

Ohio Building Authority

*Financial Statements for the Year
Ended June 30, 2002 (Restated)
and Independent Auditors' Report*



**Auditor of State
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Board Members
Ohio Building Authority
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Ohio Building Authority, Franklin County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2001 through June 30, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 29, 2003

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OHIO BUILDING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Members of
The Ohio Building Authority and
The Honorable Jim Petro, Auditor of the State of Ohio:

We have audited the accompanying financial statements of the Ohio Building Authority, a component unit of the State of Ohio, as of and for the year ended June 30, 2002, as listed in the foregoing Table of Contents. These component unit financial statements are the responsibility of the Ohio Building Authority's management. Our responsibility is to express an opinion 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 opinion.

As described in Note A, 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 are 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 Ohio Building Authority as of June 30, 2002, and the results of its operations and cash flows of its Enterprise Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements in 2002, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, 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 Statements Note Disclosure*. As discussed in Note A, the Authority restated the 2001 financial statements to account for the change in fund designation to an enterprise fund, as prescribed by GASB 34. This resulted in a change in fund balance of \$299,989,000.

Management's discussion and analysis is not a required part of the financial statements, but is supplementary information required by the GASB 34. 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 an opinion on the financial statements of the Authority taken as a whole. The combining financial statements listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the component unit financial statements of the Ohio Building Authority. These combining financial statements are also the responsibility of the management of the Authority. Such additional information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2002 on our consideration of the Ohio Building Authority's internal control over reporting and our test of its compliance with certain provisions of laws, contracts and regulations. 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.

As discussed in Note J to the financial statements, the accompanying 2002 financial statements have been restated.

DELOITTE & TOUCHE LLP

October 25, 2002 and December 5, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2002. 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 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 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 A to the financial statements for a more complete discussion of the Authority's basis of presentation.

Financial Information (in thousands)

- The Authority's total net assets, as of June 30, 2002, were \$66,516.
- The Authority's total assets, as of June 30, 2002, were \$2,438,895.
- The Authority had total liabilities of \$2,372,383, as of June 30, 2002, of which \$2,144,649 were long-term liabilities.
- Operating Revenue for the year ended June 30, 2002 was \$113,257.
- Operating Expense for the year ended June 30, 2002 was \$32,031.
- Non-Operating Expenses for the year ended June 30, 2002 were \$126,324.
- The change in net assets for the period ending June 30, 2002 was a reduction of \$13,067.

Financial Analysis of the Authority (in thousands)

Net assets of the Authority decreased 16.4% from the restated beginning balance of \$79,583 to \$66,516. The decrease of net assets is the result of the Authority's planned utilization of existing resources during the year end June 30, 2002.

Capital Asset Activity (in thousands)

During the fiscal year ended June 30, 2002, the Authority disbursed a total of \$26,355 for the Ohio Courts Building Project. The Authority also disbursed \$933 in connection with renovations to the Bureau of Workers' Compensation's facility. Please refer to Note A to the financial statements for a more complete discussion of the basis of presentation for these projects.

Long-term Debt Activity (in thousands)

During the fiscal year ended June 30, 2002, the Authority issued four series of bonds totaling \$391,580. Of the amount issued, \$321,580 was issued to refund a portion of bonds previously issued by the Authority. A total of \$70,000 was issued to provide additional funding for various state projects.

Recent Events (in thousands)

Subsequent to the year ended June 30, 2002, the Authority issued two series of bonds totaling \$140,560. Of the amount issued, \$90,560 was issued to refund a portion of bonds previously issued by the Authority. A total of \$50,000 was issued to provide additional funding for various state projects. Please refer to Note D to the financial statements for a more complete discussion of the Authority's long-term debt activity.

OHIO BUILDING AUTHORITY

STATEMENT OF NET ASSETS -ENTERPRISE FUND AS OF JUNE 30, 2002 (DOLLARS IN THOUSANDS)

	Total (As Restated, see Note J)
ASSETS	
CURRENT ASSETS:	
Cash - unrestricted	\$ 327
Investments	65,195
Receivables:	
Leases - current portion	195,270
Lease interest receivable	30,324
Interest	50
Accounts receivable	<u>1,451</u>
Total current assets	292,617
NON-CURRENT ASSETS - Leases receivable	2,145,715
OTHER ASSETS	<u>567</u>
Total assets	<u>2,438,899</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities:	
Restricted	247
Unrestricted	1,705
Deferred revenue	186
Bonds payable - current portion	195,270
Accrued interest	<u>30,326</u>
Total current liabilities	227,734
NON-CURRENT LIABILITIES - Bonds payable	<u>2,144,649</u>
Total liabilities	<u>2,372,383</u>
NET ASSETS :	
Restricted	66,483
Unrestricted	<u>33</u>
TOTAL NET ASSETS	<u>\$ 66,516</u>

OHIO BUILDING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2002 (DOLLARS IN THOUSANDS)

	Total (as Restated, see Note J)
OPERATING REVENUES:	
Rents	\$ 27,437
Lease interest	113,764
Other	<u>4,087</u>
Total operating revenues	<u>145,288</u>
OPERATING EXPENSES:	
Building maintenance and operations	22,601
Utilities	4,644
General administration	3,295
Other	<u>1,491</u>
Total operating expenses	<u>32,031</u>
Operating gain	<u>113,257</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings on investments	1,328
Interest expense and other	<u>(127,652)</u>
Total nonoperating expenses	<u>(126,324)</u>
NET LOSS	(13,067)
NET ASSETS, Beginning of year as restated in Note A	<u>79,583</u>
NET ASSETS, End of year	<u>\$ 66,516</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2002 (DOLLARS IN THOUSANDS)

	As Restated, see Note J
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers:	
State operating rent	\$ 23,346
Local operating rent	3,702
Lease interest income receipts	<u>108,410</u>
Total cash received from customers	135,458
Cash received from quasi-external operating transactions with other funds	1,077
Cash payments to suppliers for goods and services	(31,393)
Cash payments to employees for services	(1,101)
Miscellaneous fees and commissions	<u>2,840</u>
Net cash flows used in operating activities	<u>106,881</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on bonds	(185,690)
Interest paid	(122,462)
Principal receipts on capital leases	185,856
Refunding bond proceeds	376
Payment of debt issue costs	(376)
Debt defeasement	<u>(1,066)</u>
Net cash flows used in capital and related financing activities	<u>(123,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	537,189
Purchase of investments	(522,940)
Investment income received	<u>2,316</u>
Net cash flows provided by investing activities	<u>16,565</u>
Net increase in cash and cash equivalents	84
RESTRICTED AND UNRESTRICTED - BEGINNING OF YEAR	<u>243</u>
RESTRICTED AND UNRESTRICTED - END OF YEAR	<u>\$ 327</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2002 (DOLLARS IN THOUSANDS)

