OHIO BUILDING AUTHORITY

Financial Statements
for the Year Ended June 30, 2011
and
Independent Accountants' Reports

Kennedy
Cottrell
Richards

Accountants & Consultants for Business & Government

Ohio Building Authority
30 East Broad Street
Suite 4020
Columbus, Ohio 43215

We have reviewed the *Independent Accountants' Report* of the Ohio Building Authority, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2010 through June 30, 2011. 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.

Dave Yost
Auditor of State

December 23, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us

This page intentionally left blank.

OHIO BUILDING AUTHORITY

TABLE OF CONTENTS

This page intentionally left blank.

186 North High Street
Gahanna, OH 43230

Kennedy Cottrell Richards

Phone: 614.358.4682
Fax: 614.269.8969
www.kcr-cpa.com

INDEPENDENT ACCOUNTANTS' REPORT

To the Members of the Ohio Building Authority and
The Honorable Dave Yost, 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, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The Schedules of Projects provide additional analysis and are not a required part of the basic financial statements. The schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC
November 1, 2011

OHIO BUILDING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011 (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, 2011. 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, 2011 and 2010:

	2011	2010
Assets:		
Current Assets	$222,512	$217,973
Non-Current Assets	1,438,093	1,409,639
Total Assets	$1,660,605	$1,627,612
Liabilities:		
Current Liabilities	$195,695	$194,058
Non-Current Liabilities	1,438,084	1,409,639
Total Liabilities	1,633,779	1,603,697
Total Net Assets—Restricted	$26,826	$23,915

During the period ending June 30, 2011, net assets of the Authority increased by $2,911 or 12.17%. The increase in net assets is due to the refunding of $298,195 of various bond issues. The refunding reduced the amount of interest cost on debt payments thus reducing non-operating expenses. The following represents the Authority's summary of changes in net assets for the fiscal year ended June 30, 2011 and 2010:

	2011	2010
Operating Revenues	$88,706	$89,814
Operating Expenses	22,865	21,704
Net Operating Gain	65,841	68,110
Non-Operating Expenses	(62,930)	(65,732)
Net Gain (Loss)	2,911	2,378
Net Assets - Beginning of Year	23,915	21,537
Net Assets - End of year	$26,826	$23,915

Operating revenues decreased $1,108 or 1.2% as budgeted due to the refunding of $298,195 of various bond issues. The refunding reduced the amount of interest received on lease payments thus reducing operating revenues. Additionally, the continued reduction in the overall State of Ohio Budget, reduced the available appropriations for rent increases. Operating expenses increased by $1,161 or 5.3% due to expected increases in operating cost.

Capital Asset Activity

During the fiscal year ended June 30, 2011, the Authority disbursed a total of $15 in connection with renovations to the Bureau of Workers' Compensation's facility and $19,120 in connection with State Community and Technical College facilities. 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, 2011, the Authority issued five series of bonds totaling $298,195, of which $243,195 was issued to refund portions of 24 series of previously issued bonds in order to restructure the debt service on Administrative, Adult Correctional and Juvenile Correctional Facilities bonds coming due October 1, 2010 and April 1, 2011 and to refund Adult Correctional Facilities bonds due in 2012 through 2014 resulting in an overall economic gain of $5,676 and issuance cost of $1,567. The remaining $55,000 of bonds issued were new money bonds. During the fiscal year ended June 30, 2011, the Authority paid $22,585 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.

On August 31, 2010 the Authority issued $20,145 in State Community and Technical College Facilities Bonds on behalf of Stark State College and on October 28, 2010 the Authority issued $9,525 in State

Community and Technical College Facilities Bonds on behalf of Clark State Community College as part of the State's Community and Technical College Credit Enhancement Program under legislation enacted by the Ohio General Assembly. Please refer to Note 1 to the financial statements for a more complete discussion of the basis of presentation for these projects.

Subsequent Events

Amended Substitute House Bill No. 153 as enacted by the General Assembly provides that effective January 1, 2012 the Treasurer of the State of Ohio supersedes and replaces the Authority in all matters relating to the issuance of obligations for the financing of capital facilities for housing braches and agencies of State government. The legislation also provides that the Treasurer succeeds to all of the duties, powers, obligations and functions of the Authority relating to bonds previously issued by the Authority. This legislation also provides that effective January 1, 2012 the building and facility operations and management functions of the Authority are transferred to the Department of Administrative Services of the State of Ohio.

On September 15, 2011 the Authority, as part of the State's biennium budget as enacted by Amended Substitute House Bill No. 153, refunded portions of 19 series of previously issued bonds in order to restructure the debt service on bonds coming due October 1, 2011 and April 1, 2012 in the amount of $110,045. Additionally, $49,770 was refunded for bonds due in 2012 through 2014. The overall transaction resulted in an economic gain of $3,111 and issuance cost of $1,017.

