

**LEASE REVENUE BONDS
GOVERNED BY OHIO REVISED CODE CHAPTER 154**

Financial Statements

For the Year Ended June 30, 2001

with

Independent Auditors' Report



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Treasurer, State of Ohio
The Members of the Ohio Public Facilities Commission
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Treasurer of State Lease Revenue Bonds, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Treasurer of State is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 8, 2001

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**LEASE REVENUE BONDS
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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Treasurer, State of Ohio and
The Members of the Ohio Public Facilities Commission
Columbus, Ohio

We have audited the accompanying financial statements of the Bond Service Funds, Administrative Service Funds and Long-Term Debt Account Group (collectively referred to hereafter as the Funds) of the Higher Education Capital Facilities, Mental Health Capital Facilities, and Parks and Recreation Capital Facilities Lease Revenue Bonds Governed by Ohio Revised Code Chapter 154 (the Obligations), as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Treasurer of State's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements of the Funds are intended to present the assets, liabilities, fund balances, operating revenues, expenditures and other financing sources of only that portion of the financial reporting entity of the State of Ohio that is attributable to the transactions of those listed funds. As described in Note A, the Funds' financial statements are presented in accordance with the debt source and accordingly show multiple debt service and special revenue funds, which is in accordance with a basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Funds of the State of Ohio, as of June 30, 2001, and the operating revenues, expenditures and other financing sources for the year then ended on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2001 on our consideration of the Funds' internal control over financial reporting and our test of its compliance with certain provisions of laws, regulation, contracts and grants. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Clark, Schaefer Hackett & Co.

Columbus, Ohio
September 12, 2001

**LEASE REVENUE BONDS
GOVERNED BY OHIO REVISED CODE CHAPTER 154**

Balance Sheet

June 30, 2001

	Higher Education Facilities			Mental Health Facilities			Parks and Recreation Facilities			Long-Term Debt Account Group	2001 (Memorandum Only)
	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund			
Cash - Note B	\$ 14,197	217,361	15,346	75,239	3	47,185	-	-	-	369,331	
Investments - Note B	1,149,562	-	35,879	-	4,934	-	-	-	-	1,190,375	
Loans receivable	2,570,897	-	-	-	-	-	-	-	-	2,570,897	
Amount available in Bond Service Fund for general long-term obligations	-	-	-	-	-	-	-	-	3,790,818	3,790,818	
Amount to be provided for the retirement of general long-term obligations - Note F	-	-	-	-	-	-	-	-	2,109,239,182	2,109,239,182	
Total Assets	\$ 3,734,656	217,361	51,225	75,239	4,937	47,185	2,113,030,000	2,113,030,000	2,117,160,603	2,117,160,603	
Accrued liabilities - Note C	\$ -	81,990	-	-	-	3,155	-	-	-	85,145	
Bonds and notes payable - Note E	-	-	-	-	-	-	2,113,030,000	2,113,030,000	-	2,113,030,000	
Total Liabilities	-	81,990	-	-	-	3,155	2,113,030,000	2,113,030,000	2,113,115,145	2,113,115,145	
Fund balance:											
Reserved for debt service	3,734,656	-	51,225	-	4,937	-	-	-	-	3,790,818	
Unreserved/undesignated	-	135,371	-	75,239	-	44,030	-	-	-	254,640	
	<u>3,734,656</u>	<u>135,371</u>	<u>51,225</u>	<u>75,239</u>	<u>4,937</u>	<u>44,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,045,458</u>	
Total Liabilities and Fund Balances	\$ 3,734,656	217,361	51,225	75,239	4,937	47,185	2,113,030,000	2,113,030,000	2,117,160,603	2,117,160,603	

See accompanying notes to financial statements.