	As Restated, see Note J
Operating gain	\$ 113,257
Adjustments to reconcile operating gain from operations to net cash provided by operating activities:	
Amortization of lease discount/premium	(6,050)
Miscellaneous nonoperating expenses	(9)
Changes in assets and liabilities:	
Increase in lease interest receivable	703
Increase in account receivable - other	(599)
Decrease in other assets	(162)
Decrease in deferred revenue	(56)
Increase in accounts payable	<u>(203)</u>
Net cash flows used by operating activities	<u><u>\$ 106,881</u></u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF NET ASSETS - AGENCY FUND AS OF JUNE 30, 2002 (DOLLARS IN THOUSANDS)

	As Restated see Note J
ASSETS	
INVESTMENTS	\$ 21,221
RECEIVABLES:	
Interest Receivable	187
Prepaid Expenses	<u>31</u>
TOTAL ASSETS	<u>21,439</u>
LIABILITIES	
Accounts payable	3,562
Retainage payable	725
Payable on behalf of the Agency	<u>17,152</u>
TOTAL LIABILITIES	<u>21,439</u>
NET ASSETS	<u><u>\$</u></u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (RESTATED) FOR THE YEAR ENDED JUNE 30, 2002

A. 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 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 of Ohio (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). The Authority acquired 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, 2002, \$170,255,000 BWC bonds were outstanding.

In October 2000, the Authority entered into an agreement with the Supreme Court of Ohio (Court) to renovate the Ohio Courts Building on behalf of the Court. In accordance with the agreement, the Court makes payments to the Authority from moneys appropriated to the Court and the Authority uses these funds to pay the costs of the project. Activities relating to this project are accounted for in an Agency Fund.

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, *Basis 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 or State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Significant changes in 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.

These and other changes are reflected in the accompanying combined financial statements (including notes to financial statements). These statements are scheduled for a phased implementation according to the size of the governmental unit, and the Ohio Building Authority is required to adopt the statement for the year ended June 30, 2002. The Authority now follows the “business-type activities” reporting requirements of GASB Statement No. 34 that provides a comprehensive, on-line look at the Authority’s financial activities.

Restatement of Beginning Net Assets - Prior to implementation of GASB Statement No. 34, the activities of the Authority were reported using the modified accrual basis of accounting in Internal Service, Capital Projects, and Debt Service Funds, General Fixed Assets Account Group, and Long Term Obligations Account Group. The Authority now uses enterprise fund accounting on the full-accrual basis. In connection with the implementation of GASB Statement No. 34, the following adjustments have been made to reflect the cumulative effect of this accounting change:

Net Assets (in thousands)

Net assets - beginning of year, as previously reported	\$ 377,516
Accrued leave	(104)
Accrued bond amortization	(1,644)
Accrued lease amortization	1,644
Accrued lease interest	31,069
Accrued interest payable	(29,626)
Bond issue cost	173
Fixed assets	(290,269)
Reclasses to agency fund	(11,735)
Long-term debt	(328)
Capital appreciation bond accreted values	<u>2,887</u>
Net assets as restated	<u>\$ 79,583</u>

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 footnotes 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 interpretation, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Charges from 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 of Ohio 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 of Ohio to satisfy the rent obligations under all of the project leases. Lease transactions are accounting 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.

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 2002, there were no realized gains. The net decrease in fair value of investments during 2002 is \$635,000. These amounts take into account all changes in fair value (including purchases and sales) that occur during each respective year. The unrealized appreciation on investments held at June 30, 2002 is \$101,000.

B. CASH AND INVESTMENTS

Cash includes demand deposits. The bank and financial statement balances of the Authority's unrestricted cash with custodians at June 30, 2002 were \$326,556. These balances were partially insured by the Federal Deposit Insurance Corporation and fully collateralized.

Bond trust agreements authorize 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's investments are categorized below to give an indication of the level of risk assumed by the Authority at June 30, 2002. Category 1 includes investments that are insured or collateralized with securities held by the trustees in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the trustees in the Authority's name.

Category 3 includes uninsured and unregistered investments (or investments registered in book entry form) for which the securities are held by the broker or dealer, or by the trustees, but are not in the Authority's name.

	<u>Category (in thousands)</u>			Market Value
	1	2	3	
Total categorized investments -				
U.S. Treasury obligations			<u>\$ 86,384</u>	<u>\$ 86,384</u>

The total market value amounts of deposits and investments included in the balance sheet are (in thousands):

	Cash	Investments	Total
Unrestricted assets	\$ 327		\$ 327
Restricted assets	<u> </u>	<u>\$ 86,416</u>	<u>86,416</u>
Total	<u>\$ 327</u>	<u>\$ 86,416</u>	<u>\$ 86,743</u>

Of the investment balance at June 30, 2002, \$32 (market value) represents non-categorized investments in the State Treasury Asset Reserve.

C. 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 2004.

Following is a summary of the components of the Authority's net investment in direct financing leases (in thousands), at June 30, 2002:

Total minimum lease payments to be received	\$2,332,830
Less - Unearned income	<u>(8,155)</u>
Net leases receivable	<u>\$2,340,985</u>

Minimum lease payments (in thousands) to be received as of June 30, 2002 is as follows:

2003	\$ 313,349
2004	314,742
2005	314,395
2006	298,360
2007	274,063
2008 and thereafter	<u>1,674,639</u>
Total minimum payments	3,189,548
Interest for capital leases	<u>(856,718)</u>
Minimum lease principal payments	<u><u>\$2,332,830</u></u>

D. 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. Certain trust agreements also specify that a required reserve fund be maintained at levels varying from 50% to 100% of the highest annual debt service due during the life of the bonds.

