



# STAR OHIO

## FRANKLIN COUNTY FINANCIAL AUDIT

### ANNUAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 2021

**ROBERT SPRAGUE**

OHIO TREASURER



OHIO AUDITOR OF STATE  
KEITH FABER



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Treasurer of the State of Ohio, Robert Sprague  
State Treasury Asset Reserve of Ohio (STAR Ohio)  
30 East Broad Street 10th Floor  
Columbus, Ohio 43215-0421

We have reviewed the *Independent Auditor's Report* of the State Treasury Asset Reserve of Ohio (STAR Ohio), Franklin County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2020 through June 30, 2021. 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 (STAR Ohio) is 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, 2021

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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, 2021. As Ohio Treasurer and the chief administrator of the STAR Ohio investment pool, I am committed to protecting public monies and investing wisely in Ohio's future.


STAR Ohio is an innovative and secure investment option for public funds managers across Ohio. The program provides government subdivisions – from municipalities to school districts – 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 a year that saw various economic challenges arise due to the COVID-19 pandemic, STAR Ohio continued to grow and set new all-time highs. As local governments received federal stimulus payments, they turned to the program as a trusted investment option for those funds. In turn, during FY 2021, STAR Ohio exceeded \$18 billion in assets for the first time in its history.

My office remains committed to building on the long legacy of success that has come to define STAR Ohio. To do that, we encourage feedback from our local government partners. We invite you to share your thoughts and ideas about this program, as well as specific examples about how it has benefitted your community.

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, 2021, STAR Ohio's net position increased by approximately \$3.2 billion, or 22.1%, due to net subscriptions. Throughout the year, the U.S. economy was on the mend and emerging from the COVID-19 pandemic shutdown. In an effort to aid recovery, 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. The yield of STAR Ohio declined over the course of the year due to the low interest rate environment. 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 and Poor's, the highest rating possible for a Local Government Investment Pool.

## OVERVIEW OF OPERATIONS

During fiscal year 2021, the target range for the Federal Funds Rate was zero to 25 basis points (0.00% - 0.25%). STAR Ohio's average yield for fiscal year 2021 was 16 basis points (0.16%). For the fiscal year, the advisor was paid a management fee in the amount of \$2,000,000. As of June 30, 2021, STAR Ohio held approximately 44% of its portfolio in overnight investments, which included approximately 5% in collateralized bank deposits and nearly 1% in federally insured demand deposits.



## Independent Auditor's Report

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

### Report on the Financial Statements

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, 2021 and the related statements of operations and changes in net position, 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.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of State Treasury Asset Reserve of Ohio as of June 30, 2021 and the results of its operations, changes in 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.

### Other Matters

#### *Required Supplementary 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, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise State Treasury Asset Reserve of Ohio's basic financial statements. The appendix is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The appendix has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

**Report on Summarized Comparative Information**

We have previously audited State Treasury Asset Reserve of Ohio's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 20, 2021 on our consideration of State Treasury Asset Reserve of 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 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 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 State Treasury Asset Reserve of Ohio's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

August 20, 2021

# STATE TREASURY ASSET RESERVE OF OHIO

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

	Year ended June 30,	
	2021	2020
Net asset value, beginning of year	\$ 1.00	\$ 1.00
Net investment income	0.0016	0.0166
Distributions from net investment income	(0.0016)	(0.0166)
Net asset value, end of year	\$ 1.00	\$ 1.00
Total Return	0.16%	1.66%
<b>Ratio/Supplemental Information</b>		
Expenses as a percentage of average net assets (1)	0.044%	0.050%
Net investment income as a percentage of average net assets (1)	0.16%	1.63%
Net position, end of year	\$17,659,480,174	\$14,464,702,430