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, 2011
(Dollars in thousands)

ASSETS

CURRENT ASSETS:	
Cash—unrestricted	$ 555
Investments—restricted	32,214
Receivables:	
Leases—current portion, net	169,603
Lease interest receivable	18,973
Due from other agency	2
Accounts receivable	806
Other assets	359
Total current assets	222,512
NON-CURRENT ASSETS:	
Leases receivable, net	1,432,139
Deferred debt issuance cost	5,954
Total assets	$ 1,660,605

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities:	
Restricted	5,098
Unrestricted	192
Bonds payable—current portion, net	169,612
Other liabilities	1,820
Accrued interest	18,973
Total current liabilities	195,695
NON-CURRENT LIABILITIES—Bonds payable, net	1,438,084
Total liabilities	1,633,779
TOTAL NET ASSETS—Restricted	$ 26,826

OHIO BUILDING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS—ENTERPRISE FUND YEAR ENDED JUNE 30, 2011 (Dollars in thousands)

OPERATING REVENUES:	
Rents	$ 22,883
Lease interest	64,416
Other	1,407
Total operating revenues	88,706
OPERATING EXPENSES:	
Building maintenance and operations	15,360
Utilities	4,967
General administration	2,171
Other	367
Total operating expenses	22,865
OPERATING GAIN	65,841
NON-OPERATING REVENUES (EXPENSES):	
Earnings on investments	10
Interest expense and other	(62,940)
Total non-operating expenses	(62,930)
NET GAIN	2,911
NET ASSETS—Beginning of year	23,915
NET ASSETS—End of year	$ 26,826

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF CASH FLOWS—ENTERPRISE FUND
YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers:	
State operating rent	$ 19,418
Local operating rent	2,939
Lease interest income receipts	69,543
Total cash received from customers	91,900
Cash received from quasi-external operating transactions with other funds	1,154
Cash payments to suppliers for goods and services	(22,673)
Cash payments to employees for services	(1,047)
Miscellaneous fees and commissions	1,449
Net cash flows provided by operating activities	70,783
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on bonds	(22,585)
Interest paid	(68,513)
Principal receipts on capital leases	22,585
Refunding bond proceeds	633
Payment of debt issue costs	(537)
Premium on sale of bonds, net	1,415
Net cash flows used in capital and related financing activities	(67,002)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	116,001
Purchase of investments	(119,718)
Investment income received	10
Net cash flows used by investing activities	(3,707)
NET INCREASE IN CASH AND CASH EQUIVALENTS	74
RESTRICTED AND UNRESTRICTED—Beginning of year	481
RESTRICTED AND UNRESTRICTED—End of year	$ 555
OPERATING GAIN	$ 65,841
ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Amortization of lease discount / premium	5,336
Changes in assets and liabilities:	
Increase in lease interest receivable	(203)
Increase in account receivable—other	(764)
Increase in other assets	(9)
Increase in accounts payable and other liabilities	582
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 70,783

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF NET ASSETS—AGENCY FUND
JUNE 30, 2011
(Dollars in thousands)

ASSETS	
INVESTMENTS	$ 11,792
Other assets:	
Prepaid expenses	19
TOTAL ASSETS	11,811
LIABILITIES	
Accounts payable	1
Due to other agency	2
Payable on behalf of the Agency	11,808
Total liabilities	11,811
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 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 (in thousands) 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 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, 2011, $47,005 of BWC bonds were outstanding.

In August 2010, the Authority issued $20,145 (in thousands) of bonds at rates from 2.0% to 5.97%, with payments due through 2030 on behalf of Stark State College and in October 2010 the Authority issued $9,525 (in thousands) of bonds at rates from 1.5% to 6.17%, with payments due through 2035 on behalf of Clark State Community College (collectively, the "Colleges"). Since the Colleges are a proprietary component unit of the State of Ohio, its financial statements report the assets and debt financed through the Authority. Accordingly, the Authority's Enterprise Fund does not include the Colleges facilities, 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 the Colleges. At June 30, 2011, $29,670 of Colleges 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 2011 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 considers 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, 2011 was $555 (in thousands). Of this amount $250 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, 2011, $305 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
Governmental Money Markets	44,006	44,006
Total investments	$ 44,006	$ 44,006

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 invested 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, 2011. Management of STAROhio states that its policy also prohibits investing in derivatives and/or engaging in the use of reverse repurchase agreements.

At June 30, 2011 the Authority had no investment in STAROhio.

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, 2011, $32,214 represents restricted investments held in the Enterprise Fund and $11,792 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 2031.

