



# STAR OHIO

## FRANKLIN COUNTY FINANCIAL AUDIT

### ANNUAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 2022

**ROBERT SPRAGUE**

— OHIO TREASURER —



OHIO AUDITOR OF STATE  
KEITH FABER



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Governing Board  
State Treasury Asset Reserve of Ohio (StarOhio)  
and the Investment Trust Fund of StarOhio  
30 East Broad Street, 10th Floor  
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the State Treasury Asset Reserve of Ohio (StarOhio) and the Investment Trust Fund of StarOhio, Franklin County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2021 through June 30, 2022. 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 State Treasury Asset Reserve of Ohio (StarOhio) and the Investment Trust Fund of StarOhio are responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 13, 2022

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# ROBERT SPRAGUE

OHIO TREASURER

Dear Public Funds Managers,

It is my pleasure to provide the State Treasury Asset Reserve of Ohio (STAR Ohio) annual report for the fiscal year ending June 30, 2022.

The collective strength of our communities has a direct impact on the overall fiscal health of the Buckeye State. As Ohio Treasurer and the chief administrator of STAR Ohio, I remain as committed as ever before to protecting public monies and supporting local government partners throughout the state.

For decades, STAR Ohio has been a trusted and secure investment option for public funds managers across Ohio. The program provides government subdivisions with the ability to invest in a highly rated public investment pool. Since 1995, STAR Ohio has maintained Standard & Poor's highest rating (AAAm), demonstrating a long history of soundness and security.

During FY 2022, STAR Ohio continued to build on its recent string of success and new all-time highs. The year saw the program exceed \$19 billion in assets for the first time in its history, further demonstrating the confidence Ohio's local governments continue to have in this time-tested investment pool. Additionally, more than \$48 million in interest payments were distributed to pool participants throughout FY 2022.

As you read this annual report, we invite you to share your thoughts and ideas about STAR Ohio. Your feedback is valuable in helping us to continuously improve the program and optimize the investment pool's performance.

For questions about STAR Ohio, please contact us via email at [info@starohio.com](mailto:info@starohio.com) or by phone at 1-800-648-STAR (7827).

Sincerely,



Robert Sprague  
Ohio Treasurer

# MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

## BACKGROUND

The State Treasury Asset Reserve of Ohio ("STAR Ohio") is a statewide investment pool ("Pool") managed and administered by the Office of the Ohio Treasurer (the "Treasurer"). Participation is offered to Ohio's political subdivisions as a means to invest in a portfolio of short-term investment securities. The objectives of STAR Ohio are the preservation of capital, the maintenance of liquidity, and providing current income. STAR Ohio is similar in concept to a registered investment company, commonly called a "money market mutual fund". Our discussion and analysis below is based upon currently known facts and conditions that we judge to have had a material effect on STAR Ohio's financial condition and operations.

The Treasurer is committed to maintaining STAR Ohio as a top-rated investment option for all government subdivisions of the State. As such, the level of safety in the Pool is attributed to the constant monitoring of credit ratings for issuers of investments held by STAR Ohio. An additional level of safety is the custodial arrangement requiring the Pool's assets be held in a specific trust account at the Depository Trust & Clearing Corporation designated for STAR Ohio. Both measures ensure that the underlying assets of STAR Ohio are highly rated, secure, and readily available to the Pool.

## OVERVIEW OF FINANCIAL CONDITION

During the fiscal year ended June 30, 2022, STAR Ohio's net position increased by approximately \$800 million, or 4.4%, due to net subscriptions. At the start of fiscal year 2022, the Federal Open Market Committee's (FOMC) target range for the Federal Funds Rate was 0.00% to 0.25%, and the Federal Reserve continued to expand its balance sheet with asset purchases of \$120 billion per month. Consequently, the STAR Ohio yield remained near the lower bound of the FOMC's target range for much of the fiscal year.

In an effort to combat persistent elevated inflation, the FOMC pivoted from its accommodative stance, raising its target rate three times in the second half of the fiscal year. The fiscal year ended with an FOMC target range of 1.50% to 1.75%. STAR Ohio's daily yield on June 30, 2022 was 1.48%.

STAR Ohio's objectives of safety and liquidity have continued to make the Pool a valuable investment vehicle for Ohio's public fund managers. STAR Ohio maintains its AAAm rating from Standard & Poor's, the highest rating possible for a Local Government Investment Pool.

## OVERVIEW OF OPERATIONS

By the end of fiscal year 2022, the target range for the Federal Funds Rate was 1.50% to 1.75%. STAR Ohio's average yield for fiscal year 2022 was 28 basis points (0.28%). On September 13, 2021, the advisor management fee was reduced from \$2,000,000 to \$1,500,000. As of June 30, 2022, STAR Ohio held approximately 38% of its portfolio in assets that mature or can otherwise be liquidated within one-week.

## Independent Auditor's Report

To the Treasurer of the State of Ohio, Robert Sprague  
State Treasury Asset Reserve of Ohio

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of State Treasury Asset Reserve of Ohio (STAR Ohio) as of June 30, 2022 and the related statements of operations and changes in net position and the financial highlights for each of the two years in the period then ended, and the related notes to the financial statements, which collectively comprise State Treasury Asset Reserve of Ohio's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of STAR Ohio as of June 30, 2022 and the changes in its net position and financial highlights for each of the two years in the period then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of STAR Ohio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about STAR Ohio's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of STAR Ohio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about STAR Ohio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the appendix but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Report on Summarized Comparative Information**

We have previously audited the STAR Ohio's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022 on our consideration of STAR Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of STAR Ohio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STAR Ohio's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

August 24, 2022

# STATE TREASURY ASSET RESERVE OF OHIO

## FINANCIAL HIGHLIGHTS Data for each share outstanding throughout the year

	Year ended June 30,	
	2022	2021
Net asset value, beginning of year	\$ 1.00	\$ 1.00
Net investment income	0.0028	0.0016
Distributions from net investment income	(0.0028)	(0.0016)
Net asset value, end of year	\$ 1.00	\$ 1.00
Total Return	0.28%	0.16%
<b>Ratio/Supplemental Information</b>		
Expenses as a percentage of average net assets after reductions (1)	0.041%	0.044%
Net investment income as a percentage of average net assets (1)	0.28%	0.16%
Net position, end of year	\$18,443,766,552	\$17,659,480,174

(1) These percentages should not be construed as representative of the yield or expenses related to future investment in STAR Ohio.

See Accompanying Notes to Financial Statements

**STATE TREASURY ASSET RESERVE OF OHIO**  
**STATEMENT OF INVESTMENTS JUNE 30, 2022**

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
<b>Federal Agency Issues and U.S. Treasury Obligations — 1.8%</b>			
\$ 75,000,000	Federal Farm Credit Bank Discount Notes, 0.79% - 0.88%	9/21/22 - 9/28/22	\$ 74,854,097
125,000,000	Federal Farm Credit Bank Floating Rate Notes, 1.58% - 1.82%	7/15/22 - 3/22/23	125,002,953
50,000,000	Federal Home Loan Bank Discount Note, 1.55%	8/16/22	49,900,972
85,000,000	Federal Home Loan Bank Debentures, 1.20% - 2.25%	7/18/22 - 9/9/22	85,060,991
<b>Total Federal Agency Issues and U.S. Treasury Obligations</b>			<b>\$ 334,819,013</b>
<b>Negotiable Certificates of Deposit — 25.2%</b>			
\$ 50,000,000	ANZ Banking Group, 1.03%	12/20/22	\$ 50,000,000
50,000,000	Banco Santander, 2.34%	12/6/22	50,000,000
325,000,000	Bank of Montreal - Chicago, 0.72% - 2.13%	11/22/22 - 7/27/23	325,000,000
150,000,000	Bank of Nova Scotia, 1.62% - 1.69%	7/5/22 - 10/11/22	150,000,000
425,000,000	Barclays Bank, 1.00% - 2.17%	10/7/22 - 2/8/23	425,000,000
50,000,000	BNP Paribas, 0.56%	7/27/22	50,000,000
100,000,000	Credit Agricole, 1.40% - 1.55%	8/15/22	100,000,000
100,000,000	Canadian Imperial Bank, 1.12% - 1.76%	12/1/22 - 2/10/23	100,000,000
50,000,000	Commonwealth Bank of Australia, 1.71%	1/20/23	50,000,000
100,000,000	Mizuho Securities, 0.32% - 2.53%	7/1/22 - 10/25/22	100,000,000
275,000,000	MUFG Bank, Ltd., 0.46% - 1.96%	7/28/22 - 1/27/23	275,000,000
150,000,000	Natixis, 1.22% - 2.03%	11/28/22 - 1/20/23	150,000,000
650,000,000	Nordea Bank, 0.32% - 2.01%	7/5/22 - 2/27/23	650,000,000
175,000,000	Royal Bank of Canada, 0.40% - 2.03%	8/9/22 - 3/17/23	175,000,000
250,000,000	Standard Chartered Bank, 1.72% - 2.00%	11/7/22 - 2/14/23	250,000,000
525,000,000	Sumitomo Mitsui Bank, 1.65% - 2.11%	7/20/22 - 5/3/23	525,000,000
100,000,000	Sumitomo Mitsui Trust, 1.71% - 3.02%	9/2/22 - 12/28/22	100,000,000
200,000,000	Svenska Hannelsbanken, 0.48% - 2.00%	7/26/22 - 2/22/23	200,000,000

