

ROBERT SPRAGUE

— OHIO TREASURER —

September 27, 2024

Kelly Pickett
Legislative Service Commission - Library
77 High Street, 9th Floor
Columbus, Ohio 43215

Dear Ms. Pickett,

Please find attached the Annual Report for the Treasurer of State Lease-Revenue Obligations (Chapter 154 & 152 O.R.C.).

An electronic copy of the report can also be found on the Treasurer's website, at: <https://www.ohiotreasurerbonds.com/the-state-of-ohio/financial-documents/i630>. Printed copies of the report can be mailed upon request. Please email debtmanagement@tos.ohio.gov to request a printed copy.

If you have any questions, please contact the Office of Debt Management at (614) 466-7752.

Sincerely,



Lisa Eisenberg
Director of Debt Management
State Treasurer of Ohio

Enclosure

ROBERT SPRAGUE

OHIO TREASURER

September 27, 2024

TO: Mike DeWine, Governor
Ohio General Assembly

FROM: Robert Cole Sprague, Ohio Treasurer

TREASURER OF STATE LEASE-REVENUE OBLIGATIONS
(Chapters 154 & 152 of the Ohio Revised Code)

ANNUAL REPORT

AND

ACCOUNTANTS' REPORT

FISCAL YEAR 2024
(July 1, 2023 --- June 30, 2024)

MENTAL HEALTH CAPITAL FACILITIES
PARKS & RECREATION CAPITAL FACILITIES
CULTURAL & SPORTS CAPITAL FACILITIES
STATE CORRECTIONAL CAPITAL FACILITIES
ADMINISTRATIVE CAPITAL FACILITIES
JUVENILE CORRECTIONAL CAPITAL FACILITIES
AND
TRANSPORTATION CAPITAL FACILITIES

**LEASE - REVENUE OBLIGATIONS
ANNUAL REPORT
For the period July 1, 2023 through June 30, 2024**

The Treasurer of State (“Treasurer”) makes this annual report for the Fiscal Year (“FY”) as of and for the period ended June 30, 2024 in accordance with Section 154.05(B) of the Ohio Revised Code (“Revised Code”) and its lease-revenue bond proceedings.

Chapter 154 of the Revised Code 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 of revenue obligations and other obligations for stated purposes, 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 Revised Code 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). Amended Substitute House Bill 640 of the 123rd General Assembly, effective September 14, 2000, reassigned to the Treasurer the issuing authority (generally referred to herein as “Issuing Authority”) and functions and responsibilities of the Commission with respect to these special obligation (lease-revenue) bonds, including previously issued obligations.

Pursuant to House Bill 16 of the 126th General Assembly, effective July 1, 2005, all matters relating to the issuance of obligations for financing 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 129th General Assembly, effective January 1, 2012, all matters relating to the issuance of obligations for financing of capital facilities for housing branches and agencies of State government, which were previously issued by the Ohio Building Authority under Ohio Revised Code Chapter 152, were transferred to the Treasurer as Issuing Authority. The legislation transferred forty-one bond issuances with combined outstanding principal as of that date in the amount of \$1,514,920,000. Subsequent to January 1, 2012, all new issuances of bonds for facilities housing branches and agencies of State government are governed by Chapter 154 of the Ohio Revised Code, and the provisions thereof, as described above.

Pursuant to House Bill 497 of the 130th General Assembly, effective July 1, 2014, the Treasurer 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 are 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 \$2,131,700,000 for mental health facilities, \$1,466,133,513 for parks and recreation facilities, \$896,035,524 for cultural and sports facilities, \$2,915,000,000 for adult correctional facilities, \$705,800,000 for juvenile correctional facilities, \$2,621,500,000 for administrative facilities, and \$385,000,000 for transportation facilities. The Treasurer did not issue any Obligations during FY 2024.

As of June 30, 2024, the Obligations that the Treasurer is authorized to issue were rated as follows:

| | Fitch | Moody’s | Standard & Poor’s |
|----------------------------------|--------------|----------------|------------------------------|
| Mental Health Facilities | AA+ | Aa1 | AA+ |
| Parks & Recreation Facilities | AA+ | Aa1 | AA+ |
| Cultural & Sports Facilities | AA+ | Aa1 | AA+ |
| Administrative Facilities | AA+ | Aa1 | AA+ |
| Adult Correctional Facilities | AA+ | Aa1 | AA+ |
| Juvenile Correctional Facilities | AA+ | Aa1 | AA+ |
| Transportation Facilities | AA+ | Aa1 | AA+ |

As contemplated by the Revised Code, the financing arrangements for the seven categories of capital facilities -- mental health facilities, parks and recreation facilities, cultural and sports facilities, administrative facilities, adult correctional facilities, juvenile correctional 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, the Ohio Department of Developmental Disabilities, the Ohio Department of Natural Resources, the Ohio Facilities Construction Commission, the Ohio Department of Administrative Services, the Ohio Department of Rehabilitation and Correction, the Ohio Department of Youth Services, and the Ohio Department of Transportation (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 agency’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, and juvenile correctional Obligations is Bank of New York Mellon.

For the biennium ending June 30, 2025, the 135th General Assembly, by acts passed prior to July 1, 2023, appropriated the following amounts for rental payments under the lease agreements relating to the respective categories of Obligations:

| Appropriation to: | Biennial Amount | FY 2024 | FY 2025 |
|---|------------------------|-----------------------|-----------------------|
| Dept. of Mental Health & Addiction Services | \$ 48,500,000 | \$ 25,875,000 | \$ 22,625,000 |
| Dept. of Developmental Disabilities | 48,500,000 | 25,875,000 | 22,625,000 |
| Dept. of Natural Resources | 127,500,000 | 63,750,000 | 63,750,000 |
| Facilities Construction Commission | 62,000,000 | 31,000,000 | 31,000,000 |
| Dept. of Administrative Services | 136,500,000 | 71,000,000 | 65,500,000 |
| Dept. of Rehabilitation and Correction | 141,000,000 | 72,500,000 | 68,500,000 |
| Dept. of Youth Services | 33,800,000 | 15,300,000 | 18,500,000 |
| Dept. of Transportation | 46,000,000 | 23,000,000 | 23,000,000 |
| Total Appropriation | \$ 643,800,000 | \$ 328,300,000 | \$ 315,500,000 |

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, 2024)**

| | Mental Health Facilities | Parks & Recreation Facilities | Cultural & Sports Facilities | Administrative Facilities |
|--|-------------------------------------|--|---|--------------------------------------|
| Authorized by General Assembly | \$2,131,700,000 | \$1,466,133,513 | \$896,035,524 | \$2,621,500,000 |
| Issued in Prior Fiscal Years (a) | \$1,817,085,000 | \$1,089,000,000 | \$740,475,000 | \$2,069,900,000 |
| Issued in FY2024 (b) | - | - | - | - |
| Authorized by General Assembly but not yet issued | \$314,615,000 | \$377,133,513 | \$155,560,524 | \$551,600,000 |
| Interest Paid FY2024 | \$11,277,500 | \$25,336,001 | \$7,509,500 | \$18,768,202 |
| Principal Paid FY2024 | \$40,425,000 | \$36,360,000 | \$23,325,000 | \$46,110,000 |
| Outstanding Principal (c) | \$185,125,000 | \$524,810,000 | \$134,585,000 | \$404,500,000 |

| | Adult Correctional Facilities | Juvenile Correctional Facilities | Transportation Facilities |
|--|--|---|--------------------------------------|
| Authorized by General Assembly | \$2,915,000,000 | \$705,800,000 | \$385,000,000 |
| Issued in Prior Fiscal Years (a) | \$2,346,500,000 | \$400,000,000 | \$379,455,000 |
| Issued in FY2024 (b) | - | - | - |
| Authorized by General Assembly but not yet issued | \$568,500,000 | \$305,800,000 | \$5,545,000 |
| Interest Paid FY2024 | \$18,629,895 | \$3,807,200 | \$7,954,740 |
| Principal Paid FY2024 | \$51,790,000 | \$11,470,000 | \$13,635,000 |
| Outstanding Principal (c) | \$413,950,000 | \$71,585,000 | \$151,040,000 |

- (a) Includes Obligations refunded; excludes refunding Obligations. Includes portions of Bond Anticipation Notes retired from rental payments.
- (b) Excludes refunding Obligations.
- (c) Includes refunding Obligations; excludes Obligations refunded.

