

Ohio Building Authority

*Financial Statements for the
Year Ended June 30, 2004 and
Independent Auditors' Report*



**Auditor of State
Betty Montgomery**

Board of Trustees
Ohio Building Authority
30 East Broad Street, Suite 4020
Columbus, Ohio 43266-0412

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, 2003 through June 30, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 11, 2005

This Page is Intentionally Left Blank.

OHIO BUILDING AUTHORITY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2004:	
Statement of Net Assets—Enterprise Fund	6
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Enterprise Fund	7
Statement of Cash Flows—Enterprise Fund	8
Statement of Net Assets—Agency Fund	9
Notes to Combined Financial Statements	10-25
SCHEDULES OF PROJECTS FOR THE YEAR ENDED JUNE 30, 2004:	26
Schedule of Projects in the Enterprise Fund—Statement of Net Assets	27-28
Schedule of Projects in the Enterprise Fund—Statement of Revenues, Expenses, and Changes in Net Assets	29-30
Schedule of Projects in the Enterprise Fund—Statement of Cash Flows	31-33
Schedule of Projects in the Agency Fund—Statement of Net Assets	34

This Page is Intentionally Left Blank.

INDEPENDENT AUDITORS' REPORT

To the Members of
The Ohio Building Authority and
The Honorable Betty Montgomery, Auditor of the State of Ohio:

We have audited the accompanying financial statements of the Ohio Building Authority, (the "Authority") a component unit of the State of Ohio, as of and for the year ended June 30, 2004, 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 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 Ohio Building Authority as of June 30, 2004, 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.

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

Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The Schedules of Projects on pages 26-34 are presented for the purposes of additional analysis and are not a required part of the component unit financial statements of the Authority. The supplementary information is the responsibility of the management of the Authority. The schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements

and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2004 on our consideration of the Ohio Building Authority's internal control over reporting and our test of its compliance and other matters. The purpose that report is to describe the scope of our testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte + Touche LLP

October 29, 2004

OHIO BUILDING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2004

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, 2004. 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 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 (In thousands)

The following summarizes the Authority's financial position for the fiscal year ended June 30, 2004 and 2003:

	2004	2003
Assets:		
Current Assets	\$ 293,977	\$ 312,516
Non-Current Assets	<u>2,080,245</u>	<u>2,043,463</u>
Total Assets	<u>\$2,374,222</u>	<u>\$2,355,979</u>
Liabilities:		
Current Liabilities	\$ 265,026	\$ 256,541
Non-Current Liabilities	<u>2,070,708</u>	<u>2,042,596</u>
Total Liabilities	<u>\$2,335,734</u>	<u>\$2,299,137</u>
Net Assets:		
Restricted Net Assets	<u>\$ 38,488</u>	<u>\$ 56,842</u>
Total Net Assets	<u>\$ 38,488</u>	<u>\$ 56,842</u>

During the period ending June 30, 2004, net assets of the Authority decreased by \$18,354 or 32.29%. A significant portion of the decrease in net assets, \$14,743, is the result of the use of certain reserves in connection with the refinancing of the Authority's bonds during the current fiscal year. The remaining decrease of net assets is the result of the Authority's planned utilization of existing resources during the period ending June 30, 2004.

The following represents the Authority's summary of changes in net assets for the fiscal year ended June 30, 2004 and 2003:

	2004	2003
Operating Revenues	\$ 139,802	\$ 146,965
Operating Expenses	<u>26,880</u>	<u>29,326</u>
Net Operating Gain	112,922	117,639
Non-Operating Expenses	<u>(116,533)</u>	<u>(122,095)</u>
Net Loss before Special Items	(3,611)	(4,456)
Special Items	<u>(14,743)</u>	<u> </u>
Net Loss	(18,354)	(4,456)
Net Assets - Beginning of year	<u>56,842</u>	<u>61,298</u>
Net Assets - End of year	<u>\$ 38,488</u>	<u>\$ 56,842</u>

Lease Interest Revenues has decreased \$8,768 from the prior year, primarily due to payments of lease principal due and refundings of the associated bond issues.

Buildings maintenance and operations expenses have decreased \$2,211 from the prior year, primarily due to budget reductions and the completion of the prior year energy savings construction projects.

Capital Asset Activity

During the fiscal year ended June 30, 2004, the Authority disbursed a total of \$16,545 in connection with the ongoing renovations to the Ohio Courts Building. The Authority also disbursed \$127 in connection with renovations to the Bureau of Workers' Compensation's facility. 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, 2004, the Authority issued eleven series of bonds totaling \$372,315. Of the amount issued, \$129,515 was issued to refund a portion of bonds previously issued by the Authority. A total of \$242,800 was issued to provide additional funding for various state projects. Bond proceeds from bond issuances are generally sent directly to State by the trustee. In 2004, \$13,155 of those proceeds were transferred to the Authority at the direction of the State, and are to be applied against future interest payments due from the State. At year end, \$9,820 remains to be applied against future interest due from the State and is reflected as Deferred Revenue in the accompanying financial statements.

During the fiscal year ended June 30, 2004, the Authority has paid \$210,145 of bonds principal due.

In connection with the issuance of the refunding bonds, certain reserves were released to defease an additional portion of bonds previously issued by the authority. Please refer to Note 5 to the financial statements for a more complete discussion of the Authority's long-term debt activity.

During the fiscal year ended June 30, 2004, the Authority used \$8,256 that was received during the prior fiscal year on behalf of the State of Ohio pursuant to the Federal Surplus Real Property Transfer Program for the payment of certain debt service costs.

Special Items

During the fiscal year ended June 30, 2004, the Authority used \$3,079 of certain reserves, to defease the 1985B State Facilities Bonds (Riffe Center). This resulted in a forgiveness of debt for the corresponding lease payments due from the State of Ohio. Additionally, the Authority expended \$11,664 of certain reserves to pay current principal amounts due on the 1994A and 1996A State Facilities Bonds (Riffe Center), resulting in an additional forgiveness of debt for the corresponding lease payments due from State of Ohio.