Following is a summary of the components of the Authority's net investment in direct financing leases (in thousands), at June 30, 2011:

Total minimum lease principal payments to be received	$ 1,558,085
Add—deferred income-non current	36,459
Add—deferred income current	6,068
Add—deferred debt issuance cost - current	1,130
Net leases receivable	$ 1,601,742

Minimum lease payments (in thousands) to be received as of June 30, 2011 are as follows:

2012	$ 234,811
2013	208,078
2014	207,948
2015	198,801
2016	176,836
2017-2021	640,019
2022-2026	312,658
2027-2031	53,327
Total minimum payments	2,032,478
Interest for capital leases	(474,393)
Minimum lease principal payments	$1,558,085

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, 2011 by type of project were:

	Pledged Receipts
Rhodes State Office Tower	$ 4,812
Lausche State Office Building	3,638
DiSalle Government Center	8,018
Ocasek Government Office Building	4,223
Riffe Center for Government and the Arts	8,016
State Correctional Facilities	929
Administrative Building Fund Projects	1,596
Juvenile Correctional Facilities	478
Community & Technical College Facilities	11,767
Total	$ 43,477

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. There are currently no revenue bonds outstanding.

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 2011 were as follows (in thousands):

	Rent	Operations
Ohio Department of Administrative Services— Office/Administrative Facilities	$ 97,713	$ 24,203
Ohio Department of Rehabilitation and Correction— Correctional Facilities	98,080	
Ohio Department of Transportation— Transportation Facilities	1,821	
Ohio Department of Youth Services— Juvenile Facilities	26,044	
Ohio Department of Public Safety— Highway Safety	11,836	
Bureau of Workers' Compensation	19,049	
Total	$ 254,543	$ 24,203

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

Principal of bonds outstanding—June 30, 2010	$1,539,530
Debt issued on behalf of other agencies under legislation enacted by the Ohio General Assembly	298,195
Principal retired	(22,585)
Bonds defeased	(257,055)
Principal of bonds outstanding—June 30, 2011	1,558,085
Unamortized bond premium and discounts, net	83,210
Deferred amounts on refundings	(33,599)
Total bonds outstanding	$1,607,696
Bonds outstanding - due in one year	$ 169,612
Bonds outstanding - due in more than one year	1,438,084
Total bonds outstanding - June 30, 2011	$1,607,696

Bonds outstanding (in thousands) at June 30, 2011 are as follows:

	Amount of Obligation Issued	Bond Issue Date	Final Maturity Date	Interest Rates	2011 Balance
1999B (Administrative Building)	$ 18,930	May 15, 1999	October 1, 2011	5.25%	$ 2,385
2001A (Administrative Building)	120,000	April 1, 2001	October 1, 2020	5.0%-5.25%	24,710
2001A (Highway Safety)	20,000	April 1, 2001	October 1, 2011	4.38%	965
2001A (Adult Correctional)	249,850	July 1, 2001	October 1, 2014	5.50%	75,205
2002A (Administrative Building)	70,000	April 10, 2002	April 1, 2022	5.50%	3,240
2002B (Administrative Building)	58,670	June 25, 2002	October 1, 2012	4.00%	14,325
2002A (Adult Correctional)	50,000	October 8, 2002	April 1, 2022	5.00%	2,360
2002B (Adult Correctional)	90,560	October 8, 2002	April 1, 2017	5.0%-5.25%	75,430
2003A (Juvenile Correctional)	30,000	March 14, 2003	April 1, 2013	3.75%-3.875%	4,095
2003A (Administrative Building)	100,000	July 22, 2003	April 1, 2023	5.00%	9,435
2004A (Adult Correctional)	57,400	March 23, 2004	April 1, 2024	3.125%-5.25%	30,965
2004A (Highway Safety)	10,400	March 23, 2004	April 1, 2019	2.75%-4.0%	6,055
2004B (Highway Safety)	41,695	March 23, 2004	October 1, 2011	5.00%	6,835
2004A (Administrative Building)	75,000	May 11, 2004	April 1, 2024	4.0%-5.0%	40,120
2004B (Administrative Building)	130,750	October 21, 2004	October 1, 2018	3.125%-5.25%	91,880
2004C (Adult Correctional)	225,350	October 21, 2004	October 1, 2018	5.0%-5.25%	164,340
2005A (Administrative Building)	85,000	March 30, 2005	April 1, 2025	5.00%	67,525
2005B (Administrative Building)	29,150	March 30, 2005	October 1, 2011	5.00%	8,005
2005A (Adult Correctional)	75,000	June 1, 2005	April 1, 2025	5.00%	59,855
2005A (Juvenile Correctional)	15,000	October 6, 2005	October 1, 2015	3.50%-4.0%	8,150
2005B (Juvenile Correctional)	27,445	October 6, 2005	October 1, 2018	4.0%-5.0%	24,965
2006A (Administrative Building)	40,000	October 3, 2006	April 1, 2016	4.0%-5.0%	20,410
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	5.00%	12,990
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%	21,185
2008A (Adult Correctional)	25,000	March 6, 2008	April 1, 2023	3.5%-5.25%	21,185
2009A (Administrative Building)	60,000	January 22, 2009	October 1, 2028	2.5%-5.0%	57,865
2009A (Adult Correctional)	40,000	January 22, 2009	October 1, 2028	3.0%-5.0%	38,475
2009A (Highway Safety)	1,685	January 22, 2009	October 1, 2012	3.00%	1,140
2009A (Juvenile Correctional)	37,825	January 22, 2009	October 1, 2014	3.0%-5.0%	23,250
2009B (Administrative Building)	86,590	September 17, 2009	October 1, 2024	4.0%-5.0%	85,880
2009B (Adult Correctional)	75,790	September 17, 2009	October 1, 2024	3.0%-5.0%	75,790
2009B (Juvenile Correctional)	16,820	September 17, 2009	October 1, 2024	3.0%-4.0%	16,820
2010A (Administrative Building)	9,005	April 1, 2010	October 1, 2016	2.0%-5.0%	9,005
2010B (Administrative Building)	30,995	April 1, 2010	October 1, 2029	4.026%-6.103%	30,995
2010A (Highway Safety)	10,860	April 1, 2010	October 1, 2020	3.0%-5.0%	10,860
2010A (Juvenile Correctional)	5,445	April 1, 2010	October 1, 2016	2.0%-3.0%	5,445
2010B (Juvenile Correctional)	11,450	April 1, 2010	October 1, 2017	5.00%	11,450
2010C (Juvenile Correctional)	9,555	April 1, 2010	October 1, 2024	4.026%-5.38%	9,555
2010C (Administrative Building)	148,865	August 31, 2010	October 1, 2024	3.00%-5.00%	148,865
2010A (Adult Correctional)	79,325	August 31, 2010	October 1, 2024	2.00%-5.00%	79,325
2010D (Juvenile Correctional)	15,005	August 31, 2010	October 1, 2024	2.50%-5.00%	15,005
2011A (Adult Correctional)	40,000	February 1, 2011	April 1, 2031	2.00%-5.25%	40,000
2011A (Juvenile Correctional)	15,000	May 3, 2011	April 1, 2025	3.00%-5.00%	15,000
Total bonds principal outstanding					1,558,085
Unamortized bond discount					83,210
Deferred amounts on refundings					(33,599)
Total bonds outstanding					$ 1,607,696

