# *Ohio Building Authority*

*Financial Statements for the Year Ended June 30, 2008 and Independent Auditors' Report*

Mary Taylor, CPA
Auditor of State

Members of the Authority
Ohio Building Authority
30 East Broad Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Ohio Building Authority, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2007 through June 30, 2008. 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 Ohio Building Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 28, 2008

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# OHIO BUILDING AUTHORITY

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Ohio Building Authority and
The Honorable Mary Taylor, Auditor of the State of Ohio
Columbus, Ohio

We have audited the accompanying financial statements of the enterprise fund and the remaining fund information of the Ohio Building Authority, (the "Authority") a component unit of the State of Ohio, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these component unit 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 opinions.

As described in Note 1, the financial statements of the Ohio Building Authority are intended to present the financial position and results of operations and cash flows of only that portion of the funds of the State of Ohio that is attributable to the transactions of the Ohio Building Authority.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the enterprise fund and the remaining fund information of the Ohio Building Authority as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3-5 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Projects on pages 26-32 are presented for the purposes of additional analysis and are not a required part of the component unit financial statements of the Authority. The supplementary information is the responsibility of the management of the Authority. The schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2008 on our consideration of the Ohio Building Authority's internal control over financial reporting and our test of its compliance and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC
September 29, 2008

# OHIO BUILDING AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## YEAR ENDED JUNE 30, 2008 (Dollars in thousands)

This section of the Ohio Building Authority's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial activities for the fiscal year ended June 30, 2008. The Authority is a component unit of the State of Ohio. Readers are encouraged to consider this information in conjunction with the accompanying financial statements and notes.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements consist of (1) the basic financial statements, (2) management's discussion of and analysis and (3) notes to the financial statements. Because the Authority is a component unit of the State of Ohio, all of the statements presented in this discussion focus on the portion of the funds of the State of Ohio that are attributed to the transactions of the Ohio Building Authority.

- The financial statements and the management's discussion and analysis provide both long-term and short-term information about the Authority's overall financial status.
- Management's discussion and analysis provides a narrative overview of the financial statements from management's perspective.
- The basic financial statements provide information about the Authority's overall financial status.
- The notes to the financial statements explain some of the information in the financial statements and provide more detailed data.

Please refer to Note 1 to the financial statements for a more complete discussion of the Authority's basis of presentation.

### Financial Information and Analysis

The following summarizes the Authority's financial positions for the fiscal year ended June 30, 2008 and 2007:

| | 2008 | 2007 |
|---|---|---|
| Assets: | | |
| Current Assets | $225,064 | $240,476 |
| Non-Current Assets | 1,458,454 | 1,582,969 |
| Total Assets | $1,683,518 | $1,823,445 |
| Liabilities: | | |
| Current Liabilities | $202,691 | $217,738 |
| Non-Current Liabilities | 1,458,451 | 1,582,941 |
| Total Liabilities | 1,661,142 | 1,800,679 |
| Total Net Assets—Restricted | $22,376 | $22,766 |

During the period ending June 30, 2008, net assets of the Authority decreased by $390 or 1.7%. The decrease in net assets is a result of the Authority's planned utilization of existing resources during the period ending June 30, 2008.

The following represents the Authority's summary of changes in net assets for the fiscal year ended June 30, 2008 and 2007:

| | 2008 | 2007 |
|---|---|---|
| Operating Revenues | $105,318 | $109,380 |
| Operating Expenses | 28,076 | 27,921 |
| Net Operating Gain | 77,242 | 81,459 |
| Non-Operating Expenses | (77,632) | (84,781) |
| Net Loss | (390) | (3,322) |
| Net Assets - Beginning of Year | 22,766 | 26,088 |
| Net Assets - End of year | $22,376 | $22,766 |

Operating revenues had a minimal decrease of $4,062 or 3.7% as budgeted. Operating expenses increased by $155 or 0.6% due to an increase in utilities, and other continuing inflationary cost, offset by a decrease in building cost related to tenant improvements.

## Capital Asset Activity

During the fiscal year ended June 30, 2008, the Authority disbursed a total of $373 in connection with renovations to the Bureau of Workers' Compensation's facility. Additionally, the Authority disbursed $943 for renovations to the Rhodes State Office Tower. Activities related to these projects are accounted for in an agency fund. Please refer to Note 1 to the financial statements for a more complete discussion of the basis of presentation for these projects.

## Long-term Debt Activity

During the fiscal year ended June 30, 2008, the Authority issued two series of bonds totaling $50,000. All of the bonds issued were new money bonds (2008A Administrative Building and 2008A Adult Correctional). During the fiscal year ended June 30, 2008, the Authority paid $182,160 of principal on bonds. Please refer to Note 5 to the financial statements for a more complete discussion of the Authority's long-term debt activity.

## Request for Information

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the Authority's finances and to show its accountability for the money it receives. If you have questions about this report or need additional information, contact Kevin T. Fenlon, Assistant Executive Director - Financial Affairs, Ohio Building Authority, 30 East Broad Street, Columbus, Ohio 43215

# OHIO BUILDING AUTHORITY

## STATEMENT OF NET ASSETS—ENTERPRISE FUND
## JUNE 30, 2008
## (Dollars in thousands)

### ASSETS

| | |
|---|---|
| CURRENT ASSETS: | |
| Cash—unrestricted | $ 434 |
| Investments—restricted | 27,305 |
| Receivables: | |
| Leases—current portion, net | 175,949 |
| Lease interest receivable | 20,045 |
| Interest | 25 |
| Due from other agency | 1 |
| Accounts receivable | 932 |
| Other assets | 351 |
| Cash—restricted | 22 |
| Total current assets | 225,064 |
| NON-CURRENT ASSETS: | |
| Leases receivable, net | 1,452,207 |
| Deferred debt issuance cost | 6,247 |
| Total assets | $ 1,683,518 |

### LIABILITIES

| | |
|---|---|
| CURRENT LIABILITIES: | |
| Accounts payable and accrued liabilities: | |
| Restricted | 6,133 |
| Unrestricted | 152 |
| Due to other agency | 115 |
| Bonds payable—current portion, net | 175,922 |
| Other liabilities | 324 |
| Accrued interest | 20,045 |
| Total current liabilities | 202,691 |
| NON-CURRENT LIABILITIES—Bonds payable, net | 1,458,451 |
| Total liabilities | 1,661,142 |
| TOTAL NET ASSETS—Restricted | $ 22,376 |

# OHIO BUILDING AUTHORITY

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS—ENTERPRISE FUND YEAR ENDED JUNE 30, 2008 (Dollars in thousands)

| | |
|---|---|
| OPERATING REVENUES: | |
| Rents | $ 26,125 |
| Lease interest | 77,364 |
| Other | 1,829 |
| Total operating revenues | 105,318 |
| OPERATING EXPENSES: | |
| Building maintenance and operations | 18,704 |
| Utilities | 5,180 |
| General administration | 2,849 |
| Other | 1,343 |
| Total operating expenses | 28,076 |
| OPERATING GAIN | 77,242 |
| NON-OPERATING REVENUES (EXPENSES): | |
| Earnings on investments | 1,058 |
| Interest expense and other | (78,690) |
| Total non-operating expenses | (77,632) |
| NET LOSS | (390) |
| NET ASSETS—Beginning of year | 22,766 |
| NET ASSETS—End of year | $ 22,376 |

See notes to financial statements.

