241,662.50	1,186,662.50
4/1/2016			236,937.50	236,937.50
10/1/2016	955,000	1.000%	236,937.50	1,191,937.50
4/1/2017			232,162.50	232,162.50
10/1/2017	965,000	1.000%	232,162.50	1,197,162.50
4/1/2018			227,337.50	227,337.50
10/1/2018	975,000	1.500%	227,337.50	1,202,337.50
4/1/2019			220,025.00	220,025.00
10/1/2019	990,000	2.000%	220,025.00	1,210,025.00
4/1/2020			210,125.00	210,125.00
10/1/2020	1,030,000	5.000%	210,125.00	1,240,125.00
4/1/2021			184,375.00	184,375.00
10/1/2021	1,080,000	5.000%	184,375.00	1,264,375.00
4/1/2022			157,375.00	157,375.00
10/1/2022	1,135,000	5.000%	157,375.00	1,292,375.00
4/1/2023			129,000.00	129,000.00
10/1/2023	1,195,000	5.000%	129,000.00	1,324,000.00
4/1/2024			99,125.00	99,125.00
10/1/2024	1,255,000	5.000%	99,125.00	1,354,125.00
4/1/2025			67,750.00	67,750.00
10/1/2025	1,320,000	5.000%	67,750.00	1,387,750.00
4/1/2026			34,750.00	34,750.00
10/1/2026	1,390,000	5.000%	34,750.00	1,424,750.00
Total	15,000,000		4,920,412.71	19,920,412.71
Average Life				7.742 Years
Average Coupon				4.2367435%
Net Interest Cost (NIC)				2.5857699%
True Interest Cost (TIC)				2.3345340%
Bond Yield for Arbitrage Purposes				1.9940844%
All Inclusive Cost (AIC)				2.4121401%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brennan, Manna & Diamond				
Underwriter's Counsel: Tucker Ellis LLP				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 2

\$42,320,000				
State of Ohio				
Adult Correctional Capital Facilities Refunding Bonds				
Series 2013A				
Dated: 3/7/2013				
Date	Principal	Coupon	Interest	Total P+I
10/1/2013			1,340,733.33	1,340,733.33
4/1/2014			1,183,000.00	1,183,000.00
10/1/2014			1,183,000.00	1,183,000.00
4/1/2015			1,183,000.00	1,183,000.00
10/1/2015	3,380,000	5.000%	1,183,000.00	4,563,000.00
4/1/2016			1,098,500.00	1,098,500.00
10/1/2016	3,560,000	5.000%	1,098,500.00	4,658,500.00
4/1/2017			1,009,500.00	1,009,500.00
10/1/2017	3,740,000	5.000%	1,009,500.00	4,749,500.00
4/1/2018			916,000.00	916,000.00
10/1/2018	3,925,000	5.000%	916,000.00	4,841,000.00
4/1/2019			817,875.00	817,875.00
10/1/2019	4,130,000	5.000%	817,875.00	4,947,875.00
4/1/2020			714,625.00	714,625.00
10/1/2020	4,610,000	5.000%	714,625.00	5,324,625.00
4/1/2021			599,375.00	599,375.00
10/1/2021	4,590,000	5.000%	599,375.00	5,189,375.00
4/1/2022			484,625.00	484,625.00
10/1/2022	4,710,000	5.000%	484,625.00	5,194,625.00
4/1/2023			366,875.00	366,875.00
10/1/2023	9,440,000	5.000%	366,875.00	9,806,875.00
4/1/2024			130,875.00	130,875.00
10/1/2024	5,235,000	5.000%	130,875.00	5,365,875.00
Total	47,320,000		18,349,233.33	65,669,233.33
Average Life				7.755 Years
Average Coupon				5.0000000%
Net Interest Cost (NIC)				2.3287300%
True Interest Cost (TIC)				2.0656250%
Bond Yield for Arbitrage Purposes				1.7637500%
All Inclusive Cost (AIC)				2.1041640%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group				

SCHEDULE NO. 3

\$18,000,000				
State of Ohio				
Cultural and Sports Capital Facilities Bonds				
Series 2013A				
Dated: 3/7/2013				
Date	Principal	Coupon	Interest	Total P+I
10/1/2013			441,688.33	441,688.33
4/1/2014	1,475,000	2.000%	389,725.00	1,864,725.00
10/1/2014			374,975.00	374,975.00
4/1/2015	1,555,000	3.000%	374,975.00	1,929,975.00
10/1/2015			351,650.00	351,650.00
4/1/2016	1,600,000	3.000%	351,650.00	1,951,650.00
10/1/2016			327,650.00	327,650.00
4/1/2017	1,650,000	5.000%	327,650.00	1,977,650.00
10/1/2017			286,400.00	286,400.00
4/1/2018	1,730,000	**	286,400.00	2,016,400.00
10/1/2018			248,150.00	248,150.00
4/1/2019	1,810,000	**	248,150.00	2,058,150.00
10/1/2019			203,400.00	203,400.00
4/1/2020	1,900,000	5.000%	203,400.00	2,103,400.00
10/1/2020			155,900.00	155,900.00
4/1/2021	1,995,000	**	155,900.00	2,150,900.00
10/1/2021			106,325.00	106,325.00
4/1/2022	2,090,000	5.000%	106,325.00	2,196,325.00
10/1/2022			54,075.00	54,075.00
4/1/2023	2,195,000	**	54,075.00	2,249,075.00
**2018 bifurcated coupon: \$500,000 at 3.000%, \$1,230,000 at 5.000%				
**2019 bifurcated coupon: \$50,000 at 3.000%, \$1,760,000 at 5.000%				
**2021 bifurcated coupon: \$30,000 at 3.000%, \$1,965,000 at 5.000%				
**2023 bifurcated coupon: \$80,000 at 3.000%, \$2,115,000 at 5.000%				
Total	18,000,000		5,048,463.33	23,048,463.33
Average Life				5.929 Years
Average Coupon				4.7307910%
Net Interest Cost (NIC)				2.0872690%
True Interest Cost (TIC)				1.8797730%
Bond Yield for Arbitrage Purposes				1.7637500%
All Inclusive Cost (AIC)				1.9603435%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group				

SCHEDULE NO. 4

\$19,890,000				
State of Ohio				
Cultural and Sports Capital Facilities Refunding Bonds				
Series 2013B				
Dated: 3/7/2013				
Date	Principal	Coupon	Interest	Total P+I
2/1/2014			450,400.00	450,400.00
4/1/2014	1,315,000	2.000%	4,383.33	1,319,383.33
8/1/2014			437,250.00	437,250.00
2/1/2015			437,250.00	437,250.00
4/1/2015	1,395,000	4.000%	9,300.00	1,404,300.00
8/1/2015			409,350.00	409,350.00
2/1/2016			409,350.00	409,350.00
4/1/2016	3,830,000	4.000%	25,533.33	3,855,533.33
8/1/2016			332,750.00	332,750.00
2/1/2017			332,750.00	332,750.00
4/1/2017	3,965,000	5.000%	33,041.67	3,998,041.67
8/1/2017			233,625.00	233,625.00
2/1/2018			233,625.00	233,625.00
4/1/2018	4,160,000	5.000%	34,666.67	4,194,666.67
8/1/2018			129,625.00	129,625.00
2/1/2019			129,625.00	129,625.00
4/1/2019	2,540,000	5.000%	21,166.67	2,561,166.67
8/1/2019			66,125.00	66,125.00
2/1/2020			66,125.00	66,125.00
4/1/2020	2,685,000	**	22,041.67	2,707,041.67
**2020 bifurcated coupon: \$200,000 at 4.000%, \$2,285,000 at 5.000%				
Total	19,890,000		3,817,983.33	23,707,983.33
Average Life				4.405 Years
Average Coupon				4.7688820%
Net Interest Cost (NIC)				1.4289190%
True Interest Cost (TIC)				1.3032550%
Bond Yield for Arbitrage Purposes				1.7637500%
All Inclusive Cost (AIC)				1.4029140%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group				