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**
2012	$ 162,405	$ 72,406
2013	143,230	64,848
2014	150,095	57,853
2015	148,110	50,691
2016	132,700	44,136
2017-2021	502,310	137,709
2022-2026	271,330	41,328
2027-2031	47,905	5,422
Unamortized bond premium and discounts, net	83,210	
Deferred amounts on refundings	(33,599)	
Total	$ 1,607,696	$ 474,393

During the fiscal year ended June 30, 2011, the Authority issued five series of bonds totaling $298,195 on behalf of other agencies, under legislation enacted by the Ohio General Assembly. Of the $298,195 of bonds issued, $55,000 were new money bonds (2011A Adult Correctional Building and 2011A Juvenile Correctional). Bond proceeds from new money bond issues are generally sent directly to the State by the trustee.

During the year ended June 30, 2011, the Authority refunded portions of 24 series of previously issued bonds in order to restructure the debt service on bonds coming due October 1, 2010 and April 1, 2011 in the amount of $141,495 and refunded $115,560 of bonds due in 2013 through 2023 by issuing $243,195 of refunding bonds (2010C Administrative Building Bonds, 2010A Adult Correctional Bonds and 2010D Juvenile Correctional Bonds). The overall transaction resulted in an economic gain of $5,676 and issuance cost of $1,567. The refunding resulted in the Authority increasing its total debt service payments over the life of the bonds by $29,389.

The 2010C Administrative Building Bonds, with an average interest rate of 2.75%, refunded $156,695 in principal, plus interest of the 1999B Administrative Building Bonds due on October 1, 2010; 2001A Administrative Building Bonds due on October 1, 2010; 2002A Administrative Building Bonds due on April 1, 2011, April 1, 2013, April 1, 2021 and on April 1, 2022; 2002B Administrative Building Bonds due on October 1, 2010; 2003A Administrative Building Bonds due on April 1, 2011, and on April 1, 2014 through 2023; 2004A Administrative Building Bonds due on April 1, 2011 and on April 1, 2015 through 2018; 2004B Administrative Building Bonds due on October 1, 2010; 2005A Administrative Building Bonds due on April 1, 2011; 2005B Administrative Building Bonds due on October 1, 2010; 2006A Administrative Building Bonds due on April 1, 2011; 2008A Administrative Building Bonds due on April 1, 2011; and 2009A Administrative Building Bonds due on October 1, 2010. The refunded bonds had an average interest rate of 4.90%.