## OHIO BUILDING AUTHORITY

### STATEMENT OF CASH FLOWS—ENTERPRISE FUND
### YEAR ENDED JUNE 30, 2008
### (Dollars in thousands)

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from customers: | |
| State operating rent | $ 21,738 |
| Local operating rent | 3,417 |
| Lease interest income receipts | 82,044 |
| Total cash received from customers | 107,199 |
| Cash received from quasi-external operating transactions with other funds | 1,373 |
| Cash payments to suppliers for goods and services | (28,114) |
| Cash payments to employees for services | (1,268) |
| Miscellaneous fees and commissions | 1,873 |
| Net cash flows provided by operating activities | 81,063 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Principal payments on bonds | (182,160) |
| Interest paid | (82,978) |
| Principal receipts on capital leases | 179,798 |
| Net cash flows used in capital and related financing activities | (85,340) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from sales and maturities of investments | 307,649 |
| Purchase of investments | (304,514) |
| Investment income received | 1,151 |
| Net cash flows provided by investing activities | 4,286 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 9 |
| RESTRICTED AND UNRESTRICTED—Beginning of year | 447 |
| RESTRICTED AND UNRESTRICTED—End of year | $ 456 |
| OPERATING GAIN | $ 77,242 |
| ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | |
| Amortization of lease discount / premium | 3,271 |
| Changes in assets and liabilities: | |
| Decrease in lease interest receivable | 1,327 |
| Decrease in account receivable—other | 11 |
| Decrease in other assets | 21 |
| Decrease in accounts payable and other liabilities | (809) |
| NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | $ 81,063 |

See notes to financial statements.

# OHIO BUILDING AUTHORITY

## STATEMENT OF NET ASSETS—AGENCY FUND
## JUNE 30, 2008
## (Dollars in thousands)

### ASSETS

| | | |
|---|---|---|
| INVESTMENTS | $ | 1,216 |
| Other assets: | | |
| Interest receivable | | 1 |
| Due from other agency | | 115 |
| Other receivable | | 138 |
| Prepaid expenses | | 22 |
| TOTAL ASSETS | | 1,492 |

### LIABILITIES

| | | |
|---|---|---|
| Accounts payable | | 442 |
| Due to other agency | | 1 |
| Payable on behalf of the Agency | | 1,049 |
| Total liabilities | | 1,492 |
| NET ASSETS | $ | - |

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Organization***—The Ohio Building Authority (the "Authority"), as created under the Ohio Revised Code, consists of five individuals appointed by the Governor with the advice and consent of the Senate. The Authority is an entity, both corporate and politic, of the State of Ohio (the "State").

The powers and duties of the Authority are assigned to it by Chapter 152 of the Ohio Revised Code. These powers and duties include the authorization to acquire, purchase, construct, reconstruct, equip, furnish, improve, alter, enlarge, maintain, repair and operate office buildings and related storage and parking facilities for use by departments and agencies of the State of Ohio (and local and federal agencies in certain circumstances) on one or more sites within the State and to issue revenue obligations or other obligations to finance the cost of its projects. In addition, the Authority has been given the power to finance the construction of new, and improvements to, existing arts, sports, correctional, highway safety and transportation facilities. The holders or owners of its obligations are not given the right to require the General Assembly to levy excises or taxes for the payment of debt service on such obligations.

The Authority is a component unit of the State (the primary government) which uses funds to report on its combined financial position and results of its operations.

In October 1993, the Authority issued $214,255,000 of bonds at rates from 3.3% to 5.1%, with payments due through 2014 on behalf of the Bureau of Workers' Compensation ("BWC"). In May 2003, the Authority issued $142,500,000 of refunding bonds at rates from 2.0% to 5.0% to completely refund the bonds issued in 1993. The Authority will retain title to BWC's facility until the debt is repaid. Since BWC is a proprietary component unit of the State of Ohio, its financial statements report the asset and debt financed through the Authority. Accordingly, the Authority's Enterprise Fund does not include BWC's facility, leases receivable or long-term obligations issued by the Authority. The Authority's financial statements include an Agency Fund to report construction and certain general administrative costs, respectively, related to BWC. At June 30, 2008, $94,805,000 BWC bonds were outstanding.

***Basis of Presentation***—The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* issued June 1999. GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis– for State and Local Governments: Omnibus,* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Significant components of Statement No. 34 include the following:

- A Management's Discussion and Analysis ("MD&A") section providing an analysis of the Authority's overall financial position and results of operations.

- Financial statements reported using the full-accrual basis of accounting for all of the Authority's activities. The Authority follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive look at the Authority's financial activities.

***Basis of Accounting***—The financial statements of the Authority have been prepared on the accrual basis whereby revenue is recognized when earned, and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met. The notes accompanying these financial statements relate directly to the Authority. The Authority applies all applicable GASB pronouncements and the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements; Financial Accounting Standards Board ("FASB") statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The Authority has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its enterprise funds.

Charges for services are reported as operating revenues. Transactions, which are capital, financing or investment related, are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses.

***Leases Receivable***—Leases receivable represent amounts due from the State for rent obligations, net of unearned income. No allowance for uncollectible amounts has been provided.

***Restricted Assets and Liabilities***—Proceeds from each of the projects that the Authority manages are restricted to use within that project by the bond trust agreements. All of the Authority's assets and liabilities, with exception of cash held for administrative purposes, are classified as restricted, and equate to expendable restricted net assets.

***Lease Revenue***—Lease payments are collected from the State to satisfy the rent obligations under all of the project leases. Lease transactions are accounted for as direct financing leases whereby the present value of the future lease payments are recorded as a lease receivable using the interest rate implicit in the lease. Lease revenue is recognized as a constant percentage return on asset-carrying values.

***Deferred Revenue***—Deferred revenue represents certain bond proceeds due to the State, but remitted to the Authority at the direction of the State.

***Long-Term Obligations***—Long-term liabilities are reported on the Authority's statement of net assets net of the applicable bond premiums and discounts, which are deferred and amortized over the life of the bonds using the effective interest method. Commercial paper notes are recorded at par at the time of issuance.

***Compensated Absences***—The Authority follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued for sick leave if it is probable that the employee will be compensated through a cash payment.

***Investments***—Investments are reported at fair value. Securities are valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or an industry standard pricing service. The calculation of realized gains is independent of the calculation of the net increase in fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in a given year may have been recognized as an increase or decrease in the fair value of investments reported in prior years. In fiscal year 2008 the Authority invested only in governmental money market type funds that are carried at a dollar per dollar value thus, resulting in no difference between cost and carrying value of investment amounts, other than interest earnings.

