

OHIO PUBLIC FACILITIES COMMISSION

Financial Statements

For the Year Ended June 30, 2000

with

Independent Auditors' Report



STATE OF OHIO
OFFICE OF THE AUDITOR

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The Members of the Ohio Public Facilities Commission
Ohio Public Facilities Commission
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We have reviewed the independent auditor's report of the Ohio Public Facilities Commission, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 1999 through June 30, 2000. 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 Public Facilities Commission is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

September 13, 2000

OHIO PUBLIC FACILITIES COMMISSION

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

Independent Auditors' Report

The Members of the Ohio Public Facilities Commission
Columbus, Ohio

We have audited the accompanying financial statements of the Ohio Public Facilities Commission (the Commission), a component unit of the State of Ohio, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note A, the Commission's financial statements are presented in accordance with the debt source and accordingly show multiple debt service and special revenue funds, which is in accordance with a basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Commission, as of June 30, 2000, and the operating revenues, expenditures and other financing sources for the year then ended on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2000 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
August 18, 2000

OHIO PUBLIC FACILITIES COMMISSION

Balance Sheet

June 30, 2000

	Higher Education Facilities			Mental Health Facilities			Parks and Recreation Facilities			Long-Term Debt Account Group	2000 Memorandum (Memorandum Only)
	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund					
Cash - Note B	\$ 78,126	290,870	22,686	122,638	3	63,397	-	-	-	577,720	
Investments - Note B	1,600,351	-	140,176	-	523,290	-	-	-	-	2,263,817	
Loans receivable	3,058,281	-	-	-	-	-	-	-	-	3,058,281	
Other receivable - Note C	1,115,150	-	-	-	-	-	-	-	-	1,115,150	
Amount available in Bond Service Fund for general long-term obligations	-	-	-	-	-	-	-	6,538,063	-	6,538,063	
Amount to be provided for the retirement of general long-term obligations - Note G	-	-	-	-	-	-	-	-	2,376,996,937	2,376,996,937	
Total Assets	\$ 5,851,908	290,870	162,862	122,638	523,293	63,397	-	2,383,535,000	2,390,549,968		
Accrued liabilities - Note D	-	81,990	-	-	-	3,155	-	-	-	85,145	
Bonds and notes payable - Note F	-	-	-	-	-	-	-	2,383,535,000	-	2,383,535,000	
Total Liabilities	-	81,990	-	-	-	3,155	-	2,383,535,000	2,383,620,145		
Fund balance:											
Reserved for debt service	5,851,908	-	162,862	-	523,293	-	-	-	-	6,538,063	
Unreserved/undesignated	-	208,880	-	122,638	-	60,242	-	-	-	391,760	
Total Liabilities and Fund Balance	\$ 5,851,908	290,870	162,862	122,638	523,293	63,397	-	2,383,535,000	2,390,549,968		

OHIO PUBLIC FACILITIES COMMISSION

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2000

	Higher Education Facilities		Mental Health Facilities		Parks and Recreation Facilities		Total
	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	Bond Service Fund	Administrative Service Fund	2000 (Memorandum Only)
Operating revenues -							
Earnings on investments	63,808	-	10,777	-	29,826	-	104,411
Expenditures:							
Higher education	-	177,961	-	-	-	-	177,961
Mental health	-	-	-	38,139	-	-	38,139
Parks and recreation	-	-	-	-	-	53,379	53,379
Debt service	357,359,211	-	58,633,535	-	15,245,439	-	431,238,185
	<u>357,359,211</u>	<u>177,961</u>	<u>58,633,535</u>	<u>38,139</u>	<u>15,245,439</u>	<u>53,379</u>	<u>431,507,664</u>
Deficiency of revenues under expenditures	(357,295,403)	(177,961)	(58,622,758)	(38,139)	(15,215,613)	(53,379)	(431,403,253)
Other financing sources -							
Operating transfers - Note G	356,284,567	200,000	58,749,994	50,000	15,245,417	60,000	430,590,078
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(1,010,736)	22,039	127,236	11,861	29,804	6,621	(813,175)
Fund balances - beginning of year	6,862,644	186,841	35,626	110,777	493,489	53,621	7,742,998
Fund balances - end of year	<u>5,851,908</u>	<u>208,880</u>	<u>162,862</u>	<u>122,638</u>	<u>523,293</u>	<u>60,242</u>	<u>6,929,823</u>