(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, 2021**

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
<b>Federal Agency Issues and U.S. Treasury Obligations - 11.2%</b>			
\$ 178,000,000	Federal Farm Credit Bank Discount Notes, 0.07% - 0.17%	7/1/21 - 10/26/21	\$ 177,964,399
787,040,000	Federal Farm Credit Bank Floating Rate Notes, 0.07% - 0.44%	7/8/21 - 3/22/23	787,072,106
15,000,000	Federal Farm Credit Bank Debentures, 0.13%	8/12/21	14,999,707
50,000,000	Federal Home Loan Bank Discount Notes, 0.05%	8/18/21	49,997,000
125,000,000	Federal Home Loan Bank Floating Rate Notes, 0.05% - 0.20%	7/6/21 - 2/28/22	125,000,984
135,345,000	Federal Home Loan Bank Debentures, 0.05% - 3.00%	7/2/21 - 3/17/22	135,433,631
30,000,000	Federal Home Loan Mortgage Corp. Floating Rate Notes, 0.10% - 0.19%	8/27/21 - 12/10/21	30,000,000
75,000,000	Federal National Mortgage Association Floating Rate Notes, 0.23% - 0.37%	10/22/21 - 5/19/22	75,000,000
25,000,000	Federal National Mortgage Association Debentures, 1.25%	8/17/21	25,036,028
100,000,000	Tennessee Valley Authority Discount Notes, 0.04%	7/28/21	99,996,996
400,000,000	U.S. Treasury Bills, 0.04% - 0.05%	7/20/21 - 7/27/21	399,988,961
40,000,000	U.S. Treasury Notes, 2.13%	8/15/21 - 9/30/21	40,148,721
10,000,000	U.S. Treasury Floating Rate Notes, 0.20%	1/31/22	10,001,098
<b>Total Federal Agency Issues and U.S. Treasury Obligations</b>			<b>\$ 1,970,639,631</b>
<b>Commercial Paper - 40.8%</b>			
\$ 25,000,000	Amazon.com, Inc., 0.07%	7/14/21	\$ 24,999,368
139,000,000	Anglesea Funding, LLC, 0.09% - 0.11%	7/1/21 - 8/3/21	138,996,030
92,625,000	Bank of America NA, 0.12% - 0.13%	11/16/21 - 12/31/21	92,572,828
745,000,000	Bank of Montreal - Chicago, 0.15% - 0.25%	7/12/21 - 3/4/22	744,820,126
350,000,000	Bedford Row Funding Corp., 0.12% - 0.17%	11/17/21 - 2/18/22	349,733,479
75,000,000	Canadian Imperial Holdings, 0.11% - 0.14%	8/4/21 - 10/28/21	74,982,625

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
\$ 60,700,000	Citigroup Global Markets, 0.14% - 0.17%	2/24/22 - 6/14/22	\$ 60,626,894
788,500,000	Collateralized Commercial Paper V Co., 0.12% - 0.20%	7/1/21 - 3/21/22	787,897,123
158,000,000	Collateralized Commercial Paper FLEX Co., 0.13% - 0.18%	10/6/21 - 6/10/22	157,815,863
530,000,000	Credit Suisse AG - NY, 0.17% - 0.27%	7/30/21 - 12/7/21	529,806,292
150,000,000	Exxon Mobile Corp, 0.10% - 0.14%	7/6/21 - 9/13/21	149,986,010
525,000,000	JPMorgan Securities, LLC, 0.15% - 0.28%	8/20/21 - 3/21/22	524,554,296
725,000,000	Mizuho Securities, LLC, 0.12% - 0.25%	7/9/21 - 3/15/22	724,758,191
430,000,000	MUFG Bank, Ltd., 0.10% - 0.24%	7/7/21 - 11/22/21	429,889,857
785,000,000	Royal Bank of Canada, 0.13% - 0.21%	8/3/21 - 6/22/22	784,618,898
640,000,000	Sumitomo Mitsui Trust Bank, Ltd., 0.10% - 0.21%	7/6/21 - 12/30/21	639,817,808
585,000,000	Toronto Dominion Holdings, Inc., 0.12% - 0.21%	7/16/21 - 5/19/22	584,589,993
415,000,000	Toyota Motor Credit Corporation, 0.13% - 0.25%	7/13/21 - 3/18/22	414,850,123
958,974	U.S. Bank NA, 0.01%	7/1/21	958,974
<b>Total Commercial Paper</b>			<b>\$ 7,216,274,778</b>
<b>Corporate Bonds - 4.1%</b>			
\$ 10,000,000	John Deere Capital Corp, 1.95%	6/13/22	\$ 10,169,663
7,200,000	Paccar Financial Corp., 2.85%	3/1/22	7,329,377
109,445,000	PNC Bank NA, 2.55% - 2.63%	12/9/21 - 2/17/22	110,902,431
202,539,000	Toyota Motor Credit Corp, 0.27% - 2.65%	10/7/21 - 7/22/22	203,611,053
154,176,000	Truist Bank, 2.63% - 2.80%	1/15/22 - 5/17/22	156,702,545
89,846,000	US Bancorp, 2.63% - 3.00%	1/24/22 - 3/15/22	91,105,238
133,201,000	US Bank, N.A., 1.80% - 3.45%	11/16/21 - 5/23/22	134,731,147
6,150,000	Wells Fargo & Company, 0.69%	10/22/21	6,158,263
<b>Total Corporate Bonds</b>			<b>\$ 720,709,717</b>
<b>Municipal Bonds - 0.3%</b>			
\$ 50,000,000	Michigan State Finance Authority, 0.10%	9/1/49	\$ 50,000,000
<b>Total Municipal Bonds</b>			<b>\$ 50,000,000</b>