***Statement of Cash Flows***— For purposes of the statement of cash flows the Authority consider all cash deposits to be cash equivalents.

## 2. CASH AND INVESTMENTS

Deposits

*Custodial Credit Risk.* The risk that, in the event of a bank failure, the Authority's deposits may not be returned. The bank and financial statement balances of the Authority's cash with custodians at June 30, 2008 was $456 (in thousands). Of this amount $244 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures,* as of June 30, 2008, $212 of the Authority's bank balance was exposed to custodial risk and is considered uninsured, however, they are collateralized with investments held in pledged collateral pools by the various financial institutions. The Authority does not have a policy related to custodial credit risk for investments; however, all of the Authority's investments are book-entry securities held by a safekeeping agent and are, therefore, not exposed to custodial credit risk.

Investments

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy generally limits investment portfolio maturities to five years or less on individual investments. Each portfolio should have an average maturity not exceeding two years, based upon the cash flow requirements of each account. Portfolio investments should be balanced across maturities to achieve the appropriate average maturity for the portfolio.

At year-end, the Authority had the following investments and maturities (in thousands) as follows:

| | | Investment Maturities |
|---|---|---|
| Investment Type | Fair Value | 12 months or less |
| STAROhio | $ 36 | $ 36 |
| Governmental Money Markets | 28,485 | 28,485 |
| Total investments | $ 28,521 | $ 28,521 |

*Credit Risk*. The majority of the Authority's investments are governed by the Bond trust agreements authorizing the Authority to invest, in general, in (1) U.S. Treasury obligations; (2) U.S. agency obligations; (3) collateralized certificates of deposits and repurchase agreements; (4) obligations of any state or political subdivision of any state of the United States (provided such obligations carry one of the two highest ratings of a nationally recognized rating service, provided further that the interest on such obligations is excluded from gross income for federal tax purposes); and (5) in certain circumstances, any money market fund invested solely in obligations described in clauses (1) and (2) above. The Authority may and does also invests in STAROhio, an investment pool managed by the State Treasurer's office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940.

Investments in STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on June 30, 2008.

Management of STAROhio states that its policy also prohibits investing in derivatives and/or engaging in the use of reverse repurchase agreements. Average days to maturity of the STAROhio portfolio at June 30, 2008 was 36 days.

The Authority's investments in the various governmental money markets and STAROhio were all rated "AAAm" by Standard & Poors.

Of the investment balance at June 30, 2008, $27,305 represents restricted investments held in the Enterprise Fund and $1,216 restricted investments held in the Agency Fund.

## 3. LEASES RECEIVABLE

The Authority's leasing operations consist of leasing of facilities for use by the State of Ohio (or any of its agencies) and by the local governments, under direct financing arrangements expiring in various years through 2025.

Following is a summary of the components of the Authority's net investment in direct financing leases (in thousands), at June 30, 2008:

| | |
|---|---|
| Total minimum lease principal payments to be received | $ 1,598,585 |
| Add—deferred income | 28,236 |
| Add—deferred debt issuance cost - current | 1,335 |
| Net leases receivable | $ 1,628,156 |

Minimum lease payments (in thousands) to be received as of June 30, 2008 are as follows:

| | |
|---|---|
| 2009 | $ 248,361 |
| 2010 | 239,623 |
| 2011 | 219,704 |
| 2012 | 207,923 |
| 2013 | 180,456 |
| 2014-2018 | 667,404 |
| 2019-2023 | 279,598 |
| 2024-2025 | 36,033 |
| Total minimum payments | 2,079,102 |
| Interest for capital leases | (480,517) |
| Minimum lease principal payments | $ 1,598,585 |

## 4. RESTRICTED ASSETS

In general, the trust agreements related to the issuance of the bonds payable established various funds that are used for the deposit and disbursement of cash. Deposits are principally lease receipts, cost reimbursements, interest earnings, and miscellaneous income. Expenditures are principally for project costs, debt service payments, and operating expenses. Deposits to and disbursements from the funds are governed by the provisions of the trust agreements. The trust agreements also require the segregation of specific funds (pledged receipts) as security for the bonds.

Pledged receipts (in thousands) at June 30, 2008 by type of project were:

| | Pledged Receipts |
|---|---|
| Rhodes State Office Tower | $ 5,188 |
| Lausche State Office Building | 3,087 |
| DiSalle Government Center | 8,469 |
| Ocasek Government Office Building | 3,859 |
| Riffe Center for Government and the Arts | 6,007 |
| State Correctional Facilities | 30 |
| State Transportation Facilities | 9 |
| Administrative Building and Project | 6 |
| Juvenile Correctional Facilities | 8 |
| Bureau of Workers' Compensation | 1,174 |
| Highway Safety | 3 |
| Total | $ 27,840 |

## 5. BONDS AND NOTES PAYABLE

The Authority issues bonds and notes to finance the costs of capital facilities for State departments and agencies and, in some cases, related facilities for local governments. Bonds issued for State agencies are reflected in the financial statements as special obligation bonds and bonds issued for local government facilities are shown as revenue bonds.

The bonds represent limited obligations of the Authority and do not constitute general obligations of the Authority or general obligations or debts of the State or any of the institutions of higher education within the meaning of any constitutional or statutory limitation. The Authority has no taxing power. The bonds are payable from lease revenue to be paid by the State pursuant to the provision of the leases and certain other funds and revenue provided for in the bond resolution.

Special obligation bonds are collateralized by pledges of lease rental payments from biennial General Fund, Highway Operating Fund, and BWC Administrative Cost Fund appropriations, funds held by trustees pursuant to related trust agreements and other receipts. The leases generally coincide with the State biennium, and are renewable for successive two-year periods until the project bonds are retired.

Lease payments are based upon the estimated debt service and administrative costs. In addition, lease payments from the Department of Administrative Services include reimbursement for building operating costs. However, lease payments are limited to an amount appropriated by the Ohio General Assembly. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. Currently, appropriations are made on or before July 1 of each odd-numbered year. The appropriations for fiscal year 2008 were as follows (in thousands):

| | Rent | Operations |
|---|---|---|
| Ohio Department of Administrative Services—Office/Administrative Facilities | $ 112,295 | $ 26,457 |
| Ohio Department of Rehabilitation and Correction—Correctional Facilities | 107,607 | |
| Ohio Department of Transportation—Transportation Facilities | 10,555 | |
| Ohio Department of Natural Resources—Fountain Square Project | 1,095 | |
| Ohio Department of Youth Services—Juvenile Facilities | 24,208 | |
| Ohio Department of Public Safety—Highway Safety | 13,929 | |
| Bureau of Workers' Compensation | 20,437 | |
| Total | $ 290,126 | $ 26,457 |

