



**JOSH MANDEL**  
STATE TREASURER OF OHIO

**September 28, 2018**

**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 2018  
(July 1, 2017 --- June 30, 2018)**

**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, 2017 through June 30, 2018**

The Treasurer of State (“Treasurer”) makes this annual report for the Fiscal Year ending June 30, 2018 (FY 2018) 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agencies of state government (for which no specific authorization to issue obligations was ever granted and which was repealed in FY 2001).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 (issuing authority generally referred to herein as “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 are governed by Chapter 154 of the Ohio Revised Code, and the provisions thereof, as described above.

Pursuant to Amended Substitute House Bill 153 of the 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 \$1,850,000,000 for mental health, \$960,000,000 for parks and recreation, \$710,000,000 for cultural and sports facilities, \$2,462,000,000 for state correctional facilities, \$400,000,000 for juvenile correctional facilities, \$2,030,000,000 for administrative facilities, \$140,285,000 for highway safety facilities, and \$385,000,000 for transportation facilities. Within these authorizations, the Treasurer issued the following Obligations in FY 2018:

<b>Bond Program &amp; Series No.</b>	<b>Amount</b>	<b>Dated Date</b>	<b>Final Maturity Date</b>
Administrative Facilities – 2017B <sup>2</sup>	\$30,790,000	11/07/2017	10/01/2029
Adult Correctional Facilities – 2017A <sup>1,3</sup>	\$100,000,000	11/07/2017	10/01/2037
Adult Correctional Facilities – 2017B <sup>2,3</sup>	\$62,320,000	11/07/2017	10/01/2030
Cultural Facilities – 2017A <sup>1</sup>	\$30,000,000	12/14/2017	10/01/2027
Juvenile Correctional – 2017A <sup>2</sup>	\$10,515,000	12/14/2017	10/01/2026
Juvenile Correctional – 2018A <sup>1</sup>	\$35,000,000	04/26/2018	04/01/2033
Mental Health – 2017A <sup>2</sup>	\$17,765,000	11/07/2017	02/01/2024
Mental Health – 2018A <sup>1</sup>	\$50,000,000	04/26/2018	06/01/2028
Parks & Recreation – 2017A <sup>1</sup>	\$100,000,000	12/14/2017	12/01/2032
Transportation Building – 2018A <sup>1</sup>	\$86,490,000	02/21/2018	04/01/2033

The principal and interest requirements on the Obligations sold and delivered in FY 2018 are set forth in the attached Schedules 1 through 10. The Obligations issued in FY 2018 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, 2018, 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

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

<sup>2</sup> Refunding issuance.

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

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

As contemplated by the Act, the financing arrangements for the eight categories of capital facilities -- 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 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 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.

For the biennium ending June 30, 2019, the General Assembly, by Acts passed prior to July 1, 2017, appropriated 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>FY2018</b>	<b>FY2019</b>
Ohio Department of Mental Health	\$ 39,749,900.00	\$ 20,323,000.00	\$ 19,426,900.00
Ohio Department of Developmental Disabilities	\$ 39,749,900.00	\$ 20,323,000.00	\$ 19,426,900.00
Ohio Department of Natural Resources	\$ 82,257,000.00	\$ 38,210,500.00	\$ 44,046,500.00
Ohio Facilities Construction Commission	\$ 63,063,500.00	\$ 30,762,300.00	\$ 32,301,200.00
Department of Administrative Services	\$ 189,880,400.00	\$ 98,017,500.00	\$ 91,862,900.00
Department of Rehabilitation and Correction	\$ 156,212,100.00	\$ 78,505,000.00	\$ 77,707,100.00
Department of Youth Services	\$ 34,881,600.00	\$ 17,534,700.00	\$ 17,346,900.00
Department of Public Safety	\$ 4,878,500.00	\$ 2,437,200.00	\$ 2,441,300.00
Department of Transportation	\$ 28,812,400.00	\$ 11,155,700.00	\$ 17,656,700.00
<b>Total Appropriation</b>	\$ 639,485,300.00	\$ 317,268,900.00	\$ 322,216,400.00

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

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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, 2018)**

	<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	\$1,850,000,000	\$960,000,000	\$710,000,000	\$2,030,000,000
Issued in Prior Fiscal Years (a)	1,567,085,000	628,000,000	574,690,000	1,846,000,000
Issued in FY2018 (b)	50,000,000	100,000,000	30,000,000	0
Authorized by the General Assembly but not yet issued	232,915,000	232,000,000	105,310,000	184,000,000
Interest Paid FY2018	7,481,966	14,280,407	6,054,609	27,115,636
Principal Paid FY2018	31,360,000	23,835,000	24,625,000	70,595,000
Outstanding Principal (c)	\$194,040,000	\$338,590,000	\$136,040,000	\$537,585,000
	<b>State Correctional Facilities</b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>	<b>Transportation Facilities</b>
Authorized by General Assembly	\$2,462,000,000	\$400,000,000	\$140,285,000	\$385,000,000
Issued in Prior Fiscal Years (a)	2,034,500,000	332,000,000	140,285,000	240,100,000
Issued in FY2018 (b)	100,000,000	35,000,000	0	86,490,000
Authorized by the General Assembly but not yet issued	327,500,000	33,000,000	0	58,410,000
Interest Paid FY2018	21,785,718	3,165,757	282,200	3,741,900
Principal Paid FY2018	54,305,000	13,705,000	2,125,000	4,405,000
Outstanding Principal (c)	\$531,340,000	\$109,790,000	\$5,205,000	\$158,720,000

- (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.

The primary sources of moneys for payment of principal of and interest on outstanding Obligations in FY 2018, 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 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 2018, and the balances in those funds on June 30, 2018, 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 2019 of principal of and interest on the bonds outstanding on June 30, 2018 (which excludes bonds advance refunded) are as follows:

<b>FY19 Debt Service Payments</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, 2018	\$4,558,937.50	\$7,282,262.50	\$0.00	\$0.00
October 1, 2018	0.00	0.00	22,178,127.40	63,405,433.96
December 1, 2018	7,236,530.56	20,311,950.00	0.00	0.00
February 1, 2019	14,226,312.50	9,319,425.00	0.00	0.00
April 1, 2019	0.00	0.00	10,043,269.40	23,671,533.71
June 1, 2019	12,785,750.00	4,723,550.00	0.00	0.00
<b>Fiscal Year Total</b>	<b>\$38,807,530.56</b>	<b>\$41,637,187.50</b>	<b>\$32,221,396.80</b>	<b>\$87,076,967.67</b>
	<b>Adult Correctional Facilities<sup>1</sup></b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>	<b>Transportation Facilities</b>
<b>Payment Dates</b>				
August 1, 2018	\$0.00	\$0.00	\$0.00	\$0.00
October 1, 2018	59,071,837.50	11,286,983.88	1,518,725.00	4,425,600.00
December 1, 2018	0.00	0.00	0.00	0.00
February 1, 2019	0.00	0.00	0.00	0.00
April 1, 2019	17,889,250.00	5,986,321.76	892,575.00	12,095,100.00
June 1, 2019	0.00	0.00	0.00	0.00
<b>Fiscal Year Total</b>	<b>\$76,961,087.50</b>	<b>\$17,273,305.64</b>	<b>\$2,411,300.00</b>	<b>\$16,520,700.00</b>

<sup>1</sup>These figures include estimated amounts of interest payable for Series 2016B and 2016C as of June 30, 2018.

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 2019 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 132<sup>nd</sup> General Assembly for the fiscal biennium ending June 30, 2019. 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, 2018, 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>\$30,790,000</b>			
State of Ohio			
Administrative Building Fund Projects			
Series 2017B			
Dated: 11/07/2017			
Date	Principal	Interest	Debt Service
4/1/2018		580,400	580,400
10/1/2018		725,500	725,500
4/1/2019		725,500	725,500
10/1/2019	2,845,000	725,500	3,570,500
4/1/2020		668,600	668,600
10/1/2020		668,600	668,600
4/1/2021		668,600	668,600
10/1/2021	2,130,000	668,600	2,798,600
4/1/2022		626,000	626,000
10/1/2022	3,875,000	626,000	4,501,000
4/1/2023		548,500	548,500
10/1/2023	4,060,000	548,500	4,608,500
4/1/2024		447,000	447,000
10/1/2024	2,430,000	447,000	2,877,000
4/1/2025		386,250	386,250
10/1/2025	2,560,000	386,250	2,946,250
4/1/2026		322,250	322,250
10/1/2026	2,695,000	322,250	3,017,250
4/1/2027		254,875	254,875
10/1/2027	4,830,000	254,875	5,084,875
4/1/2028		134,125	134,125
10/1/2028	2,975,000	134,125	3,109,125
4/1/2029		59,750	59,750
10/1/2029	2,390,000	59,750	2,449,750
<b>Total:</b>	<b>30,790,000</b>	<b>10,988,800</b>	<b>41,778,800</b>
Average Life			7.350 Years
Average Coupon			4.855512%
Net Interest Cost (NIC)			2.361917%
True Interest Cost (TIC)			2.112288%
Bond Yield for Arbitrage Purposes			2.178433%
All Inclusive Cost (AIC)			2.156574%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Frost Brown Todd LLC			
Underwriter's Counsel: Benesch, Friedlander, Coplan & Aronoff LLP			
Financial Advisor: PFM Financial Advisors LLC			