OHIO PUBLIC FACILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2000

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Ohio Public Facilities Commission (the Commission) was created by Chapter 154 of the Ohio Revised Code, enacted in 1969 pursuant to the power granted to the General Assembly of the State of Ohio (the General Assembly) by Section 2i of Article VIII of the Ohio Constitution, to authorize for certain stated purposes, the issuance of revenue and other obligations, the owners and holders of which are not given the right to have excises or taxes levied by the General Assembly for payment of principal or interest. The Commission has been authorized to issue obligations of the State of Ohio to pay costs of capital facilities for (a) state supported and state assisted institutions of higher education, (b) mental hygiene and retardation, and (c) parks and recreation. By Section 154.23 of the Revised Code, enacted in 1980, the Commission is also authorized to issue obligations to pay costs of capital facilities for housing of branches and agencies of state government. The General Assembly has not yet granted specific dollar authorization to the Commission to issue obligations for this additional purpose. The Commission can issue obligations only in such amounts as are previously authorized by the General Assembly and the proceeds are applied only to capital improvements designated by or pursuant to action by the General Assembly (see Note E). The financing arrangements for such obligations for capital improvements so designated involve separate bond proceedings and lease arrangements between the Commission and the Ohio Board of Regents for higher education facilities, the Department of Mental Health and the Department of Mental Retardation and Developmental Disabilities for mental health facilities, and the Department of Natural Resources for parks and recreation facilities. All such leases are "net" leases. During the year ended June 30, 2000, the Commission issued general obligation bonds under new authority. These general obligation bonds are not governed by Ohio Revised Code Chapter 154 and accordingly the transactions and account balances related to the issuance of these bonds need not be and are not included in these financial statements.

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

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

Basis of Presentation -- Fund Accounting

The accounts of the Commission are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures. The Commission uses the following funds and groups of accounts.

Governmental Fund Types:

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

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

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

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

Account Groups:

General Long-Term Debt - The General Long-Term Debt Account Group accounts for the Commission's outstanding special obligation bonds.

Basis of Accounting

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

Memorandum only – total columns

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

Budgeting Process

The Commission is not required to follow a legal budget or to present a budgetary statement.

NOTE B -- CASH AND INVESTMENTS

As of June 30, 2000, the carrying amounts of the Commission's deposits totaled \$577,720, the same as the banks' balances. Of these balances, \$263,400 was insured by the Federal Deposit Insurance Corporation and \$314,320 was covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with specific depository institutions (category 3 deposits).

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

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

	<u>Book Value</u>	<u>Market Value</u>
Higher Education		
STAR Ohio	\$ 1,600,351	\$ 1,600,351
Mental Health		
STAR Ohio	140,176	140,176
Parks and Recreation		
STAR Ohio	<u>523,290</u>	<u>523,290</u>
TOTAL	\$ <u>2,263,817</u>	\$ <u>2,263,817</u>

Of the investment balance at June 30, 2000 \$2,263,817 represents non-categorized investments.

NOTE C -- OTHER RECEIVABLE

The amount shown as “other receivable” represents payments receivable from another state of Ohio agency (the Board of Regents). If the collection of the amount due from the state agency can be made without legislative action, management expects to collect the receivable during the year ending June 30, 2001. If legislative action is required before the receivable can be collected, then management will question the collectability of the receivable.

NOTE D -- ACCRUED LIABILITIES

These amounts represent accrued fees due to trustees as of June 30, 2000.