Changes in long-term bonds were as follows (in thousands):

| | |
|---|---|
| Principal of bonds outstanding—June 30, 2007 | $ 1,730,745 |
| Debt issued on behalf of other agencies under legislation enacted by the Ohio General Assembly | 50,000 |
| Principal retired | (182,160) |
| Principal of bonds outstanding—June 30, 2008 | 1,598,585 |
| Unamortized bond premium and discounts, net | 71,336 |
| Deferred amounts on refundings | (35,548) |
| Total bonds outstanding | $ 1,634,373 |

| | |
|---|---|
| Bonds outstanding - due in one year | $ 175,922 |
| Bonds outstanding - due in more than one year | 1,458,451 |
| Total bonds outstanding - June 30, 2008 | $ 1,634,373 |

Bonds outstanding (in thousands) at June 30, 2008 are as follows:

| | Amount of Obligation Issued | Bond Issue Date | Final Maturity Date | Interest Rates | 2008 Balance |
|---|---|---|---|---|---|
| 1993A (State Correctional) | $ 69,970 | January 1, 1993 | October 1, 2008 | 6.00% | $ 2,715 |
| 1996A (State Correctional) | 69,540 | December 1, 1996 | October 1, 2009 | 5.25% | 13,615 |
| 1998A (Administrative Building) | 130,000 | January 15, 1998 | October 1, 2008 | 5.25% | 6,350 |
| 1998B (Administrative Building) | 19,545 | January 15, 1998 | October 1, 2010 | 5.25% | 4,785 |
| 1998A (DAS Data Center) | 15,605 | January 15, 1998 | October 1, 2010 | 5.25% | 3,830 |
| 1998A (Rhodes Tower) | 43,735 | September 15, 1998 | June 1, 2011 | 4.5%-5.25% | 12,615 |
| 1999A (Juvenile Correctional) | 50,000 | February 1, 1999 | October 1, 2009 | 4.0%-4.125% | 4,765 |
| 1999B (Juvenile Correctional) | 70,790 | February 1, 1999 | October 1, 2014 | 5.0%-5.25% | 45,835 |
| 1999A (Administrative Building) | 100,000 | May 15, 1999 | October 1, 2009 | 4.375%-4.5% | 9,420 |
| 1999B (Administrative Building) | 18,930 | May 15, 1999 | October 1, 2011 | 4.25%-5.25% | 8,895 |
| 1999A (Adult Correctional) | 150,000 | July 1, 1999 | October 1, 2009 | 4.9%-5.5% | 14,755 |
| 2000A (Adult Correctional) | 100,000 | June 1, 2000 | April 1, 2010 | 5.125%-5.75% | 13,800 |
| 2001A (Juvenile Correctional) | 39,000 | February 1, 2001 | April 1, 2011 | 5.50% | 7,985 |
| 2001A (Administrative Building) | 120,000 | April 1, 2001 | October 1, 2011 | 5.0%-5.25% | 40,725 |
| 2001A (Highway Safety) | 20,000 | April 1, 2001 | October 1, 2020 | 4.125%-5.5% | 14,860 |
| 2001A (Adult Correctional) | 249,850 | July 1, 2001 | October 1, 2014 | 5.50% | 143,780 |
| 2002A (Administrative Building) | 70,000 | April 10, 2002 | April 1, 2022 | 5.0%-5.5% | 55,820 |
| 2002A (State Transportation) | 13,060 | April 10, 2002 | September 1, 2009 | 4.00% | 2,985 |
| 2002B (Administrative Building) | 58,670 | June 25, 2002 | October 1, 2012 | 4.0%-5.25% | 44,570 |
| 2002A (Adult Correctional) | 50,000 | October 8, 2002 | April 1, 2022 | 5.00% | 39,940 |
| 2002B (Adult Correctional) | 90,560 | October 8, 2002 | April 1, 2017 | 5.0%-5.25% | 90,220 |
| 2003A (Juvenile Correctional) | 30,000 | March 14, 2003 | April 1, 2018 | 3.0%-5.0% | 21,635 |
| 2003A (Administrative Building) | 100,000 | July 22, 2003 | April 1, 2023 | 4.75%-5.0% | 85,690 |
| 2004A (Adult Correctional) | 57,400 | March 23, 2004 | April 1, 2024 | 2.0%-5.25% | 49,700 |
| 2004A (Highway Safety) | 10,400 | March 23, 2004 | April 1, 2019 | 2.0%-4.0% | 7,995 |
| 2004B (Highway Safety) | 41,695 | March 23, 2004 | October 1, 2011 | 5.00% | 32,200 |
| 2004A (Administrative Building) | 75,000 | May 11, 2004 | April 1, 2024 | 3.0%-5.0% | 64,515 |
| 2004A (DNR Fountain Square) | 3,910 | May 11, 2004 | October 1, 2008 | 5.00% | 1,045 |
| 2004A (Riffe Center) | 22,705 | May 11, 2004 | October 1, 2008 | 5.00% | 3,495 |
| 2004B (Adult Correctional) | 42,665 | May 11, 2004 | October 1, 2008 | 5.00% | 1,635 |
| 2004B (Administrative Building) | 130,750 | October 21, 2004 | October 1, 2018 | 3.125%-5.25% | 126,115 |
| 2004C (Adult Correctional) | 225,350 | October 21, 2004 | October 1, 2018 | 5.0%-5.25% | 215,070 |
| 2005A (Administrative Building) | 85,000 | March 30, 2005 | April 1, 2025 | 5.00% | 76,905 |
| 2005B (Administrative Building) | 29,150 | March 30, 2005 | October 1, 2011 | 5.00% | 29,150 |
| 2005A (Highway Safety) | 5,000 | March 30, 2005 | April 1, 2010 | 5.00% | 2,000 |
| 2005A (Adult Correctional) | 75,000 | June 1, 2005 | April 1, 2025 | 5.00% | 68,175 |
| 2005A (Juvenile Correctional) | 15,000 | October 6, 2005 | October 1, 2015 | 3.25%-4.0% | 12,395 |
| 2005B (Juvenile Correctional) | 27,445 | October 6, 2005 | October 1, 2018 | 4.0%-5.0% | 27,445 |
| 2005A (State Transportation) | 7,400 | October 6, 2005 | September 1, 2010 | 3.25%-3.5% | 5,415 |
| 2006A (Administrative Building) | 40,000 | October 3, 2006 | April 1, 2016 | 4.0%-5.0% | 30,705 |
| 2006B (Administrative Building) | 70,335 | October 3, 2006 | April 1, 2018 | 5.00% | 70,335 |
| 2007A (Juvenile Correctional) | 20,000 | May 2, 2007 | April 1, 2017 | 4.0%-5.0% | 18,290 |
| 2007B (Juvenile Correctional) | 16,410 | May 2, 2007 | April 1, 2016 | 5.0%-5.5% | 16,410 |
| 2008A (Administrative Building) | 25,000 | March 6, 2008 | April 1, 2023 | 3.5%-5.5% | 25,000 |
| 2008A (Adult Correctional) | 25,000 | March 6, 2008 | April 1, 2023 | 3.5%-5.25% | 25,000 |
| Total bonds principal outstanding | | | | | 1,598,585 |
| Unamortized bond discount | | | | | 71,336 |
| Deferred amounts on refundings | | | | | (35,548) |
| Total bonds outstanding | | | | | $ 1,634,373 |

Bonds maturing on or 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 101% to 100% dependent upon the terms of the particular series of the bonds and the date redeemed.