## SCHEDULE NO. 2

<b>\$100,000,000</b>			
State of Ohio			
Adult Correctional Building Fund Projects			
Series 2017A			
Dated: 11/07/2017			
Date	Principal	Interest	Debt Service
4/1/2018		1,926,080	1,926,080
10/1/2018	5,000,000	2,407,600	7,407,600
4/1/2019		2,307,600	2,307,600
10/1/2019	3,170,000	2,307,600	5,477,600
4/1/2020		2,244,200	2,244,200
10/1/2020	3,300,000	2,244,200	5,544,200
4/1/2021		2,178,200	2,178,200
10/1/2021	3,435,000	2,178,200	5,613,200
4/1/2022		2,109,500	2,109,500
10/1/2022	3,575,000	2,109,500	5,684,500
4/1/2023		2,038,000	2,038,000
10/1/2023	3,740,000	2,038,000	5,778,000
4/1/2024		1,944,500	1,944,500
10/1/2024	3,935,000	1,944,500	5,879,500
4/1/2025		1,846,125	1,846,125
10/1/2025	4,135,000	1,846,125	5,981,125
4/1/2026		1,742,750	1,742,750
10/1/2026	4,345,000	1,742,750	6,087,750
4/1/2027		1,634,125	1,634,125
10/1/2027	4,570,000	1,634,125	6,204,125
4/1/2028		1,519,875	1,519,875
10/1/2028	4,805,000	1,519,875	6,324,875
4/1/2029		1,399,750	1,399,750
10/1/2029	5,050,000	1,399,750	6,449,750
4/1/2030		1,273,500	1,273,500
10/1/2030	5,310,000	1,273,500	6,583,500
4/1/2031		1,140,750	1,140,750
10/1/2031	5,580,000	1,140,750	6,720,750
4/1/2032		1,001,250	1,001,250
10/1/2032	5,870,000	1,001,250	6,871,250
4/1/2033		854,500	854,500
10/1/2033	6,170,000	854,500	7,024,500
4/1/2034		700,250	700,250
10/1/2034	6,485,000	700,250	7,185,250
4/1/2035		538,125	538,125
10/1/2035	6,820,000	538,125	7,358,125
4/1/2036		367,625	367,625
10/1/2036	7,170,000	367,625	7,537,625
4/1/2037		188,375	188,375
10/1/2037	7,535,000	188,375	7,723,375
<b>Total:</b>	<b>100,000,000</b>	<b>58,391,680</b>	<b>158,391,680</b>
Average Life			11.780 Years
Average Coupon			4.956702%
Net Interest Cost (NIC)			3.405267%
True Interest Cost (TIC)			3.023517%
Bond Yield for Arbitrage Purposes			2.178433%
All Inclusive Cost (AIC)			3.046536%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Frost Brown Todd LLC			
Underwriter's Counsel: Benesch, Friedlander, Coplan & Aronoff LLP			
Financial Advisor: PFM Financial Advisors LLC			

### SCHEDULE NO. 3

<b>\$62,320,000</b>			
State of Ohio			
Adult Correctional Building Fund Projects			
Series 2017B			
Dated: 11/07/2017			
Date	Principal	Interest	Debt Service
4/1/2018		1,211,240	1,211,240
10/1/2018		1,514,050	1,514,050
4/1/2019		1,514,050	1,514,050
10/1/2019	1,510,000	1,514,050	3,024,050
4/1/2020		1,483,850	1,483,850
10/1/2020		1,483,850	1,483,850
4/1/2021		1,483,850	1,483,850
10/1/2021	3,575,000	1,483,850	5,058,850
4/1/2022		1,412,350	1,412,350
10/1/2022	3,705,000	1,412,350	5,117,350
4/1/2023		1,338,250	1,338,250
10/1/2023	6,850,000	1,338,250	8,188,250
4/1/2024		1,167,000	1,167,000
10/1/2024	7,215,000	1,167,000	8,382,000
4/1/2025		986,625	986,625
10/1/2025	7,255,000	986,625	8,241,625
4/1/2026		805,250	805,250
10/1/2026	7,970,000	805,250	8,775,250
4/1/2027		606,000	606,000
10/1/2027	8,375,000	606,000	8,981,000
4/1/2028		396,625	396,625
10/1/2028	5,020,000	396,625	5,416,625
4/1/2029		271,125	271,125
10/1/2029	5,285,000	271,125	5,556,125
4/1/2030		139,000	139,000
10/1/2030	5,560,000	139,000	5,699,000
<b>Total:</b>	<b>62,320,000</b>	<b>25,933,240</b>	<b>88,253,240</b>
Average Life			8.435 Years
Average Coupon			4.933481%
Net Interest Cost (NIC)			2.524587%
True Interest Cost (TIC)			2.247541%
Bond Yield for Arbitrage Purposes			2.178433%
All Inclusive Cost (AIC)			2.280984%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Frost Brown Todd LLC			
Underwriter's Counsel: Benesch, Friedlander, Coplan & Aronoff LLP			
Financial Advisor: PFM Financial Advisors LLC			

**SCHEDULE NO. 4**

<b>\$30,000,000</b>			
State of Ohio			
Cultural and Sports Facilities Bldg Fund Projects			
Series 2017A			
Dated: 12/14/2017			
Date	Principal	Interest	Debt Service
4/1/2018		445,833.33	445,833.33
10/1/2018	2,370,000	750,000.00	3,120,000.00
4/1/2019		690,750.00	690,750.00
10/1/2019	2,495,000	690,750.00	3,185,750.00
4/1/2020		628,375.00	628,375.00
10/1/2020	2,620,000	628,375.00	3,248,375.00
4/1/2021		562,875.00	562,875.00
10/1/2021	2,755,000	562,875.00	3,317,875.00
4/1/2022		494,000.00	494,000.00
10/1/2022	2,895,000	494,000.00	3,389,000.00
4/1/2023		421,625.00	421,625.00
10/1/2023	3,045,000	421,625.00	3,466,625.00
4/1/2024		345,500.00	345,500.00
10/1/2024	3,200,000	345,500.00	3,545,500.00
4/1/2025		265,500.00	265,500.00
10/1/2025	3,365,000	265,500.00	3,630,500.00
4/1/2026		181,375.00	181,375.00
10/1/2026	3,535,000	181,375.00	3,716,375.00
4/1/2027		93,000.00	93,000.00
10/1/2027	3,720,000	93,000.00	3,813,000.00
<b>Total:</b>	<b>30,000,000</b>	<b>8,561,833.33</b>	<b>38,561,833.33</b>
Average Life			5.708 Years
Average Coupon			5.000000%
Net Interest Cost (NIC)			2.401843%
True Interest Cost (TIC)			2.181998%
Bond Yield for Arbitrage Purposes			2.305324%
All Inclusive Cost (AIC)			2.237689%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Brennan, Manna & Diamond LLC			
Underwriter's Counsel: Shumaker, Loop & Kendrick, LLP			
Financial Advisor: Acacia Financial Group			

**SCHEDULE NO. 5**

<b>\$10,515,000</b>			
State of Ohio			
Juvenile Correctional Bldg Fund Projects			
Series 2017A			
Dated: 12/14/2017			
Date	Principal	Interest	Debt Service
4/1/2018		140,378.06	140,378.06
10/1/2018		236,150.00	236,150.00
4/1/2019		236,150.00	236,150.00
10/1/2019		236,150.00	236,150.00
4/1/2020		236,150.00	236,150.00
10/1/2020		236,150.00	236,150.00
4/1/2021		236,150.00	236,150.00
10/1/2021	1,255,000	236,150.00	1,491,150.00
4/1/2022		204,775.00	204,775.00
10/1/2022	1,320,000	204,775.00	1,524,775.00
4/1/2023		171,775.00	171,775.00
10/1/2023	2,595,000	171,775.00	2,766,775.00
4/1/2024		106,900.00	106,900.00
10/1/2024	2,730,000	106,900.00	2,836,900.00
4/1/2025		52,300.00	52,300.00
10/1/2025	1,280,000	52,300.00	1,332,300.00
4/1/2026		26,700.00	26,700.00
10/1/2026	1,335,000	26,700.00	1,361,700.00
<b>Total:</b>	<b>10,515,000</b>	<b>2,918,328.06</b>	<b>13,433,328.06</b>
Average Life			6.317 Years
Average Coupon			4.393564%
Net Interest Cost (NIC)			2.354224%
True Interest Cost (TIC)			2.197096%
Bond Yield for Arbitrage Purposes			2.305324%
All Inclusive Cost (AIC)			2.324615%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Brennan, Manna & Diamond LLC			
Underwriter's Counsel: Shumaker, Loop & Kendrick, LLP			
Financial Advisor: Acacia Financial Group			