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
\$ 675,000,000	Toronto Dominion Holdings, Inc., 0.31% - 3.00%	7/12/22 - 6/8/23	\$ 675,000,000
240,000,000	Westpac Bank, 0.30% - 1.96%	8/8/22 - 2/21/23	240,000,000
<b>Total Negotiable Certificates of Deposit</b>			<b>\$ 4,640,000,000</b>
<b>Commercial Paper — 42.0%</b>			
\$ 775,000,000	Anglesea Funding, LLC, 1.57% - 1.98%	7/5/22 - 8/23/22	\$ 774,277,653
75,000,000	Bank of America NA, 2.16% - 2.18%	9/19/22 - 12/7/22	74,405,764
200,000,000	Bank of Montreal - Chicago, 0.33% - 1.96%	7/6/22 - 12/23/22	199,894,229
225,000,000	Barclays Bank, 0.23% - 1.98%	7/29/22 - 8/19/22	224,604,147
725,000,000	Bedford Row Funding Corp., 0.58% - 3.05%	8/10/22 - 2/16/23	723,563,667
235,260,000	Credit Agricole, 1.55% - 1.85%	8/12/22 - 8/19/22	234,753,992
125,000,000	Cedar Springs Capital, 1.51% - 2.23%	8/12/22 - 12/9/22	124,191,278
272,900,000	Citigroup Global Markets, 0.16% - 2.18%	7/7/22 - 12/16/22	271,824,691
600,000,000	Collateralized Commercial Paper V Co., 0.46% - 2.18%	7/25/22 - 12/9/22	597,910,418
402,950,000	Collateralized Commercial Paper FLEX Co., 0.47% - 1.95%	7/5/22 - 12/1/22	402,637,365
165,000,000	Crown Point Capital, 0.58% - 1.89%	7/27/22 - 12/30/22	164,812,139
398,000,000	Glencove Funding, 1.19% - 2.05%	7/18/22 - 9/14/22	397,171,334
300,000,000	Great Bear Funding, 1.57% - 1.71%	7/1/22 - 10/14/22	299,927,361
183,000,000	GTA Funding, 1.57% - 2.26%	7/5/22 - 9/26/22	182,598,678
200,000,000	Halkin Finance, 1.59% - 1.61%	7/7/22 - 7/25/22	199,906,750
375,000,000	JPMorgan Securities, LLC, 0.20% - 2.15%	7/14/22 - 12/27/22	373,256,361
50,000,000	Lloyds Bank Corp., 0.80%	10/25/22	49,871,111
290,000,000	MUFG Bank, Ltd., 0.32% - 1.70%	7/8/22 - 8/15/22	289,701,611
275,000,000	Natixis, 0.35% - 2.13%	7/6/22 - 11/21/22	274,534,681
160,000,000	Pricoa Global Funding, 0.20% - 3.06%	8/2/22 - 1/6/23	158,746,278
418,332,000	Ridgefield Funding, 0.25% - 2.35%	7/12/22 - 12/13/22	417,173,308
300,000,000	Royal Bank of Canada, 0.20% - 1.94%	7/8/22 - 3/1/23	299,470,694
145,000,000	Standard Chartered Bank, 0.22%	7/11/22 - 7/27/22	144,984,906
25,000,000	Toronto Dominion Holdings, Inc., 0.36%	8/8/22	24,990,500

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
\$ 500,000,000	Toyota Motor Credit Corporation, 1.12% - 2.06%	7/6/22 - 11/30/22	\$ 498,646,208
347,487,722	U.S. Bank NA, 1.50%	7/1/22	347,487,722
<b>Total Commercial Paper</b>			<b>\$ 7,751,342,846</b>
<b>Corporate Bonds — 1.4%</b>			
\$ 10,000,000	CAT Financial, 0.25%	3/1/23	\$ 9,941,813
25,000,000	Citibank, 3.80%	7/30/23	25,000,000
8,634,000	John Deere Capital Corp, 2.80%	1/27/23	8,713,873
16,400,000	Northern Trust Corp., 2.38%	8/2/22	16,429,753
56,036,000	Toyota Motor Credit Corp, 0.45% - 2.90%	7/22/22 - 3/30/23	56,346,818
55,120,000	Truist Bank, 1.25% - 2.45%	8/1/22 - 3/9/23	55,078,724
91,857,000	US Bank, N.A., 1.95% - 2.85%	1/9/23 - 1/23/23	92,440,776
<b>Total Corporate Bonds</b>			<b>\$ 263,951,757</b>
<b>Municipal Bonds — 0.9%</b>			
\$ 41,170,000	Clark County Department of Aviation, 0.91% - 1.01%	7/1/40	\$ 41,170,000
19,000,000	Cobb County Hospital Authority, 0.90%	4/1/36	19,000,000
50,000,000	Michigan State Finance Authority, 1.56%	9/1/49	50,000,000
52,770,000	Municipal Electric Authority of Georgia, 0.95%	1/1/48	52,770,000
9,700,000	West Virginia Hospital Finance Authority, 0.91%	6/1/41	9,700,000
<b>Total Municipal Bonds</b>			<b>\$ 172,640,000</b>
<b>Bank Deposits<sup>(1)</sup> — 1.8%</b>			
\$ 75,106,514	CFBank, IntraFi Network, LLC (FDIC insured), 1.90%	7/1/22	\$ 75,106,514
29,103,347	Citizens Bank, IntraFi Network, LLC (FDIC insured), 1.20%	7/1/22	29,103,347
25,000,000	Ohio State Bank, IntraFi Network, LLC (FDIC insured), 1.90%	7/1/22	25,000,000
200,202,292	Truist Bank, 1.40%	7/1/22	200,202,292
<b>Total Bank Deposits</b>			<b>\$ 329,412,153</b>

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
<b>Money Market Funds<sup>(2)</sup> — 14.6%</b>			
4,602,588	Dreyfus Cash Management Fund - Institutional, 1.45%	7/1/22	\$ 4,608,952
1,919,714	Federated Hermes Institutional Prime Obligations Fund, 1.44%	7/1/22	1,921,162
1,351,008	First American Government Obligations Fund, 1.29%	7/1/22	1,351,008
5,049,301	First American Institutional Prime Obligations Fund, 1.38%	7/1/22	5,049,299
1,137,613,109	Goldman Sachs Government Fund, 1.36%	7/1/22	1,137,613,109
450,826,080	Invesco Government & Agency Portfolio - Institutional, 1.39%	7/1/22	450,826,080
1,087,325,167	Morgan Stanley Institutional Liquidity Prime Portfolio, 1.51%	7/1/22	1,087,915,969
<b>Total Money Market Funds</b>			<b>\$ 2,689,285,579</b>