Recent Events

Subsequent to the year ended June 30, 2004, the Authority issued three series of bonds totaling \$376,100. Of the amount issued, \$356,100 was issued to refund to portion of bonds previously issued by the Authority. A total of \$20,000 was issued to provide additional funding for various state projects. Please refer to Note 5 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

JUNE 30, 2004

(Dollars in thousands)

ASSETS

CURRENT ASSETS:

Cash—unrestricted	\$ 461
Investments—restricted	45,935
Receivables:	
Leases—current portion	217,747
Lease interest receivable	28,171
Interest	10
Due from other funds	1
Accounts receivable	1,070
Cash—restricted	<u>4</u>
Total current assets	293,399

NON-CURRENT ASSETS—Leases receivable 2,080,245

OTHER ASSETS 578

TOTAL \$2,374,222

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities:	
Restricted	\$ 8,766
Unrestricted	156
Deferred revenue	9,820
Bonds payable—current portion	217,747
Other liabilities	366
Accrued interest	<u>28,171</u>
Total current liabilities	265,026

NON-CURRENT LIABILITIES—Bonds payable 2,070,708

Total liabilities 2,335,734

TOTAL NET ASSETS—Restricted \$ 38,488

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS—ENTERPRISE FUND YEAR ENDED JUNE 30, 2004 (Dollars in thousands)

OPERATING REVENUES:

Rents	\$ 24,466
Lease interest	112,652
Other	<u>2,684</u>

Total operating revenues 139,802

OPERATING EXPENSES:

Building maintenance and operations	17,123
Utilities	4,514
General administration	3,701
Other	<u>1,542</u>

Total operating expenses 26,880

OPERATING GAIN 112,922

NONOPERATING REVENUES (EXPENSES):

Earnings on investments	158
Interest expense and other	<u>(116,691)</u>

Total nonoperating expenses (116,533)

NET LOSS BEFORE SPECIAL ITEMS (3,611)

SPECIAL ITEMS (14,743)

NET LOSS (18,354)

NET ASSETS—Beginning of year 56,842

NET ASSETS—End of year \$ 38,488

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF CASH FLOWS—ENTERPRISE FUND YEAR ENDED JUNE 30, 2004 (Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers:	
State operating rent	\$ 22,442
Local operating rent	3,921
Lease interest income receipts	<u>109,038</u>
Total cash received from customers	135,401
Cash received from quasi-external operating transactions with other funds	1,103
Cash payments to suppliers for goods and services	(25,700)
Cash payments to employees for services	(1,086)
Miscellaneous fees and commissions	<u>1,712</u>
Net cash flows provided by operating activities	<u>111,430</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on bonds	(210,145)
Interest paid	(114,178)
Principal receipts on capital leases	190,424
Refunding bond proceeds	267
Payment of debt issue costs	(267)
Reserves paid for debt defeasement	(15,582)
Net premium received on sale of bonds	<u>13,155</u>
Net cash flows used in capital and related financing activities	<u>(136,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	393,988
Purchase of investments	(369,271)
Investment income received	<u>175</u>
Net cash flows provided by investing activities	<u>24,892</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4)
RESTRICTED AND UNRESTRICTED CASH—Beginning of year	<u>469</u>
RESTRICTED AND UNRESTRICTED CASH—End of year	<u>\$ 465</u>
OPERATING GAIN	\$ 112,922
ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Amortization of lease discount/premium	(4,000)
Changes in assets and liabilities:	
Decrease in lease interest receivable	1,129
Decrease in account receivable—other	343
Decrease in other assets	16
Decrease in deferred revenue	(81)
Increase in accounts payable and other liabilities	<u>1,101</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 111,430</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF NET ASSETS—AGENCY FUND

JUNE 30, 2004

(Dollars in thousands)

ASSETS

INVESTMENTS	\$ 5,105
RECEIVABLES—Prepaid expenses	<u>34</u>
Total assets	<u>5,139</u>

LIABILITIES

Accounts payable	216
Retainage payable	753
Payable on behalf of the Agency	<u>4,170</u>
Total liabilities	<u>5,139</u>

NET ASSETS	<u>\$ -</u>
------------	-------------

See notes to financial statements.

OHIO BUILDING AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2004

5. 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 (and local and federal agencies in certain circumstances) on one or more sites within the State and to issue revenue obligations or other obligations to finance the cost of its projects. In addition, the Authority has been given the power to finance the construction of new, and improvements to, existing arts, sports, correctional, highway safety and transportation facilities. The holders or owners of its obligations are not given the right to require the General Assembly to levy excises or taxes for the payment of debt service on such obligations.

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

In October 1993, the Authority issued \$214,255,000 of bonds at rates from 3.3% to 5.1%, with payments due through 2014 on behalf of the Bureau of Workers’ Compensation (“BWC”). In May 2003, the Authority issued \$142,500,000 of refunding bonds at rates from 2.0% to 5.0% to completely refund the bonds issued in 1993. The Authority will retain BWC’s facility until the debt is repaid. Since BWC is a proprietary component unit of the State, 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, 2004, \$142,500,000 BWC bonds were outstanding.

In October 2000, the Authority entered into an agreement with the Supreme Court of Ohio (the “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, *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 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.

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.

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 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. These funds will be applied in 2005 against lease interest payments due from 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 2004, there were no realized gains. The net decrease in investments (at fair value) during 2004 was \$24,629,209. These amounts take into account all changes in fair value (including purchases and sales) that occur during each respective year. There was no unrealized appreciation on investments held at June 30, 2004 as all investments held during 2004 were maintained in cash, money market and U.S. Treasury obligations.

5. CASH AND INVESTMENTS

Cash includes demand deposits. The bank and financial statement balances of the Authority's unrestricted cash with custodians at June 30, 2004 were \$460,531. \$104,000 of unrestricted cash was insured by the Federal Deposit Insurance Corporation and the remaining amount of \$356,531 was fully collateralized.

Bond trust agreements authorize the Authority to invest, in general, in (1) United States Treasury obligations; (2) United States 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, 2004. 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.

	Category (in thousands)			Market Value
	1	2	3	
Total categorized investments—				
U.S. Treasury obligations	\$ -	\$ -	\$ 51,008	\$ 51,008

The total market value amounts of deposits and investments included in the statement of net assets are (in thousands):

	Cash	Investments	Total
Unrestricted assets	\$ 461	\$ -	\$ 461
Restricted assets	<u>4</u>	<u>51,040</u>	<u>51,044</u>
Total	<u>\$ 465</u>	<u>\$ 51,040</u>	<u>\$ 51,505</u>

Of the investment balance at June 30, 2004, \$32 (market value) represents non-categorized investments, in the State Treasury Asset Reserve held in the Enterprise Fund, \$45,903 represents restricted investments held in the Enterprise Fund and \$5,105 restricted investments held in the Agency Fund.

5. LEASES RECEIVABLE

The Authority's leasing operations consist of leasing of facilities for use by the State (or any of its agencies) and by the local governments, under direct financing arrangements expiring in various years through 2024.

Following is a summary of the components of the Authority's net investment in direct financing leases (in thousands), at June 30, 2004:

Total minimum lease principal payments to be received	\$2,262,010
Add—deferred income	<u>35,982</u>
Net leases receivable	<u>\$2,297,992</u>

Minimum lease payments (in thousands) to be received as of June 30, 2004 are as follows:

2005	\$ 333,206
2006	317,796
2007	300,281
2008	271,162
2009	245,878
2010-2014	946,202
2015-2019	499,110
2020-2024	<u>137,466</u>
Total minimum payments	3,051,101
Interest for capital leases	<u>(789,091)</u>
Minimum lease principal payments	<u>\$2,262,010</u>

5. 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. A single trust agreement specifies that a required reserve fund be maintained at 100% of the highest annual debt service due during the life of a single series of bonds.