SCHEDULE NO. 5

\$25,000,000				
State of Ohio				
Mental Health Capital Facilities Bonds				
Series 2013A				
Dated: 3/7/2013				
Date	Principal	Coupon	Interest	Total P+I
2/1/2014	2,305,000	2.000%	386,462.50	2,691,462.50
8/1/2014			363,412.50	363,412.50
2/1/2015	2,270,000	2.000%	363,412.50	2,633,412.50
8/1/2015			340,712.50	340,712.50
2/1/2016	2,315,000	2.000%	340,712.50	2,655,712.50
8/1/2016			317,562.50	317,562.50
2/1/2017	2,365,000	**	317,562.50	2,682,562.50
8/1/2017			282,562.50	282,562.50
2/1/2018	2,435,000	**	282,562.50	2,717,562.50
8/1/2018			248,912.50	248,912.50
2/1/2019	2,500,000	2.000%	248,912.50	2,748,912.50
8/1/2019			223,912.50	223,912.50
2/1/2020	2,550,000	**	223,912.50	2,773,912.50
8/1/2020			180,562.50	180,562.50
2/1/2021	2,635,000	**	180,562.50	2,815,562.50
8/1/2021			122,937.50	122,937.50
2/1/2022	2,750,000	**	122,937.50	2,872,937.50
8/1/2022			61,375.00	61,375.00
2/1/2023	2,875,000	**	61,375.00	2,936,375.00
**2017 bifurcated coupon: \$1,230,000 at 2.000%, \$1,153,000 at 4.000%				
**2018 bifurcated coupon: \$1,505,000 at 2.000%, \$930,000 at 4.000%				
**2020 bifurcated coupon: \$1,360,000 at 2.000%, \$1,190,000 at 5.000%				
**2021 bifurcated coupon: \$550,000 at 2.000%, \$2,085,000 at 5.000%				
**2022 bifurcated coupon: \$500,000 at 2.125%, \$2,250,000 at 5.000%				
**2023 bifurcated coupon: \$800,000 at 2.375%, \$2,075,000 at 5.000%				
Total	25,000,000		4,670,362.50	29,670,362.50
Average Life				5.614 Years
Average Coupon				3.5478130%
Net Interest Cost (NIC)				1.9896630%
True Interest Cost (TIC)				1.8600690%
Bond Yield for Arbitrage Purposes				1.7637500%
All Inclusive Cost (AIC)				1.9292520%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group				

SCHEDULE NO. 6

\$15,375,000				
State of Ohio				
Mental Health Capital Facilities Refunding Bonds				
Series 2013B				
Dated: 3/7/2013				
Date	Principal	Coupon	Interest	Total P+I
2/1/2014			327,600	327,600
8/1/2014	1,735,000	2.000%	327,600	2,062,600
2/1/2015			310,250	310,250
8/1/2015	3,780,000	4.000%	310,250	4,090,250
2/1/2016			234,650	234,650
8/1/2016	2,295,000	4.000%	234,650	2,529,650
2/1/2017			188,750	188,750
8/1/2017	2,395,000	5.000%	188,750	2,583,750
2/1/2018			128,875	128,875
8/1/2018	2,520,000	**	128,875	2,648,875
2/1/2019			66,250	66,250
8/1/2019	2,650,000	5.000%	66,250	2,716,250
**2018 bifurcated coupon: \$75,000 at 4.000%, \$2,445,000 at 5.000%				
Total	15,375,000		2,512,750	17,887,750
Average Life				3.929 Years
Average Coupon				4.5933290%
Net Interest Cost (NIC)				1.2633200%
True Interest Cost (TIC)				1.1587910%
Bond Yield for Arbitrage Purposes				1.7637500%
All Inclusive Cost (AIC)				1.2979410%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Brouse McDowell				
Underwriter's Counsel: Roetzel & Andress				
Financial Advisor: Acacia Financial Group				

SCHEDULE NO. 7

\$48,660,000				
State of Ohio				
Administrative Building Capital Facilities Refunding Bonds				
Series 2013A				
Dated: 4/11/2013				
Date	Principal	Coupon	Interest	Total P+I
10/1/2013			1,112,225	1,112,225
4/1/2014			1,177,650	1,177,650
10/1/2014			1,177,650	1,177,650
4/1/2015			1,177,650	1,177,650
10/1/2015	3,885,000	3.000%	1,177,650	5,062,650
4/1/2016			1,119,375	1,119,375
10/1/2016	4,040,000	5.000%	1,119,375	5,159,375
4/1/2017			1,018,375	1,018,375
10/1/2017	4,245,000	5.000%	1,018,375	5,263,375
4/1/2018			912,250	912,250
10/1/2018	4,465,000	5.000%	912,250	5,377,250
4/1/2019			800,625	800,625
10/1/2019	4,695,000	5.000%	800,625	5,495,625
4/1/2020			683,250	683,250
10/1/2020	4,935,000	5.000%	683,250	5,618,250
4/1/2021			559,875	559,875
10/1/2021	5,185,000	5.000%	559,875	5,744,875
4/1/2022			430,250	430,250
10/1/2022	5,455,000	5.000%	430,250	5,885,250
4/1/2023			293,875	293,875
10/1/2023	5,730,000	5.000%	293,875	6,023,875
4/1/2024			150,625	150,625
10/1/2024	6,025,000	5.000%	150,625	6,175,625
Total	48,660,000		17,759,825.00	66,419,825.00
Average Life				7.379 Years
Average Coupon				4.9464980%
Net Interest Cost (NIC)				2.3889680%
True Interest Cost (TIC)				2.1347490%
Bond Yield for Arbitrage Purposes				1.8931000%
All Inclusive Cost (AIC)				2.1791660%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Bricker & Eckler LLP				
Underwriter's Counsel: Keating, Muething & Klekamp				
Financial Advisor: Public Financial Management				

SCHEDULE NO. 8

\$11,085,000				
State of Ohio				
Parks and Recreation Capital Facilities Refunding Bonds				
Series 2013A				
Dated: 4/11/2013				
Date	Principal	Coupon	Interest	Total P+I
2/1/2014			188,400	188,400
8/1/2014	1,775,000	**	188,400	1,963,400
2/1/2015			162,275	162,275
8/1/2015	1,720,000	**	162,275	1,882,275
2/1/2016			130,375	130,375
8/1/2016	1,795,000	**	130,375	1,925,375
2/1/2017			90,000	90,000
8/1/2017	1,865,000	3.000%	90,000	1,955,000
2/1/2018			62,025	62,025
8/1/2018	1,970,000	1.500%	62,025	2,032,025
2/1/2019			47,250	47,250
8/1/2019	1,960,000	**	47,250	2,007,250
**2014 bifurcated coupon: \$750,000 at 1.500%, \$1,025,000 at 4.000%				
**2015 bifurcated coupon: \$250,000 at 2.000%, \$1,470,000 at 4.000%				
**2016 bifurcated coupon: \$300,000 at 2.000%, \$1,495,000 at 5.000%				
**2019 bifurcated coupon: \$175,000 at 3.000%, \$1,785,000 at 5.000%				
Total	11,085,000		1,360,650.00	12,445,650.00
Average Life				3.848 Years
Average Coupon				3.4255250%
Net Interest Cost (NIC)				1.2953810%
True Interest Cost (TIC)				1.2268590%
Bond Yield for Arbitrage Purposes				1.8931000%
All Inclusive Cost (AIC)				1.4292530%
Issuer's Counsel: Peck, Shaffer & Williams, LLP				
Bond Counsel: Bricker & Eckler LLP				
Underwriter's Counsel: Keating, Muething & Klekamp				