House Bill 2 of the 135th General Assembly, the capital improvements budget for fiscal years 2025-2026, was passed by the legislature and signed by the Governor in June 2024, with an effective date of June 28, 2024. Section 529.10 of House Bill 2 reduced amounts authorized, but unissued in amounts corresponding to cash utilized to provide for capital appropriations during the 2023-2024 biennium. This resulted in net reductions in debt authorization by \$124.3 million for Parks and Recreation Facilities and \$158.0 million for Adult Correctional Facilities.

The primary sources of moneys for payment of principal of and interest on outstanding Obligations in FY 2024, as in prior years, were funds appropriated by the General Assembly for that 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, and transportation facilities bond service funds, and to the administrative service funds (to pay expenditures, including issuing costs), during FY 2024, and the balances in those funds on June 30, 2024, 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 refunded are restricted to payment of debt service and any redemption premium on those refunded Obligations.

The amounts, and the dates by which funds must be made available, to make payment during FY 2025 of principal of and interest on the Obligations outstanding on June 30, 2024 (which excludes refunded Obligations) are as follows:

FY 2025 Debt Service Payments

| | Mental Health Facilities | Parks & Recreation Facilities¹ | Cultural & Sports Facilities | Administrative Facilities |
|--------------------------|-------------------------------------|--|---|--------------------------------------|
| Payment Dates | | | | |
| August 1, 2024 | \$ 3,740,750.00 | \$ 4,400,250.00 | \$ - | \$ - |
| October 1, 2024 | - | - | 15,834,625.00 | 42,532,644.05 |
| December 1, 2024 | 887,375.00 | 37,270,000.00 | - | - |
| February 1, 2025 | 28,275,750.00 | 10,018,750.00 | - | - |
| April 1, 2025 | - | - | 14,992,875.00 | 22,573,303.00 |
| June 1, 2025 | 12,287,375.00 | 9,373,406.41 | - | - |
| Fiscal Year Total | <u>\$ 45,191,250.00</u> | <u>\$ 61,062,406.41</u> | <u>\$ 30,827,500.00</u> | <u>\$ 65,105,947.05</u> |

| | Adult Correctional Facilities¹ | Juvenile Correctional Facilities | Transportation Facilities |
|--------------------------|--|---|--------------------------------------|
| Payment Dates | | | |
| August 1, 2024 | \$ - | \$ - | \$ - |
| October 1, 2024 | 57,643,279.60 | 8,857,887.50 | 3,776,000.00 |
| December 1, 2024 | - | - | - |
| February 1, 2025 | - | - | - |
| April 1, 2025 | 7,422,605.96 | 6,462,787.50 | 17,816,000.00 |
| June 1, 2025 | - | - | - |
| Fiscal Year Total | <u>\$ 65,065,885.56</u> | <u>\$ 15,320,675.00</u> | <u>\$ 21,592,000.00</u> |

¹ These figures include variable rate interest at an estimated 3% interest rate.

The anticipated sources of payment of amounts for outstanding Obligations and for additional mental health, parks and recreation, cultural and sports, administrative building, adult correctional, juvenile correctional, and transportation facilities Obligations that may be issued during FY 2025

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 135th General Assembly for the fiscal biennium ending June 30, 2025. 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, 2024, principal and interest on additional Obligations that are projected to be issued in the biennium, and related applicable administrative and issuance expenditures.

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

The following Accountants' Report by Rea & Associates, Inc. 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 facilities, juvenile correctional facilities, and transportation facilities Obligations.

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

FRANKLIN COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.



Rea & associates

www.reacpa.com

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STATE OF OHIO
LEASE REVENUE OBLIGATIONS
GOVERNED BY OHIO REVISED CODE CHAPTER 154
Franklin County, Ohio
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INDEPENDENT AUDITOR'S REPORT

Treasurer of the State of Ohio
30 East Broad Street
Columbus, Ohio 43215

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, and the Transportation Facilities lease revenue bonds governed by the Ohio Revised Code Chapter 154, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Treasurer and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Treasurer's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Treasurer's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Funds' basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024 on our consideration of the Treasurer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Treasurer's 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 Treasurer's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
September 17, 2024

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State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

This section of the annual financial report for the Chapter 154 Lease Revenue Obligations presents management's discussion and analysis of financial performance for the fiscal year ended June 30, 2024. 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, 2024, total debt service fund assets exceeded liabilities and deferred inflows of resources by \$7.5 million. The total combined ending fund balance, which is restricted for debt service, decreased by \$610,000 during fiscal year 2024.
- For fiscal year 2024, lease principal payments from state agency-lessees totaled \$223.2 million, and lease interest revenue was reported at \$92.2 million.
- During fiscal year 2024, the Ohio Treasurer paid \$223.1 million in bond principal and \$93.2 million in bond interest 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 Ohio Treasurer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All seven 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
- 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 notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

In addition, supplementary financial information follows the notes. Supplementary financial information 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
For the Fiscal Year Ended June 30, 2024
(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)

| | As of 06/30/24 | As of 06/30/23 | Percentage Change |
|--|----------------------------|----------------------------|------------------------------|
| ASSETS: | | | |
| Cash..... | \$ 372 | \$ 400 | -7.0% |
| Receivable from State Agencies: | | | |
| Lease Principal..... | 1,885,595 | 2,108,710 | -10.6% |
| Lease Interest..... | 19,529 | 21,639 | -9.8% |
| TOTAL ASSETS..... | <u>\$ 1,905,496</u> | <u>\$ 2,130,749</u> | |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES: | | | |
| Accounts Payable..... | \$ - | \$ 43 | -100.0% |
| Deferred Inflow of Resources-Unavailable Revenue..... | 1,897,991 | 2,122,591 | -10.6% |
| TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES..... | <u>1,897,991</u> | <u>2,122,634</u> | |
| FUND BALANCES: | | | |
| Restricted for Debt Service..... | 7,505 | 8,115 | -7.5% |
| TOTAL FUND BALANCES..... | <u>7,505</u> | <u>8,115</u> | |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES..... | <u>\$ 1,905,496</u> | <u>\$ 2,130,749</u> | |

The decrease in lease principal and unavailable revenue at June 30, 2024 compared to June 30, 2023 is the result of the continued payoff of outstanding bond principal during the fiscal year.

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The tables that follow compare debt service fund revenues, expenditures, and other financing sources/(uses) reported for fiscal year 2024 with fiscal year 2023 results.

