



**JOSH MANDEL**  
STATE TREASURER OF OHIO

**September 30, 2016**

**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 2016**

**(July 1, 2015 --- June 30, 2016)**

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

**LEASE - REVENUE OBLIGATIONS**  
**ANNUAL REPORT**  
**For the period July 1, 2015 through June 30, 2016**

The Treasurer of State (“Treasurer”) makes this annual report for the Fiscal Year ending June 30, 2016 (FY 2016) in accordance with Section 154.05(B) of the Ohio Revised Code (“Act”) and its lease-revenue bond proceedings.

Chapter 154 of the Act was enacted pursuant to the power granted to the General Assembly by the Ohio Constitution, and, in particular Section 2i of Article VIII, which authorizes the issuance for stated purposes of revenue obligations and other obligations the owners and holders of which are not given the right to have excises or taxes levied by the General Assembly for payment of principal or interest. The Act originally authorized the Ohio Public Facilities Commission (“Commission”) to issue obligations of the State to pay costs of capital facilities for (a) mental hygiene and retardation, (b) state supported and state assisted institutions of higher education, (c) parks and recreation, and (d) housing branches and agencies of state government (for which no specific authorization to issue obligations was ever granted and which was repealed in FY 2001). Am. Sub. H.B. 640, 123<sup>rd</sup> General Assembly, effective September 14, 2000, reassigned to the Treasurer the issuing authority and functions of the Commission with respect to these special obligations (lease-revenue) bonds. The Treasurer succeeded the Commission as issuer and with all responsibilities and obligations under the bond proceedings relating to previously issued obligations.

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

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

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

The Treasurer may issue obligations only as authorized by the General Assembly, which has authorized lease-revenue obligations (“Obligations”) for capital facilities projects in aggregate principal amounts of up to \$4,817,590,000 for higher education, \$1,582,000,000 for mental health, \$623,000,000 for parks and recreation, \$593,000,000 for cultural and sports facilities, \$2,119,000,000 for state correctional facilities, \$351,000,000 for juvenile correctional facilities, \$1,835,700,000 for administrative facilities, \$140,285,000 for highway safety facilities, and \$255,800,000 for transportation facilities. There is currently no General Assembly authorization for additional lease-revenue Obligations for higher education projects. Within these authorizations, the Treasurer issued the following Obligations in FY 2016:

<b>Bond Program &amp; Series No.</b>	<b>Amount</b>	<b>Dated Date</b>	<b>Final Maturity Date</b>
Administrative Facilities –2016A <sup>1</sup>	\$31,095,000	5/25/2016	10/1/2028
Adult Correctional Facilities –2015B <sup>2,3</sup>	\$70,000,000	11/19/2015	10/1/2035
Adult Correctional Facilities –2016A <sup>1,3</sup>	\$20,565,000	5/25/2016	10/1/2028
Cultural Facilities–2015B <sup>2</sup>	\$30,000,000	8/12/2015	4/1/2025
Mental Health Facilities – 2016A <sup>2</sup>	\$50,000,000	6/28/2016	6/1/2026
Parks & Recreation Facilities-2016A <sup>2</sup>	\$80,000,000	3/31/2016	2/1/2031
Parks & Recreation Facilities-2016B <sup>1</sup>	\$10,415,000	6/28/2016	8/1/2025

The principal and interest requirements on the Obligations sold and delivered in FY 2016 are set forth in the attached Schedules 1 through 7. The Obligations issued in FY 2016 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, 2016, the Obligations that the Treasurer is authorized to issue were rated as follows:

	<b>Fitch</b>	<b>Moody’s</b>	<b>Standard &amp; Poor’s</b>
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
Transportation Facilities	AA	Aa2	AA

<sup>1</sup> Refunding issuance.

<sup>2</sup> New money issuance.

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

As contemplated by the Act, the financing arrangements for the nine categories of capital facilities -- higher education, mental health, parks and recreation, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional facilities, highway safety facilities, and transportation facilities -- involve separate proceedings and separate leasing arrangements between the Commission (its only remaining responsibility with regard to the Obligations) and, respectively, the Ohio Department of Higher Education (ODHE), the Ohio Department of Mental Health and Addiction Services (ODMHAS), the Ohio Department of Developmental Disabilities (DODD), the Ohio Department of Natural Resources (ODNR), the Facilities Construction Commission (OFCC), the Department of Administrative Services (DAS), the Department of Rehabilitation and Correction (DRC), the Department of Youth Services (DYS), the Department of Public Safety (DPS), and the Department of Transportation (DOT) (collectively, the "Using Agencies"), under which the Commission undertakes to finance capital facilities designated by or pursuant to acts of the General Assembly. In turn, the Using Agencies assume the management of those facilities intended for the particular department's use. Each Using Agency agrees, in accordance with the applicable lease and the supplements to it entered into in connection with each bond or note issuance, to pay rent in amounts sufficient to pay principal of and interest on the obligations issued, to establish and maintain any applicable required reserve, and to pay incidental expenditures, such as bond issuance costs.

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

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

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

For the biennium ending June 30, 2017, the General Assembly, by Acts passed prior to July 1, 2015, appropriated from the general revenue fund the following amounts for rental payments under the lease agreements relating to the respective categories of Obligations:

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

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

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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, 2016)**

	<b>Higher Education Facilities</b>	<b>Mental Health Facilities</b>	<b>Parks and Recreation Facilities</b>	<b>Cultural and Sports Facilities</b>	<b>Administrative Facilities</b>
Authorized by General Assembly	\$4,817,590,000(d)	\$1,582,000,000	\$623,000,000	\$593,000,000	\$1,835,700,000
Issued in Prior Fiscal Years (a)	4,817,590,000	1,517,085,000	448,000,000	504,690,000	1,776,000,000
Issued in FY2016 (b)	0	50,000,000	80,000,000	30,000,000	0
Authorized by the General Assembly but not yet issued	0	14,915,000	95,000,000	58,310,000	59,700,000
Interest Paid FY2016	0	7,638,559	4,791,257	5,086,102	30,913,700
Principal Paid FY2016	0	34,220,000	18,515,000	23,555,000	66,565,000
Outstanding Principal (c)	\$0	\$206,785,000	\$182,590,000	\$151,145,000	\$605,770,000
	<b>State Correctional Facilities</b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>	<b>Transporation Facilities</b>	
Authorized by General Assembly	\$2,119,000,000	\$351,000,000	\$140,285,000	\$255,800,000	
Issued in Prior Fiscal Years (a)	1,884,500,000	332,000,000	140,285,000	240,100,000	
Issued in FY2016 (b)	70,000,000	0	0	0	
Authorized by the General Assembly but not yet issued	164,500,000	19,000,000	0	15,700,000	
Interest Paid FY2016	22,603,256	4,595,510	440,725	4,716,685	
Principal Paid FY2016	59,840,000	20,540,000	1,965,000	3,430,000	
Outstanding Principal (c)	\$468,210,000	\$104,380,000	\$9,370,000	\$80,870,000	

- (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 2016, as in prior years, were funds appropriated by the General Assembly for the purpose. Original issue premium and accrued interest paid by original purchasers of bonds were applied to either bond service charges or the applicable improvement funds.

The amounts credited, in accordance with the leases and supplements, to the higher education, mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional, highway safety, and transportation facilities bond service funds, and to the administrative service funds (to pay expenditures, including issuing costs), during FY 2016, and the balances in those funds on June 30, 2016, 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 2017 of principal of and interest on the bonds outstanding on June 30, 2016 (which excludes bonds advance refunded) are as follows:

	<b>Higher Education Facilities</b>	<b>Mental Health Facilities</b>	<b>Parks and Recreation Facilities</b>	<b>Cultural and Sports Facilities</b>	<b>Administrative Facilities</b>
<b>Payment Dates</b>					
August 1, 2016	\$0.00	\$4,940,887.50	\$6,453,015.28	\$0.00	\$0.00
October 1, 2016	0.00	0.00	0.00	14,765,966.05	71,718,484.72
December 1, 2016	0.00	8,602,852.50	11,647,768.75	0.00	0.00
February 1, 2017	0.00	13,934,987.50	8,909,075.00	0.00	0.00
April 1, 2017	0.00	0.00	0.00	10,438,298.00	20,741,882.22
June 1, 2017	0.00	12,215,987.50	523,612.50	0.00	0.00
<b>Fiscal Year Total</b>	<b>\$0.00</b>	<b>\$39,694,715.00</b>	<b>\$27,533,471.53</b>	<b>\$25,204,264.05</b>	<b>\$92,460,366.94</b>
	<b>Adult Correctional Facilities</b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>	<b>Transportation Facilities</b>	
<b>Payment Dates</b>					
August 1, 2016	\$0.00	\$0.00	\$0.00	\$0.00	
October 1, 2016	55,578,421.26	13,164,421.39	1,482,650.00	1,955,650.00	
December 1, 2016	0.00	0.00	0.00	0.00	
February 1, 2017	0.00	0.00	0.00	0.00	
April 1, 2017	23,751,381.26	6,376,692.66	920,525.00	6,190,650.00	
June 1, 2017	0.00	0.00	0.00	0.00	
<b>Fiscal Year Total</b>	<b>\$79,329,802.52</b>	<b>\$19,541,114.05</b>	<b>\$2,403,175.00</b>	<b>\$8,146,300.00</b>	

