Ohio Building Authority

Financial Statements for the Year Ended June 30, 2010 and Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ohio Building Authority, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Building Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 9, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

OHIO BUILDING AUTHORITY

TABLE OF CONTENTS

383 North Front Street
Columbus, Ohio 43215

Kennedy Cottrell Richards

Phone: 614.358.4682
Fax: 614.888.8634
www.kcr-cpa.com

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the enterprise fund and the remaining fund information of the Ohio Building Authority, (the "Authority") a component unit of the State of Ohio, as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these component unit financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the enterprise fund and the remaining fund information of the Ohio Building Authority as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Projects provide additional information and is not a required part of the basic financial statements. The supplementary information is the responsibility of the management of the Authority. The schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC
September 29, 2010

OHIO BUILDING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010 (Dollars in thousands)

This section of the Ohio Building Authority's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial activities for the fiscal year ended June 30, 2010. The Authority is a component unit of the State of Ohio. Readers are encouraged to consider this information in conjunction with the accompanying financial statements and notes.

Overview of the Financial Statements

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

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

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

Financial Information and Analysis

The following summarizes the Authority's financial positions for the fiscal year ended June 30, 2010 and 2009:

	2010	2009
Assets:		
Current Assets	$217,973	$221,778
Non-Current Assets	1,409,639	1,389,184
Total Assets	$1,627,612	$1,610,962
Liabilities:		
Current Liabilities	$194,058	$200,239
Non-Current Liabilities	1,409,639	1,389,186
Total Liabilities	1,603,697	1,589,425
Total Net Assets—Restricted	$23,915	$21,537

During the period ending June 30, 2010, net assets of the Authority increased by $2,378 or 11.04%. The increase in net assets is a result of the Authority's planned reduction of expenditures based on available resources. The overall State of Ohio Budget was reduced, thus causing the Authority to reduce expenditures for building cost related to tenant improvements.

The following represents the Authority's summary of changes in net assets for the fiscal year ended June 30, 2010 and 2009:

	2010	2009
Operating Revenues	$89,814	$98,147
Operating Expenses	21,704	26,836
Net Operating Gain	68,110	71,311
Non-Operating Expenses	(65,732)	(72,150)
Net Gain (Loss)	2,378	(839)
Net Assets - Beginning of Year	21,537	22,376
Net Assets - End of year	$23,915	$21,537

Operating revenues decreased $8,833 or 8.5% as budgeted due to the refunding $179,200 of various bond issues. The refunding reduced the amount of interest received on lease payments thus reducing operating revenues. Additionally, the continued reduction in the overall State of Ohio Budget, reduced the available appropriations for rent increases. Operating expenses decreased by $5,132 or 19.1% due to the Authority continuing to reduce cost based on available resources, as well as a continued decrease in building cost related to tenant improvements.

Capital Asset Activity

During the fiscal year ended June 30, 2010, the Authority disbursed a total of $934 in connection with renovations to the Bureau of Workers' Compensation's facility. Activities related to this project 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, 2010, the Authority issued nine series of bonds totaling $256,510, of which $179,200 was issued to refund portions of 27 series of previously issued bonds in order to restructure the debt service on Administrative, Adult Correctional and Juvenile Correctional Facilities bonds coming due October 1, 2009 and April 1, 2010 and to refund Administrative and Adult Correctional Facilities bonds due in 2010 and 2014 through 2020 resulting in an overall economic gain of $1,252; and $22,310 was issued to refund Highway Safety and Juvenile Correctional Facilities bonds due in 2012 through 2020 resulting in an economic gain of $1,419. The remaining $55,000 of bonds issued were new money bonds. During the fiscal year ended June 30, 2010, the Authority paid $35,990 of principal on bonds. Please refer to Note 5 to the financial statements for a more complete discussion of the Authority's long-term debt activity.

Subsequent Event

On August 31, 2010 the Authority, as part of the State's biennium budget as enacted by Am. Sub. House Bill No. 1, refunded portions of 24 series of previously issued bonds in order to restructure the debt service on bonds coming due October 1, 2010 and April 1, 2011 in the amount of $141,495. Additionally, $115,560 was refunded for bonds due in 2013 through 2023. The overall transaction resulted in an economic gain of $5,676.

On August 31, 2010 the Authority issued $20,145 in State Community and Technical College Facilities Bonds on behalf of Stark State College, as part of the State's Community and Technical College Credit Enhancement Program under legislation enacted by the Ohio General Assembly.

Request for Information

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

OHIO BUILDING AUTHORITY

STATEMENT OF NET ASSETS—ENTERPRISE FUND
JUNE 30, 2010
(Dollars in thousands)

ASSETS

CURRENT ASSETS:	
Cash—unrestricted	$ 454
Investments—restricted	28,531
Receivables:	
Leases—current portion, net	169,794
Lease interest receivable	18,771
Interest	1
Due from other agency	1
Accounts receivable	42
Other assets	352
Cash—restricted	27
Total current assets	217,973
NON-CURRENT ASSETS:	
Leases receivable, net	1,403,918
Deferred debt issuance cost	5,721
Total assets	$ 1,627,612

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities:	
Restricted	4,588
Unrestricted	176
Bonds payable—current portion, net	169,794
Other liabilities	729
Accrued interest	18,771
Total current liabilities	194,058
NON-CURRENT LIABILITIES—Bonds payable, net	1,409,639
Total liabilities	1,603,697
TOTAL NET ASSETS—Restricted	$ 23,915

OHIO BUILDING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS—ENTERPRISE FUND YEAR ENDED JUNE 30, 2010 (Dollars in thousands)