**LEASE REVENUE BONDS
GOVERNED BY OHIO REVISED CODE CHAPTER 154**

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2001

	Higher Education Facilities			Mental Health Facilities			Parks and Recreation Facilities			Total
	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	2001 (Memorandum Only)	
Operating revenues -										
Earnings on investments	\$ 68,982	-	21,132	-	-	30,812	-	-	120,926	
Expenditures:										
Higher education	-	484,502	-	-	-	-	-	-	484,502	
Mental health	-	-	-	109,424	-	-	-	-	109,424	
Parks and recreation	-	-	-	-	-	105,443	-	-	105,443	
Debt service	329,966,222	-	55,771,171	-	-	12,629,758	-	-	398,367,151	
Other expenses	63,930	-	10,830	-	-	-	-	-	74,760	
	<u>330,030,152</u>	<u>484,502</u>	<u>55,782,001</u>	<u>109,424</u>	<u>12,629,758</u>	<u>105,443</u>	<u>105,443</u>	<u>399,141,280</u>		
Deficiency of revenues under expenditures	(329,961,170)	(484,502)	(55,760,869)	(109,424)	(12,598,946)	(105,443)	(105,443)	(399,020,354)		
Other financing sources:										
Proceeds from bond sale	-	-	-	-	-	39,216	66,000	105,216		
Proceeds of refunding bonds - Note E	424,087,972	410,993	59,227,221	62,025	20,975,104	23,231	504,786,546			
Payment to refunded bond escrow agents - Note E	(420,264,009)	-	(58,708,669)	-	(20,777,593)	-	(499,750,271)			
Operating transfers - Note F	324,019,955	-	55,130,680	-	11,843,863	-	390,994,498			
Total other financing sources	<u>327,843,918</u>	<u>410,993</u>	<u>55,649,232</u>	<u>62,025</u>	<u>12,080,590</u>	<u>89,231</u>	<u>396,135,989</u>			
Deficiency of revenues and other financing sources under expenditures	(2,117,252)	(73,509)	(111,637)	(47,399)	(518,356)	(16,212)	(2,884,365)			
Fund balances - beginning of year	5,851,908	208,880	162,862	122,638	523,293	60,242	6,929,823			
Fund balances - end of year	\$ <u>3,734,656</u>	<u>135,371</u>	<u>51,225</u>	<u>75,239</u>	<u>4,937</u>	<u>44,030</u>	<u>4,045,458</u>			

See accompanying notes to financial statements.

LEASE REVENUE BONDS GOVERNED BY OHIO REVISED CODE CHAPTER 154
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

In 1969, the General Assembly of the State of Ohio (the General Assembly) enacted Chapter 154 of the Ohio Revised Code pursuant to the power granted to the General Assembly by Section 2i of Article VIII of the Ohio Constitution to authorize for certain stated purposes, 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 (the 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 institutions of higher education, (b) mental hygiene and retardation, and (c) parks and recreation (the Obligations). By Section 154.23 of the Revised Code, enacted in 1980, the Commission was also authorized to issue obligations to pay costs of capital facilities for 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 of the Revised Code was repealed. The General Assembly enacted Am. Sub. H.B. 640, effective September 14, 2000, which reassigned to the Treasurer of the State of Ohio (the Treasurer) the issuing authority and functions of the Commission with respect to the Obligations. The Treasurer succeeded the Commission as issuer with all responsibilities and obligations under the bond proceedings relating to the previously issued Obligations. The Treasurer can issue Obligations only in such amounts as are previously authorized by the General Assembly and the proceeds are 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 Ohio Board of Regents for higher education facilities, the Department of Mental Health and the Department of Mental Retardation and Developmental Disabilities for mental health facilities, and the Department of Natural Resources for parks and recreation facilities. All such leases are "net" leases. Accordingly, only the Lease Revenue Bonds Governed by Ohio Revised Code Chapter 154 are included in these financial statements.

The Treasurer is a nontaxable entity; as such, no taxes have been accrued.

The total column shown on the financial statements is presented for analytical purposes only.

Basis of Presentation -- Fund Accounting

The accounts of the Treasurer relating to the Obligations are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures. A majority of the proceeds received from bond issuances (other than advance refunding bonds) are received by the Treasurer's bond improvement fund, which is not included in these financial statements. Treasurer uses only the following funds and groups of accounts for these financial statements.

Governmental Fund Types:

Debt Service - These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

Bond Service - The Bond Service Funds are debt service funds that account for the accumulation of resources for the payment of general long-term debt, principal and interest.

Special Revenue - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Administrative Service - The Administrative Service Funds are special revenue funds that account for the payment of expenses, including issuance expenses, from moneys provided pursuant to the lease agreements and supplements.

Account Groups:

General Long-Term Debt - The General Long-Term Debt Account Group accounts for the Treasurer's outstanding Obligations.