Revenue
Comparative Analysis
(Dollars in 000s)

| | Fiscal Year 2024 | Fiscal Year 2023 | Percentage Change |
|--|---------------------------------|---------------------------------|------------------------------|
| Lease Principal from State Agencies..... | \$ 223,245 | \$ 271,320 | -17.7% |
| Lease Interest from State Agencies..... | 92,228 | 96,263 | -4.2% |
| Administrative and Other Revenues..... | 686 | 1,267 | -45.9% |
| TOTAL REVENUES..... | \$ 316,159 | \$ 368,850 | -14.3% |

A significant portion of debt service fund revenues for fiscal year 2024 were comprised of lease principal and interest from state agencies. Lease interest decreased for fiscal year 2024 primarily due to a decrease in bonds outstanding during the year. Lease principal decreased for fiscal year 2024 primarily due to varying maturity schedules for the outstanding bonds. The decrease in administrative and other revenues was attributable to the Chapter 154 Lease Revenue Obligations not issuing any bonds during the fiscal year.

Expenditures
Comparative Analysis
(Dollars in 000s)

| | Fiscal Year 2024 | Fiscal Year 2023 | Percentage Change |
|--------------------------------|---------------------------------|---------------------------------|------------------------------|
| Administrative Costs..... | \$ 473 | \$ 458 | 3.3% |
| Bond Issuance Costs..... | - | 452 | -100.0% |
| Debt Service: | | | |
| Principal..... | 223,115 | 271,215 | -17.7% |
| Interest..... | 93,181 | 97,615 | -4.5% |
| TOTAL EXPENDITURES..... | \$ 316,769 | \$ 369,740 | -14.3% |

A significant portion of total reported expenditures for fiscal year 2024 were for debt service payments principal and interest. Lease principal and lease interest decreased for fiscal year 2024 primarily due to varying maturity schedules for the outstanding bonds and a decrease in bonds outstanding during the year, respectively. Bond issuance costs decreased for fiscal year 2024 due to the Chapter 154 Lease Revenue Obligations not issuing any bonds during the fiscal year.

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

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

| | Fiscal Year 2024 | Fiscal Year 2023 | Percentage Change |
|--------------------------------------|---------------------------------|---------------------------------|------------------------------|
| Bond Proceeds: | | | |
| Principal..... | \$ - | \$ 52,865 | -100.0% |
| Premium..... | - | 7,590 | -100.0% |
| Financing Provided to | | | |
| State Agencies Under Leases..... | - | (60,455) | -100.0% |
| TOTAL OTHER | | | |
| FINANCING SOURCES/(USES)..... | \$ - | \$ - | |

The decreases in new money bond proceeds (principal and premium) and financing provided to state agencies are the result of no bond issuances versus one bond issuance in fiscal year 2023.

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.

ECONOMIC FACTORS

- Generally, interest rates affect the pricing of new bond issues. As of June 30, 2024, the Federal Reserve's Federal Open Market Committee (FOMC) has set the target for the federal funds rate at 5.25% - 5.50%.
- The balances of Chapter 154 Lease Revenue Bonds authorized, but unissued, as of June 30, 2024, were as follows (dollars in thousands):

| <u>Bond Type</u> | <u>Authorized, but Unissued</u> |
|----------------------------------|--|
| Mental Health Facilities | \$ 314,615 |
| Parks and Recreation Facilities | 377,134 |
| Cultural and Sports Facilities | 155,561 |
| Adult Correctional Facilities | 568,500 |
| Administrative Facilities | 551,600 |
| Juvenile Correctional Facilities | 305,800 |
| Transportation Facilities | 5,545 |
| Total | \$ 2,278,755 |

State of Ohio
Chapter 154 Lease Revenue Obligations
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

- House Bill 2 of the 135th General Assembly, the capital improvements budget for fiscal years 2025-2026, was passed by the legislature and signed by the Governor in June 2024, with an effective date of June 28, 2024. Section 529.10 of House Bill 2 reduced amounts authorized, but unissued in amounts corresponding to cash utilized to provide for capital appropriations during the 2023-2024 biennium. This resulted in net reductions in debt authorization by \$124.3 million for Parks and Recreation Facilities and \$158.0 million for Adult Correctional Facilities.

CONTACTING THE OHIO TREASURER'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 Office of Debt Management, Ohio Treasurer's Office, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215.

FINANCIAL STATEMENTS

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Balance Sheet
As of June 30, 2024
(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 | Transportation Facilities Bond Service | Total Debt Service Funds |
|--|---|---|---|---|--|--|--|--------------------------------|
| ASSETS: | | | | | | | | |
| Cash..... | \$ 15 | \$ 79 | \$ 27 | \$ 144 | \$ 50 | \$ 41 | \$ 16 | \$ 372 |
| Receivable from State Agencies: | | | | | | | | |
| Lease Principal..... | 185,125 | 524,810 | 134,585 | 413,950 | 404,500 | 71,585 | 151,040 | 1,885,595 |
| Lease Interest..... | 3,245 | 3,083 | 1,655 | 4,438 | 4,423 | 813 | 1,872 | 19,529 |
| TOTAL ASSETS..... | \$ 188,385 | \$ 527,972 | \$ 136,267 | \$ 418,532 | \$ 408,973 | \$ 72,439 | \$ 152,928 | \$ 1,905,496 |
| DEFERRED INFLOW OF RESOURCES: | | | | | | | | |
| Unavailable Revenue..... | 185,268 | 523,862 | 136,240 | 418,388 | 408,923 | 72,398 | 152,912 | 1,897,991 |
| TOTAL DEFERRED INFLOW OF RESOURCES | 185,268 | 523,862 | 136,240 | 418,388 | 408,923 | 72,398 | 152,912 | 1,897,991 |
| FUND BALANCES: | | | | | | | | |
| Restricted for Debt Service..... | 3,117 | 4,110 | 27 | 144 | 50 | 41 | 16 | 7,505 |
| TOTAL FUND BALANCES..... | 3,117 | 4,110 | 27 | 144 | 50 | 41 | 16 | 7,505 |
| TOTAL DEFERRED INFLOW OF RESOURCES AND FUND BALANCES..... | \$ 188,385 | \$ 527,972 | \$ 136,267 | \$ 418,532 | \$ 408,973 | \$ 72,439 | \$ 152,928 | \$ 1,905,496 |

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2024
(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 | Transportation Facilities Bond Service | Total Debt Service Funds |
|---|---|---|---|---|--|--|--|--------------------------------|
| REVENUES: | | | | | | | | |
| Lease Principal Payments from State Agencies..... | \$ 40,425 | \$ 36,490 | \$ 23,325 | \$ 51,790 | \$ 46,110 | \$ 11,470 | \$ 13,635 | \$ 223,245 |
| Lease Interest from State Agencies..... | 10,657 | 25,086 | 7,482 | 18,644 | 18,670 | 3,765 | 7,924 | 92,228 |
| Administrative and Other Revenues..... | 41 | 172 | 54 | 201 | 110 | 65 | 43 | 686 |
| TOTAL REVENUES..... | 51,123 | 61,748 | 30,861 | 70,635 | 64,890 | 15,300 | 21,602 | 316,159 |
| EXPENDITURES: | | | | | | | | |
| Administrative Costs..... | 25 | 143 | 26 | 181 | 50 | 24 | 24 | 473 |
| Debt Service: | | | | | | | | |
| Principal..... | 40,425 | 36,360 | 23,325 | 51,790 | 46,110 | 11,470 | 13,635 | 223,115 |
| Interest..... | 11,264 | 25,323 | 7,510 | 18,591 | 18,732 | 3,806 | 7,955 | 93,181 |
| TOTAL EXPENDITURES..... | 51,714 | 61,826 | 30,861 | 70,562 | 64,892 | 15,300 | 21,614 | 316,769 |
| NET CHANGE IN FUND BALANCES..... | (591) | (78) | - | 73 | (2) | - | (12) | (610) |
| FUND BALANCE, JULY 1..... | 3,708 | 4,188 | 27 | 71 | 52 | 41 | 28 | 8,115 |
| FUND BALANCE, JUNE 30..... | \$ 3,117 | \$ 4,110 | \$ 27 | \$ 144 | \$ 50 | \$ 41 | \$ 16 | \$ 7,505 |