OPERATING REVENUES:	
Rents	$ 22,547
Lease interest	65,734
Other	1,533
Total operating revenues	89,814
OPERATING EXPENSES:	
Building maintenance and operations	14,581
Utilities	4,676
General administration	2,059
Other	388
Total operating expenses	21,704
OPERATING GAIN	68,110
NON-OPERATING REVENUES (EXPENSES):	
Earnings on investments	26
Interest expense and other	(65,758)
Total non-operating expenses	(65,732)
NET GAIN	2,378
NET ASSETS—Beginning of year	21,537
NET ASSETS—End of year	$ 23,915

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF CASH FLOWS—ENTERPRISE FUND
YEAR ENDED JUNE 30, 2010
(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers:	
State operating rent	$ 19,866
Local operating rent	3,025
Lease interest income receipts	70,966
Total cash received from customers	93,857
Cash received from quasi-external operating transactions with other funds	1,048
Cash payments to suppliers for goods and services	(21,728)
Cash payments to employees for services	(1,048)
Miscellaneous fees and commissions	1,592
Net cash flows provided by operating activities	73,721
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on bonds	(35,990)
Interest paid	(70,993)
Principal receipts on capital leases	35,990
Refunding bond proceeds	505
Payment of debt issue costs	(501)
Premium on sale of bonds, net	548
Net cash flows used in capital and related financing activities	(70,441)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	143,505
Purchase of investments	(146,727)
Investment income received	29
Net cash flows used by investing activities	(3,193)
NET INCREASE IN CASH AND CASH EQUIVALENTS	87
RESTRICTED AND UNRESTRICTED—Beginning of year	394
RESTRICTED AND UNRESTRICTED—End of year	$ 481
OPERATING GAIN	$ 68,110
ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Amortization of lease discount / premium	4,111
Changes in assets and liabilities:	
Decrease in lease interest receivable	1,122
Decrease in account receivable—other	789
Decrease in other assets	24
Decrease in accounts payable and other liabilities	(435)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 73,721

See notes to financial statements.

OHIO BUILDING AUTHORITY

STATEMENT OF NET ASSETS—AGENCY FUND
JUNE 30, 2010
(Dollars in thousands)

ASSETS

INVESTMENTS	$	92
Other assets:		
Prepaid expenses		20
TOTAL ASSETS		112

LIABILITIES

Accounts payable		56
Due to other agency		1
Payable on behalf of the Agency		55
Total liabilities		112
NET ASSETS	$	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

In October 1993, the Authority issued $214,255 (in thousands) of bonds at rates from 3.3% to 5.1%, with payments due through 2014 on behalf of the Bureau of Workers' Compensation ("BWC"). In May 2003, the Authority issued $142,500 of refunding bonds at rates from 2.0% to 5.0% to completely refund the bonds issued in 1993. The Authority will retain title to BWC's facility until the debt is repaid. Since BWC is a proprietary component unit of the State of Ohio, its financial statements report the asset and debt financed through the Authority. Accordingly, the Authority's Enterprise Fund does not include BWC's facility, leases receivable or long-term obligations issued by the Authority. The Authority's financial statements include an Agency Fund to report construction and certain general administrative costs, respectively, related to BWC. At June 30, 2010, $62,870 BWC bonds were outstanding.

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

Significant components of Statement No. 34 include the following:

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

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

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

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

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

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

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

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

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

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

Investments—Investments are reported at fair value. Securities are valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or an industry standard pricing service. The calculation of realized gains is independent of the calculation of the net increase in fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in a given year may have been recognized as an increase or decrease in the fair value of investments reported in prior years. In fiscal year 2010 the Authority invested only in governmental money market type funds that are carried at a dollar per dollar value thus, resulting in no difference between cost and carrying value of investment amounts, other than interest earnings.

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

2. CASH AND INVESTMENTS

Deposits

Custodial Credit Risk. The risk that, in the event of a bank failure, the Authority's deposits may not be returned. The bank and financial statement balances of the Authority's cash with custodians at June 30, 2010 was $481 (in thousands). Of this amount $326 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures,* as of June 30, 2010, $155 of the Authority's bank balance was exposed to custodial risk and is considered uninsured, however, they are collateralized with investments held in pledged collateral pools by the various financial institutions. The Authority does not have a policy related to custodial credit risk for investments; however, all of the Authority's investments are book-entry securities held by a safekeeping agent and are, therefore, not exposed to custodial credit risk.

Investments

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

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

		Investment Maturities
Investment Type	Fair Value	12 months or less
STAROhio	$ 36	$ 36
Governmental Money Markets	28,587	28,587
Total investments	$ 28,623	$ 28,623

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

Investments in STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on June 30, 2010.

Management of STAROhio states that its policy also prohibits investing in derivatives and/or engaging in the use of reverse repurchase agreements. Average days to maturity of the STAROhio portfolio at June 30, 2010 was 56 days.

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

Of the investment balance at June 30, 2010, $28,531 represents restricted investments held in the Enterprise Fund and $92 restricted investments held in the Agency Fund.

3. LEASES RECEIVABLE

The Authority's leasing operations consist of leasing of facilities for use by the State of Ohio (or any of its agencies) and by the local governments, under direct financing arrangements expiring in various years through 2030.