The anticipated sources of payment of amounts for outstanding Obligations and for additional mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional, highway safety, and transportation facilities Obligations that may be issued during FY 2017 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 131<sup>st</sup> General Assembly for the fiscal biennium ending June 30, 2017. These respective amounts have been and will be sufficient to pay during the biennium all principal and interest requirements on the Obligations outstanding as of June 30, 2016, 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

<b>\$31,095,000</b>				
State of Ohio				
Administrative Building Fund Refunding Bonds				
Series 2016A				
Dated: 5/25/2016				
Date	Principal	Coupon	Interest	Debt Service
10/1/2016			534,152.50	534,152.50
4/1/2017			763,075.00	763,075.00
10/1/2017			763,075.00	763,075.00
4/1/2018			763,075.00	763,075.00
10/1/2018			763,075.00	763,075.00
4/1/2019			763,075.00	763,075.00
10/1/2019			763,075.00	763,075.00
4/1/2020			763,075.00	763,075.00
10/1/2020	2,860,000	4.000%	763,075.00	3,623,075.00
4/1/2021			705,875.00	705,875.00
10/1/2021	2,940,000	5.000%	705,875.00	3,645,875.00
4/1/2022			632,375.00	632,375.00
10/1/2022	3,090,000	5.000%	632,375.00	3,722,375.00
4/1/2023			555,125.00	555,125.00
10/1/2023	3,250,000	5.000%	555,125.00	3,805,125.00
4/1/2024			473,875.00	473,875.00
10/1/2024	3,420,000	5.000%	473,875.00	3,893,875.00
4/1/2025			388,375.00	388,375.00
10/1/2025	3,600,000	5.000%	388,375.00	3,988,375.00
4/1/2026			298,375.00	298,375.00
10/1/2026	3,780,000	5.000%	298,375.00	4,078,375.00
4/1/2027			203,875.00	203,875.00
10/1/2027	3,975,000	5.000%	203,875.00	4,178,875.00
4/1/2028			104,500.00	104,500.00
10/1/2028	4,180,000	5.000%	104,500.00	4,284,500.00
<b>Total</b>	<b>31,095,000</b>		<b>13,363,502.50</b>	<b>44,458,502.50</b>
Average Life				8.675 Years
Average Coupon				4.953881%
Net Interest Cost (NIC)				2.303501%
True Interest Cost (TIC)				2.027511%
Bond Yield for Arbitrage Purposes				1.868325%
All Inclusive Cost (AIC)				2.073812%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Tucker Ellis LLP				
Underwriter's Counsel: Barnes & Thornburg LLP				
Financial Advisor: Public Financial Management				



## SCHEDULE NO. 2

<b>\$70,000,000</b>				
State of Ohio				
Adult Correctional Building Fund Bonds				
Series 2015B				
Dated: 11/19/2015				
Date	Principal	Coupon	Interest	Debt Service
10/1/2016	2,180,000	2.000%	1,683,375	3,863,375
4/1/2017			1,661,575	1,661,575
10/1/2017	2,235,000	3.000%	1,661,575	3,896,575
4/1/2018			1,628,050	1,628,050
10/1/2018	2,315,000	4.000%	1,628,050	3,943,050
4/1/2019			1,581,750	1,581,750
10/1/2019	2,420,000	5.000%	1,581,750	4,001,750
4/1/2020			1,521,250	1,521,250
10/1/2020	2,545,000	5.000%	1,521,250	4,066,250
4/1/2021			1,457,625	1,457,625
10/1/2021	2,675,000	5.000%	1,457,625	4,132,625
4/1/2022			1,390,750	1,390,750
10/1/2022	2,815,000	5.000%	1,390,750	4,205,750
4/1/2023			1,320,375	1,320,375
10/1/2023	2,960,000	5.000%	1,320,375	4,280,375
4/1/2024			1,246,375	1,246,375
10/1/2024	3,110,000	5.000%	1,246,375	4,356,375
4/1/2025			1,168,625	1,168,625
10/1/2025	3,270,000	5.000%	1,168,625	4,438,625
4/1/2026			1,086,875	1,086,875
10/1/2026	3,435,000	5.000%	1,086,875	4,521,875
4/1/2027			1,001,000	1,001,000
10/1/2027	3,610,000	5.000%	1,001,000	4,611,000
4/1/2028			910,750	910,750
10/1/2028	3,800,000	5.000%	910,750	4,710,750
4/1/2029			815,750	815,750
10/1/2029	3,995,000	5.000%	815,750	4,810,750
4/1/2030			715,875	715,875
10/1/2030	4,195,000	5.000%	715,875	4,910,875
4/1/2031			611,000	611,000
10/1/2031	4,410,000	5.000%	611,000	5,021,000
4/1/2032			500,750	500,750
10/1/2032	4,640,000	5.000%	500,750	5,140,750
4/1/2033			384,750	384,750
10/1/2033	4,875,000	5.000%	384,750	5,259,750
4/1/2034			262,875	262,875
10/1/2034	5,125,000	5.000%	262,875	5,387,875
4/1/2035			134,750	134,750
10/1/2035	5,390,000	5.000%	134,750	5,524,750
<b>Total</b>	<b>70,000,000</b>		<b>40,484,875</b>	<b>110,484,875</b>
Average Life				11.979 Years
Average Coupon				4.975375%
Net Interest Cost (NIC)				3.856878%
True Interest Cost (TIC)				3.533176%
Bond Yield for Arbitrage Purposes				2.503317%
All Inclusive Cost (AIC)				3.559720%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Keating Muething & Klekamp PLL				
Underwriter's Counsel: Roetzel & Andress LPA				
Financial Advisor: Public Financial Management				

### SCHEDULE NO. 3

<b>\$20,565,000</b>				
State of Ohio				
Adult Correctional Building Fund Refunding Bonds				
Series 2016A				
Dated: 5/25/2016				
Date	Principal	Coupon	Interest	Debt Service
10/1/2016			353,377.50	353,377.50
4/1/2017			504,825.00	504,825.00
10/1/2017			504,825.00	504,825.00
4/1/2018			504,825.00	504,825.00
10/1/2018			504,825.00	504,825.00
4/1/2019			504,825.00	504,825.00
10/1/2019			504,825.00	504,825.00
4/1/2020			504,825.00	504,825.00
10/1/2020	1,860,000	4.000%	504,825.00	2,364,825.00
4/1/2021			467,625.00	467,625.00
10/1/2021	1,950,000	5.000%	467,625.00	2,417,625.00
4/1/2022			418,875.00	418,875.00
10/1/2022	2,050,000	5.000%	418,875.00	2,468,875.00
4/1/2023			367,625.00	367,625.00
10/1/2023	2,155,000	5.000%	367,625.00	2,522,625.00
4/1/2024			313,750.00	313,750.00
10/1/2024	2,270,000	5.000%	313,750.00	2,583,750.00
4/1/2025			257,000.00	257,000.00
10/1/2025	2,380,000	5.000%	257,000.00	2,637,000.00
4/1/2026			197,500.00	197,500.00
10/1/2026	2,500,000	5.000%	197,500.00	2,697,500.00
4/1/2027			135,000.00	135,000.00
10/1/2027	2,635,000	5.000%	135,000.00	2,770,000.00
4/1/2028			69,125.00	69,125.00
10/1/2028	2,765,000	5.000%	69,125.00	2,834,125.00
<b>Total</b>	<b>20,565,000</b>		<b>8,844,977.50</b>	<b>29,409,977.50</b>
Average Life				8.681 Years
Average Coupon				4.954677%
Net Interest Cost (NIC)				2.307163%
True Interest Cost (TIC)				2.030955%
Bond Yield for Arbitrage Purposes				1.868325%
All Inclusive Cost (AIC)				2.090219%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Tucker Ellis LLP				
Underwriter's Counsel: Barnes & Thornburg LLP				
Financial Advisor: Public Financial Management				

**SCHEDULE NO. 4**

<b>\$30,000,000</b>				
State of Ohio				
Cultural Facilities Building Fund Bonds				
Series 2015B				
Dated: 8/12/2015				
Date	Principal	Coupon	Interest	Debt Service
4/1/2016	1,590,000	5.000%	954,167	2,544,167
10/1/2016			710,250	710,250
4/1/2017	2,575,000	5.000%	710,250	3,285,250
10/1/2017			645,875	645,875
4/1/2018	2,705,000	5.000%	645,875	3,350,875
10/1/2018			578,250	578,250
4/1/2019	2,840,000	5.000%	578,250	3,418,250
10/1/2019			507,250	507,250
4/1/2020	2,985,000	5.000%	507,250	3,492,250
10/1/2020			432,625	432,625
4/1/2021	3,130,000	5.000%	432,625	3,562,625
10/1/2021			354,375	354,375
4/1/2022	3,290,000	5.000%	354,375	3,644,375
10/1/2022			272,125	272,125
4/1/2023	3,455,000	5.000%	272,125	3,727,125
10/1/2023			185,750	185,750
4/1/2024	3,625,000	5.000%	185,750	3,810,750
10/1/2024			95,125	95,125
4/1/2025	3,805,000	5.000%	95,125	3,900,125
<b>Total</b>	<b>30,000,000</b>		<b>8,517,417</b>	<b>38,517,417</b>
Average Life				5.678 Years
Average Coupon				5.000000%
Net Interest Cost (NIC)				2.374375%
True Interest Cost (TIC)				2.156450%
Bond Yield for Arbitrage Purposes				2.083039%
All Inclusive Cost (AIC)				2.237940%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Bricker & Eckler LLP				
Underwriter's Counsel: Barnes & Thornburg LLP				
Financial Advisor: Acacia Financial Group				