## SCHEDULE NO. 6

<b>\$35,000,000</b>			
State of Ohio			
Juvenile Correctional Bldg Fund Projects			
Series 2018A			
Dated: 04/26/2018			
Date	Principal	Interest	Debt Service
10/1/2018		753,472.22	753,472.22
4/1/2019	1,435,000	875,000.00	2,310,000.00
10/1/2019		839,125.00	839,125.00
4/1/2020	1,710,000	839,125.00	2,549,125.00
10/1/2020		796,375.00	796,375.00
4/1/2021	1,800,000	796,375.00	2,596,375.00
10/1/2021		751,375.00	751,375.00
4/1/2022	1,890,000	751,375.00	2,641,375.00
10/1/2022		704,125.00	704,125.00
4/1/2023	1,985,000	704,125.00	2,689,125.00
10/1/2023		654,500.00	654,500.00
4/1/2024	2,080,000	654,500.00	2,734,500.00
10/1/2024		602,500.00	602,500.00
4/1/2025	2,185,000	602,500.00	2,787,500.00
10/1/2025		547,875.00	547,875.00
4/1/2026	2,295,000	547,875.00	2,842,875.00
10/1/2026		490,500.00	490,500.00
4/1/2027	2,410,000	490,500.00	2,900,500.00
10/1/2027		430,250.00	430,250.00
4/1/2028	2,530,000	430,250.00	2,960,250.00
10/1/2028		367,000.00	367,000.00
4/1/2029	2,655,000	367,000.00	3,022,000.00
10/1/2029		300,625.00	300,625.00
4/1/2030	2,790,000	300,625.00	3,090,625.00
10/1/2030		230,875.00	230,875.00
4/1/2031	2,930,000	230,875.00	3,160,875.00
10/1/2031		157,625.00	157,625.00
4/1/2032	3,075,000	157,625.00	3,232,625.00
10/1/2032		80,750.00	80,750.00
4/1/2033	3,230,000	80,750.00	3,310,750.00
<b>Total:</b>	<b>35,000,000</b>	<b>15,535,472.22</b>	<b>50,535,472.22</b>
Average Life			8.877 Years
Average Coupon			5.000000%
Net Interest Cost (NIC)			3.290151%
True Interest Cost (TIC)			2.987645%
Bond Yield for Arbitrage Purposes			2.549731%
All Inclusive Cost (AIC)			3.029143%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Tucker Ellis LLP			
Underwriter's Counsel: Taft Stettinius & Hollister LLP			
Financial Advisor: Acacia Financial Group			

**SCHEDULE NO. 7**

<b>\$17,765,000</b>			
State of Ohio			
Mental Health Facilities Improvement Fund Projects			
Series 2017A			
Dated: 11/07/2017			
Date	Principal	Interest	Debt Service
2/1/2018		194,028.33	194,028.33
8/1/2018		415,775.00	415,775.00
2/1/2019		415,775.00	415,775.00
8/1/2019		415,775.00	415,775.00
2/1/2020		415,775.00	415,775.00
8/1/2020		415,775.00	415,775.00
2/1/2021		415,775.00	415,775.00
8/1/2021		415,775.00	415,775.00
2/1/2022	5,670,000	415,775.00	6,085,775.00
8/1/2022		302,375.00	302,375.00
2/1/2023	5,900,000	302,375.00	6,202,375.00
8/1/2023		154,875.00	154,875.00
2/1/2024	6,195,000	154,875.00	6,349,875.00
<b>Total:</b>	<b>17,765,000</b>	<b>4,434,728.33</b>	<b>22,199,728.33</b>
Average Life			5.263 Years
Average Coupon			4.743270%
Net Interest Cost (NIC)			1.801377%
True Interest Cost (TIC)			1.654285%
Bond Yield for Arbitrage Purposes			2.178433%
All Inclusive Cost (AIC)			1.747066%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Frost Brown Todd LLC			
Underwriter's Counsel: Benesch, Friedlander, Coplan & Aronoff LLP			
Financial Advisor: PFM Financial Advisors LLC			

**SCHEDULE NO. 8**

<b>\$50,000,000</b>			
State of Ohio			
Mental Health Facilities Improvement Fund Projects			
Series 2018A			
Dated: 04/26/2018			
Date	Principal	Interest	Debt Service
12/1/2018		1,493,055.56	1,493,055.56
6/1/2019	3,655,000	1,250,000.00	4,905,000.00
12/1/2019		1,158,625.00	1,158,625.00
6/1/2020	4,205,000	1,158,625.00	5,363,625.00
12/1/2020		1,053,500.00	1,053,500.00
6/1/2021	4,410,000	1,053,500.00	5,463,500.00
12/1/2021		943,250.00	943,250.00
6/1/2022	4,635,000	943,250.00	5,578,250.00
12/1/2022		827,375.00	827,375.00
6/1/2023	4,865,000	827,375.00	5,692,375.00
12/1/2023		705,750.00	705,750.00
6/1/2024	5,110,000	705,750.00	5,815,750.00
12/1/2024		578,000.00	578,000.00
6/1/2025	5,365,000	578,000.00	5,943,000.00
12/1/2025		443,875.00	443,875.00
6/1/2026	5,630,000	443,875.00	6,073,875.00
12/1/2026		303,125.00	303,125.00
6/1/2027	5,915,000	303,125.00	6,218,125.00
12/1/2027		155,250.00	155,250.00
6/1/2028	6,210,000	155,250.00	6,365,250.00
<b>Total:</b>	<b>50,000,000</b>	<b>15,080,555.56</b>	<b>65,080,555.56</b>
Average Life			6.032 Years
Average Coupon			5.000000%
Net Interest Cost (NIC)			2.735750%
True Interest Cost (TIC)			2.506907%
Bond Yield for Arbitrage Purposes			2.549731%
All Inclusive Cost (AIC)			2.561235%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Tucker Ellis LLP			
Underwriter's Counsel: Taft Stettinius & Hollister LLP			
Financial Advisor: Acacia Financial Group			

## SCHEDULE NO. 9

<b>\$100,000,000</b>			
State of Ohio			
Parks and Recreation			
Series 2017A			
Dated: 12/14/2017			
Date	Principal	Interest	Debt Service
6/1/2018		2,319,444.44	2,319,444.44
12/1/2018	4,590,000	2,500,000.00	7,090,000.00
6/1/2019		2,385,250.00	2,385,250.00
12/1/2019	4,825,000	2,385,250.00	7,210,250.00
6/1/2020		2,264,625.00	2,264,625.00
12/1/2020	5,070,000	2,264,625.00	7,334,625.00
6/1/2021		2,137,875.00	2,137,875.00
12/1/2021	5,330,000	2,137,875.00	7,467,875.00
6/1/2022		2,004,625.00	2,004,625.00
12/1/2022	5,605,000	2,004,625.00	7,609,625.00
6/1/2023		1,864,500.00	1,864,500.00
12/1/2023	5,895,000	1,864,500.00	7,759,500.00
6/1/2024		1,717,125.00	1,717,125.00
12/1/2024	6,195,000	1,717,125.00	7,912,125.00
6/1/2025		1,562,250.00	1,562,250.00
12/1/2025	6,515,000	1,562,250.00	8,077,250.00
6/1/2026		1,399,375.00	1,399,375.00
12/1/2026	6,845,000	1,399,375.00	8,244,375.00
6/1/2027		1,228,250.00	1,228,250.00
12/1/2027	7,200,000	1,228,250.00	8,428,250.00
6/1/2028		1,048,250.00	1,048,250.00
12/1/2028	7,570,000	1,048,250.00	8,618,250.00
6/1/2029		859,000.00	859,000.00
12/1/2029	7,955,000	859,000.00	8,814,000.00
6/1/2030		660,125.00	660,125.00
12/1/2030	8,365,000	660,125.00	9,025,125.00
6/1/2031		451,000.00	451,000.00
12/1/2031	8,795,000	451,000.00	9,246,000.00
6/1/2032		231,125.00	231,125.00
12/1/2032	9,245,000	231,125.00	9,476,125.00
<b>Total:</b>	<b>100,000,000</b>	<b>44,446,194.44</b>	<b>144,446,194.44</b>
Average Life			8.889 Years
Average Coupon			5.000000%
Net Interest Cost (NIC)			3.026183%
True Interest Cost (TIC)			2.709443%
Bond Yield for Arbitrage Purposes			2.305324%
All Inclusive Cost (AIC)			2.742315%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Brennan, Manna & Diamond LLC			
Underwriter's Counsel: Shumaker, Loop & Kendrick, LLP			
Financial Advisor: Acacia Financial Group			