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

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 of the 123rd General Assembly reassigned the issuing authority and functions of the Commission with respect to the obligations to the Ohio Treasurer (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 of the 126th General Assembly which became effective on July 1, 2005, all matters relative to the issuance of obligations for the financing of Cultural and Sports Facilities, including all related obligations previously issued by the Ohio Building Authority under Chapter 152, Ohio Revised Code, were transferred to the Treasurer, including the lease agreements with the Cultural Facilities Commission. Subsequent to July 1, 2005, all new issuances of Cultural and Sports Facilities bonds were to be governed by the provisions of Chapter 154, Ohio Revised Code, as previously described above. Effective September 29, 2013, House Bill 59 of the 130th General Assembly abolished the Cultural Facilities Commission and transferred all assets and lease agreements with the Treasurer to the Ohio Facilities Construction Commission.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

Amended Substitute House Bill 153, as enacted by the 129th 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.

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

Community College Intercept Program –In fiscal year 2013, the Treasurer issued \$4,125 of bonds at rates from 2.0% to 4.0%, with payments due through 2033 on behalf of Rhodes State College (the College). Since the College is 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, 2024, \$2,345 of College bonds were outstanding.

The Treasurer, 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 Annual Comprehensive Financial Report 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’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.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

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

D. Budget

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

E. Leases

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

F. Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For Chapter 154 Lease Revenue Bonds, deferred inflows of resources include unavailable revenue. Unavailable revenue represents receivables which will not be collected within the available period. For Chapter 154 Lease Revenue Bonds, unavailable revenue includes lease principal and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

G. Fund Balance

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

H. Use of Estimates

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

NOTE 2 — DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Treasurer will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The bank balance of deposits was \$372. Of the bank balance, \$352 was insured or collateralized.

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

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 rents 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 of Rehabilitation and Correction – Adult Correctional Facilities
- Ohio Department of Youth Services – Juvenile Correctional Facilities
- Ohio Department of Transportation – Transportation Facilities

The respective obligations of each of the eight 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 2024-25 fiscal biennium, the 135th 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 2024 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, interest, and administrative costs).

| | <u>2024-2025 Biennium Appropriations</u> | <u>Principal, Interest, and Administrative Fees Paid</u> |
|--|--|--|
| Ohio Department of Mental Health and Addiction Services and Ohio Department of Developmental Disabilities – Mental Health Facilities | \$ 97,000 | \$ 51,714 |
| Ohio Department of Natural Resources – Parks and Recreation Facilities | 127,500 | 61,826 |
| Ohio Facilities Construction Commission – Cultural and Sports Facilities | 62,000 | 30,861 |
| Ohio Department of Rehabilitation and Correction – Adult Correctional Facilities | 141,000 | 70,562 |
| Ohio Department of Administrative Services – Administrative Facilities | 136,500 | 64,892 |
| Ohio Department of Youth Services – Juvenile Correctional Facilities | 33,800 | 15,300 |
| Ohio Department of Transportation – Transportation Facilities | 46,000 | 21,614 |

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

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, capitalized interest, and net original issue premium on bond sales.

The respective bond service accounts under the trust agreements for the bonds are restricted to payments of principal and interest on the bonds issued and outstanding under those respective trust agreements. No debt service reserve funds have been established for the outstanding Chapter 154 lease revenue bonds.

As of June 30, 2024, 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, 2024

| 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 |
|--|--|---|--|---|
| 2025..... | \$ 45,176 | \$ 62,121 | \$ 30,800 | \$ 66,396 |
| 2026..... | 38,765 | 62,211 | 26,836 | 43,014 |
| 2027..... | 32,114 | 59,330 | 26,841 | 43,105 |
| 2028..... | 32,113 | 59,343 | 21,800 | 43,010 |
| 2029..... | 25,597 | 59,338 | 17,984 | 39,311 |
| 2030-2034..... | 44,744 | 223,501 | 33,762 | 165,537 |
| 2035-2039..... | - | 126,318 | - | 118,208 |
| 2040-2042..... | - | 42,532 | - | 20,448 |
| | <u>218,509</u> | <u>694,694</u> | <u>158,023</u> | <u>539,029</u> |
| Amount Representing Interest..... | (33,384) | (169,884) | (23,438) | (125,079) |
| Leases Receivable, as of June 30, 2024..... | <u>\$ 185,125</u> | <u>\$ 524,810</u> | <u>\$ 134,585</u> | <u>\$ 413,950</u> |

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

Continued from the previous page

| Year Ending June 30, | Juvenile | | | Total |
|--|---|---|---|---------------------|
| | Administrative Facilities Bond Service | Correctional Facilities Bond Service | Transportation Facilities Bond Service | |
| 2025..... | \$ 65,056 | \$ 15,280 | \$ 21,576 | \$ 306,405 |
| 2026..... | 42,436 | 9,257 | 21,590 | 244,109 |
| 2027..... | 42,486 | 9,262 | 21,588 | 234,726 |
| 2028..... | 42,750 | 7,900 | 21,589 | 228,505 |
| 2029..... | 42,603 | 7,899 | 21,587 | 214,319 |
| 2030-2034..... | 172,887 | 28,931 | 66,984 | 736,346 |
| 2035-2039..... | 113,745 | 13,581 | 20,271 | 392,123 |
| 2040-2042..... | 18,897 | - | - | 81,877 |
| | 540,860 | 92,110 | 195,185 | 2,438,410 |
| Amount Representing Interest..... | (136,360) | (20,525) | (44,145) | (552,815) |
| Leases Receivable, as of June 30, 2024..... | \$ 404,500 | \$ 71,585 | \$ 151,040 | \$ 1,885,595 |

A summary of the unavailable portion of leases receivable by debt service fund as of June 30, 2024 is presented in the table below:

| | Mental Health Facilities Bond Service | Parks & Recreation Facilities Bond Service | Cultural & Sports Facilities Bond Service | Adult Correctional Facilities Bond Service |
|---|--|---|--|---|
| Lease Principal | \$ 185,125 | \$ 522,150 | \$ 134,585 | \$ 413,950 |
| Lease Interest | 143 | 1,712 | 1,655 | 4,438 |
| Total Unavailable Revenue as of June 30, 2024..... | \$ 185,268 | \$ 523,862 | \$ 136,240 | \$ 418,388 |

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Debt Service Funds
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

Continued from the previous page

| | Administrative Facilities Bond Service | Juvenile Correctional Facilities Bond Service | Transportation Facilities Bond Service | Total Debt Service Funds |
|---|---|--|---|---|
| Lease Principal | \$ 404,500 | \$ 71,585 | \$ 151,040 | \$ 1,882,935 |
| Lease Interest | 4,423 | 813 | 1,872 | 15,056 |
| Total Unavailable Revenue as of June 30, 2024..... | \$ 408,923 | \$ 72,398 | \$ 152,912 | \$ 1,897,991 |

NOTE 4 — CONSOLIDATION OF DEBT SERVICE FUND BALANCES IN THE STATE OF OHIO’S ANNUAL COMPREHENSIVE FINANCIAL REPORT

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 Annual Comprehensive Financial Report as of and for the year ended June 30, 2024.