Basis of Accounting

The accounting records are maintained by the Treasurer on a June 30 fiscal year. The account balances and transactions are prepared on a modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount that is collectable within the current period or soon enough thereafter to be used pay liabilities of the current period. The Treasurer considers revenues as available if they are collected within 60 days after fiscal year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Bond Service Funds for payments to be made in the subsequent fiscal year. The financial statement presentation is in accordance with the debt source and accordingly shows multiple debt service and special revenue funds.

Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned "(memorandum only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgeting Process

With regard to the Obligations, the Treasurer is not required to follow a legal budget or to present a budgetary statement since the Obligations do not receive state appropriations.

NOTE B -- CASH AND INVESTMENTS

As of June 30, 2001, the carrying amounts of the Treasurer's deposits relating to the Obligations totaled \$369,331, the same as the banks' balances. Of these balances, \$237,771 was insured by the Federal Deposit Insurance Corporation and \$131,560 was covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with specific depository institutions (category 3 deposits).

Investments by the Treasurer relating to the Obligations are carried at amortized cost, which approximates market value. Such investments are restricted to obligations of the United States or of any agency or instrumentality thereof (and funds consisting exclusively of, and repurchase agreements secured by, those obligations), obligations guaranteed as to principal and interest by the United States, obligations of the State of Ohio or any political subdivision thereof, the State Treasury Asset Reserve of Ohio (STAR Ohio), and certificates of deposit of any national bank located in Ohio and certain other banks incorporated in Ohio and subject to inspection by the Superintendent of Financial Institutions. It is the Treasurer's policy to take delivery of all investments, which are then placed on deposit with trustees. Investment income is credited to the Fund from which the investment is made.

A summary of investments held at fiscal year end is as follows:

	<u>Book Value</u>	<u>Market Value</u>
Higher Education		
STAR Ohio	\$ 1,149,562	\$ 1,149,562
Mental Health		
STAR Ohio	35,879	35,879
Parks and Recreation		
STAR Ohio	4,934	4,934
TOTAL	<u>\$ 1,190,375</u>	<u>\$ 1,190,375</u>

Of the investment balance at June 30, 2001 \$1,190,375 represents non-categorized investments.

NOTE C – ACCRUED LIABILITIES

These amounts represent accrued fees due to trustees as of June 30, 2001.

NOTE D – CHANGES IN GENERAL LONG-TERM DEBT ACCOUNT GROUP

During the fiscal year ended June 30, 2001, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Bonds and notes payable	\$ 2,383,535,000	497,400,000	767,905,000	2,113,030,000

NOTE E -- BONDS AND NOTES

The General Assembly has authorized issuance of the following amounts of special obligation bonds and bond anticipation notes for capital facilities:

	Higher Education Lease Rental	Mental Health	Parks and Recreation
108th General Assembly	\$265,000,000	\$152,000,000	\$20,000,000
109th General Assembly	165,000,000	-0-	-0-
110th General Assembly	64,400,000	40,000,000	-0-
111th General Assembly	254,118,000	185,715,000	-0-
112th General Assembly	217,220,000	211,035,000	24,250,000
113th General Assembly	-0-	694,500	-0-
114th General Assembly	608,578,087	71,356,980	35,900,000
115th General Assembly	303,788,913	32,550,520	-0-
116th General Assembly	413,260,000	84,893,000	2,500,000
117th General Assembly	402,000,000	48,300,000	38,000,000
118th General Assembly	568,795,000	88,655,000	7,000,000
119th General Assembly	428,940,000	79,900,000	38,450,000
120th General Assembly	679,200,000	77,500,000	30,000,000
121st General Assembly	559,000,000	68,400,000	22,700,000
122nd General Assembly	555,600,000	64,000,000	31,200,000
123rd General Assembly	<u>(667,310,000)(a)</u>	<u>76,000,000</u>	<u>41,000,000</u>
TOTAL	\$4,817,590,000	\$1,281,000,000	\$291,000,000

- (a) Reflects the transfer of subsequent issuing authority from special obligations (lease-rental) to general obligations for higher education capital facilities.