## SCHEDULE NO. 10

<b>\$86,490,000</b>			
State of Ohio			
Transportation Facilities Bonds			
Series 2018A			
Dated: 02/21/2018			
Date	Principal	Interest	Debt Service
10/1/2018		2,642,750	2,642,750
4/1/2019	3,570,000	2,162,250	5,732,250
10/1/2019		2,073,000	2,073,000
4/1/2020	4,230,000	2,073,000	6,303,000
10/1/2020		1,967,250	1,967,250
4/1/2021	4,440,000	1,967,250	6,407,250
10/1/2021		1,856,250	1,856,250
4/1/2022	4,665,000	1,856,250	6,521,250
10/1/2022		1,739,625	1,739,625
4/1/2023	4,900,000	1,739,625	6,639,625
10/1/2023		1,617,125	1,617,125
4/1/2024	5,140,000	1,617,125	6,757,125
10/1/2024		1,488,625	1,488,625
4/1/2025	5,400,000	1,488,625	6,888,625
10/1/2025		1,353,625	1,353,625
4/1/2026	5,670,000	1,353,625	7,023,625
10/1/2026		1,211,875	1,211,875
4/1/2027	5,955,000	1,211,875	7,166,875
10/1/2027		1,063,000	1,063,000
4/1/2028	6,250,000	1,063,000	7,313,000
10/1/2028		906,750	906,750
4/1/2029	6,565,000	906,750	7,471,750
10/1/2029		742,625	742,625
4/1/2030	6,890,000	742,625	7,632,625
10/1/2030		570,375	570,375
4/1/2031	7,235,000	570,375	7,805,375
10/1/2031		389,500	389,500
4/1/2032	7,600,000	389,500	7,989,500
10/1/2032		199,500	199,500
4/1/2033	7,980,000	199,500	8,179,500
<b>Total:</b>	<b>86,490,000</b>	<b>39,163,250</b>	<b>125,653,250</b>
Average Life			9.056 Years
Average Coupon			5.000000%
Net Interest Cost (NIC)			3.241722%
True Interest Cost (TIC)			2.931809%
Bond Yield for Arbitrage Purposes			2.625428%
All Inclusive Cost (AIC)			2.967138%
Issuer's Counsel: Dinsmore & Shohl LLP			
Bond Counsel: Ice Miller LLP			
Underwriter's Counsel: Barnes & Thornburg LLP			
Financial Advisor: PFM Financial Advisors LLC			

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 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, 2018  
and  
Independent Auditors' Report Thereon

*This audit report is subject to review and acceptance by the Auditor of State's office, and the requirements of Ohio Revised Code § 117.25 are not met until the Auditor of State certifies this report. This process will be completed by the Auditor of State in a reasonable timeframe and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.*

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Financial Report**  
**As of and for the Year Ended June 30, 2018**

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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 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, 2018, 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, 2018, 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, 2018, 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 25, 2018, 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 25, 2018

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2018**  
**(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, 2018. 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, 2018, total debt service fund assets exceeded liabilities and deferred inflows of resources by \$11.1 million. The total combined ending fund balance, which is restricted for debt service, decreased by \$147 thousand during fiscal year 2018.
- For fiscal year 2018, lease principal payments from state agency-lessees totaled \$225.3 million, and lease interest revenue was reported at \$83.2 million.
- During fiscal year 2018, the Treasurer of State issued \$401.5 million in new bonds with a total premium of \$67.9 million and \$121.4 million in refunding bonds with a total premium of \$22.9 million. In addition, \$225.0 million in bond principal and \$83.9 million in bond interest were paid to bondholders.

**OVERVIEW OF THE FUND FINANCIAL STATEMENTS**

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

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

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

- 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 18 to 31, 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, 2018**  
**(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 06/30/18</b>	<b>As of 06/30/17</b>	<b>Percentage Change</b>
<b>ASSETS:</b>			
Cash.....	\$ 210	\$ 227	-7.5%
Receivable from State Agencies:			
Lease Principal.....	2,011,310	1,842,400	9.2%
Lease Interest.....	23,434	21,138	10.9%
<b>TOTAL ASSETS.....</b>	<b>2,034,954</b>	<b>1,863,765</b>	
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES:</b>			
Accounts Payable.....	60	70	-14.3%
Deferred Inflow of Resources-Unavailable Revenue	2,023,811	1,852,465	9.2%
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES.....</b>	<b>2,023,871</b>	<b>1,852,535</b>	
<b>FUND BALANCES:</b>			
Restricted for Debt Service.....	11,083	11,230	-1.3%
<b>TOTAL FUND BALANCES.....</b>	<b>11,083</b>	<b>11,230</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 2,034,954</b>	<b>\$ 1,863,765</b>	

The increase in lease principal and interest receivable and unavailable revenue at June 30, 2018 compared to June 30, 2017 is the result of the Treasurer issuing new bonds for amounts that exceeded the continued payoff of outstanding bond principal.

The tables that follow compare debt service fund revenues, expenditures, and other financing sources/(uses) reported for fiscal year 2018 with fiscal year 2017 results.



**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2018**  
**(UNAUDITED)**

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

	<b>Fiscal Year 2018</b>	<b>Percent of Total 2018 Revenue</b>	<b>Fiscal Year 2017</b>	<b>Percent Change</b>
Lease Principal from State Agencies.....	\$ 225,255	72.0%	\$ 216,950	3.8%
Lease Interest from State Agencies.....	83,234	26.6%	82,017	1.5%
Administrative and Other Fees.....	4,352	1.4%	2,475	75.8%
Investment Income.....	-	0.0%	6	-100.0%
<b>TOTAL REVENUES.....</b>	<b>\$ 312,841</b>	<b>100.0%</b>	<b>\$ 301,448</b>	

As the above table indicates, 98.6% of debt service fund revenues for fiscal year 2018 were comprised of lease principal and interest from State Agencies. Lease principal and interest increased for fiscal year 2018 primarily due to an increase in debt service requirements during the year. This occurred because of the debt service requirements on new bonds issued. The increase in administrative and other fees was attributable to an increase in bond issuances.

In the Fiscal Year 2017 column, Lease Principal from State Agencies has been reclassified from an Other Financing Source to an Operating Revenue for consistency with the 2018 presentation.

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

	<b>Fiscal Year 2018</b>	<b>Percent of Total 2018 Expenditures</b>	<b>Fiscal Year 2017</b>	<b>Percent Change</b>
Administrative Costs.....	\$ 332	0.1%	\$ 425	-21.9%
Bond Issue Costs.....	3,850	1.2%	1,956	96.8%
Debt Service:				
Principal.....	224,955	71.9%	216,720	3.8%
Interest.....	83,851	26.8%	81,812	2.5%
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 312,988</b>	<b>100.0%</b>	<b>\$ 300,913</b>	

As the table above shows, 98.7% of total reported expenditures for fiscal year 2018 were for debt service payments (principal and interest). Interest expenditures for fiscal year 2018 were more than fiscal year 2017 by 2.5% due to payments on bonds issued in fiscal year 2018. Principal expenditures for fiscal year 2018 were more than fiscal year 2017 by 3.8%. This increase is due to varying maturity schedules for the outstanding bonds. The total amount of outstanding bonds increased in fiscal year 2018. Bond issuance costs increased for fiscal year 2018 because of an increase in bond issuance in fiscal year 2018. The decrease in administrative costs was attributable to a decrease in legal expenses incurred during fiscal year 2018.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Management's Discussion and Analysis (Continued)**  
**As of and For the Year Ended June 30, 2018**  
**(UNAUDITED)**

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

	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>	<b>Percent Change</b>
Bond Proceeds:			
Principal.....	\$ 401,490	\$ 290,000	38.4%
Premium.....	67,879	41,261	64.5%
Refunding Bond Proceeds:			
Principal.....	121,390	-	100.0%
Premium.....	22,945	-	100.0%
Payments to Refunding Escrow Agent	(143,341)	-	100.0%
Financing Provided to			
State Agencies Under Leases.....	(470,363)	(331,260)	42.0%
<b>TOTAL OTHER</b>			
<b>FINANCING SOURCES/(USES).....</b>	<b>\$ -</b>	<b>\$ 1</b>	

The increase in new money bond proceeds (principal and premium) and financing provided to state agencies under leases are the result of four larger bond issuances, involving six new series of bonds, in fiscal year 2018 compared to four bond issuances involving six new series of bonds in fiscal year 2017. The increase in refunding bond proceeds (principal and interest) and payments to refunding escrow agent are the result of the three refunding issuances, involving four series of bonds during the 2018 fiscal year compared to no refunding issuances during the 2017 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, 2018**  
**(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's target for the federal funds rate is 1.75% - 2.00%.
- The balances of Chapter 154 Lease Revenue Bonds authorized, but unissued, as of June 30, 2018, were as follows (dollars in thousands):