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
<b>Bank Deposits<sup>(1)</sup> - 5.5%</b>			
\$ 400,095,355	Axos Bank, 0.15%	7/1/21	\$ 400,095,355
141,413,490	Citizens Bank, 0.15%	7/1/21	141,413,490
129,000,000	Citizens Bank, IntraFi Network, LLC (FDIC insured), 0.15%	7/1/21	129,000,000
302,914,926	PNC Bank, 0.03%	7/1/21	302,914,926
<b>Total Bank Deposits</b>			<b>\$ 973,423,771</b>
<b>Money Market Funds<sup>(2)</sup> - 35.7%</b>			
415,393,599	BlackRock Liquidity Funds TempCash Portfolio - Institutional, 0.04%	7/1/21	\$ 415,924,494
258,430,947	BlackRock Liquidity Funds FedFund - Institutional, 0.03%	7/1/21	258,430,947
350,770,836	BlackRock Liquidity Funds TempFund Portfolio - Institutional, 0.04%	7/1/21	351,150,782
140,428,426	Dreyfus Cash Management Fund - Institutional, 0.05%	7/1/21	140,624,957
759,515,168	Federated Hermes Institutional Prime Obligations Fund, 0.03%	7/1/21	759,905,227
967,489,920	First American Government Obligations Fund, 0.03%	7/1/21	967,489,920
75,001,041	First American Institutional Prime Obligations Fund, 0.05%	7/1/21	75,001,041
834,443,236	Goldman Sachs Government Fund, 0.03%	7/1/21	834,443,236
1,061,270,303	Invesco Government & Agency Portfolio - Institutional, 0.03%	7/1/21	1,061,270,303
1,450,464,515	Morgan Stanley Institutional Liquidity Prime Portfolio, 0.06%	7/1/21	1,451,128,082
<b>Total Money Market Funds</b>			<b>\$ 6,315,368,989</b>

Principal Amount/ Shares	Maturity Date	Amortized Cost (Note C)
<b>Repurchase Agreements - 2.3%</b>		
\$ 400,000,000	Bank of Montreal - Chicago, 0.04%, dated 6/30/21, repurchase price \$400,000,444, collateralized by various GNMMAs, FNMMAs, and FMACs, 1.50% - 4.50%, due 5/1/23 - 6/15/56, par \$571,777,187 and fair value of \$408,000,000.	7/1/21 \$ 400,000,000
<b>Total Repurchase Agreements</b>		<b>\$ 400,000,000</b>
<b>Total Investments - 99.9%</b>		<b>\$17,646,416,886</b>
<b>Assets in excess of other Liabilities - 0.1%</b>		<b>\$ 13,063,288</b>
<b>Net Position - 100%</b> - equivalent to \$1.00 per share for 17,659,480,174 outstanding shares of the Pool		<b>\$17,659,480,174</b>

(1) The rate shown represents the rate at June 30, 2021.

(2) The yield shown represents the 7-day yield at June 30, 2021.