Pledged receipts and required reserves (in thousands) at June 30, 2002 by type of project were:

	Pledged Receipts	Required Reserves (1)
Rhodes State Office Tower	\$ 4,165	
Lausche State Office Building	5,950	\$ 3,156
DiSalle Government Center	19,613	7,347
Ocasek Government Office Building	6,075	1,711
Riffe Center for Government and the Arts	18,292	14,837
State Correctional Facilities	9,447	9,334
State Transportation Facilities	88	
Juvenile Correctional Facilities	2	
Administrative Building Fund Projects	8,268	
Arts and Sports Facilities	41	
Bureau of Workers' Compensation	12,908	10,320
Highway Safety	<u>1</u>	
Total	<u><u>\$84,850</u></u>	<u><u>\$46,705</u></u>

(1) Required reserves are also included in pledged receipts.

E. 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 2003 are as follows (in thousands):

	Rent	Operations
Ohio Department of Administrative Services - Office/ Administrative Facilities	\$ 96,106	\$ 26,098
Ohio Department of Rehabilitation and Correction - Correctional Facilities	138,116	
Ohio Department of Transportation - Transportation Facilities	14,799	
Ohio Department of Natural Resources - Fountain Square Project		
Ohio Department of Youth Services - Juvenile Facilities	1,092	
Ohio Arts and Sports Facilities Commission - Arts and Sports Facilities	17,377	
	33,526	
Ohio Department of Public Safety - Highway Safety Bureau of Workers' Compensation	12,571	
	<u>17,571</u>	<u> </u>
Total	<u>\$ 331,158</u>	<u>\$ 26,098</u>

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

Principal of bonds outstanding - June 30, 2001	\$2,444,260
Debt issued on behalf of other agencies under legislation enacted by the Ohio General Assembly	391,580
Principal retired	(185,690)
Bonds defeased	<u>(317,320)</u>
Principal of bonds outstanding - June 30, 2002	2,332,830
Capital appreciation bond accreted values	18,094
Premium on bonds	<u>(11,005)</u>
Total bonds outstanding	<u><u>\$2,339,919</u></u>

Bonds outstanding (in thousands) at June 30, 2002 are as follows:

	Amount of Obligation Issued	Bond Issue Date	Final Maturity Date	Interest Rates	2002 Balance
State Facilities Bonds:					
1985A (Lausche Building)	\$ 36,233	12-1-85	10-1-07	6.0%-9.75%	\$ 5,630
1985A (DiSalle Center)	84,174	12-1-85	10-1-07	6.0%-9.75%	13,059
1985A (Ocasek Building)	19,644	12-1-85	10-1-07	6.0%-9.75%	3,046
1985B (Riffe Center)	13,674	12-1-85	10-1-07	6.0%-9.75%	2,120
1992A (Administrative Building)	30,000	5-1-92	10-1-11	6.0%	1,440
1992A (State Transportation)	17,000	9-1-92	9-1-07	5.6%-6.1%	6,785
1993A (DAS Data Center)	36,765	1-1-93	10-1-07	5.5%-5.9%	17,990
1993A (Administrative Building)	60,000	3-1-93	4-1-13	5.2%-5.6%	18,940
1993A (Aronoff Center)	35,000	6-1-93	4-1-08	5%-5.45%	17,040
1993A (Arts Facilities)	10,000	6-1-93	4-1-08	5%-5.4%	4,830
1994A (DNR Fountain Square)	9,290	1-1-94	4-1-09	4.4%-5.0%	6,385
1994A (Riffe Center)	96,405	1-1-94	4-1-09	4.4%-5.75%	57,735
1994A (Administrative Building)	80,000	9-15-94	10-1-11	5.4%-5.65%	19,445
1994A (State Transportation)	25,000	12-1-94	9-1-09	5.8%-6.1%	6,660
1994A (Highway Safety)	10,000	9-15-94	10-1-09	5.4%-6%	6,270
1995A (Administrative Building)	60,000	12-1-95	10-1-10	4.5%-6.0%	38,700
1996A (Arts Facilities)	10,000	4-1-96	10-1-05	4.7%-5%	4,735
1996A (Highway Safety)	18,200	4-1-96	9-1-10	4.7%-6.0%	12,715
1996A (State Transportation)	26,800	4-1-96	9-1-10	4.7%-6.0%	16,065
1996A (DiSalle Center)	38,570	8-15-96	10-1-05	5.0%-6.0%	16,340
1996A (Lausche Building)	16,545	8-15-96	10-1-05	5.0%-6.0%	7,000
1996A (Ocasek Building)	9,215	8-15-96	10-1-05	4.75%-5.0%	3,855
1996A (Riffe Center)	6,045	8-15-96	10-1-05	4.75%-5.0%	2,510
1997A (Administrative Building)	85,000	1-15-97	10-1-11	4.6%-5.5%	63,585
1997A (Arts Facilities)	40,000	1-15-97	10-1-06	4.6%-5.0%	22,465
1997A (Sports Facilities)	37,000	1-15-97	10-1-11	4.6%-5.375%	27,450
1997A (Highway Safety)	75,000	4-1-97	10-1-11	5.0%-6.0%	56,155
1998A (Administrative Building)	130,000	1-15-98	10-1-17	5.0%-5.375%	113,230
1998B (Administrative Building)	19,545	1-15-98	10-1-10	5.125%-5.25%	14,185
1998A (DAS Data Center)	15,605	1-15-98	10-1-10	5.125%-5.25%	11,320
1998A (State Transportation)	12,000	3-15-98	9-1-07	4.5%	7,200
1998B (State Transportation)	34,800	3-15-98	9-1-07	4.35%-5.0%	22,655
1998A (Rhodes Tower)	43,735	9-15-98	6-1-11	4.0%-5.25%	41,720
1999A (Arts Facility)	75,000	3-15-99	10-1-08	5.00%	56,290
1999A (Sports Facilities)	39,000	3-15-99	10-1-13	4.0%-5.25%	33,020
1999A (Administrative Building)	100,000	5-15-99	10-1-18	4.0%-5.375%	89,680
1999B (Administrative Building)	18,930	5-15-99	10-1-11	3.9%-5.25%	18,275
2001A (Arts Facilities)	29,000	2-1-01	4-1-16	3.75%-5.5%	27,820
2001A (Sports Facilities)	23,690	2-1-01	4-1-16	3.75%-5.5%	22,680
2001A (Administrative Building)	120,000	4-1-01	10-1-20	4.25%-5.50%	117,305
2001A (Highway Safety)	20,000	4-1-01	10-1-20	4.0%-5.5%	19,300
2002A (Administrative Building)	70,000	4-10-02	4-1-18	4.0%-5.5%	70,000
2002B (Administrative Building)	58,670	6-25-02	10-1-12	3.3%-5.25%	58,670
2002A (State Transportation)	13,060	4-10-02	9-1-09	3.75%-4.5%	13,060