The maturities (in thousands) for all of the Authority's bonds and notes for the fiscal years ending June 30 are as follows:

| | Principal | Interest |
|---|---|---|
| 2009 | $ 171,390 | $ 76,971 |
| 2010 | 171,185 | 68,438 |
| 2011 | 159,880 | 59,824 |
| 2012 | 155,730 | 52,193 |
| 2013 | 135,355 | 45,101 |
| 2014-2018 | 530,760 | 136,644 |
| 2019-2023 | 240,525 | 39,073 |
| 2024-2025 | 33,760 | 2,273 |
| Unamortized bond premium and discounts, net | 71,336 | |
| Deferred amounts on refundings | (35,548) | |
| Total | $ 1,634,373 | $ 480,517 |

During the year ended June 30, 2008, the Authority issued $50,000,000 in bonds on behalf of other agencies, under legislation enacted by the Ohio General Assembly. All of the bonds issued were new money bonds (2008A Administrative Building and 2008A Adult Correctional). Bond proceeds from bond issues are generally sent directly to the State by the trustee.

The bond issues refunded in prior years and the remaining principal outstanding at June 30, 2008 are as follows (in thousands):

| Issue Refunded | Balance Outstanding |
|---|---|
| 1998A Administrative Building Fund Projects | $ 74,935 |
| 1999A Administrative Building Fund Projects | 56,765 |
| 1999A Adult Correctional Building Fund Projects | 90,560 |
| 2000A Adult Correctional Building Fund Projects | 41,995 |
| 1999A Juvenile Correctional Building Fund Projects | 27,825 |
| 2001A Administrative Building Fund Projects | 51,915 |
| 2001A Juvenile Correctional Building Fund Projects | 16,520 |
| Total | $ 360,515 |

Certain bonds defeased as of June 30, 2007, were called or retired during the year ended June 30, 2008:

| **Defeased Bonds Called** | **Amount Called** |
|---|---|
| 1998 A Adult Correctional | $ 62,390 |
| 1997 A Administrative Buildings | $ 29,565 |

**Defeased Bonds Retired**

None

## 6. SEGMENT INFORMATION

The Authority issued bonds to finance the construction of the five buildings to which it has title, as well as to finance capital construction for various Departments and Agencies of the State of Ohio. Investors in these bonds rely solely on revenues generated by individual activities for repayment. Summary financial at June 30, 2008 information for individual activities is presented below (dollars in thousands).

**CONDENSED STATEMENT OF NET ASSETS**

| | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transportation Facilities |
|---|---|---|---|---|---|---|---|
| ASSETS: | | | | | | | |
| Current assets | $ 10,926 | $ 3,158 | $ 9,289 | $ 4,050 | $ 9,680 | $ 81,095 | $ 3,460 |
| Other assets | 6,905 | | | | | 620,924 | 5,027 |
| Total assets | 17,831 | 3,158 | 9,289 | 4,050 | 9,680 | 702,019 | 8,487 |
| LIABILITIES: | | | | | | | |
| Current liabilities | 6,445 | 827 | 3,300 | 543 | 4,240 | 80,954 | 3,402 |
| Noncurrent liabilities | 6,906 | | | | | 620,924 | 5,023 |
| Total liabilities | 13,351 | 827 | 3,300 | 543 | 4,240 | 701,878 | 8,425 |
| Total net assets—(restricted) | $ 4,480 | $ 2,331 | $ 5,989 | $ 3,507 | $ 5,440 | $ 141 | $ 62 |

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Account | Total |
|---|---|---|---|---|---|---|---|
| ASSETS: | | | | | | | |
| Current assets | $ 1,529 | $ 1,059 | $ 69,099 | $ 19,569 | $ 11,738 | $ 412 | $ 225,064 |
| Other assets | 2,324 | | 637,422 | 139,419 | 46,433 | | 1,458,454 |
| Total assets | 3,853 | 1,059 | 706,521 | 158,988 | 58,171 | 412 | 1,683,518 |
| LIABILITIES: | | | | | | | |
| Current liabilities | 1,524 | 1,055 | 69,065 | 19,214 | 11,710 | 412 | 202,691 |
| Noncurrent liabilities | 2,324 | | 637,422 | 139,419 | 46,433 | | 1,458,451 |
| Total liabilities | 3,848 | 1,055 | 706,487 | 158,633 | 58,143 | 412 | 1,661,142 |
| Total net assets—(restricted) | $ 5 | $ 4 | $ 34 | $ 355 | $ 28 | $ - | $ 22,376 |

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

| | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transportation Facilities |
|---|---|---|---|---|---|---|---|
| Rents | $ 7,524 | $ 4,047 | $ 4,498 | $ 2,130 | $ 7,786 | $ | $ |
| Lease interest | 769 | (110) | (80) | (94) | 13 | 34,144 | 437 |
| Other | 677 | 172 | 289 | 237 | 454 | | |
| Operating expenses | (8,202) | (4,132) | (4,780) | (2,697) | (7,737) | (179) | (21) |
| Operating gain (loss) | 768 | (23) | (73) | (424) | 516 | 33,965 | 416 |
| Non-operating revenues (expenses): | | | | | | | |
| Earnings on investments | 165 | 75 | 303 | 101 | 155 | 64 | 14 |
| Interest expense and other | (1,027) | (36) | (55) | (19) | (264) | (34,274) | (490) |
| Change in net assets | (94) | 16 | 175 | (342) | 407 | (245) | (60) |
| Beginning net assets | 4,574 | 2,315 | 5,814 | 3,849 | 5,033 | 386 | 122 |
| Ending net assets | $ 4,480 | $ 2,331 | $ 5,989 | $ 3,507 | $ 5,440 | $ 141 | $ 62 |

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Account | Total |
|---|---|---|---|---|---|---|---|
| Rents | $ 10 | $ 5 | $ 125 | $ - | $ | $ - | $ 26,125 |
| Lease interest | 311 | 79 | 31,828 | 7,448 | 2,619 | | 77,364 |
| Other | | | | | | | 1,829 |
| Operating expenses | (18) | (14) | (193) | (87) | (16) | | (28,076) |
| Operating gain (loss) | 303 | 70 | 31,760 | 7,361 | 2,603 | | 77,242 |
| Non-operating revenues (expenses): | | | | | | | |
| Earnings on investments | 9 | 2 | 105 | 40 | 25 | | 1,058 |
| Interest expense and other | (320) | (81) | (31,971) | (7,488) | (2,665) | | (78,690) |
| Change in net assets | (8) | (9) | (106) | (87) | (37) | - | (390) |
| Beginning net assets | 13 | 13 | 140 | 442 | 65 | - | 22,766 |
| Ending net assets | $ 5 | $ 4 | $ 34 | $ 355 | $ 28 | $ - | $ 22,376 |