See Accompanying Notes to Financial Statements

# STATE TREASURY ASSET RESERVE OF OHIO

## STATEMENT OF ASSETS AND LIABILITIES JUNE 30, 2021

### Assets

Investments	
Federal Agency Issues and U.S. Treasury Obligations	\$ 1,970,639,631
Commercial Paper	7,216,274,778
Corporate Bonds	720,709,717
Municipal Bonds	50,000,000
Money Market Funds	6,315,368,989
Repurchase Agreements	400,000,000
Bank Deposits	973,423,771
Total Investments	17,646,416,886
Receivable for Fund Shares Issued	8,305,000
Interest Receivable	5,508,292
Total Assets	<u>\$17,660,230,178</u>

### Liabilities

Accrued Co-administrator Fees	\$ 132,271
Accrued Investment Consultant Fees	189,533
Accrued Audit Fees	43,024
Accrued Custodian and Transfer Agent Fees	149,804
Accrued Management Fees	164,384
Other Liabilities	14,845
Dividends Payable	56,143
Total Liabilities	<u>750,004</u>

### Net Position

**\$17,659,480,174**

### Capital Shares Outstanding

17,659,480,174

### Participant Net Asset Value, Price Per Unit

\$ 1.00

See Accompanying Notes to Financial Statements



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

	<u>Year ended June 30,</u>	
	<b>2021</b>	<b>2020</b>
<b>Investment Income</b>		
Interest Income	\$ 33,522,406	\$ 223,451,208
<b>Expenses</b>		
Investment Consultant Fees	2,242,020	1,915,790
Management Fees	2,000,000	2,000,000
Co-administrator Fees	1,577,310	1,414,195
Custodian, Banking, and Transfer Agent Fees	1,078,997	953,448
Bloomberg and Pricing Fees	262,398	209,667
Audit Fees	44,705	43,899
S & P Analytical Fees	42,139	47,000
Communication and Technology Support Services Fees	19,779	21,596
Printing and Postage Fees	4,611	7,329
Net Expenses	7,271,959	6,612,924
<b>Net Investment Income</b>	<b>\$ 26,250,447</b>	<b>\$ 216,838,284</b>

See Accompanying Notes to Financial Statements

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

	Year ended June 30,	
	2021	2020
<b>Change in Net Position</b>		
<b>Operations</b>		
Net Investment Income	\$ 26,250,447	\$ 216,838,284
<b>Distributions to Shareholders from</b>		
Net Investment Income	(26,250,447)	(216,838,284)
<b>Capital Share Transactions Net Increase (Decrease) - Note F</b>	3,194,777,744	1,910,606,346
Increase in Net Position	3,194,777,744	1,910,606,346
<b>Net Position</b>		
Beginning of Year	14,464,702,430	12,554,096,084
End of Year	\$17,659,480,174	\$14,464,702,430

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 State Treasurer of Ohio. 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 State Treasurer of Ohio, Robert Sprague, through the Treasurer's Investment Department, 30 East Broad Street, 9th Floor, Columbus, Ohio 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. For the fiscal year ended June 30, 2021, STAR Ohio compensated the advisor with a management fee of \$2,000,000.

Public Funds Administrators ("PFA"), 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 with a minimum annual fee of \$800,000.

Huntington National Bank, Columbus, Ohio, serves as custodian of STAR Ohio. Compensation to the custodian is based upon the month-end net asset value and is charged monthly in arrears.

Ultimus Fund Solutions, Cincinnati, Ohio, serves as the dividend and transfer agent for STAR Ohio. Compensation to the transfer agent is based on a percentage of daily net assets with a minimum annual fee of \$400,000.

Meeder Asset Management, Inc. ("Meeder"), Dublin, Ohio, is an investment consultant for STAR Ohio and is compensated based on a percentage of daily net assets.

STAR Ohio applies 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. Accordingly, such information should be read in conjunction with STAR Ohio's annual report for the year ended June 30, 2020.

STAR Ohio is not registered with the Securities & Exchange Commission (SEC) as an investment company, but has adopted Governmental Accounting Standards Board ("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, 2021, 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 to PFA is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions 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.

#### **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 Generally Accepted Accounting Principles ("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, 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, 2021, 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, 2021.