**SCHEDULE NO. 5**

<b>\$50,000,000</b>				
State of Ohio				
Mental Health Building Fund Bonds				
Series 2016A				
Dated: 6/28/2016				
Date	Principal	Coupon	Interest	Debt Service
12/1/2016			993,565	993,565
6/1/2017	2,435,000	4.000%	1,168,900	3,603,900
12/1/2017			1,120,200	1,120,200
6/1/2018	4,415,000	4.000%	1,120,200	5,535,200
12/1/2018			1,031,900	1,031,900
6/1/2019	4,595,000	4.000%	1,031,900	5,626,900
12/1/2019			940,000	940,000
6/1/2020	4,775,000	4.000%	940,000	5,715,000
12/1/2020			844,500	844,500
6/1/2021	4,965,000	5.000%	844,500	5,809,500
12/1/2021			720,375	720,375
6/1/2022	5,215,000	5.000%	720,375	5,935,375
12/1/2022			590,000	590,000
6/1/2023	5,475,000	5.000%	590,000	6,065,000
12/1/2023			453,125	453,125
6/1/2024	5,750,000	5.000%	453,125	6,203,125
12/1/2024			309,375	309,375
6/1/2025	6,035,000	5.000%	309,375	6,344,375
12/1/2025			158,500	158,500
6/1/2026	6,340,000	5.000%	158,500	6,498,500
<b>Total</b>	<b>50,000,000</b>		<b>14,498,415</b>	<b>64,498,415</b>
Average Life				5.971 Years
Average Coupon				4.856196%
Net Interest Cost (NIC)				1.726177%
True Interest Cost (TIC)				1.533359%
Bond Yield for Arbitrage Purposes				1.485426%
All Inclusive Cost (AIC)				1.587287%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Squire Patton Boggs LLP				
Underwriter's Counsel: Benesch, Friedlander, Coplan & Aronoff LLP				
Financial Advisor: Acacia Financial Group				

**SCHEDULE NO. 6**

<b>\$80,000,000</b>				
State of Ohio				
Parks and Recreation Building Fund Bonds				
Series 2016A				
Dated: 3/31/2016				
Date	Principal	Coupon	Interest	Debt Service
2/1/2017	3,500,000	2.000%	1,947,500	5,447,500
8/1/2017			1,912,500	1,912,500
2/1/2018	3,905,000	5.000%	1,912,500	5,817,500
8/1/2018			1,814,875	1,814,875
2/1/2019	4,100,000	5.000%	1,814,875	5,914,875
8/1/2019			1,712,375	1,712,375
2/1/2020	4,305,000	5.000%	1,712,375	6,017,375
8/1/2020			1,604,750	1,604,750
2/1/2021	4,520,000	5.000%	1,604,750	6,124,750
8/1/2021			1,491,750	1,491,750
2/1/2022	4,745,000	5.000%	1,491,750	6,236,750
8/1/2022			1,373,125	1,373,125
2/1/2023	4,980,000	5.000%	1,373,125	6,353,125
8/1/2023			1,248,625	1,248,625
2/1/2024	5,230,000	5.000%	1,248,625	6,478,625
8/1/2024			1,117,875	1,117,875
2/1/2025	5,490,000	5.000%	1,117,875	6,607,875
8/1/2025			980,625	980,625
2/1/2026	5,765,000	5.000%	980,625	6,745,625
8/1/2026			836,500	836,500
2/1/2027	6,055,000	5.000%	836,500	6,891,500
8/1/2027			685,125	685,125
2/1/2028	6,360,000	5.000%	685,125	7,045,125
8/1/2028			526,125	526,125
2/1/2029	6,675,000	5.000%	526,125	7,201,125
8/1/2029			359,250	359,250
2/1/2030	7,010,000	5.000%	359,250	7,369,250
8/1/2030			184,000	184,000
2/1/2031	7,360,000	5.000%	184,000	7,544,000
	80,000,000		33,642,500	113,642,500
Average Life				8.760 Years
Average Coupon				4.987472%
Net Interest Cost (NIC)				2.818653%
True Interest Cost (TIC)				2.500246%
Bond Yield for Arbitrage Purposes				2.124453%
All Inclusive Cost (AIC)				2.532831%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Ice Miller LLP				
Underwriter's Counsel: Shumaker, Loop & Kendrick, LLP				
Financial Advisor: Acacia Financial Group				

**SCHEDULE NO. 7**

<b>\$10,415,000</b>				
State of Ohio				
Parks and Recreation Building Fund Bonds				
Series 2016B				
Dated: 3/31/2016				
Date	Principal	Coupon	Interest	Debt Service
2/1/2017			293,762.50	293,762.50
8/1/2017			248,250.00	248,250.00
2/1/2018			248,250.00	248,250.00
8/1/2018			248,250.00	248,250.00
2/1/2019			248,250.00	248,250.00
8/1/2019			248,250.00	248,250.00
2/1/2020			248,250.00	248,250.00
8/1/2020			248,250.00	248,250.00
2/1/2021			248,250.00	248,250.00
8/1/2021			248,250.00	248,250.00
2/1/2022			248,250.00	248,250.00
8/1/2022	2,425,000	4.000%	248,250.00	2,673,250.00
2/1/2023			199,750.00	199,750.00
8/1/2023	2,530,000	5.000%	199,750.00	2,729,750.00
2/1/2024			136,500.00	136,500.00
8/1/2024	2,660,000	5.000%	136,500.00	2,796,500.00
2/1/2025			70,000.00	70,000.00
8/1/2025	2,800,000	5.000%	70,000.00	2,870,000.00
	10,415,000		3,837,012.50	14,252,012.50
Average Life				7.652 Years
Average Coupon				4.814639%
Net Interest Cost (NIC)				1.821081%
True Interest Cost (TIC)				1.613656%
Bond Yield for Arbitrage Purposes				1.485426%
All Inclusive Cost (AIC)				1.719104%
Issuer's Counsel: Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP				
Bond Counsel: Squire Patton Boggs LLP				
Underwriter's Counsel: Benesch, Friedlander, Coplan & Aronoff LLP				
Financial Advisor: Acacia Financial Group				

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

The following Accountants' Report by Kennedy Cottrell Richards is provided in accordance with the respective general bond resolutions adopted with regard to the State of Ohio higher education facilities, mental health facilities, parks and recreation facilities, cultural and sports facilities, administrative facilities, adult correctional, juvenile correctional, highway safety, and transportation facilities Obligations.

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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, 2016  
and  
Independent Auditors' Report Thereon



**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Financial Report**  
**As of and for the Year Ended June 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Treasurer of State of Ohio  
Columbus, Ohio

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Debt Service Funds (the Funds) as held in the name of the Treasurer of the State of Ohio (the Treasurer) of the Higher Education Facilities, Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Adult Correctional Facilities, Administrative Facilities, Juvenile Correctional Facilities, Highway Safety Facilities, and the Transportation Building lease revenue bonds governed by the Ohio Revised Code Chapter 154 (the Obligations), as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds of the Treasurer of the State of Ohio, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 1, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the Treasurer of State of Ohio (which is part of the reporting entity of the State of Ohio) as of June 30, 2016, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016, on our consideration of the Treasurer'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Treasurer's internal control over financial reporting and compliance.



KENNEDY COTTRELL RICHARDS LLC

September 28, 2016

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2016**  
**(UNAUDITED)**

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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, 2016. 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, 2016, total debt service fund assets exceeded liabilities and deferred inflows of resources by \$10.7 million. The total combined ending fund balance, which is restricted for debt service, decreased by \$647 thousand during fiscal year 2016.
- For fiscal year 2016, other financing sources from lease principal payments from state agency-lessees totaled \$227.0 million, and lease interest revenue was reported at \$81.6 million.
- During fiscal year 2016, the Treasurer of State issued \$230 million in new bonds with a total premium of \$39.4 million and \$62.1 million in refunding bonds with a total premium of \$14.5 million. In addition, \$228.6 million in bond principal and \$80.8 million in bond interest were paid to bondholders.