**CONDENSED STATEMENT OF CASH FLOWS**

| | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transportation Facilities |
|---|---|---|---|---|---|---|---|
| **Net cash flows provided by (used in):** | | | | | | | |
| Operating activities | $ 711 | $ 624 | $ (777) | $ (539) | $ 79 | $ 35,775 | $ 489 |
| Capital and related financing activities | (910) | (107) | (1,996) | (335) | (258) | (36,079) | (515) |
| Investing activities | 199 | (517) | 2,795 | 874 | 179 | 304 | 26 |
| Net increase (decrease) in cash and cash equivalents | - | - | 22 | - | - | - | - |
| Beginning cash and cash equivalents | | | | | | | |
| Ending cash and cash equivalents | $ - | $ - | $ 22 | $ - | $ - | $ - | $ - |

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Account | Total |
|---|---|---|---|---|---|---|---|
| Net cash flows provided by (used in): | | | | | | | |
| Operating activities | $ 324 | $ 55 | $ 33,834 | $ 7,595 | $ 2,906 | $ (13) | $ 81,063 |
| Capital and related financing activities | (339) | (65) | (34,043) | (7,725) | (2,968) | | (85,340) |
| Investing activities | 15 | 10 | 209 | 130 | 62 | | 4,286 |
| Net increase (decrease) in cash and cash equivalents | - | - | - | - | - | (13) | 9 |
| Beginning cash and cash equivalents | | | | | | 447 | 447 |
| Ending cash and cash equivalents | $ - | $ - | $ - | $ - | $ - | $ 434 | $ 456 |

## 7. DEFINED BENEFIT PENSION PLAN

Employees of the Authority participate in the Ohio Public Employees Retirement System of Ohio (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan-a cost sharing, multiple-employer defined benefit pension plan
2. The Member-Directed Plan-a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan-a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions to the OPERS Board.

OPERS issues a stand alone financial report, which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)-466-2085 or 1-800-222-PERS (7377).

Employee and employer contributions to PERS are established under the Ohio Revised Code and are based upon percentages of covered employee's gross salaries, with the contribution rate percentages being calculated annually by the Retirement Board's actuaries. At the end of fiscal year 2008 the employee and the employer contribution were 10.0% and 14.0% respectively, for all Authority employees. These rates changed effective January 1, 2008. At the end of fiscal year 2007 the employee and the employer contribution were 9.5% and 13.77% respectively, for all Authority employees. And at the end of fiscal year 2006 the employee and the employer contribution were 9.0% and 13.55% respectively, for all Authority employees. The Authority's required contributions to PERS for the years ended June 30, 2008, 2007, and 2006 were $194,464, $182,451, and $170,063, respectively. These contributions represent 100% of the required contributions for each year.

## 8. OTHER POSTEMPLOYMENT BENEFITS

*Plan Description* – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B Premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, state employers contributed 13.77 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions, which was allocated to fund post-employment health care, was 5.00 percent of covered payroll from July 1 through June 30, 2007, and 6.00 percent from July 1 to June 30, 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Authority's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2008 was approximately $70,610.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan, which was effective January 1, 2007. Members and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

The Authority has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* prospectively, and reports a zero net OPEB obligation as of June 30, 2008.

## 9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority purchases insurance coverage for these risks. In the past three years, there were no losses exceeding insurance coverage.

## 10. DUE TO/FROM OTHER AGENCY

Due To/Due From balance is primarily $115 due to the Agency fund from the Authority pending reimbursement for various costs from the State.

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# SUPPLEMENTAL SCHEDULES

## OHIO BUILDING AUTHORITY

**SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS**
**JUNE 30, 2008**
**(Dollars in thousands)**

| ASSETS | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transporation Facilities |
|---|---|---|---|---|---|---|---|
| CURRENT ASSETS: | | | | | | | |
| Cash—unrestricted | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Investments—restricted | 5,188 | 3,087 | 8,447 | 3,859 | 6,007 | 113 | 30 |
| Receivables: | | | | | | | |
| Leases—current portion | 5,579 | | | | 3,488 | 72,138 | 3,327 |
| Lease interest receivable | 53 | | | | 44 | 8,807 | 100 |
| Interest | 5 | 2 | 11 | 2 | 4 | | |
| Due from (to) other projects | (51) | 11 | 18 | 20 | 24 | 37 | 3 |
| Due from other agency | | | | | | | |
| Accounts receivable | 40 | | 733 | 141 | 18 | | |
| Other Assets | 112 | 58 | 58 | 28 | 95 | | |
| Cash—restricted | | | 22 | | | | |
| Total current assets | 10,926 | 3,158 | 9,289 | 4,050 | 9,680 | 81,095 | 3,460 |
| NONCURRENT ASSETS: | | | | | | | |
| Leases receivable | 6,896 | | | | | 618,461 | 5,019 |
| Deferred debt issuance and other expense | 9 | | | | | 2,463 | 8 |
| TOTAL ASSETS | 17,831 | 3,158 | 9,289 | 4,050 | 9,680 | 702,019 | 8,487 |
| **LIABILITIES:** | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | |
| Restricted | 699 | 827 | 3,300 | 543 | 708 | 9 | 1 |
| Unrestricted | | | | | | | |
| Due to other agency | 115 | | | | | | |
| Bonds payable—current portion | 5,578 | | | | 3,488 | 72,138 | 3,301 |
| Other liabilities | | | | | | | |
| Accrued interest | 53 | | | | 44 | 8,807 | 100 |
| Total current liabilities | 6,445 | 827 | 3,300 | 543 | 4,240 | 80,954 | 3,402 |
| NONCURRENT LIABILITIES—Bonds payable (net of unamortized premiums and discounts) | 6,906 | | | | | 620,924 | 5,023 |
| Total liabilities | 13,351 | 827 | 3,300 | 543 | 4,240 | 701,878 | 8,425 |
| TOTAL NET ASSETS - RESTRICTED | $ 4,480 | $ 2,331 | $ 5,989 | $ 3,507 | $ 5,440 | $ 141 | $ 62 |

(Continued)