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
<b>Repurchase Agreements — 12.2%</b>			
\$ 900,000,000	Bank of Montreal - Chicago, 1.54%, dated 6/30/22, repurchase price \$900,192,500, collateralized by various GNMAs, FNMAs, and FMACs, 0.875% - 5.50%, due 11/1/31 - 5/20/72, par \$945,686,590 and fair value of \$918,000,000.	7/5/22	\$ 900,000,000
500,000,000	Credit Agricole, 1.53%, dated 6/30/22, repurchase price \$500,106,250, collateralized by various GNMAs, 2.00% - 6.00%, due 1/20/43 - 6/20/52, par \$539,974,607 and fair value of \$510,000,000.	7/5/22	500,000,000
850,000,000	HSBC, 1.52%, dated 6/30/22, repurchase price \$850,179,444, collateralized by various FNMAs and FMACs, 1.00% - 4.50%, due 7/1/33 - 6/1/52, par \$936,039,252 and fair value of \$867,000,000.	7/5/22	850,000,000
<b>Total Repurchase Agreements</b>			<b>\$ 2,250,000,000</b>
<b>Total Investments — 99.9%</b>			<b>\$18,431,451,348</b>
<b>Assets in excess of other Liabilities — 0.1%</b>			<b>\$ 12,315,204</b>
<b>Net Position — 100%</b> - equivalent to \$1.00 per share for 18,443,766,552 outstanding shares of the Pool			<b>\$18,443,766,552</b>

- (1) The rate shown represents the rate at June 30, 2022.  
(2) The yield shown represents the 7-day yield at June 30, 2022.

See Accompanying Notes to Financial Statements

# STATE TREASURY ASSET RESERVE OF OHIO

## STATEMENT OF ASSETS AND LIABILITIES JUNE 30, 2022

### Assets

Investments	
Federal Agency Issues and U.S. Treasury Obligations	\$ 334,819,013
Negotiable Certificates of Deposit	4,640,000,000
Commercial Paper	7,751,342,846
Corporate Bonds	263,951,757
Municipal Bonds	172,640,000
Money Market Funds	2,689,285,579
Repurchase Agreements	2,250,000,000
Bank Deposits	329,412,153
Total Investments	18,431,451,348
Interest Receivable	13,757,174
Prepaid Expenses/Other Assets	31,446
Total Assets	\$18,445,239,968

### Liabilities

Accrued Co-Administrator Fees	\$ 128,817
Accrued Co-Investment Consultant Fees	193,684
Accrued Audit Fees	46,493
Accrued Custodian, Banking, and Transfer Agent Fees	97,768
Accrued Management Fees	123,288
Other Liabilities	9,736
Dividends Payable	873,630
Total Liabilities	1,473,416

### Net Position

	<b>\$18,443,766,552</b>
<b>Capital Shares Outstanding</b>	18,443,766,552
<b>Participant Net Asset Value, Price Per Unit</b>	\$ 1.00

See Accompanying Notes to Financial Statements

**STATE TREASURY ASSET RESERVE OF OHIO**  
**STATEMENTS OF OPERATIONS**

	<b>Year ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Investment Income</b>		
Interest Income	\$ 55,394,380	\$ 33,522,406
<b>Expenses</b>		
Co-Investment Consultant Fees	2,314,290	2,242,020
Management Fees	1,601,370	2,000,000
Co-Administrator Fees	1,574,672	1,577,310
Custodian, Banking, and Transfer Agent Fees	1,056,617	1,078,997
Bloomberg and Pricing Fees	375,244	262,398
Audit Fees	48,280	44,705
Standard & Poor's Analytical Fees	46,649	42,139
Communication and Technology Support Services Fees	17,955	19,779
Printing and Postage Fees	17,373	4,611
Net Expenses	7,052,450	7,271,959
<b>Net Investment Income</b>	<b>\$ 48,341,930</b>	<b>\$ 26,250,447</b>

See Accompanying Notes to Financial Statements

**STATE TREASURY ASSET RESERVE OF OHIO**  
**STATEMENTS OF CHANGES IN NET POSITION**

	Year ended June 30,	
	2022	2021
<b>Change in Net Position</b>		
<b>Operations</b>		
Net Investment Income	\$ 48,341,930	\$ 26,250,447
<b>Distributions to Shareholders from</b>		
Net Investment Income	(48,341,930)	(26,250,447)
<b>Capital Share Transactions Net Increase (Decrease) - Note F</b>	784,286,378	3,194,777,744
Increase (Decrease) in Net Position	784,286,378	3,194,777,744
<b>Net Position</b>		
Beginning of Year	17,659,480,174	14,464,702,430
End of Year	\$18,443,766,552	\$17,659,480,174

See Accompanying Notes to Financial Statements

### **NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Section 135.45 of the Ohio Revised Code permits the State's political subdivisions to pool their public funds into an investment fund managed by the Office of the Ohio Treasurer. The State Treasury Asset Reserve of Ohio ("STAR Ohio") provides units of local government with an investment option for their public funds.

Participation is offered to Ohio political subdivisions as defined in Section 135.45(F)(2)(a) of the Ohio Revised Code. The investment objectives of STAR Ohio are the preservation of capital, maintenance of liquidity, and providing current income. There can be no guarantee that this will be achieved.

The Ohio Treasurer, Robert Sprague, through the Treasurer's Investment Department, serves as investment advisor and administrator to STAR Ohio. The advisor manages the investment and reinvestment of STAR Ohio's assets in accordance with STAR Ohio's investment objectives and policies, subject to the general limitations of Section 135.143 of the Ohio Revised Code. In addition, an advisor is responsible for the overall management of STAR Ohio's business affairs. At the beginning of the fiscal year, STAR Ohio compensated the advisor with an annualized management fee of \$2,000,000, which was reduced to \$1,500,000 effective September 13, 2021.

Public Funds Administrators ("PFA") is the co-administrator for STAR Ohio and provides certain clerical and administrative services for STAR Ohio. Compensation to the co-administrator is based on a percentage of daily net assets with a minimum annual fee of \$800,000.

Effective September 13, 2021, Fifth Third Bank serves as custodian of STAR Ohio. Prior to that date, Huntington National Bank served as custodian. Compensation to the custodian is based upon the month-end net asset value and is charged monthly in arrears.

Effective September 13, 2021, PFA serves as the dividend and transfer agent for STAR Ohio. Prior to that date, Ultimus Fund Solutions served as the dividend and transfer agent. Compensation to the transfer agent is based on a percentage of daily net assets with a minimum annual fee of \$240,000.

Meeder Asset Management, Inc. ("Meeder") and Public Trust Advisors, LLC ("PTA") serve as co-investment consultants for STAR Ohio and are compensated based on a percentage of daily net assets.

STAR Ohio applies Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. Since STAR Ohio qualifies for reporting at amortized cost under GASB Statement No. 79, the applicability of GASB Statement No. 72 is limited to the disclosures referenced within GASB Statement No. 79.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of both contingent assets and liabilities. Actual results could differ from those estimates. The financial statements include certain prior-year comparative information, but not at the level of detail required for a presentation in accordance with Generally Accepted Accounting Principles (GAAP). Accordingly, such information should be read in conjunction with STAR Ohio's annual report for the year ended June 30, 2021.

STAR Ohio is not registered with the Securities & Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure all their investments at amortized cost for financial reporting purposes. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures all its investments at amortized cost for financial reporting purposes. This Statement applies to all state and local governments. This Statement amends GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 59, *Financial Instruments Omnibus*.

For the fiscal year ended June 30, 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount(s) to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

#### **NOTE B – FAIR VALUE MEASUREMENT**

STAR Ohio's investments on the Statement of Assets and Liabilities are presented at amortized cost, in accordance with GASB Statement No. 79. Information regarding the fair value of investments held by STAR Ohio is presented below in accordance with GASB Statement No. 72.

STAR Ohio categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the below fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. STAR Ohio's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

A description of the valuation techniques applied to STAR Ohio's major categories of assets when measured at fair value follows:

Investments in registered open-end investment companies, including money market funds, are valued at the daily redemption value as reported by the underlying fund and are categorized in level 1 of the fair value hierarchy.