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

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

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

Financial Statements
and
Supplementary Financial Information
For the Year Ended June 30, 2013
and
Independent Auditors' Report Thereon



STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Financial Report
As of and for the Year Ended June 30, 2013

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INDEPENDENT AUDITORS' 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 Youth Services, Department of Public Safety, and the Department of Administrative Services Lease Revenue Bonds Governed by the Ohio Revised Code Chapter 154 (the Obligations), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Ohio's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the Funds as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As discussed in Note 1, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the Treasurer of the State of Ohio (which is part of the reporting entity of the State of Ohio) as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally in the United States of America.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Columbus, Ohio
September 30, 2013

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2013
(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, 2013. 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, 2013, total debt service fund assets exceeded liabilities by \$13.0 million. The total combined ending fund balance, which is restricted for debt service, decreased by \$49.1 million during fiscal year 2013.
- For fiscal year 2013, other financing sources from lease principal payments from state agency-lessees totaled \$213.8 million, and lease interest revenue was reported at \$80.8 million.
- During fiscal year 2013, the Treasurer of State issued \$58.0 million in new bonds with a total premium of \$7.2 million and \$142.4 million in refunding bonds with a total premium of \$25.6 million. In addition, \$259.5 million in bond principal and \$87.4 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 eight of the debt service funds listed below fall under the governmental fund classification:

- Higher Education Capital Facilities Bond Service Fund
- Mental Health Facilities Bond Service Fund
- Parks and Recreation Facilities Bond Service Fund
- Cultural and Sports Facilities Bond Service Fund
- State Correctional Facilities Bond Service Fund
- Administrative Facilities Bond Service Fund
- Juvenile Correctional Facilities Bond Service Fund
- Highway Safety Facilities Bond Service Fund

Debt service funds, by definition, account for resources accumulated and payments made for principal and interest on long-term debt. The financial statements for the funds listed above can be found on Pages 8 to 10 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on Pages 11 to 17 of this report.

In addition, supplementary financial information follows the notes. Supplementary financial information, which can be found on Pages 19 to 33, 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, 2013
(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>06/30/13</u>	<u>As of</u> <u>06/30/12</u>	<u>Percentage</u> <u>Change</u>
ASSETS:			
Cash and Investments.....	\$ 497	\$ 2,698	-81.6%
Receivable from State Agencies:			
Lease Principal.....	1,808,325	2,019,085	-10.4%
Lease Interest.....	23,513	22,195	5.9%
TOTAL ASSETS.....	<u>1,832,335</u>	<u>2,043,978</u>	
LIABILITIES:			
Accounts Payable.....	279	225	24.0%
Deferred Revenue.....	1,819,078	1,981,653	-8.2%
TOTAL LIABILITIES.....	<u>1,819,357</u>	<u>1,981,878</u>	
FUND BALANCES:			
Restricted for Debt Service.....	12,978	62,100	-79.1%
TOTAL FUND BALANCES.....	<u>12,978</u>	<u>62,100</u>	
TOTAL LIABILITIES			
AND FUND BALANCES.....	<u>\$ 1,832,335</u>	<u>\$ 2,043,978</u>	

The significant decrease in lease principal receivable and deferred revenue at June 30, 2013 compared to June 30, 2012 is the result of a combination of the Treasurer issuing new bonds and refunding bonds, and the continued payoff of outstanding bond principal and bond service principal payments exceeding new debt issuances bond proceeds. The decrease in cash and investments at June 30, 2013 are primarily the result of cash paid on bond issuance costs and administrative costs.

The following tables compare debt service fund revenues, expenditures, other financing sources/(uses) and extraordinary items reported for fiscal year 2013 with fiscal year 2012 results:

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2013
(UNAUDITED)

Revenue
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2013	Percent of Total 2013 Revenue	Fiscal Year 2012	Percent Change
Lease Interest from State Agencies.....	\$ 80,808	99.0%	\$ 57,258	41.1%
Administrative Fees.....	854	1.0%	709	20.5%
Other Income.....	-	0.0%	2	-100.0%
TOTAL REVENUES.....	\$ 81,662	100.0%	\$ 57,969	

As the above table indicates, 99.0% of debt service fund revenues for fiscal year 2013 were comprised of lease interest. Lease interest from state agencies increased for fiscal year 2013 primarily due to a combination of the Treasurer issuing new bonds and refunding bonds, and the corresponding increase in debt service expenditures for bond interest paid.

Expenditures
Comparative Analysis
(Dollars in 000s)

	Fiscal Year 2013	Percent of Total 2013 Expenditures	Fiscal Year 2012	Percent Change
Administrative Costs.....	\$ 846	0.2%	\$ 703	20.3%
Debt Service:				
Principal.....	259,525	74.3%	163,025	59.2%
Interest.....	87,370	25.0%	60,077	45.4%
Bond Issue Costs.....	1,851	0.5%	1,049	76.5%
TOTAL EXPENDITURES.....	\$ 349,592	100.0%	\$ 224,854	

As the table above shows, 99.3% of total reported expenditures for fiscal year 2013 were for debt service payments (principal and interest). Principal and interest expenditures for fiscal year 2013 were more than fiscal year 2012 by 59.2 and 45.4%, respectively, due to the Treasurer issuing new bonds and refunding bonds in fiscal year 2013 that exceeded amounts issued in fiscal year 2012. Bond issuance costs increased for fiscal year 2013 primarily due to the costs associated with the two new money bond issuances and the two refunding bond issuances.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2013
(UNAUDITED)

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

	Fiscal Year 2013	Fiscal Year 2012	Percent Change
Lease Principal Payments			
from State Agencies.....	\$ 213,835	\$ 166,775	28.2%
Bond Proceeds:			
Principal.....	58,000	32,700	77.4%
Premium.....	7,216	2,835	154.5%
Refunding Bond Proceeds:			
Principal.....	142,445	77,160	84.6%
Premium.....	25,553	13,901	83.8%
Payments to Refunding Escrow Agent	(166,695)	(90,260)	84.7%
Financing Provided to			
State Agencies Under Leases.....	(61,546)	(33,246)	85.1%
TOTAL OTHER			
FINANCING SOURCES/(USES).....	<u>\$ 218,808</u>	<u>\$ 169,865</u>	
Extraordinary Item.....	<u>-</u>	<u>507</u>	100.0%

The increase in new money bond proceeds (principal and premium) and financing provided to state agencies under leases are the result of two bond issuances in fiscal year 2013 compared to one bond issuance in fiscal year 2012. The increase in refunding bond proceeds (principal and interest) and payments to refunding escrow agent are the result of two larger refunding issuances, involving eight series of bonds, during the 2013 fiscal year compared to the two smaller refunding issuances, involving eight series of bonds, in fiscal year 2012.