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, because the lease agreements are between organizations included within the State’s primary government. The accounting treatment at the state level is in conformity with the guidance provided in Section L20 of the GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*.

NOTE 5 — IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2024, Chapter 154 Lease Revenue Bonds has implemented certain provisions of GASB Statement No. 99, Omnibus 2022 and GASB Statement No. 100, Accounting Changes and Error Corrections.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of Chapter 154 Lease Revenue Bonds.

SUPPLEMENTARY INFORMATION

State of Ohio
Chapter 154 Lease Revenue Obligations
 Schedule of Net Position - Accrual Basis
 As of June 30, 2024
(Dollars in 000s)

| | Total Debt Service Funds |
|---|---|
| ASSETS: | |
| Cash..... | \$ 372 |
| Receivables from State Agencies: | |
| Leases..... | 1,885,595 |
| Unamortized Lease Premium/Discount, Net..... | 182,454 |
| Interest..... | 19,529 |
| TOTAL ASSETS..... | 2,087,950 |
| DEFERRED OUTFLOW OF RESOURCES: | |
| Deferred Charge on Refunding..... | 4,936 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES..... | 4,936 |
| LIABILITIES: | |
| Bond Interest Payable..... | 19,900 |
| Bonds Payable, Net of Premiums and Discount: | |
| Due in One Year..... | 258,011 |
| Due in More Than One Year..... | 1,814,975 |
| TOTAL LIABILITIES..... | 2,092,886 |
| NET POSITION | |
| Restricted for Debt Service..... | - |
| TOTAL NET POSITION..... | \$ - |

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Activities - Accrual Basis
For the Fiscal Year Ended June 30, 2024
(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 | Transportation Facilities Bond Service | Total Debt Service Funds |
|---|---|---|---|---|--|--|--|--------------------------------|
| EXPENSES: | | | | | | | | |
| Administrative..... | \$ 25 | \$ 143 | \$ 26 | \$ 181 | \$ 50 | \$ 24 | \$ 24 | \$ 473 |
| Interest on Debt..... | 2,463 | 14,903 | 1,849 | 12,051 | 12,606 | 2,186 | 5,183 | 51,241 |
| TOTAL EXPENSES..... | 2,488 | 15,046 | 1,875 | 12,232 | 12,656 | 2,210 | 5,207 | 51,714 |
| PROGRAM REVENUES: | | | | | | | | |
| Charges for Services (1)..... | 2,488 | 15,046 | 1,875 | 12,232 | 12,656 | 2,210 | 5,207 | 51,714 |
| TOTAL PROGRAM REVENUES..... | 2,488 | 15,046 | 1,875 | 12,232 | 12,656 | 2,210 | 5,207 | 51,714 |
| NET EXPENSE AND CHANGES IN NET POSITION..... | | | | | | | | |
| | - | - | - | - | - | - | - | - |
| NET POSITION, JULY 1..... | - | - | - | - | - | - | - | - |
| NET POSITION, JUNE 30..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

(1) Includes interest charges from leases receivable (due from state agencies) and administrative 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, 2024
(Dollars in 000s)

| | |
|---|------------------------|
| Fund Balance per Debt Service Funds' Balance Sheet | \$ <u>7,505</u> |
|---|------------------------|

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

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

| | |
|--|------------------|
| Leases Receivable from State Agencies: | |
| Lease Principal | 1,882,935 |
| Lease Interest | <u>15,056</u> |
| | <u>1,897,991</u> |

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

| | |
|---|---------|
| Unamortized Lease Premium/Discount, Net | 182,454 |
|---|---------|

| | |
|---|-------|
| The accounting loss reported as a deferred outflow of resources is applicable to future reporting periods and is not reported on the fund statements. | 4,936 |
|---|-------|

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

| | |
|-----------------------|--------------------|
| Bonds Payable | (2,072,986) |
| Bond Interest Payable | <u>(19,900)</u> |
| | <u>(2,092,886)</u> |

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

State of Ohio
Chapter 154 Lease Revenue Obligations
Reconciliation Schedule Between
Statement of Revenues, Expenditures and Changes in Fund Balances
and the Schedule of Activities
For the Fiscal Year Ended June 30, 2024
(Dollars in 000s)

Net Change in Fund Balance per Debt Service Funds'
Statement of Revenues, Expenditures and Changes in Fund Balances \$ (610)

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

Lease principal and interest revenues are unavailable revenue in the debt service funds. During the fiscal year, unavailable revenue changed by the following amounts.

| | |
|-----------------|------------------|
| Lease Principal | (223,245) |
| Lease Interest | <u>(1,354)</u> |
| | <u>(224,599)</u> |

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

| | |
|---|----------|
| Unamortized Lease Premium/Discount, Net | (39,845) |
|---|----------|

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

| | |
|--------------------------------------|---------|
| Scheduled Debt Principal Retirements | 223,115 |
|--------------------------------------|---------|

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 | 2,096 |
| Amortization of Bond Premiums/Accretion of Bond Discounts, Net | 41,390 |
| Amortization of Deferred Refunding Amount | <u>(1,547)</u> |
| | <u>41,939</u> |

Change in Net Position per Schedule of Activities \$ -

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Future Payments
Under Lease Agreements with State Agencies
As of June 30, 2024
(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 | Transportation Facilities | Total |
|--|---|--|---|--|--------------------------------------|---|--------------------------------------|---------------------|
| 2025..... | \$ 45,176 | \$ 62,121 | \$ 30,800 | \$ 66,396 | \$ 65,056 | \$ 15,280 | \$ 21,576 | \$ 306,405 |
| 2026..... | 38,765 | 62,211 | 26,836 | 43,014 | 42,436 | 9,257 | 21,590 | 244,109 |
| 2027..... | 32,114 | 59,330 | 26,841 | 43,105 | 42,486 | 9,262 | 21,588 | 234,726 |
| 2028..... | 32,113 | 59,343 | 21,800 | 43,010 | 42,750 | 7,900 | 21,589 | 228,505 |
| 2029..... | 25,597 | 59,338 | 17,984 | 39,311 | 42,603 | 7,899 | 21,587 | 214,319 |
| 2030-2034..... | 44,744 | 223,501 | 33,762 | 165,537 | 172,887 | 28,931 | 66,984 | 736,346 |
| 2035-2039..... | - | 126,318 | - | 118,208 | 113,745 | 13,581 | 20,271 | 392,123 |
| 2040-2042..... | - | 42,532 | - | 20,448 | 18,897 | - | - | 81,877 |
| | 218,509 | 694,694 | 158,023 | 539,029 | 540,860 | 92,110 | 195,185 | 2,438,410 |
| Amount Representing Interest... | (33,384) | (169,884) | (23,438) | (125,079) | (136,360) | (20,525) | (44,145) | (552,815) |
| Lease Principal..... | 185,125 | 524,810 | 134,585 | 413,950 | 404,500 | 71,585 | 151,040 | 1,885,595 |
| Premium/Discount, Net..... | 25,333 | 46,038 | 17,681 | 26,893 | 48,198 | 7,458 | 15,790 | 187,391 |
| Deferred Charge on Refunding..... | - | (116) | - | (1,218) | (3,581) | (22) | - | (4,937) |
| Leases Receivable, as of June 30, 2024..... | \$ 210,458 | \$ 570,732 | \$ 152,266 | \$ 439,625 | \$ 449,117 | \$ 79,021 | \$ 166,830 | \$ 2,068,049 |