Bonds outstanding (in thousands) at June 30, 2002 are as follows (continued):

	Amount of Obligation Issued	Bond Issue Date	Final Maturity Date	Interest Rates	2002 Balance
State Correctional Facilities Bonds:					
1985C	\$ 160,000	12-1-85	1-1-05	9.75%	\$ 5,710
1993A	69,970	1-1-93	10-1-08	5.5%-6.0%	35,135
1994A	212,665	1-1-94	4-1-07	4.5%-4.85%	94,045
1996A	69,540	12-1-96	10-1-09	5.0%-6.0%	46,520
1992A (Adult Correctional)	30,000	5-1-92	10-1-11	6.0%	1,440
1993A (Adult Correctional)	100,000	1-1-93	10-1-12	5.6%-5.7%	9,365
1994A (Adult Correctional)	125,000	3-15-94	4-1-14	6.5%	17,125
1995A (Adult Correctional)	100,000	2-1-95	10-1-14	5.4%-5.5%	13,250
1996A (Adult Correctional)	85,000	4-1-96	4-1-16	5.5%-6.0%	68,010
1997A (Adult Correctional)	110,000	4-1-97	4-1-17	5.0%-6.0%	92,170
1998A (Adult Correctional)	100,000	3-15-98	10-1-18	5.0%-5.5%	87,100
1999A (Adult Correctional)	150,000	7-1-99	10-1-18	4.4%-5.5%	141,900
2000A (Adult Correctional)	100,000	6-1-00	4-1-15	4.8%-5.75%	89,405
2001A (Adult Correctional)	249,850	7-1-01	10-1-14	5.0%-5.5%	245,775
1992A (Juvenile Correctional)	20,000	1-1-92	10-1-11	5.80%	970
1992B (Juvenile Correctional)	43,000	9-1-92	10-1-12	5.6%-5.7%	4,040
1994A (Juvenile Correctional)	50,000	12-1-94	10-1-14	5.8%-6.1%	8,740
1999A (Juvenile Correctional)	50,000	2-1-99	10-1-18	3.5%-5.25%	44,810
1999B (Juvenile Correctional)	70,790	2-1-99	10-1-14	3.5%-5.25%	68,425
2001A (Juvenile Correctional)	39,000	2-1-01	4-1-16	4.0%-5.5%	37,455
Local Jail Grant Bonds - 1994A	43,305	1-1-94	4-1-09	4.4%-4.95%	<u>26,080</u>
Total bonds principal outstanding					2,332,830
Capital Appreciation					
Bond Accreted Values					18,094
Unamortized bond discount					<u>(11,005)</u>
Total bonds outstanding					<u>\$2,339,919</u>

State Facilities Bonds, State Correctional Facilities Bonds and Local Jail Grant 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 103% 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
2003	\$ 195,270	\$ 118,079
2004	205,725	109,017
2005	206,719	107,676
2006	202,406	95,954
2007	198,095	75,968
2008-2012	762,475	249,245
2013-2017	431,695	89,495
2017-2022	130,445	11,284
Capital Appreciation Bond accreted values	18,094	
Unamortized bond discount	<u>(11,005)</u>	<u> </u>
 Total	 <u><u>\$2,339,919</u></u>	 <u><u>\$856,718</u></u>

The Authority has refunded various bonds by issuing refunding bonds. The proceeds of refunding bond issues were used to purchase U.S. Government securities in amounts sufficient, without further investment, to pay, when due, the principal and interest on the bonds being refunded. The U.S. Government securities referred to above are placed with an escrow agent pursuant to the terms of related escrow agreements. The escrow agents are responsible for future debt service on the refunded bonds until they are fully retired. The funding of the escrow agreements defeased the related trust agreements and, accordingly, escrow accounts assets and the related outstanding principal balance of the refunded bonds are not reflected in the accompanying combined financial statements.

State Correctional Facilities Bonds (Refunding)

The Authority issued approximately \$250 million in refunding Bonds with an average interest rate of 4.38% to defease approximately \$250 million in principal and interest on the bonds being refunded (\$213 million defeased *in substance*). The Bonds partially refunded were the 1991A State Correctional Facilities Bonds, and the 1992A, 1993A, 1994A and 1995A Adult Correctional Building Fund Projects Bonds. At the date of refunding, the refunded Bonds had an average interest rate of 5.98%. The refunding resulted in an economic gain of \$10 million.

Transportation Building Fund Projects Bonds (Refunding)

The Authority issued approximately \$13 million in refunding Bonds with an average interest rate of 3.84% to defease approximately \$13 million in principal and interest on the bonds being refunded (\$6.6 million defeased *in substance*). The Bonds partially refunded were the 1991A and 1994A Transportation Building Fund Projects. At the date of refunding, the refunded Bonds had an average interest rate of 6.34%. The refunding resulted in an economic gain of \$405,000.

Administrative Building Fund Projects Bonds (Refunding)

The Authority issued approximately \$59 million in refunding Bonds with an average interest rate of 3.88% to defease *in substance* approximately \$56 million in principal and interest on the bonds being refunded. The Bonds partially refunded were the 1993A and 1994A Administrative Building

Fund Projects. At the date of refunding, the refunded Bonds had an average interest rate of 5.79%. The refunding resulted in an economic gain of \$2.5 million.

The bond issues refunded in prior years and the remaining principal outstanding at June 30, 2002 are as follows (in thousands):

Issue Refunded	Balance Outstanding
1982A (Lausche Building)	\$ 18,260
1982A (DiSalle Center)	36,065
1982A (Ocasek Building)	8,410
1982A (Riffe Government Center)	5,860
1992A (Adult Correctional Facilities)	17,655
1992A (Administrative Buildings)	17,655
1992B (Juvenile Corrections)	25,225
1993A (Adult Correctional Facilities)	58,170
1993A (Administrative Buildings)	21,345
1994A (Adult Correctional Facilities)	73,565
1994A (Administrative Buildings)	34,810
1994A (Transportation Building Fund)	6,660
1994A (Juvenile Corrections)	29,985
1995A (Adult Correctional Facilities)	<u>63,740</u>
 Total	 <u><u>\$ 417,405</u></u>

Subsequent Events (refunding bonds and new issuance bonds)

Subsequent to the year ended June 30, 2002, the Authority issued approximately \$91 million in refunding Bonds with an average interest rate of 3.65% to defease *in substance* approximately \$91 million in principal and interest on the bonds being refunded. The Bonds partially refunded were the 1996A and 1997A Adult Correctional Building Fund Projects. At June 30, 2002, the refunded Bonds had an average interest rate of 5.57%. The refunding resulted in an economic gain of \$4.06 million.