Following is a summary of the components of the Authority's net investment in direct financing leases (in thousands), at June 30, 2010:

Total minimum lease principal payments to be received	$ 1,539,530
Add—deferred income-non current	28,469
Add—deferred income current	4,559
Add—deferred debt issuance cost - current	1,154
Net leases receivable	$ 1,573,712

Minimum lease payments (in thousands) to be received as of June 30, 2010 are as follows:

2011	$ 236,118
2012	226,733
2013	198,636
2014	189,389
2015	180,292
2016-2020	621,945
2021-2025	308,070
2026-2029	48,062
Total minimum payments	2,009,245
Interest for capital leases	(469,715)
Minimum lease principal payments	$1,539,530

4. RESTRICTED ASSETS

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

Pledged receipts (in thousands) at June 30, 2010 by type of project were:

	Pledged Receipts
Rhodes State Office Tower	$ 5,359
Lausche State Office Building	3,229
DiSalle Government Center	7,638
Ocasek Government Office Building	3,988
Riffe Center for Government and the Arts	7,344
Administrative Building Fund Projects	450
Juvenile Correctional Facilities	94
Bureau of Workers' Compensation	71
Highway Safety Facilities	4
Total	$ 28,177

5. BONDS AND NOTES PAYABLE

The Authority issues bonds and notes to finance the costs of capital facilities for State departments and agencies and, in some cases, related facilities for local governments. Bonds issued for State agencies are reflected in the financial statements as special obligation bonds and bonds issued for local government facilities are shown as revenue bonds. There are currently no revenue bonds outstanding.

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

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

Lease payments are based upon the estimated debt service and administrative costs. In addition, lease payments from the Department of Administrative Services include reimbursement for building operating costs. However, lease payments are limited to an amount appropriated by the Ohio General Assembly. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. Currently, appropriations are made on or before July 1 of each odd-numbered year. The appropriations for fiscal year 2010 were as follows (in thousands):

	Rent	Operations
Ohio Department of Administrative Services— Office/Administrative Facilities	$ 102,635	$ 24,003
Ohio Department of Rehabilitation and Correction— Correctional Facilities	101,578	
Ohio Department of Transportation— Transportation Facilities	3,416	
Ohio Department of Youth Services— Juvenile Facilities	22,863	
Ohio Department of Public Safety— Highway Safety	13,337	
Bureau of Workers' Compensation	19,872	
Total	$ 263,701	$ 24,003

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

Principal of bonds outstanding—June 30, 2009	$1,528,060
Debt issued on behalf of other agencies under legislation enacted by the Ohio General Assembly	256,510
Principal retired	(35,990)
Bonds defeased	(209,050)
Principal of bonds outstanding—June 30, 2010	1,539,530
Unamortized bond premium and discounts, net	68,950
Deferred amounts on refundings	(29,047)
Total bonds outstanding	$1,579,433
Bonds outstanding - due in one year	$ 169,794
Bonds outstanding - due in more than one year	1,409,639
Total bonds outstanding - June 30, 2010	$1,579,433

Bonds outstanding (in thousands) at June 30, 2010 are as follows:

	Amount of Obligation Issued	Bond Issue Date	Final Maturity Date	Interest Rates	2010 Balance
1998A (DAS Data Center)	$ 15,605	January 15, 1998	October 1, 2010	5.25%	$ 755
1998A (Rhodes Tower)	43,735	September 15, 1998	June 1, 2011	4.50%	1,015
1999B (Administrative Building)	18,930	May 15, 1999	October 1, 2011	5.25%	4,655
2001A (Juvenile Correctional)	39,000	February 1, 2001	April 1, 2011	5.50%	2,805
2001A (Administrative Building)	120,000	April 1, 2001	October 1, 2020	5.0%-5.25%	30,330
2001A (Highway Safety)	20,000	April 1, 2001	October 1, 2011	4.25%-4.375%	1,890
2001A (Adult Correctional)	249,850	July 1, 2001	October 1, 2014	5.50%	99,305
2002A (Administrative Building)	70,000	April 10, 2002	April 1, 2022	5.0%-5.5%	20,375
2002B (Administrative Building)	58,670	June 25, 2002	October 1, 2012	4.0%-5.25%	23,710
2002A (Adult Correctional)	50,000	October 8, 2002	April 1, 2022	5.00%	14,585
2002B (Adult Correctional)	90,560	October 8, 2002	April 1, 2017	5.0%-5.25%	80,605
2003A (Juvenile Correctional)	30,000	March 14, 2003	April 1, 2013	3.50%-3.875%	6,040
2003A (Administrative Building)	100,000	July 22, 2003	April 1, 2023	4.75%-5.0%	77,540
2004A (Adult Correctional)	57,400	March 23, 2004	April 1, 2024	3.125%-5.25%	45,365
2004A (Highway Safety)	10,400	March 23, 2004	April 1, 2019	2.50%-4.0%	6,715
2004B (Highway Safety)	41,695	March 23, 2004	October 1, 2011	5.00%	15,060
2004A (Administrative Building)	75,000	May 11, 2004	April 1, 2024	4.0%-5.0%	58,840
2004B (Administrative Building)	130,750	October 21, 2004	October 1, 2018	3.125%-5.25%	109,400
2004C (Adult Correctional)	225,350	October 21, 2004	October 1, 2018	5.0%-5.25%	192,280
2005A (Administrative Building)	85,000	March 30, 2005	April 1, 2025	5.00%	70,805
2005B (Administrative Building)	29,150	March 30, 2005	October 1, 2011	5.00%	15,620
2005A (Adult Correctional)	75,000	June 1, 2005	April 1, 2025	5.00%	62,765
2005A (Juvenile Correctional)	15,000	October 6, 2005	October 1, 2015	3.50%-4.0%	9,610
2005B (Juvenile Correctional)	27,445	October 6, 2005	October 1, 2018	4.0%-5.0%	27,445
2005A (State Transportation)	7,400	October 6, 2005	September 1, 2010	3.50%	1,770
2006A (Administrative Building)	40,000	October 3, 2006	April 1, 2016	4.0%-5.0%	23,975
2006B (Administrative Building)	70,335	October 3, 2006	April 1, 2018	5.00%	70,335
2007A (Juvenile Correctional)	20,000	May 2, 2007	April 1, 2017	4.0%-5.0%	14,825
2007B (Juvenile Correctional)	16,410	May 2, 2007	April 1, 2016	5.0%-5.5%	16,410
2008A (Administrative Building)	25,000	March 6, 2008	April 1, 2023	3.5%-5.5%	22,530
2008A (Adult Correctional)	25,000	March 6, 2008	April 1, 2023	3.5%-5.25%	22,535
2009A (Administrative Building)	60,000	January 22, 2009	October 1, 2028	2.5%-5.0%	60,000
2009A (Adult Correctional)	40,000	January 22, 2009	October 1, 2028	3.0%-5.0%	40,000
2009A (Highway Safety)	1,685	January 22, 2009	October 1, 2012	3.00%	1,685
2009A (Juvenile Correctional)	37,825	January 22, 2009	October 1, 2014	3.0%-5.0%	31,440
2009B (Administrative Building)	86,590	September 17, 2009	October 1, 2024	2.0%-5.0%	86,590
2009B (Adult Correctional)	75,790	September 17, 2009	October 1, 2024	3.0%-5.0%	75,790
2009B (Juvenile Correctional)	16,820	September 17, 2009	October 1, 2024	3.0%-4.0%	16,820
2010A (Administrative Building)	9,005	April 1, 2010	October 1, 2016	2.0%-5.0%	9,005
2010B (Administrative Building)	30,995	April 1, 2010	October 1, 2029	4.026%-6.103%	30,995
2010A (Highway Safety)	10,860	April 1, 2010	October 1, 2020	3.0%-5.0%	10,860
2010A (Juvenile Correctional)	5,445	April 1, 2010	October 1, 2016	2.0%-3.0%	5,445
2010B (Juvenile Correctional)	11,450	April 1, 2010	October 1, 2017	5.00%	11,450
2010C (Juvenile Correctional)	9,555	April 1, 2010	October 1, 2024	4.026%-5.38%	9,555
Total bonds principal outstanding					1,539,530
Unamortized bond discount					68,950
Deferred amounts on refundings					(29,047)
Total bonds outstanding					$ 1,579,433