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2024
(Dollars in 000s)

Outstanding Chapter 154 Lease Revenue Obligations as of June 30, 2024 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, 2024, 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+ | Aa1 | AA+ |
| Parks and Recreation Facilities | AA+ | Aa1 | AA+ |
| Cultural and Sports Facilities | AA+ | Aa1 | AA+ |
| Adult Correctional Facilities | AA+ | Aa1 | AA+ |
| Administrative Facilities | AA+ | Aa1 | AA+ |
| Juvenile Correctional Facilities | AA+ | Aa1 | AA+ |
| Transportation Facilities | AA+ | Aa1 | AA+ |

Through June 30, 2024, the Ohio General Assembly has authorized issuance of Chapter 154 Lease Revenue Obligations, including bonds and bond anticipation notes for capital facilities, in the following amounts.

| <u>Bond Program</u> | <u>Total</u> |
|----------------------------------|----------------------------|
| Mental Health Facilities | \$ 2,131,700 |
| Parks and Recreation Facilities | 1,466,134 |
| Cultural and Sports Facilities | 896,036 |
| Adult Correctional Facilities | 2,915,000 |
| Administrative Facilities | 2,621,500 |
| Juvenile Correctional Facilities | 705,800 |
| Transportation Facilities | 385,000 |
| Total Authorization | <u>\$11,121,170</u> |

Details on bonds issued through June 30, 2024 are displayed in the following tables. Bond amounts issued in accordance with the above authorization amounts are listed under the "Original Issues at Par" column. Bond issue authorization limits do not apply to 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 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, 2024
(Dollars in 000s)

Mental Health Facilities Bonds

| Series | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate | Outstanding Balance at Par, as of June 30, 2024 |
|---|---------------------------------------|--|-----------------------|------------------------------------|--|--|
| <i>Previously issued bonds with no outstanding balance:</i> | | | | | | |
| Various | \$1,467,085 | \$470,555 | Various | Various | Various | \$ - |
| <i>Outstanding bonds:</i> | | | | | | |
| 2015A | 50,000 | - | 03/05/2015 | 02/01/2025 | 4.95% | 6,120 |
| 2016A | 50,000 | - | 06/28/2016 | 06/01/2026 | 4.86% | 12,375 |
| 2018A | 50,000 | - | 04/26/2018 | 06/01/2028 | 5.00% | 23,120 |
| 2020A | 50,000 | - | 03/10/2020 | 02/01/2030 | 5.00% | 32,695 |
| 2021A | 150,000 | - | 05/18/2021 | 02/01/2031 | 5.00% | 110,815 |
| Total | <u>\$1,817,085</u> | <u>\$470,555</u> | | | | <u>\$ 185,125</u> |

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State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2024
(Dollars in 000s)

Parks and Recreation Facilities Bonds

| Series | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate* | Outstanding Balance at Par, as of June 30, 2024 |
|---|---------------------------------------|--|-----------------------|------------------------------------|---|--|
| <i>Previously issued bonds with no outstanding balance:</i> | | | | | | |
| Various | \$ 408,000 | \$ 118,305 | Various | Various | Various | \$ - |
| <i>Outstanding bonds:</i> | | | | | | |
| 2015A | 40,000 | - | 03/05/2015 | 02/01/2030 | 4.98% | 19,435 |
| 2016A | 80,000 | - | 03/31/2016 | 02/01/2031 | 4.99% | 44,715 |
| 2016B | - | 10,415 | 06/28/2016 | 08/01/2025 | 4.81% | 5,460 |
| 2016C | 100,000 | - | 10/06/2016 | 12/01/2031 | 4.86% | 61,950 |
| 2017A | 100,000 | - | 12/14/2017 | 12/01/2032 | 5.00% | 68,685 |
| 2018A | 100,000 | - | 11/15/2018 | 12/01/2038 | 5.00% | 83,470 |
| 2020A | 54,000 | 2,300 | 08/12/2020 | 12/01/2032 | 5.00% | 46,255 |
| 2020B | 57,000 | - | 08/12/2020 | 12/01/2040 | 3.80% | 57,000 |
| 2022A | 75,000 | - | 01/05/2022 | 12/01/2031 | 5.00% | 62,840 |
| 2022B | 75,000 | - | 01/05/2022 | 12/01/2041 | 3.90% | 75,000 |
| Total | <u>\$ 1,089,000</u> | <u>\$ 131,020</u> | | | | <u>\$ 524,810</u> |

*The interest rate for the Series 2020B and 2022B bonds is set on a weekly basis and the above rate is as of June 30, 2024. The rate is set on Tuesdays, and remains effective Wednesday through the following Tuesday (for a total period of 7 days). The rates for the Series 2020B and 2022B bonds are determined by a remarketing agent.

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2024
(Dollars in 000s)

Cultural and Sports Facilities Bonds

| Series | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate | Outstanding Balance at Par, as of June 30, 2024 |
|---|------------------------------|-------------------------------|---------------|---------------------------|--|--|
| <i>Previously issued bonds with no outstanding balance:</i> | | | | | | |
| Various | \$ 504,690 | \$ 64,985 | Various | Various | Various | \$ - |
| <i>Outstanding bonds:</i> | | | | | | |
| 2015B | 30,000 | - | 08/12/2015 | 04/01/2025 | 5.00% | 3,805 |
| 2016A | 40,000 | - | 08/25/2016 | 10/01/2026 | 4.80% | 14,050 |
| 2017A | 30,000 | - | 12/14/2017 | 10/01/2027 | 5.00% | 13,820 |
| 2019A | 35,000 | - | 05/16/2019 | 04/01/2029 | 5.00% | 19,505 |
| 2020A | 44,000 | - | 09/24/2020 | 10/01/2030 | 5.00% | 39,415 |
| 2021A | 56,785 | - | 08/31/2021 | 04/01/2032 | 4.93% | 43,990 |
| Total | <u>\$740,475</u> | <u>\$ 64,985</u> | | | | <u>\$ 134,585</u> |

Adult Correctional Facilities Bonds

| Series | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate* | Outstanding Balance at Par, as of June 30, 2024 |
|---|------------------------------|-------------------------------|---------------|---------------------------|---|--|
| <i>Previously issued bonds with no outstanding balance:</i> | | | | | | |
| Various | \$ 1,969,880 | \$ 1,558,365 | Various | Various | Various | \$ - |
| <i>Outstanding bonds:</i> | | | | | | |
| 2013A | - | 47,320 | 03/07/2013 | 10/01/2024 | 5.00% | 5,235 |
| 2016A | - | 20,565 | 05/25/2016 | 10/01/2028 | 4.95% | 12,550 |
| 2016B | 32,320 | - | 10/26/2016 | 10/01/2036 | 3.90% | 28,790 |
| 2016C | 32,300 | - | 10/26/2016 | 10/01/2036 | 3.90% | 28,800 |
| 2017A | 100,000 | - | 11/07/2017 | 10/01/2037 | 4.96% | 77,780 |
| 2017B | - | 62,320 | 11/07/2017 | 10/01/2030 | 4.93% | 46,680 |
| 2019A | - | 25,350 | 07/09/2019 | 10/01/2024 | 5.00% | 5,590 |
| 2019B | 53,000 | - | 08/07/2019 | 10/01/2032 | 5.00% | 40,180 |
| 2019C | 45,000 | - | 08/07/2019 | 10/01/2039 | 4.00% | 45,000 |
| 2020A | - | 57,055 | 03/10/2020 | 10/01/2033 | 1.95% | 21,700 |
| 2021A | 57,000 | - | 04/21/2021 | 10/01/2030 | 5.00% | 44,645 |
| 2021B | 57,000 | - | 04/21/2021 | 10/01/2040 | 3.90% | 57,000 |
| Total | <u>\$ 2,346,500</u> | <u>\$ 1,770,975</u> | | | | <u>\$ 413,950</u> |