Pledged receipts and required reserves (in thousands) at June 30, 2004 by type of project were:

	Pledged Receipts	Required Reserves (1)
Rhodes State Office Tower	\$ 4,820	\$ -
Lausche State Office Building	2,030	
DiSalle Government Center	9,882	
Ocasek Government Office Building	4,044	
Riffe Center for Government and the Arts	4,608	
State Correctional Facilities	12,305	9,334
Administrative Building and Project	6,744	
Juvenile Correctional Facilities	2	
Ohio Arts Facilities	46	
Bureau of Workers' Compensation	1,730	
Highway Safety	<u>301</u>	
 Total	 <u>\$ 46,512</u>	 <u>\$ 9,334</u>

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

5. BONDS AND NOTES PAYABLE

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

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

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

Lease payments are based upon the estimated debt service and administrative costs. In addition, lease payments from the Department of Administrative Services include reimbursement for building operating costs. However, lease payments are limited to an amount appropriated by the Ohio General Assembly. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. Currently, appropriations are made on or before July 1 of each odd-numbered year. The appropriations for 2004 were as follows (in thousands):

	Rent	Operations
Ohio Department of Administrative Services—		
Office/Administrative Facilities	\$ 105,675	\$ 25,446
Ohio Department of Rehabilitation and Correction—		
Correctional Facilities	141,997	
Ohio Department of Transportation—		
Transportation Facilities	13,803	
Ohio Department of Natural Resources—		
Fountain Square Project	1,093	
Ohio Department of Youth Services—		
Juvenile Facilities	21,110	
Ohio Arts and Sports Facilities Commission—		
Arts and Sports Facilities	36,284	
Ohio Department of Public Safety—		
Highway Safety	11,677	
Bureau of Workers' Compensation	<u>18,735</u>	<u> </u>
Total	<u>\$ 350,374</u>	<u>\$ 25,446</u>

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

Principal of bonds outstanding—June 30, 2003	\$ 2,236,290
Debt issued on behalf of other agencies under legislation enacted by the Ohio General Assembly	372,315
Principal retired	(210,145)
Bonds defeased	<u>(136,450)</u>
Principal of bonds outstanding—June 30, 2004	2,262,010
Capital appreciation bond accreted values	10,230
Net discount on bonds	<u>16,215</u>
Total outstanding	<u>\$ 2,288,455</u>

Bonds outstanding (in thousands) at June 30, 2004 are as follows:

	Amount of Obligation Issued	Bond Issue Date	Final Maturity Date	Interest Rates	2004 Balance
State Facilities Bonds:					
1992A (State Transportation)	\$ 17,000	September 1, 1992	September 1, 2007	5.8%-6.1%	\$ 4,520
1993A (DAS Data Center)	36,765	January 1, 1993	October 1, 2007	5.7%-5.9%	12,665
1993A (Administrative Building)	60,000	March 1, 1993	April 1, 2013	5.4%-5.6%	13,295
1993A (Aronoff Center)	35,000	June 1, 1993	October 1, 2007	5.2%-5.45%	11,940
1993A (Arts Facilities)	10,000	June 1, 1993	October 1, 2007	5.2%-5.4%	3,375
1994A (DNR Fountain Square)	9,290	January 1, 1994	October 1, 2004	4.60%	865
1994A (Riffe Center)	96,405	January 1, 1994	October 1, 2004	5.75%	12,250
1994A (Administrative Building)	80,000	September 15, 1994	October 1, 2005	5.5%-5.65%	10,245
1994A (Highway Safety)	10,000	September 15, 1994	October 1, 2004	5.60%	715
1994A (State Transportation)	25,000	December 1, 1994	September 1, 2005	6.0%-6.1%	3,330
1995A (Administrative Building)	60,000	December 1, 1995	October 1, 2010	4.875-6.0%	31,520
1996A (Arts Facilities)	10,000	April 1, 1996	October 1, 2005	4.9%-5.0%	2,480
1996A (Highway Safety)	18,200	April 1, 1996	October 1, 2010	4.9%-6.0%	3,980
1996A (State Transportation)	26,800	April 1, 1996	September 1, 2010	4.9%-6.0%	12,495
1996A (DiSalle Center)	38,570	August 15, 1996	October 1, 2005	6.00 %	5,530
1996A (Lausche Building)	16,545	August 15, 1996	October 1, 2005	6.00 %	2,360
1996A (Ocacek Building)	9,215	August 15, 1996	October 1, 2005	4.80%-5.0%	1,290
1996A (Riffe Center)	6,045	August 15, 1996	October 1, 2005	4.8%-5.0%	810
1997A (Administrative Building)	85,000	January 15, 1997	October 1, 2011	4.8%-5.0%	53,395
1997A (Arts Facilities)	40,000	January 15, 1997	October 1, 2006	4.8%-5.5%	14,170
1997A (Sports Facilities)	37,000	January 15, 1997	October 1, 2011	4.7%-5.375%	23,000
1997A (Highway Safety)	75,000	April 1, 1997	October 1, 2011	5.0%-6.0%	15,225
1998A (Administrative Building)	130,000	January 15, 1998	October 1, 2017	5.0%-5.375%	103,655
1998B (Administrative Building)	19,545	January 15, 1998	October 1, 2010	5.125%-5.25%	11,370
1998A (DAS Data Center)	15,605	January 15, 1998	October 1, 2010	5.125%-5.25%	9,080
1998A (State Transportation)	12,000	March 15, 1998	September 1, 2007	4.50 %	4,800
1998B (State Transportation)	34,800	March 15, 1998	September 1, 2007	4.35%-5.0%	15,815
1998A (Rhodes Tower)	43,735	September 15, 1998	June 1, 2011	4.0%-5.25%	32,850
1999A (Arts Facilities)	75,000	March 15, 1999	October 1, 2008	5.00%	42,160
1999A (Sports Facilities)	39,000	March 15, 1999	October 1, 2013	4.0%-5.25%	28,610
1999A (Administrative Building)	100,000	May 15, 1999	October 1, 2018	4.10%-5.375%	82,540
1999B (Administrative Building)	18,930	May 15, 1999	October 1, 2011	4.10%-5.25%	16,400
2001A (Arts Facilities)	29,000	February 1, 2001	April 1, 2016	4.0%-5.5%	24,835
2001A (Sports Facilities)	23,690	February 1, 2001	April 1, 2016	4.0%-5.5%	20,185
2001A (Administrative Building)	120,000	April 1, 2001	October 1, 2020	5.0%-5.5%	110,550
2001A (Highway Safety)	20,000	April 1, 2001	October 1, 2020	4.0%-5.5%	17,940
2002A (Administrative Building)	70,000	April 10, 2002	April 1, 2022	4.0%-5.5%	65,615
2002A (State Transportation)	13,060	April 10, 2002	September 1, 2009	3.75%-4.5%	9,560
2002B (Administrative Building)	58,670	June 25, 2002	October 1, 2012	3.3%-5.25%	57,350
2003A (Arts Facilities)	20,000	March 14, 2003	April 1, 2018	2.0%-5.0%	18,950
2003A (Lausche Building)	4,915	July 22, 2003	October 1, 2007	2.0%-2.25%	4,915
2003A (Administrative Building)	100,000	July 22, 2003	April 1, 2023	4.0%-5.0%	100,000
2003A (Ocacek Building)	2,695	July 22, 2003	October 1, 2007	2.0%-2.25%	2,695
2003A (DiSalle Center)	10,930	July 22, 2003	October 1, 2007	2.25%-4.0%	10,930
2004A (Riffe Center)	22,705	May 11, 2004	October 1, 2008	2.50%-5.00%	22,705
2004A (DNR Fountain Square)	3,910	May 11, 2004	October 1, 2008	2.0%-5.0%	3,910
2004A (Administrative Building)	75,000	May 11, 2004	April 1, 2024	2.0%-5.0%	75,000
2004A (Highway Safety)	10,400	March 23, 2004	April 1, 2019	2.0%-3.70%	10,400
2004B (Highway Safety)	41,695	March 23, 2004	October 1, 2011	2.0%-5.5%	41,695