NOTE E -- CHANGES IN GENERAL LONG TERM DEBT ACCOUNT GROUP

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2000</u>
Bonds and notes payable	\$ <u>2,543,320,000</u>	<u>150,000,000</u>	<u>309,785,000</u>	\$ <u>2,383,535,000</u>

NOTE F -- BONDS AND NOTES

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

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

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

Of such authorized amounts, there has been issued:

	Amount of Obligations Issued	Bond Date	Final Maturity Date	Average Effective Interest Rate	Amount of Obligations Outstanding at June 30, 2000(d)
Higher Education					
Lease-Rental Bonds:					
Series 1970A	\$40,000,000	8-1-70	6-1-92	6.167%	\$ -0-
Series 1971A	50,000,000	5-1-71	5-1-94	5.095	-0-
Series 1972A	60,000,000	3-1-72	12-1-94	4.973	-0-
Series 1972B	75,000,000	8-1-72	11-1-93	5.274	-0-
Series 1973A	40,000,000	6-1-73	12-1-93	5.079	-0-
Series 1974A	45,000,000	4-1-74	11-1-96	5.560	-0-
Series 1974B	40,000,000	12-1-74	12-1-96	6.297	-0-
Series 1975A	30,000,000	6-1-75	6-1-90	6.527	-0-
Series 1976A	100,000,000	3-1-76	5-1-93	6.898	-0-
Series 1976B	70,000,000	10-1-76	11-1-96	5.882	-0-
Series 1977A	50,000,000	9-1-77	12-1-95	5.151	-0-
Series 1978A	60,000,000	3-1-78	12-1-95	5.305	-0-
Series 1978B	100,000,000	8-1-78	5-1-94	6.135	-0-
Series 1979A	65,000,000	6-1-79	6-1-94	5.922	-0-
Series 1980A	85,000,000	8-1-80	5-1-91	9.089	-0-
Series 1981A	45,000,000	3-1-81	6-1-92	10.017	-0-
Series 1982A	75,000,000	7-1-82	6-1-92	13.112	-0-
Series 1983A	90,000,000	4-1-83	6-1-93	9.001	-0-
Series 1984A	90,000,000	1-1-84	12-1-94	8.730	-0-
Series 1984B	115,000,000	9-1-84	11-1-95	9.714	-0-
Series 1985A	110,000,000	6-1-85	6-1-96	8.219	-0-
Series 1986A	110,000,000	2-1-86	11-1-96	8.151	-0-
Series 1986B	120,000,000	8-1-86	5-1-97	7.113	-0-
Series 1987A	120,000,000	4-1-87	5-1-97	6.427	-0-
Series 1987B	130,000,000	7-1-87	6-1-97	7.149	-0-
Series 1988A	120,000,000	1-1-88	11-1-97	6.986	-0-
Series 1988B	115,000,000	9-1-88	6-1-97	7.143	-0-
Series 1989A	115,000,000	4-1-89	5-1-97	7.410	-0-
Series 1989B	115,000,000	12-1-89	12-1-97	6.705	-0-
Series II-1990A	115,000,000	8-1-90	5-1-98	6.864	-0-
Series II-1991A	115,000,000	4-1-91	5-1-98	6.449	-0-
Series II-1991B	115,000,000	10-1-91	12-1-06	6.057	59,000,000
Series II-1992A	251,855,000	2-1-92	12-1-07	5.649	61,500,000
Series II-1992B	115,000,000	7-1-92	11-1-07	5.559	65,400,000
Series II-1992C	136,110,000	10-1-92	12-1-07	5.431	62,320,000
Series II-1993A	205,800,000	6-1-93	6-1-08	4.867	68,940,000
Series II-1993B	120,000,000	12-1-93	12-1-08	4.854	71,100,000
Series II-1994A	253,000,000	3-1-94	12-1-08	4.484	118,400,000
Series II-1994B	120,000,000	11-1-94	11-1-09	5.982	81,000,000
Series II-1995A	166,400,000	4-1-95	5-1-10	5.396	120,500,000
Series II-1995B	140,000,000	10-1-95	11-1-10	5.121	104,000,000
Series II-1996A	150,000,000	2-1-96	11-1-10	5.627	111,200,000
Series II-1996B	150,000,000	10-1-96	11-1-11	5.143	121,400,000
Series II-1997A	282,300,000	4-1-97	5-1-12	5.066	178,300,000
Series II-1997B	236,500,000	10-1-97	11-1-12	4.746	186,300,000
Series II-1998A	254,200,000	3-1-98	12-1-12	4.522	208,200,000