The extraordinary item is related to the Treasurer replacing the Ohio Building Authority in all matters relating to the issuance of obligations for the financing of capital facilities for housing branches and agencies of State government and taking over all of the duties, powers, obligations and functions relating to bonds previously issued by the Ohio Building Authority during fiscal year 2012. This amount represents the fund balances that were transferred to the Treasurer.

BUDGETARY HIGHLIGHTS

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

**STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Management's Discussion and Analysis (Continued)
As of and For the Year Ended June 30, 2013
(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, 2013, were as follows (dollars in thousands):

<u>Bond Type</u>	<u>Authorized, but Unissued</u>
Higher Education Facilities	\$ -
Mental Health Facilities	153,915
Parks and Recreation Facilities	23,000
Cultural and Sports Facilities	13,310
State Correctional Facilities	743,415
Administrative Facilities	626,860
Juvenile Correctional Facilities	124,165
Highway Safety Facilities	37,715
Total	<u>\$ 1,722,380</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 Deputy 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, 2013
(Dollars in 000s)

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	State Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total Debt Service Funds
ASSETS:									
Cash.....	\$ 23	\$ 63	\$ 47	\$ 63	\$ 141	\$ 78	\$ 6	\$ 17	\$ 438
Investments.....	-	-	-	-	-	9	50	-	59
Receivable from State Agencies:									
Lease Principal.....	5,630	144,930	116,445	152,945	566,710	659,745	146,705	15,215	1,808,325
Lease Interest.....	95	1,869	854	3,076	7,078	7,827	2,570	144	23,513
TOTAL ASSETS.....	5,748	146,862	117,346	156,084	573,929	667,659	149,331	15,376	1,832,335
LIABILITIES:									
Accounts Payable.....	-	55	31	58	54	77	4	-	279
Deferred Revenue.....	-	144,228	112,835	156,021	573,788	667,572	149,275	15,359	1,819,078
TOTAL LIABILITIES.....	-	144,283	112,866	156,079	573,842	667,649	149,279	15,359	1,819,357
FUND BALANCES:									
Restricted for Debt Service.....	5,748	2,579	4,480	5	87	10	52	17	12,978
TOTAL FUND BALANCES.....	5,748	2,579	4,480	5	87	10	52	17	12,978
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 5,748	\$ 146,862	\$ 117,346	\$ 156,084	\$ 573,929	\$ 667,659	\$ 149,331	\$ 15,376	\$ 1,832,335

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, 2013

(Dollars in 000s)

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	State Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total Debt Service Funds
REVENUES:									
Lease Interest from State Agencies.....	\$ 771	\$ 4,805	\$ 4,810	\$ 4,788	\$ 28,124	\$ 31,499	\$ 5,345	\$ 666	\$ 80,808
Administrative Fees.....	35	40	35	584	89	21	50	-	854
TOTAL REVENUES.....	806	4,845	4,845	5,372	28,213	31,520	5,395	666	81,662
EXPENDITURES:									
Administrative Costs.....	12	35	22	581	41	94	48	13	846
Debt Service:									
Principal.....	55,900	26,220	13,600	20,665	71,745	49,490	20,300	1,605	259,525
Interest.....	1,700	5,917	5,064	6,018	28,202	33,524	6,264	681	87,370
Bond Issue Costs.....	-	374	146	366	384	413	168	-	1,851
TOTAL EXPENDITURES.....	57,612	32,546	18,832	27,630	100,372	83,521	26,780	2,299	349,592
DEFICIENCY OF REVENUES UNDER EXPENDITURES.....	(56,806)	(27,701)	(13,987)	(22,258)	(72,159)	(52,001)	(21,385)	(1,633)	(267,930)
OTHER FINANCING SOURCES/(USES):									
Lease Principal Payments from State Agencies.....	18,005	19,160	12,865	20,665	71,745	49,490	20,300	1,605	213,835
Bond Proceeds:									
Principal.....	-	25,000	-	18,000	-	-	15,000	-	58,000
Premium.....	-	2,306	-	2,913	-	-	1,997	-	7,216
Refunding Bond Proceeds:									
Principal.....	-	15,375	11,200	19,890	47,320	48,660	-	-	142,445
Premium.....	-	2,084	978	3,022	10,041	9,428	-	-	25,553
Payments to Refunding Escrow Agent	-	(17,295)	(12,026)	(22,722)	(56,976)	(57,676)	-	-	(166,695)
Financing Provided to									
State Agencies Under Leases:									
Mental Health Capital Facilities.....	-	(26,031)	-	-	-	-	-	-	(26,031)
Cultural and Sports Capital Facilities.....	-	-	-	(19,526)	-	-	-	-	(19,526)
Juvenile Correctional Capital Facilities...	-	-	-	-	-	-	(15,989)	-	(15,989)
TOTAL OTHER FINANCING SOURCES/(USES).....	18,005	20,599	13,017	22,242	72,130	49,902	21,308	1,605	218,808
NET CHANGE IN FUND BALANCES.....	(38,801)	(7,102)	(970)	(16)	(29)	(2,099)	(77)	(28)	(49,122)
FUND BALANCE, JULY 1.....	44,549	9,681	5,450	21	116	2,109	129	45	62,100
FUND BALANCE, JUNE 30.....	\$ 5,748	\$ 2,579	\$ 4,480	\$ 5	\$ 87	\$ 10	\$ 52	\$ 17	\$ 12,978

**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, 2013

(Dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying debt service fund financial statements for the Chapter 154 Lease Revenue Obligations have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are included in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Significant accounting policies are as follows:

A. Reporting Entity

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

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

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

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

Amended Substitute House Bill No. 153, as enacted by the General Assembly and effective January 1, 2012, provided that the Treasurer replace the Ohio Building Authority (the Authority) in all matters relating to the issuance of obligations for the financing of capital facilities for housing branches and agencies of State government. The legislation also provided that the Treasurer succeeds to all of the duties, powers, obligations and functions of the Authority relating to bonds previously issued by the Authority.

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, 2013

(Dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Bureau of Workers' Compensation ("BWC") – In October 1993, the Authority issued \$214,255 of bonds at rates from 3.3% to 5.1%, with payments due through 2014 on behalf of the Bureau of Workers' Compensation ("BWC"). In May 2003, the Authority issued \$142,500 of refunding bonds at rates from 2.0% to 5.0% to completely refund the bonds issued in 1993. The Authority retained title to BWC's facility and is authorized to be transferred to the Treasurer by Amended Substitute House Bill No. 153 described above, however; as of June 30, 2013, title has yet to be transferred.

Since BWC is a proprietary component unit of the State of Ohio, its financial statements report the assets and debt previously financed through the Authority (and subsequently the Treasurer). Accordingly, the Treasurer's Debt Service Fund does not include BWC's facility. At June 30, 2013, \$15,200 of BWC bonds were outstanding.

Community College Intercept Program - In August 2010, the Authority issued \$20,145 of bonds at rates from 2.0% to 5.97%, with payments due through 2030 on behalf of Stark State College, and, in October 2010, the Authority issued \$9,525 of bonds at rates from 1.5% to 6.17%, with payments due through 2035 on behalf of Clark State Community College (collectively, the "Colleges"). 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, 2013, \$31,680 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.