Short-term notes (including federal agency issues, U.S. government agency obligations, U.S. Treasury obligations, negotiable certificates of deposits, commercial paper, corporate obligations, municipal bonds, and repurchase agreements) held in STAR Ohio are valued using fair valuation methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. The fair value of these securities is determined primarily based on these level 2 inputs and are categorized as such.

For the period ended June 30, 2022, STAR Ohio did not hold any assets at any time in which significant unobservable inputs were used in determining fair value. Therefore, there are no level 3 securities. The following table summarizes the inputs used to value STAR Ohio's assets when measured at fair value as of June 30, 2022.

Investments by Fair Value Level	Fair Value at June 30, 2022	Level 1	Level 2	Level 3	Value at Amortized Cost
Federal Agency Issues and U.S. Treasury Obligations	\$ 334,352,001	\$ —	\$ 334,352,001	\$ —	\$ 334,819,013
Negotiable Certificates of Deposit	4,632,315,877	—	4,632,315,877	—	4,640,000,000
Commercial Paper	7,742,756,109	—	7,742,756,109	—	7,751,342,846
Corporate Bonds	262,288,935	—	262,288,935	—	263,951,757
Municipal Bonds	172,640,000	—	172,640,000	—	172,640,000
Money Market Funds	2,688,471,182	2,688,471,182	—	—	2,689,285,579
Repurchase Agreements	2,250,000,000	—	2,250,000,000	—	2,250,000,000
Totals	\$18,082,824,104	\$ 2,688,471,182	\$15,394,352,922	\$ —	\$ 18,102,039,195

As of June 30, 2022, STAR Ohio invested in collateralized bank deposits in the amount of \$200,202,292, and federally insured demand deposits totaling \$129,209,861, which are not included in the table above. Total investments on the Statement of Assets and Liabilities totaled \$18,431,451,348.

### **NOTE C – INVESTMENT SECURITIES**

Investment securities, other than money market funds, are valued according to the amortized cost method (which approximates fair value) whereby a security is valued at cost adjusted for the amortization of any premiums or accretion of any discounts over the period until maturity. The difference between the amortized cost and the fair value of the portfolio was -\$19,215,091 as of June 30, 2022. Investments in money market funds are valued at quoted market values.

Security transactions are accounted for on the trade date (the day that the order to buy or sell is executed). Interest income is determined on an accrual basis, with earned discounts (including original issue and market discount) accreted and paid premiums amortized. Any realized gains or losses on sales of securities are calculated on the specific identification basis.

STAR Ohio is permitted to invest in commercial paper, but commercial paper holdings shall not exceed 40 percent of the Total Average Portfolio (the average of the five highest daily balances for the prior 12-month period as calculated on the first day of the month). As of June 30, 2022, commercial paper holdings represented approximately 39.9 percent of the Total Average Portfolio. The Total Average Portfolio calculation is subject to change by the Ohio Treasurer.

All repurchase agreements are fully collateralized by U.S. government or federal agency securities, pursuant to Section 135.143 of the Ohio Revised Code, and such collateral is in the possession of STAR Ohio's custodians on a daily basis. STAR Ohio evaluates collateral daily to ensure its market value plus accrued interest exceeds the delivery value of the repurchase agreement at maturity. At June 30, 2022, STAR Ohio invested in three repurchase agreements on a tri-party basis totaling \$2,250,000,000, which are included as part of investments at fair value on the Statement of Assets and Liabilities. The value of the related collateral that STAR Ohio received for the agreements exceeded the value of the repurchase agreements at June 30, 2022. STAR Ohio may enter into reverse repurchase (borrowing) agreements. For the fiscal year ended June 30, 2022, STAR Ohio did not enter into any reverse repurchase agreements.

STAR Ohio may purchase securities on a forward settlement basis. Payment and delivery may take place after the customary settlement period for the respective securities. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. Where applicable, the values of the securities purchased on a forward settlement basis are identified as such in the Statement of Investments. Losses may arise due to changes in the value of the underlying securities, if the counterparty does not perform under the contract's terms, or if the issuer does not issue the securities due to political, economic, or other factors. As of June 30, 2022, STAR Ohio did not transact in any purchases on a forward settlement basis.

STAR Ohio maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. STAR Ohio has established procedures to stabilize the net asset value per share, as computed for the purpose of purchase and redemption, at a single value of \$1.00. The mark-to-market of the portfolio is used to monitor the appropriateness of the amortized cost method and is calculated using available market quotations.

As of June 30, 2022, STAR Ohio had the following investments and maturities:

Investment Type	Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Bank Deposits	\$ 329,412,153	\$ 329,412,153	\$ —
Negotiable Certificates of Deposit	4,640,000,000	4,590,000,000	50,000,000
Commercial Paper	7,751,342,846	7,751,342,846	—
Corporate Bonds	263,951,757	238,951,757	25,000,000
Federal Agency Issues and U.S. Treasury Obligations	334,819,013	334,819,013	—
Money Market Funds	2,689,285,579	2,689,285,579	—
Repurchase Agreements	2,250,000,000	2,250,000,000	—
Totals	\$18,258,811,348	\$18,183,811,348	\$ 75,000,000

STAR Ohio also invested in municipal bonds as of June 30, 2022, in the amount of \$172,640,000 with final maturities ranging between April 1, 2040 and September 1, 2049. The municipal bonds have a seven-day unconditional put option.

*Interest Rate Risk:* Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Through its investment policy, STAR Ohio manages its exposure to fair value losses arising from increasing interest rates by limiting the final stated maturity on any investment to 397 days (762 days for floating and variable rate government obligations) and limiting the weighted average maturity WAM(R) of the portfolio to 60 days and WAM(F) of the portfolio to 90 days. WAM(R) uses the interest rate reset date as the effective maturity in calculating the WAM, whereas WAM(F) is calculated based on the stated final maturity for each security. WAM(F) is also known as weighted average life. At June 30, 2022, STAR Ohio's WAM(R) and WAM(F) were 35 and 70 days, respectively. Investments in STAR Ohio include floating rate corporate notes and federal agency issues with daily and weekly reset dates based on the Federal Funds Overnight Rate, the Federal Reserve Bank Prime Loan Rate, the Secured Overnight Financing Rate, and the 91-day U.S. Treasury Bill rate. There were no illiquid securities held in STAR Ohio's portfolio as of June 30, 2022.

*Credit Risk:* The risk that an investment’s issuer or counterparty will not satisfy its obligation is called credit risk. The exposure to this risk has been minimized through policies adopted by STAR Ohio. STAR Ohio’s investment policy requires money market funds to be rated AAAM by Standard & Poor’s Corporation, and all other securities held by STAR Ohio to have short-term ratings equivalent of A-1+ or A-1. Commercial paper holdings are required to have short-term ratings of A-1/P-1 or above. Collateralization of bank deposit investments is required to secure a rating of AAAM. Corporate bonds are purchased within 13 months of maturity. As of June 30, 2022, all investments met the short-term and long-term credit ratings requirements of STAR Ohio’s investment policies. The long-term credit ratings are categorized in the table below.

Investment Type	Total Value	AAA/Aaa	AA/Aa	A/A	Unrated*
Bank Deposits	\$ 329,412,153	\$ —	\$ 329,412,153	\$ —	\$ —
Negotiable Certificates of Deposit	4,640,000,000	—	2,040,000,000	2,600,000,000	—
Commercial Paper	7,751,342,846	—	324,461,194	2,983,965,423	4,442,916,229
Corporate Bonds	263,951,757	—	—	263,951,757	—
Federal Agency Issues and U.S. Treasury Obligations	334,819,013	—	334,819,013	—	—
Money Market Funds	2,689,285,579	2,689,285,579	—	—	—
Municipal Bonds	172,640,000	—	172,640,000	—	—
Repurchase Agreements	2,250,000,000	—	—	—	2,250,000,000
Totals	\$18,431,451,348	\$ 2,689,285,579	\$ 3,201,332,360	\$ 5,847,917,180	\$ 6,692,916,229

\* The issuers of the commercial paper holdings reflected in this table as “Unrated” do not have long-term ratings. All of STAR Ohio’s commercial paper holdings have short-term ratings from S&P of A-1+ or A-1. All repurchase agreements are with counterparties rated at least A-1 by S&P and are fully collateralized in accordance with Ohio law.