<b><u>Bond Type</u></b>	<b><u>Authorized, but Unissued</u></b>
Mental Health Facilities	\$ 232,915
Parks and Recreation Facilities	232,000
Cultural and Sports Facilities	105,310
Adult Correctional Facilities	327,500
Administrative Facilities	184,000
Juvenile Correctional Facilities	33,000
Highway Safety Facilities	-
Transportation Facilities	58,410
<b>Total</b>	<b><u>\$ 1,173,135</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, 2018

(Dollars in 000s)

	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Building Bond Service	Total Debt Service Funds
<b>ASSETS:</b>									
Cash.....	\$ 29	\$ 17	\$ 24	\$ 13	\$ 19	\$ 55	\$ 18	\$ 35	\$ 210
Receivable from State Agencies:									
Lease Principal.....	194,040	338,590	136,040	531,340	537,585	109,790	5,205	158,720	2,011,310
Lease Interest.....	2,421	3,396	1,582	5,902	6,360	981	36	2,756	23,434
<b>TOTAL ASSETS.....</b>	<b>196,490</b>	<b>342,003</b>	<b>137,646</b>	<b>537,255</b>	<b>543,964</b>	<b>110,826</b>	<b>5,259</b>	<b>161,511</b>	<b>2,034,954</b>
<b>LIABILITIES:</b>									
Accounts Payable.....	25	5	1	5	1	18	-	5	60
<b>TOTAL LIABILITIES.....</b>	<b>25</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>18</b>	<b>-</b>	<b>5</b>	<b>60</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>									
Unavailable Revenue.....	192,257	335,257	137,622	537,242	543,945	110,771	5,241	161,476	2,023,811
<b>TOTAL DEFERRED INFLOW OF RESOURCES.....</b>	<b>192,257</b>	<b>335,257</b>	<b>137,622</b>	<b>537,242</b>	<b>543,945</b>	<b>110,771</b>	<b>5,241</b>	<b>161,476</b>	<b>2,023,811</b>
<b>FUND BALANCES:</b>									
Restricted for Debt Service.....	4,208	6,741	23	8	18	37	18	30	11,083
<b>TOTAL FUND BALANCES.....</b>	<b>4,208</b>	<b>6,741</b>	<b>23</b>	<b>8</b>	<b>18</b>	<b>37</b>	<b>18</b>	<b>30</b>	<b>11,083</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 196,490</b>	<b>\$ 342,003</b>	<b>\$ 137,646</b>	<b>\$ 537,255</b>	<b>\$ 543,964</b>	<b>\$ 110,826</b>	<b>\$ 5,259</b>	<b>\$ 161,511</b>	<b>\$ 2,034,954</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, 2018**

(Dollars in 000s)

	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Building Bond Service	Total Debt Service Funds
<b>REVENUES:</b>									
Lease Principal Payments from State Agencies.....	\$ 31,485	\$ 24,010	\$ 24,625	\$ 54,305	\$ 70,595	\$ 13,705	\$ 2,125	\$ 4,405	\$ 225,255
Lease Interest from State Agencies.....	7,201	14,094	6,027	21,727	27,058	3,137	281	3,709	83,234
Administrative and Other Fees.....	588	746	271	1,233	339	482	30	663	4,352
<b>TOTAL REVENUES.....</b>	<b>39,274</b>	<b>38,850</b>	<b>30,923</b>	<b>77,265</b>	<b>97,992</b>	<b>17,324</b>	<b>2,436</b>	<b>8,777</b>	<b>312,841</b>
<b>EXPENDITURES:</b>									
Administrative Costs.....	37	27	31	100	83	32	12	10	332
Bond Issue Costs.....	541	707	218	1,121	231	411	-	621	3,850
Debt Service:									
Principal.....	31,360	23,835	24,625	54,305	70,595	13,705	2,125	4,405	224,955
Interest.....	7,480	14,279	6,052	21,779	27,074	3,164	282	3,741	83,851
<b>TOTAL EXPENDITURES.....</b>	<b>39,418</b>	<b>38,848</b>	<b>30,926</b>	<b>77,305</b>	<b>97,983</b>	<b>17,312</b>	<b>2,419</b>	<b>8,777</b>	<b>312,988</b>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES.....</b>	<b>(144)</b>	<b>2</b>	<b>(3)</b>	<b>(40)</b>	<b>9</b>	<b>12</b>	<b>17</b>	<b>-</b>	<b>(147)</b>
<b>OTHER FINANCING SOURCES/(USES):</b>									
Bond Proceeds:									
Principal.....	50,000	100,000	30,000	100,000	-	35,000	-	86,490	401,490
Premium.....	7,035	17,971	4,570	18,707	-	5,463	-	14,133	67,879
Refunding Bond Proceeds:									
Principal.....	17,765	-	-	62,320	30,790	10,515	-	-	121,390
Premium.....	2,834	-	-	12,928	5,772	1,411	-	-	22,945
Payments to Refunding Escrow Agent	(20,421)	-	-	(74,805)	(36,330)	(11,785)	-	-	(143,341)
Financing Provided to State Agencies Under Leases:									
Mental Health Capital Facilities.....	(57,213)	-	-	-	-	-	-	-	(57,213)
Parks and Recreation Capital Facilities.....	-	(117,971)	-	-	-	-	-	-	(117,971)
Cultural and Sports Capital Facilities.....	-	-	(34,570)	-	-	-	-	-	(34,570)
State Correctional Facilities.....	-	-	-	(119,150)	-	-	-	-	(119,150)
Administrative Facilities.....	-	-	-	-	(232)	-	-	-	(232)
Juvenile Correctional Capital Facilities.....	-	-	-	-	-	(40,604)	-	-	(40,604)
Transportation Building.....	-	-	-	-	-	-	-	(100,623)	(100,623)
<b>TOTAL OTHER FINANCING SOURCES/(USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(144)</b>	<b>2</b>	<b>(3)</b>	<b>(40)</b>	<b>9</b>	<b>12</b>	<b>17</b>	<b>-</b>	<b>(147)</b>
<b>FUND BALANCE, JULY 1.....</b>	<b>4,352</b>	<b>6,739</b>	<b>26</b>	<b>48</b>	<b>9</b>	<b>25</b>	<b>1</b>	<b>30</b>	<b>11,230</b>
<b>FUND BALANCE, JUNE 30.....</b>	<b>\$ 4,208</b>	<b>\$ 6,741</b>	<b>\$ 23</b>	<b>\$ 8</b>	<b>\$ 18</b>	<b>\$ 37</b>	<b>\$ 18</b>	<b>\$ 30</b>	<b>\$ 11,083</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 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. 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 (collectively, the “Colleges”). Since the Colleges are a proprietary component unit of the State of Ohio, its financial statements report the assets and debt financed through the Authority or Treasurer. Accordingly, the Treasurer’s Debt Service Fund financial statements do not include the College’s activity. At June 30, 2018, \$12,760 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:

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

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

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



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

*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. There was no unearned revenue at fiscal year-end.

**NOTE 2 — DEPOSITS**

As of June 30, 2018, the total carrying amount of deposits was \$210. The entire bank balance of \$210 was insured or collateralized.

**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 2018-19 biennium, the 132nd General Assembly appropriated the amounts necessary from the General Revenue Fund to meet the payments required under such leases. The appropriated amounts and the lease amounts paid during fiscal year 2018 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	\$ 79,500	\$ 38,827
Ohio Department of Natural Resources – Parks and Recreation Facilities	82,257	38,104
Ohio Facilities Construction Commission – Cultural and Sports Facilities	63,064	30,652
Ohio Department of Rehabilitation and Correction – Adult Correctional Facilities	156,212	76,030
Ohio Department of Administrative Services – Administrative Facilities	189,880	97,653
Ohio Department of Youth Services – Juvenile Correctional Facilities	34,882	16,842
Ohio Department of Public Safety – Highway Safety Facilities	4,879	2,406
Ohio Department of Transportation – Transportation Facilities	28,812	8,115

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, 2018**

**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, 2018, 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, 2018**

Year Ending June 30,	Mental Health Facilities Bond Service	Parks and Recreation Facilities Bond Service	Cultural and Sports Facilities Bond Service	Adult Correctional Facilities Bond Service
2019.....	\$ 38,804	\$ 41,624	\$ 32,199	\$ 75,990
2020.....	36,694	39,488	28,517	61,132
2021.....	29,235	37,476	23,209	61,564
2022.....	29,099	33,385	15,154	60,852
2023.....	29,102	33,296	15,153	56,816
2024-2028.....	71,927	160,730	47,215	186,128
2029-2033.....	-	115,795	-	119,131
2034-2038.....	-	-	-	79,548
	234,861	461,794	161,447	701,161
Amount Representing Interest.....	(40,821)	(123,204)	(25,407)	(169,821)
<b>Leases Receivable, as of June 30, 2018.....</b>	<b>\$ 194,040</b>	<b>\$ 338,590</b>	<b>\$ 136,040</b>	<b>\$ 531,340</b>