**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, 2013

(Dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

**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, 2013

(Dollars in thousands)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Budget

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

E. Leases

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

F. Fund Balance

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

G. Use of Estimates

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

NOTE 2 — DEPOSITS AND INVESTMENTS

As of June 30, 2013, the total carrying amount of deposits was \$438; the bank balance of \$438 was entirely insured or collateralized.

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

STAR Ohio is an investment pool managed by the Treasurer of State, which allows Ohio governments to pool funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are held in the State's name and are valued at the pool's share price, which is the price the investment could be sold for on June 30, 2013. Investment balances held, as of June 30, 2013, are as follows:

			Investment Maturity 12 Months or Less
	Rating	Fair Value	
Star Ohio	AAA	\$ 59	\$ 59

**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, 2013

(Dollars in thousands)

NOTE 3 — LEASES

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

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

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

For the 2012-13 biennium, the 129th General Assembly appropriated the amounts necessary from the General Revenue Fund to meet the payments required under such leases. The appropriated amounts and the lease amounts paid during fiscal year 2013 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	\$ 140,785	\$ 57,614
Ohio Department of Mental Health and Ohio Department of Developmental Disabilities – Mental Health Facilities	76,604	31,096
Ohio Department of Natural Resources – Parks and Recreation Facilities	40,303	18,683
Ohio Cultural Facilities Commission – Cultural and Sports Facilities	56,270	26,038
Ohio Department of Rehabilitation and Correction – State Correctional Facilities	147,165	99,868
Ohio Department of Administrative Services – Administrative Facilities	136,764	80,990
Ohio Department of Youth Services – Juvenile Correctional Facilities	37,452	25,697
Ohio Department of Public Safety – Highway Safety Facilities	12,294	2,270

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, 2013

(Dollars in thousands)

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, 2013, 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, 2013**

Year Ending June 30,	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	State Correctional Facilities Bond Service
2014.....	\$ 5,771	\$ 31,444	\$ 21,437	\$ 32,209	\$ 102,905
2015.....	-	31,475	21,446	28,577	96,062
2016.....	-	28,702	19,476	26,176	77,685
2017.....	-	21,940	17,168	21,286	70,533
2018.....	-	19,298	14,861	21,279	61,613
2019-2023.....	-	32,118	33,336	50,169	212,511
2024-2028.....	-	-	8,941	-	83,906
2029-2032.....	-	-	-	-	12,981
	<u>5,771</u>	<u>164,977</u>	<u>136,665</u>	<u>179,696</u>	<u>718,196</u>
Amount Representing Interest....	(141)	(20,047)	(20,220)	(26,751)	(151,486)
Leases Receivable, as of June 30, 2013.....	\$ 5,630	\$ 144,930	\$ 116,445	\$ 152,945	\$ 566,710

Year Ending June 30,	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total
2014.....	\$ 84,519	\$ 25,969	\$ 2,425	\$ 306,679
2015.....	87,874	27,402	2,443	295,279
2016.....	87,517	23,400	2,444	265,400
2017.....	82,823	17,809	2,441	234,000
2018.....	83,244	15,240	2,442	217,977
2019-2023.....	306,689	47,349	5,581	687,753
2024-2028.....	104,045	20,333	-	217,225
2029-2032.....	21,172	-	-	34,153
	<u>857,883</u>	<u>177,502</u>	<u>17,776</u>	<u>2,258,466</u>
Amount Representing Interest....	(198,138)	(30,797)	(2,561)	(450,141)
Leases Receivable, as of June 30, 2013.....	\$ 659,745	\$ 146,705	\$ 15,215	\$ 1,808,325

**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, 2013

(Dollars in thousands)

NOTE 3 — LEASES (Continued)

A summary of the deferred portion of leases receivable by debt service fund as of June 30, 2013 is presented in the table below:

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks & Recreation Facilities Bond Service	Cultural & Sports Facilities Bond Service	State Correctional Facilities Bond Service
Lease Principal	\$ -	\$ 142,815	\$ 112,595	\$ 152,945	\$ 566,710
Lease Interest	-	1,413	240	3,076	7,078
Total Deferred Revenue as of June 30, 2013	<u>\$ -</u>	<u>\$ 144,228</u>	<u>\$ 112,835</u>	<u>\$ 156,021</u>	<u>\$ 573,788</u>

	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Total Debt Service Funds
Lease Principal	\$ 659,745	\$ 146,705	\$ 15,215	\$ 1,796,730
Lease Interest	7,827	2,570	144	22,348
Total Deferred Revenue as of June 30, 2013	<u>\$ 667,572</u>	<u>\$ 149,275</u>	<u>\$ 15,359</u>	<u>\$ 1,819,078</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, 2013.

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

The accounting treatment at the state level is in conformity with the guidance provided in Section L20 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

NOTE 5 — CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of this statement did not have a significant effect on the financial statements of the debt service funds.

NOTE 6 — SUBSEQUENT EVENT

On July 24, 2013, the Treasurer of State issued new Administrative Facilities Bonds (Series 2013B) with a principal amount of \$50,000 and original issue premium of \$2,775. The Treasurer of State used the proceeds to provide financing for construction of new Administrative Facilities, \$50,000, and pay bond issuance costs, \$444, with the remainder, \$2,331, being deposited into the Administrative Facilities Bond Service Fund for future debt service.

SUPPLEMENTARY INFORMATION

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Net Position - Accrual Basis
As of June 30, 2013
(Dollars in 000s)

	Total Debt Service Funds
ASSETS:	
Cash.....	\$ 438
Investments.....	59
Receivables from State Agencies:	
Leases.....	1,808,325
Unamortized Lease Premium/Discount, Net.....	68,930
Interest.....	23,513
Unamortized Bond Issue Costs.....	8,878
TOTAL ASSETS.....	1,910,143
LIABILITIES:	
Accounts Payable.....	279
Bond Interest Payable.....	20,626
Unearned Revenue.....	3,104
Bonds Payable, net of premiums and discount:	
Due in One Year.....	227,512
Due in More Than One Year.....	1,658,622
TOTAL LIABILITIES.....	1,910,143
NET POSITION	
Restricted for Debt Service.....	-
TOTAL NET POSITION.....	\$ -

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Activities - Accrual Basis
For the Year Ended June 30, 2013

(Dollars in 000s)

	Total Debt Service Funds	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	State Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities
EXPENSES:									
Administrative.....	\$ 846	\$ 12	\$ 35	\$ 22	\$ 581	\$ 41	\$ 94	\$ 48	\$ 13
Amortization of Bond Issue Costs.....	1,680	45	206	157	189	441	497	128	17
Interest on Debt.....	74,420	586	4,753	4,427	5,093	24,378	28,784	5,792	607
TOTAL EXPENSES.....	76,946	643	4,994	4,606	5,863	24,860	29,375	5,968	637
PROGRAM REVENUES:									
Charges for Services (1).....	76,946	643	4,994	4,606	5,863	24,860	29,375	5,968	637
TOTAL PROGRAM REVENUES.....	76,946	643	4,994	4,606	5,863	24,860	29,375	5,968	637
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, 2013
(Dollars in 000s)

Fund Balance per Debt Service Funds' Balance Sheet **\$ 12,978**

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 unavaliable revenue in the debt service fund.