Bonds outstanding (in thousands) at June 30, 2004 are as follows (continued):

	Amount of Obligation Issued	Bond Issue Date	Final Maturity Date	Interest Rates	2004 Balance
State Correctional Facilities Bonds:					
1985C	\$160,000	December 1, 1985	October 1, 2005	9.75 %	\$ 5,710
1993A	69,970	January 1, 1993	October 1, 2008	5.7%-6.0%	25,540
1994A	212,665	January 1, 1994	October 1, 2004	4.65%	22,030
1996A	69,540	December 1, 1996	October 1, 2009	5.25%-6.0%	36,725
1994A (Adult Correctional)	125,000	March 15, 1994	October 1, 2004	5.50%	6,065
1995A (Adult Correctional)	100,000	February 1, 1995	October 1, 2004	5.50%	4,650
1996A (Adult Correctional)	85,000	April 1, 1996	April 1, 2008	5.2%-6.0%	16,195
1997A (Adult Correctional)	110,000	April 1, 1997	April 1, 2011	5.375%-6.0%	37,775
1998A (Adult Correctional)	100,000	March 15, 1998	April 1, 2018	5.0%-5.5%	79,660
1999A (Adult Correctional)	150,000	July 1, 1999	October 1, 2018	4.5%-5.5%	130,815
2000A (Adult Correctional)	100,000	June 1, 2000	April 1, 2015	4.9%-5.75%	79,340
2001A (Adult Correctional)	249,850	July 1, 2001	October 1, 2014	5.0%-5.5%	216,155
2002A (Adult Correctional)	50,000	October 8, 2002	April 1, 2022	2.0%-5.0%	47,430
2002B (Adult Correctional)	90,560	October 8, 2002	April 1, 2017	2.0%-5.25%	90,495
2004A (Adult Correctional)	57,400	March 23, 2004	April 1, 2024	2.0%-5.25%	57,400
2004B (Adult Correctional)	42,665	May 11, 2004	October 1, 2008	3.0%-5.0%	42,665
1994A (Juvenile Correctional)	50,000	December 1, 1994	October 1, 2009	6.0%-6.5%	4,630
1999A (Juvenile Correctional)	50,000	February 1, 1999	October 1, 2018	4.0%-5.25%	41,045
1999B (Juvenile Correctional)	70,790	February 1, 1999	October 1, 2014	4.0%-5.25%	66,635
2001A (Juvenile Correctional)	39,000	February 1, 2001	April 1, 2016	4.25%-5.5%	33,515
2003A (Juvenile Correctional)	30,000	March 14, 2003	April 1, 2018	2.0%-5.0%	28,435
Local Jail Grant Bonds—1994A	43,305	January 1, 1994	October 1, 2008	4.60%-4.95%	<u>5,130</u>
Total bonds principal outstanding					2,262,010
Capital appreciation bond accreted values					10,230
Unamortized bond discount					<u>16,215</u>
Total bonds outstanding					<u><u>\$ 2,288,455</u></u>

Certain 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. The redemption price varies from 102% 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
2005	\$ 217,747	\$ 115,459
2006	212,873	104,923
2007	211,055	89,226
2008	191,695	79,467
2009	175,465	70,413
2010-2014	714,105	232,097
2015-2019	415,905	83,205
2020-2024	123,165	14,301
Capital appreciation bond accretion values	10,230	
Unamortized bond discount	<u>16,215</u>	<u> </u>
Total	<u>\$ 2,288,455</u>	<u>\$ 789,091</u>

During the year ended June 30, 2004, the Authority issued \$372,315 in bonds on behalf of other agencies, under legislation enacted by the Ohio General Assembly. Of the \$372,315 2004 bonds issued, \$242,800 were new bonds (2003A Administrative Building, 2004A Adult Correctional, 2004A Highway Safety, and 2004A Administrative Building). Bond proceeds from bond issuances are generally sent directly to State by the trustee. In 2004, \$13,155 of those proceeds were transferred to the Authority at the direction of the State, and are to be applied against future interest payments due from the State. At June 30, 2004, \$9,820 remains to be applied against future interest due from the State and is reflected as Deferred Revenue in the accompanying financial statements.

The Authority has refunded various bonds by issuing \$129,515 refunding bonds. The proceeds of refunding bond issues were used to purchase United States Government securities in amounts sufficient, without further investment, to pay, when due, the principal and interest on the bonds being refunded. The United States 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 financial statements.

State Facilities Refunding Bonds—DiSalle Government Center (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$10.93 million in refunding bonds with an average interest rate of 1.89% and used an additional \$7.5 million of the existing required reserve fund to defease in substance approximately \$13.059 million in principal and interest on the bonds being refunded. The bonds refunded were the 1985A State Facilities Bonds. At the date of refunding, the refunded bonds had an average interest rate of 6.398%. The refunding resulted in an economic gain of \$1.043 million.

State Facilities Refunding Bonds—Lausche State Office Building (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$4.915 million in refunding bonds with an average interest rate of 1.89% and used an additional \$3.2 million of the existing required reserve fund to defease in substance approximately \$5.630 million in principal and interest on the bonds being refunded. The bonds refunded were the 1985A State Facilities Bonds. At the date of refunding, the refunded bonds had an average interest rate of 6.397%. The refunding resulted in an economic gain of \$0.449 million.