Investments by Fair Value Level	Fair Value at June 30, 2021	Level 1	Level 2	Level 3	Value at Amortized Cost
Federal Agency Issues and U.S. Treasury Obligations	\$1,971,516,722	\$ —	\$1,971,516,722	\$ —	\$1,970,639,631
Commercial Paper	7,216,879,854	—	7,216,879,854	—	7,216,274,778
Corporate Bonds	720,271,283	—	720,271,283	—	720,709,717
Municipal Bonds	50,000,000	—	50,000,000	—	50,000,000
Money Market Funds	6,314,498,471	6,314,498,471	—	—	6,315,368,989
Repurchase Agreements	400,000,000	—	400,000,000	—	400,000,000
<b>Totals</b>	<b>\$16,673,166,330</b>	<b>\$6,314,498,471</b>	<b>\$10,358,667,859</b>	<b>\$ —</b>	<b>\$16,672,993,115</b>

As of June 30, 2021, STAR Ohio invested in collateralized bank deposits in the amount of \$844,423,771, and federally insured demand deposits totaling \$129,000,000, which are not included in the table above. Total investments on the statement of assets and liabilities totaled \$17,646,416,886.

#### **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 \$173,215 as of June 30, 2021. 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, 2021, commercial paper holdings represented approximately 39.8 percent of the Total Average Portfolio. The Total Average Portfolio calculation is subject to change by the State Treasurer of Ohio.

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, 2021, STAR Ohio invested in a repurchase agreement on a tri-party basis in the amount of \$400,000,000, which is 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 agreement exceeded the value of the repurchase agreement at June 30, 2021. STAR Ohio may enter into reverse repurchase (borrowing) agreements. For the fiscal year ended June 30, 2021, 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, 2021, 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, 2021, STAR Ohio had the following investments and maturities:

Investment Type	Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Bank Deposits	\$ 973,423,771	\$ 973,423,771	\$ —
Commercial Paper	7,216,274,778	7,216,274,778	—
Corporate Bonds	720,709,717	712,980,904	7,728,813
Federal Agency Issues and U.S. Treasury Obligations	1,970,639,631	1,845,629,044	125,010,587
Money Market Funds	6,315,368,989	6,315,368,989	—
Repurchase Agreements	400,000,000	400,000,000	—
Totals	<u>\$17,596,416,886</u>	<u>\$17,463,677,486</u>	<u>\$ 132,739,400</u>

STAR Ohio also invested in municipal bonds as of June 30, 2021, in the amount of \$50,000,000 with a final maturity of 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, 2021, STAR Ohio's WAM(R) and WAM(F) were 54 and 77 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 Secured Overnight Financing Rate, the 1- and 3-month U.S. LIBOR, and the 91-day U.S. Treasury Bill rate. There were no illiquid securities held in STAR Ohio's portfolio as of June 30, 2021.

*Credit Risk:* The risk that an investment's issue 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, 2021, 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	\$ 973,423,771	\$ —	\$ 973,423,771	\$ —	\$ —
Commercial Paper	7,216,274,778	—	935,563,882	4,261,678,408	2,019,032,488
Corporate Bonds	720,709,717	—	134,731,147	585,978,570	—
Federal Agency Issues and U.S. Treasury Obligations	1,970,639,631	—	1,970,639,631	—	—
Money Market Funds	6,315,368,989	6,315,368,989	—	—	—
Municipal Bonds	50,000,000	—	50,000,000	—	—
Repurchase Agreements	400,000,000	—	—	—	400,000,000
Totals	\$17,646,416,886	\$ 6,315,368,989	\$ 4,064,358,431	\$ 4,847,656,978	\$ 2,419,032,488

\* 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, 2021, STAR Ohio had 5 percent or more of its net assets invested in the following issuers:

BlackRock Funds	5.8%
First American Funds	5.9%
Invesco Funds	6.0%
Morgan Stanley Funds	8.2%

*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, 2021, a bank deposit totaling \$141,413,490 was collateralized by a Federal Home Loan Bank of Boston letter of credit. The carrying amount of cash and bank balance was zero. A second bank deposit in the amount of \$400,095,355 was collateralized by a Federal Home Loan Bank of San Francisco letter of credit. The carrying amount of cash and bank balance was zero. A third bank deposit of \$302,914,926 was collateralized by various Federal National Mortgage Association Pools as of June 30, 2021. The carrying amount of cash and bank balance was zero. Finally, a demand deposit in the amount of \$129,000,000 was federally insured by the Federal Deposit Insurance Corporation (FDIC). The carrying amount of cash and bank balance was 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, 2021, 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,	
	2021	2020
Shares Sold	32,696,839,951	29,303,557,911
Shares Issued for Distributions	24,561,255	204,406,168
Shares Redeemed	32,721,401,206 (29,526,623,462)	29,507,964,079 (27,597,357,733)
Capital Shares Transactions Net Increase (Decrease)	3,194,777,744	1,910,606,346

### **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 of State 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 of State 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 of State 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 State Treasurer of Ohio);

(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) 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;

(10) 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;

(11) 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

(12) 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.