	Amount of Obligations Issued	Bond Date	Final Maturity Date	Average Effective Interest Rate	Amount of Obligations Outstanding at June 30, 2000(d)
Higher Education (continued)					
Series II-1998B	150,000,000	7-1-98	6-1-13	4.693	132,300,000
Series II-1998C	150,000,000	12-1-98	6-1-13	4.414	137,300,000
Series II-1999A	<u>100,000,000</u>	8-1-99	11-1-13	4.853	<u>93,000,000</u>
TOTAL	<u>\$4,817,590,000(a)</u>				<u>\$1,980,160,000(d)</u>
Mental Health					
Series 1970A	\$ 25,000,000	8-1-70	12-1-92	6.201%	\$ -0-
Series 1971A	50,000,000	8-1-71	6-1-91	6.056	-0-
Series 1975A	50,000,000	4-1-75	12-1-93	6.853	-0-
Series 1976A	45,000,000	4-1-76	12-1-93	6.360	-0-
Series 1976B	50,000,000	12-1-76	12-1-93	6.023	-0-
Series 1977A	50,000,000	12-1-77	12-1-96	5.231	-0-
Series 1978A	40,000,000	12-1-78	12-1-93	6.107	-0-
Series 1979A	65,000,000	9-1-79	12-1-93	6.546	-0-
Series 1980A	40,000,000	6-1-80	6-1-92	6.938	-0-
Series 1982A	185,000,000	10-1-82	12-1-93	11.282	-0-
Series 1984A	50,000,000	12-1-84	12-1-95	9.521	-0-
Series 1987A	95,900,000	7-1-87	12-1-97	7.003	-0-
Series 1988A	40,000,000	9-1-88	6-1-98	7.258	-0-
Series 1989A	40,000,000	11-1-89	12-1-97	6.857	-0-
Series II-1991A	40,000,000	4-1-91	12-1-05	6.435	-0-
Series II-1992A	62,230,000	2-1-92	12-1-06	5.856	23,200,000
Series II-1993A	40,000,000	2-1-93	12-1-07	5.186	24,500,000
Series II-1993B	178,335,000	11-1-93	6-1-08	4.515	61,925,000
Series II-1994A	40,000,000	11-1-94	12-1-09	6.033	29,900,000
Series II-1996A	40,000,000	2-1-96	12-1-10	4.672	31,800,000
Series II-1996B	40,000,000	10-1-96	6-1-11	5.200	31,800,000
Series II-1997A	40,000,000	12-1-97	12-1-12	4.807	36,100,000
Series II-1998A	60,800,000	7-1-98	6-1-13	4.634	51,100,000
Series II-2000A	<u>30,000,000</u>	6-1-00	6-1-15	5.286	<u>30,000,000</u>
TOTAL	<u>\$1,147,085,000(b)</u>				<u>\$320,325,000(d)</u>
Parks and Recreation					
Series 1972A	\$ 6,000,000	6-1-72	6-1-94	5.042%	\$ -0-
Series 1978A	38,000,000	6-1-78	12-1-95	5.856	-0-
Series 1982A	20,000,000	12-1-82	12-1-92	10.061	-0-
Series 1986A	16,150,000	5-1-86	12-1-97	6.783	-0-
Series 1989A	36,000,000	6-1-89	12-1-97	6.658	-0-
Series II-1992A	16,500,000	10-1-92	12-1-07	5.325	5,100,000
Series II-1993A	20,000,000	3-1-93	12-1-07	4.739	13,000,000
Series II-1994A	20,000,000	9-1-94	6-1-09	5.414	13,900,000
Series II-1995A	31,100,000	10-1-95	6-1-10	5.097	15,100,000
Series II-1997A	26,000,000	12-1-97	12-1-12	4.649	15,950,000
Series II-2000A	<u>20,000,000</u>	2-1-00	12-1-14	5.472	<u>20,000,000</u>
TOTAL	<u>\$214,900,000(c)</u>				<u>\$83,050,000(d)</u>