**OVERVIEW OF THE FUND FINANCIAL STATEMENTS**

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

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

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

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

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

In addition, supplementary financial information follows the notes. Supplementary financial information, which can be found on Pages 19 to 32, provides additional information that is considered to be useful to certain users of the financial statements.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2016**  
**(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)*

	<b>As of 06/30/16</b>	<b>As of 06/30/15</b>	<b>Percentage Change</b>
<b>ASSETS:</b>			
Cash and Investments.....	\$ 3,987	\$ 469	750.1%
Receivable from State Agencies:			
Lease Principal.....	1,769,120	1,773,335	-0.2%
Lease Interest.....	18,413	21,275	-13.5%
<b>TOTAL ASSETS.....</b>	<b>1,791,520</b>	<b>1,795,079</b>	
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES:</b>			
Accounts Payable.....	534	-	100.0%
Unearned Revenue.....	1,093	-	100.0%
Deferred Inflow of Resources-Unavailable Revenue.....	1,779,199	1,783,738	-0.3%
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES.....</b>	<b>1,780,826</b>	<b>1,783,738</b>	
<b>FUND BALANCES:</b>			
Restricted for Debt Service.....	10,694	11,341	-5.7%
<b>TOTAL FUND BALANCES.....</b>	<b>10,694</b>	<b>11,341</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 1,791,520</b>	<b>\$ 1,795,079</b>	

The decrease in lease principal receivable and unavailable revenue at June 30, 2016 compared to June 30, 2015 is the result of the continued payoff of outstanding bond principal and defeasances of bond principal for amounts that exceeded the Treasurer issuing new bonds and refunding bonds. The increase in cash and investments, as well as unearned revenue, at June 30, 2016 is primarily the result of capitalized interest received from the Parks and Recreation 2016A bond issue that will be applied to debt service in fiscal year 2017 and will reduce the required lease payment required from the Ohio Department of Natural Resources.

The tables that follow compare debt service fund revenues, expenditures, and other financing sources/(uses) reported for fiscal year 2016 with fiscal year 2015 results.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2016**  
**(UNAUDITED)**

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

	<b>Fiscal Year 2016</b>	<b>Percent of Total 2016 Revenue</b>	<b>Fiscal Year 2015</b>	<b>Percent Change</b>
Lease Interest from State Agencies.....	\$ 81,605	96.7%	\$ 73,566	10.9%
Administrative and Other Fees.....	2,795	3.3%	974	187.0%
Investment Income.....	11	0.0%	-	100.0%
<b>TOTAL REVENUES.....</b>	<b>\$ 84,411</b>	<b>100.0%</b>	<b>\$ 74,540</b>	

As the above table indicates, 96.7% of debt service fund revenues for fiscal year 2016 were comprised of lease interest from State Agencies. Lease interest decreased for fiscal year 2016 primarily due to a decline in debt service interest requirements during the year. This occurred because the debt service requirements on refunded bonds exceeded the debt service requirements on new bonds issued. The decline in administrative fees was a result of a reduction in appropriations from the Ohio Facilities Construction Commission for the Cultural and Sports Facilities Bonds.

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

	<b>Fiscal Year 2016</b>	<b>Percent of Total 2016 Expenditures</b>	<b>Fiscal Year 2015</b>	<b>Percent Change</b>
Administrative Costs.....	\$ 318	0.1%	\$ 847	-62.5%
Debt Service:				
Principal.....	228,630	73.3%	229,470	-0.4%
Interest.....	80,785	25.9%	75,311	7.3%
Bond Issue Costs.....	2,312	0.7%	2,637	-12.3%
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 312,045</b>	<b>100.0%</b>	<b>\$ 308,265</b>	

As the table above shows, 99.2% of total reported expenditures for fiscal year 2016 were for debt service payments (principal and interest). Interest expenditures for fiscal year 2016 were more than fiscal year 2015 by 7.3% due to the start of payments for the Transportation 2015A new money bonds issued in fiscal year 2015. Principal expenditures for fiscal year 2016 were less than fiscal year 2015 by 0.4%. This decrease is due to varying maturity schedules for the outstanding bonds. The total amount of outstanding bonds decreased in fiscal year 2016. Bond issuance costs decreased for fiscal year 2016 primarily because the costs associated with the four new money bond issuances, involving four new series of bonds and the two refunding bond issuance, involving three series of bonds were less than the issuance costs associated with the prior year issuances. The decline in administrative costs was a result of a reduction in appropriations from the Ohio Facilities Construction Commission for the Cultural and Sports Facilities Bonds.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2016**  
**(UNAUDITED)**

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

	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2015</b>	<b>Percent Change</b>
Lease Principal Payments from State Agencies.....	\$ 226,975	\$ 227,705	-0.3%
Bond Proceeds:			
Principal.....	230,000	274,300	-16.2%
Premium.....	39,374	41,878	-6.0%
Refunding Bond Proceeds:			
Principal.....	62,075	42,315	46.7%
Premium.....	14,550	2,820	416.0%
Payments to Refunding Escrow Agent	(75,997)	(44,521)	70.7%
Financing Provided to State Agencies Under Leases.....	(269,990)	(314,121)	-14.0%
<b>TOTAL OTHER FINANCING SOURCES/(USES).....</b>	<b><u>\$ 226,987</u></b>	<b><u>\$ 230,376</u></b>	

The decrease in new money bond proceeds (principal and premium) and financing provided to state agencies under leases are the result of four smaller bond issuances, involving four new series of bonds, in fiscal year 2016 compared to two larger bond issuances involving six new series of bonds in fiscal year 2015. The increase in refunding bond proceeds (principal and interest) and payments to refunding escrow agent are the result of two larger refunding issuance, involving three series of bonds, during the 2016 fiscal year compared to the two smaller refunding issuances, involving four series of bonds during the 2015 fiscal year.

**BUDGETARY HIGHLIGHTS**

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

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**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2016**  
**(UNAUDITED)**

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**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 0.25% to 0.50%.
- The balances of Chapter 154 Lease Revenue Bonds authorized, but unissued, as of June 30, 2016, were as follows (dollars in thousands):

<b><u>Bond Type</u></b>	<b><u>Authorized, but Unissued</u></b>
Mental Health Facilities	\$ 68,915
Parks and Recreation Facilities	312,000
Cultural and Sports Facilities	106,310
Adult Correctional Facilities	306,500
Administrative Facilities	161,700
Juvenile Correctional Facilities	47,000
Highway Safety Facilities	-
Transportation Facilities	100,900
<b>Total</b>	<b><u>\$ 1,103,325</u></b>

**CONTACTING THE TREASURER OF STATE'S FINANCIAL MANAGEMENT**

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



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

STATE OF OHIO  
CHAPTER 154 LEASE REVENUE OBLIGATIONS  
Debt Service Funds  
Balance Sheet  
As of June 30, 2016  
(Dollars in 000s)

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Building Bond Service	Total Debt Service Funds
<b>ASSETS:</b>										
Cash.....	\$ -	\$ 177	\$ 175	\$ 22	\$ 142	\$ 120	\$ 30	\$ 11	\$ 32	\$ 709
Investments.....	-	-	3,265	-	7	6	-	-	-	3,278
Receivable from State Agencies:										
Lease Principal.....	-	206,785	182,590	111,145	468,210	605,770	104,380	9,370	80,870	1,769,120
Lease Interest.....	-	2,333	-	1,216	5,487	7,394	950	87	946	18,413
<b>TOTAL ASSETS.....</b>	<b>-</b>	<b>209,295</b>	<b>186,030</b>	<b>112,383</b>	<b>473,846</b>	<b>613,290</b>	<b>105,360</b>	<b>9,468</b>	<b>81,848</b>	<b>1,791,520</b>
<b>LIABILITIES:</b>										
Accounts Payable.....	-	171	153	-	98	112	-	-	-	534
Unearned Revenue.....	-	-	1,093	-	-	-	-	-	-	1,093
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>171</b>	<b>1,246</b>	<b>-</b>	<b>98</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,627</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>										
Unavailable Revenue.....	-	204,624	178,750	112,361	473,697	613,164	105,330	9,457	81,816	1,779,199
<b>TOTAL DEFERRED INFLOW OF RESOURCES.....</b>	<b>-</b>	<b>204,624</b>	<b>178,750</b>	<b>112,361</b>	<b>473,697</b>	<b>613,164</b>	<b>105,330</b>	<b>9,457</b>	<b>81,816</b>	<b>1,779,199</b>
<b>FUND BALANCES:</b>										
Restricted for Debt Service.....	-	4,500	6,034	22	51	14	30	11	32	10,694
<b>TOTAL FUND BALANCES.....</b>	<b>-</b>	<b>4,500</b>	<b>6,034</b>	<b>22</b>	<b>51</b>	<b>14</b>	<b>30</b>	<b>11</b>	<b>32</b>	<b>10,694</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ -</b>	<b>\$ 209,295</b>	<b>\$ 186,030</b>	<b>\$ 112,383</b>	<b>\$ 473,846</b>	<b>\$ 613,290</b>	<b>\$ 105,360</b>	<b>\$ 9,468</b>	<b>\$ 81,848</b>	<b>\$ 1,791,520</b>

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, 2016**

(Dollars in 000s)