State Facilities Refunding Bonds—Ocasek Government Office Building (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$2.695 million in refunding bonds with an average interest rate of 1.89% and used an additional \$1.7 million of the existing required reserve fund to defease in substance approximately \$3.046 million in principal and interest on the bonds being refunded. The bonds refunded were the 1985A State Facilities Bonds. At the date of refunding, the refunded bonds had an average interest rate of 6.398%. The refunding resulted in an economic gain of \$0.236 million.

State Facilities Refunding Bonds—Highway Safety Building (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$41.695 million in refunding bonds with an average interest rate of 2.38% to defease in substance approximately \$42.65 million in principal and interest on the bonds being refunded. The bonds partially refunded were the 1994A State Facilities Bonds. At the date of refunding, the refunded bonds had an average interest rate of 5.508%. The refunding resulted in an economic gain of \$2.148 million.

State Facilities Refunding Bonds—DNR Fountain Square Project (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$3.910 million in refunding bonds with an average interest rate of 2.549% to defease in substance approximately \$3.910 million in principal and interest on the bonds being refunded. The bonds partially refunded were the 1994A State Facilities Bonds. At the date of refunding, the refunded bonds had an average interest rate of 4.898%. The refunding resulted in an economic gain of \$0.149 million.

State Facilities Refunding Bonds—Vern Riffe Center (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$22.705 million in refunding bonds with an average interest rate of 2.345% to defease in substance approximately \$22.90 million in principal and interest on the bonds being refunded. The bonds partially refunded were the 1994A State Facilities Bonds. At the date of refunding, the refunded bonds had an average interest rate of 4.796%. The refunding resulted in an economic gain of \$0.663 million.

State Facilities Refunding Bonds—Adult Correctional Building (Refunding)—During the year ended June 30, 2004, the Authority issued approximately \$42.665 million in refunding bonds with an average interest rate of 2.15% to defease in substance approximately \$43.135 million in principal and interest on the bonds being refunded. The bonds partially refunded were the 1994 State Correctional and 1994A Local Jail Grant Bonds. At the date of refunding, the refunded bonds had an average interest rate of 4.810%. The refunding resulted in an economic gain of \$1.190 million.

The bond issues refunded in current and prior years and the remaining principal outstanding at June 30, 2004 are as follows (in thousands):

Issues Defeased	Balance Outstanding (In Thousands)
1985A (Lausche Building)	\$ 1,035
1985A (DiSalle Center)	2,404
1985A (Ocasek Building)	561
1985B (Riffe Center)	390
1994A (State Correctional Facilities)	32,120
1994A (Adult Correctional Building Fund Projects)	73,565
1995A (Adult Correctional Building Fund Projects)	63,740
1996A (Adult Correctional Building Fund Projects)	45,000
1997A (Adult Correctional Building Fund Projects)	46,000
1994A (Highway Safety Building Fund Projects)	4,230
1996A (Highway Safety Building Fund Projects)	6,380
1997A (Highway Safety Building Fund Projects)	32,040
1994A (Juvenile Correctional Building Fund Projects)	29,985
1994A (Administrative Building Fund Projects)	34,810
1994A (Transportation Building Fund Projects)	<u>6,660</u>
 Total	 <u>\$ 378,920</u>

Certain bonds defeased as of June 30, 2003, were called during the year ended June 30, 2004:

**Defeased Bonds
Called**

1993A (Adult Correctional Facilities)
1993A (Administrative Buildings)

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 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	
ASSETS:								
Current assets	\$ 9,839	\$ 3,268	\$ 13,505	\$ 4,901	\$ 17,770	\$ 116,402	\$ 11,995	
Other assets	<u>27,187</u>	<u>7,850</u>	<u>18,066</u>	<u>4,254</u>	<u>22,515</u>	<u>828,127</u>	<u>39,135</u>	
Total assets	<u>37,026</u>	<u>11,118</u>	<u>31,571</u>	<u>9,155</u>	<u>40,285</u>	<u>944,529</u>	<u>51,130</u>	
LIABILITIES:								
Current liabilities	5,512	1,706	8,057	1,482	14,272	106,714	11,961	
Non-current liabilities	<u>27,187</u>	<u>5,474</u>	<u>12,588</u>	<u>2,991</u>	<u>22,515</u>	<u>828,127</u>	<u>38,715</u>	
Total liabilities	<u>32,699</u>	<u>7,180</u>	<u>20,645</u>	<u>4,473</u>	<u>36,787</u>	<u>934,841</u>	<u>50,676</u>	
Total net assets—(restricted)	<u>\$ 4,327</u>	<u>\$ 3,938</u>	<u>\$ 10,926</u>	<u>\$ 4,682</u>	<u>\$ 3,498</u>	<u>\$ 9,688</u>	<u>\$ 454</u>	

	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
ASSETS:								
Current assets	\$ 4,438	\$ 916	\$ 58,408	\$ 14,435	\$ 28,131	\$ 9,503	\$ 466	\$ 293,977
Other assets	<u>17,043</u>	<u>3,732</u>	<u>700,430</u>	<u>162,792</u>	<u>166,378</u>	<u>82,736</u>		<u>2,080,245</u>
Total assets	<u>21,481</u>	<u>4,648</u>	<u>758,838</u>	<u>177,227</u>	<u>194,509</u>	<u>92,239</u>	<u>466</u>	<u>2,374,222</u>
LIABILITIES:								
Current liabilities	4,406	901	58,397	13,812	27,867	9,473	466	265,026
Non-current liabilities	<u>17,043</u>	<u>3,732</u>	<u>700,430</u>	<u>162,792</u>	<u>166,378</u>	<u>82,736</u>		<u>2,070,708</u>
Total liabilities	<u>21,449</u>	<u>4,633</u>	<u>758,827</u>	<u>176,604</u>	<u>194,245</u>	<u>92,209</u>	<u>466</u>	<u>2,335,734</u>
Total net assets—(restricted)	<u>\$ 32</u>	<u>\$ 15</u>	<u>\$ 11</u>	<u>\$ 623</u>	<u>\$ 264</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 38,488</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	
Rents	\$ 6,292	\$ 3,541	\$ 4,360	\$ 1,808	\$ 7,249	\$ 150	\$ 35	
Lease interest	1,994	(481)	(1,185)	(259)	2,529	49,881	2,501	
Other	534	125	413	20	597			
Operating expenses	<u>(6,631)</u>	<u>(3,666)</u>	<u>(5,405)</u>	<u>(1,794)</u>	<u>(7,055)</u>	<u>(198)</u>	<u>(37)</u>	
Operating gain (loss)	2,189	(481)	(1,817)	(225)	3,320	49,833	2,499	
Non-operating revenues (expenses):								
Earnings on investments	37		58	1	1	45		
Interest expense and other	(2,031)	(405)	(963)	(214)	(2,534)	(49,914)	(2,949)	
Special items					<u>(14,743)</u>			
Change in net assets	195	(886)	(2,722)	(438)	(13,956)	(36)	(450)	
Beginning net assets	<u>4,132</u>	<u>4,824</u>	<u>13,648</u>	<u>5,120</u>	<u>17,454</u>	<u>9,724</u>	<u>904</u>	
Ending net assets	<u>\$ 4,327</u>	<u>\$ 3,938</u>	<u>\$ 10,926</u>	<u>\$ 4,682</u>	<u>\$ 3,498</u>	<u>\$ 9,688</u>	<u>\$ 454</u>	