Leases Receivable from State Agencies:	
Principal	1,796,729
Interest	22,349
	1,819,078

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

Capitalized Interest on Issued Bonds	(3,104)
--------------------------------------	---------

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

Unamortized Lease Premium/Discount, Net	68,930
Unamortized Bond Issue Costs	8,878
	77,808

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

Bonds Payable	(1,886,134)
Bond Interest Payable	(20,626)
	(1,906,760)

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

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, 2013
(Dollars in 000s)

Net Change in Fund Balance per Debt Service Funds'
Statement of Revenues, Expenditures and Changes in Fund Balances **\$ (49,122)**

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 fiscal year 2013, deferred revenue changed by the following amounts.

Lease Principal	(165,069)
Lease Interest	2,495
Deferred Revenue	(1,166)
	(163,740)

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

Unamortized Lease Premium/Discount, Net	6,732
	6,732

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	(58,000)
Refunding Bonds	(142,445)
Premiums	(27,213)
Deferred Amount on Refunding	10,027
	(217,631)

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

Bond Defeasances	151,680
Scheduled Debt Principal Retirements	259,525
	411,205

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

Increase/(Decrease) in Unamortized Bond Issue Costs	(727)
Decrease in Bond Interest Payable	2,102
Amortization of Bond Premiums/Accretion of Bond Discounts, Net	18,595
Amortization of Deferred Refunding Amount	(7,414)
	12,556

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, 2013

(Dollars in 000s)

Year Ending June 30,	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	State Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Total
2014.....	5,771	31,444	21,437	32,209	102,905	84,519	25,969	2,425	306,679
2015.....	-	31,475	21,446	28,577	96,062	87,874	27,402	2,443	295,279
2016.....	-	28,702	19,476	26,176	77,685	87,516	23,400	2,444	265,399
2017.....	-	21,940	17,168	21,286	70,532	82,823	17,809	2,441	233,999
2018.....	-	19,298	14,861	21,279	61,613	83,244	15,240	2,442	217,977
2019-2023.....	-	32,118	33,335	50,169	212,512	306,690	47,349	5,582	687,755
2024-2028.....	-	-	8,941	-	83,906	104,044	20,333	-	217,224
2029-2032.....	-	-	-	-	12,981	21,173	-	-	34,154
	5,771	164,977	136,664	179,696	718,196	857,883	177,502	17,777	2,258,466
Amount Representing Interest.....	(141)	(20,047)	(20,219)	(26,751)	(151,486)	(198,138)	(30,797)	(2,562)	(450,141)
	5,630	144,930	116,445	152,945	566,710	659,745	146,705	15,215	1,808,325
Premium/(Discount), Net..	8	5,366	1,210	7,532	23,389	27,692	3,551	182	68,930
Leases Receivable, as of June 30, 2013.....	\$ 5,638	\$ 150,296	\$ 117,655	\$ 160,477	\$ 590,099	\$ 687,437	\$ 150,256	\$ 15,397	\$ 1,877,255

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2013
(Dollars in 000s)

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2013 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, 2013, the Chapter 154 Lease Revenue Obligations had the following credit ratings assigned by the major bond rating agencies:

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

Through June 30, 2013, the Ohio General Assembly has authorized issuance of Chapter 154 Lease Revenue Obligations, including bonds and bond anticipation notes for capital facilities, in the following amounts:

Type of Bond	Amount
Higher Education Facilities*	\$4,817,590
Mental Health Facilities	1,541,000
Parks and Recreation Facilities	431,000
Cultural and Sports Facilities.....	518,000
State Correctional Facilities.....	1,993,000
Administrative Facilities.....	1,711,000
Juvenile Correctional Facilities.....	317,000
Highway Safety Facilities	143,000
Total Authorization	\$11,471,590

* 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, 2013 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, 2013 (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, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$4,817,590	\$1,572,410	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2004A	—	173,975	10/5/2004	8/1/2013	3.50%	5,630
Total	<u>\$4,817,590</u>	<u>\$1,746,385</u>				<u>\$ 5,630</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, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,237,085	\$ 386,465	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2004B	25,000	—	12/29/2004	6/1/2019	3.54%	1,695
II-2005A	30,000	—	8/31/2005	8/1/2019	4.37%	4,610
II-2006A	30,000	—	8/10/2006	6/1/2016	4.09%	7,075
II-2006B	—	26,775	12/14/2006	12/1/2016	4.75%	22,180
II-2008A	—	—	11/19/2008	6/1/2018	3.72%	16,370
2009A	40,000	—	12/17/2009	12/1/2019	2.56%	29,445
2012A	—	24,175	5/17/2012	6/1/2019	4.56%	23,180
2013A	25,000	—	3/7/2013	2/1/2013	3.55%	25,000
2013B	—	15,375	3/7/2013	8/1/2019	4.59%	15,375
Total	<u>\$1,387,085</u>	<u>\$ 452,790</u>				<u>\$ 144,930</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2013 (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, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$264,900	\$ 72,385	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2004A	25,000	—	3/11/2004	12/1/2018	4.11%	1,680
II-2004B	—	11,740	10/5/2004	8/1/2014	4.11%	3,765
II-2005A	23,100	—	3/9/2005	2/1/2020	4.11%	3,135
II-2006A	—	15,410	12/14/2006	12/1/2016	4.32%	14,955
II-2007A	30,000	—	11/13/2007	12/1/2017	3.82%	16,765
II-2009A	35,000	—	3/12/2009	12/1/2020	3.95%	27,375
II-2011A	30,000	—	3/3/2011	8/1/2025	4.06%	30,000
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%	11,200
Total	<u>\$408,000</u>	<u>\$ 118,305</u>				<u>\$ 116,445</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, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 323,690	\$ 6,880	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2004A	20,000	—	10/21/2004	10/1/2014	3.57%	4,675
2005A	30,000	—	8/31/2005	4/1/2020	4.61%	4,450
2006A	25,000	—	12/14/2006	4/1/2020	4.45%	14,980
2006B	—	28,295	12/14/2006	10/1/2015	4.83%	17,120
2008B	30,000	—	12/3/2008	10/1/2018	3.68%	19,715
2010A	30,000	—	2/10/2010	10/1/2020	3.73%	26,115
2011A	28,000	—	3/3/2011	10/1/2020	4.84%	28,000
2013A	18,000	—	3/7/2013	4/1/2023	1.88%	18,000
2013B	—	19,890	3/7/2013	4/1/2020	1.30%	19,890
Total	<u>\$ 504,690</u>	<u>\$ 55,065</u>				<u>\$ 152,945</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2013 (Continued)
(Dollars in 000s)

State Correctional Facilities Bonds						
	Original	Advance			Average	Outstanding
	Issues	Refunding	Issue	Final	Effective	Balance
	at Par	at Par	Date	Maturity	Interest	at Par, as of
				Date	Rate	June 30, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 1,012,185	\$ —	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2002B	—	90,560	10/8/02	4/1/17	4.38%	50,615
2004A	57,400	—	3/23/04	4/1/24	4.19%	2,660
2004C	—	225,350	10/21/04	10/1/18	5.11%	118,130
2005A	75,000	—	6/1/05	4/1/25	5.00%	6,900
2008A	25,000	—	3/6/08	4/1/23	4.77%	18,340
2009A	40,000	—	1/22/09	10/1/28	4.76%	35,280
2009B	—	75,790	9/17/09	10/1/24	3.46%	75,790
2010A	—	79,325	8/31/10	10/1/24	4.59%	76,710
2011A	40,000	—	2/1/11	4/1/31	4.91%	39,225
2011B	—	101,530	9/15/11	10/1/24	2.65%	78,380
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
Total	\$ 1,249,585	\$ 637,235				\$ 566,710