The 2010A Adult Correctional Bonds, with an average interest rate of 2.84%, refunded $84,450 in principal, plus interest of the 2001A Adult Correctional Bonds due on October 1, 2010; 2002A Adult Correctional Bonds due on April 1, 2011, April 1, 2013, April 1, 2021 and on April 1, 2022; 2004A Adult Correctional Bonds due on April 1, 2011, and on April 1, 2015 through 2018; 2004C Adult Correctional Bonds due on October 1, 2010; 2005A Adult Correctional Bonds due on April 1, 2011; 2008A Adult Correctional Bonds due on April 1, 2011; and 2009A Adult Correctional Bonds due on October 1, 2010. The refunded bonds had an average interest rate of 5.10%.

The 2010D Juvenile Correctional Bonds, with an average interest rate of 2.94%, refunded $15,910 in principal, plus interest of the 2003A Juvenile Correctional Bonds due on April 1, 2011; 2005A Juvenile Correctional Bonds due on October 1, 2010; 2005B Juvenile Correctional Bonds due on October 1, 2010; 2007A Juvenile Correctional Bonds due on April 1, 2011; and 2009A Juvenile Correctional Bonds due on October 1, 2010. The refunded bonds had an average interest rate of 3.87%.

The proceeds of the refunding bonds were used to purchase U.S. Government securities in amounts sufficient, without further investment, to pay, when due, the principal, interest and redemption premium on the bonds being refunded. The U.S. Government securities referred to above were placed with an escrow agent pursuant to the terms of related escrow agreement. The escrow agent was responsible for future debt service on the refunded bonds.

The bond issues refunded in prior years and the remaining principal outstanding at June 30, 2011 are as follows (in thousands):

Issue Refunded	**Balance Outstanding**
2001 A Administrative Building Fund Projects	$ 51,915
2002 A Adult Correctional Building Fund Projects	21,175
2002 A Administrative Building Fund Projects	29,775
2001 A Highway Safety Building Fund Projects	11,235
2003 A Juvenile Correctional Building Fund Projects	11,890
2002 A Administrative Building Fund Projects	14,065
2003 A Administrative Building Fund Projects	63,720
2004 A Administrative Building Fund Projects	15,695
2002 A Adult Correctional Building Fund Projects	9,980
2004 A Adult Correctional Building Fund Projects	12,100
Total	$ 241,550

Certain bonds defeased as of June 30, 2010, were called or retired during the year ended June 30, 2011 (in thousands):

Defeased Bonds Called	**Amount Called**
2001 Series A Juvenile Correctional Building Fund Projects	$ 16,520

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, 2011 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	$ 4,894	$ 3,705	$ 8,768	$ 4,377	$ 8,164	$ 83,045	$
Other assets						609,333	
Total assets	4,894	3,705	8,768	4,377	8,164	692,378	
LIABILITIES:							
Current liabilities	554	699	1,937	630	1,180	82,891	
Noncurrent liabilities						609,333	
Total liabilities	554	699	1,937	630	1,180	692,224	
Total net assets—(restricted)	$ 4,340	$ 3,006	$ 6,831	$ 3,747	$ 6,984	$ 154	$

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
ASSETS:						
Current assets	$	$ 76,243	$ 23,406	$ 9,420	$ 490	$ 222,512
Other assets		666,177	145,459	17,124		1,438,093
Total assets		742,420	168,865	26,544	490	1,660,605
LIABILITIES:						
Current liabilities		74,621	23,296	9,397	490	195,695
Noncurrent liabilities		666,177	145,450	17,124		1,438,084
Total liabilities		740,798	168,746	26,521	490	1,633,779
Total net assets—(restricted)	$	$ 1,622	$ 119	$ 23	$ -	$ 26,826

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	$ 6,886	$ 3,181	$ 4,112	$ 1,741	$ 6,733	$ 100	$
Lease interest	46					27,968	14
Other	420	77	430	14	466		
Operating expenses	(6,592)	(3,062)	(4,178)	(1,756)	(7,048)	(56)	(16)
Operating gain (loss)	760	196	364	(1)	151	28,012	(2)
Non-operating revenues (expenses):							
Earnings on investments	2	1	2	1	3		
Interest expense and other	(49)					(27,967)	(14)
Change in net assets	713	197	366		154	45	(16)
Beginning net assets	3,627	2,809	6,465	3,747	6,830	109	16
Ending net assets	$ 4,340	$ 3,006	$ 6,831	$ 3,747	$ 6,984	$ 154	$

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
Rents		$ 100	$	$ 30	$	$ 22,883
Lease interest	12	29,265	5,967	1,144		64,416
Other						1,407
Operating expenses	(1)	(95)	(45)	(16)		(22,865)
Operating gain (loss)	11	29,270	5,922	1,158		65,841
Non-operating revenues (expenses):						
Earnings on investments				1		10
Interest expense and other	(12)	(27,786)	(5,967)	(1,145)		(62,940)
Change in net assets	(1)	1,484	(45)	14	-	2,911
Beginning net assets	1	138	164	9	-	23,915
Ending net assets	$	$ 1,622	$ 119	$ 23	$ -	$ 26,826