Bonds maturing on or after specified dates are subject to redemption prior to maturity, in whole or in part, in inverse order of maturity. The redemption price varies from 101% to 100% dependent upon the terms of the particular series of the bonds and the date redeemed.

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

	Principal	Interest
2011	$ 164,080	$ 72,038
2012	162,405	64,328
2013	141,520	57,116
2014	139,205	50,184
2015	136,690	43,602
2016-2020	488,125	133,820
2021-2025	264,650	43,420
2026-2030	42,855	5,207
Unamortized bond premium and discounts, net	68,950	
Deferred amounts on refundings	(29,047)	
Total	$ 1,579,433	$ 469,715

During the fiscal year ended June 30, 2010, the Authority issued nine series of bonds totaling $256,510 (in thousands) on behalf of other agencies, under legislation enacted by the Ohio General Assembly. Of the $256,510 of bonds issued, $55,000 were new money bonds (2010A Administrative Building, 2010B Administrative Building, 2010A Juvenile Correctional and 2010C Juvenile Correctional). Bond proceeds from new money bond issues are generally sent directly to the State by the trustee.

During the year ended June 30, 2010, the Authority refunded portions of 27 series of previously issued bonds in order to restructure the debt service on bonds coming due October 1, 2009 and April 1, 2010 in the amount of $134,025 and refunded $51,900 of bonds due on October 1, 2010 and on April 1, 2014 through 2020 by issuing $179,200 of refunding bonds (2009B Administrative Building Bonds, 2009B Adult Correctional Bonds and 2009B Juvenile Correctional Bonds). The overall transaction resulted in an economic gain of $1,252. The refunding resulted in the Authority increasing its total debt service payments over the life of the bonds by $45,524.

The 2009B Administrative Building Bonds, with an average interest rate of 3.41%, refunded $90,630 in principal, plus interest of the 1998B Administrative Building Bonds due on October 1, 2010; 1999A Administrative Building Bonds due on October 1, 2009; 1999B Administrative Building Bonds due on October 1, 2009; 2001A Administrative Building Bonds due on October 1, 2009; 2002A Administrative Building Bonds due on April 1, 2011, April 1, 2014 through 2018 and on April 1, 2020; 2002B Administrative Building Bonds due on October 1, 2009; 2003A Administrative Building Bonds due on April 1, 2010; 2004A Administrative Building Bonds due on April 1, 2010; 2004B Administrative Building Bonds due on October 1, 2009; 2005A Administrative Building Bonds due on April 1, 2010; 2005B Administrative Building Bonds due on October 1, 2009; 2006A Administrative Building Bonds due on April 1, 2010; and 2008A Administrative Building Bonds due on April 1, 2010. The refunded bonds had an average interest rate of 5.27%.