Administrative Facilities Bonds						
	Original	Advance			Average	Outstanding
	Issues	Refunding	Issue	Final	Effective	Balance
	at Par	at Par	Date	Maturity	Interest	at Par, as of
				Date	Rate	June 30, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 606,440	\$ 58,670	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2001A	120,000	—	4/1/2001	10/1/2020	5.14%	18,790
2004A	75,000	—	5/11/2004	4/1/2024	4.58%	3,500
2004B	—	130,750	10/21/2004	10/1/2018	4.94%	65,630
2005A	85,000	—	3/30/2005	4/1/2025	5.00%	7,790
2006A	40,000	—	10/3/2006	4/1/2016	4.40%	12,770
2006B	—	70,335	10/3/2006	4/1/2018	3.93%	64,160
2008A	25,000	—	3/6/2008	4/1/2023	4.85%	18,335
2009A	60,000	—	1/22/2009	10/1/2028	4.24%	53,330
2009B	—	86,590	9/17/2009	10/1/2024	4.93%	85,880
2010A	9,005	—	4/1/2010	10/1/2016	3.99%	6,230
2010B	30,995	—	4/1/2010	10/1/2029	5.58%	30,995
2010C	—	148,865	8/31/2010	10/1/2024	4.84%	145,455
2011A	—	38,595	9/15/2011	10/1/2024	2.65%	38,595
2012A	32,700	—	3/8/2012	4/1/2032	4.13%	31,570
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
Total	\$ 1,084,140	\$ 610,520				\$ 659,745

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2013 (Continued)
(Dollars in 000s)

Juvenile Correctional Facilities Special Obligation Bonds

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 97,830	\$ —	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2005A	15,000	—	10/6/2005	10/1/2015	4.68%	5,070
2005B	—	27,445	10/6/2005	10/1/2018	4.01%	19,625
2007A	20,000	—	5/2/2007	4/1/2017	1.85%	9,075
2007B	—	16,410	5/2/2007	4/1/2016	3.94%	10,320
2009A	—	37,825	1/22/2009	10/1/2014	2.06%	7,645
2009B	—	16,820	9/17/2009	10/1/2024	3.67%	16,820
2010A	5,445	—	4/1/2010	10/1/2016	2.77%	3,725
2010B	—	11,450	4/1/2010	10/1/2017	5.00%	11,450
2010C	9,555	—	4/1/2010	10/1/2024	4.97%	9,555
2010D	15,005	—	8/31/2010	10/1/2024	4.11%	15,005
2011A	15,000	—	5/3/2011	4/1/2025	4.13%	14,200
2011B	—	9,215	9/15/2011	10/1/2024	2.90%	9,215
2013A	15,000	—	1/30/2013	10/1/2026	4.24%	15,000
Total	<u>\$192,835</u>	<u>\$ 119,165</u>				<u>\$ 146,705</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, 2013
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 100,285	\$ —	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2004A	5,000	—	3/23/2004	4/1/2019	2.78%	4,685
2010A	—	35,000	4/1/2010	10/1/2020	4.49%	10,530
Total	<u>\$ 105,285</u>	<u>\$ 35,000</u>				<u>\$ 15,215</u>

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Changes in Bonds Payable Balance
For the Year Ended June 30, 2013

(Dollars in 000s)

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	State Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Total
Outstanding Balance, July 1, 2012	\$ 61,694	\$ 151,016	\$ 132,247	\$ 162,188	\$ 667,907	\$ 743,855	\$ 154,855	\$ 17,127	\$ 2,090,889
Additions:									
New Issuances:									
Bond Principal	-	25,000	-	18,000	-	-	15,000	-	58,000
Bond Premium	-	2,306	-	2,913	-	-	1,997	-	7,216
Advance Refunding Issuances:									
Bond Principal	-	15,375	11,200	19,890	47,320	48,660	-	-	142,445
Bond Premium	-	2,084	978	3,022	10,041	9,428	-	-	25,553
Accretion of Discount	-	-	2	-	-	-	-	3	5
Amortization of									
Deferred Refunding Amount	388	507	294	147	2,716	2,785	474	100	7,411
Total Additions	388	45,272	12,474	43,972	60,077	60,873	17,471	103	240,630
Deductions:									
Bond Principal Repayments	55,900	26,220	13,600	20,665	71,745	49,490	20,300	1,605	259,525
Refunded Bonds:									
Bond Principal	-	15,955	11,025	20,955	51,075	52,670	-	-	151,680
Bond Premium	-	282	334	523	2,570	1,846	-	-	5,555
Deferred Refunding Amount	-	1,160	733	1,390	3,583	3,161	-	-	10,027
Amortization of Premium	540	1,555	668	1,233	6,290	7,090	1,056	166	18,598
Total Deductions	56,440	45,172	26,360	44,766	135,263	114,257	21,356	1,771	445,385
Outstanding Balance, June 30, 2013	\$ 5,642	\$ 151,116	\$ 118,361	\$ 161,394	\$ 592,721	\$ 690,471	\$ 150,970	\$ 15,459	\$ 1,886,134
Amount Due in One Year	5,642	26,115	17,173	25,941	76,799	53,916	20,099	1,827	227,512
Amount Due in More Than One Year	-	125,001	101,188	135,453	515,922	636,555	130,871	13,632	1,658,622
Outstanding Balance, June 30, 2013	\$ 5,642	\$ 151,116	\$ 118,361	\$ 161,394	\$ 592,721	\$ 690,471	\$ 150,970	\$ 15,459	\$ 1,886,134

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Future Debt Service Funding Requirements
As of June 30, 2013

(Dollars in 000s)

Fiscal Year Ending June 30,	Higher Education Facilities			Mental Health Facilities			Parks & Recreation Facilities			Cultural Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 5,630	\$ 141	\$ 5,771	\$ 26,000	\$ 5,453	\$ 31,453	17,165	4,288	\$ 21,453	25,840	6,374	\$ 32,214
2015	-	-	-	26,925	4,550	31,475	17,715	3,731	21,446	23,215	5,362	28,577
2016	-	-	-	25,215	3,487	28,702	16,420	3,056	19,476	21,710	4,466	26,176
2017	-	-	-	19,430	2,510	21,940	14,730	2,438	17,168	17,640	3,646	21,286
2018	-	-	-	17,580	1,718	19,298	12,995	1,866	14,861	18,450	2,829	21,279
2019-2023	-	-	-	29,780	2,338	32,118	29,075	4,260	33,335	46,090	4,079	50,169
2024-2028	-	-	-	-	-	-	8,345	596	8,941	-	-	-
2029-2033	-	-	-	-	-	-	-	-	-	-	-	-
	5,630	141	5,771	144,930	20,056	164,986	116,445	20,235	136,680	152,945	26,756	179,701
Premium/Discount, Net	45	-	45	8,653	-	8,653	3,357	-	3,357	10,000	-	10,000
Deferred Refunding Amount	(33)	-	(33)	(2,467)	-	(2,467)	(1,441)	-	(1,441)	(1,551)	-	(1,551)
Total, as of June 30, 2013	\$ 5,642	\$ 141	\$ 5,783	\$ 151,116	\$ 20,056	\$ 171,172	\$ 118,361	\$ 20,235	\$ 138,596	\$ 161,394	\$ 26,756	\$ 188,150