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2024
(Dollars in 000s)

Continued from the previous page

*The interest rates for the Adult Correctional Facilities Bonds Series 2016B, 2016C, 2019C, and 2021B bonds are set on a weekly basis and the above rates are as of June 30, 2024. The rates are set on Tuesdays, and are effective Wednesday through the following Tuesday (for a total period of 7 days). The rates for the Series 2016B, 2016C, 2019C, and 2021B bonds are determined by a remarketing agent.

| Administrative Facilities Bonds | | | | | | |
|---|---------------------------------------|--|-----------------------|------------------------------------|--|--|
| | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate | Outstanding Balance at Par, as of June 30, 2024 |
| <i>Previously issued bonds with no outstanding balance:</i> | | | | | | |
| Various | \$ 1,703,000 | \$ 1,285,353 | Various | Various | Various | \$ — |
| Outstanding bonds: | | | | | | |
| 2015A | 61,930 | - | 01/28/2015 | 04/01/2035 | 4.31% | 49,550 |
| 2015B | 18,070 | - | 01/28/2015 | 04/01/2025 | 2.59% | 2,020 |
| 2016A | - | 31,095 | 05/25/2016 | 10/01/2027 | 4.95% | 14,775 |
| 2017A | 70,000 | - | 04/19/2017 | 04/01/2036 | 4.91% | 48,075 |
| 2017B | - | 30,790 | 11/07/2017 | 10/01/2028 | 4.86% | 15,490 |
| 2018A | 63,000 | - | 11/15/2018 | 10/01/2038 | 4.96% | 57,965 |
| 2019B | - | 22,270 | 11/05/2019 | 10/01/2029 | 4.85% | 15,110 |
| 2020A | - | 71,460 | 03/10/2020 | 10/01/2032 | 1.91% | 21,860 |
| 2020B | 68,750 | - | 04/30/2020 | 04/01/2040 | 5.00% | 68,750 |
| 2020C | 7,210 | - | 04/30/2020 | 04/01/2025 | 1.81% | 1,360 |
| 2020D | - | 58,960 | 08/12/2020 | 10/01/2036 | 1.32% | 29,055 |
| 2021A | 77,940 | - | 05/18/2021 | 04/01/2041 | 5.00% | 70,070 |
| 2022A | - | 10,420 | 01/05/2022 | 04/01/2031 | 3.86% | 10,420 |
| Total | <u>\$2,069,900</u> | <u>\$1,510,348</u> | | | | <u>\$ 404,500</u> |

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Credit Ratings and Bonds Authorized, Issued and Outstanding
As of June 30, 2024
(Dollars in 000s)

Juvenile Correctional Facilities Bonds

| | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate | Outstanding Balance at Par, as of June 30, 2024 |
|--|---------------------------------------|--|-----------------------|------------------------------------|--|--|
|--|---------------------------------------|--|-----------------------|------------------------------------|--|--|

Previously issued bonds with no outstanding balance:

| | | | | | | |
|---------|------------|------------|---------|---------|---------|------|
| Various | \$ 312,000 | \$ 216,140 | Various | Various | Various | \$ - |
|---------|------------|------------|---------|---------|---------|------|

Outstanding bonds:

| | | | | | | |
|--------------|------------------|------------------|------------|------------|-------|------------------|
| 2015B | 20,000 | - | 03/05/2015 | 04/01/2030 | 3.90% | 9,515 |
| 2017A | - | 10,515 | 12/14/2017 | 10/01/2026 | 4.39% | 5,345 |
| 2018A | 35,000 | - | 04/26/2018 | 04/01/2033 | 5.00% | 24,100 |
| 2019A | 33,000 | - | 11/05/2019 | 04/01/2039 | 4.95% | 28,205 |
| 2019B | - | 13,205 | 11/05/2019 | 10/01/2024 | 4.95% | 2,955 |
| 2020A | - | 5,500 | 09/24/2020 | 10/01/2024 | 4.34% | 1,465 |
| Total | <u>\$400,000</u> | <u>\$245,360</u> | | | | <u>\$ 71,585</u> |

Transportation Facilities Bonds

| | Original Issues at Par | Refunding Issues at Par | Issue Date | Final Maturity Date | Average Effective Interest Rate | Outstanding Balance at Par, as of June 30, 2024 |
|--|---------------------------------------|--|-----------------------|------------------------------------|--|--|
|--|---------------------------------------|--|-----------------------|------------------------------------|--|--|

Previously issued bonds with no outstanding balance:

| | | | | | | |
|---------|-----------|------|---------|---------|---------|------|
| Various | \$155,800 | \$ - | Various | Various | Various | \$ - |
|---------|-----------|------|---------|---------|---------|------|

Outstanding Bonds:

| | | | | | | |
|--------------|------------------|-------------|------------|------------|-------|-------------------|
| 2015A | 84,300 | - | 01/28/2015 | 04/01/2030 | 4.93% | 41,335 |
| 2018A | 86,490 | - | 02/21/2018 | 04/01/2033 | 5.00% | 59,545 |
| 2023A | 52,865 | - | 05/09/2023 | 04/01/2038 | 5.00% | 50,160 |
| Total | <u>\$379,455</u> | <u>\$ -</u> | | | | <u>\$ 151,040</u> |

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Changes in Bonds Payable Balance
For the Year Ended June 30, 2024
(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 | Transportation Facilities Bond Service | Total |
|--|--|---|--|---|---|--|---|--------------------|
| Outstanding Balance, June 30, 2023..... | \$ 259,051 | \$ 617,447 | \$ 180,983 | \$ 499,103 | \$ 505,456 | \$ 92,026 | \$ 183,426 | \$2,337,492 |
| Deductions: | | | | | | | | |
| Bond Principal Repayments | 40,425 | 36,360 | 23,325 | 51,790 | 46,110 | 11,470 | 13,635 | 223,115 |
| Amortization of Premium | 8,168 | 10,239 | 5,392 | 6,470 | 6,648 | 1,513 | 2,961 | 41,391 |
| Total Deductions | 48,593 | 46,599 | 28,717 | 58,260 | 52,758 | 12,983 | 16,596 | 264,506 |
| Outstanding Balance, June 30, 2024... | \$ 210,458 | \$ 570,848 | \$ 152,266 | \$ 440,843 | \$ 452,698 | \$ 79,043 | \$ 166,830 | \$2,072,986 |
| Amount Due in One Year | \$ 42,737 | \$ 47,472 | \$ 29,078 | \$ 54,761 | \$ 53,849 | \$ 13,283 | \$ 16,831 | \$ 258,011 |
| Amount Due in More Than One Year | 167,721 | 523,376 | 123,188 | 386,082 | 398,849 | 65,760 | 149,999 | 1,814,975 |
| Outstanding Balance, June 30, 2024... | \$ 210,458 | \$ 570,848 | \$ 152,266 | \$ 440,843 | \$ 452,698 | \$ 79,043 | \$ 166,830 | \$2,072,986 |