- (a) Does not include \$130,000,000 Series 1987B, \$137,405,000 Series II-1992A, \$51,110,000 Series II-1992C and \$84,520,000 Series II-1993A, \$132,150,000 Series II-1994A, \$26,635,000 Series II-1995A, \$132,415,000 Series II-1997A, \$86,500,000 Series II-1997B, \$107,840,000 Series II-1998A, all advance refunding Bonds.
- (b) Includes \$3,000,000 of bond anticipation notes retired from rental payments for Mental Health Obligations. Does not include \$71,700,000 Series 1987A, \$22,290,000 Series II-1992A, 137,940,000 Series II-1993B, and \$21,250,000 Series II-1998A, all advance refunding Bonds.
- (c) Includes \$500,000 of bond anticipation notes retired from rental payments for Parks and Recreation Obligations. Does not include \$8,400,000 Series II-1992A, \$11,100,000 Series II-1996A and \$15,850,000 Series II-1997A, all advance refunding bonds.
- (d) Does not include Bonds advance refunded, does include advance refunding Bonds.

The Bonds outstanding at June 30, 2000 are in the form of fully registered bonds which mature in various amounts and at various dates and bear interest payable semi-annually at various interest rates. The Bonds maturing after specified dates are subject to redemption prior to maturity, in whole or in part, in inverse order of maturity. The redemption price varies from 102% to 100% dependent upon the terms of the particular series of the Bonds and the redemption date.

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

For advance refunded bonds, the trustee is provided funds which are put into an escrow account to provide for all future debt service payments on the refunded bonds. Upon such a refunding, the Commission is no longer responsible itself for making any future payments of principal and interest on those refunded bonds. Accordingly, the trust accounts' assets and the liabilities for the advance refunded bonds are not included in the Commission's financial statements. As of June 30, 2000, the following refunded bonds were yet to come due and were still payable by the trustee from escrowed funds:

Refunded Issue	Principal Yet to Be Paid As of June 30, 2000	Date Bonds will be Redeemed
Higher Education, Series II-1991A	\$52,200,000	May 1, 2001
Mental Health, Series II-1991A	<u>21,000,000</u>	Dec. 1, 2001
Total:	<u>\$73,200,000</u>	

The aggregate payments of interest and principal for bonds outstanding as of June 30, 2000 are as follows:

Year Ending June 30	Higher Education		Mental Health		Parks and Recreation	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ 245,460,000	\$ 91,524,793	\$ 41,595,000	\$ 15,234,523	\$ 9,050,000	\$ 3,957,638
2002	214,700,000	80,333,425	33,060,000	13,279,735	9,400,000	3,541,450
2003	198,600,000	70,260,488	34,600,000	11,690,573	6,400,000	3,173,950
2004	190,800,000	60,733,025	33,940,000	10,017,818	6,800,000	2,858,750
2005	164,800,000	52,142,888	26,440,000	8,365,478	7,200,000	2,519,000
Thereafter	<u>965,800,000</u>	<u>164,770,138</u>	<u>150,690,000</u>	<u>26,593,403</u>	<u>44,200,000</u>	<u>8,511,725</u>
Total	<u>\$1,980,160,000</u>	<u>\$519,764,757</u>	<u>\$320,325,000</u>	<u>\$85,181,530</u>	<u>\$83,050,000</u>	<u>\$24,562,513</u>