Year Ending June 30,	Administrative Facilities Bond Service	Juvenile Correctional Facilities Bond Service	Highway Safety Facilities Bond Service	Transportation Facilities Bond Service	Total
2019.....	\$ 87,059	\$ 17,236	\$ 2,393	\$ 16,491	\$ 311,796
2020.....	80,342	13,889	1,566	16,519	278,147
2021.....	80,005	13,898	1,568	16,519	263,474
2022.....	69,848	13,832	-	16,522	238,692
2023.....	64,120	13,837	-	16,526	228,850
2024-2028.....	179,017	45,991	-	82,607	773,615
2029-2033.....	98,760	20,535	-	58,172	412,393
2034-2038.....	34,681	-	-	-	114,229
	693,832	139,218	5,527	223,356	2,621,196
Amount Representing Interest.....	(156,247)	(29,428)	(322)	(64,636)	(609,886)
<b>Leases Receivable, as of June 30, 2018.....</b>	<b>\$ 537,585</b>	<b>\$ 109,790</b>	<b>\$ 5,205</b>	<b>\$ 158,720</b>	<b>\$ 2,011,310</b>

**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, 2018**

**NOTE 3 — LEASES (Continued)**

A summary of the unavailable portion of leases receivable by debt service fund as of June 30, 2018 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 .....	\$ 191,520	\$ 334,445	\$ 136,040	\$ 531,340
Lease Interest .....	737	812	1,582	5,902
Total Unavailable Revenue as of June 30, 2018.....	<u>\$ 192,257</u>	<u>\$ 335,257</u>	<u>\$ 137,622</u>	<u>\$ 537,242</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 .....	\$ 537,585	\$ 109,790	\$ 5,205	\$ 158,720	\$ 2,004,645
Lease Interest .....	6,360	981	36	2,756	19,166
Total Unavailable Revenue as of June 30, 2018.....	<u>\$ 543,945</u>	<u>\$ 110,771</u>	<u>\$ 5,241</u>	<u>\$ 161,476</u>	<u>\$ 2,023,811</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, 2018.

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

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

# SUPPLEMENTARY INFORMATION

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Net Position - Accrual Basis**  
**As of June 30, 2018**  
*(Dollars in 000s)*

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	<b>Total Debt Service Funds</b>
<b>ASSETS:</b>	
Cash.....	\$ 210
Receivables from State Agencies:	
Leases.....	2,011,310
Unamortized Lease Premium/Discount, Net.....	204,120
Interest.....	23,434
<b>TOTAL ASSETS.....</b>	<b>2,239,074</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>	
Deferred Charge on Refunding.....	21,666
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES.....</b>	<b>21,666</b>
<b>LIABILITIES:</b>	
Accounts Payable.....	60
Bond Interest Payable.....	23,584
Bonds Payable, net of premiums and discount:	
Due in One Year.....	255,970
Due in More Than One Year.....	1,981,126
<b>TOTAL LIABILITIES.....</b>	<b>2,260,740</b>
<b>NET POSITION</b>	
Restricted for Debt Service.....	-
<b>TOTAL NET POSITION.....</b>	<b>\$ -</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Activities - Accrual Basis**  
**For the Year Ended June 30, 2018**

(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 Building Facilities	Total Debt Service Funds
<b>EXPENSES:</b>									
Administrative.....	\$ 37	\$ 27	\$ 31	\$ 100	\$ 83	\$ 32	\$ 12	\$ 10	\$ 332
Bond Issue Costs.....	541	707	218	1,121	231	411	-	621	3,850
Interest on Debt.....	3,779	8,644	3,275	16,793	21,273	2,869	187	3,974	60,794
<b>TOTAL EXPENSES.....</b>	<b>4,357</b>	<b>9,378</b>	<b>3,524</b>	<b>18,014</b>	<b>21,587</b>	<b>3,312</b>	<b>199</b>	<b>4,605</b>	<b>64,976</b>
<b>PROGRAM REVENUES:</b>									
Charges for Services (1).....	4,357	9,378	3,524	18,014	21,587	3,312	199	4,605	64,976
<b>TOTAL PROGRAM REVENUES.....</b>	<b>4,357</b>	<b>9,378</b>	<b>3,524</b>	<b>18,014</b>	<b>21,587</b>	<b>3,312</b>	<b>199</b>	<b>4,605</b>	<b>64,976</b>
<b>NET EXPENSE AND CHANGES IN NET POSITION.....</b>	-	-	-	-	-	-	-	-	-
<b>NET POSITION, JULY 1.....</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>

<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, 2018**  
*(Dollars in 000s)*

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<b>Fund Balance per Debt Service Funds' Balance Sheet</b>	<b>\$ <u>11,083</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	2,004,645
Lease Interest	<u>19,166</u>
	<u>2,023,811</u>

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

Unamortized Lease Premium/Discount, Net	204,120
	<u>204,120</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.	21,666
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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	(2,237,096)
Bond Interest Payable	<u>(23,584)</u>
	<u>(2,260,680)</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, 2018**  
*(Dollars in 000s)*

<b>Net Change in Fund Balance per Debt Service Funds'</b>	
<b>Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>\$ (147)</b>

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

Lease Principal	168,610
Lease Interest	2,736
	171,346

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

Unamortized Lease Premium/Discount, Net	51,153
	51,153

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	(401,490)
Refunding Bonds	(121,390)
Premiums	(90,824)
Deferred Amount on Refunding	5,519
	(608,185)

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	129,015
Scheduled Debt Principal Retirements	224,955
	353,970

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

Decrease in Bond Interest Payable	(2,289)
Amortization of Bond Premiums/Accretion of Bond Discounts, Net	39,629
Amortization of Deferred Refunding Amount	(5,477)
	31,863

<b>Change in Net Position per Schedule of Activities</b>	<b>\$ -</b>
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**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Future Payments**  
**Under Lease Agreements with State Agencies**  
**As of June 30, 2018**  
*(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
2019.....	\$ 38,804	\$ 41,624	\$ 32,199	\$ 75,990	\$ 87,059	\$ 17,236	\$ 2,393	\$ 16,491	\$ 311,796
2020.....	36,694	39,488	28,517	61,132	80,342	13,889	1,566	16,519	278,147
2021.....	29,235	37,476	23,209	61,564	80,005	13,898	1,568	16,519	263,474
2022.....	29,099	33,385	15,154	60,852	69,848	13,832	-	16,522	238,692
2023.....	29,102	33,296	15,153	56,816	64,120	13,837	-	16,526	228,850
2024-2028.....	71,927	160,730	47,215	186,128	179,017	45,991	-	82,607	773,615
2029-2033.....	-	115,795	-	119,131	98,760	20,535	-	58,172	412,393
2034-2038.....	-	-	-	79,548	34,681	-	-	-	114,229
	234,861	461,794	161,447	701,161	693,832	139,218	5,527	223,356	2,621,196
Amount Representing Interest.....	(40,821)	(123,204)	(25,407)	(169,821)	(156,247)	(29,428)	(322)	(64,636)	(609,886)
Lease Principal.....	194,040	338,590	136,040	531,340	537,585	109,790	5,205	158,720	2,011,310
Premium/(Discount), Net.....	22,325	52,812	14,229	46,668	34,260	8,604	62	25,160	204,120
<b>Leases Receivable, as of June 30, 2018.....</b>	<b>\$ 216,365</b>	<b>\$ 391,402</b>	<b>\$ 150,269</b>	<b>\$ 578,008</b>	<b>\$ 571,845</b>	<b>\$ 118,394</b>	<b>\$ 5,267</b>	<b>\$ 183,880</b>	<b>\$ 2,215,430</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2018**  
*(Dollars in 000s)*

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2018 are in the form of fully registered bonds that mature in various amounts and at various dates and bear interest payable semiannually at various interest rates. The bonds mature after specified dates and are subject to redemption prior to maturity, in whole or in part.

As of June 30, 2018, 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, 2018, 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 and the 2018-19 operating budget bill, House Bill 49, of the 132<sup>nd</sup> General Assembly.