Fiscal Year Ending June 30,	State Correctional Facilities			Administrative Facilities			Juvenile Correctional Facilities			Highway Safety Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 76,550	\$ 26,442	\$ 102,992	\$ 53,765	\$ 30,764	\$ 84,529	\$ 20,035	\$ 5,986	\$ 26,021	\$ 1,825	\$ 617	\$ 2,442
2015	73,480	22,582	96,062	59,665	28,209	87,874	22,390	5,012	27,402	1,905	538	2,443
2016	58,300	19,385	77,685	62,190	25,327	87,517	19,260	4,140	23,400	1,990	454	2,444
2017	54,010	16,523	70,533	60,445	22,378	82,823	14,470	3,339	17,809	2,075	366	2,441
2018	47,735	13,878	61,613	63,855	19,389	83,244	12,505	2,735	15,240	2,170	272	2,442
2019-2023	169,765	42,746	212,511	249,115	57,575	306,690	38,935	8,414	47,349	5,250	332	5,582
2024-2028	74,905	9,001	83,906	91,015	13,029	104,044	19,110	1,223	20,333	-	-	-
2029-2033	11,965	1,016	12,981	19,695	1,477	21,172	-	-	-	-	-	-
	566,710	151,573	718,283	659,745	198,148	857,893	146,705	30,849	177,554	15,215	2,579	17,794
Premium/Discount, Net	39,694	-	39,694	48,858	-	48,858	5,664	-	5,664	656	-	656
Deferred Refunding Amount	(13,683)	-	(13,683)	(18,132)	-	(18,132)	(1,399)	-	(1,399)	(412)	-	(412)
Total, as of June 30, 2013	\$ 592,721	\$ 151,573	\$ 744,294	\$ 690,471	\$ 198,148	\$ 888,619	\$ 150,970	\$ 30,849	\$ 181,819	\$ 15,459	\$ 2,579	\$ 18,038

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Future Debt Service Funding Requirements
As of June 30, 2013 (Continued)

(Dollars in 000s)

Fiscal Year Ending June 30,	<u>Total Chapter 154 Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 226,810	\$ 80,065	\$ 306,875
2015	225,295	69,984	295,279
2016	205,085	60,315	265,400
2017	182,800	51,200	234,000
2018	175,290	42,687	217,977
2019-2023	568,010	119,744	687,754
2024-2028	193,375	23,849	217,224
2029-2033	31,660	2,493	34,153
	1,808,325	450,337	2,258,662
Premium/Discount, Net	116,927	-	116,927
Deferred Refunding Amount	(39,118)	-	(39,118)
Total, as of June 30, 2013	<u>\$ 1,886,134</u>	<u>\$ 450,337</u>	<u>\$ 2,336,471</u>

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, 2013
(Dollars in 000s)

Current and Advance Refunding Issues

During fiscal year 2013, two advance refunding issues were transacted whereby the Treasurer defeased lease revenue bond issues. The net proceeds of the refunding bonds, after payment of underwriting fees and bond issue costs, were deposited in escrow with a trustee pending the bond's maturity or call date. A resulting economic gain or loss from an advance refunding represents the difference between the present values of the debt service payments on the old and new debt. Details on the advanced refunding bond transactions are discussed below.

- A.** On March 7, 2013, the Treasurer refunded portions of five series of previously issued bonds to reduce the State's total debt service payments by issuing \$82,585 of refunding bonds (2013B Mental Health Facilities Bonds, 2013B Cultural and Sports Capital Facilities Bonds, and 2013A State Correctional Facilities Bonds). The overall transaction resulted in an economic gain of \$8,840 and issuance cost of \$732. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$10,119.

2013B Mental Health Facilities Bonds – The 2013B Mental Health Facilities Bonds, with an average interest rate of 4.59%, refunded \$15,955 in principal, plus interest of the 2004B Mental Health Facilities Bonds due on June 1, 2015-2016 and 2005A Mental Health Facilities Bonds due on August 1, 2015-2019. The refunded bonds had an average interest rate of 4.52%.

2013B Cultural and Sports Capital Facilities Bonds – The 2013B Cultural and Sports Capital Facilities Bonds, with an average interest rate of 4.77%, refunded \$20,955 in principal, plus interest of the 2003A Arts Facilities Building Fund Bonds due on April 1, 2014 – 2018 and 2005A Cultural and Sports Capital Facilities Bonds due on April 1, 2016 – 2020. The refunded bonds had an average interest rate of 4.90%.

2013A State Correctional Facilities Bonds – The 2013A State Correctional Facilities Bonds, with an average interest rate of 5.00%, refunded \$51,075 in principal, plus interest of the 2004A State Correctional Facilities Bonds due on April 1, 2024 and 2005A State Correctional Facilities Bonds due on April 1, 2016-2025. The refunded bonds had an average interest rate of 4.89%.

- B.** On April 11, 2013, the Treasurer refunded portions of three series of previously issued bonds to reduce the State's total debt service payments by issuing \$59,860 of refunding bonds (2013A Parks and Recreation Bonds and 2013A Administrative Facilities Bonds). The overall transaction resulted in an economic gain of \$6,639 and issuance cost of \$556. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$8,028.

2013A Parks and Recreation Bonds – The 2013A Parks and Recreation Bonds, with an average interest rate of 3.43%, refunded \$11,025 in principal, plus interest of the 2004A Parks and Recreation Bonds due on December 1, 2014 and 2005A Parks and Recreation Bonds due on February 1, 2016-2020. The refunded bonds had an average interest rate of 5.01%.

2013A Administrative Facilities Bonds – The 2013A Administrative Facilities Bonds, with an average interest rate of 4.95%, refunded \$52,670 in principal, plus interest of the 2005A Administrative Facilities Bonds due on April 1, 2016 – 2025. The refunded bonds had an average interest rate of 5.00%.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Current and Advance Refunding Issues and Prior Years' Defeasances
As of and For the Year Ended June 30, 2013 (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, 2013 that were refunded in fiscal year 2013 and prior.

<u>Refunded Issue</u>	<u>Principal Yet to be Paid as of June 30, 2013</u>	<u>Scheduled Redemption Date</u>
Mental Health:		
Series II-2004B	\$ 9,625	June 1, 2014
Series II-2005A	<u>12,380</u>	February 1, 2015
	<u>22,005</u>	
Parks & Recreation:		
Series II-2004A	9,540	December 1, 2013
Series II-2005A	<u>9,285</u>	February 1, 2015
	<u>18,825</u>	
Cultural & Sports Facilities		
Series 2005A	<u>13,050</u>	April 1, 2015
	<u>13,050</u>	
Adult Correctional:		
2004A	35,455	April 1, 2014
2005A	<u>46,695</u>	April 1, 2015
	<u>82,150</u>	
Administrative Facilities:		
2004A	45,805	April 1, 2014
2005A	<u>52,670</u>	April 1, 2015
	<u>98,475</u>	
Total	<u>\$ 234,505</u>	

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

Treasurer of State of Ohio
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Debt Service Funds as held in the name of the Treasurer of the State of Ohio (the Funds) of the Higher Education Capital Facilities, Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Department of Rehabilitation and Correction, Department of Youth Services, Department of Public Safety, and the Department of Administrative Services Lease Revenue Bonds Governed by the Ohio Revised Code Chapter 154 as of and for the year ended June 30, 2013, 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, 2013. The financial statements present only the State Lease Revenue Bonds and do not purport to, and do not, present fairly the financial position of the Treasurer of the State of Ohio, which is part of the reporting entity of the State of Ohio.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Schneider Downs & Co., Inc.

Columbus, Ohio
September 30, 2013

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