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Future Debt Service Funding Requirements
As of June 30, 2024
(Dollars in 000s) Continued

| Fiscal Year Ending June 30, | Mental Health Facilities | | | Parks & Recreation Facilities | | | Cultural Facilities | | |
|-----------------------------------|--------------------------|------------------|-------------------|-------------------------------|-------------------|-------------------|---------------------|------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest* | Total | Principal | Interest | Total |
| 2025 | \$ 35,935 | \$ 9,256 | \$ 45,191 | \$ 38,215 | \$ 23,985 | \$ 62,200 | \$ 24,410 | \$ 6,418 | \$ 30,828 |
| 2026 | 31,305 | 7,460 | 38,765 | 40,175 | 22,036 | 62,211 | 21,655 | 5,181 | 26,836 |
| 2027 | 26,220 | 5,894 | 32,114 | 39,270 | 20,060 | 59,330 | 22,760 | 4,081 | 26,841 |
| 2028 | 27,530 | 4,583 | 32,113 | 41,285 | 18,058 | 59,343 | 18,745 | 3,055 | 21,800 |
| 2029 | 22,390 | 3,207 | 25,597 | 43,385 | 15,953 | 59,338 | 15,780 | 2,204 | 17,984 |
| 2030-2034 | 41,745 | 2,999 | 44,744 | 175,150 | 48,351 | 223,501 | 31,235 | 2,527 | 33,762 |
| 2035-2039 | - | - | - | 106,870 | 19,448 | 126,318 | - | - | - |
| 2040-2042 | - | - | - | 40,460 | 2,072 | 42,532 | - | - | - |
| | 185,125 | 33,399 | 218,524 | 524,810 | 169,963 | 694,773 | 134,585 | 23,466 | 158,051 |
| Premium/Discount, Net | 25,333 | - | 25,333 | 46,038 | - | 46,038 | 17,681 | - | 17,681 |
| Total, as of June 30, 2024 | \$ 210,458 | \$ 33,399 | \$ 243,857 | \$ 570,848 | \$ 169,963 | \$ 740,811 | \$ 152,266 | \$ 23,466 | \$ 175,732 |

| Fiscal Year Ending June 30, | Adult Correctional Facilities | | | Administrative Facilities | | | Juvenile Correctional Facilities | | |
|-----------------------------------|-------------------------------|-------------------|-------------------|---------------------------|-------------------|-------------------|----------------------------------|------------------|------------------|
| | Principal | Interest* | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | \$ 49,220 | \$ 17,320 | \$ 66,540 | \$ 47,570 | \$ 17,536 | \$ 65,106 | \$ 12,070 | \$ 3,251 | \$ 15,321 |
| 2026 | 27,360 | 15,654 | 43,014 | 26,160 | 16,276 | 42,436 | 6,430 | 2,827 | 9,257 |
| 2027 | 28,810 | 14,295 | 43,105 | 27,455 | 15,031 | 42,486 | 6,745 | 2,517 | 9,262 |
| 2028 | 30,145 | 12,865 | 43,010 | 29,145 | 13,605 | 42,750 | 5,680 | 2,220 | 7,900 |
| 2029 | 27,850 | 11,461 | 39,311 | 30,335 | 12,268 | 42,603 | 5,930 | 1,969 | 7,899 |
| 2030-2034 | 126,415 | 39,122 | 165,537 | 129,150 | 43,737 | 172,887 | 22,970 | 5,961 | 28,931 |
| 2035-2039 | 104,345 | 13,863 | 118,208 | 96,970 | 16,775 | 113,745 | 11,760 | 1,821 | 13,581 |
| 2040-2042 | 19,805 | 643 | 20,448 | 17,715 | 1,182 | 18,897 | - | - | - |
| | 413,950 | 125,223 | 539,173 | 404,500 | 136,410 | 540,910 | 71,585 | 20,566 | 92,151 |
| Premium/Discount, Net | 26,893 | - | 26,893 | 48,198 | - | 48,198 | 7,458 | - | 7,458 |
| Total, as of June 30, 2024 | \$ 440,843 | \$ 125,223 | \$ 566,066 | \$ 452,698 | \$ 136,410 | \$ 589,108 | \$ 79,043 | \$ 20,566 | \$ 99,609 |

Continued

State of Ohio
Chapter 154 Lease Revenue Obligations
Schedule of Future Debt Service Funding Requirements
As of June 30, 2024
(Dollars in 000s) Continued

| Fiscal Year Ending June 30, | Transportation Facilities | | | Total Chapter 154 Bonds | | |
|-----------------------------------|---------------------------|------------------|-------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | \$ 14,040 | \$ 7,552 | \$ 21,592 | \$ 221,460 | \$ 85,318 | \$ 306,778 |
| 2026 | 14,740 | 6,850 | 21,590 | 167,825 | 76,284 | 244,109 |
| 2027 | 15,475 | 6,113 | 21,588 | 166,735 | 67,991 | 234,726 |
| 2028 | 16,250 | 5,339 | 21,589 | 168,780 | 59,725 | 228,505 |
| 2029 | 17,060 | 4,527 | 21,587 | 162,730 | 51,589 | 214,319 |
| 2030-2034 | 55,505 | 11,479 | 66,984 | 582,170 | 154,176 | 736,346 |
| 2035-2039 | 17,970 | 2,301 | 20,271 | 337,915 | 54,208 | 392,123 |
| 2040-2042 | - | - | - | 77,980 | 3,897 | 81,877 |
| | 151,040 | 44,161 | 195,201 | 1,885,595 | 553,188 | 2,438,783 |
| Premium/Discount, Net | 15,790 | - | 15,790 | 187,391 | - | 187,391 |
| Total, as of June 30, 2024 | \$ 166,830 | \$ 44,161 | \$ 210,991 | \$ 2,072,986 | \$ 553,188 | \$ 2,626,174 |

*The future interest payments for Adult Correctional Facilities, shown above, include interest on the Series 2016B, 2016C, 2019C, and 2021B variable rate bonds. The future interest payments for Parks and Recreation Facilities, shown above, include interest on the Series 2020B and 2022B variable rate bonds. The interest of these bonds are based on the effective interest rates as of June 30, 2024.

STATE OF OHIO
CHAPTER 154 LEASE REVENUE OBLIGATIONS
Schedule of Prior Years' Defeasances
As of and For the Year Ended June 30, 2024
(Dollars in 000s)

Prior Years' Defeasances

The Treasurer has defeased certain Chapter 154 Lease Revenue Obligations by placing the net 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 bonds refunded in fiscal years 2024 and prior, which are considered to be defeased and no longer outstanding as of June 30, 2024.

| <u>Refunded Issue</u> | <u>Principal Yet to be Paid as of June 30, 2024</u> | <u>Scheduled Redemption Date</u> |
|----------------------------|---|--|
| Administrative Facilities: | | |
| 2016A | \$ 4,180 | October 1, 2026 |
| 2017A | 5,410 | April 1, 2027 |
| 2017B | 2,390 | October 1, 2027 |
| 2019A | 5,720 | October 1, 2024 |
| Total | <u>\$ 17,700</u> | |

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

Treasurer of the State of Ohio
30 East Broad Street
Columbus, Ohio 43215

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the 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, and the Transportation Facilities lease revenue bonds governed by the Ohio Revised Code Chapter 154, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated September 17, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
September 17, 2024