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	$ (503)	$ 408	$ 378	$ 233	$ 669	$ 29,536	$ 19
Capital and related financing activities	(46)					(28,564)	(31)
Investing activities	549	(408)	(404)	(233)	(669)	(973)	12
Net increase (decrease) in cash and cash equivalents	-	-	(26)	-	-	(1)	-
Beginning cash and cash equivalents	-	-	26	-	-	1	-
Ending cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
Net cash flows provided by (used in):						
Operating activities	$ 17	$ 32,272	$ 6,280	$ 1,373	$ 101	$ 70,783
Capital and related financing activities	(20)	(31,111)	(5,867)	(1,363)		(67,002)
Investing activities	3	(1,161)	(413)	(10)		(3,707)
Net increase (decrease) in cash and cash equivalents	-	-	-	-	101	74
Beginning cash and cash equivalents	-	-	-	-	454	481
Ending cash and cash equivalents	$ -	$ -	$ -	$ -	$ 555	$ 555

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 2011 the employee and the employer contributions were 10.0% and 14.0% respectively, for all Authority employees. The Authority's required contributions to PERS for the years ended June 30, 2011, 2010, and 2009 were $165,466, $165,130, and $198,994, 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 2011, state employers contributed 14.00 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, 2010 through June 30, 2011.

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, 2011 was approximately $59,095.

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.

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 $2 (in thousands) due from Agency fund.

11. SUBSEQUENT EVENTS

Amended Substitute House Bill No. 153 as enacted by the General Assembly provides that effective January 1, 2012 the Treasurer of the State of Ohio supersedes and replaces the Authority in all matters relating to the issuance of obligations for the financing of capital facilities for housing braches and agencies of State government. The legislation also provides that the Treasurer succeeds to all of the duties, powers, obligations and functions of the Authority relating to bonds previously issued by the Authority. This legislation also provides that effective January 1, 2012 the building and facility operations and management functions of the Authority are transferred to the Department of Administrative Services of the State of Ohio.

On September 15, 2011 the Authority as part of the State's biennium budget as enacted by Amended Substitute House Bill No. 153, refunded portions of 19 series of previously issued bonds in order to restructure the debt service on bonds coming due October 1, 2011 and April 1, 2012 in the amount of $110,045. Additionally, $49,770 was refunded for bonds due in 2012 through 2014. The overall transaction resulted in an economic gain of $3,111 and issuance cost of $1,017. The refunding resulted in the Authority increasing its total debt service payments over the life of the bonds by $24,267. However, as a result of the refunding, current assets and liabilities were reduced by $110,990 and $110,666, respectively. The pro forma statement of net assets after the refunding is as follows:

(The remainder of this page left blank intentionally)

PRO FORMA STATEMENT OF NET ASSETS—ENTERPRISE FUND

JUNE 30, 2011
(Dollars in thousands)

ASSETS		
CURRENT ASSETS:		
Cash—unrestricted	$	555
Investments—restricted		32,214
Receivables:		
Leases—current portion, net		60,256
Lease interest receivable		16,973
Due from other agency		2
Accounts receivable		806
Other assets		359
Cash—restricted		357
Total current assets		111,522
NON-CURRENT ASSETS:		
Leases receivable, net		1,541,494
Deferred debt issuance cost		6,648
Total assets	$	1,659,664
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities:		
Restricted		5,450
Unrestricted		192
Deferred revenue		1,528
Bonds payable—current portion, net		60,588
Other liabilities		298
Accrued interest		16,973
Total current liabilities		85,029
NON-CURRENT LIABILITIES—Bonds payable, net		1,547,811
Total liabilities		1,632,840
TOTAL NET ASSETS—Restricted	$	26,824

SUPPLEMENTAL SCHEDULES

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS
JUNE 30, 2011
(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 Transportation Facilities
CURRENT ASSETS:							
Cash—unrestricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments—restricted	4,811	3,638	8,018	4,223	8,016	1,046	
Receivables:							
Leases—current portion						73,496	
Lease interest receivable						8,467	
Due from (to) other projects	(48)	12	22	3	48	36	
Due from other agency							
Accounts receivable	8		672	126			
Other Assets	123	55	56	25	100		
Cash—restricted							
Total current assets	4,894	3,705	8,768	4,377	8,164	83,045	
NONCURRENT ASSETS:							
Leases receivable						606,932	
Deferred debt issuance and other expense						2,401	
TOTAL ASSETS	4,894	3,705	8,768	4,377	8,164	692,378	
LIABILITIES:							
CURRENT LIABILITIES:							
Accounts payable and accrued liabilities:							
Restricted	554	699	1,937	630	1,180		
Unrestricted							
Bonds payable—current portion						73,496	
Other liabilities						928	
Accrued interest						8,467	
Total current liabilities	554	699	1,937	630	1,180	82,891	
NONCURRENT LIABILITIES—Bonds payable (net of unamortized premiums and discounts)						609,333	
Total liabilities	554	699	1,937	630	1,180	692,224	
TOTAL NET ASSETS - RESTRICTED	$ 4,340	$3,006	$ 6,831	$ 3,747	$ 6,984	$ 154	$