The 2009B Adult Correctional Bonds, with an average interest rate of 3.46%, refunded $78,760 in principal, plus interest of the 1999A Adult Correctional Bonds due on October 1, 2009; 2000A Adult Correctional Bonds due on April 1, 2010; 2001A Adult Correctional Bonds due on October 1, 2009; 2002A Adult Correctional Bonds due on April 1, 2010 and on April 1, 2014 through 2020; 2004A Adult Correctional Bonds due on April 1, 2010; 2004C Adult Correctional Bonds due on October 1, 2009; 2005A Adult Correctional Bonds due on April 1, 2010; and 2008A Adult Correctional Bonds due on April 1, 2010. The refunded bonds had an average interest rate of 5.01%.

The 2009B Juvenile Correctional Bonds, with an average interest rate of 3.51%, refunded $16,535 in principal, plus interest of the 1999A Juvenile Correctional Bonds due on October 1, 2009; 2001A Juvenile Correctional Bonds due on April 1, 2010; 2003A Juvenile Correctional Bonds due on April 1, 2010; 2005A Juvenile Correctional Bonds due on October 1, 2009; 2007A Juvenile Correctional Bonds due on April 1, 2010; and 2009A Juvenile Correctional Bonds due on October 1, 2009. The refunded bonds had an average interest rate of 4.31%.

During the year ended June 30, 2010, the Authority refunded the 2001A Highway Safety Bonds by issuing $10,860 of refunding bonds (2010A Highway Safety Bonds). The 2010A Highway Safety Bonds, with an average interest rate of 2.80%, refunded $11,235 in principal, plus interest, of the 2001A Highway Safety Bonds. The refunded bonds had an average interest rate of 5.22%. The refunding resulted in an economic gain of $892 and enabled the Authority to reduce its total debt service payments over the life of the bonds by $938.

During the year ended June 30, 2010, the Authority refunded the 2003A Juvenile Correctional Bonds by issuing $11,450 of refunding bonds (2010B Juvenile Correctional Bonds). The 2010B Juvenile Correctional Bonds, with an average interest rate of 2.30%, refunded $11,890 in principal, plus interest, of the 2003A Juvenile Correctional Bonds. The refunded bonds had an average interest rate of 4.88%. The refunding resulted in an economic gain of $527 and enabled the Authority to reduce its total debt service payments over the life of the bonds by $700.

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

The bond issues refunded in prior years and the remaining principal outstanding at June 30, 2010 are as follows (in thousands):

Issue Refunded	**Balance Outstanding**
2001 A Administrative Building Fund Projects	$ 51,915
2001 A Juvenile Correctional Building Fund Projects	16,520
2002 A Adult Correctional Building Fund Projects	21,175
2002 A Administrative Building Fund Projects	29,775
2001 A Highway Building Fund Projects	11,235
2003 A Juvenile Correctional Building Fund Projects	11,890
Total	$ 142,510

Certain bonds defeased as of June 30, 2009, were called or retired during the year ended June 30, 2010 (in thousands):

Defeased Bonds Called	Amount Called
1998 Series A Administrative Building Fund Projects	$ 56,765
1999 Series A Adult Correctional Building Fund Projects	90,560
2000 Series A Adult Correctional Building Fund Projects	41,995

Defeased Bonds Retired

None

6. SEGMENT INFORMATION

The Authority issued bonds to finance the construction of the five buildings to which it has title, as well as to finance capital construction for various Departments and Agencies of the State of Ohio. Investors in these bonds rely solely on revenues generated by individual activities for repayment. Summary financial at June 30, 2010 information for individual activities is presented below (dollars in thousands).

CONDENSED STATEMENT OF NET ASSETS

	Rhodes State Office Tower	Lausche State Office Building	DiSalle Government Office Building	Ocasek Government Office Building	Riffe Government Center	State Correctional Facilities	State Transportation Facilities
ASSETS:							
Current assets	$ 6,436	$ 3,317	$ 7,734	$ 4,021	$ 7,519	$ 77,638	$ 1,805
Other assets						579,195	
Total assets	6,436	3,317	7,734	4,021	7,519	656,833	1,805
LIABILITIES:							
Current liabilities	2,809	508	1,269	274	689	77,529	1,789
Noncurrent liabilities						579,195	
Total liabilities	2,809	508	1,269	274	689	656,724	1,789
Total net assets—(restricted)	$ 3,627	$ 2,809	$ 6,465	$ 3,747	$ 6,830	$ 109	$ 16

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
ASSETS:						
Current assets	$ 765	$ 76,171	$ 21,269	$ 10,905	$ 393	$ 217,973
Other assets		669,367	134,835	26,242		1,409,639
Total assets	765	745,538	156,104	37,147	393	1,627,612
LIABILITIES:						
Current liabilities	764	76,033	21,105	10,896	393	194,058
Noncurrent liabilities		669,367	134,835	26,242		1,409,639
Total liabilities	764	745,400	155,940	37,138	393	1,603,697
Total net assets—(restricted)	$ 1	$ 138	$ 164	$ 9	$ -	$ 23,915

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	$ 5,728	$ 3,226	$ 3,990	$ 1,943	$ 7,240	$ 125	$ 15
Lease interest	376					28,727	103
Other	441	111	373	69	539		
Operating expenses	(6,128)	(3,086)	(3,918)	(1,858)	(6,398)	(82)	(12)
Operating gain (loss)	417	251	445	154	1,381	28,770	106
Non-operating revenues (expenses):							
Earnings on investments	4	2	5	3	6		
Interest expense and other	(383)					(28,732)	(108)
Change in net assets	38	253	450	157	1,387	38	(2)
Beginning net assets	3,589	2,556	6,015	3,590	5,443	71	18
Ending net assets	$ 3,627	$ 2,809	$ 6,465	$ 3,747	$ 6,830	$ 109	$ 16