	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
Rents	\$ 10	\$ 10	\$ 200	\$ 81	\$ 710	\$ 20	\$ -	\$ 24,466
Lease interest	1,535	304	33,628	8,715	9,082	4,408		112,652
Other							995	2,684
Operating expenses	<u>(20)</u>	<u>(11)</u>	<u>(283)</u>	<u>(38)</u>	<u>(734)</u>	<u>(13)</u>	<u>(995)</u>	<u>(26,880)</u>
Operating gain (loss)	1,525	303	33,545	8,758	9,058	4,415		112,922
Non-operating revenues (expenses):								
Earnings on investments			1	7	6	2		158
Interest expense and other	(1,535)	(304)	(33,628)	(8,719)	(9,086)	(4,409)		(116,691)
Special items								<u>(14,743)</u>
Change in net assets	(10)	(1)	(82)	46	(22)	8		(18,354)
Beginning net assets	<u>42</u>	<u>16</u>	<u>93</u>	<u>577</u>	<u>286</u>	<u>22</u>	<u>-</u>	<u>56,842</u>
Ending net assets	<u>\$ 32</u>	<u>\$ 15</u>	<u>\$ 11</u>	<u>\$ 623</u>	<u>\$ 264</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 38,488</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
Net cash flows provided by (used in):							
Operating activities	\$ 2,022	\$ 496	\$ 383	\$ 264	\$ 3,631	\$ 48,715	\$ 2,784
Capital and related financing activities	(1,773)	(3,520)	(8,115)	(1,839)	(16,853)	(54,278)	(2,788)
Investing activities	<u>(249)</u>	<u>3,024</u>	<u>7,732</u>	<u>1,575</u>	<u>13,222</u>	<u>5,549</u>	<u>4</u>
Net (decrease) increase in cash and cash equivalents						(14)	
Beginning cash and cash equivalents:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>18</u>	<u> </u>
Ending cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>

	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 by (used in):								
Operating activities	\$ 1,300	\$ 246	\$ 29,342	\$ 8,135	\$ 9,575	\$ 4,527	\$ 10	\$ 111,430
Capital and related financing activities	(1,311)	(248)	(22,681)	(8,779)	(9,920)	(4,221)		(136,326)
Investing activities	<u>11</u>	<u>2</u>	<u>(6,661)</u>	<u>644</u>	<u>345</u>	<u>(306)</u>	<u> </u>	<u>24,892</u>
Net (decrease) increase in cash and cash equivalents							10	(4)
Beginning cash and cash equivalents:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>451</u>	<u>469</u>
Ending cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ 465</u>

7. 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, 2004, 2003 and 2002, respectively, were \$158,648, \$157,893 and \$159,115 which equal the required contribution.

8. 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 \$50,062 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.

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. SUBSEQUENT EVENTS

Subsequent to June 30, 2004, the Authority issued \$20.0 million in 2004A bonds with an average interest rate of 3.37%. The new bonds issued were Arts and Sports Building Fund Project Bonds.

Subsequent to June 30, 2004, the Authority issued \$130.75 million in 2004B refunding bonds with an average interest rate of 3.62% to defease in substance \$131.32 million in principal and interest on the bonds being refunded. The bonds partially refunded were the 1995A, 1998A and 1999A Administrative Building Fund Projects Bonds. At June 30, 2004 the refunded bonds had an average interest rate of 5.18%.

Subsequent to June 30, 2004, the Authority issued \$225.35 million in 2004C refunding bonds with an average interest rate of 3.65% to defease in substance \$226.905 million in principal and interest on the bonds being refunded. The bonds partially refunded were the 1996A, 1997A, 1998A, 1999A and 2000A Adult Correctional Building Fund Projects Bonds. At June 30, 2004 the refunded bonds had an average interest rate of 5.38%.

* * * * *

SUPPLEMENTAL SCHEDULES

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS

JUNE 30, 2004

(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
ASSETS							
CURRENT ASSETS:							
Cash—unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments—restricted	4,820	2,030	9,882	4,044	4,608	12,422	31
Receivables:							
Leases—current portion	4,740	1,075	2,520	590	12,620	92,237	11,120
Lease interest receivable	130	61	175	30	354	11,700	841
Interest	2		3			5	
Due from (to) other projects	(49)	11	20	19		34	3
Due from (to) other funds							
Accounts receivable	20	9	821	182	38		
Cash—restricted						4	
Total current assets	9,663	3,186	13,421	4,865	17,620	116,402	11,995
NON-CURRENT ASSETS—Leases receivable	27,187	7,850	18,066	4,254	22,515	828,127	39,135
OTHER ASSETS	176	82	84	36	150		
TOTAL	\$ 37,026	\$ 11,118	\$ 31,571	\$ 9,155	\$ 40,285	\$ 944,529	\$ 51,130
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable and accrued liabilities:							
Restricted	\$ 642	\$ 570	\$ 5,362	\$ 862	\$ 1,298	\$ -	\$ -
Unrestricted						2,777	
Deferred revenue						92,237	11,120
Bonds payable—current portion	4,740	1,075	2,520	590	12,620		
Other liabilities							
Accrued interest	130	61	175	30	354	11,700	841
Total current liabilities	5,512	1,706	8,057	1,482	14,272	106,714	11,961
NON-CURRENT LIABILITIES—Bond payable	27,187	5,474	12,588	2,991	22,515	828,127	38,715
Total liabilities	32,699	7,180	20,645	4,473	36,787	934,841	50,676
TOTAL NET ASSETS—Restricted	\$ 4,327	\$ 3,938	\$ 10,926	\$ 4,682	\$ 3,498	\$ 9,688	\$ 454

(Continued)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS

JUNE 30, 2004

(Dollars in thousands)