Of such authorized amounts, there has been issued:

		Amount of Obligations Issued	Bond Date	Final Maturity Date	Average Effective Interest Rate	Amount of Obligations Outstanding at June 30, 2001(d)
Higher Education						
Lease-Rental Bonds:						
Series	1970A	\$40,000,000	8-1-70	6-1-92	6.167%	\$ -0-
Series	1971A	50,000,000	5-1-71	5-1-94	5.095	-0-
Series	1972A	60,000,000	3-1-72	12-1-94	4.973	-0-
Series	1972B	75,000,000	8-1-72	11-1-93	5.274	-0-
Series	1973A	40,000,000	6-1-73	12-1-93	5.079	-0-
Series	1974A	45,000,000	4-1-74	11-1-96	5.560	-0-
Series	1974B	40,000,000	12-1-74	12-1-96	6.297	-0-
Series	1975A	30,000,000	6-1-75	6-1-90	6.527	-0-
Series	1976A	100,000,000	3-1-76	5-1-93	6.898	-0-
Series	1976B	70,000,000	10-1-76	11-1-96	5.882	-0-
Series	1977A	50,000,000	9-1-77	12-1-95	5.151	-0-
Series	1978A	60,000,000	3-1-78	12-1-95	5.305	-0-
Series	1978B	100,000,000	8-1-78	5-1-94	6.135	-0-
Series	1979A	65,000,000	6-1-79	6-1-94	5.922	-0-
Series	1980A	85,000,000	8-1-80	5-1-91	9.089	-0-
Series	1981A	45,000,000	3-1-81	6-1-92	10.017	-0-
Series	1982A	75,000,000	7-1-82	6-1-92	13.112	-0-
Series	1983A	90,000,000	4-1-83	6-1-93	9.001	-0-
Series	1984A	90,000,000	1-1-84	12-1-94	8.730	-0-
Series	1984B	115,000,000	9-1-84	11-1-95	9.714	-0-
Series	1985A	110,000,000	6-1-85	6-1-96	8.219	-0-
Series	1986A	110,000,000	2-1-86	11-1-96	8.151	-0-
Series	1986B	120,000,000	8-1-86	5-1-97	7.113	-0-
Series	1987A	120,000,000	4-1-87	5-1-97	6.427	-0-
Series	1987B	130,000,000	7-1-87	6-1-97	7.149	-0-
Series	1988A	120,000,000	1-1-88	11-1-97	6.986	-0-
Series	1988B	115,000,000	9-1-88	6-1-97	7.143	-0-
Series	1989A	115,000,000	4-1-89	5-1-97	7.410	-0-
Series	1989B	115,000,000	12-1-89	12-1-97	6.705	-0-
Series	II-1990A	115,000,000	8-1-90	5-1-98	6.864	-0-
Series	II-1991A	115,000,000	4-1-91	5-1-98	6.449	-0-
Series	II-1991B	115,000,000	10-1-91	12-1-06	6.057	15,100,000
Series	II-1992A	251,855,000	2-1-92	12-1-07	5.649	14,900,000
Series	II-1992B	115,000,000	7-1-92	11-1-07	5.559	21,900,000
Series	II-1992C	136,110,000	10-1-92	12-1-07	5.431	18,700,000
Series	II-1993A	205,800,000	6-1-93	6-1-08	4.867	58,900,000
Series	II-1993B	120,000,000	12-1-93	12-1-08	4.854	21,700,000
Series	II-1994A	253,000,000	3-1-94	12-1-08	4.484	90,600,000
Series	II-1994B	120,000,000	11-1-94	11-1-09	5.982	28,500,000
Series	II-1995A	166,400,000	4-1-95	5-1-10	5.396	53,900,000
Series	II-1995B	140,000,000	10-1-95	11-1-10	5.121	41,100,000
Series	II-1996A	150,000,000	2-1-96	11-1-10	5.627	100,600,000
Series	II-1996B	150,000,000	10-1-96	11-1-11	5.143	54,800,000