**OHIO BUILDING AUTHORITY**

**SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS**
**JUNE 30, 2008**
**(Dollars in thousands)**

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Account | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash—unrestricted | $ - | $ - | $ - | $ - | $ - | $ 434 | $ 434 |
| Investments—restricted | 7 | 4 | 44 | 453 | 30 | 36 | 27,305 |
| Receivables: | | | | | | | |
| Leases—current portion | 1,473 | 1,041 | 60,604 | 17,263 | 11,036 | | 175,949 |
| Lease interest receivable | 50 | 13 | 8,455 | 1,850 | 673 | | 20,045 |
| Interest | | | | 1 | | | 25 |
| Due from (to) other projects | (1) | 1 | (4) | 2 | (1) | (59) | |
| Due from other agency | | | | | | 1 | 1 |
| Accounts receivable | | | | | | | 932 |
| Other Assets | | | | | | | 351 |
| Cash—restricted | | | | | | | 22 |
| Total current assets | 1,529 | 1,059 | 69,099 | 19,569 | 11,738 | 412 | 225,064 |
| NONCURRENT ASSETS: | | | | | | | |
| Leases receivable | 2,323 | | 634,265 | 138,960 | 46,283 | | 1,452,207 |
| Deferred debt issuance and other expense | 1 | | 3,157 | 459 | 150 | | 6,247 |
| TOTAL ASSETS | 3,853 | 1,059 | 706,521 | 158,988 | 58,171 | 412 | 1,683,518 |
| **LIABILITIES:** | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| Accounts payable and accrued liabilities: | | | | | | | |
| Restricted | 1 | 1 | 6 | 1 | 1 | 36 | 6,133 |
| Unrestricted | | | | | | 152 | 152 |
| Due to other agency | | | | | | | 115 |
| Bonds payable—current portion | 1,473 | 1,041 | 60,604 | 17,263 | 11,036 | | 175,922 |
| Other liabilities | | | | 100 | | 224 | 324 |
| Accrued interest | 50 | 13 | 8,455 | 1,850 | 673 | | 20,045 |
| Total current liabilities | 1,524 | 1,055 | 69,065 | 19,214 | 11,710 | 412 | 202,691 |
| NONCURRENT LIABILITIES—Bonds payable (net of unamortized premiums and discounts) | 2,324 | | 637,422 | 139,419 | 46,433 | | 1,458,451 |
| Total liabilities | 3,848 | 1,055 | 706,487 | 158,633 | 58,143 | 412 | 1,661,142 |
| TOTAL NET ASSETS - RESTRICTED | $ 5 | $ 4 | $ 34 | $ 355 | $ 28 | $ - | $ 22,376 |

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008
(Dollars in thousands)

| | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transportation Facilities |
|---|---|---|---|---|---|---|---|
| OPERATING REVENUES: | | | | | | | |
| Rents | $ 7,524 | $ 4,047 | $ 4,498 | $ 2,130 | $ 7,786 | $ | $ |
| Lease interest | 769 | (110) | (80) | (94) | 13 | 34,144 | 437 |
| Other | 677 | 172 | 289 | 237 | 454 | | |
| Total operating revenues | 8,970 | 4,109 | 4,707 | 2,273 | 8,253 | 34,144 | 437 |
| OPERATING EXPENSES: | | | | | | | |
| Building maintenance and operations | 5,344 | 2,914 | 3,362 | 2,131 | 4,953 | | |
| Utilities | 1,562 | 751 | 943 | 339 | 1,585 | | |
| General administration | 900 | 196 | 194 | 196 | 835 | 179 | 21 |
| Other | 396 | 271 | 281 | 31 | 364 | | |
| Total operating expenses | 8,202 | 4,132 | 4,780 | 2,697 | 7,737 | 179 | 21 |
| OPERATING GAIN (LOSS) | 768 | (23) | (73) | (424) | 516 | 33,965 | 416 |
| NONOPERATING REVENUES (EXPENSES): | | | | | | | |
| Earnings on investments | 165 | 75 | 303 | 101 | 155 | 64 | 14 |
| Interest expense and other | (1,027) | (36) | (55) | (19) | (264) | (34,274) | (490) |
| Total nonoperating expenses | (862) | 39 | 248 | 82 | (109) | (34,210) | (476) |
| NET GAIN (LOSS) | (94) | 16 | 175 | (342) | 407 | (245) | (60) |
| NET ASSETS—Beginning of year | 4,574 | 2,315 | 5,814 | 3,849 | 5,033 | 386 | 122 |
| NET ASSETS—End of year | $ 4,480 | $ 2,331 | $ 5,989 | $ 3,507 | $ 5,440 | $ 141 | $ 62 |

(Continued)

OHIO BUILDING AUTHORITY

**SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**
**YEAR ENDED JUNE 30, 2008**
**(Dollars in thousands)**

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Account | Total |
|---|---|---|---|---|---|---|---|
| OPERATING REVENUES: | | | | | | | |
| Rents | $ 10 | $ 5 | $ 125 | $ | $ | $ - | $ 26,125 |
| Lease interest | 311 | 79 | 31,828 | 7,448 | 2,619 | | 77,364 |
| Other | | | | | | | 1,829 |
| Total operating revenues | 321 | 84 | 31,953 | 7,448 | 2,619 | | 105,318 |
| OPERATING EXPENSES: | | | | | | | |
| Building maintenance and operations | | | | | | | 18,704 |
| Utilities | | | | | | | 5,180 |
| General administration | 18 | 14 | 193 | 87 | 16 | | 2,849 |
| Other | | | | | | | 1,343 |
| Total operating expenses | 18 | 14 | 193 | 87 | 16 | | 28,076 |
| OPERATING GAIN (LOSS) | 303 | 70 | 31,760 | 7,361 | 2,603 | - | 77,242 |
| NONOPERATING REVENUES (EXPENSES): | | | | | | | |
| Earnings on investments | 9 | 2 | 105 | 40 | 25 | | 1,058 |
| Interest expense and other | (320) | (81) | (31,971) | (7,488) | (2,665) | | (78,690) |
| Total nonoperating expenses | (311) | (79) | (31,866) | (7,448) | (2,640) | | (77,632) |
| NET GAIN (LOSS) | (8) | (9) | (106) | (87) | (37) | - | (390) |
| NET ASSETS—Beginning of year | 13 | 13 | 140 | 442 | 65 | | 22,766 |
| NET ASSETS—End of year | $ 5 | $ 4 | $ 34 | $ 355 | $ 28 | $ - | $ 22,376 |

See notes to financial statements.