*Concentration of Credit Risk:* STAR Ohio, through its investment policy, follows the diversification guidelines for Standard & Poor’s Principal Stability Fund Rating (PSFR) criteria for AAAM rated money market funds and Section 135.143 of the Ohio Revised Code. Through its investment policy, STAR Ohio further limits its investments in municipal bonds to 10 percent of the net assets. STAR Ohio limits the maximum exposure per issuer to 5 percent of net assets, except U.S. Treasury and federal agency obligations, overnight bank deposits (including uninvested cash), instruments that are at least 100 percent collateralized, and investments in other rated money market funds.

As of June 30, 2022, STAR Ohio had 5 percent or more of its net assets invested in the following issuers:

Goldman Sachs Funds	6.2%
Morgan Stanley Funds	5.9%

*Foreign Currency Risk:* STAR Ohio does not have exposure to foreign exchange risk.

*Custodial Credit Risk:* STAR Ohio's investments are not exposed to custodial credit risk, as defined by GASB Statement No. 40. Securities in STAR Ohio are insured, registered, held by STAR Ohio, or held in a specific trust account designated for STAR Ohio. At June 30, 2022, a bank deposit totaling \$200,202,292 was collateralized by various Federal National Mortgage Association Pools. The carrying amount of cash and bank balance was zero. In addition, demand deposits totaling \$129,209,861 were federally insured by the Federal Deposit Insurance Corporation (FDIC). The carrying amounts of cash and bank balances were zero.

#### **NOTE D – SECURITIES LENDING**

Pursuant to Section 135.143 of the Ohio Revised Code, the Pool may lend up to 25 percent of its securities to any eligible financial institution that is a member of the Federal Reserve System or any recognized United States government securities dealer.

The Pool follows strict levels of collateralization governed by daily mark-to-market analysis, a review of the credit worthiness of securities' dealers and banks, and strict monitoring of their respective credit limits. This is done to control exposure due to possible credit loss resulting from a reduction in the underlying collateral value or non-performance by a security dealer or bank. Either the Pool or the borrower can terminate all security loans on demand.

For the fiscal year ended June 30, 2022, STAR Ohio did not participate in security lending transactions.

#### **NOTE E – INCOME DISTRIBUTIONS**

Each business day STAR Ohio declares a distribution of its net investment income and realized capital gains, if any. Such distributions are automatically reinvested in additional shares or paid in cash to shareholders at the end of each month.

#### **NOTE F – CAPITAL SHARES**

Transactions in capital shares (all at \$1.00 per share) were as follows:

	Year Ended June 30,	
	2022	2021
Shares Sold	33,205,381,619	32,696,839,951
Shares Issued for Distributions	46,108,973	24,561,255
	33,251,490,592	32,721,401,206
Shares Redeemed	(32,467,204,214)	(29,526,623,462)
Capital Shares Transactions Net Increase (Decrease)	784,286,378	3,194,777,744

### **STANDARD & POOR'S RATING OF STAR OHIO**

Standard & Poor's has assigned an AAAm money market rating, its highest rating, to STAR Ohio. By obtaining a AAAm rating, STAR Ohio is considered to have a superior capacity to maintain principal (\$1.00 per share value) and limit exposure to loss. The rating is based on an analysis of STAR Ohio's management, investment guidelines, portfolio holdings and market price exposure.

### **SUMMARY OF INVESTMENT OBJECTIVES AND ALL PERMITTED & ELIGIBLE INVESTMENTS**

The investment objectives of STAR Ohio are the preservation of capital, maintenance of liquidity, and providing current income. STAR Ohio seeks to achieve these objectives by investing only in certain high-grade short-term investment instruments, which are authorized for investment by the State of Ohio as specified in Section 135.143 of the Ohio Revised Code. Instruments in which STAR Ohio may invest include:

- (1) United States Treasury bills, notes, bonds or any other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
- (3) Written repurchase agreements with any eligible counterparties domiciled or registered in the United States subject to the guidelines in STAR Ohio's Investment Policy;
- (4) STAR Ohio may invest in reverse repurchase agreements with a maximum maturity of 30 days, provided the securities have been fully paid for and are owned by STAR Ohio at the time of sale and subject to the guidelines in STAR Ohio's Investment Policy;
- (5) The Ohio Treasurer also may sell any securities, listed in items (1) or (2) above, regardless of maturity or time of redemption of the securities, under the same terms and conditions for repurchase, provided that the securities have been fully paid for and are held in trust by the Ohio Treasurer at the time of the sale;
- (6) Securities lending agreements with any eligible financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank or any recognized United States government securities dealer, under the terms of which agreement the Ohio Treasurer lends securities and the eligible financial institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value;
- (7) Various forms of commercial paper, maturing in 397 days or less, issued by any corporation that is incorporated under the laws of the United States or a state, which such notes are rated in the two highest categories by two nationally recognized rating agencies, provided that the

total amount invested in commercial paper at any time shall not exceed 40 percent of the Total Average Portfolio which is defined as the average of the five highest daily balances for the prior 12-month period as calculated on the first day of the month (the Total Average Portfolio calculation is subject to change by the Ohio Treasurer);

(8) Corporate obligations of domestic corporations that, at the time of purchase must be rated in the three highest categories by two nationally recognized rating agencies provided that the total amount invested in corporate obligations at any time shall not exceed 25 percent of the Total Average Portfolio;

(9) Negotiable certificates of deposit denominated in United States dollars issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or a federally licensed or state-licensed branch of a foreign bank, which are rated in the two highest categories by two nationally recognized standard rating services, provided that the total amount invested in negotiable certificates of deposit at any time shall not exceed 25 percent of the Total Average Portfolio;

(10) Municipal bonds and other direct obligations of any state or political subdivision, provided that the total amount invested in municipal bonds at any time shall not exceed 10 percent of the value of STAR Ohio;

(11) Banker's acceptances, maturing in 270 days or less, which are eligible for purchase by the Federal Reserve System, provided that the total amount invested in the banker's acceptances at any time shall not exceed 10 percent of the Total Average Portfolio, as determined and calculated by the Ohio Treasurer of State;

(12) Bank deposits, certificates of deposits, and savings in eligible institutions applying for interim monies as provided in Section 135.08 of the Ohio Revised Code; and

(13) No-load money market mutual funds rated in the highest category by one nationally recognized standard rating service or consisting exclusively of obligations described in (1), (2), or (7) of this section and repurchase agreements secured by such obligations.

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## SERVICE PROVIDERS

### **INVESTMENT ADVISOR AND ADMINISTRATOR**

The Honorable Robert Sprague  
Ohio Treasurer

### **CO-ADMINISTRATOR**

Public Funds Administrators

### **CUSTODIAN**

Fifth Third Bank

### **TRANSFER AGENT**

Public Funds Administrators

### **CO-INVESTMENT ADVISOR**

Meeder Public Funds, Inc.

### **CO-INVESTMENT ADVISOR**

Public Trust Advisors, LLC

For more information on current yields or assistance in opening a STAR account, call toll free: 1-800-648-STAR (7827).

Additional information regarding STAR Ohio and other Ohio Treasurer programs may be accessed through [www.OhioTreasurer.gov](http://www.OhioTreasurer.gov). The Treasurer's office also welcomes your feedback and questions; please call 1-800-228-1102.

The Office of the Ohio Treasurer, Public Funds Administrators, Fifth Third Bank, Meeder Public Funds, Inc., and Public Trust Advisors, LLC are Equal Opportunity Employers and Service Providers.