	Amount of Obligations Issued	Bond Date	Final Maturity Date	Average Effective Interest Rate	Amount of Obligations Outstanding at June 30, 2001(d)
Higher Education (continued)					
Series II-1997A	282,300,000	4-1-97	5-1-12	5.066	139,400,000
Series II-1997B	236,500,000	10-1-97	11-1-12	4.746	158,900,000
Series II-1998A	254,200,000	3-1-98	12-1-12	4.522	183,000,000
Series II-1998B	150,000,000	7-1-98	6-1-13	4.693	122,400,000
Series II-1998C	150,000,000	12-1-98	6-1-13	4.414	127,400,000
Series II-1999A	100,000,000	8-1-99	11-1-13	4.853	85,900,000
Series II-2001A	<u>394,495,000</u>	4-1-01	12-1-11	4.251	<u>394,495,000</u>
TOTAL	<u>\$4,817,590,000(a)</u>				<u>\$1,732,395,000(d)</u>
Mental Health					
Series 1970A	\$ 25,000,000	8-1-70	12-1-92	6.201%	\$ -0-
Series 1971A	50,000,000	8-1-71	6-1-91	6.056	-0-
Series 1975A	50,000,000	4-1-75	12-1-93	6.853	-0-
Series 1976A	45,000,000	4-1-76	12-1-93	6.360	-0-
Series 1976B	50,000,000	12-1-76	12-1-93	6.023	-0-
Series 1977A	50,000,000	12-1-77	12-1-96	5.231	-0-
Series 1978A	40,000,000	12-1-78	12-1-93	6.107	-0-
Series 1979A	65,000,000	9-1-79	12-1-93	6.546	-0-
Series 1980A	40,000,000	6-1-80	6-1-92	6.938	-0-
Series 1982A	185,000,000	10-1-82	12-1-93	11.282	-0-
Series 1984A	50,000,000	12-1-84	12-1-95	9.521	-0-
Series 1987A	95,900,000	7-1-87	12-1-97	7.003	-0-
Series 1988A	40,000,000	9-1-88	6-1-98	7.258	-0-
Series 1989A	40,000,000	11-1-89	12-1-97	6.857	-0-
Series II-1991A	40,000,000	4-1-91	12-1-05	6.435	-0-
Series II-1992A	62,230,000	2-1-92	12-1-06	5.856	6,000,000
Series II-1993A	40,000,000	2-1-93	12-1-07	5.186	13,300,000
Series II-1993B	178,335,000	11-1-93	6-1-08	4.515	43,830,000
Series II-1994A	40,000,000	11-1-94	12-1-09	6.033	11,100,000
Series II-1996A	40,000,000	2-1-96	12-1-10	4.672	29,500,000
Series II-1996B	40,000,000	10-1-96	6-1-11	5.200	13,400,000
Series II-1997A	40,000,000	12-1-97	12-1-12	4.807	34,000,000
Series II-1998A	60,800,000	7-1-98	6-1-13	4.634	45,800,000
Series II-2000A	30,000,000	6-1-00	6-1-15	5.286	26,500,000
Series II-2001A	<u>56,970,000</u>	4-1-01	12-1-10	4.112	<u>56,970,000</u>
TOTAL	<u>\$1,147,085,000(b)</u>				<u>\$280,400,000(d)</u>
Parks and Recreation					
Series 1972A	\$ 6,000,000	6-1-72	6-1-94	5.042%	\$ -0-
Series 1978A	38,000,000	6-1-78	12-1-95	5.856	-0-
Series 1982A	20,000,000	12-1-82	12-1-92	10.061	-0-
Series 1986A	16,150,000	5-1-86	12-1-97	6.783	-0-
Series 1989A	36,000,000	6-1-89	12-1-97	6.658	-0-
Series II-1992A	16,500,000	10-1-92	12-1-07	5.325	1,800,000
Series II-1993A	20,000,000	3-1-93	12-1-07	4.739	11,700,000
Series II-1994A	20,000,000	9-1-94	6-1-09	5.414	4,200,000
Series II-1995A	31,100,000	10-1-95	6-1-10	5.097	5,500,000
Series II-1997A	26,000,000	12-1-97	12-1-12	4.649	11,800,000
Series II-2000A	20,000,000	2-1-00	12-1-14	5.472	19,300,000

	Amount of Obligations Issued	Bond Date	Final Maturity Date	Average Effective Interest Rate	Amount of Obligations Outstanding at June 30, 2001(d)
Parks and Recreation (continued)					
Series II-2001A	25,000,000	2-1-01	12-1-15	4.576	25,000,000
Series II-2001B	<u>20,395,000</u>	4-1-01	12-1-09	4.019	<u>20,395,000</u>
TOTAL	<u>\$239,900,000(c)</u>				<u>\$100,235,000(d)</u>