<u>Bond Program</u>	<u>Total</u>
Mental Health Facilities	\$ 1,850,000
Parks and Recreation Facilities	960,000
Cultural and Sports Facilities	710,000
Adult Correctional Facilities	2,462,000
Administrative Facilities	2,030,000
Juvenile Correctional Facilities	400,000
Highway Safety Facilities	140,285
Transportation Facilities	385,000
<b>Total Authorization</b>	<b>\$ 8,937,285</b>

Details on bonds issued through June 30, 2018 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, 2018 (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, 2018
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,352,085	\$ 413,240	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2009A	40,000	—	12/17/2009	12/1/2019	3.47%	9,175
2012A	—	24,175	5/17/2012	6/1/2019	4.56%	2,125
2013A	25,000	—	3/7/2013	2/1/2013	3.55%	13,310
2013B	—	15,375	3/7/2013	8/1/2019	4.59%	5,170
2014A	50,000	—	1/30/2014	2/1/2024	4.42%	16,160
2015A	50,000	—	3/5/2015	2/1/2025	4.95%	37,185
2016A	50,000	—	6/28/2016	6/1/2026	4.86%	43,150
2017A	—	17,765	11/7/2017	2/1/2024	4.74%	17,765
2018A	50,000	—	4/26/2018	6/1/2028	5.00%	50,000
<b>Total</b>	<u>\$1,617,085</u>	<u>\$ 470,555</u>				<u>\$ 194,040</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, 2018
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 343,000	\$ 99,535	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
II-2009A	35,000	—	3/12/2009	12/1/2020	4.38%	11,430
II-2011A	30,000	—	3/3/2011	8/1/2025	3.71%	9,165
II-2012A	—	7,570	5/17/2012	12/1/2018	4.46%	2,020
2013A	—	11,200	4/11/2013	8/1/2019	3.43%	3,930
2015A	40,000	—	3/5/2015	2/1/2030	4.98%	33,940
2016A	80,000	—	3/31/2016	2/1/2031	4.99%	72,595
2016B	—	10,415	6/28/2016	8/1/2025	4.81%	10,415
2016C	100,000	—	10/6/2016	12/1/2031	4.86%	95,095
2017A	100,000	—	12/14/2017	12/1/2032	5.00%	100,000
<b>Total</b>	<u>\$ 728,000</u>	<u>\$ 128,720</u>				<u>\$ 338,590</u>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2018 (Continued)**  
*(Dollars in 000s)*

**Cultural and Sports 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, 2018
<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	4.26%	3,650
2010A	30,000	—	2/10/2010	10/1/2020	3.74%	10,650
2011A	28,000	—	3/3/2011	10/1/2020	4.64%	11,800
2013A	18,000	—	3/7/2013	4/1/2023	4.73%	9,990
2013B	—	19,890	3/7/2013	4/1/2020	4.77%	5,225
2015A	—	9,920	2/26/2015	10/1/2019	1.40%	4,890
2015B	30,000	—	8/12/2015	4/1/2025	5.00%	23,130
2016A	40,000	—	8/25/2016	10/1/2026	4.80%	36,705
2017A	30,000	—	12/14/2017	10/1/2027	5.00%	30,000
<b>Total</b>	<u>\$ 604,690</u>	<u>\$ 64,985</u>				<u>\$ 136,040</u>

**Adult Correctional Facilities Bonds**

	Original Issues at Par	Advance Refunding Issues at Par	Issue Date	Final Maturity Date	Average Effective Interest Rate	Outstanding Balance at Par, as of June 30, 2018
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,759,500	1,048,980	Various	Various	Various	\$ —
<i>Outstanding bonds:</i>						
2004C	—	225,350	10/21/2004	10/1/2018	5.00%	12,025
2009A	40,000	—	1/22/2009	10/1/2028	4.24%	1,945
2009B	—	75,790	9/17/2009	10/1/2024	4.66%	42,045
2010A	—	79,325	8/31/2010	10/1/2024	4.42%	44,090
2011A	40,000	—	2/1/2011	4/1/2031	4.73%	5,635
2011B	—	101,530	9/15/2011	10/1/2024	4.18%	36,895
2012A	—	17,360	5/17/2012	4/1/2023	5.00%	17,360
2013A	—	47,320	3/7/2013	10/1/2024	5.00%	36,640
2014A	45,000	—	5/7/2014	4/1/2034	4.85%	15,310
2015A	—	10,030	2/26/2015	10/1/2022	5.00%	10,030
2015B	70,000	—	11/19/2015	10/1/2035	4.98%	49,200
2016A	—	20,565	5/25/2016	10/1/2028	4.95%	20,565
2016B	32,320	—	10/26/2016	10/1/2036	1.47%*	32,320
2016C	32,300	—	10/26/2016	10/1/2036	1.55%*	32,300
2016D	15,380	—	10/26/2016	10/1/2021	3.57%	12,660
2017A	100,000	—	11/7/2017	10/1/2037	4.96%	100,000
2017B	—	62,320	11/7/2017	10/1/2030	4.93%	62,320
<b>Total</b>	<u>\$2,134,500</u>	<u>\$1,688,570</u>				<u>\$ 531,340</u>

\*The interest rates for the Series 2016B bonds and the Series 2016C bonds are set on a weekly basis and the above rates are as of June 30, 2018. The rates are set on Tuesdays, and are effective Wednesday through the following Tuesday (for a total period of 7 days). The rate for the Series 2016B bonds is determined by a remarketing agent. The rate for the Series 2016C bonds is established in a bid process that is held on the Clarity Bidrate Alternative Trading System. Subscribers to the Clarity System can submit bids to purchase Series 2016C bonds, and the weekly rate is the lowest interest rate at which the entire principal amount of the Series 2016B bonds would be sold based on the bids submitted.

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2018 (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, 2018</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$1,402,305	\$ 696,383	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2001A	120,000	—	4/1/2001	10/1/2020	5.26%	18,790
2004B	—	130,750	10/21/2004	10/1/2018	5.00%	7,445
2006B	—	70,335	10/3/2006	10/1/2018	5.00%	8,390
2009A	60,000	—	1/22/2009	10/1/2028	4.39%	2,940
2009B	—	86,590	9/17/2009	10/1/2024	4.89%	46,300
2010B	30,995	—	4/1/2010	10/1/2029	5.41%	29,265
2010C	—	148,865	8/31/2010	10/1/2024	4.69%	82,370
2011A	—	38,595	9/15/2011	10/1/2024	4.60%	26,735
2012A	32,700	—	3/8/2012	4/1/2032	4.13%	20,165
2012B	—	28,055	3/8/2012	4/1/2024	5.00%	28,055
2013A	—	48,660	4/11/2013	10/1/2024	4.95%	36,490
2013B	50,000	—	7/31/2013	4/1/2033	4.82%	18,150
2015A	61,930	—	1/28/2015	4/1/2035	4.31%	58,440
2015B	18,070	—	1/28/2015	4/1/2025	2.59%	13,055
2015C	—	11,185	2/26/2015	10/1/2022	2.95%	10,735
2016A	—	31,095	5/25/2016	10/1/2028	4.95%	31,095
2017A	70,000	—	4/19/2017	4/1/2037	4.91%	68,375
2017B	—	30,790	11/7/2017	10/1/2029	4.86%	30,790
<b>Total</b>	<u>\$1,846,000</u>	<u>\$1,321,303</u>				<u>\$ 537,585</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, 2018</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	\$ 272,445	\$ 163,920	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2009B	—	16,820	9/17/2009	10/1/2024	3.54%	10,660
2010C	9,555	—	4/1/2010	10/1/2024	4.88%	8,545
2010D	—	15,005	8/31/2010	10/1/2024	3.77%	9,520
2011A	15,000	—	5/3/2011	4/1/2025	4.05%	3,555
2011B	—	9,215	9/15/2011	10/1/2024	3.33%	6,235
2013A	15,000	—	1/30/2013	10/1/2026	4.24%	5,210
2015A	—	11,180	2/26/2015	10/1/2018	1.18%	3,665
2015B	20,000	—	3/5/2015	4/1/2030	3.90%	16,885
2017A	—	10,515	12/14/2017	10/1/2026	4.39%	10,515
2018A	35,000	—	4/26/2018	4/1/2033	5.00%	35,000
<b>Total</b>	<u>\$ 367,000</u>	<u>\$ 226,655</u>				<u>\$ 109,790</u>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding**  
**As of June 30, 2018 (Continued)**  
*(Dollars in 000s)*

**Highway Safety 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, 2018</b>
<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	4.55%	4,400
2014A	—	3,815	5/7/2014	4/1/2019	3.59%	805
Total	<u>\$ 140,285</u>	<u>\$ 56,370</u>				<u>\$ 5,205</u>

**Transportation 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, 2018</b>
<i>Previously issued bonds with no outstanding balance:</i>						
Various	155,800	\$ —	Various	Various	Various	\$ —
<i>Outstanding Bonds:</i>						
2015A	84,300	—	1/28/2015	4/1/2030	4.93%	72,230
2018A	86,490	—	2/21/2018	4/1/2033	5.00%	86,490
Total	<u>\$ 326,590</u>	<u>\$ -</u>				<u>\$ 158,720</u>



**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Changes in Bonds Payable Balance**  
**For the Year Ended June 30, 2018**  
*(Dollars in 000s)*