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
Rents	$ 10	$ 250	$	$ 20	$	$ 22,547
Lease interest	71	29,116	5,619	1,722		65,734
Other						1,533
Operating expenses	(12)	(117)	(77)	(16)		(21,704)
Operating gain (loss)	69	29,249	5,542	1,726		68,110
Non-operating revenues (expenses):						
Earnings on investments		1	5			26
Interest expense and other	(71)	(29,118)	(5,624)	(1,722)		(65,758)
Change in net assets	(2)	132	(77)	4	-	2,378
Beginning net assets	3	6	241	5	-	21,537
Ending net assets	$ 1	$ 138	$ 164	$ 9	$ -	$ 23,915

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	$ 1,654	$ 318	$ 586	$ (20)	$ 401	$ 30,922	$ 121
Capital and related financing activities	(358)					(30,885)	(121)
Investing activities	(1,296)	(318)	(560)	20	(401)	(36)	
Net increase (decrease) in cash and cash equivalents	-	-	26	-	-	1	-
Beginning cash and cash equivalents	-	-	-	-	-	-	-
Ending cash and cash equivalents	$ -	$ -	$ 26	$ -	$ -	$ 1	$ -

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
Net cash flows provided by (used in):						
Operating activities	$ 77	$ 31,569	$ 6,033	$ 2,000	$ 60	$ 73,721
Capital and related financing activities	(81)	(30,983)	(6,020)	(1,993)		(70,441)
Investing activities	4	(586)	(13)	(7)		(3,193)
Net increase (decrease) in cash and cash equivalents	-	-	-	-	60	87
Beginning cash and cash equivalents	-	-	-	-	394	394
Ending cash and cash equivalents	$ -	$ -	$ -	$ -	$ 454	$ 481

7. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

Employee and employer contributions to PERS are established under the Ohio Revised Code and are based upon percentages of covered employee's gross salaries, with the contribution rate percentages being calculated annually by the Retirement Board's actuaries. At the end of fiscal year 2010 the employee and the employer contributions were 10.0% and 14.0% respectively, for all Authority employees. These rates changed effective January 1, 2008. At the end of fiscal year 2007 the employee and the employer contribution were 9.5% and 13.77% respectively, for all Authority employees. The Authority's required contributions to PERS for the years ended June 30, 2010, 2009, and 2008 were $165,130, $198,994, and $194,464, respectively. These contributions represent 100% of the required contributions for each year.

8. OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, state employers contributed 14.00 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions, which was allocated to fund post-employment health care, was 7.00 percent of covered payroll from July 1 through March 31, 2009 and 5.5% from April 1, 2009 through June 30, 2010.

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

The Authority's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2010 was approximately $64,873.

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

9. RISK MANAGEMENT

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

10. DUE TO/FROM OTHER AGENCY

Due To/Due From balance is primarily $1(in thousands) due from Agency fund.

11. SUBSEQUENT EVENTS

On August 31, 2010 the Authority issued $20,145 (in thousands) in State Community and Technical College Facilities Bonds on behalf of Stark State College, as part of the State's Community and Technical College Credit Enhancement Program under legislation enacted by the Ohio General Assembly.

On August 31, 2010 the Authority as part of the State's biennium budget as enacted by Am. Sub. House Bill No. 1, refunded portions of 24 series of previously issued bonds in order to restructure the debt service on bonds coming due October 1, 2010 and April 1, 2011 in the amount of $141,495 (in thousands). Additionally, $115,560 was refunded for bonds due in 2013 through 2023. The overall transaction resulted in an economic gain of $5,676. The refunding resulted in the Authority increasing its total debt service payments over the life of the bonds by $29,389. As a result of the refunding, current assets and liabilities were decreased by $143,155 and $143,155, respectively. The pro forma statement of net assets after the refunding is as follows:

(The remainder of this page left blank intentionally)

PRO FORMA STATEMENT OF NET ASSETS—ENTERPRISE FUND

JUNE 30, 2010
(Dollars in thousands)

ASSETS		
CURRENT ASSETS:		
Cash—unrestricted	$	454
Investments—restricted		28,531
Receivables:		
Leases—current portion, net		29,451
Lease interest receivable		15,580
Interest		1
Due from other agency		1
Accounts receivable		42
Other assets		352
Cash—restricted		406
Total current assets		74,818
NON-CURRENT ASSETS:		
Leases receivable, net		1,544,243
Deferred debt issuance cost		6,344
Total assets	$	1,625,405
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities:		
Restricted		4,960
Unrestricted		176
Bonds payable—current portion, net		29,450
Other liabilities		738
Accrued interest		15,579
Total current liabilities		50,903
NON-CURRENT LIABILITIES—Bonds payable, net		1,550,587
Total liabilities		1,601,490
TOTAL NET ASSETS—Restricted	$	23,915

SUPPLEMENTAL SCHEDULES

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS
JUNE 30, 2010
(Dollars in thousands)