(Continued)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS
JUNE 30, 2011
(Dollars in thousands)

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
ASSETS						
CURRENT ASSETS:						
Cash—unrestricted	$ -	$ -	$ -	$ -	$ 555	$ 555
Investments—restricted		1,760	677	25		32,214
Receivables:						
Leases—current portion		65,985	21,004	9,118		169,603
Lease interest receivable		8,503	1,725	278		18,973
Due from (to) other projects		(5)		(1)	(67)	
Due from other agency					2	2
Accounts receivable						806
Other Assets						359
Cash—restricted						
Total current assets		76,243	23,406	9,420	490	222,512
NONCURRENT ASSETS:						
Leases receivable		663,314	144,847	17,046		1,432,139
Deferred debt issuance and other expense		2,863	612	78		5,954
TOTAL ASSETS		742,420	168,865	26,544	490	1,660,605
LIABILITIES:						
CURRENT LIABILITIES:						
Accounts payable and accrued liabilities:						
Restricted		17	80	1		5,098
Unrestricted					192	192
Bonds payable—current portion		65,985	21,013	9,118		169,612
Other liabilities		116	478		298	1,820
Accrued interest		8,503	1,725	278		18,973
Total current liabilities		74,621	23,296	9,397	490	195,695
NONCURRENT LIABILITIES—Bonds payable (net of unamortized premiums and discounts)		666,177	145,450	17,124		1,438,084
Total liabilities		740,798	168,746	26,521	490	1,633,779
TOTAL NET ASSETS - RESTRICTED	$	$ 1,622	$ 119	$ 23	$ -	$ 26,826

See notes to financial statements. (Concluded)

OHIO BUILDING AUTHORITY
SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011
(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	$ 6,886	$ 3,181	$ 4,112	$ 1,741	$ 6,733	$ 100	$
Lease interest	46					27,968	14
Other	420	77	430	14	466		
Total operating revenues	7,352	3,258	4,542	1,755	7,199	28,068	14
OPERATING EXPENSES:							
Building maintenance and operations	3,921	2,287	3,142	1,275	4,735		
Utilities	1,772	565	811	301	1,518		
General administration	774	153	168	153	694	56	16
Other	125	57	57	27	101		
Total operating expenses	6,592	3,062	4,178	1,756	7,048	56	16
OPERATING GAIN (LOSS)	760	196	364	(1)	151	28,012	(2)
NONOPERATING REVENUES (EXPENSES):							
Earnings on investments	2	1	2	1	3		
Interest expense and other	(49)					(27,967)	(14)
Total nonoperating expenses	(47)	1	2	1	3	(27,967)	(14)
NET GAIN (LOSS)	713	197	366		154	45	(16)
NET ASSETS—Beginning of year	3,627	2,809	6,465	3,747	6,830	109	16
NET ASSETS—End of year	$ 4,340	$ 3,006	$ 6,831	$ 3,747	$ 6,984	$ 154	$

(Continued)

OHIO BUILDING AUTHORITY
SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
OPERATING REVENUES:						
Rents	$	$ 100	$	$ 30	$ -	$ 22,883
Lease interest	12	29,265	5,967	1,144		64,416
Other						1,407
Total operating revenues	12	29,365	5,967	1,174		88,706
OPERATING EXPENSES:						
Building maintenance and operations						15,360
Utilities						4,967
General administration	1	95	45	16		2,171
Other						367
Total operating expenses	1	95	45	16		22,865
OPERATING GAIN (LOSS)	11	29,270	5,922	1,158	-	65,841
NONOPERATING REVENUES (EXPENSES):						
Earnings on investments				1		10
Interest expense and other	(12)	(27,786)	(5,967)	(1,145)		(62,940)
Total nonoperating expenses	(12)	(27,786)	(5,967)	(1,144)		(62,930)
NET GAIN (LOSS)	(1)	1,484	(45)	14	-	2,911
NET ASSETS—Beginning of year	1	138	164	9	-	23,915
NET ASSETS—End of year	$	$ 1,622	$ 119	$ 23	$ -	$ 26,826