Subsequent to the year ended June 30, 2002, the Authority issued approximately \$50 million in Bonds with an average interest rate of 2.86%. The new bonds issued were Adult Correctional Building Fund Projects Bonds.

F. 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 information for individual activities is presented below.

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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
ASSETS															
CURRENT ASSETS	\$ 8,809	\$ 8,535	\$26,468	\$ 7,662	\$30,924	\$ 106,936	\$12,209	\$ 4,127	\$ 879	\$ 40,553	\$ 11,951	\$ 25,163	\$ 8,089	\$312	\$ 292,617
OTHER ASSETS	<u>36,032</u>	<u>11,898</u>	<u>27,558</u>	<u>6,430</u>	<u>48,853</u>	<u>891,024</u>	<u>61,152</u>	<u>24,431</u>	<u>5,242</u>	<u>594,068</u>	<u>154,731</u>	<u>197,141</u>	<u>87,722</u>		<u>2,146,282</u>
TOTAL ASSETS	<u>44,841</u>	<u>20,433</u>	<u>54,026</u>	<u>14,092</u>	<u>79,777</u>	<u>997,960</u>	<u>73,361</u>	<u>28,558</u>	<u>6,121</u>	<u>634,621</u>	<u>166,682</u>	<u>222,304</u>	<u>95,811</u>	<u>312</u>	<u>2,438,899</u>
LIABILITIES															
CURRENT LIABILITIES	5,207	2,721	5,967	1,510	12,936	97,250	12,095	4,085	860	40,506	11,333	24,933	8,052	279	227,734
NONCURRENT LIABILITIES	<u>35,868</u>	<u>11,810</u>	<u>27,473</u>	<u>6,396</u>	<u>48,704</u>	<u>891,024</u>	<u>60,086</u>	<u>24,431</u>	<u>5,242</u>	<u>594,068</u>	<u>154,731</u>	<u>197,093</u>	<u>87,723</u>		<u>2,144,649</u>
TOTAL LIABILITIES	<u>41,075</u>	<u>14,531</u>	<u>33,440</u>	<u>7,906</u>	<u>61,640</u>	<u>988,274</u>	<u>72,181</u>	<u>28,516</u>	<u>6,102</u>	<u>634,574</u>	<u>166,064</u>	<u>222,026</u>	<u>95,775</u>	<u>279</u>	<u>2,372,383</u>
NET ASSETS (DEFICIENCY IN):															
Restricted	3,766	5,902	20,586	6,186	18,137	9,686	1,180	42	19	47	618	278	36		66,483
Unrestricted														33	33
TOTAL NET ASSETS (DEFICIENCY IN)	<u>\$ 3,766</u>	<u>\$ 5,902</u>	<u>\$20,586</u>	<u>\$ 6,186</u>	<u>\$18,137</u>	<u>\$ 9,686</u>	<u>\$ 1,180</u>	<u>\$ 42</u>	<u>\$ 19</u>	<u>\$ 47</u>	<u>\$ 618</u>	<u>\$ 278</u>	<u>\$ 36</u>	<u>\$ 33</u>	<u>\$ 66,516</u>

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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Custodial Fund	Total
Rents	\$ 8,066	\$ 3,268	\$ 5,752	\$2,017	\$ 7,213	\$ 150	\$ 30		\$ 10	\$ 100	\$ 56	\$ 725	\$ 50			\$ 27,437
Lease interest	2,266	672	810	224	2,373	48,349	3,890	\$ 1,965	413	28,884	8,527	10,363	5,028			113,764
Other	1,051	389	628	111	913									\$ 995	\$ 995	4,087
Operating expenses	<u>11,232</u>	<u>4,149</u>	<u>4,555</u>	<u>2,128</u>	<u>7,797</u>	<u>141</u>	<u>47</u>	<u>24</u>	<u>11</u>	<u>180</u>	<u>56</u>	<u>770</u>	<u>16</u>	<u>925</u>	<u>925</u>	<u>32,031</u>
Operating income	151	180	2,635	224	2,702	48,358	3,873	1,941	412	28,804	8,527	10,318	5,062	70	70	113,257
Non-Operating revenues (expenses):																
Earnings on investments	166	66	381	68	148	344	26	7	1	63	19	34	5			1,328
Interest expense and other	<u>(2,552)</u>	<u>(1,088)</u>	<u>(2,528)</u>	<u>(582)</u>	<u>(4,298)</u>	<u>(56,352)</u>	<u>(4,157)</u>	<u>(2,032)</u>	<u>(414)</u>	<u>(29,371)</u>	<u>(8,649)</u>	<u>(10,534)</u>	<u>(5,095)</u>			<u>(127,652)</u>
CHANGE IN NET ASSETS	(2,235)	(842)	488	(290)	(1,448)	(7,650)	(258)	(84)	(1)	(504)	(103)	(182)	(28)	70	70	(13,067)
Beginning net assets (deficiency in)	<u>6,001</u>	<u>6,744</u>	<u>20,098</u>	<u>6,476</u>	<u>19,585</u>	<u>17,336</u>	<u>1,438</u>	<u>126</u>	<u>20</u>	<u>551</u>	<u>721</u>	<u>460</u>	<u>64</u>	<u>(37)</u>	<u>(37)</u>	<u>79,583</u>
Ending net assets (deficiency in)	<u>\$ 3,766</u>	<u>\$ 5,902</u>	<u>\$20,586</u>	<u>\$ 6,186</u>	<u>\$18,137</u>	<u>\$ 9,686</u>	<u>\$ 1,180</u>	<u>\$ 42</u>	<u>\$ 19</u>	<u>\$ 47</u>	<u>\$ 618</u>	<u>\$ 278</u>	<u>\$ 36</u>	<u>\$ 33</u>	<u>\$ 33</u>	<u>\$ 66,516</u>