	Higher Education Facilities Bond Service	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Building Bond Service	Total Debt Service Funds
<b>REVENUES:</b>										
Lease Interest from State Agencies.....	\$ -	\$ 7,810	\$ 5,878	\$ 5,059	\$ 22,547	\$ 30,607	\$ 4,567	\$ 424	\$ 4,713	\$ 81,605
Administrative and Other Fees.....	-	413	747	323	808	364	70	30	40	2,795
Investment Income.....	-	-	4	-	7	-	-	-	-	11
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>8,223</b>	<b>6,629</b>	<b>5,382</b>	<b>23,362</b>	<b>30,971</b>	<b>4,637</b>	<b>454</b>	<b>4,753</b>	<b>84,411</b>
<b>EXPENDITURES:</b>										
Administrative Costs.....	19	34	17	32	56	93	40	19	8	318
Debt Service:										
Principal.....	-	34,220	18,515	23,555	59,840	66,565	20,540	1,965	3,430	228,630
Interest.....	-	7,639	4,791	5,086	22,603	30,913	4,595	441	4,717	80,785
Bond Issue Costs.....	-	373	707	264	704	264	-	-	-	2,312
<b>TOTAL EXPENDITURES.....</b>	<b>19</b>	<b>42,266</b>	<b>24,030</b>	<b>28,937</b>	<b>83,203</b>	<b>97,835</b>	<b>25,175</b>	<b>2,425</b>	<b>8,155</b>	<b>312,045</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES.....</b>	<b>(19)</b>	<b>(34,043)</b>	<b>(17,401)</b>	<b>(23,555)</b>	<b>(59,841)</b>	<b>(66,864)</b>	<b>(20,538)</b>	<b>(1,971)</b>	<b>(3,402)</b>	<b>(227,634)</b>
<b>OTHER FINANCING SOURCES/(USES):</b>										
Lease Principal Payments from State Agencies.....	-	32,435	18,645	23,555	59,840	66,565	20,540	1,965	3,430	226,975
Bond Proceeds:										
Principal.....	-	50,000	80,000	30,000	70,000	-	-	-	-	230,000
Premium.....	-	9,547	15,533	4,600	9,694	-	-	-	-	39,374
Refunding Bond Proceeds:										
Principal.....	-	-	10,415	-	20,565	31,095	-	-	-	62,075
Premium.....	-	-	2,445	-	4,821	7,284	-	-	-	14,550
Payments to Refunding Escrow Agent	-	-	(12,708)	-	(25,178)	(38,111)	-	-	-	(75,997)
Financing Provided to										
State Agencies Under Leases:										
Mental Health Capital Facilities.....	-	(59,547)	-	-	-	-	-	-	-	(59,547)
Parks and Recreation Capital Facilities.....	-	-	(95,681)	-	-	-	-	-	-	(95,681)
Cultural and Sports Capital Facilities.....	-	-	-	(34,601)	-	-	-	-	-	(34,601)
State Correctional Facilities.....	-	-	-	-	(79,897)	-	-	-	-	(79,897)
Administrative Facilities.....	-	-	-	-	-	(264)	-	-	-	(264)
<b>TOTAL OTHER FINANCING SOURCES/(USES).....</b>	<b>-</b>	<b>32,435</b>	<b>18,649</b>	<b>23,554</b>	<b>59,845</b>	<b>66,569</b>	<b>20,540</b>	<b>1,965</b>	<b>3,430</b>	<b>226,987</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(19)</b>	<b>(1,608)</b>	<b>1,248</b>	<b>(1)</b>	<b>4</b>	<b>(295)</b>	<b>2</b>	<b>(6)</b>	<b>28</b>	<b>(647)</b>
<b>FUND BALANCE, JULY 1.....</b>	<b>19</b>	<b>6,108</b>	<b>4,786</b>	<b>23</b>	<b>47</b>	<b>309</b>	<b>28</b>	<b>17</b>	<b>4</b>	<b>11,341</b>
<b>FUND BALANCE, JUNE 30.....</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 6,034</b>	<b>\$ 22</b>	<b>\$ 51</b>	<b>\$ 14</b>	<b>\$ 30</b>	<b>\$ 11</b>	<b>\$ 32</b>	<b>\$ 10,694</b>

**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 Department of Higher Education, the Department of Mental Health and Addiction Services and the Department of Developmental Disabilities for mental health facilities, and the Department of Natural Resources for parks and recreation facilities.

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

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

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

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

*Community College Intercept Program* – In August 2010, the Authority issued \$20,145 of bonds at rates from 2.0% to 4.45%, with payments due through 2019 on behalf of Stark State College, and, in October 2010, the Authority issued \$9,525 of bonds at rates from 1.5% to 6.17%, with payments due through 2035 on behalf of Clark State Community College (collectively, the “Colleges”). In fiscal year 2013, the Treasurer of State issued \$4,125 of bonds at rates from 2.0% to 4.0%, with payments due through 2033 on behalf of Rhodes State College. Since the Colleges are a proprietary component unit of the State of Ohio, its financial statements report the assets and debt financed through the Authority or Treasurer. Accordingly, the Treasurer’s Debt Service Fund financial statements do not include the College’s activity. At June 30, 2016, \$15,405 of College bonds were outstanding.

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

**B. Fund Accounting and Basis of Presentation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

**D. Budget**

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

**E. Leases**

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

**F. Fund Balance**

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

**G. Use of Estimates**

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

**H. Unearned Revenue**

Unearned revenue represents capitalized interest received with the proceeds of bond issuances that will be used to reduce future lease payments due in the next fiscal year.

**NOTE 2 — DEPOSITS AND INVESTMENTS**

As of June 30, 2016, the total carrying amount of deposits was \$709. Of the bank balance of \$709, \$447 was insured and the entire bank balance was 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, 2016. Investment balances held, as of June 30, 2016, are as follows:

	Rating	Fair Value	Investment Maturity 12 Months or Less
Star Ohio	AAA	\$ 3,278	\$ 3,278

**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, 2016**

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

The respective obligations of each of the 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 2016-17 biennium, the 131st General Assembly appropriated the amounts necessary from the General Revenue Fund to meet the payments required under such leases. The appropriated amounts and the lease amounts paid during fiscal years 2016 and 2017 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 Department of Mental Health and Addiction Services and Ohio Department of Developmental Disabilities – Mental Health Facilities	\$ 81,440	\$ 41,856
Ohio Department of Natural Resources – Parks and Recreation Facilities	47,895	23,285
Ohio Facilities Construction Commission – Cultural and Sports Facilities	55,466	28,613
Ohio Department of Rehabilitation and Correction – Adult Correctional Facilities	162,298	76,148
Ohio Department of Administrative Services – Administrative Facilities	194,299	97,169
Ohio Department of Youth Services – Juvenile Correctional Facilities	46,545	25,108
Ohio Department of Public Safety – Highway Safety Facilities	4,869	2,388
Ohio Department of Transportation – Transportation Facilities	22,263	8,143

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, capitalized 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, 2016

**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, 2016, 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, 2016**

<b>Year Ending June 30,</b>	<b>Mental Health Facilities Bond Service</b>	<b>Parks and Recreation Facilities Bond Service</b>	<b>Cultural and Sports Facilities Bond Service</b>	<b>Adult Correctional Facilities Bond Service</b>
2017.....	\$ 39,689	\$ 24,246	\$ 25,183	\$ 79,278
2018.....	39,106	26,401	25,194	70,558
2019.....	32,493	22,766	23,371	62,155
2020.....	30,256	20,621	19,664	49,709
2021.....	22,803	18,611	14,358	49,682
2022-2026.....	85,150	72,211	20,596	192,390
2027-2031.....	-	53,961	-	70,358
2032-2036.....	-	-	-	38,292
	<u>249,497</u>	<u>238,817</u>	<u>128,366</u>	<u>612,422</u>
Amount Representing Interest.....	(42,712)	(56,227)	(17,221)	(144,212)
<b>Leases Receivable, as of June 30, 2016.....</b>	<u>\$ 206,785</u>	<u>\$ 182,590</u>	<u>\$ 111,145</u>	<u>\$ 468,210</u>

<b>Year Ending June 30,</b>	<b>Administrative Facilities Bond Service</b>	<b>Juvenile Correctional Facilities Bond Service</b>	<b>Highway Safety Facilities Bond Service</b>	<b>Transportation Facilities Bond Service</b>	<b>Total</b>
2017.....	\$ 92,447	\$ 19,512	\$ 2,392	\$ 8,114	\$ 290,861
2018.....	93,105	16,970	2,407	8,147	281,888
2019.....	82,389	14,217	2,411	8,146	247,948
2020.....	74,990	10,508	1,566	8,142	215,456
2021.....	74,437	10,512	1,568	8,145	200,116
2022-2026.....	235,260	45,294	-	40,727	691,628
2027-2031.....	88,780	8,590	-	32,572	254,261
2032-2036.....	34,485	-	-	-	72,777
	<u>775,893</u>	<u>125,603</u>	<u>10,344</u>	<u>113,993</u>	<u>2,254,935</u>
Amount Representing Interest.....	(170,123)	(21,223)	(974)	(33,123)	(485,815)
<b>Leases Receivable, as of June 30, 2016.....</b>	<u>\$ 605,770</u>	<u>\$ 104,380</u>	<u>\$ 9,370</u>	<u>\$ 80,870</u>	<u>\$ 1,769,120</u>

**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, 2016**

**NOTE 3 — LEASES (Continued)**

A summary of the unavailable portion of leases receivable by debt service fund as of June 30, 2016 is presented in the table below:

	<b>Mental Health Facilities Bond Service</b>	<b>Parks &amp; Recreation Facilities Bond Service</b>	<b>Cultural &amp; Sports Facilities Bond Service</b>	<b>Adult Correctional Facilities Bond Service</b>
Lease Principal .....	\$ 204,490	\$ 178,750	\$ 111,145	\$ 468,210
Lease Interest .....	134	-	1,216	5,487
Total Unavailable Revenue as of June 30, 2016.....	<u>\$ 204,624</u>	<u>\$ 178,750</u>	<u>\$ 112,361</u>	<u>\$ 473,697</u>

	<b>Administrative Facilities Bond Service</b>	<b>Juvenile Correctional Facilities Bond Service</b>	<b>Highway Safety Facilities Bond Service</b>	<b>Transportation Facilities Bond Service</b>	<b>Total Debt Service Funds</b>
Lease Principal .....	\$ 605,770	\$ 104,380	\$ 9,370	\$ 80,870	\$ 1,762,985
Lease Interest .....	7,394	950	87	946	16,214
Total Unavailable Revenue as of June 30, 2016.....	<u>\$ 613,164</u>	<u>\$ 105,330</u>	<u>\$ 9,457</u>	<u>\$ 81,816</u>	<u>\$ 1,779,199</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, 2016.