(Concluded)

**OHIO BUILDING AUTHORITY**

**SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS**
**YEAR ENDED JUNE 30, 2008**
**(Dollars in thousands)**

| | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transportation Facilities |
|---|---|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Cash received from customers: | | | | | | | |
| State operating rent | $ 7,652 | $ 4,265 | $ 1,065 | $ 1,308 | $ 7,308 | $ | $ |
| Local operating rent | | | 2,895 | 522 | | | |
| Lease interest income receipts | 652 | | | | 36 | 35,950 | 510 |
| Total cash received from customers | 8,304 | 4,265 | 3,960 | 1,830 | 7,344 | 35,950 | 510 |
| Cash received from quasi-external operating transactions with other func | | | | | | | |
| Cash payments to suppliers for goods and services | (7,878) | (3,815) | (5,049) | (2,620) | (7,356) | (175) | (21) |
| Cash payments to employees for services | (397) | | | | (363) | | |
| Miscellaneous fees and commissions | 682 | 174 | 312 | 251 | 454 | | |
| Net cash flows provided by operating activities | 711 | 624 | (777) | (539) | 79 | 35,775 | 489 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | | |
| Principal payments on bonds | (5,390) | (1,725) | (4,005) | (935) | (3,320) | (69,315) | (10,010) |
| Interest paid | (910) | (20) | (45) | (11) | (258) | (36,079) | (515) |
| Principal receipts on capital leases | 5,390 | 1,638 | 2,054 | 611 | 3,320 | 69,315 | 10,010 |
| Refunding bond proceeds | | | | | | | |
| Payment of debt issue costs | | | | | | | |
| Other—net premium on sale of bonds | | | | | | | |
| Net cash flows provided by (used) in capital and related financing activities | (910) | (107) | (1,996) | (335) | (258) | (36,079) | (515) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | |
| Proceeds from sales and maturities of investments | 20,880 | 5,668 | 16,186 | 3,888 | 11,938 | 105,571 | 10,553 |
| Purchase of investments | (20,862) | (6,267) | (13,727) | (3,128) | (11,930) | (105,332) | (10,542) |
| Investment income received | 181 | 82 | 336 | 114 | 171 | 65 | 15 |
| Net cash flows provided by (used in) investing activities | 199 | (517) | 2,795 | 874 | 179 | 304 | 26 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | 22 | | | | |
| RESTRICTED AND UNRESTRICTED—Beginning of year | - | - | - | - | - | - | - |
| RESTRICTED AND UNRESTRICTED—End of year | $ - | $ - | $ 22 | $ - | $ - | $ - | $ - |

(Continued)

## OHIO BUILDING AUTHORITY

### SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS
### YEAR ENDED JUNE 30, 2008
### (Dollars in thousands)

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Acount | Total |
|---|---|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Cash received from customers: | | | | | | | |
| State operating rent | $ 10 | $ 5 | $ 125 | $ | $ | $ | $ 21,738 |
| Local operating rent | | | | | | | 3,417 |
| Lease interest income receipts | 330 | 63 | 33,900 | 7,681 | 2,922 | | 82,044 |
| Total cash received from customers | 340 | 68 | 34,025 | 7,681 | 2,922 | | 107,199 |
| Cash received from quasi-external operating transactions with other funds | | | | | | 1,373 | 1,373 |
| Cash payments to suppliers for goods and services | (16) | (13) | (191) | (86) | (16) | (878) | (28,114) |
| Cash payments to employees for services | | | | | | (508) | (1,268) |
| Miscellaneous fees and commissions | | | | | | | 1,873 |
| Net cash flows provided by operating activities | 324 | 55 | 33,834 | 7,595 | 2,906 | (13) | 81,063 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | | |
| Principal payments on bonds | (4,870) | (1,010) | (54,900) | (16,290) | (10,390) | | (182,160) |
| Interest paid | (339) | (65) | (34,043) | (7,725) | (2,968) | | (82,978) |
| Principal receipts on capital leases | 4,870 | 1,010 | 54,900 | 16,290 | 10,390 | | 179,798 |
| Net cash flows provided by (used) in capital and related financing activities | (339) | (65) | (34,043) | (7,725) | (2,968) | | (85,340) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | |
| Proceeds from sales and maturities of investments | 5,231 | 1,088 | 89,153 | 24,103 | 13,390 | | 307,649 |
| Purchase of investments | (5,225) | (1,080) | (89,050) | (24,017) | (13,354) | | (304,514) |
| Investment income received | 9 | 2 | 106 | 44 | 26 | | 1,151 |
| Net cash flows provided by (used in) investing activities | 15 | 10 | 209 | 130 | 62 | | 4,286 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALEN | | | | | | (13) | 9 |
| RESTRICTED AND UNRESTRICTED—Beginning of year | - | - | - | - | - | 447 | 447 |
| RESTRICTED AND UNRESTRICTED—End of year | $ - | $ - | $ - | $ - | $ - | $ 434 | $ 456 |

See notes to financial statements.

(Concluded)

# OHIO BUILDING AUTHORITY

## SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS
**YEAR ENDED JUNE 30, 2008**
**(Dollars in thousands)**

| | Rhodes State Office Tower | Lausche State Office Building | DiSalle Government Office Building | Ocasek Government Office Building | Riffe Government Center | State Correctional Facilities | State Transportation Facilities |
|---|---|---|---|---|---|---|---|
| OPERATING GAIN (LOSS) | $ 768 | $ (23) | $ (73) | $ (424) | $ 516 | $ 33,965 | $ 416 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | | | |
| Amortization of lease premium (discount) | (139) | 61 | 102 | 31 | (48) | 1,249 | (71) |
| Changes in assets and liabilities: | | | | | | | |
| (Increase) decrease in lease interest receivable | 22 | 10 | 22 | 5 | 42 | 557 | 144 |
| (Increase) decrease in account receivable—other | (4) | | 8 | 8 | (1) | | |
| (Increase) decrease in other assets | 14 | 8 | 8 | 8 | 10 | (2) | |
| Increase (decrease) in accounts payable and other liabilities | 50 | 568 | (844) | (167) | (440) | 6 | |
| NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | $ 711 | $ 624 | $ (777) | $ (539) | $ 79 | $ 35,775 | $ 489 |

| | DAS Data Center | ODNR Fountain Square | Administrative Fund Projects | Juvenile Correctional Facilities | Highway Safety | Custodial Account | Total |
|---|---|---|---|---|---|---|---|
| OPERATING GAIN (LOSS) | $ 303 | $ 70 | $ 31,760 | $ 7,361 | $ 2,603 | $ | $ 77,242 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | | | |
| Amortization of lease premium (discount) | (50) | (23) | 1,775 | 204 | 180 | | 3,271 |
| Changes in assets and liabilities: | | | | | | | |
| (Increase) decrease in lease interest receivable | 69 | 6 | 297 | 30 | 123 | | 1,327 |
| (Increase) decrease in account receivable—other | | | | | | | 11 |
| (Increase) decrease in other assets | 2 | 2 | | | | (29) | 21 |
| Increase (decrease) in accounts payable and other liabilities | | | 2 | | | 16 | (809) |
| NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | $ 324 | $ 55 | $ 33,834 | $ 7,595 | $ 2,906 | $ (13) | $ 81,063 |

See notes to financial statements.

(Concluded)

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

To the Members of the Ohio Building Authority and
The Honorable Mary Taylor, Auditor of the State of Ohio
Columbus, Ohio

We have audited the financial statements of the enterprise fund and the remaining fund information of the Ohio Building Authority (the "Authority"), a component unit of the State of Ohio, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 29, 2008. 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 G*overnment Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain other internal control matters that we reported to the Authority's management in a separate letter dated September 29, 2008.

This report is intended solely for the information and use of the Board of Trustees, management of the Authority, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC
September 29, 2007

Mary Taylor, CPA
Auditor of State

**OHIO BUILDING AUTHORITY**

**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 13, 2008**

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