	<b>Mental Health Facilities</b>	<b>Parks and Recreation Facilities</b>	<b>Cultural and Sports Facilities</b>	<b>Adult Correctional Facilities</b>	<b>Administrative Facilities</b>	<b>Juvenile Correctional Facilities</b>	<b>Highway Safety Facilities</b>	<b>Transportation Facilities</b>	<b>Total</b>
Outstanding Balance, July 1, 2017	\$ 194,792	\$ 304,752	\$ 143,711	\$ 526,200	\$ 658,309	\$ 92,367	\$ 7,579	\$ 89,281	\$ 2,016,991
Additions:									
New Issuances:									
Bond Principal	50,000	100,000	30,000	100,000	-	35,000	-	86,490	401,490
Bond Premium	7,035	17,971	4,570	18,707	-	5,463	-	14,133	67,879
Advance Refunding Issuances:									
Bond Principal	17,765	-	-	62,320	30,790	10,515	-	-	121,390
Bond Premium	2,834	-	-	12,928	5,772	1,411	-	-	22,945
Total Additions	<u>77,634</u>	<u>117,971</u>	<u>34,570</u>	<u>193,955</u>	<u>36,562</u>	<u>52,389</u>	<u>-</u>	<u>100,623</u>	<u>613,704</u>
Deductions:									
Bond Principal Repayments	31,360	23,835	24,625	54,305	70,595	13,705	2,125	4,405	224,955
Refunded Bonds:									
Bond Principal	18,315	-	-	67,125	32,935	10,640	-	-	129,015
Bond Premium	2,095	-	-	4,386	1,360	965	-	-	8,806
Amortization of Premium	4,143	6,150	3,167	7,237	7,750	636	121	1,619	30,823
Total Deductions	<u>55,913</u>	<u>29,985</u>	<u>27,792</u>	<u>133,053</u>	<u>112,640</u>	<u>25,946</u>	<u>2,246</u>	<u>6,024</u>	<u>393,599</u>
<b>Outstanding Balance, June 30, 2018</b>	<b>\$ 216,513</b>	<b>\$ 392,738</b>	<b>\$ 150,489</b>	<b>\$ 587,102</b>	<b>\$ 582,231</b>	<b>\$ 118,810</b>	<b>\$ 5,333</b>	<b>\$ 183,880</b>	<b>\$ 2,237,096</b>
Amount Due in One Year	34,654	32,535	29,414	61,456	70,192	13,998	2,295	11,426	255,970
Amount Due in More Than One Year	181,859	360,203	121,075	525,646	512,039	104,812	3,038	172,454	1,981,126
<b>Outstanding Balance, June 30, 2018</b>	<b>\$ 216,513</b>	<b>\$ 392,738</b>	<b>\$ 150,489</b>	<b>\$ 587,102</b>	<b>\$ 582,231</b>	<b>\$ 118,810</b>	<b>\$ 5,333</b>	<b>\$ 183,880</b>	<b>\$ 2,237,096</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Future Debt Service Funding Requirements**  
**As of June 30, 2018**  
*(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
2019	\$ 29,660	\$ 9,148	\$ 38,808	\$ 25,655	\$ 15,982	\$ 41,637	\$ 26,160	\$ 6,061	\$ 32,221
2020	29,020	7,674	36,694	24,560	14,928	39,488	23,510	5,007	28,517
2021	22,640	6,595	29,235	23,625	13,851	37,476	19,260	3,949	23,209
2022	23,555	5,544	29,099	20,545	12,840	33,385	11,965	3,189	15,154
2023	24,665	4,437	29,102	21,445	11,851	33,296	12,570	2,583	15,153
2024-2028	64,500	7,428	71,928	118,605	42,125	160,730	42,575	4,640	47,215
2029-2033	-	-	-	104,155	11,640	115,795	-	-	-
2034-2038	-	-	-	-	-	-	-	-	-
	194,040	40,826	234,866	338,590	123,217	461,807	136,040	25,429	161,469
Premium/Discount, Net	22,473	-	22,473	54,148	-	54,148	14,449	-	14,449
<b>Total, as of June 30, 2018</b>	<b>\$ 216,513</b>	<b>\$ 40,826</b>	<b>\$ 257,339</b>	<b>\$ 392,738</b>	<b>\$ 123,217</b>	<b>\$ 515,955</b>	<b>\$ 150,489</b>	<b>\$ 25,429</b>	<b>\$ 175,918</b>

  

Fiscal Year Ending June 30,	Adult Correctional Facilities			Administrative Facilities			Juvenile Correctional Facilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 53,410	\$ 22,588	\$ 75,998	\$ 62,800	\$ 24,277	\$ 87,077	\$ 12,770	\$ 4,503	\$ 17,273
2020	40,705	20,427	61,132	58,845	21,497	80,342	9,620	4,269	13,889
2021	43,115	18,449	61,564	61,260	18,745	80,005	10,035	3,863	13,898
2022	44,565	16,287	60,852	53,870	15,978	69,848	10,410	3,422	13,832
2023	42,545	14,271	56,816	50,600	13,520	64,120	10,895	2,942	13,837
2024-2028	139,250	46,878	186,128	137,575	41,442	179,017	37,960	8,031	45,991
2029-2033	94,615	24,516	119,131	81,215	17,545	98,760	18,100	2,435	20,535
2034-2038	73,135	6,413	79,548	31,420	3,261	34,681	-	-	-
	531,340	169,829	701,169	537,585	156,265	693,850	109,790	29,465	139,255
Premium/Discount, Net	55,762	-	55,762	44,646	-	44,646	9,020	-	9,020
<b>Total, as of June 30, 2018</b>	<b>\$ 587,102</b>	<b>\$ 169,829</b>	<b>\$ 756,931</b>	<b>\$ 582,231</b>	<b>\$ 156,265</b>	<b>\$ 738,496</b>	<b>\$ 118,810</b>	<b>\$ 29,465</b>	<b>\$ 148,275</b>

  

Fiscal Year Ending June 30,	Highway Safety Facilities			Transportation Facilities			Total Chapter 154 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 2,215	\$ 196	\$ 2,411	\$ 8,150	\$ 8,371	\$ 16,521	\$ 220,820	\$ 91,126	\$ 311,946
2020	1,460	106	1,566	8,990	7,529	16,519	196,710	81,437	278,147
2021	1,530	38	1,568	9,440	7,079	16,519	190,905	72,569	263,474
2022	-	-	-	9,915	6,607	16,522	174,825	63,867	238,692
2023	-	-	-	10,415	6,111	16,526	173,135	55,715	228,850
2024-2028	-	-	-	60,400	22,207	82,607	600,865	172,751	773,616
2029-2033	-	-	-	51,410	6,762	58,172	349,495	62,898	412,393
2034-2038	-	-	-	-	-	-	104,555	9,674	114,229
	5,205	340	5,545	158,720	64,666	223,386	2,011,310	610,037	2,621,347
Premium/Discount, Net	128	-	128	25,160	-	25,160	225,786	-	225,786
<b>Total, as of June 30, 2018</b>	<b>\$ 5,333</b>	<b>\$ 340</b>	<b>\$ 5,673</b>	<b>\$ 183,880</b>	<b>\$ 64,666</b>	<b>\$ 248,546</b>	<b>\$ 2,237,096</b>	<b>\$ 610,037</b>	<b>\$ 2,847,133</b>

**STATE OF OHIO**  
**CHAPTER 154 LEASE REVENUE OBLIGATIONS**  
**Schedule of Prior Years' Defeasances**  
**As of and For the Year Ended June 30, 2018**  
*(Dollars in 000s)*

**Prior Years' Defeasances**

The Treasurer has defeased certain Chapter 154 Lease Revenue Obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the various trust accounts' assets and liabilities for the defeased bonds are not included in the financial statements of the Chapter 154 Lease Revenue Obligations. The following table details advance refunded bonds, which are considered to be defeased and no longer outstanding as of June 30, 2018 that were refunded in fiscal year 2018 and prior.

<u>Refunded Issue</u>	<u>Principal Yet to be Paid as of June 30, 2018</u>	<u>Scheduled Redemption Date</u>
Mental Health Facilities:		
2014A	\$ 18,315	February 1, 2021
	<u>18,315</u>	
Parks & Recreation Facilities:		
2011A	10,875	August 1, 2020
	<u>10,875</u>	
Adult Correctional Facilities:		
2009A	24,460	April 1, 2019
2011A	25,285	April 1, 2021
2014A	23,510	April 1, 2021
2015B	16,385	October 1, 2022
	<u>89,640</u>	
Administrative Facilities:		
2009A	37,330	April 1, 2019
2012A	5,280	April 1, 2021
2013B	24,595	April 1, 2022
	<u>67,205</u>	
Juvenile Correctional Facilities:		
2011A	5,480	April 1, 2021
2013A	5,160	October 1, 2022
	<u>10,640</u>	
Total	<u>\$ 196,675</u>	

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**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 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2018.

***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 25, 2018