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

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

**NOTE 5 – SUBSEQUENT EVENTS**

On August 25, 2016, the Treasurer's Office issued Series 2016A Cultural Facilities Bonds, totaling \$40 million, to finance the costs of various capital facilities of the Ohio Facilities Construction Commission. The bonds have an average coupon of 4.80 and a final maturity date of October 1, 2026.

On October 6, 2016, the Treasurer's Office plans to issue Series 2016C Parks and Recreation bonds, totaling \$100 million, to finance costs of capital facilities of the Department of Natural Resources. These bonds are expected to be sold with variable interest rates and a final maturity of December 1, 2031.

On October 26, 2016, the Treasurer's Office plans to issue Series 2016B, Series 2016C, and Series 2016D Adult Correctional bonds, totaling \$80 million, to finance the costs of capital facilities of the Department of Rehabilitation and Correction. The 2016B bonds are expected to be sold with fixed interest rates, while the Series 2016C and 2016D are expected to be sold with variable interest rates. All three series are expected to have a final maturity date of October 1, 2036.

# SUPPLEMENTARY INFORMATION

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Net Position - Accrual Basis**  
**As of June 30, 2016**  
*(Dollars in 000s)*

	<u>Total Debt Service Funds</u>
<b>ASSETS:</b>	
Cash.....	\$ 709
Investments.....	3,278
Receivables from State Agencies:	
Leases.....	1,769,120
Unamortized Lease Premium/Discount, Net.....	133,779
Interest.....	<u>18,413</u>
<b>TOTAL ASSETS.....</b>	<b><u>1,925,299</u></b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>	
Deferred Charge on Refunding.....	<u>27,693</u>
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES.....</b>	<b><u>27,693</u></b>
<b>LIABILITIES:</b>	
Accounts Payable.....	534
Bond Interest Payable.....	20,773
Unearned Revenue.....	1,093
Bonds Payable, net of premiums and discount:	
Due in One Year.....	242,690
Due in More Than One Year.....	<u>1,687,902</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>1,952,992</u></b>
<b>NET POSITION</b>	
Restricted for Debt Service.....	<u>-</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ -</u></b>

STATE OF OHIO  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
Schedule of Activities - Accrual Basis  
For the Year Ended June 30, 2016  
*(Dollars in 000s)*

	Higher Education Facilities	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Building Facilities	Total Debt Service Funds
<b>EXPENSES:</b>										
Administrative.....	\$ -	\$ 34	\$ 17	\$ 32	\$ 56	\$ 93	\$ 40	\$ 19	\$ 8	\$ 299
Bond Issue Costs.....	-	373	707	264	704	264	-	-	-	2,312
Interest on Debt.....	-	4,600	4,733	3,480	18,576	25,078	3,683	317	1,949	62,416
<b>TOTAL EXPENSES.....</b>	<b>-</b>	<b>5,007</b>	<b>5,457</b>	<b>3,776</b>	<b>19,336</b>	<b>25,435</b>	<b>3,723</b>	<b>336</b>	<b>1,957</b>	<b>65,027</b>
<b>PROGRAM REVENUES:</b>										
Charges for Services (1).....	-	5,007	5,457	3,776	19,336	25,435	3,723	336	1,957	65,027
<b>TOTAL PROGRAM REVENUES.....</b>	<b>-</b>	<b>5,007</b>	<b>5,457</b>	<b>3,776</b>	<b>19,336</b>	<b>25,435</b>	<b>3,723</b>	<b>336</b>	<b>1,957</b>	<b>65,027</b>
<b>NET EXPENSE AND CHANGES IN NET POSITION.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION, JULY 1.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION, JUNE 30.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Reconciliation Schedule Between the Balance Sheet**  
**and the Schedule of Net Position**  
**As of June 30, 2016**  
*(Dollars in 000s)*

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<b>Fund Balance per Debt Service Funds' Balance Sheet</b>	<b>\$ <u>10,694</u></b>
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Amounts reported in the Schedule of Net Position are different from the Balance Sheet because:

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

Leases Receivable from State Agencies:	
Lease Principal	1,762,985
Lease Interest	16,214
	<u>1,779,199</u>

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

Unamortized Lease Premium/Discount, Net	133,779
	<u>133,779</u>

The accounting loss reported as a deferred outflow of resources is applicable to future reporting periods and is not reported on the fund statements.	27,693
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The following liabilities are not due and payable in the current period, and, therefore, are not reported in the debt service funds.

Bonds Payable	(1,930,592)
Bond Interest Payable	(20,773)
	<u>(1,951,365)</u>

<b>Net Position per Schedule of Net Position</b>	<b>\$ <u><u>-</u></u></b>
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**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, 2016**  
*(Dollars in 000s)*

**Net Change in Fund Balance per Debt Service Funds'**  
**Statement of Revenues, Expenditures and Changes in Fund Balances** **\$ (647)**

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

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

Lease Principal	(2,560)
Lease Interest	(1,979)
	(4,539)

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

Unamortized Lease Premium/Discount, Net	28,174
	28,174

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	(230,000)
Refunding Bonds	(62,075)
Premiums	(53,924)
Deferred Amount on Refunding	6,370
	(339,629)

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

Debt Principal Refundings	67,660
Scheduled Debt Principal Retirements	228,630
	296,290

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

Decrease in Bond Interest Payable	953
Decrease in Accounts Payable	19
Amortization of Bond Premiums/Accretion of Bond Discounts, Net	25,961
Amortization of Deferred Refunding Amount	(6,582)
	20,351

**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, 2016**  
*(Dollars in 000s)*

Year Ending June 30,	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Facilities	Total
2017.....	\$ 39,689	\$ 24,246	\$ 25,183	\$ 79,278	\$ 92,447	\$ 19,512	\$ 2,392	\$ 8,114	\$ 290,861
2018.....	39,106	26,401	25,194	70,558	93,105	16,970	2,407	8,147	281,888
2019.....	32,493	22,766	23,371	62,155	82,389	14,217	2,411	8,146	247,948
2020.....	30,256	20,621	19,664	49,709	74,990	10,508	1,566	8,142	215,456
2021.....	22,803	18,611	14,358	49,682	74,437	10,512	1,568	8,145	200,116
2022-2026.....	85,150	72,211	20,596	192,390	235,260	45,294	-	40,727	691,628
2027-2031.....	-	53,961	-	70,358	88,780	8,590	-	32,572	254,261
2032-2036.....	-	-	-	38,292	34,485	-	-	-	72,777
	249,497	238,817	128,366	612,422	775,893	125,603	10,344	113,993	2,254,935
Amount Representing Interest.....	(42,712)	(56,227)	(17,221)	(144,212)	(170,123)	(21,223)	(974)	(33,123)	(485,815)
Lease Principal.....	206,785	182,590	111,145	468,210	605,770	104,380	9,370	80,870	1,769,120
Premium/(Discount), Net.....	22,834	23,134	7,357	31,426	30,634	3,838	219	14,337	133,779
<b>Leases Receivable, as of June 30, 2016.....</b>	<b>\$ 229,619</b>	<b>\$ 205,724</b>	<b>\$ 118,502</b>	<b>\$ 499,636</b>	<b>\$ 636,404</b>	<b>\$ 108,218</b>	<b>\$ 9,589</b>	<b>\$ 95,207</b>	<b>\$ 1,902,899</b>



**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2016 (Continued)**  
*(Dollars in 000s)*

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2016 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, 2016, the Chapter 154 Lease Revenue Obligations had the following credit ratings assigned by the major bond rating agencies:

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

Through June 30, 2016, the Ohio General Assembly has authorized issuance of Chapter 154 Lease Revenue Obligations, including bonds and bond anticipation notes for capital facilities, in the following amounts. The amounts below include new debt authorizations included in the 2017-18 capital budget bill, Senate Bill 310, of the 131<sup>st</sup> General Assembly.