*An Investment Alternative Offered by Ohio Treasurer Robert Sprague*

30 East Broad Street — 9th Floor  
Columbus, Ohio 43215

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the Treasurer of the State of Ohio,  
Robert Sprague  
State Treasury Asset Reserve of Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of State Treasury Asset Reserve of Ohio (STAR Ohio), which comprise the statement of assets and liabilities, including the statement of investments, as of June 30, 2022 and the related statements of operations and changes in net position and the financial highlights for each of the two years in the period then ended, and the related notes to the financial statements and have issued our report thereon dated August 24, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered STAR Ohio's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STAR Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of STAR Ohio's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of STAR Ohio's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether STAR Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Treasurer of the State of Ohio,  
Robert Sprague  
State Treasury Asset Reserve of Ohio

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of STAR Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STAR Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

August 24, 2022

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State Treasury Asset Reserve of Ohio Investment  
Trust Fund

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**Franklin County  
Financial Report  
For the Year Ended  
June 30, 2022**

# State Treasury Asset Reserve of Ohio Investment Trust Fund

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## **Independent Auditor's Report**

To the Treasurer of the State of Ohio,  
Robert Sprague  
State Treasury Asset Reserve of Ohio  
Investment Trust Fund

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying statement of net position of State Treasury Asset Reserve of Ohio Investment Trust Fund (the "Trust Fund") as of June 30, 2022 and the related statements of operations and changes in net position for each of the two years in the period then ended and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Trust Fund as of June 30, 2022 and the changes in its net position for each of the two years in the period then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Trust Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As described in Note 1, the financial statements present only State Treasury Asset Reserve of Ohio Investment Trust Fund and do not purport to, and do not, present fairly the financial position of the State Treasury Asset Reserve of Ohio as of June 30, 2022 or the results of its operations and changes in its net position for each of the two years in the period then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Treasurer of the State of Ohio,  
Robert Sprague  
State Treasury Asset Reserve of Ohio  
Investment Trust Fund

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplemental Information***

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

### ***Report on Summarized Comparative Information***

We have previously audited the Trust Fund's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Treasurer of the State of Ohio,  
Robert Sprague  
State Treasury Asset Reserve of Ohio  
Investment Trust Fund

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the Trust Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

September 30, 2022

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Management's Discussion and Analysis (Unaudited)

June 30, 2022

### Background

The State Treasury Asset Reserve of Ohio ("STAR Ohio") is a statewide investment pool ("Pool") managed and administered by the Office of the Ohio Treasurer (the "Treasurer"). Participation is offered to Ohio's political subdivisions as a means to invest in a portfolio of short-term investment securities. The objectives of STAR Ohio are the preservation of capital, the maintenance of liquidity, and providing current income. STAR Ohio is similar in concept to a registered investment company, commonly called a "money market mutual fund". Our discussion and analysis below is based upon currently known facts and conditions that we judge to have had a material effect on STAR Ohio's financial condition and operations.

The Treasurer is committed to maintaining STAR Ohio as a top-rated investment option for all government subdivisions of the State. As such, the level of safety in the Pool is attributed to the constant monitoring of credit ratings for issuers of investments held by STAR Ohio. An additional level of safety is the custodial arrangement requiring the Pool's assets be held in a specific trust account at the Depository Trust & Clearing Corporation designated for STAR Ohio. Both measures ensure that the underlying assets of STAR Ohio are highly rated, secure, and readily available to the Pool.

### Overview of Financial Condition

The Trust Fund's net position increased by approximately \$6.0 million or 0.04%, during the fiscal year ended June 30, 2022, due to net subscriptions. At the start of the fiscal year ended June 30, 2022, the Federal Open Market Committee (FOMC) maintained its highly accommodative monetary policy with the federal funds target rate at a range of 0.00% to 0.25% and a continued commitment to make asset purchases of \$120 billion per month. Consequently, the STAR Ohio yield remained near the lower bound of the FOMC's target range for much of the fiscal year.

In an effort to combat persistent elevated inflation, the FOMC pivoted from its accommodative stance, raising its target rate three times in the second half of the fiscal year. The fiscal year ended with an FOMC target range of 1.50% to 1.75%. STAR Ohio's daily yield on June 30, 2022, was 1.48%.

STAR Ohio's objectives of safety and liquidity have continued to make the Pool a valuable investment vehicle for Ohio's public fund managers. STAR OHIO maintains its AAAM rating from Standard & Poor's, the highest rating possible for a local Government Investment Pool.

### Overview of Operations

By the end of fiscal year 2022, the target range for the Federal Funds Rate was 1.50% to 1.75%. STAR Ohio's average yield for fiscal year 2022 was 28 basis points (0.28%). On September 13, 2021, the advisor management fee was reduced from \$2,000,000 to \$1,500,000. As of June 30, 2022, STAR Ohio held approximately 38% of its portfolio in assets that mature or can otherwise be liquidated within one-week.

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Statement of Net Position

June 30, 2022

<b>Assets</b>	
Investments:	
Federal agency issues and U.S. Treasury obligations	\$ 271,605,032
Negotiable Certificates of Deposit	3,763,965,897
Commercial paper	6,287,885,803
Corporate bonds	214,117,546
Municipal bonds	140,045,490
Money market funds	2,181,547,243
Repurchase agreements	1,825,198,980
Bank deposits	267,218,989
	<hr/>
Total investments	14,951,584,980
Receivable for fund shares issued	-
Interest receivable	11,159,813
Prepaid expenses and other assets	25,509
	<hr/>
Total assets	<b><u><u>\$ 14,962,770,302</u></u></b>
 <b>Liabilities and Net Position Held in Trust for Pool Participants</b>  	
<b>Liabilities</b>	
Accrued co-administrator fees	\$ 104,496
Accrued investment consultant fees	157,116
Accrued audit fees	37,715
Accrued custodian and transfer agent fees	79,309
Accrued management fees	100,011
Other liabilities	7,898
Dividends payable	708,691
	<hr/>
Total liabilities	1,195,236
 <b>Net Position Held in Trust for Pool Participants</b>	 <b><u><u>\$ 14,961,575,066</u></u></b>
 <b>Capital Shares Outstanding</b>	 <b><u><u>\$ 14,961,575,066</u></u></b>
 <b>Participant Net Asset Value, Price Per Unit</b>	 <b><u><u>\$ 1.00</u></u></b>

## State Treasury Asset Reserve of Ohio Investment Trust Fund

### Statements of Operations and Changes in Net Position

	Year Ended June 30	
	2022	2021
<b>Investment Income</b>		
Interest	\$ 44,782,434	\$ 27,958,324
<b>Expenses</b>		
Co-Investment consultant fees	1,909,155	1,856,409
Management fees	1,322,837	1,655,239
Co-administrator fees	1,298,998	1,305,848
Custodian, banking, and transfer agent fees	873,519	893,223
Bloomberg and pricing fees	306,531	217,052
S&P analytical fees	38,124	34,870
Audit fees	39,381	36,991
Communication and technology support services fees	14,757	16,368
Printing and postage fees	14,129	3,816
Total expenses	5,817,431	6,019,816
<b>Net Investment Income</b>	38,965,003	21,938,508
<b>Distributions to Shareholders From - Net investment income</b>	(38,965,003)	(21,938,508)
<b>Capital Share Transactions - Net increase</b>	5,952,957	2,542,895,922
<b>Increase in Net Position</b>	5,952,957	2,542,895,922
<b>Net Position - Beginning of year</b>	14,955,622,109	12,412,726,187
<b>Net Position - End of year</b>	<b>\$ 14,961,575,066</b>	<b>\$ 14,955,622,109</b>

June 30, 2022 and 2021

### Note 1 - Summary of Organization

#### **Description of Fund**

State Treasury Asset Reserve of Ohio (STAR Ohio or the "Pool") is a statewide investment pool managed by the state treasurer of Ohio (the "Treasurer"). Participation is offered to Ohio political subdivisions, as defined in Section 135.45(F)(2)(a) of the Ohio Revised Code. STAR Ohio offers these subdivisions a means of investing in a portfolio of investment instruments. The investment objectives of STAR Ohio are the preservation of capital, maintenance of liquidity, and providing current income. There can be no guarantee that they will be achieved.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the State of Ohio (the "State") reports the external portion of STAR Ohio as a separate investment trust fund. The external portion of STAR Ohio, the State Treasury Asset Reserve of Ohio Investment Trust Fund (the "Trust Fund"), is the portion that belongs to legally separate entities that are not part of the State's financial reporting entity. The STAR Ohio investment pool does not have separate investments or activities for the external portion. The statement of net position of the Trust Fund has been prepared by prorating the assets and liabilities of STAR Ohio related to the external portion. Additionally, the statements of operations and changes in net position of the Trust Fund were prepared by prorating investment income and expenses of STAR Ohio related to the external portion using average daily balances.