ASSETS	Rhodes State Office Tower	Lausche State Office Building	DiSalle Government Office Building	Ocasek Government Office Building	Riffe Government Center	State Correctional Facilities	State Transporation Facilities
CURRENT ASSETS:							
Cash—unrestricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments—restricted	5,359	3,229	7,612	3,988	7,344	72	12
Receivables:							
Leases—current portion	1,010					69,588	1,768
Lease interest receivable	4					7,940	21
Interest					1		
Due from (to) other projects	(59)	30	41	7	41	37	4
Due from other agency							
Accounts receivable	3	3			36		
Other Assets	119	55	55	26	97		
Cash—restricted			26			1	
Total current assets	6,436	3,317	7,734	4,021	7,519	77,638	1,805
NONCURRENT ASSETS:							
Leases receivable						577,129	
Deferred debt issuance and other expense						2,066	
TOTAL ASSETS	6,436	3,317	7,734	4,021	7,519	656,833	1,805
LIABILITIES:							
CURRENT LIABILITIES:							
Accounts payable and accrued liabilities:							
Restricted	1,795	508	1,269	274	689	1	
Unrestricted							
Bonds payable—current portion	1,010					69,588	1,768
Other liabilities							
Accrued interest	4					7,940	21
Total current liabilities	2,809	508	1,269	274	689	77,529	1,789
NONCURRENT LIABILITIES—Bonds payable (net of unamortized premiums and discounts)						579,195	
Total liabilities	2,809	508	1,269	274	689	656,724	1,789
TOTAL NET ASSETS - RESTRICTED	$ 3,627	$2,809	$ 6,465	$ 3,747	$ 6,830	$ 109	$ 16

(Continued)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF NET ASSETS
JUNE 30, 2010
(Dollars in thousands)

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
ASSETS						
CURRENT ASSETS:						
Cash—unrestricted	$ -	$ -	$ -	$ -	$ 454	$ 454
Investments—restricted	2	599	264	14	36	28,531
Receivables:						
Leases—current portion	754	66,865	19,317	10,492		169,794
Lease interest receivable	10	8,711	1,686	399		18,771
Interest						1
Due from (to) other projects	(1)	(4)	2		(98)	
Due from other agency					1	1
Accounts receivable						42
Other Assets						352
Cash—restricted						27
Total current assets	765	76,171	21,269	10,905	393	217,973
NONCURRENT ASSETS:						
Leases receivable		666,290	134,358	26,141		1,403,918
Deferred debt issuance and other expense		3,077	477	101		5,721
TOTAL ASSETS	765	745,538	156,104	37,147	393	1,627,612
LIABILITIES:						
CURRENT LIABILITIES:						
Accounts payable and accrued liabilities:						
Restricted		7	8	1	36	4,588
Unrestricted					176	176
Bonds payable—current portion	754	66,865	19,317	10,492		169,794
Other liabilities		450	94	4	181	729
Accrued interest	10	8,711	1,686	399		18,771
Total current liabilities	764	76,033	21,105	10,896	393	194,058
NONCURRENT LIABILITIES—Bonds payable (net of unamortized premiums and discounts)		669,367	134,835	26,242		1,409,639
Total liabilities	764	745,400	155,940	37,138	393	1,603,697
TOTAL NET ASSETS - RESTRICTED	$ 1	$ 138	$ 164	$ 9	$ -	$ 23,915

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY
SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010
(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	$ 5,728	$ 3,226	$ 3,990	$ 1,943	$ 7,240	$ 125	$ 15
Lease interest	376					28,727	103
Other	441	111	373	69	539		
Total operating revenues	6,545	3,337	4,363	2,012	7,779	28,852	118
OPERATING EXPENSES:							
Building maintenance and operations	3,741	2,336	2,900	1,414	4,190		
Utilities	1,528	568	836	296	1,448		
General administration	722	120	125	121	655	82	12
Other	137	62	57	27	105		
Total operating expenses	6,128	3,086	3,918	1,858	6,398	82	12
OPERATING GAIN (LOSS)	417	251	445	154	1,381	28,770	106
NONOPERATING REVENUES (EXPENSES):							
Earnings on investments	4	2	5	3	6		
Interest expense and other	(383)					(28,732)	(108)
Total nonoperating expenses	(379)	2	5	3	6	(28,732)	(108)
NET GAIN (LOSS)	38	253	450	157	1,387	38	(2)
NET ASSETS—Beginning of year	3,589	2,556	6,015	3,590	5,443	71	18
NET ASSETS—End of year	$ 3,627	$ 2,809	$ 6,465	$ 3,747	$ 6,830	$ 109	$ 16

(Continued)

OHIO BUILDING AUTHORITY

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

YEAR ENDED JUNE 30, 2010

(Dollars in thousands)

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
OPERATING REVENUES:						
Rents	$ 10	$ 250	$	$ 20	$ -	$ 22,547
Lease interest	71	29,116	5,619	1,722		65,734
Other						1,533
Total operating revenues	81	29,366	5,619	1,742		89,814
OPERATING EXPENSES:						
Building maintenance and operations						14,581
Utilities						4,676
General administration	12	117	77	16		2,059
Other						388
Total operating expenses	12	117	77	16		21,704
OPERATING GAIN (LOSS)	69	29,249	5,542	1,726	-	68,110
NONOPERATING REVENUES (EXPENSES):						
Earnings on investments		1	5			26
Interest expense and other	(71)	(29,118)	(5,624)	(1,722)		(65,758)
Total nonoperating expenses	(71)	(29,117)	(5,619)	(1,722)		(65,732)
NET GAIN (LOSS)	(2)	132	(77)	4	-	2,378
NET ASSETS—Beginning of year	3	6	241	5	-	21,537
NET ASSETS—End of year	$ 1	$ 138	$ 164	$ 9	$ -	$ 23,915