<b>Bond Program</b>	<b>Amount</b>
Mental Health Facilities	\$ 1,636,000
Parks and Recreation Facilities	840,000
Cultural and Sports Facilities	641,000
Adult Correctional Facilities	2,261,000
Administrative Facilities	1,937,700
Juvenile Correctional Facilities	379,000
Highway Safety Facilities	140,285
Transportation Facilities	185,200
<b>Total Authorization</b>	<b>\$ 8,020,185</b>

Details on bonds issued through June 30, 2016 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, 2016 (Continued)**  
*(Dollars in 000s)*

**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, 2016
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,322,085	\$ 386,465	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2006B	—	26,775	12/14/2006	12/1/2016	4.75%	2,585
II-2008A	30,000	—	11/19/2008	6/1/2018	3.72%	7,020
2009A	40,000	—	12/17/2009	12/1/2019	2.56%	17,785
2012A	—	24,175	5/17/2012	6/1/2019	4.56%	11,430
2013A	25,000	—	3/7/2013	2/1/2013	3.55%	18,110
2013B	—	15,375	3/7/2013	8/1/2019	4.59%	9,860
2014A	50,000	—	1/30/2014	2/1/2024	4.42%	44,315
2015A	50,000	—	5/5/2015	2/1/2025	4.95%	45,680
2016A	50,000	—	6/28/2016	6/1/2026	4.86%	50,000
<b>Total</b>	<u>\$1,567,085</u>	<u>\$ 452,790</u>				<u>\$ 206,785</u>

**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, 2016
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 313,000	\$ 84,125	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2006A	—	15,410	12/14/2006	12/1/2016	4.32%	2,255
II-2007A	30,000	—	11/13/2007	12/1/2017	3.82%	7,110
II-2009A	35,000	—	3/12/2009	12/1/2020	3.95%	18,210
II-2011A	30,000	—	3/3/2011	8/1/2025	4.06%	13,315
II-2012A	—	7,570	5/17/2012	12/1/2018	4.46%	5,790
2013A	—	11,200	4/11/2013	8/1/2019	3.43%	7,590
2015A	40,000	—	3/5/2015	2/1/2030	4.98%	37,905
2016A	80,000	—	3/31/2016	2/1/2031	4.99%	80,000
2016B	—	10,415	6/28/2016	8/1/2025	4.81%	10,415
<b>Total</b>	<u>\$ 528,000</u>	<u>\$ 128,720</u>				<u>\$ 182,590</u>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2016 (Continued)**  
*(Dollars in 000s)*

**Cultural and Sports Facilities Bonds**

	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2016</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 398,690	\$ 35,175	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2008B	30,000	—	12/3/2008	10/1/2018	3.68%	10,515
2010A	30,000	—	2/10/2010	10/1/2020	3.73%	17,100
2011A	28,000	—	3/3/2011	10/1/2020	4.84%	18,735
2013A	18,000	—	3/7/2013	4/1/2023	1.88%	13,370
2013B	—	19,890	3/7/2013	4/1/2020	1.30%	13,350
2015A	—	9,920	2/26/2015	10/1/2019	1.40%	9,665
2015B	30,000	—	8/12/2015	4/1/2025	5.00%	28,410
<b>Total</b>	<u>\$ 534,690</u>	<u>\$ 64,985</u>				<u>\$ 111,145</u>

**Adult Correctional Facilities Bonds**

	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2016</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,734,500	958,420	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2002B	—	90,560	10/8/2002	4/1/2017	4.38%	8,435
2004C	—	225,350	10/21/2004	10/1/2018	5.11%	49,670
2008A	25,000	—	3/6/2008	4/1/2023	4.77%	3,435
2009A	40,000	—	1/22/2009	10/1/2028	4.76%	7,600
2009B	—	75,790	9/17/2009	10/1/2024	3.46%	56,405
2010A	—	79,325	8/31/2010	10/1/2024	4.59%	59,100
2011A	40,000	—	2/1/2011	4/1/2031	4.91%	34,390
2011B	—	101,530	9/15/2011	10/1/2024	2.65%	45,275
2012A	—	17,360	5/17/2012	4/1/2023	5.00%	17,360
2013A	—	47,320	3/7/2013	10/1/2024	5.00%	43,940
2014A	45,000	—	5/7/2014	4/1/2034	4.85%	42,005
2015A	—	10,030	2/26/2015	10/1/2022	5.00%	10,030
2015B	70,000	—	11/19/2015	10/1/1935	4.98%	70,000
2016A	—	20,565	5/25/2016	10/1/2028	4.96%	20,565
<b>Total</b>	<u>\$1,954,500</u>	<u>\$1,626,250</u>				<u>\$ 468,210</u>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2016 (Continued)**  
*(Dollars in 000s)*

**Administrative Facilities Bonds**

	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2016</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,368,300	\$ 696,383	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2001A	120,000	—	4/1/2001	10/1/2020	5.14%	18,790
2004B	—	130,750	10/21/2004	10/1/2018	4.94%	21,210
2006B	—	70,335	10/3/2006	4/1/2018	3.93%	43,665
2008A	25,000	—	3/6/2008	4/1/2023	4.85%	3,440
2009A	60,000	—	1/22/2009	10/1/2028	4.24%	11,540
2009B	—	86,590	9/17/2009	10/1/2024	4.93%	63,740
2010A	9,005	—	4/1/2010	10/1/2016	3.99%	1,650
2010B	30,995	—	4/1/2010	10/1/2029	5.58%	30,995
2010C	—	148,865	8/31/2010	10/1/2024	4.84%	110,785
2011A	—	38,595	9/15/2011	10/1/2024	2.65%	32,910
2012A	32,700	—	3/8/2012	4/1/2032	4.13%	28,030
2012B	—	28,055	3/8/2012	4/1/2024	5.00%	28,055
2013A	—	48,660	4/11/2013	4/1/2025	4.95%	44,775
2013B	50,000	—	7/31/2013	4/1/2033	4.80%	46,505
2015A	61,930	—	1/28/2015	4/1/2035	4.31%	61,095
2015B	18,070	—	1/28/2015	4/1/2025	2.59%	16,455
2015C	—	11,185	2/26/2015	10/1/2022	2.95%	11,035
2016A	—	31,095	5/25/2016	10/1/2028	4.95%	31,095
<b>Total</b>	<u>\$1,776,000</u>	<u>\$1,290,513</u>				<u>\$ 605,770</u>

**Juvenile Correctional Facilities Bonds**

	<b>Original Issues at Par</b>	<b>Advance Refunding Issues at Par</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Average Effective Interest Rate</b>	<b>Outstanding Balance at Par, as of June 30, 2016</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 247,000	\$ 152,470	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2007A	20,000	—	5/2/2007	4/1/2017	1.85%	2,440
2009B	—	16,820	9/17/2009	10/1/2024	3.67%	13,250
2010A	5,445	—	4/1/2010	10/1/2016	2.77%	975
2010B	—	11,450	4/1/2010	10/1/2017	5.00%	5,210
2010C	9,555	—	4/1/2010	10/1/2024	4.97%	9,555
2010D	—	15,005	8/31/2010	10/1/2024	4.11%	11,795
2011A	15,000	—	5/3/2011	4/1/2025	4.13%	11,195
2011B	—	9,215	9/15/2011	10/1/2024	2.90%	7,770
2013A	15,000	—	1/30/2013	10/1/2026	4.24%	12,290
2015A	—	11,180	2/26/2015	10/1/2018	1.18%	10,865
2015B	20,000	—	3/5/2015	4/1/2030	3.90%	19,035
<b>Total</b>	<u>\$ 332,000</u>	<u>\$ 216,140</u>				<u>\$ 104,380</u>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2016 (Continued)**  
*(Dollars in 000s)*

**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, 2016
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 140,285	\$ 41,695	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2010A	—	10,860	4/1/2010	10/1/2020	4.49%	7,035
2014A	—	3,815	5/7/2014	4/1/2019	3.59%	2,335
Total	<u>\$ 140,285</u>	<u>\$ 56,370</u>				<u>\$ 9,370</u>

**Transportation Facilities Bonds**

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2016
<i>Outstanding Bonds:</i>						
2015A	84,300	\$ —	1/28/2015	4/1/2030	4.93%	80,870
Total	<u>\$ 84,300</u>	<u>\$ -</u>				<u>\$ 80,870</u>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Changes in Bonds Payable Balance**  
**For the Year Ended June 30, 2016**  
*(Dollars in 000s)*