ASSETS	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
CURRENT ASSETS:								
Cash—unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461	\$ 461
Investments—restricted	31	15	6,757	710	222	331	32	45,935
Receivables:								
Leases—current portion	4,105	865	42,635	11,615	25,555	8,070		217,747
Lease interest receivable	301	36	9,019	2,109	2,312	1,103		28,171
Interest								10
Due from (to) other projects	1		(3)	1	(8)	(1)	(28)	
Due from (to) other funds							1	1
Accounts receivable								1,070
Cash—restricted								4
Total current assets	4,438	916	58,408	14,435	28,081	9,503	466	293,399
NON-CURRENT ASSETS—Leases receivable	17,043	3,732	700,430	162,792	166,378	82,736		2,080,245
OTHER ASSETS					50			578
TOTAL	<u>\$ 21,481</u>	<u>\$ 4,648</u>	<u>\$ 758,838</u>	<u>\$ 177,227</u>	<u>\$ 194,509</u>	<u>\$ 92,239</u>	<u>\$ 466</u>	<u>\$ 2,374,222</u>
LIABILITIES								
CURRENT LIABILITIES:								
Accounts payable and accrued liabilities:								
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ 8,766
Unrestricted							156	156
Deferred revenue			6,743			300		9,820
Bonds payable—current portion	4,105	865	42,635	11,615	25,555	8,070		217,747
Other liabilities				88			278	366
Accrued interest	301	36	9,019	2,109	2,312	1,103		28,171
Total current liabilities	4,406	901	58,397	13,812	27,867	9,473	466	265,026
NON-CURRENT LIABILITIES—Bond payable	17,043	3,732	700,430	162,792	166,378	82,736		2,070,708
Total liabilities	<u>21,449</u>	<u>4,633</u>	<u>758,827</u>	<u>176,604</u>	<u>194,245</u>	<u>92,209</u>	<u>466</u>	<u>2,335,734</u>
TOTAL NET ASSETS—Restricted	<u>\$ 32</u>	<u>\$ 15</u>	<u>\$ 11</u>	<u>\$ 623</u>	<u>\$ 264</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 38,488</u>

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2004 (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	\$ 6,292	\$ 3,541	\$ 4,360	\$ 1,808	\$ 7,249	\$ 150	\$ 35
Lease interest	1,994	(481)	(1,185)	(259)	2,529	49,881	2,501
Other	534	125	413	20	597		
Total operating revenues	<u>8,820</u>	<u>3,185</u>	<u>3,588</u>	<u>1,569</u>	<u>10,375</u>	<u>50,031</u>	<u>2,536</u>
OPERATING EXPENSES:							
Building maintenance and operations	3,892	2,528	4,066	1,286	4,751		
Utilities	1,462	701	876	320	1,155		
General administration	808	149	155	148	712	198	37
Other	469	288	308	40	437		
Total operating expenses	<u>6,631</u>	<u>3,666</u>	<u>5,405</u>	<u>1,794</u>	<u>7,055</u>	<u>198</u>	<u>37</u>
OPERATING GAIN (LOSS)	<u>2,189</u>	<u>(481)</u>	<u>(1,817)</u>	<u>(225)</u>	<u>3,320</u>	<u>49,833</u>	<u>2,499</u>
NONOPERATING REVENUES (EXPENSES):							
Earnings on investments	37		58	1	1	45	
Interest expense and other	(2,031)	(405)	(963)	(214)	(2,534)	(49,914)	(2,949)
Total nonoperating expenses	<u>(1,994)</u>	<u>(405)</u>	<u>(905)</u>	<u>(213)</u>	<u>(2,533)</u>	<u>(49,869)</u>	<u>(2,949)</u>
NET INCOME (LOSS) BEFORE SPECIAL ITEMS	195	(886)	(2,722)	(438)	787	(36)	(450)
SPECIAL ITEMS					(14,743)		
NET INCOME (LOSS)	195	(886)	(2,722)	(438)	(13,956)	(36)	(450)
NET ASSETS—Beginning of year	4,132	4,824	13,648	5,120	17,454	9,724	904
NET ASSETS—End of year	<u>\$ 4,327</u>	<u>\$ 3,938</u>	<u>\$ 10,926</u>	<u>\$ 4,682</u>	<u>\$ 3,498</u>	<u>\$ 9,688</u>	<u>\$ 454</u>

(Continued)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2004

(Dollars in thousands)

	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
OPERATING REVENUES:								
Rents	\$ 10	\$ 10	\$ 200	\$ 81	\$ 710	\$ 20	\$	\$ 24,466
Lease interest	1,535	304	33,628	8,715	9,082	4,408		112,652
Other							995	2,684
Total operating revenues	<u>1,545</u>	<u>314</u>	<u>33,828</u>	<u>8,796</u>	<u>9,792</u>	<u>4,428</u>	<u>995</u>	<u>139,802</u>
OPERATING EXPENSES:								
Building maintenance and operations					600			17,123
Utilities								4,514
General administration	20	11	283	38	134	13	995	3,701
Other								1,542
Total operating expenses	<u>20</u>	<u>11</u>	<u>283</u>	<u>38</u>	<u>734</u>	<u>13</u>	<u>995</u>	<u>26,880</u>
OPERATING GAIN (LOSS)	<u>1,525</u>	<u>303</u>	<u>33,545</u>	<u>8,758</u>	<u>9,058</u>	<u>4,415</u>		<u>112,922</u>
NONOPERATING REVENUES (EXPENSES):								
Earnings on investments			1	7	6	2		158
Interest expense and other	(1,535)	(304)	(33,628)	(8,719)	(9,086)	(4,409)		(116,691)
Total nonoperating expenses	<u>(1,535)</u>	<u>(304)</u>	<u>(33,627)</u>	<u>(8,712)</u>	<u>(9,080)</u>	<u>(4,407)</u>		<u>(116,533)</u>
NET INCOME (LOSS) BEFORE SPECIAL ITEMS	(10)	(1)	(82)	46	(22)	8		(3,611)
SPECIAL ITEMS								(14,743)
NET INCOME (LOSS)	(10)	(1)	(82)	46	(22)	8		(18,354)
NET ASSETS—Beginning of year	42	16	93	577	286	22		56,842
NET ASSETS—End of year	<u>\$ 32</u>	<u>\$ 15</u>	<u>\$ 11</u>	<u>\$ 623</u>	<u>\$ 264</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 38,488</u>

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY

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

YEAR ENDED JUNE 30, 2004

(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	\$ 6,292	\$ 3,929	\$ 1,733	\$ 1,440	\$ 7,913	\$ 150	\$ 35
Local operating rent			3,345	576			
Lease interest income receipts	1,736	259		50	2,106	48,765	2,787
Total cash received from customers	8,028	4,188	5,078	2,066	10,019	48,915	2,822
Cash received from quasi-external operating transactions with other fi							
Cash payments to suppliers for goods and services	(6,170)	(3,840)	(5,116)	(1,816)	(6,669)	(200)	(38)
Cash payments to employees for services	(393)				(291)		
Miscellaneous fees and commissions	557	148	421	14	572		
Net cash flows provided by operating activities	2,022	496	383	264	3,631	48,715	2,784
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Principal payments on bonds	(4,520)	(2,385)	(5,555)	(1,315)	(12,460)	(90,910)	(10,980)
Interest paid	(1,773)	(284)	(753)	(133)	(2,111)	(48,798)	(2,788)
Principal receipts on capital leases	4,520	2,385	5,738	1,332	796	82,653	10,980
Refunding bond proceeds		15	25	16	37	67	
Payment of debt issue costs		(15)	(25)	(16)	(37)	(67)	
Debt defeasement		(3,236)	(7,545)	(1,723)	(3,078)		
Other—net premium on sale of bonds						2,777	
Net cash flows provided by (used in) capital and related financing activities	(1,773)	(3,520)	(8,115)	(1,839)	(16,853)	(54,278)	(2,788)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	13,519	10,110	27,607	5,177	37,205	145,524	13,807
Purchase of investments	(13,805)	(7,087)	(19,941)	(3,604)	(23,988)	(140,024)	(13,803)
Investment income received	37	1	66	2	5	49	
Net cash flows provided by (used in) investing activities	(249)	3,024	7,732	1,575	13,222	5,549	4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALEN						(14)	
RESTRICTED AND UNRESTRICTED—Beginning of year						18	
RESTRICTED AND UNRESTRICTED—End of year						\$ 4	\$ -