NOTE G -- RENTAL PAYMENTS AND BOND SERVICE FUNDS

The primary sources of payments, as contemplated under the respective bond and note proceedings, for meeting bond interest and principal requirements and establishing and maintaining any funded "required reserve" and meeting any note interest and principal (partial) requirements, are rentals paid to the Commission by the Board of Regents, the Department of Mental Health and the Department of Mental Retardation and Developmental Disabilities, and the Department of Natural Resources, from moneys appropriated for such purposes by the General Assembly. The respective obligations of the Board of Regents, the Department of Mental Health and the Department of Mental Retardation and Developmental Disabilities, and the Department of Natural Resources, to make such rental payments pursuant to the respective leases are expressly made subject to the availability of appropriations for such purposes. Each lease terminates when the Commission has paid or retired all of the bonds or bond anticipation notes contemplated by that lease for the respective category of facilities.

For the 2000-01 biennium, the 123rd General Assembly appropriated, from the General Revenue Fund, the amounts necessary to meet the payments required under such leases, not exceeding \$698,292,000 for higher education facilities, \$117,200,000 for mental health facilities and \$28,410,000 for parks and recreation facilities. Of these appropriated amounts, there have been paid to the Commission in Fiscal Year 2000 \$356,246,109 with respect to higher education, \$58,749,994 with respect to mental health facilities and \$15,245,417 with respect to parks and recreational facilities. Such amounts (that exclude an aggregate of \$310,000 in Fiscal Year 2000 which was paid to the Administrative Service Funds) were paid into the Commission's respective Bond Service Funds which are established to receive rental and other payments and to make payments of bond service charges (principal and interest). Also, in Fiscal Year 2000, loans in the amount of \$38,558 were disbursed in the Higher Education Bond Service Fund.

There were additional funds available to support rental payments required under the respective bond proceedings in the amount of \$1,308,648 for higher education capital facilities bonds, \$21,670 for mental health capital facilities bonds, and \$65,783 for parks and recreation capital facilities bonds. These unappropriated funds are comprised of interest earnings, accrued interest on Fiscal Year 2000 bond sales, and, in the case of higher education, loan repayments to the Board of Regents.

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

NOTE H -- RELATIONSHIP WITH THE STATE OF OHIO

The Ohio Public Facilities Commission is a blended component unit of the State of Ohio. It is legally separate from the State of Ohio. The financial statements presented are also included in the comprehensive annual financial report of the State of Ohio.

NOTE I -- SUBSEQUENT EVENT

June 2000 legislation, effective September 14, 2000, reassigns to the Treasurer of State the issuing authority and certain functions of the Commission with respect to these special obligation (lease-rental) bonds. The Treasurer will succeed the Commission as issuer and with all responsibilities and obligations under the bond proceedings relating to the previously issued special obligation bonds. The Commission will remain a State instrumentality, having certain ongoing responsibilities relating to facilities financed with those lease-rental bonds, and will be the issuer of certain state general obligation bonds. The Annual Report for the current fiscal year (ending June 30, 2001) will be provided by the Treasurer of State. (It is expected that future financings for higher education facilities will be by general obligations of the State as authorized by a recent constitutional amendment, rather than by lease-rental bonds. Information in the financial statements relating to higher education obligations reflect that change.)

Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

The Members of the Ohio Public Facilities Commission
Columbus, Ohio

We have audited the financial statements of the Ohio Public Facilities Commission (the Commission) as of and for the year ended June 30, 2000, and have issued our report thereon dated August 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Controls over Financial Reporting

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

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

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
August 18, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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OHIO PUBLIC FACILITIES COMMISSION

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
SEPTEMBER 26, 2000**