	Mental Health Facilities	Parks and Recreation Facilities	Cultural and Sports Facilities	Adult Correctional Facilities	Administrative Facilities	Juvenile Correctional Facilities	Highway Safety Facilities	Transportation Facilities	Total
Outstanding Balance, July 1, 2015	\$ 208,632	\$ 130,247	\$ 110,420	\$ 493,407	\$ 721,185	\$ 130,357	\$ 11,920	\$ 100,676	\$1,906,844
Additions:									
New Issuances:									
Bond Principal	50,000	80,000	30,000	70,000	-	-	-	-	230,000
Bond Premium	9,547	15,533	4,600	9,694	-	-	-	-	39,374
Advance Refunding Issuances:									
Bond Principal	-	10,415	-	20,565	31,095	-	-	-	62,075
Bond Premium	-	2,445	-	4,821	7,284	-	-	-	14,550
Total Additions	59,547	108,393	34,600	105,080	38,379	-	-	-	345,999
Deductions:									
Bond Principal Repayments	34,220	18,515	23,555	59,840	66,565	20,540	1,965	3,430	228,630
Refunded Bonds:									
Bond Principal	-	10,875	-	22,515	34,270	-	-	-	67,660
Bond Premium	-	269	-	647	1,052	-	-	-	1,968
Amortization of Premium	3,632	1,283	2,144	6,192	7,585	934	184	2,039	23,993
Total Deductions	37,852	30,942	25,699	89,194	109,472	21,474	2,149	5,469	322,251
<b>Outstanding Balance, June 30, 2016</b>	<b>\$ 230,327</b>	<b>\$ 207,698</b>	<b>\$ 119,321</b>	<b>\$ 509,293</b>	<b>\$ 650,092</b>	<b>\$ 108,883</b>	<b>\$ 9,771</b>	<b>\$ 95,207</b>	<b>\$1,930,592</b>
Amount Due in One Year	35,535	22,974	22,602	64,154	72,790	16,516	2,193	5,926	242,690
Amount Due in More Than One Year	194,792	184,724	96,719	445,139	577,302	92,367	7,578	89,281	1,687,902
<b>Outstanding Balance, June 30, 2016</b>	<b>\$ 230,327</b>	<b>\$ 207,698</b>	<b>\$ 119,321</b>	<b>\$ 509,293</b>	<b>\$ 650,092</b>	<b>\$ 108,883</b>	<b>\$ 9,771</b>	<b>\$ 95,207</b>	<b>\$1,930,592</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Future Debt Service Funding Requirements**  
**As of June 30, 2016**  
*(Dollars in 000s)*

Fiscal Year Ending June 30,	Mental Health Facilities			Parks & Recreation Facilities			Cultural Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 30,835	\$ 8,860	\$ 39,695	\$ 20,165	\$ 7,368	\$ 27,533	\$ 20,480	\$ 4,724	\$ 25,204
2018	31,360	7,746	39,106	18,930	7,471	26,401	21,330	3,864	25,194
2019	26,005	6,489	32,494	16,035	6,731	22,766	20,395	2,976	23,371
2020	24,815	5,441	30,256	14,555	6,066	20,621	17,500	2,164	19,664
2021	18,230	4,573	22,803	13,190	5,421	18,611	12,980	1,378	14,358
2022-2026	75,540	9,610	85,150	52,675	19,536	72,211	18,460	2,136	20,596
2027-2031	-	-	-	47,040	6,921	53,961	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
	206,785	42,719	249,504	182,590	59,514	242,104	111,145	17,242	128,387
Premium/Discount, Net	23,542	-	23,542	25,108	-	25,108	8,176	-	8,176
<b>Total, as of June 30, 2016</b>	<b>\$ 230,327</b>	<b>\$ 42,719</b>	<b>\$ 273,046</b>	<b>\$ 207,698</b>	<b>\$ 59,514</b>	<b>\$ 267,212</b>	<b>\$ 119,321</b>	<b>\$ 17,242</b>	<b>\$ 136,563</b>

  

Fiscal Year Ending June 30,	Adult Correctional Facilities			Administrative Facilities			Juvenile Correctional Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 57,760	\$ 21,570	\$ 79,330	\$ 65,445	\$ 27,015	\$ 92,460	\$ 15,760	\$ 3,781	\$ 19,541
2018	51,585	18,973	70,558	68,970	24,135	93,105	13,705	3,265	16,970
2019	45,400	16,755	62,155	61,280	21,109	82,389	11,335	2,881	14,216
2020	34,875	14,834	49,709	56,605	18,385	74,990	7,910	2,598	10,508
2021	36,600	13,082	49,682	58,710	15,727	74,437	8,235	2,277	10,512
2022-2026	153,430	38,960	192,390	190,515	44,745	235,260	39,430	5,864	45,294
2027-2031	54,430	15,928	70,358	72,605	16,175	88,780	8,005	586	8,591
2032-2036	34,130	4,162	38,292	31,640	2,845	34,485	-	-	-
	468,210	144,264	612,474	605,770	170,136	775,906	104,380	21,252	125,632
Premium/Discount, Net	41,083	-	41,083	44,322	-	44,322	4,503	-	4,503
<b>Total, as of June 30, 2016</b>	<b>\$ 509,293</b>	<b>\$ 144,264</b>	<b>\$ 653,557</b>	<b>\$ 650,092</b>	<b>\$ 170,136</b>	<b>\$ 820,228</b>	<b>\$ 108,883</b>	<b>\$ 21,252</b>	<b>\$ 130,135</b>

  

Fiscal Year Ending June 30,	Highway Safety Facilities			Transportation Facilities			Total Chapter 154 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 2,040	\$ 363	\$ 2,403	\$ 4,235	\$ 3,911	\$ 8,146	\$ 216,720	\$ 77,592	\$ 294,312
2018	2,125	282	2,407	4,405	3,742	8,147	212,410	69,478	281,888
2019	2,215	196	2,411	4,580	3,566	8,146	187,245	60,703	247,948
2020	1,460	106	1,566	4,760	3,382	8,142	162,480	52,976	215,456
2021	1,530	38	1,568	5,000	3,145	8,145	154,475	45,641	200,116
2022-2026	-	-	-	29,015	11,712	40,727	559,065	132,563	691,628
2027-2031	-	-	-	28,875	3,697	32,572	210,955	43,307	254,262
2032-2036	-	-	-	-	-	-	65,770	7,007	72,777
	9,370	985	10,355	80,870	33,155	114,025	1,769,120	489,267	2,258,387
Premium/Discount, Net	401	-	401	14,337	-	14,337	161,472	-	161,472
<b>Total, as of June 30, 2016</b>	<b>\$ 9,771</b>	<b>\$ 985</b>	<b>\$ 10,756</b>	<b>\$ 95,207</b>	<b>\$ 33,155</b>	<b>\$ 128,362</b>	<b>\$ 1,930,592</b>	<b>\$ 489,267</b>	<b>\$ 2,419,859</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Current and Advance Refunding Issues and Prior Years' Defeasances**  
**As of and For the Year Ended June 30, 2016**  
*(Dollars in 000s)*

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**Current and Advance Refunding Issues**

During fiscal year 2016, three advance refunding issues were transacted whereby the Treasurer refunded lease revenue bond issues. The net proceeds of the refunding bonds, after payment of underwriting fees and bond issue costs, were deposited in escrow with a trustee pending the bond's maturity or call date. A resulting economic gain or loss from the refundings represents the difference between the present values of the debt service payments on the old and new debt. Detail on the current refunding bond transactions are discussed below.

- A.** On May 25, 2016, the Treasurer refunded portions of two series of previously issued bonds to reduce the State's total debt service payments by issuing \$20,565 of 2016A Adult Correctional refunding bonds, and \$31,095 of 2016A Administrative refunding bonds. The overall transaction resulted in an economic gain of \$6,308 and total issuance costs and underwriter's discount of \$467. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$7,199.

*2016A Adult Correctional Facilities Bonds* – The 2016A Adult Correctional Facilities Bonds, with an average interest rate of 4.95%, refunded \$22,515 in principal, plus interest of the 2009A Adult Correctional Facilities Bonds due on October 1, 2020-2028. The refunded bonds had an average interest rate of 4.95%.

*2016A Administrative Facilities Bonds* – The 2016A Administrative Facilities Bonds, with an average interest rate of 4.95%, refunded \$34,270 in principal, plus interest of the 2009A Administrative Facilities Bonds due on October 1, 2020-2028. The refunded bonds had an average interest rate of 4.79%.

- B.** On June 28, 2016, the Treasurer refunded a portion of one series of previously issued bonds to reduce the State's total debt service payments by issuing \$10,415 of 2016B Parks and Recreation Facilities refunding bonds. The overall transaction resulted in an economic gain of \$714 and total issuance costs and underwriter's discount of \$148. The refunding resulted in the Treasurer decreasing its total debt service payments over the life of the bonds by \$762.

*2016B Parks and Recreation Facilities Bonds* – The 2016B Parks and Recreation Facilities Bonds, with an average interest rate of 4.81%, refunded \$10,875 in principal, plus interest of the 2011A Cultural Facilities Bonds due on August 1, 2022-2025. The refunded bonds had an average interest rate of 4.72%.



**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, 2016 (continued)**  
*(Dollars in 000s)*

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**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, 2016 that were refunded in fiscal year 2016 and prior.

<u>Refunded Issue</u>	<u>Principal Yet to be Paid as of June 30, 2016</u>	<u>Scheduled Redemption Date</u>
Parks & Recreation Facilities:		
2011A	10,875	August 1, 2020
	<u>10,875</u>	
Adult Correctional Facilities:		
2008A	10,255	April 1, 2018
2009A	22,515	April 1, 2019
	<u>32,770</u>	
Administrative Facilities:		
2008A	10,270	April 1, 2018
2009A	34,270	April 1, 2019
	<u>44,540</u>	
Total	<u>\$ 88,185</u>	

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

Treasurer of State of Ohio  
Columbus, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Debt Service Funds, as held in the name of the Treasurer of State of Ohio (the Treasurer) of the Higher Education Facilities, Mental Health Facilities, Parks and Recreation Facilities, Cultural and Sports Facilities, Adult Correctional Facilities, Administrative Facilities, Juvenile Correctional Facilities, Highway Safety Facilities and the Transportation Building lease revenue bonds governed by the Ohio Revised Code Chapter 154 as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2016.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

KENNEDY COTTRELL RICHARDS LLC

September 28, 2016