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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
Net cash flows provided (used) by:															
Operating activities	\$ (594)	\$ 1	\$ 1,978	\$ 61	\$ 1,594	\$ 43,795	\$ 3,890	\$ 1,616	\$ 315	\$ 29,007	\$ 8,585	\$ 11,391	\$ 5,150	\$ 92	\$106,881
Capital and related financing activities	(2,187)	(1,009)	(2,193)	(502)	(3,368)	(51,790)	(5,225)	(1,705)	(317)	(29,492)	(8,770)	(11,621)	(5,183)		(123,362)
Investing activities	<u>2,781</u>	<u>1,008</u>	<u>215</u>	<u>441</u>	<u>1,774</u>	<u>7,995</u>	<u>1,335</u>	<u>89</u>	<u>2</u>	<u>485</u>	<u>179</u>	<u>230</u>	<u>31</u>		<u>16,565</u>
Net increase (decrease) in cash and cash equivalents											(6)		(2)	92	84
Beginning cash and cash equivalents											<u>6</u>		<u>2</u>	<u>235</u>	<u>243</u>
Ending cash and cash equivalents	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 327</u>	<u>\$ 327</u>

G. DEFINED BENEFIT PENSION PLAN

The Ohio Building Authority contributes to the Public Employees Retirement System of Ohio (PERS) a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio Revised Code. PERS issues a publicly available financial report that includes financial information for the plan. That report may be obtained by writing to PERS, 277 East Town Street, Columbus, Ohio 43215-4642.

Regularly plan members are required to contribute 8.5% of their annual covered salary, while employers are required to contribute 13.31%. The Authority's contributions to PERS for the years ended June 30, 2002, June 30, 2001 and June 30, 2000, respectively, were \$159,115, \$133,393 and \$165,101 which equals the required contribution.

H. OTHER POSTEMPLOYMENT BENEFITS

PERS provides postemployment health care benefits to age and service retirants who retire with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability retirants is also available. During 2000, PERS returned to an actuarially pre-funded type of disclosure because it is a better presentation of PERS' actual funding methodology.

The Authority and all employees are required by Chapter 145 of the ORC to contribute to PERS. A portion of each employer's contribution is set aside to fund postemployment health care benefits. Such contributions, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to sustain the program indefinitely. Of the 13.31% of employee payroll contributed by the Authority, 4.2% or approximately \$50,209 was the portion used to fund health care expenses. \$11,558 million represents the actuarial value of PERS' net assets available for postemployment health care. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$11,273 million and \$285 million, respectively.

I. 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 3 years, there were no losses exceeding insurance coverage.

J. RESTATEMENT

Subsequent to the issuance of the Authority's financial statements, the management determined that certain Leases Receivable, Lease Interest Income, Accrued Interest, Accounts Payable, Interest Receivable and Beginning Net Assets were incorrectly recorded in the Authority's financial statements. As a result the accompanying 2002 financial statements have been restated from amounts previously reported. These changes were also reflected in the Management Discussion and Analysis.

The effect of these items on the accompanying 2002 financial statements is summarized below:

	As Restated	Previously Reported
ENTERPRISE FUND:		
At June 30, 2002:		
Non-current assets - leases receivable	\$ 2,145,715	\$ 2,142,828
Accrued interest payable	30,326	30,386
Net assets - restricted	66,483	63,165
Lease interest receivable	30,324	29,954
For year ended June 30, 2002:		
Lease interest	113,764	146,106
Total operating revenues	145,288	177,630
Operating gain	113,257	145,599
Interest expense	(127,652)	(126,681)
Non-operating expenses	(126,324)	(125,353)
Net loss	(13,067)	20,246
At June 30, 2001 - net assets	79,583	42,952
AGENCY FUND:		
At June 30, 2002:		
Interest receivable	187	153
Accounts payable	3,562	17,085
Payable on behalf of Agency	17,152	3,595

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OHIO BUILDING AUTHORITY

**SCHEDULE OF PROJECTS FOR THE ENTERPRISE FUND - STATEMENT OF NET ASSETS
AS OF JUNE 30, 2002 (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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial (As Restated See Note J)	Total Restated See Note J)
ASSETS															
CURRENT ASSETS:															
Unrestricted cash														\$ 327	\$ 327
Investments	\$ 4,165	\$ 5,950	\$ 19,613	\$ 6,075	\$ 18,292	\$ 9,644	\$ 127	\$ 42	\$ 19	\$ 150	\$ 804	\$ 245	\$ 37	32	65,195
Receivables:															
Leases - current portion	4,350	2,255	5,255	1,250	11,825	84,000	10,925	3,680	785	32,805	9,090	22,255	6,795		195,270
Interest	5	3	20	3	10	9									50
Lease interest receivable	162	238	555	122	781	13,249	1,153	404	75	7,601	2,055	2,672	1,257		30,324
Due from (to) other projects	(58)	13	24	24	15	34	4	1		(3)	2	(9)		(47)	
Accounts receivable	185	76	1,001	188	1										1,451
OTHER ASSETS	164	87	85	34	149							48			567
NON-CURRENT ASSETS - Leases receivable	<u>35,868</u>	<u>11,811</u>	<u>27,473</u>	<u>6,396</u>	<u>48,704</u>	<u>891,024</u>	<u>61,152</u>	<u>24,431</u>	<u>5,242</u>	<u>594,068</u>	<u>154,731</u>	<u>197,093</u>	<u>87,722</u>		<u>2,145,715</u>
TOTAL ASSETS	<u>44,841</u>	<u>20,433</u>	<u>54,026</u>	<u>14,092</u>	<u>79,777</u>	<u>997,960</u>	<u>73,361</u>	<u>28,558</u>	<u>6,121</u>	<u>634,621</u>	<u>166,682</u>	<u>222,304</u>	<u>95,811</u>	<u>312</u>	<u>2,438,899</u>
LIABILITIES															
CURRENT LIABILITIES:															
Unrestricted accounts payable														247	247
Accounts payable and accrued liabilities	695	227	157	138	330		18			99	3	6		32	1,705
Deferred revenue											186				186
Bonds payable (current)	4,350	2,255	5,255	1,250	11,825	84,000	10,925	3,680	785	32,805	9,090	22,255	6,795		195,270
Accrued interest	162	239	555	122	781	13,250	1,152	405	75	7,602	2,054	2,672	1,257		30,326
NONCURRENT LIABILITIES - Bonds payable (long-term)	<u>35,868</u>	<u>11,810</u>	<u>27,473</u>	<u>6,396</u>	<u>48,704</u>	<u>891,024</u>	<u>60,086</u>	<u>24,431</u>	<u>5,242</u>	<u>594,068</u>	<u>154,731</u>	<u>197,093</u>	<u>87,723</u>		<u>2,144,649</u>
TOTAL LIABILITIES	<u>41,075</u>	<u>14,531</u>	<u>33,440</u>	<u>7,906</u>	<u>61,640</u>	<u>988,274</u>	<u>72,181</u>	<u>28,516</u>	<u>6,102</u>	<u>634,574</u>	<u>166,064</u>	<u>222,026</u>	<u>95,775</u>	<u>279</u>	<u>2,372,383</u>
NET ASSETS (DEFICIENCY IN):															
Restricted	3,766	5,902	20,586	6,186	18,137	9,686	1,180	42	19	47	618	278	36		66,483
Unrestricted														33	33
TOTAL NET ASSETS (DEFICIENCY IN)	<u>\$ 3,766</u>	<u>\$ 5,902</u>	<u>\$ 20,586</u>	<u>\$ 6,186</u>	<u>\$ 18,137</u>	<u>\$ 9,686</u>	<u>\$ 1,180</u>	<u>\$ 42</u>	<u>\$ 19</u>	<u>\$ 47</u>	<u>\$ 618</u>	<u>\$ 278</u>	<u>\$ 36</u>	<u>\$ 33</u>	<u>\$ 66,516</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