#### **Legal Authority**

Section 135.45 of the Ohio Revised Code permits the State's political subdivisions to pool their public funds into an investment fund managed by the Treasurer. STAR Ohio provides units of local government with an alternative investment option for their public funds.

STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company but has adopted Governmental Accounting Standards Board Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. This statement applies to all state and local governments. This statement amends GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, and GASB Statement No. 59, *Financial Instruments Omnibus*. For the fiscal year ended June 30, 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours' advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s) but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

#### **Investment Advisor and Administrator**

The State Treasurer of Ohio, Robert Sprague, through the Treasurer's Investment Department, 30 East Broad Street, 9th Floor, Columbus, OH 43215-3461, serves as investment advisor and administrator to STAR Ohio. The advisor manages the investment and reinvestment of STAR Ohio's assets in accordance with STAR Ohio's investment objectives and policies, subject to the general limitations of Section 135.143 of the Ohio Revised Code. In addition, an advisor is responsible for the overall management of STAR Ohio's business affairs. At the beginning of the fiscal year ended June 30, 2022, STAR Ohio compensated the advisor with a management fee of \$2,000,000 per year, which was reduced to \$1,500,000 effective September 13, 2021.

June 30, 2022 and 2021

### Note 1 - Summary of Organization (Continued)

#### ***Co-administrator***

Public Funds Administrators (PFA) in Dublin, Ohio is the co-administrator for STAR Ohio and provides certain clerical and administrative services for STAR Ohio. Compensation to the co-administrator is based on a percentage of daily net assets of STAR Ohio, with a minimum annual fee of \$800,000.

#### ***Custodian, Transfer Agent, and Investment Consultant***

Effective September 13, 2021, Fifth Third Bank serves as custodian of STAR Ohio. Prior to that date, Huntington National Bank served as custodian. Compensation to the custodian is based upon the month-end net asset value and is charged monthly in arrears.

Effective September 13, 2021, PFA serves as the dividend and transfer agent for STAR Ohio. Prior to that date, Ultimus Fund Solutions served as the dividend and transfer agent. Compensation to the transfer agent is based on a percentage of daily net assets, with a minimum annual fee of \$240,000.

Meeder Asset Management, Inc. (Meeder) and Public Trust Advisors, LLC (PTA) serve as co-investment consultants for STAR Ohio and are compensated based on a percentage of daily net assets.

### Note 2 - Significant Accounting Policies

#### ***Security Valuations***

Investment securities, other than money market funds, are valued according to the amortized cost method (which approximates fair value), where a security is valued at cost adjusted for the amortization of any premiums or accretion of any discounts over the period until maturity. Investments in money market funds are valued at quoted market values.

#### ***Security Transactions and Related Investment Income***

Security transactions are accounted for on the trade date (the day the order to buy or sell is executed). Interest income is determined on an accrual basis with earned discounts (including original issue and market discount) accreted and paid premium amortized. Any realized gains or losses on sales of securities are calculated on the specific identification basis.

#### ***Mark-to-market Procedures***

The Pool maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. The Pool has established procedures to stabilize net asset value per share, as computed for the purpose of purchase and redemption, at a single value of \$1.00. The mark-to-market of the portfolio is used to monitor the appropriateness of the amortized cost method and is calculated using available market quotations.

#### ***Federal Income Taxes***

STAR Ohio is not subject to income taxes.

#### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 2 - Significant Accounting Policies (Continued)

#### Summarized Comparative Information

The financial statements include certain prior year comparative information but not at the level of detail required for a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust Fund's 2021 financial statements, from which the summarized information was derived.

### Note 3 - Investment Securities

#### Commercial Paper

STAR Ohio is permitted to invest in commercial paper, but commercial paper holdings shall not exceed 40 percent of the total average portfolio (the average of the five highest daily balances for the prior 12-month period, as calculated on the first day of the month). As of June 30, 2022, commercial paper holdings represented approximately 39.9 percent of the total average portfolio.

#### Repurchase Agreements

All repurchase agreements are fully collateralized by United States government or federal agency securities, pursuant to Section 135.143 of the Ohio Revised Code, and such collateral is in the possession of STAR Ohio's custodian on a daily basis. STAR Ohio evaluates collateral daily to ensure its market value plus accrued interest exceeds the delivery value of the repurchase agreement at maturity. At June 30, 2022, the Trust Fund invested in three repurchase agreements on a tri-party basis in the amount of \$1,825,198,980, which is included as part of investments on the statement of net position. The value of the related collateral that STAR Ohio received for the agreement exceeded the value of the repurchase agreement at June 30, 2022. STAR Ohio may enter into reverse repurchase (borrowing) agreements. For the fiscal year ended June 30, 2022, STAR Ohio did not enter into any reverse repurchase agreements.

#### Forward Settlement

STAR Ohio may purchase securities on a forward settlement basis. Payment and delivery may take place after the customary settlement period for the respective securities. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. Losses may arise due to changes in the value of the underlying securities if the counterparty does not perform under the contract's terms or if the issuer does not issue the securities due to political, economic, or other factors. At June 30, 2022, STAR Ohio did not transact any purchases on a forward settlement basis.

#### Schedule of Investments by Type and Maturity

As of June 30, 2022, the Trust Fund had the following prorated share of the Pool's investments and maturities:

	Investment Maturities (in Years)				Range of Interest Rates
	Total	Less Than 1	1 - 5	Principal Amount	
Bank deposits	\$ 267,218,989	\$ 267,218,989	\$ -	\$ 267,218,989	1.20%-1.90%
Negotiable certificates of deposit	3,763,965,897	3,723,405,920	40,559,977	3,763,965,897	0.32%-3.02%
Commercial paper	6,287,885,803	6,287,885,803	-	6,301,341,069	0.16%-3.05%
Corporate bonds	214,117,546	193,837,557	20,279,989	213,383,607	0.25%-3.80%
Federal agency issues and U.S. Treasury obligations	271,605,032	271,605,032	-	271,751,848	0.79%-2.25%
Money market funds	2,181,547,243	2,181,547,243	-	2,181,061,649	1.29%-1.51%
Repurchase agreements	1,825,198,980	1,825,198,980	-	1,825,198,980	1.52%-1.54%
Total	<u>\$ 14,811,539,490</u>	<u>\$ 14,750,699,524</u>	<u>\$ 60,839,966</u>	<u>\$ 14,823,922,039</u>	

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 3 - Investment Securities (Continued)

The Trust Fund also invested in municipal bonds as of June 30, 2022 in the amount of \$140,045,490, with final maturities ranging between April 1, 2040 and September 1, 2049. The municipal bonds have a seven-day unconditional put option. The principal amount on the municipal bonds was \$140,045,490 at June 30, 2022.

#### Interest Rate Risk

Through its investment policy, STAR Ohio manages its exposure to fair value losses arising from increasing interest rates by limiting the final stated maturity on any investment to 397 days (762 days for floating- and variable-rate government obligations) and limiting the weighted-average maturity WAM(R) of the portfolio to 60 days and WAM(F) of the portfolio to 90 days. WAM(R) uses the interest rate reset date as the effective maturity date in calculating the WAM, whereas WAM(F) is calculated based on the stated final maturity for each security. WAM(F) is also known as weighted-average life. At June 30, 2022, STAR Ohio's WAM(R) and WAM(F) were 35 and 70 days, respectively. Investments in STAR Ohio include floating-rate corporate notes and federal agency issues with daily, weekly, monthly, and quarterly reset dates based on the federal funds overnight rate, the Federal Reserve Bank prime loan rate, the one- and three-month U.S. LIBOR, and the 91-day U.S. Treasury bill rate. There were no illiquid securities held in STAR Ohio's portfolio at June 30, 2022.

#### Credit Risk

STAR Ohio's investment policy requires money market funds to be rated at AAAM by Standard & Poor's Corporation and all other securities held by STAR Ohio to be rated the equivalent of A-1+ or A-1. Commercial paper holdings are required to have short-term ratings of A-1/P-1 or above. For issuers of bank deposits, collateralization of the investment is required to secure a rating of AAAM. As of June 30, 2022, STAR Ohio's investments met the short-term and long-term credit rating requirements of STAR Ohio's investment policies.