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011
(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	$ 5,728	$ 3,226	$ 1,556	$ 1,438	$ 7,240	$ 100	$
Local operating rent			2,434	505			
Lease interest income receipts	43					29,487	31
Total cash received from customers	5,771	3,226	3,990	1,943	7,240	29,587	31
Cash received from quasi-external operating transactions with other funds							
Cash payments to suppliers for goods and services	(6,328)	(2,913)	(4,035)	(1,724)	(6,748)	(51)	(12)
Cash payments to employees for services	(360)				(326)		
Miscellaneous fees and commissions	414	95	423	14	503		
Net cash flows provided by operating activities	(503)	408	378	233	669	29,536	19
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Principal payments on bonds	(1,015)					(5,175)	(1,770)
Interest paid	(46)					(29,492)	(31)
Principal receipts on capital leases	1,015					5,175	1,770
Refunding bond proceeds						273	
Payment of debt issue costs						(273)	
Premium on sale of bonds, net						928	
Net cash flows provided by (used) in capital and related financing activities	(46)					(28,564)	(31)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	9,871	2,839	3,809	1,693	6,961	35,003	1,813
Purchase of investments	(9,324)	(3,248)	(4,214)	(1,928)	(7,633)	(35,976)	(1,801)
Investment income received	2	1	1	2	3		
Net cash flows provided by (used in) investing activities	549	(408)	(404)	(233)	(669)	(973)	12
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			(26)			(1)	
RESTRICTED AND UNRESTRICTED—Beginning of year	-	-	26	-	-	1	-
RESTRICTED AND UNRESTRICTED—End of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(Continued)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Acount	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers:						
State operating rent	$	$ 100	$	$ 30	$	$ 19,418
Local operating rent						2,939
Lease interest income receipts	20	32,273	6,330	1,359		69,543
Total cash received from customers	20	32,373	6,330	1,389		91,900
Cash received from quasi-external operating transactions with other funds					1,154	1,154
Cash payments to suppliers for goods and services	(3)	(101)	(50)	(16)	(692)	(22,673)
Cash payments to employees for services					(361)	(1,047)
Miscellaneous fees and commissions						1,449
Net cash flows provided by operating activities	17	32,272	6,280	1,373	101	70,783
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments on bonds	(755)	(710)	(2,805)	(10,355)		(22,585)
Interest paid	(20)	(31,131)	(6,430)	(1,363)		(68,513)
Principal receipts on capital leases	755	710	2,805	10,355		22,585
Refunding bond proceeds		221	139			633
Payment of debt issue costs		(205)	(59)			(537)
Premium on sale of bonds, net		4	483			1,415
Net cash flows provided by (used) in capital and related financing activities	(20)	(31,111)	(5,867)	(1,363)		(67,002)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	778	32,154	9,346	11,734		116,001
Purchase of investments	(775)	(33,315)	(9,759)	(11,745)		(119,718)
Investment income received				1		10
Net cash flows provided by (used in) investing activities	3	(1,161)	(413)	(10)		(3,707)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					101	74
RESTRICTED AND UNRESTRICTED—Beginning of year	-	-	-	-	454	481
RESTRICTED AND UNRESTRICTED—End of year	$ -	$ -	$ -	$ -	$ 555	$ 555

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

(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)	$ 760	$ 196	$ 364	$ (1)	$ 151	$ 28,012	$ (2)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Amortization of lease premium (discount)	(7)					2,051	(3)
Changes in assets and liabilities:							
(Increase) decrease in lease interest receivable	4					(527)	21
(Increase) decrease in account receivable—other	(6)	3	(672)	(126)	36		
(Increase) decrease in other assets	(14)	18	18	5	(9)	1	4
Increase (decrease) in accounts payable and other liabilities	(1,240)	191	668	355	491	(1)	(1)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ (503)	$ 408	$ 378	$ 233	$ 669	$ 29,536	$ 19

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
OPERATING GAIN (LOSS)	$ 11	$ 29,270	$ 5,922	$ 1,158	$	$ 65,841
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Amortization of lease premium (discount)	(2)	2,795	404	98		5,336
Changes in assets and liabilities:						
(Increase) decrease in lease interest receivable	10	208	(40)	121		(203)
(Increase) decrease in account receivable—other	(2)	1	1	1		(764)
(Increase) decrease in other assets					(32)	(9)
Increase (decrease) in accounts payable and other liabilities		(2)	(7)	(5)	133	582
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 17	$ 32,272	$ 6,280	$ 1,373	$ 101	$ 70,783

See notes to financial statements.

(Concluded)

186 North High Street
Gahanna, OH 43230

Kennedy Cottrell Richards

Phone: 614.358.4682
Fax: 614.269.8969
www.kcr-cpa.com

INDEPENDENT ACCOUNTANTS' 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 Dave Yost, 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, 2011, and have issued our report thereon dated November 1, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*

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
November 1, 2011

Dave Yost • 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
JANUARY 5, 2012

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us