**SCHEDULE OF PROJECTS FOR THE ENTERPRISE FUND - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002 (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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total (As Restated. See Note J)
OPERATING REVENUES:															
Rents	\$ 8,066	\$ 3,268	\$ 5,752	\$ 2,017	\$ 7,213	\$ 150	\$ 30		\$ 10	\$ 100	\$ 56	\$ 725	\$ 50		\$ 27,437
Lease interest	2,266	672	810	224	2,373	48,349	3,890	\$ 1,965	413	28,884	8,527	10,363	5,028		113,764
Other	<u>1,051</u>	<u>389</u>	<u>628</u>	<u>111</u>	<u>913</u>									\$ 995	<u>4,087</u>
Total operating revenues	11,383	4,329	7,190	2,352	10,499	48,499	3,920	1,965	423	28,984	8,583	11,088	5,078	995	145,288
OPERATING EXPENSES:															
Building maintenance and operations	8,505	3,083	3,167	1,578	5,584							684			22,601
Utilities	1,583	674	847	371	1,169										4,644
General administration	712	155	170	152	620	141	47	24	11	180	56	86	16	925	3,295
Other	<u>432</u>	<u>237</u>	<u>371</u>	<u>27</u>	<u>424</u>										<u>1,491</u>
Total operating expenses	<u>11,232</u>	<u>4,149</u>	<u>4,555</u>	<u>2,128</u>	<u>7,797</u>	<u>141</u>	<u>47</u>	<u>24</u>	<u>11</u>	<u>180</u>	<u>56</u>	<u>770</u>	<u>16</u>	<u>925</u>	<u>32,031</u>
Operating gain	151	180	2,635	224	2,702	48,358	3,873	1,941	412	28,804	8,527	10,318	5,062	70	113,257
NONOPERATING REVENUES (EXPENSES):															
Earnings on investments	166	66	381	68	148	344	26	7	1	63	19	34	5		1,328
Interest expense and other	<u>(2,552)</u>	<u>(1,088)</u>	<u>(2,528)</u>	<u>(582)</u>	<u>(4,298)</u>	<u>(56,352)</u>	<u>(4,157)</u>	<u>(2,032)</u>	<u>(414)</u>	<u>(29,371)</u>	<u>(8,649)</u>	<u>(10,534)</u>	<u>(5,095)</u>		<u>(127,652)</u>
Total nonoperating expenses	<u>(2,386)</u>	<u>(1,022)</u>	<u>(2,147)</u>	<u>(514)</u>	<u>(4,150)</u>	<u>(56,008)</u>	<u>(4,131)</u>	<u>(2,025)</u>	<u>(413)</u>	<u>(29,308)</u>	<u>(8,630)</u>	<u>(10,500)</u>	<u>(5,090)</u>		<u>(126,324)</u>
NET INCOME (LOSS)	(2,235)	(842)	488	(290)	(1,448)	(7,650)	(258)	(84)	(1)	(504)	(103)	(182)	(28)	70	(13,067)
NET ASSETS (deficiency in),															
Beginning of year (as restated in Note A)	<u>6,001</u>	<u>6,744</u>	<u>20,098</u>	<u>6,476</u>	<u>19,585</u>	<u>17,336</u>	<u>1,438</u>	<u>126</u>	<u>20</u>	<u>551</u>	<u>721</u>	<u>460</u>	<u>64</u>	<u>(37)</u>	<u>79,583</u>
NET ASSETS (deficiency in),															
End of year	<u>\$ 3,766</u>	<u>\$ 5,902</u>	<u>\$20,586</u>	<u>\$ 6,186</u>	<u>\$18,137</u>	<u>\$ 9,686</u>	<u>\$ 1,180</u>	<u>\$ 42</u>	<u>\$ 19</u>	<u>\$ 47</u>	<u>\$ 618</u>	<u>\$ 278</u>	<u>\$ 36</u>	<u>\$ 33</u>	<u>\$ 66,516</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

**SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND - STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002 (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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total (As Restated, See Note J)
CASH FLOWS FROM OPERATING ACTIVITIES:															
Cash received from customers:															
State operating rent	\$ 8,066	\$ 3,268	\$ 2,331	\$ 1,403	\$ 7,213	\$ 150	\$ 30		\$ 10	\$ 100		\$ 725	\$ 50		\$ 23,346
Local operating rent			3,142	560											3,702
Lease interest income receipts	<u>1,901</u>	<u>594</u>	<u>476</u>	<u>144</u>	<u>1,441</u>	<u>43,788</u>	<u>3,892</u>	<u>\$1,640</u>	<u>316</u>	<u>29,004</u>	<u>\$ 8,649</u>	<u>11,449</u>	<u>5,116</u>		<u>108,410</u>
Total cash received from customers	9,967	3,862	5,949	2,107	8,654	43,938	3,922	1,640	326	29,104	8,649	12,174	5,166		135,458
Cash received from quasi-external operating transactions with other funds															
														\$ 1,077	1,077
Cash payments to suppliers for goods and services	(11,043)	(4,176)	(4,589)	(2,154)	(7,692)	(143)	(32)	(24)	(11)	(97)	(64)	(783)	(16)	(569)	(31,393)
Cash payments to employees for services	(392)				(293)									(416)	(1,101)
Miscellaneous fees and commissions	<u>874</u>	<u>315</u>	<u>618</u>	<u>108</u>	<u>925</u>										<u>2,840</u>
Net cash flows provided (used) by operating activities	<u>(594)</u>	<u>1</u>	<u>1,978</u>	<u>61</u>	<u>1,594</u>	<u>43,795</u>	<u>3,890</u>	<u>1,616</u>	<u>315</u>	<u>29,007</u>	<u>8,585</u>	<u>11,391</u>	<u>5,150</u>	<u>92</u>	<u>106,881</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:															
Principal payments on bonds															
	(4,110)	(2,145)	(5,000)	(1,190)	(11,305)	(83,065)	(10,640)	(3,495)	(755)	(28,240)	(8,355)	(20,850)	(6,540)		(185,690)
Interest paid															
	(2,187)	(1,009)	(2,346)	(515)	(3,368)	(51,790)	(4,159)	(1,705)	(317)	(29,492)	(8,770)	(11,621)	(5,183)		(122,462)
Principal receipts on capital leases															
	4,110	2,145	5,153	1,203	11,305	83,065	10,640	3,495	755	28,240	8,355	20,850	6,540		185,856
Refunding bond proceeds															
						233	34			109					376
Payment of debt issue costs															
						(233)	(34)			(109)					(376)
Debt defeasement															
							(1,066)								(1,066)
Net cash flows provided (used) by capital and related financing activities	<u>(2,187)</u>	<u>(1,009)</u>	<u>(2,193)</u>	<u>(502)</u>	<u>(3,368)</u>	<u>(51,790)</u>	<u>(5,225)</u>	<u>(1,705)</u>	<u>(317)</u>	<u>(29,492)</u>	<u>(8,770)</u>	<u>(11,621)</u>	<u>(5,183)</u>		<u>(123,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:															
Proceeds from sales and maturities of investments															
	22,610	17,163	9,200	11,033	69,633	215,267	18,746	9,523	1,085	100,014	18,030	33,090	11,795		537,189
Purchase of investments															
	(20,030)	(16,356)	(9,401)	(10,738)	(68,616)	(207,651)	(17,492)	(9,441)	(1,084)	(99,593)	(17,872)	(32,895)	(11,770)	(1)	(522,940)
Investment income received															
	<u>201</u>	<u>201</u>	<u>416</u>	<u>146</u>	<u>757</u>	<u>379</u>	<u>81</u>	<u>7</u>	<u>1</u>	<u>64</u>	<u>21</u>	<u>35</u>	<u>6</u>	<u>1</u>	<u>2,316</u>
Net cash flows provided (used) by investing activities	<u>2,781</u>	<u>1,008</u>	<u>215</u>	<u>441</u>	<u>1,774</u>	<u>7,995</u>	<u>1,335</u>	<u>89</u>	<u>2</u>	<u>485</u>	<u>179</u>	<u>230</u>	<u>31</u>		<u>16,565</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS															
											(6)		(2)	92	84
RESTRICTED AND UNRESTRICTED, BEGINNING OF YEAR															
											6		2	235	243
RESTRICTED AND UNRESTRICTED, END OF YEAR															
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

**SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND - STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002 (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	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total (As Restated, See Note J)
Operating income	\$ 151	\$ 180	\$ 2,635	\$ 224	\$ 2,702	\$ 48,358	\$ 3,873	\$ 1,941	\$ 412	\$ 28,804	\$ 8,527	\$ 10,318	\$ 5,062	\$ 70	\$ 113,257
Adjustments to reconcile operating income from operations to net cash provided by operating activities:															
Amortization of lease premium (discount)	(385)	(102)	(357)	(85)	(1,053)	(3,954)	(324)	(370)	(105)	176	(141)	639	11		(6,050)
Miscellaneous nonoperating expenses		(3)	(14)	(2)		1				(1)				10	(9)
Changes in assets and liabilities:															
Increase (decrease) in lease interest receivable	20	27	24	10	121	(607)	323	45	8	(56)	263	447	78		703
(Increase) decrease in account receivable - other	(177)	(73)	(290)	(58)	(1)							(19)			(599)
Decrease in other assets	(39)	(30)	(25)	(9)	(40)										(162)
Decrease in deferred revenue											(56)				(56)
Increase (decrease) in accounts payable	(164)	2	5	(19)	(135)	(3)	18			84	(8)	6	(1)	12	(203)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (594)</u>	<u>\$ 1</u>	<u>\$ 1,978</u>	<u>\$ 61</u>	<u>\$ 1,594</u>	<u>\$ 43,795</u>	<u>\$ 3,890</u>	<u>\$ 1,616</u>	<u>\$ 315</u>	<u>\$ 29,007</u>	<u>\$ 8,585</u>	<u>\$ 11,391</u>	<u>\$ 5,150</u>	<u>\$ 92</u>	<u>\$ 106,881</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE AGENCY FUND - STATEMENT OF NET ASSETS AS OF JUNE 30, 2002 (DOLLARS IN THOUSANDS)

	Ohio Courts Building	Bureau of Workers' Compensation	Total
ASSETS			
INVESTMENTS	\$ 8,262	\$ 12,959	\$ 21,221
RECEIVABLES:			
Interest receivable	153	34	187
Prepaid expenses	<u> </u>	<u> 31</u>	<u> 31</u>
TOTAL ASSETS	<u> 8,415</u>	<u> 13,024</u>	<u> 21,439</u>
LIABILITIES			
Accounts payable	3,562		3,562
Retainage Payable	725		725
Payable on behalf of the Agency	<u> 4,128</u>	<u> 13,024</u>	<u> 17,152</u>
TOTAL LIABILITIES	<u> 8,415</u>	<u> 13,024</u>	<u> 21,439</u>
NET ASSETS	<u> \$</u>	<u> \$</u>	<u> \$</u>

See notes to financial statements.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Members of
The Ohio Building Authority and
The Honorable Jim Petro, Auditor of the State of Ohio:

We have audited the financial statements of the Ohio Building Authority (the "Authority") as of and for the year ended June 30, 2002, and have issued our report thereon dated October 25, 2002. 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 Authority's 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 CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's 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 weakness 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 solely for the information and use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

October 25, 2002



**Auditor of State
Betty Montgomery**

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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
FEBRUARY 11, 2003**