(Continued)

OHIO BUILDING AUTHORITY

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

YEAR ENDED JUNE 30, 2004

(Dollars in thousands)

	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers:								
State operating rent	\$ 10	\$ 10	\$ 200	\$ -	\$ 710	\$ 20	\$ -	\$ 22,442
Local operating rent								3,921
Lease interest income receipts	<u>1,311</u>	<u>248</u>	<u>29,424</u>	<u>8,226</u>	<u>9,606</u>	<u>4,520</u>		<u>109,038</u>
Total cash received from customers	1,321	258	29,624	8,226	10,316	4,540		135,401
Cash received from quasi-external operating transactions with other funds							1,103	1,103
Cash payments to suppliers for goods and services	(21)	(12)	(282)	(91)	(741)	(13)	(691)	(25,700)
Cash payments to employees for services							(402)	(1,086)
Miscellaneous fees and commissions								<u>1,712</u>
Net cash flows provided by operating activities	<u>1,300</u>	<u>246</u>	<u>29,342</u>	<u>8,135</u>	<u>9,575</u>	<u>4,527</u>	<u>10</u>	<u>111,430</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Principal payments on bonds	(3,885)	(825)	(34,715)	(11,090)	(24,370)	(7,135)		(210,145)
Interest paid	(1,311)	(248)	(32,759)	(8,779)	(9,920)	(4,521)		(114,178)
Principal receipts on capital leases	3,885	825	34,715	11,090	24,370	7,135		190,424
Refunding bond proceeds		18				89		267
Payment of debt issue costs		(18)				(89)		(267)
Debt defeasement								(15,582)
Other—net premium on sale of bonds			<u>10,078</u>			<u>300</u>		<u>13,155</u>
Net cash flows provided by capital and related financing activities	<u>(1,311)</u>	<u>(248)</u>	<u>(22,681)</u>	<u>(8,779)</u>	<u>(9,920)</u>	<u>(4,221)</u>	<u>-</u>	<u>(136,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from sales and maturities of investments	5,218	1,104	67,757	20,102	35,096	11,762		393,988
Purchase of investments	(5,207)	(1,102)	(74,418)	(19,465)	(34,757)	(12,070)		(369,271)
Investment income received				<u>7</u>	<u>6</u>	<u>2</u>		<u>175</u>
Net cash flows (used in) investing activities	<u>11</u>	<u>2</u>	<u>(6,661)</u>	<u>644</u>	<u>345</u>	<u>(306)</u>	<u>-</u>	<u>24,892</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT							10	(4)
RESTRICTED AND UNRESTRICTED—Beginning of year							<u>451</u>	<u>469</u>
RESTRICTED AND UNRESTRICTED—End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ 465</u>

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY

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

YEAR ENDED JUNE 30, 2004

(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 INCOME (LOSS)	\$ 2,189	\$ (481)	\$ (1,817)	\$ (225)	\$ 3,320	\$ 49,833	\$ 2,499	
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
Amortization of lease premium (discount)	(276)	590	1,541	302	(720)	(2,071)	110	
Changes in assets and liabilities:								
Increase (decrease) in lease interest receivable	18	150	315	77	297	955	176	
(Increase) decrease in account receivable—other	22	22	291	33	(25)			
Decrease in other assets	6	4	5	2	4			
Decrease in deferred revenue								
Increase (decrease) in accounts payable and other liabilities	63	211	48	75	755	(2)	(1)	
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,022</u>	<u>\$ 496</u>	<u>\$ 383</u>	<u>\$ 264</u>	<u>\$ 3,631</u>	<u>\$ 48,715</u>	<u>\$ 2,784</u>	
	DAS Data Center	ODNR Fountain Square	Administrative Fund Projects	Juvenile Correctional Facilities	Arts and Sports Facilities	Highway Safety	Custodial Fund	Total
OPERATING GAIN (LOSS)	\$ 1,525	\$ 303	\$ 33,545	\$ 8,758	\$ 9,058	\$ 4,415	\$ -	\$ 112,922
ADJUSTMENTS TO RECONCILE OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
Amortization of lease discount/premium	(278)	(87)	(2,741)	(633)	220	43		(4,000)
Changes in assets and liabilities:								
Increase (decrease) in lease interest receivable	54	31	(1,462)	144	304	70		1,129
(Increase) decrease in account receivable—other								343
Decrease (increase) in other assets					(5)			16
Increase (decrease) in deferred revenue				(81)				(81)
Decrease (increase) in accounts payable and other liabilities	(1)	(1)		(53)	(2)	(1)	10	1,101
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,300</u>	<u>\$ 246</u>	<u>\$ 29,342</u>	<u>\$ 8,135</u>	<u>\$ 9,575</u>	<u>\$ 4,527</u>	<u>\$ 10</u>	<u>\$ 111,430</u>

See notes to financial statements.

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE AGENCY FUND—STATEMENT OF NET ASSETS JUNE 30, 2004 (Dollars in thousands)

	Ohio Courts Building	Bureau of Workers' Compensation	Total
ASSETS:			
Investments	\$ 3,337	\$ 1,768	\$ 5,105
Receivables:			
Interest receivable			
Prepaid expenses	<u> </u>	<u> 34</u>	<u> 34</u>
Total assets	<u> 3,337</u>	<u> 1,802</u>	<u> 5,139</u>
LIABILITIES:			
Accounts payable	216		216
Retainage payable	753		753
Payable on behalf of the Agency	<u> 2,368</u>	<u> 1,802</u>	<u> 4,170</u>
Total liabilities	<u> 3,337</u>	<u> 1,802</u>	<u> 5,139</u>
NET ASSETS	<u> \$ -</u>	<u> \$ -</u>	<u> \$ -</u>

See notes to financial statements.

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

Members

The Ohio Building Authority and
The Honorable Betty Montgomery, 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, 2004, and have issued our report thereon dated October 29, 2004. 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.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 Trustees and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.



October 29, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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 10, 2005**