- (a) Does not include \$130,000,000 Series 1987B, \$137,405,000 Series II-1992A, \$51,110,000 Series II-1992C and \$84,520,000 Series II-1993A, \$132,150,000 Series II-1994A, \$26,635,000 Series II-1995A, \$132,415,000 Series II-1997A, \$86,500,000 Series II-1997B, \$107,840,000 Series II-1998A and \$394,495,000 Series II-2001A, all advance refunding Bonds.
- (b) Includes \$3,000,000 of bond anticipation notes retired from rental payments. Does not include \$71,700,000 Series 1987A, \$22,290,000 Series II-1992A, 137,940,000 Series II-1993B, \$21,250,000 Series II-1998A and \$56,970,000 Series II-2001A, all advance refunding Bonds.
- (c) Includes 500,000 of bond anticipation notes retired from rental payments. Does not include \$8,400,000 Series II-1992A, \$11,100,000 Series II-1995A, \$15,850,000 Series II-1997A and \$20,935,000 Series II-2001B, all advance refunding bonds.
- (d) The total does not include Bonds that were advance refunded. Total does include advance refunding Bonds issued.

The Obligations outstanding at June 30, 2001 are in the form of fully registered bonds which mature in various amounts and at various dates and bear interest payable semi-annually at various interest rates. The Bonds maturing after specified dates are subject to redemption prior to maturity, in whole or in part, in inverse order of maturity. The redemption price varies from 102% to 100% dependent upon the terms of the particular series of the Bonds and the redemption date.

In conformity with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, the Treasurer must disclose certain facts in the State's annual financial report on advance refundings of debt.

On April 18, 2001, the Treasurer issued \$472,400,000 in special obligation bonds to advance refund \$471,800,000 of outstanding bonds. From the net proceeds of \$504,786,546, \$499,750,271 was deposited into escrow accounts to provide for all future debt service payments on the advance refunded bonds.

The Treasurer advance refunded these bonds to reduce its total debt service payments by \$12,185,082 and to obtain an economic gain of \$14,511,182.

For advance refunded bonds, the trustee is provided funds which are put into escrow accounts to provide for all future debt service payments on the refunded bonds. Upon such a refunding, the Treasurer is no longer responsible itself for making any future payments of principal and interest on those refunded bonds. Accordingly, the trust accounts' assets and the liabilities for the advance refunded bonds are not included in the Treasurer's financial statements. As of June 30, 2001, the following refunded bonds were yet to come due and were still payable by the trustee from escrowed funds:

Refunded Issue	Principal Yet to Be Paid As of June 30, 2001	Date Bonds will be Redeemed
Higher Education, Series II-1991B	\$37,100,000	Dec. 1, 2001
Higher Education, Series II-1992A	\$39,800,000	Dec. 1, 2001
Higher Education, Series II-1992B	\$37,100,000	Nov. 1, 2002
Higher Education, Series II-1992C	\$30,200,000	Dec. 1, 2002
Higher Education, Series II-1993B	\$42,800,000	Dec. 1, 2003
Higher Education, Series II-1994B	\$46,300,000	Nov. 1, 2004
Higher Education, Series II-1995A	\$54,100,000	May 1, 2005
Higher Education, Series II-1995B	\$53,000,000	Nov. 1, 2005
Higher Education, Series II-1996B	\$56,400,000	Nov. 1, 2006
(a) Mental Health, Series II-1991A	\$21,000,000	Dec. 1, 2001
Mental Health, Series II-1992A	\$14,400,000	Dec. 1, 2001
Mental Health, Series II-1993A	\$8,400,000	Dec. 1, 2002
Mental Health, Series II-1994A	\$16,400,000	Dec. 1, 2004
Mental Health, Series II-1996B	\$16,100,000	Jun. 1, 2006

Refunded Issue	Principal Yet to Be Paid As of June 30, 2001	Date Bonds will Be Redeemed
(continued)		
Parks & Recreation Series II-1992A	\$2,800,000	Dec. 1, 2002
Parks & Recreation Series II-1994A	\$8,500,000	Jun. 1, 2004
Parks & Recreation Series II-1995A	<u>\$8,400,000</u>	Jun. 1, 2005
Total:	\$446,500,000	

(a) this series was advance refunded during the year ended June 30, 1999.