## SERVICE PROVIDERS

### **INVESTMENT ADVISOR AND ADMINISTRATOR**

Robert Sprague  
Ohio Treasurer

### **CO-ADMINISTRATOR**

Public Funds Administrators  
Dublin, Ohio

### **CUSTODIAN**

Huntington National Bank  
Columbus, Ohio

### **TRANSFER AGENT**

Ultimus Fund Solutions  
Cincinnati, Ohio

### **CO-INVESTMENT ADVISOR**

Meeder Asset Management, Inc.  
Dublin, Ohio

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 Treasurer of State 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 State Treasurer, Public Funds Administrators, Huntington National Bank, Ultimus Fund Solutions, and Meeder Asset Management, Inc. are Equal Opportunity Employers and Service Providers.

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*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, 2021 and the related statements of operations and changes in net position, the financial highlights for the period then ended for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 20, 2021.

**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 the 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.

**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 20, 2021

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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, 2021**

**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 Financial Statements**

We have audited the accompanying statement of net position of the State Treasury Asset Reserve of Ohio Investment Trust Fund (the "Trust Fund") as of June 30, 2021 and the related statement 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the State Treasury Asset Reserve of Ohio Investment Trust Fund as of June 30, 2021 and the results of its operations and changes in 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.

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

As discussed in Note 1, the financial statements present only the 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, 2021 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.

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

**Other Matters**

*Required Supplementary 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, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Report on Summarized Comparative Information*

We have previously audited the State Treasury Asset Reserve of Ohio Investment Trust Fund's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 September 24, 2021 on our consideration of the State Treasury Asset Reserve of Ohio Investment 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 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 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 State Treasury Asset Reserve of Ohio Investment Trust Fund's internal control over financial reporting and compliance.



September 24, 2021

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Management's Discussion and Analysis (Unaudited)

June 30, 2021

### 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 \$2.5 billion or 20.5%, during the fiscal year ended June 30, 2021, due to net subscriptions. Throughout the year, the U.S. economy was on the mend and emerging from the COVID-19 pandemic shutdown. In an effort to aid recovery, 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. The yield of STAR Ohio declined over the course of the year due to the low interest rate environment. 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 and Poor's, the highest rating possible for a Local Government Investment Pool.

### Overview of Operations

During fiscal year 2021, the target range for the Federal Funds Rate was zero to 25 basis points (0.00% - 0.25%). STAR Ohio's average yield for fiscal year 2021 was 16 basis points (0.16%). For the fiscal year, the advisor was paid a management fee in the amount of \$2,000,000. As of June 30, 2021, STAR Ohio held approximately 44% of its portfolio in overnight investments, which included approximately 5% in collateralized bank deposits and nearly 1% in federally insured demand deposits.

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Statement of Net Position

June 30, 2021

<b>Assets</b>	
Investments:	
Federal agency issues and U.S. Treasury obligations	\$ 1,668,913,317
Commercial paper	6,111,384,794
Corporate bonds	610,361,238
Municipal bonds	42,344,457
Money market funds	5,348,417,459
Repurchase agreements	338,755,659
Bank deposits	824,382,028
	<hr/>
Total investments	14,944,558,952
Receivable for fund shares issued	7,033,414
Interest receivable	4,664,913
Prepaid expenses and other assets	-
	<hr/>
Total assets	<b><u>\$14,956,257,279</u></b>
<b>Liabilities and Net Position Held in Trust for Pool Participants</b>	
<b>Liabilities</b>	
Accrued co-administrator fees	\$ 112,019
Accrued investment consultant fees	160,513
Accrued audit fees	36,437
Accrued custodian and transfer agent fees	126,867
Accrued management fees	139,215
Other liabilities	12,572
Dividends payable	47,547
	<hr/>
Total liabilities	635,170
<b>Net Position Held in Trust for Pool Participants</b>	<b><u>\$14,955,622,109</u></b>
<b>Capital Shares Outstanding</b>	<b><u>\$14,955,622,109</u></b>
<b>Participant Net Asset Value, Price Per Unit</b>	<b><u>\$ 1.00</u></b>



# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Statements of Operations and Changes in Net Position

	Year Ended June 30	
	2021	2020
<b>Investment Income</b>		
Interest	\$ 27,958,324	\$ 189,403,272
<b>Expenses</b>		
Investment consultant fees	1,856,409	1,622,238
Management fees	1,655,239	1,692,850
Co-administrator fees	1,305,848	1,197,340
Custodian, banking, and transfer agent fees	893,223	807,150
Bloomberg and pricing fees	217,052	177,541
S&P analytical fees	34,870	39,775
Audit fees	36,991	37,160
Communication and technology support services fees	16,368	18,279
Printing and postage fees	3,816	6,185
Total expenses	<u>6,019,816</u>	<u>5,598,518</u>
<b>Net Investment Income</b>	<u>21,938,508</u>	<u>183,804,754</u>
<b>Distributions to Shareholders From - Net investment income</b>	<u>(21,938,508)</u>	<u>(183,804,754)</u>
<b>Capital Share Transactions - Net increase</b>	<u>2,542,895,922</u>	<u>1,746,887,112</u>
<b>Increase in Net Position</b>	<u>2,542,895,922</u>	<u>1,746,887,112</u>
<b>Net Position - Beginning of year</b>	<u>12,412,726,187</u>	<u>10,665,839,075</u>
<b>Net Position - End of year</b>	<u><b>\$14,955,622,109</b></u>	<u><b>\$12,412,726,187</b></u>

June 30, 2021 and 2020

### Note 1 - Summary of Organization

#### ***Description of Fund***

The 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 statement of operations and changes in net position of the Trust Fund was 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, 2021, 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 to Public Funds Administrators is appreciated for deposits and withdrawals of \$100 million or more. 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. For the fiscal year ended June 30, 2021, STAR Ohio compensated the advisor with a management fee of \$2,000,000 per year.

June 30, 2021 and 2020

### 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***

Huntington National Bank in Columbus, Ohio serves as custodian of STAR Ohio. Compensation to the custodian is based upon the month-end net asset value and is charged monthly in arrears.

Ultimus Fund Solutions in Cincinnati, Ohio serves as the dividend and transfer agent for STAR Ohio. Compensation to the transfer agent is based on a percentage of daily net assets, with a minimum annual fee of \$400,000.

Meeder Asset Management, Inc. (Meeder) in Dublin, Ohio is an investment consultant for STAR Ohio and is 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), whereby 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, 2021 and 2020

### 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 2020 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, 2021, commercial paper holdings represented approximately 39.8 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, 2021, the Trust Fund invested in a repurchase agreement on a tri-party basis in the amount of \$338,755,659, which is included as part of investments at fair value 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, 2021. STAR Ohio may enter into reverse repurchase (borrowing) agreements. For the fiscal year ended June 30, 2021, 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, 2021, STAR Ohio did not transact any purchases on a forward settlement basis.

#### Schedule of Investments by Type and Maturity

As of June 30, 2021, 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	\$ 824,382,028	\$ 824,382,028	\$ -	\$ 824,382,028	0.15% - 0.30%
Commercial paper	6,111,384,794	6,111,384,794	-	6,114,356,695	0.01% - 0.28%
Corporate bonds	610,361,238	603,815,790	6,545,448	603,456,790	0.27% - 3.45%
Federal agency issues and U.S. Treasury obligations	1,668,913,317	1,563,043,208	105,870,109	1,668,697,673	0.04% - 3.00%
Money market funds	5,348,417,459	5,348,417,459	-	5,346,587,333	0.03% - 0.06%
Repurchase agreements	338,755,659	338,755,659	-	338,755,659	0.04%
Total	<u>\$ 14,902,214,495</u>	<u>\$ 14,789,798,938</u>	<u>\$ 112,415,557</u>	<u>\$ 14,896,236,178</u>	

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 3 - Investment Securities (Continued)

The Trust Fund also invested in municipal bonds as of June 30, 2021 in the amount of \$42,344,457, with a final maturity of September 1, 2049 and interest rate of 0.10 percent. The municipal bonds have a seven-day unconditional put option. The principal amount on the municipal bonds was \$42,344,457 at June 30, 2021.