STAR Ohio's investments are categorized under the Standard & Poor's and Moody's long-term credit ratings in the table below. If the rating agencies classify a security with different ratings, the security is categorized under the lower rating. STAR Ohio's investments had the following long-term ratings at issuance:

	Total Value	AAA/Aaa	AA/Aa	A/A	Unrated
Bank deposits	\$ 267,218,989	\$ -	\$ 267,218,989	\$ -	\$ -
Negotiable certificates of deposit	3,763,965,897	-	1,654,847,076	2,109,118,821	-
Commercial paper	6,287,885,803	-	263,202,773	2,420,591,399	3,604,091,631
Corporate bonds	214,117,546	-	-	214,117,546	-
Federal agency issues and U.S. Treasury obligations	271,605,032	-	271,605,032	-	-
Money market funds	2,181,547,243	2,181,547,243	-	-	-
Municipal bonds	140,045,490	-	140,045,490	-	-
Repurchase agreements	1,825,198,980	-	-	-	1,825,198,980
<b>Total</b>	<b>\$ 14,951,584,980</b>	<b>\$ 2,181,547,243</b>	<b>\$ 2,596,919,360</b>	<b>\$ 4,743,827,766</b>	<b>\$ 5,429,290,611</b>

The issuers of the commercial paper holdings reflected in the above table as unrated do not have long-term ratings. All of STAR Ohio's commercial paper holdings have short-term ratings from Standard & Poor's of A-1+ or A-1. All repurchase agreements are with counterparties rated at least A-1 by Standard & Poor's and are fully collateralized in accordance with Ohio law.

June 30, 2022 and 2021

### Note 3 - Investment Securities (Continued)

#### **Concentration of Credit Risk**

STAR Ohio, through its investment policy, follows the diversification guidelines for Standard & Poor's Principal Stability Fund Rating (PSFR) criteria for AAAM-rated money market funds and Section 135.143 of the Ohio Revised Code. Through its investment policy, STAR Ohio further limits its investments in municipal bonds to 10 percent of net assets. STAR Ohio limits the maximum exposure per issuer to 5 percent of net assets, except U.S. Treasury and federal agency obligations, overnight bank deposits (including uninvested cash), instruments that are at least 100 percent collateralized, and investments in other rated money market funds.

As of June 30, 2022, STAR Ohio had 5 percent or more of its net assets invested in the following issuers:

Goldman Sachs Funds	6.20 %
Morgan Stanley Funds	5.90

#### **Foreign Currency Risk**

STAR Ohio does not have exposure to foreign exchange risk.

#### **Custodial Credit Risk**

STAR Ohio's investments are not exposed to custodial credit risk, as defined by GASB Statement No. 40. Securities in STAR Ohio are insured, registered, held by STAR Ohio, or held in a specific trust account designated for STAR Ohio. At June 30, 2022, for the Trust Fund, a bank deposit of \$162,404,008 was collateralized by various Federal National Mortgage Association pools as of June 30, 2022. The carrying amount of cash and bank balance was zero. In addition, a demand deposit in the amount of \$104,814,981 was federally insured by the Federal Deposit Insurance Corporation (FDIC). The carrying amount of cash and bank balance was zero.

### Note 4 - Fair Value Measurements

STAR Ohio's investments on the statement of net position are presented at amortized cost in accordance with GASB Statement No. 79. Information regarding the fair value of investments held by STAR Ohio is presented below in accordance with GASB Statement No. 72.

STAR Ohio categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. STAR Ohio's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

A description of the valuation techniques applied to STAR Ohio's major categories of assets when measured at fair value is as follows:

Investments in registered open-end investment companies, including money market funds, are valued at the daily redemption value, as reported by the underlying fund, and are categorized in Level 1 of the fair value hierarchy.

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 4 - Fair Value Measurements (Continued)

**Short-term Notes (Including Federal Agency Issues, U.S. Government Agency Obligations, U.S. Treasury Obligations, Commercial Paper, Corporate Obligations, Municipal Bonds, and Repurchase Agreements)**

Short-term notes held in STAR Ohio are valued using fair valuation methodologies that incorporate market inputs, such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. The fair value of these securities is determined primarily based on these Level 2 inputs and is categorized as such.

For the year ended June 30, 2022, STAR Ohio did not hold any assets at any time in which significant unobservable inputs were used in determining fair value. Therefore, there are no Level 3 securities. The following table summarizes the inputs used to value the Trust Fund's assets when measured at fair value as of June 30, 2022:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022	Value at Amortized Cost
<b>Assets</b>					
Debt securities:					
Federal agency issues and U.S. Treasury obligations	\$ -	\$ 271,226,192	\$ -	\$ 271,226,192	\$ 271,605,032
Negotiable certificates of deposit	-	3,757,732,540	-	3,757,732,540	3,763,965,897
Commercial paper	-	6,280,920,246	-	6,280,920,246	6,287,885,803
Corporate bonds	-	212,768,665	-	212,768,665	214,117,546
Municipal bonds	-	140,045,490	-	140,045,490	140,045,490
Total debt securities	-	10,662,693,133	-	10,662,693,133	10,677,619,768
Money market funds	2,180,886,604	-	-	2,180,886,604	2,181,547,243
Repurchase agreements	-	1,825,198,980	-	1,825,198,980	1,825,198,980
Total investments by fair value level	<u>\$ 2,180,886,604</u>	<u>\$ 12,487,892,113</u>	<u>\$ -</u>	<u>\$ 14,668,778,717</u>	<u>\$ 14,684,365,991</u>

As of June 30, 2022, the Trust Fund invested in bank deposits in the amount of \$267,218,989, which is not included in the table above. Total investments on the statement of net position totaled \$14,951,584,980.

### Note 5 - Securities Lending

Pursuant to Section 135.143 of the Ohio Revised Code, the Pool may lend up to 25 percent of its securities to any eligible financial institution that is a member of the Federal Reserve System or any recognized United States government securities dealer.

The Pool follows strict levels of collateralization governed by daily mark-to-market analysis, a review of the creditworthiness of securities dealers and banks, and strict monitoring of their respective credit limits. This is done to control exposure due to possible credit loss resulting from a reduction in the underlying collateral value or nonperformance by a security dealer or bank. Either the Pool or the borrower can terminate all security loans on demand.

For the fiscal year ended June 30, 2022, STAR Ohio did not participate in security lending transactions.

## State Treasury Asset Reserve of Ohio Investment Trust Fund

### Notes to Financial Statements

June 30, 2022 and 2021

#### Note 6 - Income Distributions

Each business day, STAR Ohio declares a distribution of its net investment income and realized capital gains, if any. Such distributions are automatically reinvested in additional shares or paid in cash to stockholders at the end of each month.

#### Note 7 - Capital Shares

Transactions in capital shares (all at \$1.00 per share) were as follows:

	<u>2022</u>	<u>2021</u>
Shares subscribed	\$ 28,535,353,874	\$ 29,019,597,927
Shares issued for distributions	<u>46,108,973</u>	<u>24,561,255</u>
Total	28,581,462,847	29,044,159,182
Shares redeemed	<u>(28,575,509,890)</u>	<u>(26,501,263,260)</u>
Capital shares transactions - Net increase	<u>\$ 5,952,957</u>	<u>\$ 2,542,895,922</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### Independent Auditor's Report

To Management and the Treasurer of the  
State of Ohio, Robert Sprague  
State Treasury Asset Reserve of Ohio  
Investment Trust Fund

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of State Treasury Asset Reserve of Ohio Investment Trust Fund (the "Trust Fund"), which comprise the statement of net position as of June 30, 2022 and the related statements of operations and changes in net assets for each of the two years in the period then ended, and the related notes to the financial statements and have issued our report thereon dated September 30, 2022.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Trust Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Treasurer of the  
State of Ohio, Robert Sprague  
State Treasury Asset Reserve of Ohio  
Investment Trust Fund

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

September 30, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



**STAR OHIO**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/25/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)