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(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	$ 6,886	$ 3,234	$ 1,668	$ 1,438	$ 6,220	$ 125	$ 15
Local operating rent			2,455	570			
Lease interest income receipts	350					30,880	119
Total cash received from customers	7,236	3,234	4,123	2,008	6,220	31,005	134
Cash received from quasi-external operating transactions with other funds							
Cash payments to suppliers for goods and services	(5,695)	(3,043)	(3,913)	(2,097)	(6,046)	(83)	(13)
Cash payments to employees for services	(356)				(324)		
Miscellaneous fees and commissions	469	127	376	69	551		
Net cash flows provided by operating activities	1,654	318	586	(20)	401	30,922	121
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Principal payments on bonds	(5,940)					(11,915)	(3,275)
Interest paid	(358)					(30,885)	(121)
Principal receipts on capital leases	5,940					11,915	3,275
Refunding bond proceeds						139	
Payment of debt issue costs						(139)	
Premium on sale of bonds, net							
Net cash flows provided by (used) in capital and related financing activities	(358)					(30,885)	(121)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	18,692	3,194	10,379	2,161	7,788	42,884	3,409
Purchase of investments	(19,993)	(3,515)	(10,944)	(2,145)	(8,195)	(42,920)	(3,409)
Investment income received	5	3	5	4	6		
Net cash flows provided by (used in) investing activities	(1,296)	(318)	(560)	20	(401)	(36)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			26			1	
RESTRICTED AND UNRESTRICTED—Beginning of year	-	-	-	-	-	-	-
RESTRICTED AND UNRESTRICTED—End of year	$ -	$ -	$ 26	$ -	$ -	$ 1	$ -

(Continued)

OHIO BUILDING AUTHORITY

SCHEDULE OF PROJECTS IN THE ENTERPRISE FUND—STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(Dollars in thousands)

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Acount	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers:						
State operating rent	$ 10	$ 250	$	$ 20	$	$ 19,866
Local operating rent						3,025
Lease interest income receipts	81	31,435	6,104	1,997		70,966
Total cash received from customers	91	31,685	6,104	2,017		93,857
Cash received from quasi-external operating transactions with other funds					1,048	1,048
Cash payments to suppliers for goods and services	(14)	(116)	(71)	(17)	(620)	(21,728)
Cash payments to employees for services					(368)	(1,048)
Miscellaneous fees and commissions						1,592
Net cash flows provided by operating activities	77	31,569	6,033	2,000	60	73,721
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments on bonds	(1,580)	(1,970)		(11,310)		(35,990)
Interest paid	(81)	(31,437)	(6,114)	(1,997)		(70,993)
Principal receipts on capital leases	1,580	1,970		11,310		35,990
Refunding bond proceeds		261	74	31		505
Payment of debt issue costs		(257)	(74)	(31)		(501)
Premium on sale of bonds, net		450	94	4		548
Net cash flows provided by (used) in capital and related financing activities	(81)	(30,983)	(6,020)	(1,993)		(70,441)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	1,675	33,708	6,257	13,358		143,505
Purchase of investments	(1,671)	(34,295)	(6,275)	(13,365)		(146,727)
Investment income received		1	5			29
Net cash flows provided by (used in) investing activities	4	(586)	(13)	(7)		(3,193)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					60	87
RESTRICTED AND UNRESTRICTED—Beginning of year	-	-	-	-	394	394
RESTRICTED AND UNRESTRICTED—End of year	$ -	$ -	$ -	$ -	$ 454	$ 481

See notes to financial statements.

(Concluded)

OHIO BUILDING AUTHORITY

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

YEAR ENDED JUNE 30, 2010

(Dollars in thousands)

	Rhodes State Office Tower	Lausche State Office Building	DiSalle Government Office Building	Ocasek Government Office Building	Riffe Government Center	State Correctional Facilities	State Transportation Facilities
OPERATING GAIN (LOSS)	$ 417	$ 251	$ 445	$ 154	$ 1,381	$ 28,770	$ 106
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Amortization of lease premium (discount)	(52)					1,534	(23)
Changes in assets and liabilities:							
(Increase) decrease in lease interest receivable	26					618	39
(Increase) decrease in account receivable—other	6	23	560	192	10		(1)
(Increase) decrease in other assets	13	(23)	(14)	(14)	(10)		
Increase (decrease) in accounts payable and other liabilities	1,244	67	(405)	(352)	(980)		
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$1,654	$ 318	$ 586	$ (20)	$ 401	$ 30,922	$ 121

	DAS Data Center	Administrative Fund Projects	Juvenile Correctional Facilities	Highway Safety	Custodial Account	Total
OPERATING GAIN (LOSS)	$ 69	$ 29,249	$ 5,542	$ 1,726	$	$ 68,110
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Amortization of lease premium (discount)	(10)	2,208	345	109		4,111
Changes in assets and liabilities:						
(Increase) decrease in lease interest receivable	21	111	141	166		1,122
(Increase) decrease in account receivable—other	(1)					789
(Increase) decrease in other assets	(1)	(1)	(1)	(1)	76	24
Increase (decrease) in accounts payable and other liabilities	(1)	2	6		(16)	(435)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 77	$ 31,569	$ 6,033	$ 2,000	$ 60	$ 73,721

See notes to financial statements.

(Concluded)

383 North Front Street
Columbus, Ohio 43215

Kennedy Cottrell Richards

Phone: 614.358.4682
Fax: 614.888.8634
www.kcr-cpa.com

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

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

We have audited the financial statements of the enterprise fund and the remaining fund information of the Ohio Building Authority (the "Authority"), a component unit of the State of Ohio, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC
September 29, 2010

Mary Taylor, CPA
Auditor of State

OHIO BUILDING AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 23, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us