#### 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, 2021, STAR Ohio's WAM(R) and WAM(F) were 54 and 77 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 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, 2021.

#### 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, 2021, 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	\$ 824,382,028	\$ -	\$ 824,382,028	\$ -	\$ -
Commercial paper	6,111,384,794	-	792,318,898	3,609,169,194	1,709,896,702
Corporate bonds	610,361,238	-	114,102,346	496,258,892	-
Federal agency issues and U.S. Treasury obligations	1,668,913,317	-	1,668,913,317	-	-
Money market funds	5,348,417,459	5,348,417,459	-	-	-
Municipal bonds	42,344,457	-	42,344,457	-	-
Repurchase agreements	338,755,659	-	-	-	338,755,659
Total	<u>\$ 14,944,558,952</u>	<u>\$ 5,348,417,459</u>	<u>\$ 3,442,061,046</u>	<u>\$ 4,105,428,086</u>	<u>\$ 2,048,652,361</u>

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, 2021 and 2020

### 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, 2021, STAR Ohio had 5 percent or more of its net assets invested in the following issuers:

BlackRock funds	5.80 %
First American funds	5.90
Invesco funds	6.00
Morgan Stanley funds	8.20

#### **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, 2021, for the Trust Fund, a bank deposit of \$119,761,550 was collateralized by a Federal Home Loan Bank of Boston letter of credit. The carrying amount of cash and bank balance was zero. A second bank deposit in the amount of \$338,836,414 was collateralized by a Federal Home Loan Bank of San Francisco letter of credit. The carrying amount of cash and bank balance was zero. A third bank deposit of \$256,535,363 was collateralized by various Federal National Mortgage Association pools as of June 30, 2021. The carrying amount of cash and bank balance was zero. Finally, a demand deposit in the amount of \$109,248,700 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:

# State Treasury Asset Reserve of Ohio Investment Trust Fund

## Notes to Financial Statements

June 30, 2021 and 2020

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

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, 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, 2021, 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, 2021:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2021					
	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, 2021	Value at Amortized Cost
<b>Assets</b>					
Debt securities:					
Federal agency issues and U.S. Treasury obligations	\$ -	\$ 1,669,656,116	\$ -	\$ 1,669,656,116	\$ 1,668,913,317
Commercial paper	-	6,111,897,227	-	6,111,897,227	6,111,384,794
Corporate bonds	-	609,989,933	-	609,989,933	610,361,238
Municipal bonds	-	42,344,457	-	42,344,457	42,344,457
Total debt securities	-	8,433,887,733	-	8,433,887,733	8,433,003,806
Money market funds	5,347,680,227	-	-	5,347,680,227	5,348,417,459
Repurchase agreements	-	338,755,659	-	338,755,659	338,755,659
Total investments by fair value level	<u>\$ 5,347,680,227</u>	<u>\$ 8,772,643,392</u>	<u>\$ -</u>	<u>\$ 14,120,323,619</u>	<u>\$ 14,120,176,924</u>

As of June 30, 2021, the Trust Fund invested in bank deposits in the amount of \$824,382,028, which is not included in the table above. Total investments on the statement of net position totaled \$14,944,558,952.

### 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.

## State Treasury Asset Reserve of Ohio Investment Trust Fund

### Notes to Financial Statements

June 30, 2021 and 2020

#### Note 5 - Securities Lending (Continued)

For the fiscal year ended June 30, 2021, STAR Ohio did not participate in security lending transactions.

#### 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>2021</u>	<u>2020</u>
Shares subscribed	\$ 29,019,597,927	\$ 26,668,866,739
Shares issued for distributions	<u>24,561,255</u>	<u>204,406,168</u>
Total	29,044,159,182	26,873,272,907
Shares redeemed	<u>(26,501,263,260)</u>	<u>(25,126,385,795)</u>
Capital shares transactions - Net increase	<u>\$ 2,542,895,922</u>	<u>\$ 1,746,887,112</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 the State Treasury Asset Reserve of Ohio Investment Trust Fund (the "Trust Fund") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements, and have issued our report thereon dated September 24, 2021.

#### 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) to determine the 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 may exist that have not been identified.

#### 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 24, 2021

# 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 11/4/2021**

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)