The aggregate payments of interest and principal for bonds outstanding as of June 30, 2001 are as follows:

Year Ending June 30	Higher Education		Mental Health		Parks and Recreation	
	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$214,700,000	\$80,346,800	\$33,285,000	\$12,980,228	\$10,575,000	\$4,769,701
2003	198,600,000	70,273,863	34,835,000	11,381,865	7,880,000	3,993,632
2004	190,570,000	60,809,400	34,160,000	9,723,660	8,330,000	3,624,581
2005	164,415,000	52,374,862	26,620,000	8,112,120	8,810,000	3,206,030
2006	156,005,000	44,315,381	27,165,000	6,805,513	9,165,000	2,787,028
Thereafter	<u>808,105,000</u>	<u>121,054,306</u>	<u>124,335,000</u>	<u>18,522,762</u>	<u>55,475,000</u>	<u>10,654,817</u>
Total	<u>\$1,732,395,000</u>	<u>\$429,174,612</u>	<u>\$280,400,000</u>	<u>\$67,526,148</u>	<u>\$100,235,000</u>	<u>\$29,035,789</u>

NOTE F -- RENTAL PAYMENTS AND BOND SERVICE FUNDS

The primary sources of payments, as contemplated under the respective bond and note proceedings, for meeting bond interest and principal requirements and establishing and maintaining any funded "required reserve" and meeting any note interest and principal (partial) requirements, are rentals paid to the Treasurer by the Board of Regents, the Department of Mental Health and the Department of Mental Retardation and Developmental Disabilities, and the Department of Natural Resources, from moneys appropriated for such purposes by the General Assembly. The respective obligations of the Board of Regents, the Department of Mental Health and the Department of Mental Retardation and Developmental Disabilities, and the Department of Natural Resources, to make such rental payments pursuant to the respective leases 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 2000-01 biennium, the 123rd General Assembly appropriated, from the General Revenue Fund, the amounts necessary to meet the payments required under such leases, not exceeding \$698,292,000 for higher education facilities, \$117,200,000 for mental health facilities and \$28,410,000 for parks and recreation facilities. Of these appropriated amounts, there have been paid to the Treasurer in Fiscal Year 2001 \$324,547,665 with respect to higher education, \$55,130,680 with respect to mental health facilities and \$11,843,863 with respect to parks and recreational facilities. Such amounts were paid into the Treasurer's respective Bond Service Funds which are established to receive rental and other payments and to make payments of bond service charges (principal and interest). Also, in Fiscal Year 2001, loans in the amount of \$587,405 were disbursed in the Higher Education Bond Service Fund.

There were additional funds available to support rental payments required under the respective bond proceedings in the amount of \$5,418,557 for higher education capital facilities bonds, \$640,492 for mental health capital facilities bonds, and \$805,895 for parks and recreation capital facilities bonds. These unappropriated funds are comprised of interest earnings, accrued interest and original issue premium on Fiscal Year 2001 bond sales, and, in the case of higher education, loan repayments to the Board of Regents.

The respective Bond Service Accounts under the Trust Agreements for the Mental Health Capital Facilities Bonds, Higher Education Capital Facilities Bonds, and the Parks and Recreation Capital Facilities Bonds, are restricted to payments of principal of and interest on the Bonds issued and outstanding under those respective Trust Agreements. There are no funded debt service reserve funds on any of the outstanding Bonds of the Commission. A single series, the Higher Education Capital Facilities Bonds, Series II-1991B, has a debt service reserve in the form of a financial guaranty bond.

The amount shown as "operating transfers" includes \$1,115,150, which was previously shown as receivable from another State of Ohio agency (the Board of Regents). Since collection of the amount could not be made without legislative action, management determined the amount will not be collected.

NOTE G -- RELATIONSHIP WITH THE STATE OF OHIO

The Treasurer of the State of Ohio is part of the reporting entity of the State of Ohio. The financial statements presented are also included in the comprehensive annual financial report of the State of Ohio.

NOTE H -- SUBSEQUENT EVENT

On July 25, 2001, the Treasurer sold \$30,000,000 of Mental Health Capital Facilities Bonds, Series II-2001B by private sale to SBK Brooks Investment Corp. at a true interest cost of 4.54%.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**Independent Auditors' Report on Compliance
and on Internal Control over Financial Reporting Based on an Audit
of Financial Statements Performed in Accordance with Government Auditing Standards**

Treasurer, State of Ohio and
The Members of the Ohio Public Facilities Commission
Columbus, Ohio

We have audited the financial statements of the Lease Revenue Bonds Governed By Ohio Revised Code Chapter 154 (the Obligations) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Controls over Financial Reporting

In planning and performing our audit, we considered the Obligations' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weaknesses is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Treasurer of the State, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
September 12, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TREASURER OF STATE LEASE REVENUE BONDS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 15, 2001**